

# IEG

## ICR Review

Independent Evaluation Group

<b>1. Project Data:</b>		<b>Date Posted :</b>	09/25/2006	
<b>PROJ ID:</b>	P074082		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b>	Poverty Reduction Support Credit 4	<b>Project Costs (US\$M)</b>	300	300
<b>Country:</b>	Uganda	<b>Loan/Credit (US\$M)</b>	150	155.3
<b>Sector(s):</b>	Board: PO - Health (20%), General education sector (20%), General water sanitation and flood protection sector (20%), Central government administration (20%), General agriculture fishing and forestry sector (20%)	<b>Cofinancing (US\$M)</b>	150	150
<b>L/C Number:</b>	CH121			
		<b>Board Approval (FY)</b>		05
<b>Partners involved :</b>	UK, Netherlands, Ireland, Norway, Sweden, Germany, AFDB	<b>Closing Date</b>	09/30/2005	09/30/2005
<b>Evaluator:</b>	<b>Panel Reviewer :</b>	<b>Division Manager :</b>	<b>Division :</b>	
John H. Johnson	Kris Hallberg	Lily L. Chu	EGCR	

## 2. Project Objectives and Components

### a. Objectives

PRSC-4 was originally intended to form part of a cluster of three programmatic operations (PRSCs 4, 5, and 6) in support of Uganda's Third Poverty Eradication Action Plan (PEAP-3). However, negotiations on PEAP-3 were prolonged, and, once concluded, entailed important changes in direction from what had been anticipated at the time of PRSC-4 preparation. Hence, PRSC-4 became *de facto* a stand-alone operation. Its major innovation was to sharpen the focus on gender equity, and on reductions in the rate of infant and maternal mortality. It also supported the service delivery and rural development programs initiated under previous PRSCs.

The following are the four PEAP-2 pillars, each of which incorporated several objectives.

1. Create a framework for growth;
2. Strengthen good governance;
3. Increase the ability of the poor to raise their incomes.
4. Improve the quality of the life of the poor.

### b. Components (or Key Conditions in the case of Adjustment Loans):

The following were the ten key PRSC-4 objectives, grouped according to pillar. Each of these objectives incorporated in turn a number of prior actions.

1. (a) Efficient and equitable use of public resources.
2. (a) Improved capacity and performance of the public service.  
(b) Strengthened financial management practices.  
(c) Strengthened anti-corruption practices.  
(d) Improved civil society participation.
3. (a) Improved environmental sustainability.  
(b) Improved environment for transitioning from subsistence to commercial agriculture.
4. (a) Universal primary education achieved.  
(b) Reduced child mortality, better maternal health, and progress against HIV /AIDS and other diseases.  
(c) Improved access to water and sanitation services.

### c. Comments on Project Cost, Financing, Borrower Contribution, and Dates

The grant of US\$150 million was disbursed on April 21, 2005, and served as the trigger for parallel financing of a

roughly equal amount by other donors, disbursed on various dates throughout Uganda's 2005 fiscal year. Three additional programmatic operations (PRSCs 5, 6, and 7) are now planned to support PEAP-3.

### **3. Relevance of Objectives & Design :**

The objectives were originally designed around PEAP -2, which was superseded shortly after disbursement by PEAP 3, which retained certain key aspects of the earlier strategy, but, in other respects, moved in a different direction . Despite these rapid changes in priorities, PRSC -4 addressed key development constraints . However, some interventions, particularly for Objective 3, were piecemeal and not well-designed to achieve the desired outcome . Therefore, relevance is rated *substantial*.

### **4. Achievement of Objectives (Efficacy) :**

Pillar 1. *Modest*. While the overall macroeconomy showed strong improvement, the impact of PRSC -4 on its targeted areas of public service capacity and performance was limited . Although a number of studies and indicators were developed, action on the most important elements of public reform was postponed . Moreover, despite PRSC budgetary support, public service reforms have not been supported with substantial Governmental counterpart . So, for example, performance indicators for agricultural outcomes and service delivery standards were developed; studies of defense sector rationalization and remediation of resource flow issues completed; a fiscal decentralization strategy piloted; a pension reform framework approved by the cabinet; revisions of the National Population Policy initiated, guidelines for a revised gender strategy completed; and a National Monitoring and Evaluation Strategy articulated. But, the impact of these process reforms on the ultimate goal of improving the efficiency and equity of public expenditures remains unclear . Moreover, during PRSC-4 implementation, the Government of Uganda decided upon a major increase in the salaries of health workers and teachers which violated the norms and budgetary guidelines agreed under that operation .

Pillar 2. *Substantial*. A substantial number of measures and initiatives to improve governance were adopted . A pay reform strategy and a follow-on phase of the broader public sector reform strategy were initiated . Financial management was strengthened by the partial roll-out of a new Integrated Financial Management System, bills on public auditor independence and the prevention of corruption drafted, principles of access to government information and delivery of the first Treasury report on audited budget results tabled for Parliament; local government audits piloted; and an audit of asset declarations of senior government officials completed, with recommendations for action. However, reorganization of the Accountant General's Office and significant reductions in the backlog of accounting reports did not take place . Enhanced societal participation was supported by amendments to a bill regulating NGO participation, although that bill was ultimately rejected by Parliament .

Pillar 3. *Modest*. Progress under this objective was mainly in the area of process reforms . So, although a number of outputs was produced, such as preparation of a national Agricultural Research Bill (subsequently passed), creation of a National Forestry Authority, and an implementation review of the Plan for the Modernization of Agriculture, these did not translate into meaningful results . Evidence from two recent household surveys suggests that, if anything, incomes of the rural poor deteriorated, as the rural poverty headcount increase . Likewise, the most recent CAS Completion Report characterized the overall situation in late 2005 as one of "growing environmental degradation".

Pillar 4. *Modest*. Performance indicators for education and water and sanitation suggest clear improvements in the quantity and coverage of public services delivered, including to the poor . However, the evidence on educational quality is mixed, and the ICR does not provide information on the gender breakdown of enrollments . In sanitation, some targets were met, but other targets were not met or are not reported or updated in the ICR. In health, insufficient information was provided to determine whether significant results were achieved in improving rates of maternal and child mortality (key performance indicators for PRSC-4), or that the quality of health services improved . Additional information sent by the Region notes that gender-focused analytical work is being increased, as are a number of actions to support gender-focused development areas. However, overall, the PRSC's intended focus on gender issues and results orientation across the four pillars has not yet been translated into monitorable outcomes .

### **5. Efficiency :**

The efficiency of development policy loans is not rated, due to the unquantifiable nature of many costs and benefits .

### **6. M&E Design, Implementation, & Utilization:**

M&E was weak under PRSCs I, II, and III, and, so, became a major focus for improvement in PRSC IV . PRSC IV successfully supported several major initiatives having the potential to significantly strengthen M&E for future projects, including the establishment of 14 Sector Working Groups, an inter-ministerial coordinating mechanism within the Office of the Prime Minister, and a draft National Integrated M&E Strategy for PEAP III . It is too soon to determine how these mechanisms will be utilized .

### **7. Other (Safeguards, Fiduciary, Unintended Impacts--Positive & Negative):**

None.

<b>8. Ratings:</b>	<b>ICR</b>	<b>ICR Review</b>	<b>Reason for Disagreement /Comments</b>
<b>Outcome:</b>	Satisfactory	Moderately Unsatisfactory	Objectives clustered under three of the four pillars were only modestly achieved .
<b>Institutional Dev .:</b>	Substantial	Substantial	
<b>Sustainability :</b>	Likely	Likely	
<b>Bank Performance :</b>	Satisfactory	Satisfactory	
<b>Borrower Perf .:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR :</b>		Unsatisfactory	

**NOTES:**

- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
- ICR rating values flagged with ' \* ' don't comply with OP/BP 13.55, but are listed for completeness .

**9. Lessons:**

Inadequate results orientation during the first operations of a programmatic series will often render impossible a judgment about their ultimate development impact .

**10. Assessment Recommended?** ☒ Yes ☐ No

**Why?** As the fourth in a cluster of similar programmatic operations, a PPAR would be timely to assess results in greater depth than has been provided in the ICR .

**11. Comments on Quality of ICR:**

The ICR does a conscientious job of rendering considered qualitative judgments on the achievement of PRSC -4, viewing the results, insofar as they could be measured, from a number of interesting perspectives . However, it has a number of deficiencies that result in an unsatisfactory rating :

- There is insufficient data on development impact, partly due to the lack of results orientation of previous PRSCs .
- Much of the quantitative data is out of date, going rarely beyond the end of 2004.
- The discussion of macroeconomic performance is perfunctory, and lacks adequate supporting data .
- The ICR fails to report on some of the important outcome indicators specified in Schedule 3 of the Program Document (e.g., child/maternal mortality, percentage of land conflicts resolved ) .
- It contains little discussion of gender issues, despite their intended focus in the project .
- It is excessively process-focused, making it difficult to understand what was accomplished under the project .