

IEG

ICR Review

Independent Evaluation Group

1. Project Data :		Date Posted : 01/14/2015	
Country:	Uganda		
	Is this Review for a Programmatic Series?	<input checked="" type="radio"/> Yes <input type="radio"/> No	
	How many operations were planned for the series?	3	
	How many were approved?	2	
Series ID :	S101232		
First Project ID :	P101232	Appraisal	Actual
Project Name :	Uganda Eighth Poverty Reduction Support Credit	Project Costs (US\$M):	100
L/C Number :		Loan/Credit (US\$M):	100
Sector Board :	Poverty Reduction	Cofinancing (US\$M):	0
Cofinanciers :		Board Approval Date :	09/30/2010
		Closing Date :	03/31/2012
Sector(s):	Central government administration (45%); General transportation sector (22%); General education sector (11%); General water sanitation and flood protection sector (11%); Health (11%)		
Theme(s):	Public expenditure; financial management and procurement (34% - P); Other human development (22% - P); Infrastructure services for private sector development (22% - S); Water resource management (11% - S); Administrative and civil service reform (11% - S)		
Second Project ID :	P097325	Appraisal	Actual
Project Name :	Uganda Ninth Poverty Reduction Support Credit	Project Costs (US\$M):	100
L/C Number :		Loan/Credit (US\$M):	100
Sector Board :	Poverty Reduction	Cofinancing (US\$M):	0
		Board Approval Date :	02/28/2012
Cofinanciers :		Closing Date :	06/30/2013
Sector(s):	General public administration sector (25%), Central government administration (25%), General industry and trade sector (25%), General agriculture fishing and forestry sector (25%)		
Theme(s):	Public expenditure, financial management and procurement (25%), Administrative and civil service reform (25%), Other human development (25%), Poverty strategy, analysis and monitoring (25%)		
Evaluator :	Panel Reviewer :	ICR Review Coordinator :	Group :
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2. Project Objectives and Components:

a. Objectives:

The program development objective for the series was "improved access to and greater value for money in public services." (Program Documents for PRSC 8 and 9, p. ii). The Financing Agreement does not define the objectives for the series or the individual operations.

The Board originally approved three Poverty Reduction Strategy Credits (PRSCs) for the series, but the last operation (PRSC 10) was cancelled. Some end of program targets were adjusted when the Board approved PRSC 9.

The PRSCs supported reforms under two policy clusters with the following objectives :

Policy Cluster 1 Objectives: "(i) improved budget credibility, (ii) transparent and efficient public financial management and public procurement; (iii) strengthened public sector management and accountability; and (iv) strengthened local government system for service delivery ." (Policy Results Matrix of Program Document for PRSC 8, page 54).

Policy Cluster 2 Objectives: (i) "wider access to and better quality of health services and improved sexual and reproductive health care services and control of major communicable diseases "; (ii) "wider access to and better quality of primary and secondary education"; (iii) "improved water and sanitation system"; and (iv) "improved national road network to lower transport cost, raise competitiveness, and facilitate economic activity " (idem., pages 61, 62, 64 and 65).

b. If this is a single DPL operation (not part of a series), were the project objectives/ key associated outcome targets revised during implementation?

No

c. Policy Areas:

Note: The Program Document refers to components . This ICR Review will refer to them as policy areas consistent with the terminology used for DPOs .

The PRSCs supported reforms under two policy areas (Program Document, p. 17 and Policy Results Matrix in Annex 2). Policy Cluster 1 supported reforms in public expenditure management, public financial management and public service management that improve service delivery . The cluster had six policy areas: (a) credibility of the budget; (b) funding at level of service delivery; (c) public financial management regulations; (d) public procurement; (e) public servants performance; and (f) accountability and anti-corruption. Policy Cluster 2 supported reforms to improve value for money in public service delivery, and covered four core sectors : health, education, water supply and sanitation, and road construction and maintenance .

PRSC 8 and PRSC 9 had eight and ten prior actions respectively while the triggers for PRSC 10, dropped from the program, reached eight.

d. Comments on Project Cost, Financing, Borrower Contribution, and Dates:

IDA financing consisted of two credits for \$ 100 million each. PRSC 8 financing comprised of \$60 million from IDA and \$40 million from the Pilot Crisis Response Window (CRW). This amount is a reduction from the planned amount of US\$140 million "as a result of inadequate strengthening of the legal framework for public procurement and slow progress in public service reform " (PD, para 64, page 17). PRSC 8 was approved on September 30, 2010 and became effective in November 25, 2010.

PRSC 9 was approved on February 28, 2012, and became effective on September 19, 2012. This delay was related to concerns about the corruption scandal (ICR, para 23). The credits were disbursed fully and closed on the scheduled dates . Disbursement of funds from PRSC 9 was delayed for several months after the Auditor General of Uganda released a report raising concerns about the transfer of funds for budget support to dormant accounts at the Bank of Uganda and then used fraudulently; the credit was disbursed after the Government of Uganda committed to carry out actions to strengthen governance and improve public financial management .

3. Relevance of Objectives & Design:

a. Relevance of Objectives:

Substantial . The program's objectives were substantially relevant at appraisal and at evaluation . First, they supported four of the Government's objectives in its National Development Plan (December 2009): improve the quality of economic infrastructure (objective 4 of the Plan), enhance human capital development (objective 3 of the Plan), increase access to quality social services (objective 5 of the Plan), and strengthen good governance (Objective 7 of the Plan). These objectives and themes are repeated in the Government's *Uganda Vision 2040*

(April 2013). Second, they supported three of the four objectives of the FY 2010 Country Assistance Strategy and FY11 - FY15 CAS Progress Report: enhance public infrastructure, promote human capital development, and good governance and value for money. Third, the actions proposed sought to improve service delivery and tackle some of Uganda's problems in the areas selected for support: poor road and electricity infrastructure, poor health conditions as exemplified by high mortality rates of mothers and children and low access to safe drinking water, low educational levels and associated high poverty rates, and weak governance as reflected in the public's perception that accountability is low and corruption is high. Last, a World Bank review of public expenditure (2013) confirmed the perception of its low efficiency. These features indicate that the efficiency of public expenditure (value for money) is low and that seeking to raise it was appropriate.

b. Relevance of Design:

Modest. The program design constituted a substantial improvement over that of previous PRSC operations in Uganda. The overall objective of the program was better linked to the objectives for the two policy clusters, the number of prior actions was smaller than in other operations, and better coordination with other development partners permitted to keep the number of prior actions and results indicators relatively small. Moreover, having a Joint Assessment Framework monitoring macroeconomic stability made it unnecessary to expand the scope of the program.

Despite these positive aspects the design of the program had some significant shortcomings. First, the program assumed that better value for money was automatically achieved by achieving some of the objectives of the clusters. That is not necessarily the case and the design could have tried to link these indicators to a measure that could capture better the improved value of government expenditure. Second, in some instances the results correspond more to outputs or intermediate outcomes. This is the case, for example, of public servants being paid by computers, a narrower focus than the more important issue the credits sought to tackle: stronger accountability and management of the public sector. Third, in some instances the mapping of objectives and policy areas is not clear, such as in 1.5, performance of public servants, and in 1.6, accountability and anti-corruption. Fourth, with corruption an important problem in Uganda, the program weakened its expected impact dropping the results indicators set in PRSC 8 and adopting a corruption tracking report whose expected impact on corruption was not clear. Fifth, the program adopted a broad definition of budget credibility (released aggregate amount versus aggregate budgeted amount for four sectors) that did not reflect nor prevent lapses in budget credibility at the sector level. Finally, the measure of reduced absenteeism was faulty as indicated by the 4th report on Tracking Corruption Trends in Uganda from the Inspector General which showed that "29 percent of teachers are on the school premises but not teaching during scheduled lesson periods" (section 2.4, page 29).

4. Achievement of Objectives (Efficacy):

Program development objective : improved access to and greater value for money in public services .

Efficacy will be assessed against the contribution of each operation to the overall program objectives and the results expected at the end of the program.

Policy Area 1 - Public Expenditure Management, Public Financial Management and Public Service Management

1.1 Improved budget credibility . The sub-objective referred to the allocation and execution of the budget for health, education, road and water and sanitation. The ICR informs that for FY 2008/09, 2011/12, and 2012/13 the target of 95 percent for each sector was exceeded. The program failed to achieve this result in FY 2010/11, an electoral period, when the budget executed varied by more than five percent from the amount budgeted (Program Document for PRSC 9, pars. 62 and 63).

1.2 Transparent and efficient public financial management and public procurement . The program fell short of fully achieving its sub-objectives for financial management and failed to achieve them for procurement. For financial management, the actual values of the indicators -percentage of clean audit reports for statutory bodies, central and local governments were substantially met for central government (actual 59 percent, target 60 percent) and local government (actual 45 percent, target 46 percent) but not for statutory bodies (actual 61 percent, target 70 percent). For procurement, only 17 percent of contracts with complete procurement records complied with the regulations on public procurement and disposal of assets, much less than the target of 100 percent; the low compliance rate occurred because most contracts lacked an implementation plan.

1.3 Strengthened public sector management and accountability . This sub-objective was to be achieved through policy area 1.5, performance of public servants, whose main issue was weak management systems for personnel and payroll. The program identified implementing an Integrated Personnel and Payroll Management System as a way to strengthen payroll and personnel management, and measured its success by the share of employees an employer manages to pay through computerized processes . At program closing, 96 percent of public servants were paid using computerized systems, exceeding the target of 50 percent. This action would permit the government to link one person to one job and eliminate "ghost workers". According to the Auditor General Office (4th annual report on Tracking Corruption Trends in Uganda, p . 34), as of May 2014, 8,229 "ghost workers" had been eliminated from the payroll; the reduction represented a saving of about 1.45 million dollars (3.74 billion Shillings) for the three month period of February - April 2014, which annualized amounts to close to six million dollars.

1.4 Strengthened local government system for service delivery . Under this sub-objective, the program sought to deal with the issue of inconsistent and untimely reporting of local government expenditure, which prevented its consolidation, analysis and adequate dissemination at the local level . During program implementation, the Ministry of Finance, Planning and Economic Development put in place a system to analyze quarterly reports . With the system in place, at the end of the program the government was publishing all the financial transfers to local governments, meeting the target of 100 percent and exceeding the baseline value of 48 percent. However, the ICR does not report whether the actions taken solved the problems of untimely and inconsistent reporting .

The review rates the achievement of objective as **modest**.

Policy Area 2 - Public Service Delivery Sectors

2.1 Wider access to and better quality of health services . Uganda's poor health outcomes are explained by the low level of resources for the sector, the lack of drugs and the geographical disparities in coverage by health workers. The program sought to remedy some of these deficiencies by establishing an information system to manage human resources in health care and the distribution of essential medicines by the National Medical Stores. These actions were expected to lead to increasing the rate of DPT 3 (diphtheria, pertussis, and tetanus) immunization from 82 to 90 percent, but the actual value reached 87 percent, close to its target value .

2.2 Wider access to and better quality of primary and secondary education . The program focused on absenteeism of teachers and geographical disparities in the pupil /teacher ratios as a way to improve access and quality of education. The expected results were that (a) the number of pupils in public primary school passing the Primary Leaving Examination (PLE) with grades I-III would increase and reach 321,000 and (b) the percentage of girls in that total would reach 49 percent. The targets were nearly achieved : 317,352 students passed the PLE, of which 48.1 percent were girls.

2.3 Improved water and sanitation system . Water and sanitation remains a problem sector in Uganda . The program expected to increase water supply by creating water communities in the Districts, and, on a pilot basis, contracting with private operators the maintenance of large "water-for-production" facilities and establishing in a country-wide manner water-user bodies for water-for-production facilities. The actual outcome target was achieved: 71 percent of water sources in valley tanks and dams were functional at the end of the program, exceeding the target of 24 percent. In rural areas, 84 percent of water sources were functional, exceeding its target of 82 percent.

2.4 Improved national road network to lower transport cost, raise competitiveness, and facilitate economic activity . The program expected that the government could help improve the network by collecting data on the conditions of roads, establishing a baseline on their condition, establishing a monitoring and evaluation framework, appointing an executive director and a board of directors of the Road Fund, and the Cabinet approving a policy on strengthening the national construction industry . The actual outcome, 77 percent of roads classified in fair-to-good condition, exceeded the target of 75 percent as well as its baseline value of 65 percent. No information is provided about the quality of unpaved roads, another of the indicators selected for this objective. The ICR does not report on the indicators for the conditions of urban roads and district roads .

The review rates the achievement of objective as **substantial** .

Macroeconomic Framework

During the duration of the two credits Uganda was under an IMF Policy Support Instrument Program . The economy grew at an average of 5.5 percent while average inflation reached 11.4 percent. These numbers hide a

dip in growth (3.4 percent) and a surge in inflation in 2011/12 (23.4 percent), which possibly were affected by conditions in the international economy, drought, and a considerable expansion in domestic spending before presidential elections in 2011. In the Article IV consultation for 2013 the IMF noted that macroeconomic performance under its three-year Policy Support Instrument was satisfactory as output was recovering from a historical low, inflation was close to 5 percent and international reserves were growing rapidly. Donors reduced their financial support because of concerns about the status of governance and the corruption scandal surrounding the use of budget support funds in the Office of the Prime Minister. Their support continues at a low level, despite progress on repaying misappropriated funds and tightening spending controls.

5. Efficiency (not applicable to DPLs):

6. Outcome:

The relevance of objectives is rated substantial while the relevance of design is rated modest, importantly because the anti-corruption and accountability policy area was weakened. While achievement of Policy Cluster 1 is rated modest since there were clear shortfalls in 2 of the 4 elements, there were important achievements in the other 2 elements, especially concerning the elimination of ghost workers from the payroll. The results for public service delivery (policy cluster 2) show substantial achievement. Nearly all the students expected, including girls, passed the Primary Leaving Examination, the rate of immunization was nearly achieved, about 71 percent of water sources were functional at the end of the program, and roads in fair-to-good condition exceeded their targets.

On balance, this Review rates the outcome as moderately satisfactory.

a. Outcome Rating : Moderately Satisfactory

7. Rationale for Risk to Development Outcome Rating:

The risk to development outcome is likely to be moderate. The government demonstrated commitment to the program by carrying out the actions for PRSC 8 and PRSC 9 as well as most of the actions planned for the dropped PRSC 10. Except for a few indicators, most of the indicators selected for the program showed improvement, another signal of commitment to improve the conditions in the four sectors selected for the interventions. In particular, prior to the two operations the government showed its commitment to improving health, education, water and sanitation, a commitment which is likely to be maintained because the government realizes the benefits of the policies and the population is likely to demand improvements in these services. Equally, the private sector is likely to demand better conditions in the transport sector as bad roads reduce the competitiveness of Ugandan economy. Despite these encouraging signs, there are also discouraging signs related to the government's commitment to fighting corruption and to its ability to execute important projects; on these matters, indicators from the International Country Risk Guide for the period mid-2012-mid-2014 point towards a deterioration in corruption and legislative strength, and no change in the quality of the bureaucracy (rated low). On balance, the discouraging aspects seem to have been insufficient to prevent some progress at the sector and program level, which suggests that the outcomes achieved are likely to be maintained.

a. Risk to Development Outcome Rating : Moderate

8. Assessment of Bank Performance:

a. Quality at entry:

The Bank had a great deal of experience in preparing PRSCs for Uganda and the preparation of the two operations attest to it. The Bank selected sectors of strategic relevance to include in the operations and adopted a limited number of sound prior actions. The Bank insisted on limiting the interventions to four areas, a decision it was able to maintain despite the interest of other development partners in covering more sectors under these operations. Despite these strengths, the program's design had modest relevance, as noted in section 3b. The Bank did not design a specific monitoring and evaluation framework for the program, but this was de facto in place as the supervision of the ongoing operation and the preparation of the next one in the series required keeping track of what was going on.

Quality-at-Entry Rating : Moderately Satisfactory

b. Quality of supervision:

The Bank supervised the operations continuously, both to keep track on what was going on as well as to coordinate with other development partners in the program of budget support, a task that demanded considerable effort and patience from Bank staff . The Bank acted correctly, when it decided to postpone disbursement for PRSC 9 when the news of the corruption scandal in the Prime Minister 's office broke out. The Bank sought to solve the ensuing problems associated with it and engaged the government in developing a high level action matrix that when completed allowed the Bank to disburse the credit .

Quality of Supervision Rating : Satisfactory

Overall Bank Performance Rating : Moderately Satisfactory

9. Assessment of Borrower Performance:

a. Government Performance:

The government, through the Prime Minister 's office, demonstrated commitment both to the program 's design and its execution . One sign of the commitment was to look for examples of good practice to incorporate them in the legislation for public financial management . Another one was the search for results and ways to measure them . After the corruption scandal broke out, the government developed a matrix of actions (high level action matrix) that went from strengthening the organisms of accountability to doing forensic audit in key ministries and departments; the government discussed the matrix with the Bank and carried out the actions aimed at improving accountability and strengthening key systems . Despite its commitment to the program, it took some time for the government to meet the agreed prior actions, which led to changing some of the language for the triggers associated with the operations that followed .

Government Performance Rating : Moderately Satisfactory

b. Implementing Agency Performance:

Implementing agencies participated in the policy dialogue for the program and carried out actions agreed to in the program but in several instances not to the extent needed to achieve the program 's objectives. Their performance in the design and execution of the program varied . Organizations like the Ministries of Finance, of Health, and of Local Government performed relatively well but the Ministry of Works and Transport took its time to establish a results framework and the data base necessary for program planning .

Implementing Agency Performance Rating : Moderately Satisfactory

Overall Borrower Performance Rating : Moderately Satisfactory

10. M&E Design, Implementation, & Utilization:

a. M&E Design:

The operations were designed and executed through a Joint Budget Support Framework (JBSF), which had been agreed to between the government, the Bank and ten other development partners . The Framework was managed through the government's coordination framework for poverty reduction reforms and implemented through the Office of the Prime Minister . The impact of the reforms the program supported was monitored as part of the results framework for the National Development Plan . Sector Working Groups, which coordinated with the JBSF technical and policy dialogue task force, would monitor sector performance . A multi donor trust fund financed a Technical and Administrative Support Unit (TASU) whose purpose was to collect data, evaluate impact, and write studies relevant to the JBSF . The experience with past PRSCs helped to guide the selection of indicators, which had more realistic targets, were monitorable within the time period of the program and to some extent could be related to the actions of the program . There were, however, some significant shortcomings in design, as noted above in relevance of design (section 3b). For example, the mapping of objectives and policy areas is not clear, such as in 1.5, performance of public servants and in 1.6, accountability and anti-corruption, which detracted from the usefulness of M&E in tracking progress towards achievement of objectives .

b. M&E Implementation:

As noted above, the data collected and the collection methods were part of the government 's statistical processes and of its reporting framework, and were collected as planned . The executing agencies knew the objectives of the operations and which data to collect and update as they became available, although with some shortcomings related to the mapping of objectives into policy area issue as noted in section a above .

c. M&E Utilization:

The data tracked advances in the program and were used to stop disbursing budget support funds when there was evidence that during the elections of 2011 the government reallocated budget funds from the social sectors to finance large spending increases in certain areas . Stopping disbursement triggered a discussion between the government and development partners around the high level action matrix which, eventually, led to resuming disbursements and a stronger execution of the budget by the government .

As noted in the section on efficacy, the indicators could be related better to the actions of the program than those of previous PRSCs but they still fell short of providing an accurate assessment if value for money improved.

M&E Quality Rating : Modest

11. Other Issues

a. Safeguards:

The ICR does not report issues on this matter .

b. Fiduciary Compliance:

The ICR does not report issues on this matter .

c. Unintended Impacts (positive or negative):

The program benefitted from the institutional strengthening associated with a decade of PRSCs . In part as a result of these changes, the government has more independence and initiative to design and carry out policy reforms.

d. Other:

The ICR notes that PRSCs do not guarantee predictability of budgets .

12. Ratings :	ICR	IEG Review	Reason for Disagreement / Comments
Outcome:	Moderately Satisfactory	Moderately Satisfactory	

Risk to Development Outcome:	Moderate	Moderate	
Bank Performance :	Moderately Satisfactory	Moderately Satisfactory	
Borrower Performance :	Moderately Satisfactory	Moderately Satisfactory	
Quality of ICR :		Unsatisfactory	

NOTES:

- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
- The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

13. Lessons:

IEG draws the following lessons from the review of the program .

The experience of PRSCs 8 and 9 shows that paying more attention at what the program is trying to achieve is likely to lead to a more careful and realistic formulation of the results framework, making it easier to monitor and measure results.

In countries known for their weak governance, such as Uganda, programs of budget support need to take into consideration issues of corruption and accountability in their design to improve their performance and their execution. The experience of Uganda indicates that the government was ready to deal with issues of corruption when the problems surfaced; it also indicates that dropping actions aimed at confronting corruption, as it happened in PRSC 9, may send conflicting signals about the Bank's stand on it, thereby weakening the government's commitment to carry out the actions agreed to .

14. Assessment Recommended? ☒ Yes ☐ No

Why? Although IEG did a PPAR on Uganda PRSCs, this program seems to be better designed than previous ones and should be analyzed to better develop lessons and guidance for future operations, both on their coverage and the structure of their results framework .

15. Comments on Quality of ICR:

The ICR provides most of the information needed to evaluate the two PRSCs . However, it could have provided a full picture of the program's performance consistent with IEG/OPCS harmonized guidelines. For instance, the ICR could have provided more complete information on budget performance for the first objective for policy cluster 1 to include all the four years of the period, rather than leaving out FY 2010/FY2011. The ICR could have also provided a better perspective on the monitoring arrangements the donor community put in place for budget support operations; because that arrangement constituted an important step in dealing with these operations . The ICR does not report on the result indicator associated with accountability and anti -corruption (policy area 1.6) established in PRSC 8, although the tracking corruption report was provided subsequently by the program team. Further, the ICR could have reported the original indicators and targets both from the PRSC 8 and PRSC 9 as well as the revised targets as presented in PRSC 9.

The ICR could have been clearer in presenting the evidence to support its ratings. Some examples include : the presentation of indicators to support an argument is confusing at times; in some cases, the sentences are incomplete [for example, par. 50 (i), 69, and 70]. The ICR's massive use of acronyms, most of which are specific to the operation and some are not even defined or in the list of acronyms (for example HLAM, PLE) contributed to lack of clarity . Finally, the lessons are presented more as findings and recommendations . On balance and for the above reasons, IEG rates the ICR quality as unsatisfactory .

a.Quality of ICR Rating : Unsatisfactory
