

THE UNITED REPUBLIC OF TANZANIA



PRIME MINISTER'S OFFICE

REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

**LOCAL GOVERNMENT DEVELOPMENT GRANT
(LGDG) SYSTEM**

**MANUAL FOR THE ASSESSMENT OF LOCAL
GOVERNMENT AUTHORITIES AGAINST MINIMUM
CONDITIONS AND PERFORMANCE MEASUREMENT
CRITERIA**

[PROPOSAL 1 FINAL]

**P.O. Box 1923
Dodoma**

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FOREWORD

LIST OF 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
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
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
PMU	Procurement Management Unit
PPRA	Public Procurement Regulatory Authority
RAS	Regional Administrative Secretary
RAT	Regional Assessment Team
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

ASSESSMENT PROCESS, ORGANISATION AND MANAGEMENT

1.0 Introduction

This manual is prepared to facilitate the efficient and effective operation of the Local Government Development Grant (LGDG) system assessment process. The intention is to ensure that all Local Government Authorities (LGAs) covering Higher Local Governments (HLG) and Lower Local Governments (LLG) are aware of the process in advance and their role in the system. Moreover, LGAs have to be aware of the fact that the assessment is not intended to identify performance gaps so that they are rewarded or punished but rather the intention is to assess their capacity for effective utilization of the LGDG so as to realize the overall goal of decentralized service delivery to the people .

The targeted users of the manual are:

- Elected leaders and officials of LGAs so that they are fully informed about the objective of the assessment, the assessment process and their roles. Both elected leaders and staff must be aware of the major changes of the LGDG system and the fact that more priority is given to community self help initiatives.
- LLGs (WEOs, VEOs/MEOs and elected leaders) should also be informed and sensitized so that they too are fully aware of the changes so that they can play their roles effectively.
- Community members will also be sensitized through the normal formal channels of communication i.e. the Ward Development Committees, Village/Mtaa Councils, Village/Mtaa Assemblies. The purpose is to promote accountability as well as to win their support and commitment to participate in identifying, prioritising and implementing local development projects.
- Officers in PMO-RALG and the RSs: These have to be well versed with the whole process so that they can implement and/or manage the assessment process effectively.
- Officers in Sector Ministries: They should also understand the system and see where their programmes (sector) conditions fit within the whole system or, if not integrated, how they can be brought into the whole system at a later stage
- Other experts carrying out the assessment: so that a uniform approach is carried out across the local government authorities.

The Assessment Manual will be continually refined, to reflect experience and the increasing integration of other sector-specific funds and sources of development finance.

1.1 Background to the Assessment

The Government of Tanzania (GoT), through PMO-RALG, has implemented the LGDG System which provides discretionary and sector-specific development funds to LGAs. The system will further be strengthened to become the national mechanism through which most if not all of the development funds are transferred to LGAs in mainland Tanzania.

The purpose of the LGDG system is to ensure the existence of an effective and reliable decentralized service delivery functions to satisfy the needs of the people. Consequently, the overall objectives are linked to the intended outcomes as indicated in the implementation and operations guide. These include: supporting poor and disadvantaged LGAs to improve their performance in meeting the National Minimum standards of Service Delivery, avoiding and preventing misuse of funds and rewarding good

performing LGAs. Most important is to ensure fair distribution of the funds within the LGA and to recognize and support community “self- help initiatives” without undermining the quality and issues of sustainability of the local development projects.

The LGDG funds will be pooled together into a single grant and will flow to LGAs through Council Development Grants (CDGs) Capacity Building Grants (CBGs) and Monitoring and Evaluation Grants (MEGs), as well as sector specific development grants integrated into the system. The costs for the assessment exercise (planning, orientation/training, transport, staff allowances and other logistics) will not be met from the LGDG fund. The PMO-RALG in collaboration with RSs and LGAs will mobilize resources for the Assessment exercise.

The government wishes to establish a link between the financing of LGAs (HLG and LLG) and their performance in key areas of financial management, participatory planning and budgeting, procurement, plan and budget execution, human resource development, council functional processes and strengthening community self help initiatives in particular.

This link, firstly seeks to promote compliance with national policies, legal and regulatory frameworks. Secondly, it introduces an incentive system that allows for competition among LGAs through rewarding good performance and discouraging poor performance. The LGAs will be measured against a set of performance indicators designed to motivate them to perform better not just by complying with policy guidelines and regulations but most importantly commit their resources for mobilizing and supporting local communities to initiate self help projects, participate fully and commit their efforts to their own development. LGAs (HLG) will ensure the quality of the services and the upholding good governance principles.

Since financial year (FY) 2013/14 the system was absorbed and fully integrated into the Government Budget and therefore all LGDG funds are distributed to the LGAs using a transparent formula.

1.2 Objectives of the Minimum Conditions and Performance Measures

Before the LGAs (HLG and LLG) can access the LGDG funds, they are required to meet a set of Minimum Conditions (MCs) to ensure that they have the capacity to properly utilise the funds to be transferred to them and in compliance with the laid down GoT regulations and administrative requirements. These (MCs) are derived from laws, regulations and guidelines including among others, the Local Governments (amended) Acts 1982, Local Authority Financial Memorandum, 2009 the Public Procurement Act 2011 and its Regulations, etc.

The MCs, while seeking to ensure sufficient safeguards for the utilisation of the grant funds, are also designed to ensure existence and adherence of systems that can lead to effective implementation of the LGDG activities. The MCs are quantitative (in the form of Yes/No questions) and are simple to evaluate during an assessment process.

In addition to the MCs, a set of performance measures (PMs) are used to provide incentives for performance improvement. This means rewarding good performance and discouraging poor performance. Poor performance is discouraged by imposing penalties which will not punish the community but rather the responsible staff. Unlike the MCs, the PMs are more qualitative and seek to evaluate the performance of the LGAs in key functional areas of financial management, fiscal capacity, development planning, human resource development, procurement, project implementation, internal

audit and council functional processes. The PMs aim to provide incentives for improved local government performance. In this revised manual, a special emphasis is made on the community “self-help” initiatives to be identified, encouraged and supported by LGAs, thus the LGAs that make special efforts on this aspects will be rewarded accordingly. The PMs aim to provide incentives for improved local government performance and to stimulate recognition and support to community “self-help” initiatives.

1.3 Access to CDG/CBG under the LGDG system

The determination of the LGAs that will access the LGDG resources follows a two-step process as follows:

An on-site review of the LGAs’ capacity in the key areas formulated into MCs that provide safeguards for the utilisation of the grant funds, to ensure compliance with statutory and regulatory prescriptions for LGA operations. LGAs that meet a minimum of 80% of the MCs are entitled to receive the discretionary CDG amounts subject to scoring at least 50% (minimum scores) of the PMs.

LGAs failing to meet the minimum 80% of the MCs but score at least 50% of the PMs will also receive 90% of CDG amounts. LGAs failing to meet 80% of MCs and score less than 50% of the PMs will receive 80% of the CDG amounts. In both cases, the reasons for underperformance have to be established and corrective measures taken. This requires strong oversight by the RS and PMO-RALG. If by the end of financial year there is still no improvement then the PMO-RALG, the CAG, the IAG and the LAAC) should intervene.

In order to qualify for the CBG, LGAs must meet all the MCs of the CBG. If an LGA fails to meet 80% of the MCs it will receive 90% of the CBG. 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 disciplinary measures taken in line with the applicable rules and regulations for public servants. If the reasons are beyond the mandate of the LGA, then PMO-RALG will take necessary corrective measures e.g. posting qualified staff to the LGA, providing the capacity needed accordingly etc. the CBG amount will only be released after reasons and corrective measures have been identified.

The second step is an on-site review of the PMs to measure LGA performance against pre-determined indicators. This Performance Assessment system is linked to an incentive structure so that good performance is rewarded. This means LGAs scoring minimum of 50% of the PMs and 80% of the MCs qualify for CDG and CBG. LGAs scoring above 80% of the PMs will be rewarded a bonus which will be determined and reviewed annually by the LGDG Steering Committee. See summary on Table 1.

Table 1: Summary of Access Criteria for CDG and CBG

Grants	MCs	PMs	Action
CDG	Meets 80%	Scores 80% +	Qualifies for 100% of CDG + Bonus
	Meets 80%	Scores 50% +	Qualifies for 100% of CDG
	Meets 80%	Scores <50%	Qualifies for 90% of CDG + Oversight
	Fails to meet 80%	≥50%	Qualifies for 90% of CDG + Strong Oversight
	Fails to meet 80%	<50%	Qualifies for 80% of CDG + Strong Oversight
CBG	Meets 80%	Scores 50%+	Qualifies for 100% of CBG
	meets 80%	Scores <50%	Qualifies for 90% of CBG + Oversight
	Fails to meet 80%	N/A	Qualifies for 90% + Strong Oversight

1.4 Objectives of the Assessment System

The objectives of the assessment of Minimum Conditions are to:

- Verify compliance of the LGAs with current laws, rules and regulations and application of new policies
- Determine LGA performance and capacity to manage funds and therefore calculate the amount of the CDG and CBG which each LGA may receive under the LGDG system using the approved formula;
- Assist LGAs to identify functional capacity gaps and needs and therefore be able to determine the capacity development needs and design of appropriate capacity building plans
- Ensure all disbursed fund are properly used as planned
- Ascertain that LGDG leads to improvement of decentralized service delivery

The objectives of the assessment of Performance Measures are to:

- Motivate LGA to perform better particularly in the aspect of promoting community self help initiatives
- Reward better performing LGAs (stimulating competition)
- Assist LGAs to identify functional capacity gaps and needs and therefore be able to determine the capacity development needs and design of appropriate capacity building plans
- Ascertain that LGDG leads to improvement of decentralized service delivery

1.5 Assessment of Minimum Conditions and Performance Measures

Assessment of the MCs and PMs will take place during the first quarter of the FY between August and September in order to fit within the national planning and budgeting cycle. This will also ensure that most data required for verifying compliance with various requirements, are available. These include among others, final accounts, approved plans and budgets which incorporate community initiated and prioritised projects.

The assessment will start with the MCs under CDG (financial management, planning & budgeting and procurement) and CBG. Thereafter assessment of performance for each indicator in all eight (8) functional areas i.e financial management, planning & budgeting, project implementation, fiscal capacity, internal audit, procurement, human resource development and council functional processes. CBG is expected, to a large extent, to address the performance gaps identified in the performance assessment.

2.0 The LGDG Assessment Process

2.1 Organisation of the LGDG Assessment Process

The PMO-RALG is responsible for ensuring an objective, independent and transparent LGDG assessment process, by undertaking the following;

- Establish/strengthen the institutions for undertaking the assessment (LG Reform Secretariat, LGDG Taskforce and RATs)
- Mobilize and distribute the required resources to all institutions responsible for the assessment,
- Prepare/review and update the assessment tools and reporting formats
- Provide technical support and guidance
- Disseminate guidelines and procedures related to the assessment
- Provide quality control (oversight) of the system

There is direct link between Assessment and the continuous monitoring on implementation progress of LGDG activities. This linkage is there in the sense that the monitoring reports will serve as one of the information sources during the annual assessment exercise. Monitoring is conducted continuously by the LGAs covering most aspects or key areas elaborated in the LGDG Assessment Manual. The objective of monitoring is to have continuous feedback by the LGA on their compliance to the LGDG minimum conditions and attainment of the performance measures. Since the quarterly monitoring reports are discussed and approved by the Full Council, then the approved reports will be referred to during the external assessment process.

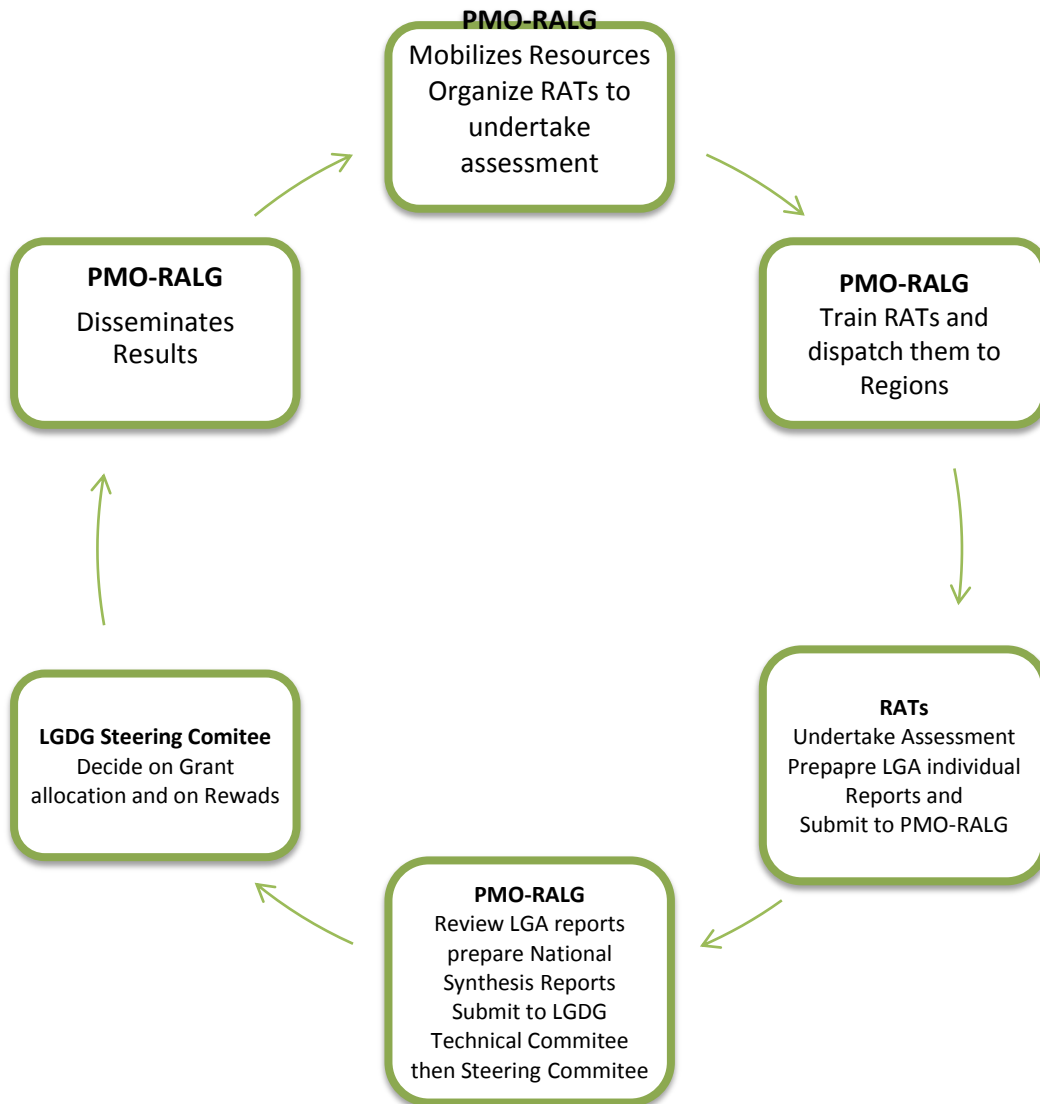
The external assessment is conducted under the auspices of PMO-RALG to independently review and assess the key functional areas elaborated in this Manual. The external assessment is implemented by PMO-RALG, through the RSs with support from other experts drawn from public institutions within the regions. The external assessment is conducted annually as stipulated by the LGDG Operations and Implementation Guide of 2014.

The objective of the external 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) LGAs that deserve to be supported because of their limited capacity to provide quality services, (b) problems related to misuse of funds so that remedial action can be taken and (c) LGAs to be rewarded for improved performance.

As emphasized above the PMO-RALG will take the driving seat in the assessment process and it will guide the LGDG Taskforce to perform the following;

- Organize the Assessment Teams (RATs) in most convenient and cost effective way so that they can undertake the assessment and prepare the LGA reports within the set time frame of 3 days per LGA. Each RAT will coverage a maximum of 7 LGAs. A RAT will not assess the LGAs in which the RS is in charge.
- Train/orient the RAT members on the assessment process and appoint the team Leaders for each RAT.
- Receive and coordinate the review of the LGA reports and the preparation of National Synthesis Report.
- Review the reports prepared by the assessment team leaders and identify issues that might influence the review of the assessment process and the system in general.

Figure 1: Assessment Process



2.2 The Assessment Teams (RATs)

Assessment teams (RATs) will be formed in each Region i.e. RS and will be supported by two experts from other public institutions. The required number and qualifications will be 5 professionals in Local governance, auditing (in local government), procurement/engineering, financial management, planning, human resources management and sector specialists. One out of the 5 RAT members will be appointed as Team Leader. The criteria for appointment of Team leader will be experience in Local Governance, communication and Report Writing Skills.

2.2.1 Training/Orientation of the Assessment Teams

The PMO-RALG will train/orient the RAT members on the assessment process for a maximum of two days. Initially all appointed RAT members will be trained in one centre by the LGDG Taskforce. In subsequent years PMO-RALG will decide on the most convenient and cost effective way of orientating/training of the RAT members. The training will cover issues such as the dos and don'ts of the assessment, the entry and exit meetings, approach to be used during the assessment at HLG and LLG e.g. how to use the assessment tools, who 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/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 material.

The criteria for the selection of locations and facilities to be assessed at the LLG will also be considered during the training. 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 debriefed about their roles/responsibilities and how to prepare the overall Regional Assessment Report.

2.2.2 Fieldwork by the RATs

The fieldwork in each LGA starts with an entry meeting between the RAT 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 RAT members are required to review various documents, reports (including monitoring reports) and conduct interviews with key informants at HLG and LLG. The RAT 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 RAT members will spend not more than 3 days in each LGA to conduct interviews, review documents and prepare the LGA report. The 3 days will be equally divided between the HLG and LLG. After the assessment, the RAT will give feedback on initial findings to the CMT (exit meeting) for transparency and confirmation of the findings.

2.3 The Scoring System

2.3.1 The Minimum Conditions

As indicated in the guide a minimum condition is a situation that ought to exist in an LGA for it to be able to effectively utilize the LGDG funds. If the situation does not exist it is highly likely that the funds will be misused. It is on the basis of this that the scoring of the MCs is based on a Yes or No criterion i.e. yes if the condition exists (is met) or no if it does not exist (is not met). However for the assessment team to objectively decide on the score it must get some reliable and up to date information that will allow them to appropriately score a Yes or No. In some cases the MCs might not be met due to reasons beyond the mandate of the LGA. For example, in a situation where the internal audit function is not effective due to transfer of some of the internal auditors by PMO-RALG then the LGAs cannot be punished.

2.3.2 Performance Measures (PMs)

The performance of a council is assessed using the Performance Indicators elaborated in Annex II of this manual. Unlike the MCs, the PMs are assessed using a scoring system that feeds into an incentive system for rewarding good performance and punishing poor performance. The PMs are qualitative and seek to assess the performance of LGAs in all key functional areas. Each functional area has a set of indicators and these indicators are scored depending on the assigned weight. The highest score is 3 while the lowest is 0. For some indicators the maximum score is 3 points while others is half a point. Guidance is provided on how to score each performance indicator in annex II under the score column. For an Assessment Team to arrive at a scoring that is objective it must seek all necessary information from the LGA, carry out an inspection on the service facility and/or seek the views of the people where necessary.

The total score for the PMs is 100% with each functional area being assigned a different weight according to its importance. Table 2 contains the functional areas and their relative weights and scoring to be applied for the performance based incentive scheme.

Table 2: Performance Measurement by Functional Areas

Functional Area	Total score	Minimum score to receive CDG allocation	Minimum score below which a penalty applies	Minimum score to receive performance bonus
A. Financial Management	20	11	11	18
B. Planning and Budgeting	15	7	7	12
C. Project Implementation	15	7	7	12
D. Procurement	10	5	5	8
E. Fiscal Capacity	10	5	5	7
F. Internal Audit	10	5	5	8
G. Human Resource Development	10	5	5	7
H. Council Functional Processes	10	5	5	8
Total	100	50	50	80
Corresponding CDG Allocation		CDG	- 10 % CDG¹	CDG + Bonus (to be determined)

All LGAs are entitled to receive 100% of the CDG if they meet 80% of the MCs and score a minimum of 50% against the PMs.

Table 3: Performance-Based CDG Amounts to be received by the LGA

Minimum Conditions	CDG Performance Measures		CDG Allocation to be Received	Performance Comments
	Minimum Score in all Functional Areas	Aggregate Score		
Meet 80% of CDG MCs				
YES	80	>80%	100%	Core CDG + Bonus
YES	50	≥50% to 80%	100%	Core CDG
YES	≤50	<50%	90%	10% less Core CDG
NO	50	≥50% to 80%	90%	10% less Core CDG + Strong Oversight
NO	≤50	<50%	75%	25% less Core CDG + Strong Oversight

¹ The -10% allocation is subject to meeting 80% of the MCs. In case an LGA fails to meet the minimum 80% of the MCs then the LGA receives 20% less of the CDG

LGAs will receive the full CBG amount if they meet 80% of the CBG minimum conditions. LGAs which do not meet the 80% of the MCs for CBG, as identified in Annex I of this Assessment Manual, will receive 90% of the CBG amount for that financial year.

Table 4: Capacity Building Grants to be received by the LGA

Minimum Conditions for the CBG	CDG Allocation to be Received
LGA complying with CBG Minimum Conditions i.e. meeting 80% of CBG MCs	Receives 100% CBG
LGA complying with CBG Minimum Conditions i.e. meeting less than 80% of the CBG MCs	Receives 90% CBG with strict oversight by PMO-RALG

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) Information verifying each indicator for MCs or PMs will be obtained either through documentary review, physical visit to the service facilities and/or interview with informants and recorded in an assessment tool prepared by PMO-RALG (the tool is derived from Annex I and II of this manual. This tool is simple, elaborate and objectives to allow objective scoring).
- (ii) At the end of each working day the team will hold a wrap up meeting to reconcile various pieces of information received from the different sources into a consolidated finding in respect of each indicator.
- (iii) The team will also discuss and record key issues or observations that need to be highlighted in the LGA's final report e.g. political or community clashes that might have impacted on implementation of activities. Similarly problems encountered during the assessment (e.g. inability to reach the identified LLGs, non availability of data/information, limited cooperation etc) will be recorded.
- (iv) The RAT will communicate with the LGDG taskforce on progress and challenges encountered in the course of assessment so that appropriate actions can be taken.
- (v) Towards the end of the assessment at each LGA, the RAT will hold a debriefing meeting with the CMT to present the initial findings (for transparency and sharing to confirm the findings). The RAT may reveal the overall assessment results by highlighting the areas strength and those that need improvement. The minutes of the meeting will be prepared by the RAT Leader and signed by all parties as evidence of what was discussed and agreed upon.
- (vi) The completion of the assessment in each LGA signifies the immediate preparation of the individual LGA assessment report. The report should adhere to the reporting template. The team Leader will be responsible for coordinating and compiling the report and submitting it electronically to the LGDG Taskforce at a least a day after completing the Assessment in the

LGA. Copies of the completed assessment tools and the minutes of the exit meeting will be attached to the report.

- (vii) After completing the assessment in all assigned LGAs the RAT leader will prepare and submit electronically (to the LGDG taskforce) a general regional assessment report highlighting the experiences, problems and challenges encountered regarding the assessment exercise in the region.
- (viii) The LGDG Taskforce will upon receipt of the reports review, seek clarifications from the RATs and effect any changes that might be deemed necessary. After receiving and reviewing all the reports to their satisfaction the Taskforce will then compile the National Synthesis Report.
- (ix) The LGDG Taskforce will also analyze the experiences and issues raised in the individual LGA and the general regional assessment reports. The taskforce will consolidate the issues and make suggestions for improving the assessment process.
- (x) The National Synthesis Report, all individual LGA assessment reports and the suggestions for improving the assessment process will be submitted to the PMO-RALG LG Reform Secretariat. The Secretariat will review the Synthesis Report and make suggestions for improvement before submitting to the PS-PMO-RALG for further actions.

2.5 LGDG Approval Process

The PS-PMO-RALG will go through the Synthesis Report and suggestions and seek clarifications where necessary from the Reform Secretariat before convening the LGDG Technical Committee meeting. The Committee will review, discuss and make recommendations before submitting to the LGDG National Steering Committee for approval. Once the LGDG National Steering Committee approves the Assessment Reports, the results are sent to the PMO-RALG for dissemination as provided in Section 2.6 below. Similarly the Steering Committee will review, approve or reject/improve the suggested changes for improving the assessment process.

Since the LGA annual assessment is intended to assess performance of the LGDG implemented activities of the previous financial year, it might not be realistic to rely on the available CAG report as a source of information. This is because; the available CAG report in the LGA at the time of assessment will be that of the two previous financial years. The CAG audit report for the assessed financial year is released in April of the following year. It is possible that some of the assessed LGAs might have adverse or disclaimer opinions from the CAG but this will not be known by the RAT. In the event that an LGA receives adverse or disclaimer opinion, PMO-RALG will withhold all CDG/CBG/MEG amounts pending remedial action by the LGA through the RS/PMO-RALG oversight.

2.6 Dissemination of Results

Each assessed LGA is provided with copies of its individual assessment report and the National Synthesis Report. These reports will be discussed by the CMT, the Finance Committee and finally the Full Council so that subsequent activities (budget completion and preparation of work plans) can be undertaken. A summary of the assessment results will be published in any widely read daily newspapers for wider

dissemination/sharing with other stakeholders. Similarly the LGAs will be required to disseminate/ share the assessment results by posting them on notice boards and public places in the HLGs and LLGs.

2.7 Quality Assurance

It is vitally important to ensure that the LGA assessment process is in accordance with international practices and that the system is prudently applied. To ensure this, the LGDG Task Force will be responsible for quality assurance. Moreover, the assessment will regularly undergo a quality check by an independent party appointed by the Government who will carry out quality check after every two years and therefore a budget should be set aside for this purpose.

2.8 Detailed Guidelines

Annexes I and II of this manual set out in detail the MCs, PMs and the scores to be awarded.

3.0 Requirements for Councils not Meeting LGDG Minimum Conditions

LGAs which fail to meet the MCs due to reasons, which are within their mandates, shall prepare an “LGDG Compliance Action Plan” which identifies the problems and the necessary remedial action to bring the LGA into compliance the following financial year. The LGDG Compliance Action Plan will serve as a MOU between the LGA and PMO-RALG and will be signed by the LGA, RS and PMO-RALG. The Reform Secretariat and the RS of the respective LGA will closely supervise the implementation of the action plan.

LGAs will report progress of implementation of the compliance plan on quarterly basis to PMO-RALG through the RS.

ANNEXES

ANNEX I: Minimum Conditions for GDG Discretionary Grants (Core CDG and CBG)

Table 5: Minimum Conditions for Accessing Council Development Grants

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)			
	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			
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 Guideline			

Table 6: Minimum Conditions for CBG

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

ANNEX II: Performance Measures for LGDG Discretionary Grants (Core LGDG)

DISCRETIONARY COUNCIL DEVELOPMENT GRANTS (Core CDG)

1. FINANCIAL MANAGEMENT				
SN	INDICATOR	EXPLANATION/INFORMATION SOURCE	SCORE	MAX
1.1	Timely response to internal audit queries by LGA	Obtain copies of internal audit reports and Management responses for the previous FY	100% Timely to all queries = 2.5 > 50 - <100 % timely = 1 Late by < 2 weeks = 0.5 Otherwise = 0	2.5
1.2	Timely response to CAG Report with action plan by LGA	LGA's are supposed to submit their responses by 30 September Obtain a copy of the response and action plan from the Council Treasurer	Timely response = 2 Late by one week = 1 Otherwise = 0	2
1.3	LGDG Funds are properly utilised	Authentic financial transactions: establish from CT and two sample PVs from each of the six bank accounts for the month preceding the Assessment Check if PVs are properly completed, authorised and supported by relevant documents	100% Sampled PVs complete = 3 > 50 - <100 % Sampled PVs = 1.5 Otherwise = 0	3
1.4	50% of CDG utilized for LLG as per the Guide and properly recorded	Check from CDR amounts utilized for LLG Check financial statements of the LGA records of sharing	If 50% utilized and properly recorded = 2.5 if 50% utilized but not properly recorded = 1 Otherwise = 0	2.5
1.5	Community contributions reflected in CDR	Find from the CDR/ MTEF all community projects and the amounts contributed for each project	If 80% to 100% reflected= 2.5 If 50% to 79% reflected = 1 Otherwise = 0	2.5
1.6	5% – 10% of own sources revenue utilized to support community self help initiatives	Check the CFR and CDR to establish the exact amount utilized for support	100% utilized= 2 50% to 99% utilized = 1 Otherwise = 0	2

1. FINANCIAL MANAGEMENT				
SN	INDICATOR	EXPLANATION/INFORMATION SOURCE	SCORE	MAX
1.7	Proper reporting of cases of Carryovers of funds	Establish from the CDR whether carried over funds are properly reported All carryovers of funds in each quarter is reported using the appropriate reporting form and captured in Epicor	Reported in all Quarters = 1 Otherwise = 0	1
1.8	Cases of carryover of funds are minimised	Establish from the CDR whether cases of carryover of funds are being minimised Establish case of carryover of funds from previous FY and compare with cases in FY under assessment	Minimised = 1 Otherwise = 0	1
1.9	60% of CBG spent on CB activities for LLGs	Establish the amount allocated for CBG From PVs, bank statements, plan and budget and CDR establish whether 60% of CBG amount was spent for LLGs	60% share spent at LLG= 2 Between 40% - 59% = 1 Otherwise = 0	2
1.10	Timely submission of quarterly CFR	Find out whether the CFRs were submitted to RS within 15 days after end of each quarter.	Timely submission= 1.5 Late by one week= 0.5 Otherwise = 0	1.5
TOTAL FINANCIAL MANAGEMENT SCORES				20

2. PLANNING AND BUDGETING				
SN	INDICATOR	EXPLANATION/INFORMATION SOURCE	SCORE	MAX
2.1	Support for Community self help initiatives reflected in Council plan and budget	From LGA Plan and Budget establish whether support to initiatives is reflected Check also from the CDR for LGDG funded projects	If 80% - 100% supported initiative are reflected= 3 If 50% - 79% = 1 Otherwise = 0	3
2.2	Equal distribution of projects within the LGA reflected in the plan as established criteria	Obtain the established criteria for project distribution from the Council Planning Officer Check in the Council Plan and Budget- Establish whether remote village have projects	If Yes= 2 If No= 0	2
2.3	5% - 10% of own sources earmarked to fund locally	Check in the Council Plan and Budget/ MTEF the amount allocated if falls within the 5% - 10% of own source revenue	If 5%-10% = 2 If less than 5% = 0.5	2

2. PLANNING AND BUDGETING				
SN	INDICATOR	EXPLANATION/INFORMATION SOURCE	SCORE	MAX
	initiated development projects		Otherwise = 0	
2.4	Planning and budgeting at LLG adhere to O&OD guidelines or other participatory methods	From the CPLO obtain the list village/mitaa plans Sample at least 20% of villages/mitaa plans to establish how they were prepared Check the O&OD /participatory methods reports of the same villages/mitaa	If 100% of sample adhere to O&OD or other participatory methods = 2 If >50 = 1 Otherwise = 0	2
2.5	50% CDG shared between HLG and LLG reflected in the Council plan and budget	Check in the Council Plan and Budget/ MTEF amount of CDG allocated for LLG Check CDR for the utilization for LLG	If 50% shared = 3 Otherwise = 0	3
2.6	2-3% of the CDG allocated and spent on rehabilitation of service facilities	Check in the Council Plan and Budget/ MTEF amount allocated for rehabilitation Establish whether the facilities were rehabilitated (visits, rehabilitation reports)	If 2-3% or more allocated and utilized = 1.5 Otherwise = 0	1.5
2.7	2-3% of LGA own source revenue (based on the CDG amount) allocated and utilised for rehabilitation of service facilities	Check in the Council Plan and Budget/ MTEF amount allocated for rehabilitation Establish whether the facilities were rehabilitated (visits, rehabilitation reports)	If 2-3% or more allocated and utilised = 1.5 Otherwise = 0	1.5
TOTAL PLANNING AND BUDGETING SCORES				15

3. PROJECT IMPLEMENTATION				
SN	INDICATOR	EXPLANATION/INFORMATION SOURCE	SCORE	MAX
3.1	Timely submission of quarterly CDR	CDR is supposed to be submitted 15 days after the quarter end to the RS Check the dates from the submission and acknowledgement letters from LGAs and RSs	Timely = 2.5 Late by a week = 0.5 Otherwise = 0	2.5
3.2	Projects implemented were allocated enough budget to ensure completion as planned	Check in the CDR for the projects funded and implemented take a sample of 20% Check PVs and certificates of completed projects of the sampled projects Establish whether there are uncompleted projects due to inadequate funding	If 100% of sample = 2.5 Otherwise = 0	2.5
3.3	Increase in number of fully functioning service facilities	Establish number of planned projects and completion dates within the 2 FYs Establish projects that were completed in each FY to determine the percentage increase Take a convenient sample of completed projects and physically visit to establish whether they are fully functioning i.e. check whether the facilities (dispensaries, schools etc) have all required support structures	Increase from 60% to 100% = 2.5 Increase from 30% to 59% = 1 Increase from 5% to 29% = 0.5 Otherwise = 0	2.5
3.4	Projects are implemented as per plan	Check project implementation progress reports. Sample 20% of the projects Check progress reports and compare with the project implementation plans <i>(Establish reasons for delay for objective scoring)</i>	If 100% of projects implemented as per plan = 2 If 50% - 99% = 1 Otherwise = 0	2
3.5	Supervision and monitoring of implemented projects as per plans	Establish number of projects being implemented Ask for supervision and monitoring plans Check the supervision and monitoring reports of each project and establish whether they match with the plans <i>(Establish reasons for delay for objective scoring)</i>	If 100% adherence to plans = 2.5 If 50% - 99% = 1 Otherwise = 0	2.5
3.6	Adherence to Value for money principles on projects being implemented	Check on project inspection reports, Project Records for any reported problem on quality of projects Pay physical visits to some selected projects and solicit views	No problem reported = 1.5 Otherwise = 0	1.5

3. PROJECT IMPLEMENTATION				
SN	INDICATOR	EXPLANATION/INFORMATION SOURCE	SCORE	MAX
		from the public (social audit)		
3.7	Cost reduction efforts by using local resources e.g. community contributions, use of local materials, local Fundis etc without compromising quality	Check from one or two projects any evidence of cost reduction through the use of local resources Compare the projects actual costs and the planned to establish amount saved	If Yes = 1.5 If No = 0	1.5
TOTAL PROJECT IMPLEMENTATION SCORES				15

4. PROCUREMENT				
SN	INDICATOR	EXPLANATION/INFORMATION SOURCE	SCORE	MAX
4.1	Timely preparation, approval and submission to relevant organs of the Annual Procurement Plan (APP)	APP is prepared (in collaboration with user departments) and approved along with the approval of the LGA budget and a copy submitted to PPRA Obtain a copy of APP from Head of PMU (HPMU) Establish its approval as well as submission to PPRA (request for evidences from HPMU i.e submission and acknowledgement letters to and from PPRA)	Timely prepared, submitted and approved = 2 Late by two weeks = 1 Otherwise = 0	2
4.2	Procurement reports timely prepared, discussed and submitted to all relevant organs	Monthly reports (to AO, discussed by CMT and presented in Tender Board Meetings and automatically to PPRA through Procurement Management Information System-PMIS) and Quarterly to PPRA Check procurement reports, submission letters, CMT and Tender Board Minutes	Timely prepared, discussed and approved = 2 Late by two weeks = 1 Otherwise = 0	2

4. PROCUREMENT				
SN	INDICATOR	EXPLANATION/INFORMATION SOURCE	SCORE	MAX
4.3	Supervision of projects (contract management) carried out as per plan at HLG and LLG	Select any 5 projects (2 from HLG and 3 from LLG) Ask the HPMU for the respective supervision plans and reports <i>(Establish reasons for delayed supervision)</i>	If 100% supervision as planned = 2 If 50% - 99% = 1.5i Otherwise = 0	2
4.4	Action plan for implementing PPRA's procurement audit recommendations prepared and implemented	Obtain the PPRA's procurement audit report for the LGA Check for the LGA's action plan to implement the recommendations made in the report Establish whether implementation has taken place	Action plan in place and implemented =1 Only action plan in place = 0.5 Otherwise= 0	1
4.5	Procurement records are properly kept at HLG and LLG	Select any 5 projects (2 from HLG and 3 from LLG) Check general and specific project procurement files at HLG and LLG Check whether records have been kept properly for all stages of procurement (i.e from advertising or sourcing of suppliers/contractors up to completion of the project)	Properly kept = 1.5 Otherwise = 0	1.5
4.6	Procurement process initiated and completed timely	Use the already 5 selected projects i.e 2 from HLG and 3 from LLG Establish duration of the procurement process for each project Compare with actual duration taken to complete each project (Check contract files, supervision reports or specific project procurement files at both HLG and LLG) Note: If reasons for the delay are beyond control of the LGA, then award full points.	Timely completed = 1.5 One week late = 1 Otherwise = 0	1.5
TOTAL PROCUREMENT SCORES				10

5. INTERNAL AUDIT				
SN	INDICATOR	EXPLANATION/INFORMATION SOURCE	SCORE	MAX

5. INTERNAL AUDIT				
SN	INDICATOR	EXPLANATION/INFORMATION SOURCE	SCORE	MAX
5.1	Internal Audit is supported to operate fully at all levels of the LGA	Check the type of support provided to internal audit unit e.g. offices, transport, fuel Establish whether support rendered is adequate for the unit to operate fully i.e. carry out all types of auditing (<i>financial, operational, governance, value for money, procurement etc</i>) are conducted as required at all levels (HLG and LLG) in line with the internal audit plan	If adequately supported = 3 If partly supported = 2 Otherwise= 0	3
5.2	Timely preparation and approval of annual internal audit plan	Obtain the internal audit file from the Council Internal Auditor. Check for: A copy of the annual internal audit plan Submission and approval dates (i.e endorsed by the AO and approved by the Audit Committee within one month of the relevant FY). Also check minutes of the Audit Committee	If timely prepared and approved= 1 Otherwise = 0	1
5.3	Annual internal audit plan covers LGDG activities at both HLG and LLG	Get a copy of the annual internal audit plan from the Council Internal Auditor Check whether LGDG activities at both HLG and LLG have been adequately covered	If both at HLG and LLG are covered= 1 Otherwise = 0	1
5.4	Quarterly Internal audit reports prepared and submitted timely to all relevant organs	The quarterly internal audit reports are to be submitted to RAS within 15 days after end of each quarter and copies sent to the CAG and IAG Obtain from the CIA copies of quarterly internal audit reports, submission and acknowledgement letters to check for dares	If timely prepared and submitted = 1.5 If delayed by one week = 0.5 Otherwise = 0	1.5
5.5	Quarterly Internal Audit reports are discussed by CMT, Audit Committee and Finance, Planning and Administration Committee	Check from the minutes of CMT, Audit Committee and Finance Committee for all (4) quarters for evidence	If all 4 quarter reports were discussed = 2 If 2- 3 Quarter reports = 1 Otherwise = 0	2
5.6	Follow-up actions of the internal audit recommendations and implementation	Obtain from the CIA copies of the internal audit recommendations, follow-up actions and the implementation	If follow-up actions and implementation = 1.5 If follow-up actions only= 0.5	1.5

5. INTERNAL AUDIT				
SN	INDICATOR	EXPLANATION/INFORMATION SOURCE	SCORE	MAX
			Otherwise= 0	
TOTAL INTERNAL AUDIT SCORES				10

6. FISCAL CAPACITY				
SN	INDICATOR	EXPLANATION/COMMENT	SCORE	MAX
6.1	Collection of own source revenue is as per targets	Find out own source revenue collection targets for the previous FY Check own source collection performance reports and compare with targets	If over 90% collected = 2.5 If 50 – 89% collected = 1.5 Otherwise = 0	2.5
6.2	Local Revenue mobilization efforts in place in place and being implemented	Check from LGA's revenue enhancement strategy and strategic plan Check action plan and activities on revenue mobilization (enacting by law, use of ICT, awareness campaign, outsourcing etc)	If in place and fully implemented = 2.5 If only in place = 1.5 Otherwise = 0	2.5
6.3	Newly introduced own sources of revenue and harnessed	Check list of new source(s) of revenue and targets Establish whether the new sources were being harnessed	If new sources identified and harnessed = 1 If only identified = 0.5 Otherwise = 0	1
6.4	Target on community contribution [(labour, materials etc) quantified in monetary terms] being attained	Check in Plan and Budget, CDR of two previous FYs targeted amounts from community contributions Establish whether the amounts were met or not	If 80% to 100% target met = 2 If 50% -79% = 1 Otherwise= 0	2
6.5	Percentage annual increase of own source revenue committed to development projects	Check from Plan and Budget (MTEF) and CDR Use MTEFs and CDRs of two FYs	70% to 100% increase= 2 >50% <70% increase = 1 >25% <50% increase = 0.5 Otherwise= 0	2

6. FISCAL CAPACITY				
SN	INDICATOR	EXPLANATION/COMMENT	SCORE	MAX
TOTAL FISCAL CAPACITY SCORES				10

7. HUMAN RESOURCE DEVELOPMENT				
SN	INDICATOR	EXPLANATION/INFORMATION SOURCE	SCORE	MAX
7.1	CB activities derived from TNA implemented as per capacity building plan and guidelines	Obtain from the CHRO TNA report, CBP and CB/training implementation reports Establish adherence to plan and guidelines	If 100% implemented as per plan and guidelines = 2 Otherwise= 0	2
7.2	CBG utilisation reports submitted through CDR and CFR	Check CFR and CDR reports for information on utilization of CBG	If submitted through CDR and CFR = 2 Otherwise= 0	2
7.3	Staff retention efforts and incentive scheme in place and implemented	Check for existence of staff retention efforts and incentive scheme from CHRO (e.g. development of internal policies for staff retention) Check implementation reports	If the scheme in place and implemented = 1.5 Only scheme in place = 1 Otherwise = 0	1.5
7.4	LGA efforts to fill in vacant posts at HLG and LLGs (Officers, WEOs, VEOs/MEOs)	Evidence of Requests employment permits in HR file Check internal appointment letters Check also from the minutes of Finance, Administration and Planning Committee	Efforts in place= 1.5 Otherwise= 0	1.5
7.5	Evaluation of Training is conducted	Obtain from the CHRO a list of training conducted during the previous year Take a sample of 50% and request for training evaluation reports (i.e. evaluation by the LGA)	100% evaluated= 1.5 50% to 99% evaluated- 1 Otherwise= 0	1.5
7.6	Training impact assessment is conducted	Obtain from the CHRO a list of training conducted for the past two years Take a sample of 30% and request for training impact assessment reports (i.e. either by the LGA or any contracted party)	100% assessed for impact= 1.5 50% to 99% assessed for impact - 1 Otherwise= 0	1.5

7. HUMAN RESOURCE DEVELOPMENT				
SN	INDICATOR	EXPLANATION/INFORMATION SOURCE	SCORE	MAX
TOTAL HRD SCORES				10

8. FUNCTIONAL PROCESSES				
SN	INDICATOR	EXPLANATION/INFORMATION SOURCE	SCORE	MAX
8.1	Statutory meetings at LLG are held as planned and properly constituted	Obtain from the CHRO the schedule for meetings From the CHRO obtain Ward/Village/Mitaa files Check from the minutes of meetings the dates and attendance to establish compliance	If meetings are held as per schedule and properly constituted = 1.5 If not according to schedule = 1 Otherwise = 0	1.5
8.2	LLG minutes are properly written and timely submitted to HLG	From the CHRO obtain Ward/Village/Mitaa files Check the minutes to establish whether they are written according to standard format i.e. opening routine items, main business items, closing items.	If properly written and timely submitted = 1 Otherwise = 0	1
8.3	Proper Record Keeping (of projects, plans, monitoring reports etc) at LLG	From visited LLG Check obtain record files of various projects and activities Check the arrangement of the documents by dates, alphabets, etc Check the arrangements of the files in shelves and cabinets if any	If properly kept = 1 Otherwise = 0	1
8.4	Information is shared between the HLG and LLG	Availability of information in Public Places e.g. notice boards at ward/mtaa/village level e.g. annual plan & budget Information is available in files at HLGs and LLGs (e.g. simplified sector policies, simplified budget guidelines etc) Also, check for feedback mechanisms	If information is adequately shared = 2 If only partly shared = 1 Otherwise = 0	2
8.5	Complaints Handling Office in place and functioning	Existence of the a complaint office/desk and officer allocated for this purpose Check if complaint register is maintained and up-	Available and functioning = 0.5 Otherwise = 0	0.5

8. FUNCTIONAL PROCESSES				
SN	INDICATOR	EXPLANATION/INFORMATION SOURCE	SCORE	MAX
		to-date Check whether actions are being on handling complaints		
8.6	Service facility committees are in place and functioning	Check files of service facilities and minutes of facility committees Find whether the number and gender of committee members is as per required composition	Fully established and functioning = 1 Established not functioning = 0.5 Otherwise = 0	1
8.7	Financial reports are presented in Villages/Mitaa Assemblies	Check Minutes from Village/Mtaa files Establish whether the financial reports were presented and discussed	If presented and discussed = 2 Otherwise = 0	2
8.8	Increase in number of members attending statutory meetings at LLG	Take a sample of village/Mtaa files from CHRO for the previous two FYs Check from the minutes of the sampled Village/Mtaa files the number of people attending and compare between the two FYs	If there is an increase in attendance = 1 Otherwise = 0	1
TOTAL FUNCTIONAL PROCESSES SCORES				10

4.0 Sector Specific Grants*

The sector specific grants will continue to be assessed using the current MCs and PMs. Additional Performance Indicators to suit sector specific grants may be required including improving on the existing indicators. Equally important is the need to review the sector grants access criteria to match with the reviewed LGDG Guideline.

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) There will only be a single approval and disbursement process for all windows of the LGDG system, managed by PMO-RALG under the guidance of a single LGDG System Steering Committee; and
- (v) The LGDG system transfer resources, in combination with other recurrent and development grants as well as own source revenues, will be spent by the LGAs based on their own local level planning and budgeting priorities to promote local governance, autonomy, accountability and ownership.

4.1. Agriculture Sector Development Grant (ASDG)

The Government adopted an Agricultural Sector Development Strategy (ASDS), which sets out the framework for achieving the sector's objectives and targets through the Agricultural Sector Development Programme (ASDP), developed jointly by the four Agriculture Sector Lead Ministries. Development activities at Council level are to be implemented by LGAs, based on Council approved District Agricultural Development Plans (DADPs). The DADPs are part of the broader Council Development Plans (CDPs).

The majority of DADP expenditures will be at LGA level and will be provided through three fiscal grant transfers:

- **District Agricultural Development Grant (DADG)**

The DADG will support implementation of DADPs on a cost-sharing basis, with beneficiaries contributing additional labour and materials in varying proportions, depending on the nature of the investment. Investments will be identified in accordance with local needs, as determined through local participatory planning and budget processes, and in line with the LGDG system. Types of investments which could qualify for financing include: environmental investments; public infrastructure, such as rural roads; small-scale irrigation schemes; group or community investments of a small scale productive nature; group or community investments in risk bearing (locally) innovative equipment. Agricultural inputs (seeds, fertilizers, agro-chemicals) would ordinarily not be eligible for cost-sharing, unless they are part of participatory technological development activities.

- **Extension Block Grant (EBG)**

The Agricultural Extension Block Grant (A-EBG) will support the shift to contracting of services with greater control over resource allocation decisions by farmers. It will be financed through the existing discretionary, formula-based Agricultural Extension Block Grant. This sub-component will provide funding for both public extension services, as a Government contribution, and for private service providers. The latter will be engaged through agreements and contracts directly between farmer groups or through local government outsourcing.

- **Agricultural Capacity Building Grant (A-CBG)**

All Councils will receive a capacity building grant irrespective of whether they meet the minimum conditions to access the DADG and EBG or not. The capacity building grant funds will be used to improve functional areas to meet the minimum conditions and to improve on the performance criteria in subsequent years to access higher resource transfers. The initial focal areas of the capacity building grant, consistent with the minimum conditions, will likely be on improving Council agricultural planning, agricultural investment appraisal and review, agricultural services reform, and enhancing stakeholder engagement. The councils will need to develop a capacity building plan prior to accessing the grant.

The DADG, the A-EBG and the A-CBG of the ASDP will be allocated according to the same formula as the Agriculture Recurrent Block Grant:

Number of Villages	80%
Rural Population	10%
Rainfall Index	10%

Each LGA will receive an amount from the DADG and A-EBG based on the minimum conditions and performance measures. The maximum that an LGA can receive would be 100% of the formula-based allocation. If a council meets the minimum access conditions, receives a minimum score of 5 points in each functional area and a minimum aggregate total score of 75 points or above, the LGA will receive 100% of the transfer entitlement. If that LGA would have received an aggregate score between 51-74 points, the LGA would receive 80% of the transfer entitlement; otherwise the LGA with aggregate score of 50% or less would receive only 50% of the transfer entitlement. If the LGA will not meet the minimum conditions, the LGA would receive 50% of the transfer entitlement subject to strict oversight by PMO-RALG and the Regional Secretariats as outlined in Section 3.

Table 7: Calculation of DADG and A-EBG Amount to be received by Council

Minimum Conditions	ASDG Performance Measures		DADG and A-EBG Allocation to be Received	Performance Status
	Minimum Score in Each Functional Area	Aggregate Score		
Meet CDG Minimum Conditions				
YES	5	≥75	100%	Very Good
YES	5	51-74	80%	Good
YES	≤5	≤50	50%	Average
NO	N/A	N/A	50%	Poor

4.2 Water Sector Development Grant (WSDG)

The Government through the Rural Water Supply and Sanitation Programme (RWSSP) is allocating funding to enhance local water activities including monitoring local access to potable water and implementation of the new local water schemes to unserved communities.

The RWSSP objectives are to:

- (i).strengthen decentralized planning, project preparation, funding, implementation and management through LGAs;
- (ii). improve the capacity of central government institutions to facilitate and channel TA to LGAs;
- (iii).increase the capacity for sustained delivery of goods and services by developing and utilizing local private sector capacities in facilitation, engineering, construction spare parts distribution and operation and maintenance; and
- (iv).develop a strategy for sanitation, hygiene promotion and communication.

The majority of the RWSSP expenditures will be at the LGA level and provided through two fiscal grant transfers: Development Grant and Capacity Building Grant. The amount of RWSSP to be received will be determined by the performance as measured by the assessment scores on the minimum conditions and performance measures of the LGDG discretionary development grant (LGDG).

The RWSSP funds are allocated on the following criteria:

Total unserved population: 70%
 Technological options: 30%

Each council will receive an amount from the WSDG based on the same minimum conditions and performance measure scores received for the LGDG grants. A council meeting the minimum conditions will receive 100% of the WSDG entitlement if it receives an aggregate score of more than 75 points or above while obtaining a passing score of 5 in each of the functional areas. A council meeting the minimum conditions will receive 80% of the WSDG entitlement if it receives an aggregate score of between 51-74 points while receiving a minimum passing score of 5 in each of the functional areas. All

other councils meeting the minimum conditions with aggregate score of 50% or less will receive 50% of the WSDG entitlement. Councils which will not meet the minimum conditions will receive 50% of the WSDG entitlement, subject to strict oversight by PMO-RALG and the Regional Secretariats serving as outlined in section 3.

Table 8: Calculation of WSDG Amount to be received by Council

Minimum Conditions	ASDG Performance Measures		DADG and A-EBG Allocation to be Received	Performance Status
	Minimum Score in Each Functional Area	Aggregate Score		
Meet CDG Minimum Conditions	5	≥75	100%	Very Good
YES	5	51-74	80%	Good
YES	≤5	≤50	50%	Average
NO	N/A	N/A	50%	Poor

4.3 Health Sector Development Grant (HSDG)

The Government has adopted the Primary Health Services Development Programme (*Mpango wa Maendaleo Wa Afya ya Msingi* (MMAM) which foresees a need to rehabilitate the existing primary health facilities and seeks almost a doubling in the number of health facilities as its long term objective.

The MMAM gives the Ministry of Health and Social Welfare responsibility for human resource development and the specific disease-specific interventions and gives LGAs the responsibility for the construction and rehabilitation of the primary health care facilities (e.g., dispensaries, health centres and district hospitals) in accordance with the approved Comprehensive Council Health Plan (CCHP), which forms part of the overall Council Development Plan.

The Health Sector Development Grant (HSDG) will provide the modality for channeling the earmarked health-related development funds to the LGA level in a harmonized, predictable, accountable and cost-effective manner. The HSDG funds will be allocated according to the same formula as the Health Recurrent Block Grant on the following criteria:²

Population	70%
Number of poorer residents	10%
Council medical vehicle route	10%
Under-five Mortality	10%

Each council will receive an amount from the HSDG based on the same minimum conditions and performance measure scores received for the LGDG grants. As indicated in Table 7, a council meeting the minimum conditions will receive 100% of the HSDG entitlement if it receives an aggregate score of more than 75 points while obtaining a passing score of 5 in each of the functional areas. A council meeting the minimum conditions will receive 80% of the HSDG entitlement if it receives an aggregate

² The HSDG funds will be allocated according to the same formula used for the Health Recurrent Block Grant until modified by the Government

score of between 51-74 points while receiving a minimum passing score of 5 in each of the functional areas. All other councils meeting the minimum conditions with aggregate score of 50% or less will receive 50% of the HSDG entitlement. Councils which did not meet the minimum conditions will receive 50% of the

HSDG entitlement, subject to strict oversight by PMO-RALG and the Regional Secretariats serving as outlined in section 3.

Table 9: Calculation of HSDG Amount to be received by Council

Minimum Conditions	ASDG Performance Measures		DADG and A-EBG Allocation to be Received	Performance Status
	Minimum Score in Each Functional Area	Aggregate Score		
Meet CDG Minimum Conditions	5	≥75	100%	Very Good
YES	5	51-74	80%	Good
YES	≤5	≤50	50%	Average
NO	N/A	N/A	50%	Poor