

TERMS OF REFERENCE
ANNUAL PERFORMANCE ASSESSMENT OF LOCAL GOVERNMENTS IN UGANDA
Accountability Requirements and Crosscutting and Sectoral Functional Processes and Systems

BACKGROUND

The Government of Uganda (GoU) is currently implementing intergovernmental fiscal transfer reforms. As part of these reforms, a new Local Government Performance Assessment System (LGPAS) and Manual has been designed to help inform transfers. The overall objective of the LGPAS is to **promote effective incentives and behavior, systems and procedures** of importance for LG's efficient administration and service delivery. The Department of International Development (DFID) is supporting the Office of the Prime Minister (OPM) in Uganda to fund the Local Government Performance Assessment (LGPA) for 2017.

The LGPAS has three dimensions: (i) Budget requirements and Accountability Requirements; (ii) crosscutting and sector functional processes and systems for districts and municipalities as well and for sub-counties, town councils and divisions; and (iii) service delivery results focusing at performance at the service delivery unit level.

The current (new) LG Performance Assessment Manual (LG PAM) outlines the requirements/indicators and elaborates process and procedures for assessing budget and accountability requirements; and crosscutting and sector functional processes and systems for districts and municipalities. The performance measures for sub-counties/town councils/divisions and for service delivery units will be elaborated in the near future.

Review of the core accountability requirements and systems and procedures for districts and municipalities, will be assessed in the coming Annual Performance Assessment (APA) of LGs starting in November 2017, and are the focus of these Terms of Reference (TORs). This exercise will be contracted and funded by DFID on behalf of the Government of Uganda. The results of these assessments will be used to inform the appointment of LG accounting officers¹ and the grant allocations for the four development grants for Discretionary Development Equalization Grant (DDEG), Education, Health and Water in the following financial year respectively. The details are further described in the developed LG PAM, June 2017, which should be strictly followed during the Annual Performance Assessment (APA).

INTRODUCTION TO THE SYSTEM

The Constitution of the Republic of Uganda and the LG Act Cap 243 mandates the Local Governments (LGs) to deliver a wide range of services to citizens. To perform their mandates, LGs require systems and capacities as well as resources (human, financial etc.). Whereas a lot of efforts have been put in place to assess, support, and finance LGs, and the systems, procedures and effectiveness of LGs in local service delivery, further progress need to be made. Government has embarked on reforms to financing LGs, to enable them to better deliver the services under their mandate.

The objectives of the Government's overall **intergovernmental fiscal transfer reform** are to:

- a) Allow existing and new national policies to be financed via the transfer system, at the same time avoiding future fragmentation of transfers and increasing discretion to ensure services are delivered in line with local needs;

¹This formal assessment will be combined with other information on the performance of the accounting officers before they are appointed Accounting Officers for FY 2018/19

- b) Shift the focus away from fragmented input-based conditions towards accountability for allocation decisions, expenditures and results;
- c) ***Use the fiscal transfer system to provide incentives for improved institutional and service delivery performance; and***
- d) Restore adequacy and equity in allocation of funds for infrastructure and service delivery.

OBJECTIVES OF THE LOCAL GOVERNMENT PERFORMANCE ASSESSMENT SYSTEM

Within the **intergovernmental fiscal transfer reform process**, the LG Performance Assessment (PA) system is aimed at attaining the **third objective of the reform**: using the fiscal transfer system to provide incentives for improved institutional and service delivery performance of Local Governments. The **overall** objective of the LG PA system is to **promote effective behaviour, systems and procedures** of importance for LG's efficient administration and service delivery.

The **specific** objectives of the performance assessment system are to:

- a) Provide incentives and promote good practice in administration, resource management, accountability and service delivery through **rewarding and sanctioning good and bad practices** respectively.
- b) Contribute to the identification of LG functional **capacity gaps and needs** to serve as a major input in the institutional development/strengthening plans and strategies by the LGs as well as Ministries, Departments and Agencies.
- c) Contribute to the general **LG monitoring and evaluation (M&E)** system. The LG PA process and results will provide: (i) Information LGs use to make **management decisions** that are intended to enhance their performance; and (ii) inputs to other M&E and assessment systems such as the Government Annual Performance Report (GAPR) and various sector/subject specific assessments.

DIMENSIONS IN THE SYSTEM

The LG PA system has three dimensions/elements which are mutually reinforcing:

- Dimension 1 is strengthening **accountability and the linkage of expenditure to national and local priorities** for service delivery by linking the appointment of Accounting Officers and signing of Performance Contracts to the adherence to core **budget and accountability** requirements. This dimension is sub-divided in dimension 1a focusing on budget requirements, which is conducted in March-June every year, and dimension 1b which is focusing on core accountability requirement and conducted in conjunction with Dimension 2(a) from August – end of the year (incorporating the audit reports in January).
- Dimension 2 is strengthening the **management of service delivery and development projects** at the local level. This will be achieved by subjecting the allocation of a share of the discretionary and sectoral² development grants to the results of LG performance assessment of cross cutting and sectoral **institutional processes and systems**. The dimension is broken down in assessment of performance for districts and municipalities (2a) and sub-counties/town councils/divisions (2b);

² Education, Health and Water

- Dimension 3 is incentivizing the provision of **service delivery results and processes** in individual service delivery units (schools, health facilities), by linking the size of operational transfers to these units to the actual performance of these service delivery units³.

This TOR focuses on **Dimension 1b** and **Dimension 2a**, targeting the 162 Local Government Votes (districts and municipalities), whereas a system for Dimension 2b for Sub-Countries, Town Councils and Divisions and dimension 3 will be elaborated later during the subsequent reforms. Dimension 1a will be reviewed for the first time in 2018 and will be covered by another procurement exercise.

The figure below provides an overview of the linkages between the three dimensions.



For details about the assessment system including the organization, indicators, assessment process, refer to the Local Government Performance Assessment Manual June 2017.

³ To be designed later.

OBJECTIVES OF THE ASSIGNMENT

DFID Uganda seeks the services of a competent consulting firm to undertake the assignment to assess and score the performance of all the 162 Districts and Municipalities in Uganda in relation to the dimensions outlined above. The assessment will strictly follow the Local Government Performance Assessment Manual, 2017 and will be carried out in consultation with the Office of the Prime Minister (OPM) and ODI in Uganda⁴. The assessment results, after quality assurance and verification, will impact on the appointment of Accounting Officers and the allocation of development funds to LGs for fiscal year 2018/19.

SCOPE AND DURATION OF THE ASSIGNMENT

The expected implementation period for the assignment is 3 months from Early January 2018 to April 2018 as outlined below with an estimated budget of up to £900,000.

| No. | Task | Timing/Duration | Remarks |
|-----|---|-------------------------------------|---|
| 1. | Signing of the Contract | End December 2017 | |
| 2. | Contracted firm to mobilize team members | Early January 2018 | The firm should include the names of all the experts to be filled in the technical proposal to demonstrate capacity to properly and timely execute the assignment |
| 3. | Orientation of the Assessment and QA teams. All members to participate in the assessment exercise must attend. | First week of January 2018 (5 days) | To be conducted by the LG PA Task Force with support from ODI. |
| 4. | Development of data collection checklist summarizing information to be collected from each of the information sources | First week of January 2018 | This will be done during the orientation week. |
| 5. | Submission of the Inception Report | Second week of January 2018 | Main focus should be on the: assessment schedule and team deployment/organization. The methodology for conducting the assessment is elaborated in the LG PA Manual and should be strictly adhered to. |
| 6. | Discussion and approval of the Inception Report | Second week of January 2018 | To be discussed and approved by OPM and DFID within two days after submission. |
| 7. | Communicating the assessment schedule to all LGs | Second week of January 2018 | To be done by OPM using among others the following approaches: publication of the schedule in the press; sending formal letters to CAOs/TCs; phone calls, emails etc.. |

⁴ ODI is DFID's implementing partner in Uganda on intergovernmental fiscal reform

| No. | Task | Timing/Duration | Remarks |
|-----|--|----------------------------|--|
| 8. | Desk based assessment at the national level. The documents to be reviewed and sources are elaborated in the LG PA Manual. | Third week of January 2018 | Focus on Accountability Requirements and data regarding performance measures to be collected from secondary sources. |
| 9. | Field based LG performance assessment. The procedures are elaborated in the LG PA Manual: introductory sessions, assessment at the LG level, field visits and wrap-up session. | February 2018 | The typical process will be: <ul style="list-style-type: none"> • Sunday – travel day • Monday and Tuesday – assessment at the LG level • Wednesday – reporting and travel to next LG • Thursday and Friday assessment at the LG level • Saturday – reporting • The reports for the individual LG will be captured on OPAMS⁵ immediately after each of the LG assessment. Training on use of OPAMS will be done during the orientation. |
| 10. | Quality Assurance. | February 2018 | The contracted quality assurance firm will sample from the submitted LG assessment reports |
| 11. | Generation of the Synthesis Report | March 2018 | To be generated from individual LG reports uploaded on OPAMS. |
| 12. | Review of the LG PA results by the LG PA Task Force ⁶ | March 2018 | |
| 13. | The LG PA Task Force will share the draft individual LG PA reports with the respective LGs | March 2018 | Provide room to receive grievances and or clarifications – maximum 7 days |
| 14. | Discussion and approval of the reports by the FD TC | March 2018 | |
| 15. | Discussion and approval of the results by the FD SC | March 2018 | |
| 16. | Use the results in the allocation of grants for 2018/19 | March 2018 | |
| 17. | Dissemination of the Assessment Results | April 2018 | To be done by the LG PA Task Force. The contracted assessment firm may be requested to participate but this is outside the scope of this assignment. |

DETAILS ON REPORTS AND DELIVERABLES

- Draft Inception Report: Within ten (10) days of commencement of services.** The draft inception report should include: detailed work plan for the field work by the teams to each LG;

⁵ GoU online system

⁶ Group including OPM, Ministry of Local Government, ODI, NGOs and others working with LGs

date for delivery of various drafts of Annual Performance Assessment reports; and the contracted party's team organization

2. **Final Inception Report** after incorporation of comments from DFID/OPM/ODI not later than 3 calendar days after receipt of the comments.
3. **Draft Individual LG Performance Assessment Reports captured and submitted on OPAMS.** The capture and submission should be done immediately after each of the LG performance assessment (within 24 hours after completion of the assessment). The contracted party should have an internal mechanism of quality assuring the reports uploaded to ensure accuracy and comprehensiveness. All the reports will also be checked by the LG PA Task Force with support from ODI and 10% of the reports will be verified by the contracted quality assurance firm.
4. **Final Individual LG Performance Assessment Reports uploaded on OPAMS.** The contracted firm will address the issues raised and upload the final LG Performance Assessment Report on OPAMS
5. **Draft LG Performance Assessment Synthesis Report generated from OPAMS** submitted simultaneously to OPM and DFID. The Contracted party shall submit only soft copy by email and on CD (Two Copies). The report will be reviewed by OPM, DFID and Quality Assurance Firm
6. **Final LG Performance Assessment Synthesis Report generated from OPAMS** incorporating the comments made and submitted simultaneously to OPM and DFID. The Contracted party shall submit only soft copy by email and on CD (Two Copies). The report will be reviewed by OPM, DFID and Quality Assurance Firm
7. **A Draft process report to DFID/OPM/ODI** showing LGs visited and dates thereof, any challenges and problems encountered and recommendations for improving the process going forward. The contracted party shall submit (3) hard copies of the report as well as two (2) soft copies on CD.
8. **A final process report to DFID/OPM/ODI** addressing the comments made by OPM and DFID.

TEAM ORGANISATION, COMPOSITION AND QUALIFICATIONS

The performance assessment will be conducted in four (4) clusters of Local Governments (LGs): (i) Northern (41 LGs); (ii) Eastern (44 LGs); Western (43 LGs); and Central (34 LGs). The firm must submit different teams for each cluster.⁷ To ensure timely implementation, each of the clusters will have a minimum, three (03) sub- teams each composed of a minimum of: Team Leadership/Management; Finance Management (i.e. LG Finance Specialist); Specialist in Project execution, Engineering, Environmental and Social Management; Local Government planning and governance; Human Resource and Administration; and Specialists in the Education, Health and water sectors. **In-depth experience and knowledge of Ugandan systems of governance is essential across all teams.**

Positions to be included in the proposal for each cluster:

| Position | Educational Requirements | Experience required |
|-----------------------------|--------------------------|---------------------|
| <i>Overall coordination</i> | | |

⁷ This can be negotiated with the supplier depending on local contacts and capacity in Uganda

| Position | Educational Requirements | Experience required |
|--|--|--|
| Team Leader/Manager (specialist in LG assessments) | A minimum of M.Sc. Degree in Economics, LG/Urban Planning, Engineering, Urban Management or related. | A minimum of 10 years work experience in at least two developing countries that have implemented performance grant system out of which 6 years were in a management position. Previous leadership of multi-disciplinary consultancy teams as a Team Leader or Project Manager/Director is essential. Strong interpersonal, analytic, writing and communication skills. |
| <i>Team composition</i> | | |
| Financial Management / LG Finance Specialist | A minimum of M.Sc. Degree in Accounting, Financial Management or Related Disciplines | A minimum of 5 years work experience in public financial management out of which 3 years in LG finance, planning and budgeting |
| Project Execution, Engineering and Environmental and Social Management Specialist | A minimum of M.Sc. Degree in Environmental Science, Social Development, Sociology or related disciplines | A minimum of 5 years work experience out of which 3 years in project execution review environment and social management |
| LG planning and governance | A minimum of M.Sc. Degree in Geography, LG/urban Planning, Land Management or related disciplines | A minimum of 5 years work experience out of which 3 years in LG/ urban planning and land management. |
| HR and Administration | A postgraduate degree or similar. | A minimum of 5 years of work experience out of which 3 years related with LG HR administration, consultancy or similar. |
| Education sector specialist | A minimum of M.Sc. Degree or similar. | A minimum of 5 years of work experience out of which 3 related with LG education issues/consultancy or similar. |
| Health sector specialist | A minimum of M.Sc. Degree or similar. | A minimum of 5 years of work experience out of which 3 related with health sector issues/consultancy or similar. |
| Water sector specialist | A minimum of M.Sc. Degree | A minimum of 5 years of work |

| Position | Educational Requirements | Experience required |
|----------|--------------------------|---|
| | or similar. | experience out of which 3 related with Water Sector issues/ consultancy or similar. |

All team members provided should have a solid professional background in the areas to be assessed, which apart from the specific expertise described in the table above, would include performance assessment and evaluation, and program management.

Persons currently in employment in central or LG in Uganda are not eligible to participate in carrying out the assessment.

MANAGEMENT OF ASSIGNMENT AND FACILITIES TO BE PROVIDED BY OPM

The OPM is the end user of this work. In terms of performance and deliverables, the contracted party will carry out the assignment under the direction of the Permanent Secretary of OPM.

In addition, as mentioned earlier, a quality assurance system will be put in place, with spot checks as well as sampled quality assurance of results in selected LGs. This will be in addition to the system applied by the contracted company, to ensure full objectivity of the annual performance assessments.

OPM will provide to the contracted party at the commencement of the assignment with any key documents deemed relevant to the contracted party's scope of work. Other relevant documents will be made available as necessary.

DUTY OF CARE

The Supplier is responsible for the safety and well-being of their Personnel (as defined in Section 4 of the Call Down Contract) and Third Parties affected by their activities under this contract, including appropriate security arrangements. They will also be responsible for the provision of suitable security arrangements for their domestic and business property.

DFID will share available information with the Supplier on security status and developments in-country where appropriate. The Supplier is responsible for ensuring appropriate safety and security briefings for all of their Personnel working under this contract. Travel advice is also available on the FCO website and the Supplier must ensure they (and their Personnel) are up to date with the latest position.

Tenderers must develop their response on the basis of being fully responsible for Duty of Care in line with the details provided above and the initial risk assessment matrix prepared by DFID (see Annex A of this ToR). They must confirm in their response that:

- They fully accept responsibility for Security and Duty of Care.
- They understand the potential risks and have the knowledge and experience to develop an effective risk plan.
- They have the capability to manage their Duty of Care responsibilities throughout the life of the contract.
- If you are unwilling or unable to accept responsibility for Security and Duty of Care as detailed above, your response will be viewed as non-compliant and excluded from further evaluation.

Acceptance of responsibility must be supported with evidence of Duty of Care capability and DFID reserves the right to clarify any aspect of this evidence.

TOR Annex A

DFID Uganda Risk Assessment

| Theme | DFID risk score Kampala |
|---|-------------------------|
| FCO Travel Advice | 2 |
| Host nation travel advice | Not available |
| Transportation* | 5 |
| Overall Security | 3 |
| Civil unrest**** | 3 |
| Violence / crime** | 3 |
| Espionage | Not available |
| Terrorism | 3 |
| War | 1 |
| Hurricane | 1 |
| Earthquake | 1 |
| Flood | 2 |
| Medical services*** | 4 |
| Nature of project / intervention | 3 |
| Overall rating using MODE function | 3 |

| | | | | |
|---------------------------|----------------------|----------------------|-----------------------|----------------------------|
| 1 Very Low Risk | 2 Low Risk | 3 Med Risk | 4 High Risk | 5 Very High Risk |
| Low | | Medium | High Risk | |

*Suppliers should be aware of the high level of risk associated with Transport in Kampala. Avoid travel by road outside major towns at night, except between Kampala and the airport at Entebbe.

** The Foreign and Commonwealth Office (FCO) no longer advise against all but essential travel to the Karamoja region of north-eastern Uganda; if you're travelling in this part of Uganda, you should be aware that inter-communal violence and occasional attacks on security forces do happen; foreigners are not usually the target of violence but you should remain vigilant and exercise caution. Petty and violent crime occurs. Take sensible precautions to protect yourself and your belongings.

***Medical facilities outside of Kampala and particularly away from cities are limited. UK health authorities have classified Uganda as having a risk of Zika virus transmission. For information and advice about the risks associated with Zika virus, visit the [National Travel Health Network and Centre website](#)

**** Demonstrations and rallies have been taking place in various locations in Uganda including Kampala since 21 September 2017, in connection with the parliamentary debate on constitutional amendments. Further demonstrations and rallies are possible. You should remain vigilant, avoid large crowds and public demonstrations and follow local media for updates. Terrorists are likely to try to carry out attacks in Uganda. You should be vigilant at all times.

Last updated: 25th October 2017