BMAU BRIEFING PAPER (14/14)

THE REPUBLIC OF UGANDA

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Causes for the persistent implementation of unplanned outputs in the Education sector development projects

Overview

Lack of coherence between planned outputs and actual implementation in the Ministry of Education and Sports (MoES) development projects has persisted over the years as evidenced from the ministry's progress reports for the last three financial years.

According to the Budget Call Circular for FY 2013/14, annual and quarterly work plans should be clearly formulated indicating the resource allocation, the outputs to be delivered, key performance indicators and clear timelines for implementation of various activities as per the work plan. However, in some instances the education sector work plans are not consistent with this Budget Call Circular requirement.

Analysis of the work plans, the consolidated progress reports from MoES and the Budget Monitoring and Accountability Unit (BMAU) field findings for FY 2013/14 revealed that, there was no coherence between planned outputs and what was implemented in some of the development projects during Quarter 1 (Q1) and Q2 of FY 2013/14.

This policy brief highlights the reasons for these inconsistencies and provides policy recommendations.

Key Findings

- Rolled over projects are not reflected in planned activities.
- Diversion of resources to unplanned activities is sometimes done without relevant authorization.
- Projects are rolled over because of:
  1. Inadequate capacity of contractors
  2. Diversion of funds
  3. Low absorption due to late procurement
  4. Un-harmonized donor release schedules and work plans.

Introduction

Since 2008, all Government of Uganda (GoU) spending entities are required to sequence their planned activities into annual and quarterly work plans. This has been done by completing performance forms A and B, and accounting officers are required to sign performance contracts. Part I of the Performance Form A sets out the target outputs to be delivered in the financial year, and the timeliness within which they will be delivered. It also links the expected outputs, the activities that will be carried out, the inputs required and the associated approved budget. It further details that outputs must be consistent with the Budget Framework Paper and the Ministerial Policy Statement as submitted to Parliament.

A review of the Q1 and Q2 MoES consolidated progress reports and, quarterly and annual work plan for FY 2013/14 noted inconsistencies between the work plan and implemented Q1 and Q2 planned outputs. These inconsistencies are outlined below.

Key Findings

Diversion of resources: Funds were sometimes diverted to unplanned activities, in some instances without authorization. For example, 12 seed secondary schools under project

0897- Development of Secondary Education, output 070280 classroom constructions and rehabilitation, were to receive funds for completion of administration blocks. By Q2 of FY 2013/14, Ug Shs 789,266,667 had been released for this activity. However, none of the schools received the funds.

Instead, the money was diverted to: Secure land at Aboke High School, service tenancy agreement at Masaka S.S, complete construction of Bundikahungu Seed S.S, pay certificate No.3 for construction of Burunga Seed S.S and certificate No.25 for construction of a seed S.S at Gogonyo Sub-County. These activities were carried over from FY 2012/13 because funds were not released in Q4. However, all the aforementioned activities were not in the work plan for FY 2013/14.

Part of the funds was also diverted to:

- Output 070202-Instructional Materials for Secondary Schools to provide computers and text books to Universal Post O-Level Education and Training schools. This activity was in the FY 2013/14 work plan but its funds were used to settle two court cases for Aboke H.S and Masaka S.S.

- Output 070204 Training of Secondary Teachers, where 313 head teachers were trained at Jinja S.S and Iganga S.S on how to avert/manage strikes. This activity was not in the annual work plan for the FY 2013/14.

Activities for completing administration blocks were prioritized in Q3 FY 2013/14 and six out of the 25 seed schools were reported to have received funds for completion of administration blocks.

Under the same project 0897, part of the funds meant for output 070202 Instructional Materials for Secondary Schools were also transferred to output 070204-Training of Secondary School Teachers. The diversion was attributed to inadequate funds to facilitate training of science teachers, monitor construction works, conduct site meetings and complete construction works at Bundikahungu Seed School in Bundibugyo district. This affected implementation of planned activities for output 070202-Instructional Materials for Secondary Education. This was done without seeking authorization from the Permanent Secretary/Secretary to the Treasury as per section 39 of the Public Finance and Accountability Act 2003.

Under project 0943- Emergency Construction and Rehabilitation of Primary Schools, it was planned that nine primary schools would be rehabilitated/constructed by Q2 FY 2013/14. These were Butalunga, Kiwawu, Ngomanene, Wampewo, Lugonyola, Kiwawu, Ngomanene, and Bweyogerere primary schools. A total of Ug Shs 878,712,394 (50%) of the approved budget was released. However, five of the nine schools did not receive the funds for capital development. Instead, three primary schools of Usuk Boys P/S, Nakikungube P/S and Mwererwe P/S were rehabilitated/constructed, although they were not in the work plan for FY 2013/14.

Reasons for Rolling over Development Projects

A) Inadequate capacity of contractors: Development projects tend to lag behind schedule due to the inadequate capacity of some contractors leading to inconsistencies in implementation. For example, under Adaptable Program Loan 1(APL) project - Construction of School Facilities, a number of contracts were terminated by the client and some contractors abandoned the sites partly because of the high prices of inputs. This delayed completion of the project in the following schools: Orungo High School in Amuria, Naminyagwe Muslim S.S in Bugiri, Chesower S.S in Bukwo, Tunyi S.S Bulambuli, Nakalema S.S Iganga, Kaberamaido S.S and Olomat S.S both in Kaberamaido districts.

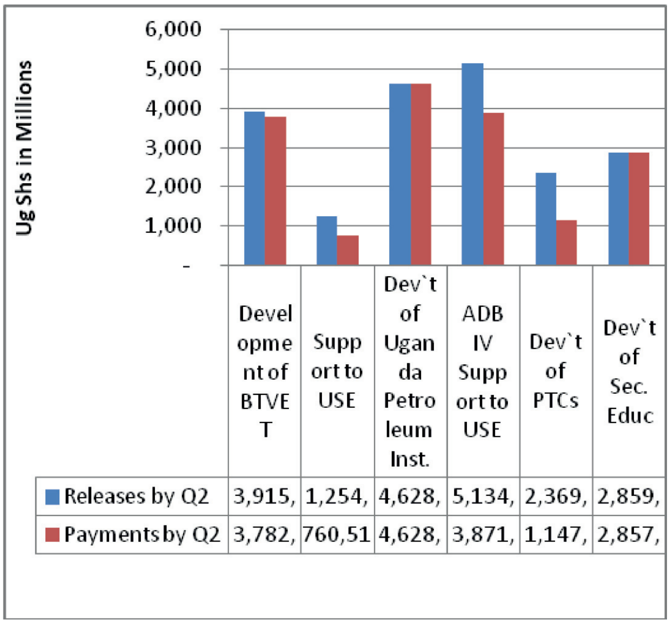
B) Diversion of funds: this is associated with untimely disbursements and discrepancy in the funds reported by MoES and the amount received by the benefiting institutions. Some institutions receive less funds than what is reported in the consolidated progress reports. This leads to delayed completion of planned activities.

For example, under project 1270-Support to National Heath and Departmental Training Institutions; MoES planned to disburse funds amounting to Ug Shs 540 million by Q2 FY 2013/14 to Jinja Nursing School. These funds were meant to fund the implementation of a master plan for the new site and kick start diversion of high power voltage lines from the school. The Q2 FY 2013/14 consolidated progress report indicated that all funds had been sent to the school for this activity. However, by 6th March 2014, the school had received only Ug Shs 131,070,243 out of the reported Ug Shs 540 million.

In other instances, the funds are disbursed late or not at all. For example, under project 0942 -Development of Business Technical Vocational and Education Training (BTVET), output 070577 Purchase of Specialized Machinery and Equipment, the Q2 MoES consolidated progress report indicated that funds were disbursed to Kaliro and Butaleja technical institutes.The funds were meant for procurement of assorted tools and equipment.This activity was in the work plan for FY 2013/14. However, by February 2014, the two institutions had not received the funds, thus contradicting what was in the progress report and the work plan.

C) Low absorption of funds: Analysis of utilization of the released funds within the education sector shows that some officers have not spent and implemented their respective plans effectively. Trends show that by Q2 FY 2013/14, the education sector development budget/releases had been under spent in some projects, leading to under achievements of planned targets

Graph: 1. Releases Vs Expenditure Development by Q2 FY 2013/14



Source: MoES Progress Report and IFMS Data FY 2013/14

The graph shows projects with an excellent absorptive capacity (Development of Uganda Petroleum Institute and Development of Secondary Education which had spent 100% of the total releases by Q2 FY 2013/14). Other projects are spending less than their total releases. For example under Development of Primary Teachers Colleges, long procurement processes delayed the project planned activities for Q2. For Project 1092-African Development Bank IV support to Universal Secondary Education, the funds were already committed and they had planned to spend them in Q3 and Q4 FY 2013/14. Under project 1091-Support to Universal Secondary Education (IDA), carrying out a needs assessment which was not previously planned for slowed down spending. Under development of BTVET, low absorption was due to late issuance of project guidelines by MoES, late release of funds and insufficient funds to kick start some projects like Uganda Technical College (UTC) Bushenyi.

D) Un-harmonized donor release schedules and work plans: There is a mismatch between planning under MoES and how donors release funds. Donors do not follow the quarterly work plans when releasing funds to MoES, which affects implementation of planned outputs. For example, by Q2 FY 2013/14, MoES had planned to spend Ug Shs 9.2 billion on project 1232- Karamoja Primary Education, Ug Shs 527,482,000 on project 0897-Development of Secondary Education, Ug Shs 1.6 billion on project 1241-Development of Uganda Petroleum Institute Kigumba and Ug Shs 8.4 billion on project 1273-Support to Higher Education, Science and Technology. None of the aforementioned projects received the donor contribution during that period, this affected implementation of planned outputs.

Conclusion

Implementation of various activities as per the work plan is one of the key drivers to realization of MoES development objectives and targets. However, in some instances the education sector has not followed its own work plan.

Evidence from MoES consolidated progress reports indicates that resources were diverted to complete rolled over projects and also cater for emergencies.

The rollovers are a result of inadequate capacity of contractors, inadequate funds, low absorption and un-harmonized donor release schedules and work plans. Diversion of funds has hindered effective achievement of the education sector's desired objectives.

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Policy Recommendations

1. The MoES should ensure that rolled over activities are reflected in new work plans.
2. The MoES should seek authorization from Ministry of Finance, Planning and Economic Development (MPFED) in case of a need for re-allocation.
3. The MFPED should institute penalties on the respective accounting officer in cases of discrepancies in the funds reported by MoES and the exact amount received by the benefiting institutions.
4. The MoES and other implementing agencies should start the procurement process as early as possible, as guided in the Budget Call Circulars to reduce under spending.
5. The Public Procurement and Disposal of Public Asset Authority (PPDA) should blacklist contractors (with their directors) who do not adhere to contractual obligations. This will reduce the practice by directors of registering new companies in new names after the old companies are blacklisted.

References:

1. www.fianance.go.ug; Performance Contracts
2. MFPED, 1st Budget Call circular 2014/15
3. MoES Q2 FY 2013/14 Progress Report
4. MoES Annual work plan for FY 2013/14
5. BMAU Q1 & Q2 Report FY 2013/14
6. Progress report for World Bank Support to UPPET for the years (2009-2013).