



<b>1. Project Data:</b>		<b>Date Posted :</b> 08/20/2002	
<b>PROJ ID :</b> P002976		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name :</b> Inst. Capacity Bldg	<b>Project Costs (US\$M)</b>	37.7	34.5
<b>Country :</b> Uganda	<b>Loan/Credit (US\$M)</b>	36.4	33.4
<b>Sector(s) :</b> Board: PS - Central government administration (90%), Vocational training (6%), Other social services (4%)	<b>Cofinancing (US\$M)</b>	1.1	1.1
<b>L/C Number :</b> C2736; CP875			
	<b>Board Approval (FY)</b>		95
<b>Partners involved :</b> Governments of Austria and Norway	<b>Closing Date</b>	12/31/2000	06/30/2002
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>
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<b>2. Project Objectives and Components</b>			
<b>a. Objectives</b>			
The overall project objective was to establish greater indigenous institutional and human capacity to develop and implement public policy and support the growth of the private sector through (a) support for the continuation of Civil Service Reform; (b) assistance to the GOU in its decentralization program; (c) strengthening legal and accountancy framework and institutions. The project was undertaken in the context of a strong commitment by the GOU to a process of constitutional and legal reform, with democratic decentralization as a key element .			
<b>b. Components</b>			
<p><b>1. Central Government Capacity Building (US\$ 6.62 million):</b> (i) streamlining the civil service; (ii) improving transparency of personnel management; (iii) improving civil service focus on more efficient and effective service delivery; (iv) helping identify institutional training needs .</p> <p><b>2. Local Government Capacity Building (US\$ 14.72 million):</b> (i) defining intergovernmental fiscal system; (ii) strengthening financial and personnel management systems; (iii) introducing Results Oriented Management (ROM) at the local level; (iv) supporting physical infrastructure and transport needs of local government .</p> <p><b>3. Legal Sector Reform (US\$ 8.24 million):</b> (i) legal education, training, and accreditation of lawyers; (ii) law revision and reform; (iii) law reporting; (iv) institutional strengthening of the Ministry of Justice and Constitutional Affairs (MJCA) and the judiciary; (v) improving the cost efficiency and delivery of legal services .</p> <p><b>4. Accountancy Profession (US\$ 0.98 million):</b> (i) development of professional association (Institute of Certified Public Accountants of Uganda, or ICPAU); (ii) establishment of local professional qualification and examining capability; (iii) introduction of local accounting and auditing standards .</p> <p><b>5. Training Funds (US\$ 7.02 million):</b> This component was intended to strengthen; (i) public and private sector implementation skills; (ii) public and private sector training institutions through provision of limited assistance on a competitive basis . It consisted of two Training Funds: Public and Private Sector Matching Grant Fund (Fund I) provided matching grants to public and private sector institutions for staff training . Training Supplier's Strengthening Matching Grant Fund (Fund II) aimed to finance capacity building for selected weak training suppliers with the potential to provide high quality services on a competitive basis.</p>			
<b>c. Comments on Project Cost, Financing and Dates</b>			
Project finances are shown in the table below:			
Planned and actual expenditures in millions of US\$			
Financier	Planned	Actual	
IDA	36.4	34.5	
Government of Norway	0.4	0.4	
Government of Austria	0.7	0.7	
local contributions	5.8	3.1	
total	43.3	38.8	

Delays in the implementation of the Legal Sector Reform Component led to an extension of the closing date of 1.5 years, and the project eventually closed on June 30, 2002.

### 3. Achievement of Relevant Objectives:

**1. Central government capacity building** : The civil service was streamlined through the rationalization of 21 GOU agencies (eventually consolidated into 17); improved criteria and procedures were adopted for the hiring of staff, including a new examination for applicants; a large survey program was undertaken to assess utilization of government services and satisfaction with their quality; **2. Local Government Capacity Building** : Useful analytical advice was provided on intergovernmental relations in support of the government's decentralization program; financial management systems and procedures at the local level were strengthened; physical facilities and MIS systems of local governments were strengthened; **3. Legal Sector Reform** : the Law Development Center's accreditation program was liberalized; in-country training offered by the International Law Institute (ILI) benefited staff in both the public and private sectors; some commercial laws were revised; access to laws, books, and other legal materials was enhanced; **4. Accountancy Profession** : ICPAU: adopted accounting standards; introduced a code of conduct for accountants; and trained Examiners, Moderators, and Markers for professional and technician examination categories; and was twinned with a counterpart association in the UK . **5. Training Funds** : The Training Funds Component supported skills development in private and public sector institutions on a demand -driven, cost-sharing basis. Fund I supported procurement of in-service training contracts, tendered competitively from a pool of 31 pre-qualified public and private suppliers . A total of 7013 private, public, and NGO staff received training through 290 courses in areas such as management, finance, accounting, IT, computing, and legal services, with financing provided on a matching basis (each beneficiary institution contributed 10% with the remaining 90% from the Fund). On the supply-side, Fund II supported capacity building, also tendered on a competitive and matching basis, of supplier institutions in critical skill areas (e.g., training of trainers, consultancy services, tendering, contract management). From 1997 to 2001, 267 staff from supplier institutions were trained in 9 courses.

### 4. Significant Outcomes/Impacts:

- From 1996 to 1997, central government staff--which had been reduced from 320,000 to 148,000 prior to project start--was reduced by a further 1033
- A Training Needs Assessment and a 3-year training plan were completed which provided a strategic framework within which government provided in-service training
- A study of decentralization options significantly influenced the design of the intergovernmental fiscal system
- ILI provided training to Ministry of Justice staff; ILI strengthened its competence and established itself as a regional center

### 5. Significant Shortcomings (including non-compliance with safeguard policies):

- At inception, the project was overly complex considering the Borrower's capacity
- The effort to introduce results-oriented management into a number of central government activities was largely unsuccessful
- The construction of some buildings that were intended to improve the capacity of local governments was not completed
- Most reforms of the commercial code and improvements to legal service delivery institutions envisioned under the project were not completed
- In the Accountancy area, legal and institutional disputes hindered progress, the ICPAU was placed on embargo by the country's Auditor General and was consequently unable to use around 1/3 of the resources committed to the organization

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
<b>Outcome:</b>	Satisfactory	Satisfactory	
<b>Institutional Dev .:</b>	Substantial	Substantial	
<b>Sustainability :</b>	Highly Likely	Highly Likely	
<b>Bank Performance :</b>	Satisfactory	Satisfactory	
<b>Borrower Perf .:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR :</b>		Satisfactory	

**NOTE:** ICR rating values flagged with '\*' don't comply with OP/BP 13.55, but are listed for completeness.

### 7. Lessons of Broad Applicability:

- In-service training for civil servants is most effective when implemented on a demand -driven, cost recovery, competitive basis
- The on-site presence of the Bank Task Manager facilitated achievement of project objectives

### 8. Assessment Recommended? ☒ Yes ☐ No

**Why?** The project utilized an innovative methodology . If an audit is performed, because the Legal Sector Reform and the Accountancy Profession components were distinct from those related to public sector reform, a joint

audit of this project and the Private Sector Capacity Building Project would provide a better assessment of the effectiveness of these loans in terms of improving the enabling environment for private sector development .

**9. Comments on Quality of ICR:**

The ICR is satisfactory, and presents ample and convincing evidence of project achievement . However, the ICR did not reflect the contributions of the co-financiers. The report would have been more compelling if it had prioritized the key arguments in each section and presented only the most essential .