

Uganda: Technical Assistance
Report-Strengthening the Performance of
Public Investment Management-Next Phase



UGANDA

TECHNICAL ASSISTANCE REPORT—STRENGTHENING THE PERFORMANCE OF PUBLIC INVESTMENT MANAGEMENT—NEXT PHASE

September 2019

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Strengthening the Performance of Public Investment Management - Next Phase

Christiane Roehler, Arturo Navarro, Eduardo Aldunate, Margarita Rosas,
Matthew Simmonds

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GLOSSARY

BMAU	Budget Monitoring and Accountability Unit
BPED	Budget Policy and Evaluation Department
CEA	Cost Efficiency Analysis
CD	Capacity Development
DC	Development Committee
FAD	Fiscal Affairs Department
GoU	Government of Uganda
IBP	Integrated Bank of Projects
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
MYCS	Multi-Year Commitment Statement
M&E	Monitoring and Evaluation
MDA	Ministries, Departments, and Agencies
MoFPED	Ministry of Finance, Planning, and Economic Development
MTEF	Medium-Term Expenditure Framework
NIP	National Investment Policy
NDP	National Development Plan
NPA	National Planning Authority
OPM	Office of the Prime Minister
PAP	Project Analysis and Public-Investment Department
PBS	Program-based Budgeting System
PIM	Public Investment Management
PIMS	Public Investment Management System
PIP	Public Investment Plan
PPP	Public-Private Partnership
PS/ST	Permanent Secretary/Secretary to the Treasury
TPI	Traditional public investment project
UGX	Uganda Shilling

PREFACE

At the request of Permanent Secretary/Secretary to the Treasury, Mr. Keith Muhakanizi, a capacity development mission from the IMF's Fiscal Affairs Department (FAD) visited Kampala during April 29 to May 13, 2019. The team was led by Christiane Roehler and comprised Arturo Navarro (both FAD staff), Eduardo Aldunate, Margarita Rosas and Matthew Simmonds (all FAD experts). The purpose of the mission was to deepen advice on public investment management.

The mission met with Kenneth Mugambe, Director Budget; Dr Joseph Muvawala, Executive Director NPA; Maris Wanyera Ag. Director, Debt and Cash Policy, The Accountant General's Office; James Wokadala, Commissioner of the Project Analysis and Public Investment Department (PAP); Jim Mugunga, Ag. Director Public-Private Partnerships (PPP) Unit; G.A. Dhatemwa, Commissioner Debt Policy Issuance Department (DPI), Fred Twesiime, Ag. Commissioner Development Assistance and Regional Cooperation (DARC), Robert Okudi, Ag. Commissioner Cash Policy Department, and senior officials from the Ministry of Finance, Planning, and Economic Development (MoFPED).

The mission further met senior officials from the Prime Minister's Office led by Professor Albert Byamugisha; senior officials from the President's Office led by Mr. Vincent Tumusiime; and senior officials from the Ministries of Works and Transport, the Energy and Minerals Development, the Water and Environment; the National Planning Authority; and the Uganda National Roads Authority. The mission also met representatives from the World Bank, European Commission, and the Kreditanstalt für Wiederaufbau (KfW).

On May 7–8, 2019 the mission held interactive workshops with officials from PAP, the PPP unit, other officials from MoFPED, the Office of the President, the Ministry of Health, the Ministry of Water and Environment, the National Planning Authority (NPA) and other relevant Ministries, Departments and Agencies (MDAs). In total 50 officials attended at least one workshop session. Sessions were designed to stimulate discussion on key issues of reforms to strengthen the PIM system, and included presentation of international experiences and guided discussions. Topics included: Moving from the PIP stock-take to regular management of PIP information, the Multi-Annual Commitment Statement, PPP Project finances, and strategic management of the PIP pipeline and PIP portfolio.

The mission would like to express its sincere appreciation for the keen interest shown in the mission's topics and the excellent cooperation. In particular, the mission would like to thank Mr. Hannington Ashaba, Assistant Commissioner PAP, and Ms. Gertrude A. Basiima and Mr. Calyst Ndyomugabi, both Principal Economists in PAP and Ms. Roselyn Kyalisiima an Economist in PAP for daily coordination. The mission would also like to thank Clara Mira, IMF Resident Representative, and Pelga Origasha, IMF office Uganda, for the excellent support prior and during the mission.

EXECUTIVE SUMMARY

Significant progress has been achieved since 2015 in strengthening public investment management, with the reforms showing first results. The Ministry of Finance, Planning and Economic Development's (MoFPED) recent focus was on two areas. The project appraisal stage has been strengthened to enhance project readiness, with a well-articulated four-stage appraisal process now in place and broadly enforced, controlled by the Development Committee (DC). A stock-take of ongoing projects has been completed, upgrading the information base, with a comprehensive database of investment projects now available. The authorities now have a reliable and stable estimate of the size of public investments of UGX 87 trillion (87 percent of GDP), including 94 new initiatives worth around 40 percent of GDP that were identified through the review process. The new information has already been used in the FY19/20 budget process, including cancelling and requesting reassessment of existing projects. This has elevated the quality of discussions on projects between MoFPED and Ministries, Departments and Agencies (MDAs).

These recent improvements now need to be institutionalized and used to improve the project implementation phase. The proposed actions are organized under three themes:

- Transitioning the stock-take to an annual "flow-take" and strengthening other practices for better project prioritization and budgeting;
- Implementing the Integrated Bank of Projects (IBP) database to support these improved processes; and
- Further strengthening the institutional and legal framework.

From the Stock-Take to the Flow-Take: Improving Project Prioritization and Budgeting

Unless updated, the stock-take information will quickly become outdated. New procedures need to be designed to refresh project information and assess the status of ongoing projects. This could be done as an annual project review at the beginning of the budget cycle, as already planned by the Project Analysis and Public-Investment Department (PAP) of MoFPED.

With better information, a robust prioritization process of ongoing and new projects within the medium-term envelope should be implemented. Discussions with MDAs, and the mission's analysis of the upgraded project data identified inconsistencies between projects' planned use of resources, approved project budgets and the medium-term resource envelope. Reliable and updated information on project forward estimates and commitments like signed contracts and certificates of work is fundamental for ensuring sufficient and timely funding of projects. This information also helps determine the available fiscal space within the medium-term envelope that should guide decisions on new project approvals. The preparation of the Multi-year Commitment Statement (MYCS) could become part of the annual budget process, providing

information on the medium-term outlook. Importantly, practices for project planning, tracking of implementation, reporting and budgeting need to be integrated and the responsible lead team for this work should be clarified.

Implementing the IBP

An important tool to support the Public Investment Management (PIM) cycle will be the new IBP database and IT system, which is already under development. It has the potential to become the cornerstone of PIM by providing reliable, relevant and updated project information that is accepted and accessible across the government. The IBP should serve as a centralized repository of appraised projects; support the gatekeeper function of MoFPED and the DC; provide financial and tracking information on projects under implementation; and support monitoring and evaluation (M&E) of projects.

Phase I of the IBP, which records the information for the appraisal stage, and provides workflow support, is almost complete and expected to go live soon. It appears well designed and is in line with the DC guidelines. Clear practices and plans for data migration into the IBP Phase I need to be developed.

Design of Phase II is to start in the next few months. It will record key information required for the project implementation and ex-post monitoring and evaluation. This phase should be subdivided into stages to keep it manageable. A comprehensive analysis of stakeholder requirements should be conducted by a multi-sector team to inform its design, such as linkages to other IT systems or reporting capabilities. An overall vision for the IBP IT system and its phasing should also be developed.

Several specific issues on PIM need to be clarified for the IBP design. The project registration function should be defined, to track all projects, including priority projects that are not yet complying with the DC guidelines. A determination is required to clarify which project should be included in the IBP (only capital investments, or also social and development projects). And the project coding structure should be reviewed to ensure that projects can be tracked throughout their life cycle.

Further Strengthening of the Institutional and Legal Framework

Recent strengthening of PIM processes has been accomplished with limited changes to the legal framework. However, there are some imbalances and gaps in the current framework, which imply risks for sustaining the reforms. For example, the framework that governs traditional public investment projects (TPIs) are the Development Committee (DC) Guidelines, which have been issued by the Permanent Secretary / Secretary of the Treasury (PS/ST) under his general powers for financial management. In contrast, Public-Private Partnerships (PPP) are regulated in a PPP Act. A PIM policy should clarify roles and responsibilities, set out the elements and operation of the PIM system, and provide guidance on updates to the legal framework.

Updates to the framework should also reflect experiences of MoFPED and MDAs. The authority of the DC should be strengthened to request a project re-appraisal when projects execution appears to be off track, or when procurement results exceed cost estimates. Also, processes for TPIs and PPPs should be harmonized up to the pre-feasibility stage as requested by all stakeholders, which would allow to the development of a real pipeline of investment projects.

Table 0.1. Summary of Recommendations

No.	Action	Responsible	Timeline
From the Stock-Take to the Flow-Take: Improving Project Prioritization and Budgeting			
1	Based on the experiences of the stock-take exercise, define a minimum set of basic public investment project information that should inform public investment management going forward.	PAP with broad input	November 2019
2	Develop regular processes and procedures for updating project information and use it to support prioritization and budgeting of public investment projects.	PAP supported by BPED, ISSD, PAD & LMs	August – November 2019
3	Improve the use of medium-term fiscal envelope forecasts to achieve better project prioritization and budgeting, by drawing on the DC gatekeeper function and assigning the responsibility within MoFPED to bring together information from planning and budgeting.	BPED supported by PAP and Macro	Instructions: August 2019
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.	PAP with BPED and Macro	November 2019
5	Improve information on multi-year commitments for public investment projects to support project prioritization within the medium-term resource envelope.	PAP, BPED, Accountant General	March 2020
Implementing the IBP			
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.	PAP with Government IT Agency	June 2020
7	Increase public investment information quality and accessibility by accelerating the transition of projects into IBP Phase I, with explicit and prioritized migration plans.	PAP and Line Ministries	June 2022
8	Decide on specific PIM definitions and procedures required for the further implementation of the IBP.	PAP, BPED	June 2020
Strengthening the Institutional and Legal Framework			
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.	PAP	June 2020
10	Strengthen the appraisal stage by creating a single approval process up to pre-feasibility studies for all public investment initiatives.	PAP	December 2020
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.	PAP, PPP unit	November 2019

I. INTRODUCTION

1. Under the leadership of PAP, MoFPED has implemented many of the action items in its PIM System Action Plan of 2016 and the reforms and recommendations suggested by IMF Capacity Development (CD) missions. Key achievements include strengthening the project approval process through the DC Guidelines and improving the comprehensiveness and reliability of project information through a stock-take exercise, which support the new processes for managing public investments developed by authorities. Annex I presents the components of the 2016 action plan and the completion level of the different IMF recommendations as understood by the mission.¹

2. The initial focus of the PIM reform focus was to strengthen and enforce the project appraisal stage, especially for new project proposals. Weak justification of projects and lack of project readiness when entering the budget was a key barrier for achieving project delivery on time, on budget and with impact. DC guidelines were issued that clearly set out a four-stage appraisal process consisting of project concept, profile, pre-feasibility study and feasibility study, complemented by a project appraisal manual. In parallel, the PPP unit developed its internal capacity to assess complex PPP projects and support ministries, passed the 2019 regulations for the PPP Act, and started the development of PPP guidelines and tools.

3. The authorities also worked towards improving information on ongoing projects that would allow them to better manage the public investment portfolio. This was done through a stock-take and data validation exercise undertaken during 2017–18, whose main output was a database of ongoing projects that is more comprehensive than the PIP, both in terms of the number of projects covered and of the number of years for which forecasts are provided. Likewise, information in the stock-take is more reliable than other sources of project information given the scrutiny it was subject to during the successive data validation process. Furthermore, drawing on the stock-take information, a review of all ongoing projects was presented to the DC, and decisions on the future of projects taken; this exercise was named the PIP clean-up. Box 1.1 provides a brief description of the different databases that will be referred to throughout the report.

¹ In addition to the two headquarters-led mission, two short-term expert visits supported the design and implementation of the stock-take exercise. For an overview of missions and reports also see Annex 1.

Box 1.1. Uganda. The Project Universe and Databases

Identifying the universe of projects in Uganda is not straightforward. The following sets of projects and databases are referenced in this report.

Public Investment Plan (PIP): This is the set of projects funded in the current annual budget plus their 3-year medium term forecasts. The budget allocation for the PIP is also referred to as the development budget. The PIP is recorded in the government's program-based budgeting system (PBS) and recreated every year. The previous year's information is overwritten in the PBS database during the budget preparation cycle and thus historic information is only available in hardcopy. Budget execution information for projects in the PIP will be recorded in the government's FMIS system, with some exception for externally funded projects where the external partner directly pays invoices.

Stock-take database: The project stock-take collected information on all projects that were included the FY 17/18 PIP. Information on each individual project was collected in a project template, and the information was consolidated in a stock-take database. Several iterations of this stock-take database exist.

Amended stock-take database: During FY 18/19 the authorities amended the stock-take database to keep following the set of projects that were under active consideration. I.e., whenever a decision was reached to exist or restructure (e.g., split) a project, the project was removed or revised in the database. Some new projects also were included. Thus, the stock-take database currently includes most, but probably not all projects of the FY19/20 PIP. Update status of the project information also is no longer uniform.

IBP Phase I: This new database currently is being fed with new projects only, specifically all projects that are currently at some stage in the appraisal process before the DC.

Other projects: There are several groups of active projects that are currently not systematically incorporated in a central project database. These include external grant-funded projects unless they require counterparty funds, external loan-funded projects that are not adhering to the DC guidelines, and politically sponsored projects that are being considered at the highest level of government but have not been formally presented to the DC. Externally funded projects will be captured in MoFPED's debt and aid management system once they become known to MoFPED.

4. The experience of the stock-take exercise can serve as a basis to improve project prioritization, budgeting and reporting of multi-year commitments. To achieve this, the authorities have started working on how to keep updated the information gathered through the stock-take, a process referred to as the "flow-take". This flow take will serve different purposes such as identifying projects that have deviated from plans and need to be revisited, supporting the annual budget process and estimating available fiscal space within the medium-term resource envelope, or informing other reports on public investments that are legally required, such as the Multi-Year Commitment Statement (MYCS).

5. MoFPED is close to completing the first phase of the IBP, which could become the information system that consolidates all information on public investment projects. All PIM

stakeholders expressed frustration with fragmented and unreliable project information and the duplication of requests that the various databases on public investment impose. With the completion of the future phases, the IBP should be able to support the full project cycle, providing critical information for planning, allocation and implementation. However, there are important definitions on the scope of investment projects or the interaction with other systems that should be included in the design of the system to guarantee that it is adopted.

6. These improvements should help address the critical challenge of developing a robust prioritization process for ongoing and new projects within financial constraints.

Currently, many projects that are underprepared or stalled receive budget allocations, while projects with signed contracts and active contract implementation are under-resourced (spread thinly). This results in cost and time overruns, and slow-down of active projects. Although the stock-take has strengthened MoFPED's information base about projects and the DC Guidelines have streamlined the project preparation process, project information continues to display weaknesses and will require gradual and continuous upgrading in the context of ongoing strengthening of financial analysis and medium-term budgeting.

7. There is an inconsistency between the processes being setup by the government and the legal framework supporting them that will have to be addressed in the future. The most representative example of this situation is that the DC and the DC Guidelines are issued under the authority of the PS/ST and are not backed by a PIM law or policy. This gives way to the risk that reforms are dismantled in the future or their implementation limited, as already happens with some MDAs that circumvent policies.

II. THE STOCK-TAKE AS A NEW BASELINE

A. Accomplishments of the Stock-take

Improved Project Information

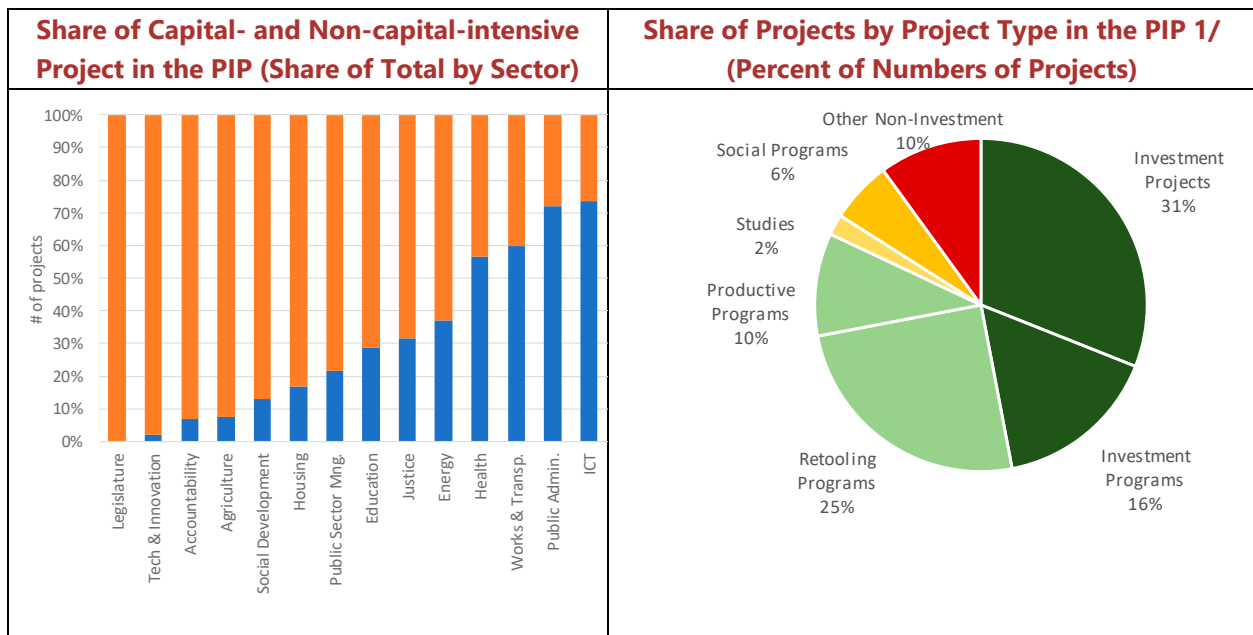
8. A stock-take of public investment projects was undertaken when it was realized that key characteristics of the country's investment portfolio could not be easily determined. Three main questions were posed by the authorities: the overall size of the PIP, future cash flow commitments, and future operations and maintenance requirements. Other known information gaps included missing original appraisal information, projects' financial performance, description of project purpose and fit with the National Development Plan (NDP) objectives. Coverage for the stock-take was decided to be all projects that received budget funding in FY17/18, i.e., all projects in the 2017/18 PIP.²

² Additional information on the stock take process can be found in the different IMF mission reports listed in Annex 1.

9. The stock take exercise created much improved information that enhanced the analysis and review of public investment projects by government. MoFPED was enabled to provide better answers to the three main financial questions, but also to gain enhanced understanding on the implementation status. Information available on projects included in the stock-take are: total project costs and cash flow forecasts; updated commencement and completion dates, and completion status; share of recurrent/capital content; forecasts by funding source; and consistency of project objectives and activities with the NDP.

10. The stock-take information combined with a review of the project description and purpose led to the creation of a project typology. The DC guidelines specify that the capital component of projects in the PIP should be at least 70 percent (50 percent for ongoing projects), but only 60 percent of projects meet this criterion; in sectors such as agriculture or education, projects have a low capital component (Figure 2.1). Other projects reviewed during the stock take can be classified as ongoing investment programs, “retooling” projects or programs for replacement or maintenance of investments, productive or social development projects, or studies. While the typology has been identified, its use and application to current and future projects and to define the scope of the PIP has not been decided yet (see Chapter 5).

Figure 2.1. Types of Projects Present in the PIP



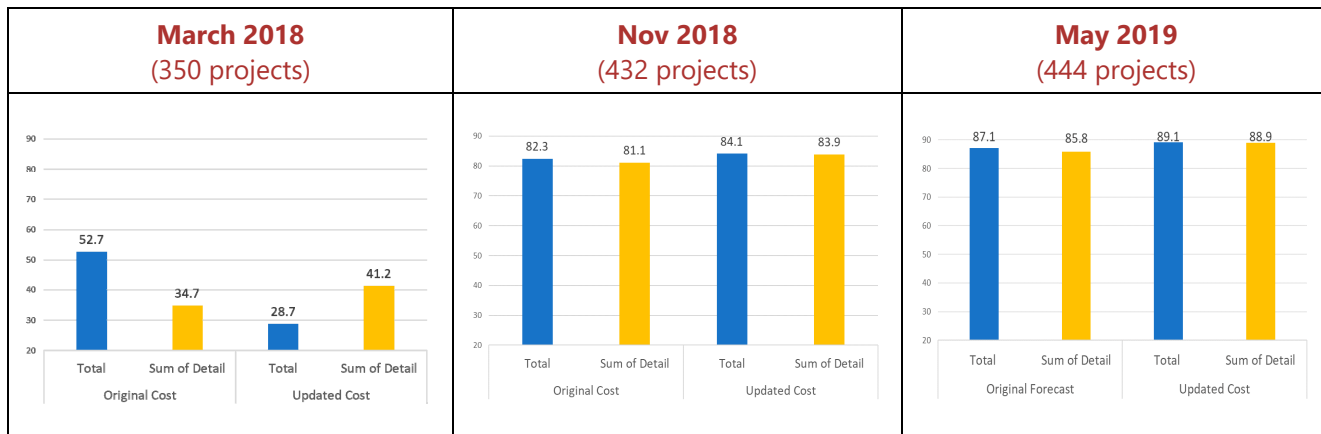
Source: IMF Mission team analysis of the stock-take databases of March and Nov 2018

1/ Darker shades of green are projects with a high capital component. Yellow are social development programs and red sections are projects considered recurrent expenditure.

11. The comprehensiveness and reliability of public investment information in the stock-take has been improved considerably. The data validation stage improved the internal consistency of overall project cost estimates and cash flow forecasts, with only 1 percent of

projects having problems with the information submitted to MoFPED. Also, the overall size of the PIP was significantly revised upward between May 2018 and May 2019 (Figure 2.2).

**Figure 2.2. Improving the Estimates of the Size of the PIP
(In trillion UGX)**



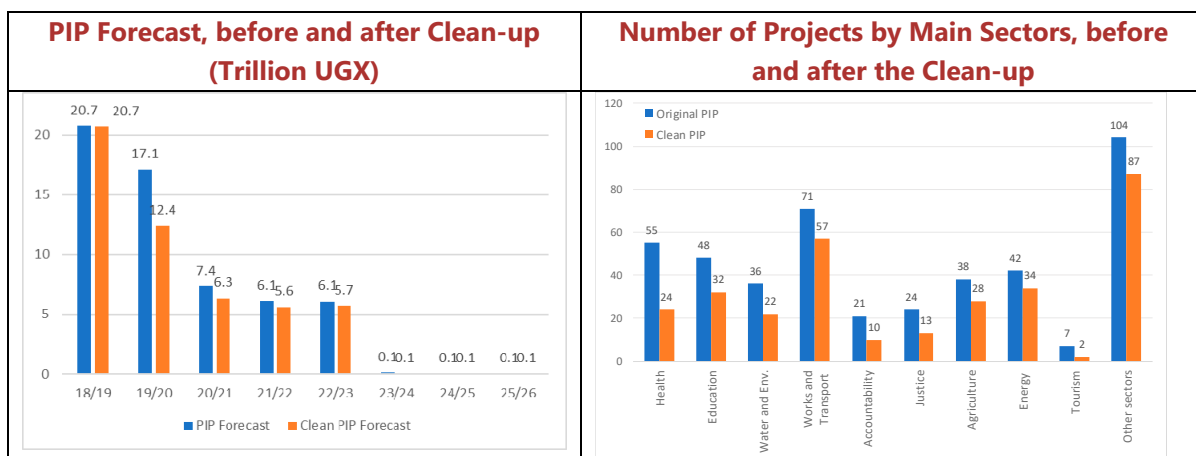
Source: IMF mission team analysis of stock-take databases as of March 2018, November 2018 and May 2019. The March 2018 database omitted projects for which only highly incomplete data was available. The May 2019 database includes the project values of some projects that exited in FY18/19.

Utilizing the Stock-take Data for a PIP Clean-up

12. With the stock-take information, MoFPED made strategic decisions on projects for inclusion into the Medium-term Expenditure Framework (MTEF) 2019/20–2021/22. The authorities presented a sector review of all PIP projects to the DC, classifying projects into those that are ongoing and will continue in the PIP, some that need to justify their continuance in the PIP and some that will not be retained in the PIP. However, projects that were red-flagged to exit or with cost increases, implementation delays, or deviations between financial and physical progress could remain in the PIP if they were able to provide a detailed analysis and justification for continued budget funding.

13. The clean-up exercise led to a significant reduction in the number of projects and of the size of the PIP. Especially very old projects were eliminated. Of 431 projects reviewed during the clean-up exercise 216 projects were ongoing and on track, while 86 were extended or re-admitted. One project was transferred to the recurrent budget and 45 that are due to exit in FY19/20 were eliminated (UGX 810 billion). Additionally, 83 projects have been earmarked for review for next FY and have been requested to reapply (UGX 1,585 billion). Figure 2.3 shows the impact of the clean-up exercise on the PIP 2019/20–21/22.

Figure 2.3. Impact of the Clean-up Exercise on the PIP 2019/20–21/22



Source: IMF mission team analysis of the May 2019 stock-take database.

Capacity Development

14. Collecting, validating and analyzing the stock-take information has built capacity in MoFPED for obtaining and maintaining reliable project information. The capacities built by MOFPED teams during the stock-take exercise can be carried over and utilized for maintaining and updating the current Excel-based stock-take database, and the implementation of the IBP. Lessons learnt include:

- The information on hand strengthened MoFPED’s position in discussing the project status with MDAs and allowed them to question or challenge the MDAs;
- MoFPED teams have a better understanding of how and where to obtain physical and financial project information from MDAs.

Challenges Identified for Consolidating Project Data

15. The stock-take revealed that important elements of project information are difficult to collect and integrate. Areas with the most challenges were:

- Execution information: Financial data can be difficult to extract, especially if projects do not receive budget funding in the current year or if the initiative is executed by more than one vote, in which case it becomes dispersed across different sectors;
- Physical project progress: This was particularly difficult for non-investment and for program-type projects;
- Development partner projects: Many of these projects use project and partner-specific management and information structures, and payments are not processed through the government’s accounting system; and
- Contractual commitments: Including information for physical and contractual milestones, signed contracts, and work completion.

16. Other observations relevant for further developing the data on projects available to MoFPED and throughout government are:

- Collaboration with MDAs is essential for obtaining information. Accountability of MDAs for data shared for planning and budgeting should be enhanced, e.g., through MoFPED's challenge function of information submitted to them, and if needed through communication at the senior management level;
- Significant blocks of information, in principle, could be updated from the MoFPED's internal systems such as the IFMIS, the Aid Management System, the debt management and potentially the program-based budgeting system (PBS);
- In some MDAs important project information is only kept by individual officers, and this information is lost when these officers are redeployed to other assignments;
- The start of the annual budgeting process is a crucial moment to obtain further project documentation and updated project information; and
- Processes should be improved to collect credible information about projects executed by more than one vote or those funded by development partners.

B. Concluding the Stock-take Exercise

17. The draft report on the stock-take prepared by the authorities should be completed and published. The intention and audience for this report should be clarified and the authorities should ensure that the following information is covered:

- The main data outputs obtained, including the structure and status of the project portfolio;³
- Reporting on and analysis of the clean-up exercise;
- Data weaknesses identified that require improvements, including actions from MDAs to address them; and
- Lessons learnt through the clean-up exercise, which can guide future processes for collecting, consolidating, analyzing and using public financial data.

18. The stock-take database will remain an important source of reference information.

The project history of ongoing projects continues to be important when assessing any request for additional funding, and for any ex-post evaluation. This could be done by publishing the existing Excel-database on the MoFPED website. The project templates collected for each individual project should also be stored. The database should include the projects that have exited in FY18/19 and FY19/20 to ensure a consistent observation on the total project value.

³ For suggestions see IMF CD mission report of March 2018.

19. The stock-take built a database of project information starting in FY17/18 that should be archived. This database will serve as a baseline for MoFPED and other government entities to monitor project execution and ex-post evaluation of project performance. Once archived, the project database should be updated and published at regular intervals, as additional reference documentation. With the completion of the second phase of the IBP, all changes to project information will be captured and stored by the system (Chapter 5).

C. Summary of Recommendations

Recommendation 2.1: Based on the experiences of the stock-take exercise, define a minimum set of basic public investment project information that should inform public investment management going forward.

- Finalize and publish the report on the stock-take exercise, identifying key outputs obtained and further improvements that are required to the data;
- Use the lessons learnt from this process to improve data collection and maintenance; and
- Archive the database built through the stock-take as a baseline of public investments.

III. IMPROVING PROJECT PRIORITIZATION AND BUDGETING

A. From the Stock-take to the Flow-take

20. While the stock-take was conceived as a one-off exercise to upgrade project information, the data collected are quickly becoming outdated. For example, new projects approved for inclusion into the FY18/19 and FY19/20 PIPs were not included in the stock-take. Outturn information for FY18/19 and the approved budgets for FY19/20 also impact the medium-term cash flow forecasts, which also need to be updated. Not least, estimated project completion total and remaining project costs may have changed. Some of this information is already available from the budget planning process for FY19/20 through the PBS but has not yet been available to PAP.

21. Improved formalized processes and systems are needed to keep project information and forecasts updated and track the universe of projects. Regular processes between ministries and MoFPED for updating project information are only required during the budget process through the PBS. But in the past, the information provided by MDAs was mostly focused on the upcoming budget year, with the 2-year medium-term forecasts being unreliable and the revised total project values were not provided. The PBS does not permit the retention of last year's submissions from ministries, thus making comparisons with previous project submissions difficult, nor does it systematically track the changes in the universe of projects, hampering data analysis.

22. Systematic updates to project information – a flow-take – should be requested at the start of the budgeting process in order to support a regular annual project review. The annual project information update will keep the stock-take information updated, and permit data validation and cross-checking ahead of and during budget discussions. For ongoing projects actuals for the previous budget year, the approved budgets and updated cash flow forecasts should be incorporated. For projects that are extending their duration, or that otherwise are subject to an appeals and reappraisal processes, a well-justified cash flow update should be received and approved by the DC.

23. An annual project review is already planned by the authorities. The annual review is similar in nature to the clean-up exercise previously mentioned, but would become less demanding over time, as project information becomes more robust. It should also have a strong portfolio focus, preparing the ground for guiding which projects should exit and enter budget funding (i.e., the PIP). Projects that are scheduled to end, and large projects should receive special attention.

24. The “flow-take” should to systematically handle projects that are exiting and new projects that are entering. Specific protocols can help maintain accurate information.

- Exiting projects should be updated one more time to ensure that the final year of actual data is incorporated into the project profile. They should be retained in the main database or archived with easy access.
- New projects should to be incorporated into the regularly monitored project universe. Any new project that is receiving budget allocations should be included with the estimated cash flows, even if the project approval process at the DC has not been concluded. A fast-track project recognition process with the DC is required for such projects before they are included in the PIP (and later in the IBP). Initiatives that did not fully adhere to the DC approval process should be subject to a post approval review to ensure that project information meets minimum standards and is completed as speedily as possible. This could possibly be enforced by a freezing of the budget allocation.

25. The “flow-take” should continue to red-flag projects for exit from the PIP or that require a specific review and justification for continued budget funding. Main criteria for red-flagging should include:

- The project is slated to come to an end in the upcoming fiscal year;
- Significant changes in the total cost of the project;
- Severe delays in implementation (which are usually associated with cost overruns);
- Concerns about the project effectiveness to accomplish its mission.

26. For the transition period prior to full use of the IBP, the data base structure of the stock take can be used to record the most updated information of the projects. New

versions of this database should be created in a systematic manner. This may require moderate changes to the stock-take database structure, such as adding information on whether a project is due to exit or should to be reappraised or include actual execution and approved budgets at the beginning of each fiscal year.

B. Towards Robust Project Prioritization and Budgeting

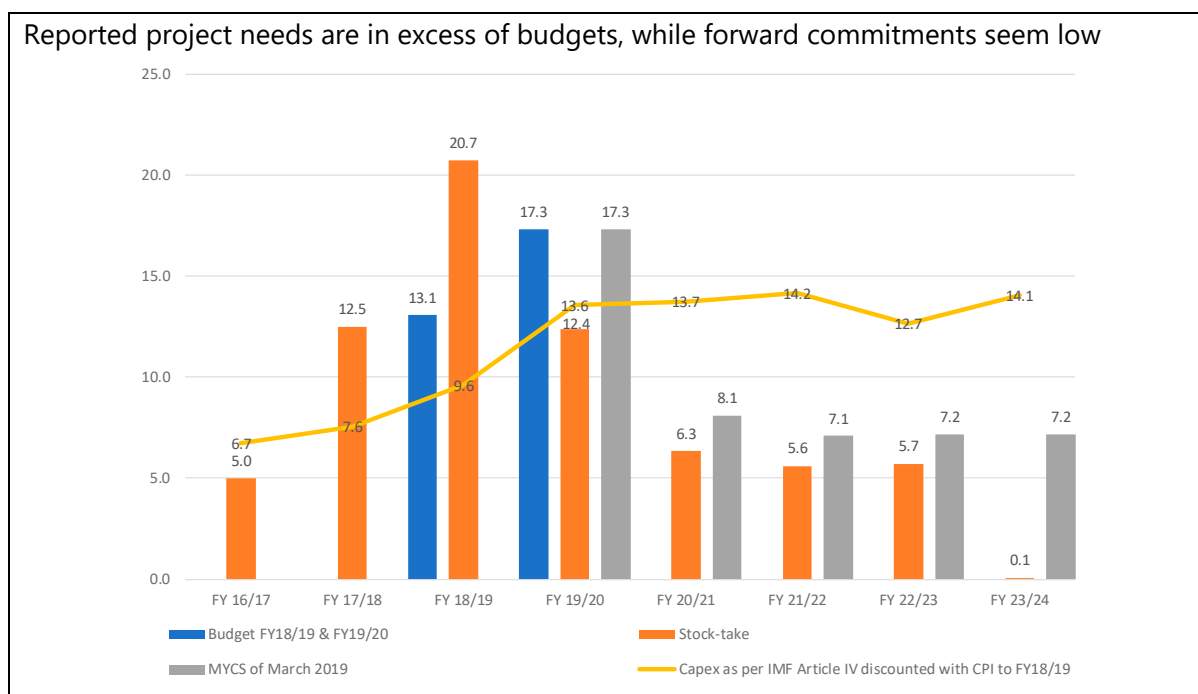
27. Successful project implementation on time, on budget and with impact requires alignment of physical project progress with budget funding. Projects that are not moving as planned block resources for other projects and result in underspending of the development budget. Conversely, projects that are otherwise ready for implementation but do not have budget funding, will be delayed and could incur additional costs. Delays in project implementation delay the service delivery outputs related to those projects. As a result, project delays have a direct developmental cost in the form of foregone social and economic benefits. Delaying well planned projects due to lack of budget funding also undermines the future effectiveness of the project – the longer it is delayed the less relevant the initial plan is likely to be, reaching a point where the whole project will need to be re-evaluated or even re-planned.

28. Project scheduling and allocation of budget funding should to take place within a defined and credible top-down medium-term expenditure envelope. Striving to manage spending within a sustainable level creates tension between the long list of proposed projects and the fact that a government cannot spend more than it can afford. There is an inherent tendency to overcommit on the project pipeline and the list of projects admitted into the PIP. However, such over commitment typically slows project implementation. Thus, the project planning and budgeting process should impose a discipline to focus on projects where the government will achieve the greatest impact and to compel project and budget managers to implement projects as effectively as possible.

29. Successful project budgeting processes require strong and robust engagements on the prioritization of projects, which in Uganda is still nascent. In Uganda, the first stage of the prioritization task has been assigned to the DC, which to-date reviews and approves individual projects on their merits. Once approved by the DC projects are considered eligible for budget funding, i.e. inclusion in the PIP. However, the subsequent steps of achieving project readiness and project implementation so far have not been actively reviewed by the DC. DC review of the PIP clean-up was a first step in that direction, and an annual project review will further help structure the project pipeline and facilitate exit of projects that have ended or are not performing as designed. The DC also does not consider how a project fits into the medium-term envelope for the overall PIP or the sector.

30. The process of prioritizing ongoing and new projects within a defined and credible medium-term envelope remains a challenge in Uganda. Figure 3.1 illustrates that project and financial planning have recently been misaligned. For FY17/18 and FY18/19 MDAs planned to execute resources beyond the annual ceilings defined by the macro-fiscal framework. The project resources in the budget for FY18/19 and in the one recently approved for FY19/20 have also been beyond these ceilings. Project requirements as reported by MDAs also show inconsistencies with the amounts included in the annual budgets, suggesting that project needs could not be fully met, which should result in a rephrasing of projects' funding.

Figure 3.1. Comparison of Future Commitments (UGX trillions)



Source: Mission team analysis of the stock-take database and multi-annual commitment data.

The orange bars represent the PIP according to the stock-take database. The gray bars represent the information from the recent multi-annual commitment statement of March 2019, which reflects stock-take information and recent update. The blue bars for FY18/19 and FY19/20 show the approved budgets for those years. The yellow line represents the outturn and the medium-term envelope for the development budget as reported in the IMF Article IV consultation (published May 2019).

31. Forward estimates appear too low, including reported project end-dates that are not realistic. The re-phasing of planned expenditure for ongoing projects from recent years that could not be included in the annual budget will use a substantial amount of available fiscal space over the medium-term planning horizon.

32. The absence of a rigorous process – reliably supported by credible data - to reconcile approved projects and budgeted resources weakens the project implementation phase. It creates a risk of deficit bias, and results in the under delivery of important social and economic projects. Currently, approvals by the DC are given without comprehensive

consideration of medium-term envelopes. Approval forms for the DC could be designed to include a summary of financial information against the medium-term envelope.

33. A continuous drive to upgrade information is needed, including by holding MDAs responsible for their forward estimates. Project forward estimates continue to appear weak and do not reflect the likely project end dates (Figure 3.1). This information is only available at MDAs, and MDAs need to be encouraged to prepare better forward estimates. One option for holding MDAs accountable for their forward estimates is to make the previous year's forecasts the starting point for budget discussions (or the annual project review) the following year.

34. Better integration between project knowledge and budgeting is required. For forward-looking information, in MoFPED, this knowledge is split between Budget Policy and Evaluation Department (BPED), Infrastructure and Social Sector Department (ISSD), Public Administration Department (PAD), PAP, the Budget Monitoring and Analysis Unit (BMAU), cash and debt management, and the PPP Unit. The Accountant General holds important execution information. A structured interface between the budget reporting, monitoring and planning functions will provide opportunities to strengthen planning and budget processes by allowing better quality analysis and discussion of budget commitments, pressures and cost trends.

35. A unit within MoFPED should be assigned the responsibility for ensuring that project funding is consistent with the medium-term envelope. It could either be one department or a committee made up of representatives from different departments who would be in charge of pulling together the different information and perspectives on investment projects to develop an overall picture of government objectives, projects and programs, cost drivers within the sectors, and how scarce resources can be prioritized to achieve the best possible outcome. In most modern ministries of finance, this function is done by the equivalent of BPED, which ultimately would have responsibility over advising on the sectoral budgets and allocations. In some countries this function for the development or project budget is exercised by strong planning departments.

36. Approval of a project's feasibility study should not imply inclusion in next year's PIP and budget. Consistent with the idea of preparing a list of "bankable projects", approval of the project feasibility study should first imply inclusion in a project pipeline. From this list, projects would be selected for budget inclusion; infrastructure Australia Priority List is an example of such an approach.⁴ Conditions for budget funding should include: the project demonstrates full implementation readiness costs that are consistent with the global and sectoral ceilings, and that operational and maintenance costs have been taken into account. The DC could be assigned a formal role in approving readiness for budget funding.

37. Better project budgeting processes can also be enforced through the design of the IBP. The IBP currently requires that projects can only be considered for funding once project

⁴ <https://www.infrastructureaustralia.gov.au/>

proposals are approved by the DC and registered in the IBP. This is an important strength of the current system and should continue to be a fundamental principle of the project planning and budgeting system in Uganda. Keeping this control step in the final design of the IBP and in the integration between the IBP and PBS would enforce the DC's gatekeeper function; when completing the budget programming in the PBS, line ministries would only see those initiatives with approved project proposals.

C. Summary of Recommendations

Recommendation 3.1: Develop regular processes and procedures for updating project information and use it to support prioritization and budgeting of public investment projects.

- Setup an annual project review to update project information at the start of the budget cycle covering key information such as project end-dates, total cost estimates and cash flow forecasts.
- Assess all red-flagged projects and seek approval for their updated information from the DC. For FY19/20 specific attention is needed for the 83 projects that reapplied and the 200 projects that are scheduled to exit.
- Use the database structure of the stock-take exercise to compile and store updated information until the IBP is ready to incorporate ongoing projects.
- Archive the database at key stages of the project review and budget cycle, using the different vintages to keep track of the evolving information for exiting projects.

Recommendation 3.2: Improve the use of medium-term fiscal envelope forecasts to achieve better project prioritization and budgeting, by drawing on the DC gatekeeper function and assigning the responsibility within MoFPED to bring together information from planning and budgeting.

- Design DC approval forms for new projects that clearly convey the total project costs, post-investment operational costs, and how these forecasts fit into the total and sectoral medium-term fiscal envelope.
- Use the medium-term forecasts of the previous budget cycle as the starting point for the following year's project review and budget discussion.
- Review and determine who in MoFPED will be assigned the responsibility for bringing together information from project planning and budgeting (budget execution, reporting and the medium-term ceilings) to drive toward more realistic project forecasts and ensure adherence to medium-term envelopes.

Recommendation 3.3: 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.

- Incorporate this distinction in the DC Guidelines and in the design of the approval process in the IBP.
- Determine a checklist of conditions that a project must meet to become eligible for funding such as an updated implementation plan, availability of sufficient fiscal space in the medium-term development budget, and conformation that the MDA can cover the asset's operation and maintenance expenditure.

IV. IMPROVING OVERSIGHT AND REPORTING OF MULTI-YEAR COMMITMENTS

38. Commitment monitoring, and their public reporting are important practices for managing expenditure within sustainable levels, enhancing budget credibility, and delivering projects successfully. Development projects are a significant share of the budget and project approval typically signifies approval of expenditures that span beyond one budget year. Project costs often also exhibit a pattern of low start-up costs, followed by very large expenditures several years later. Available data shows that financial commitments by MDAs have historically been significantly in excess of budgeted resources.

39. The 2019/20 MYCS provides a very high-level overview of multi-annual commitments. The report provides total values of multi-annual commitments in 2019/20, along with a total value of projects exiting the PIP. The introduction of project specific data from the recently completed stock take has allowed for a more accurate and credible assessment of expenditure commitments. The annex tables accompanying the report are significantly more detailed and informative than previous reports, providing project by project information. The annexes also identify projects exiting and entering the PIP, along with total costs per project.

40. However, the report can be improved to provide more information on the broader financial trends and dynamics in commitments or their relationship with the budget. Better understanding of total commitments could be achieved if these were consolidated per sector, by value or by function of spending, bridging the gap between granular project data and total value. Users of the document would also benefit from details and analysis of how the costs, cash-flow or implementation of commitments have evolved over the past year, and their impact on the budget.

A. Improving the MYCS

41. The MYCS should be a product of the project oversight and budget development roles of the MoFPED. It is not a discreet publication about an isolated issue, but rather an analytical document that relates to a specific set of service delivery commitments, their financing and their funding. The document therefore should be an outcome of a broader and ongoing budget oversight and planning function for the government's projects.

42. The coverage of the MYCS in relation to the requirements of the PFM Act should to be made clear and explained. The set of government spending that is defined as multi-annual commitments and subject to this scrutiny should to be clarified. The current definition in the PFM Act speaks to all spending that span more than one year, which could include service delivery programs in the recurrent part of the budget as well. The authorities have resolved to limit the MYCS to projects in the development budget or PIP, which appears reasonable at this time.

43. The definition of a multi-annual commitment should be made clear and explained. A commitment is a future obligation to pay. Because this is about the future, there is a possibility that this obligation to pay may not arise, or that the amount of the obligation changes. The following types of commitments seem worth distinguishing and reporting on, in order of increasing certainty that the obligation to pay will arise, and simultaneously reduced control of the government of canceling the obligation:

- Remaining total project costs during the investment phase. Until the government signs contracts, it is fairly easy to cancel a project, while costs already incurred would become sunk costs. Remaining total project costs could be set in the context of original total project costs, revised total project costs, and some cash flow forecasts for the next few years.
- Signed contracts. If the contractor delivers according to the terms of the contract, the government will be obliged to pay. The government also should to fully include these obligations in its budget plans in accordance with agreed or likely work plans.
- Certificates of work not yet paid. The government has approved the work as delivered and is obliged to pay in accordance with the payment terms of the contract or customary due dates. These are accounts payable, even if they have not yet been registered with the Accountant General.
- Updated estimated operating and maintenance costs. These will need to be provided in the recurrent budget upon project completion. The estimate could be based on annual costs, or an average of costs over, e.g., 5 years if there are large swings.

44. The purpose and role of the document should be better defined. The MYCS currently serves an important role in providing information to Parliament for accountability purposes. But using it as a product for closer engagement on budgeting for development projects will greatly enhance its usefulness to the MoFPED, government, parliament and the public. The document should be developed through three different stages, with the published version to Parliament only the final and public stage. The three stages should be aligned with the government processes for reviewing and considering projects for the budget. By providing an agreed and concise summary of the status of projects and the project portfolio, the MYCS would support reaching well-reasoned decisions on projects and the project portfolio.

- Internal discussions, in conjunction with the annual project review: Preparing the MYCS collaboratively between MoFPED teams and MDAs would strengthen engagement on the

financial and physical performance of projects in the context of the annual project review and the budget process. The outcome of these discussions should be a project by project assessment of historical and revised cashflows, factors informing all changes, and recommendations to be discussed with the senior management of the MoFPED

- Cabinet engagement: As an outcome of internal discussions, a document should be taken to Cabinet that clearly identifies where delivery, costing and budgeting deviations are significant and threaten project delivery or sectoral expenditure frameworks. The purpose of this document would be to identify and inform Cabinet on these misalignments and to seek guidance as to how these will be corrected and accommodated.
- Parliamentary report: The MYCS tabled in parliament should be an outcome of the preceding discussions. Through the report, the government provides a narrative overview and data that updates parliament on the financial performance in the previous fiscal year(s), continued alignment with government fiscal objectives, and revised forward-looking plans for project delivery and funding.

45. To meet the objectives of Section 23 of the PFM Act, the analytical information in MYCS should be strengthened. Data should be reported and discussed at appropriate levels of consolidation to support overall understanding of general issues. High-level analysis that identifies trends in commitments, major changes in costs and delivery schedules, and implications for the upcoming annual budget and medium-term plans should be developed. One of the identified purposes of the document is to report on the financial performance of projects, analysis to be presented in tables and/or charts along with accompanying narrative could include:

- Consolidated commitment costs – outcome for previous year, adjustments to current year, medium-term outlook, changes since the previous medium-term estimates;
- New large projects entering the budget – total value and allocation over the medium-term, number of years;
- Projects underway – largest changes in cost or timing, and reasons why;
- Revised project cash flows – total, largest changes, and reasons why.
- Main projects progress – For the largest 10 projects total value, spending outcomes, revised medium-term cash flows, reasons for significant revisions

46. The discussion of developments of individual projects should be set in the context of the medium-term envelope for the development budget or the sector. Projects – especially large ones - that are delayed or over budget will squeeze out other projects in the project pipeline. Relevant choices should be made clear in the report.

47. The report should also provide a discussion of how the changes in commitments have impacted on or been accommodated by the budget. Significant changes in projected

cash flow impact on the budget – creating pressure that can increase the deficit, reduce expenditure in other areas, result in underperformance of the projects or arrears. The trends in the development budget should therefore be briefly explained and reconciled with the pressures arising from project commitments. It is imperative that the total project commitments do not exceed the binding upper limit of the development budget allocations.

48. An important initiative would be to operationalize and enforce capabilities in the IFMIS for contract registration and timely recording of certificates of works. When information on signed contracts is linked with the IBP and PBS, it will allow for immediate identification of instances where contracted commitments exceed budget allocations. Issued certificates of works should also be tracked, even if there is no budget allocation yet available, for reliable information on accounts payable and potential arrears.

49. The MYCS should be presented as part of the formal budget documentation. The MYCS is an outcome of the relationship between the state's financial commitments and resources. As such, the MYCS should be presented to Parliament along with the budget proposals, with care taken to ensure that data and narratives are consistent. As this is a document written for Parliament in response to a legal requirement, the MYCS and its annexes should be published online with all the other budget documentation.

50. Annex III presents a proposal of the structure that the authorities could adopt for a multi-year commitment statement, based on the ideas mentioned before.

B. Summary of Recommendations

Recommendation 4.1: 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.

- Publish the MYCS with the budget documentation, ensuring that the financial information is consistent with the budget documentation for both the budgeted year and the medium-term projection.
- Operationalize and enforce timely registration of contracts and certificates of works in the IFMIS and include this information in the MYCS.

V. IMPLEMENTING THE IBP

A. Background

51. The IBP is being developed in at least two phases: Phase I is currently being commissioned, while Phase II is to be designed soon. It is an important initiative to share a common set of project information between all stakeholders, and make project information more widely available, reliable and easily accessible. Phase I is covering the appraisal stage, while Phase

It is to cover project implementation and M&E. Issues on transferring projects into the IBP are considered in the section on data migration.

52. The design and implementation of the IBP also provides an impetus for revisiting some fundamental issues about the structure, scope and management of projects and the PIP. These include: (i) what constitutes a project, and which projects should be included in the PIP, (ii) how projects are identified and can be traced through their life cycle and across IT systems, and (iii) how to define, track and monitor the universe of projects in Uganda.

B. The IBP – Phase I

53. IBP Phase I is based on a strong appraisal methodology, which will facilitate improvements to the quality of investment projects. The IBP enables a project methodology that combines performance-oriented project costing, linked to each of the project goals, outputs and activities, with solid economic analysis techniques. This cost structure is fundamental for understanding the different trades-offs faced by an underfunded or delayed project. This design of the IBP facilitates the economic analysis through the estimation of benefits and costs of different project alternatives.

54. The gatekeeping role of the DC will be enhanced through a complete step-by-step methodology of project appraisal defined in the IPB Phase I. The system design fully covers the identification and appraisal stages of the project cycle as stipulated in the DC guidelines. During each of these stages the system guides the project preparation from the conceptual idea towards a complete set of studies and analysis that determines a project's readiness for implementation. Project analysis required by the system from early stages of inception will ensure that good ideas with potential to be funded move into subsequent stages of the appraisal process.

55. The IPB Phase I system has a solid workflow design that facilitates communication across stakeholders. Through the system work flow, projects can be rejected, returned for adjustments or approved for continuing to the next stage. The IBP records all the project preparation progress and communication across the different stakeholders. Thereby, the system itself over time can create an enormous source of knowledge for continuous improvement of the appraisal flow.

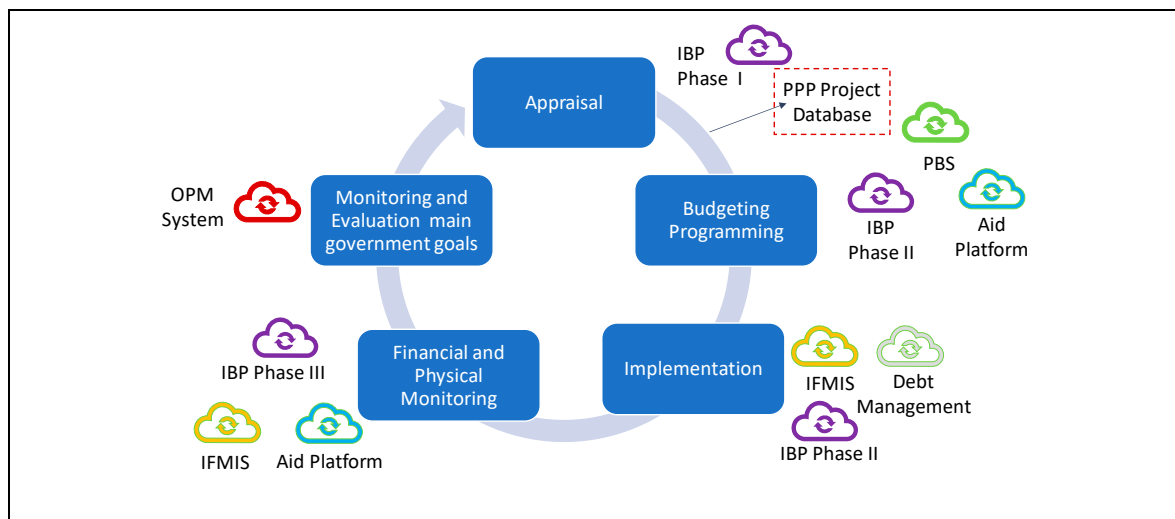
56. IBP Phase I appraisal requirements may not be fully applicable to all type of projects in the PIP. Previous analysis of the PIP portfolio has shown that only 45 percent of the PIP projects are investment projects properly bounded by location, objectives and time (see Chapter 2). Because the PIP has a single work flow for all type of projects, this may mean that users face decision points where they need to apply criteria that are not relevant for their project type or sector, increasing the risk that discretionary decisions are made in the appraisal process. Developing differentiated criteria for project assessments per sectors or project types could help mitigate this risk.

57. Enhanced reporting functions of the IBP Phase I could provide MoFPED a better understanding of the investment portfolio and identify improvement opportunities for the project preparation process. The IBP offers a list of relevant reports that cover project costs at different stages of the project development cycles and project rankings. Complementary reports can focus on enhancing the understanding of the investment portfolio and project pipeline, and provide oversight of the workflows of the appraisal process such as number of projects rejected, returned or approved at every stage by sector.⁵

C. Designing the IBP – Phase II

58. The IBP alone will not be sufficient for building a comprehensive information system on PIM. Obtaining accurate, complete, consistent, unique and timely project information, requires integration across the different stakeholders, IT systems and processes affecting the project investment cycle. Most PIM systems have five phases in line with the PIM project cycle: appraisal, programming/budgeting, implementation, financial and physical progress monitoring, and, M&E. Figure 5.1 illustrates the multiple core stakeholder and integration points of a full PIM system.

Figure 5.1. Vision of an Integrated PIM Information System



Source: IMF mission team.

59. Identifying the different stakeholders' requirements and developing a vision on a PIM system is a fundamental step in designing future stages of the IBP. A team composed of representatives of the different PIM stakeholders can undertake the design of the subsequent IBP phases for the MoFPED. The team should be intersectoral and multifunctional with good leadership and enough available time. Its purpose is to define and discuss the tactical challenges

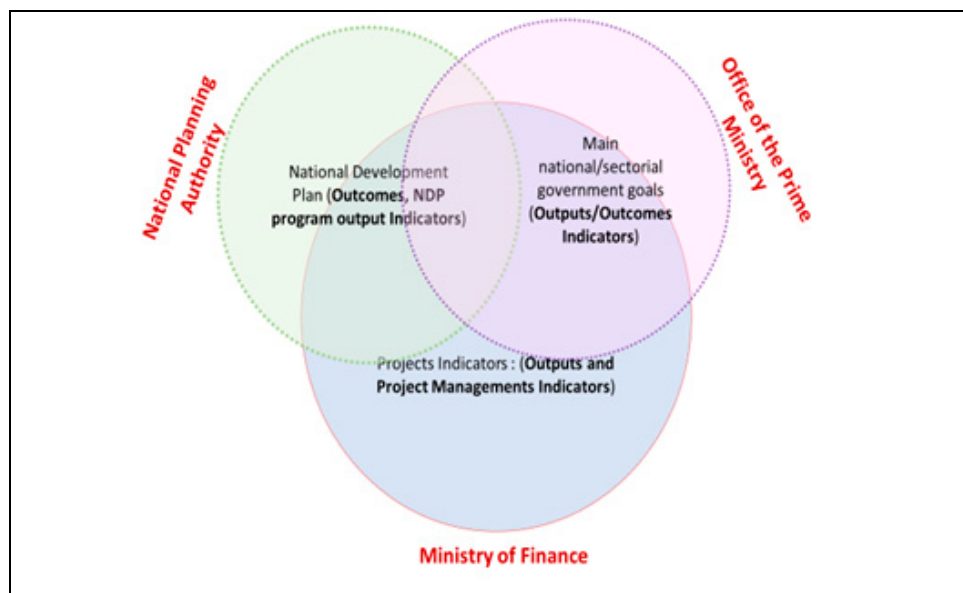
⁵ For examples see IMF CD mission report of March 2018.

and strategic issues related to integration of processes, systems and roles into a roadmap for the development of the system.

60. IBP Phase II is intended to provide support for tracking ongoing projects during the implementation and M&E phase. Project information incorporated into IBP Phase II will also provide important support for project monitoring and evaluation, and this use should also be anticipated. It is likely that not all stakeholder requirements expressed for Phase II can be covered in just one phase, and more than one further IBP development phase may be needed. Interlinkages or communication between many existing IT systems will be needed. As intended by the authorities, priority should be given to the linkage with the IFMIS and the PBS.

61. The IBP design also requires a clear definition of the different roles played by the various government entities, for setting up sound project tracking and M&E. The tracking and monitoring roles are usually shared with other coordinating government institutions. In Uganda, monitoring is done by all implementing MDAs, the Office of the Prime Minister and of the President, the BMAU and the Auditor General. BPED, PAP, ISSD and PAD also require this information. Clearly distinguishing the roles that each one of these actors will play, the systems that will provide the different pieces of information and the indicators that need to be captured will enhance monitoring process (Figure 5.2).

Figure 5.2. Tracking and Monitoring Model



Source: IMF mission team.

62. The IBP Phase II can help operationalize an annual project review at the start of the budget cycle. The experience from implementing the “flow-take” and the resulting work should be considered during the design of the IBP Phase. With the right set of rules, the system can red-flag those projects that need to be reappraised or that need to provide updated information to continue receiving funding. A fast-track workflow could be developed for ongoing projects, to

facilitate the update process without creating mostly pro-forma requirements for DC approval that can clog the system and divert technical resources from the appraisal of new projects and ensuring consistency with medium-term resources.

63. A well-designed IBP Phase II can help MoFPED identify when an updated project should have further review. The system can inform the budget authorities that a project exceeds a certain threshold of deviation during the implementation phase that requires it to be reappraised before re-entering the PIP on a yearly basis. Example of triggers that the system can include are cost deviation percentage, misalignments between financial cash flows and physical execution, and time overruns.

64. The IBP design also should ensure that data security and other technical requirements are met. Phase II should have inbuilt safeguards to prevent project updates that could modify the project purpose and other key characteristics.⁶

65. Not least, the IBP Phase II should be designed with strong reporting functionality. This is essential for user acceptance of the system and will incentivize data accuracy. There exist specialized IT systems that focus on providing comfortable data access and an easy and flexible reporting environment. Many different stakeholders with diverse information needs will want to access the IBP data. As data become more widely available and reliable, ideas for the use of these data will also expand. Not least, compliance with keeping information up to date will be enhanced, if data providers know that their information will be accessed and utilized for government business.

D. Data Migration into the IBP

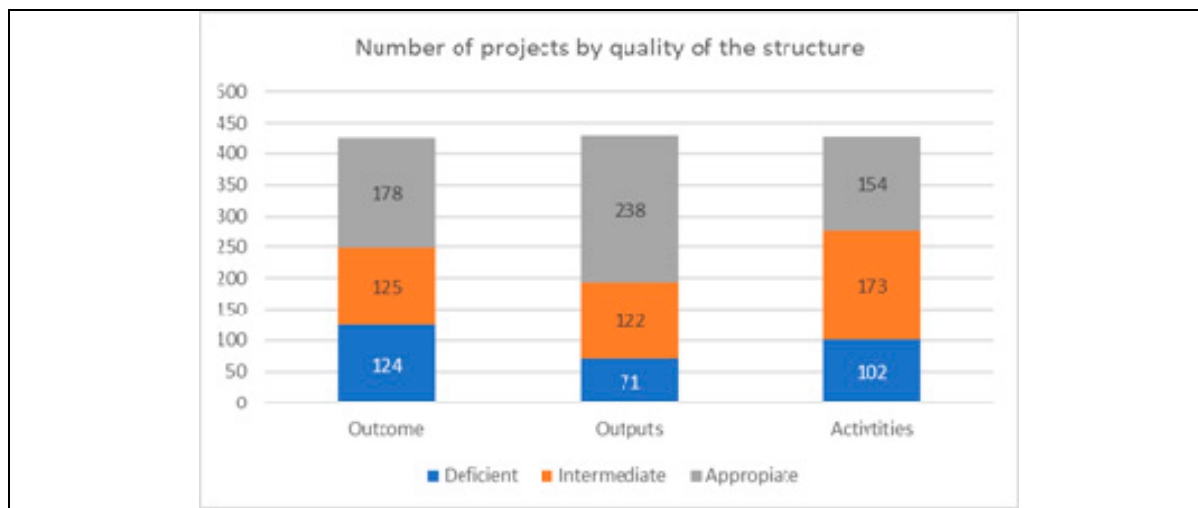
66. The stock-take database provides improved information on current projects but using it for populating the IBP would require additional work. The project descriptions (project log frames) required by the DC guidelines and IBP Phase I are not complete, because most ongoing projects were prepared before the current DC guidelines came into effect. According to previous missions' analysis, at least one component of the log frame is incorrectly defined in half the PIP projects (Figure 5.3). Also costing information would have to be restructured and significantly expanded from a line item presentation to the performance-based structure required by the IBP. This does not seem worthwhile for projects that will end soon.

67. Nevertheless, projects should be entered into the IBP database at a faster pace than currently planned, by preparing reappraised projects and all new projects on the IBP

⁶ Examples of fixed fields from the appraisal stage are project goal description, outcome indicator and goal and Outputs Indicators won't change over time. New indicators can be added to the system; examples of fields that change over time: start and completion dates, outcomes/output goals per year, output indicators outcomes and output achievements, activity/item cost per year, schedule.

Phase I. This would significantly improve the PIP information. Currently the IBP Phase I transition plans cover only new projects formulated for FY 20/21 and onward. Entering all reappraised and new projects into the IBP Phase I system from now on would enable the Government of Uganda (GoU) to undertake a significant step towards improving the quality of projects in the PIP.

Figure 5.3. Preliminary Assessments of the Quality of Project Information



Source: Analysis of IMF CD expert visit of November 2018.

68. MoFPED can use the stock-take information for designing a phased migration plan to the IBP Phase I by identifying high priority projects. In conjunction with the migration the cost structure and log frames of the projects should be improved to enhance project accountability and guarantee reliability of future cash flows. In addition to requiring richer information, the IBP Phase I appraisal methodology implies that many existing projects have to be restructured. Therefore, the migration plans should concentrate on high priority projects such as those that are currently subject to specific monitoring by the Office of the Prime Minister (OPM) (90 projects) or the largest projects that represent 80 percent of the budget as per the March 2019 multi-annual commitment statement for FY19/20 (65 projects).⁷

69. Transition of projects into the IBP could be facilitated by sectoral migration plans to be agreed between MOFPED and ministries. For ongoing projects, a three-year transition plan into the IBP Phase I could be agreed. This plan should determine the course of actions and scope of work before the two next budget cycles (FY20/21 and FY21/22). It is important that such sector plans consider contractual commitments, the sector institutional capacity to restructure the PIP, and the capacity of appraisal teams for project analysis. The plan can state at the level

⁷ Other categories that the authorities could consider are projects that: are executed by more than one vote (8 projects); entered the PIP before FY17/18, when the new DC guidelines were applied (279 projects); have cash flow estimates beyond FY20/21, excluding new FY19/20 projects (163 projects); and have external funding (143).

sector the road map of projects exiting, entering, merging or reformulating in the PIP for the following two to three years. The ultimate goal is to guarantee that all the PIP was properly appraised in the IBP and has accurate baseline information for monitoring and evaluation.

70. An important challenge for the data migration, but also for the future design of the IBP is the structure of costing information. The stock-take uses mostly line item cost structures which is different than the IBP. Thus, migration will require an analysis of the project portfolio of each vote/sector to transition from the line item structure to the performance-oriented structure of the IBP. This will require a significant technical effort, particularly for cases where projects were not initially structured under this approach.

71. The design of the data migration should be used to review the alignment of the project cost structure between the IBP and the government’s budgeting and accounting systems, the PBS and IFMIS. As stated above, the cost structure built into the IBP Phase I (and the DC guidelines) seems appropriate for project management. However, ministries noted that this cost structure is not used in the PBS, requiring them to redesign a project’s cost profile for budgeting. Using two different cost structures between appraisal and implementation will also make it very challenging to track a project’s implementation path against the original design.

E. Scope of the IBP/PIP

72. The design and workflow rules of the IBP will be impacted by the types of initiatives (“projects”) included in the IBP and PIP. Thus, in conjunction with developing the IBP, clarity should be reached on which types of projects or programs can be included in the PIP. Clarity should also be reached on their permissible internal structure. Currently all PIP projects are treated the same, but there may be benefit in introducing a hierarchical structure (e.g., projects and subprojects, programs and subprograms). Clarity is also needed on how the adopted PIP structure relates to the government’s Program-based budgeting system.

73. The project information gathered through the stock take shows that the PIP has a more complex structure than what is implied by the DC Guidelines. The DC guidelines aim to limit PIP projects to those with a capital investment purpose, and hence stipulate a minimum percentage share of capital expenses in the total cost of a project. In addition, productive and social programs with mostly recurrent spending are also included in the PIP. Many, but not all, such projects are development partner funded (see Chapter 2).

74. The typology in Table 5.5 appears to reflect the reality of the PIP, based on discussions with PAP and representatives from different sector of GoU during a two-day workshop. The participants in the workshop agreed that, most likely, projects of all these types will continue to be included in the PIP. They also agreed that purely recurrent expenditures should not be part of the investment budget. Participants also acknowledged that project preparation and appraisal methodologies – economic efficiency and cost benefit-analysis are some examples – would need to be differentiated given the differences on how projects would

be analyzed. Additional types of data like productive and social indicators would be relevant for project preparation and monitoring. Annex IV presents a brief description of the initiatives that would be found under each classification.

Table 5.5. A Typology for Project Classification in Uganda

Capital Intensive Initiatives	Economic and Social Development
Investment Projects	Productive Programs
Investment Programs	Social Programs
Retooling Programs	
Appraisal Studies	Basic Studies

75. The IBP should be set up to identify the different project types. This will facilitate reporting and monitoring. It will also allow distinct reporting of the capital-intensive projects from retooling projects from other productive and social programs.

76. Adopting a hierarchical typology of programs and projects could make the appraisal stage of projects more efficient. Currently neither the DC guidelines nor the PIP include such a distinction, while existing projects can be classified (see Figure 2.1). Identifying projects that are repetitive initiatives – rebuilding of the hospital infrastructure – would allow to group them into a single program, and using specific methodologies for this type of projects, could be appraised as one project, reducing the number of reviews and approvals and freeing up time to look at other more complex initiatives. Similarly, the approval process for retooling projects could be streamlined not need to develop a full appraisal process but an asset register that allows planning of future resource needs and monitoring of expenses. This approach would be different from the procedures currently defined in the DC Guidelines that treat all initiatives as an investment project that should meet specific appraisal requirements as it moves through the different approval stages.

77. Improved project classification can help identify how initiatives should be tracked, monitored and evaluated. The indicators used to determine the level of progress of a project will vary greatly depending on the type of activity undertaken. In capital intensive projects, monitoring will focus on the progress in construction/acquisition of the asset, while time boundaries might be useful only to identify projects that are facing problems. For social development projects, the end of the execution period might be linked to the achievement of an objective within a specific timeframe. Current PIM practices do not make this differentiation, making it difficult to determine when a project is completed.

78. Management of initiatives will differ dependent on whether they are a project or a program. A project will be fully specified from the outset. For implementation subprojects may be defined. For a program, program managers will have to develop specific projects that fall

within the scope of the program, and manage their implementation separately. Also, in the national budget, a project will have its own project code, whereas a program will receive a global budget allocation which will be further broken down to specific projects.

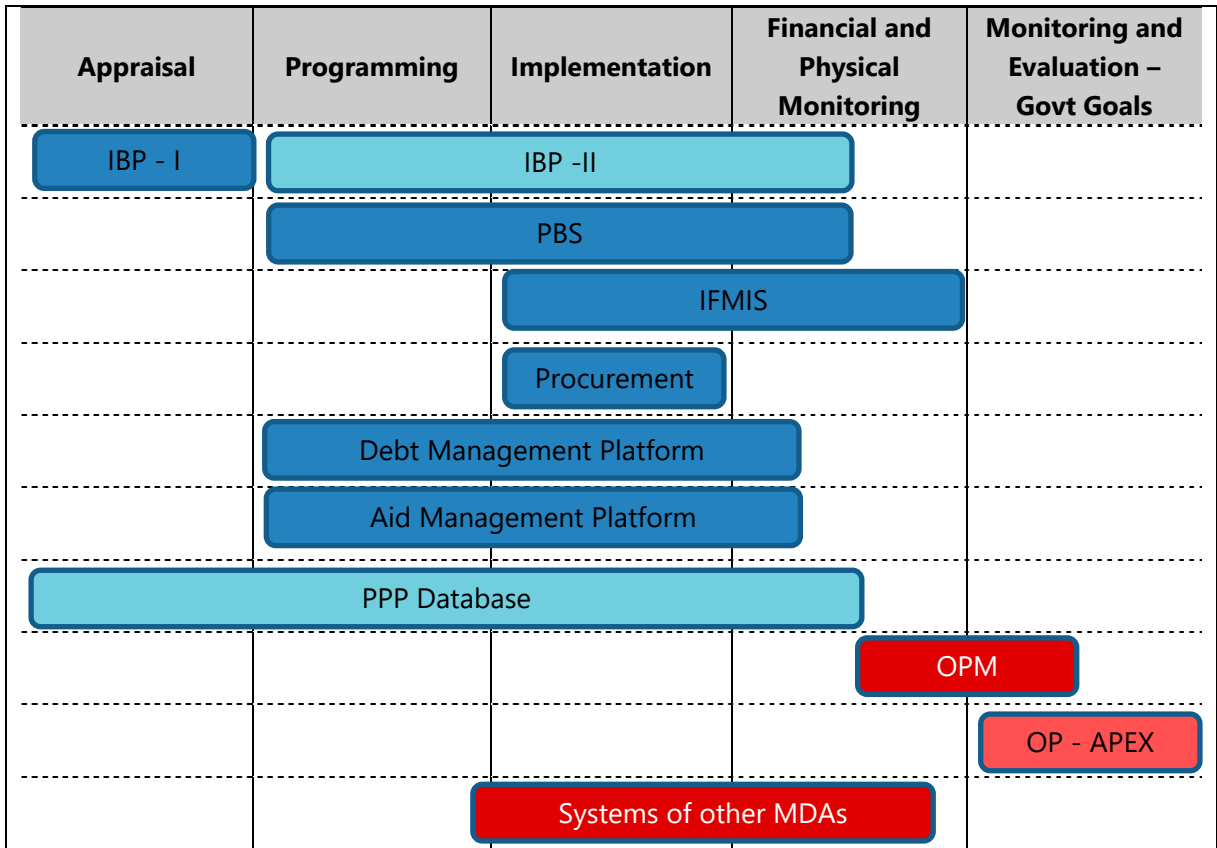
79. A rule should be adopted that all initiatives in the PIP are time-bound, or alternatively by the achievement of a measurable indicator. The recently adopted performance-based budgeting structure with its hierarchy of programs and subprograms makes it possible to manage all kinds of initiatives as “projects,” be they capital-intensive or not. Thus, there is a question of the continued benefit of identifying a development budget or PIP as a subset of the budget. One possible delineation of the PIP could be to identify the PIP as the set of all special and well delineated initiatives intended to stimulate progress in achieving Uganda’s development objectives (consistent with the NDP). In order to avoid that most expenditure gradually shift into the PIP, all initiative in the PIP should have a well-defined end-point, upon which they exit from the PIP and achievement of the intended objectives is assessed.

80. Even with a hierarchical structure of initiatives in the IBP/ PIP, there will be projects or programs with interlinkages. In some cases, such initiatives could be structured under one project or program, but with large projects or inter-sector projects this is not always advisable. The IBP should provide the means of identifying projects that should be implemented in a coordinated sequence.

F. IT System Linkages and Project Coding

81. The GoU has developed various information systems to manage public financial information. There are at least eight platforms that capture some type of project data from the different stages of the project cycle, from appraisal to monitoring. A good understanding on a project could be reached if all the information available were consolidated in a single place, but communication between the different systems is limited. Figure 5.4 shows the mission’s understanding of the existing platforms, their operational status and the phase of the investment cycle it covers.

Figure 5.4. Coverage of the Project Cycle through IT Platforms and Tools



Source: IMF mission team.

Note: Blue: within MoFPED; Red: in other MDAs; Dark color: operational; Light color: planned.

82. The IBP system could be used to consolidate all this project information in one single site or reporting system. The IBP Phase II provides an opportunity to design the necessary interconnections with other systems for this consolidation to take place. When the IBP phase II is completed, the IBP should capture project information from the moment of initial conception through implementation. This information consolidation process can be made more efficient if most of the information is captured directly from the other systems, avoiding multiple entries of the same project data, and providing data in real time.

83. The existing coding structure in the PIP has certain weaknesses that could limit the integration between different systems and the consolidation of project information.

Currently coding on the IBP follows the current PIP practices and has three parts: sequential number – sector code – vote formulator code. The risk of this coding structure is that a government restructuring with rearrangement of votes could result in a change of the project code and a loss of project traceability in the information systems. If the original structured project code is retained, there is risk of misleading interpretations as to the nature of the project.

84. Developing a robust project coding structure that uniquely identifies projects is essential for PIM in an environment where information systems have been developed

independently. The structure of project codes determines the consistency of information across the full project cycle, strengthening data integration. Although there are various ways to define project codes, a fundamental characteristic is that these are project-specific and that codes do not change throughout projects' lifecycle. This will allow to have the complete history of the project and to track its execution through other systems.

G. Managing the Project Registration

85. Identifying the set of current and future investment projects remains a challenge. In the PBS system, only the projects that currently receive budget funding are included, all other projects, even if they are just temporarily stalled, are removed. For the stock-take, different versions of the stock-take database cover different sets of projects. Government officials acknowledge that there are projects they are aware of (new projects, development partner projects), but that are not included in any database for systematic follow-up. And OPM reportedly has requested MoFPED to provide a list of all ongoing projects.

86. MoFPED has taken important steps towards identifying and keeping track of all public investment initiatives. The publication of the DC Guidelines and the setup of the DC was a first step towards this goal. The structured processes for DC approval enable MoFPED, first, to keep track of new initiatives that are requesting budget resources, and second, to identify a pipeline of projects under preparation that could be requesting resources in future years.

87. The development of the IBP supports MoFPED in its effort to register all new projects and monitor the project pipeline, track all ongoing projects and be aware of the full project universe. The IBP is designed to keep track of all initiatives that have been presented for consideration of the DC, independently of them being approved or not. Once all projects are mandated to be included in the IBP Phase I, the objective of an overview of current, future, stalled and exited projects becomes achievable. The IBP platform should also assign a unique code to each project that would allow to track it through the different phases of the project's life and across systems of the government (see section above).

88. Current DC rules and data migration plans, however, will not make the IBP the authoritative register of the project universe from current projects forward. Projects that are not formally presented to PAP and the DC – for example, because they do not (yet) require budget funding, are pursued as a PPP, or because they circumvent the process – cannot be included in the IBP. Data migration of ongoing projects, including those registered in the PIP and stock-take, will take several years, and exiting projects will not be registered on the IBP.

89. The IBP is the obvious database to implement a comprehensive project registration functionality, but projects that are entered for “public awareness” reasons should be clearly distinguished from those that are complying with the DC guidelines. “Public awareness” projects that are not complying with DC guidelines will not be able to provide the full set of expected information. Special accommodation may be needed in the IBP design, to permit

uploading of such projects, but such permissiveness should not be used to circumvent delivery of information required in the DC guidelines. They should also not be co-mingled with compliant projects, otherwise the analysis of summary project information could be degraded. Not least, such projects should be automatically flagged as ineligible for budget funding.

90. Rules should be defined to determine when and on what basis to include projects in the register if they are not being presented to the DC. Criteria should include all serious proposals for a PPP project, a fairly high likelihood of future budget needs including for operating and maintenance expenditure, and projects that during their existence substitute for GoU expenditure (e.g., development partner funded vaccination programs). While comprehensiveness will be an objective, care should be taken not to include just any project idea to avoid having long lists of projects that are going nowhere, are duplicates or have been abandoned.

91. Staff should be assigned to manage the registration function. As with any database, data checks and quality control need to be performed.

92. If a distinct project registration function is activated in the IBP, MoFPED should upload the data collected through the stock take into the IBP. This would allow it to have in a centralized system the relevant data that exists for all GoU funded projects that have received budget support since FY17/18. Although the project information in this database is not as comprehensive as the one required by the DC Guidelines, it does provide basic data that, as mentioned before, is useful for managing the public investment budget. Given the large amount of outstanding commitments from ongoing projects, the stock take will remain as the main reference for public investments for several years. However, this option presents some challenges, because the lower quality of the stock take information might negatively impact the user perception of the data in the IBP.

93. Known development partner-funded projects should be included in the project register. Limited information on these were collected in the stock take. When counterpart funding is not required for disbursement of external funds, MoFPED cannot utilize the budget documents to identify the vote in charge of implementing a project. Priority should be given to identify those initiatives that will deliver an asset, such as water or electric infrastructure, and that will require resources from government for maintenance or operation.

H. Summary of Recommendations

Recommendation 5.1: Develop a vision and design of the IBP for it to support all stages of the project cycle: planning, allocation, implementation and M&E.

- For the Phase II, undertake a thorough assessment of user requirements, and carefully design workflows and interlinkages with other IT systems, prioritizing the link with IFMIS and PBS.

- Develop an integrated vision of the IBP and PIM systems that including clear roles and responsibilities of all stakeholders, including for the M&E.
- Ensure that the IBP has strong reporting functionality.

Recommendation 5.2: Increase public investment information quality and accessibility by accelerating the transition of projects into IBP Phase I, with explicit and prioritized migration plans.

Recommendation 5.3: Decide on specific PIM definitions and procedures required for the further implementation of the IBP.

- Develop a project coding structure that allows information exchange between different information systems and project tracking during the life-cycle.
- Define coverage of the PIP (only capital investment or also social/ development projects) and articulate the project classification or typology, recognizing the reality of the composition of the PIP.
- Require that projects in the PIP should be bound by a time limit or a measurable objective indicator.
- Utilize the typology for designing work flows that increase efficiency and effectiveness of project management in all phases of the life-cycle.
- Consider how to keep track of all projects and their key information by developing rules for project registration, including for relevant projects that are yet to come to the DC.
- Ensure that key information for all projects– ongoing, under appraisal, stalled, exited - is easily accessible to all stakeholders.

VI. STRENGTHENING THE LEGAL AND INSTITUTIONAL FRAMEWORK

A. Legal Framework for Public Investment Management

94. Efforts to strengthen PIM since about 2014 led to the issuance of the DC Guidelines and the PPP Act, but otherwise were accomplished within the existing legal and institutional framework. In the early reform phases, MoFPED (led by PAP) developed a 1 page PIM framework that summarizes roles and responsibilities of key stakeholders, adopted a PIM Action Plan (Annex I), and sought Cabinet endorsement. Many of the actions in train and discussed in chapters 2–5 were anticipated in the reform design, while new ones – especially the stock-take – were added. Moreover, the implementation of the PIM Action Plan and the DC Guidelines, led to new insights on challenges and approaches for managing PIM. Thus, questions about the appropriate legal and institutional framework for PIM are re-emerging.

95. Public investment regulation in the PFM Act is limited and does not provide an adequate framework for the overall PIM System and management of the project cycle.

Public investment is only mentioned in two articles: number 8 that requires sectors to prepare a Budget Framework Paper differentiating the expenditure for the current and next financial year between recurrent and investment; and number 13 that requires that for purposes of preparing the Annual Budget, the PS/ST shall prepare a medium-term expenditure framework based on the projected expenditures on development and capital investments. There is no provision regarding project appraisal studies or roles and responsibilities of institutions during the planning phase. Similarly, articles 19 and 22 refer to projects, but only regarding guarantees for project-related loans and multi-annual commitments.

96. In contrast, the specific legal framework for PPPs enshrined in the Public-Private Partnership Act (2015) is very detailed.

Roles and responsibilities of institutions and public officials are clearly stated. The whole project cycle of PPP projects is described, and procurement rules and methods are well defined. It is complemented by the PPP Regulations, published as Statutory Instrument Supplements (most recent dated April 12, 2019). There is, therefore, a huge imbalance on how PPP and TPI projects are regulated.

97. The Public Procurement and Disposal of Public Assets Act regulates the acquisition of all kind of public assets, including contracts for project implementation.

The Act is complemented by regulations and guidelines to further establish how the procurement process should be carried out, including formats for different tasks. For the appraisal process, this legislation has an important drawback in that it does not require the reappraisal of a project when the minimum value offered by bidders is above the project's investment cost estimated at the feasibility stage; a situation that weakens the financial and social benefits from the project.

98. The draft National Investment Policy (NIP) calls for strengthening processes to promote private and public investments.

To achieve this the draft NIP proposes "strengthening public investment management for competitiveness." Some guiding principles of the policy are relevant for the Public Investment Management System (PIMS) such as: return on investment; risk management; equity and fairness; and sustainable development. However, the draft policy does not fill in the gaps left by other regulation.

99. While the existing legal framework has not been an obstacle to the PIM reform agenda, its support for current and planned practices is weak.

The PIM cycle, and roles and responsibilities for PIM were clarified at an early stage in the reform agenda; they were published in the Framework for PIMS, are widely known in the public sector, and are being used in practice. However, the only specific regulation for the operation of the PIMS are the DC Guidelines, which are not backed by higher level legislation and no official document could be provided to the mission regarding the creation of the DC and the publishing the DC Guidelines, which is understood was done under the general authority of the PS/ST for regulating the budget process. Thus, the continuation of current practices is dependent on individual office holders to

support and enforce them. This poses a danger of the PIM system being dismantled deliberately or through attrition without an adequate replacement being put in place.

100. Improving the legal framework for Uganda’s PIMS will require closely coordinating new provisions with the existing framework. Strengthening the legal framework for the PIMS could be done by modifying the PFM Act or by creating a new PIM specific Act. The best way to go forward is to be determined by MoFPED. Box 6.1 describes the Jamaican experience on improving its legal PIMS framework.

Box 6.1. Legal Framework Structure for the Jamaican PIM System

In response to the February 2013 Public Expenditure & Financial Accountability (PEFA) Report, the Jamaican authorities strengthened the legal framework for PIM within the existing legal architecture.

Legislative actions (March 2014) included amendment of the Financial Administration and Audit Act to incorporate a comprehensive definition of public investment that encompasses the public sector (excepting entities certified as commercial) and to set out the Public Investment Management System (PIMS) and all components necessary for addressing poor project design and weak institutional capacity and policy mismatch.

The Financial Administration and Audit Act Financial Instructions (2017) were expanded to include a new Chapter on Public Investment Management. Chapter 6 of the FAA Act Financial Instructions cover the following topics: The Enabling Legal and Regulatory Framework, Financial Instructions, Definitions, and Common Governance Framework for Public Investment. This last section sets out norms on:

- The authority to commit to undertake a public investment project
- A single-entry point for all public investment project proposals
- The full disclosure on all expenditure related to the public investment project
- The established process for inclusion in the Public Sector Investment Program
- The justification for continued inclusion in the Public Sector Investment Program
- The responsibility of MDAs to provide timely and credible information

101. The option that is selected for strengthening the legal framework should be based on a clearly articulated PIM policy and include the following sections/topics:

- General aspects, including object of the law, definitions, scope of application, principles that should guide public investments, and definition of the PIMS and its objective.
- Organization and operation of the PIMS and institutional responsibilities.
- Definition of other components of the PIMS, namely methodologies, capacity building and the IBP.
- Monitoring and evaluation institutional roles and responsibilities.

- Final Provisions like date of entry into force, regulation and repeal of other provisions.

Box 6.2. Legal Framework Structure for PIM Systems in Some Countries

Legal framework supporting the operation of PIM System are quite diverse. Three main types can be identified in international experience:

1. PIM framework regulated in a specific PIM Law

In these cases, a Law was approved to create the PIM System, define institutional roles and regulate its operation. This option provides a strong support to the continued operation of the PIM System.

2. PIM framework regulated in the PFM Law or Act (organic or framework law):

Countries following this approach have included special provisions in a Financial Management Law, the PFM Act.

3. PIM framework based on the role of institutions:

Countries following this approach have no special provisions for PIM management, except that this task is mentioned in the structure and role definition of a certain institution. This is the weakest framework given that any institutional change could imply the end of the PIM System or a significant modification of it.

Annex V presents a list of countries that have adopted one of the three approaches mentioned before.

B. The Role of the Development Committee and its Guidelines

102. The DC plays a key role in PIMS implementation, but is overloaded and has limited authority. The DC is responsible of ensuring that all MDAs comply with the DC guidelines through timely review and approval of project submissions and with reviewing all four levels of study of all public sector projects. But, being its members high-level officials who have limited time to devote to this function, it may be difficult for the DC to fulfil its duties on a timely manner. The only authority it has to do so stems from the support of the PS/ST. However, MDAs circumvent some DC decisions by getting direct approval at higher government levels.

103. To facilitate its work a DC Subcommittee was created, but its functions are not clearly defined. Its members are lower level officials designated by the DC members. The mission requested documentation supporting the creation of the DC and its subcommittee and roles and responsibilities, but none could be provided.

104. The DC has limited visibility of a project's costs after approval for inclusion in the PIP. The Guidelines do not specify when a project should be reviewed by the DC due to a change in scope, cost or duration. For example, if during the procurement process bids are above the estimated project investment cost, there is no explicit requirement for the implementing MDA to resubmit the project to the DC. The DC will only be aware of the higher cost during the annual PIP implementation review but has no authority to act on it. This is a key issue that undermines the results of the appraisal process and should be addressed.

105. The DC Guidelines have represented a leap forward for better management of public investment but should be reviewed to address emerging challenges in their implementation. Amendments could build on experience gained in recent years, to deal with the issues mentioned before. The guidelines should be reviewed and possibly updated annually, to incorporate updated project appraisal parameters and adjustments for better integration with the budget process. Some aspect to be updated are mentioned in Box 6.3.

Box 6.3. Suggested Updates to the DC Guidelines

The option of Cost Efficiency Analysis (CEA) should be incorporated into the DC Guidelines for certain types of projects. Mainly from social sectors, a CEA is a better appraisal option than cost-benefit analysis.

Estimated yearly operation and maintenance costs should be requested in all study templates. Projects will not achieve the expected outcome if operation cannot be financed or if maintenance is insufficient.

Key national parameters should be published in the Guidelines. For the economic appraisal of projects, shadow (social) prices are required and should be calculated and updated regularly and published in the DC Guidelines.

A simplified pre-feasibility study should be sufficient to approve small and simple projects. Preparing advanced appraisal studies for all projects is inefficient and overloads the DC. An indicative threshold could be defined, and the DC could authorize the elements of the simplified study when approving the project concept or profile.

Project documents should incorporate a section analyzing if project cost fits into the ceiling specified in the medium-term framework. Since any project approved by the DC becomes eligible immediately for receiving funding, the project financial requirement should be assessed to analyze its viability.

Guidelines should be updated to fully reflect procedures with the IBP. For example, project submissions will be done through the IBP, and not in hard copy.

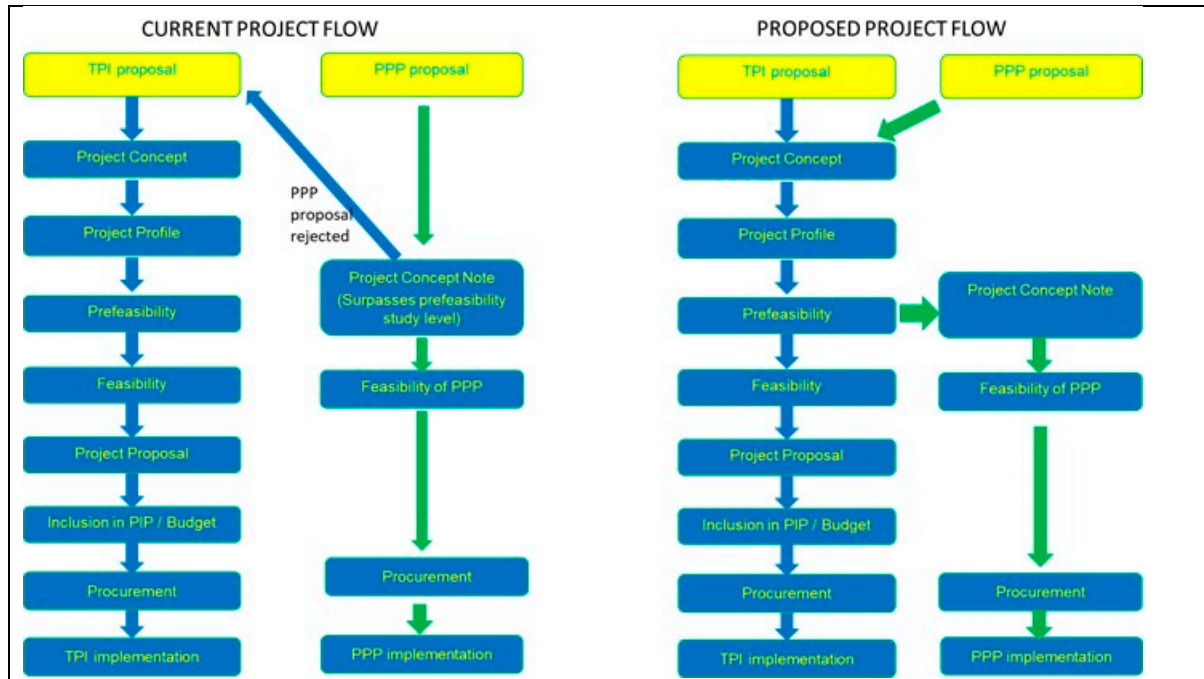
106. Distinguishing appraisal roles between the sector and the central government appraisal teams (DC, PAP) will smooth the project analysis process and limit the scope of work. On an ideal situation, sectors have a strong role on reviewing the project scope and cost, and the central planning team plays a peer reviewing role. Even if sectors have different project appraisal capacities, questions in the system workflow will inform the project preparation team which issues it should address in more depth. Likewise, the inputs provided by the sectors will determine the level of involvement of the central planning teams during the peer review process.

C. Harmonizing Traditional Projects and PPPs

107. From inception, PPP projects follow a different path than TPI projects. DC Guidelines establish four levels of approval before a project can be admitted into the PIP, namely Project Concept, Profile, Prefeasibility and Feasibility. After each study is completed it should be

submitted to MoFPED for consideration and approval by the DC. The PPP Act states that new PPP candidate projects should be registered with the PPP Unit, backed by a Project Concept Note (PCN) including a preliminary cost-benefit analysis (Figure 6.1).⁸ After review by the PPP Unit the project is presented to the PPP Committee which approves or rejects it the projects are also registered in different databases at PAP (IBP soon) and at the PPP unit. Therefore, neither PAP nor the PPP unit have a complete picture of the project pipeline and projects sent to the PPP unit have not been subjected to the initial screening of a Project Concept and Profile.

Figure 6.1. Current vs. Integrated Project Flow for PPP and TPI Projects



Source: IMF mission team based on PPP Act and DC Guidelines.

108. The content of a PCN as detailed in the PPP guidelines surpasses the content of a pre-feasibility study as defined in the DC Guidelines. Therefore, if a prefeasibility study is prepared following the DC Guidelines, it would provide a good base to prepare a PCN. Requiring MDAs to follow the initial steps of Project Concept, Profile and Pre-feasibility would help them on completing a PCN as required by the PPP Unit and would not contradict the PPP Act.

109. Not only the legal framework for PPP projects is stronger than for TPI projects, but also guidelines and supporting tools are more advanced. Work done by the PPP unit has generated detailed and extensive guidelines for PPPs (contracted) which are in a final stage of revision and comments (Sixth draft dated April 26, 2019) and cover the whole project cycle. Also a practical and well designed, Excel-based Project Screening Tool has been developed which can also be used for analyzing TPI projects.

⁸ National Public-Private Partnerships Guidelines, Annex B – Project Concept Note Template

110. Harmonizing workflows for TPI and PPP projects would improve coordination and increase efficiency and effectiveness of the appraisal stage in Uganda. Requiring all projects to follow the study stages defined in the DC Guidelines up to prefeasibility would harmonize project inception procedures, save resources on PCNs of bad PPP candidate projects, and create a common pipeline of future projects that can be implemented as TPI or PPP. Prefeasibility can include, under option analysis, determining which is the best way to implement the project. If it is a PPP, the project would branch off to the PPP unit and to the proposing MDA to prepare the PCN. This possibility would not necessarily contradict the PPP Act, given that it requires MDAs to present a PCN, which is equivalent to a prefeasibility study with some additional PPP related information.

111. Sharing of experience and tools between PAP and the PPP unit would be mutually beneficial. DC Guidelines can be improved based on the guidelines under development by the PPP unit, and the Project Screening Tool can be used by PAP, the DC, and eventually MDAs before sending their projects. The PPP unit could have access to the IBP to identify interesting projects at an early stage and benefit from the Public Investment Manual for Project Preparation and Appraisal for the preparation of cost benefit appraisal. See Table 6.1 for further detail.

Table 6.1. Methodologies, Guidelines and Tools Available for TPI and PPP Projects

Topic/Stages	Available for TPI	Available for PPPs
Framework	DC Guidelines	PPP act and Regulations National PPP Guidelines (draft)
Appraisal	Public Investment Manual for Project Preparation and Appraisal DC Guidelines and templates IBP	PPP act and Regulations National PPP Guidelines (draft) Project Concept Note template Project Screening Tool Model for Assessment of Fiscal Commitments
Implementation	Manual for Project Implementation and M&E (to be developed) IBP Phase II (to be developed)	PPP act and Regulations National PPP Guidelines (draft)
M&E during implementation	BMAU reports OPM Monitoring System	PPP act and Regulations National PPP Guidelines (draft)
Evaluation of outcome Ex-post evaluation	OP APEX platform	

D. Key Considerations for the Planned PIM Policy

112. The draft NIP includes some considerations concerning public investments. It states that for creating an enabling environment for enterprises to be able to improve their productivity and competitiveness, one key focus of attention will be on increasing productivity of public investments. This should be achieved by improving the efficiency and impact (effectiveness) of

public investments prioritized in the NDP and Uganda's longer-term Vision 2040 development agenda through improved prioritization and management of public investments for maximizing returns. However, the focus of the NIP is on creating an enabling environment for private investments.

113. 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. The PIM policy should include:

- The guiding principles for public investment management (efficiency, effectiveness, socio-economic worth, sustainability, transparency and equity);
- The objective and desired outcome of implementing a PIMS;
- The relevance of the PIMS for achieving NDP III goals;
- The identification of the institutions participating and their roles and responsibilities, covering the entire project life cycle;
- The committees and working groups that should implement the policy (DC, PPP Committee, SWGs, Project Preparation Committees);
- Principles/ overarching approach to public financial management for public investment projects;
- The tools to be used for achieving the expected objective (guidelines, methodologies, IBP);
- Link with specific issues like PPPs, government asset management, government management of its participation in state-owned enterprises and the public investment conducted by them;
- The need for a public sector culture of efficient and effective public investment by creating capacities in public officials and main sources and providers of training, including the intention to build a Center of Excellence in PIM at Makerere University; and
- Guidance for developing the legal framework (see Chapter VI section A above).

E. Summary of Recommendations

Recommendation 6.1: Strengthen the framework supporting PIM to ensure buy-in from all stakeholders and limit the risk that new procedures are dismantled.

- Develop a Public Investment Management Policy to create buy-in from all stakeholders into the new PIM processes and procedures, specifying roles and responsibilities.
- Improve the legal framework for PIMS to address at least two key issues, namely: (i) to formalize the roles and responsibilities of key stakeholders in the PIMS, and (ii) the imbalance between the strength of the PPP Act, and the lack of legal basis for the DC guidelines.

- Formalize the DC as a high-level committee, including representatives of key line ministries. The DC Subcommittee should be formalized to decrease the workload of the DC. Roles, tasks and attributions of both should be clearly defined.

Recommendation 6.2: Strengthen the appraisal stage by creating a single approval process up to pre-feasibility studies for all public investment initiatives.

- Modify the workflow for potential PPPs and TPIS so that all projects complete the same three initial appraisal stages (concept, profile and pre-feasibility). At the pre-feasibility level the DC should decide if the project should be pursued as a PPP and it would be transferred to the PPP Unit for further assessment.
- Adopt the project screening tool to guide the project preparation process for all initiatives.

Recommendation 6.3: 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.

- Create the requirement that at the procurement stage, if a project value as per the lowest bid surpasses the investment costs estimated at the feasibility stage by a certain margin it should be re-appraised and submitted again to the DC for re-approval. This provision would create a powerful incentive to a more precise estimation of project investment costs by MDAs

Annex I. Status of Previous CD Recommendations

With the diagnostic study of August 2016, MoFPED adopted and published its PIM Action Plan. Subsequently, the PS/ST requested capacity development support from the IMF to provide additional guidance on PIM reforms and suggest further PIM reform actions. Prior to this current mission there were two headquarters-led CD missions in March 2017 and March 2018, and two follow-on expert visits to support the development and implementation of the stock-take exercise in July 2017 and November 2018.

The authorities' diagnostic study, which was prepared with World Bank and DFID support, is

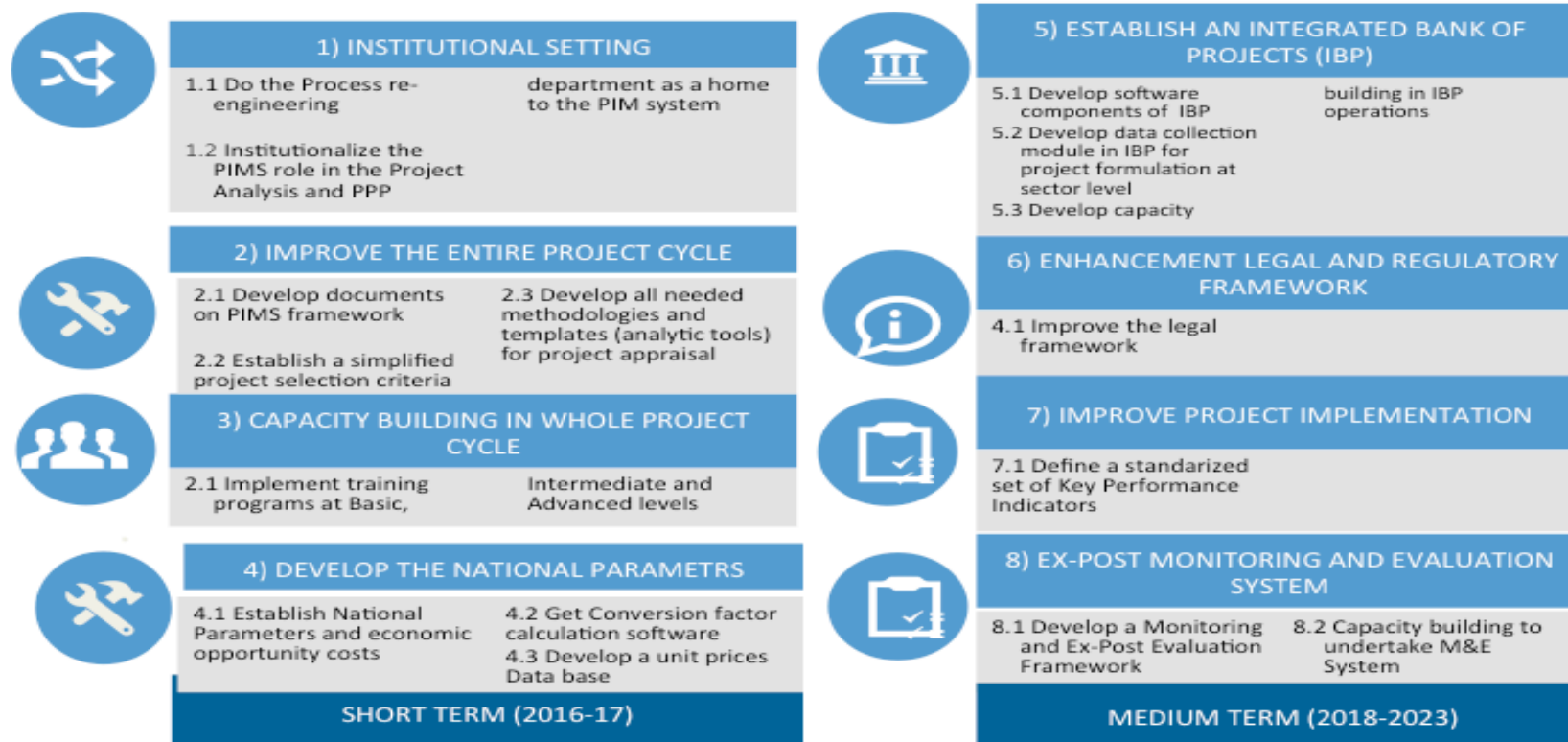
- "Strengthening Public Investment Management in Uganda: A Diagnostic Study;" Projects and Public-Private Partnerships Department, Ministry of Finance, Planning and Economic Development, The Republic of Uganda, August 2016.

Reports prepared by the IMF CD missions on PIM are as follows:

- March 2017 mission: "Uganda: Enhancing the Performance of Public Investment Management;" C. Roehler, J. Charaoui, M. Darcy, K. Khasiani, A. Navarro; May 2017.
- July 2017 expert visit: "Uganda: Aide Memoire – Initiating the Stock-taking of the Public Investment Program;" A. Navarro, M. Darcy; September 2017.
- March 2018 mission: "Uganda: Public Investment Management Reforms – Next Steps;" C. Roehler, E. Aldunate, A. Navarro; May 2018.
- November 2018 expert visit: "Uganda: Public Investment Program Analysis – Suggested Clean-up Criteria;" E. Aldunate, M. Rosas; November 2018.

The authorities' original PIM System Action Plan of 2016 is reproduced here:

PIM System Actions



Below is a status update on the recommendations of the March 2017 and March 2018 CD missions based on a review discussion with the Ugandan authorities and the findings of this current mission. IMF CD recommendations largely relate to the authorities' PIM Action Areas 1, 2, 5, 6, and 7.

Recommendations from the March 2017 CD Mission				
Rec No.	Recommendation	Original Proposed Timeline	Action Undertaken	Progress
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	The stock take, including an initial data collection and a data validation exercise, were completed for the projects in the FY16/17 PIP.	Achieved
2.	Strengthen elements and realign the appraisal process to make the DC a more effective gatekeeper, assessment against the MTEF takes place, and financing is decided only after the pre-feasibility study	December 2018	The DC is operating as a gatekeeper for public investment projects and an appraisal manual has been published. Link with the MTEF has not been strengthened. Financing, especially if donor-sourced, continues to be decided before project appraisal. Need to harmonize TPI and PPP processes recognized by PAP, PPP Unit and LMs.	Partly Achieved
3.	Develop a brief manual on fiscal risks of projects and, in particular, of PPPs	December 2017	The PPP Unit is in the process of adopting a FCCL Tool that is based on the IMF/ WB PFRAM tool. Macro scenario analysis is possible with the FCCL, while the fiscal risk module of the PFRAM has been removed. No action has been taken regarding TPIs.	In Progress
4.	Develop specific guidance on financial appraisal (capital and recurrent) and implementation plans	December 2017	Responsibility for guidance on project financial information, and assessment of readiness of projects for implementation and full budget funding needs to be assigned to BPED or PAP	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	Pilot: October 2017	A PIP clean-up exercise was undertaken in FY18/19. On 432 projects recommendations were presented to the DC. 45 projects exited, 83	Done, an annual review of the PIP/ red-

Recommendations from the March 2017 CD Mission

Rec No.	Recommendation	Original Proposed Timeline	Action Undertaken	Progress
	projects, and agreeing a sector strategy for developing new projects – against the likely MTEF envelope for the sector	Adopt: October 2018	can reapply, 1 was transferred to recurrent. A next annual review is anticipated in Sept – Nov 2019.	flagged projects to start in FY19/20.
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	432 existing projects were reviewed by DC by sector in FY18/19. However, decisions on projects continue to be taken individually rather than as a portfolio and in the context of the medium-term resources.	In Progress.
7.	Develop realistic multi-year commitments and cash flow projections (bottom-up projections).	December 2017	A Multi-annual Commitments Statement was submitted to parliament in March 2019 in accordance with the PFM Act, while the cash flow forecasts continue to appear to be weak.	Partly Achieved.
8.	Develop summary information for decision makers and monitoring (PAP/ BPED)	December 2017	The March 2018 mission provided guidance, and some such information is now being prepared, e.g. in the draft Stock-take Report	Partly Achieved.
9.	Set up a project management team for the IBP	June 2017	IBP Phase I is being commissioned; IBP Phase II to be designed.	Phase I: Achieved Phase II: TBD
10.	Develop carefully the conceptual design of the IBP	December 2017	MoFPED with support from World Bank procured services of CRI. User needs and option analysis for the IBP II to be developed.	Phase I: Achieved Phase II: TBD
11.	Design work processes to keep information in the PIP/ IPD up to date and reliable	December 2017	An annual project review process is being initiated for the first time in Aug – Nov 2019, following up on the PIP clean-up exercise	In Progress
12.	Develop the capacity to monitor the whole project portfolio	December 2018	The stock-take database was used to present information on the whole project portfolio. A compendium of indicators for monitoring and	Partly Achieved

Recommendations from the March 2017 CD Mission				
Rec No.	Recommendation	Original Proposed Timeline	Action Undertaken	Progress
			evaluation of programs for the PBS has been used, which is applicable to projects as well. Actual implementation of reviews of the portfolio, of indicators, and alignment of indicators between PBS and IBP to be verified.	
13.	Continue to identify partners for PIM capacity building; find support for curriculum development	December 2017	An MoU with Makerere University's School of Economics on establishing a PIM Centre of Excellence was signed, and efforts continue to set it up, including with World Bank support.	In Progress

Recommendations from the March 2018 CD Mission				
Rec No.	Recommendation	Original Proposed Timeline	Action Undertaken	Progress
Validating Data and Carrying the Stock-take to Conclusion				
1	Conduct a thorough data validation exercise for the stock-take data, including completing missing information, and re-validating information that can be challenged based on other information. Conduct the data validation exercise in four phases (review experiences of the stock-take, design and organize the data validation, complete and update project templates, analyze data and prepare decisions). For a draft action plan with milestones see Annex II [of March 2018 CD mission report].	April - October 2018	The data validation exercise was completed through November 2018. Information gaps and inconsistencies were corrected to acceptable levels.	Achieved.
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	PAP reports that during the PIP clean-up and the budget process for FY19/20 LMs were confronted with the stock-take information, and discussions became more substantive.	In Progress.
3	Develop draft reporting templates for the information from the stock-take and on the PIP, which can guide prioritization of	Drafts in April/ May 2018,	Previous IMF CD has provided various templates that the authorities are now able to prepare, but a formal document to present to Cabinet does	In progress

Recommendations from the March 2018 CD Mission				
Rec No.	Recommendation	Original Proposed Timeline	Action Undertaken	Progress
	information gathering, and – once data are available - be used in a Cabinet paper on the PIP and in regular reports.	continuous refinement	not exist. The feedback received after the completion of the Cabinet paper on the stock-take (Action 4) will provide a good starting point to develop these templates.	
4	Prepare a Cabinet paper on the PIP, presenting the structure of the PIP from the stock-take information, key decision points on the PIP from the stock-take and for FY 19/20, and possibly an outlook on the re-application process.	October 2018	A draft report on the results of the stock-take exercise has been prepared and is currently under revision by the authorities. It will be presented to high-level officials as part of the “closing the stock-take” exercise.	In Progress
Cleaning the PIP and Validating the Project/ Program Design through a Re-application Process				
5	Decide on the scope and criteria for projects to be included the PIP in the future. Properly classify initiatives, distinguishing between projects and programs, and expenditure types. Decide on whether to handle productive and social programs under a “National Development and Investment Program” or as programs in the recurrent budget under the PBB. Identify other criteria for re-admittance to the PIP.	Iterative to October 2018	PIP classification continues to be based on votes and individual projects, failing to recognize activities that can be part of a larger initiative. Nor has this issue been considered yet in conjunction with the development of the IBP.	Not Done.
6	Conduct a re-application process for all PIP projects, requesting MDAs to submit all essential project information, including a <u>basic</u> logical framework matrix as a reference tool for assessing alignment with the NDP and future monitoring.	Initiate Apr/ May 2018 Conduct Sept - Dec 2018	A PIP clean-up was conducted, and projects with insufficient information or other red flags requested to reapply. 83 projects are currently frozen subject to completing the reapplication. During FY19/20, at least the 200 projects that are slated end will be reviewed.	Largely Achieved.
7	In the mid-term review of the NDP, update guidance on prioritization of NDP, SDP and SDG goals.	December 2018	The mid-term review is underway and should be completed in the first half of 2020.	In Progress
Establishing Project Registration				
8	Set up procedures for comprehensive project registration, and identify an interim IT solution for registration.	September 2018	New projects will start to be registered in the IBP. MoFPED has not decided if the information in the stock-take will be uploaded into the IBP.	In Progress

Recommendations from the March 2018 CD Mission

Rec No.	Recommendation	Original Proposed Timeline	Action Undertaken	Progress
9	Start the IBP development with a careful design phase, and make the project registration module an early deliverable.	June 2019	A trial version of the project module for project registration and appraisal tracking has been delivered and the final version will be completed before the end of FY 18/19.	In Progress
Improving the Multi-Year Commitment Statement				
10	Strengthen the MYCS 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 FY 19/20	The MYCS was presented on schedule and has been strengthened but it still fails to be address appropriately the MTEF and has some inconsistencies with the PIP portfolio.	In Progress
11	Enforce timely registration of contracts in the IFMIS and include information on signed contracts in the MYCS.	March 2019 for FY 19/20	Contract registration in the IFMIS not completed, not included in the MYCS.	Not done.

Annex II. Authorities Supplemental PIM Action Plan

	Original PIM System Actions	IMF Proposed New/Adjustment to Actions	IMF Number	Recommendation
Short Term	1.0 Institutional Setting	Strengthen the Institutional Setting		
	1.1 Do the Processing Re-engineering	Unify Project Review Process with PPPs Up to Pre-feasibility Stage	6.5	Integrate potential PPP projects to the PIM until prefeasibility has been completed.
	1.2 Institutionalize the PIMS role in the Project Analysis and PPP Department as Home to the PIM System	Clearly Define Roles and Responsibilities within PIM, including the Monitoring and Evaluation Stage	5.2	Develop an integrated vision of the PIM and PIM systems that includes a complete vision of roles and responsibilities of all stakeholders
	2.0 Improve the Entire Project Cycle	Improving the Budget Cycle and Availability of Project Data		
	2.1 Develop Documents on PIMS Framework			
	2.2 Establish a simplified Project Selection Criteria			
	2.3 Develop all needed methodologies and templates (analytical tools) for project appraisal	Further Develop and Streamline Project Appraisal Methodologies and Processes	6.4	Make the project appraisal process more effective by developing sectorial appraisal guidelines, and distinguishing the roles of the sector and the central appraisal units more clearly
		Develop an Annual Project Update Process	2.1	Operationalize an annual project review to update project information
			2.2	Formalize a process to update project information on a yearly basis before the IBP-II is implemented, incorporate learnt lessons into the process design.
		Improve Project Classification	5.6	Define coverage of the PIP (only capital investment or also social/development projects) and articulate the project classification or typology, that can help increase efficiency of the project management in all phases of the life-cycle.
		DC Project Oversight Fully Covers Project Cycle	6.6	Create the requirement that if a project value as per the lowest bid surpasses the investment costs estimated at the feasibility stage by a certain margin it should be re-appraised and submitted again to the DC for re-approval. This provision would create a powerful incentive to a more precise estimation of project investment costs by MDAs
	3.0 Capacity Building in Whole Project Cycle			

	Original PIM System Actions	IMF Proposed New/Adjustment to Actions	IMF Number	Recommendation
	3.1 Implement training programs at Basic, Intermediate and Advanced levels			
	4.0 Develop the National Parameters			
	4.1 Establish National Parameters and Economic Opportunity costs			
	4.2 Get Conversion Factor Calculation Software			
	4.3 Develop a Unit Prices Database			
Medium Term	5.0 Establish an Integrated Bank of Projects (IBP)	Further the Development of the IBP		
	5.1 Develop Software Components of IBP	Design next IBP Phases, including Various Stakeholder Consultation	5.1	For the IBP Phase II, undertake a thorough assessment of user requirements, and carefully design workflows and interlinkages with other IT systems. Initially focus on the link with the IFMIS and PBS. Constitute a multi-sector and multi-unit team for this design work.
	5.2 Develop Data Collection Module in IBP for Project Formulation at Sector Level	Develop a Robust Project Coding Structure	5.5	Develop an improved project coding structure that allows information exchange between the different information systems.
		Use IBP to Develop a Project Register	5.7	Consider how to keep track of all projects and their key information. Develop rules and procedures for project registration, including for relevant projects that have not (yet) come to the DC.
			5.4	Accelerate the transition of projects into IBP Phase I through migration plans based on priority projects and on sectorial migration plans
	5.3 Develop Capacity Building in IBP Operations	Continuous Development Approach of the IBP	5.3	Ensure that the IBP has strong reporting functionality
	6.0 Enhancement Legal and Regulatory Framework			
	6.1 Improve the Legal Framework	Develop a PIM Policy	6.1	Develop a Public Investment Management Policy to create buy-in from all stakeholders into the new PIM processes and procedures

Original PIM System Actions	IMF Proposed New/Adjustment to Actions	IMF Number	Recommendation
	Strengthen Legal Framework for PIM	6.2	The supporting legal framework for the PIMS should be improved to address at least two key issues, namely (i) to formalizing the roles and responsibilities of key stakeholders in the PIMS, and (ii) the imbalance between the strength of the PPP Act, and the lack of legal basis for the DC guidelines.
	Formalize DC Role within PIM	6.3	Consider how to formalize the DC as a high-level committee which could include representatives of key line ministries
7.0 Improve Project Implementation			
7.1	Define a Standardized Set of Key Performance Indicators	2.3	Publish a report on the stock-take, and archive the stock-take database
	Strengthen the Link between Project Tracking and Budgeting	3.1	Design DC approval forms for new projects that clearly convey project costs and the medium-term fiscal envelope
		3.2	Use the medium-term forecasts of the previous budget cycle as the starting point for the following year's project review and budget discussion
		3.3	Review and determine who in MoFPED will be assigned the responsibility for bringing together information from project planning and budgeting
		3.4	Distinguish in the IBP design approval of a feasibility study from approval of eligibility for budget funding.
		4.1	Use the MYCS to communicate existing fiscal commitment against the medium-term fiscal constraints.
	Strengthen Commitment Control	4.2	Operationalize and enforce timely registration of contracts and certificates of works in the IFMIS and include this information in the MYCS.
8.0 Ex-Post Monitoring and Evaluation System			
8.1	Develop a Monitoring and Ex-post Evaluation Framework		
8.2	Capacity Building to Undertake M&E Framework		

Annex III. Potential Structure for a Multi-Year Commitment Statement

Preamble

State the legal requirement for the report, but also elaborate on its purpose as defined by the MoFPED. Define the scope of the report – how are commitments defined relative to other government spending plans. Cover:

- Who is the report for?
- Why are you communicating with them?
- What do you expect them to do with the report?

Introduction

An overview of the report that introduces the main story and themes, describes the content of the report and presents key information.

- Provide an overview of the development budget (historical and medium-term projections), discussing dynamics that are relevant to the financing of commitments.
- Summarize the commitment outcomes for the past year and an update on current year.
- Identify the key trends and dynamics in project commitments going forward
Explain how commitments have been limited/prioritized to fit within the budget framework.

Development spending, forward-looking

Provide an elaboration of the main historical trends and the budget projections for committed spending.

- Trends in the development budget and its financing
- Analysis of the commitments that make up the development budget
 - The draft Stock-take Report has a lot of interesting analysis on the changes and composition of the PIP in the “Findings of the Stock Take Exercise” section. Some of this could be developed as a useful contribution to analysing and monitoring commitments.
- Include tables and graphs that give the reader the broad information that they require. For example:
 - Development budget as a share of the budget – outcomes and future,

- Changes in the structure of financing the development budget
- Value of commitments vs. the medium-term development budget ceilings, and implications for introducing new projects.

Sectoral overview

Provide an overview of the main trends in sectoral allocations. This is a narrative explaining how the sectors are investing in physical infrastructure. Sector specific issues can be briefly discussed, accompanied by illustrative graphs or tables.

- Show a consolidated table of commitment by sector
 - Include performance information – amounts allocated in previous budget, outcomes and revised estimates for the current year.
 - Show the new budget and medium-term allocation profile for the sector and discuss how it aligns with their commitments
- Identify factors that are driving changes in the values in commitment cash flow – for example, changes to cost base, poor planning, limited implementation capacity, etc.

Progress of main infrastructure projects:

Identify a set of projects that are important to provide more detailed overview of. Report on the government’s progress in implementing these projects, including measures to ensure their timely and cost-effective delivery. For example, you could look at the 10 largest projects, or work with the NPA and other offices to identify the 10 strategic (or APEX) Projects.

- A table structured as below per project would be useful
- Accompany each table with a short narrative explaining progress, honestly assessing historical performance and identifying measures to ensure the efficient future delivery of the project.

Suggested Template for Reporting on Specific Projects

Project details

Name							
Implementing agency							
Main project objective/ indicator							
Total project cost							
Remaining project cost							

Medium-term forecast

	Total project cost	Remaining costs	2019/20	2020/21	2021/22	2022/23	2023/24
Budget 2019/20							
Budget 2020/21							

Project developments, including comment on cashflow deviations and revisions

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Annex IV. Types of Expenditures Included in the Current PIP

A review of the 350 initiatives currently included in the PIP and for which data was collected in the stock taking exercise, shows that they can be classified as:

- **Investment projects:** Clearly defined initiatives generating physical capital and having a defined completion date.
- **Investment programs:** Made up of a set of investment projects aimed at a common objective. Currently no clear identification of projects in this program is provided and no completion date is foreseeable
- **Retooling projects or programs:** Aimed at replacing cars, furniture and equipment, i.e. "property, plants and equipment." Some current projects include creation of infrastructure or acquisition of major machinery or equipment; this component should be presented as a separate investment project.
- **Appraisal studies:** Feasibility studies of investment projects. These studies should be considered as part of a project life cycle.
- **Productive programs:** Aimed at creating or improving productive capacity and facilitating marketing of goods often without defined completion date. Example: seed programs. While in support of NDP objectives, they don't necessarily create physical capital. Where creation of infrastructure is included, it should be presented as a separate investment project. Other components should be monitored and evaluated for results.
- **Social programs:** Program objective is to satisfy a social need by providing goods or services. These should not be considered investment but are key for achieving some of the NDP goals and should be monitored and evaluated for results on a regular basis.
- **Basic Studies:** These are major research activities that may give rise to future investment projects. Example: Geological mapping. Still, they cannot be classified as investment.

Annex V. Country Examples of PIM Laws

Type 1. PIM Framework based on a specific PIM Law

- Argentina: Law N° 24354 (1994))
- Bolivia (Law N° 1178 (1990))
- Peru (Law N° 27293 (2000))
- Uruguay (Law N° 18.996 (2011)).
- Draft PIMS laws are under discussion in Paraguay and Mozambique.

Type 2. PIM framework is regulated under another Law or Act

- Chile: Organic Law of Financial Administration of the State (1975) Art. 19 bis
- El Salvador: Organic Law of Financial Administration of the State (1966), Art. 34 and 85.
- Nicaragua: Law of Financial Administration and the Budgetary Regime, Law 550 (2005) Title IX.
- Jamaica: Financial Administration and Audit Act, Financial Instructions (2017) Chapter 6 Public Investment Management.

Type 3. PIM framework is based on the role of institutions

- Honduras:
 - Legislative Decree N ° 218-96: Under secretariat of Credit and Public Investment of the SEFIN responsible for Programming functions of public investments
 - Legislative Decree Number 83-04: DGIP Technical Body Coordinator of the Public Investment Program.
- Panama:
 - Law No. 97 of 1998: Creation of the Ministry of Economy and Finance
 - Ministerial Resolution No. 131 of 1999: Creation of the Investment Programming Directorate, its structure and functions

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