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30th January 2017

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FIDUCIARY AND SAFEGUARDS ASSESSMENT FOR PROPOSED INTERGOVERNMENTAL FISCAL TRANSFERS REFORM PROJECT (IGFT-PROJECT)

In FY 2015/16, this government with support from the World Bank started implementing reforms on Inter-Governmental Fiscal transfers (IFTR) to Local Governments with the following objectives:

i. Increase discretion to enable LGs deliver services in line with local needs whilst ensuring that national policies are implemented;

ii. Allow new National Policies to be funded via the transfer system, at the same time avoiding future fragmentation of transfers and reduction in discretion;

iii. Restore adequacy and equity in allocation of funds for service delivery;

iv. Use the transfer system to provide incentives to improve Institutional and Service delivery performance; and

v. Shift the focus away fragmented input-based conditions towards accountability for allocation decisions, expenditures and results.

Largely, government has achieved the first two objectives of the reform evidenced by the introduction of a new super structure of grants with each Sectors having a maximum of one Wage, Non-Wage and Development Grant, review in Sector allocation formulae- introducing new parameters and weightings to enhance equitable allocations to Local Governments and introduction of the Online Transfer information System (OTIMS) that ensures transparency in allocation of resources, among others.

Several steps are on-going to achieve the other objectives. Specifically, objective (iii) above, involves sourcing for additional resources that focuses on restoration of the adequacy and real value of Local Government transfers. To this end, Government is engaging with the World Bank to access funding starting FY 2017/18, using a Program-for-Results (PforR) instrument.

As part of the process leading to the acquisition of this support, the World Bank through a team of consultants will be undertaking a financial, procurement, governance, environmental and social safeguards assessment to determine the institutional capacity (systems and procedures for the implementation of the reform) of the proposed beneficiaries in Central and Local Government (including selected cost centers).
The purpose of this letter therefore is to introduce to you the consultants: Dr. Pascal Odoch-Governance Specialist, Mr. Donald Mpeney-Procurement Specialist, Mr. Joseph Balikudembe-Financial Management Specialist, Mr. Wilson Baryabanoha- Institutional Capacity Specialist, Ms. Faith Mugerwa- Environment and Social Safeguards Specialist, Ms Elizabeth Aisu- Environment and Social Safeguards Specialist, Mr. Sammy Kinara- Environment and Social Safeguards Specialist.

This assessment will commence with a field visit to your institution between Monday, 30th January 2017 and 11th February 2017. I have also attached the Terms of Reference for this assessment. Please accord them with the necessary attention.

Keith Muhakanizi
PERMANENT SECRETARY/SECRETARY TO THE TREASURY

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Mission

"To formulate sound economic policies, maximize revenue mobilization, ensure efficient allocation and accountability for public resources so as to achieve the most rapid and sustainable economic growth and development"
UGANDA: TERMS OF REFERENCE FOR INTEGRATED FIDUCIARY
ASSESSMENT FOR P4R OPERATION

1. Introduction

1.1. Background

The legal framework for fiscal decentralisation in Uganda was originally set out in the Constitution 1995 and Local Government Act 1997. Fiscal funding to Local Governments in Uganda is mainly through direct transfers in form of Conditional grants, Unconditional and Equalisation grants. However, The Local Government Act also provides for Local Governments to generate their own revenues.

The architects of decentralisation in Uganda envisioned that the mandates and decision making capacities on expenditure of resources to meet their local service delivery needs would be made by the Local Governments themselves (Discretion), while the Central Government retained the mandate of setting policies, standards, supervising and mentoring LGs in relation delivery of services.

1.2. Fiscal Decentralization Strategy (2001)

Within the first few years of implementation of the Decentralisation reform, its fiscal component was mired by various challenges which included: increase in the number of conditional grants from 10 in FY 1997/98 to 46 in FY 2014/15, local governments given little real power over the allocation of resources, and little involvement of lower level local governments in the decision making. Problems with management and financial accountability have arisen from the profusion of different transfer systems and bank accounts. Line Ministries are faced with major problems in dealing with quarterly reporting from a growing number of conditional grants and a growing number of districts (from 45 in FY 1997/98 to 133 in FY 2014/15. Among others.

As a response to some of the earlier problems in achieving the Fiscal Decentralisation agenda, the Government of Uganda developed the Fiscal Decentralisation Strategy (FDS) in 2001, whose main goal was to streamline the financing of local governments. The key objectives were to:

i. Strengthen the process of decentralisation in Uganda through increasing local governments’ autonomy;

ii. Widen local participation in decision making; and

iii. Streamline fiscal transfer modalities to local governments in order to increase efficiency and effectiveness, and achieve the Poverty Eradication Action Plan goals within a transparent and accountable framework.

Whereas, the implementation of the FDS was successful on several fronts, including the streamlining of budgeting and reporting processes, it did not achieve the objectives of increasing autonomy and streamlining transfers to Local Governments. For instance, Some Sector Line Ministries, Departments and Agencies were resistant to efforts to allow the reallocation of grant funds (flexibility) between sectors. Secondly, the number of transfers continued to increase throughout the 2000s while
allocations were becoming increasingly ad-hoc and inequitable. More local governments were created, diluting available resources through the increase of administrative fixed costs.

Specifically under Health and Education inequity in the allocation of fiscal transfers has risen. The ratio of spending on health and education per capita between the ten best funded and the ten worst funded districts rose to factors as large as 7.0 and 7.2 respectively in 2014/15. Inequity in the allocation of resources hindered the government to achieve the quality and levels of service delivery it had aimed for and hence affected the quantity and quality of education and health outcomes. These concerns and others provided an avenue for government to reevaluate its success in the implementation of the Fiscal Decentralization strategy. To this end, two studies were undertaken by the Local Government Finance Commission, and the World Bank and the Ministry of Finance and Economic Planning. These two studies recommended further reforms, which Government embarked on in FY 2015/16.

1.3. Reform on Inter-governmental fiscal Transfers (2015)

To address the shortcomings in the implementation of the Fiscal Decentralization Strategy, Government of Uganda with support from the World Bank started the implementation of a new reform on Inter-governmental Fiscal Transfers in FY 2015/16. The Objectives of the reform were to: (i) Increase discretion to enable LGs deliver services in line with local needs whilst ensuring that national policies are implemented, (ii) allow new National Policies to be funded via the transfer system, at the same time avoiding fragmentation of transfers and reduction in discretion, (iii) restore adequacy and equity in the allocation of funds for service delivery, (iv) use the transfer system to provide incentives to improve institutional and service delivery performance, and shift the focus away from fragmented input-based conditions towards accountability for allocation decisions, expenditures and results.

Largely, government has achieved the first two objectives of the reform as evidenced by the introduction of a new structure of grants with each sector having a maximum of one Wage, Non-Wage and Development Grant, and a review in sector allocation formulae, introducing new parameters and weightings to enhance equitable allocations to Local Governments and the introduction of the Online Transfer information System (OTIMS) that ensures transparency in allocation of resources, among others.

Several steps are being undertaken to achieve the remaining objectives. Specifically, objective (iii) above requires additional resources to restore of the adequacy and real value of Local Government transfers, and fully roll out the new allocation formulae. To this end, Government is engaging the World Bank to access funding to do this starting in FY 2017/18, using a Program-for-Results (PforR) instrument.

2. PforR Assessment

As part of the process leading to the acquisition of this support, the World Bank would like to conduct an integrated financial and procurement assessment to determine whether the implementing agencies at central, district and facility levels
(focusing on hospitals and schools) have reasonable procurement and financial management arrangements to properly manage additional resources availed through the program. Further the assessment will look at challenges of fraud and corruption at the three levels and assess institutional capacity.

2.1. Objectives of the Assessment

The objective of undertaking an integrated sector financial and procurement assessment is to determine whether the sector and related implementing agencies at central, district and facility levels meet the minimum procurement and financial management standards required to access PR funds. Thus the assessment results will help the task team define how the proposed support to the government program can be most effectively and efficiently implemented, accounting for risks and the reliability of the existing government systems and institutions. Additional objectives of the assessment will be:

- Identification of necessary additional Financial Management and Procurement procedures to supplement existing country systems. This will also entail reviewing the existing legal and procedural framework.
- Identification of critical fiduciary risks arising from the use of existing Financial Management and Procurement systems and possible risk mitigation measures.
- Identification of risks of fraud and corruption and possible mitigation measures.
- Preparation of a set of indicators that will serve as baseline for measuring fiduciary risks and performance during program implementation.
- Preparation of an action plan that sets priorities in terms of key performance areas needed to achieve acceptable fiduciary performance, achieve program results, and capacity building efforts needed to support such performance enhancement actions.

2.2. Areas of Focus

The assessment would focus on all procurement processes and program funds, regardless of their source. Such an assessment would use diagnostics conducted by the Bank, government or other donors in the sector. The focus would be on enhancements or additional controls needed to ensure that the procurement and financial management systems are adequate to support any specific procurement, accounting, reporting, auditing, and funds flow arrangements required for the program. Some of the recommendations coming from the assessment would be included in government’s public financial management reform program. The assessment would also determine the riskiness of the environment in which the program will be implemented at country, sector and program level paying particular attention to risk factors that are specific to the program such as implementing the program through decentralized structures. The assessment will also critically examine accountability mechanisms for program fund usage at various levels of the sector and related risks.

The assessment is expected to recommend activities aimed at building institutional capacity of the sector and address any weaknesses discovered during the assessment.
that could be included in the program financing or public financial management reform regime of the country.

2.3. **Scope of work**

The assessment will be undertaken to cover the government Ministries, districts and facilities as defined by government and the Bank. The assessment will cover the ministry’s public procurement and financial management systems at various levels together with Facilities which are key service delivery units.

The integrated assessment will also entail the following:

- Review program documents to map program implementation design and the FM and procurement systems that will be used in the program.
- Review and document relevant aspects of the country PFM and Procurement systems and procedures that are relevant to the design and implementation of the fiduciary framework for the program in question.

2.4. **Detailed Tasks**

The consultant will visit 12 districts to be agreed upon, and selected health and school facilities within these districts. The assessment should start with a kick off meeting between those undertaking the assessment and the TTL/Task team to get program formulation and general understanding of design issues. This should be followed by a meeting with a sector ministry, districts and facilities selected. The following detailed tasks shall be undertaken during the assessment:

**a) Fraud and Corruption assessment:**

i. Undertake a review of the Fraud and Corruption Legal and Institutional Framework and the and establish whether the overarching Anticorruption Strategy for the period 2013-2018 is in place and its implementation is underway.

ii. Document whether the specific institutions in the Anticorruption Framework are established and functioning.

iii. Provide detail on the Institutional responsibilities for investigating and prosecuting corruption.

iv. How effectively the local governments and facilities (schools and hospitals) use the Government funds;

v. Assess any forms of resources wastage or loss due to corruption and mismanagement.

vi. Obtain information on how some LGs/facilities receive more funds than others and what methods are used to get more funds.

vii. The Consultant will work in unison with two other consultants reviewing the finance and procurement functions at the three levels.

**b) Financial and Procurement management assessment of a program**

- Assess how the Ministry works with the Ministry of Finance, Planning and Economic Development.
- Determine whether the Ministry has developed a sector plan and assess it whether it is adequate.
• Assess whether there are appropriate arrangements for regular reviews of the work programs and budgets
• Assess whether there are adequate arrangements in place to record program impacts, outcomes and inputs which will be used to assess progress toward program objectives
• Assess whether the above indicators for assessing program objectives are measurable and whether they have a direct relationship to program components.
• Review the existing diagnostic reports and fiduciary assessments.
• Review relevant laws, regulations and policy documents, and institutional mandates that relate to fiduciary systems with the objective of mapping the institutional roles and the legislative framework that relates to fiduciary systems.
• Assess whether the system for generating and monitoring indicators has been established for the program and is reliable.

c) **Management of the Assignment**

The consultants will report to Barbara Kasura Magezi Ndamira, Senior Public Sector Specialist; Paul Kato Kamuchwezi; Senior Financial Management Specialist; and Grace Munanura Senior Procurement Specialist.

3. **Expected Outputs**

• A comprehensive report following the afore-stated detailed terms of reference and guidance notes in the annexes will be produced. Such a report will provide an executive summary of the assessment stating overall conclusion, risks, strengths and weaknesses of the system.
• Fiduciary risk of each component of the assessed program
• Overall fiduciary risk for the program
• Baseline key performance indicators for monitoring fiduciary performance over the life of the program including measures to track development of capacity and expected end of project targets.
• Development of a detailed and comprehensive capacity building and financial improvement plan for the sector and possibly suggested costs.
• Detailed conclusions on costing of the sector plan, links between policies and budget and conclusions on program budgeting aspects

3.1. **Timeframe:**

The consultant will take 15 days to produce this report.
ANNEX I
GUIDANCE ASPECTS TO LOOK OUT FOR IN FINANCIAL MANAGEMENT ASSESSMENT OF A PROGRAM

Budgeting

- Determine whether the budget is executed as legislated and whether there are rules that govern that the legislated budget can be adjusted during execution.
- Assess whether the sector has adequate arrangements for preparing budgets. Check whether these budgets do lay down physical and financial targets.
- Review budget structure and its classification.
- Determine whether the budget covers total revenue and expenditure and that all sources of finance are adequately covered in the budget.
- Determine whether the budget contains appropriate linkages with expenditure plans and priorities contained in the national budget.
- Whether approvals for variations from budget are required in advance or after the fact.
- Determine whether the overall program cost has been analyzed by component and sub component.
- Assess whether the expenditure categories associated with each component/sub component have been identified.
- Assess whether the work programs and budgets have been broken down by year and quarter and related sources of program financing been identified.
- Review the budget for its composition of expenditures such as share of salaries, operating and capital spending.
- Check whether the classification of expenditures allows for proper tracking of expenditures into (a) administrative units such as ministries, departments and decentralized units (b) economic categories such as recurrent and capital expenditures (c) functions such as health or education (d) government programs, subprograms, projects and activities.
- Check whether the Medium term expenditure framework of the sector reflects estimated costs of the activities that would need to be carried out in order to generate the outputs required to achieve the program’s objectives as summarized in the results framework.
- Compare over a two year period the budget aggregate outturns to those approved in the budget law.
- Check on the level of arrears within the sector as they are a measure of risk that may affect achievement of results within the program. This may be reflected in inadequate budgeting, cash flow uncertainty, cash shortfalls and budget weaknesses in execution.
- Review the level of expenditure rigidity. This is defined at the total amount of expenditures that cannot be reduced owing to their mandatory nature. Values above 80% indicate that expenditure rigidity could threaten implementation of programs especially those involving discretionary spending.
- Check whether allocation of expenditures are in line with government priorities.
- Analyze budget allocations across the various types of programs.
- Review the gap between budget allocations against releases. Big gaps indicate budget over estimation.
- Review the degree of autonomy in budget execution and the institutional capacity of the program’s implementing agency.
• Determine whether government is able to finance on its own from its revenues-loans, credits and grants the execution of the program
• Determine the predictability of donor aid flows in terms of budget support operations to the specific government program.
• Is the program delivered efficiently
• Review the detailed costing plans of the sector.
• Assess the program’s funding predictability

Accounting system
• Assess whether the sector has an accounting system that allows for the proper recording of program financial transactions, including the allocation of expenditures in accordance with respective components and sources of funds.
• Determine the accounting basis of the sector whether it is clearly articulated-cash or accrual.
• Determine the accounting standards followed.
• Determine whether the sector has adequate policies and procedures manual to guide activities and ensure staff accountability.
• Check for the availability of a chart of accounts.
• Determine whether all accounting and budgeting classification or coding schemes are fully integrated into a single common classification that is comprehensive and remains constant through the years.
• Check whether the accounting policy and procedures manual is updated for program activities.
• Determine the current financial management reporting requirements in place from local to regional and up to national level and vice versa.
• Review the sector’s rolling plans whether they are updated regularly.
• Discuss whether procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy or procedure to be used by the sector.
• Determine whether the existing accounting system is able to generate timely, relevant, reliable and adequate reports and whether such reports are suitable and adequate.
• Discuss whether controls are in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained.
• Assess the types of information systems currently in place to capture aggregate data and financial information.
• Check whether the financial management system is computerized and is able to produce necessary program financial reports

Staffing
• Check whether program finance and accounting functions are staffed adequately.
• Identify and review the accounts staff, including job title, responsibilities, educational background and professional experience.
• Determine whether the organizational structure of the accounting department is appropriate for proper management of and accountability for the program finances.
• Check whether the sector has job descriptions that clearly define duties, responsibilities, and lines of supervision and limits of authority.

Internal Audit
• Determine whether the sector has internal audit departments and the qualifications of the various staff in it.
• Determine to whom internal audit reports.
• Check whether the programs being implemented by the sector are included in the annual internal audit work program.
• Check whether actions are taken on internal audit findings.

Funds flow
• Determine whether arrangements for funds flow for the program under assessment are appropriate.
• Assess whether there have been problems in the past in receipt of funds from government by the sector.

External Audit/Integrated Audit
• Discuss with sector financial staff the external audit arrangements for the program and review the existing terms of reference.
• Discuss whether the program is audited using integrated terms of reference that cover not only financial but performance aspects of the program and the sector as a whole.
• Regarding any existing Program, check for the latest audit report and management letter.
• Check whether adequate remedial action has been taken by management in the sector in response to the reported significant weaknesses in the management letter.
ANNEX II
GUIDANCE ASPECTS TO LOOK OUT FOR IN PROCUREMENT PROGRAM ASSESSMENT

The exercise would assess the formal arrangements for procurement, actual procurement performance, and procurement-related risks. The assessment of procurement arrangements would address (a) the quality of procurement procedures and whether they are based on clear, mandatory and enforceable rules (b) the efficiency of existing planning processes (c) the effectiveness of external and internal controls (d) adequacy of staffing (e) the integrity of procurement process and (f) the adequacy and capacity of contract administration.

The detailed aspects to look out for would include:

- Assessing compliance with applicable rules and take into account past performance and how procurement arrangements contributes to achievement of procurement principles and supports program objectives and outputs.
- Assessing the efficiency of procurement in terms of timeliness, openness, cost-effectiveness and compliance with applicable rules, competitiveness, transparency, and efficiency of the contract planning and award system. Also assess the level of competition and whether prices paid by implementing agencies are reasonable.
- Assessing whether procurement procedures are based on clear mandatory and enforceable rules that are easily identifiable and freely accessible to the public. (Consider requirement to advertise of bidding opportunities, establishment of open competition, requirement of bidding documents, qualification and evaluation; and the need to provide bidders to have access to complaint handling mechanism and that results of procurement process are publicly disclosed).
- Assessing the existence of efficient planning process paying particular attention to (a) whether procurement planning is linked to available budget and valid end user need (b) whether planning is realistic and complies with applicable rules and procurement methods (c) whether goods and services procurement are consolidated as appropriate for economy of scale.
- Assessing internal and external control.
- Assessing adequacy of staffing in terms of numbers and experience to implement the program.
- Assessing the integrity of procurement process such as rules determining whether clear ethics standards exist, that procurement decisions are made on the basis of established processes by competent authorities which are never overruled, that bid procedures adequately preserve the integrity of the process and that there is a functioning complaint handling mechanism.
- Assessing whether adequate processes and capacity for contract administration exist with specific emphasis on-cost and time overruns, quality control of goods, works or services delivered, timelyness of payment, contractual dispute resolution and application of contractual remedies.
- For program involving several implementing agencies, assess the capacity of agencies nominated as the lead coordinator for the program and all those having major role in procurement administration.
ANNEX III
GUIDANCE ASPECTS TO LOOK OUT FOR IN ENVIRONMENT AND SOCIAL SAFEGUARDS ASSESSMENT

Scope of Work

- In undertaking the assessment, reference will be made to the guidelines for undertaking social and environmental assessments as set out in Bank policies, as well as to the extensive experience that the Bank has had in sectors of direct relevance to this operation (including education and health), and on-going harmonization process between development partners. The ESSA report would be divided into five parts: Program Description; Description of Applicable E&S Management Systems; Counterpart Capacity and Performance Assessment; Assessment of Borrower Systems Relative to Core Principles and Recommended Actions. The ESSA will follow a six-step process as set out below:

- As the financing will be used for health and education infrastructure at the district level in Uganda, in this instance, it is necessary also to assess the capacity of the districts to sustainably and effectively administer the funds provided. To meet this objective, the analysis should look at central agency, and to a targeted extent, district and county level government responsibilities, authorities, and activities, along with the anticipated risks and impacts. The team should provide a clear description of the scope of the proposed program and its institutional context, in line with update Program documentation and technical assessment. The team should consider details on program activities and services, and evaluate the expected or potential physical works (e.g., new or renovated classrooms and clinics), in the context of required policy actions, geographic scope, and key implementing agencies and partners. This should include a description/assessment of the likely environmental and social effects – including potential benefits as well as risks and impacts – associated with the program. This team will also describe in detail whether and how environmental and social considerations have been taken into account in the program design; and a description of the borrower’s past experience in handling environment and social aspects of similar activities in the past or ongoing projects.

- Assessment of E&S Management Systems System. The assessment will look at the overall country system in managing social and environmental impacts in Uganda as relevant for the targeted sectors to be supported in the PforR (i.e., predominantly education and health). This section can be based on experience of designing and implementing more traditional sector investment loans and existing ESSAs used in the previous PforR projects. On environment side, broadly the assessment should cover the institutional responsibilities – including the division of responsibilities among different levels of government – for implementing environmental management including responsibilities for carrying out environmental and social analysis as part of formal Environmental Assessment procedures as well as those relevant to investments not requiring EA but included under other licensing and approval authorities. Topics for attention could include internal review and clearance procedures; consultation with the public and affected stakeholders; information disclosure; grievance redress mechanisms; supervision and oversight; monitoring and evaluation and
compliance and enforcement. The assessment should consider various levels of authority—from implementing laws through regulations and technical guidance.

- On the social side, the assessment should include the institutional responsibilities for implementing social management including the roles and responsibilities for undertaking social assessment or social analysis relating to program effects. Based on the DLIs and program activities (now being refined) this could include risks associated with land acquisition planning and implementation, including property valuation and mitigation of impacts; measures to assist program-affected persons lacking full property rights. It could also include how policies are supervised, consultation requirements; stakeholder involvement in planning and implementation; communications and information disclosure strategies; grievance redress mechanisms; etc. Other factors to be considered relate to special provisions for Indigenous peoples; measures to assist vulnerable people; and arrangements for avoiding or otherwise managing social conflict or other social risks.

- Review of national legal policy framework related to management of social environmental impacts, specifically action that the program is supporting. The team will review relevant laws, regulations, policies and guidelines, and assess them against the principles that are laid out in World Bank Pfor R policies to identify any conflicts, gaps and differences.

- Review of the management system on social and environmental impacts in Uganda relevant to the sectors addressed by the PforR operation. The review will focus both on organizational and procedural considerations that are relevant to environmental and social management, including its organizational setup, institutional mandate and responsibilities. This should also include staffing, budgeting and availability of implementation resources etc. This should cover all relevant levels, including national, ministerial, and departmental levels, taking into account how the system is actually implemented at the local level with a view to identify constraints and inefficiencies to be improved.

- Review of the system performance. It will look at both the regulatory as well as the operational level. At regulatory level, the review will cover the performance of the regulatory functions of various relevant agencies, including its review and clearance procedures and functioning. At operational level, it will review the performance of planning and implementation of assessment, development and implementation of social environmental mitigation measures in compliance with the relevant legal framework in the country. The review will identify good practices as well non-compliance practices for improvement.

- Assessment of Capacity and Performance of central, district and county level governments. Based on the system assessment in Task II, this section should summarize the task team’s assessment of the capacity to effectively implement their existing system as defined in various laws, regulations, procedures, implementing guidelines. The description under this section should consider such factors as:
- the adequacy of central, district and county level government to develop and implement applicable environmental and social management systems;
- the effectiveness of inter-agency inter-jurisdictional coordination mechanisms
- performance assessment against the Core Principles and Key Elements of the Bank PfoR policy (as summarized in Annex 2)

The assessment will be conducted through the following methodologies,
- Desk review. A review will be carried out of all laws, policies and guidelines relevant to the sectors of concern in this PfoR operation. It should try to use as much as possible available reviews and assessment in this area.
- Interviews and meetings at the national and central levels. Interviews of key officials and experts in relevant agencies (including the Ministry of Education and Sport and Ministry of Health), along with key CSO any relevant development partners should be conducted for the assessment.
- Sample site visits. A few sample districts would be selected for operational level performance assessment of planning and implementation of social and environmental measures.

Assessment of Borrower Systems Relative to P4R Principles. This section will provide the team's assessment of the extent to which the applicable systems are consistent with the core principles and attributes in Bank PfoR policies, and sufficient for management of social and environmental effects associated with the program. A summary of the core principles, attributes and guiding questions to be addressed are provided in Annex 1. This section should provide a candid assessment of where applicable central systems (including as relevant, how these are interpreted and actually carried out at the local government level) are inconsistent with core principles or elements, and should provide an assessment of the significance of these gaps. This section would also provide an assessment of the central district and county level government's willingness to undertake measures to improve system performance in key areas.

An action plan to enhance environmental and social management capacity and performance. Based on the assessment results, the team should propose any necessary measures to strengthen institutional capacity of central, district and county level governments and improve their system performance within their own defined procedures to meet all requirements in the proposed P4R program. The team will recommend a set of environmental and social actions to strengthen organizational performance and measures to ensure consistency with core principles and key attributes incorporated into OP/BP 9.00. These will be considered as candidates for inclusion in the Program of Action for this operation.

Performance monitoring and implementation support. The services will also devise a methodology for performance to be monitored against a set of quantitative or qualitative indicators devised for program purposes. This should include costs, institutional responsibilities, and indicators for completion of actions, and establish whether recommended actions should be undertaken prior to program implementation, or whether they are intended as capacity-
strengthening measures that are to be introduced during program implementation.

- Environment and social risk ratings. Based on the ESSA findings, and agreed-upon risk mitigation and improvement measures, the team will provide an environmental and social impacts risk rating, the justification for the rating and relevant risk mitigation measures as input to the operation’s integrated risk assessment.