

REPORT ON MUNICIPAL COMMITTEE

DASKA

**ANNUAL PERFORMANCE
ASSESSMENT (APA)**

PUNJAB CITIES PROGRAM

June 12, 2024



Caveats & Restrictions

Caveats

"A caveat is a warning of a specific limitation of something such as information or an agreement." (Collins Dictionary)

Please note the following caveats that applies to this report:

1. Although, the material included in this document is based on data / information gathered from various reliable sources, however, it is based upon certain assumptions which may differ from case to case. The information has been provided on, as is where is basis without any warranties or assertions as to the correctness or soundness thereof. Although, due care and diligence have been exercised to compile this document, the contained information may vary due to any change in any of the concerned factors, and the actual results may differ substantially from the presented information.

Restrictions

The report is prepared on the basis that it is solely for the use of Local Government & Community Development Department. Any person who is not an addressee of this report or who has not requested UHY Hassan Naeem & Co. Chartered Accountants for its use, is not authorized to use this report. Should any unauthorized person(s) use and read this report, by reading this report such person accepts and agrees to the following terms:

1. The Reader of this report understands that the work performed by UHY Hassan Naeem & Co. Chartered Accountants was in accordance with instructions provided by our Client and was performed exclusively for our Client's sole benefit and use.
2. The Reader of this report acknowledges that this report was prepared at the direction of our client and may not include all procedures deemed necessary for the purposes of the Reader.
3. The Reader agrees that UHY Hassan Naeem & Co. Chartered Accountants, its owners, partners, employees and agents neither owe nor accept any duty or responsibility to it, whether in 'contract' or in 'tort' (including without limitation, negligence and breach of statutory duty), and shall not be liable in respect of any loss, damage or expense of whatsoever nature which is caused by any use the Reader may choose to make of this report, or which is otherwise consequent upon the gaining of access to the report by the Reader.

Further, the reader agrees that this report is not to be referred to or quoted, in whole or in part, in any prospectus, registration statement, offering circular, public filing, loan, agreement or any other document and not to distribute the report without UHY Hassan Naeem & Co. Chartered Accountants' prior written consent. UHY Hassan Naeem & Co. will not be bound to discuss, explain or reply to queries raised by any agency other than the intended recipients of this report. Also, UHY Hassan Naeem & Co. disclaims any liability to any third party who may place reliance on this report and therefore, does not assume responsibility for any loss or damage suffered by any such third party in reliance thereon.

Acronyms and Abbreviations

| | |
|--------|---|
| ADP | Annual Development Plan |
| APA | Annual Performance Assessment |
| CFMS | Computerized Financial Management System |
| CTS | Complaint Tracking System |
| DLI | Disbursement Linked Indicators |
| E&S | Environmental and Social |
| ESSA | Environmental and Social Safeguard Assessment |
| FY | Financial Year |
| GIS | Geographic Information System |
| GRM | Grievance Redressal Management |
| IDAMPs | Integrated Development and Asset Management Plans |
| KPIs | Key Performance Indicators |
| MACs | Minimum Access Conditions |
| MCs | Municipal Committee |
| O&M | Operations and Maintenance |
| OSR | Own Source Revenue |
| PBGs | Performance Based Grants |
| PC-I | Planning Commission Form I |
| PCP | Punjab Cities Program |
| PMs | Performance Measures |
| PMS | Performance Management System |
| PPRA | Public Procurement Regulatory Authority |
| RTI | Right to Information |
| TORs | Terms of Reference |

Preamble

This report has been prepared as part of the "Annual Performance Assessment (2023-2024) of Punjab Cities Program (PCP)". It specifically covers the assessment of MC Daska. The purpose of this report is to present the assessment of MC Daska based on the DLIs and related factors defined by the World Bank. This report is part of a series of reports on the performance of each MCs separately. It should be read in conjunction with the Consolidated Report to understand the background of the assignment, DLIs and the basis of their assessment, and the approach and methodology adopted for the conduct of the assignment.

Table of Contents

06 | HIGHLIGHTS

17 | ASSESSMENT
OUTCOME

34 | CONCLUSION

08 | ASSIGNMENT

32 | COMPARATIVE ANALYSIS

38 | ANNEXURES



01

Highlights

Highlights



Overall MACs Compliance Status

| | | |
|---|----------------------------------|-----------------------|
| Investment Planning & Budgeting | <input checked="" type="radio"/> | <input type="radio"/> |
| Human Resource | <input checked="" type="radio"/> | <input type="radio"/> |
| Procurement | <input checked="" type="radio"/> | <input type="radio"/> |
| Financial Management & Audit | <input checked="" type="radio"/> | <input type="radio"/> |
| Environment & Social Management | <input checked="" type="radio"/> | <input type="radio"/> |
| Transparency & Accountability | <input checked="" type="radio"/> | <input type="radio"/> |
| Operations Specific Participation Agreement | <input checked="" type="radio"/> | <input type="radio"/> |

Compliant Non-Compliant



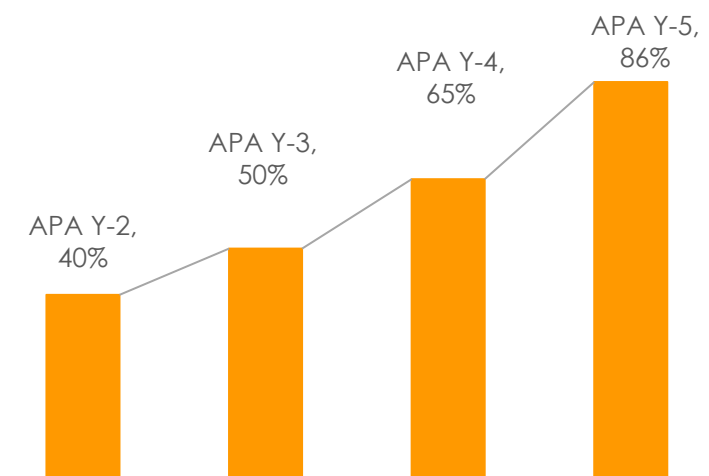
Aggregate PMs Score (Average) 86

| | |
|---|----|
| Investment Planning & Budgeting <i>(24 points)</i> | 20 |
| Own Source Revenue <i>(18 points)</i> | 13 |
| Procurement <i>(08 points)</i> | 8 |
| Financial Management & Audit <i>(12 points)</i> | 12 |
| Environment & Social Management <i>(10 points)</i> | 10 |
| Transparency & Accountability <i>(08 points)</i> | 8 |
| Urban Infrastructure <i>(20 points)</i> | 15 |



Disbursement US\$ 1.49 Mn

| | |
|-------------------------------------|-------------|
| ▪ DLI - 1 Minimum Access Conditions | USD 0.39 Mn |
| ▪ DLI - 2 Performance Based Grants | USD 1.10 Mn |



02

Assignment

| | | |
|---|---|-----------|
| ➤ | The Project | 09 |
| ➤ | Brief on MC | 10 |
| ➤ | Assessment Areas | 11 |
| ➤ | Assessment Criteria | 13 |
| ➤ | Limitations & Clarifications | 15 |

The Project

FUNDED BY

World Bank-funded hybrid
of Program for Results (PforR) and
Investment Project Financing (IPF)
operation

TOTAL COST

USD 200 million

TENURE

5 years (2018 -2023)*

The Project has been extended for 18 months till 2025.

PROGRAM DEVELOPMENT OBJECTIVES

To strengthen the performance of participating Municipal Committees/Corporations (MCs), focusing on urban management and improvement of municipal infrastructure for satisfactory service delivery.

PROGRAM FUNDING

The Performance Based Grants (PBGs) are being provided to the MCs of the 16 selected MCs for investments in municipal infrastructure and services

Window 1

Provided support to provincial government agencies i.e. LG&CDD, PLGB, PMDFC and FD.

Window 2



Brief on MC DASKA

City Profile

| City | Daska |
|----------------------------------|---|
| District | Sialkot |
| Division | Daska |
| Population 2017 | 195,584 <i>Notified on 05, Nov 2019</i> |
| Estimated Population 2024 | 237,940 |
| Growth Rate | 2.84 |
| Household Size | 6.28 persons |
| Major Industrial Activity | Agriculture Industry Steel Mill |

MAP



Performance Mangement System

| Water Supply & Sewerage | | Solid Waste & Streetlight | |
|--|---------------|--|----------------|
| Average hours of water supplied to households (HH) per day | 10 | Solid waste generated per day | 94 Tons |
| No. of HHs connected with Water Supply | 3,910 | Solid waste lifted per day | 78 Tons |
| Coverage- Total Served Area | 71% | Percentage of Solid Waste lifted daily | 83% |
| Total No. of Tube wells | 7 | Total No. of Streetlight | 620 |
| No. of Tube wells working | 7 | % Streetlight working | 90% |
| Sewerage Connections | 21,300 | No. of Parks | 0 |
| % of HH connected with sewerage | 61% | | |

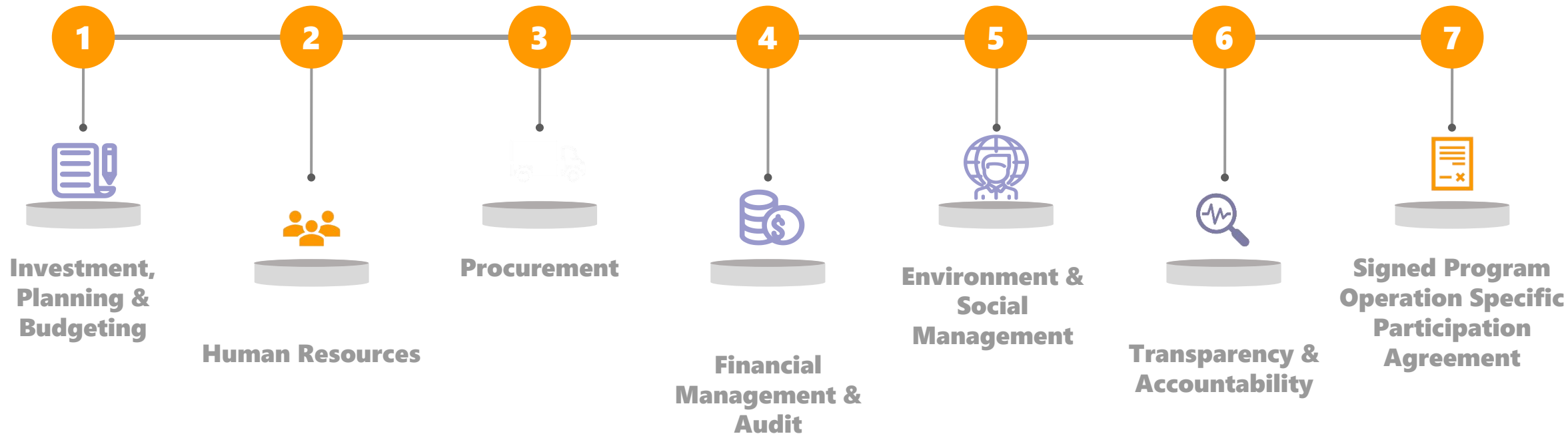
Major Infrastructure Projects under PCP

| Sr. # | Sub project | Cost (Rs Million) | Status |
|-------|---|-------------------|----------------------|
| 1. | Provision of Machinery & Equipment for SWM | 178.14 | 89% Completed |
| 2. | Rehabilitation of 36" Sewerage line at Stadium Road (Trunk Sewer 36") | 80.37 | Implementation Phase |
| 3. | Construction of Storm Water Drainage System in Daska city | 1,003.20 | Implementation Phase |
| 4. | Rehabilitation and implementation of Road (Awami Road) | 87.48 | Implementation Phase |
| 5. | Installation of Street Lights in Daska City | 157.70 | Implementation Phase |

Assessment Areas - DLI 1

DLI 1: Minimum Access Conditions (MACs)

DLI 1 consisted of Minimum Access Conditions (MACs). Compliance with MACs was a pre-condition to access the PBGs. Any failure to meet any MAC resulted in the disqualification of an MC from accessing its PBG for that year. All MCs are assessed against following MACs for access to DLI 1 grants (25% of total PBG envelope).










Assessment Areas - DLI 2

DLI 2: Performance Measures (PMs)








The Performance Measures for DLI 2 build on the foundations laid by MACs, and challenge the MCs to raise their performance to achieve incremental targets. Qualified MCs were able to access PBGs (75% of total PBG envelope) every year, based on scores obtained in the Annual Performance Assessment (APA). PBGs were allocated to the MCs proportionate to their performance scores (weighted with the APA score).



Assessment Criteria – DLI 1

| Area | Minimum Access Conditions | Desired Compliance Status |
|--|--|---------------------------|
|  1. Investment, Planning & Budgeting | 1.1 MC has updated infrastructure maps | 100% |
| | 1.2 MC has an approved Annual Development Plan (ADP) | 100% |
| | 1.3 MC Annual Budget Estimates, generated from CFMS, approved by Chairman/Council | 100% |
| | 1.4 MC has contributed 20% co- financing for PBGs during the FY | 100% |
|  2. Human Resources | 2.1 MC has in place/assigned core locally appointed staff, to operate the systems | 100% |
|  3. Procurement | 3.1 MC has a Procurement Plan for current FY 3.2 MC has functional procurement committee as per PPRA rules. | 100% |
|  4. Financial Management & Audit | 4.1 Functionality of the CFMS | 100% |
| | 4.2 MC cash book is generated using CFMS | |
| | 4.3 MC has submitted annual financial statements, to auditors for the previous FY | |
| | 4.4 The MC has no adverse or disclaimed audit opinion for previous FY | |
|  5. Environment and Social Safeguards | 5.1 MC has designated Environmental and Social Management focal persons | 100% |
| | 5.2. MC has developed Environment and social management system | 100% |
| | 5.3 MC has developed acceptable capacity to prepare, approve and supervise instruments | 100% |
|  6. Accountability and Transparency | 6.1 MC has an operational Website | 100% |
| | 6.2 MC has functional Complaint Tracking System | 100% |
| | 6.3 MC has functional Performance Management System (PMS) | 100% |
|  7. Signed Program Operation Specific Participation Agreement | 7.1 MC Chairman has signed Operation Participation Agreement | 100% |

Assessment Criteria – DLI 2

| Performance Area | | Performance Indicators | Maximum Score |
|---|---|--|---------------|
|  | 1. Investment Planning & Budgeting (24 points) | O&M budgeting and planning done for major infrastructure services | 3 |
| | | Infrastructure Maps used as a planning tool | 3 |
| | | Expenditure control of fuel and energy | 10 |
| | | Asset inventory prepared and updated | 3 |
| | | Three-year rolling IDAMP prepared and updated | 5 |
|  | 2. Own Source Revenues (18 points) | Revenue Enhancement Plan prepared | 3 |
| | | Own-source revenue increased | 15 |
|  | 3. Procurement (08 points) | Adherence to PPRA rules | 8 |
|  | 4. Financial Management & Audit (12 points) | Functionality of the CFMS | 12 |
|  | 5. Environment and Social Safeguards (10 points) | Annual targets set for incremental application of environmental and social screening on all infrastructure investments | 2 |
| | | Eligible investments screened for potential environmental and social safeguard impacts | 3 |
| | | Environmental and Social Assessments/ Action Plans prepared and implemented | 5 |
|  | 6. Accountability and Transparency (08 points) | Information available to citizens on MC's website | 4 |
| | | CTS transformed into GRMS for MC | 2 |
| | | MC responds to citizens' requests per Right-to-Information Act | 2 |
|  | 7. Achievement of Urban Infrastructure Targets (20 points) | Urban infrastructure targets achieved | 20 |
| Total Score | | | 100 |

Limitations & Clarifications

▪ DLI-1

| MAC | Means of Verification | Clarification |
|--|---|---|
| 1.1 MC has an approved Annual Development Plan | Obtain from Chief Officer, a copy of ADP for the current FY, signed by MC Chairman | The PMDFC informed us that the government had yet to form the governing body of the MCs. Therefore, the Chairman position was vacant. Consequently, all correspondence on behalf of the MC was being carried out by the Chief Officer. Due to this, the ADP signed by the Chief Officer should be considered valid. |
| 1.4 MC has contributed 20% co-financing for PBGs during the FY | b) MC has contributed 20% co-financing on eligible investments for PBGs received in the previous FY. Obtain from Municipal Officer (Finance), a copy of annual budget for current FY and audited annual financial statement for previous FY as evidence. | Since the full PBG of Year 4 was received after the close of FY 2022-2023 and accordingly was not reflected in the audited financial statements of year ending June 30, 2023. In such circumstances, receipt of co-financing were verified from Finance Department's order and bank statements of the MCs. |

▪ DLI-2

| Performance Measure | Means of Verification | Clarification |
|--|--|--|
| 7.1 Urban infrastructure targets achieved(maximum 20 points) | Obtain from Chief Officer evidence on work plan; technical design documents; investment contracts awarded; supervision contract (where applicable); payment certificates, estimated, contract, and completion costs, and financial reports capturing receipts and expenditure on PBGs. | There were around 69 infrastructure projects completed or in implementation phase across all MCs, as shown in the table below. We verified at least two sub-projects per MC, one competed and one in implementation phase both having the highest value. Projects reviewed under previous APA were not considered for review for this APA. Overall 32 projects were selected from all MCs. |

| Project Category | Bahawal | | Hafizab Jaranwal | | | | | Kot | | | | Vehari | | Wazirabad | Grand Total | | |
|--------------------|----------|----------|------------------|----------|----------|----------|-----------|----------|----------|----------|----------|----------|----------|-----------|-------------|----------|-----------|
| | nagar | Burewala | Daska | Gojra | ad | a | Jhang | Jhelum | Kamalia | Kamoke | Khanewal | Addu | Muredke | | | Okara | |
| General Bus Stand | | | | | | | | | | 1 | | | | | | 1 | |
| Parks | | | | | | | 1 | 2 | | | | | | 2 | | 5 | |
| Roads | 1 | 1 | 3 | 3 | 1 | 1 | 4 | | 2 | 1 | 2 | 1 | 2 | 4 | 4 | 1 | 31 |
| Sewerage | 1 | | 2 | 5 | | 3 | 4 | | | 1 | 1 | | | | | | 17 |
| SWM Parking Shed | 1 | 1 | 1 | 1 | 1 | 1 | 1 | | 1 | 1 | | 1 | 1 | 1 | 1 | 1 | 14 |
| Water Supply | | | | | | | | | | 1 | | | | | | | 1 |
| Grand Total | 3 | 2 | 6 | 9 | 2 | 5 | 10 | 2 | 4 | 4 | 3 | 2 | 3 | 7 | 5 | 2 | 69 |

▪ DLI-2

| Performance Measure | Means of Verification | Clarification |
|--|--|--|
| 7.1 Urban infrastructure targets achieved(maximum 20 points) | Obtain from Chief Officer evidence on work plan; technical design documents; investment contracts awarded; supervision contract (where applicable); payment certificates, estimated, contract, and completion costs, and financial reports capturing receipts and expenditure on PBGs. | For scoring against each performance indicator, projects selected for verification received proportionate scores. Illustration is given below for further clarity. |

Illustration

| Performance Area | Performance Indicator | Max. Points (A) | Max. Points per Project (A/2) | Points Scored | | |
|--|---|-----------------|-------------------------------|---------------|---------------|-----------|
| | | | | Project 1 | Project 2 | Total |
| 7.1 Urban infrastructure targets achieved(maximum 20 points) | MC is using PBGs for eligible municipal infrastructure and service investments, whereby: | | | | | |
| | a) Sub-projects are implemented as per Workplan | 4 | 2 | 2 | 0 | 2 |
| | b) Sub-projects are implemented as per technical design | 3 | 1.5 | 1.5 | 1.5 | 3 |
| | c) Infrastructure contracts include gender responsive working conditions for workers | 3 | 1.5 | 1.5 | 1.5 | 3 |
| | d) Adequate construction supervision is undertaken | 3 | 1.5 | 1.5 | 1.5 | 3 |
| | e) All payments are made as per certificates (interim and/or completion) | 4 | 2 | 2 | 0 | 2 |
| | f) Deviations are minimal between estimated, contract, and completion costs (variation under 10%) | 3 | 1.5 | 1.5 | 0 | 1.5 |
| | | 20 | 10 | | Points Scores | 14.5 |
| Points Scored (round to whole number) | | | | | | 15 |

03

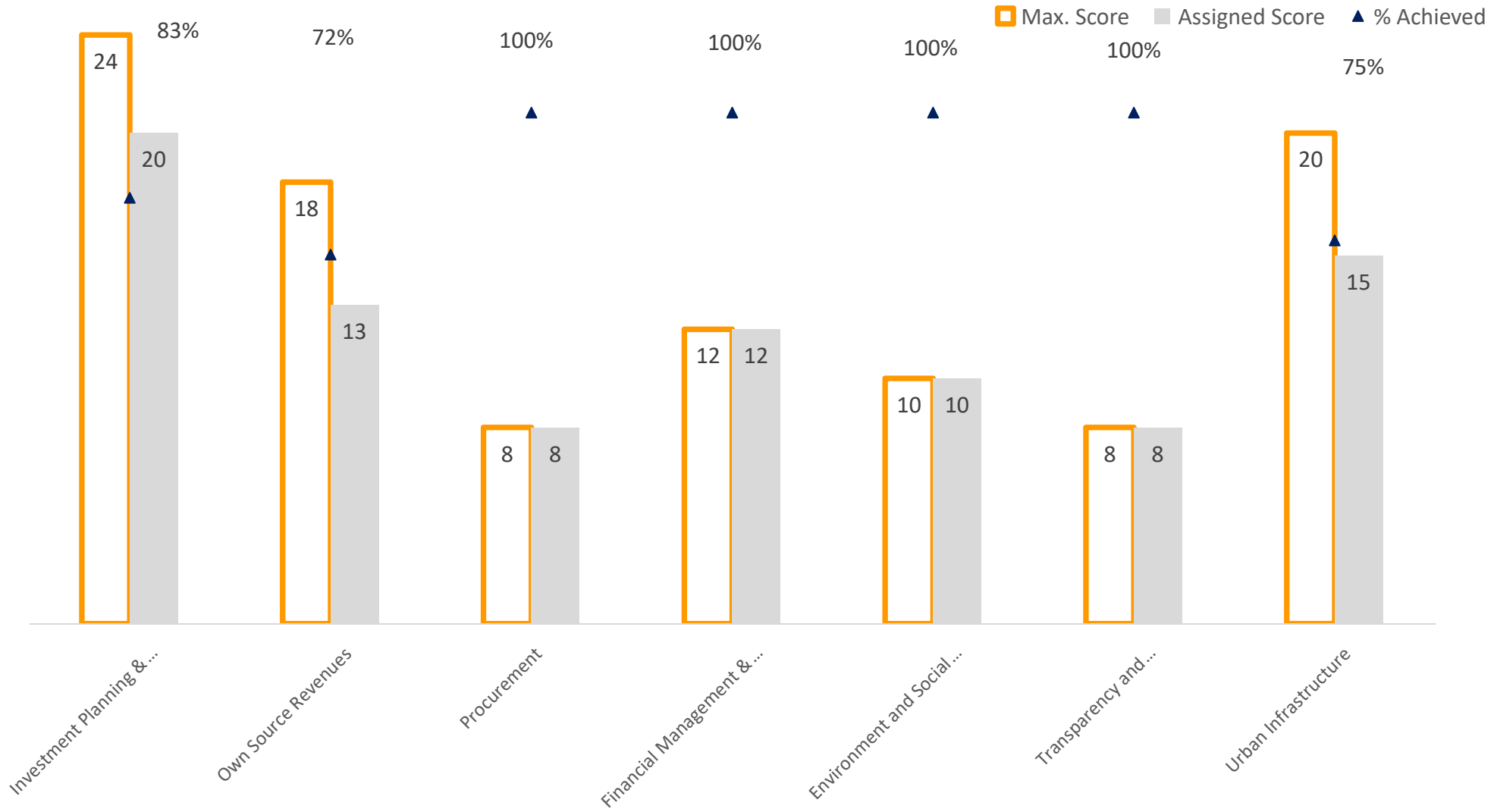
Assessment Outcome

- **Assessment outcome DLI-1** **18**
- **Assessment outcome DLI-1** **19**

Assessment Outcome - DLI 1

| Area | Minimum Access Conditions | Compliant | Non-Compliant |
|--|---|-----------|---------------|
| 1. Investment, Planning & Budgeting | 1.1 MC has updated infrastructure maps | | |
| | 1.2 MC has an approved Annual Development Plan (ADP) | | |
| | 1.3 MC Annual Budget Estimates, generated from CFMS, approved by Chairman/Council (Note-1) | | |
| | 1.4 MC has contributed 20% co- financing for PBGs during the FY (Note-1) | | |
| 2. Human Resources | 2.1 MC has in place/assigned core locally appointed staff, to operate the systems | | |
| 3. Procurement | 3.1 MC has a Procurement Plan for current FY | | |
| | 3.2 MC has functional procurement committee, at each level, as per PPRA rules. | | |
| 4. Financial Management & Audit | 4.1 Functionality of the CFMS | | |
| | 4.2 MC cash book is generated using CFMS | | |
| | 4.3 MC has submitted annual financial statements, to the satisfaction of the auditors for the previous FY | | |
| | 4.4 The MC has no adverse or disclaimed audit opinion for previous FY | | |
| 5. Environment and Social Safeguards | 5.1 MC has designated Environmental and Social Management focal persons | | |
| | 5.2. MC has developed Environment and social management system | | |
| | 5.3 MC has developed acceptable capacity to prepare, approve and supervise instruments | | |
| 6. Accountability and Transparency | 6.1 MC has an operational Website | | |
| | 6.2 MC has functional Complaint Tracking System | | |
| | 6.3 MC has functional Performance Management System (PMS) | | |
| 7. Signed Program Operation Specific Participation Agreement | 7.1 MC Chairman has signed Operation Participation Agreement | | |

Assessment Outcome - DLI 2



Maximum Score
100

Achieved Score
86

Assessment Outcome - DLI 2

Performance Measure 1: Investment Planning and Budgeting (24 points)

| Performance Area | Performance Indicators | Means of Verification | Maximum Score | Assigned Score |
|---|---|---|---------------|----------------|
| 1. Investment Planning & Budgeting (24 points) | O&M budgeting and planning done for major infrastructure services | <ul style="list-style-type: none"> Obtain from Municipal Officer (Infrastructure) a copy of ADP, and from Municipal Officer (Finance) a copy of annual budget, and confirm adherence to O&M Manuals. Obtain from the Municipal Officer (Finance), evidence that over 80% of allocated O&M budget has been spent through cash book and vouchers for previous FY | 3 | 2 |
| | Infrastructure Maps used as a planning tool | <ul style="list-style-type: none"> Obtain from Municipal Officer (Infrastructure) evidence that PBGs have been spent on priority investments based on infrastructure maps | 3 | 3 |
| | Expenditure control of fuel and energy | <ul style="list-style-type: none"> Obtain from the Municipal Officer (Infrastructure), energy and fuel audit reports and verify completion/ updation for previous FY | 10 | 10 |
| | Asset inventory prepared and updated | <ul style="list-style-type: none"> Obtain from the Municipal Officer (Infrastructure) a copy of asset inventory and confirm information is updated up to previous FY | 3 | 2 |
| | Three-year rolling IDAMP prepared and updated | <ul style="list-style-type: none"> Obtain from the Municipal Officer (Planning) evidence of consultations held, and extent of women representation. Obtain from the Chief Officer a copy of the IDAMP and confirm that it conforms to IDAMP guidelines Obtain from the Chief Officer evidence that capital and O&M expenditures during the current FY are based on approved and updated IDAMP. | 5 | 3 |
| Total | | | 24 | 20 |

Findings

A: O&M Planning & Budgeting

- i. O&M manuals were prepared, and an O&M plan was drawn on the basis of the O&M manuals. However, the following deficiencies were observed in the O&M Plan when compared to the Annual Budget Statements:

| MC | Findings |
|-------|--|
| Daska | The budget provide did not include the budgets of solid waste management and sewerage. |

B: Infrastructure maps used as planning tools

- i. We reviewed the GIS infrastructure maps of each MC and the priority interventions lists. We found that they were effectively utilized as evidence-based planning tools for identifying priority investments.

C: Expenditure Control of Fuel & Energy

- i. Energy and fuel audit reports updated till 2023 were provided and implementation status of the Energy Management Plan checked during the visit of MCs.

D: Asset Inventory Prepared and Updated

- i. The asset inventory register as per IDAMP was prepared by each MC. To confirm its completeness, we verified last few transactions of previous financial year on sample basis and found it updated except the book values which requires thorough review.
- ii. We observed significant discrepancies in the book value of a few assets that were traced in the IDAMPs. Instances noted are reported below:

| MC | Asset Type | No. of units | Invoice date | Age (Years) | Invoice value Approximately (Rs. In million) | Book Value Shown in IDAMP (Rs. In million) | Difference (Rs. In million) |
|-------|-----------------------------|--------------|--------------|-------------|--|--|--------------------------------|
| Daska | Mini tipper 1.0 cubic meter | 4 | 2/28/2022 | 2 | 4.47 | 1.47 | 3.00 |

It is recommended that the consultant (EY) who prepared the IDAMPs should review the estimation basis and verify the book values of all reported assets.

E: Three-year Rolling IDAMP Prepared and Updated

- i. The minutes of the consultative sessions were provided for assessment purposes. To evaluate female representation, we checked the session attendance list, which was duly signed by all participants. Additionally, we confirmed women's representation through pictorial evidence of the sessions attached to the minutes. All MCs ensured adequate women representation in the consultative sessions.
- ii. Three years rolling IDAMPs were prepared for all MCs in accordance with the IDAMP guidelines except for the following pertinent issues:
 - a. Coding scheme was available in the IDAMP, however, codes were not assigned to the assets. MCs are currently integrating AMIS and IDAMPs. While the coding has been completed in AMIS, it needs to be reflected in the IDAMPs.
 - b. Book value of assets need thorough review as discussed in the above finding.
- iii. IDAMPs were operationalized during the year, all capital investments were identified on the basis of the IDAMP. Further, O&M expenses pertaining to the assets were also derived from the IDAMPs, however, following differences were identified when compared with the O&M Plans and the Annual Budget Statements:

| MC | Findings |
|-------|---|
| Daska | <p>The total amount allocated in IDAMP for O&M of the Water Supply differed from the O&M plans.</p> <p>Annexures were referred in the O&M Plan but not attached with the IDAMP.</p> |

Assessment Outcome - DLI 2

Performance Measure 2: Own Source Revenue (18 points)

| Performance Area | Performance Indicators | Means of Verification | Maximum Score | Assigned Score |
|---------------------------------------|-----------------------------------|--|---------------|----------------|
| 2. Own Source Revenues (18 points) | Revenue Enhancement Plan prepared | <ul style="list-style-type: none">Obtain from Municipal Officer (Finance) a copy of the Revenue Enhancement Plan, and verify that it includes:<ul style="list-style-type: none">a) analysis of previous FY 's revenue performance; andb) revenue enhancement strategies for previous FY | 3 | 3 |
| | Own-source revenues increased | <ul style="list-style-type: none">Obtain from Municipal Officer (Finance) the annual financial accounts for the previous two FYs to calculate and confirm percentage increase on OSR collection. | 15 | 10 |
| Total | | | 18 | 13 |

Findings

A: Revenue Enhancement Plan and Analysis

- i. A commitment to maximizing Own Source Revenue (OSR) is evident through the development of a revenue enhancement plan and the analysis of prior year's revenue growth. However, a more detailed breakdown within the proposed revenue enhancement plan would be beneficial.
- ii. The comparison of OSR reported in the audited financial statements of 2022-2023 with 2021-2022 revealed an overall increase of 8%. PMDFC was of the view that revenue from Urban Immovable Property Tax should be included in the analysis since it constitutes revenue of the Local Government, even though the Excise Department handles collection. Consequently, Urban Immovable Property Tax was factored in when determining OSR for the year and scores were assigned accordingly:

| Sr. No. | MC Name | 2022-2023 (PKR) | 2021-2022 (PKR) | Variation (PKR) | Percentage Increase |
|---------|---------|--------------------|--------------------|--------------------|------------------------|
| 1 | Daska | 197,310,208/- | 182,340,346/- | 14,969,862/- | 8% |

- iii. For additional information, a table showing OSR excluding revenue generated from Urban Immovable Property Tax is provided below. Please note that this information does not impact the scores assigned against this DLI :

| Sr. No. | MC Name | 2022-2023 (PKR) | 2021-2022 (PKR) | Variation (PKR) | Percentage Increase |
|---------|---------|--------------------|--------------------|--------------------|------------------------|
| 1 | Daska | 164,916,104/- | 146,643,856/- | 18,272,248/- | 12% |

Assessment Outcome - DLI 2

Performance Measure 3 – Procurement (8 points)

| Performance Area | Performance Indicators | Means of Verification | Maximum Score | Assigned Score |
|--|---|--|---------------|----------------|
| 3. Procurement (08 points) | Adherence to PPRA rules | • Obtain from the Municipal Officer (Infrastructure) the Procurement Plan, and ensure that it includes all major procurements of previous FY | 2 | 2 |
| | Records pertaining to procurements include the following information: | | | |
| | a) Adequate relevant auditable record on procurement process | | 1 | 1 |
| | b) Bidding documents drawn up in accordance with PPRA rule 25 and 38 | | 1 | 1 |
| | c) Procurement Grievance Redressal Committee formed | • Obtain from Chief Officer, the procurement records of a sample of 3 procurements from previous FY to confirm adherence to PPRA rules | 1 | 1 |
| | d) Tender advertised on appropriate medium | | 1 | 1 |
| | e) Tenders evaluated per criteria in bidding documents and recommendation to award made accordingly | | 1 | 1 |
| f) Public disclosure of Contract Award | | 1 | 1 | |
| Total | | | 08 | 08 |

Findings

A: Adherence to PPRA Rules

Procurements carried out by the MC were reviewed, and we concluded that the compliance with the PPRA Rules was ensured.

Assessment Outcome - DLI 2

Performance Measure 4: Financial Management and Audit (12 points)

| Performance Area | Performance Indicators | Means of Verification | Maximum Score | Assigned Score | |
|--|---|--|---------------|----------------|-----------|
| 4. Financial Management & Audit (12 points) | Functionality of the CFMS | | | | |
| | • Cash Book | | 2 | 2 | |
| | • Classified Abstract | | 1 | 1 | |
| | • Contingency Check Register | • Obtain from the Municipal Officer (Finance), CFMS generated reports from current FY as confirmation. | 1 | 1 | |
| | • Establishment Check Register | | 1 | 1 | |
| | • Water Consumer Demand & Collection Record | | 1 | 1 | |
| | • Shop Demand & Collection Register | | 2 | 2 | |
| | • Bank Reconciliation | | 3 | 3 | |
| | • Water & Shops Arrears List | | 1 | 1 | |
| Total | | | | 12 | 12 |

Findings

A: Functionality of CFMS

- i. The financial reports for the year 2022-2023 were extracted from CFMS to assess functionality. However, it was noted that none of the reports generated by the system include a date and time stamp.

Assessment Outcome - DLI 2

Performance Measure 5- Environmental and Social Safeguards (10 points)

| Performance Area | Performance Indicators | Means of Verification | Maximum Score | Assigned Score |
|---|--|---|---------------|----------------|
| 5. Environment and Social Management (10 points) | Annual targets set for incremental application of environmental and social screening on all infrastructure investments | <ul style="list-style-type: none"> Obtain from Municipal Officer (Planning), evidence of meeting annual targets for: <ol style="list-style-type: none"> environmental and social screening (including gender considerations) of rehabilitation and repair of existing assets; and annual targets for environmental and social screening, assessment, and mitigation of new capital investments from Year-2 onwards. | 2 | 2 |
| | Eligible investments screened for potential environmental and social safeguard impacts | <ul style="list-style-type: none"> Obtain from Municipal Officer (Infrastructure) and Municipal Officer (Planning), evidence that capital investments have been screened per ESSA requirements | 3 | 3 |
| | Environmental and Social Assessments/ Action Plans prepared and implemented | <ul style="list-style-type: none"> Obtain from Municipal Officer (Infrastructure) and Municipal Officer (Planning), evidence that E&S management plans for all capital investments in the previous FY (2021-2022) were prepared and implemented per ESSA | 5 | 5 |
| Total | | | 10 | 10 |

Findings

A: Environmental & Social Safeguards

- i. Annual targets set for incremental application of environmental and social screening including gender consideration were achieved for all capital investments i.e. rehabilitation/ repair of existing assets as well as for new capital investments projects and scores were assigned accordingly. Comprehensive gender action plans were available at the MCs to address gender issues in infrastructure projects. These plans considered the specific needs of workers, including men, women, and girls, and aimed to ensure equal opportunities for all. The examination of relevant documents indicated that both men and women were given representation and work opportunities within the projects.
- ii. Furthermore, detailed environmental and social screening was conducted for all projects, and records of these screenings were maintained as environmental profiling. This screening process helped assess the potential environmental and social impacts of the projects and identify necessary mitigation measures.
- iii. Based on the screening results, the projects were categorized according to the guidelines of the Environmental and Social Safeguard Assessment (ESSA). This categorization enabled the MCs to appropriately address the environmental and social aspects of each project, ensuring compliance with relevant standards and regulations.
- iv. In line with the requirements of the ESSA and Environmental and Social Management Framework (ESMF), E&S instruments and plans were prepared by all MCs. These instruments and plans provided guidelines and strategies for managing and mitigating environmental and social risks associated with the projects.

Assessment Outcome - DLI 2

Performance Measure 6: Accountability & Transparency (8 points)

| Performance Area | Performance Indicators | Means of Verification | Maximum Score | Assigned Score |
|---|---|---|---------------|----------------|
| 6. Transparency and Accountability (08 points) | Information available to citizens on MC's website | <ul style="list-style-type: none"> Verify from MC website that information is available for annual budgets, sub-projects (investments), and expenditures in relation to ADP budget categories. Verify from MC website that relevant information is available for CTS and PMS. Obtain evidence from Chief Officer of number of procurement complaints raised and addressed relevant to their mandate for previous FY (2021-2022) , and verify from MC Website | 4 | 4 |
| | CTS transformed into Grievance Redress Management (GRM) system for MC | <ul style="list-style-type: none"> Obtain from Chief Officer evidence of implementation of system upgrade, including capability of CTS to acknowledge complaint receipt and report complaint resolution to complainant. | 2 | 2 |
| | MC responds to citizens' requests per Right-to-Information Act | <ul style="list-style-type: none"> Obtain from Chief Officer evidence that MC has responded to requests for access to information for previous FY | 2 | 2 |
| Total | | | 08 | 08 |

Findings

A: Transparency & Accountability

- i. Evaluating this performance measure involved assessing publicly available information on the respective MC's websites, including CTS and PMS data. All required reports were accessible for citizen review. Furthermore, transparency in the grievance redressal process was ensured as relevant committees were notified, and minutes of their meetings were uploaded to the websites. Additionally, the RTI mechanism was implemented across all MCs, with a dedicated register maintained for citizen requests.

Assessment Outcome - DLI 2

Performance Measure 7: Urban Infrastructure (20 points)

| Performance Area | Performance Indicators | Means of Verification | Maximum Score | Assigned Score |
|--|---|---|---------------|----------------|
| 7. Urban Infrastructure (20 points) | a) Sub-projects are implemented as per Work plan | <ul style="list-style-type: none"> Obtain from Chief Officer evidence on work plan; technical design documents; investment contracts awarded; supervision contract (where applicable); payment certificates, estimated, contract, and completion costs, and financial reports capturing receipts and expenditure on PBGs | 4 | 2 |
| | b) Sub-projects are implemented per Technical Sanction | | 3 | 3 |
| | c) Infrastructure contracts include gender responsive working conditions for workers | | 3 | 3 |
| | d) Adequate construction supervision is undertaken | | 3 | 3 |
| | e) All payments are made as per certificates (interim and/or completion) | | 4 | 4 |
| | f) Deviations are minimal between estimated, contract, and completion costs (variation under 10%) | | 3 | 0 |
| Total | | | 20 | 15 |

A: Urban Infrastructure

- i. Infrastructure projects were undertaken by all MCs. As discussed with the World Bank, for review, we selected one completed project and one project currently under implementation, with each project chosen from the highest value category. Each MC received a proportionate score based on their achievement of the DLIs in the two reviewed projects.
- ii. Following project faced some delays as per the updated workplan, but the work being performed was in accordance with the technical design of the project:

| MCs | Projects | Delay time |
|-------|-----------------------|------------|
| Daska | Strom Drainage System | 25 days |

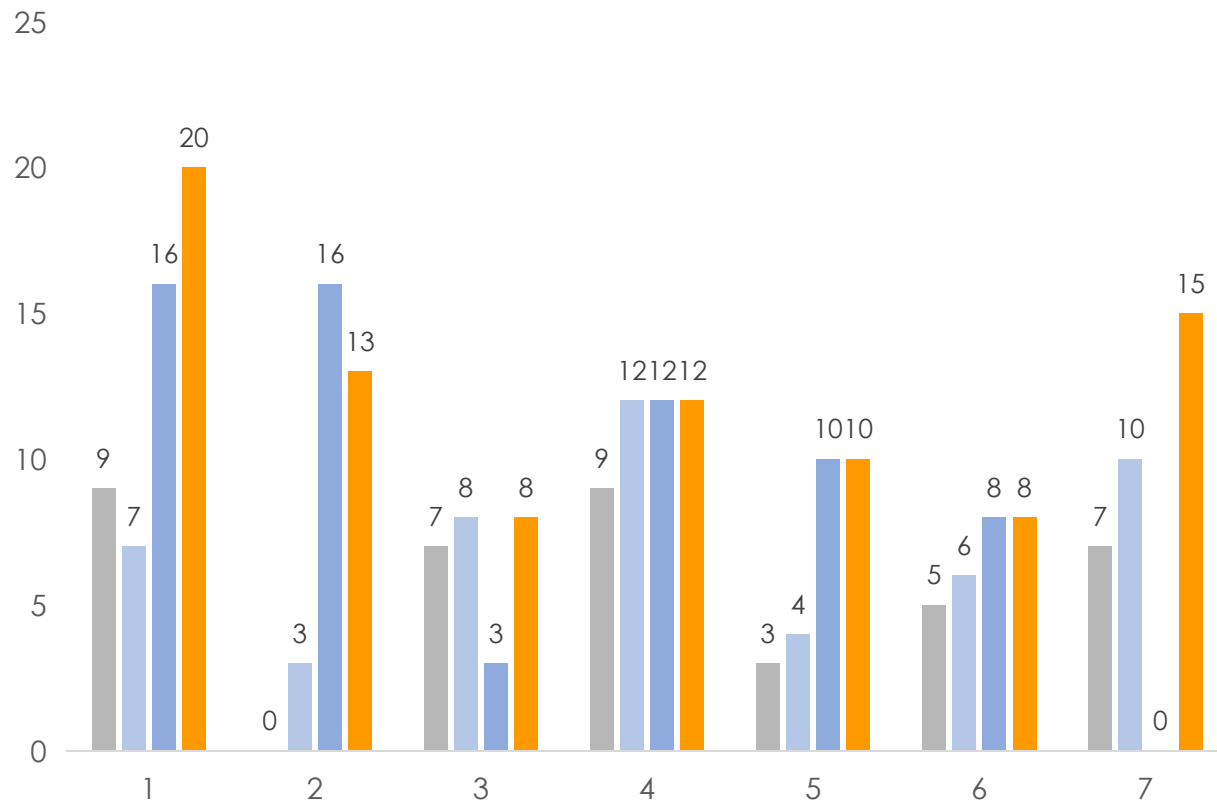
- iii. During the project review process, it was observed that overall the projects were implemented as per the approved design.
- iv. The gender responsiveness clause was included in all executed infrastructure contracts, as a part of standard form of contract. For supervision of projects during the execution phase, independent external consultants were engaged who performed their work adequately.
- v. Supervision was performed by an independent consultant and updated reports were made available for our review.
- vi. The payments where made were in accordance with the IPCs submitted.
- vii. Cost deviations were linked to the project completion cost, as compared to the estimated and contract costs.

04

Comparative Analysis

➤ **Comparison with Past Assessment (DLI Basis) 33**

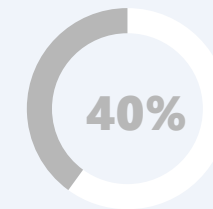
Comparison with Past Assessment



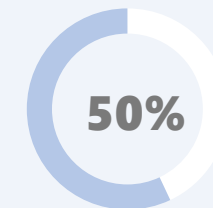
- 1. Investment, Planning & Budgeting
- 2. Own Source Revenues
- 3. Procurement
- 4. Financial Management & Audit

- 5. Environment & Social Safeguards
- 6. Accountability & Transparency
- 7. Achievement of Urban Infrastructure Targets

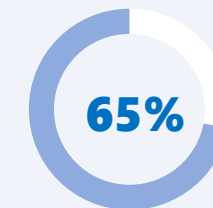
**APA Y-2
(2020)**



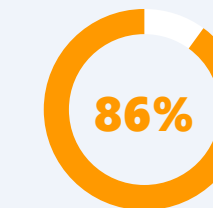
**APA Y-3
(2022)**



**APA Y-4
(2023)**



**APA Y-5
(2024)**



05

Conclusion

- **Combined Scoring** **35**
- **Grants Allocation Basis** **36**
- **Disbursement Calculation** **37**

Combined Scoring

| Performance Area out | Performance Indicators |
|--|--|
| 1. Investment Planning & Budgeting <i>(24 points for each MC)</i> | O&M budgeting and planning done for major infrastructure services |
| | Infrastructure Maps used as a planning tool |
| | Expenditure control of fuel and energy |
| | Asset inventory prepared and updated |
| | Three-year rolling IDAMP prepared and updated |
| 2. Own Source Revenue <i>(18 points for each MC)</i> | Revenue Enhancement Plan prepared |
| | Own-source revenues increased |
| 3. Procurement <i>(08 points for each MC)</i> | Adherence to PPRA rules |
| 4. Financial Management & Audit <i>(12 points for each MC)</i> | Functionality of the CFMS |
| 5. Environment and Social Management <i>(10 points for each MC)</i> | Annual targets set for incremental application of environmental and social screening on all infrastructure investments |
| | Eligible investments screened for potential environmental and social safeguard impacts |
| | Environmental and Social Assessments/ Action Plans prepared and implemented |
| 6. Transparency and Accountability <i>(08 points for each MC)</i> | Information available to citizens on MC's website |
| | CTS transformed into Grievance Redress Management system for MC |
| | MC responds to citizens' requests as per Right-to-Information Act |
| 7. Urban Infrastructure <i>(20 points for each MC)</i> | Urban infrastructure targets achieved |
| Total Score | |

| | Scores | | |
|--|------------|-----------------|-------------------|
| | Maximum | Achieved (Avg.) | Achieved (16 MCs) |
| | 3 | 2 | 39 |
| | 3 | 3 | 48 |
| | 10 | 10 | 160 |
| | 3 | 2 | 32 |
| | 5 | 3 | 48 |
| | 3 | 3 | 46 |
| | 15 | 15 | 235 |
| | 8 | 7 | 123 |
| | 12 | 12 | 192 |
| | 2 | 2 | 32 |
| | 3 | 3 | 48 |
| | 5 | 5 | 80 |
| | 4 | 4 | 64 |
| | 2 | 2 | 32 |
| | 2 | 2 | 32 |
| | 20 | 15 | 236 |
| | 100 | 90 | 1,447 |

Grants Allocation Basis

The targeted compliance system identifying the minimum target set for each year is defined in the TORs and shown in the table below. For this APA, targets set for year 5 were considered.

| DLIs | Y-1 | Y-2 | Y-3 | Y-4 | Y-5 |
|-------|------|----------------------|----------------------|----------------------|----------------------|
| DLI-1 | 100% | 100% | 100% | 100% | 100% |
| DLI-2 | - | 40 points out of 100 | 50 points out of 100 | 60 points out of 100 | 70 points out of 100 |

Total Disbursement Calculation for Year-5

DLI – 1 Grants

$$\text{Amount to be disbursed (USD)} = \text{Disbursement Amount of Y – 5} \times 16$$



DLI – 2 PBGs

$$\text{Amount to be disbursed (USD)} = \frac{[\text{Sum of Performance Scores of all MCs in Year 5} \times \text{Target Disbursement Amount of Y – 5}]}{[70 \times 16]}$$

Disbursement Allocation Basis for Each MC

DLI – 1 Grants

$$\text{Amount to be disbursed (USD)} = \frac{[(\text{PFC Award Share for the eligible MC}) \times (\text{Total Annual Disbursement from IDA against DLI 1 i.e. US\$ 5 Mn})]}{[\text{Sum of PFC Award Shares of all eligible MCs}].}$$



DLI – 2 PBGs

$$\text{Amount to be disbursed (USD)} = \frac{[(\text{PFC Share for the eligible MC}) \times (\text{Eligible MC's Performance Score against PMs in the APA}) \times (\text{Total Annual Disbursement from IDA against DLI 2 i.e. 15 Mn})]}{[(\text{Sum of PFC Shares of all eligible MCs}) \times (\text{Sum of the Performance Scores against PMs of all eligible MCs})]}$$

Disbursement - Calculation

| MCs | % of total PFC Award (basic formula to MC) | DLI 1 Allocation | DLI 2 Allocation as per PFC Share | Performance scores | Performance weights (with basic formula) | Relative Performance shares | DLI-2 Allocation based on performance | Total Allocation of DLI-1 and DLI 1-2 |
|----------------------|--|------------------|-----------------------------------|--------------------|--|-----------------------------|---------------------------------------|---------------------------------------|
| Bahawalnagar | 0.61% | 0.34 | 1.02 | 94 | 96 | 7.10% | 1.07 | 1.41 |
| Burewala | 0.86% | 0.48 | 1.44 | 88 | 127 | 9.37% | 1.41 | 1.89 |
| Daska | 0.69% | 0.39 | 1.16 | 86 | 100 | 7.35% | 1.10 | 1.49 |
| Gojra | 0.41% | 0.23 | 0.69 | 91 | 63 | 4.62% | 0.69 | 0.92 |
| Hafizabad | 0.39% | 0.22 | 0.66 | 92 | 60 | 4.44% | 0.67 | 0.89 |
| Jaranwala | 0.63% | 0.35 | 1.06 | 88 | 93 | 6.87% | 1.03 | 1.38 |
| Jhang | 0.87% | 0.49 | 1.46 | 91 | 133 | 9.81% | 1.47 | 1.96 |
| Jhelum | 0.26% | 0.15 | 0.44 | 88 | 38 | 2.83% | 0.43 | 0.57 |
| Kamalia | 0.39% | 0.22 | 0.66 | 91 | 60 | 4.40% | 0.66 | 0.88 |
| Kamoke | 0.56% | 0.31 | 0.94 | 93 | 87 | 6.45% | 0.97 | 1.28 |
| Khanewal | 0.59% | 0.33 | 0.99 | 94 | 93 | 6.87% | 1.03 | 1.36 |
| Kot Addu | 0.34% | 0.19 | 0.57 | 89 | 51 | 3.75% | 0.56 | 0.75 |
| Muridke | 0.49% | 0.27 | 0.82 | 93 | 77 | 5.64% | 0.85 | 1.12 |
| Okara | 0.72% | 0.40 | 1.21 | 92 | 111 | 8.20% | 1.23 | 1.63 |
| Vehari | 0.58% | 0.32 | 0.97 | 90 | 88 | 6.47% | 0.97 | 1.29 |
| Wazirabad | 0.54% | 0.30 | 0.91 | 87 | 79 | 5.82% | 0.87 | 1.18 |
| Average Score | 8.93% | 5 | 15 | 1,447 | 1,356 | 100.00% | 15 | 20 |



Annexure



A – Documents Required

Annexure A

| Performance Areas | Documents Examination |
|---|--|
| <p>1.1 investment Planning and Budgeting</p> | <ul style="list-style-type: none"> • Infrastructure Maps • Signed copy of ADP for the current FY • Approved Annual Budget Estimates generated using the CFMS • Annual budget for current FY • Audited annual financial statement for previous FY • Approved PBG for each MC for year 2022-2023 • Co-financing orders of Finance Department of current FY • Bank statements to trace receipt of funds against the co-financed amount. |
| <p>1.2 Human Resources</p> | <ul style="list-style-type: none"> • Staff Lists & notifications for core locally appointed positions for managing core Program-supported systems, as prescribed by POM. |
| <p>1.3 Procurement</p> | <ul style="list-style-type: none"> • Approved Annual Procurement Plan for the current FY • Notification letters for procurement committee formulation • Bid evaluation report/ decisions which procurement committee has approved |
| <p>1.4 Financial Management and Audit</p> | <ul style="list-style-type: none"> • CFMS reports • Cashbook generated from CFMS updated up to April 30, 2024 • Manual cashbook maintained by MCs updated up to April 30, 2024 • Letter of MC supported by CFMS generated Financial Statements that were transmitted to auditors for audit • Audit reports of FY 2022-2023 |
| <p>1.5 Environment and Social Safeguards</p> | <ul style="list-style-type: none"> • Notification letter of Environment & Social management focal Persons • Environment and Social Management Framework • Pictures of training provided, training manuals along with attendance sheets |
| <p>1.6 Accountability And Transparency</p> | <ul style="list-style-type: none"> • Website URLs • Summary of complaints received and responded • PMS reports |
| <p>1.7 Operation Specific</p> | <ul style="list-style-type: none"> • A signed copy of Operation Participation Agreement. |

Annexure A

| Performance Areas | Documents Examination |
|--|--|
| <p align="center">2.1 Investment Planning and Budgeting (maximum 24 points)</p> | <ul style="list-style-type: none"> ▪ O&M Manual ▪ O&M Plan ▪ ADP ▪ Approved Budget ▪ Expenditure Statement of previous FY ▪ O&M Budgetary Comparison of previous FY ▪ Expenditure detail and selected vouchers for previous year ▪ Updated Infrastructure related GIS maps ▪ PBGs utilization project wise data ▪ Sectoral reports as evidence of utilization of maps for selection of eligible investments ▪ Approved priority list of infrastructure investments ▪ Energy and Fuel Audit Reports ▪ Energy and fuel utilization/cost saving report (monthly/annually) ▪ Updated asset inventory registers ▪ Purchase invoices of assets added during the last FY ▪ Evidence of stakeholders consultative session and list of participants ▪ Integrated Development and Assets Management Plan (IDAMP) ▪ IDAMP guidelines ▪ Evidence of Capital and O&M Expenditure as per approved IDAMP |
| <p align="center">2.2. Own Source Revenues (maximum 18 points)</p> | <ul style="list-style-type: none"> ▪ OSR Enhancement Plan showing revenue performance analysis and OSR Strategy for previous FY ▪ Signed Annual Financial statements of previous two FYs with breakup of OSR ▪ Working of increase in OSR |

| Performance Areas | Documents Examination |
|---|---|
| <p align="center">2.3. Procurement (Maximum 08 points)</p> | <ul style="list-style-type: none"> ▪ Procurement Plan of previous FY ▪ List of procurements of last FY ▪ Complete procurement record of selected sample ▪ Bid Documents ▪ Notification of GRM committee ▪ Evidence of advertisements (newspaper cuttings, PPRA website, MC own website) ▪ Bid evaluation report of selected sample ▪ Evidence of notification of award correspondence with bidders and uploading on PPRA's and MC's website ▪ Record of grievances raised during the previous FY and related documentation |
| <p align="center">2.4. Financial Management and Audit (maximum 12 points)</p> | <ul style="list-style-type: none"> ▪ Internal and external audit reports ▪ CFMS generated reports, as mentioned in the PM, of previous FY ▪ Cash Book ▪ Classified Abstract ▪ Contingency Check Register ▪ Establishment Check Register ▪ Water Consumer Demand & Collection Record ▪ Shop Demand & Collection Register ▪ Bank Reconciliation supported by Bank Statements ▪ Water & Shops Arrears List |
| <p align="center">2.5.Environment and Social Safeguards (maximum 10 points)</p> | <ul style="list-style-type: none"> • Screening check list for projects • Social & Environmental screening check list has defined the E&S categories as per ESSA and ESMF • E&S instruments as per the defined categories • Documentation of IEE/EIA • Environmental approvals from EPA |

Annexure

B –

Benchmarking & Clarifications

Benchmarking – DLI 1

| Minimum Access Condition | Verification Basis | Reference Financial Year/Period |
|---|--|--|
| 1.1 MC has updated infrastructure maps | <ul style="list-style-type: none"> Infrastructure Maps updated up to end of previous FY | <ul style="list-style-type: none"> Updated up to April 30, 2024 |
| 1.2 MC has an approved Annual Development Plan (ADP) | <ul style="list-style-type: none"> ADP for the current FY | <ul style="list-style-type: none"> 2023-2024 |
| 1.3 MC Annual Budget Estimates, generated from the CFMS, have been approved by Chairman/Council | <ul style="list-style-type: none"> Annual Budget Estimates generated using the CFMS | <ul style="list-style-type: none"> 2023-2024 |
| 1.4 MC has contributed 20% co- financing for PBGs during the FY | <ul style="list-style-type: none"> Copy of annual budget for current FY Audited annual financial statement for previous FY | <ul style="list-style-type: none"> Budget of 2023-2024 Audited Financial Statements of 2022-2023 |
| 2.1 MC has in place/assigned core locally appointed staff, to operate the systems | <ul style="list-style-type: none"> Staff list | <ul style="list-style-type: none"> Staff list updated up to April 30, 2024 |
| 3.1 MC has a Procurement Plan for current FY | <ul style="list-style-type: none"> Annual Procurement Plan for the current FY | <ul style="list-style-type: none"> 2023-2024 |
| 3.2 MC has functional procurement committee for relevant level of procurement in place (per PPRA rules) | <ul style="list-style-type: none"> Evidence (notifications and signed decisions) of Procurement Committee | <ul style="list-style-type: none"> 2023-2024 up to April 30, 2024 |
| 4.1 MC has functional Computerized Financial Management System (CFMS) | <ul style="list-style-type: none"> CFMS Reports | <ul style="list-style-type: none"> Updated up to April 30, 2024 |
| 4.2 MC cash book is generated using CFMS | <ul style="list-style-type: none"> Cash Book has been generated from CFMS, and is up to date | <ul style="list-style-type: none"> Updated up to April 30, 2024 |
| 4.3 MC has submitted annual financial statements, to the satisfaction of auditors for the previous FY | <ul style="list-style-type: none"> CFMS- based annual financial statements given to auditors for audit of previous FY | <ul style="list-style-type: none"> 2022-2023 |
| 4.4 The MC has no adverse or disclaimed audit opinion for previous FY | <ul style="list-style-type: none"> Audit reports for previous FY | <ul style="list-style-type: none"> 2022-2023 |
| 5.1 MC has designated Environmental and Social Management focal persons | <ul style="list-style-type: none"> Requisite staff has been designated | <ul style="list-style-type: none"> Staff list updated up to April 30, 2024 |
| 5.2. MC has developed an environment and social management system with gender considerations, including procedures for preparation, approval, and supervision of investments. | <ul style="list-style-type: none"> MC's Environment and Social Management Framework | <ul style="list-style-type: none"> Approved ESMF updated up to April 30, 2024 |
| 5.3 MC has developed acceptable capacity to prepare, approve and supervise management instruments | <ul style="list-style-type: none"> Training module fully explained in a workshop | <ul style="list-style-type: none"> Training record of 2023-2024 |

Benchmarking – DLI 1

| Minimum Access Condition | Verification Basis | Reference Financial Year/Period |
|--|---|--|
| 6.1 MC has an operational Website | Website is operational | <ul style="list-style-type: none">Operational as of current date |
| 6.2 MC has functional Complaint Tracking System | Summary reports of complaints received and resolved | <ul style="list-style-type: none">CTS reports updated up to April 30, 2024 |
| 6.3 MC has functional Performance Management System (PMS) | PMS is operational | <ul style="list-style-type: none">PMS reports updated up to April 30, 2024 |
| 7.1 MC Chairman has signed Operation Participation Agreement | Signed Operation Participation Agreement | <ul style="list-style-type: none">As of date of signing |

Benchmarking – DLI 2

| Performance Measure | Performance Indicator | Verification Basis | Reference Financial Year/Period |
|--|--|---|---|
| 1.1 O&M budgeting and planning done for major infrastructure services (maximum 3 points) | MC has developed O&M plans based on O&M Manuals, and allocated requisite budget allocations for Water Supply, Sewerage, and Solid Waste Management for the current FY: 1 point | <ul style="list-style-type: none"> ADP Annual budget O&M Manuals | <ul style="list-style-type: none"> ADP, 2023-2024 Annual Budget, 2023-2024 O&M Manual updated up to April 30, 2024 |
| | MC has spent 80% of the budgeted O&M expenditures for infrastructure and services in the previous FY: 2 points | <ul style="list-style-type: none"> O&M budget Cash book Vouchers for pervious FY | <ul style="list-style-type: none"> O&M Budget, 2022-2023 Cash Book, 2022-2023 Vouchers, 2022-2023 |
| 1.2 Infrastructure maps used as a planning tool (maximum 3 points) | Infrastructure Maps have informed the selection of eligible priority investments: 3 points | <ul style="list-style-type: none"> Infrastructure Maps Priority List PC-1 of PCP Projects | <ul style="list-style-type: none"> Maps, updated up to April 30, 2024 Priority List, 2023-2024 PC-1 of PCP Projects, 2023-2024 |
| 1.3 Expenditure control of fuel and energy (maximum 10 points) | Energy and fuel audit of electric/mechanical assets completed/updated: 10 points | <ul style="list-style-type: none"> Energy and fuel audit reports and verify completion/ updated for previous FY. | <ul style="list-style-type: none"> Energy Audit Report of year 2022-2023 |
| 1.4 Asset inventory prepared and updated (maximum 3 points) | Asset inventory prepared/updated indicating: a) age; b) condition; and c) book value of assets: 3 points | <ul style="list-style-type: none"> Copy of asset inventory and confirm information is updated up to previous FY. | <ul style="list-style-type: none"> Asset inventory, 2022-2023 |
| 1.5 Three-year rolling IDAMP prepared and updated (maximum 5 points) | Consultations have been held with all stakeholder groups, ensuring adequate representation of women: 2 Points | <ul style="list-style-type: none"> Evidence of consultations held, and extent of women representation. | <ul style="list-style-type: none"> Consultations held in 2023-2024 |
| | Three years, rolling IDAMPs prepared/updated per approved IDAMP guidelines: 1 point | <ul style="list-style-type: none"> Copy of the IDAMP and confirm that it conforms to IDAMP guidelines | <ul style="list-style-type: none"> IDAMP and IDMP guidelines as updated up to April 30, 2024 |
| | IDAMPs operationalized and are a basis of all capital and O&M expenditures: 2 points | <ul style="list-style-type: none"> Capital and O&M expenditures during the current FY are based on approved and updated IDAMP. | <ul style="list-style-type: none"> Capital Expense Ledger up to April 30, 2024 O&M Expense Ledger up to April 30, 2024 |

Benchmarking – DLI 2

| Performance Measure | Performance Indicator | Verification Basis | Reference Financial Year/Period |
|--|---|---|---|
| 2.1 Revenue Enhancement Plan prepared (maximum 3 points) | <p>MC OSR enhancement plan has been prepared and includes:</p> <ul style="list-style-type: none"> • Analysis of previous year's revenue performance with detailed analyses of potential of each main source of revenue: 2 points • Strategies for revenue enhancement: 1 point | <p>Revenue Enhancement Plan, and verify that it includes:</p> <ol style="list-style-type: none"> a) analysis of previous FY's revenue performance; and b) revenue enhancement strategies for previous FY. | <ul style="list-style-type: none"> • Revenue Enhancement plan for year 2023-2024 comprising of <ol style="list-style-type: none"> a) Revenue analysis of FY 2023 with FY 2022 b) Revenue enhancement strategies of 2023 |
| 2.2 Own Source Revenues increased (maximum 15 points) | <p>MC has achieved a nominal percentage increase in total municipal own source revenues in previous FY:</p> <ul style="list-style-type: none"> • If increase 3-5 percent: score 5 points; • If increase 6-8 percent: score 10 points; • If increase 9 or above percent: score 15 points | <p>Annual financial accounts for the previous two FYs to calculate and confirm percentage increase on OSR collection.</p> | <ul style="list-style-type: none"> • Annual Financial Statements of FY 2023 and FY 2022 |
| 3.1 Adherence to PPRA rules (maximum 08 points) | <ul style="list-style-type: none"> • MC has prepared Procurement Plan for previous FY: 2 points • Records pertaining to procurements include the following information: <ol style="list-style-type: none"> a) Adequate relevant auditable records on procurement process: 1 point; | <p>Procurement Plan, and ensure that it includes all major procurements of previous FY.</p> <p>Procurement records of a sample of 3 procurements from previous FY to confirm adherence to PPRA rules.</p> | <ul style="list-style-type: none"> • Procurement Plan of year 2022-2023 • Procurement record of year 2022-2023 |
| 4.1 Functionality of the CFMS (maximum 12 points) | <p>CFMS generated reports for previous FY include the following (if reports NOT generated 0 points):</p> <ul style="list-style-type: none"> • Cash Book: 2 points • Classified Abstract: 1 point • Contingency Check Register: 1 point • Establishment Check Register: 1 Point • Water Consumer Demand & Collection Record: 1 point • Shop Demand & Collection Register: 2 points • Bank Reconciliation: 3 points • Water & Shops Arrears List: 1 point | <p>CFMS generated reports from previous FY as confirmation.</p> | <ul style="list-style-type: none"> • CFMS reports updated up to April 30, 2024 |

Benchmarking – DLI 2

| Performance Measure | Performance Indicator | Verification Basis | Reference Financial Year/Period |
|---|---|--|---|
| 5.1 Annual targets set for incremental application of environmental and social screening including gender considerations, assessment, and mitigation processes on all infrastructure investments (maximum 2 points) | MC has undertaken incremental application of environment and social screening (including gender considerations), assessment, and mitigation processes for: <ul style="list-style-type: none"> rehabilitation, repairs, and O&M of assets: 1 point implementation of the new infrastructure sub-projects (year 2 onwards): 1 point | Evidence of meeting annual targets for: <ol style="list-style-type: none"> environmental and social screening (including gender considerations) of rehabilitation and repair of existing assets; and annual targets for environmental and social screening, assessment, and mitigation of new capital investments from Year-2 onwards. | <ul style="list-style-type: none"> Environmental & Social Screening Reports of Year 2023-2024 |
| 5.2 Eligible investments screened for potential environmental and social safeguard impacts (maximum 3 points) | All capital investments in the previous FY are screened for potential environment and social impacts per ESSA ⁷ : 3 points | Evidence that capital investments have been screened as per ESSA requirements. | <ul style="list-style-type: none"> ESSA as updated up to April 30, 2024 |
| 5.3 Environmental and Social Assessments, Resettlement Action Plans and other management plans for social and environmental impacts prepared and implemented (maximum 5 points) | E&S management plans for all capital investments in the previous FY were prepared and implemented per ESSA: 5 points | Evidence that E&S management plans for all capital investments in the previous FY were prepared and implemented as per ESSA. | <ul style="list-style-type: none"> ESMP for year 2023-2024 |
| 6.1 Information available to citizens on MC's website (maximum 4 points) | MC has published the following information on its website: Summary of annual budgets, approved sub- projects, expenditures (per Punjab Local Government Act 2013 Section 107 (10)): 1 point | <ul style="list-style-type: none"> Annual budgets Sub-projects (investments) Expenditures | <ul style="list-style-type: none"> Annual budgets, 2023-2024 Sub-projects, all PCP projects updated up to April 30, 2024 (investments) Expenditures, 2022-2023 |
| | MC has disseminated and updated on its website, information from CTS and PMS (quarterly updates): 2 Points | <ul style="list-style-type: none"> Relevant information is available for CTS and PMS. | <ul style="list-style-type: none"> CTS and PMS information updated up to last quarter i.e. March 31, 2024 |
| | MC has disseminated results of procurement Grievances Redress Mechanism decisions in Municipal Committee: 1 point | <ul style="list-style-type: none"> Number of procurement complaints raised and addressed | <ul style="list-style-type: none"> Procurement complaints and redressal record of FY 2023-2024 |

Benchmarking – DLI 2

| Performance Measure | Performance Indicator | Verification Basis | Reference Financial Year/Period |
|--|--|---|--|
| 6.2 CTS transformed into Grievance Redressal Management system for MC (maximum 2 points) | MC has undertaken and operationalized system upgrades including feedback to complainants through SMS: 2 points | <ul style="list-style-type: none"> Evidence of implementation of system upgrade, including capability of CTS to acknowledge complaint receipt and report complaint resolution to complainant. | <ul style="list-style-type: none"> Functionality test in the month of May 2024 to check real time updates |
| 6.3 MC responds to citizens' requests per Right-to-Information Act (maximum 2 points) | MC has put in place a system to respond to citizen requests for access to information: 2 points | <ul style="list-style-type: none"> Evidence that MC has responded to requests for access to information for previous FY. | <ul style="list-style-type: none"> RTI register as updated till April 30, 2024 |
| <ul style="list-style-type: none"> 7.1 Urban infrastructure targets achieved(maximum 20 points) | <ul style="list-style-type: none"> MC is using PBGs for eligible municipal infrastructure and service investments | <ul style="list-style-type: none"> Obtain from Chief Officer evidence on work plan; technical design documents; investment contracts awarded; supervision contract (where applicable); payment certificates, estimated, contract, and completion costs, and financial reports capturing receipts and expenditure on PBGs | <ul style="list-style-type: none"> Record of PCP infrastructure projects |