



Delayed Implementation of Government Projects: To what extent is it a problem of poor planning and budgeting?

Overview

Project implementation is part of the broader public investment plan and entails financing, procurement, budget and project execution (MFPEd, 2016). This aims at increasing the stock of infrastructure, technologies and inputs that are critical in the delivery of public services.

The infrastructure, technologies and inputs open up to citizens and firms economic opportunities that lead to economic growth and have the potential to create jobs for the country's growing population. This is in tandem with the strategic direction of the second National Development Plan (NDP II) 2015/16-2019/20 whose objectives include; increasing the stock and quality of strategic infrastructure to accelerate the country's competitiveness, strengthening mechanisms for quality, effective and efficient service delivery and increasing sustainable production, productivity and value addition in key growth opportunities.

Central to the public project investment is procurement, budget execution and project execution – referred to as planning and budgeting in this brief.

This policy brief investigates the extent to which planning and budgeting delay project implementation, and proposes recommendations for improvement.

Methodology

Secondary data was reviewed from the Annual Budget Performance Reports (ABRs), the Budget Monitoring and Accountability Unit (BMAU) reports, Government Annual Performance Report (GAPR) and performance report by the Office of the Auditor General (OAG). This was triangulated with field monitoring findings in July and August 2016 and January 2017.

Introduction

Over the last five Financial Years (2011/12-2015/16), the Government of Uganda (GoU) released at least 95% of the respective development budget. Currently, GoU is releasing 100% development budget to Local Governments (LGs) by quarter III and to Ministries, Departments and Agencies (MDAs) early in quarter IV. In spite of the release

Key Issues

In 75% of the reviewed projects delayed implementation was due to inefficiencies in planning and budgeting, this was evidenced by:

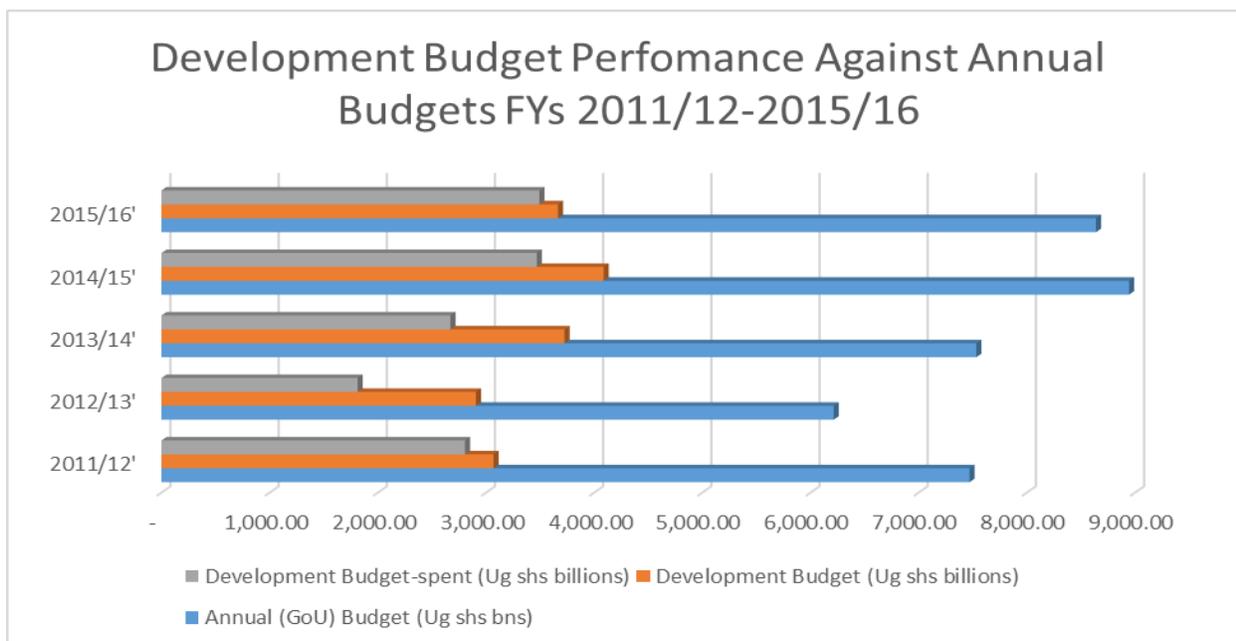
- Delayed initiation of projects. Untimely commencement of sourcing suppliers, contractors and inputs by the Ministries, Departments Agencies and Local Governments (MDA & LGs) results in late completion.
- Poor timing and negotiation of land acquisition. Projects that require land as a key input are approved before resolving issues from project affected persons and communities.
- Inadequate capacity of technical staff to plan and cost projects that resulted into over runs in time, cost and quality of projects pointing to unreliability of budget estimates made by the MDA & LGs.

performance, failures in the timely completion of projects persist. In the certificate of compliance report issued to government for the annual budget of FY 2016/17, it was reported that "Weak public investment management system resulted into weak budget performance on expenditure outturns leading to delayed implementation of projects" (*The National Planning Authority, 2017*). This points to the notion that excellent release budget outturns, do not necessarily translate into timely completion of projects.

The GoU development budget increased from Ug shs 3.069 trillion in FY 2011/12 to Ug shs 3.665 trillion in FY 2015/16 (average 11.74% increase), for which average absorption was 81%. Less than 100% absorption of funds pointed to poor planning and budgeting as causes for the delays that are subject of this brief. The performance is shown in Figure 1.



Figure 1: GoU Development Budget performance for the five year period FY2011/12-2015/16



Source: Annual budget performance Reports FYs 2011/12-2015/16

Findings

For this brief, causes of delays in implementation of projects are classified as follows; (i) **Planning**-delays in the initiation of procurements, delayed land acquisition for projects and compensations, such as incorrect timing of planned activities (ii) **Budgeting** - capacity gaps by technical staff in planning and costing of projects and late release of funds. **Others** –unforeseen circumstances, drought and understaffing in some MDAs & LGs to conduct planning.

Overall, 19% of the GoU development releases were unspent for the FYs 2011/12-2015/16.

A total of 15 (75%) projects attributed delays in project implementation to inefficiencies in planning and budgeting. Random sampling was applied to significantly GoU funded projects monitored by BMAU that experienced delays- Details of selected sector projects and causes of delays are shown in Table 1.

Table 1: Analysis of Causes of Delays in Project Implementation

Sector	Project	Subject of Intervention & funding in Ug shs (millions)	Reason(s) for Delayed Implementation
Agriculture	Support for tea cocoa seedling project	Crop production technology promotion- Ug shs 2.1bn	Supply of cocoa seedlings cancelled because of dry season- Others
	Goat export project in Sembabule District	2. Supply of goats to farmers- Ug shs 838m	Late initiation of procurement of goats- Poor planning .
	Infrastructural development	3. Construction of slaughter slabs, cattle dips, cattle markets, water reservoirs, fisheries infrastructure and irrigation	-Late release of funds- budgeting weakness 3. Weaknesses in procurement processes- Poor Planning



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		demos- Ug shs 647M	Late disbursement of funds- budgeting
Education	1. Development of Secondary Education 2. Presidential Pledges	1. Katunguru Seed School Rubirizi District- Ug shs 100m 2. Construction of Nakyanyi Secondary School Lwengo District- Ug shs 300m	1. Disagreement by District leaders on school location- Poor planning 2. No progress on project awaiting communication from Ministry of Education & Sports- Others
Energy	1. Mputa Interconnection Nkenda-Hoima transmission line 2. Nyagak III HydroPower	1. Increase electricity generation capacity- Ug shs 151 bn 2. Construction of small hydro power plant- Ug shs 58 bn	1. Lack of access road and Right of Way (RoW) affected project- poor planning 2. Geotechnical and survey reports pending approval- Others - Delay in compensation for the additional land for the access road to the fore bay and dam- poor planning
Health	Procurement of specialized equipment for Uganda Cancer Institute Uganda Heart Institute	Procurement of specialized equipment for Uganda Cancer Institute- Ug shs 2.9 bn	Delays in the procurement of equipment due to administrative processes- poor planning Delayed

Sector	Project	Subject of Intervention & funding in Ug shs (millions)	Reason(s) for Delayed Implementation
	Mulago Hospital Complex	Assorted equipment to functionalize facility- Ug shs 2 bn Expanding and improving health services in Kampala city	release of funds- poor budget execution Delayed initiation of procurements - poor planning Delayed issuance of no objection by World Bank for suppliers poor budget execution Termination of poor supplier services- Planning
Public Sector Management	Post War Recovery and Presidential Pledges	Pacification and development involving agricultural supplies- Ug shs 2 bn Restocking programme- Ug shs 20 bn	Poor procurement - poor planning Weak capacity of suppliers poor planning Funds worth Ug shs 7.8 bn for procuring 4,650 oxen were reallocated without authority- poor budget execution
Roads	East African Trade and Transport Facilitation Project National Roads Construction	Construction of one stop boarder post at Katuna- Ug shs 11.179bn Kyenjojo-Fortportal	Limited RoW given to contractor- poor planning The physical progress was at 5% against



Sector	Project	Subject of Intervention & funding in Ushs (millions)	Reason(s) for Delayed Implementation
	and Rehabilitation Project	road 50 Km- Ushs 30 bn	a plan of 26%- No design issued at time of tendering- poor planning
Water and Environment	Water for Production Water Sanitation Development Facility-Central	Construction of Kabingo valley tank in Sheema district-Ug shs 10.2 bn Water Sanitation Development Facility-Central- Ug shs 47 bn	Delayed due to land issues that led to relocation of the project- poor planning Land was not acquired due to lack of design for the system to determine the size of land required- poor planning

Source: BMAU Monitoring Reports FY 2015/16-2016/17

Conclusions

Overall about 83% of the project delays were associated with inefficiencies in planning and budgeting. Three (health, water and environment, and roads) of the seven sectors had 100% of the delays attributed to poor planning and budgeting. The sectors of education, energy, agriculture and public sector management had other factors that variously contributed to the delays. Planning and budgeting of projects poses challenges across all sectors of government. This is so even where 100% budgeted funding is availed. The effect of delayed projects include, denied public services to the population, increased costs of implementation through inflation and changing of inputs over time.

Recommendations

Project implementation calls for an integrated approach and effort by the entire government machinery, it would take building synergies across the whole public investment chain, some of which are proposed as follows:

- Government through the Ministry of Finance, Planning and Economic Development (MFPED) should fast track the amendment of the PPDA Act 2003 and PPDA regulations 2014 forming the National Public Sector Procurement Policy that will limit procurement duration including the appeals process to utmost 90 days.
- The MFPED should fast track the implementation and roll out of the Performance Based System (PBS) that has the E-procurement module to be applied in all MDAs and LGs, this will in effect shorten the procurement process duration and work to increase budget predictability.
- The National Planning Authority (NPA), Public Procurement Disposal of Public Assets Authority (PPDA) and Policy Analysis and Public Private Partnership’s department (PPP) of MFPED should work with MDAs and LGs to develop planning and budget standards, this would involve developing and widely disseminating manuals on different aspects of public investment management spelling out key requirements such as data and budget estimates.
- The MDAs and LGs should ensure that their officers undertake training in project management across the entire cycle to prepare quality projects, carry out rigorous appraisal, and implement the projects efficiently and at minimum cost.
- The Ministry of Lands, Housing and Urban Development should fast track the changes to the land law that prioritizes availability of land for government projects while ensuring necessary recompense for the land owner in time.

References

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