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The World Bank

Report No: ICR00003524

IMPLEMENTATION COMPLETION AND RESULTS REPORT
(IDA-4456 and IDA-4994)

ON A

CREDIT

IN THE AMOUNT OF SDR 188.5 MILLION
(US$300.00 MILLION EQUIVALENT)

TO THE

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

FOR THE

URBAN LOCAL GOVERNMENT DEVELOPMENT PROJECT

June 8, 2015

Social, Urban, Rural and Resilience Global Practice (GSURR)
Country Department 3, AFCE3
Africa Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective June 3, 2015)

Currency Unit = Ethiopian Birr (ETB)
US$1.00 = ETB 20.59
US$1.00 = SDR 1.40

FISCAL YEAR
July 8–July 7

ABBREVIATIONS AND ACRONYMS

AMP	Asset management plans
APA	Annual performance assessment
CAS	Country Assistance Strategy
CBDSD	Capacity Building for Decentralized Service Delivery Project
CIP	Capital investment plan
CPS	Country Partnership Strategy
EFY	Ethiopian fiscal year
EMPs	Environmental management plans
ESIA	Environmental and social impact assessment
ESMF	Environment and social management frameworks
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Society for International Cooperation)
IDA	International Development Association
ISR	Implementation Status and Results Report
M&E	Monitoring and evaluation
MoFED	Ministry of Finance and Economic Development
MUDHCo	Ministry of Urban Development, Housing, and Construction
PDO	Project Development Objective
PforR	Program for Results
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
PSCAP	Public Sector Capacity Building Program
REP	Revenue enhancement plan
RPF	Resettlement policy framework
ULG	Urban local government
ULGDP	Urban Local Government Development Project

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FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

URBAN LOCAL GOVERNMENT DEVELOPMENT PROJECT

CONTENTS

Data Sheet

A. Basic Information			
Country:	Ethiopia	Project Name:	Urban Local Government Development Project
Project ID:	P101474, P125316	L/C/TF Number(s):	IDA-4456, IDA-4994
ICR Date:	06/08/2015	ICR Type:	Core ICR
Lending Instrument:	Specific Investment Loan	Borrower:	Government of the Federal Democratic Republic of Ethiopia
Original Total Commitment:	USD 150.00 M	Disbursed Amount:	USD 144.00 M
Revised Amount:	USD 300.00 M	Disbursed Amount:	USD 288.00 M
Environmental Category: B			
Implementing Agencies: Ministry of Urban Development, Housing, and Construction			
Cofinanciers and Other External Partners:			

B. Key Dates				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	05/15/2007	Effectiveness:	09/01/2008	11/10/2008
Appraisal:	03/17/2008	Restructuring(s):		07/05/2011
Approval:	05/29/2008	Mid-term Review:	08/15/2011	08/15/2011
		Closing:	12/31/2014	12/31/2014

C. Ratings Summary	
C.1 Performance Rating by ICR	
Outcomes:	Satisfactory
Risk to Development Outcome:	Low or Negligible
Bank Performance:	Satisfactory
Borrower Performance:	Satisfactory

C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)			
Bank	Ratings	Borrower	Ratings
Quality at Entry:	Satisfactory	Government:	Satisfactory
Quality of Supervision:	Satisfactory	Implementing Agency/Agencies:	Satisfactory

Overall Bank Performance:	Satisfactory	**Overall Borrower Performance:**	Satisfactory

C.3 Quality at Entry and Implementation Performance Indicators			
Implementation Performance	**Indicators**	**QAG Assessments (if any)**	**Rating**
Potential Problem Project at any time (Yes/No):	Yes	Quality at Entry (QEA):	None
Problem Project at any time (Yes/No):	No	Quality of Supervision (QSA):	None
DO rating before Closing/Inactive status:	Satisfactory		

D. Sector and Theme Codes

	Original	**Actual**
Sector Code (as % of total Bank financing)		
Sub-national government administration	100	55
Rural and inter-urban roads and highways	0	15
Solid waste management	0	10
General water, sanitation and flood protection sector	0	10
General industry and trade sector	0	10
Theme Code (as % of total Bank financing)		
Urban services and housing for the poor	75	29
Municipal governance and institution building	0	29
Decentralization	0	28
Municipal finance	25	14

E. Bank Staff

Positions	**At ICR**	**At Approval**
Vice President:	Makhtar Diop	Obiageli K. Ezekwesili
Country Director:	Guang Zhe Chen	Kenichi Ohashi
Sector Manager:	Sameh Naguib Wahba	Jaime M. Biderman
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F. Results Framework Analysis

Project Development Objectives (from Project Appraisal Document**)**

The Project Development Objective (PDO) was to support improved performance in the planning, delivery, and sustained provision of priority municipal services and infrastructure by urban local governments (ULGs).

Revised Project Development Objectives (as approved by original approving authority)

The Project Development Objective was not revised.

(a) PDO Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	ULGs that achieve annual targets specified in ULG revenue enhancement plans (number that achieve an 85% increase at the end of calendar 2014) (number)			
Value quantitative or qualitative)	0	19 cities meet 75% of their targets	19 cities meet 85% of their targets	10 cities meet 85% of their targets
Date achieved	12/15/2008	12/15/2008	7/05/2011	12/31/2014
Comments (incl. % achievement)	Actual revenues increased throughout the project life, but some regions in recent years set ambitious targets for ULGs, which were simple projections of past achievements, and not based on analysis of actual potential.			
Indicator 2 :	ULGs producing timely external audit reports, which are either unqualified or qualified with minor comments (number)			
Value quantitative or qualitative)	0	19	19	19
Date achieved	12/15/2008	12/15/2008	7/05/2011	12/31/2014
Comments (incl. % achievement)	The target was achieved			
Indicator 3 :	ULGs using 75% of annual operations and maintenance budgets as specified in cities' capital investment plans (number).			
Value quantitative or qualitative)	0	16 cities meet 75% of their targets.		17 cities meet 75% of their targets.
Date achieved	7/05/2011	7/05/2011		12/31/2014
Comments (incl. % achievement)	This indicator was added during the restructuring of the project in July 2011. The target was exceeded.			
Indicator 4:	Direct project beneficiaries (number), of which female (percent).			
Value	0	2.85 million (50%		2.85 million (50%

quantitative or Qualitative)		female)		female)
Date achieved	7/05/2011	7/05/2011		12/31/2014
Comments (incl. % achievement)	This indicator was added during the restructuring of the project in July 2011. The target was met.			
Indicator 5:	People participating in ULGs provided with access to all-season roads within a 500 meter range under the ULGDP (number).			
Value quantitative or qualitative)	0	1.5 million		1.5 million
Date achieved	7/05/2011	7/05/2011		12/31/2014
Comments (incl. % achievement)	This indicator was added during the restructuring of the project in July 2011. The target was met.			

(b) Intermediate Outcome Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	ULGs submitting approved CIP with evidence of adequate participation (number).			
Value (quantitative or qualitative)	0	19	19	19
Date achieved	12/15/2008	12/15/2008	7/11/2011	12/31/2014
Comments (incl. % achievement)	The target was achieved.			
Indicator 2 :	ULGs that increase the number of citizens groups participating in the CIP planning process (number achieving an 85% increase over baseline).			
Value (quantitative or qualitative)	0	19 cities achieving 75% increase in the number of groups over baseline	19 cities achieving 85% increase in the number of groups over baseline	17
Date achieved	12/15/2008	12/15/2008	7/11/2011	12/31/2014
Comments (incl. % achievement)	All ULGs significantly increased both the number of groups and the number of people participating in discussions to develop the coming year's CIPs during the life of the project. However, two cities did not revise their CIPs in the last year of the project, and as such, did not hold consultations on them.			
Indicator 3 :	ULGs disseminating information to the public on budgets (including investment plans), expenditures, physical progress of investments, and results of bid evaluations and contract awards (number).			
Value (quantitative	0	19	19	19

or qualitative)				
Date achieved	12/15/2008	12/15/2008	7/11/2011	12/31/2014
Comments (incl. % achievement)	The target was achieved.			
Indicator 4 :	ULGs preparing a 3-year rolling budget (number).			
Value (quantitative or qualitative)	0	19	19	19
Date achieved	12/15/2008	12/15/2008	7/11/2011	12/31/2014
Comments (incl. % achievement)	The target was achieved.			
Indicator 5:	ULGs preparing annual financial reports on time and as per required format (number).			
Value (quantitative or qualitative)	0	100 percent	19	19
Date achieved	12/15/2008	12/15/2008	7/11/2011	12/31/2014
Comments (incl. % achievement)	The target was achieved.			
Indicator 6:	ULGs preparing and adopting a revenue enhancement plan (number).			
Value (quantitative or qualitative)	0	19	19	19
Date achieved	12/15/2008	12/15/2008	7/11/2011	12/31/2014
Comments (incl. % achievement)	The target was achieved.			
Indicator 7:	ULGs submitting infrastructure asset inventories, updated annually, indicating additional assets and condition of existing assets (number).			
Value (quantitative or qualitative)	0	19	19	19
Date achieved	12/15/2008	12/15/2008	7/11/2011	12/31/2014
Comments (incl. % achievement)	The target was achieved.			
Indicator 8:	Non-rural roads constructed under the ULGDP (kilometers).			
Value (quantitative or qualitative)	0		1,000 kilometers	870 kilometers
Date achieved	7/05/2011	7/11/2011	7/11/2011	12/31/2014
Comments (incl. % achievement)	This indicator was added during the restructuring and is a core indicator for the Bank. The target set at the time of the restructuring was indicative only.			
Indicator 9:	Drainage systems constructed under the ULGDP (kilometers).			

Value (quantitative or qualitative)	0		900 kilometers	647 kilometers
Date achieved	7/05/2011	7/11/2011	7/11/2011	12/31/2014
Comments (incl. % achievement)	This indicator was added during the restructuring. The target was indicative only.			
Indicator 10:	Improved community water points constructed or rehabilitated under the ULGDP (number).			
Value (quantitative or qualitative)	0		10	131
Date achieved	7/05/2011	7/11/2011	7/11/2011	12/31/2014
Comments (incl. % achievement)	This indicator was added during the restructuring. The target was greatly exceeded.			
Indicator 11:	People in urban areas provided with access to “Improved Water Sources” under the ULGDP (number).			
Value (quantitative or qualitative)	0		2,500	35,600
Date achieved	7/05/2011	7/11/2011	7/11/2011	12/31/2014
Comments (incl. % achievement)	This indicator was added during the restructuring and is a core indicator for the Bank. The target was greatly exceeded.			
Indicator 12:	New cities meeting access criteria for a potential second ULGDP (number).			
Value (quantitative or qualitative)	0		14	26
Date achieved	7/05/2011	7/11/2011	7/11/2011	12/31/2014
Comments (incl. % achievement)	This indicator was added during the restructuring. The target was greatly exceeded, primarily because the technical assistance provided to the new cities was more effective than expected.			

G. Ratings of Project Performance in ISRs

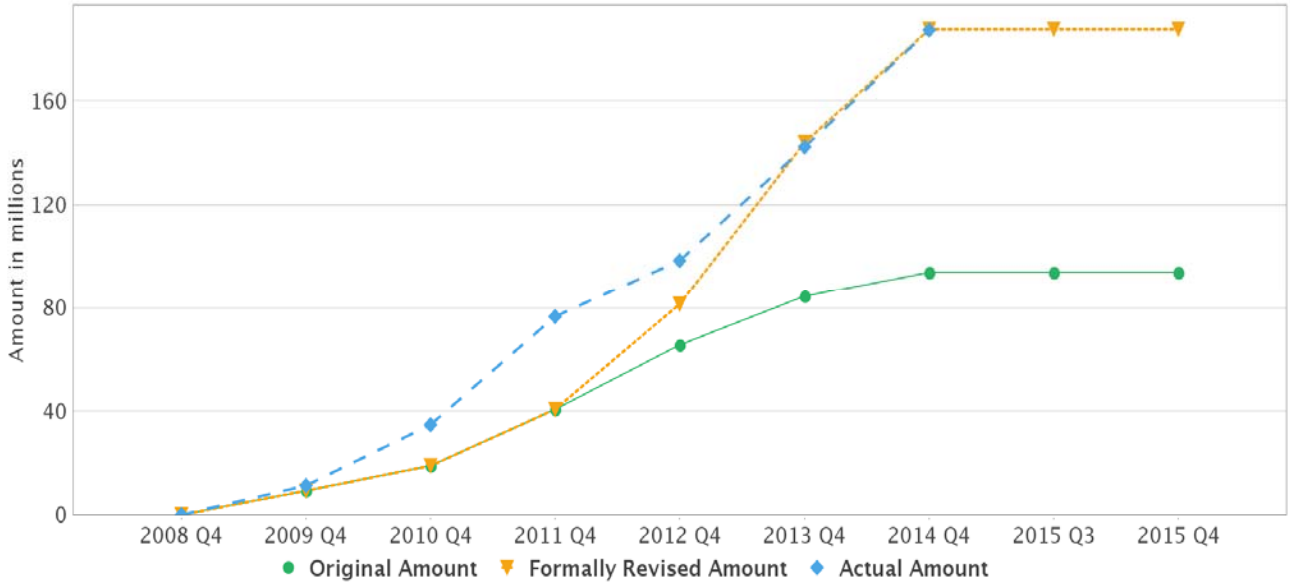
No.	Date ISR Archived	DO	IP	Actual Disbursements (SDR millions)
1	07/21/2008	Satisfactory	Satisfactory	0.0
2	02/25/2009	Satisfactory	Satisfactory	11.15
3	06/24/2009	Satisfactory	Satisfactory	11.15
4	08/14/2009	Satisfactory	Satisfactory	11.15
5	05/29/2010	Satisfactory	Satisfactory	22.85
6	01/04/2011	Satisfactory	Satisfactory	46.83
7	06/28/2011	Satisfactory	Satisfactory	76.61
8	10/18/2011	Satisfactory	Satisfactory	77.25
9	05/01/2012	Satisfactory	Satisfactory	81.92

10	08/17/2012	Satisfactory	Satisfactory	108.99
11	04/24/2013	Satisfactory	Satisfactory	142.15
12	11/05/2013	Satisfactory	Satisfactory	167.55
13	06/18/2014	Satisfactory	Satisfactory	174.40
14	11/21/2014	Satisfactory	Satisfactory	187.30
15	02/06/2015	Satisfactory	Satisfactory	188.44

H. Restructuring (if any)

The project was restructured through an Additional Financing that was approved by the Board on July 5, 2011.

I. Disbursement Profile



Highlights of Implementation Experience

Taking a long-term view to building capacity of urban local governments helps to ensure coherence in the overall approach. The Bank has been helping Ethiopia's urban local governments build capacity to deliver on their mandates since the early 2000s, when urban local governments were first recognized as autonomous administrations. It has provided assistance through a series of projects, each of which has built on the achievements and the lessons learned of the previous initiatives.

Offering performance grants along with support for capacity building is highly effective in bringing about positive institutional change. Providing grants on the basis of performance creates a strong incentive for cities to meet agreed targets. Offering capacity building support gives them the knowledge and tools to do so.

Support for large primate cities should come through a dedicated project, rather than through a project including multiple secondary cities. Large primate cities have distinctly different institutional, infrastructure, and financial needs than the smaller urban local governments the ULGDP was supporting. A project focused on just Addis Ababa would better meet the needs of the city.

Working in close collaboration with other development partners to ensure maximum development impact. The Bank team worked closely with the German Society for International Cooperation (GIZ) in the early years of the project to ensure that the assistance of each complemented the other in building the capacity of cities, with GIZ financing specialists in various aspects of urban administration and the Bank financing capacity building support in areas not covered by GIZ.

Gradually reducing IDA's contribution for the performance grants aimed at the cities that have benefited the longest helps to promote the sustainability of the intergovernmental transfer system as a whole. Under the Second ULGDP, IDA's contribution for the cities that benefited under the first ULGDP drops to 40 percent from 60 percent, while contributions from regions and cities rise to fill the gap. IDA will provide 50–70 percent of the financing for newly participating cities, depending on region, and will reduce its contribution in future programs. Over time, regions and cities are expected to meet the cities financing needs.

1. Project Context, Development Objectives and Design

Country and sector background

1. **Ethiopia is a large and diverse country located in the Horn of Africa**. It is a land-locked country with an area of 1.1 million square kilometers—about the size of France and Spain combined. Ethiopia is a country of many cultures and peoples, with a

total population of 88 million (2014).[1] At a current annual growth rate of 2.6 percent, Ethiopia's population is estimated to reach 130 million by 2025, and is projected by the United Nations to be among the world's top ten most populous nations by 2050.

2. **Ethiopia is rapidly urbanizing**. Ethiopia is one of the least urbanized countries in Africa; in 2014 less than 19 percent of the population (about 17 million people) lived in cities. However, the country's urban areas are among the fastest growing in Africa, with populations rising at about 3.8 percent per year.[2] It is estimated that the proportion of the population living in urban areas will triple by 2037 to more than 42 million.

3. **Ethiopia established a federal system of government when it adopted its 1995 constitution, following two decades of civil conflict**. In addition to the central government, Ethiopia has nine regional states, each of which enjoys considerable autonomy in setting policy and managing its affairs. A second phase of decentralization began in 2001 after the federal government adopted a poverty reduction and development policy. Decentralization was a cornerstone of this policy. Under this policy, city administrations and rural districts *(woredas*) were given some political, administrative, and financial rights and responsibilities. To implement the policy, each of the regional states amended their constitutions starting in 2001 to establish the institutional and legal frameworks for urban local governments. Combined with fiscal decentralization, these reforms gave local governments more direct and transparent control over public spending. The objective was to create and strengthen urban local governments that would ensure public participation and democratization, and enhance infrastructure and service delivery.

4. **Under the decentralized system, Ethiopia has two types of urban governments**. Addis Ababa and Dire Dawa are federal chartered cities with the status of regions (whose city councils report directly to the federal government). Addis Ababa is Ethiopia's capital city and its largest with a population of over 2.7 million (about 23 percent of the country's urban population) and is twelve times larger than Dire Dawa, the second largest city. Under the regional proclamations, urban local governments have a governance model that includes an elected council, an elected mayor, a mayor's committee and city manager system. About 100 cities have been granted this status, although this number increases regularly as more urban local governments are brought under the proclamations. Urban local governments have the authority and mandate to raise revenues, deliver services and be accountable to their own councils (which report to the regional government). In most regions, the bureaus of urban development and construction are responsible for urban management and development issues within the regional government, supported by regional urban planning institutes.

5. **Urban local governments in Ethiopia have been assigned dual responsibilities**. These are the provision of "state services," such as education, health, justice and security, and the provision of "municipal services," such as urban roads,

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[1] Ethiopian Central Statistical Agency.

[2] The Ethiopia Urbanization Review: Making Cities Efficient and Sustainable, undertaken by the World Bank in 2015, shows a higher rate of urbanization of 5.4 percent a year.

drainage, solid waste collection and disposal, and sanitation. State functions are financed through regional block grants to local governments. All municipal functions are expected to be funded from own local revenues for both recurrent and capital expenditures. However, the block grants for state services are often barely sufficient to cover their recurrent costs, and many such services are cross-subsidized through municipal or other revenues.

6. **Global experience shows that countries that advance to middle income status typically undergo significant urbanization and industrialization**. Ethiopia's rapidly urbanizing cities and towns are key drivers of its economic growth. If Ethiopia is to reach middle income status, it needs to exploit the opportunities for generating the agglomeration economies associated with urbanization. Urban areas are estimated to now employ about 15 percent of the labor force and account for over 38 percent of gross domestic product.[3] In addition, urbanization offers new opportunities to improve education, health, and other public services, as more concentrated populations are easier to reach.

Rationale for World Bank involvement

7. **The World Bank has been supporting the Government of Ethiopia with issues of urban development since the early 2000s, when urban local governments were first recognized as autonomous administrations**. Support first came through the Capacity Building for Decentralized Service Delivery (CBDSD) Project, which focused on helping regions and cities to establish the necessary legislative and fiscal frameworks. The project also provided a range of training and technical assistance to help establish cities as viable entities able to fulfill their mandates. CBDSD focused on 18 cities; these were the regional capitals plus three of the largest cities in each of the four major regions, and Dire Dawa and Harar.[4] Specific assistance was also provided to Addis Ababa. The capacity building efforts of CBDSD have enabled the cities to establish the basic functions of successful urban administrations. CBDSD started in 2002 and finished in 2008. In 2004, CBDSD was scaled up under a broader Public Sector Capacity Building Program (PSCAP). Cities, through their regional bureaus of capacity building, prepared capacity building proposals, which were presented to PSCAP for funding. PSCAP ended in 2013.

8. **The Urban Local Government Development Project (ULGDP) started in 2008 to build on and consolidate the Bank's previous support for urban development**. The ULGDP was designed to enable city administrations to learn by doing, the most effective way of mastering new responsibilities. It provided a predictable flow of resources to the 19 cities (including Addis Ababa) tied to performance in participatory

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[3] World Bank. Ethiopian Urbanization Review: Making Cities Efficient and Sustainable, June 2015.

[4] The 19 urban local governments are the chartered cities of Addis Ababa and Dire Dawa; Bahir Dar, Kombolcha, Gondar and Dessie in Amhara Region; Mekelle, Adigrat, Axum and Shire Endeselassie in Tigray Region; Adama, Bishoftu, Jimma and Shashemene in Oromia Region; Awassa, Arbaminch, Wolayta Sodo and Dilla in Southern Nations, Nationalities, and Peoples Region; and Harar in Harari Region. In this document, the words "cities" and "ULGs" are used interchangeably to refer to all 19, unless otherwise specified.

planning, financial management, transparency and accountability, and the delivery and operation of urban infrastructure and services. The Bank's history in working with the Government of Ethiopia to set up the fiscal architecture for decentralized local government also provided a clear rationale for the Bank's involvement in this project. One element of the fiscal architecture was a programmatic, formula-based, performance grant that would support the country's urban local governments' ability to expand and sustain the full range of municipal infrastructure and services. The ULGDP supported establishment of this grant mechanism as a specific purpose grant for urban local governments. In addition, the Bank had been providing support for conditional grant transfers to local government through a number of projects in Africa (including Uganda, Tanzania, and Swaziland) as well as in other regions of the world. It therefore had a comparative advantage in supporting government efforts in this area by bringing in the experiences and lessons learned from different countries.

Contribution to higher-level objectives

9. The project was a central element of the Bank's Country Assistance Strategy (CAS) for Ethiopia for fiscal 2008–11, discussed by the World Bank's Board of Directors on April 29, 2008. The CAS aimed to support the government's Plan for Accelerated and Sustained Development to End Poverty (PASDEP), especially its pillar of accelerating growth, which included urban development as a key element. Specifically, the ULGDP supported (a) improved management of urban centers, including participation of citizens in the investment planning process, and improved downward accountability; and (b) enhanced performance in sustained provision of services and infrastructure, which were essential to improve the local investment climate, generate employment, and contribute to economic growth and poverty alleviation.

Original Project Development Objectives and Key Indicators

10. The Project Development Objective (PDO) was to support improved performance in the planning, delivery and sustained provision of priority municipal services and infrastructure by urban local governments.

11. For the participating cities, the expected outcomes of the project were: (a) effective and responsive planning to meet service delivery priorities identified by citizens (allocative efficiency/participation objective); (b) improved financial management and mobilization of own resources and more effective operations and maintenance of infrastructure assets (sustainability objective); (c) improved dissemination to the public of budgets/plans and performance measures (accountability objective); and (d) effective implementation of capital investment plans (CIP) (service delivery improvement objective).

12. The Project Appraisal Document (PAD) specified eight key performance indicators for the cities. These were:

- Increase in number of citizen's groups participating in the capital investment planning process (number of cities achieving 75 percent increase).
- Alignment of capital investment plans with surveyed infrastructure service delivery priorities of citizens (number of cities achieving 70 percent alignment).
- Achievement of targets under the city revenue enhancement plans (REPs) (number achieving 75 percent of targets).
- Cities producing timely external audits reports (number).
- Cities disseminating information to the public on budgets, including investment plans, expenditures, physical progress of investments, and results of bid evaluations and contract awards (number).
- Infrastructure assets the condition of which has improved (percentage)
- Increase in the city's infrastructure assets (number of cities increasing their assets).
- For a sample of capital investments, those that are of appropriate standards suited to local conditions and needs (percentage).

13. A table in annex 3 of the PAD provided further information on the project's monitoring framework, including intermediate outcome indicators, baseline and target values, and sources of information to track progress with the indicators.

Revised PDO and Key Indicators

14. The project's PDO was not revised. However, during the restructuring approved in July 2011, the results framework was substantially revised and several of the original key performance indicators were dropped because of measurement difficulties, and two were moved to intermediate results. Bank core indicators for urban programs were added. In addition, outcome targets were adjusted upwards to reflect the expected increased impact of the project with respect to both administrative performance of cities and in delivery of infrastructure and services. Specifically, more cities were expected to submit timely audit reports which are unqualified or qualified with minor comments. More cities were also expected to achieve at least 85 percent of revenue targets. Cities were now also expected to demonstrate that they have largely spent the funds they have allocated for operations and maintenance. The revised key performance indicators are presented below:[5]

- Urban local governments that achieve targets specified in ULG REPs (number that achieve 85 percent of targets by end fiscal 2014).
- Urban local governments producing timely external audit reports, which are either unqualified, or qualified with minor comments (number).
- Urban local governments using 75 percent of annual operations and maintenance budgets as specified in their CIPs (number).
- Direct project beneficiaries (number), of which female (percent).
- People in participating urban local governments provided with access to all-season roads within a 500 meter range under the ULGDP (number).

[5] The final two indicators are core indicators for the Bank.

Main Project Beneficiaries

15. The primary target beneficiaries were 2.85 million inhabitants of 19 large cities in Ethiopia, who were expected to directly gain from improved urban services and infrastructure. Staff of the city administrations were expected to gain from opportunities to upgrade skills. Finally, businesses, especially micro and small enterprises, were expected to benefit from an improved investment climate linked to enhanced urban infrastructure and services, and from opportunities to supply services.

Original Project Components

16. The project comprised two components: (1) performance grants, and (2) implementation support. Component 1 supported a grant transfer mechanism—in the form of a conditional specific purpose grant fully integrated within the intergovernmental fiscal framework—to Ethiopia's urban local governments. It supported 19 urban local governments, including Addis Ababa, Dire Dawa and four regional capitals. The 19 cities are home to about 5 million people, or 42 percent of Ethiopia's urban population.[6] Component 2 supported project management and technical support, including a monitoring and evaluation (M&E) system, annual urban local government performance assessments, training, and technical assistance in environment and social management, procurement, financial management, and other areas, with the objective to strengthen capacity of the Ministry of Urban Development and Construction (MUDHCo, formerly known as the Ministry of Works and Urban Development) and of urban local government to effectively execute their responsibilities. About 97 percent (US$145 million) of the International Development Association (IDA) credit was allocated for the performance grants, 2 percent (US$3 million) was given for implementation support, and the remainder (US$2 million) went for contingencies.

Revised Project Components

17. The components were not revised.

Other Significant Project Changes

18. On July 5, 2011, the Bank's Board of Directors approved Additional Financing for the ULGDP in the amount of US$150 million. The project's scope increased, both by scaling up support to the 19 cities currently participating in the project and by assisting 18 additional cities to build basic capacities in the areas of preparation of capital investment plan, asset management, financial management, and revenue enhancement to prepare them to participate in a potential second phase of the project. The overall cost of the project rose to US$416 million, or some US$208 million more than what was originally estimated. With the US$150 million in Additional Financing, the contribution of IDA to the overall project increased to US$300 million. No changes were made in the

[6] Ethiopia 2007 population census.

project's design, financial management, disbursement arrangements, procurement arrangements, funding allocations, or closing date.

19. A new Financing Agreement was put into place to reflect the new Credit. No amendments were made to either of the Financing Agreements.

2. Key Factors Affecting Implementation and Outcomes

Project Preparation, Design, and Quality at Entry

QAG–No QAG at entry.

20. Several factors of project preparation and design positively affected implementation. The decision to provide performance-based conditional grants to city administrations was based on experience in other countries, where they proved a powerful incentive for change while providing city administrations the freedom to find appropriate local solutions to achieve results. The design of the performance grant systems was based on the lesson that minimum access conditions and performance measures need to be clear and easy to measure objectively, and that their number should be as few as possible. The ULGDP thus had only four minimum access conditions and seven performance measures. The design further reflected the lesson that to be credible, the system needs to have clear, transparent, and objective formulas for allocations and reallocations. The allocation formula for the ULGDP was based on population (except for Addis Ababa and Dire Dawa, which received lump sum allocations) and on performance as assessed in an independent annual performance assessment (APA).[7] The design of the ULGDP was also based on a solid understanding of the capacity and needs of the new Ethiopian city administrations that arose from work done under the CBDSD. The ULGDP thus included access criteria that were appropriate for ULGs with relatively low capacity, including submission of a signed participation and performance agreement, submission of a council-approved rolling 3-year capital investment plan developed through a participatory process, indication of own budgetary resources adequate to meet counterpart funding and operations and maintenance requirements, and evidence of adequate staff in the administration to support implementation. The design of the project also benefited from extensive consultations with stakeholders at federal, regional, and city levels to discuss and agree on project principles and key design elements. The decision to include evidence of participation in the preparation and updating of CIPs as a performance measure ensured that cities selected investments that were generally in line with citizen's preferences.

[7] Given the large populations of both Addis Ababa and Dire Dawa compared to the other 17 ULGs, providing funds to all the ULGs based purely on population shares would mean that Addis and Dire Dawa would get the bulk of the funds, with very little left to share between the other 17. In addition, Addis Ababa, as the capital city and commercial center of the country, has greater access to alternative sources of finance than other ULGs.

21. In addition, the design of the project reflected the lesson from experience with the CBDSD and with the German development bank-financed Urban Development Fund that projects involving many small investments at the local government level can be much more effectively implemented by local governments than by a central ministry. Local government staff have much greater knowledge of the local conditions and the local firms than staff of the central ministry. Empowering the city administrations to execute the works also promotes accountability, ownership, and learning-by-doing of the local government. Recognizing that building capacity to handle larger, more complex works projects would take time, the design of the ULGDP included funding for MUDHCo to provide specific support for the design, supervision, and contract management of larger projects.

22. Project design and preparation also benefited from the personal commitment of the state minister of MUDHCo to enhance capacity of cities to deliver infrastructure and services. The state minister was the former mayor of Addis Ababa, and understood the important role cities play in promoting national growth and development.

23. The PAD discussed alternative design elements considered and the reasons for rejecting them. The document specified the risks the project would face and identified adequate mitigation measures.

24. Procurement and financial management arrangements were thoroughly assessed and helped to ensure that resources were used as intended. The project was classified appropriately as environmental assessment category B (partial assessment), because the planned urban infrastructure and services were not expected to result in environmental damage or significant resettlement. All works projects for which sites would be identified during implementation were subject to review under the project's environmental and social management framework (ESMF) and resettlement policy framework (RPF), which specified in detail procedures to be followed during the planning, design, construction, and operation phases of subprojects to identify and to mitigate potential adverse impacts. The ESMF and RPF report prepared for the project was publicly disclosed locally and through the Bank's InfoShop prior to appraisal. The monitoring and evaluation framework was thorough, with PDO outcome and intermediate outcome indicators covering the critical results areas that the project supported, and with baseline and target values. Representatives of the federal, regional, and urban local governments and the Bank worked together to develop the results framework, which ensured that it reflected outcomes that all partners were committed to achieving.

25. By the time of Board presentation the project implementation plan and operational manual had been reviewed and cleared. In addition, institutional analyses of cities' capacity for planning, participation, financial management, and service delivery had been carried out and the government's Urban Good Governance Program had been put into place to address capacity weaknesses. Relevant manuals (particularly with regard to financial management and infrastructure services management) had been developed, and training for cities in these had either started or had been budgeted

and planned. The government had appointed a coordinator for the ULGDP at the federal level, and a full team within the MUDHCo to manage the implementation of the ULGDP. Numerous meetings and workshops had been held with regional and city representatives to discuss and agree on project principles and key design parameters.

26. The PAD specified three effectiveness conditions, two of which were aimed at ensuring that financial management for the project was handled in accordance with Bank policies and procedures. These were: (a) a qualified accountant will be recruited in the Ministry of Finance and Economic Development (MoFED) with qualifications, experience and terms of reference satisfactory to IDA; and (b) MoFED will conduct training on financial management procedures for all staff involved in project financial management, including training on the preparation of interim financial reports to the ULGs' staff. The third condition of effectiveness was that the government adopted the project implementation plan and operational manual in form and substance satisfactory to IDA. The government signed the Financing Agreement on June 13, 2008, but was not able to meet the conditions within the deadline of 90 days, due to delays in MoFED's hiring of the accountant and providing training on financial management procedures. The project was declared effective until November 10, 2008, nearly four months after the Board date, and two and half months after the planned date of effectiveness.

27. The Financing Agreement included a number of covenants intended to ensure that the project met its objectives. These included covenants relating to activities that had to be carried out early in the project, which included: (a) preparation of an implementation capacity assessment of project implementing agencies and preparation of a program of support to build capacity of the agencies; (b) confirmation from participating ULGs that project coordinators had been appointed; (c) submission to the Bank of a work program for each implementing agency for carrying out internal audits of project funds; and (d) confirmation that an independent auditor had been appointed. Additional covenants included activities that had to be carried out each year: (a) appointment of the team to carry out the independent annual performance assessment; and (b) submission to the Bank of the findings of the assessment. The covenants were generally necessary, although not all. For example, type and frequency of project progress reports need not have been included as a covenant.

28. One aspect of the design that negatively affected implementation was the inclusion of Addis Ababa in the project. Addis Ababa has far larger own-source revenues than any of the other cities participating in the project, and the funds available to it under the ULGDP did not provide a sufficient incentive to bring about significant change with the city administration. Moreover, Addis Ababa as a federally chartered city is a different type of local government than the smaller cities participating in the project, with a different institutional structure and much more complex infrastructure needs. Addis Ababa consistently scored relatively poorly in the APAs and did not qualify for additional funding beyond its initial allocation.

29. In summary, the design was appropriate to meet the project's objectives.

Project Implementation

30. Several factors affected implementation. The most important factor negatively affecting implementation was the consistent delays by the MUDHCo in procuring the firm to undertake the APAs. The project design envisioned that the assessment would take place in September/October and that the final assessment report would be submitted to the MUDHCo and the Bank by November 15 of each year. This would enable the government to announce in January/February the allocations to be made to each urban local government for the following financial year, in line with their annual budget preparation calendar. For example, the contract for the first annual performance assessment was signed in mid-May 2010 instead of in August 2009. This delayed the completion of the report until September 2010, and the allocations were not announced until October 2010. This proved a great inconvenience for cities, which were not been able to finalize their CIPs, due to uncertainty regarding their allocations. This is in turn led to delays in preparing and submitting to the World Bank for approval cities' annual procurement plans. As cities cannot procure consultancies, goods, or works without having an approved procurement plan, the delay also led to lower than necessary disbursement of ULGDP funds. The delays persisted throughout the project implementation period, with the second APA report finalized in August 2011, the third in July 2012, and the fourth in August 2013. In 2012, following submission of the third APA, the government and the Bank agreed to lower the threshold for adequate utilization of the CIP budget to 65 percent from 80 percent, enabling 18 cities to receive higher allocations, rather than seven. The same situation occurred in 2013, and the government and the Bank agreed to include the performance measure for utilization of CIP budgets by cities with the other seven performance measures to determine the final scoring of cities as: good, satisfactory, or unsatisfactory. This allowed 14 cities to receive accelerated allocations, instead of eight.

31. A second factor negatively affecting project implementation was the lack of financial resources for the regional government agencies in the project. Although the regional governments were expected to perform critical tasks—including overseeing implementation of the ESMF and the resettlement action plans, and preparing annual audit reports of cities' financial statements and clearing their audit backlogs—the project did not provide any funding to the regional agencies for these tasks. Therefore, although the regional agencies worked hard to support the cities, they did not have the required capacity to provide all the support needed in a timely fashion. For example, even though the regional auditors general gave priority in their work program to auditing cities' financial statements, they nearly always delivered the final audit report after the deadline of January 7. The Bank's task team discussed this issue with the government on a number of occasions during the design and implementation stages of the project. However, MUDHCo did not support the idea of providing dedicated resources to regional government entities on the grounds that regional governments receive considerable funds from the central government in the form of block grants. Moreover, adding performance measures for regional government entities would also have added complexity to an already complex project. However, based on experience under the

ULGDP and in line with the growing capacity of MUDHCo to manage complex projects, the Second ULGDP Program for Results (PforR) Operation includes performance grants for regional auditors general, the regional environmental protection agencies, and the regional revenue authorities.

32. A third factor affecting project implementation was inadequate staffing of the project team in the MUDHCo and high staff turnover in city administrations. Vacancies in key staff positions at the ministry—especially in procurement, M&E and engineering—often took a long time to fill. A lack of staff meant that the MUDHCo could not provide as much support and oversight to cities as was required to ensure that chosen investments were appropriate, quality of work was adequate, and progress was effectively monitored and reported. High turnover of city administration staff resulted in uneven quality of CIPS, REPs, asset management plans (AMPs), and monitoring and evaluation reports. This reduced the value of these documents for urban management. The Second ULGDP takes this lesson into account by requiring ULGs to demonstrate each year that they have the necessary staff to effectively benefit from the resources provided under the Program.

33. A critical factor that positively affected implementation was the support that the German Society for International Cooperation (GIZ) provided to cities during the early years of project implementation under the Urban Governance and Decentralization Program. GIZ financed teams of specialists in various aspects of urban management, including financial management, preparation of CIPs, revenue enhancement plans, and asset management plans, procurement, and monitoring and evaluation. The teams were based in the capital city of each of the four regions participating in the ULGDP, and provided support to each city in the region.

34. Another important factor helping with implementation was the support provided to the government by the Bank's task team. The Bank's task team leader for the ULGDP and many members of the task team were based in Addis Ababa, and were able to provide day-to-day support to the ministry to address challenges as they arose.

35. The restructuring of the project that took place in the context of Additional Financing approved by the Board in July 2011 further supported smooth implementation. The restructuring brought an additional US$208 million (US$150 IDA) to the project, allowing participating cities to take on larger and more complex projects and further improve their performance in participatory planning, financial management, procurement, execution of infrastructure projects, and sustainable delivery of services. It also provided additional resources to the MUDHCo for use in supporting cities. The restructuring also involved updating of the results targets to reflect the scaling up of ongoing interventions in the cities, and substituting some of the original indicators with new ones designed to better track the outcomes of the project.

36. The midterm review, which took place shortly after the Additional Financing was approved, provided a comprehensive assessment of progress towards development objectives and implementation performance. It was enriched by the preliminary findings

of the second annual performance assessment for financial year 2009/10; the ULGDP midterm review background paper prepared by the ministry; and a value for money study, undertaken with support of GIZ, that examined the quality and value for money of investments undertaken under the ULGDP. The midterm review confirmed the overall relevance of the project, its objectives and key performance indicators, design, and overall project management arrangements. It also identified implementation challenges and recommended measures for addressing them.

Monitoring and Evaluation

37. **Design.** The PAD included a results framework with PDO and intermediate results indicators, and with baseline and target values for all indicators. The eight PDO outcome indicators appropriately covered the four key results areas of the project. However, several of the original indicators proved difficult to measure and were dropped as part of the restructuring. These included (a) alignment of CIPs with surveyed infrastructure service delivery priorities of citizens, and (b) percentage of infrastructure assets the condition of which has improved, both of which proved difficult to measure. Others were moved to intermediate results—including (a) increase in the number of citizen's groups participating in the CIP planning process, and (b) number of ULGs disseminating information to the public—because both participation and dissemination are steps towards improved delivery of services and infrastructure and not ends in themselves. Bank core indicators for urban programs were added in their place. To keep the project teams focused on the main results, the number of PDO outcome indicators was reduced to five from eight. Outcome targets were adjusted upwards to reflect the expected increased impact of the project with respect to both administrative performance of cities and in delivery of infrastructure and services. The revised results framework proved much easier for project implementing entities to use in tracking results, while still generating the information required to assess the outcomes of the project. Due to their efficacy, many of the indicators have been retained to monitor progress under the Second Urban Local Development Program.

38. **Implementation.** Implementation of the monitoring and evaluation system proved challenging, especially in the early years of implementation. Although to participate in the project, cities were required to appoint an M&E focal person, the appointed persons often had little idea of what they were supposed to do. In addition, they needed to collect data from many different parts of the city administration—including the departments of public works, the offices of finance and development, and the revenue collection authorities—which sometimes proved to be difficult. Although the Bank offered periodic training on M&E to city staff, high staff turnover meant that training had to be more frequent than it was. Weaknesses in reporting from cities resulted in deficiencies in the quarterly progress reports compiled by the ministry. These often contained inaccurate data and lacked narratives of what was working well and what challenges needed to be addressed. Performance in the area of M&E improved over time, as cities gained experience and started to recognize M&E as a valuable management tool. Further strengthening of M&E is taking place under the Second ULGDP. The Bank team reported on the functioning of the project's M&E

system in each aide memoire, noting improvements and areas requiring further strengthening.

39. **Utilization.** The cities prepared presentations drawing on the monitoring information to use as the basis of discussions during implementation support missions. Specifically, they used the information to identify areas of particular challenge and to specify measures to address them. For example, the Bank team suggested ways to shorten procurement times when it noted that implementation of capital investment plans was lagging. It also proposed hiring of extra engineers at MUDHCo and deploying them to cities to assist with contract management. The Bank team also suggested ways to improve own-source revenue mobilization when it observed challenges in this area, for example advising cities to set targets for revenues on the basis of revenue potential per source, rather than through flat percentage increases from all sources, and to take measures to improve collection efficiency by delegating collection to sub-cities.

Safeguards and Fiduciary Compliance

40. During the early years of implementation, cities struggled to properly apply the project's ESMF and RPF. Although they screened the proposed investment projects at the planning stage, they occasionally made mistakes in categorizing them as schedule 1, 2, or 3.[8] This led to some works, such as the Gondar bus terminal, starting without a comprehensive environmental and social impact assessment (ESIA). Once the city was informed of the error, it undertook the ESIA and submitted it to the government and the Bank as required. To strengthen capacity of cities to comply with the project's safeguards requirements, the ministry and Bank safeguard specialists intensively monitored compliance with safeguards, provide advice and offered training, and recommended that annual safeguards audits be carried out. By the mid-point of the project, cities' compliance with the project's safeguards requirements was generally satisfactory. Regional environmental protection agencies played their role in certifying the cities' screening reports and in reviewing and approving ESIAs, environmental management plans (EMPs), and resettlement action plans. However, cities were less vigilant about ensuring that infrastructure subprojects were constructed and operated in accordance with the recommendations of the EMPs.

41. Cities generally complied with the Bank's fiduciary policies, with their performance improving over time. By the end of the project, all city administrations were using the double entry cash basis accounting system, and were using the computerized IBEX system for the city accounts. However, in most cities, ULGDP resources have not been integrated into the city's accounting system, and are accounted for manually. MoFED, which prepared the interim financial report on the basis of data from the regions and cities, generally delivered them on time, although not always with the consistency required. Financial management was rated moderately satisfactory during most of the project implementation period, including at closing. It

[8] Category 1 projects are those that may have significant impacts, while category 3 projects are those expected to have insignificant impacts.

was rated satisfactory in five Implementation Status Reports, including the first three, and those issued on April 24, 2013 and November 5, 2013. Despite some weaknesses, the financial management system for the project provided the necessary assurance that the Bank proceeds were being used for the intended purposes and that reports produced by the system could be relied upon to monitor the project. Aside from the audit covering the financial year that ended on July 7, 2014, which was qualified, all audits for the project were unqualified or clean.

42. MUDHCo and some cities had difficulty complying with the Bank's procurement procedures, particularly in the early years of implementation, which led to delays in the execution of some activities and some ineligible expenditures. For example, some cities combined local competitive bidding contracts together as if they were a single contract, which, if a single contract, would have an estimated cost above the threshold for local competitive bidding contracts. Moreover, cities did not always use the bidding documents agreed by MUDHCo and the Bank, and instead issued simple invitations for bids to specific firms. Some cities disqualified bidders in the bid opening process for reasons which were not related to qualification criteria. The Bank team intensively monitored compliance with the project's procurement procedures and developed action plans for the ministry and the cities to improve performance. By the end of the project, the ministry's and cities' procurement systems and arrangements were functioning reasonably well. Procurement was rated moderately satisfactory during most of the project implementation period. It was rated satisfactory in only the first three Implementation Status Reports, before much procurement had taken place.

Post-completion Operation and Next Phase

43. A follow-on operation, the Second ULGDP was approved by the Board on May 2, 2014. Its development objective is to assist the government in enhancing the institutional performance of participating urban local governments in developing and sustaining urban infrastructure and services. The new operation provides conditional grants to 26 new ULGs in addition to 18 that participated in the ULGDP (for a total of 44 ULGs) across nine regional governments.[9] The operation also includes support to build the capacity of the participating ULGs.

44. The ULGDP 2 uses the PforR instrument that became available in 2012. The PforR instrument is the optimal instrument for the operation, because its mechanisms are highly complementary to the intention and design of the government's program. It allows the Bank's support to: (a) focus on improving results, in addition to scaling up the government's existing program (the ULGDP) without unnecessary duplication; (b) make use of existing federal, regional, and local government systems (including public financial management, social and environmental systems management, and procurement management), while further strengthening and integrating them; and (c) adopt a direct, incentive-driven approach to achieve the development objectives.

[9] Addis Ababa is not participating in ULGDP 2.

3. Assessment of Outcomes

Overall rating: Highly Satisfactory

Objectives. The overall objectives of the ULGDP were and remain highly relevant. They reflect the importance of strengthening the capacity of the participating cities to effectively deliver services and infrastructure to a growing urban population. As mentioned in Section 1.1, the project's objectives were consistent with the objectives of Ethiopia's PASDEP for 2005/06-2009/10, which were to lay out the directions for accelerated, sustained, and people-centered economic development. The PASDEP included promoting urban development as a key element of the pillar for achieving accelerated growth. It explicitly named as important components for urban development: (a) strengthening municipal governments; (b) investing in essential urban infrastructure; (c) developing urban financing mechanisms; and (d) improving the regulatory and licensing environment for urban land. The ULGDP supported all these components. The project's objectives were supportive of those of the Bank's CAS for fiscal 2008–11, which explicitly names fostering economic growth, improving access to and quality of basic service delivery, and fostering improved governance as strategic objectives. The ULGDP supported the achievement of these three strategic objectives by assisting city administrations improve their governance to deliver urban infrastructure and services that are critical to foster economic growth. The objectives of the project remain highly relevant to Ethiopia's more recent development strategy, the Growth and Transformation Plan (GTP) for 2010/11–2014/15, which emphasized the importance of urban development for the country's economic growth. Most recently, the government has further elaborated the importance of urban governance in its forthcoming Ethiopian Cities Prosperity Initiative: *Building Green, Resilient and Well Governed Cities*, which lays out its medium and long-term strategy for urban development. Collectively, these documents focus on building the institutional capacity of urban local governments to promote livable urban centers and stimulate overall development.

The project was also an integral element of the Country Partnership Strategy (CPS) for 2013–16, discussed by the Board on September 24, 2012. The ULGDP directly supported pillar one of the CPS by financing urban infrastructure and services. The ULGDP also directly contributed to the CPS's objective of supporting good governance by providing resources on the basis of performance in participatory planning, financial management, procurement, execution of infrastructure projects, and sustainable delivery of services.

45. **Design.** The design was and remains highly relevant. The overall design to provide performance-based grants to cities was appropriate to bring about substantial institutional change while empowering cities to find the most effective way to deliver the services and infrastructure for which they are responsible. The design was based on a solid understanding developed under the CBDSD of what types of support cities would need to deliver on their mandates and identification of the sources of support for capacity building, specifically PSCAP and the GIZ-supported Urban Good Governance and Decentralization Program. The design of the ULGDP remained relevant at the time

the Additional Financing package was prepared and did not change with the restructuring. The results framework, however, was revised to include as PDO indicators Bank core indicators, drop indicators that were difficult to measure, shift some indicators to intermediate results to reflect their position in the results chain, and adjust upwards some targets (see section 2.3 for a discussion of the changes in the results framework). As described in paragraph 31, one deficiency in the design was the lack of financial resource for the regional entities, which were expected to support ULGs in a number of areas, such as preparing annual audits and overseeing compliance with the project's safeguards agreements. Although the lack of resources reduced the regional entities' ability to fully support the ULGs—a deficiency that has been corrected in the Second ULGDP, based on the experience of the ULGDP—this did not negatively affect the project's outcome, because GIZ-supported technical assistants were able to assist cities when regional governments could not. In general, due to their relevance, the key elements of the design have been carried over the ULGDP 2, including providing resources to cities on the basis of performance as assessed through APAs, and delivering capacity support through mobile teams of specialists based in the regions.

46. **Implementation.** Implementation arrangements were and remain highly relevant. Implementation took place, to a large extent, through country and regional systems. The cities' project management teams were drawn from the relevant departments of the administration, headed by a coordinator that reported to the mayor. The regional administrations similarly put together teams comprised of relevant staff. The mobile teams supported under the Urban Good Governance and Decentralization Program guided cities in preparation of their CIPs, REPs, AMPs, and in financial management, social accountability, infrastructure management, and other areas critical for effective urban management. The mobile teams helped to ensure that implementation stayed on track, and helped build the capacity of city staff through on-the-job training. The project's M&E arrangements were relevant, with monitoring reports highlighting achievements and noting implementation obstacles. Presentations based on these reports formed the basis of discussions between the Bank, MUDHCo, regions and cities. The APAs were critical in verifying information provided by the cities, highlighting strengths and weaknesses in performance by city, and promoting a sense of competition among cities, which spurred all to continually improve performance.

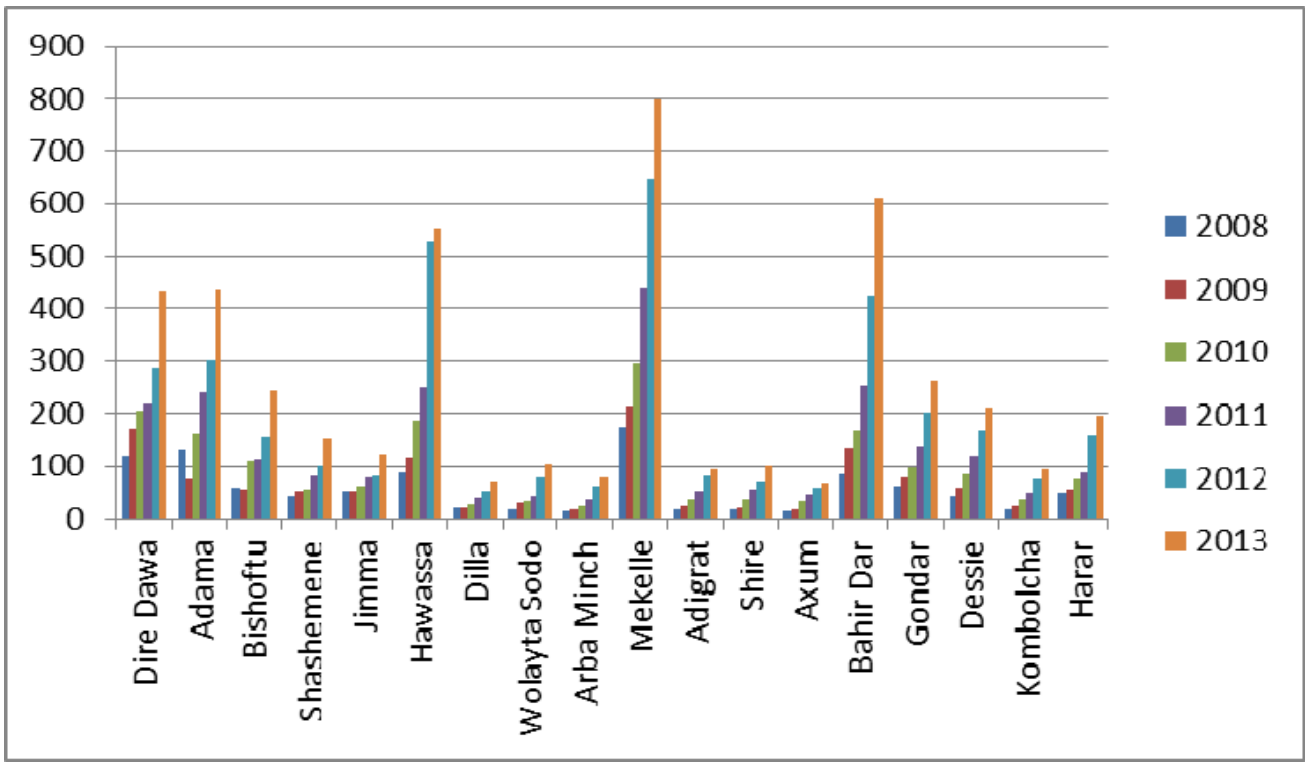
Achievement of Project Development Objectives

Rating: Satisfactory

47. The ULGDP largely achieved its objectives to support improved performance in the planning, delivery and sustained provision of priority municipal services and infrastructure by urban local governments. Through strengthening of capacity, 19 of Ethiopia's urban local governments are now much more capable of delivering infrastructure and services than they were prior to the start of the project. All but one of the PDO outcome targets were achieved. Specifically:

- **Ten ULGs achieved 85 percent of annual targets specified in ULG revenue enhancement plans**. All cities increased their revenues substantially over the project period, with own-source revenues for the participating cities in aggregate rising by 135 percent between fiscal 2008/09 and fiscal 2012/13. However, regions then provided higher, more ambitious targets to cities, which were based on simple projections of past achievements rather than on analysis of actual potential. Setting ambitious targets at the central and regional levels is common in Ethiopia, which still relies on principles of central planning. Thus, the number of cities achieving their revenue targets varied from year to year. A high of 13 cities met 85 percent of their revenue targets in fiscal 2012/13.

Table 1: Revenue generation performance of ULGs participating in the ULGDP (except Addis), 2011–2014



Source: MUDHCo, based on data provided by ULGs.

- **All 19 cities have produced an external audit report for Fiscal 2012/13**. **All are qualified with minor comments**. This contrasts with the situation in previous years, when a number of cities received adverse or disclaimer audit reports. The number achieving this is above the target of 18 for 2012/13. In addition, all 19 cities cleared their audit backlogs during the course of project implementation. This is a major achievement, as at the start of the program, all cities had audit backlogs of 5–7 years. Mekelle, Adama, and Bahir Dar have received clean audit reports for fiscal 2013/14, the first cities to have done so since the program started.

- **Some 17 ULGs used 75 percent of their annual operations and maintenance budgets as specified in their CIPs in 2014**. This is above the target of 16 ULGs for 2014.

- **Over 2.85 million residents (50 percent female) have benefited directly from the improved infrastructure and services delivered under the project**. They are enjoying upgraded roads and drainage systems, access to improved water sources and better sanitation facilities, new markets, and solid waste collection and disposal services.[10]

- **An estimated 1.5 million residents in participating ULGs are enjoying access to an all-season road within a 500 meter range, due to the ULGDP**. Some 50 percent of the ULGDP funds were used to construct urban roads, primarily cobblestone roads. These are durable and beautify the cities in which they are constructed.

48. Most of the intermediate outcome targets were achieved. Targets for roads and drainage systems were overestimated in the Project Paper for the ULGDP Additional Finance, while those for community water points were underestimated. The figures in the Project Paper were indicative, since at the time the document was prepared, cities had not presented their full investment plans. The intermediate results are as follows:

Intermediate result 1: Enhanced participatory planning processes

- **All 19 ULGs submitted approved CIPs with evidence of adequate participation each year from fiscal 2010/11 to fiscal 2013/14**. These reports present the cities' plans for its capital investments each year, and execution of the CIPs is a key measure in the APA. They are evidence that cities are effectively and responsively engaging citizens in planning to meet service delivery priorities.

- **All 19 ULGs increased the number of citizens groups participating in the CIP planning process by 85 percent over baseline by fiscal 2012/13**. However, two cities did not update their CIPs for 2013/14, according to the progress report submitted by the government in August 2014, because in the final year of the ULGDP they were focusing on completing ongoing sub-projects, rather than identifying new ones.

Intermediate result 2: Improved transparency

- **All 19 ULGs disseminated information to the public on budgets (including investment plans), expenditures, physical progress of investments, and results of bid evaluations and contract awards) during fiscal 2010/11 to**

[10] This figure is based on the assumption that all residents of the cities are benefiting from the improved infrastructure and services. Census data show that about 50 percent of residents in cities are female.

2013/14. Performance in this area is critical to ensuring that cities are transparent and accountable.

Intermediate result 3: Improved budgeting and financial management

- **All 19 ULGs prepared 3-year rolling budgets during fiscal 2010/11 to 2013/14.** Although cities were not able to prepare their final budgets prior to the start of the fiscal year due to uncertainties regarding their allocations from IDA, all did so as soon as they learned their allocations.

- **All 19 ULGs prepared their annual financial reports on time and as per required format during fiscal 2010/11 to 2013/14**. The cities submitted these to their regional auditors general as soon as they were ready.

- **All 19 ULGs prepared and adopted a revenue enhancement plan each year during fiscal 2010/11 to 2013/14**. The REPs were meant to help cities increase their revenues from various sources to enable them to meet their services delivery mandates. The quality of the REPs, although improving during the project implementation period, still needs to be enhanced, based on detailed analysis of the potential from each source of revenue.

Intermediate result 4: Improved urban infrastructure and service delivery

- **All 19 ULGs submitted infrastructure asset inventories updated annually indicating additional assets and condition of existing assets.** Support from GIZ was especially important in assisting cities prepare their initial AMPs, by developing a template, providing training on how to use it, and reviewing and commenting on cities' draft AMPs.

- **Some 870 kilometers of non-rural roads were constructed under the ULGDP**. This is slightly less than the target presented in the results framework for the ULGDP Additional Financing Project Paper of 1,000 kilometers. However, the Project Paper noted that the estimates for FY2012–14 were provisional, and would be updated as cities' priorities became clear.

- **Some 647 kilometers of drainage systems were constructed under the ULGDP**. This is less than the provisional target presented in the results framework for the ULGDP Project Paper of 900 kilometers, but still a great achievement.

- **Some 131 improved community water points were constructed or rehabilitated under the ULGDP**. This is far greater than the provisional estimate of 10 community water points presented in the Project Paper. The original estimate was low because the Bank-financed Urban Water and Sanitation Project was financing most water systems in cities. However, this project did not have sufficient resources to meet the demand, and cities decided

to use resources available under the ULGDP to finance community water points in poor neighbors.

- **About 35,600 people in urban areas were provided with access to "Improved Water Sources" under the ULGDP**. This compares to the estimate in the Project Paper of 2,500. Each community water point serves about 250 people, so the much higher number of people benefiting from improved water services is due to the higher number of connections.

Intermediate result 5: New cities ready to participate in a potential second ULGDP

- **Some 26 new cities met the access criteria for participating in the Second ULGDP**. This is well ahead of the target of 14 new cities. The mobile technical assistance teams supported under component 2 of the project were instrumental in building the capacity of the new cities to meet the access criteria.

Project Efficiency

Rating: Satisfactory

49. Efficiency and cost effectiveness of the roads investments—which absorbed some 50 percent of ULGDP funds—were satisfactory.

50. Although the Project Paper did not provide estimates of economic or financial rates of return of investments—ULGDP was a framework project, and the specific investments were not known at the time of project preparation—with and without project scenarios have been calculated for cobblestone roads constructed in nine of the cities participating in the ULGDP, home to a total of 1.5 million people.[11] The calculations are based on the following:

- **Capital and maintenance costs**. A total of US$79.6 million was spent to construct 3.7 million square meters of cobblestone roads in these nine towns, for a unit cost of about US$22 per square meter. The average unit cost for maintenance over the project life is estimated to be US$14.69 per square meter (based on Ethiopia's road fund allocation for gravel road maintenance).

- **Benefits**. The main benefits were (a) reductions in the cost of motorized transportation (for example, bus fares, haulage fees), (b) value of time saved in travel from point A to point B due to faster transit speeds, and (c) reduced vehicle operating costs for private vehicles due to improvements in the quality of the road.

- **Discount rate**. A discount rate of 10.23 percent has been used, which is the rate that MoFED uses as a proxy for the opportunity cost of capital in Ethiopia.

[11] These were Axum, Bahirdar, Bishoftu, Dilla, Diredawa, Hawassa, Mekelle, Shashemene, and Sodo.

This is consistent with the 10–12 percent notional figure used for evaluating Bank financed projects.

51. The main assumptions of the analysis are: (a) the capital costs are incurred between 2009 and 2014; (b) the lifetime of the roads is 20 years with zero residual value at the end; (c) maintenance takes place every year on 10 percent of the length of the road; (d) the total maintenance costs remain constant in real terms over the life of the roads; (e) the number of vehicles using the roads grows by 7 percent a year for the next 20 years, due both to increasing populations and to rising incomes; (f) the cost of a trip by motorized transport is 10 percent lower with the project than without it; (g) travel time per person is an average of 15 minutes less per day with the project than without it; and (g) vehicle operating costs for private vehicles are 15 percent lower with the project than without it.

52. The table below presents the current estimates of net present value and internal rate of return for the cobblestone roads projects.

Table 2: Cost benefit analysis for the cobblestone roads projects

Cobblestone roads	Net present value (US$)	31.1 million
	Economic rate of return	20 percent

53. The cobblestone roads projects generated nonquantified economic benefits, including benefits to pedestrians of walking on cobblestone roads instead of dirt and mud pathways. Some 65 percent of trips are estimated to be on foot in the cities participating in the ULGDP. Substantial benefits also accrue to users of nonmotorized vehicles, such as horse drawn carts, human-pulled vehicles, and bicycles. Nonmotorized vehicles are responsible for many of the goods that are moved short distances within Ethiopian cities.

54. Other nonquantified benefits include increases in the values of properties that became more accessible, and reduced costs of repairing roads, structures, and property arising from the improved drainage systems that were built along the side of the roads. The total nonquantified benefits are likely to be significant. The cobblestone roads were constructed primarily in the city centers, and have transformed once hard to reach neighborhoods into lively business districts.

Cost effectiveness

55. Cost effectiveness of the investments in cobblestone roads was satisfactory. The unit costs of the cobblestone roads is considerably lower than of similar sized asphalt roads, and create similar benefits with lower maintenance costs, according to a value for money study undertaken by GIZ.

Table 3: Cost of cobblestone roads compared with asphalt roads, selected cities

City	Cobblestone Road Cost (ETB per square meter)	Asphalt Cost (ETB per square meter)
Adama	400–500	1,430
Hawassa	320	1,090
Mekelle	300	1,000
Axum	320	1,300

Source: ARPEDS CONSULT. 2011. "Assessment of the quality and value for money of investments undertaken under ULGDP."

56. Although cost-effectiveness analyses have not been undertaken for investments other than the cobblestone roads, due to a lack of data, the procedures implemented by the cities under the ULGDP are likely to have resulted in adequate value for money of investments. Thus, priority investments were identified through extensive consultations with diverse stakeholders. Procurement was through national competitive bidding procedures to ensure value for money in procurement. Transparency and accountability were assured through the posting on public notice boards of city budgets, projects, expenditures, audited accounts. Moreover, governments at all levels maintain complaints handling mechanisms to allow for citizens to bring suspected cases of fraud and corruption to the attention of the authorities. Collectively, these procedures provide reasonable assurance that investments in cities are providing value for money.

Justification of Overall Outcome Rating

Rating: Satisfactory

57. Achievement of the objectives of the ULGDP is rated satisfactory. The project's objectives, design, and implementation arrangements were and remain highly relevant. The project achieved its intended outcomes. Except for Addis Ababa, the performance of all of the ULGDP cities in planning, delivery, and sustained provision of urban infrastructure and services significantly improved. An estimated 2.85 million urban residents, 50 percent female, are benefiting from improved roads and drainage, new bridges, street lights, solid waste services, markets, and other urban infrastructure services. People are also benefiting from more responsive, transparent, accountable, and effective urban administrations. Some 19 cities have cleared their audit backlogs. This is a major achievement, as at the start of the program, all cities had audit backlogs of 5–7 years. All 19 cities in fiscal 2013 received audit reports that were qualified with minor comments. This contrasts with the situation in previous years, when a number of cities received adverse or disclaimer audit reports. Mekelle has received a clean audit report for fiscal 2014, the first city to have done so since the program started.

58. Efficiency and cost effectiveness of investments in the cobblestone roads were satisfactory. The roads projects in nine cities supported under the ULGDP generated a net present value of US$31.1 million and an economic rate of return of 20 percent. Benefits in the other ULGDP cities are likely to be similar. Unit costs of the cobblestone roads were much lower than those of asphalt roads in Ethiopia, but generate the same

types of benefits. High relevance and satisfactory achievement of objectives justifies an overall outcome rating of satisfactory for the operation.

Overarching Themes, Other Outcomes and Impacts

Poverty Impacts, Gender Aspects, and Social Development

59. The ULGDP did not have a specific poverty, gender, or social development focus. However, the project generated over 300,000 permanent and temporary jobs in micro and small enterprises, most for people who had been previously unemployed. Most of the jobs were related to the construction of cobblestone roads, a labor-intensive activity involving chiseling, preparation of road beds, and paving. Many of the micro and small enterprises formed to work on the cobblestone roads put aside a portion of their income to invest in alternative businesses to prepare for the time when demand for cobblestone road workers diminished. By the time of the ULGDP's closing, many former cobblestone workers had opened restaurants or established other enterprises, according to city officials. Nearly, all the resources used for the cobblestone roads remained in the community, as the labor and most of materials came from the local community and the surrounding areas. The urban infrastructure itself is disproportionately benefiting the poor, who now have access to jobs and services at lower cost and time than previously. The effort cities have made to involve citizens in prioritizing investments and in disseminating information to the public are expected to lead to greater transparency and accountability of the city administrations to citizens, and to promote social development more broadly.

60. The project also provided important benefits for women. About one-third of the jobs generated in cobblestone construction were taken by women, many of whom had not been previously employed. Women interviewed during the implementation of the project mentioned the income earned as being critically important to allow them to pay school fees, meet medical expenses, and the like. Women also played important roles in the participatory planning process. In 2011, in seven cities, women made up more than 50 percent of the participants in the community forums.[12] In 2012, in 12 cities women comprised more than 50 percent of the participants and in five, women made up more than 75 percent of participants.

Institutional Change/Strengthening

61. The project helped to bring about key institutional reforms intended to increase the capacity of the participating ULGs to effectively and efficiently deliver services. Specifically, it supported improvements in the areas of participatory planning, financial management, revenue mobilization, operations and maintenance, transparency and accountability, contract management and delivery of services. These far-reaching reforms are already resulting in improved services for residents and businesses of the participating cities.

[12] This information is from the APAs prepared in 2011 and 2012.

Other Unintended Outcomes and Impacts (positive and negative):

62. The project did not result in any significant unintended consequences.

4. Assessment of Risk to Development Outcome

Rating: Negligible to low.

63. The risk to development outcome is rated low or negligible. The participating ULGs have demonstrated their commitment to deliver on their mandates by consistently improving their performance throughout the project's life. Top officials of MUDHCo have also declared their support for cities' development through the use of performance grants, coupled with targeted capacity building support. The Second ULGDP provides grants to participating ULGs on the basis of their performance through the PforR instrument. This new project also contains significant support for capacity building.

64. The benefits of the capacity building support of the project are likely to be sustained, since the project supported strengthening of the existing government structure. Despite some staff turnover, most of the staff trained and mentored under the project in participatory planning, financial management, asset management, revenue mobilization, environmental and social safeguards, and monitoring and evaluation remain in the city administrations. The Second ULGDP will continue to support capacity building for the cities, based on their demands.

65. Sustainability of the infrastructure and services financed under the ULGDP is likely. A performance measure in the Second ULGDP is that cities derive their operations and maintenance budgets from their AMPs and that they utilize at least 80 percent of their planned operations and maintenance budget by the end of the financial year. This provides a strong incentive for them to carry out their required operations and maintenance.

66. Sustainability of cities' infrastructure and services will also depend on their ability to mobilize increasing amounts of municipal revenue. The Second ULGDP includes a performance measure in this area, which will reward cities for preparing up-dated REP that include: (a) city analysis of the previous year's revenue performance with detailed analyses of each main source of revenue, including discussion of its revenue potential, and (b) city strategies for revenue enhancement. Cities will also receive points in the annual performance assessment for increasing their municipal revenues over the previous year, with the number of points depending on the percentage increase achieved. This performance measure related to revenue mobilization is expected to provide a strong incentive for cities to increase their revenues at a rate that allows them to cover their costs for operations and maintenance and to finance capital investments.

67. The only concern is that at the time of the project's closing, a number of investments financed under the ULGDP were not complete or were not yet operational. These include the traffic control center in Mekelle, the cultural center in Hawassa,

markets in Bahir Dar and Arba Minch, abattoirs in Hawassa and Jimma, the botanical garden in Addis, and others. Some completed projects are not operating at full capacity (the market in Bishoftu) and some are not operating at all (the market in Bahir Dar). MUDHCo has prepared an emergency implementation plan aimed at making all facilities fully operational as soon as possible. MUDHCo also requested from cities information on how much additional funds are needed, the sources of funds, the timetable for putting facilities into operation, and the business plans for facilities. Funding to complete the facilities and to put them into operation is available under the Second ULGDP. The Bank will follow up with the cities to ensure that the investments are made operational and deliver their intended benefits. In general, the Bank's continuing engagement with the cities under the Second ULGDP will help ensure that they continue to strengthen their capacity to effectively deliver urban infrastructure and services.

5. Assessment of Bank and Borrower Performance

Bank Performance

Quality at Entry

Rating: Satisfactory.

68. The Bank's overall performance in ensuring quality at entry was satisfactory. The Bank's performance in identification was satisfactory. The Bank had built a strong relationship with MUDHCo and with the 19 cities participating in the CBDSD during the life of that project. Recognizing the importance of providing long-term support for cities, the Bank agreed to prepare a follow-on project to the CBDSD, but with a different design that would promote learning-by-doing through the use of performance grants. In addition to lessons learned under the CBDSD, the project's design reflected experience with the German development bank-financed Urban Development Fund, and with experiences in other countries with performance grant systems.

69. The Bank's performance in preparation and appraisal was satisfactory. The project's implementation plan and operational manual had been reviewed and cleared. Procedures for management of environmental and social safeguards had been agreed. Assessments of cities' capacity for handling procurement and financial management in accordance with Bank requirements had been carried out, and programs for strengthening capacity out into place. A comprehensive results framework had been prepared, with indicators covering all results areas and baseline and target values. Arrangements for monitoring and reporting had been agreed. Appraisal of implementation arrangements was satisfactory with agreements reached on the roles and responsibilities of MUDHCo, MoFED, regional entities, and ULGs.

Quality of Supervision

Rating: Satisfactory.

70. Bank performance in supervision was satisfactory. Supervision was thorough throughout the implementation of the ULGDP. Although the project has had two task team leaders—one from identification until mid-2011, and the other from mid-2011 until the project closed—the transition was seamless, because the second team leader had served as a co-team leader from the beginning. Both team leaders were based in Addis Ababa, which enabled them to provide day-to-day support to MUDHCo and the cities.

71. The Bank fielded some 12 implementation support missions during the project's six years of implementation. Missions took place two times a year. Missions lasted about two weeks each and typically comprised eight or more members, including foreign and local consultants with expertise in urban development, environmental and social safeguards, monitoring and evaluation, procurement, and financial management. As most of the team members were based in Addis or in the region, the Bank was able to provide constant support on project issues.

72. Aide memoires were of high quality, thoroughly covering all key issues and providing practical recommendations on how to address challenges. They routinely reported on performance of cities in each results area, progress towards the PDO outcome targets, and performance of financial management, procurement, and compliance with safeguards. Once issued, the aide memoires also summarized the findings of the annual performance assessments and reported on allocations to be made to cities for the following financial year.

73. The Bank team responded proactively to challenges as soon as they arose and tried to find effective solutions to them. For example, when cities expressed confusion about how to ensure value for money in contracting small firms to construct cobblestone roads, the Bank team worked closely with the government to develop the cobblestone works procurement manual. When concerns arose on the environmental management of quarry sites, the Bank team assisted the government in preparing the quarry site rehabilitation and management manual.

74. The Bank team consistently rated project performance indicators realistically. It carefully reviewed both progress towards development and implementation performance during each mission, and generally provided a justification for the ratings in the aide memoires. The Bank team also played a key role in ensuring that GIZ's support for capacity building of urban administrations was well-aligned with ULGDP's objectives, by meeting with GIZ regularly, including the teams in cities and at headquarters in Addis Ababa.

75. Noting the strong performance of the project, the Bank team agreed with the government on a doubling of project resources through the Additional Financing that was approved in July 2011. Preparation of the Additional Financing package was

exceptionally quick, requiring only six months from concept review stage to Board approval. The project won a Vice Presidential Unit award in 2011, recognizing the achievements of the Bank team.

Justification of Rating for Overall Bank Performance

Rating: Satisfactory.

76. The Bank's overall performance was satisfactory. In lending, the Bank worked closely with the implementing entities to design and prepare a project that built on the results achieved under the CBDSD, and drew on international experience with the use of performance grants in bringing about institutional change. Quality at entry was satisfactory.

77. In implementation support, the Bank played a critical role in helping cities overcome capacity constraints and proceed with implementation. Support was especially important in the areas of environmental and social safeguards and procurement. Both were new areas for cities, and complying with World Bank requirements proved challenging for many. The Bank worked in close collaboration with GIZ throughout implementation, which helped to ensure high complementarity between the ULGDP and the GIZ-funded Urban Governance and Decentralization Program. The Bank team responded to the government's request for Additional Financing, and quickly prepared the new Credit. This provided an opportunity to restructure the project, based on early implementation experience. The project closed on time and all funds were utilized. Implementation support missions regularly reviewed compliance with fiduciary, environmental, and social safeguards. The Bank responded proactively and effectively to find solutions to challenges. A rating of satisfactory for ensuring quality at entry and a rating of satisfactory for supervision justify an overall rating of satisfactory for Bank performance.

5.2 Borrower Performance

Government Performance

Rating: Satisfactory

78. The government's performance in implementation was satisfactory. Although with a delay, MoFED complied with the two effectiveness conditions that were related to financial management, appointing a qualified accountant to handle financial management issues for ULGDP, and providing training on Bank financial management procedures to all staff involved in project financial management. MoFED played an important role by ensuring that allocations to cities were made on time and in accordance with the agreements between the Bank and MUDHCo based on the findings of the APA. MoFED also performed effectively in preparing the quarterly financial management reports, based on cities' inputs, and submitting them to the Bank.

Implementing Agency or Agencies Performance

Rating: Satisfactory

79. The performance of MUDHCo was satisfactory. MUDHCo quickly adopted the project implementation plan and operational manual, meeting its condition of effectiveness. It led preparation of a capacity assessment of project implementing agencies and the program of support to build capacity of the agencies, thereby meeting the covenant related to these activities. It appointed a strong team in its Urban Governance Capacity Building Bureau to oversee project implementation, which included a coordinator, engineers, and specialists in environmental and social safeguards and in monitoring and evaluation. It provided day-to-day support to cities, compiled the quarterly progress reports based on the information provided by regional administrations, and provided training and technical assistance on the demand of cities. It also procured goods on behalf of cities—such as skip loaders and liquid waste exhausters—whose costs exceeded the procurement threshold set for cities. MUDHCo also procured the services of the firms to carry out the APAs. Throughout the project implementation period, the minister and the state minister demonstrated a high level of commitment to the project, hosting all the mission's wrap-up meetings and following up on the issues identified in the aide memoirs. This commitment was critical in keeping the project moving towards its objectives.

80. Although MUDHCo performed satisfactorily in other areas, it performance in procurement was a notable weakness. Delays in procuring the services of the APA firm slowed disbursements of funds to cities which in turn undermined the ability of the cities to execute their CIPs as planned. Under the Second ULGDP, MUDHCo itself will receive funds on the basis of its performance in specified areas, including that APAs are procured and completed on time. This change in program design is expected to provide a strong incentive to MUDHCo to improve performance.

81. The performance of regional government was marginally satisfactory. The regional bureaus of works and urban development were expected to (a) coordinate implementation within their respective regions, (b) ensure compliance of ULGs with the project implementation plan, operational manual, and safeguards frameworks, (c) provide technical assistance, (iv) facilitate ULGs' access to capacity building assistance, (d) recommend reallocations of performance grants, and (e) review and consolidate ULGs' annual action plans and all reports for submission to the MUDHCo. However, the ULGDP did not provide them with any resources with which to fulfill these responsibilities. The regional bureaus of works ultimately played a limited role in supervising and guiding cities, which involved primarily compiling the ULGs annual action plans and the quarterly project progress. Other regional entities provided support for the ULGs. These included (a) the regional environmental protection agencies which played the key role in ensuring cities' compliance with the project's environment and social safeguards frameworks, and (b) the offices of the regional auditor general, which performed most of the audits of cities financial accounts. The regional bureaus of finance and economic development played a key role in disbursing regional contributions to the cities and in preparing and submitting consolidated regional

quarterly and annual interim financial reports. However, some regions did not always provide their full budgeted allocations to cities. Moreover, they did not provide adequate support to the cities in preparation of the interim financial reports, resulting in inconsistencies between the data presented in the cities' reports and the regional bureaus' reports. Under the Second ULGDP, several regional government entities will receive funds on the basis of their performance in key areas. Thus, the regional environmental protection agencies will receive funds if they carry out the safeguards reviews/audits of ULGs in their jurisdictions before the start of the annual performance assessment each year. The offices of the regional auditor general will obtain funds if they carry out audits of ULGs' financial reports by January 7 of each financial year. Regional revenue authorities will be eligible for funds if they support ULGs' efforts to generate revenue. These changes in the program design are expected to both provide the regional entities with the resources they need to support cities and to offer the incentives to do so.

82. The performance of the ULGs was satisfactory. All 19 appointed a project coordination team, headed by a coordinator. All but Addis Ababa worked hard to achieve their targets as laid out in the Project Paper and further elaborated in the checklist developed for the APA. As shown through the achievement of the results indicators, all cities made significant improvements in their participatory planning, revenue mobilization, asset management, budgeting, financial management, investment planning, procurement, project execution, environment and social management, operations and maintenance, and transparency and accountability during the project's life. Cities invested in infrastructure and services—roads and drainage systems, street lights, walkways, water supply, solid waste management services, markets, and public parks and greenery, transforming them into desirable places to live, work, and visit. Although Addis Ababa city administration did not perform as well as the other cities with respect to institutional strengthening, by the end of the project it had invested in important infrastructure, including cobblestone roads in residential neighborhoods, solid waste transfer platforms, and a botanical garden and open-air theater, which will contribute to the livability of the city for years to come.

Justification of Rating for Overall Recipient Performance

Rating*:* Satisfactory

83. The overall performance of the recipient was satisfactory. MoFED carried out its responsibilities effectively. MUDHCo generally supplied the support that cities required in the areas of engineering, safeguards, financial management, and monitoring and evaluation, and others. Despite slow procurement, overall the ministry performed satisfactorily. Although performance of the regional governments fell below expectations, key regional entities provided the necessary support to cities, specifically the regional environmental protection agencies and the offices of the auditor general. Nearly all the cities performed above expectations, with many achieving scores in the APAs that warranted accelerated provision of funds. This ultimately led to rapid disbursement of the project funds and preparation of an additional credit, doubling resources available to cities.

6. Lessons Learned (both project-specific and of wide general application)

- **Support for large primate cities should come through a dedicated project, rather than through a project including multiple secondary cities.** Funds available to Addis Ababa under the ULGDP—US$20 million over the project life—were too little to encourage Addis Ababa to change its institutional behavior. Under the ULGDP, Addis Ababa received only about US$2 per capita per year—and a tiny fraction of its overall revenues—while the other cities (excluding Dire Dawa) received an average of about US$21 per capita per year. The Addis Ababa city government therefore had little incentive to assign staff to coordinate the project. In addition, staff who were eventually assigned worked under the direction of the city's bureau of finance and development, rather than under the mayor or city manager. This limited their effectiveness in coordinating the activities of the various agencies involved. Moreover, various authorities, such as the water and sanitation authority and the roads authority, are responsible for much of the city's infrastructure. This makes coordination much more challenging than in smaller cities that can themselves take responsibility for these types of infrastructure. As a result, Addis Ababa's score in the annual performance assessment was satisfactory only twice since the inception of the project, each time with relatively low scores. As the institutional, infrastructure, and financial needs of Addis Ababa are distinctly different from other smaller ULGs, the program design was not appropriate for Addis Ababa. Reflecting this lesson, Addis Ababa is not included in the Second ULGDP. A project focused on just Addis Ababa would better meet the needs of the city.

- **Including regional governmental entities and MUDHCo within the performance grant system can encourage them to provide the support ULGs require.** The ULGDP did not provide funds or incentives to regional entities. As a result, the regional government did not support cities as expected. Without additional funds, the regional entities simply did not have the capacity to audit cities financial reports on time or to support cities efforts to increase municipal revenues. Learning from experience, the Second ULGDP provides performance grants to key regional entities to encourage them to take active part in the capacity building support, facilitation of cities' own-source revenue, social and environmental safeguards, audits, and backstopping support as well as mentoring and monitoring. While MUDHCo did receive funds under the ULGDP, the allocation was not linked to performance. Providing funds on the basis of performance may focus the ministry's attention on ways to improve its performance, particularly in the area of procurement. Reflecting this lesson, the Second ULGDP includes MUDHCo in the performance grant system to encourage it to procure and complete the APAs, independent procurement audits, and value for money audits on time.

- **Municipal own-source revenue generation requires focused attention to ensure that cities can continue to invest in and maintain infrastructure and**

services. Although all cities prepared revenue enhancement plans, most did not do so based on a thorough analysis of the potential of various revenue sources, and instead simply projected the revenue based on the figures achieved in the previous year. Moreover, regional administrations often provided cities with targets for revenues based on unrealistic assumptions of how quickly cities could generate revenues. Recognizing that cities need focused assistance to develop and implement revenue enhancement plans, the Second ULGDP includes a minimum condition and a performance measure in the APA linked to municipal revenue generation. It is expected that many cities will seek assistance from the advice of consultants in how to prepare revenue enhancement plans based on revenue potential and the assistance of the regional revenue authorities on issues of revenue collection and administration. As the Second ULGDP also includes a performance grant to the regional revenue authorities, it is expected that they will support cities in this area.

- **Continuous capacity building support is critical to enable cities to constantly improve their abilities.** Such support is best provided by a variety of approaches. GIZ's experience showed that having dedicated teams of specialists based in the regions is highly effective in responding quickly to cities' needs. Experience under the ULGDP demonstrated that offering degree courses in urban management through the Ethiopian Civil Service University can create a cadre of professionals who are able to contribute to urban management. Short courses in a variety of areas can help staff strengthen specific skills. Under the Second ULGDP, all these approaches to capacity building are being used.

- **Information from the APAs should be used to adjust the project design to achieve its intended results.** The APAs provide important information about whether the assumptions underpinning the project design were valid or need to be revised. For example, the project design assumed that the APAs would be completed in November each year, in time to feed into cities' budget preparation processes. However, challenges in procurement and contract management resulted in the APAs never being finalized until August or September and cities' allocations announced until well after the financial year had begun. This is in turn led to delays in cities' seeking approval for their annual procurement plans, and thus in the execution of activities for the financial year. The Bank and the government agreed in 2012 to reduce the threshold for adequate utilization of the CIP budget from 80 percent to 65 percent to allow 18 cities to receive a higher allocation, rather than just seven if the original target had been maintained; in 2013 the score for utilization of the CIP budget was included with the other seven performance measures to determine cities' scores. Project teams should draw on the detailed information on performance contained in the APAs to learn from experience and revise the project's performance targets, if warranted to enable the project to achieve its objectives.

- **Gradually reducing IDA's contributions for the performance over time promotes sustainability of the government's program**. Under the Second

ULGDP, IDA will contribute only 40 percent of the performance grants going to cities that participated in the first ULGDP. The remainder will come from the regional states (30 percent) and the cities themselves (30 percent). By contrast, IDA will contribute 70 percent of the resources for cities in the newly participating regions. These regions will contribute 20 percent and the cities in these regions will contribute 10 percent. Newly participating cities in the regions previously benefiting from the program will contribute 20 percent. As the regions will contribute 30 percent, IDA will provide 50 percent of the funding for the performance grants for these cities. It is expected that regional and city contributions will gradually replace IDA financing as cities grow and develop their own-source revenue streams.

- **Project teams should consider the design of a follow-on project in formulating the current project, to ensure that the current project lays the foundation for the next phase of support**. The Bank and the government recognized that development of urban local governments in Ethiopia would require support of many years, and that each project should build on the capacity built under the previous one. Thus, the CBDSD project provided a solid foundation for the first ULGDP, which itself offered a strong basis for the Second ULGDP.

7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners

Borrower/implementing agencies

See Annex 6.

Cofinanciers

None.

Other partners and stakeholders

None.

Annex 1: Project Costs and Financing

(a) Project Cost by Component (in US$ million equivalent)

Table 4: ULGDP Costs and Financing by Component (US$ million)

Component	Original cost	Changes with Additional Finance	Revised Cost	Actual /Latest Estimate (US$ million)	Percentage of Appraisal
1. Performance grants	203	200	403	407	100%
2. Implementation support	3	6	9	9	100%
3. Unallocated	2	2	4	0	
Total project costs	208	208	416	416	100%

(b) Financing

Table 5: ULGDP Costs and Financing by Component (US$ million)

Source of Funds	Original Appraisal Estimate (US$ million)	AF Appraisal Estimate (US$ million)	Actual/Latest Estimate (US$ million)	Percentage of Appraisal
Government	58	116	116	100%
IDA	150	300	300	100%

Annex 2: Outputs by Component

Component 1: Performance grants

In addition to the items listed in section 3.2, the following outputs were achieved under the ULGDP.

Roads, bridges, and streetlights

- Bridges (20)
- Kilometers of street lights (61)

Public facilities

- Markets upgraded (5)
- New markets constructed (5)
- Micro and small enterprise cluster developments (15)
- Abattoirs (8)
- Bus stations (3)
- Youth centers (1)
- Cultural centers (2)
- Traffic management center (1)
- Blocks of public toilets (40)
- Schools (2)

Solid and liquid waste management

- Vacuum trucks (8)
- Excavators (2)
- Skip loaders (6)
- Side loader (1)
- Solid waste tractors with trailers (10)
- Transfer stations (2)
- Vending platforms (239)
- Sanitary landfills (4)
- Wastewater treatment facilities (called liquid waste treatment sites in Ethiopia) (4).

Environmental and disaster management

- City parks and greenery projects (19 cities, including the botanical garden in Addis Ababa)
- Constructed wetland (1)
- Landslide prevention works (2)
- Fire trucks (7).

Studies

- Drainage masterplans (3)
- Lakeshore development, Hawassa (1)
- Integrated solid waste management (2)
- Urban design (1)

Component 2: Implementation support

- Four APAs were completed and their results used to determine allocations to cities for the following financial year (2010, 2011, 2012, 2013)
- One APA was completed to determine eligibility and allocations to ULGs under the Second ULGDP, 2014
- National Urban Development Strategy, 2014
- Three environmental and social audits.
- Final Evaluation of ULGDP, 2015
- Baseline survey report
- Cobblestone works procurement manual
- Quarry site rehabilitation and management manual.

Annex 3: Economic Analysis

Economic Analysis (including assumptions in the analysis)

Efficiency

84. Efficiency and cost effectiveness of the roads investments—which absorbed some 50 percent of ULGDP funds—were satisfactory. Although the Project Paper did not provide estimates of economic or financial rates of return of investments—ULGDP was a framework project, and the specific investments were not known at the time of project preparation—with and without project scenarios have been calculated for cobblestone roads constructed in nine of the cities participating in the ULGDP, home to a total of 1.5 million people.[13] The calculations are based on the following:

- **Capital and maintenance costs**. A total of US$79.6 million was spent to construct 3.7 million square meters of cobblestone roads in these nine towns, for a unit cost of about US$22 per square meter. The average unit cost for maintenance over the project life is estimated to be US$14.69 per square meter (based on Ethiopia's road fund allocation for gravel road maintenance).

- **Benefits**. The main benefits were (a) reductions in the cost of motorized transportation (for example, bus fares, haulage fees), (b) value of time saved in travel from point A to point B due to faster transit speeds, and (c) reduced vehicle operating costs for private vehicles due to improvements in the quality of the road.

- **Discount rate**. A discount rate of 10.23 percent has been used, which is the rate that MoFED uses as a proxy for the opportunity cost of capital in Ethiopia, which is consistent with the 10–12 percent notional figure used for evaluating Bank financed projects.

85. The main assumptions of the analysis are: (a) the capital costs are incurred between 2009 and 2014; (b) the lifetime of the roads is 20 years with zero residual value at the end; (c) maintenance takes place every year on 10 percent of the length of the road; (d) the total maintenance costs remain constant in real terms over the life of the roads; (e) the number of vehicles using the roads grows by 7 percent a year for the next 20 years, due both to increasing populations and to rising incomes; (f) the cost of a trip by motorized transport is 10 percent lower with the project than without it; (g) travel time per person is an average of 15 minutes less per day with the project than without it; and (g) vehicle operating costs for private vehicles are 15 percent lower with the project than without it.

86. The table below presents the current estimates of net present value and internal rate of return for the cobblestone roads projects.

[13] These were Axum, Bahirdar, Bishoftu, Dilla, Diredawa, Hawassa, Mekelle, Shashemene, and Sodo.

Cost benefit analysis for the cobblestone roads projects

Cobblestone roads	Net present value (US$)	31.1 million
	Economic rate of return	20 percent

87. The cobblestone roads projects generated nonquantified economic benefits, including benefits to pedestrians of walking on cobblestone roads instead of dirt and mud pathways. Some 65 percent of trips are estimated to be on foot in the cities participating in the ULGDP. Substantial benefits also accrue to users of nonmotorized vehicles, such as horse drawn carts, human-pulled vehicles, and bicycles. Nonmotorized vehicles are responsible for many of the goods that are moved short distances within Ethiopian cities.

88. Other benefits include increases in the values of properties that became more accessible, and reduced costs of repairing roads, structures, and property arising from the improved drainage systems that were built along the side of the roads. The total nonquantified benefits are likely to be significant. The cobblestone roads were constructed primarily in the city centers, and have transformed once hard to reach neighborhoods into lively business districts.

Cost effectiveness

89. Cost effectiveness of the investments in solid waste services was satisfactory. The unit costs of the cobblestone roads is considerably lower than of similar sized asphalt roads, and create similar benefits with lower maintenance costs, according to a value for money study undertaken by GIZ.

Cost of cobblestone roads compared with asphalt roads, selected cities

City	Cobblestone Road Cost (ETB per square meter)	Asphalt Cost (ETB per square meter)
Adama	400–500	1,430
Hawassa	320	1,090
Mekelle	300	1,000
Axum	320	1,300

Source: ARPEDS CONSULT. 2011. "Assessment of the quality and value for money of investments undertaken under ULGDP."

Although cost-effectiveness analyses have not been undertaken for investments other than the cobblestone roads, due to a lack of data, the procedures implemented by the cities under the ULGDP are likely to have resulted in adequate value for money of investments. Thus, priority investments were identified through extensive consultations with diverse stakeholders. Procurement was through national competitive bidding procedures to ensure value for money in procurement. Transparency and accountability were assured through the posting on public notice boards of city budgets, projects, expenditures, audited accounts. Moreover, governments at all levels maintain

complaints handling mechanisms to allow for citizens to bring suspected cases of fraud and corruption to the attention of the authorities. Collectively, these procedures provide reasonable assurance that investments in cities are providing value for money.

Annex 4: Bank Lending and Implementation Support/Supervision Processes

(a) Task Team members

Names	Title	Unit	Responsibility/ Specialty
Lending and Supervision			
Rumana Huque	Senior Urban Specialist	GSURR	TTL
Abebaw Alemayehu	Senior Urban Specialist	GSURR	TTL
Wendy Schreiber Ayres	Senior Economist (consultant)	GSURR	ICR primary author
Wendwosen Feleke	Operations Officer	GWADR	Economic analysis
Shimelis Woldehawariat Badisso	Senior Procurement Specialist	GGODR	Procurement
Lillian Brenda Namutebi	Financial Management Specialist (consultant)	GGODR	Financial management
Abiy Demissie Belay	Senior Financial Management Specialist	GGODR	Financial management
Antoine V. Lema	Senior Social Safeguards Specialist	GSURR	Social safeguards
Asferachew Abate Abebe	Senior Environmental Specialist	GENDR	Environmental Safeguards
Berhanu Legesse Ayane	Senior Public Sector Management Specialist	GGODR	Public sector management
Onur Ozlu	Senior Urban Economist	GSURR	Project implementation
Binyam Bedelu	Senior Procurement Specialist	GGODR	Procurement
Carolyn Winter	Safeguards Specialist		Social safeguards
Chukwudi H. Okafor	Senior Social Safeguards Specialist	GSURR	Social safeguards
David De Groot	Senior Urban Specialist (consultant)	--	
Dinkneh Tefera	Urban Specialist	GSURR	Project design and implementation
Duangrat Laohapakakul	Senior Counsel	LEGCF	Legal advice
Edeltraut Gilgan-Hunt	Safeguards Specialist		Social safeguards
Eyerusalem Fasika	Operations officer (consultant)		M&E design
Ian Leslie Campbell	Safeguards Specialist (consultant)	GSPDR	Safeguards
Jeffrey S. Racki	Consultant	GSURR	Project design
Jonathan David Pavluk	Senior Counsel	LEGOP	Legal advice
Meron Tadesse Techane	Financial Management Specialist (consultant)	GGODR	Financial management

Mulat Negash Tegegn	Team Member		Program assistance
Nina Chee	Lead Environmental Specialist	OPSOR	Environmental safeguards
Richard Olowo	Lead Procurement Specialist	GCFDR	Procurement
Roderick M. Babijes	Program Assistant	GSURR	Program assistance
Tesfaye Ayele	Senior Procurement Specialist	GGODR	Procurement
Wuleta Giday	Senior Program Assistant	AFCE3	Program assistance
Yalemzewud Simachew Tiruneh	Social Safeguards Specialist (consultant)	GCFDR	Social safeguards
Yodit Teamir Rezene	Team Assistant	AFCE3	Team assistance
Yohannes Fisseha	Infrastructure Engineer	GWADR	Engineering

(b) **Staff Time and Cost** (from SAP)

Stage of Project Cycle	**Staff Time and Cost (Bank Budget Only)**	
	No. of Staff Weeks	**US$ Thousands (including travel and consultant costs)**
Lending		
Fiscal 2008	54.25	213,719
Fiscal 2011		
TOTAL:		
Supervision/ICR		
Fiscal 2009	57.99	154.721
Fiscal 2010	80.51	215,711
Fiscal 2011	52.08	196,328
Fiscal 2012	66.81	217,280
Fiscal 2013	65.59	126.413
Fiscal 2014	67.05	118,779
Fiscal 2015	20.44	47,869
TOTAL	**464.72**	**1,009,967**

Annex 5: Summary of Borrower's ICR

Summary of Borrower's ICR

The ULGDP was implemented in 19 cities in Ethiopia during the period from Ethiopian fiscal year (EFY) 2001 (2008/9) to EFY 2006 (2013/14). The project became effective on November 10, 2008 and closed on December 31, 2014. This Final Completion Report has been compiled by the Ministry of Urban Development, Housing and Construction to show the project achievements and evaluate its successes/failures as well as provide lessons for the future. The Ministry also contracted independent evaluation consultants on whose report[14] the Ministry has drawn some of its findings and conclusions.

ULGDP was designed to support the government's Urban Development Program and Urban Good Governance Program. The specific development objective of the project was **to support improved performance in the planning, delivery and sustained provision of priority municipal services and infrastructure by urban local governments**.

The project had two components

Component 1, Performance Grants: Through this component, grants were provided to eligible urban local governments (ULGs) to promote positive change in their overall institutional and organizational performance.

Component 2, Implementation Support: Only a small amount of IDA funds from this project was utilized for implementation support as the major capacity building activities were expected to be financed through PSCAP and other programs that were ongoing at the time.

In regard to achievement of the project development objective (PDO) and indicators,

- Four of five indicators were achieved or exceeded by the end of the project period. They include: operation and maintenance (17 of 15 target cities); timely qualified/unqualified audits (19 of 18 target cities); direct project beneficiaries (2.8 million of which 50 percent female) as per target; and people with access to all season roads within a 500 meter range (1.5 million) as per target.
- The objective on revenue enhancement targets was not achieved, where only 10 of the targeted 19 cities managed to meet 85 percent of their revenue targets.

Based on the above evidence and performance on the indicators, it can be concluded that the PDO has been achieved.

With respect to project outcomes, the overall performance of the cities on all the indicators has been above average and better than expected. Based on the evidence

[14] Final Implementation Completion and Results Report. IPE Global Pvt Ltd. (India). March 2015.

below and performance on the indicators, it can be reasonably concluded that the project outcome indicators have largely been achieved.

- **Enhanced participatory planning process:** All 19 cities met the target of submitting approved CIPs with evidence of adequate participation. By the end of the project period, 17 cities achieved 85 percent increase over the baseline in the number of citizens groups participating in the CIP planning process.
- **Improved transparency:** During the project years and at the end of the project period, all 19 cities achieved the target of disseminating information to the public on budgets (including investment plans), expenditures, physical progress of investments, and results of bid evaluations and contract awards. Such information was not disseminated before the project and is therefore a big improvement in transparency and public engagement.
- **Improved budgeting and financial management:** During the project years and at the end of the project period, all 19 cities achieved the target of preparing 3-year rolling budgets and annual financial reports, as well as preparing and adopting a revenue enhancement plan. Before the project, cities prepared only a one year budget. The project introduced ULG revenue enhancement plans and have contributed to increased city revenues as well as improving revenue planning and collection efficiency.
- **Improved urban infrastructure and service delivery:** All cities submitted annual infrastructure asset inventories indicating additional assets and condition of existing assets, and through the project increased their infrastructure assets and improved service delivery. At total of 853 kilometers of roads (95 percent of target) and 647 kilometers of drainage systems (78 percent of target) were constructed. These projects contributed to, or improved, access to markets, businesses, workplaces, homes and other service areas for citizens in the 19 cities. A total of 131 community water points were constructed or rehabilitated against a target of 10. The project provided 35,600 people with access to improved water sources as compared to a target of 2,500. A total of 233 improved latrines were constructed under the project. All these water and sanitation projects are known to contribute to better hygiene conditions and health outcomes.
- **New cities ready to participate in a potential second ULGDP:** Access criteria for ULGDP 1 were met by 26 cities, surpassing the target of 11 cities by EFY 2006. The new 26 cities will be participating in ULGDP 2 which started in July 2014 (EFY 2007). Their performance, as assessed by the 2nd Annual Performance Assessment, has been quite impressive and on some performance measures are doing better than some of the initial 19 cities.

The Ministry has also concluded that the overall performance of the 19 cities in the four Annual Performance Assessments (APAs) was better than expected in that:

- **1st APA, EFY 2001**: 13 of 19 cities qualified for accelerated allocation for EFY 2003. All other cities received their full annual allocation and there were no suspensions.

- **2nd APA, EFY 2002**: 17 of the 19 cities qualified for accelerated allocation for EFY 2004. The two cities that did not qualify for accelerated allocation were Arbaminch which qualified for full allocation and Addis Ababa, which was a special case.
- **3rd APA, EFY 2003:** 13 of the 19 cities qualified for accelerated allocation for EFY 2005. Four cities qualified for their full allocation. Dire Dawa was suspended for failing to utilize 65 percent of CIP budget. Addis Ababa remained a special case.
- **4th APA, EFY 2004**: 14 of the 19 cities qualified for accelerated allocation for EFY 2006. Four cities qualified for their full allocation. Addis Ababa retained its previous allocation.
- The **best performers** that qualified for accelerated allocations for all the 4 APAs were Bishoftu, Shashemene, Wolayta Sodo, Adigrat, Axum, Shire Endaselassie, Gondar and Kombolcha.

Cities also performed well in specific performance areas such as planning and budgeting, accountability and transparency, financial management, environmental and social management, procurement management (although there were delays and some issues, cities managed to complete all the procurements), revenue enhancement (targets achieved but issues remain with respect to uneconomic tariffs and heavy reliance on land lease income), asset management (all cities prepared asset management plans but had problems, which still persist, in updating asset inventories), operation and maintenance (increased budgets and expenditures but still not adequate in addressing the huge maintenance backlog identified in the AMPs).

Job creation was an unintended benefit at design but was promoted during implementation in that there was an emphasis on labor-intensive construction which created an estimated 312,460 permanent and temporary jobs in small and micro enterprises, about one-third of which have were taken by women. The majority of jobs went to people with little previous experience in formal employment. Importantly, a large number of small and micro enterprises have been involved in project execution. The experience gained in business development and operations is expected to contribute to future local economic development.

The biggest challenge during project implementation was the delay in the procurement of the APA consultants which resulted in delays in disbursements and ultimately led to failure by some cities to achieve some of the expected CIP utilization rates. The independent evaluators also identified this as a major new risk to the project that was not identified during design and which was not fully addressed during implementation. All other major project risks identified at design were largely addressed and mitigated during implementation. The other major challenge for the project was the high staff turnover at all levels of government and this was especially felt in the cities as they were the project implementers.

Despite the problems and challenges, the project has been a significant success. It has laid the foundation for further performance improvement in the cities and has increased cities' capacity to deliver infrastructure and services. The project has also laid a foundation and created an opportunity for additional cities that did not participate in ULGDP 1 to join future programs. In this regard ULGDP 1 has assisted 26 new cities to be ready to join ULGDP 2.

Based on the above, the project evidence and the report of the independent evaluation consultants which also supports this conclusion, **the Ministry therefore concludes that the project has achieved its project development objective which was to support improved performance in the planning, delivery and sustained provision of priority municipal services and infrastructure by urban local governments.**

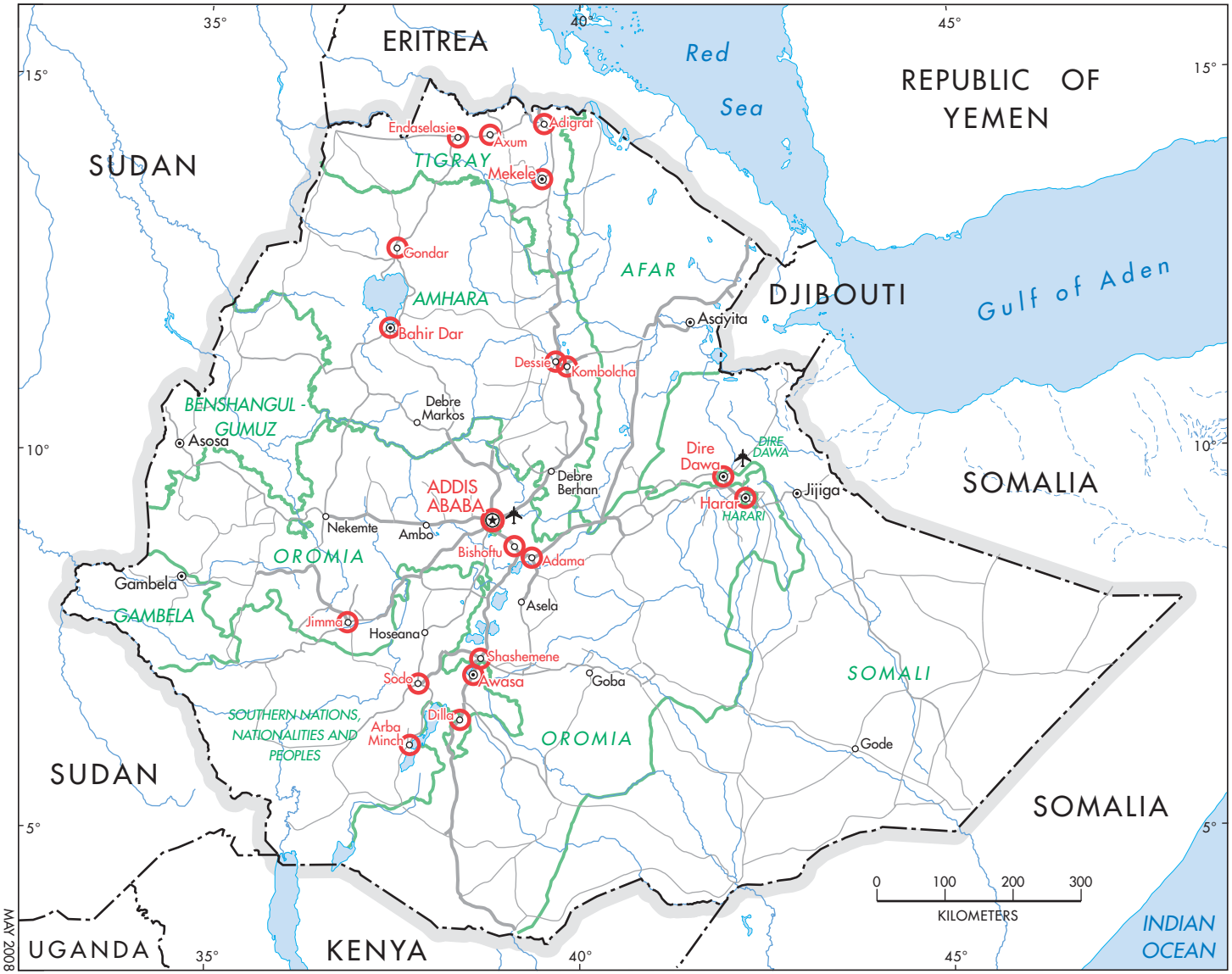
The Ministry would like to thank the World Bank and its staff for providing the financial and technical support for this very successful project and also congratulates all the project implementers at federal, regional and city levels on this achievement. We hope, and will strive, for similar and even better success on ULGDP II.

Annex 6: List of Supporting Documents

Project documents

Project Concept Note, May 2007
Project Appraisal Document, May 2, 2008
Ethiopia Country Assistance Strategy, April 2, 2008
Financing Agreement, June 13, 2008
Additional Financing Project Paper, May 18, 2011
Financing Agreement, Additional Financing, September 15, 2011.
Midterm Review, September 2011
Country Partnership Strategy, August 29, 2012
Aide memoires
Implementation Support Reports, 14 total from June 2008 to January 2015.
Quarterly and annual progress reports prepared by the MUDHCo based on input from the regional government and the cities.
Financial audits.

ETHIOPIA
URBAN LOCAL GOVERNMENT DEVELOPMENT PROJECT



PROJECT CITIES
ASPHALT, ALL-WEATHER ROADS
GRAVEL, ALL-WEATHER ROADS
RURAL AND/OR DRY-WEATHER ROADS
RIVERS
INTERNATIONAL AIRPORTS
NATIONAL CAPITAL
REGION CAPITALS
SELECTED TOWNS
REGION BOUNDARIES
INTERNATIONAL BOUNDARIES

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