



1. Project Data:		Date Posted : 07/29/2005	
PROJ ID: P050438		Appraisal	Actual
Project Name: SIMPLIFIED Ug:prsc I	Project Costs (US\$M)	\$150	\$150
Country: Uganda	Loan/Credit (US\$M)	\$150	\$150
Sector(s): Board: PS - Central government administration (29%), General education sector (21%), Health (21%), General water sanitation and flood protection sec (21%), Roads and highways (8%)	Cofinancing (US\$M)	0	0
L/C Number: C3510			
	Board Approval (FY)		01
Partners involved : None	Closing Date	03/31/2002	03/31/2002
Prepared by :	Reviewed by :	Group Manager :	Group:
Alice Galenson	John H. Johnson	Kyle Peters	OEDCR
2. Project Objectives and Components			
a. Objectives			
The PRSC supported the implementation of Uganda's poverty reduction strategy by focusing on selective areas in the Poverty Eradication Action Plan (PEAP), in particular, improved delivery of basic public services in health, education, and water supply and sanitation (WSS). An additional implicit objective was to move toward providing resources through the budget rather than through individual projects .			
b. Components			
(i) Promote the efficient, equitable use of public resources; (ii) improve governance through cross-cutting public sector reforms (public service and pay, procurement, financial management, transparency, participation, anti-corruption); and (iii) improve access to and quality of education, health care, and WSS services.			
c. Comments on Project Cost, Financing and Dates			
PRSC I was the first of three single tranche credits providing direct budget support to help the government implement its reform program. Processing was delayed by budget overruns (defense expenditures). Disbursement took place at effectiveness, based on the accomplishment of prior actions .			
3. Achievement of Relevant Objectives:			
Achievement of relevant objectives: Many of the steps to be taken were procedural and not closely linked to the desired outcomes. The objectives were sometimes vaguely worded, making it difficult to determine the extent to which they were achieved. Given the long term nature of many of the objectives, progress in the first year of a series of PRSCs could be expected to be only preliminary in many cases, and in this sense PRSC I was implemented satisfactorily, albeit with shortcomings.			
With respect to the component objectives:			
(i) Promote efficient, equitable use of public resources. Fully achieved. Public expenditures were aligned with PEAP priorities in selected sectors through annual public expenditure reviews, integration of expenditure ceilings for donor projects in the medium term expenditure framework, stakeholder consultations, and the publication of semi-annual budget performance reports. Results orientation was introduced through output/outcome targets in one sector, as planned; alignment with output oriented budgeting was started. Cabinet approved a national poverty monitoring and evaluation (M&E) strategy,			

and the government completed a review of M&E in education, health, WSS and agriculture. However, the development of service delivery standards from a baseline survey was delayed.

(ii) Improve governance through cross-cutting public sector reforms. Partially achieved. Plans to begin the improvement of public service management were mostly on target (approval and publication of a pay strategy, action plans to improve payroll controls). A procurement bill was tabled in Parliament and local government regulations were harmonized with central government. However, the establishment of procurement units in all procuring entities was delayed. Steps were taken to improve financial management—a public finance bill tabled in Parliament, accounting staff hired, expenditure tracking surveys carried out—with delays in launching an integrated financial management system and appointing quality assurance managers. Efforts to increase transparency, reduce corruption, and increase civil society participation lagged behind targets.

(iii) Improve access to and quality of education, health services, and WSS services. Fully achieved. Agreed actions in education and health were confirmed and then integrated with the sector reviews for those sectors, and quantitative indicators for service provision improved as targeted. Most of the benchmarks for WSS were achieved.

4. Significant Outcomes/Impacts:

Significant outcomes/impacts: One year was too short a period to permit identification of likely outcomes or impacts. However, the PRSC process itself provided a collateral benefit of helping Uganda escape the institutional fragmentation that had accompanied project financing.

5. Significant Shortcomings (including non-compliance with safeguard policies):

Significant shortcomings: Efforts to reduce corruption fell behind schedule. The still weak state of budget monitoring in many sectors meant that donor requirements for fiduciary assurance were not fully met.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Moderately Satisfactory	Service delivery standards from a baseline survey were delayed, and efforts to increase transparency and reduce corruption lagged; adequate fiduciary safeguards were late to be put in place (section 5).
Institutional Dev .:	Modest	Modest	
Sustainability:	Likely	Non-evaluable	As the ICR for PRSC III noted, sustainability will depend on managing several key risks, including local corruption, domestic conflicts impeding containment of defense spending, and revenue collection insufficient to support newly-established service programs in the absence of the high current levels of donor support. While the Government has launched a number of promising initiatives to deal with these risks, additional time will be required before their ultimate impact can be discerned.
Bank Performance:	Highly Satisfactory	Satisfactory	Although overall satisfactory, Bank performance is not considered highly satisfactory because the formulation of objectives was vague, and the poverty orientation of the components was undermined by insufficient

			provisions for targeting benefits; M&E indicators were weak; and supervision was sporadic and burdensome for the government.
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Unsatisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

Lessons: (i) Implementation of a series of PRSCs requires flexibility in defining benchmarks, since progress in different areas is interrelated, and unrealistic goals in one area may affect progress in others . (ii) Expected outcomes should be stated in concrete and measurable terms. (iii) Progress in anti-corruption requires more than a few benchmarks in the PRSC .

8. Assessment Recommended? ☒ Yes ☐ No

Why? Given the large number and variety of actions in this series of operations, many of them procedural steps with longer term implications, and given the relative shortage of outcome monitoring indicators, this series of operations warrants a longer and more thorough examination . The assessment should not take place until more adequate data are available .

9. Comments on Quality of ICR:

This is a simplified ICR, prepared at the same time as the ICRs for PRSCs II and III, as was agreed in advance. Nonetheless, even simplified ICRs must follow the content requirements of OP 13.55, and each ICR should provide sufficient information to rate the operation in question independently of the others . Although such information is available (in this case, primarily in the Program Document for PRSC II), it is not presented in the ICR. Instead, this document refers to the ICR for PRSC III for the full discussion of implementation; however, the latter does not provide the information needed to rate PRSC I independently.