

Document of
The World Bank

Report No: 35569

IMPLEMENTATION COMPLETION REPORT
(GRTD-H1210)

ON A

GRANT

IN THE AMOUNT OF US\$ 150 MILLION

TO THE REPUBLIC OF

UGANDA

FOR A

FOURTH POVERTY REDUCTION SUPPORT OPERATION

June 30, 2006

CURRENCY EQUIVALENTS

(Exchange Rate Effective)

Currency Unit = Uganda Shilling (Ush)
US\$ 1 = Ush 1867.50 (June 29, 2006)

FISCAL YEAR

July 1-June 30

ABBREVIATIONS AND ACRONYMS

AGO	Accountant General's Office
CSO	Civil Society Organization
CPCC	Cabinet Subcommittee on Policy Coordination
HSSP	Health Sector Strategic Plan
ICSC	Implementation Coordination Steering Committee
ICR	Implementation Completion Report
IGG	Inspector General of Government
IFMS	Integrated Financial Management System
IMR	Infant Mortality Rate
JLO	Justice, Law and Order
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries.
MoFPED	Ministry of Finance and Economic Planning
MoLG	Ministry of Local Government
MTEF	Medium Term Expenditure Framework
MoPS	Ministry of Public Service
MWLE	Ministry of Water, Lands and Energy
MMR	Maternal Mortality Rate
NGO	Non Governmental Organization
OPM	Office of the Prime Minister
OAG	Office of the Auditor General
PFAA	Public Financial Accountability Assessment.
PMA	Plan for the Modernization of Agriculture
PRSC	Poverty Reduction Support Credit
TICC	Technical Implementation Coordination Committee

Vice President:	Gobind Nankani
Country Director	Judy O'Connor
Sector Manager	Kathie L. Krumm
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UGANDA
Poverty Reduction Support Credit 4

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<i>Project ID:</i> P074082	<i>Project Name:</i> Poverty Reduction Support Credit 4
<i>Team Leader:</i> Young Chul Kim	<i>TL Unit:</i> AFTP2
<i>ICR Type:</i> Core ICR	<i>Report Date:</i> June 30, 2006

1. Project Data

Name: Poverty Reduction Support Credit 4 *L/C/TF Number:* GRTD-H1210
Country/Department: UGANDA *Region:* Africa Regional Office

Sector/subsector: Central government administration (20%); General agriculture, fishing and forestry sector (20%); General water, sanitation and flood protection sector (20%); Health (20%); General education sector (20%)

Theme: Public expenditure, financial management and procurement (P); Administrative and civil service reform (P); Population and reproductive health (P); Rural services and infrastructure (P); Education for all (P)

KEY DATES

	<i>Original</i>	<i>Revised/Actual</i>
<i>PCD:</i> 10/07/2003	<i>Effective:</i> 02/28/2005	02/28/2005
<i>Appraisal:</i> 03/16/2004	<i>MTR:</i> 11/01/2006	11/01/2006
<i>Approval:</i> 09/02/2004	<i>Closing:</i> 09/30/2005	09/30/2005

Borrower/Implementing Agency: GOVERNMENT OF UGANDA/MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

Other Partners:

STAFF	Current	At Appraisal
<i>Vice President:</i>	Gobind Nankani	Callisto Modavo
<i>Country Director:</i>	Judy M. O'Connor	Judy M O'Connor
<i>Sector Manager:</i>	Kathie L. Krumm	Dzingai B. Mutumbuka
<i>Team Leader at ICR:</i>	Young Chul Kim	
<i>ICR Primary Author:</i>	Peter Miovic & Alema E. Siddiky	

2. Principal Performance Ratings

(HS=Highly Satisfactory, S=Satisfactory, U=Unsatisfactory, HL=Highly Likely, L=Likely, UN=Unlikely, HUN=Highly Unlikely, HU=Highly Unsatisfactory, H=High, SU=Substantial, M=Modest, N=Negligible)

Outcome: S
Sustainability: L
Institutional Development Impact: SU
Bank Performance: S
Borrower Performance: S

QAG (if available) ICR

Quality at Entry:
Project at Risk at Any Time: No

3. Assessment of Development Objective and Design, and of Quality at Entry

3.1 *Original Objective:*

3.1.1 **Program context.** The fourth Poverty Reduction Support Credit (PRSC4) is the fourth in a series of financing operations supporting the implementation of Uganda's second Poverty Eradication Action Plan (PEAP-2)¹. An Implementation Completion Report (ICR) for the first three PRSCs (Report No: 28838) was presented to the Board of the World Bank on March 10, 2005. Each PRSC in Uganda finances one year of a rolling three-year program in support of the PEAP and one ICR is normally provided for a sequence of three operations. PRSC4 is unusual in that it was the last in the series of operations to support Uganda's second PEAP. Originally, it was envisaged that PRSC4 (as well as 5 and 6) would be aligned directly with and provide financial support for the implementation of the third PEAP. In the event, the preparation of the third PEAP was delayed and in order to continue to have predictable resource flows to the budget, the Government and the Bank decided to proceed with preparation of PRSC4 aligning it directly to the second PEAP but ensuring that the medium term program supported by PRSCs 4, 5 and 6 would be consistent with the third PEAP. It was further intended that any necessary adjustments could be made during preparation of PRSC5. Despite this, and the design of PRSC4 to finance one year of a rolling three year program, it was decided that a full ICR should be provided for PRSC4 and that PRSCs 5, 6 and 7 would be evaluated as a series.

3.1.2 There are a number of conceptual difficulties in preparing a single ICR for PRSC-4 (as there would be for any single year PRSC): it is difficult to create linkages between previous and future PRSCs and also the period for which PRSC4 is to be assessed is uncertain.² PRSC4 should technically be assessed on the achievements noted in the PRSC4 Program Document, generally coinciding with the financial year 2003/04 ending in June 2004. However, the grant was released in April, 2005 and presumably financed the reforms achieved over the remainder of the financial year (2004/05) which coincided with preparation of PRSC5. Therefore, for the purposes of this ICR, PRSC4 is assessed using a number of measures : (i) performance on reforms over the period of the financial year 2003/04, (ii) Prior Actions that were anticipated for PRSC5 as PRSC4 went to the Board, compared with those actually taken for PRSC5, (iii) a determination of which of the lessons learned from the ICR for PRSC 1-3 had influenced the design of PRSC4 and (iv), information that became available on the outputs of the program since PRSC4 went to the Board.

3.1.3 Another conceptual difficulty, presumably common to evaluating PRSC series as well as individual operation, how to separate out the contribution which many other Bank and development partner projects were making to support the PEAP reforms.³ PRSC4 benefited from several ongoing Bank operations in its efforts to support PEAP implementation and contributed to their success through particular actions. For example, the Agricultural Research and Training project needed action on budget allocation and PRSC4 continued to seek this, while the private sector project under development during PRSC4 preparation undertook to advance the land tenure work.

3.1.4 **ICR for PRSCs 1, 2 and 3.** The first three PRSCs were conceived and implemented as part of a rolling three-year PRSC program and aimed at supporting aspects of implementation of Uganda's second PEAP. The ICR for the first series of PRSCs (PRSC1, 2 and 3) assessed the program outcome as satisfactory (Report No: 28838, March 10, 2005). The ICR commented on

the contribution to macroeconomic stability and financial resource management through ensuring more effective transfers of allocated funds and reducing the deviation between budgeted and annual expenditures and through increasing the predictability of donor resource flows.

3.1.5 Specifically, in regard to support for the four pillars of the second PEAP, the ICR found successes and failures with many difficulties associated with measuring progress. However, the overall outcome is assessed as satisfactory.

3.1.6 The ICR also confirmed that the PRSC program had a substantial institutional development impact in a number of areas although the overall institutional impact was assessed as modest. The three social sectors are examples though it was not easy to ascribe specific impact as a result of the three PRSCs. The establishment of 14 Sector Working Groups and the establishment of the inter-ministerial coordinating mechanism in the Office of the Prime Minister facilitated the PRSC dialogue with Government and were duly acknowledged. The sustainability was rated as Likely as PRSCs had created a momentum: strong focus on the PEAP, many institutional structures and processes, the start of the decentralization of responsibility, the initiation of participatory processes, and an effective instrument for budget support.

3.1.7 The lessons learned of relevance to future PRSCs included: in order to increase the incomes of the poor, strengthening the economic enabling environment isn't enough. More direct interventions may be needed. Work is needed at district level to ensure civic involvement and participation. Future PRSCs must state goals in concrete measurable terms, although that is easier said than done. The Bank should provide Government with improved ongoing support and facilitation, including by increasing resident technical expertise. Weak capacity of local governments should be kept in mind. There was need for Government and development partners to agree on a long-term financing strategy to govern and coordinate future levels of aid, including clarifying a graduated response in the case of reforms being off-track. The PRSC should not have to carry alone the control of corruption and defense expenditure.

3.1.8 While many of these lessons were known towards the end of preparation of PRSC4, the final ICR went to the Board only in March, 2005, while PRSC4 was approved in August, 2004. Accordingly, not all lessons could be expected to be addressed in PRSC4.

3.1.9 **Objectives of PRSC4.** PRSC4 was prepared during the fiscal year of 2003/04 and presented to the Board of the World Bank on August 5, 2004.⁴ It followed the first three PRSCs (PRSC3 approved in September 2003) and its objectives continued the reform program supported by its predecessors. PRSC2 and PRSC3 had each specified outputs and targets for PRSC4. PRSC4 was also developed with the expectation that the reform program would be supported by two subsequent PRSCs. Thus PRSC4 specified outputs and targets for that three year period, including years covered by PRSC5 and PRSC6. PRSC4 provided a grant of \$150 million and this was released on April 21, 2005.

3.1.10. The development objectives of the proposed PRSCs series are to finance the implementation of Uganda's long-term PEAP objectives through support for three-year outputs and the policy actions required to achieve these outputs with a specific focus on policy and

institutional reforms with a higher impact on poverty.⁵ The overall objective of PRSC4 was “equitable access to and effective delivery of public services and improved rural development”. In addition, PRSC4 sharpened the focus on gender, infant and maternal mortality, female fertility rates, and results-orientation. Figure 1 below shows the relationship between PEAP 2 and the overall objective, the ten outcomes and the forty one outputs of PRSC4. There is a rough correspondence between the four pillars of PEAP 2 and the outcomes of PRSC4, but it is not a strictly one-to-one mapping (Pillar 1 is supported by Outcome 1, Pillar 2, by Outcomes 2-5, Pillar 3 by Outcomes 6-7, and Pillar 4 by Outcomes 8-10).

3.1.11. Design of PRSC4. The design of PRSC4 replicated the three previous PRSCs: a one year single-tranche operation with Board presentation based on Government’s achievement of a small number of Prior Actions and disbursement of the \$150 million grant to follow effectiveness. This design has a number of benefits, including simplicity and predictability with reforms achieved before Board approval. The design “supports national self-reliance, encourages monitoring and learning from experience, and facilitates coordination across government agencies, between government and development partners, and among development partners.” (ICR for a first series of PRSCs 1- 3) Difficulties in the past included the way goals were couched with procedural steps replacing outputs and outcomes. To the extent the results were described, they were not easy to measure. PRSC4 addressed this problem directly by describing outcomes in relation to their impact on the objectives of the four PEAP 2 pillars. Bearing in mind changes envisaged for the third PEAP then under preparation. It also related a set of three year outputs to each of the ten outcomes and described them in measurable terms (recall that PRSC4 was designed as the first in a three year rolling reform program). In addition, Schedule II, the Policy Results Matrix, showed for each outcome and output the progress indicator, target and base year, data source and policy actions for PRSCs 4, 5 and 6 while Schedule III showed progress on outcomes and outputs for PRSC4 only. These schedules were developed jointly with the Government (the Office of the Prime Minister) and the development partners. UK, Netherlands, Ireland, Sweden and Germany. Finally, Annex 1 of the PRSC4 Program Document provided details of the reform program, under results, progress and strategy. While this was written mainly by the Bank team, it was checked and agreed by development partners and Government. Developing these schedules and the annex ensured that there was broad understanding of the objectives across government ministries, donor agencies and within the Bank team.

3.1.12 A second important development within PRSC4’s design is the effort to spell out the principles and processes of developing Prior Actions.⁸ During PRSC4 preparation, the principles for development of Prior Actions were discussed and agreed with Government and development partners. They are attached to the PRSC4 Program Document as Annex 3. In addition during the negotiation for PRSC4 it was agreed tht for future PRSCs a two page note would be developed for each Prior Action and these would become the basis for assessment of achievement. It was agreed then that such notes wold be produced early on in the PRSC year to ensure that there was a shared understanding among partners which would guide the implementation of the prior actions. PRSC5 began this practice.

Figure 1: Summary of Second PEAP and PRSC Objectives

PEAP: Overall Objective: Reduction of Poverty Headcount to 10 percent by year 2017							
PEAP Pillar I: Creating a Framework for Economic Growth and Structural Transformation		PEAP Pillar II: Strengthening Good Governance and Security			PEAP Pillar III: Increasing the Ability of the Poor to Raise their Incomes		PEAP Pillar IV: Improving the Quality of the Poor
↑ ↑ ↑ ↑ ↑ ↑ ↑ ↑							
PRSC : Overall Objective: Equitable Access to and Effective Delivery of Public Service and Improved Rural Services							
<p>Outcome 1. Efficient and equitable use of public resources</p> <p><i>Three year outputs:</i></p> <p>1.1 Comprehensiveness of MTEF facilitates coherent budget management;</p> <p>1.2 Strengthened local ownership of decentralized public service delivery;</p> <p>1.3 Increased use of beneficiary assessments to promote public accountability;</p> <p>1.4 Improved funding and coverage of national pension schemes;</p> <p>1.5 A coherent strategy and clear division of labor established for M&E addressed in policy and budgets;</p> <p>1.6 Implications of gender inequality for growth and development addressed in policy and budgets development; and</p> <p>1.7 Policy and budgets address the implications of rapid population growth/high infant and maternal mortality for</p>	<p>Outcome 2. Improved capacity and performance of the public service</p> <p><i>Three year outputs:</i></p> <p>2.1 Pay levels for GOU professional/managerial staff are competitive and consistent with controlled expansion in public administration/ service;</p> <p>2.2 Personnel management and payroll systems accurately reflect actual GoU employment and staff costs; and</p> <p>2.3 Public sector reform program linked to PEAP and sector plans.</p>	<p>Outcome 3. Strengthened financial mgmt. practices</p> <p><i>Three year outputs:</i></p> <p>3.1 Legal and institutional framework updated and implementation commenced;</p> <p>3.2 Integrated financial management system replaces current manual system to ensure complete, accurate and timely financial reporting;</p> <p>3.3 Lower fiduciary risk and strengthened public financial accountability cycle in central and local government; and</p> <p>3.4 Strengthened external audit structures and practices, and enhanced quality of audit services rendered.</p>	<p>Outcome 4. Stronger rule of law, transparency, detection and sanctioning of corrupt practices</p> <p><i>Three year outputs:</i></p> <p>4.1 Improved access to justice and increased efficiency and effectiveness in the administration of justice, law, and order;</p> <p>4.2 Strengthened detection of corrupt practices;</p> <p>4.3 Greater effectiveness in sanctioning corrupt acts by key groups of leaders; and</p> <p>4.4 Improved accountability and effectiveness of public procurement.</p>	<p>Outcome 5. Improved civil society participation</p> <p><i>Three year outputs:</i></p> <p>5.1 A better operational environment for government and NGO partnerships;</p> <p>5.2 Standard methodologies for civil society monitoring of GOU performance;</p> <p>5.3 A harmonized framework for community participation in service delivery</p>	<p>Outcome 6. Improved environmental sustainability</p> <p><i>Three year outputs:</i></p> <p>6.1 Establishment of a sustainable and integrated approach to environmental management; and</p> <p>6.2 Established and functioning agencies for forest resource management.</p>	<p>Outcome 7. Improved Enabling environment for transition from subsistence to commercial agriculture:</p> <p><i>Three year outputs:</i></p> <p>7.1 Strengthened coordination of PMA implementation;</p> <p>7.2 Increased access to and relevance of agricultural advisory services;</p> <p>7.3 Strengthened microfinance and rural financial markets;</p> <p>7.4 Reduced agro-processing and marketing constraints;</p> <p>7.5 Strengthened tenure security, particularly greater access to and control over land by women;</p> <p>7.6 Improved food security and nutrition.</p>	<p>Outcome 8. Achieve Universal Primary Education</p> <p><i>Three year outputs:</i></p> <p>8.1 Improved quality of teaching;</p> <p>8.2 Increased access to learning materials; and</p> <p>8.3 Improved learning environment</p>

3.1.13 Third, the continued development of the sector-wide approaches and associated annual reviews in Education, Health and Water and Sanitation and the efforts to extend these sector-wide approaches during PRSC4 enabled a very wide range of work on the sectors to be reflected in a single Prior Action for each sector. For example, satisfactory progress in implementing the undertakings in the health sector review in one year and confirmed in the next year is just the tip of the iceberg. Behind it stand nine undertakings in the sector and a comprehensive examination of progress together with setting of future goals. Similar sector review mechanisms were used in Education, and Water and Sanitation. During the period of PRSC4 preparation, work continued

to develop sector-wide approaches for Agriculture, Anti-corruption, Environment, Public Service Reform, Decentralization, and Justice, Law and Order with the agriculture sector now reviewing sector-wide progress annually and the others developing procedures to enable such reviews.

3.1.14. Finally, in regard to PRSC design, on the Government side, the coordination and monitoring of the PEAP moved from the Ministry of Finance and Economic Planning (MoFPED) to the Office of the Prime Minister (OPM) and PRSC team supported this change. Formal meetings during PRSC4 preparation were chaired by the Head of the Public Service and the PRSC team counterparts were the Permanent Secretary and officials in the Office of the Prime Minister (OPM). This was particularly useful in gaining consensus as the OPM is the recognized leader for Government ministries.

3.2 Revised Objective:

3.2.1 The Objective of PRSC4 was not revised.

3.3 Original Components:

3.3.1. As discussed earlier, PRSC4 supported selected elements of the second PEAP and the operation was approved on the basis of satisfactory progress on selected PEAP reforms. As shown in Figure 1 above, the four PEAP Pillars had ten associated outcomes and these outcomes had forty-one associated three-year outputs. The progress on each of these is described in the PRSC4 Program Document, Annex 1: Details of the Reform Program: Results, Progress and Strategy.

3.3.2 PEAP Pillar I: Creating a framework for economic growth and structural transformation.

The main outcome was expected to be: efficient and equitable use of public resources and there were seven three-year outputs associated with this outcome. Originally, the prior action executed through the PRSC4 period in pursuit of the first output was: agreement with development partners on MTEF for 2003/04 – 2005/06 and execution of the 2003/04 budget consistent with the allocations was intended to cover the first three quarters only. This Prior Action was changed to monitor the full year. Actions during the preparation of PRSC4 on outputs (i) to (iv) included outcome and output measures and targets within budgets of key sectors; integration of Official Development Assistance into the MTEF; implementation of the fiscal decentralization strategy in pilot districts; establishing service delivery standards based on national survey results; and assessment of cost implications of liberalized pension sector. Attention paid to the last three outputs (outputs (v) through (vii)) is described below under cross-cutting issues.

3.3.3. ***PEAP Pillar II: Strengthening good governance and security.*** Four outcomes of PRSC4 were related to this pillar. These four outcomes had fourteen three-year outputs associated with them. Actions taken under PRSC4 included two Prior Actions: Ministry of Public Service (MoPS) and Ministry of Finance, Planning and Economic Development (MoFPED) were to effect salary adjustments consistent with the pay reform strategy and MTEF; and MoPS and MoFPED were to complete a comprehensive draft policy paper on issues, measures and modalities for controlling the size of public administration and ensuring efficiency and effectiveness of the establishment in social sectors (they were also to have discussed this with social sector ministries).

Other actions included a participatory review of the Public Sector Reform Program (PSRP) and preliminary steps towards implementing the Integrated Personnel and Payroll System.

3.3.4. PRSC4 actions under outcome 3 included revision of Treasury and Accounting Instructions for the Public Finance and Accountability Act; approval of the new organizational structures of the Accountant General's Office; piloting of the accounting module of the Integrated Financial Management System in six ministries and four local authorities; revised Treasury Memoranda issued for 1997/98; Office of the Auditor General plans for implementation of the agreed approach for audit of sub-county local authorities on a sustainable basis, and the OAG carries out a staff capacity building program.

3.3.5. Originally (as anticipated in PRSC3), PRSC4 actions for outcome 4 included only one Prior Action: The Inspector General was to complete analysis of declared assets and information collected from key categories of leaders, initiate assets verification, investigate all complaints from the public received by his office by November 1, 2003, and present a time bound action plan for implementation of the Leadership Code. A second Prior Action was added in the course of preparing PRSC4 which had to do with improving accountability and effectiveness of public procurement PRSC4: "By May 2004 the Ministry of Local Government will have submitted to Cabinet the draft Local Government Procurement and Disposal of Assets Regulations and proposals to amend the Local Government Act, particularly on those issues relating to the appointment and removal of the tender board members in the Local Governments". This Prior Action had not been anticipated during PRSC3 preparation but was suggested by Government and development partners added during PRSC4 preparation.

Other actions under Outcome 4 included: satisfactory implementation of undertakings agreed on the Justice Law and Order sector review in June confirmed in December; the Department of Ethics and Integrity tables the amendment to the Prevention of Corruption Act in Parliament; MoPS tables the principles of access to government information to Cabinet; and select reports of Commissions of Inquiry published within six months of work completion together with a Government white paper on proposed action.

3.3.6. Actions taken during PRSC4 preparation under outcome 5 included; commencing the development of an NGOs policy; OPM and MoFPED facilitate discussions with Civil Society Organizations regarding monitoring and dissemination methodologies for effective linkage with policy processes; and Ministry of Local Government and local authorities implement and monitor the performance of the participatory planning and budgeting framework.

3.3.7. **PEAP Pillar III: Increasing the ability of the poor to raise their incomes.** There were two outcomes and eight outputs relating to this pillar. Outcome 6 was improved environmental sustainability and it had the following two outputs associated with it: (i) establishment of a sustainable and integrated approach to environmental management; and (ii) established and functioning agencies for forest resource management. Actions during the PRSC4 period included establishment of a sustainable and integrated approach to environmental management, and the establishment of functioning agencies for forest resource management.

3.3.8. Under outcome 7 actions during PRSC4 preparation included: approval by Cabinet of the National Agricultural Research Bill; submission of a restructuring plan for agricultural extension workers; regulations adopted by Bank of Uganda for implementation of the Microfinance Deposit-taking Institutions Act; revisions to the Cooperatives Act draft; a ten year District Roads Investment Program drafted; consultations undertaken on the Uganda Coffee Development Authority review report; Plan for the Modernization of Agriculture (PMA) Steering Committee reviews recommendations on the policy, legal and regulatory environment for the fish and maize sectors; Ministry of Trade Transport and Industry drafts a Warehouse Receipts Bill for tabling in Parliament; Ministry of Water Lands and Energy (MWLE) initiates rehabilitation of land registry records and designs a Land Information System; MWLE appoints members of land tribunals; MWLE conducts pilots of demarcation and certification in locations representing different land use systems; MWLE initiates development of evaluation tool for the Land Sector Strategic Plan to provide baseline assessments of women's rights, including awareness levels; dissemination of the National Food and Nutrition Policy.

3.3.9. **PEAP Pillar IV: Improving quality of life of the poor.** The three outcomes associated with this Pillar had twelve three-year outputs associated with them. For Outcome 8, the outputs were: (i) improved quality of teaching; (ii) increased access to learning materials; and (iii) improved learning environment. For Outcome 9 the outputs were: (i) reduction of HIV prevalence among adult population; (ii) increased use of health services for delivery; (iii) maintenance of the current level of DPT3 immunization coverage; (iv) increased use of family planning; and (v) improved maternal and child nutrition. For outcome 10, the outputs were: (i) increased access to safe water; (ii) improve hygienic practices; (iii) value for money and (iv) clean water to all health facilities.

3.3.10. The process of determining progress in each of these three sectors (education, health, and water and sanitation) is somewhat different from the review of other sectors in Uganda. It is carried out through national reviews of progress. This process is most mature for education (first review in 1998), then health (first review 1999), and finally water and sanitation which began its review process in 2001 (with support from PRSC2). Each sector review brings together a wide range of stakeholders, including development partners, government ministries and CSOs, and reviews reports of progress provided by the sector ministry and other related ministries (often Finance and Public Service). Each review also determines a set of undertakings which are agreed by all stakeholders and monitored annually. The achievement of these undertakings determines whether the review is "satisfactory". A rating of satisfactory in each of these sectors has been a Prior Action since the beginning of PRSCs.

3.3.11. . In regard to *Education*, the seven undertakings confirmed by the November 2003 review included undertakings on financial commitment, public expenditure management, quality enhancement, equitable access outcome, teacher recruitment and a strategic plan for higher education, strengthening of monitoring and learning, setting up of instructional materials and construction management units as part of civil service structure. The three input measures used, pupil to teacher, pupil to textbook and pupil to classroom ratios all improved over the PRSC4 period. (see table 1 below)

3.3.12. In regard to *Health*, eight undertakings were confirmed as met by the Health Sector review. These included: a tracking study of finance, a training plan, scaling up capacity building for anti-retroviral therapy for HIV/AIDS, initiating emergency obstetric care in all districts, and community mobilization for health service promotion and delivery. Many key indicators showed positive trends with most of the eighteen Health Sector Strategic Plan (HSSP) targets achieved. However, facility based deliveries which remains at 20.3%, is a concern.

3.3.13 In regard to *Water and Sanitation*, nine undertakings were confirmed as met. These included: revised sector investment and operational plans, commence implementation of a subsidy policy providing access for the poor, commence performance monitoring, carry out tracking studies, and develop a strategy for emergency response. The sector is delivering 3,000 new water points annually in rural areas and 10,000 in urban areas and is on track to meet the MDG of supplying 65% of the population with water and 80% with sanitation by 2015.

3.3.14. As pointed out in the discussion of actions in support of Pillar 1 above (para. 3.3.2) there were also a number of *cross-cutting issues* (outputs (v) through (vi) under Outcome 1): results orientation; gender; and high infant/maternal mortality and population growth.

3.3.15. *Results-orientation*. The planning process for PRSC4 focused on achieving results. All outcomes were revised and three year medium-term measurable outputs defined for most areas of the PEAP. The format of the PRSC4 policy matrix, the point of departure for discussions between Government and Uganda's development partners, was changed to facilitate better results orientation. Also, the policy matrix and quantitative monitoring indicators matrix of earlier PRSCs were merged into a Policy Results Matrix to assist a results-driven planning process. In order to enable a link with PRSCs 1- 3 on one hand and PRSC4, on the other, the PRSC4 Program Document also provided a matrix showing progress in implementing policy action benchmarks (Annex 2 of the PRSC4 Program Document: Development of Policy Action Benchmarks).

3.3.16. *Gender*. A PEAP gender team was appointed by the Government in 2002 and the team commissioned new analytical and policy-oriented work on the gender dimensions of poverty and on gender/growth linkages. This work is described in Annex 4 of the PRSC4 Program Document. Gender focused actions are being implemented across all pillars of the PEAP. Under Pillar 1, PRSC4 actions included: initiation of revision of the National Gender Policy; developing gender and equity budgeting guidelines for the 2005/06 budget cycle; and an analysis of gender and growth linkages in Uganda. Under Pillar 2, there was no specific gender output but there was a focus on gender and access to justice within the Justice, Law and Order sector review, including processing the Domestic Relations Bill and the Sexual Offences Bill. Under Pillar 3, PRSC4 actions included: development of evaluation tool for LSSP to provide baseline assessment of women's land rights, including the level of awareness. Under Pillar 4, Government would monitor the undertakings in the Education, Health and Water and Sanitation reviews to ensure that their gender dimensions were addressed explicitly.

3.3.17. *Infant and maternal mortality and population growth*. The multi-sectoral task force established to address this area of major concern reported in 2002. The Task Force is

coordinated by the Ministry of Finance Planning and Economic Development. Under PEAP Pillar 1, Outcome 1, the output is: policy and budgets address the implications of rapid population growth/high infant and maternal mortality for growth. Under PEAP Pillar 3, Outcome 7, the output is: reduce infant and maternal mortality. The PRSC4 action is dissemination of the National Food and Nutrition Policy. Under PEAP Pillar 4, Outcome 9 has a number of outputs associated with improved health care for mothers and children

3.4 Revised Components:

3.4.1. None of the components were revised.

3.5 Quality at Entry:

3.5.1. . The Quality Assurance Group did not conduct a Quality at Entry Review and as has been stated in para 3.1.2 assessing the Quality at Entry for this PRSC could be seen as assessing overall outcome, given that the results were achieved before the operation went to the Board. However, assessing the quality of design and the work undertaken with Government may give some indication of Quality at Entry. The design was based on previous PRSCs and this design has a number of benefits, including simplicity and predictability with reforms achieved before Board approval. In addition, PRSC4 addressed the problem identified with earlier PRSCs by describing outcomes in relation to their impact on the objectives of the four PEAP-2 pillars. Bearing in mind changes envisaged for the third PEAP then under preparation. It also related a set of three year outputs to each of the ten outcomes and described them in measurable terms (recall that PRSC4 was designed as the first in a three year rolling reform program). In addition, Schedule II, the Policy Results Matrix, showed for each outcome and output the progress indicator, target and base year, data source and policy actions for PRSCs 4, 5 and 6 while Schedule III showed progress on outcomes and outputs for PRSC4 only. These schedules were developed jointly with the Government (the Office of the Prime Minister) and the development partners. UK, Netherlands, Ireland, Sweden and Germany. The unexpected delay in preparation of the third PEAP and Government's request to continue preparation of PRSC4 placed additional demands on the PRSC4 team and they responded by working with the Office of the Prime Minister to ensure that the operation supported the development of and was aligned with the third PEAP. While the PRSC series was aligned with the 2000-2003 CAS (which had established the PRSC operation as the core of IDA's support for Uganda) the preparation of a new CAS was delayed to allow full alignment with the third PEAP and it was agreed that the Bank work with other development partners on a Uganda Joint Assistance Strategy (UJAS). This work was underway during PRSC4 preparation and the team contributed to this work and ensured that the design was consistent with UJAS thinking as it was known at that time. Accordingly, the Quality at entry is judged to be highly satisfactory.

4. Achievement of Objective and Outputs

4.1 Outcome/achievement of objective:

4.1.1. **Overall outcome of PRSC4 is assessed as Satisfactory.** The operation has done a satisfactory job of achieving its overall objective of making progress (along a multi-year path) in improving "equitable access to and effective delivery of public services and improved rural development". In turn, the pursuit of this objective has contributed to progress of Uganda's

objectives under the 4 pillars of PEAP 2. With the exception of the conflict-affected North, both input and outcome indicators for access and quality of key services in health, education, and water and sanitation continued to improve. Non-income measures of well-being, such as accumulation of assets by households, showed sustained improvements in living standards, especially in rural areas. Despite experiencing a severe terms of trade decline and prolonged drought that affected farm production and food prices, the economy continued to grow at a respectable annual average rate of 5.5 percent during 1999-2004, compared with the Sub-Saharan average of 3.3 percent over the same period. With a per capita gross national income (GNI) of US\$270 and one of the fastest population growth in the world, sustaining the momentum in reducing poverty is becoming increasingly challenging, as can be seen in the recent slowdown in the pace of poverty reduction and continuing rise in inequality. Reforms to improve service delivery supported under successive PRSCs have had a broad and lasting impact on the transformation and diversification of the economy, and on the quality of life. Overall, however, the macro and sectoral achievements made with support from PRSC4 have also benefited from the involvement of other development partners through dialogue and with financial support.

4.2 Outputs by components:

4.2.1 Achievement of outcomes and outputs of PRSC4 are measured in this ICR in several ways:

(i) Reforms measured by outcomes and outputs⁹, (the implementation of these actions can be gleaned from Annex 1, a brief discussion follows in paragraphs 4.2.2 through 4.2.11); (ii) anticipated prior actions in PRSC4 before PRSC5 went to board (iii) lessons learned from stocktaking of PRSC1-3 and (iv) input and comments from multi-sector PRSC team, development partners and other stakeholders.

4.2.2. In regard to progress on PEAP Pillar 1: *Creating a Framework for Economic Growth and Structural Transformation*, the PEAP outcome supported by PRSC4 had a limited focus: efficient and equitable use of public resources. Specifically, on progress towards the achievement of Outcome 1, an examination of each of the outputs under the outcome reveals mixed success, with clear progress towards some. One example of progress was the reduction of the deviation of actual from budgeted spending from 7.6% in 2000/01 to 5.4% in 2003/04, the period of preparation of PRSC4. The Medium Term Expenditure Framework (MTEF) developed during PRSC4 preparation targeted deviations of less than 5%. Also, supplementary expenses were not to exceed 3% of the total approved budget. This built on the passage of the Public Finance and Accountability act supported under PRSC3. In addition, the PRSC4 preparation period coincided with an increased share of budget going to the PAF from 35% in 2001/02 to 37.3% in 2003/04 and with plans to increase it still further over the period of the MTEF. Also, during PRSC4 preparation, Government proceeded with the integration of development partners project funding into the overall budget for the first time. Government also initiated a PRSC4 prompted study of how best to do this in future budgets. On the other hand, there was no visible progress towards other outputs under Outcome 1, e.g. increased use of beneficiary assessments to promote public accountability; or how policies and budgets would address the implications of rapid population growth/high infant and maternal mortality. There was a plan for each of these and advocates for each welcomed the attention given to each of these within the PRSC process. However, the answer to the question whether this will start real reforms in these areas must await the assessment of PRSCs 5 and 6.

4.2.3. Of the four outcomes supported under PEAP Pillar II: *Strengthening good governance and security*, PRSC4 made a significant contribution to progress notably in two areas. For example, PRSC4 helped to strengthen financial management practices through its focus on the legal and institutional framework, work on the Integrated Financial Management System (IFMS), and the strengthening of external audits. However, progress to date in the current PRSC cycle had been limited owing to some issues remaining unresolved viz the reorganization of the Accountant General's Office (AGO), finalization of the Treasury Instructions, the critical issue of the operational independence of the Auditor General and clearing of the backlog of PAC reports. The cumulative impact of the PRSC series (1 to 4) may have ensured that 96% of the self-accounting local governments had produced accounts to 2002/03 and submitted to the Auditor General. This was up from less than 30% five years before and with significant backlogs. In addition, a restructuring proposal for the new structures of the Accountant General's Office had been submitted for approval. There was some progress also on the implementation of the Integrated Financial Management System to replace the manual system then in place with six ministries and four local governments reporting progress. Critical legislation on the independence of the Office of the Auditor General (OAG) was developed and reviewed during the PRSC4 preparation period while the independence of the Auditor General was further strengthened by allowing him access to the accounts on classified expenditures as enshrined in Public Financial Accountability Assessment (PFAA) (Classified Expenditure) Regulations, July 2003. The OAG also received support from Local Government Development Project 2 (LGDP2) for auditing 600 sub-county accounts.

4.2.4 In addition to the progress on financial management, progress was evident in attaining improved accountability and effectiveness of public procurement. Expert observers had determined that the current modalities for appointing tender boards in local government had severe limitations and Government agreed. Accordingly, a new Prior Action to deal with this was agreed during PRSC4 preparation. A harmonized draft local government procuring arrangements was submitted to Cabinet and a draft Cabinet paper containing amendment proposals to the sections of the Local Government act relating to the appointment and dismissal of local Government tender board members was also prepared and tabled.

4.2.5. It is difficult to judge the progress on improved civil society participation with progress reported on the popularization and dissemination of the participatory planning and budget framework but no observations on the impact of this on participation. With respect to NGOs, the work on the NGO Data was completed and staff trained.

4.2.6. In regard to strengthened rule of law, transparency, detection and sanctioning of corrupt practices, there was considerable progress in advancing and consolidating the legal framework and ensuring a broad approach to dealing with these issues. A number of important aspects of the fight against corruption were taken further. First, following the declaration of assets by key leaders required under the Leadership Code, these asset declarations were published in Uganda's newspapers and this was supported publicly by Government. While it is not possible to assign credit for this to PRSC4, the pressure exerted by the PRSC series, in tandem with that from the Anti-corruption Working Group and some NGOs is likely to have enabled this to happen.

Second, the proposed amendments to Uganda's constitution, coupled with the successful challenge to the Leadership Code, had implications for revising the Prevention of Corruption Act and the principles were presented to Cabinet for discussion. Again, PRSC4 preparation, through the Anti-corruption working group, was instrumental in advancing this work. Third, there was limited progress in regard to the completion of analysis of declared assets and information collected from key categories of leaders (Cabinet Ministers, Ministers of State, Presidential advisors and Permanent Secretaries) including comparing declarations with recent declarations and critical analysis of the information provided on sources of income and acquisition of properties. In addition, the IGG followed up on complaints received from the public against the assets declarations but the workload was beyond the capacity of the office. In retrospect, neither Government nor the development partners, including the Bank, fully anticipated the legal and political implications of assets declaration and neither was prepared for the successful constitutional challenge on the IGs authority to conduct assets verification. In addition, there was not sufficient shared understanding between development partners and Government about what would constitute an effective asset verification.

4.2.7. One area in which PRSC4 had quite limited impact was improved capacity and performance of the public service. An examination of the ICR for PRSCs 1,2 and 3 indicates that this area has stagnated since the initiation of the PRSC process. "Planned PRSC-linked actions to improve efficiency and effectiveness of the public service have been postponed, and the public service reform strategy has taken longer than expected to be approved by Cabinet, with no action despite the fact that reform needs had been clearly analyzed in the Public Administration study." It is difficult to determine what progress was made during PRSC4 preparation. A number of studies and reviews were undertaken with reports to be discussed, action plans were prepared to be implemented later and a very limited amount (US\$15bn) was allocated in the budget to accommodate salary increases for professional/managerial staff. At the same time, the decision to increase salaries of health workers and teachers was not taken in accordance with agreed norms and these increases will have a significantly greater impact on budget than the 15 billion shillings allocated. However, The PRSC 4 facilitated sustaining the public service pay reform and its strategy by bringing MOFPED and MOPS together to take a common position on pay issues. This dialogue has improved over time. The PRSC4 helped government initiate measures to help contain the size of the public service. Under the PRSC, a payroll cleaning exercise started which was reinforced by the Presidential circular. This exercise also included completing the updating of personal information database for greater payroll control and human resources management. However, the process of putting in place a sustainable integrated system that would bring more transparency to personnel and payroll is taking much longer than planned due to limited funding for the exercise. The revamped public service reform program (PSRP) gives priority to this activity. With the support from development partners including the Bank through its Uganda Public Service Performance Enhancement Project (UPSPEP), the funding will be available to move more rapidly on this exercise. The PRSC4 has helped rally a broader support for the reform program, particularly within government. In that context the Bank has responded by preparing the UPSPEP to support the government's revamped PSRP in addition to providing support to areas of reforms identified by the PRSC policy dialogue. However, despite the PRSC budget support, Government has been unable to put substantial resources into public service reforms. A sector-wide approach program has been developed and will receive substantial support from

development partners.

4.2.8. Two outcomes were expected for PEAP Pillar 3: *increasing the ability of the poor to raise their incomes*: improved environmental sustainability; and improved enabling environment for transition from subsistence to commercial agriculture. Whether these are the only two important outcomes in regard to this pillar may be beyond the scope of this ICR but it is clear that other actions could benefit the ability of the poor to raise their incomes, including specialized training. The two outputs associated with environmental sustainability are process outputs and progress was noticeable, most important being further work on a sector-wide approach to engage the key players in this enterprise, and the establishment of a National Forest Agency.

4.2.9. On the second outcome: improving the enabling environment for transition from subsistence to commercial agriculture, PRSC4 did succeed in getting Cabinet consideration of the National Agricultural Research Bill (they approved it and it was submitted to Parliament) and a review of the cooperatives act was completed. In addition, arguably the most important Government effort to achieve this outcome, the Plan for the Modernization of Agriculture (PMA), was the subject of a review of the extent to which the seven ministries involved in implementing the plan had integrated PMA priority undertakings into their sectoral budgets. The review found that none had integrated these fully. Following the release of the review, ministries did incorporate key PMA undertakings into budget.

In regard to microfinance, PRSC4 supported the adoption by the Bank of Uganda of regulations for the implementation of the Microfinance Deposit-taking Institutions Act (passed by Parliament in November, 2002) and the Ministry of Trade Transport and Industry drafted revisions to the Cooperative Act strengthening the framework for savings and credit cooperatives. In regard to removal of constraints to growth, a ten year district road plan was approved and implementation began, the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) agreed with the PMA steering committee on reforms for the Uganda Coffee Development Authority, and the PMA steering committee reviewed the recommendations on fish and maize production. One of the more important medium-term outputs was to strengthen coordination of the Plan for the Modernization of Agriculture and, in this regard, the review of budget allocation and ministry prioritizations did lead to greater attention to PMA undertakings within budgets.

4.2.10. With regard to increased access to and relevance of agricultural research and advisory services, the two identified bottlenecks, i.e. the slow pace of de-layering district extension staff and the supply-driven nature of current agricultural research practices, were to be solved through approval by Cabinet of the Local Government Restructuring Plan and Parliamentary approval of the National Agricultural Research Bill. PRSC4 was instrumental in getting each of these tabled before the relevant bodies.

A Roads Investment Program was approved and design and tender documents were prepared for the first 700 kilometers. A review of the Uganda Coffee Authority was discussed widely and the PMA steering committee agreed on reforms, while recommendations on maize and fish production were also considered by the PMA Steering Committee and a Warehouse Receipts Bill was prepared for tabling in Parliament. Strengthened land tenure security, including for women,

benefited from the PRSC4's focus on gender with the Ministry of Water, Lands and Environment which assisted to develop an evaluation tool for the Land Sector Strategic Plan to provide baseline assessment of women's rights, including levels of awareness. Progress was also evident on land registry records and a land information system as well piloting land adjudication, demarcation and certification in locations representing different access to land use systems. On improved food security and nutrition, Cabinet approved a Food and Nutrition Policy and a Strategy and Investment plan was prepared and discussed with stakeholders. While the bulk of the effort on this may be attributed to efforts of the Nutrition and Early Childhood Development project, PRSC4 helped to get the strategy discussed by the Steering Committee of the PMA.

4.2.11. PEAP Pillar IV: *Improving quality of life of the poor* focused actions on Education, Health and Water and Sanitation. PRSC4 was helpful in retaining the focus on satisfactory achievement of reviews and in identifying some underlying issues beyond the competence of the sector. These include infant and maternal mortality within the health sector and teacher recruitment within education. The main health sector problem remains with infant and maternal mortality indicators. PRSC4 has managed to highlight the importance of multi sectoral action in order to reduce infant and maternal mortality; however multi-sectoral action still remains insufficient to reduce IMR and MMR.

Table1: Achievement in service delivery indicator

Target for PRSC-4	Current Status
Education:	
<ul style="list-style-type: none"> ▪ Pupil: teacher ratio 55:1 in 2003/04. ▪ Pupil: core textbook ratio 3: 1 for P3-4 in 2003/04 ▪ Pupil: classroom ratio 98.1 in 2002/03 to 94:1 in 2003/04. ▪ National gross primary enrollment is 126.3 ▪ Cohort survival rate to primary grade 5 has risen from 36 percent in 2001 to 57 percent in 2003. ▪ Learning achievement for P3: Numeracy 42.9 % (2003) and Literacy 34.3 (2003). ▪ Learning achievement for P6: Numeracy: 20.5% (2003) 	<ul style="list-style-type: none"> ▪ Pupil teacher ratio 50.3:1 ▪ Pupil/textbook ratio 2:1 ▪ Pupil/classroom ratio 74:1 ▪ Learning achievement for P3: Numeracy 45% (2005) and P6 Numeracy 33%.
Health:	
<ul style="list-style-type: none"> ▪ OPD Utilization (Total GNU and PNFP) : 0.43 (2000/01) to 0.60(2001/02) to 0.72 (2002/03) ▪ DPT3 Immunization coverage : 48%(2000/01) to 63% (2001/02) to 84% in 2002/03 ▪ % deliveries in health facilities: 22.6% (2000/01) to 19% (2001/02) to 20.3% (2002/03) ▪ Approved post filled by trained health workers: 40% (2000/01) to 42% (2001/02) to 67% (2002/03) ▪ Urban/rural Specific Ante natal HIV sero prevalence: 6.1% (2000/01) to 6.5% (2001/02) to 6.2% (2002/03) ▪ Contraceptive prevalence rate: 23% in 2003/04. 	<ul style="list-style-type: none"> ▪ OPD utilization 0.79 (2003/04) and target 0.7 (2004/05) ▪ DPT 3 immunization coverage 83% (2003/04) and 85% (2004/05) ▪ % of deliveries at health facilities 24.4% (2003/04) target 35% (2004/05). ▪ Approved post filled by trained health workers 68% in 2003/04 and 52% (Target -2004/05). ▪ Ante natal sero prevalence 6.3% (2003/04) and 5% target (2004/05).
Water and Sanitation Services	
<ul style="list-style-type: none"> ▪ Urban/rural access to clean water 67/57 % in 2003/04; 	<ul style="list-style-type: none"> ▪ Urban clean water access is 67% and 61.3% in rural area.

▪ Urban/rural access to sanitation facilities: 97/80% in 2003/04.

▪ Urban/rural access to sanitation 60 %.

Source: WB staff contribution from sector reviews.

4.2.12. The second way of assessing reforms/actions supported by PRSC4 financing is to look at whether the Prior Actions anticipated in PRSC4 were taken before PRSC5 was sent to the Board in December of 2005. A comparison of these two sets of Prior Actions is presented in Figure 2. In interpreting Table 2 it is useful to recall that PRSC5 supports the program under PEAP3. PEAP3 increased the number of pillars from four in PEAP2 to five. There has been a reorganization of the content and some new areas of support were added. The four pillars of PEAP2 (Framework for Economic Growth, Good Governance, Increasing the Ability of the Poor to Raise their Incomes, and Improving the Quality of Life of the Poor) do not map neatly over into the five pillars of PEAP3 (Economic Management; Enhancing Production, Competitiveness and Incomes: Security, Conflict Resolution, and Disaster Management; Good Governance; and Human Development). This, however, does not affect the comparison of Prior Actions. All ten of them were substantially the same under the two credits and all but one were completed. Only the one on Economic Management was met only partially, with expenditures on Public Administration continuing to run well above agreed budgets. Performance of PRSC4 judged from this perspective must thus be considered a success, although it is also attributable to the work and dialogue that went on in preparation for PRSC5. (Analogously, PRSC4 could take some credit for the fulfillment of Prior Actions anticipated under PRSC3). It is perhaps worth noting that the Prior Action under Pillar 2 in support of the PMA now resembles the “one-liners” for Education, Health and Water and Sanitation which hide behind them a series of core undertakings and are subject to sector-wide agreements and reviews. This in itself is an achievement.

4.2.13. The third way of assessing progress under PRSC4 is to see to what extent the emerging lessons from the Stocktaking of PRSCs 1-3 had been taken on board in PRSC4. One of the most important lessons there was that the PRSCs were seen by the Government to be too “donor driven”. It was therefore felt that under PEAP3 the Government would take charge of the process of monitoring and evaluation as well as take the lead on coordination. As initial steps in this process the coordination of Uganda’s efforts on the PRSCs was shifted from MoFPED to the newly formed Technical Implementation Coordination Committee in the Office of the Prime Minister (see paragraph 7.5.1 for a fuller explanation of the four-level arrangement). Initial steps were also taken under PRSC4 to bring more clarity to the Objectives/Outcomes/Outputs chair (the “3 Os”) and to begin to develop ways of measuring the outputs. The recommendation on strengthening civic involvement and participation was also taken as was the plea to increase resident technical expertise. Also, the recommendation that the task team leader locate in Uganda was acted upon over PRSC4 preparation. Perhaps the one area where more needed to be done was on interventions to raise the rate of growth, but it was expected at the time of the preparation of PRSC4 that PEAP3 would take up that challenge with the support of PRSCs 5-7. From the point of view of responding to lessons learned and wishes of the Government, PRSC4 can thus also be said to have done a very creditable job.

Table 2: Comparison of Prior Actions anticipated in PRSC4 vs. Actual ones for PRSC 5

Anticipated Prior Actions for PRSC5 as presented to the Board of World Bank in September, 2004	Prior actions for PRSC5 as discussed and agreed with Government and partners during identification	Comments
Pillar 1: Economic Management		
1. In the public expenditure review, Government has agreed with donors on the medium-term expenditure framework (MTEF) for 2004/05–2006/07, and has executed the 2004/05 budget consistent with budget allocations;	In the Public Expenditure Review, Government has agreed with donors on the Medium Term Expenditure Framework for 2004/05-2006/07, and has executed the 2004/05 budget consistent with the budget allocation as appropriated and adjusted with approval of Parliament.	Partially met. The provisional outturn for FY2004/05 shows overall budget performance and PAF expenditures on target. Total budget releases for the year performed at 100.6% and the PAF performed at 98.8 %, against a 95% target. Budget releases were evenly distributed over the 4 quarters, and balanced between recurrent and development expenditures. One important element of this prior action went off-track – combined expenditure for Security and Public Administration was to be held within the approved budget. While the Security sector performed at 100.2%, Public Administration was above target at 112.9%.
2. Expenditures for Public Administration in 2004/05 should be within the agreed allocations for budget 2004/05;	Submission by the Ministry of Public Service in collaboration with the Ministry of Finance, Planning and Economic Development a cabinet memorandum on recommendations for controlling the size of public administration and for enhancing cost efficiency and effectiveness in the public sector targeting Health, Education, Agriculture, Water and Community Development and submission to IDA an Action Plan on the implementation of these measures by end of May, 2005.	Completed. MOPS in collaboration with MOFPED prepared and submitted a Cabinet Paper including the Pay Reform Policy and an action plan to Cabinet in June 2005. The measures to control the size of public administration and improve cost effectiveness and efficiency of the service are part of the Pay Reform Policy. MOFPED also provided a clearer definition of the public administration sector and its composition and of the public service management sector and its composition. This will provide the basis for monitoring the performance of the two sectors separately. The policy provides proposals to deepen the restructuring of the public service with a view to ensuring greater cost efficiency and effectiveness. MOFPED will introduce in the next fiscal year specific budget measures to enforce implementation of cost efficiency and efficiency actions. The draft action plan and specific budget measures have been discussed with stakeholders.
Pillar 4: Good Governance		
3. Ministries of Public Service and of Finance, Planning, and Economic	Continued.	Completed. The agreed targets will come into effect in FY 2006/7.

Development jointly commit to an updated pay reform strategy and target salary adjustments for the medium term;		
4. Implementation of the National Anti-Corruption Action Plan commences;	Continued.	Completed.
5. IGG verifies asset declarations of Ministers and appropriate action is taken by relevant authorities in accordance with the law;	IGG verifies asset declarations of Ministers and in case of breach appropriate action is taken by relevant authorities in accordance with the law by May 2005;	Completed. IGG verified all of the 64 ministerial level declarations of assets. Significant improvements are needed with regard to procedures, in particular in verifying undeclared assets. Internal factors such as resource constraints and comprehensiveness of operational procedures, as well as external constraints imposed by weaknesses in land and business registries have been identified. The IGG is undertaking steps to improve the process, including developing more comprehensive operations manual, more detailed procedures for assets verification and seek additional expertise to do so. In addition, serious consideration needs to be given by GoU to allocate sufficient funding for IGG, and to improve external systems required for effective assets verification, e.g., lands and business registries.
6. Ministry of Finance, Planning, and Economic Development drafts a revised Audit Bill (2002) to ensure adequate operational independence of the Auditor General;	Continued.	Completed.
7. Local Government Amendment Bill (Procurement) is tabled in Parliament;	Continued.	Completed. The bill was also passed by the Parliament on November 7, 2005.
Pillar 2: Enhancing Production, Competitiveness and Incomes		
8. Increased alignment of budget allocations of MAAIF, MTTI, MWHC, MWLE, MES, MGLSD, MEMD, MFPED to PMA review undertakings (2004/05, 2005/06, 2006/07);	Changed to “Satisfactory implementation of core undertakings by April 2005 as agreed in the October 2004 Joint PMA Annual Review.”	Completed
Pillar 5: Human Development		
9. Satisfactory implementation of the undertakings agreed in the education sector review in November 2003 and confirmed by the 2004 review;	Continued.	Completed
10. Satisfactory implementation of the undertakings agreed in the health sector review in November 2003 and	Continued.	Completed

confirmed by the 2004 review; and		
11. Satisfactory implementation of undertakings agreed in water and sanitation sector review in September 2003 and confirmed by the 2004 review.	Continued.	Completed

Source: PRSC 5 Program Document

4.2.14. Finally, the fourth way of looking at the performance of PRSC4 is to assess the forward momentum of the reform program as seen by the PRSC team working on the various sectors. Their views are recorded in the last column of the Key Performance Indicators matrix in Annex I entitled Current Status and/or Comments and incorporated in various parts of this ICR. The sense is that there has been progress on increasing the coherence of the budget and in tilting the allocation further towards being pro-poor, although continued expenditure overruns on Public Administration detracted from that picture. Clearly there must be a redoubled effort to stop the creation of new districts and the expansion of Parliament, and to improve the control of expenditures by the State House and President's office. There was progress in the area of promoting public accountability with the completion of the first National Service Delivery Survey. There is movement on gender issues with the preparation of a National Gender Policy, although weak implementation capacity of the Ministry of Gender, Labor and Social Development is not promising. High fertility rates may finally be addressed in the wake of the revision of the National Population Policy (on the verge of being completed). The reform of the Public Service sector (including pay reform) continues to be slow, but may receive a boost from the revamped PSRP that was just approved by the Cabinet (and will receive support through the World Bank's Public Sector Performance Enhancement Project). The draft Local Government Procurement Regulations have been submitted for government approval. This could significantly improve the performance at the local level, but is at the moment hamstrung by a drastically reduced budget for the implementation of procurement reforms. The NGOs have voiced strong concern about the new NGO policy still being dominated by internal security concerns, rather than treating the NGOs as valuable partners in development. However, there has been good progress in developing a harmonized framework for community participation in service delivery and a guide book has been illustrated and is being translated into nine local languages. The National Environmental Management Agency is still not funded to the agreed level. The Parliament has approved the Bill to establish the National Agricultural Research Council. Also in the area of agriculture, the local government restructuring plan was approved, but did not adequately address the requirements of the production departments. Progress in improving the quality of education has continued (lower pupil/teacher, pupil/textbook, pupil/classroom ratios and performance in national assessments has improved). There have also been further improvements in a number of health sector and water access indicators.

4.2.15. *The overall picture is one of steady progress.* The macroeconomic environment continues to be stable with inflation under control and steady growth of GDP in the 5-6% per year range (which should help reduce poverty, although there are no new numbers available on trends in income poverty since 2003). Budget allocations are also improving both in terms of their stability and in their pro-poor orientation (the one important exception are excess expenditures on public administration). Service delivery in education, health, water and sanitation continues on its

upward trend. There are indications that reforms in agriculture may also soon bear fruit. There is still perhaps too much attention to inputs (various bills and acts passed, strategies written, action plans produced) and insufficient attention to measuring outcomes and in that sense it is too early to judge the progress in the new cross-cutting initiatives on gender, high fertility and high maternal and infant mortality rates. Hopefully there will be improvements in these areas beyond more and better inputs. This is also true of procurement at the local government level and a couple of other areas (see previous paragraph). On the other hand, the new results-orientation within PRSC4 (including that under PEAP-3 to which PRSC4 contributed) should help speed up the process of transforming inputs into outcomes and impact on the ground.

4.3 Net Present Value/Economic rate of return:

Not applicable

4.4 Financial rate of return:

Not applicable

4.5 Institutional development impact:

It can be argued that the PRSC process makes a major contribution to effective use of human and financial resources across Government. The process has supported a range of reforms in services delivery and rural development, helping to ensure that these reforms are backstopped with necessary supports from public service and local government and through action to combat corruption. Specifically, PRSC4 provided additional support to Government in its efforts to manage its own reform program (the PEAP). Government determined that the OPM should take over from MFPED the lead coordination role in the reforms. PRSC4 supported this change and worked closely with the OPM to develop a robust monitoring and evaluation framework as well as to manage a very complex (and changing as the third PEAP was being developed) reform program. The increasingly adept handling of the reforms by OPM during PRSC5 preparation is some evidence of the value of this support.

5. Major Factors Affecting Implementation and Outcome

5.1 Factors outside the control of government or implementing agency:

5.1.1. Continued conflict in the north of Uganda and extensive cattle-rustling in the north-east can be seen as issues that are beyond government control in the short to medium term. Yet, as the levels and trends in poverty numbers show, there has been little improvement in the lives of people in these areas over the past 10 years and the delivery of services of all kinds has been lagging. Neither PRSC4 nor its predecessors have made much impact there. Weather and trade-related shocks are also beyond the government's control, such as the drought which had an impact on food supply and hence on headline inflation numbers in 2004/05.

5.2 Factors generally subject to government control:

5.2.1. Pressures on the budget generated by the ongoing insecurity in the north of the country (about which the government could do little in the short to medium term) and by the political process increased during 2003/04 and the discussions on these changes proved acrimonious during PRSC4 preparation, and would become more so for PRSC 5. (PRSC4 preparation coincided with the initial call for constitutional reform to accommodate three or more terms for a President) The problems of over-expenditure on defense were largely addressed during the PRSC4 preparation period but not necessarily owing to PRSC4. Following donor statements

during the Public Expenditure Review workshop, a defense review was agreed and Government undertook to contain defense expenditures within budget ceilings while awaiting the outcome of the review. However, expenditures on public administration were (again) the subject of discussion because they potentially “crowded-out” expenditures that would likely have a more positive impact on growth, poverty alleviation and service delivery. Continued expansion of administration structures is aggravating the problem of high cost of public administration. The Bank team had supported a study of public administration with terms of reference jointly developed by the Ministry of Finance Planning and Economic Development and the Bank team. However, the recommendations of the study were not implemented. Ensuring efficient use and effectiveness of public resources is needed to ‘scale up’ service delivery within available means. Expenditure tracking and value-for-money studies are not given due prominence and recommendations not effectively implemented.

5.3 Factors generally subject to implementing agency control:

See paragraph 7.5.1 below

5.4 Costs and financing:

PRSC4 was financed by a grant of \$150 million

6. Sustainability

6.1 Rationale for sustainability rating:

6.1.1. PRSCs have by now attained a momentum of their own, with each PRSC building on the one before. Progress in the reform program as well as in outcomes over time is visible, even if not uniform across sectors. Alignment with the PEAP has improved and has become tighter with PEAP 3, thanks to the extensive level of consultation that has gone on within Uganda as well as between the Government and the development partners. Alignment has been amplified by the preparation of the Uganda Joint Assistance Strategy (UJAS) by an important group of development partners, including the World Bank. Capacity of Ugandan institutions is constantly improving, including at the local level. From the fiscal sustainability point of view, the low level of revenue-to-GDP ratio remains a concern, although there has been an improvement in revenue collection over the past two year. Better control of expenditures on public administration is still an issue that needs addressing. While there clearly remain risks to sustainability, Uganda’s continued good performance on the macroeconomic and several other fronts provides some confidence that the gains achieved so far are sustainable.

6.2 Transition arrangement to regular operations:

6.2.1 PRSCs have now become a regular part of the lending program. They provide substantial and needed budget support, while being complemented by specifically targeted projects.

7. Bank and Borrower Performance

Bank

7.1 Lending:

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7.1.1 PRSC4 was prepared in parallel with a stocktaking exercise of PRSCs 1 through 3 as well as taking place between PEAP-2 and PEAP-3 between the tail end of the existing World Bank Country Assistance Strategy (CAS) and the CAS that was to define a more joint approach to Uganda among an important group of development partners (Uganda Joint Assistance Strategy which was discussed by the Board with PRSC5 in January 2006), and during a shift in the group coordinating the task on the Government side from MFPED to the OPM. It also took on the task of becoming more results-oriented and addressing a number of cross-cutting issues that had been falling between the cracks in the past (gender, high maternal and infant mortality rates and high fertility rates). It managed this set of transitions well, by addressing lessons of the past, bringing greater clarity to the drive for results, and by helping establish new coordination arrangements on the Government side (which held the promise of stronger leadership from the Government across the board in the future).

7.2 Supervision:

7.2.1. PRSCs do not have an implementation phase and hence have no formal supervision. As each PRSC is prepared, the on-going programs are examined for progress, and new targets (outputs and Prior Actions) are developed. Progress in the various sectors is also continuously monitored in the sector working groups. Many of the staff also take the opportunity while working on specific projects in Uganda, to check on those aspects of the on-going PRSC preparation of relevance to them. Also, the Task Team Leader (TTL) and sector specialists are resident in the country office, allowing for dialogue with government and other development partner year round, to assist with problems that may arise and keep track of the overall PRSC process (a recommendation of the previous ICR).

7.3 Overall Bank performance:

7.3.1 Based on the above, the overall Bank performance is rated as Satisfactory.

Borrower

7.4 Preparation:

7.4.1 The Government's PEAP is the basis for all PRSCs, including PRSC4. The PEAP document is based on extensive consultations, participatory poverty assessments, household and tracking surveys, census data, and in-depth sectoral analyses. The feedback loop from outputs and outcomes back to policy actions has been visibly improved over time. The new PEAP (PEAP 3) has thus been realigned to new realities, including a new emphasis on growth and a substantial strengthening of monitoring and evaluation. The new PEAP, as has the past one on which PRSC4 was based, also covers all of the critical elements needed in terms of institutional, environmental, economic, and social factors, as well as civic participation and community development. The Government also put in place new arrangements for the preparation of PRSCs, and importantly, for coordination across ministries (see next para.)

7.5 Government implementation performance:

7.5.1. Government established a four-tier coordination system for PRSC4 and subsequent PRSCs to ensure progress with reforms. These were: (i) Cabinet Subcommittee on Policy Coordination (CPCC) comprising Ministers of coordinating Ministries under the Chairmanship of the Prime Minister; (ii) Implementation Coordination Steering Committee (ICSC) composed of all Permanent Secretaries under the Chairmanship of the Head of the Public Service/Secretary to

Cabinet; (iii) Technical Implementation Coordination Committee (TICC) comprising a multi-sectoral technical committee chaired by the Permanent Secretary, Office of the Prime Minister; and (iv) Sector Working Groups (SWG) bringing together all sectoral stakeholders. A joint secretariat under the Office of the Prime Minister (OPM) serves CPCC and TICC and led the implementation of PRSC4 and liaised with Bank staff and other partners in the preparation of PRSC4. These arrangements, although newly established, worked reasonably well under PRSC4, particularly the liaison with OPM in preparation and the provision of reports to the ICSC. During negotiations, it was valuable to have the interest of the Prime Minister in ensuring that important reforms were discussed by relevant Ministers and in the case of the “prior action” on procurement reforms at local government level, informal discussions ensured that the “prior action” was met.

7.6 Implementing Agency:

See previous paragraph

7.7 Overall Borrower performance:

Based on the factors stated above, the overall borrower performance is rated as Satisfactory.

8. Lessons Learned

8.1 Prior Actions are a very powerful tool for supporting change and should be chosen carefully and be few in number. Describing a specific action as a “prior action” gets Government attention and Government will work seriously to achieve the action. In Uganda, PRSC4 was able to ensure specific reforms in local government procurement and these were included in the Cabinet paper and subsequently enshrined in law. Specific actions guiding reforms in anti-corruption, financial management, management of public finances and budget process were all realized. PRSC4 underscored this with a joint description of the principles for defining prior actions included in the final document

8.2 PRSCs are most effective when sequenced over a period of time, at least three years, and where each PRSC builds on actions taken in previous years. Expecting major reforms over a one-year period is unrealistic. However, designing actions each year which lead to outputs over a three year period is possible. During the three year period up to PRSC4, changes in financial management practices were carefully sequenced and each year’s change anticipated further developments in the following year. This is also true of the agricultural reforms which built on the PMA, ensuring that different ministries began to implement those aspects for which they were responsible and moving the whole process in the direction of a sector-wide approach.

8.3 PRSCs should define three year outputs leading to longer term outcomes and these should be measurable and attainable. Outcomes such as improved infant and maternal mortality rates are unlikely to change in one year and may not change over a three year period. Accordingly, definition of measurable outputs which lead to improved infant and maternal mortality is important. It is also important that the design of these interim outputs and their measurement is carried out in partnership with Government.

8.4 PRSCs may be the only external operational modality which can get interaction between different Government ministries on reforms. Monitoring implementation of the PMA is one example where different ministries came together. Gender is another and infant and maternal mortality a third. Again, this strength of the PRSC instrument needs to be used sparingly.

8.5 Coordination of PRSCs should be carried out at the highest technical level of Government. Earlier PRSCs were coordinated by the Ministry of Finance Planning and Economic Development and other ministries did not recognize their right to do this. When the Office of the Prime Minister took over coordination, other ministries were willing to recognize their right to coordinate as this is the arrangement agreed within Government. They were also satisfied to attend meetings arranged by the most senior civil servant, the Head of the Public Service. This ensured that very senior officials, often Permanent Secretaries attended the various PRSC meetings and ensured that the actions for which their ministry was responsible were taken.

8.6 It is critical that other development partners are involved in the preparation of the PRSC. Much of the budget support from other development partners is contingent on PRSC approval by the Bank's Board and about \$134 million from UK, Ireland, Norway, Sweden and Germany is explicitly linked to PRSC. The efforts of the Bank's PRSC4 team (and of earlier teams) to ensure that development partners were supportive and knowledgeable of PRSC supported reforms was critical to their success.

9. Partner Comments

(a) Borrower/implementing agency:

1. Assessment of the Objective, design and implementation of PRSC4

The key objective of PRSC4 was to support Uganda's second Poverty Eradication Action Plan through the provision of direct funding to the budget (budget support). By providing financing to the budget, the PRSC4 facilitated Government to achieve its development objective of reducing headcount poverty, promoting equitable access to, and effective delivery of, key government services. It also facilitated government to sharpen the focus on gender, infant and maternal mortality, total fertility rates and results orientation. In fact the PRSC4 contributed to the development of the National Integrated M&E Strategy (NIMES) as the framework to encourage better coordination of hitherto duplicated M&E efforts and the development of a robust PEAP monitoring and evaluation mechanism. The results orientation of the PRSC4 process meant that there was a shift from process monitoring to outputs and outcomes. The focus shifted to have a more medium term outlook rather than simple processes.

The focus on the four pillars of the PEAP (Creating a framework for Economic growth and transformation; strengthening good governance and security; increasing the ability of the poor to raise their incomes; and improving the quality of life of the poor) helped to improve the definition of and focus on outcomes. Specific progress on each of these areas is not easy to quantify because development is a long term process and is contributed to overtime by different actors.

However, like its predecessor PRSCs 1-3, PRSC4 did not directly take up the issue of enhancing household incomes which is at the heart of the PEAP, apart from some aspects of service delivery in agriculture.

2. Government's own assessment of its performance

The PRSC4 was instrumental in supporting Government effort to develop an enhanced

coordination mechanism and focus on results. The shift of the coordination role of the PRSC process to the Office of the Prime Minister helped to involve all Government stakeholders at a more equal level in the dialogue on PRSC supported reforms. This also strengthened the coordination between Government and development partners. It also strengthened the dialogue on the prior actions especially those dealing with corruption, the budget execution and management, decentralisation and public service reform.

Unlike its predecessor PRSCs 1-3, the dialogue took a step further when the Office of the Prime Minister presented a cabinet information note for guidance before the negotiations. This should be the practice for future PRSCs as it improves the link and coordination between technocrats and political leadership. More importantly this enables a better understanding of the PRSC process by the country's top leadership and encourages them to provide guidance on how Government ought to implement the reforms and also negotiate for the financial facility provided under the PRSC. It is important to note that the PRSC process relies on existing Government capacities to implement its objectives. It would be helpful if some innovative ways of promoting and supporting these capacities were to be developed in order to improve the effectiveness of the instrument. There should be a medium term plan within the PRSC process to build the requisite capacities in Government to effectively engage and manage the PRSC process. It will be useful if future PRSCs are aligned with the framework of the Government performance measurement and review system.

3. Assessment of the Bank performance, effectiveness of their relationships and lessons learned during the evolution and implementation

The PRSC 4 leadership was helpful in facilitating the Office of the Prime Minister to cope with the transfer of the PRSC coordination, by participating in constructive engagement with the Government team. The PRSC team promptly discussed mission objectives, schedules and aide mémoires with the Government team which highly helped the Government to plan and coordinate its stakeholders. The whole process including identification, appraisal and negotiation missions was conducted in an environment of give and take and mutual agreement, with outcomes and results as the driver of each undertaking.

The continuous team leadership of PRSC4 helped to build a strong relationship with Government by knowing whom to deal with at every stage. Availability of in-country staff at the Bank office helps to create continuous exchange on the PRSC process.

There are good lessons that came out of the PRSC 1-4 stocktaking exercise that need to be picked in the development of future PRSCs.

4. Other General Comments

PRSCs have been aligned with the budget cycle and the resource inflows have been highly predictable. During PRSCs preparation, both Government and Development Partners discuss and agree on a number of targets, prior actions and outcomes prior to the Board approval. ICR report recognises progress in attainment set targets and outputs and shortcomings which Government

must address.

Much as PRSC 4 was aligned with budget cycle, fundamental challenges continue to hamper the implementation process of agreed targets and outputs. These include the following:

- a. Delayed disbursements. We have witnessed subsequent disbursement of PRSC falling in the fourth quarter (April-June) every financial year and yet the GoU budget period starts in July. There is disbursement lag of almost ten months. This affects greatly the achievements of the prior agreed targets and outcomes.
- b. PRCS focuses on too many priorities (benchmarks/ prior actions which some times are difficult to achieve and overshadow the positive effort of Government in a number of areas. We recommend that it should be focused on few but key priority areas which are achievable and leaves other areas to be addressed by other development partners as it is suggested under the UJAS.
- c. Although the Policy results matrix for measuring each outcome and output and progress on indicator have been agreed upon, Measuring of progress remains largely a challenge. Also, the linkage of PRSC to efforts of other Bank projects and development partners in attainment of poverty reduction and other benchmarks could further be improved.

(b) Cofinanciers:

(c) Other partners (NGOs/private sector):

10. Additional Information

PRSC5 approved in January 2006 and PRSC6 currently under preparation addresses many of the challenges outlined in the Government's assessment of PRSC4:

- Several options to align PRSCs to the budget cycle to further increase predictability of resource flows are being considered, with the aim of having PRSC disbursement decisions made known before the budget is finalized.
- The ongoing preparation of PRSC6 and PRSC7 is being undertaken in tandem with a review of the prior actions and achievements under previous five PRSCs so as to enhance the focus and realism of reforms that these operations will support. The sector reviews underpinning the Annual PEAP Implementation Review are also expected to further prioritize sector undertakings.
- The Bank has put in place an Institutional Development Facility (IDF) grant to support the Office of the Prime Minister in improving the monitoring and evaluation capacity. Other development partners are also supporting the design and operationalization of the first Annual PEAP Implementation Review slated for December 2006.

Endnote:

1/ Uganda's Poverty Reduction Strategy, issued in 2000, which in turn built on PEAP-1 of 1997.

- 2/ PRSC4 finance was released on the basis of the progress achieved by the date of Board approval: August 5, 2004.
- 3/ Bank-supported projects included, Local Government Development 2, Nutrition and Early Childhood Development Project, Agriculture Research and Training Project, Road Development APLs, National Agricultural Advisory Services Project, and two projects then under preparation; Private Sector Competitiveness 2 (approved in 2005) and Public Sector Performance Enhancement Project (approved in May, 2006).
- 4/ Second half of 2003 and first half of 2004.
- 5/ The overarching objective of PEAP 2 was “reduction of poverty headcount to 10% by year 2017”. This would be achieved through actions under four PEAP 2 pillars.
- 6/ Bearing in mind changes envisaged for the third PEAP then under preparation.
- 7/ UK, Netherlands, Ireland, Sweden and Germany.
- 8/ Prior Actions are the most critical of the actions taken by Government prior to Board approval and generate heated discussion each year during appraisal and negotiations and, for a few of them, there are often last minute efforts to achieve them.
- 9/ Progress on reforms were mostly known by the time the credit went to the Board. Results of this process are reported in the second to last column of the Key Performance Indicators matrix in Annex 1 under the heading “Progress during PRSC4”. The 41 outputs agreed were mostly achieved.

Annex 1. Key Performance Indicators/Log Frame Matrix

Outcomes & Outputs	Progress Indicator	Target; Base & Year	Progress under PRSC-3	By PRSC-4 (03/04)	Progress during PRSC-4	Current Status and/or Comments
<i>Outcome 1: Efficient and Equitable use of public resources</i>						
1.1 Comprehensive MTEF Facilities coherent budget management		Base/Target to be determined.	In the annual public expenditure review, GOU has agreed with donors on MTEF for 2002/03-2004/05 and has executed 2002/03 budget through first two quarters consistent with agreed allocations.	In the annual public expenditure review, GOU has agreed with donors on MTEF for 2003/04-2005/06 and has executed 2003/04 budget through four quarters consistent with agreed allocations.	Budget performance as at Q3 was 87% which is far below the target of 95%. Close to 100% at end FY04.	<i>For FY2004/5 budget performed at 100.6%, and PAF allocation increased to 37.5% of the budget, with a disbursement rate of 98% of its approved allocation</i>
	# of sectors with output/outcome targets	Base: 3 in 03/04 5 in 04/05 6 in 05/06	Roads and agriculture have incorporated output and outcome measures and targets in 2003/04-2005/06 BFP.	The JLO and Agriculture sectors articulate outcome and output measures and targets in 2004/05-2006/07 BFP. Defense to state outcomes and outputs arising from Defense Review.	Agriculture: Output and outcome measures were developed in 2004/05-06/07 BFP on the basis of priority areas detailed in the MAAIF Development Strategy and Investment Plan. Strategy to transform the defense sector has been developed and White paper on Defense transformation has been approved by	
	Budget/outurn deviation	Base: 10%-2003		MoFPED will commission the	Study commission's	

		5% in 2004		study on resource flow problems and propose a remedial action plan.	draft report was submitted.	
	# of sectors w/wage bill	3 : 2004 6: 2005	MoFPED and MoPS have agreed on an approach to integrate wage bill and staffing plans in expenditure programs.	MoFPED and MoPS and sector ministries implement an action plan to integrate wage bill/staffing in three sector expenditure plans.	TORs have been developed, however the integration is to be handled within the overall public pay policy review that is ongoing.	
	Share of ODA through MTEF	Base- 03: 55% 2004: 60% 2005: 65% 2006: 75%	MoFPED has developed an approach to integrate donor projects in MTEF.	MoFPED has implemented the plan and issued additional guidelines for integration of donor resources in the 2004/05-2006/07 MTEF.	Share of ODA through MTEF increased from 55% in 2003 to 60% in 2004.	
1.2 Strengthened local ownership of decentralized public service	% of non-conditional grants allocations.	Base/Target to be determined	MoFPED, MoLG and LGFC have prepared operational manuals and guidelines for implementing the fiscal decentralization strategy (FDS).	MoFPED and MoLG implement the Fiscal Decentralization Strategy in pilot districts in 2003/04.	FDS activities were successfully piloted in 15 pilot local governments during the FY 2003/04. FDS implementation manuals were developed and disseminated in the pilot local governments. A strategy for rollout to all local governments during FY 2004/05 was developed.	
1.3. Increased use of beneficiary	# of sectors in which BA's are undertaken	3 : 2004	MoPS, MoFPED, MoLG, OPM,	MoPS, together with other ministries,	A National Survey is ongoing and is	This was the first National Service

assessments to promote public accountability.			line ministries and UBOS have redesigned the national service delivery survey.	establishes service delivery standards based on national service delivery survey results and beneficiary assessments.	expected to be completed by July 2004. The Results were made available in October, 2004.	Delivery Survey to have investigated service users' satisfaction with public services.
1.4. Improved funding and coverage of national pension schemes	Ratio of pension fund assets/GDP; # of pension scheme participants	Base/target to be determined	GoU has appointed a pension reform task force to develop policy recommendations and a roadmap for pension reform.	MoFPED initiates study to assess cost implications of STG recommendations for a regulatory framework for a liberalized pension sector.	A framework for pension reform was approved by cabinet.	
1.5. A coherent strategy and clear division of labor established for M&E	Avg. no. of data entries required by districts.	Base : 300.000 per month (2002)	MoFPED and OPM have, in consultation with other ministries, prepared a Cabinet Information Paper on strengthening in public sector management.	OPM in consultation with MoFPED, MOLG, UBOS and other stakeholders, formulates a National Integrated M&E System (NIMES) strategy.	A draft National Integrated M&E strategy has been developed and articulated as the framework for monitoring and evaluating the revised PEAP.	
1.6. Implications of gender inequality for growth and development addressed in policy and budgets	Monitoring of National Gender Policy benchmarks	Base: N/A New policy implemented -2004.		MGLSD to initiate the revision of the National Gender Policy.	The revision of NGP is in progress. A national consultative workshop and consultations with selected local governments have been carried out. A local consultant has been sourced and an international consultant has also been identified to support the	National Gender Policy with its Action Plan revised but was not approved by Parliament under PRSC 4

					Local Consultant and enrich the process with international experience.	
	Sector BFPs address priority gender issues	4 BFP's- 2005/06 (Education, Water, Health and Agriculture		Budget performance report for 2005/06 addresses gender outcomes. Implementation of guidelines broadened to other priority sectors	The process of developing gender and equity budgeting guidelines has been initiated. A call for proposals from competent firms to develop the guidelines was advertised in the print media in March 2004.	The guidelines done and were part of the budget circular in 2005. Leadership of Ministry of Finance Planning and Economic Development helped make progress.
	Gender/Growth strategy developed	Base/Target to be determined.		MoFPED and MGLSD carry out analysis of gender and growth linkages in Uganda.	A sharpened gender focus in the new PEAP formulation through improved analytical and policy oriented work of the gender dimensions of poverty and growth linkages is on going	Done However, capacity in Ministry of GENDER, Labour and Social Development to lead gender related efforts needs strengthening
1.7. Policy and budgets address the implications of rapid population growth/high infant and maternal mortality for growth.	Strengthened IMM Task Force work supported under MoFPED.	Population Policy review done by 2004. Qtly Task Force meetings.		Revised National Population Policy adopted/Enhanced advocacy by Population Sec and MGLSD.	Road map to revise the policy in place. Currently, resource mobilization to fund this road map underway. MGLSD has worked closely with IMM task force under MoFPED to produce a report on the situation and a way forward on	Revision of the National Population Policy is expected to be completed in June 2006.

					IMM in Uganda. To complete Government efforts on IMM, the MGLSD has developed a comprehensive strategy on community mobilization and empowerment which will address behavior and attitudinal aspects of population growth and IMM among others.	
Outcome 2: Improved Capacity and performance of the public service						
2.1. Pay levels for GOU professional/managerial staff are competitive and consistent with controlled expansion in public administration/service	Pay for public servants grade U5 and above. Attaining fiscal and pay targets.	Raised by 33% in real terms	MoPS and MoFPED have agreed on target salary adjustments in line with pay reform strategy, and associated wage bill reflected in MTEF.	MoPS and MoFPED effect salary adjustments for FY 2003/04 consistent with the pay reform strategy and MTEF.	15 bn U shillings have been allocated within the FY 2004/05 MTEF vote ceilings. Salary adjustments for FY 2003/04 consistent with the pay reform strategy and MTEF were effected under Circular Standing Instruction No. 2 of 2003.	The pay reform strategy is in place and largely adhered to. However the process of establishing targets and a strategy to implement these targets has yet to take root.
2.2. Personnel management and payroll systems accurately reflect actual GoU	# of employees reported outside the payroll.	Base/Target to be determined.	MoPS committed to a strategy for modernizing personnel and payroll management,	MoPS will have complete personnel files for one of the four pilot sites as a preliminary step for	The personnel files at MoPS have been updated. The action plan has been	The files have been updated. The payroll has been cleaned up. With development partners

employment and staff costs.			compatible with IFMS.	Integrated Personnel and Payroll System (IPPS) implementation. The inter-ministerial task force, headed by MoPS and MOH will prepare an action plan to address issues of health workers payroll.	prepared and will be implemented in FY 2004/05.	support, the implementation of the IPPS will be in a position to start
2.3. Public sector reform program linked to PEAP and sector plans	Adequate funding in MTEF	Target: 2003-2004: USHS 1.9 bn	MoPS has presented to Cabinet for approval a strategy for the new phase of the public service reform program.	MoPS has initiated a participatory review, prioritization and costing of the new phase of the Public Sector Reform Program.	The review of the new phase of Public Service Reform Programme started in May 2004.	The revamped PSRP has been approved by Cabinet in March 2006. Implementation has started with interim support from development partners and will be in full swing during FY 2006/07.
Outcome 3: Strengthened Financial Management Practices						
3.1. Legal and institutional framework updated and implementation commences.	Revised regulations and instructions.	Annual updates.	Enactment of the Public Finance and Accountability Bill. MoFPED has revised treasury instructions and financial regulations.	MoFPED revises Treasury and Accounting Instructions for the Public Finance and Accountability Act (PFAA).	Treasury accounting instructions have been revised continuously– but only issued in 2005 due to the fact that it had to incorporate the changes required by the computerization of processes as a result of the implementation of the IFMS.	

	Acc Gen's office restructured	New structured adopted FY 05/06		The proposals of the new organizational structures of the AccGen's Office is approved by the Acc. Gen and top management of MoFPED.	Restructuring proposal has been finalized.	
3.2. IFMS replaces current manual system to ensure complete, accurate and timely financial reporting.	IFMS implemented.	FY 05/06 All ministries & 10 Las	MoFPED has approved the design of IFMS, began contracting external suppliers and deployed additional accounting staff (graduates) to assist in implementation .	6 ministries (MoFPED, MoES, MoH, MoWLE, MoWHC, MAAIF) and 4 local authorities pilot the accounting module of IFMS.	MoFPED: Being implemented in 6 ministries and 4 local governments. MoWLE: IFMS installed in the Ministry & being piloted. MoES: Back log of earlier transactions cleared on line. Gone on line for current transactions like procurement, payment of allowances and paying of suppliers. Permanent Secretary approves budget warrants on line. Agriculture: all modules of IFMS are in operation, except the Stock Control Modules	
3.3. Lower fiduciary risk and strengthened public financial	Audit Committees appointed	FY 05/06 All ministries	MoFPED has issued the Treasury Memorandum for 1997/98,	MoFPED issues revised TM for 1997/98, demonstrating appropriate	TM for 1997/98 is ready and will be laid before parliament in	

accountability cycle in central and local government			demonstrating appropriate action has been taken.	action was taken. 1998/99 and 1999/00 PAC reports tabled in Parliament.	July 2004. TM for 1998/99 and 1999/00 are to be laid in Parliament during the FY 2004/05.	
3.4. Strengthened external audit structures and practices and enhanced quality of audit services rendered	Revised legislation	FY 05/06		Bill on the independence of the Office of the Auditor General is being reviewed.		Process in this area needs speeding up or else the fiduciary risks will remain high
	Aud Genl issues its audit reports within statutory requirement of 9 months in compliance with intl. audit standards	FY 05/06: 100% of financial statements prepared and submitted are audited timely.	OAG, MoFPED and MoLG have agreed on an approach for sub-county government audits.	OAG starts planning for the implementation of the agreed approach for audit of sub-county LAs on a sustainable basis with its own staff component.	OAG has handled audits of 600 sub-county accounts by use of WB Local Government Programme assistance. The office has planned to set aside Shs 26 million every year from its budget to continue audit of sub-county accounts on a sustainable basis using its own staff with effect from PRSC5 (FY 2004/05) onwards.	Budget constraints and delays limited the implementation of this agreed approach.
			OAG has developed and implemented capacity building programs for central and local governments	OAG carries out staff capacity building programs, strengthens capacity to manage contracting out of audits and develops guides	OAG : Is carrying out staff capacity building programmes as expected. Has strengthened the capacity to manage contracting out	

				for new audit techniques in planning, quality control and VFM auditing.	of audits Has developed guides for new audit techniques in planning and quality control.	
Outcome 4: Strengthened Rule of Law, transparency, detection and sanctioning of corrupt practices						
4.1. Improved access to justice and increased efficiency and effectiveness in the administration of justice, law and order.	Case backlog reduced; Pending legislative reform enacted	Base/target to be determined	Satisfactory implementation of undertakings agreed in the JLO sector review in June 2002 and confirmed by the November 2002 review.	Satisfactory implementation of undertakings agreed in the JLO sector review in June and confirmed by December 2004.		
4.2. Strengthened detection of corrupt practices	Line ministries report on anti-corruption performances	All social sector ministries report by 05/06, 50% by 2004/05.	DEI has presented to Cabinet principles of the Prevention of Corruption Bill. DEI has consulted stakeholders on whistleblower protection legislation.	DEI tables the amendment to Prevention of Corruption Act in Parliament.	Principles to amendment to the prevention of Corruption have been submitted to Cabinet	Law passed
	# of complaints on denied access to information	Base/target to be determined.		MoPS table the principles of access to government information to Cabinet.	Principles of access to government information tabled before Parliament in March 2004.	
4.3. Greater effectiveness in sanctioning corrupt acts by key groups of leaders.	# of discrepancies between declaration and verification of key leaders asset not verified.	240 declarations/year	IGG has issued to appointing authorities letters for disciplinary action against Ministers, Presidential	The Inspector General (IG) completes analysis of declared assets and information collected from key categories	A critical examination of information submitted by all Ministries on their assets, income and liabilities was	

			Advisors, Permanent Secretaries, Directors and Uganda Revenue Authority officials who have failed to declare their income, assets and liabilities and appropriate action has been taken accordance with the law.	of leaders, initiates asset verification, investigates all complaints from the public received by his office by November 1, 2003 and presents a time bound action plan for the implementation of the leadership code.	completed. Critical examination of declarations of the 32 Permanent Secretaries has been completed. Critical examination of 23 Presidential Advisors has been carried out.	
4.4. Improved accountability and effectiveness of public procurement	% of entities with approved procurement plans.	10% in 2003/04 20% in 2004/05 50% in 2005/06.	Enactment of Procurement Bill with provisions ensuring competition in selection of third party procurement agents	By May 2004 the Ministry of Local Government will have submitted to Cabinet the draft Local Government Procurement & Disposal of Assets Regulations and proposals to amend the Local Government Act, particularly on those issues relating to the appointment and removal of the tender board members in the local government. PPDA implements the capacity building strategy for central and local government.	Harmonized draft local government procuring regulations were produced and submitted to Cabinet in May 2004. A draft cabinet paper containing amendment proposals to the sections of the Local Governments Act relating to appointment and dismissal of local government tender board members was also produced and submitted to Cabinet in May 2004.	Drastically reduced budget for implementing procurement reform will stretch out the implementation process
Outcome 5:						

Improved civil society participation						
5.1. A better operational environment for government and NGO partnerships	NGO policy adopted by 2006		OPM, MoIA and NGOs have agreed on the draft NGO bill.	MoIA and OPM in consultation with other ministries and NGOs initiate the development of and NGO's policy.	NGO amendment bill is before Parliament. Consultations are underway with NGO sector stakeholders (CSOs, Donors & Local Government) to improve on the amendment Bill. 2 studies (finance by EU) on the Local Government NGO Regulatory Framework and the Coordination & monitoring of NGOs have been accomplished to enhance the NGO Capacity study that was financed by the WB.	The studies aimed at informing decisions regarding the NGOs sector were completed. However, the Amendment Bill was not viewed on with favor by the t NGOs . The NGOs put pressure on Parliament and the bill was stayed throughout the PRSC 4 period. Efforts to draft an NGOs policy was opposed by the security organs that sit on the NGOs board. NGOs still seem to be considered an internal security issue
5.2. Standard methodologies for civil society monitoring of government performance	Access rate to public services as a result of government action on civil society information			OPM and MoFPED has facilitated discussions with CSO regarding monitoring and dissemination methodologies for effective linkage with policy processes.		Discussions did take place and the task is being led by CSOs. Since this component was discontinued under PRSC 5 the monitoring tool was drafted under a Trust Fund.
5.3. A harmonized	Local government	50% of the LGs utilizing the	Local governments	MoLG and local	The HPPG was revised and	The HPPG has been illustrated

framework for community participation in service delivery	authorities plans reflect community priorities.	framework for planning and budgeting by 2006.	have implemented the harmonized participatory planning guide (HPPG) for lower local council.	government authorities implement and monitor the performance of the participatory planning and budgeting framework (HPPG).	pre-tested after wide consultations between February and September 2003. The process of illustrating the HPPG was completed in June and is currently undergoing mass reproduction. Nationwide roll out is planned to commence in July 2004. Requisite HPPG trainer modules were developed in May 2004 and are being mass produced. A cadre of 25 HPPG national facilitators has been trained ready for rollout and follow-up activities	and will be translated into 9 local languages. Further simplification of the HPPG (pictorial presentation, figures, diagrams etc) especially for Parish and lower levels is planned in the near future. It has been rolled out in all districts with support of LGDP 2, DDP and a Trust Fund. However monitoring of the implementation was inadequate due to financial and human resource constraints on the part of
Outcome 6: Improved Environmental Sustainability						
6.1. Establishment of a sustainable and integrated approach to environmental management	Implementation of ENR Sector Investment Plan MTEF NEMA funding	Base: n/a SIP agreed and funded by 2006	MoFPED has begun gradually increasing funding for NEMA within MTEF.	ENR- SWG clarifies the composition and vision of the ENR sector. At least 25% of NEMA's operating costs to be covered by MTEF.	Developed the vision, identified and agreed on the composition of core stakeholders of the SWAP. Plans to recruit sector facilitator to coordinate the development of	NEMA has not been funded under MTEF as expected

					the ENR SWAP investment plan are complete.	
6.2. Established and functioning agencies for forest resource management	Distance traveled to collect firewood	Base: less than 0.7 km 2000 Less than 0.6 km 06		MWLE ensures NFP implementation through: effective launch and monitoring of NFA and adequate capacity building in FID	NFA was launched in April 2004, Board member in place, Executive Director appointed and recruitment of other staff being implemented. FID functional analysis by July 2004.	
Outcome 7: Improved Enabling Environment for Transition from Subsistence to Commercial Agriculture						
7.1. Strengthened coordination of PMA implementation	% of budgets aligned to PMA	Base/Target to be determined.				
7.2. Increased access to and relevance of agricultural advisory services	Access to and satisfaction with adv.	Access 26% in 2000 36% in 2004.		MoPS and MLG submits local government restructuring plan for Cabinet approval.	Cabinet memo on local government restructuring submitted to Cabinet in May 2004.	The local government restructuring plan was approved by Government, but did not adequately address the requirements of the production departments. Delaying extension workers remains slow.
	Services by men/women; % improved technology adopted.	Satisfaction 34% in 2000 36% in 2004		Cabinet has approved the National Agricultural Research Bill	The National Agricultural Research Bill has been approved by	Parliament has approved the Bill and the National Agricultural

					Cabinet, published in the gazette and submitted to Parliament for consideration.	Research Council has been established as a first step in implementing the subsequent Act.
7.3. Strengthened micro finance and rural financial markets	# of branches outside of 3 major cities of MDIs, other licensed FU's and SACCOs and other Tier 4 MFI's providing satisfactory financial perf	285 in 2004 447 by 2007	No direct government credit programs reestablished.	BOU in consultation with stakeholders, adopts regulations for implementation of the Microfinance Deposit taking Institutions Act. MoTTI drafts for submission to Parliament revisions to the Cooperative Act that strengthen the framework for SACCOs in line with international standards.	MoTTI: Review of Cooperative act completed, Draft submitted to MoFPED for certificate of financial implication.	
7.4. Reduced agro-processing and marketing constraints	Km road in good repair	700 km by 2006	PMA steering committee has reviewed recommendations on the role of UCDA and agreed on actions to be taken.	MoWHC has drafted 10 year District Road Investment Program for submission to Cabinet	Draft Ready and awaiting certificate of financial implication from MoFPED	
	Coffee undergrades	20% in 2004 10% in 2006		MAAIF and UCDA conducts broader consultations on the UCDA review report and agree with PMA steering Committee on reforms.	MAAIF is to present the proposed UCDA reforms to the PMA Steering Committee Meeting in September 2004.	The proposed reforms were reviewed and discussed with slow progress on implementation . Subsequent work has been undertaken as part of the DTIS.
				PMA Steering Committee reviews	PMA Steering Committee to review the	Further work has been undertaken on

				recommendations on the policy, legal and regulatory environment for the fish and maize sectors	policy and regulatory recommendations at its meeting of September 2004.	the fish sector as part of the DTIS.
	Value of finances issues against warehouse receipts			MTTI drafts Warehouse Receipts Bill (WRB) for tabling in Parliament.	Review completed, waiting for certificate of financial implication in order to present the Bill to Parliament.	
7.5.Strengthened tenure security, particularly greater access to and control over land by women	% of Land Register rehabilitated	By June 2006. LIS Pilot completed in 1 District by Dec 2006.		MoWLE initiates rehabilitation of land registry record and designs a LIS.	Computerization of land registration of records started in FY 2003/04. The design of LIS is ready for Ministers approval.	
	% of land conflict resolved	24% in previous year in 2004, 50% in 2006		MOWLE, JSC complete appointment of members Land Tribunals.	Members of Land Tribunals have been appointed in 56 districts.	
	Land titles/ Ownership certificate issued, by gender	2 parishes in 2004, 24 parishes in 2006	MoWLE has finalized proposals for pilot schemes to strengthen common property management systems	MoWLE conducts pilots of demarcation and certification in locations representing different land use systems.	Systematic demarcation is being piloted in three districts of Ntungamo, Masaka, & Soroti. Six (Wakiso/Mukono, Mbale, Kampala, Apac, Kibale, Iganga) more districts have been selected.	
	Land titles and/or certificates registered by gender. Increase in awareness of women's land rights.	Baseline survey will provide benchmark data for evaluation of progress		MoWLE initiates development of evaluation tool for LSSP to provide baseline assessment of women's land rights,	Procurement of consultant to develop the framework to evaluate LSSP is underway. Technical evaluation of the bids has	

				including awareness level.	been completed	
Outcome 8: Universal Primary Education Achieved						
8.1.Improved quality of teaching	Pupil : teacher ratio	55: 1 in 03/04	Satisfactory implementation of undertakings agreed in the education sector review in April 2002 and confirmed in October 2002 review	To be reported on at the November 2004 Education Sector Review.	Census was conducted in March/April 2004 and analysis of data underway.	
8.2.Increased access to learning materials	Pupil : core textbook ratio (P3-P7)	3 : 1 in 03/04				Current ratio is 2:1. Procured instructional materials under cycle 9, covering all subjects and classes, including non book materials for P1 and P2.
8.3.Improved learning environment	Pupil: classroom ratio	94:1 in 03/04				Current status 79:1. Major focus on 10 districts with worst PCR.
Outcome 9: Reduced child mortality, better maternal health and progress against HIV/AIDS, Malaria and other diseases.						
9.1.Reduction of HIV prevalence among adult population.	HIV prevalence by age/sex	Base- 03: 6.2% Target-04: 5.5%	HIV prevalence rate reduced to 5.8 %	Prevalence halted at 6.2%	The ongoing sero survey will provide most recent prevalence rates.	
9.2.Increased use of health facilities for	% of SDP with EmOC % of deliveries	Base/03: 20% 2004 Target: 20%		Deliveries in public and PNFP units is	This does not include deliveries in the	

delivery	in health facilities.			20%.	private health facilities.	
9.4.Maintenance of the current level of DPT3 immunization coverage	DPT3 immunization coverage	Base/03: 84% 2004 target: 20%	65% of children less than 1 year have received DPT3 vaccination.	Current coverage is 84%		87% during 2003/04.
9.5.Increased use of family planning	% SDP with FP; CPR, TFR			Contraceptive prevalence rate is at 23%		
9.6. Improved maternal and child nutrition	Maternal anemia/U-5 stunting			Satisfactory efforts are being made to further improve current maternal and child nutrition.	Child health days and Vit A, iron and folic acid supplementation for children and mothers, strengthening growth promotion within districts among others are being used to improve maternal and child nutrition.	
Outcome 10: Improved Access to Functional Water and Sanitation Services						
10.1.Increased access to safe water	Reduced collection time in urban/rural areas	Base 03/04: 9 min/30min Target 05/06: 5 min/25 min		FY 2003/04 : 9 min/28 min		
10.2.Improve Hygienic practices	% of HH who practices hand washing with soap after defecation.	Base 03/04: 10% Target 05/06: \$140/\$		Urban/Rural 2003/04: \$150/\$50		
10.4.Clean water to all health facilities	# of SDPs without clean water	50% in 04 25% in 05 0% in 06		FY 2003/04 50%		

Annex 2. Project Costs and Financing

Component	Appraisal Estimate US\$ million	Actual/Latest Estimate US\$ million	Percentage of Appraisal
IDA	150	155.30	100
Total Project Cost	150	155.30	100
Total Financing Required	150	155.30	100

Project Financing by Component (US\$ million)

Component	Appraisal Estimate	Actual/Latest Estimate	Percentage of Appraisal
	Bank	Govt	CoFBankGovtCoFBankG ovtCoF
Budget	150	0	0155.300010000

Annex 3. Economic Costs and Benefits

Not Applicable.

Annex 4. Bank Inputs

(a) Missions:

Stage of Project Cycle	No. of Persons and Specialty (e.g. 2 Economists, 1 FMS, etc.)		Performance Rating	
	Month/Year	Count	Specialty	Implementation Progress
Identification/Preparation October-2003	21	2 economist, 2 monitoring and evaluation specialist, 3 public sector specialist, 3 procurement specialist, 1 financial management specialist, 2 rural development specialist, 2 private sector specialist, 1 health specialist, 2 land specialist, 1 operation officer and 2 TTL.		
Appraisal/Negotiation March 2004	23	2 Senior Economist, 3 public sector specialist, 2 procurement specialist, 1 monitoring and evaluation specialist, 1 financial and private sector specialist, 1 financial management specialist, 2 land specialist, 2 agriculture and rural development specialist, 1 environmental specialist, 1 road sector specialist, 1 education specialist, 2 health specialist, 1 gender specialist, 1 safe gurad specialist, TTL and one operations officer.		
Supervision Dec 2004-February 2004	2	TTL and 1 operation officer		
ICR March 2004-June 2004	3	1 Economist, 3 consultants		

(b) Staff:

Stage of Project Cycle	Actual/Latest Estimate	
	No. Staff weeks	US\$ ('000)

Identification/Preparation		
Appraisal/Negotiation	202	1031.74
Supervision	55	149.7
ICR		
Total		

Note: appraisal/negotiation includes identification and preparation as well.

Annex 5. Ratings for Achievement of Objectives/Outputs of Components

(H=High, SU=Substantial, M=Modest, N=Negligible, NA=Not Applicable)

	<u>Rating</u>				
<input checked="" type="checkbox"/> <i>Macro policies</i>	<input checked="" type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input checked="" type="checkbox"/> <i>Sector Policies</i>	<input type="radio"/> H	<input type="radio"/> SU	<input checked="" type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input checked="" type="checkbox"/> <i>Physical</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input checked="" type="checkbox"/> <i>Financial</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input checked="" type="checkbox"/> <i>Institutional Development</i>	<input type="radio"/> H	<input checked="" type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input checked="" type="checkbox"/> <i>Environmental</i>	<input type="radio"/> H	<input type="radio"/> SU	<input checked="" type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<i>Social</i>					
<input checked="" type="checkbox"/> <i>Poverty Reduction</i>	<input type="radio"/> H	<input type="radio"/> SU	<input checked="" type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input checked="" type="checkbox"/> <i>Gender</i>	<input type="radio"/> H	<input type="radio"/> SU	<input checked="" type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input type="checkbox"/> <i>Other (Please specify)</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input checked="" type="checkbox"/> <i>Private sector development</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input checked="" type="checkbox"/> <i>Public sector management</i>	<input type="radio"/> H	<input type="radio"/> SU	<input checked="" type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input type="checkbox"/> <i>Other (Please specify)</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA

Annex 6. Ratings of Bank and Borrower Performance

(HS=Highly Satisfactory, S=Satisfactory, U=Unsatisfactory, HU=Highly Unsatisfactory)

6.1 Bank performance

Rating

- | | | | | |
|---|--------------------------|------------------------------------|-------------------------|--------------------------|
| <input checked="" type="checkbox"/> Lending | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |
| <input checked="" type="checkbox"/> Supervision | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |
| <input checked="" type="checkbox"/> Overall | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |

6.2 Borrower performance

Rating

- | | | | | |
|---|--------------------------|------------------------------------|-------------------------|--------------------------|
| <input checked="" type="checkbox"/> Preparation | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |
| <input checked="" type="checkbox"/> Government implementation performance | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |
| <input checked="" type="checkbox"/> Implementation agency performance | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |
| <input checked="" type="checkbox"/> Overall | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |

Annex 7. List of Supporting Documents

Miovic, P. (2004), Poverty Reduction Support Credits in Uganda: Results of a Stocktaking, May 2004

Uganda, MOFPED (2002) Revised Poverty Eradication Action Plan (PEAP-2), May 2000

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World Bank (2004), ICR for the Third Poverty Reduction Support Credit, Report P074081, draft of June 4, 2004 – after reviews, issued formally as Report No. 28838, March 10, 2005

World Bank (2004), Uganda: Fourth Poverty Reduction Support Operation, Report No. 29287-UG, August 5, 2004

World Bank/IMF (2005), IDA-IMF Staff Advisory Note (on PEAP III), Report No. 32698-UG, June 23, 2005

World Bank et al. (2005), (Multi-donor) Joint Assistance Strategy for the Republic of Uganda (2005-09), Report No. 34310-UG, December 14, 2005

World Bank (2005), Uganda: Fifth Poverty Reduction Support Operation, Report No. 34382-UG, December 13, 2005

