MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

DEVELOPMENT COMMITTEE (DC) GUIDELINES

JANUARY 2025

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LIST OF ACRONYMS

AFM	Alternative Financing Mechanism
CBA	Cost-Benefit Analysis
CEA	Cost Effectiveness Analysis
CFF	Contractor-Facilitated Financing
CSCF	Commodity-Specific Conversion Factors
DC	Development Committee
DLI	Disbursement Linked Indicator
DLP	Defects Liability Period
DLR	Disbursement Linked Results
GoU	Government of Uganda
IBP	Integrated Bank of Projects
IPC	Interim Payment Certificate
MDAs	Ministries, Departments and Agencies
M&E	Monitoring and Evaluation
MoFPED	Ministry of Finance, Planning and Economic Development
NDC	Nationally Determined Contributions
NDP	National Development Plan
PEF	Programme Expenditure Framework
PFM	Public Finance Management
PforR	Program for Results
PIM	Public Investment Management
PIMS	Public Investment Management System
PIP	Public Investment Plan
PPC	Project Preparation Committee
PPDA	Public Procurement and Disposal of Public Assets Authority
PPP	Public-Private Partnership
PS/ST	Permanent Secretary/Secretary to the Treasury
PWG	Programme Working Group

GLOSSARY OF TERMS

Completed project	A project whose envisaged planned activities and deliverables have been accomplished and the project's objectives have been achieved.
Earned value measurement	A project management technique that combines measurements of a project's scope, time and costs to gauge its performance and progress.
End-term Evaluation	A systematic assessment conducted at the conclusion of a project, program, or initiative to determine its overall impact, effectiveness, and sustainability.
Equity	Fairness and justice in the distribution of benefits, rights and responsibilities among socio-economic groups and regions.
Evaluation	A systematic process of assessing the quality, effectiveness or value of a project. It involves assessing outcomes and impact, measuring performance, identifying strengths and weaknesses, comparing with standards and providing feedback/lessons.
Ex-post evaluation	An evaluation conducted within five years after project completion with the emphasis on the relevance, efficiency, effectiveness, impact and sustainability of the project with the aim of deriving lessons learnt and recommendations to help improve future projects.
Feasibility study	A comprehensive assessment to determine the overall project's viability encompassing various dimensions that include technical, economic, legal, operational, and scheduling considerations.

Gender	The social and cultural construct of roles, responsibilities, attributes, opportunities, privileges, status, access to and control over resources; and benefits between females and males in a given society.
Logical Framework Analysis	A project planning approach that analyzes incremental causal relations in project planning including risks and assumptions.
Logical Framework Matrix	A systematic tool for designing, planning, implementing, monitoring and evaluating a project or a programme.
Mid-term evaluation	An evaluation conducted for an ongoing programme or project in order to inform decision-making and taking stock of initial lessons from experience at a period that is almost halfway during implementation.
Multi-Year Commitments	Development expenditure requirements on projects or undertakings whose implementation spans more than one year and have been approved by the Development Committee.
New project	A project that is under development to be considered for inclusion in the PIP and budget.
Ongoing project	A project whose implementation is underway in the PIP and budget.
Outcomes	The expected changes or effects on the intended beneficiaries occurring as a result of project or programme implementation.
Outputs	The direct/tangible products, services arising from the implementation of a project or programme.
Pipeline project	A project that has completed the project appraisal cycle awaiting financing and inclusion in the PIP and budget.

Pre-feasibility study	A preliminary assessment undertaken to analyze and determine the best option of undertaking the project and the preferred financing modality.
Procuring entity	A Ministry, Department or Agency that is responsible for making its own procurement decisions for acquiring goods, services or works.
Programme	A group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually.
Project	A temporary developmental undertaking for the purpose of delivering specific products, services or results in line with a specified quality, approved cost and within a given timeframe.
Project appraisal	An analysis of a project to establish its economic, financial and technical viability, benefits to stakeholders and how risks associated with the project are identified and mitigated.
Project coordinator / Manager	A Public Officer designated by an Accounting Officer to oversee the implementation of an integrated project or programme as per the project implementation plan.
Project cycle	A series of sequential phases from project identification and planning; pre-investment, selection and budgeting; implementation, monitoring, evaluation and reporting; to closure, sustainability and impact assessment.
Public investment	This represents spending by Government on the creation of tangible and non-tangible assets.
Public-Private Partnership	A medium to long-term contractual arrangement between public and private sector to finance, construct/renovate, manage and/or maintain a public infrastructure, or the provision of a public service which involves sharing of risks and rewards in order to deliver desired policy outcomes that are in the public interest.

Safeguards	A safeguard is a solution or a combination of solutions applied to prevent/eliminate/reduce the negative impact/risk of exposure to harmful conditions/situations.
Stalled project	A project whose implementation has received minimal budget allocations over the medium term that cannot facilitate meaningful progress, or whose implementation has been affected by procurement, policy, political or capacity challenges.
Theory of change	Description of the strategies, actions, conditions and resources that facilitate change and achieve outcomes.
Value for money	A measure of quality that assesses the monetary cost of the product or service against the quality and/or benefits of that product or service.

FOREWORD

The revision of the Development Committee (DC) Guidelines comes at a time when the country is transiting to the Fourth National Development Plan (NDP IV) with an overarching strategy of growing the economy tenfold. This requires expanding Uganda's GDP from about USD 50 billion in FY 2022/23 to USD 500 billion by 2040. Therefore, in order to achieve the set objectives, the public investment efficiency gap needs to be bridged by ensuring that every shilling invested in public investments has a higher multiplier effect.

The previous edition of the DC Guidelines played a pivotal role in offering guidance in project preparation and the review of ongoing projects in the Public Investment Plan (PIP). However, various stakeholders identified gaps that needed to be addressed to ensure the credibility of the PIP and proper alignment to the emerging reforms in Public Investment Management (PIM). Moreover, the Public Investment Management Assessment undertaken by the International Monetary Fund(IMF) in 2022 pointed out that whereas Uganda had made strides in improving the quality of projects at entry, it still lagged behind in project implementation, monitoring and providing for operation and maintenance requirements.

In addition, the Climate Public Investment Management Assessment 2023 pointed out that the country had committed to an ambitious climate change mitigation and adaption agenda which has to be incorporated into its PIM. To achieve this, the country has developed frameworks to enhance climate change sensitivity, environment, social, safety and health considerations across Public Finance Management (PFM) frameworks, including PIM. These are all now integrated in the revised DC guidelines.

The revised Guidelines therefore encompass all the project cycle stages starting with identification, through preparation, pre-investment (appraisal), and implementation, to Monitoring and Evaluation (M&E). The Guidelines also provide for the type of investments to be considered in the PIP, and the use of the cost effectiveness methodology for social projects. It also integrates social safeguards and climate change into the assessment of public investments.

I believe that this third edition of the DC Guidelines will go a long way in providing the required guidance during project preparation and implementation.

Moving forward, all public investments shall be implemented through projects and programmes which are identified, prepared, appraised, implemented and monitored in line with these guidelines.

Ramathan Ggoobi
Permanent Secretary / Secretary to the Treasury

SECTION ONE: INTRODUCTION

1A. Background

1.1 Over the years, Government has implemented a Public Investment Management System (PIMS) action plan encompassing reforms aimed at improving the efficiency of public investments through strengthening the tools and methodologies that underpin the identification, preparation, appraisal, selection, implementation, monitoring and evaluation of Government projects in a bid to maximise returns from investments.

1.2 One of the key reforms was the revision of the DC Guidelines that were launched and rolled out in 2016. The Guidelines have been pivotal in streamlining the DC processes and business with key stakeholders.

1.3 During their operationalization, PIM has been evolving with new emerging issues that were not included in the guidelines. Stakeholders identified various areas that require incorporation into the guidelines, such as environmental and climate change aspects, gender and equity issues, Cost Effectiveness Analysis (CEA) and multi-year commitments, among others.

1.4 It is against this background that the DC Guidelines were revised to cater for the above requirements. The review was based on empirical evidence drawn from the findings of the study on the usage and evaluation of DC guidelines, 2022, the Public Investment Management Assessment, 2022 and the Climate Public Investment Management Assessment, 2023, among others.

1B. Purpose of the Guidelines

1.5 The DC Guidelines are intended to:

(i) Provide for the processes of preparation, review and approval of various components of the project cycle by the Project Preparation Committee (PPC), Programme Working Group (PWG) and other PIMS stakeholders before submission to the DC.

(ii) Streamline the processes, procedures and practices of the DC for reviewing and approval of projects.

(iii) Integrate robust appraisal frameworks into public investment before financing.

(iv) Strengthen the link between the PIP, the National Development Plans (NDP) and Nationally Determined Contributions (NDC).

(v) Strengthen the coordination function among various MDAs for purposes of promoting programme-based development agenda.

(vi) Support MDAs with the necessary requirements, tools, techniques, methodologies and templates throughout the project life cycle.

1C. Guiding Principles of the DC Guidelines

1.6 In order to ensure maximum returns from public investments, the following guiding principles shall be followed in the identification, review, appraisal, selection, implementation, monitoring and evaluation of public investments.

(i) **Relevance**. This criterion assesses whether the project aligns with the needs, laws and regulations, policies, and priorities of beneficiaries, including global, country, and partner/institution needs. It also considers the economic, environmental, equity, social, political economy, and capacity conditions of the intervention.

(ii) **Coherence**. This assesses the consistency of the project with other interventions and whether it does not contradict existing policies or strategies.

(iii) **Effectiveness**. This measures the extent to which the project achieves its objectives and intended results.

(iv) **Efficiency**. It evaluates how economic resources/ inputs (funds, expertise, time, technology, natural capital etc.) are converted into results.

(v) **Impact**. This principle is focused at the long-term effects of the project, both intended and unintended, and its contributions to the broader development goals.

(vi) **Sustainability**. This principle requires that the project should be able to deliver and sustain its benefits in the long term, after the completion of the project.

1.7 The rest of the document is organized in six sections. Section 2 outlines the scope; Section 3 discusses the institutional framework; Section 4 focuses on the review of new projects; Section 5 addresses the review of ongoing projects; Section 6 covers implementation, monitoring and evaluation; and Section 7 tackles cross-cutting issues.

SECTION TWO: SCOPE OF THE GUIDELINES

2.1 The DC Guidelines apply to all projects within the public sector under the Central Government. These Guidelines provide for basic processes and controls designed to ensure value for money for Government projects across the entire project cycle. These include:

i) The identification of project ideas;

ii) The pre-investment stage (preparation and appraisal);

iii) The investment stage (project implementation); and

iv) The monitoring and ex-post evaluation stage.

2.2 Public investments admissible into the PIP shall be limited to public spending to acquire or establish the physical assets necessary to facilitate the production and delivery of economic, social and administrative services. Projects shall be required to have at least 70% of the project cost reserved for capital interventions. Interventions that can be undertaken in the recurrent budget shall not be accommodated in the PIP. Interventions that do not increase the Government asset base and/or do not translate into assets shall not be undertaken as public investments.

2.3 Public investments shall be implemented through projects and programmes which shall be identified, prepared, appraised, implemented, monitored and evaluated in line with these guidelines.

2.4 All projects irrespective of the financing mechanism (Alternative Financing Mechanism (AFM), Contractor-facilitated Financing (CFF), and infrastructure bonds, among others) shall also be subjected to the entire appraisal stages of profile, pre-feasibility and feasibility and Votes shall be required to upload all project documents on the IBP.

SECTION THREE: INSTITUTIONAL ORGANIZATION

3.1 This section outlines the institutional organisation that shall be followed in executing the DC guidelines. It comprises the establishment, roles and responsibilities of the different PIM stakeholders.

3A. The Project Preparation Committees (PPCs) at Vote level

3.2 These Guidelines will establish PPCs at Vote level charged with the responsibility of reviewing and taking decisions on project submissions from the respective departments within the Vote. The Terms of Reference that govern the execution of business by PPCs on PIMS are detailed in ***Annex I***.

3.3 The Planning Units in MDAs shall be the secretariats for PPCs which shall meet on a monthly basis or as and when business is available to review and consider new and ongoing projects in line with the PIMS framework.

3B. The Programme Working Groups (PWGs)

3.4 These Guidelines establish PWGs that are charged with the responsibility of reviewing and taking decisions on project submissions received from various MDAs prior to submission to the DC. The Terms of Reference of PWG on PIMS are detailed in ***Annex II***.

3C. The Development Committee

3.5 In line with the PFM regulations, the Development Committee (DC) shall serve as the high-level technical organ responsible for performing the **'gate-keeping'** role within the PIMS Framework. The composition of the DC and the roles and responsibilities of the respective entities are set out in ***Annex III***.

3.6 The operations of the DC shall be superintended and/or presided over by the PS/ST. He/She shall have authority to co-opt new members and/or reconstitute the composition of the DC basing on the prevailing policy regime and conditions.

3.7 The DC meetings shall be convened on a quarterly basis[1] in line with the DC calendar of each financial year. The Committee will be responsible for executing the following responsibilities:

i. Providing an oversight role throughout the project/programme cycle.

ii. Approving Sub-Development Committee recommendations on both new and existing project/programmes.

iii. Approving projects/programmes to be financed by Government and incorporated into the PIP in line with the project selection criteria.

3D. The Sub-Development Committee

3.8 The Sub-Development Committee (Sub-DC) shall handle all technical matters and day-to-day operations relating to PIMS. It shall be comprised of Technical Officers seconded by the Accounting Officers who are the substantive members of the DC. The PS/ST shall appoint and/or delegate a competent officer at the level of Commissioner in MoFPED to chair and oversee the routine operations of the Sub-DC.

3.9 The Sub-DC will be responsible for executing the following responsibilities:

i. Developing and issuing guidelines for the PIM cycle.

ii. Providing advisory services and guidance for strengthening PIMS.

iii. Reviewing and providing guidance on areas for adjustment and making decisions on programme submissions for project profiles, pre-feasibility studies and feasibility studies.

1 Subject to availability of business

iv. Recommending to the Main DC projects to be financed by Government and admitted into the PIP in line with the project selection criteria.

v. Recommending eligible projects to proceed to the PPP Unit to be undertaken in accordance with the PPP Act.

vi. Reviewing and making recommendations on the performance of ongoing projects in the PIP.

3.10 The Sub-DC shall hold project review meetings monthly in line with the DC calendar of each financial year.

3E. The DC Secretariat

3.11 In order to facilitate the operations of the DC, a Technical Secretariat shall be set up at MoFPED under the Department of Projects Analysis and Public Investment to facilitate the day-to-day operations of the DC. The Secretariat will be responsible for undertaking the following:

i. Formulating, reviewing and coordinating policies, laws, regulations and manuals for improving project planning and management across Government.

ii. Analyzing and appraising all proposed Government projects/programmes prior to approval and inclusion in the PIP and the budget.

iii. Developing and implementing a monitoring and evaluation framework for Government projects/programmes in consultation with key stakeholders.

iv. Regulating, coordinating and providing advisory services, technical assistance, trainings and capacity-building to MDAs in project preparation, appraisal and management.

v. Compiling and disseminating DC resolutions, policy actions and decisions.

vi. Compiling multi-year commitment statements for submission to Parliament.

vii. Preparing, maintaining and managing a viable Integrated Bank of Projects (IBP) system.

viii. Preparing, updating and maintaining a database of national parameters and commodity-specific conversion factors for use in the economic appraisal of public investments.

ix. Reviewing and coordinating the preparation of the annual Public Investment Plan (PIP).

x. Offering technical guidance to MDAs throughout the project cycle.

SECTION FOUR: REVIEW OF NEW PROJECTS

4.1 The processes and tools that underpin the preparation and review of new projects are critical in ensuring the success of PIMS. These Guidelines adopted a framework that introduces three levels of approval before a project can be admitted into the Public Investment Plan as detailed below:

4A. Project Profile

4.2 The entry point of any project into the PIMS shall be the project profile. The project profile shall be prepared in line with the format provided on the IBP. The project profile shall demonstrate the following:

i) The strategic alignment of the project idea with the national strategic development planning frameworks and emerging Government priorities and interventions.

ii) All infrastructure projects shall be required to be aligned to the National Physical Planning Framework. Furthermore, all greenfield projects shall be required to get a clearance letter of no objection from the National Planning Authority(NPA) in line with the physical planning function before they are considered by DC.

iii) A clear definition of the problem and a clear justification for necessitation of a project modality.

iv) Non-duplication of already existing Government interventions.

v) A clear mapping of the key stakeholders and the project coordinating institutions as required under programme-based development agenda.

vi) A chronological flow of the comprehensive results framework illustrating the theory of change from the goal, outcomes, outputs and activities.

vii) A clear monitoring and evaluation framework of project activities to be undertaken in the subsequent stages of the project cycle.

viii) A costed annualized plan detailing the capital and recurrent activities to be undertaken by the project.

4.3 Environmental and climate change and social considerations shall begin at the profile stage. All projects shall provide climate change and social impacts that are expected if the project is implemented. Furthermore, the Votes shall propose mitigation measures for identified climate change impacts.

4.4 The profile shall be subjected to the following levels of approval evidenced by minutes of the meetings of the following committees:

i. The Project Preparation Committee within the sponsoring Vote.

ii. The Programme Working Group.

4.5 All new projects that involve the construction of Government offices shall be required to seek approval from the Office of the President before submission of the profile to the DC.

4B. Pre-feasibility

4.6 The second stage of the appraisal framework shall be the pre-feasibility study stage. The pre-feasibility study shall appraise the possible options of undertaking the project interventions and assessing funding modalities. To a greater extent the pre-feasibility study shall use secondary data.

4.7 A pre-feasibility study is, therefore, an initial assessment conducted to determine the viability of a project before investing significant resources into a detailed feasibility study.

4.8 Appraising options at this stage shall be at two levels:

i. The first level shall concentrate on establishing the potential strategy for delivery of the project by checking the most viable option without focusing on the procurement methodology. The options shall be generated basing on good practice and may arise out of variations in location, technical specifications/interventions, methodology of execution, and environmental and climate change considerations, among others. **Doing nothing is not an option** for delivering a project; it only serves as a baseline for the status quo that informed the requirement for the intervention/projects.

ii. The second level should focus on the evaluation of the financing modality of the best option chosen in 4.9(i) above. This is aimed at ensuring that the procurement methodology chosen delivers the highest value for money. A project can be procured through the Traditional Public Sector (TPS) or the Public-Private Partnerships (PPP) modality. Where a project is found to be best suited for implementation as a PPP, it shall be forwarded to the PPP Unit in line with the PPP Act, CAP 111.

4C. Feasibility Study

4.9 The last stage of the appraisal framework shall be the project feasibility study. The feasibility study is aimed at evaluating the viability of the best option selected at the pre-feasibility study stage so as to maximize the benefits of the project intervention.

4.10 The feasibility study shall use primary data to inform the realistic project costing, technological consideration, environmental and climate change and social considerations, together with the viability indicators. For the technological consideration, the study will have detailed designs, Bills of Quantities (BoQs) and a certificate clearing the ESIA from National Environment Management Authority (NEMA).

4.11 The studies shall be prepared in line with the format prescribed on the IBP.

4D. Integrated Project Appraisal

4.12 Both the pre-feasibility and feasibility studies shall be appraised using the Cost-Benefit Analysis (CBA) or Cost Effectiveness

Analysis (CEA) methodologies, whichever is deemed fit.

i. **Cost-Benefit Analysis (CBA)**: It is advisable that the CBA is used for projects whose benefits can be measured in monetary terms. This framework evaluates all costs and benefits of a project, by assigning monetary units and values and discounting them to a Net Present Value (NPV) for purposes of evaluating the project worthiness. The assessment of the project viability shall be measured by key indicators, including the Financial Cost-Benefit Ratio, the Economic Cost-Benefit Ratio, the Financial Net Present Value and the Economic Net Present Value, the Financial Internal Rate of Return and the Economic Internal Rate of Return.

ii. **Cost Effectiveness Analysis (CEA)**: The CEA is a form of economic analysis that compares the relative costs and outcomes (effects) of different courses of action. The CEA is usually used in programmes where there is a challenge of placing a monetary value on project benefits. The CEA takes the same steps as the CBA and can be undertaken in two ways. The first is by estimating a ratio of a project's cost to its benefits or effectiveness in relation to alternative interventions of delivering an output. In the case of project expansion, incremental CEA is considered. The assessment of the project viability shall be measured by the marginal CEA ratio. The project with the lowest cost effectiveness ratio shall be considered as the most cost-effective implying that it achieves the desired outcome at the lowest cost.

4.13 Regardless of the methodology employed, the pre-feasibility and feasibility studies undertaken by project-sponsoring agencies shall be presented in nine modules broken into building blocks and analytical modules. The building block modules are used to generate information which is relevant for the analytical modules.

4.14 Each study shall be accompanied with an Excel model where the building blocks provide the basis for the analytical modules.

4E. Building Blocks

4.15 The building blocks will cover the following aspects of the project and will contain assumptions, data and numbers that will form the analytical modules:

i) **Demand module**. This estimate quantifies and justifies the demand for the goods, service and/or infrastructure within contextual realities.

ii) **Technical or engineering module**. This determines and specifies in detail the technical parameters, investment and operational costs.

iii) **Environmental and social module**. This specifies environmental, social and climate risks and potential impacts, and determines the economic effects of undertaking actions to avoid, reduce, mitigate, compensate or offset the potential impacts.

iv) **Human resources and administrative support module**. This evaluates and quantifies the human resource requirements for the implementation and operation of the project, in terms of quantities and specialties. It identifies the sources of the workforce and the cost of employing them, determines the management capacity and the functional structure of the operating entity.

v) **Institutional and legal module**. This reviews the legal requirements, compliances and constraints that may obstruct or impede the construction or operation of the project. Examples include laws to operationalize expressways, permits for building and construction, tax waivers, and contingent liabilities for Public–Private Partnerships, among others.

4F. Analytical Modules

4.16 From the building blocks an Excel model shall be utilized to inform the analytical modules below:

i) **Financial or private evaluation module**. This determines the financial costs and benefits at market prices. The analysis shall focus on alternative financial leverage methods to deliver the project/programme.

ii) **Economic or social evaluation module**. This module requires adjusting of the financial costs and benefits to economic resource flows using conversion factors. Projects/ programmes are appraised from the point of view of the entire economy. The updated Uganda National Parameters and Commodity-specific Conversion Factors (CSCF) are available at http://national-parameters.go.ug/ and **MUST** be employed to convert the financial values to economic values.

iii) **Distributional module**. The project is appraised from the point of view of stakeholders receiving economic benefits or costs. Economic externalities have to be calculated and distributed among different stakeholders with a clear specification of gainers and losers. For losers, recommendations should be provided on how to minimize their losses.

iv) **Risk (uncertainty) analysis module**. The flow of costs and benefits throughout the project life is uncertain. Given that uncertainty, consideration must be given to the costs that are associated with those risks. The objective of this module is to reduce the risk exposure through contractual clauses and to design a risk management plan to mitigate the impact of the risks but also enhance the opportunities that lie ahead of the project.

4G. Project Pipeline

4.17 The project pipeline shall strictly consist of projects that have been duly appraised by the DC throughout all mandatory stages of the appraisal framework awaiting admission into the PIP and the annual budget.

4.18 Projects that spend more than 5 years in the pipeline shall be re-appraised at the feasibility study stage to validate the assumptions and to reconsider the emerging policy framework.

4H. Project Proposal

4.19 A project whose feasibility study has been approved will have a proposal on the IBP which will be used to solicit financing from both Government and Development Partners.

4.20 The proposal will provide detailed information on project readiness such as land acquisition, Tender/Contract documents (Agreement/Contract, Local Government approved construction drawings – Architectural, Structural, Mechanical, Electrical and Plumbing; Specifications; Bills of Quantities, Schedules, the implementation plan, the Environmental and Social Impact Assessment(ESIA) and the source of financing, among others. Information in the proposal will be used for the project selection criteria. Therefore, the sponsoring agency needs to update the proposal from time to time.

4I. Project Selection

4.21 Projects to be admitted into the PIP shall be required to fulfil readiness conditions enshrined in the project selection criteria. The criteria shall support the DC in sequencing and prioritizing projects from a list of viable projects in the pipeline for inclusion in the PIP and the Budget for implementation.

4.22 All projects irrespective of the financing modality but require a code to facilitate their implementation, shall still be subjected to the selection criteria, which requires uploading the feasibility study and updating the proposal on the IBP.

SECTION FIVE: REVIEW OF ONGOING PROJECTS

5.1 In order to ensure efficient and effective implementation of public investments in the country, the DC shall undertake annual portfolio reviews of all ongoing projects in the PIP in line with the DC calendar.

5.2 The objectives of the review shall be as follows:

i) Clean the PIP of ineligible interventions, including those that are highly recurrent that are best implemented under the recurrent budget.

ii) Ensure that projects that reach the end of their implementation phase exit the PIP.

iii) Guide on change in project scope and transition to another phase.

iv) Identify project risks that may impact the project's timeline, budget or quality and implement mitigation measures to reduce and/or control the project risks.

5A. Assessing Performance of Ongoing Projects

5.3 Performance of ongoing projects shall be assessed based on the key project performance indicators/parameters, as indicated below:

i) Estimated schedule variance, i.e. value of planned work (planned value) against estimated value of work actually accomplished (earned value).

ii) Estimated value of work accomplished (earned value) against actual cost incurred for the work accomplished (cost variance).

iii) Associated project risks impacting the project's timeline, budget or quality.

iv) Compliance with Development Partners' financing requirements for project implementation.

v) Performance of multi-year commitments of the development budget.

vi) Adequacy of budgetary allocations in comparison with planned activities.

vii) Capacity to utilize project resources (absorption rate).

viii) Physical progress of project deliverables.

ix) Review of capital investment vis-à-vis recurrent expenditure of the project (capital recurrent expenditure ratio).

5.4 Basing on the above criteria, the following decisions shall be taken during the review of existing projects:

I. Exit: A project shall exit the PIP upon the expiry of its end date and/or the last draw-down date for external financing, completion of its approved project activities, when it no longer fits with the country's strategic, environmental, social and cultural aspirations, or on any other grounds the DC may deem fit. All projects exiting the PIP shall be required to submit a completion report to the DC using the format provided on the IBP.

II Retention: A project shall be retained in the PIP upon demonstration of satisfactory physical and financial performance as well as implementation timelines as per the PIP and/or financing agreements.

II. Extension: Projects shall only be extended in the PIP upon submission of substantial evidence for more time to conclude project activities to the satisfaction of the DC. Projects will be extended on the following grounds:

a) Evidence of outstanding contractual obligations towards accomplishing the set outputs.

b) Evidence of a no-cost extension for external financing by the Development Partners.

c) Requirement for a Defects Liability Period(DLP) evidenced by a DLP Certificate.

d) Requirement for a cost centre to pay outstanding verified Interim Payment Certificates.

III. Re-scoping: A Vote shall not change the scope of a project without the approval of the DC. In case there is need to change scope, the MDA shall formally write to MoFPED and submit a revised feasibility study and detailed designs on the IBP for consideration and approval of the proposed change. The change in project scope will be based on the grounds below:

a) Executive and/or policy directives from either the President or Cabinet to include additional scope that complements the already envisioned intervention.

b). Emergency interventions that require urgently cost centres to address the emergencies.

c). Components that must be included in the projects to enable its operationalization but were not conceived during the previous project design phase.

d). A change in policy, administrative and prevailing economic situation that necessitates decreasing or increasing the scope of the project.

5.5 The Solicitor General shall not clear any addendum to a contract leading to an increase in project scope that has not been approved by the DC.

5.6 The change in project scope shall not be more than 25% of the original project cost. If the financial requirements are more than this threshold, the Vote shall be required to develop another project.

III Transfer to recurrent Budget: The DC shall continuously evaluate ongoing projects in the PIP to ensure that only interventions that increase the Government asset base are implemented in the development budget. Projects that are highly recurrent in nature shall be transferred to the non-wage recurrent budget. This shall be based on the following:

a) Project activities that are largely operational/perpetual in nature with 50% of their budget delivering recurrent activities.

b) Transfers that do not translate into Government assets in line with the Chart of Accounts.

IV. Downgrade to the Pipeline: The DC shall downgrade unready projects to the pipeline to enable the Votes to address the impediments affecting effective implementation of the projects. The grounds for downgrading projects will be based on the following:

a) Non-prioritization of funding characterized by non-allocation of financing or insufficient funding to implement project outputs.

b) Non-fulfilment of readiness conditions and/or disbursement conditionalties that trigger disbursement.

c) Suspended projects by Development Partners and/or Government entities based on non-compliance with certain conditions such as environmental safeguards and gender-related issues.

5B. Appeals on the DC Decision on Ongoing Projects

5.7 Accounting Officers who may wish to appeal a DC decision shall formally write to the PS/ST providing substantial grounds on the IBP upon which the earlier decision must be reversed within a period of two weeks from receipt of the DC decision.

5.8 An appeals decision will be handled by both the DC and DC Secretariat and official communication shall be conveyed to the respective MDA.

5C. Transition into Another Project Phase

5.9 A Vote shall not extend into another phase (successor project) without the approval of the DC. Complementary projects and/or projects transitioning into another phase shall be required to go through the entire appraisal process.

5.10 Successor projects shall be required to submit project completion reports and/or mid-term evaluation reports on the IBP before they commence preparation of a new project.

SECTION SIX: IMPLEMENTATION, MONITORING AND EVALUATION

6A. Project Implementation

6.1 When a project is granted a project code and included in the PIP, an Accounting Officer shall assign a project manager/coordinator. A project manager/coordinator shall be appointed in line with Government of Uganda's Constitution and Public Service Standing Orders. The qualification shall vary depending on the nature and magnitude of the project. It is recommended that the project manager should be a person who must have been involved in the project from project preparation, appraisal and selection with competences prescribed in the framework for tracking the implementation and performance of public investments accessed via https://ibp.finance.go.ug/publications/

6.2 All projects shall be managed by an internationally certified project manager who belongs to a project management chapter/body with a track record of successful execution of a project in relation to time and budget.

6.3 The project manager shall be required to lead/manage the project and the project team on a day-to-day basis. He/she will be responsible for driving and overseeing the delivery of the project outputs to ensure that the objectives are clearly defined and achieved within the agreed time, cost and quality constraints. He/she will oversee all aspects of the project, including organizing, executing and closing tasks to achieve specific goals within a set timeframe and budget.

6.4 The project managers shall be required to enter into a performance-based contract tagged to achieving specific targets. Each contract should have Key Performance Indicators (KPIs) that must be achieved within a specific timeframe.

6.5 The project manager shall be required to use the tools on the IBP while executing the project/programmes. Tools on the system under implementation include resource allocation, a Gantt chart, auto scheduling, a critical path and an implementation plan, among other tools.

6B. Monitoring and Evaluation (M&E)

6.6 Monitoring and evaluation is key in tracking the success of the project in terms of attaining the objectives and set targets, identifying challenges that impede successful implementation of the project and consequently putting in place corrective measures for addressing the identified challenges.

6.7 Government, through the implementing entities, shall undertake routine tracking of projects to provide early warning signs for prompt action. The Earned Value Management method will be used to track time and cost, whereas the Quality Performance Index will be used to track quality. Quarterly reports shall be submitted on the IBP by project managers.

6.8 The MDAs shall be required to comply with the established M&E framework by submitting quarterly and annual project progress reports on the IBP as required by the Government entities overseeing the M&E framework.

6.9 In order to determine the fulfilment/achievement of the objectives of the project, evaluations shall be conducted at the mid-term and/or end of the project (ex-post). The report shall provide credible performance information and lessons to inform decision-making. The evaluation shall focus on the quality, effectiveness, efficiency, relevance, coherence, impact and sustainability of the project.

SECTION SEVEN: CROSS-CUTTING ISSUES

7.1 For the efficient and effective identification, appraisal, implementation and monitoring and evaluation of projects, a number of cross-cutting issues will be taken into account.

7A. Procurement and Disposal Performance

7.2 In line with Section 24(1) b of the Public Procurement and Disposal of Assets Authority (PPDA) Act, Cap 205, PPDA shall submit the annual audit report to the DC to inform the decisions during the annual DC portfolio review meetings. PPDA shall undertake a Procurement and Disposal Performance Audit of all projects[2] in the PIP to assess the level of procurement performance and establish their degree of compliance with the approved project scope, including, but not limited to, the cost, timeline, local content, and social and environmental sustainability, among others.

7.3 To ensure a clear link between appraisal and procurement, the project cost at the procurement stage should not exceed the project cost estimated during the feasibility study by more than 15%. At the feasibility study stage, MDAs are required to submit detailed designs and rely on primary data to inform the project cost. If the project cost variation exceeds 15%, the MDA must reappraise the project.

7B. Integrated Bank of Projects (IBP)

7.4 The DC shall be supported by the IBP to enable smooth operations. The IBP is a single window system for all stakeholders involved in the Public Investment Management System of Uganda. It also serves as a central repository of information about public projects from preparation, budget formulation, execution, implementation and monitoring and evaluation to closure.

2 With exception of institutional development projects

7.5 All IBP users shall be required to complete an IBP user form to access, submit and act on projects on the Integrated Bank of Projects System via https://ibp.finance.go.ug/.

7C. Multi-Year Commitments

7.6 In line with section 12 (10) c of the Public Finance Management Act CAP. 171, the financial estimates for the financial year to which the annual budget relates should include a statement of the Multi-Year expenditure commitments to be made by Government in the next Financial Year. All MDAs implementing projects in the PIP shall be required to compile and submit on the IBP a record of existing multi-year commitments every financial year in line with the guidelines issued by the Ministry of Finance, Planning and Economic Development.

7.7 The multi-year commitment shall be verified against the approved project cost.

7D. Climate Change Considerations

7.8 Climate change has both direct and indirect impacts on public investments due to unpredictable rainfall patterns and temperatures, and a higher incidence of extreme weather events and disasters such as drought, floods, outbreaks of pests and disease.

7.9 Project developers shall be required to incorporate climate change aspects during project preparation to address the expected negative impacts, take up emerging opportunities and come up with adaptation and mitigation measures.

7.10 Climate change screening shall be undertaken at the pre-feasibility stage using the climate and disaster risk screening tools accessible via http://cdrs.finance.go.ug.

7E. Gender and Equity Considerations

7.11 To ensure the sustainability of PIM systems, formulation and implementation of projects shall incorporate social safeguards, gender and equity considerations. Special focus shall be accorded to women, children, people with disabilities (PWDs) and other vulnerable groups.

7.12 This shall be assessed throughout the entire project preparation cycle and annual portfolio reviews, and monitored during implementation.

7F. Institutional Development Projects

7.13 MDAs shall formulate Institutional Development (ID) projects to enable them to acquire the fixed assets needed to support staff in executing the delivery of services under their mandate. The fixed assets shall exclude the construction of office space, land acquisition and the acquisition of heavy-duty equipment.

7.14 The ID projects shall be used by the MDAs as vehicles to undertake the regulatory function of Government which involves creating, enforcing and overseeing rules and standards to ensure that sectors of the economy, society and environment operate in line with the public interest, safety, fairness and sustainability ensuring compliance with legal frameworks and standards. During the annual portfolio reviews, ID projects shall be assessed to the extent they have fulfilled the regulatory function under their mandate.

7.15 ID projects shall only be subjected to the profile stage and will be supported with an up-to-date Asset Management Strategy spelling out the stock of assets, as well as a clear plan for the new acquisitions, disposals and maintenance status over the medium term. This strategy shall be used to inform decisions on the annual budgetary resource allocations for the respective institutional development.

7G. Emergency Projects

7.16 Emergency projects shall encompass all initiatives that are implemented in response to sudden-onset disasters, crises or emergency situations to provide immediate relief, support and assistance to the affected populations. Projects under this category shall be required to contribute to the Government asset database.

7.17 Responsible MDAs, in liaison with the Office of the Prime Minister, shall institute temporary measures to address the crises as these projects finalize the DC appraisal processes.

7H. Appraisal of Programmes

7.18 A programme is a group of related interventions managed in a coordinated way. In appraising a programme:

i. At the profile stage, the MDA shall submit a logical framework and a theory of change for consideration by the DC.

ii. At the feasibility study stage, the programme shall be appraised in line with the nine (9) modules. Appraisal of programmes will be in two phases, with the first involving individual components that constitute the programme and the second level involving programme viability as a whole.

7I. Off-budget Projects

7.19 Any off-budget project that requires counterpart financing from the Consolidated Fund/Government of Uganda (GoU) shall be required to get on-budget and will follow the GoU processes on projects/programmes preparation and management on the IBP.

7J. Entry Point of PPPs in the PIP

7.20 PPP projects that require Government's contribution from the Consolidated Fund under the development budget shall be required to complete the three stage gates and clearance from the PPP Unit prior to inclusion in the PIP and the Budget.

7.21 The projects shall be submitted on the IBP and the implementing entity shall be required to upload the feasibility study approved by the PPP Committee and populate the proposal to facilitate the project selection process.

7K. Appraisal of Programme-for-Result (PforR)

7.22 Program-for-Result (PforR) is a financing instrument that links fund disbursement to the achievement of specific, tangible, transparent and verifiable Disbursement Linked Results (DLRs) associated with agreed Disbursement Linked Indicators (DLIs). The appraisal process for the PforR shall depend on its structure. If the DLRs involve funding for specified expenditures related to infrastructure, disbursements are triggered upon achieving these results. In such cases, the MDA must undergo a full appraisal process, including infrastructure design to obtain a code.

7.23 Conversely, if the DLIs do not trigger disbursement on a one-to-one basis and investments follow the Programme Expenditure Framework (PEF), the MDA will submit a project profile to the DC for review detailing proposed areas under the PEF. Upon approval, the PforR can request for a code. However, any investment made during programme implementation must submit a detailed feasibility study on the IBP and shall be mapped as outputs under the project code for PforR.

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ANNEX I: TERMS OF REFERENCE FOR PROJECT PREPARATION COMMITTEES (PPCS) IN MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)

A. INTRODUCTION

1. The Development Committee (DC) Guidelines provide clarity on the "gatekeeping" role of all responsible key stakeholders in the Public Investment Management (PIM) framework, strengthen the link between the Public Investment Plan (PIP) and the National Development Plan, avoid duplication of Government interventions, improve coordination in order to harness synergies among MDAs, and ensure that only projects/programs with the greatest benefit to the economy are undertaken.

2. A PPC is to be established at the Vote level to facilitate project/programme preparation and appraisal processes. This is to ensure:

    i. That only viable projects are forwarded to the DC for consideration.

    ii. Ownership of projects by programmes.

    iii. Alignment of the projects to the NDP and Programme Implementation Action Plan objectives.

    iv. That duplication of existing projects/interventions is avoided.

    v. That harmonization and coordination of Government interventions is in line with PIMS and programme-based budgeting, among others.

B. PURPOSE OF THE PPC TERMS OF REFERENCE

3. The purpose of these TORs is to provide guidance to the PPCs in the execution of the responsibilities stipulated in Section C below.

C. ROLES OF PPCs

4. The PPCs will undertake the following tasks:

   i. Ensure that the project/programme ideas are directly mapped to the MDAs Strategic Investment Plan.

   ii. Ensure that the proposed interventions are not duplicating an existing project within the MDA through systematic stakeholder-wide consultations and rigorous scrutiny.

   iii. Enhance the capacity of PPC members throughout the project/programme cycle.

   iv. Periodically review ongoing projects/programmes to assess the level of implementation, identify challenges, recommend corrective actions to inform new projects and evaluate the attainment of objectives.

   v. Have custody of all pipeline ideas submitted by the respective departments within the MDA pending submission to the Programme Working Group.

   vi. Review all project reports within the MDA pending submission to the Programme Working Group.

   vii. Ensure all DC actionable points and recommendations are comprehensively addressed by the Vote .

   viii. Control for the cross-cutting issues as stipulated in the DC guidelines.

D. COMPOSITION OF THE PPCs

5. At the Vote level, the Planning/Strategy/Project Units in the respective MDAs shall serve as the secretariat for the PPCs chaired by the Accounting Officer of the representative Vote or his/her representative. The PPCs will also consist of members from the departments where the project idea has originated as well as all relevant stakeholders within the Vote as deemed fit by the Accounting Officer of the Vote .

E. MEETINGS

6. The committees shall meet regularly to execute the responsibilities assigned to them in Section C above.
7. The PPC will meet to consider profiles, studies, programme appeals, and project re-scoping, among others, before submission to the Programme Working Groups and thereafter to the DC for consideration.

F. REPORTING

8. Once project identification and preparation of the project have been completed, the profiles shall be presented to the respective PWG for consideration and submission to MoFPED.

9. The Votes shall be required to provide minutes evidencing the consideration of the profile to the head of the PWG and submitted on the IBP.

ANNEX II: TERMS OF REFERENCE FOR PROGRAMME WORKING GROUPS FOR PROJECTS AND PROGRAMME MANAGEMENT

A. INTRODUCTION

1. The Development Committee (DC) Guidelines provide clarity on the "gatekeeping" role of all responsible key stakeholders in the Public Investment Management (PIM) framework, strengthen the link between the Public Investment Plan (PIP) and the National Development Plan, avoid duplication of Government interventions, improve coordination in order to harness synergies among MDAs, and ensure that only projects with the greatest benefit to the economy are undertaken.

2. The PWG Guidelines also require PWGs to align programme interventions and projects to national development goals and priorities.

B. PURPOSE OF THE PWGS TERMS OF REFERENCE (TORS)

3. The purpose of these TORs is to provide guidance to the PWGs in the execution of the responsibilities stipulated in Section C below.

C. ROLES OF PWGs

4. The PWGs will undertake the following tasks:

    i. Ensure that the project ideas are mapped to the comprehensive National Development Planning Framework and other Government development policies as issued from time to time.

    ii. Ensure that the proposed interventions are not duplicating an existing project within the programme.

    iii. Enhance the capacity of PWG members throughout the project cycle stages and phases.

    iv. Ensure that all stakeholders are involved in the project cycle from the inception to ex-post evaluation stage.

v. Carry out periodic review of ongoing and commissioned projects to assess the level of implementation, identify challenges, recommend corrective actions to inform new projects and evaluate the attainment of objectives.

vi. Act as custody of all pipeline ideas and profiles submitted by the respective MDAs pending submission to the DC.

vii. Review all project reports from the MDAs within the programme pending submission to the DC.

viii. Ensure all DC actionable points and recommendations are comprehensively addressed by the Votes under the programme.

D. COMPOSITION OF THE PWGs

5. At the Programme Working Group level, the PWG composition shall be in line with the PWG Guidelines and shall have a programme-wide composition provided for under the PWG guidelines.

E. MEETINGS

6. The committees shall meet regularly to execute the responsibilities assigned to them in Section C above.

7. The PWG will meet to consider profiles, studies, programme appeals, and project re-scoping, among others, before submission to the DC for consideration.

F. REPORTING

8. Once identification and preparation of the projects have been completed, the profiles shall be presented to the respective PWG for consideration and submission to MoFPED.

9. The programmes are required to submit endorsed minutes evidencing the consideration of the profile to the Permanent Secretary/ Secretary to the Treasury.

ANNEX III: ROLES AND RESPONSIBILITIES OF DC MEMBERS

No.	INSTITUTION	ROLES
1	Ministry of Finance, Planning and Economic Development	Chair and Secretariat to the DC.
2	Office of the President	Provide policy oversight.
3	Office of the Prime Minister	Provide guidance on the M&E framework for the projects/ programmes.
4	National Planning Authority	Responsible for strategic alignment of the project/programmes to the NDP.
5	Ministry of Gender, Labour and Social Development	Handle socio-economic aspects, i.e. social, safety and health, among others.
6	Public Procurement and Disposal of Public Assets Authority	Provide guidance on procurement-related issues and performs the procurement audit on existing projects in the PIP.
7	Ministry of Lands, Housing and Urban Development	Handle aspects concerning acquisition of Right of Way, land compensation and physical plans.
8	Ministry of Works and Transport	Provide technical guidance on construction works and designs for all projects/ programmes.
9	Ministry of Water and Environment (Climate Change Department)	Provide strategic guidance on climate change action and compliance.
10	National Environment Management Authority	Provide strategic guidance on environmental management and compliance.
11	Equal Opportunities Commission	Provide guidance on gender and equity issues.

No.	INSTITUTION	ROLES
12	Solicitor General	Provide legal advice throughout the project cycle.
13	Makerere University PIM Centre of Excellence	Independent reviewer of studies and advises the DC as an expert offering training services to GoU.
14	Ministries, Departments and Agencies	Initiate project ideas consistent with the Comprehensive National Development Planning Framework.

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