THE REPUBLIC OF UGANDA

Public Sector Management Semi-Annual Performance FY 2016/17: What are the Obstacles to Implementation?

OVERVIEW

Public Sector Management (PSM) focuses on; reviewing systems, structures, processes and procedures for effective coordination of service delivery, harmonizing and reforming policies, laws and regulations at the national and local government level, and spearheading reforms and managing talent to create a well-motivated and competitive public service *(Second National Development Plan 2015/16-2019/20. NDP II p. 223)*

The PSM sector consists of eight votes namely: Office of the Prime Minister (OPM), Ministry of Public Service (MoPS), Ministry of Local Government (MoLG), Ministry of East African Community Affairs (MEACA), and National Planning Authority (NPA). Others are Kampala Capital City Authority (KCCA), Public Service Commission (PSC), and Local Government Finance Commission (LGFC) with projects implemented both at the Centre and Local Government levels.

This briefing paper examines the extent of achievement of the PSM sector priorities for the first half of FY2016/17 (July to December 2016), the obstacles to implementation and proposes policy recommendations.

Methodology: The Budget Monitoring and Accountability Unit (BMAU) collected primary data using a combination of random and purposive sampling methods in January and February 2017. Fieldwork covered 14 projects from the 8 votes in the sector.

Comparative analysis of outputs achieved against budget using a weighted score method was used to determine performance as follows: 90 and above for very good, 70%-89%-Good, 50%-69 %-Fair, and Less than 50% - Poor.

KEY ISSUES

- Lack of strategic plans to guide the development of quarterly work plans and performance targets.
- Constant wage shortfalls in LGs especially among teachers and health workers.
- Shortage of staff in strategic positions especially in LGs affecting service delivery.
- Reallocation of funds hampering the achievement of planned outputs.
- Delayed completion of works due to inadequate financial and human capacity of some contractors.

INTRODUCTION

Semi-annual monitoring focused on the following projects: Humanitarian Assistance, Karamoja Integrated Development Programme (KIDP), Support to Luwero-Rwenzori Development Programme (LRDP), Post-war Recovery and Presidential Pledges (PRDP), Support to Ministry of Public Service (MoPS), Public Service Reforms, Millennium Villages Project (MVP II), Community Agriculture Infrastructure Improvement Programme (CAAIP III), Urban Markets and Marketing Development of the Agricultural Project (UMMDAP). Others were; Support to MoLG, Strengthening MEACA, NPA, Local Government Management Service Delivery (LGMSD) under KCCA, PSC,and Support to Local Government Finance Commission (LGFC).

PSM Sector Strategic objectives for FY 2016/17 and the medium term were to:

a. Attract, recruit, develop and retain a highly skilled and professional workforce/human resource.

b. Develop management and operational structures for an efficient and effective decentralized service delivery system.

c. Spearhead comprehensive and integrated development planning at local and national levels.

d. Establish mechanisms, and structures that will promote coordinated and harmonized policy, planning, budgeting, monitoring and evaluation at National and Local Government levels.

e. Strengthen strategic leadership, guidance and support for East African Integration by MEACA.

f. Facilitate the realization of Government's poverty reduction initiatives.

g. Coordinate information flow and resource allocation towards Government priorities.

h. Reduce the impact of natural disasters and emergencies.

Semi-Annual Sector Financial Performance FY 2016/17

a) Financial performance

Overall, financial performance was poor as 26.7% of the annual budget was released by 31st December, 2016. Expenditure performance was very good as 92% of the released funds were absorbed as shown in Table 1.

Figure 1: Financial performance of the PSM sector per vote as at 31st December, 2016 (Billion Ug Shs excluding; external financing, taxes and arrears)

Institution	Approved budget	Releases	Expenditures	% Budget released	% Release Spent	% share of Budget by vote
OPM	131.851	53.651	52.141	40.7	97.2	26.5
MoPS	29.803	10.241	9.211	34.4	89.9	6.0
MoLG	235.744	8.847	5.246	3.8	59.3	47.3
MEACA	29.202	23.447	22.611	80.3	96.4	5.9
NPA	22.53	11.971	10.162	53.1	84.9	4.5
KCCA	37.213	19.33	18.203	51.9	94.2	7.5
PSC	6.714	3.318	2.835	49.4	85.4	1.3
LGFC	5.183	2.38	2.209	45.9	92.8	1.0
TOTAL	498.24	133.185	122.618	26.7	92	100

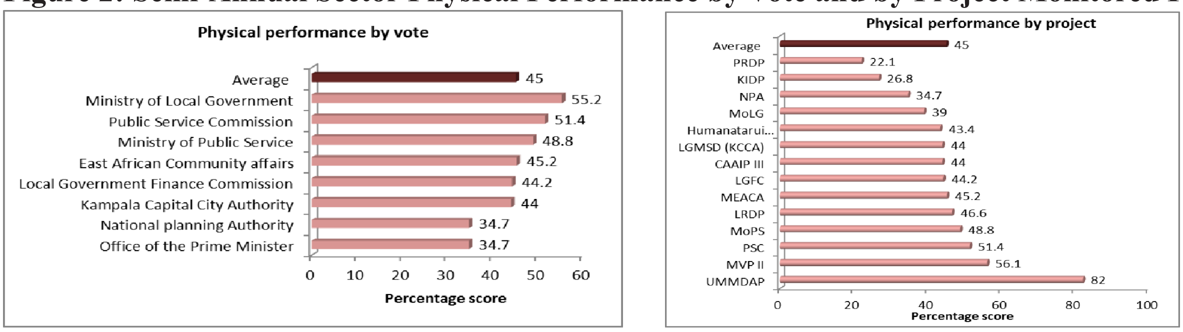
Source: IFMS

The MoLG had the biggest share of the sector budget (47.3%) while the Local Government Finance Commission had the least (1%). MEACA had the highest release (80.3%), while MoLG had the least release (3.8%) under GoU funding. The OPM had the highest absorption rate (97.2%) of the released funds, while MoLG had the least absorption (59.3%) for GoU funding. Donor funding performance for MoLG was very good.

b) Physical performance

Overall sector physical performance was poor at 45% (Figure 2).

Figure 2: Semi-Annual Sector Physical Performance by Vote and by Project Monitored FY 2016/17



Source: Field findings

The MoLG was the best performing vote at 55.2%. This is attributed to the good performance of two of the donor funded projects. The UMMDAP was at 82% as all works on the major market facility at Nyendo in Masaka, and Phase I of Busega market were completed and handed over by December 2016. The MVP II at 56.1% also had most of its planned outputs achieved.

The OPM was the least performer at 34.7%. This poor performance is majorly attributed to unauthorised reallocation of funds under PRDP amounting to Ug shs 7 billion among other reasons.

The general performance of the other sector votes ranged between 44% and 48%.

Key Sector Obstacles to Implementation

Lack of strategic plans for focused planning:

Save for NPA, PSC and LGFC, other votes (OPM, MoPS, MoLG, MEACA and KCCA), and the 25 LGs monitored under PSM lacked strategic plans. Besides, most of the staff lacked training in strategic planning both in central and LGs. This resulted in duplication of annual planned outputs, executing outputs outside the plan, and setting of ambiguous output targets. Under Ministry of Public Service, the Capacity Building output for Ministries, Departments and Agencies (MDAs) and LGs is duplicated under Human Resource Management and Human Resource Development.

Reallocation of funds: The PRDP's restocking program under OPM had Ug shs 7.8 billion meant for procuring 4,650 oxen in FY 2016/17. However, this was reallocated to pay for oxen procured in FY 2015/16 without authority from the Ministry of Finance, Planning and Economic Development (MFPED) as required by the Public Finance Management Act (PFMA), 2015.

Under KIDP, funds meant to construct five cattle crushes in Abim district were reallocated to pay advance of Ug shs 831 million to M/s BMK for construction of girls dormitories in Moroto and six kitchens in various schools in Karamoja region. Construction of the kitchens had not started by January 2017. Such reallocation was also noted under MoPS, Humanitarian Assistance, and PRDP.

Delayed payments of completed civil works and submitted certificates: This was evident under KIDP, CAIIP III, UMMDAP, and Support to LRDP projects like Nalutuntu Health Centre in Mubende district.

Under KIDP, M/s Plan World Company contracted to construct girls dormitories at Lolachat and Karita primary schools in Nakapiripit and Amudat districts respectively had not been paid certificates submitted in February 2015 amounting to Ug shs 170 million for an activity that was rolled over from FY 2014/15.

The UMMDAP under MoLG, Ambitious Construction Company Ltd and Arab Contractors Ltd contracted for the construction of Nyendo and Masaka markets respectively had pending certificates by January 2017. All the delayed payments had attracted interest.

Lack of qualified staff in strategic positions in LGs: Most officers are in acting capacity yet they are inexperienced and lack skills to deliver quality service. In Busia Local Government, out of the eight (8) strategic positions, only three (3) have been substantively filled since 2010. In Bugiri district and Kamuli Municipal Councils, most officers had been in acting capacity for over five (5) years which contravenes the Uganda Government Standing Orders. In Soroti and Bukedea districts, there was one officer each in the human resource departments, which was not commensurate with the work overload thus affecting service delivery.

Constant wage shortfalls in LGs especially among teachers and health workers: This was attributed to poor coordination between MFPED, MoPS, Ministry of Education and Sports (MoES), and Ministry of Health (MoH) in recruitments of health staff and posting of secondary school teachers without notifying the affected LGs. Additionally, capacity gaps of some human resource departments and planning units in forecasting the wage Indicative Planning Figures (IPFs) leading to under-budgeting and the resultant low cash releases. This explains the wage shortfalls in the districts of Kayunga, Kabarole, Bushenyi and Kamuli MC by 31st December, 2016.

Delayed completion of works and installation of equipment for the Agricultural Production Facilities (APFs): This is attributed to inadequate financial, human and technical capacity of some contractors. Under CAIIP III, Trandit Ltd Company, the contractor for the three coffee huller shelters in Bushenyi district had inadequate financial and human capacity. This explains why the APFs were not completed during the contract period 4th September 2015 to 4th March 2016 *(see photo below)* and the abandonment of site by the contractor for the APF in Bundibugyo district.

The machines in Busia, Bugiri, Mayuge, and Kabarole districts had not been installed yet APF shelters were completed. Some installed APFs were non-functional despite the hefty investment.

Uncompleted coffee huller shelter in Bushenyi district

Conclusion

Overall sector performance was poor (45%) at half year. The poor performance is attributed to a number of factors mostly unauthorized reallocation of funds and absence of strategic plans. These, if not tackled shall hinder the achievement of the PSM annual plans and strategic objectives.

Recommendations

1. The NPA in liaison with planning units in the different votes should spearhead the development of strategic plans to guide the development of work plans, budgeting and implementation of activities in both the MDAs and LGs.

2. The MoPS, MoLG, MFPED and LGs should expeditiously address the issue of constant wage shortfalls in LGs through constant training of planners and HROs in forecasting of wage IPFs.

3. The MoPS, LGs and MFPED should ensure that core strategic positions are filled. The MoPS should hasten the customization of positions arising out of restructuring exercise submitted by various LGs for approval to ensure efficient and effective delivery of services in LGs.

4. The OPM, MoPS, and MoLG should seek authority from MFPED as required by the PFMA 2015 before reallocation of funds.

5. Implementing agencies both at Central and LG levels should ensure compliance of contractors through routine monitoring and supervision of works to ensure timely competition of projects and contacts.

References

- MFPED (BMAU). Semi-Annual Budget Monitoring Report FY 2016/17.
- Second National Development Plan (NDP II) 2015/16-2019/20 -National Planning Authority
- National Budget Framework Paper (NBFP) 2016/17-2020/21
- Ministerial Policy Statements for MoPS, OPM, MoLG, LGFC, PSC, and MEACA FY 2016/17

For more information contact:
Budget Monitoring and Accountability Unit (BMAU)
Ministry of Finance, Planning and Economic Development

P.O Box 8147, Kampala
www.finance.go.ug