# Strengthening Public Investment Management in Uganda

## A Diagnostic Report

August 2016

Ministry of Finance, Planning and Economic Development

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## FOREWORD

Uganda's economy has grown rapidly over the past 20 years propelled by consistent policy reforms. Real GDP growth averaged 7.4 percent per annum over a 10 year period ending in FY2009/10, compared with an average of 6.5 percent per annum recorded in the 1990s. However, between FY2010/11 to FY2013/14, the economy slowed down to an average growth rate of 5.5 percent which was below the first National Development Plan (NDPI) target of 7.2 percent.

The mid-term review (2013) of the first National Development Plan (NDP) identified a number of challenges and weaknesses, most significantly delays in the implementation of public investment projects. The economic and social transformation was hinged on implementing core projects and therefore addressing these implementation challenges is key to the national development agenda. With implementation of NDP II already underway, focus will continue to be towards strengthening project implementation capacity, and especially the Public Investment Management System (PIMS).

While the primary responsibility of ensuring that government resources are invested in bankable projects lies with the Ministry of Finance, Planning and Economic Development, other Ministries, Departments and Agencies (MDAs) have a key role to play in ensuring that successful implementation is undertaken and multi sectoral coordination exists across these agencies to avoid duplication.

I thank all stakeholders especially the World Bank and DFID for supporting the process of undertaking this study and look forward to implementing the proposed reforms.

Keith Muhakanizi
**PERMANENT SECRETARY/SECRETARY TO THE TREASURY**
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## ABBREVIATIONS

| | |
|---|---|
| BFP | Budget Framework Paper |
| BPM | Business Process Management |
| CBA | Cost Benefit Analysis |
| CEA | Cost Effectiveness Analysis |
| CP | Complement Projects |
| DC | Development Committee |
| DFID | Department For International Development |
| DP | Development Partners |
| EPD | Estrategic Planning Division |
| GDP | Gross Domestic Product |
| IBP | Integrated Bank of Projects |
| ICS | International Classification of Standards |
| ICT | Information, Communication and Technology |
| IEP | Institutional Estrategic Plan |
| IMF | International Monetary Fund |
| IT | Information Technology |
| LFA | Log Frame Approach |
| M&E | Monitoring and Evaluation |
| MALGs | Ministries, Agencies and Local Governments |
| MDAs | Ministries, Departments and Agencies |
| MFPED | Ministry of Finance, Planning and Economic Development |
| MTEF | Medium Term Expenditure Framework |
| NBFP | National Budget Framework Paper |
| NDP | National Development Plan |
| NPA | National Planning Authority |
| OAG | Office of the Auditor General |
| OPM | Office of the Prime Minister |
| PAP | Project Analysis and Public Private Partnership |
| PDPs | Private Development Partners |
| PER | Public Expenditure Review |
| PHLA | Public High Level Authorities |
| PIMS | Public Investment Management Systems |
| PIP | Public Investment Plan |
| PPP | Public Private Partnership |
| PS | Planning Service |
| SBFP | Sector Budget Framework Paper |
| SIPs | Sector Investment Plans |
| SWGs | Sector Working Groups |
| TM | Treasury Ministry |
| USD | United States Dollars |
| VFM | Value for Money |
| WB | World Bank |

## Executive Summary

The Second National Development Plan (NDP II) adopted in 2015, aims at propelling Uganda towards a middle income status country by 2020 and calls for significant increases in public investment with focus on agriculture, tourism, minerals, oil and gas, infrastructure and human capital development. Achieving the objectives of the Plan has been hinged on successful implementation of the core projects identified in these focus areas.

However, findings of a Public Expenditure Review (PER) by the World Bank in 2010 identified a relatively weak Public Investment Management System (PIMS) as the key constraint to timely implementation of projects. According to the review, the system underlying identification, appraisal, implementation, and monitoring of Development Projects across government institutions is dysfunctional. The mid-term review on implementation of NDP also identified this as a key challenge which often resulted in delays in the implementation of core and other NDP projects. Both reviews recommended strengthening of the investment management system.

Following the recommendations of the NDPI mid-term review and the 2010 PER, the present diagnostic study undertakes a detailed assessment of the current Public Investment System in Uganda and proposes a sound framework for improving the project cycle management. The assessment involved a review of public documents and in-depth interviews with key stakeholders and focused on the processes underlying the preparation of project proposals, the approval of projects to be included in the Public Investment Plan (PIP), the cost benefit and effectiveness analysis for appraisal of projects, the procurement of contractors and the monitoring and evaluation of implemented projects.

## Key Findings

- Project identification phase: That there are various sources of project ideas some of which are not subjected through the appropriate project development cycle resulting into poor selection of projects that are not aligned to national priorities.
- Pre-investment phase: There is a weak appraisal process which results into a large number of projects with a high recurrent component in the PIP. The assessment revealed that the respective MDAs do not undertake detailed pre-feasibility and feasibility studies to guide investment decision making. This is attributed to capacity and resource constraints, plus lack of a comprehensive guiding framework that could be adopted across sectors to undertake these assessments. In addition, there are inconsistencies between the Development Partners (DPs) and the country's Public Investment Management (PIM) processes given that a significant portion of investment projects are foreign funded. The assessment also established that there is no explicit legal provision enforcing the Public Investment Management Framework; this may, in the future, present challenges in ensuring compliance with any proposed PIMS.
- Investment phase: A number of challenges were identified particularly; the inadequate resources for counterpart funding, delayed acquisition of right of way, delays in the finalization of designs and the procurement of competent

contractors. Another key finding was that project preparation is largely done to select projects that are to be funded in the next immediate budget rather than focus on the development of an inventory of bankable projects which the budget process should benefit from over time. As a result, some projects that are not ready for implementation are approved on account of availability of funding leading to delays in commencement of implementation as preparation has to be undertaken.

- Operation and ex-post Evaluation Phase: There is need to improve systems for monitoring and evaluation of the quality of service delivery. This is exacerbated by the poor maintenance culture in the management of public assets underpinned by inadequate and inefficient use of available resources, capacity constraints and lack of ex post evaluation of the completed projects.

**Recommendations on Strengthening PIMS**

The main recommendation for strengthening Uganda's Public Investment Management System is the need to put in place a comprehensive framework which specifies: (i) the project development cycle to which all project ideas irrespective of the source must be subjected (ii) the institutional arrangements especially, the key stakeholders and their respective responsibilities (iii) critical resources required for the successful operationalization of the PIMS framework.

**Project Development Cycle**

In regard to the project cycle, it is recommended that a public investment decision process be established by introducing gradualism through a mandatory project life cycle. A four phase cycle is proposed to include; (i) identification phase, (ii) pre-investment phase, (iii) investment phase, and (iv) operation and ex-post evaluation phase. Within each phase there should be established decision gates against which progression of a project idea from one phase to another must be supported by relevant approvals.

**Institutional Arrangements**

In order to strengthen the *gate keeping* function, the legal framework should be strengthened to provide for the PIMS. Secondly, within the Ministry of Finance, the Projects and PPP Department (PAP) should be strengthened to spearhead the PIMS reform and the responsibilities for all stakeholders within the PIMS clearely defined.

The lack of an inventory of bankable projects is in part explained by the current focus of the Development Committee on approving projects for the immediate year under consideration. To re-orient its scope towards creating an inventory of bankable projects, it is recommended that the committee meets on a much more frequent basis (at least monthly) to consider project proposals all year round.

## Critical Success Factors

### *Integrated Bank of Projects*

Many countries have institutionalized a project bank in which projects that are expected to be beneficial to a country's development are registered and are subsequently included in the PIP when resources are available. This improves the readiness of projects and as such reduces the time between the decision to include or move forward with a project and the time it takes to take off. It is therefore recommended that an IT based integrated bank of projects (IBP) is developed for Uganda. The IBP should act as a central depository for public projects in Uganda and enable tracking of the development process of projects on a real time basis. It should contain all investment initiatives that are in different stages of their lifecycle including approved bankable projects without financing.

### *Capacity Building*

The 2010 World Bank PER report highlights limited technical capacity as a challenge for public investment management. And this is more prevalent in the externally funded development projects, which get prepared by the development partners. For the domestically funded development projects, the tendency for most MDAs is to outsource this function to consultants. In order to address this challenge, it is recommended that capacity building be undertaken to create a critical mass of public investment management experts at all levels of Government. Given the likely costs associated with training abroad for such large numbers of experts, this can best be accomplished by establishing a PIM Center of Excellence at one of the national Universities.

### *Economic Appraisal Manuals*

In order to address the challenge of uneven project proposals submitted to the Development Committee, it is recommended that general and specific manuals for the more complex sectors be developed to act as a step by step guideline in the PIMS process detailing what procedures to follow in developing and appraising projects.

### *National Parameters*

Given economic distortions and externalities in the Ugandan economy, market prices may not reflect the social value of resources and services. There are also many goods and services for which there are no markets (such as clean air, fishing stocks, human life, etc.) but they do have a social value.

To use simple market prices in economic project appraisal is inadequate and therefore, the Government needs to determine the consumer's willingness to pay (or shadow prices) of the most important prices and national parameters and provide them to all government entities, consultants, and donor agencies.

Currently, Uganda depends on shadow prices applied by DPs which may vary depending on the DP. In order to ensure a uniform standard for and quality of proposals submitted for the Public Investmnent Plan (PIP), it is recommended that Uganda develops its own parameters to support economic evaluation of projects.

### *Project Facilitation Fund*

This study re-affirms the PER recomendation that a designated fund could be usefully set up that would allow a number of priority projects to undergo feasibility and/or pre-appraisal studies while awaiting inclusion in the PIP and the annual budget.

### *Monitoring and Evaluation (M&E)*

In order to strengthen monitoring and ex-post evaluation within Uganda's PIMS, it is recommended that the log frame approach is adopted while formulating projects. Emphasis should be on clearly defining the results chain, key performance indicators for which a baseline and muliti year targets are established. It is also proposed that a national compendium of monitorable indicators be formulated.

In order to strengthen the PIM System, the Diagnostic Study proposes a roadmap to ensure an orderly process in the implementation of the reforms. **It is envisaged that operationalization of this comprehensive Public Investment Management System will lead to efficient and effective use of Public resources and contribute to the fast tracking of the NDPII goal of attaining a middle income status by 2040.**

# 1. Introduction

## 1.1 Background

Uganda has an ambitious development agenda of transforming itself into a modern and prosperous country by 2040. Vision 2040, approved by Cabinet in 2007 and whose implementation is to be undertaken through six successive five-year development plans, identifies strategic areas that offer opportunities for Uganda's transformation process. These include; the development of the petroleum and minerals subsectors, investment in the tourism and ICT subsectors, leveraging the abundant labour force, the strategic geographical location and water resources to boost trade, industrialization and agriculture among others.

The Second National Development Plan (NDP II) launched in July 2015 aims at propelling Uganda towards middle income status by 2020. The Plan foresees significant increases in public investment with focus on interventions in agriculture, tourism, minerals, oil and gas, infrastructure and human capital development.

The growth agenda during NDP II is hinged on the timely implementation of the identified core projects, and is expected to boost GDP growth to an average of 6.3 per cent per annum and per capita incomes of US$ 1,039 by 2020. There are down-side risks to achieving these growth rates, in particular the delays with project implementation, which continues to affect many projects. These delays are symptomatic to the weak mechanism for tracking public investment projects. Inefficiencies in the management of projects has been known to result into:

i. Poor project selection, further leading to the creation of "white elephants" that do not transform into productive assets;

ii. Unrealistic time schedules that lead to delays in completion of projects;

iii. Chronic under-execution of capital projects;

iv. Unprecedented cost over-runs;

v. Poor operation and maintenance of created assets.

Estimates from a number of studies (Dabla-Norris et al., 2012; IMF, 2013; and the World Economic Forum) indicate the level of efficiency in public investment in Uganda to be between 0.33 and 0.36 indicating that over 60 percent of the resources invested in public projects go to waste.

## 1.2 Benefits of a strong Public Investment Management Process

Ideally, investment decisions should be made in the public interest bearing in mind their impact on service delivery and welfare. However, most governments face the challenge of allocating scarce resources (natural, human and physical capital) toward infinite uses to satisfy certain needs and obtain the maximum social and economic benefit. Given the diverse and divergent needs for the ever inadequate resources, it is imperative that these resources are channelled in an efficient manner, to those sectors/areas with a significant impact on welfare.

Notwithstanding the need for government intervention, its overall contribution to growth very much depends on the effectiveness of the management of public investments both during preparation and implementation. A number of countries around the world (South Africa, Chile, Australia, United Kingdom, and South Korea) have put in place formal systems for project evaluation which provide a framework to guide on allocative efficiency for public resources.

The use of a formal system to guide investment decision is underscored by Jenkins, Harberger and Kuo (2010), who emphasized that public investment decision making should rely on a set of rules and procedures to address the following questions: (i) Does public policy leave the society in a better position with or without the intervention of a project? (ii) Do the benefits outweigh the costs? (iii) What can we say about the relevance of technical decisions? (iv) Do these decisions really maximize social welfare? (v) Is the proposed project the best alternative, (vi) considering all restrictions? (vii) Is the project worthwhile?

Public investment supports the delivery of key public services, connects citizens and firms to economic opportunities, and can serve as an important catalyst for economic growth. It is evidenced that Countries with strong PIM institutions attain higher returns from their investments through closing the efficiency gap.

A functioning PIM System ensures stability in Public investments, Countries with strong PIM institutions tend to have less volatile investment flows as they have ready to go projects for implementation each financial year. Various studies emphasize the importance of avoiding stop-go investment circumstances, given the consequences for the cost, timeliness, and quality associated to infrastructure asset. Allocation of capital spending to the most productive sectors and projects requires a comprehensive, unified, and medium-term perspective to capital budgeting, as well as objective criteria and competitive procedures for selecting particular investment projects.

Furthermore existence of strong PIMS in a country makes the development budget more credible. Majority of developing countries tend to suffer from under execution of their capital budgets due to overly optimistic assumptions about how soon projects can break ground, lack of funding, and weak implementation capacity. By contrast, developing and emerging economies tend to overspend on studying a project at its initial stage before securing project approval. With a strong PIMS framework, availability of financing for projects is assured which allows planning and commitment of investment projects based on reliable forecasts and timely cash flows from the Ministry of finance.

Existence of a strong PIM framework with well known steps and procedures assists in reducing corruption and rent-seeking tendencies as there is open competition, transparent procedures for allocating and implementing public investment projects. The PIM System calls for Multi-year budgeting that provides transparency and predictability regarding levels of Public investment.

A formal system of project appraisal therefore provides the basis for government to advance only those initiatives that demonstrate the most economically attractive benefits for society. This process aids the discontinuation of bad projects but also allows for the transformation of good “investment ideas” into “investment projects”; thereafter, into “investment decisions”.

It is imperative to have an effective Public Investment Management (PIM) system in place to maximize value for money from these proposed public investments. However Country efforts to “invest in the investment process” can play a key role in raising the returns on public and private investment, and in ensuring that the scaled-up investment reaps the required growth dividends, while maintaining fiscal and debt sustainability.

### 1.3 Justification of the Study

The 2013 review of NDP I identified the key challenges that often led to delays in the implementation of core and other NDP projects to include; conflicting prioritization of programs and projects in government, limited technical analysis and appraisal prior to inclusion of projects in the PIP, limited analysis of financing requirements for individual projects, limited structures and technical capacities in MDAs to develop, manage and implement complex projects, and slow and cumbersome procurement processes. Most of these challenges are characteristic of a weak investment management system. These findings were similar to those in an earlier report by the World Bank[1], and both reports came to the conclusion that the Public Investment Management System (PIMS) requires strengthening.

In view of the recommendations of the mid-term review of NDP I and the 2013 Public Expenditure Review, the Government of Uganda, as reported in the 2014 PRSP Progress Report, committed to take steps to further improve capacity in project planning and implementation through emphasis on screening and selection of investment projects. Consequently, in collaboration with the World Bank, the Government conducted a detailed diagnostic study of the current processes surrounding the identification, selection and implementation of public investments. The objectives of the study include;

1. Assessing the current PIM processes at the National level.
2. Recommending improvements to the current PIM system.
3. Proposing an action plan to fast track the reform of Uganda's PIM system.

This report summarizes the findings of the diagnostic study and is organized in five sections. Section two presents the methodological procedures employed to conduct the study while section three presents an assessment of Uganda's current PIMS. Section four presents a summary of findings and recommendations of the study. Section five provides a detailed action plan intended to improve the current PIMS.

## 2. Methodology

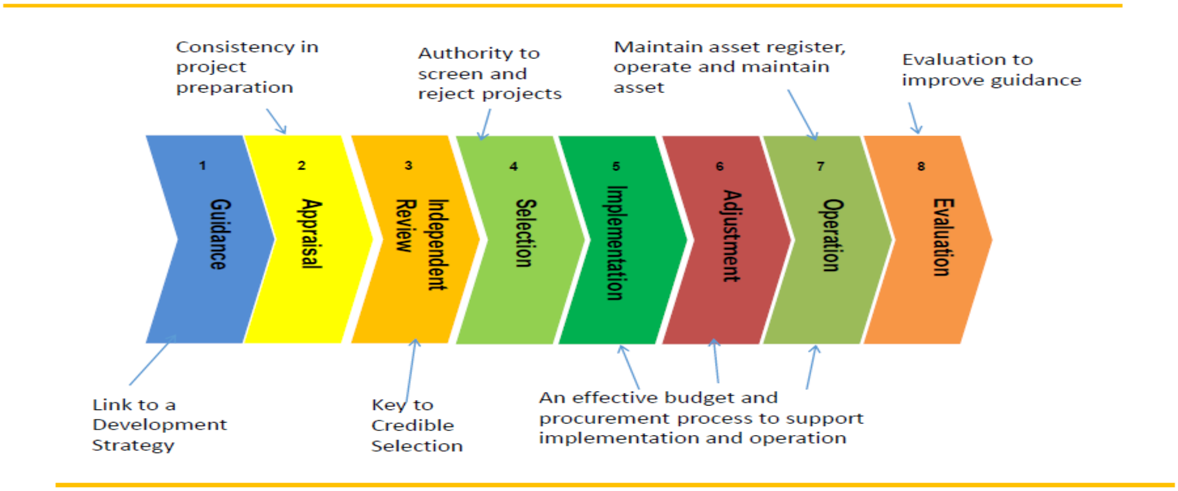
In order to assess the current PIMS in Uganda, a review of public documents and processes was undertaken, which was followed up by in-depth interviews conducted with key stakeholders. The main purpose of the reviews and interviews was to obtain information on:

1. Preparation of project proposals.
2. Approval of projects to be included in the Public Investment Plan.
3. Cost benefit or cost effectiveness analysis for appraisal of projects.
4. Bidding and procurement processes to implement and operate projects.
5. Monitoring and evaluation of implemented projects.
6. Accountability system for the projects.

The review and interviews were largely guided by the Rajaram Framework using a standard project cycle shown in Figure 1.

[1] Public Expenditure Review Report, 2010

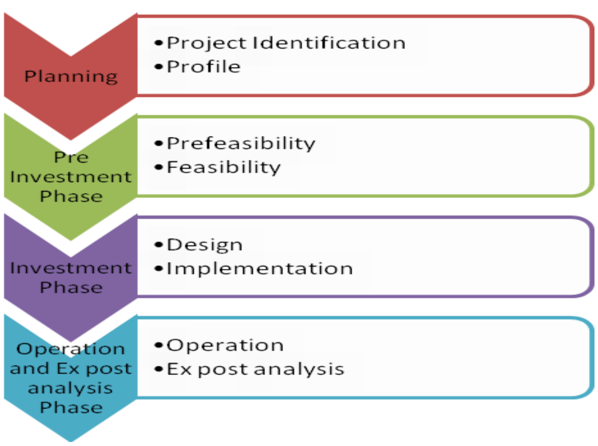
**Figure 1: Standard Project Cycle**




Source: World Bank, 2014

In conducting this diagnostic study, the Rajaram Framework was further modified into four distinct phases to suit the Ugandan situation with emphasis on the need for alignment of all projects to the NDP, the need to strengthen the screening of projects through relevant studies and analysis, and the need for effective implementation of projects and evaluation of their outcomes. As a result, the simplified project cycle demonstrated in Figure 2 was applied in the study.

**Figure 2: Project Life Cycle**




Source: Field Data, 2015.

## 3. Assessment of the Current PIMS in Uganda

As a project moves through its lifecycle, the focus of managerial activities shifts from planning to operating and controlling activities. These phases only represent a natural order in which projects are planned and carried out. The Government of Uganda has made progress in improving the quality of public investments; key among them is setting up relevant institutions. However, despite the recent progress, a number of core challenges remain. This section of the diagnostic study examines how the current PIMS operates in relation to the national planning frameworks and the budget preparation cycles.

### 3.1 Budget Preparation Process and Institutional Arrangements Surrounding the PIMS

Operationalization of PIMS in Uganda is hinged on the overall national planning framework and the annual Budget Cycle (Figure 3). The formulation of the NDP II is the responsibility of the National Planning Authority (NPA) whereas implementation of the priority project in the NDP is the responsibility of MDAs, Local Governments, Civil Society Organizations and the private sector. The government of Uganda introduced the *sector-wide approach* (SWAP) to budgeting in 1999 because individual planning by public institutions often resulted into a lack of synergies and duplication of interventions. In turn, these pitfalls would undermine efficient utilization of resources within and across sectors. The *sector-wide approach* therefore ensures that institutions delivering related services, work together to harmonize interventions. Its implementation implies that all stakeholders actively participate in decision making processes designed to meet the country's strategic objectives.

The government has defined 16 sectors, each constituting a Sector Working Group (SWG) with a secretariat which harmonizes, coordinates, monitors, evaluates and reports on the vision, goals, policy framework plans and performance of all MDAs within the sector. These sectors include; Lands, Housing and Urban Development, Agriculture, Energy and Mineral Development, Social Development, Security, Public Sector Management, Public Administration, Health, Education, Works and Transport, Water and Environment, Accountability, Legislature, Justice, Law and Order, Tourism, Trade and Industry.

The role of the SWG is crucial in public investment management because it is an avenue for transforming policies into service delivery through projects. The roles and responsibilities of SWG include;

a) Examining and reviewing policies and plans;
b) Identifying priorities and other emerging issues;
c) Assessing resource requirements and cost implications including proposed medium term budget allocations;
d) Reviewing performance targets and outcomes; and
e) Participating in identification and preliminary approval of development ideas.

Furthermore, the SWG is expected to prepare medium term Sector Investment Plans (SIPs) that are consistent with budget strategy documents. A SIP is defined as a detailed statement of performance, issues and opportunities, development objectives, policies and strategies that support the development in the specific sector. It provides a framework, which has to be aligned to NDPII, for the identification of initiatives and projects for government agencies, the private sector, civil society and academia.

For this reason, each sector is required to prepare and submit a Sector Budget Framework Paper (SBFP) according to guidelines provided by the Ministry of Finance, Planning and Economic Development. The BFP acts as a basis for allocation of resources to public priorities to be funded in the following fiscal year. In executing their tasks SWGs have to deliver the following outputs within a financial year:

i) Annual Budget Estimates,
ii) Annual Procurement Plans,
iii) Quarterly Monitoring Reports,
iv) Multiyear commitments schedule
v) Reports on the Review of Existing/On-going Projects,
vi) Annual Budget Performance Report, and
vii) Proposed New Projects.

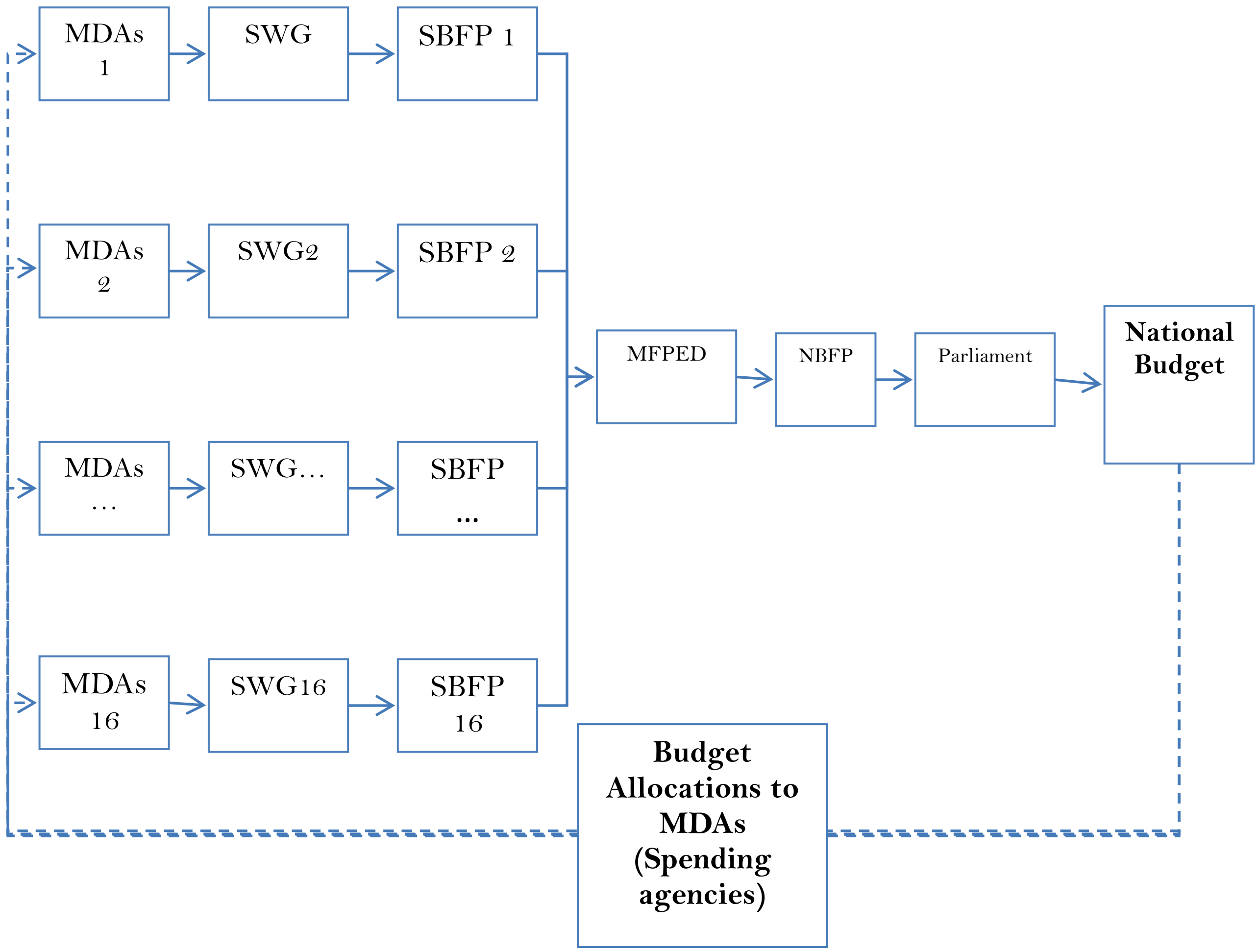
The Sector Budget Framework Paper (SBFP) sets out the budget strategy, specifies objectives and performance targets for a given sector in a financial year. It also provides details of the sector's previous performance and plans. It contains information on SIP such as the sector objectives alongside performance targets, sector planned actions and outputs, strategies to improve performance and draft work plans with outputs for spending agencies. MFPED consolidates all SBFPs from the 16 sectors and prepares the National Budget Framework Paper (NBFP), which is presented to Parliament by the 31st December every year. The NBFP is the government's overall strategy document for the budget and provides the link between government's overall policies identified in the National Development Plan and the annual budget. It contains information on macroeconomic policy and plans; overall fiscal strategy, such as revenue projections; the overall resource envelope for the medium-term; overall priority interventions and proposed sectoral expenditure plans.

Parliament discusses in detail the national budget allocations for sectors proposed in the NBFP and guided by the NDP II. Budget discussion in some cases result into Parliament making some adjustments in resource allocation before final approval. This budget process represents the backup needed to fund initiatives that transform public policies into service delivery. This whole process of the budget cycle is graphically presented in Figure 3.

A key finding of the review was that project preparation in Uganda is largely done to select projects that are to be funded in the budget rather than focus on the development of a database of bankable projects which the budget process should benefit from over time. As noted in the World Bank PER 2010, this characteristic could be seen as a relative strength of the Ugandan PIP, as it does not consider investment programs for which no budgetary resources are available. On the other hand, it also means that the focus is misguided because the paramount reason for investing should be the economic attractiveness of the project from the point of view of the country and not whether budgetary resources are allocated to it. There are other reasons why the current PIP focus is misguided. Many projects included in the PIP may not be ready to be implemented, and could be for technical reasons. In this case, funds would sit idle until the project's final engineering designs are completed. In addition, there is no reservoir or pool of ready-to-go projects that could be implemented if additional resources would become available. This is a major shortcoming as the process for project preparation is a time consuming process.

In light of the above, it is therefore necessary to comment on the inter-linkages between the budgeting cycle and the project cycle. Both systems should work closely because the budgeting cycle establishes the timing within which MDAs will receive public resource allocations to run the feasibility study or to undertake a project. The significant aspect here is that, according to PIMS principles, the budgeting cycle is defined to provide public resources to finance a phase of a project on condition that a project has fulfilled all technical, economic and engineering requirements needed in each phase. This means that the budget cycle should not be the only guiding principle for project performance. The project should follow the rhythm of the project progress through its lifecycle. The lifecycle of a project will provide the timing to receive funding in subsequent years based on the progress of its lifecycle.

**Figure 3: Budget Cycle**




Therefore, a basic requisite for implementing a successful PIMS is the coordination across MFPED, SWG and MDAs to conform to the life cycle of projects all year round, to create an inventory of bankable projects which feeds into the budgeting cycle for financing. In this regard, it was established that following the recommendations of the 2010 Public Expenditure Review, the Development Committee has since been expanded to include the National Planning Authority (NPA), Public Procurement and Disposal of Public Assets Authority (PPDA), Office of the President, Office of the Solicitor General and the Office of the Prime Minister (OPM). The frequency of the Development Committee meetings is to be increased to ensure that there is a continuous review and approval of new projects all year round. The review process is a critical requirement in enabling the creation of an inventory of bankable projects.

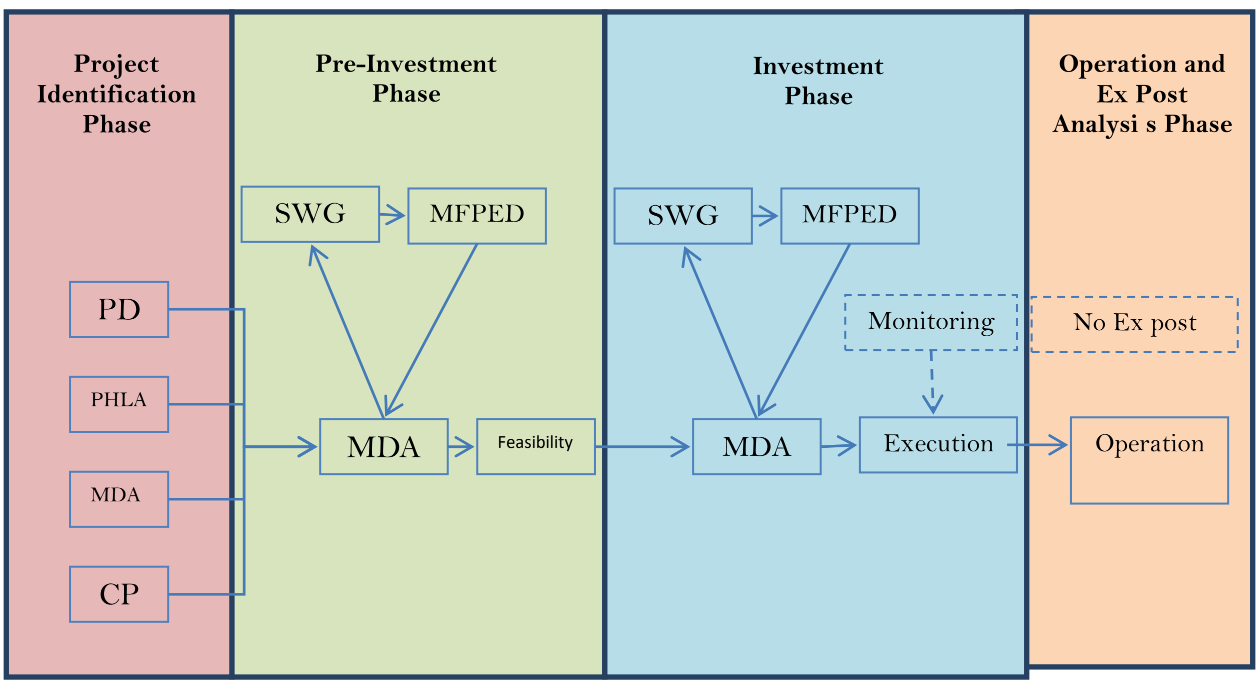
### 3.2 Project Life Cycle

A project's lifecycle is a sequence of stages needed to execute it efficiently. It is the process by which an idea is transformed into reality through the analysis of alternatives and selecting the most profitable alternative based on the cost-effective point of view. In conducting this study, the project lifecycle was defined to include planning, pre investment, investment and operation and ex post analysis phases.

The sections below present the findings of the current project lifecycle (Figure 4) accruing from the diagnostic analysis of interviews, meetings and documents regarding PIMS in Uganda. These results provide a useful general overview of project lifecycle and PIMS. However, the situation could vary across various MDAs due to differences in capacity and the respective frameworks or specific functions.

**Figure 4: The Current Project Cycle**

This process starts with the MDA submitting the proposal to the SWG to ensure consistency with the sector investment strategic priorities, avoid duplication and foster synergies. The approved proposal at the SWG is then submitted to MFPED, where the Development Committee (DC) appraises the project based on the set guidelines to ascertain consistency with national priorities and value for money for inclusion in the Public Investment Plan (PIP).




### 3.2.1. Project Identification Phase

The first phase of the cycle, which identifies potential public sector projects, is covered under the NDP process. The NDP applies a *bottom-up approach* which captures the sectoral priorities and a *top-bottom* approach which spells out national aspirations. The purpose of this phase is to establish the basic desirability of a project idea and to identify high-priority projects that fall within the responsibility of the public sector. Projects are a valuable tool for directing investments into the priority sectors of an economy. Nonetheless, the diagnostic study identified several categories of ideas outside the NDP process. They include:

1. Private sponsors, enterprises or Development Partners (DP): in this case, usually a private partner comes with a specific investment project to an MDA. In general, these projects come with a proposal of funding by the private or Development Partner.
2. National needs identified by Public High Level Authorities (PHLA): this category entails project identification which are driven the national and regional political economy largely arising out of Cabinet directives, Presidential directives and /or directives of the EAC head of states summit.
3. National needs identified by MDAs: in this case, project identification is done by a technical team from MDAs, which identifies a specific problem and then conceives ideas of projects to provide a solution.
4. Complement projects (CP): this category includes identification of ideas from other sectors that require another project to support other bigger projects in order to obtain the highest benefits to operationalize it. An example of this case is a road project (complement project) which is needed to provide connectivity to a major project (principal project).

The study established that the various sources of project ideas result into uncoordinated project plans, lack of ownership of projects and failure to follow through the appropriate PIM cycle. Secondly, the projects identified in the NDP are broad and give room to unwarranted interventions from various stakeholders during implementation. The study also deduced that scrutiny of project ideas at a sectoral level is not stringent enough resulting into proposals that are not aligned to national priorities.

Notwithstanding the source of the project idea, it is important that all project proposals are submitted to the corresponding MDAs to be reviewed in the SWGs and included in the SIPs to inform the Project planning and identification process.

### 3.2.2 Pre-investment Phase

This phase involves preparation of studies, in particular the profile study, the pre-feasibility and feasibility studies, evaluating all possible financing alternatives for the Public Private Partnerships (PPPs) and traditional approaches at this stage. The proposed PPP options are channelled to the PPP unit and handled in line with the PPP Act. MDAs undertake feasibility studies for the traditional projects and submit to MFPED for consideration. This phase is aimed at reducing the degree of uncertainty in investment decisions. Once the pre-investment phase is completed, the decision-maker may determine with greater certainty whether to proceed with the investment, defer or reject a project.

One of the weaknesses encountered in this phase is the weak appraisal process which results into a large number of projects with a high recurrent component in the PIP.

In addition, the assessment has revealed that the respective MDAs do not undertake detailed pre-feasibility and feasibility studies to guide investment decision making. This is attributed to capacity and resource constraints, and lack of a comprehensive framework that could be adopted across sectors to undertake these assessments. The problem is further escalated by inconsistencies between the development partners and the country's PIM processes given that a significant portion of investment projects are foreign funded. The absence of a guiding principle on Public Investment Management could present challenges in ensuring compliance.

In order to overcome such challenges of resource and capacity constraints, efforts could be focused on some sectors and some types of projects to start with before a general roll out to all sectors and all investments is done, based on the outcome of the pilot. Pilot sectors and projects could be selected by taking into account either investment volume, stakeholder interest in reform or the gravity of current PIM challenges.

### 3.2.3 Investment Phase

This phase comprises the final design and implementation of the project. It involves planning, procurement, fabrication, civil work construction, installation, making contract terms and conditions in order to develop detailed schedules and plans for making or implementing the product. In addition, decisions are made on which of the bankable projects within the PIP are to be funded and the source of funding. The sources could include the traditional fiscal budget, loans and grants or other alternatives. Typically; this is the phase where most of the budgetary resources are applied.

During project execution, the construction team utilizes all the schedules, procedures and templates that were prepared and anticipated during the prior phases. Unanticipated events and situations will inevitably be encountered, and these are dealt with by the project management team as they arise. In the project management discipline, this phase is called "Project Execution and Control". Here the term "control" is included because execution is not a blind implementation of what was written in advance, but a watchful process where implementation goes along with understanding what is being developed, and undertaking it differently when the circumstances do not fully correspond to what was intended. This "control" is an integral part of project management and is a necessary task of each project manager. In regard to budget execution, it involves ensuring that cash releases during the budget period are consistent with the efficient implementation of the capital investment budget. At the end of the Investment Phase, there is commissioning and hand-over of the public asset which involves performance tests, hand-over, close down, or decommissioning and disposal.

In Uganda’s case, approved projects are allocated funding by MFPED, for the design and eventual implementation by the respective MDAs. In this respect, funding for project investment is incorporated in the SBFP. Once the MDAs receive the budget, the procurement for the design and implementation commences.

The challenges encountered in this phase include inadequate resources especially counterpart funding, delayed acquisition of right of way, the quality of designs and contractors as well as unnecessary delays within the procurement processes. These inevitably lead to time and cost over runs. Given that only projects with identified funding are included in the PIP, this leaves out a number of potentially good projects. Furthermore, there is non-adherence to the established PIM system that compromises quality of the projects to be included in the PIP. Poor quality projects arise from; the weak appraisal in the pre-investment stage, projects that completely by-pass the established procedures, out dated designs and feasibility studies due to delays in identification of funding or limited exposure to new ideas.

The study identified other challenges in this phase which include high levels of budget overruns, delays in implementation and lengthy procurement procedures. In some instances, these challenges were attributed to project design inaccuracies. As a result, during construction, new works have to be done, necessitating more budgetary resource requirements and delays in delivery timeframe. Institutions responsible for project execution pointed out that some construction companies in charge of implementing projects do not have the necessary technical and financial backup, which is symptomatic to the weak appraisal process.

The study also established duplicity when it comes to monitoring. It was found that some institutions responsible for projects have specific units and systems for monitoring progress during execution. These institutions evaluate budget execution, overruns and fulfilment of time schedule among other things. However, there are also institutions which evaluate execution progress and focus on the overall progress of investment projects implemented by the government, such as the Office of the Prime Minister and the National Planning Authority.

### 3.2.4 Operation and Ex-Post Evaluation Phase

This phase may consist of operation, maintenance and ex-post evaluation of the performance of the public investment. These responsibilities rest with the sponsoring agency or a designated entity - NPA, OPM, and Office of the Auditor General (OAG) - or as may be deemed necessary.

During this phase, the designed project identified in the previous phases is operationalized. The purpose of ex-post evaluation phase is to assess the Project in terms of value for money and achievement of intended outcomes and impact on the development goals that the project was intended to contribute to (deliverables and other direct outputs).

However, despite the efforts being made, the systems for monitoring and evaluation of the quality of service delivery during project operation are still weak. This is exacerbated by the poor maintenance culture in the management of public assets due to inefficient use of available resources and capacity constraints.

**Box 1: Summary of the key challenges in the current PIM System in Uganda**

**Project Identification Phase**

- Several sources of project ideas exist presenting challenges of uncoordinated project plans, lack of ownership of projects and failure to follow through the appropriate PIM cycle.
- Projects identified in the NDP are broad and give room to unwarranted interventions from various stakeholders during identification.
- Scrutiny of project ideas at a sectoral level is not stringent enough resulting into proposals that are not aligned to national priorities.

**Pre-Investment Phase**

- Weaknesses in the appraisal process that result into many projects with a high recurrent component in the PIP.
- The sectors do not undertake detailed pre-feasibility and feasibility studies to guide in investment decision making. This is due to capacity and resource constraints and lack of a comprehensive framework that can be adopted across sectors to undertake these assessments. Thus the baseline and the economic assessment of the project are often not undertaken.
- Inconsistencies between the development partners' and the country PIM processes because the bulk of investment projects are funded by development partners.
- Lack of a legal framework surrounding the Public Investment Management Framework would present challenges in ensuring compliance with any proposed PIMS.
- Unrealistic time schedules which results into delays in project completion.

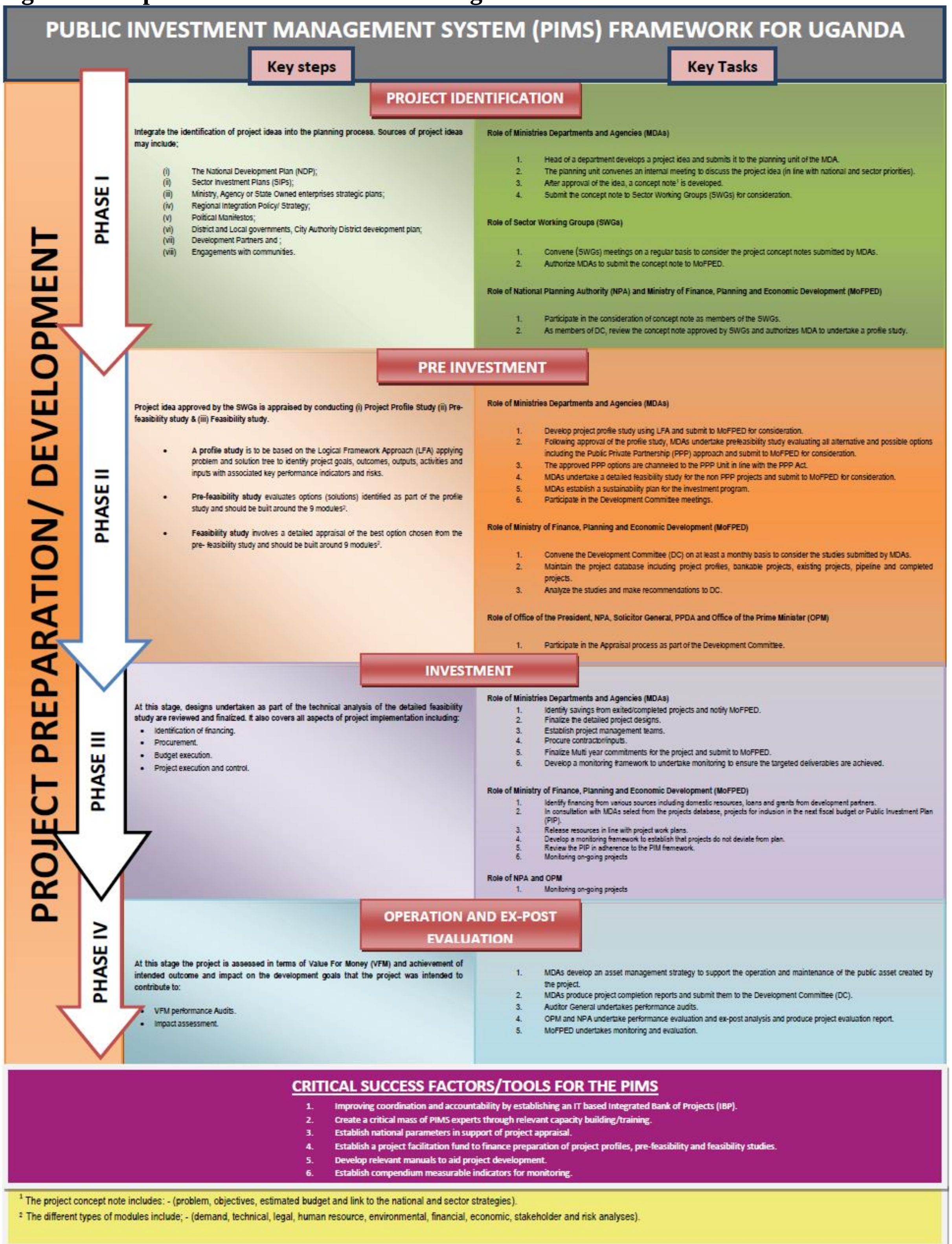
**Investment Phase**

- Inadequate resources mainly counterpart funding, delays in acquisition of right of way, quality of designs and contractors as well as unnecessary delays within the procurement processes. These inevitably lead to time and cost over runs;
- Non-adherence to the established PIM system that compromises quality of the projects in the PIP.
- Poor quality projects arising from weak appraisals in the pre-investment stage.

## 4. Recommendations to Strengthen PIMS

Drawn from several studies and reports, including the 2010 PER, the main recommendation for the strengthening of Uganda's Public Investment Management is premised on the need for Government to urgently putting place a comprehensive framework which clearly specifies: (i) the project development cycle to which all project ideas irrespective of the financing source must be subjected (ii) the institutional arrangements including, the identification of key stakeholder and their respective responsibilities (iii) a deliberate plan to critical mass of experts that will operationalize the PIMS framework. The proposed framework is summarized in figure 6 below.

**Figure 6: Proposed PIMS Framework for Uganda**



**Specific recommendations:**

### 4.1 . Project Cycle

Currently, projects are only included in the PIP when the program fits within the Medium Term Expenditure Framework (MTEF) ceiling and the annual budget for the immediate year under consideration. As a result, there is no inventory of projects that could be implemented if additional resources would become available. As the focus is on the annual budget, projects that are included in the PIP are almost always void of any pre-appraisal and/or feasibility analysis. In addition, monitoring and evaluation systems are weak.

**To address this weakness, it is recommended that a public investment decision process be established by introducing gradualism through a mandatory project life cycle. A four phase cycle is recommended to include (i) identification phase, (ii) the pre-investment phase, (iii) investment phase and (iv)the operation and ex-post phase.**

**Within each phase there must be decision gates and progression of a project idea from one phase to another must be supported by relevant approvals.**

### 4.2 . Legal and Institutional Arrangements

Currently, the gate keeping role is done at a high level by the Development Committee under the leadership of the Ministry of Finance, with membership including NPA and the OPM. However, there is no explicit legal provision surrounding the Public Investment Management Framework.

**In order to strengthen the gate keeping function within Uganda's PIMS, the legal framework should be strengthened to provide for the PIMS. Secondly, within the Ministry of Finance, the Policy Analysis and PPP Department should be strengthened to spearhead the PIMS reform and the responsibilities for all stakeholders within the PIMS clearely defined.**

The lack of an inventory of bankable projects is in part explained by the current focus of the Development Committee on approving projects for the immediate year under consideration**. To re-orient its scope towards creating an inventory of bankable projects it is recommended that the committee meets on a much more frequent basis (at least monthly) to consider project proposals all year round.**

### 4.3. Integrated Bank of Projects

Many countries have institutionalized a project bank as an exclusive information system designed to give support to public investment management by acting as a registry of data and information on all public investment projects and a tool for tracing their development through all stages of the project cycle.

This improves the readiness of projects and as such reduces the time between the decision to include or move forward with a project and the time it takes to show results on the ground.

**It is therefore recommended that an IT based Integrated Bank of Projects (IBP), managed by the PAP Department in the MFPED is developed for Uganda. The IBP should act as a central depository for public projects and enable real time tracking of the development of projects. It should have the capacity to contain all investment initiatives that are in different stages of their lifecycle.**

### 4.4. Create a critical mass of Public Investment Management Experts

The 2010 World Bank PER (Strengthening Public Investment Management) report highlights limited technical capacity as a challenge for public investment management. And this is more prevalent in the externally funded development projects, where MDAs rely of the expertise of development partners. For the domestically funded development projects, the tendency for most MDAs is to outsource this function to consultants. It is important to build this capacity, not only for government agencies but also for the consultants currently used to prepare and/or evaluate project proposals. This clearly will require time and a revision of the current guidance provided to teams preparing projects.

**In order to address this challenge, it is recommended that capacity building be undertaken to create a critical mass of Public Investment Management experts at all levels of Government. Given the the likely costs associated with training abroad for such large numbers of experts, this can best be accomplished by establishing a PIM Centre of Excellence at one of the national universities, organized by MFPED and financed using general fiscal resources including international cooperation funds and scholarships**.

### 4.5. Develop Simplified Project Appraisal Manuals for Stakeholders

In general, the PIP proposals submitted to the DC are of an uneven quality and hardly include any cost-benefit analysis. Clearer guidance to sector working groups and their stakeholders in particular line ministries is necessary to improve the quality of submitted proposals.

**In order to address this challenge, it is recommended that a general and sector specific manuals are developed by the PAP Department which is the technical secretariat of the Development Committee, to act as a step by step guideline in the PIMS process detailing what procedures to follow in developing and appraising bankable projects.**

### 4.6. Establish National Parameters

Given existing economic distortions and externalities in the Ugandan economy, market prices may not reflect the social value of resources and services. There are also many goods and services for which there are no markets (such as clean air, fishing stocks, human life, etc.) but they do have a social value. To use simple market prices in economic project appraisal is inadequate. The Government needs to study and determine the consumer's willingness to pay (or shadow prices) of the most important prices and national parameters and provide them to all government entities, consultants, and donor agencies for purposes of supporting the project appraisal process

**In order to ensure a uniform standard for and quality of proposals submitted for the PIP, it is recommended that MFPED develops Uganda's own parameters to support the economic evaluation of projects. Currently, Uganda depends on shadow prices applied by development partners which may vary depending on the DP.**

### 4.7. Project Development Facilitation Fund

The lack of pre-appraisal/feasibility analysis for projects included in the PIP, as highlighted in the 2010 World Bank PER report, will continue to affect timeliness of projects, unless addressed. This has reduced the effectiveness of the budget. A clear example of this shortcoming was the increases in the roads budget of FY07/08. Despite having resources in the budget, it took almost three years before these projects resulted in actual building of roads, due to lack of feasibility studies. The preparation, planning, and design phases of such projects take close to three years with the actual construction taking another three years. It would be beneficial if a certain percentage of projects that are included in the proposed project bank would undergo feasibility and/or pre- appraisal analysis.

**This study re-affirms the PER recommendation for a designated fund to be set up that would allow priority projects to undergo feasibility and/or pre-appraisal studies while awaiting inclusion in the PIP and thus the Budget. This could significantly improve the readiness of PIP projects. In addition, it will be important to harmonize the project analysis done with those of the donors to ensure that no duplication of the feasibility and/or pre-appraisal is needed.**

### 4.8. Log-Frame Approach and Compendium of Indicators

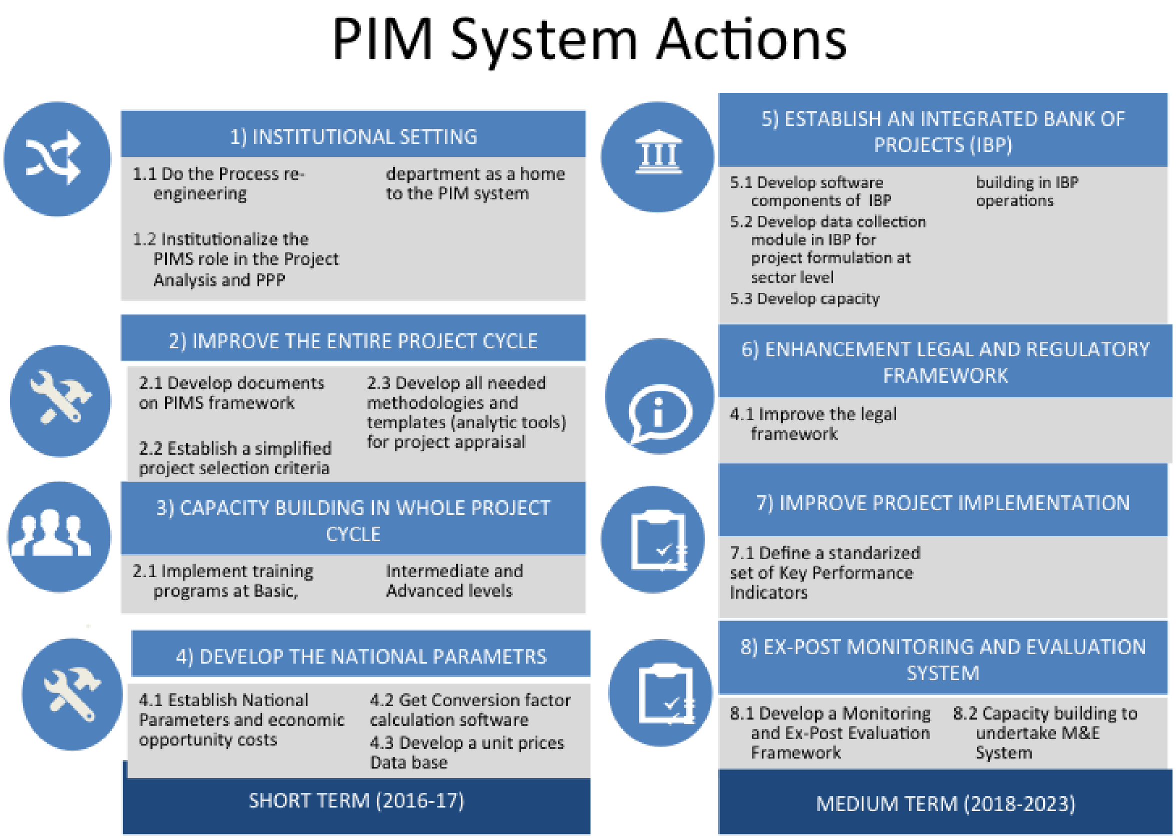
**In order to strengthen monitoring and ex-post evaluation within Uganda's PIMS, it is recommended that the log frame approach to project formulation is adopted with emphasis that each proposed project develop a clearly defined results chain, specification of key performance indicators for which a baseline and muliti year targets must be defined. It is also proposed that a national compendium of monitorable indicators be established. The Development Committee could also take the lead in this exercise.**

## 5. Action Plan to improve the Public Investment Management System (PIMS)

The PIM System is a comprehensive and coherent set of concepts, techniques, standards, and methodological procedures. It also includes a uniform information document depository and management system for the identification, formulation, preparation, appraisal, investment decision, operation, monitoring and evaluation of projects.

This Action Plan covers the period 2016 - 2020 and consists of eight components: institutional setting, improvement of the entire project cycle, capacity building in whole project cycle, development of the national parameters, establishment of an Integrated Bank of Projects (IBP), enhancement of the legal and regulatory framework, improvement of project implementation, establishment of an ex-post monitoring and evaluation system (Figure 7). Activities shall be developed to link with the action plan to ensure that the PIM system is able to generate efficient investment processes to maximize the anticipated returns on investment projects and ensure their contribution toward increasing national welfare

**Figure 7: Actions to improve the PIM System in Uganda**




Source: Author elaboration, 2015

**Action 1: Institutional setting**

Through the Projects and PPP Department (PAP), the Ministry of of Finance, Planning and Economic Developent (MFPED), will become the single responsible government institution in charge of systematic overseeing and monitoring the entire pre-investment process. Future legislation on PIMS should grant MFPED (through the PAP Department) regulatory autonomy and exclusivity of the project appraisal process. The institution should ensure that all projects, including PPPs, comply with the PIMS regulations. By law, MFPED should, therefore, become the only institution that can provide the final "Seal of Approval" to any investment initiative.

**Sub-Action 1.1: Institutionalizing the PIMS role in the Project Analysis and PPP (PAP) Department**

The PAP Department shall, among other things, be responsible for:

1. Conducting technical/economic analysis of public investment initiatives at the national and/or regional level;
2. Analysing, appraising and recommending or rejecting public investment projects for financing and execution;
3. Defining and updating general and sector rules, guidelines, circulars and norms that inform the formulation and appraisal of investment projects;
4. Providing technical support to MDAs and local government evaluation teams or planning units;
5. Coordinating the provision of nation-wide training on issues of project preparation and project appraisal;
6. As its technical secretariat, the PAP shall provide the DC the mandate to approve or reject submitted projects for project execution by granting the "Seal of Approval"; and
7. Undertaking selected monitoring and ex-post evaluation for selected key projects.

Outputs for Sub-Action 1.1

| | |
|---|---|
| Institutionalizing the PIMS role in the Projects and PPP Department | ✓ A technical/economic analysis of public investment initiatives at national and/or regional level<br><br>✓ Sector rules, guidelines, circulars and norms that inform the formulation and appraisal of investment projects<br><br>✓ Nation-wide training on project preparation and project appraisal<br><br>✓ Monitoring and ex-post evaluation reports for selected key projects.<br><br>✓ A mid-term report on the quality of PIMS operation with a focus on detection of potential gaps in PAP Department's mandate or insufficient formalization of responsibilities, insufficient clarity of roles, etc.<br><br>✓ Remedial actions aimed at closing the gaps, formalizing responsibilities or clarifying roles. |

**Sub-Action 1.2: Re-engineering PIM processes**

The operation of the PIM system is decentralized to different organizational players within government. Each of these players has a specific role to play within the project cycle (as shown in Figure 6.: Proposed PIMS Framework for Uganda). However, there are redundant, un-coordinated, overlapping responsibilites which lead to wastage and inefficency in project execution. Therefore, there is the need to develop a comprehensive mapping and re-engineering of the PIM process. Process mapping refers to all activities involved in defining what an entity does, who is responsible, the standards within which the process should be completed and how to determine the success of a process.

To achieve the above, the following tasks must be undertaken:

1. Process identification, process mapping and reengineering by key players in the PIM system: MDAs-SWGs, NPA, OPM, MFPED and DC.

2. Development of the PIMS organogram describing roles and responsibilities of various stakeholders.

Outputs for Sub-Action 1.2

| | |
|---|---|
| PIM process re-engineering | A business process mapping report defining tasks of the different agencies involved in the PIM System |

**Action 2: Improving the entire project cycle**

**Sub-Action 2.1: Developing documents on PIM framework**

This sub-action entails the procedures for preparing and formally presenting projects for final appraisal and granting approval. The guidelines and manuals will be developed taking into account the existing laws and regulations. They must prioritize those sectors and types of project that have the highest budgetary impact. MFPED must insist on the use of and compliance with these tools by all stakeholders involved, including MDAs hired consultants and donor agencies to improve the capital investment project design, appraisal and selection processes.

Outputs for Sub-Action 2.1

| | |
|---|---|
| Developing documents on PIM framework | ✓ Annual guidelines for identication and preparation of projects attached to the Budget Call Circulars.<br>✓ A manual on methodologies and tools of project preparation and appraisal.<br>✓ Monitoring and Evaluation handbook for public investments |

**Sub-Action 2.2: Improving the project selection criteria**

This sub section requires the review of the project profile criteria and template to ensure the application of the "mostly" qualitative criteria based on strategic priorities and linkages,Log Frame Approach (LFA) and project ranking inaccordance with qualitative priotisation criteria,Efficiency Approach(Cost Benefit Analysis-CBA and Cost Effectiveness Analysis -CEA).

Outputs for Sub-Action 2.2

| | |
|---|---|
| Enhancing project selection criteria | Enhanced project selection criteria that reflect real cases in Uganda |

**Sub-Action 2.3: Developing methodologies and templates (analytic tools) for project appraisal**

In a context where the Public Sector invests to contribute to economic and social development, the integrated project appraisal is a key technical tool for decision-making, and ensuring efficient allocation of public resources when there are budget constraints. Therefore, a variety of project appraisal methodologies need to be developed and updated as soon as possible, including templates and applied case studies, prioritizing those sectors and project types that have the highest budgetary impact in Uganda. The process of developing each methodology should include periodic training activites to inform and train different types of users.

The methodologies must focus on efficient use of methods of Cost-Benefit Analysis and Cost Effectiveness Analysis (including PPPs). These methodologies shall consist the following:

- The integrated analysis (i.e. integrated project evaluation)
- Strategies for the evaluation of public sector investment
- The financial evaluation of projects, financing and banking alternatives
- Theoretical principles underlying the economic analysis of projects
- The economic evaluation of investment projects
- Different challenges of project optimization, namely project scale, optimal project timing (both for initiation and closing), interdependencies among projects and project bundling (i.e. integrated investment programs)
- The economic externalities of basic needs in integrated project evaluation

Outputs for Sub-Action 2.3

| | |
|---|---|
| Developing methodologies and templates (analytic tools) for project appraisal | ✓ Improved methodology for project appraisal of public investment projects which includes a spreadsheet/ template<br><br>✓ Sector methodologies for appraisal of public investment projects showing practical cases of projects in Uganda |

**Action 3: Capacity building in project design, appraisal and selection**

Capacity gaps have been identified in the project management cycle. Capacity building and training is a critical part of a complete implementation of the PIM System. This will be done at all levels of the project cycle, namely; identification, appraisal, approval and monitoring phases (MFPED, OPM and NPA); in project cycle management (MDAs) and for knowledge transfer (School of Economics, Makerere University).

**Sub-Action 3.1: Implementing training programs at basic, intermediate and advance levels in capital investment project indetification, design, appraisal and selection**

To empower public servants in matters of public investment related to project preparation and project appraisal, it is proposed that a training program be developed at the basic, intermediate and advanced levels in capital investment project identification, design, appraisal and selection.

Initially the courses shall be provided by external resources (expatriates). Subsequently, they must be delivered by local experts through a knowledge transfer capacity scheme or train-the-trainers program. In the medium term, a local university must be involved in the delivery of these courses in order to hold training sessions open to all employees at the central level (MDAs) and local governments.

The core characteristics of this training program would among other things entail the following:

i) Emphasis on case studies – a methodology that would enable the analyst to use a single model to evaluate a project from different points of view.

ii) One-on-one training – ensuring the presence of a number of teaching assistants working with individual participants during the practical sessions to ensure all participants are engaged.

iii) Preparation, assessment, evaluation, and reporting - practical learning that entails reviewing concepts, developing and implementing criteria as well as using techniques and applying methodologies individually or in groups.

iv) Practical workshops – aimed to develop these project ideas into project profiles under the guidance of instructors.

Outputs for Sub-Action 3.1

| | |
|---|---|
| Implementing training programs at basic, intermediate and advance levels in capital investment project design, appraisal and selection | ✓ Training program to create a core cadre of people with competencies in project preparation, appraisal and selection |

**Action 4: Development of Uganda's National Parameters**

**Sub-Action 4.1: Establishing the National Parameters, Shadow Prices and Conversion Factors for Uganda**

Currently Uganda does not have up-to-date national parameters for project preparation, appraisal and selection. The current practice is that the parameters used are driven by funding agencies. This necessitates the development of national parameters based on local assumptions and economic environment.

Outputs for Sub-Action 4.1

| | |
|---|---|
| Developing Uganda's National Parameters | ✓ National parameters developed |

**Sub-Action 4.2: Developing conversion factors software**

Besides the national parameters, Uganda also needs a "conversion factors" software to search, calculate, and up-date conversion factors for tradable and non-tradable goods. This tool is a user-friendly program designed for professionals involved in the economic appraisal of public investments and will be hosted and managed by MFPED.

Outputs for Sub-Action 4.2

| | |
|---|---|
| Developing conversion factors software | ✓ Conversion factors software developed or acquired |

**Sub-Action 4.3: Developing and disseminating Unitary Prices Database**

A Unitary-Price Database that includes rates for domestic and imported materials and labour is required for project preparation and evaluation. This database will standardise the cost calculation criteria and provide the project analysts with a comprehensive database with the latest unitary costs.

Outputs for Sub-Action 4.3

| | |
|---|---|
| Developing and disseminating Unitary prices Database | ✓ Unit Prices Database developed and disseminated |

**Action 5: Establishing an Integrated Bank of Projects (IBP)**

Currently, there is no central depository for public projects in Uganda. Besides, the projects entering the PIP are done on an ad-hoc and annual basis; therefore, there is a need for an IBP.

**Sub-Action 5.1: Developing software components of IBP (i.e. the technical /economical analysis sub-system and the ex-post evaluation sub-system)**

A PIM system shall be structured around four sub-systems that regulate the entire process of public investments:

1. The Technical Economical Analysis Sub-system

2. Capital Budget Formulation Sub-system
3. Budget Execution Sub-system
4. Ex-Post Evaluation Sub-system

Outputs for Sub-Action 5.1

| | |
|---|---|
| Developing software components of IBP | Two sub-systems of the Integrated Bank of Projects are in place, operational and totally compatible with the other two existing sub-systems |

**Sub-Action 5.2: Developing a Data Collection Module in the IBP for project formulation at sector level**

One important issue in project preparation improvement is to establish an official project data collection module to gather information that improves the project formulation at the MALGs level. This database must contain information on beneficiaries, sector statistics, technical parameters, demographics, information on poverty, social indicators, etc.

Outputs for Sub-Action 5.2

| | |
|---|---|
| Developing Data Collection Module in IBP for project formulation at sector level | ✓ Data Collection Module is in place and operational |

**Sub-Action 5.3: Developing capacity building on IBP operation**

To the leverage the IBP resources, there must be specialized capacity development for its utilization.

Outputs for Sub-Action 5.3

| | |
|---|---|
| Developing capacity building on IBP operations | ✓ Training on IBP operations conducted |

**Action 6: Enhancing the legal and regulatory framework**

Implementation of the PIM system may expose gaps in the existing legal and regulatory framework that may warrant amendments or even enacting new laws to strenghten the system. The requirement of amendments or drafting of new legal instruments will be identified through a medium-term review.

Outputs for Action 6

| | |
|---|---|
| Improving the legal framework | Medium-term review of the PIMS implementation in view of the existing legal and regulatory framework |

**Action 7: Improving monitoring and ex-post project evaluation**

**Sub-Action 7.1: Developing a monitoring and ex-post evaluation framework**

Usually, ex-post assessment/evaluation is conducted by the funding agencies (development partners) as part of the process for completion or funding requirement. Ex-post assessment of public investment projects is systematically weak and basic comparison of project costs, timelines and deliverables against budgets and plans is rarely undertaken. The PIM system must entail evaluation of past project experiences and lessons learned for incorporation into future project designs and implementation.

Outputs for Sub-Action 7.1

| | |
|---|---|
| Developing a Monitoring and Ex-Post Evaluation framework | ✓ Standard guidelines for project ex-post evaluation developed |

**Sub-Action 7.2: Capacity building to undertake M&E system**

Outputs for Sub-Action 7.2

| | |
|---|---|
| Capacity building to undertake M&E system | ✓ Training program on ex-post evaluation conducted |

**Action 8: Improving project implementation (i.e. the project investment phase)**

**Sub-Action 8.1: Implementing training programs in Project Management**

Conduct a professional project management training program targeting MDAs to increase their knowledge base and technical and managerial competencies and plan and deliver the project execution.

Outputs for Sub-Action 8.1

| | |
|---|---|
| Implementing training programs in project management | ✓ Training program on project management conducted |

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