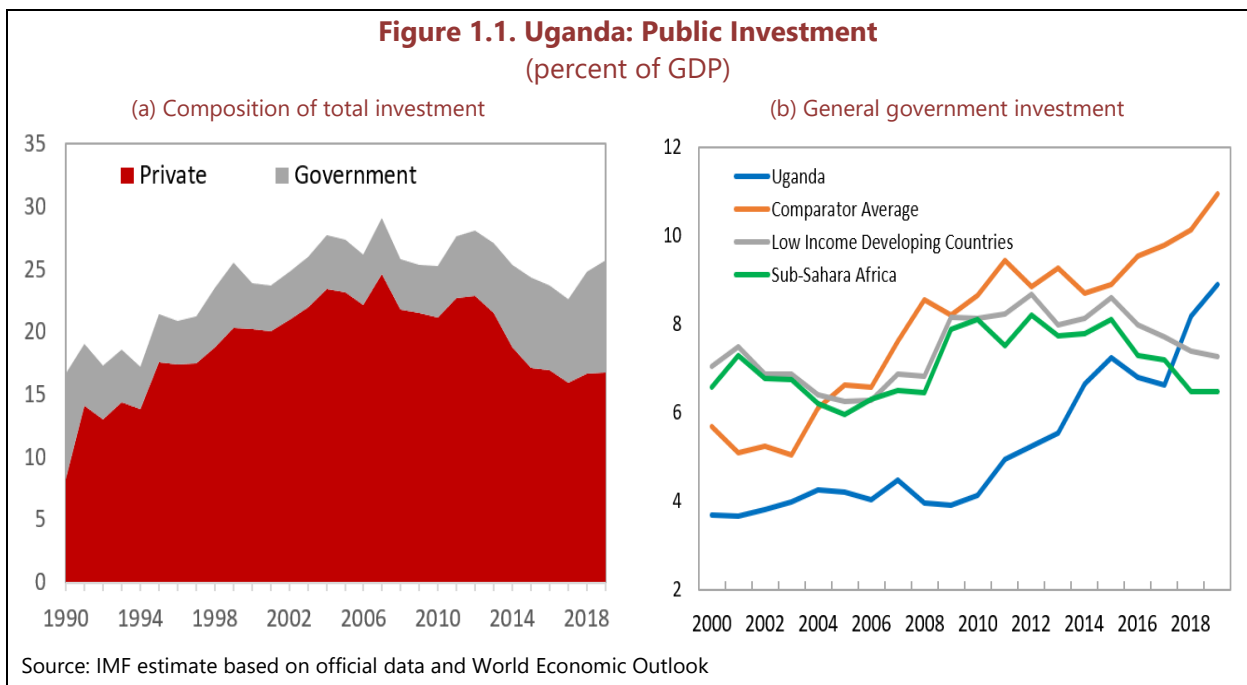


I. TRENDS IN PUBLIC INVESTMENT IN UGANDA

A. Public Investment and Stock of Capital

1. Since the end of the Ugandan Civil War in 1986, total investment has been driven by both the public and private sectors across three phases (Figure 1.1a). In the first phase, post-civil war, investment rose sharply driven by private investment. From 2012, private investment began to decline and was offset by a rise in public investment, reflecting the government policy shift from social spending to infrastructure expansion, which include large projects for major roads corridors and hydropower throughout the country.¹ Looking ahead, investments in the oil sector are poised to increase sharply, primarily funded from the private sector.

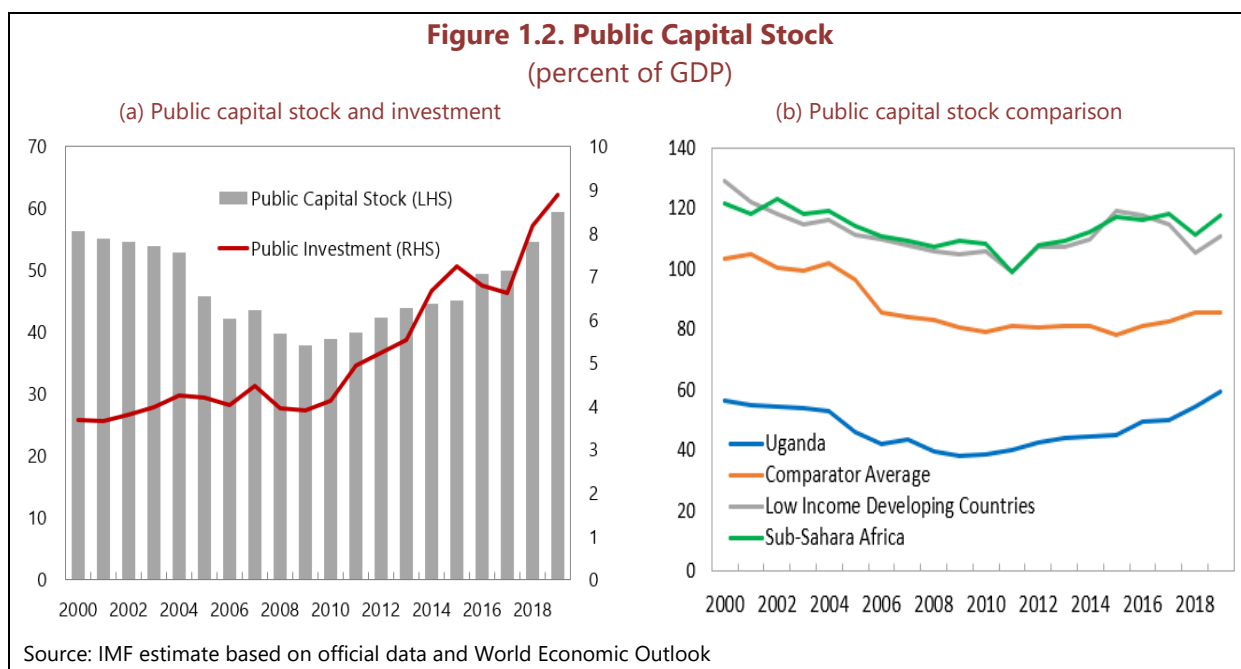
2. Uganda's level of public investment has only recently surpassed the sub-Sahara Africa (SSA) and Low-Income Developing Country (LIDC) averages but remains below regional comparators (Figure 1.1b). Investment flows have been increasing from the mid-2000s, but at a slower rate than regional peers and comparators. The sustained flow of investment spending from 2010, as budget priorities shifted from decentralized social spending to project led economic infrastructure, has seen Uganda exceed the SSA and LIDC average, but still lag behind regional comparators with similar infrastructure needs (Kenya, Rwanda, and Tanzania) by approximately 2 percentage points of GDP.



3. Uganda's capital stock is significantly lower than low-income developing countries (LIDC), sub-Saharan Africa (SSA) averages and peer comparators (Figure 1.2). Capital stock declined in the years leading up to 2007, as public investment levels remained flat at approximately 4 percent of GDP and aging infrastructure depreciated, before picking up

¹ These include the Entebbe Expressway, the Bujugali and Karuma dams.

significantly from 2007 onwards.² The capital stock subsequently stabilized as investment increased, but there is still significant catch up required to reach comparable levels with the LIDC, SSA and comparator averages. Consistent with the IMF methodology for deriving capital stock, for the ratio of capital stock to GDP to increase, new public investment must first cover depreciation.³



4. Public investment has been a priority in Uganda’s fiscal policy, but fiscal space has tightened in recent years (Figure 1.3). The fiscal policy shift towards infrastructure development became prominent in the mid-2000s following the completion of Highly Indebted Poor Country (HIPC) debt relief, which restored the ability to borrow on non-concessional terms. Compared to its peers in SSA, Uganda devotes a lower share of GDP to current expenditure and sits slightly above the median on capital spending (Figure 1.3a). In the decade since the start of the investment drive in 2007, domestic revenues have remained flat at 11 percent of GDP, which is lower than regional peers since 2007.⁴ This shift coincided with a sharp reduction in budget support from development partners, which had previously funded over a third of the budget in the early 2000s. As a result, total debt and the fiscal deficit have grown significantly (Figure 1.3b). While debt distress remains moderate, Uganda now has limited fiscal space to absorb future shocks.⁵

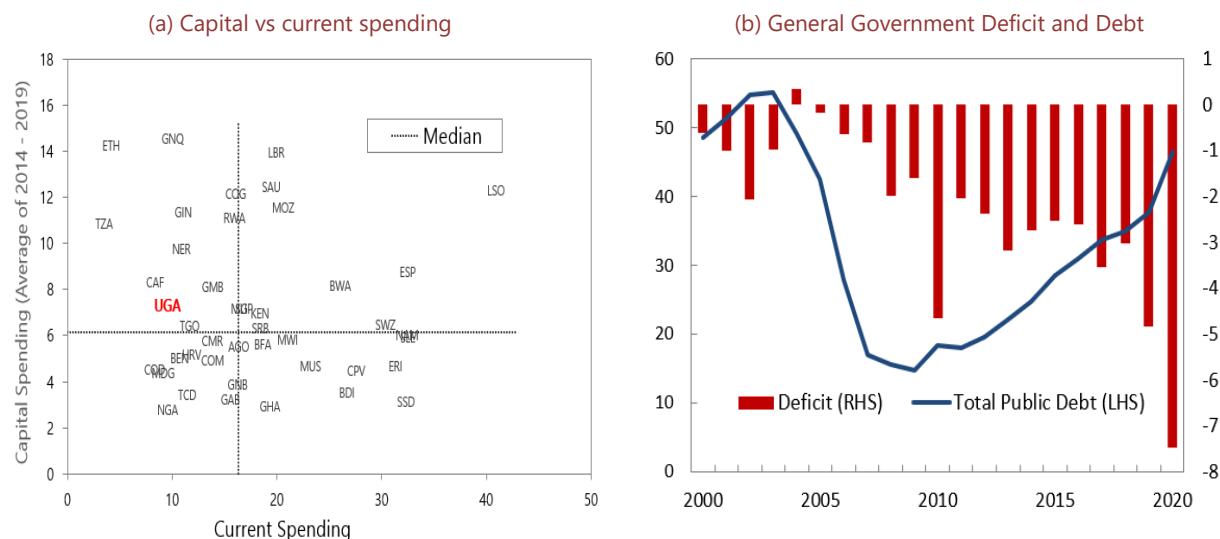
² The mid 2000s were characterized by load shedding and reliance on expensive diesel run generators and a deteriorating road network, particularly on routes connecting borders with heavy vehicle traffic.

³ See IMF manual for deriving capital stock:
<https://infrastructuregovern.imf.org/content/PIMA/Home/Knowledge-Hub/Publications.html>

⁴ This was 15 percent for Tanzania, 17 percent for Kenya and 23 percent for Rwanda.

⁵ Based on the most recent Debt Sustainability Analysis (DSA) as part of the Article IV (March 2022). Under the baseline scenario in the DSA, debt indicators would remain below their respective threshold, but this is not the case when different stress tests were applied.

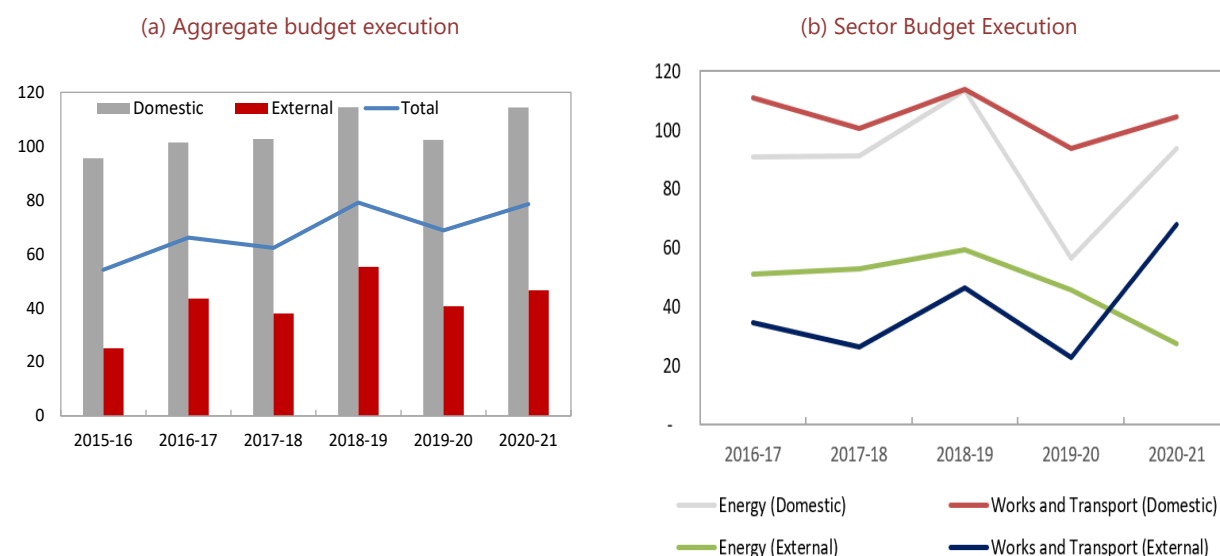
Figure 1.3. Current and Capital Spending, Deficit and Debt
(percent of GDP)



Source: WEO, Government Final Accounts and staff Estimates

5. On average, approximately two-thirds of the annual capital budget for the last six years was spent. Externally financed projects were the main contributor to this low absorption (Figure 1.4). At an aggregate level, domestically financed projects have received repeated supplementary budgets and recorded an average execution rate of 107 percent. Conversely, externally financed projects have spent only 44 percent of their allocated budgets over the same period, with delays in procurement, challenges in meeting conditionality and acquiring land rights cited as the main reasons for under execution. These trends are prevalent in the energy, public works and transport sectors which are the main expenditure drivers in the development budget.

Figure 1.4. Execution of the Capital Budget
(percent of budget spent)

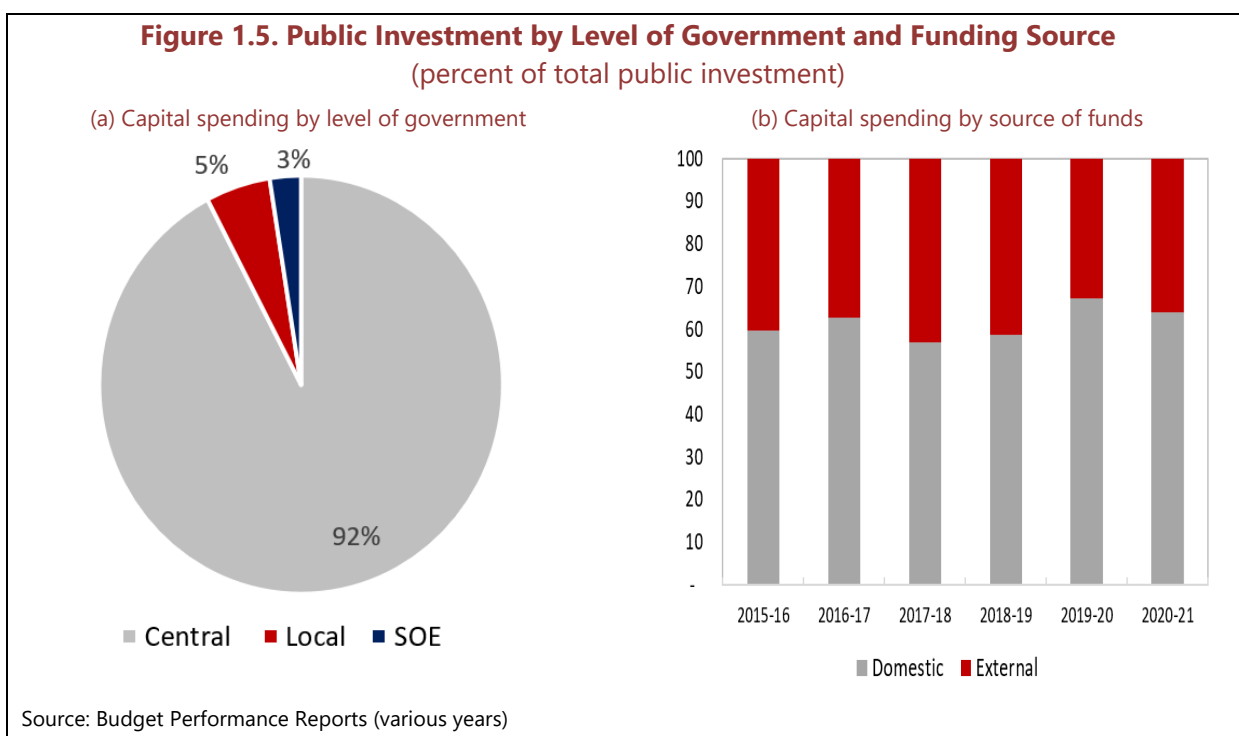


Source: Budget Performance Reports (various years)

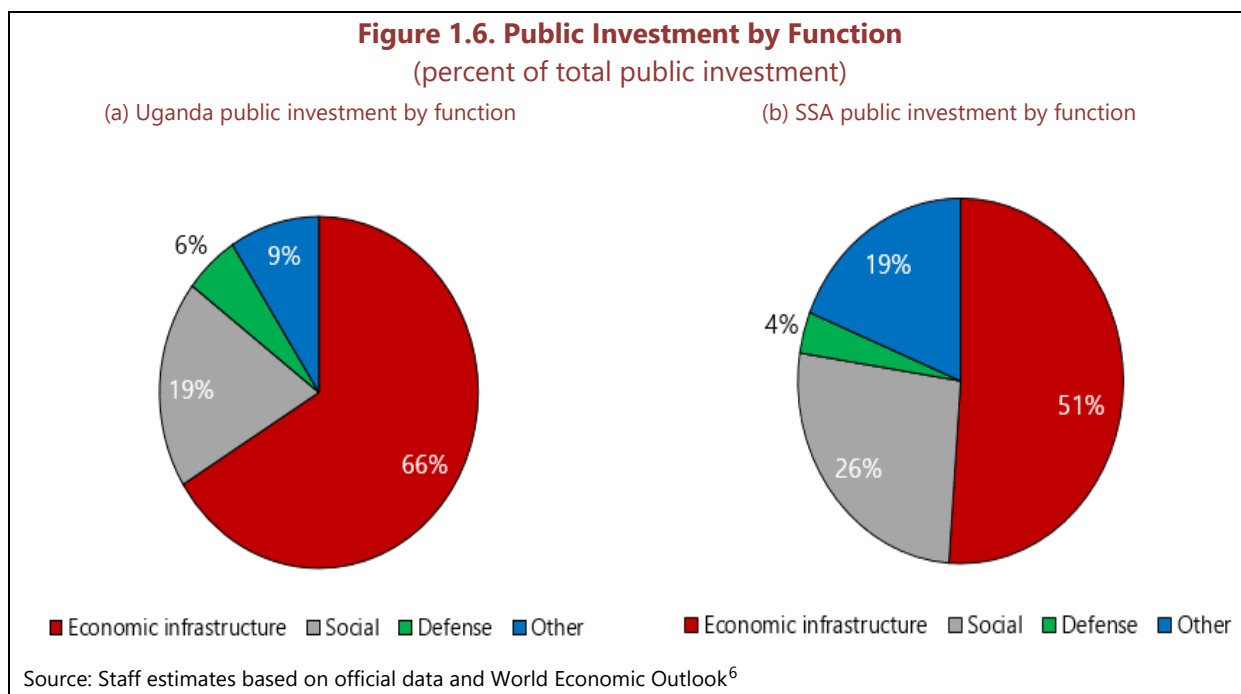
B. Composition and Financing of Public Investments

6. **The central government undertakes the majority of public investment, while local government and public corporations (PCs) have a lesser role (Figure 1.5a).** Based on the current budget year (FY2022-23) central government accounted for 92 percent of total investment. While local government and PCs accounted for around 5 and 3 percent respectively.

7. **Public investments in Uganda are primarily funded through domestic resources, although foreign donors play a significant role (Figure 1.5b).** Over the last six years domestic resources have accounted for around 60 percent of total resources, with 40 percent financed through foreign support. Uganda receives a sizeable portion of its public investment through a mixture of grants and concessional loans. From 2015–16 interest payments have increased by a percentage point of GDP to 2.6 percent of GDP, which reflect the more recent shift towards non-concessional loans, in particular heavy borrowing from the China Exim Bank.



8. **The economic infrastructure sector accounts for over two thirds of total public investment, which is significantly higher than the SSA average (Figure 1.6).** This underscores the emphasis placed on these areas.



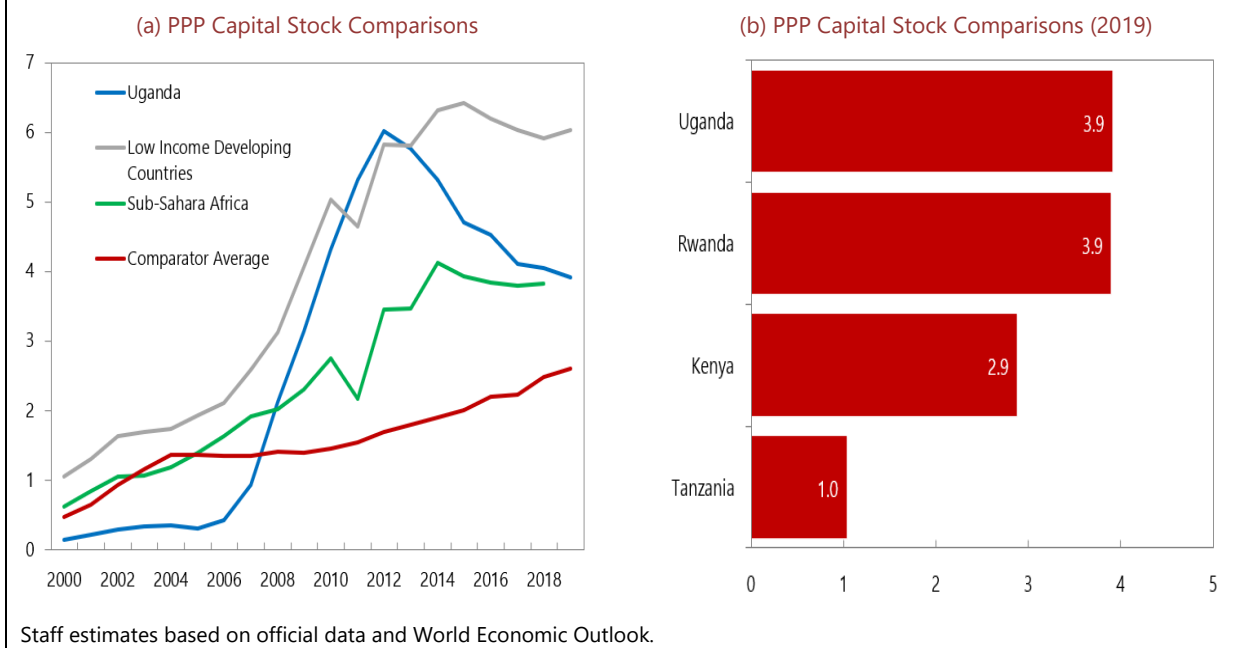
9. **PPP capital stock was derived from legacy projects prior to the 2015 PPP Act and there have been no new operational PPP projects since then (Figure 1.7).** PPPs started to pick up since the mid-2000s, which was largely driven by investments in the energy sector to address blackouts and loadshedding.⁷ Since the enactment of the 2015 PPP Act and supporting framework, which established a stringent framework for PPPs, no new projects have yet become operational.⁸ From a pipeline of 44 potential PPP projects, there are 16 PPP projects under different stages of development, in roads, ICT, logistics, rural water, waste management, cultural, sporting venues and university infrastructure with a total project value of 7 percent of GDP.

⁶ Economic infrastructure includes transportation. Social includes education, health, housing, and social protection. Other includes general public service, safety and public order and environment. Based on 2018 data.

⁷ This includes large hydro infrastructure for the Bujagali and Eskom and heavy fuel oil infrastructure to bridge the energy generation supply shortfall.

⁸ The most advanced projects are: (i) The Kampala-Jinja Expressway; (ii) Entebbe ICT Park, and (iii) The Gulu logistics hub (warehousing and rail),

Figure 1.7. Public Private Partnership (PPP) Capital Stock
(Percent of GDP)



II. EFFICIENCY OF PUBLIC INVESTMENT IN UGANDA

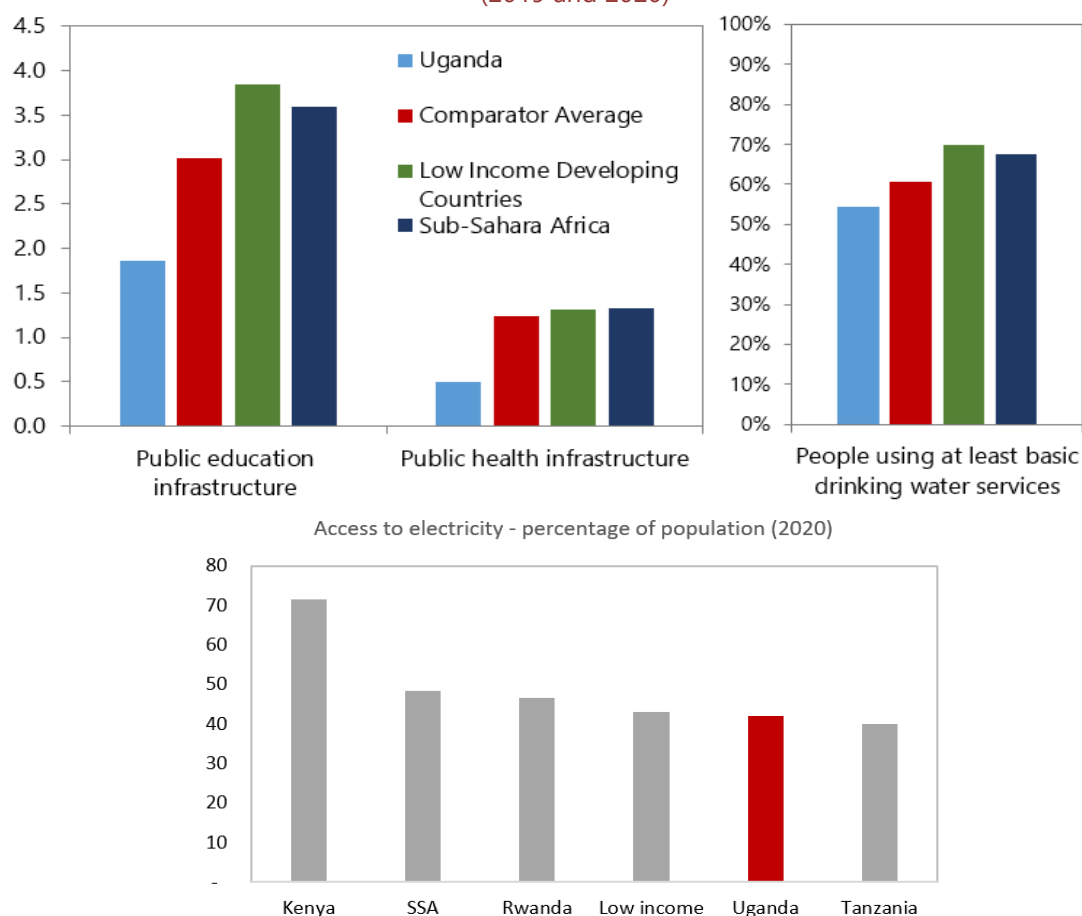
10. Access to services generated by Uganda's infrastructure lags behind regional peers.

Access to infrastructure for education, health, water, and electricity are all below both regional peers and sub-Saharan Africa. The reduction in real per capita allocations for capital investment for health, education and water infrastructure and the delays in energy transmission infrastructure have been cited as two potential reasons for this performance.⁹ Since 60 percent of Uganda's population is school age, the lack of access to education infrastructure is a particular concern.

⁹ These have been reported in World Bank project documents, UNICEF sector reports and the most recent Auditor General's report for FY2020-21.

Figure 2.1. Measures of Infrastructure Access

(2019 and 2020)



Source: World Bank development indicators database. Units vary to fit scale. Left hand axis: Public education infrastructure is measured as secondary teachers per 1,000 persons; and public health infrastructure as hospital beds per 1,000 persons. Right hand axis: percentage of people using at least basic water services. This indicator encompasses both people using basic water services as well as those using safely managed water services. Basic drinking water services is defined as drinking water from an improved source.

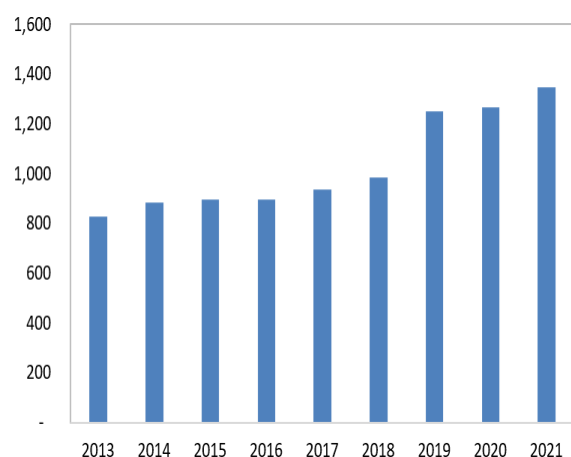
11. To reach higher levels of infrastructure quality and support economic activity, several areas of inefficiency in the energy and transport sectors require addressing. In the roads and energy sectors, there have been improvements in installed energy capacity and the paved stock of the road network (Figure 2.2).¹⁰ Persistent energy losses, fluctuation in the quality of road conditions and comparatively high road mortalities within the region, raise questions regarding the value for money of the investments (Figure 2.3). Transmission challenges to transfer power from newly installed mini-hydropower stations and shortfalls in road maintenance budget provision have been cited as two reasons for this.¹¹

¹⁰ These two sectors have jointly accounted for 50 percent of the development budget from 2010.

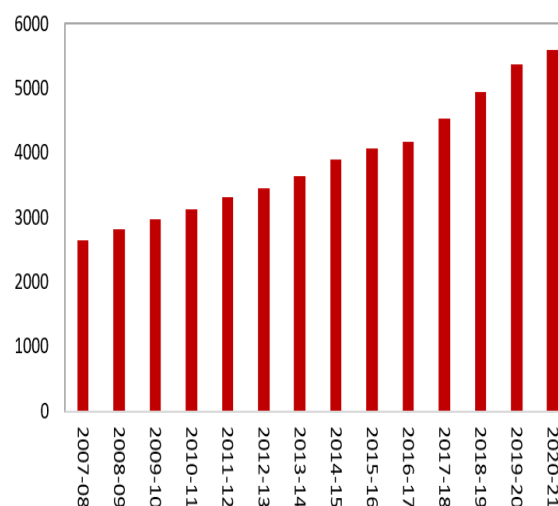
¹¹ The Lira-Gulu-Agago 132KV transmission project is an example of where this has been a particular challenge. Institution 9 explores the provision of maintenance funding in more depth.

Figure 2.2. Energy Installed Capacity and Roads Capital Stock

(a) Energy installed capacity (Megawatts)



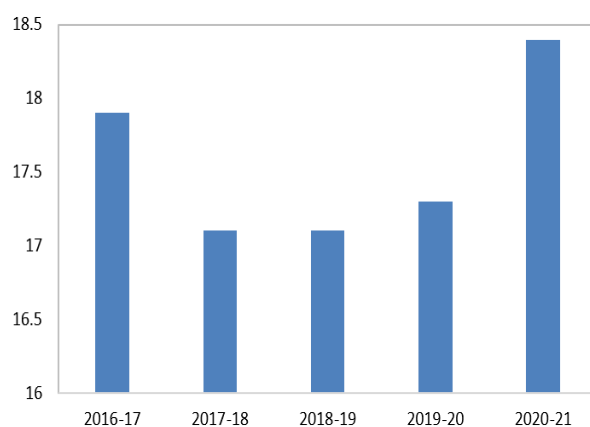
(b) Total paved road stock (Km)



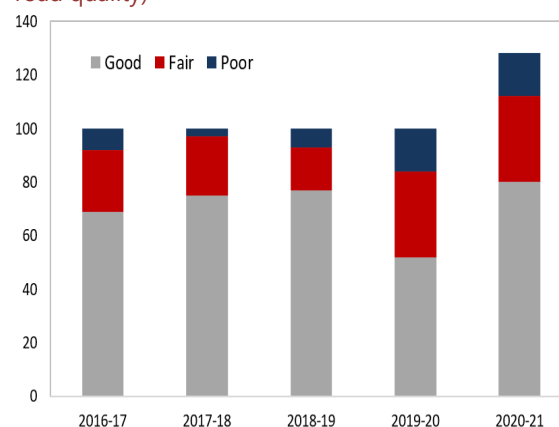
Sources: Energy Regulatory Authority and UNRA

Figure 2.3. Measures of Infrastructure Quality

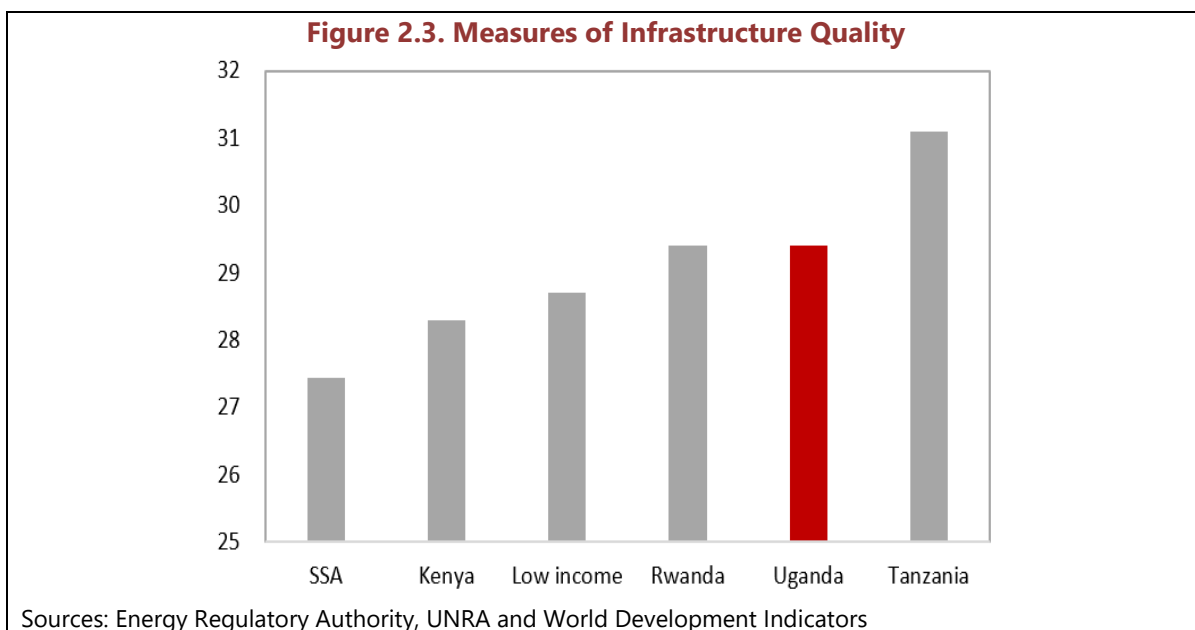
(a) Energy losses (Percent)



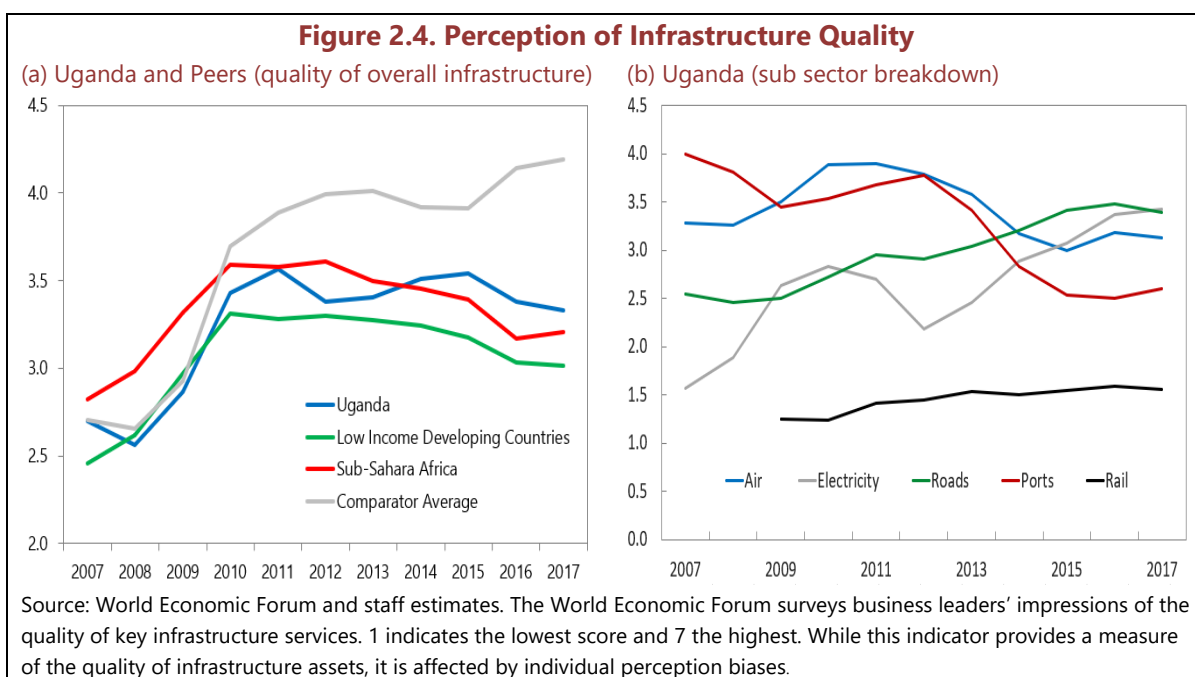
(b) Condition of the national roads (perception of road quality)



(C) Mortality caused by road traffic injury (Per 100,000 population)



12. The perception of the quality of Uganda's infrastructure showed steady improvements in the period to 2011 but has stagnated since then. The improvements in perceptions over the past ten years have been driven by the electricity sub-sector, particularly after blackouts and loadshedding were eliminated between 2007–10. Perceptions of the road subsector has steadily increased since the establishment of UNRA in 2008 and the subsequent upgrade of major roads corridors. Other sub-sectors have brought down the overall perception, particularly ports (with notable delays to the Jinja and Port Bell ports stalling regional trade connections) and air (delayed expansion of Entebbe airport), which are likely to be contributory factors to the scores.



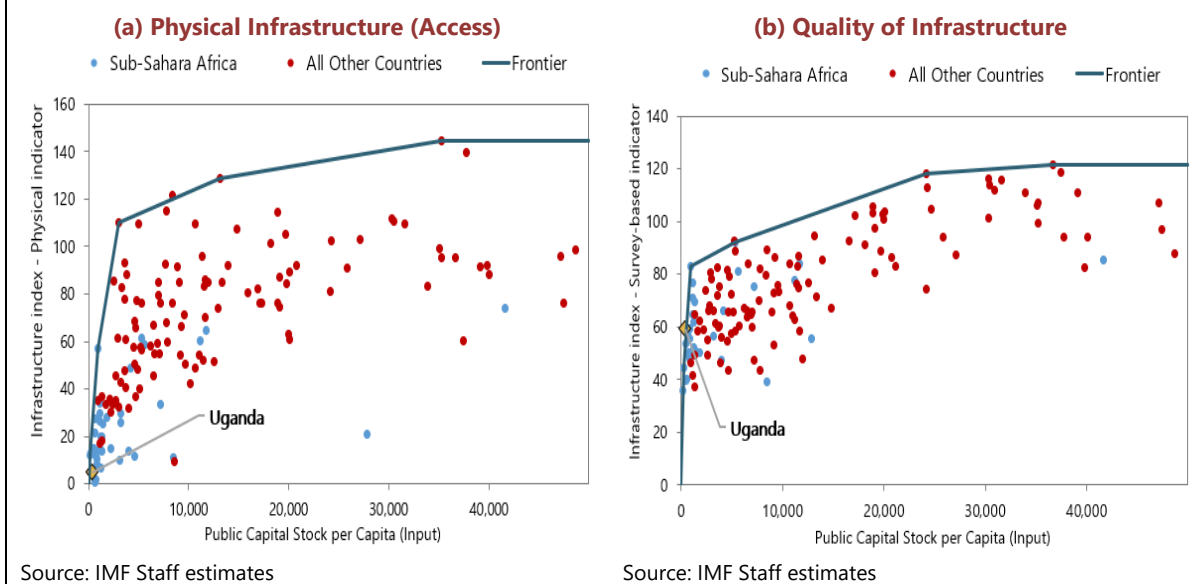
13. Estimates of investment efficiency in Uganda are uncertain and very sensitive to small changes in the underlying data. The IMF has developed a methodology to assess the efficiency of public investment through the development of an efficiency frontier (Box 2.1). Figure 2.5 shows that Uganda is at the very low end of the efficiency frontier. As Uganda's capital stock grows, it will need to improve both the quality and access to its infrastructure. Given that high rates of investment are anticipated over the next several years including to scale up oil related infrastructure, addressing the weaknesses and gaps in public investment management identified in the next section of this report would help to increase the efficiency of capital spending.

Box 2.1. Public Investment Efficiency Frontier and Gap

The public investment efficiency frontier follows the path of the countries that deliver the highest level of infrastructure outputs for the lowest amount of infrastructure investment over time. Where a country sits relative to that frontier provides a measure of its efficiency in converting infrastructure spending into infrastructure outcomes. The vertical distance below the frontier represents the efficiency gap.

Source: Mission

Figure 2.5. Efficiency Frontier and Gap – Access and Quality Indicators



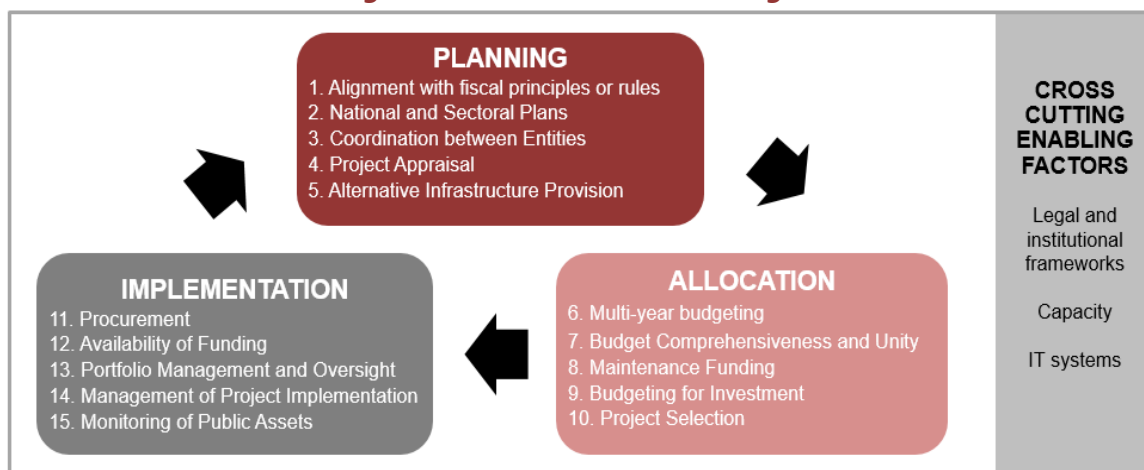
III. PUBLIC INVESTMENT MANAGEMENT INSTITUTIONS

A. The PIMA Framework

14. The IMF has developed the **Public Investment Management Assessment (PIMA) framework to assess the quality of the public investment management of a country.** It identifies the strengths and weaknesses of institutions and is accompanied by practical recommendations to strengthen them and increase the efficiency of public investment.

15. The tool evaluates 15 institutions involved in the three major stages of the public investment cycle (**Figure 3.1**). These are: (i) planning of investment levels for all public-sector entities to ensure sustainable levels of public investment; (ii) allocation of investments to appropriate sectors and projects; and (iii) delivering productive and durable public assets.

Figure 3.1. PIMA Framework Diagram



Sources: *Public Investment Management Assessment: Review and Update*, April 2018, IMF.

<http://www.imf.org/en/Publications/Policy-Papers/Issues/2018/05/10/pp042518public-investment-management-assessment-review-and-update>

16. For each of these 15 institutions, three indicators are analyzed and scored, according to a scale that determines whether the criterion is met in full, in part, or not met (see Annex 2 for the PIMA Questionnaire). Each dimension is scored on three aspects: institutional design, effectiveness, and reform priority:

- Institutional design refers to the objective facts indicating that appropriate organizations, policies, rules and procedures are in place. The average score of the institutional design of three dimensions provides the score for the institution, which may be high, medium, or low.
- Effectiveness refers to the degree to which the intended purpose is being achieved or there is a clear useful impact. The average score of the effectiveness of the three dimensions provides the effectiveness score for the institution, which may be high, medium, or low.
- Reform priority refers to whether the issues contained within the institution are important to be improved in the specific conditions faced by Uganda.

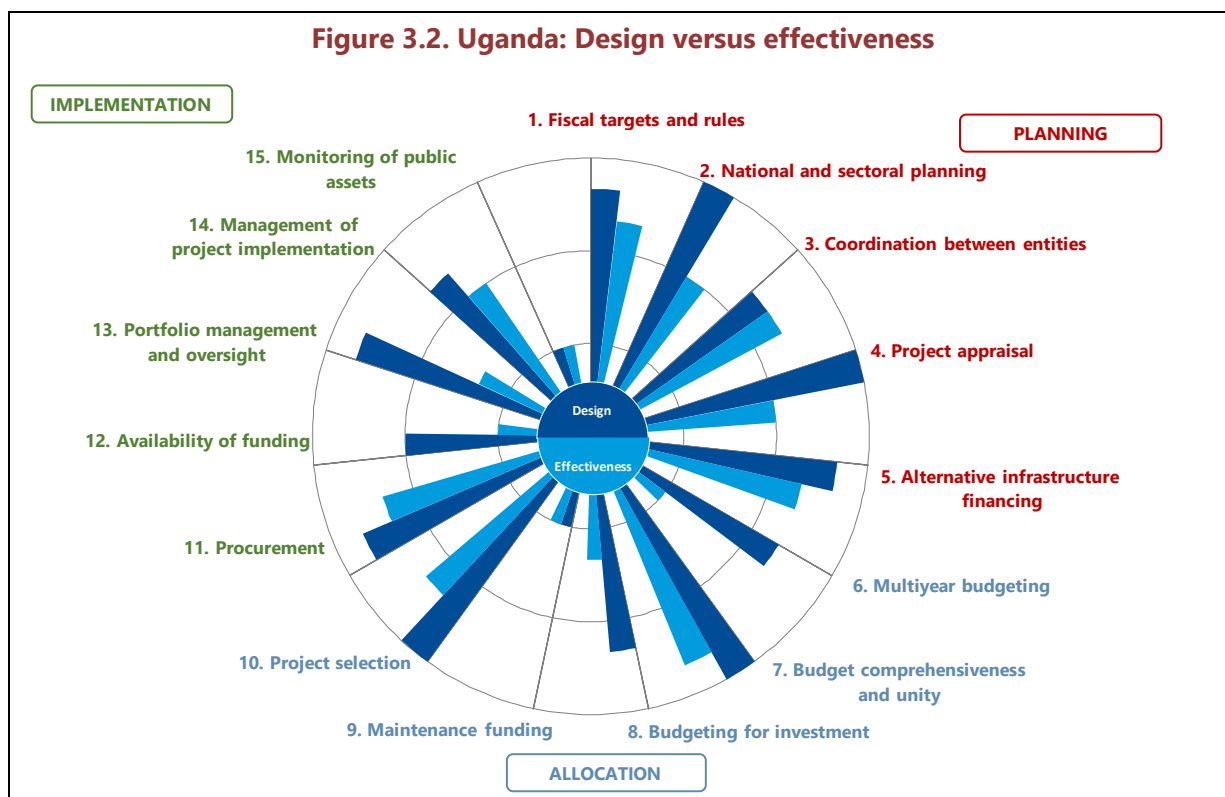
The following sections provide the detailed assessment for Uganda according to this methodology.

B. Overall Assessment

17. Uganda has achieved significant improvements in public investment management since 2016. A number of measures have been undertaken, including giving the Development Committee a strong role as a gatekeeper for new investment proposals, the establishment of the PAP, and development of regulations and guidelines to improve the quality of project preparation and appraisal. The IMF and other development partners have been active partners to the government in pursuing these reforms. Annex 4 provides an overview of the implementation status for the recommendations on public investment management provided during previous IMF technical assistance missions in 2017, 2018, and 2019.

18. Reflecting the many institutional reforms and improvements in recent years, Uganda is particularly strong in institutional design (Figure 3.2). The legal and institutional frameworks for ensuring fiscal sustainability, project appraisal, private sector provision of public infrastructure, budget comprehensiveness, project selection, procurement, and portfolio oversight are well designed and compare favorably to comparators and in most cases to international good practices.

19. The effectiveness of public investment management is markedly lower than the institutional design. The weakest institutions from an effectiveness perspective are multi-year budgeting, maintenance, availability of funding, portfolio oversight and asset monitoring. These weaknesses have significant, negative impacts on public investment access and quality.



20. The following sections provide a detailed assessment of Uganda's public investment management institutions. Each institution is given an aggregate score for institutional design and for effectiveness as summarized in Figure 3.2.

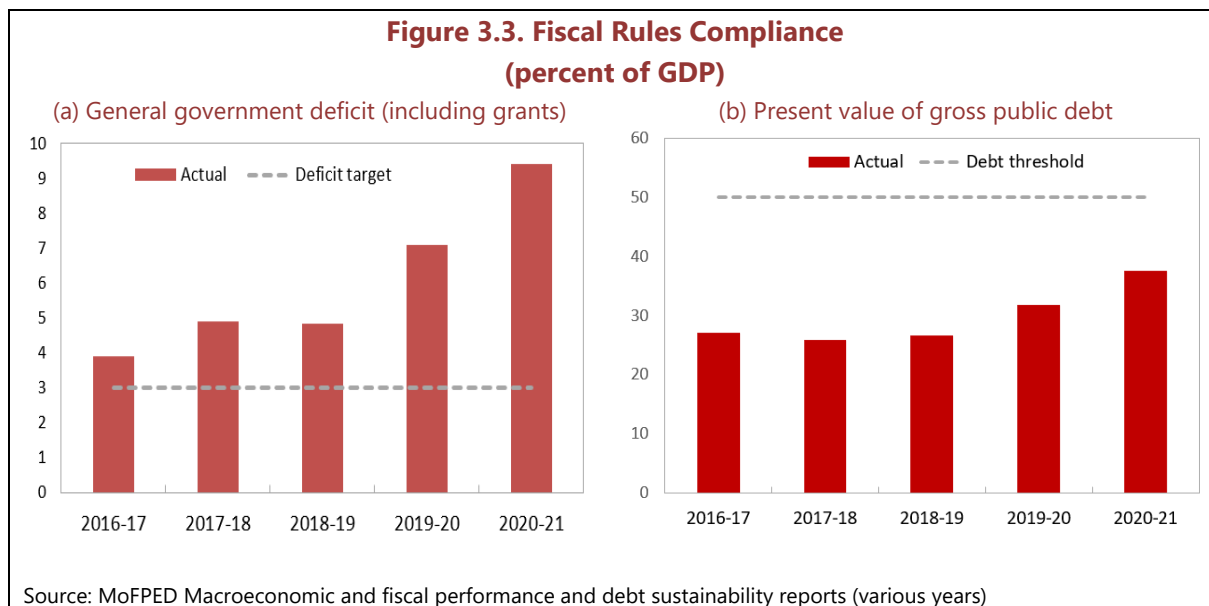
C. Planning Sustainable Levels of Public Investment

1. Fiscal principles or rules (Strength—High; Effectiveness—Medium; Reform Priority—Medium)

21. Debt sustainability is guided by general government fiscal rules for debt and deficit and the medium-term fiscal framework (MTFF) is published but does not differentiate between new and ongoing investment projects.¹² Under the Charter for Fiscal Responsibility (CFR), Uganda committed to a government deficit rule of no more than 3 percent of GDP, and a 50 percent of GDP ceiling on the present value of debt for both central and local government, which are consistent with the East African Community (EAC) convergence criteria. An MTFF is prepared semiannually to guide fiscal policy through the annual budget process, though it provides only a limited framework for investment management since it does not distinguish between new and ongoing investment projects nor identify fiscal space for new investment projects.

¹² The CFR is anchored in the PFMA (2015), Article 5 (1). The first Charter was approved by Parliament on 21 December 2016 and ran from FY2016-17 to FY2020-21. The 2021/22 -FY2025/26 CFR has just been approved and is not part of the assessment.

22. While the MTFF provides an anchor to guide budget preparation, other targets and rules are generally not adhered to. The debt-to-GDP rule was maintained before and during the pandemic, but the deficit target has been continually missed (Figure 3.3). Fiscal forecasts from the MTFF are published in the Budget Framework Paper and include a breakdown of current and development expenditure, but this does not sufficiently constrain the approved budget. During the three years pre-pandemic, the approved budget was on average 15 percent higher than the development ceiling in the MTFF (Table 3.1). The urgent need to “address and bridge the infrastructure gap” and “the need for infrastructure required for extracting Uganda’s first oil” were cited as reasons for not complying to the deficit target in the CFR.¹³



**Table 3.1. Uganda: Variance Between MTFF and the Approved Development Budget
(Ush. Billion)**

	MTFF	Approved development budget	Absolute percentage change
FY2016-17	10,176	10,732	5
FY2017-18	10,167	11,349	12
FY2018-19	10,178	12,963	27
Average 2016-19			15

Source: MoFPED Macroeconomic and fiscal performance and budget performance reports (various years)

23. Uganda’s MTFF provides a relatively credible anchor for the budget, but fiscal space has tightened and further improved institutions to support fiscal sustainability is a medium priority. Uganda is now categorized as being at a medium risk of debt distress, reflecting the realization of macroeconomic fiscal risks during the pandemic. The updated CFR accounts for oil revenue volatility and has annual deficit targets inbuilt. It would be beneficial to build on these reform efforts in order to better bind fiscal outcomes with investment needs.

¹³ Annual Macroeconomic and Fiscal Performance Report 2017/18 and 2018/19. The frontloading of investment spending was for the Karuma and Isimba dams.

Additionally, improving the comparability of the budget with the MTFF (for instance, through directly comparable tables in both documents, including a breakdown of capital spending into ongoing and new projects) would improve transparency and further strengthen the link between the MTFF and the budget.

2. National and sectoral plans (Strength— High; Effectiveness—Medium; Reform Priority— Medium)

24. A strong and comprehensive planning framework guides public investment decisions in Uganda, with the 18 overarching programs in NDP III costed by year and with output and outcome targets for each year. In line with Uganda Vision 2040, the National Development Plan III (NDP III) aims to build on the progress made and learn lessons from the planning and implementation of the first two national development plans.¹⁴ The total cost of the 18 programs in NDP III is estimated at Ush. 202,633 trillion, plus Ush. 74,244 trillion in interest payments due (on average 27.5 percent of GDP annually).¹⁵ Nine hundred and seventeen projects are included in these programs.¹⁶ Figure 3.4a presents the number of projects included in each of the 18 programs of NDP III by stage of development. Cost estimates are presented in the NDP III PIP¹⁷ for 203 ongoing projects, 557 new projects and some of the 159 project ideas. There are 158 measurable targets for outputs and outcomes of the 18 programs, for which yearly values and a baseline are established, but these targets are not linked to specific projects. .

25. Alignment between the budget and NDP I and II was lower than expected but has improved in NDP III because if a project is not included in NDP III it is not approved by the DC. Alignment between the budget and NDPII was estimated at only 60 percent in 2020 and increasing it to 85 percent by 2025 is one of the key targets of NDP III. Figure 3.4b presents the total cost of projects in the NDP III PIP by program, compared with the total estimated cost of the program in NDP III, showing significant differences for some of the 18 programs. Attainment of targets was low in NDP II, as indicated in the Medium-Term Review, due in part to poor alignment between the NDP, the national budgets and ministerial annual work-plans. NDP III targets are not linked to specific projects, and for some targets the unit to be used for measuring the value of the indicator is not specified or is ambiguous. Also, the sources of data required for assessing progress of indicators are not identified.

¹⁴ NDP III was published in July 2020. See: http://www.npa.go.ug/wp-content/uploads/2020/08/NDPIII-Finale_Compressed.pdf

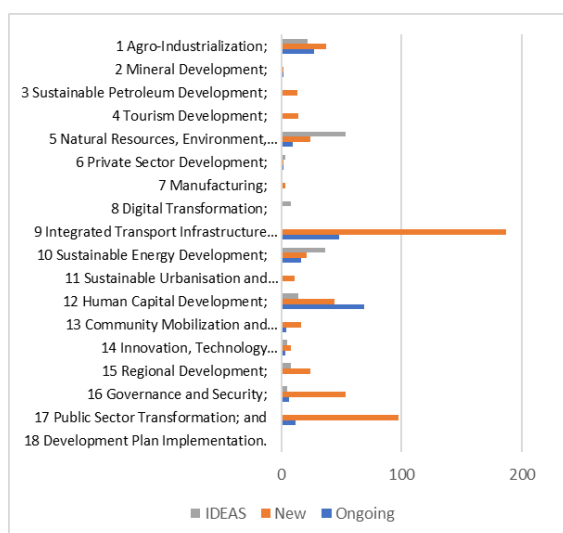
¹⁵ The programs in NDP III replaced the previous structure of sectoral strategic plans stipulated in the Comprehensive National Development Planning Framework (CNDPF). See: <http://www.npa.go.ug/planning-frameworks/cndpf/>

¹⁶ Of the 917 programs and projects included in the NDP III PIP 203 are ongoing, 557 are new (at the concept, profile, pre-feasibility or feasibility stage) and 157 are project ideas.

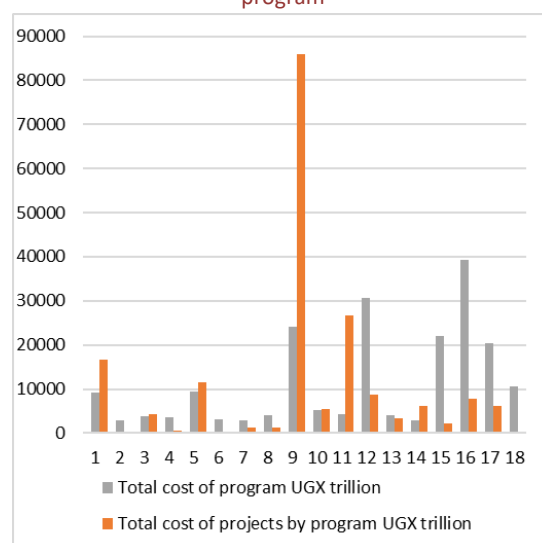
¹⁷ Third National Development Plan Projects Investment Plan (NDPIII PIP) 2020/21 – 2024/25. <http://www.npa.go.ug/national-projects/5-year-pip/>

Figure 3.4. NDP III Projects and Cost Estimates

(a) Number of projects by stage in each program



(b) Costs of programs vs. total cost of projects in each program



Source: Mission based on NDP III Annex 3 and Table 23.2, and NDP III PIP

26. More precise costing of major investment projects and associating the targets of the programs to specific projects at the planning stage can contribute to ensure better alignment with the budget and improved monitoring and evaluation of achievements.

Given the large number of projects included in the plan that are at the idea or concept stages, cost estimates are preliminary or not available. Better and more detailed costs estimates should be used to re-estimate the cost of the 18 NDP III programs checking c against estimations of resources available for investment in future years to assess the viability of implementing all projects in the five-year period, and to better prioritize for budget inclusion. Also targets linked to specific investment projects, with clear units of measurement and source of data, would contribute to better project prioritization and monitoring and evaluation of progress in plan implementation.

3. Coordination between entities (Strength— Medium; Effectiveness—Medium; Reform Priority— Medium)

27. Comprehensive coordination mechanisms between levels of government are clearly specified in guidelines and budget call circulars, including fiscal transfers and disclosure of contingent liabilities. The National Planning Authority is tasked with ensuring the national development plan is developed in a coordinated manner with MDAs, SOEs and LG. Fiscal transfer formulae for the discretionary development equalization grants and sector grants have been specified in guidelines issued by the MOFPED since 2017 and are published in the budget documents annually.¹⁸ Around three percent of sectoral development transfers are discretionary and allocated to selected local governments outside the formulae. Contingent liabilities are required to be reported to the MOFPED for PPPs, legal claims and guarantees on at least a

¹⁸ Volume II of the Approved Estimates of Revenue and Expenditure, Local Government Votes.

semiannual basis, as required by the Guidelines for the Management of Contingent Liabilities (June 2020).

Table 3.2. Uganda: Development Transfers to Local Governments
(Ush. million)

	2020-21	2021-22
Discretionary Development Equalization Grant (DDEG)	552,454	515,679
<i>Sector Development Grants:</i>		
Production and Marketing	55,806	77,790
Works and Transport	24,767	33,717
Education	162,193	178,772
Health	87,196	138,811
Water and Environment	79,400	79,750
Public Sector Management	10,800	15,195
Total Development Transfers	972,616	1,039,714
Total Development Transfers (percent of GDP)	6.56	6.41

Source: Government Budget Documents, MOFPED.

28. There is structured coordination between Central Government, LGs and PCs when planning public investments, LGs are provided with indicative resources in a timely manner but not all significant contingent liabilities are reported to central government. The development of the NDP III involved the local governments, and the National Planning Authority (NPA) receives the plans of both local governments and PCs for review and comment to ensure consistency with NDP III. Local governments are represented in the respective program working groups, as appropriate, and an annual meeting takes place between the MOFPED, MOLG and NPA and LGs regionally to discuss NDP and annual budget priorities. Individual projects at the local government level are, however, not subject to the PIM framework at the concept and appraisal stages. Rules for transfer of development funds to the 176 local governments for Education, Health, Agriculture, Water and Environment and Works and Transport are published in the annual budget documents. These are based on approved guidelines but are not explicitly enshrined in legislation or regulation. Distribution formulae take account of basic variables (for example, population) and the results of a local government performance assessment.¹⁹ Local governments are given indicative planning figures in the first budget call circular in September (9 months before the beginning of the fiscal year), with a revised figure in February/March. Annual reports on contingent liabilities are disclosed in the Annual Report on Public Debt, Guarantees, Other Financial Liabilities and Grants. There are still important challenges for public investment at the LG level, as illustrated in Box 3.1.

¹⁹ The Local Government Performance Assessment was introduced as part of the Intergovernmental Fiscal Transfer Reforms in 2018. The main objective of the assessment is to provide incentives to promote good practices in administration, resource management, accountability and service delivery, through rewarding and sanctioning good and bad performance practices respectively. The assessment focuses on three dimensions of accountability and budget requirements, crosscutting and sector functional processes and systems for LGs and service delivery results in sectors of Education, Health and Water processes.

Box 3.1. Uganda: Hoima District - Issues in Public Investment

Hoima District is in the mid-western part of Uganda. In 2006, deposits of around 2.6bn barrels of oil, of which 1.2bn barrels were deemed extractable were discovered in the Albertine Rift basin in Hoima District.

Several large capital investments have been undertaken and are ongoing to enhance infrastructure to enable extraction, processing, and transmission of the oil, involving both central government and Hoima District. These include investments by the Ministry of Energy to develop an international airport, with an oil refinery and industrial park on site and access road rehabilitation. Hoima district has taken an active role in coordinating the provision of services to the local community. Hoima finances its capital spending mostly through central government transfers: district development grants 58.2 percent, and sector conditional grants 37.6 percent with only a planned 2.7 percent from local revenues and the remainder from local development partners.

Hoima District has identified several challenges in implementing investment projects at District level.

- Inadequate resources for operating and maintaining assets such as schools, district roads, water, and health facilities.
- Insufficient facilities for community involvement in planning, such as technical capacity, logistical support, and community fatigue, leading to limited understanding by community members of their role in the projects.
- Limited skill base at the local level through the entire PIM cycle, particularly registered civil engineers.
- Superficial understanding at the local level of how to align planned outputs of NDP III with the District Development plan and weak capacity in identifying understanding impact and trade-offs among investments, exacerbated by the limited involvement of LG in designing the assessment system.
- Limited evidence bases for strategic planning and delays in feedback on plans from the NPA
- Project specific problems, particularly with Uganda Intergovernmental Fiscal Transfer Program (UGIFT) related to procurement delays, coordination with the center, systems issues, and limited roles of the district in project implementation.

Source: IMF staff

29. Some significant known contingent liabilities related to public-private partnerships are not disclosed in the annual report on public debt, other financial liabilities. Reported contingent liabilities largely relate to guaranteed loans (Table 3.4). Contingent liabilities related to PPP contracts entered into before the enactment of the 2015 PPP law, including Bujagali Hydropower Generation project, Eskom Generation Concession, and Umeme Power Distribution Concession are not included in the annual report. Recent experience suggests that there could be material contingent liabilities embedded in the contracts with 13 independent power producers which resulted in deemed energy costs to the government of Ush. 87.7 billion due to inadequate investment in power distribution since the power produced could not reach the national grid. This resulted in significant costs for UETCL and ultimately public finances and consumers through the tariff. Reporting of contingent liabilities of 'legacy' PPP contracts is therefore important. Furthermore, contingent liabilities related to delayed implementation of public investment projects, and potential related costs such as the delays related to the Karuma Dam opening, should also be reported,

30. While coordination mechanisms are generally well designed, there is room for improvement of their effectiveness. Since the enactment of the PFMA, reporting of contingent liabilities has improved (Table 3.3) but significant events have materialized in recent years, and further enhancements of reporting are needed. In particular, contingent liabilities related to PPP contracts in the energy sector relating to independent power producers, for example the potential fiscal costs of deemed energy contractual clauses should be analyzed and reported in future reports. Including significant projects at an early stage in the PIM framework, particularly at the concept and appraisal stage would enhance coordination at the project level.

Table 3.3. Uganda: Reported Contingent Liabilities
(USD, millions)

Type of Contingent Liability	Beneficiary	Creditor	Maximum Exposure December 2019	Maximum Exposure Dec 2020
PC on-lending		UEGCL, UETCL and others	2400	2800
Guarantees	IDB	Islamic University in Uganda	3	3
Guarantees	IDB	Uganda Development Bank	3	2
Guarantees	BADEA	Uganda Development Bank	16	5
Guarantees	AfDB	Uganda Development Bank	7	15
Guarantees	Exim India	Uganda Development Bank	0	3
PPPs			Not disclosed	Not disclosed
Total maximum Exposure			2,429	2,828
Total Exposure (percent GDP)			6.4	7.5

4. Project Appraisal (Strength— High; Effectiveness— Medium; Reform priority— Low)

31. Since 2016 a strong framework for project appraisal has been implemented requiring all major capital projects, regardless of financing source, to be subject to rigorous technical, economic, and financial analysis. MoFPED published in 2016 the “Development Committee Guidelines for the Approval and Review of the Public Investment Plan (PIP) Projects” (DC Guidelines), which apply to all projects within the Public Sector.²⁰ It also developed the “Public Investment Manual for Project Preparation and Appraisal.”²¹ The manual was disseminated and MoFPED provides support on project appraisal to MDAs.²²

²⁰ See: <https://finance.go.ug/sites/default/files/Budget/NEW%20UPDATED%20DC%20GUIDELINES.doc>

²¹ Developed with support from the World Bank and published in June 2017. See: <https://finance.go.ug/sites/default/files/Budget/PIMS%20Manual%2014022018.pdf>

²² Developing sector specific methodologies is planned, but none has been produced.

Complementing the manual, National Parameters²³ for project appraisal and a database with Commodity-Specific Conversion Factors were developed.²⁴ The guidelines established Project Preparation Committees (PPCs) at Vote and Sector Working Group level to facilitate the project preparation and appraisal process. Project pre-investment studies are reviewed and approved by the Development Committee (DC), which acts as independent reviewer and gatekeeper.²⁵ The Manual has sections on all key aspects of project preparation and appraisal, including a good chapter on qualitative and quantitative risk analysis, which is also one of the four analytical modules defined in the DC guidelines.

32. All major projects are systematically subject to technical, economic, and financial analysis following the DC Guidelines, and compliance is enforced by the DC, which reviews all projects to be included in the PIP. But pre-investment studies are not published and the analysis done by the DC is only available at request based on the Transparency Act. Project concepts and profiles are usually prepared in-house by MDAs, while pre-feasibility and feasibility studies are outsourced, with some MDAs claiming they have an insufficient budget to outsource them, and feasibility studies for large projects sometimes done by development partners. No feasibility studies could be reviewed by the mission to assess how well the guidelines and manual are applied, but summaries of DC discussions indicate that ample analytical information is available.

33. Despite all progress done on improving PIM, still some challenges remain to consolidate and expand the current achievements. A key aspect is the need to train more public servants in project preparation and appraisal, given that most institutions mentioned insufficient duly trained staff as a limitation. Developing sector specific methodologies would facilitate project appraisal and selection, especially in social sectors, and would improve the quality and standardization of appraisals. A couple of key national parameters for project appraisal, namely the value of time and the value of life, still need to be determined. Also, climate change issues need to be included in the Manual and Guidelines (see Annex 5). This could be an opportunity to prepare a new version of the manual providing more detailed guidance in many aspects.²⁶ The creation of a Project Development Fund to finance feasibility studies was mentioned to the mission and could contribute to more and better feasibility studies.

²³ National parameters are the Economic Opportunity Cost of Capital (11%), the Foreign Exchange Premium (7.25%), the Premium on Non-tradable Outlays (1%) and a VAT of 18%. An update of national parameters is currently ongoing and includes additional parameters i.e the Economic Opportunity Cost of Labour (EOCL), Social Value of Time (SVT) and Economic Value of Natural and Environmental Resource (EVNER)

²⁴ It allows estimating economic values for more than 5000 tradable and non-tradable commodities. See: <http://national-parameters.ug/>

²⁵ The Development Committee includes representatives of Office of the President, Office of the Prime Minister, Office of the Solicitor General, Public Procurement and Disposal of Assets Authority, National Planning Authority, Ministry of Gender, Labour and Social Development, National Environment Management Authority, Ministry of Lands, Housing and Urban Development, Equal Opportunities Commission and MoFPED.

²⁶ The Economic Project Appraisal Manual for Kenya published in July 2021 being a good example. See: <https://www.treasury.go.ke/wp-content/uploads/2021/08/Economic-Project-Appraisal-Manual.pdf>

5. Alternative infrastructure financing (Strength— High; Effectiveness—Medium; Reform Priority— Medium)

34. Legislation and policies provide strong support to private sector involvement in major infrastructure markets. The NPD III places emphasis on encouraging private sector involvement in the economy. Private companies, including international companies, are generally allowed to enter infrastructure markets, with a few exceptions (Table 3.4). The markets for telecommunications, electricity generation and off-grid electricity distribution are competitive. The state-owned electricity transmission company UETCL purchases all power, however this may change as amendments to the Electricity Act are expected to be enacted to enable private sector participation in electricity transmission in the coming year. Infrastructure for water supply and sanitation is owned by the state-owned NWSC and regional water authorities. The Government published a PPP policy in 2010, followed by the enactment of a PPP law in 2015. Detailed national PPP guidelines were subsequently approved in 2019. Most PC investments are financed from the budget, and these are covered by the regular planning and budgeting processes. MOFPED receives the annual statements of all PCs but there is no legal requirement for a published report assessing their financial position, beyond the analysis in the report of the Auditor General.²⁷

Table 3.4. Uganda: Competition and Regulation in Infrastructure Markets

Sector	Market Structure	Regulator and year established	Number of private sector operators
Electricity	Generation: Competitive Transmission: Monopoly Distribution: Competitive	Electricity Regulatory Authority (2000)	Generation: 28 Independent Power Producers Transmission: 0 Distribution: 8
Telecoms	Competitive	Uganda Communications Commission (2013)	35
Water	Monopoly	Water Utility Regulation Department, Ministry of Water (2003)	None

Source: Government of Uganda and public corporation websites

35. Uganda is open to private investment in most economic infrastructure sectors, but there has been slow progress in finalizing new PPPs and there is no consolidated report on the performance of its PCs. While there are legacy PPPs, approved before the 2015 Act, there have been no PPPs contracts awarded under the current legal regime. Since most PC investments are through the budget, these are overseen by the MOFPED and parent Ministry, however there is no published consolidated report on financial performance of major PCs that includes a

²⁷ The Report of The Auditor General to Parliament for the financial year ended 30th June 2021 contains analysis of the profitability of 26 of the 46 PCs. A brief unpublished report is also produced by the MOFPED.

consolidated summary of the PCs' investment plans to inform the government and stakeholders of the overall strategy for enhancement of economic infrastructure.²⁸

36. In the medium term the MOFPED should allocate responsibility for producing a consolidated report on PCs and their investments in the form of an ownership report. The report would enable the assessment of performance of at least the ten largest PCs and provide an overview of their investment plans, enabling an assessment of the consistency and complementarity between government and PC investment projects. The review process covers at least the 10 largest PCs measured by assets or 75 percent of total PC infrastructure investments.

Recommendations for Investment Planning

Issue 1: . There are significant differences between the estimated cost of programs in NDP III and the total cost of projects included in each program.

Recommendation 1: Revise costing of programs based on the cost of projects in NDP III and include only those that can be financed within the medium term fiscal framework.

Issue 2: The current methodological tools for project preparation and appraisal need some improvements to incorporate emerging issues like climate change and provide specific guidance for sectors to facilitate work by MDAs and LGs.

Recommendation 2: Update the Manual for Project Preparation and Appraisal to provide more detailed guidance and incorporate climate change issues, develop sector specific project preparation and appraisal manuals, and strengthen financing of pre-investment studies.

Issue 3: There is no published consolidated report on the financial performance of PCs.

Recommendation 3: Allocate responsibility for review and analysis of PC annual financial statements and ongoing and planned investment projects and publish an annual PC performance report.

Issue 4: Contingent liabilities related to PPP contracts entered into prior to the 2015 law are not reported.

Recommendation 4. Identify and report information related to PPP-related contingent liabilities, particularly in the energy sector emanating from contracts signed before the 2015 law was enacted.

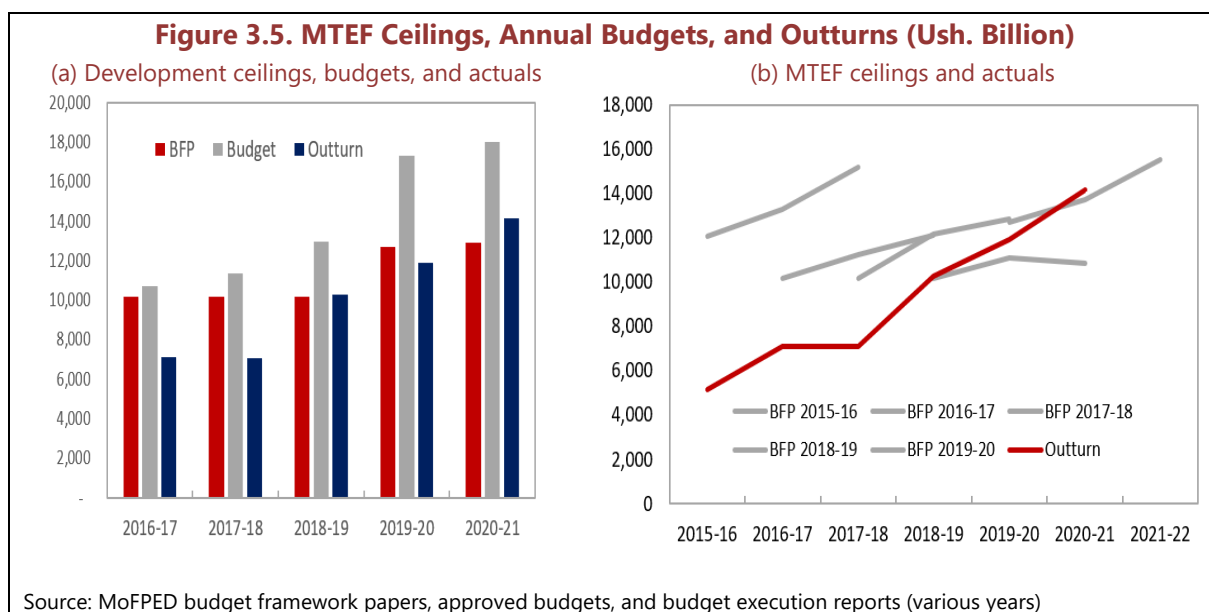
²⁸ The IMF FAD has developed a number of tools to assist analysis of PC performance, these are available at: [Fiscal-Risks-Toolkit \(imf.org\)](https://www.imf.org/publications/fiscal-risks-toolkit). This material was provided to the Accountant General's Department during the mission.

D. Ensuring Public Investment is Allocated to the Right Sectors and Projects

6. Multi-year budgeting (Strength— **Medium**; Effectiveness— **Low**; Reform Priority— **High**)

37. Medium term projections of capital spending are published by MDA, but multiyear capital budget ceilings are highly indicative and project costs are not broken down for each year. Projections of capital spending for the general government are forecast by MDAs and aggregated for local governments as part of the MTEF, which is published twice a year as ceilings to the Budget Call Circulars (BCC).²⁹ The ceilings are indicative and comprise of domestic and externally financed components for the development budget and recurrent spending for MDAs and local governments. Multiyear project level budget allocations are reflected in a rolling public investment plan, which also includes the total project costs, but cost requirements are not broken down on an annual basis, nor are any cost revisions or adjustments explained between years.

38. While the medium-term expenditure framework (MTEF) is well-established and closely aligned to Uganda’s fiscal strategy, it is not a reliable anchor for projecting capital spending over the medium term. Indicative MTEF allocations deviate from the budget to a large extent. In the previous three financial years prior to COVID-19, spending exceeded the MTEF development budget ceiling with an average deviation of 20 percent (Figure 3.5). There was a 15 percent variation between the ceilings in the second Budget Call Circular (BCC) and the approved budget in the three years period prior to the pandemic (see Table 3.1 under institution 1). The lack of publication of multiyear project costs implies that no changes in annual project costs are identified or explained to guide budget decision making.



²⁹ The first in September and the second in February.

39. Capturing and publishing annual project costs and cost revisions is important to ensure these changes are known and can be accounted for. As these costs are not published, there is no visibility on how these have been revised or explanations for their changes. This would benefit better estimations of projects that require increased budget allocations, such as the Hoima airport indicated in Box 3.8 in Section 14, who reported a doubling of prices estimates of major inputs of bitumen, diesel, and steel. This could be easily adopted in the Integrated Bank of Projects (IBP) database as the systems development is being finalized (see Section IV.B). Project costs could be added to the existing PIP or presented as a supplementary document, which could take the form of a medium-term strategic investment plan. Annex 6 offers a potential format that this could take.

7. Budget comprehensiveness and unity (Strength— High; Effectiveness— High; Reform Priority— Low)

40. Most capital spending is channeled through the budget process and recurrent and development budgets are prepared, coordinated, and presented together by program. Extra Budgetary Units (EBUs) have been reduced from 70 to one vote in recent years. EBUs are part of budget appropriation and are therefore required to disclose how they plan to spend their revenues that they retain within their own budget.³⁰ The PIP covers central government projects, which include capital transfers to PCs, whereas the approved budget estimates volumes II (local governments) and III (public corporations) cover development allocations at a more aggregated level.³¹ Capital and recurrent budgets are prepared and presented in the budget on the basis of a fully integrated program classification by each Ministry, Department and Agency.³²

41. Limited capital spending is undertaken by EBUs, which are well covered in central government budget documentation along with the bulk of capital spending by public corporations. Investments undertaken by EBUs account for less than 1 percent of total capital spending.³³ Details of projects undertaken by EBUs and capital transfers for public corporations are reflected in the PIP as they are classified the same as other central government projects. PPP projects are not reflected as none of the current portfolio is operational. Different departments are responsible for coordinating the recurrent and development budgets and collective decisions are made as part of the planning and budgeting consultations through combined Program Implementation Action Plans (PIAPs).³⁴

³⁰ These are defined as Appropriation in Aid Votes (AIA) in budget documents. The Uganda National Examinations Board (UNEB) is the only Vote in the budget falling under this category.

³¹ For local governments, these are recorded by conditional grant (e.g., the school construction grant) and for public corporations and state enterprises, itemized expenditure is recorded for the development budget.

³² Reflected in the detailed budget estimates, Budget Framework Paper and Ministerial Policy Statement respectively.

³³ Based on the FY2021-22 budget.

³⁴ These are the Projects Analysis and Public Investment Department for the development budget and the Budget Policy and Evaluation Department for recurrent. The latter is responsible for consolidating and coordinating the entries budget process, receiving inputs from relevant stakeholders.

42. To promote full disclosure, all future operational PPP projects should be included for information as part of budget documentation. This information is currently stored in various different documents and websites and could benefit by being presented as one comprehensive investment portfolio as part of the Public Investment Plan (PIP). Undertaking this reform would benefit Parliamentarians and the public have a full appreciation of the investment portfolio at the time the budget is appropriated.

8. Budgeting for Investment (Strength— Medium; Effectiveness— Low; Reform Priority—High)

43. The PFM Act and budget call circular set out a framework for protecting investment projects during budget implementation. Total project costs are included in the PIP and multiyear commitments are legally required to be submitted each financial year to guide the affordability of public investments in the form of a multiyear commitment statement (MYCS), which is submitted to Parliament.³⁵ The transfer of funds between capital and current spending during the fiscal year are legally permitted as long as they are not more than ten percent of an item or activity of a Vote.³⁶ The first BCC states the need to prioritize the completion of on-going projects ahead of new ones to ensure that budget allocations sufficiently match contractual commitments and expenditure needs.³⁷

44. The timely and accurate recording of multiyear commitments have been a challenge and there is evidence of projects not being fully protected from budget cuts. The lack of a verification process for multiyear commitments has undermined the effectiveness of the MYCS and the large infrastructure agencies have reported the repeated accumulation of arrears due to unpaid contracts.³⁸ Net virements from the development budget have been minimal (Figure 3.6a), and efforts to prioritize ongoing projects have helped reduce the PIP portfolio (Figure 3.6b). Aggregate release performance of GOU funded projects has improved over the past ten years (Figure 3.7a), however there is evidence of more than half of the projects in the PIP receiving insufficient funds (Figure 3.7b and Table 3.5).³⁹ This is supported by examples of delays, cost overruns and stalled projects cited in the FY2020-21 Auditor General's report, which indicated that delays amounted to 5 percent of total capital spending.⁴⁰

³⁵ Article 23 of the PFMA (2015)

³⁶ Article 22 of the PFMA (2015)

³⁷ Paragraph 16 under the section on Public Investment Management

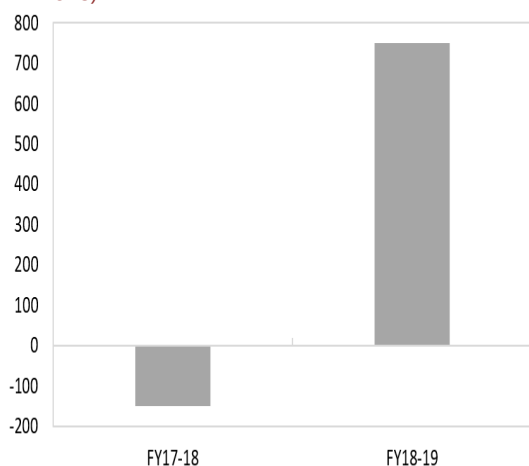
³⁸ UNRA report that unpaid interim payment certificates have averaged around 400 billion Ush. per year and this rose to 700 billion in FY2020-21. UEGCL noted that they are \$5m USD behind in contractor payments due to the late releases for the Nyagak III Hydro Power Projects, which will result in arrears at the end of the financial year.

³⁹ Sectoral analysis shows that the security sector is the only sector that has avoided this. It has one large project (0023 Defense Equipment Project) that accounts for almost a third of the GoU development budget.

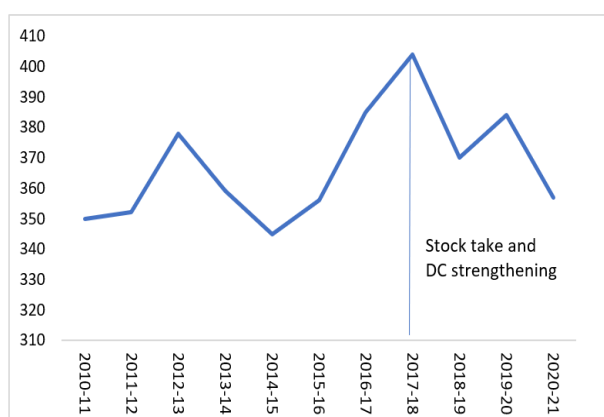
⁴⁰ The report found delayed progress for 58 works projects worth 649 Bn. and 13 cases of abandoned works of 21.3 Bn.

Figure 3.6. Net Virements and Total PIP Project Numbers

(a) Net virements from the capital budget (Ush. millions)



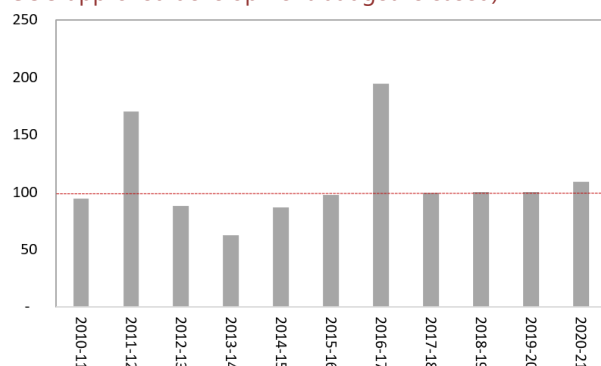
(b) Number of PIP projects



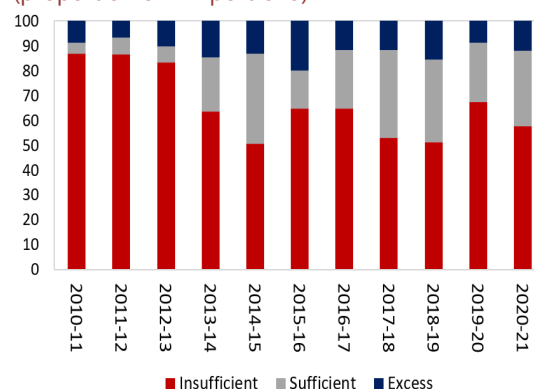
Source: MoFPED annual budget performance reports and program budgeting system database

Figure 3.7. Aggregate and Project Level Budget Release Performance

(a) Aggregate release performance (percentage of the GOU approved development budget released)



(b) Funding sufficiency of GoU projects in the PIP (proportion of PIP portfolio)



Source: MoFPED annual budget performance reports and program budgeting system database.

Notes: Insufficient means funds released are less than the budget allocation, sufficient indicated full funds are released and excess where funds released are higher than the approved budget.

Table 3.5. Uganda: Funding Sufficiency for PIP Projects
(FY2020-21)

	Proportion of total PIP portfolio	Number of projects
Funds released less than allocation	57	196
Sufficient funds	30	104
Funds released more than allocation	9	41

Source: MoFPED Performance Budgeting System Database.

45. Improving the quality, recording and verification of multiyear commitments remains a high reform priority. Ongoing efforts to interface different IT systems should be expedited along with efforts to integrate the MYCS process into the mainstream budget review

process. The benefits of implementing this reform will ensure there are more stringent mechanisms to protect ongoing projects and that they receive the required funding they need to be completed on time.

9. Maintenance funding (Strength—Low; Effectiveness—Low; Reform Priority—High)

46. There are few and limited methodologies for assessing routine and capital maintenance needs and routine maintenance cannot be identified in the budget. The Ministry of Health has a routine maintenance manual for medical equipment, but not for facilities. Routine road maintenance is currently limited to pothole repairs, slushing of roads and desilting of culverts—other periodic road maintenance is not done at all. Only critical maintenance is done on strategic bridges and ferries. In the electricity sector the licensing of generation capacity requires that a maintenance plan be in place as well as an outage plan. The routine maintenance plan for transmission lines is coordinated with the generation maintenance plan. The routine maintenance of hydro electrical plants is planned to be executed in the dry season at low water levels. Capital maintenance can be identified in NDPIII, but not in all program or sector strategies. Annex 7 indicates the South African maintenance guidelines for public infrastructure.

47. Periodic and routine maintenance are neglected, although rehabilitation and upgrades are done but with inadequate funding. The lack of methodologies described above results in poor budgeting for maintenance. Lack of routine maintenance or postponing maintenance to later stages increases rehabilitation and asset replacement costs. Maintenance is sometimes identifiable in the budget.⁴¹ The Annual Budget Monitoring Report 2018-19 states that a balance between upgrading and maintenance/ rehabilitation of roads projects should be prioritized to reduce the maintenance backlog. The lack of maintenance funding is demonstrated in Table 3.6, which shows that on average 49 percent of the annual road maintenance needs were funded from 2015 to 2021.

Table 3.6. Uganda: Funding Requirement Versus Provisions for Road Maintenance
(Ush. billion)

Financial year	Budget required	Amount provided	Percentage of amount required
2015-16	582	261	45
2016-17	400	217	54
2017-18	596	268	45
2018-19	596	313	52
2019-20	596	282	47
2021-22	596	310	52

Source: UNRA Annual performance report FY2021-22

⁴¹ The chart of accounts has specific items for the routine maintenance of civil works (228001), vehicles (228002), Machinery, furniture, and equipment (228003), other (228004) and conditional transfers for feeder roads maintenance workshops at the local government level. The two major transfers from the road fund to UNRA for national and district road maintenance and are transfers and not disaggregated.

48. Compilation of routine and capital maintenance methodologies and manuals as well as the acceleration of routine maintenance is an area of high reform priority. Routine- and periodic maintenance will result in substantial savings in the medium and long term on expensive rehabilitation works. An example of cost savings from systematic road maintenance in Rwanda is contained in Box 3.2 below.

Box 3.2 Example of Cost Savings in Road Maintenance in Rwanda

A road rehabilitation demanded an investment of RWF 140,000,000. The yearly routine and preventative maintenance cost is estimated as 3 percent of the construction cost, which equals to RWF 4,200,00 per annum. After 8 years, the total maintenance cost will amount to RWF 33,600,000. Without proper maintenance, after 8 years of utilization the road will require significant rehabilitation work, the cost of which may be at least 50 percent of the replacement cost. This amounts to RWF 70,000,000. In this example, the preventative maintenance cost is roughly 50 percent lower than the rehabilitation cost. The actual savings over the period of 8 years would amount to RWF 36,400,000 or more.

Source: Operations and Maintenance Manual, Introductory Module for Rwanda, 2021

10. Project Selection (Strength— High; Effectiveness— Medium; Reform priority— Low)

49. The DC Guidelines establish four levels of central review and approval, and a standard process before a project in the pipeline can be admitted into the PIP. The four levels (phases) are project concept, project profile, pre-feasibility, and feasibility. All new projects must be registered in the IBP at the concept stage and are approved for further development (next phase) after review by PAP and the DC subcommittee. The final decision is taken by the DC, based on recommendations by the DC Subcommittee. After the feasibility study of a project has been completed and approved by the DC, it can be included in the PIP. Standard selection criteria are established for analysis by the DC (Box 3.3).⁴² Project readiness for implementation and being included in the NDP III are key approval criteria for assigning budget funding to a project in the PIP.

50. Nearly all new public sector projects comply with the review process before being included in the PIP and becoming candidates for funding from the budget or by donors. Each year only 2 or 3 new projects (less than 5 percent of the total) “jump the line”, but still at least a profile is to be prepared.⁴³ Projects are analyzed first by the DC subcommittee in their monthly meetings based on analysis done by PAP and, if necessary, review of the pre-investment study. The fact that the review and selection process comprises four successive steps results in a lengthy process that was criticized by some MDA’s. Proceedings of the meetings are prepared and are communicated to stakeholders.⁴⁴ The DC holds quarterly meetings to review

⁴² On-going projects are reviewed once a year to decide if they stay in the PIP or exit it. Project Selection Criteria for Projects to Enter the Budget After Appraisal, MoFPED, May 2021

⁴³ Profile is prepared ex-post at the request of the DC, but the project has already been included in the budget.

⁴⁴ Proceedings are public documents and can be requested based on the Access to Information Act of 2005.

recommendations by the subcommittee and make final decisions. On a yearly basis all projects in the PIP are reviewed by the DC to identify which should exit based on the established criteria.⁴⁵ This review process enhances the realism of the PIP, but indicates that the pre-PIP review process has been less than fully effective.

Box 3.3. Project Review and Selection Criteria

The Development Committee Terms of Reference for Review of Ongoing Projects in the PIP For FY 2021/22 established the following criteria for the review process:

1. Percentage physical completion
2. Time progress
3. Funding profile/Adequacy of budgetary allocations
4. Project Budget performance
5. Average Project life Absorption Rate /capacity to utilize project resources
6. Capital recurrent ratio
7. Project delay against schedule
8. Project challenges

Based on the assessment done, a decision is taken by the DC regarding its continuity in the PIP, which could be:

- i. Exit; (project has reached its end date or concluded its activities)
- ii. Retain; (Project is on track and requires more time to conclude activities)
- iii. Transfer to the recurrent Budget (Project activities are largely recurrent in nature and can better be implemented under the recurrent Budget)
- iv. Downgrade to pipeline (Project has not received sufficient funding / doesn't fulfil readiness conditions Project is not a priority to the programme); or
- v. Re-scope (Project originally approved scope can no longer be achieved).
- vi. Postpone for the projects that have limited financing but do not address Covid related interventions.

For project that have stalled in implementation the following criteria will be used to decide about their continuity in the PIP:

1. Current Policy Relevance
2. Financial Consequences of Suspension
3. Legal Consequences of Suspension
4. Social Consequences of Suspension
5. Environmental Consequences

Criteria for projects to enter the budget after appraisal have been defined by MoFPED and are being piloted (Project Selection Criteria for Projects to Enter the Budget After Appraisal, MoFPED, March 2021). They are:

1. Strategic fit
2. Readiness of the project intervention
3. Budget availability and affordability
4. Economic and financial viability
5. Social and environmental impact

Source: IMF staff

⁴⁵In FY 2017/2018 out of 441 projects 118 exited the PIP and in FY 2018/2019 out of 431 129 exited the PIP, which reflects a strict review by the DC.

51. The efficiency and effectiveness of the current project review and selection process can be increased by continuing efforts to enforce compliance, by improving the selection process, and by reducing time for approval of projects. Even if the percentage of projects “jumping the line” is low, reducing it, or at least avoiding an increase, should be a constant goal of the MoFPED. Improving project preparation and appraisal would also contribute to project selection and prioritization by providing better data. The project selection criteria being piloted could increase the effectiveness of the selection process. And efficiency can be improved by shortening the time required by a project to be included in the PIP.

Recommendations for Allocation of Investment Funds

Issue 5: Information on project costs, their revisions, and multiyear planned expenditures are not published at the time of appropriation.

Recommendation 5: Publish complete project costs and multiyear projections, include, and explain cost revisions, in the budget annexes, and systemize this process through the IBP.

Issue 6: The recording of multiyear commitments is inaccurate and not supporting budget choices.

Recommendation 6: Integrate the multi-year commitment process into the mainstream budget review process and improve the accuracy and recording of multi-year commitments.

Issue 7: Lack of maintenance methodologies for routine and capital maintenance and insufficient budget allocations for maintenance.

Recommendation 7: Strengthen methodologies for assessing routine and capital maintenance needs, give higher priority to require attention to enhance maintenance funding in the budget process and report actual versus planned maintenance in budget documents.

E. Delivering Productive and Durable Public Assets

11. Procurement (Strength— High; Effectiveness— Medium; Reform Priority— Low)

52. The procurement of major capital projects is open and transparent, with systems in place to ensure monitoring, a procurement data base available and a complaints review process in place. All bids are available on public notice boards, websites and on the e-procurement system. All new bidders can register on-line, and all complaints are lodged. The PPDA monitors the total bidding process including time frames and issues an annual report. The report provides a full summary of each type of bidding, average number of bids per method of procurement, performance of contracts and percentages by value of method of bidding. Complaints are investigated by an Independent Complaints Tribunal. A response should be given to the complaining bidder within 15 days. The PPDA report also deals with the number of service providers suspended over the past years. Section 94 of the Procurement Act allows for the suspension of service providers who breaches the Code of Ethics of providers. There is a summary of average bids per method of procurement, which is illustrated in Annex 8.

53. Procurement is functioning to the satisfaction of the users, with all statistics available, and a functional complaints process. E-procurement commenced on 1 July 2021, with 24 entities utilizing the system. Another 50 entities, including many with large projects will commence utilizing the system from June 2022. There is an updated procurement database available. The system used prior to the e-procurement system was also open and transparent. There was an improvement in the submission of procurement plans from 80.5 percent to 91.3 percent since the previous annual report of 2016–17. Open bidding constitutes 60.4 percent. A follow up on the implementation of recommendation indicate that 69 percent of recommendations were implemented. The complaints process is monitored effectively, and timelines are generally met.

54. Reforms to address procurement constraints are a low reform priority. There is currently a capacity constraint as far as competence is concerned for the compilation of procurement documentation of construction bids for oil related facilities, as well as high end road construction. Development of more advanced procurement methodologies to handle high technology and complicated road projects, also require attention. The merging of the previous paper-based procurement system and the E-Procurement system needs to be completed without delay.

12. Availability of Funding (Strength— Medium; Effectiveness—Low; Reform Priority— High)

55. The PFMA and associated regulations lays down a well-designed framework for funding of public investment execution. It places responsibility on the Secretary to the Treasury (ST) for preparation of an annual cash plan.⁴⁶ Accounting officers in spending units are required to produce annual work and procurement plans detailing their annual requirements through the year. The annual cash plan is subsequently broken down into quarters and authority to spend (warrants or budget releases) are issued on a quarterly basis to Accounting Officers.⁴⁷ Cash management guidelines specify a cash management committee, chaired by the Deputy Secretary to the Treasury with representation of the budget, economic affairs directorates, the cash policy department and the Accountant General's Department, Uganda Revenue Authority, and the Bank of Uganda. This operational committee should meet monthly to reconcile and agree data and review the progress against the cash plan and assess amounts available for release in the form of the quarterly warrants. The annual cash plan may be updated during the year to reflect the progress in execution of the budget. There is no legal framework requiring donors to maintain bank accounts in the Central Bank, where accounts are held depends on individual donor agreements.

56. The current arrangements for in-year funding of public investments are not effective. While cash flow forecasts are prepared, only the inflows are updated quarterly in the cash flow plans. There is no systematic updating of the cash flow plans on a monthly basis based

⁴⁶ Section 34 of the PFMA

⁴⁷ The PFMR (Article 14) specify that the Accountant General must issue the warrants by 10th day of the first month of the quarter.

on up-to-date information on planned spending provided by spending units. Cash management is based on budget execution data rather than the actual cash needs for spending in the year. There is evidence of significant arrears (Table 3.7), indicating that the cash is not available to honor commitments for budgeted expenditures, an issue also raised by the Auditor General.⁴⁸ In practice, some projects receive less budget release than projected, others receive the required amount and, in some cases, more budget release than budgeted (see Figure 3.7b under institution 8). Some project accounts are held in commercial banks, while others are housed in the Bank of Uganda, depending on individual agreement with the financiers.

Table 3.7. Uganda: Verified Expenditure Arrears 2019 and 2020
(Ush. billion and percent of stock)

	Arrears end June 2019	Percent of stock	Arrears end June 2020	Percent of stock
Salaries and pensions	621	15%	130	8%
Utilities	130	3%	31	2%
Rent	20	0%	19	1%
International organizations	197	5%	106	6%
Legal judgments	915	23%	439	26%
Compensation	407	10%	302	18%
Taxes	493	12%	46	3%
Other recurrent costs	797	20%	381	23%
Development	409	10%	210	13%
Due to UCF	21	1%	-	
Total	4,010		1,664	

Source: Strategy to clear and prevent arrears (2019 data) MOFPED June 2021, Copy of domestic arrears report, Internal Auditor General, MOFPED (May 2021)

57. Improved arrangements and practice for funding of investments is a high reform priority. The mismatch between planned expenditure and available funds, evidenced by significant expenditure arrears points to critical failings in the public financial management system supporting PIM. Arrears in payments for public investments have had serious implications for implementation of projects and costs to the government. Project delays can result in delayed or unfinished projects, increased costs due to interest, penalty costs, court judgements, and seriously impedes the efficiency of public investment management.

13. Portfolio Management and Oversight (Strength— High; Effectiveness—Low; Reform Priority— High)

58. Major projects are centrally monitored during project implementation, funds can be re-allocated between projects during implementation, and ex-post reviews are required. The total portfolio of projects is monitored by the BMAU, who issue a semiannual report summarizing its findings as well as recommendations. This report is submitted to Parliament. Funds can be re-allocated between investment projects, but only for GoU funded

⁴⁸ The Report of The Auditor General to Parliament for the financial year ended 30th June 2021

projects. Treasury Instruction 8.4 and PFMA section 22 regulates the process of re-allocation, with a limit of 10 percent of the original budget. The Public Investment Management Framework, as well as the UNRA Programme Management Framework require ex-post reviews. Ex-post reviews are required after completion of the projects to determine if all objectives were met and to compile a lesson learned document.

59. Portfolio monitoring of all projects is conducted as required by regulations; however certain critical issues are not attended to at the required authority level. Although the portfolio of projects is monitored, serious issues such as land compensation disputes remain a problem, causing critical delays in projects as well as large cost overruns. The compensation matter requires high level, legal intervention. The monitoring reports are lacking summary tables of projects with delays, projects with cost overruns, and the number of projects delayed as a result of compensation disputes. Annex 9 contains an example of a summary table for risk projects. The result of the lack of summary portfolio information can be seen in Box 3.4. The reports are also lacking baselines against which percentage completion are measured, and no base dates against which delays can be measured. Re-allocation of funds is done, however very seldom and there is no evidence that the re-allocation of funds has accelerated any projects. Ex post reviews are sometimes conducted for externally funded projects, but not for GoU funded projects. This may be one reason why the lessons regarding land compensation disputes are not addressed more forcefully. UNRA is in the process of appointing Consultants to compile ex-post project reviews, but to date UNRA has not conducted any such reviews.

60. Improvements in the portfolio monitoring process is a high priority reform. The lack of co-ordination and duplication of data requests between MoFPED, BMAU, NPA and the OP APEX system is also a problem that requires attention. The APEX Platform aims to address functional ambiguities and mandate overlaps that have clogged effective Public Policy Management. It is important for systems such as APEX and IBP to automatically generate reports to upper management when there are substantial deviations detected in projects under implementation. A detailed summary table of critical information is required to enable top management to identify critical major projects effectively and to act urgently to resolve risk issues to prevent delays and additional cost. Annex 9 contains an example of such a summary table.

14. Management of Project Implementation (Strength— Medium; Effectiveness— Medium; Reform Priority— Medium)

61. There are project management arrangements in place, project adjustments are applied during the implementation stage and ex-post audits are conducted yearly. The PIMS Framework of Uganda requires the establishment of project management teams. The UNRA Programme and Management Framework specifies that a project management committee be identified and appointed for each project, with a member of senior management in charge of the team. Project adjustment procedures are guided by the Public Procurement and Disposal of Public Assets (Contracts) Regulations, Clause 55, 2014. A single contract adjustment shall not increase the total contract price by more than 15 percent. Where the contract price is amended

more than once, the cumulative value of all contract amendments should not increase the total contract price by more than 25 percent, if so, the balance should be re-tendered. Ex-post audits are conducted on a yearly basis by the OAG, these reports are scrutinized by Parliament and the reports are published.⁴⁹

62. Project management is generally conducted with diligence, however upstream inefficiencies cause cost and time overruns. Reports of the OAG as well as the PPDA have identified poor project management as one of the causes for delayed progress of work as well as for abandoned projects, the OAG made findings which should be addressed.⁵⁰ Some projects are not closed off duly. The required guidelines for project adjustment are followed. The report addressed delayed projects and abandoned projects but is not clear on projects with cost overruns. Annex 10 contains a list of upstream underlying factors that caused cost- and time overruns, which the Project Manager has no control over. Specific issues identified are summarized in Box 3.4 below. The Hoima International airport provides an example of effective project management. See Box 3.5 below.

Box 3.4. Office of the Auditor General Report

The OAG conducted a performance audit dated 30 June 2021, with specific reference to Project Management Principles. Projects of Health, Education and Roads were audited, and the following issues were identified:

- Health: Delayed construction of the Laboratory Tower – lack of project management
- Health: Delayed construction of 150 housing units, halfway into the contract only the foundations of one block was completed – lack of project management
- Education projects – over payment of quantities certified, contractors did not fully mobilize equipment required, irregular payment for services relocation.
- Roads Projects: 35 Projects from UNRA with a total value of USD 398,427,063.99 and UGX 149,739,813,845 had been delayed within a range of between 64 and 1,072 days.

Source: Audit reports 2021.

⁴⁹ Diagnostic study to strengthen PIMS reforms in the Works and Transport and the Energy and Minerals development sector, 2020.

⁵⁰ Audit report from the Office of the Auditor General 2018/2019, PPDA Annual Report 2017/2018.

Box 3.5. Project Management at Hoima Airport

The Hoima International Airport is a special project to facilitate the construction of the oil refinery and pipeline system following the discovery of oil and gas in Western Uganda. The aim of the Airport is to be used to bring in construction parts and equipment for the Refinery and potentially also for the oil fields.

The construction of the period for the Airport was 48 months, with a contractual completion date of February 2023. The Airport airside is currently 80 percent complete with the final layer works on the main runway in progress. The hardstand for the freight section of 600 m by 130 m concrete is completed as well as underground electrical feed for airport lighting. The earth works for the airport consisted of 7,000,000 cubic meters of material.

The Construction works cost is Euro 264 million. There were issues during the construction of the Airport especially during COVID, but as a result of good planning large quantities of material were imported and on site before COVID commenced. The main reason for the additional time claimed is the fact that the originally planned mobile control tower will be replaced with a permanent structure. Cost escalation of approximately 10 percent originated from the global increase in the cost of steel, diesel and bitumen, this escalation is contractual.

The example of effective management of a strategically important project indicates that it is fully possible to effectively implement future major projects in Uganda, provided this is given the necessary priority.

63. Resolving the upstream factors of cost and time overrun is a medium priority reform. Senior project managers are required for the management of major projects, who have adequate experience in contracts management. It is important that Works Contracts be managed diligently and to make sure that payment certificates are calculated correctly and certified correctly. Upstream delaying factors of projects under implementation require attention in an effort to prevent interest penalties on project level.

15. Monitoring of public assets (Strength— Low; Effectiveness—Low; Reform Priority— High)

64. The PFMA provides a strong framework for asset management, but the current accounting framework does not require that asset values are fully reflected in government registers and accounts. There are accounting policies, treasury instructions and guidelines in place to guide Accounting Officers in maintaining records and accounting policies to guide preparation of financial statements. The PFMA requires each accounting officer to maintain an asset register, and the Accountant General to prepare a balance sheet with all assets and liabilities of the government. Treasury Instructions provide further details for maintaining the asset register.⁵¹ Boards of Survey of inventories, stocks, and assets, on at least an annual basis, are required to verify the accuracy of the registers of each public sector entity and these surveys are supported by guidelines issued by the Accountant General.

⁵¹ Section 34 of the PFMA

65. The value of assets is not fully accounted for nor reported in the government's financial statements and depreciation is not charged. While asset registers are maintained, they are not consolidated, many do not include asset values. Historic cost information is incomplete in most registers. The UNRA does however have detailed asset information on all national road assets (estimated value 6bn USD, according to a recent survey of the condition of roads), but this information is not on the government's balance sheet. A lack of legal clarity around land ownership prevents registration of land and buildings, particularly at local government levels. While assets are surveyed according to regulation, the focus is on smaller movable assets included in the asset register. Despite the Treasury Instructions, current accounting policies require that assets, with the exception of land assets are expensed in the year of their acquisition, therefore assets are fully depreciated in that year and not expensed over the expected life of the asset. The guidelines for the annual survey are silent on procedures for verification of large infrastructure and land and building assets. PCs are required to apply international financial reporting standards and therefore maintain up-to-date assets registers.

66. There is no data available on the total value of Uganda's public sector assets and improvements in this area is a high reform priority. The first step to address this will be to begin the compilation of a comprehensive asset register, incorporating all property assets. More accurate and complete data will strengthen accountability for assets as intended in the PFMA and provide a more robust basis for assessing resources needed to adequately maintain asset values and identify potential alternative uses. Information on depreciation could be useful in assessing the adequacy of maintenance spending (Institution 9) and support the prioritization of capital maintenance decisions. Undertaking this step would also be supportive of the Government's long-term intention to move to accruals accounting. Government has recognized these weaknesses and through the Accountant General, has plans to address them. Box 3.6 shows the MOFPED's plans to enhance asset management across the general government.

Box 3.6. Asset Management Reform Plans

The Accountant General has recognized weaknesses in asset management within the general government sector in Uganda. Specific issues identified include:

- Legal and Regulatory Framework - laws and associated regulations and instructions are not harmonized; no policy framework to guide asset management throughout Government. Compliance and enforcement are weak.
- Institutional arrangements - Roles and responsibilities of the GOU institutions are not clear and at times overlapping. Weak capacity - limited skills in managing assets and inadequate staffing
- Contract Management – Delayed or non-delivery of procured items, payments for incomplete work, poor workmanship, abandoned projects and acceptance of defective works/items.
- Operation and maintenance of assets – underutilization, lack of adequate funding, entities acquiring new assets with less interest in maintaining existing assets, poor condition and obsolesce, failure of Accounting Officers to fully appreciate the role of assets in public services delivery, legal and administrative ownership ambiguity.
- Asset Management Systems – Inadequate with limited integration and parallel systems
- (Disposals – continuing non-disposal of obsolete items leading to high storage costs, due to the difficulty is securing the services of the Chief Government Valuer
- Asset Records and Reporting - Lack of complete and up-to-date asset registers with correct values impairing the decision-making process
- Current accounting framework: Cash basis of accounting does not give a complete picture of the performance of government in the provision of public services.
- Integrated approach to GoU asset: Accounting Officers focus on GoU funded assets and ignoring donor funded assets, there is need for all assets of a vote to be consolidated.

To address these weaknesses, the Accountant General's Department has initiated a reform program across government which includes:

- (1) Updating the Asset Management Policy and Framework;
- (2) Follow up action and implementation of Board of Survey and audit recommendations relating to the asset management by each MDA and LG;
- (3) Addressing data gaps in financial assets (Government Investments/on-lent funds) register;
- (4) Development and implementation of a comprehensive and fully integrated asset management information system;
- (5) Capacity Building, training, and change management;
- (6) Valuation of government assets; and
- (7) Ongoing coordination of asset management reform initiatives through collaboration with all key stakeholders.

Source: GoU Asset Management Strategy & Work Plan (2021 – 2025)., Accountant General's Department, April 2021

Recommendations for public investment implementation

Issue 8: Budgeted funds for project implementation are not released in a timely and predictable manner.

Recommendation 8: Ensure predictable budget releases for investment projects, by enhancing the realism of the annual Budget and MTEF and instituting active cash management arrangements.

Issue 9: The BMAU report does not summarize the major projects in distress, inclusive of the high levels risks that require immediate attention at the required level.

Recommendation 9: Strengthen investment portfolio monitoring to become more forward-looking and based on explicit baselines for financial and physical execution, clearly identifying

projects at risk and which actions will be required to resolve the risk. Focus this monitoring on major projects, based on a clear definition of major projects in regulations.

Issue 10: There is no comprehensive asset register to enable monitoring and effective management of the government's entire asset stock and to enable compliance with the government's accounting policies.

Recommendation 10: Develop comprehensive assets register, including all types of assets, particularly infrastructure assets, starting with existing available databases held by line ministries and agencies.

IV. CROSS-CUTTING ISSUES

A. Legal Framework

67. The existing legal framework in Uganda related to PIM is quite comprehensive and has been amended and strengthened in the last 20 years. It includes Acts that regulate planning, PFM, PPPs, Auditing, LGs, and SOE. Main legal documents are presented in Table 4.1 and a more detailed list including links and comments can be found in Annex 11.

Table 4.1. Uganda: Legal Framework Related to PIM

Act or regulation	Year
Public Finance Management Act	2015
Public Private Partnership Act	2015
Public Procurement and Disposal of Public Assets Act	2003
National Planning Authority Act	2002
National Audit Act	2008
Public Enterprises Reform and Divestiture Act	1993 Amended in 2005
The Electricity Act	1999
Local Governments Act	1997 Amended in 2000
The Public Finance Management Regulation	2016
The Local Governments (Financial and Accounting) Regulations	2007
The Development Committee Guidelines for the Approval and Review of the Public Investment Plan (PIP) Projects	2016

Source: IMF staff

68. The Public Finance Management Act of 2015 is the main law regulating PIM in Uganda. Part II deals with Macroeconomic and Fiscal Policies and sets the framework for Institutions 1 and 6 of the PIMA. Part III deals with Budget Preparation, Approval and Management, regulating aspects analyzed in Institutions 7 and 8. Part V regulates budget execution, relating to institution 12, Part IV, Accounting and Audits, is related to Institutions 14 and 15.

69. However, an important gap in the legal framework is the lack of a clear legal basis act for project preparation, appraisal, review, selection, monitoring and evaluation,

portfolio management and ex post evaluation, as well as for maintenance. The DC guidelines provide support to some of those processes, but a higher-level legal framework would be desirable to enable enforcement. MoFPED has prepared (February 2022) a “Draft for a National Public Investment Policy” aimed at strengthening and institutionalizing the public investment management framework, promoting effective appraisal, selection, implementation, and maintenance of capital investment, but it has yet to be approved by the Cabinet, and a policy will not have the same legal standing and authority as a law. Annex 12 present examples of legal regulations for PIM in other countries.

70. Implementation of projects is frequently delayed by land issues, a fact that was mentioned by most MDAs that the mission met. Therefore, in order to increase efficiency of the PIM process and reduced time and cost overruns of projects, the legal framework for acquisition of land must be reviewed in order to implement new legislation aimed at speeding-up the acquisition of land, with due consideration to compensations and support that the displaced population may require.

B. IT Systems and Data Management

71. Uganda has developed a series of information systems to support different aspects of PIM, from project inception to monitoring and evaluation. The overarching IT systems governance framework falls under the responsibility of the National Information Technology Authority (www.nita.go.ug). The following table present a list of IT systems that support different aspects of PIM, the institution in charge of their operation and their purpose.

72. The key systems for supporting PIM are the NDP Monitoring and Evaluation System, the IBP, PBS and IFMS. The NDP-III has an M&E system, and it is integrated with PBS, IFMS, PIMIS, and other data warehouses. It can produce customized dashboards for each user. Impact evaluations are a mandate of NPA for governmental programs and investment projects. The IBP allows tracking of project data from the concept stage to feasibility and implementation. It is web based and registers all data requested in the DC guidelines, templates, and supporting studies can be uploaded. The PBS is used for planning, preparation, and approval of the budget and for quarterly reporting by all MDAs and LGs, SOEs and Public Corporations. The IFMS has focused on key Expenditure Management Systems that include Accounting and Reporting, Budgeting, Purchasing and Commitment Accounting, Payments, Cash Management and Revenue Receipting/Accounts Receivable.

73. There is a need for compatibility, data exchange and integration between PIM related IT systems. M&E is done by the PBS, the IBP, the NDP M&E system and the by the OPM, burdening MDAs and LGs with separate data requests. Lack of integration impedes the potential use of data, for example by combining data in the IBP with targets for programs and projects in the NPA M&E system.

Table 4.2. Uganda: IT Systems Useful for PIM

IT System	Responsible institution	Purpose
Integrated Financial Management System (IFMS)	Accountant General's Department	Supports bank reconciliation, payments, accounting and reporting by MDAs and LGs (web based except for remote locations).
Performance Budgeting System (PBS)	MoFPED/ Budget	Supports budget preparation and performance reporting by MDAs and LGs.
Integrated Bank of Projects (IBP) https://ibp.finance.go.ug/	MoFPED / PAP	Registering and managing the pipeline of projects proposed by MDAs and LGs.
Debt Management and Financial Analysis System (DMFAS)	MoFPED	Management of debt and other financial instruments throughout their life cycle
Government Asset Management Information System (GAMIS)	Accountant General's Department	Asset Management (currently being rolled out to MDAs)
Aid Management Platform (AMP)	MOFPED	Capture data on external grant and loan management for recording and tracking external financing commitments and disbursements.
NDP Monitoring and Evaluation System	NPA	Monitoring and Evaluation of NDP III indicators and core projects.
Prime Minister's Integrated Management Information System (PIMIS).	OPM	Monitoring of targets of key projects.
Budget Portal	MOFPED	Presents budget data from MDAs and LGs to the general public. Allows downloading of data in Excel
Electronic government procurement (eGP)	PPDA, Procurement policy MOFPED	End to end online government procurement
Government evaluation facility system	OPM	Government evaluations repository
Road monitoring and Management System	Ministry of Works and Transport	Support designated agencies to submit their work plans and accountability reports of works performed
Unit cost model system	Uganda Roads Fund	Describes the unit cost rate of materials
Project management solution (IFMS ERP)	UNRA	Enterprise Resource Planning system

C. Staff Capacity

74. The MoFPED has identified a lack of the requisite skills for project preparation and appraisal across government. To address this issue, the MoFPED partnered with the University of Makerere to establish a Public Investment Management Center of Excellence. The purpose of the Center is to support the PIM system and it has so far trained government officials in project preparation (One week course) as well as Financial- and Economic Analysis. (Two weeks course). The training will enable officials to better understand the principles of project preparation as well as the project appraisal process. For the future, the Center is planning a basic level course in appraisal with a duration of 7 days, an intermediate level course with a duration of 4 weeks and a Masters' program with a duration of 1 year.

75. Most major government entities confirmed that their respective staff components are adequate in numbers. UNRA however reported that it has only 6 persons evaluating pre-feasibility and feasibility studies, which might be a low number of personnel for such an extensive task. The staff component of various entities is listed in Table 4.3 below:

Table 4.3. Uganda: Staff Components for Public Investment Management

Name of entity	Staff component
Budget Monitoring and Accountability Unit	40 technical personnel
National Planning Authority	100 technical staff, 50 support staff and 7 monitoring and evaluation staff
Uganda National Roads Authority	1393 total staff with an existing gap of 87 staff
PAP	19 technical staff
PPDA	104 total staff, of which 40 are auditors, plus 12 staff in the 3 Regions
National Water and Sewage Authority	4244 total staff responsible for all water facilities in Uganda
Accountant General	200 total staff, with 13 staff in the Asset Department

76. There are other important areas where capacity strengthening is required. There is a need for additional training of project managers as well as procurement staff to enable them to manage advanced technical projects such as oil refineries and large roads projects. The Project Managers require capacity strengthening in the compilation of terms of references, specifications, and tender documents for high technical level projects. There is also a need for capacity building in using the new e- Procurement system for officials as well as prospective bidders. Capacity issues in terms of staff numbers may also exist, for instance at the office of the Valuer, where there are inadequate staff to verify the value of Government assets and update the asset register. Capacity issues in relation to staff numbers may also be present at the Ministry of Land who cannot assist the Accountant General with the identification of the ownership of land portions for the inclusion and update of the National asset register. The Accountant General's Office lacks experts to verify the technical elements of projects and asset registers.

Recommendations for cross-cutting issues

Issue 11: The legal framework supporting project preparation, appraisal, and selection hinges on a resolution of MoFPED, which does not provide a strong legal support, and there is no law that ensures effective resolution of land-use conflicts.

Recommendation 11: Strengthen the legal framework for effective public investment management, including amendment of the PFM Act to include a chapter on PIM (or a separate PIM law) and a legal reform to address land use and right-of-way challenges (expropriation law).

Issue 12: Lack of integration of M&E systems results in burdening MDAs and LGs with similar data requests.

Recommendation 12: Integrate IT systems for monitoring and evaluation to avoid duplication of data requests and make better use of data (NPA M&E systems, the IBP, the IFMS, the PBS, the e-Procurement system, and the system of the OPM).

ANNEX 1. PROPOSED ACTION PLAN FOR THE MEDIUM TERM

Planning Sustainable Levels of Public Investments				
Issue	Action	Capacity building needs	Responsibility	Timing (Calendar year)
Not all projects in NDP III are costed and for those at the concept stage costing is preliminary. Total cost of projects in programs show important differences with the cost of the programs, which are also not reconciled with available fiscal resources. Projects are not linked to program targets. This affects the ability to prepare good estimates of funding needs for the five years covered by the plans and does not allow for using contribution to targets as criteria for prioritizing funding to projects and programs.	<ul style="list-style-type: none"> Develop project profiles for all major investment projects in NDP III, link each project to the targets of NDP III and ensure that all plans and strategies, including the Public Investment Policy, are reconciled within a realistic fiscal framework. 	Support for designing the templates	NPA and MoFPED: PAP	2023
The current methodological tools for project preparation and appraisal need some improvements to incorporate emerging issues, provide better guidance and facilitate work by MDAs and LGs.	<ul style="list-style-type: none"> Update the Manual for Project Preparation and Appraisal to provide more detailed guidance and incorporate climate change issues, develop sector specific project preparation and appraisal manuals, and strengthen financing of pre-investment studies. 	Support in updating the manual and methodologies	MoFPED: PAP with line ministries	2023 - 2024
There is no published consolidated report on the financial performance of PCs.	<ul style="list-style-type: none"> Allocate responsibility for review and analysis of PC annual financial statements and planned and ongoing investment projects and publish an annual PC performance report. 	Support for design of the report.	MOFPED	2023 To cover 2022/2023 Financial

Planning Sustainable Levels of Public Investments				
Issue	Action	Capacity building needs	Responsibility	Timing (Calendar year)
				Statements
Contingent liabilities related to PPP contracts entered into prior to the 2015 law are not reported.	<ul style="list-style-type: none"> Identify and report information related to PPP-related contingent liabilities, particularly in the energy sector emanating from contracts signed before the 2015 law was enacted. 	Support for analysis of PPP contracts.	MOFPED Directorate of Debt and Cash Policy	2023 For 2023 Annual Report on Public Debt and Guarantees

Ensuring Public Investment is Allocated to the Right Sectors and Projects				
Issue	Action	Capacity building needs	Responsibility	Timing
Information on project costs, their revisions, and multiyear planned expenditures are not published at the time of appropriation.	<ul style="list-style-type: none"> Publish complete project costs and multiyear projections, include cost revisions, in the budget annexes, and systemize this process through the IBP. 	Design of formats for cost estimates	MoFPED: PAP with Budget Directorate and input from MDAs	2023 - 2024
The recording of multiyear commitments is inaccurate and not supporting budget choices.	<ul style="list-style-type: none"> Integrate the multi-year commitment process into the mainstream budget review process and expedite the interface of different IT systems to improve the accuracy and recording of multi-year commitments. 	Backstopping support to review phase II of the IBP to assess the design of MYC module	MoFPED: PAP with Budget Directorate and AGO.	2023

Ensuring Public Investment is Allocated to the Right Sectors and Projects				
Issue	Action	Capacity building needs	Responsibility	Timing
Lack of maintenance methodologies for routine and capital maintenance and insufficient budget allocations for maintenance.	<ul style="list-style-type: none"> Strengthen methodologies for assessing routine and capital maintenance and give higher priority to maintenance funding. 	Working sessions	Line ministries	2023 - 2024

Delivering Productivity and Durable Public Assets				
Issue	Action	Capacity building needs	Responsibility	Timing
Budgeted funds for project implementation are not released in a timely and predictable manner.	<ul style="list-style-type: none"> Ensure predictable budget releases for investment projects, by enhancing the realism of the annual Budget and MTEF and instituting active cash management arrangements. 	Support for developing an action plan	MOFPED Senior Management	2022-2023
The BMAU report does not summarize the major projects in distress, inclusive of the high levels risks that require immediate attention at the required level.	<ul style="list-style-type: none"> Strengthen investment portfolio monitoring to become more forward-looking and based on explicit project baselines, clearly identifying projects at risk and which actions will be required to resolve the risk. Focus this monitoring on major projects. 	Staff training to analyze reports and identify major risk projects through working sessions.	MOFPED: BMAU	2023
There is no comprehensive asset register to enable monitoring of government's asset stock.	<ul style="list-style-type: none"> Develop comprehensive assets register, including all types of assets, particularly infrastructure assets, starting with existing available databases. 	Support to compile the consolidated database, develop detailed procedures.	MOFPED Accountant General's Office	2024

Cross- cutting Issues				
Issue	Action	Capacity building needs	Responsibility	Timing
The legal framework supporting project preparation, appraisal, and selection hinges on a resolution of MoFPED, which does not provide a strong legal support, and there is no law that ensures effective resolution of land-use conflicts.	<ul style="list-style-type: none"> Strengthen the legal framework for effective public investment management, including amendment of the PFM Act to include a chapter on PIM (or a separate PIM law) and a legal reform to address land use and right-of-way challenges (expropriation law). 	Support drafting specific sections based on international examples.	MoFPED PAP, with Line Ministries, Land valuer and Attorney General	2023
Lack of integration of M&E systems results in burdening MDAs and LGs with similar data requests.	<ul style="list-style-type: none"> Integrate IT systems for monitoring and evaluation to avoid duplication of data requests and make better use of data (NPA M&E systems, the IBP, the IFMS, the PBS, the e-Procurement system, and the system of the OPM). 		<ul style="list-style-type: none"> MoFPED (BPED, PAP, FMS, PPMD) NPA OPM PPDA 	2024
Capacity issues in terms of staff skills and competencies were identified in various entities.	Strengthen staff capacities (skills rather than numbers) for effective public investment management, including through systematic training programs.	Develop and provide capacity building programs	<ul style="list-style-type: none"> Min of Land. Valuer. PPDA. Accountant General. UNRA 	2022-2024

ANNEX 2. PIMA QUESTIONNAIRE

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
A. Planning Sustainable Levels of Public Investment				
1. Fiscal targets and rules: Does the government have fiscal institutions to support fiscal sustainability and to facilitate medium-term planning for public investment?				
1.a.	Is there a target or limit for government to ensure debt sustainability?	There is no target or limit to ensure debt sustainability.	There is at least one target or limit to ensure central government debt sustainability.	There is at least one target or limit to ensure general government debt sustainability.
1.b.	Is fiscal policy guided by one or more permanent fiscal rules?	There are no permanent fiscal rules.	There is at least one permanent fiscal rule applicable to central government.	There is at least one permanent fiscal rule applicable to central government, and at least one comparable rule applicable to a major additional component of general government, such as subnational government (SNG).
1.c.	Is there a medium-term fiscal framework (MTFF) to align budget preparation with fiscal policy?	There is no MTFF prepared prior to budget preparation.	There is an MTFF prepared prior to budget preparation but it is limited to fiscal aggregates, such as expenditure, revenue, the deficit, or total borrowing.	There is an MTFF prepared prior to budget preparation, which includes fiscal aggregates and allows distinctions between recurrent and capital spending, and ongoing and new projects.
2. National and Sectoral Planning: Are investment allocation decisions based on sectoral and inter-sectoral strategies?				
2.a.	Does the government prepare national and sectoral strategies for public investment?	National or sectoral public investment strategies or plans are prepared, covering only some projects found in the budget.	National or sectoral public investment strategies or plans are published covering projects funded through the budget.	Both national and sectoral public investment strategies or plans are published and cover all projects funded through the budget regardless of financing source (e.g. donor, public corporation (PC), or PPP financing).
2.b.	Are the government's national and sectoral strategies or plans for public investment costed?	The government's investment strategies or plans include no cost information on planned public investment.	The government's investment strategies include broad estimates of aggregate and sectoral investment plans.	The government's investment strategies include costing of individual, major investment projects within an overall financial constraint.
2.c.	Do sector strategies include measurable targets for the outputs and outcomes of investment projects?	Sector strategies do not include measurable targets for outputs or outcomes.	Sector strategies include measurable targets for outputs (e.g., miles of roads constructed).	Sector strategies include measurable targets for both outputs and outcomes (e.g., reduction in traffic congestion).

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
3. Coordination between Entities: Is there effective coordination of the investment plans of central and other government entities?				
3.a.	Is capital spending by SNGs, coordinated with the central government?	Capital spending plans of SNGs are not submitted to, nor discussed with central government.	Major SNG capital spending plans are published alongside central government investments, but there are no formal discussions, between the central government and SNGs on investment priorities.	Major SNG capital spending plans are published alongside central government investments, and there are formal discussions between central government and SNGs on investment priorities.
3.b.	Does the central government have a transparent, rule-based system for making capital transfers to SNGs, and for providing timely information on such transfers?	The central government does not have a transparent rule-based system for making capital transfers to SNGs.	The central government uses a transparent rule-based system for making capital transfers to SNGs, but SNGs are notified about expected transfers less than six months before the start of each fiscal year.	The central government uses a transparent rule-based system for making capital transfers to SNGs, and expected transfers are made known to SNGs at least six months before the start of each fiscal year.
3.c.	Are contingent liabilities arising from capital projects of SNGs, PCs, and PPPs reported to the central government?	Contingent liabilities arising from major projects of SNGs, PCs, and PPPs are not reported to the central government.	Contingent liabilities arising from major projects of SNGs, PCs, and PPPs are reported to the central government, but are generally not presented in the central government's budget documents.	Contingent liabilities arising from major projects of SNGs, PCs, and PPPs are reported to the central government, and are presented in full in the central government's budget documents.
4. Project Appraisal: Are project proposals subject to systematic project appraisal?				
4.a.	Are major capital projects subject to rigorous technical, economic, and financial analysis?	Major capital projects are not systematically subject to rigorous, technical, economic, and financial analysis.	Major projects are systematically subject to rigorous technical, economic, and financial analysis.	Major projects are systematically subject to rigorous technical, economic, and financial analysis, and selected results of this analysis are published or undergo independent external review.
4.b.	Is there a standard methodology and central support for the appraisal of projects?	There is no standard methodology or central support for project appraisal.	There is either a standard methodology or central support for project appraisal.	There is both a standard methodology and central support for project appraisal.
4.c.	Are risks taken into account in conducting project appraisals?	Risks are not systematically assessed as part of the project appraisal.	A risk assessment covering a range of potential risks is included in the project appraisal.	A risk assessment covering a range of potential risks is included in the project appraisal, and plans are prepared to mitigate these risks.

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
5. Alternative Infrastructure Financing: Is there a favorable climate for the private sector, PPPs, and PCs to finance in infrastructure?				
5.a.	Does the regulatory framework support competition in contestable markets for economic infrastructure (e.g., power, water, telecoms, and transport)?	Provision of economic infrastructure is restricted to domestic monopolies, or there are few established economic regulators.	There is competition in some economic infrastructure markets, and a few economic regulators have been established.	There is competition in major economic infrastructure markets, and economic regulators are independent and well established.
5.b.	Has the government published a strategy/policy for PPPs, and a legal/regulatory framework which guides the preparation, selection, and management of PPP projects?	There is no published strategy/policy framework for PPPs, and the legal/regulatory framework is weak.	A PPP strategy/policy has been published, but the legal/regulatory framework is weak.	A PPP strategy/policy has been published, and there is a strong legal/regulatory framework that guides the preparation, selection, and management of PPP projects.
5.c.	Does the government oversee the investment plans of public corporations (PCs) and monitor their financial performance?	The government does not systematically review the investment plans of PCs.	The government reviews the investment plans of PCs, but does not publish a consolidated report on these plans or the financial performance of PCs.	The government reviews and publishes a consolidated report on the investment plans and financial performance of PCs.

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
B. Ensuring Public Investment is Allocated to the Right Sectors and Projects				
6. Multi-Year Budgeting: Does the government prepare medium-term projections of capital spending on a full cost basis?				
6.a.	Is capital spending by ministry or sector forecasted over a multiyear horizon?	No projections of capital spending are published beyond the budget year.	Projections of total capital spending are published over a three to five-year horizon.	Projections of capital spending disaggregated by ministry or sector are published over a three to five-year horizon.
6.b.	Are there multiyear ceilings on capital expenditure by ministry, sector, or program?	There are no multiyear ceilings on capital expenditure by ministry, sector, or program.	There are indicative multiyear ceilings on capital expenditure by ministry, sector, or program.	There are binding multiyear ceilings on capital expenditure by ministry, sector, or program.
6.c.	Are projections of the total construction cost of major capital projects published?	Projections of the total construction cost of major capital projects are not published.	Projections of the total construction cost of major capital projects are published.	Projections of the total construction cost of major capital projects are published, together with the annual breakdown of these cost over a three-five-year horizon.
7. Budget Comprehensiveness and Unity: To what extent is capital spending, and related recurrent spending, undertaken through the budget process?				
7.a.	Is capital spending mostly undertaken through the budget?	Significant capital spending is undertaken by extra-budgetary entities with no legislative authorization or disclosure in the budget documentation.	Significant capital spending is undertaken by extra-budgetary entities, but with legislative authorization and disclosure in the budget documentation.	Little or no capital spending is undertaken by extra-budgetary entities.
7.b.	Are all capital projects, regardless of financing source, shown in the budget documentation?	Capital projects are not comprehensively presented in the budget documentation, including PPPs, externally financed, and PCs' projects.	Most capital projects are included in the budget documentation, but either PPPs, externally financed, or PCs' projects are not shown.	All capital projects, regardless of financing sources, are included in the budget documentation.
7.c.	Are capital and recurrent budgets prepared and presented together in the budget?	Capital and recurrent budgets are prepared by separate ministries, and/or presented in separate budget documents.	Capital and recurrent budgets are prepared by a single ministry and presented together in the budget documents, but without using a program or functional classification.	Capital and recurrent budgets are prepared by a single ministry and presented together in the budget documents, using a program or functional classification.
8. Budgeting for Investment: Are investment projects protected during budget implementation?				
8.a.	Are total project outlays appropriated by the legislature at the time of a project's commencement?	Outlays are appropriated on an annual basis, but information on total project costs is not included in the budget documentation.	Outlays are appropriated on an annual basis, and information on total project costs is included in the budget documentation.	Outlays are appropriated on an annual basis and information on total project costs, and multiyear commitments is included in the budget documentation.
8.b.	Are in-year transfers of appropriations (virement) from capital to current spending prevented?	There are no limitations on virement from capital to current spending.	The finance ministry may approve virement from capital to current spending.	Virement from capital to current spending requires the approval of the legislature.

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
8.c	Is the completion of ongoing projects given priority over starting new projects?	There is no mechanism in place to protect funding of ongoing projects.	There is a mechanism to protect funding for ongoing projects in the annual budget.	There is a mechanism to protect funding for ongoing projects in the annual budget and over the medium term.
9. Maintenance Funding: Are routine maintenance and major improvements receiving adequate funding?				
9.a.	Is there a standard methodology for estimating routine maintenance needs and budget funding?	There is no standard methodology for determining the needs for routine maintenance.	There is a standard methodology for determining the needs for routine maintenance and its cost.	There is a standard methodology for determining the needs for routine maintenance and its cost, and the appropriate amounts are generally allocated in the budget.
9.b.	Is there a standard methodology for determining major improvements (e.g. renovations, reconstructions, enlargements) to existing assets, and are they included in national and sectoral investment plans?	There is no standard methodology for determining major improvements, and they are not included in national or sectoral plans.	There is a standard methodology for determining major improvements, but they are not included in national or sectoral plans.	There is a standard methodology for determining major improvements, and they are included in national or sectoral plans.
9.c.	Can expenditures relating to routine maintenance and major improvements be identified in the budget?	Routine maintenance and major improvements are not systematically identified in the budget.	Routine maintenance and major improvements are systematically identified in the budget.	Routine maintenance and major improvements are systematically identified in the budget, and are reported.
10. Project Selection: Are there institutions and procedures in place to guide project selection?				
10.a.	Does the government undertake a central review of major project appraisals before decisions are taken to include projects in the budget?	Major projects (including donor- or PPP-funded) are not reviewed by a central ministry prior to inclusion in the budget.	Major projects (including donor- or PPP-funded) are reviewed by a central ministry prior to inclusion in the budget.	All major projects (including donor- or PPP-funded) are scrutinized by a central ministry, with input from an independent agency or experts prior to inclusion in the budget.
10.b.	Does the government publish and adhere to standard criteria, and stipulate a required process for project selection?	There are no published criteria or a required process for project selection.	There are published criteria for project selection, but projects can be selected without going through the required process.	There are published criteria for project selection, and generally projects are selected through the required process.
10.c.	Does the government maintain a pipeline of appraised investment projects for inclusion in the annual budget?	The government does not maintain a pipeline of appraised investment projects.	The government maintains a pipeline of appraised investment projects but other projects may be selected for financing through the annual budget.	The government maintains a comprehensive pipeline of appraised investment projects, which is used for selecting projects for inclusion in the annual budget, and over the medium term.

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
C. Delivering Productive and Durable Public Assets				
11. Procurement				
11.a	Is the procurement process for major capital projects open and transparent?	Few major projects are tendered in a competitive process, and the public has limited access to procurement information.	Many major projects are tendered in a competitive process, but the public has only limited access to procurement information.	Most major projects are tendered in a competitive process, and the public has access to complete, reliable and timely procurement information.
11.b	Is there a system in place to ensure that procurement is monitored adequately?	There is no procurement database, or the information is incomplete or not timely for most phases of the procurement process.	There is a procurement database with reasonably complete information, but no standard analytical reports are produced from the database.	There is a procurement database with reasonably complete information, and standard analytical reports are produced to support a formal monitoring system.
11.c	Are procurement complaints review process conducted in a fair and timely manner?	Procurement complaints are not reviewed by an independent body.	Procurement complaints are reviewed by an independent body, but the recommendations of this body are not produced on a timely basis, nor published, nor rigorously enforced.	Procurement complaints are reviewed by an independent body whose recommendations are timely, published, and rigorously enforced.
12. Availability of Funding: Is financing for capital spending made available in a timely manner?				
12.a	Are ministries/agencies able to plan and commit expenditure on capital projects in advance on the basis of reliable cash-flow forecasts?	Cash-flow forecasts are not prepared or updated regularly, and ministries/agencies are not provided with commitment ceilings in a timely manner.	Cash-flow forecasts are prepared or updated quarterly, and ministries/agencies are provided with commitment ceilings at least a quarter in advance.	Cash-flow forecasts are prepared or updated monthly, and ministries/agencies are provided with commitment ceilings for the full fiscal year.
12.b	Is cash for project outlays released in a timely manner?	The financing of project outlays is frequently subject to cash rationing.	Cash for project outlays is sometimes released with delays.	Cash for project outlays is normally released in a timely manner, based on the appropriation.
12.c	Is external (donor) funding of capital projects fully integrated into the main government bank account structure?	External financing is largely held in commercial bank accounts outside the central bank.	External financing is held at the central bank, but is not part of the main government bank account structure.	External financing is fully integrated into the main government bank account structure.
13. Portfolio Management and Oversight: Is adequate oversight exercised over implementation of the entire public investment portfolio				
13.a	Are major capital projects subject to monitoring during project implementation?	Most major capital projects are not monitored during project implementation.	For most major projects, annual project costs, as well as physical progress, are monitored during project implementation.	For all major projects, total project costs, as well as physical progress, are centrally monitored during project implementation.
13.b	Can funds be re-allocated between investment projects during implementation?	Funds cannot be re-allocated between projects during implementation.	Funds can be reallocated between projects during implementation, but not using systematic monitoring and transparent procedures.	Funds can be re-allocated between projects during implementation, using systematic monitoring and transparent procedures.

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
13.c	Does the government adjust project implementation policies and procedures by systematically conducting ex post reviews of projects that have completed their construction phase?	Ex post reviews of major projects are neither systematically required, nor frequently conducted.	Ex post reviews of major projects, focusing on project costs, deliverables and outputs, are sometimes conducted.	Ex post reviews of major projects focusing on project costs, deliverables, and outputs are conducted regularly by an independent entity or experts, and are used to adjust project implementation policies and procedures.
14. Management of Project Implementation: Are capital projects well managed and controlled during the execution stage?				
14.a	Do ministries/agencies have effective project management arrangements in place?	Ministries/agencies do not systematically identify senior responsible officers for major investment projects, and implementation plans are not prepared prior to budget approval.	Ministries/agencies systematically identify senior responsible officers for major investment projects, but implementation plans are not prepared prior to budget approval.	Ministries/agencies systematically identify senior responsible officers for major investment projects, and implementation plans are prepared prior to budget approval.
14.b	Has the government issued rules, procedures and guidelines for project adjustments that are applied systematically across all major projects?	There are no standardized rules and procedures for project adjustments.	For major projects, there are standardized rules and procedures for project adjustments, but do not include, if required, a fundamental review and reappraisal of a project's rationale, costs, and expected outputs.	For all projects, there are standardized rules and procedures for project adjustments and, if required, include a fundamental review of the project's rationale, costs, and expected outputs.
14.c	Are ex post audits of capital projects routinely undertaken?	Major capital projects are usually not subject to ex post external audits.	Some major capital projects are subject to ex post external audit, information on which is published by the external auditor.	Most major capital projects are subject to ex post external audit information on which is regularly published and scrutinized by the legislature.
15. Monitoring of Public Assets: Is the value of assets properly accounted for and reported in financial statements?				
15.a	Are asset registers updated by surveys of the stocks, values, and conditions of public assets regularly?	Asset registers are neither comprehensive nor updated regularly.	Asset registers are either comprehensive or updated regularly at reasonable intervals.	Asset registers are comprehensive and updated regularly at reasonable intervals.
15.b	Are nonfinancial asset values recorded in the government financial accounts?	Government financial accounts do not include the value of non- financial assets.	Government financial accounts include the value of some non- financial assets, which are revalued irregularly.	Government financial accounts include the value of most nonfinancial assets, which are revalued regularly.
15.c	Is the depreciation of fixed assets captured in the government's operating statements?	The depreciation of fixed assets is not recorded in operating statements.	The depreciation of fixed assets is recorded in operating statements, based on statistical estimates.	The depreciation of fixed assets is recorded in operating expenditures, based on asset-specific assumptions.
Cross-cutting issues				
A	IT support. Is there a comprehensive computerized information system for public investment projects to support decision making and monitoring?			
B	Legal Framework. Is there a legal and regulatory framework that supports institutional arrangements, mandates, coverage, standards and accountability for effective PIM?			
C	Staff capacity. Does staff capacity (number of staff and/or their knowledge, skills, and experience) and clarity of roles and responsibilities support effective institutions?			

ANNEX 3. DETAILED PIMA SCORES

A. Planning			B. Allocation			C. Implementation		
	Institutional Design	Effectiveness		Institutional Design	Effectiveness		Institutional Design	Effectiveness
1.a.	3	3	6.a.	3	1	11.a.	2	3
1.b.	3	2	6.b.	2	1	11.b.	3	2
1.c.	2	2	6.c.	2	1	11.c.	3	2
2.a.	3	2	7.a.	3	3	12.a.	2	1
2.b.	3	2	7.b.	3	2	12.b.	2	1
2.c.	3	2	7.c.	3	3	12.c.	2	1
3.a.	2	2	8.a.	3	1	13.a.	2	1
3.b.	2	3	8.b.	2	2	13.b.	3	1
3.c.	3	2	8.c.	2	1	13.c.	3	2
4.a.	3	2	9.a.	1	1	14.a.	2	2
4.b.	3	2	9.b.	1	1	14.b.	2	2
4.c.	3	2	9.c.	1	1	14.c.	3	2
5.a.	3	3	10.a.	3	2	15.a.	1	1
5.b.	3	2	10.b.	3	2	15.b.	1	1
5.c.	2	2	10.c.	3	3	15.c.	1	1

ANNEX 4. STATUS OF PREVIOUS IMF RECOMMENDATIONS ON PUBLIC INVESTMENT MANAGEMENT

Recommendation		Timeline	Status
Enhancing the Performance of Public Investment Management (May 2017)			
1	Undertake stock-take of the PIP and overhaul PIP database updating all multi-year commitment and cash flow estimates based on a close review of project financials, physical and contractual milestones.	September 2017	In progress
2	Strengthen elements and realign the appraisal process to make the DC a more effective gatekeeper, ensure that assessment against the MTEF takes place, and financing is decided only after the pre-feasibility study.	December 2018	On track
3	Develop a brief manual on fiscal risks of projects and in particular of PPPs.	December 2017	Not done
4	Develop specific guidance on financial appraisal (capital and recurrent) and implementation plans.	December 2017	Not done
5	Introduce a comprehensive review of the PIP by sector in September/October of each year between MoFPED, NPA, and the sector, ascertaining status and phasing for existing projects, and agreeing a sector strategy for developing new projects—against the likely MTEF envelope for the sector.	Pilot: October 2017 Adopt: October 2018	On track
6	Put an annual decision paper on the PIP to Cabinet and obtain endorsement on (i) medium-term expenditure envelope and shares for each sector, (ii) any projects to add and offsetting ones to remove/suspend to stay, and (iii) a list of well-defined priority areas for development of new projects.	October 2017	On track
7	Develop realistic multi-year commitments and cash flow projections (bottom-up projections).	December 2017	Not done
8	Develop summary information for decision makers and monitoring.	December 2018	Not done
9	Set up a project management team for Integrated Project Database	June 2017	On track
10	Develop carefully the conceptual design of the IPD.	December 2017	On track
11	Design work processes to keep information in the PIP/IPD up-to-date and reliable.	December 2017	On track
12	Develop the capacity to monitor the whole project portfolio.	December 2018	Done

Recommendation		Timeline	Status
13	Continue to identify partners for PIM capacity building; find support for curriculum development.	2017	Done
Public investment management reforms – next steps (May 2018)			
1	Conduct a thorough data validation exercise for the PIP stock-take data, including completing missing information, and re-validating information.	October 2018	Done
2	Encourage and train MoFPED teams to exercise their peer review and challenge role in the interaction with the MDAs to obtain good quality data.	May 2018 and continuous	In progress
3	Develop draft reporting templates for the information from the stock-take and on the IBP, which can guide prioritization of information gathering.	Drafts in April/ May 2018, continuous refinement	On track
4	Prepare a Cabinet paper on the PIP.	October 2018	Done
5	Decide on the scope and criteria for projects to be included the PIP in the future.	October 2018	Done
6	Conduct a re-application process for all PIP projects, requesting MDAs to submit all essential project information.	Initiate Apr/ May 2018 Conduct Sept – Dec 2018	PIP review is ongoing
7	In the mid-term review of the NDP, update guidance on prioritization of NDP, SDP and SDG goals.	December 2018	Not done
8	Set up procedures for comprehensive project registration and identify an interim IT solution for registration.	September 2018	On track
9	Start the IBP development with a careful design phase and make the project registration module an early deliverable.	June 2019	Done
10	Strengthen the MYC by including summary and analytical information on the approved project portfolio and the forward commitments. Put financial estimates in the context of the medium-term fiscal framework.	March 2019 for FY19/20	Not done
11	Enforce timely registration of contracts in the IFMIS and include information on signed contracts in the MYC.	March 2019 for FY 2019/20	In progress

Recommendation		Timeline	Status
Strengthening the Performance of Public Investment Management – Next Phase (August 2019)			
1	Based on the experiences of the stock-take exercise, define a minimum set of basic public investment project information.	November 2019	Done
2	Develop regular processes and procedures for updating project information and use it to support prioritization and budgeting.	November 2019	On track
3	Improve the use of medium-term fiscal envelope forecasts to achieve better project prioritization and budgeting.	August 2019	In progress
4	Distinguish between the approval of a project's feasibility studies from an approval for a project to receive budget funding and enter into multi-year commitments.	November 2019	Done
5	Improve information on multi-year commitments for public investment projects to support project prioritization within the medium-term resource envelope.	March 2020	In progress
6	Develop a vision and design of the IBP for it to support all stages of the project cycle: planning, allocation, implementation and M&E.	June 2020	On track
7	Increase public investment information quality and accessibility by accelerating the transition of projects into IBP Phase I.	June 2022	Done
8	Decide on specific PIM definitions and procedures required for the further implementation of the IBP.	June 2020	Done
9	Develop a PIM policy and guidance for amending the legal framework to ensure stakeholder buy-in and limit the risk that new procedures are dismantled.	June 2020	In progress
10	Strengthen the appraisal stage by creating a single approval process up to pre-feasibility studies for all public investment initiatives.	December 2020	Done
11	Extend the gatekeeping role of the DC beyond the appraisal stage by giving it the authority to review projects that have deviated from plans during the early stages of execution.	November 2019	In progress

ANNEX 5. CLIMATE CHANGE AND PROJECT APPRAISAL

Climate change creates new challenges for public investment in infrastructure with respect to mitigation and adaptation because:

- Public infrastructure can contribute to Greenhouse Gas (GHG) emissions and therefore to climate change.
- Infrastructure is also increasingly exposed to the risk of damage from weather-related disasters.
- And in case of failure the cost will exceed the cost of rebuilding or repair alone.

The challenge is how to design, select and implement infrastructure prepared to face disasters. This requires changes in infrastructure design and construction standards, but it also requires better processes for project preparation, evaluation, selection, monitoring and maintenance. To address these issues the IMF has developed the C-PIMA framework to help governments identify potential improvements in public investment institutions and processes to build low-carbon and climate-resilient infrastructure.

But more resilient infrastructure is usually costlier and traditional appraisal seeks to select the option with the highest NPV or the lowest Cost/Beneficiary. How then can we justify a more expensive project? The following five step approach can be used.

- First step: Identify relevant risks for a project for example: Earthquake, Volcanism, Hurricane, Tsunami, Landslide, Flood, Wind, Tornado, Erosion, Drought.
- Second step: Estimate the recurrence period (number of occurrences in a certain number of years). This is a challenging step because recurrence period of many disasters have changed in the last decades due to climate change and therefore historical series are not reliable.
- Third step: Assess cost in case of disaster. The cost will depend on the damage that the event causes to the project and the consequences that the failure of the project generates, which may include: cost of repairs, cost due to lost benefits, cost in human lives or injuries and environmental costs.
- Fourth step: Identify actions to increase resilience and estimate their cost. Cost increase may be due to change of project location, larger project size, use of a different technology and additional works.
- Fifth step: Appraise the project using one of the following options:
 - o Evaluate the project as usual and calculate the NPV. Then reevaluate the project for a more resilient alternative and considering the event and its probability of occurrence. Consider the additional investment cost required for the project to be resilient to the disaster and incorporate to the cash flow each year as a benefit the probable cost savings that would be generated by the project resisting the occurrence of the event. Then calculate the NPV for the most resilient project and see if the extra investment is justified.

- o Stress test. Identify indicators to use and minimum acceptable values (for example $NPV > 0$). Appraise considering different probabilities of occurrence of the disaster and determine the probability that leads to the minimum value of the indicators. Then compare that probability with the historical series and decide if the minimum value will ever be reached.
- o Use Monte-Carlo simulation considering the estimated probability distribution for the occurrence of the disaster.

None of the above-mentioned appraisal alternatives is perfect, but they are better than forgetting about climate related and other disasters.

Source: IMF staff

ANNEX 6. FORMAT OPTIONS TO INCLUDE TOTAL PROJECT COSTS AND MULTIYEAR PROJECTIONS

1	2	3	4	5	6	7	8	9	10	11
Ministry	Project code	Project Name	Total Project Cost	Revised Total Cost	Spent to Date	Remaining Balance	Agency Budget Allocation	Year 1 allocation	Year 2 allocation	Remaining Balance

Notes

- 1 As currently listed in the Chart of Accounts
- 2 As currently listed in the Chart of Accounts
- 3 As currently listed in the Chart of Accounts
- 4 Including all contractual commitments and planned expenditures
- 5 Any planned revisions that have been discussed, reviewed, and verified
- 6 Spending to date by all funding sources for the project
- 7 Balance left for the duration of the project until completion
- 8 Budget allocation for the appropriated budget year inclusive of all funding sources
- 9 Budget allocation for the first outer year
- 10 Budget allocation for the second outer year
- 11 Remaining balance beyond the MTEF period required to complete the project

ANNEX 7. SOUTH AFRICAN BUDGET GUIDELINES FOR MAINTENANCE

Many countries have established guidelines for maintenance of public infrastructure to ensure that maintenance levels are sufficient to avoid deterioration of public assets		
Type of infrastructure	Average annual maintenance budget as % of replacement cost	Replacement of major rehabilitation over and above the annual maintenance budget requiring specific capital budget
Bulk water storage	4-8	Every 30 to 50 years
Water treatment works	4-8	Every 20 to 30 years
Water reservoirs	2-3	Every 20 to 30 years
Water reticulation	4-8	Every 20 to 30 years
Sewage treatment works	4-8	Every 20 to 30 years
Roads and stormwater	5-10	Every 20 to 30 years
Public buildings	4-6	Every 30 to 50 years

ANNEX 8. UGANDA AVERAGE NUMBER OF BIDS PER METHOD OF PROCUREMENT

No	Procurement method	No of contracts	Percentage by number	Percentage by value
1	Direct procurement	1549	12	11
2	Open domestic bidding	773	6	29
3	Open international bidding	30	0.2	27
4	Request for quotations	2115	16	2
5	Restricted domestic bidding	250	20	3
6	Restricted international bidding	3	0.0	22
7	Micro procurements	7712	60	0.7
8	Single source for consultants	7	0.1	0.2
9	Short listing of consultants without expression of interest	33	0.3	0.1
10	Short listing of consultants with expression of interest	18	0.1	0.4
11	Selective national bidding	260	2.0	0.2
12	Selective international bidding	5	0.0	0.0
	TOTAL:	12 755		

ANNEX 9. UNDERLYING FACTORS FOR COST AND TIME OVERRUNS

Underlying factors for cost- and time overruns:

- Idling cost
- Bureaucracy in land compensation
- Inadequate counterpart funding and conflicting priorities
- Poor risk allocation
- Change of project start date
- Underestimating the cost of the project
- Changes in project scope
- Suspension of capital works

ANNEX 10. EXAMPLE OF A SUMMARY TABLE FOR PROJECTS WITH HIGH RISK

Project name and contract number	Contractual commencement date	Contractual completion date	Expected completion date	Tender amount	Current contract amount	Reasons for increase in contract amount

Planned progress to date	Actual progress to date	Percentage cost overrun to date	Percentage time overrun to date	Risks and constraints identified	High level intervention required

ANNEX 11. OVERVIEW OF LEGAL FRAMEWORK RELATED TO PIMA INSTITUTIONS

Institution	Law/Guidelines	Comments
1. MTFF	Public Finance Management Act 2015 https://www.finance.go.ug/sites/default/files/Uganda%20Public%20Finance%20Management%20Act%202015_0.pdf	Part II—Macroeconomic and Fiscal Policies establishes the principles and procedures for a sound fiscal policy and macroeconomic management and defines the content and procedures for preparing the Charter for Fiscal Responsibility and the Budget Framework Papers.
	Charter for Fiscal Responsibility 2021-2026 https://www.finance.go.ug/publication/charter-fiscal-responsibility-uganda-fy-202122-%E2%80%93fy-202526-0	Sets the Government's fiscal policy objectives for FY 2021/22 to FY 2025/26. Stipulates a deficit rule of no more than 3 percent of GDP, and a 50 percent of GDP ceiling on the present value of debt
	Treasury Instructions 2017 https://www.finance.go.ug/sites/default/files/Publications/Treasury%20Instructions%202017_1.pdf	Section 3 covers the preparation and presentation of macro-economic and fiscal policy by MoFPED. It includes the procedural guidance and rules towards the preparation and implementation of the macroeconomic and fiscal policy framework.
2. Planning	National Planning Authority Act 2002 http://www.npa.go.ug/about-npa/npa-act/	Defines the composition (Part II) and functions (Part III) of the National Planning Authority, as well as the bodies affiliated to it. Primary function is to produce comprehensive and integrated development plans (Article 7)
	Comprehensive National Development Planning Framework (CNDPF) 2009 http://www.npa.go.ug/planning-frameworks/cndpf/	The document presents the approach to development planning based on a framework that includes long, medium, and short-term development planning approaches to be exercised by different actors and defines the linkages between planning and budgeting.
3. Coordination between entities.	Local Governments Act 1997, amended in 2000 https://ulii.org/akn/ug/act/1997/5/eng%402000-12-31	Regulates all financial transactions and business of local government councils and administrative units and the management of all public moneys and public property in local governments. Article 37 regulates grants from central government and Article 38 the use of donor funds.

Institution	Law/Guidelines	Comments
	Guidelines for the Management of Contingent Liabilities (June 2020) https://www.finance.go.ug/sites/default/files/Final%20Guidelines%20for%20Management%20of%20Contingent%20Liabilities_0.pdf	The Guidelines present the framework for assessing the acceptability, and for monitoring and reporting of Government's contingent liabilities. It covers guarantees loans, contingent liabilities from PPPs, and unguaranteed debt liabilities of public entities. Also, contingent liabilities from legal actions are captured.
4. Project appraisal	Public Finance Management Act 2015	Article 43 regulates Management of projects funded by loans and grants. Article 59 (3) states that petroleum revenue shall be used for the financing of infrastructure and development projects of Government and not the recurrent expenditure of Government.
	The Development Committee Guidelines for the Approval and Review of the Public Investment Plan (PIP) Projects 2016 https://finance.go.ug/sites/default/files/Budget/NEW%20UPDATED%20DC%20GUIDELINES.doc	The guidelines define the "gate keeping" role of the MFPED and process to be followed by public investment projects from inception until implementation and ex-post review. They also strengthen the link between the PIP and the NDP. Section 2 deals with the scope and institutional arrangements. Section 3 provides guidance on the identification, preparation, and appraisal of new projects. Section 4 provides guidance on the DC's review process of existing projects in the PIP.
	Treasury Instructions 2017	Section 4.28 Project Identification and Preparation requires project preparation committees to be established at a vote and Sector Working Group level and defines Project Concept and Project Profile study. Section 4.29 Project Appraisal defines the content of pre-feasibility and feasibility studies. Section 4.30 Project Selection and Budgeting requires votes to prepare a project proposal for each proposed project whose feasibility study is approved by the Development Committee and indicates that the project proposal shall form part of the inventory of bankable projects stored in the integrated bank of projects or any other database created by Government.
	Public Enterprises Reform and Divestiture Act 1993, amended in 2005	Part III defines the institutional framework for monitoring. It assigns to MoFPED the responsibility for strategic economic monitoring in relation to SOEs. Part IV Monitoring sets the operational principles of SOEs, how they will be managed,

Institution	Law/Guidelines	Comments
5. Alternative infrastructure financing	https://old.ulii.org/ug/legislation/consolidated-act/98	how operational plans are to be prepared and reported to the MoFPED and to the responsible line ministry. It also establishes that twice a year the board of directors of each SOE must deliver to the MoFPED and the line minister a report on its operations and the operations of its subsidiaries during that half year.
	Public-Private Partnership Act 2015 https://www.pppunit.go.ug/sites/files/PPP Act 2015.pdf	The Act applies to all PPPs and in particular to the design, construction, maintenance and operation of infrastructure or services. It establishes the principles to govern the implementation of PPPs (Article 3) being the first one to ensure value for money. Part III of the Act creates the PPP Committee and defines its composition, functions, and powers. It also creates within MoFPED the PPP Unit. Part III of the Act describes the process for project inception, feasibility study, procurement, evaluation of bids and signing of agreements.
	Public-Private Partnership Framework Policy for Uganda (March 2010) https://www.pppunit.go.ug/public-private-partnership-framework-policy-uganda#:~:text=PPP%20Act%2C%202015.-,Public%2DPrivate%20Partnership%20Framework%20Policy%20for%20Uganda,-PPP%20FRAMEWORK	The PPP Policy Framework applies to Uganda Government Ministries, autonomous Government Departments, Local Authorities and Statutory Corporations. It entails a structured approach for assessing projects with public-private partnership potential. The approach is based on carrying out a detailed feasibility studies to ensure that the projects are affordable and will provide value for money.
	Treasury Instructions 2017	Sections 4.34 to 4.38 regulate Project Inception, Feasibility Studies, Procurement, and Monitoring of PPPs.
	The Public Private Partnerships Regulations, , S.I. No 18 2019 https://www.pppunit.go.ug/sites/files/S.I.%20No.%2018%20of%202019%20PPP%20Regulations%202019.pdf	Regulates procurement of private parties, the open bidding process, technical and financial evaluation of bids received, negotiations, and award of contract. It also regulates the use of restricted bidding and direct procurement.
	S.I. No.19 PPP (Meetings of the Committee) Regulations 2019	Establishes how the meetings of the Committee shall be convened, its frequency and how decisions are to be taken.

Institution	Law/Guidelines	Comments
	https://www.pppunit.go.ug/public-private-partnership-regulations#:~:text=S.I.%20No.19%20PPP%20(Meetings%20of%20the%20Committee)%20Regulations%202019	
	The Electricity Act 1999 https://ppp.worldbank.org/public-private-partnership/sites/ppp.worldbank.org/files/documents/ELECTRICITY%20ACT%201999.1.pdf	The object of the Act is to regulate the generation, transmission, distribution, sale, export, import and distribution of electrical energy in Uganda. It creates the Electricity Regulatory Authority and defines its composition, functions, powers, and administration.
6. Multiyear Budgeting	Public Finance Management Act 2015	<p>Article 4 (f) indicates that a fiscal objective should be “consistency of the Medium-Term Expenditure Framework to the National Development Plan”</p> <p>Article 13 (10) (c) indicates that the annual budget should include “a statement of the multi-year commitments to be made by Government in the financial year”.</p> <p>Article 23 regulates multi-year expenditure commitments, which are not allowed unless authorized by Parliament. And only if the multiyear commitment is consistent with the objectives of the Charter for Fiscal Responsibility and the Budget Framework Paper.</p>
7. Budget comprehensiveness and unity	Public Finance Management Act 2015	<p>Article 13 Annual Budgets indicates that the annual budget should include:</p> <p>(9) (c) detailed information on revenues, recurrent and capital expenditures, borrowing and debt servicing, contingent liabilities, and any other information in respect of assets and liabilities that may be considered appropriate by the Minister.</p> <p>(10) (e) “the budgets of self-accounting departments, commissions and organizations set up under the Constitution”,</p> <p>(10) (f) “the grants to the local governments and any subventions for the financial year”, and</p> <p>(11) (f) “the budgets of the public corporations and state enterprises”.</p>

Institution	Law/Guidelines	Comments
8. Budgeting for investment	Public Finance Management Act 2015	<p>Article 22. Allows virements of no more than 10% of the money allocated for an item or an activity of a vote where the virement is from one item or activity to another.</p> <p>Article 23 (2) States that "Parliament may, in the annual budget, authorize a vote to make a multiyear expenditure commitment, and where Parliament authorizes, the annual budget shall indicate the commitment approved for the financial year and the approved multiyear commitments".</p>
9. Maintenance funding	No specific legal framework	
10. Project selection	The Development Committee Guidelines for the Approval and Review of the Public Investment Plan (PIP) Projects 2016	Section 4: Guidelines on the Review of Existing Projects establishes the process for assessing performance of on-going projects and cleaning the PIP by exiting projects.
	Project Selection Criteria for Projects to enter the Budget after Appraisal, March 2021 https://www.finance.go.ug/publication/select-on-criteria-projects-enter-public-investments-plan-after-appraisal-development	Guidelines prepared by MoFPED to ensure that projects with greater returns to the economy and that are ready for implementation are prioritized for admission into the PIP and budget. It defines criteria to objectively compare and determine projects that should be prioritized for financing from the pipeline of bankable projects.
11. Procurement	Public Procurement and Disposal of Public Assets Act 2003 amended in 2014 and 2021. https://www.ppda.go.ug/download-reports/legal/ppda-act/	The Act established the "Public Procurement and Disposal of Public Assets Authority" as an autonomous body. It applies to all public procurement and disposal activities and regulates all aspect of the process including some special cases (for example conditions by donors prevail) and exceptions.
	Public Procurement and Disposal of Public Assets Regulations 2014 https://www.ppda.go.ug/download-reports/legal/regulations/	Set of eleven regulations. Some cover general aspects like "The Public Procurement and Disposal of Public Assets Regulations, 2014", while other regulate specific cases, for example Procuring and Disposing Entities Outside Uganda. Of special interest regarding PIM are the regulation about Procurement of Consultancy Services and the regulation about Contracts.

Institution	Law/Guidelines	Comments
	The Local Governments (Public Procurement and Disposal of Public Assets) Regulations, 2006. https://www.ppda.go.ug/download/regulations/regulations/local_government_regulations/Local-Government-Regulations-of-2006.pdf	This Regulation guides and regulates Local Government Councils, Administrative Units and other entities using public funds in functions and operations relating to procurement of goods, services, works and disposal of public assets under the Local Governments Act.
	Local Governments Act 1997, amended in 2000	Article 91 defines the composition and functions of District Tender Boards. Article 91 defines the composition and functions of Urban Tender Boards.
12. Availability of funding	Public Finance Management Act 2015	Article 15 requires Treasury to issue the annual cashflow plan of Government, based on the procurement plans, work plans and recruitment plans approved by Parliament. These annual cashflow plans shall be the basis for release of funds by the Accountant General to the Accounting Officers. Article 21 assigns to the Accounting Officer the responsibility to plan and manage the activities as indicated in the policy statement of the vote, based on the annual cashflow plan issued by the Secretary to the Treasury.
13. Portfolio management and oversight	National Planning Authority Act 2002	Article 7 (3) (d) assigns to the NPA the authority to conduct in-depth evaluation of the impact and cost of selected development programs.
14. Management of project implementation	No specific legal framework	
15. Monitoring of Public Assets	National Audit Act 2008 https://www.ulrc.go.ug/system/files_force/ulrc_resources/national-audit-act-2008.pdf?download=1	The Act regulates the appointment, tenure, and removal of the Auditor General; establishes the staff of the Office of the Auditor General; provides for the auditing of accounts of central Government, local government councils, administrative units; public organizations, private organizations, and bodies. Article 13 gives the Auditor General the power to “conduct financial, value for money audits and other audits such as gender and environment audits in respect of any project or activity involving public funds (1 b), audit all Government investments (1 d) and carry out procurement audits (1 e).

Institution	Law/Guidelines	Comments
	Public Finance Management Act 2015	<p>Article 34. Asset management establishes that:</p> <p>(1) An Accounting Officer shall be responsible for the management of the assets and the inventories of the vote.</p> <p>(2) Every vote shall, using the format prescribed by the Accountant-General, keep a register of the assets and the inventories of the vote.</p>
	Treasury Instructions 2017	<p>Section 16 present the framework for management and accounting of non-current assets.</p>

Source: MoF

ANNEX 12. EXAMPLES OF PIM LEGAL FRAMEWORKS

Kenya: Kenya's policy towards public investment was re-purposed in 2020 through a National Treasury Circular. Based on the 2012 PFM Act, it defines acronyms, terms, and phrases and represents a combination of policy matters, regulations, and guidelines. These include, and are compatible with, templates for parts of the PIM cycle that also covered in Kenya's pre-investment PIM toolkit. The Kenyan document also covers the implementation and ex post elements of the PIM cycle.

Ethiopia: As a Proclamation, Ethiopia's PIM policy has full legal status and is written in a legal style. As such, it covers definitions of all main terms and phrases together with a scope of application. It includes the principles under which public investment projects should be undertaken as well as defining financial thresholds for small, medium, and large projects. It describes all the elements of the project cycle which include their main activities. In very clear and simple language, it explains the powers and duties of the relevant administrative institutions in the system.

Rwanda: Rwanda's National Investment Policy was published in 2017 and covers key areas such as definitions of terms, scope and coverage of the policy and a set of common guiding principles. Like other good practice policy documents, it covers the institutional responsibilities of the main actors and outlines the main stages of the PIM cycle. Additionally, it also covers policy on PPPs and capital investments in SOEs. The policy also establishes the means for project data collection and management. Each section is concise and clearly drafted while covering the majority of subject areas that might be expected from a good practice policy.

Jamaica: In March 2014 the Financial Administration and Audit Act was amended to include a new Fourth Schedule to set out the Public Investment Management System (PIMS) and all its components. Within the PIMS (new Fourth Schedule), a Public Investment Management Secretariat (PIMSEC) was enabled to do the initial appraisal of all project ideas/concepts prior to the Public Investment Management Committee taking a decision to recommend projects to the Cabinet for inclusion in the Public Sector Investment Program. PIMSEC would ensure all the basics are covered, including policy and planning alignment, and undertake technical analyses to advise the PIMC. It would also host a Monitoring and Evaluation System (in collaboration with the Ministry of Finance's Projects Branch and the Development Bank of Jamaica).

Source: IMF staff