

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: 44156

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Region	AFRICA
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1. Country and Sector Background

Uganda has achieved remarkable economic progress during the last decade and a half. Gross domestic product (GDP) grew at an average rate of 6.9 percent during the 1990s, compared to, for example, an average of 2.2 percent for Sub-Sahara Africa countries. Average GDP growth for the past five years is estimated at a comparatively high 5.5 per cent. The macroeconomic fundamentals that have facilitated this economic performance, including fiscal discipline, and effective monetary policies remain in place. Furthermore, the economic growth of the past decade has significantly affected poverty reduction; the proportion of the population living below the poverty line declined from about 56 percent in 1992 to 38 percent in 2003; net primary education enrollment ratio has risen to over 93 percent in 2007 for both boys and girls(95% boys and 91% girls); under-5 child mortality rate is down to 137 (per 1,000 live births) in 2006 from 158 in 2001; access to safe water (as a percentage of the population) has improved from about 55 percent to about 63 percent in rural areas and 71 percent in urban areas in 2007; and HIV prevalence (as per cent of adult population) has dropped from about 20 per cent to 6.2 percent.

The Government of Uganda (GOU)'s strategy for economic growth and poverty reduction as set out in its Poverty Eradication Action Plan (PEAP) articulates key challenges and commits Government to consolidating the gains of the past decade in fiscal and macroeconomic stability and to improving the efficiency with which resources are used. In this regard, Government will endeavor to: (i) reduce corruption and increase accountability in the use of resources; (ii) improve the allocation of public

resources by giving high priority to the actions identified in the PEAP; and (iii) reduce the proliferation of uncoordinated initiatives.

The PEAP identifies weak public sector management as one of the key constraints to economic development and poverty reduction. In particular, it highlights major challenges to human resource management in the public sector, including: the gap in pay between the public and private sectors and between the public sector and autonomous agencies; capacity gaps in all sectors; deficient management systems and processes; weak management of the payroll and corruption and unethical conduct by staff at both the centre of Government and on the frontlines of service delivery; and arrears in pension and terminal gratuities. These deficiencies must be effectively addressed to ensure the sustainability of development outcomes. Furthermore, the ongoing strategic initiatives to decentralize public service delivery and diversify the economy, and the evolving sophistication of the operating environment arising from technological developments and globalization exacerbate the capacity constraints of the public sector.

Government has adopted a comprehensive strategy to address the issues and challenges in public sector management. The three major planks of the strategy are: (i) a Public Financial Management Reform Program (PFMRP), which the Bank has been supporting through the Economic and Financial Management Project (EFMP I, Credit No. 24180 UG. and EFMP II Credit No. 32970 UG.); (ii) a decentralization and local government development program (LGDP I, Credit No.3295 UG. and LGDP II, Credit No. 37730 UG.), and an initial Public Service Reform Program (PSRP), which the Bank supported until 2002 through the Institutional Capacity Building Project (ICBP, Credit No. 2736 UG.). In recent years, there has been satisfactory progress with the PFMRP and the LGDP programs, but not with the PSRP.

Two phases of the PSRP have been completed over the past one and a half decades. Through the first phase, the role of Government was redefined, its size was substantially reduced in terms of both scope of functions and numbers, devolution to local governments commenced, and improvements to the incentive framework, especially pay, were successfully initiated. The second phase, in the late 1990s, instigated a Results-Oriented Management (ROM) approach. Under the ROM initiative, which remains the core component of the PSRP, Government ministries, departments and agencies (MDAs) are required to plan, implement, monitor and evaluate performance on quarterly and annual bases. However, low capacities and a weak incentive system in MDAs, especially low pay and shortfalls in disbursements against budgets, have severely constrained implementation of the PSRP.

The lack of strategic focus and clear linkages to sector development programs (SDPs) which aim at delivering social services appear to have engendered weak commitment and support for the PSRP by both political and technical leaders and managers across Government. Consequently both Government and development partners (DPs) have been reluctant to support adequately the program for the past several years. Notwithstanding, GOU recognizes that the program is crucial to the sustainable transformation and strengthening of public sector institutions. In that context, GOU decided to take the necessary steps to revamp the PSRP strategy to address the previous weaknesses.

In tandem, Government has recognized that there is a need to address capacity and performance issues in the public sector as a whole, particularly in areas captured in the

PEAP results-matrix and associated poverty reduction support credit (PRSC) benchmarks. Therefore, the Government has requested that, beyond supporting the PSRP implementation, the Bank should fund other high priority public sector capacity development initiatives in strategic areas to bridge current gap in leadership and management skills and enhance productivity to support economic growth. In response, the Bank has prepared the Uganda Public Service Performance Enhancement Project (UPSPEP), which will provide support to the implementation of the PSRP as well as other targeted capacity development and performance enhancement interventions.

2. Objectives

The PEAP is explicit that “making government structures affordable, transparent and efficient” is a core, high priority strategic objective. UPSPEP will contribute to improving efficiency and effectiveness in the use of public resources, creating a more enabling environment for non-state sector operations, expanded public service delivery, enhanced economic growth, and poverty reduction.

The program will support: (i) the transformation of the public service so that it is affordable, efficient and accountable in use of public resources and service delivery; and (ii) improvements in the policy, institutional and regulatory environment in targeted areas for sustainable growth and service delivery.

3. Rationale for Bank Involvement

Over the years, the World Bank has supported Uganda’s PEAP implementation through the Poverty Reduction Support Credits (PRSCs) and sector investment credits. During each of these PRSC interventions, the need for a complementary public sector capacity building and performance enhancement program has been flagged. Comprehensive public service reform is also cited in the Uganda Joint Assistance Strategy (UJAS) as one of the four key planks in the development partners’ support to strengthening governance institutions, which is critical to improving efficiency, effectiveness and accountability in the use of public resources, and thereby public service delivery and poverty reduction.

Effective implementation of UPSPEP will impact on the pace and quality of achievement of PEAP goals through the program’s direct support to implementation of the PSRP, and address institutional and capacity issues in sector development programs and the PRSCs.

The proposed UPSPEP is an appropriate instrument for operationalizing Bank and other development partners support to comprehensive public service reform and complementary public sector capacity development initiatives.

Other development partners look to Bank leadership in the area of public sector management reforms and capacity building. The Bank’s international experience, global perspective in the areas of capacity building and, more specifically, its technical expertise in public service reform is regarded by government and development partners as key to ensuring the quality of policies, strategies and results in these areas. For these reasons, bilateral development donors would be discouraged to engage in supporting the PSRP and any major capacity building initiatives without active participation of the Bank.

4. Description

UPSPEP comprises two components with a total IDA budget of US \$ 23,000,000. Component one supports the implementation of the government's Public Service Reform Program (PSRP) through a sector-wide approach program (SWAp) with other development partners (DPs). The restructured second component supports the establishment of a Civil Service College (CSC) as a centre of excellence for policy research and training, and targeted capacity development in strategic areas to bridge the current gap in leadership and management skills, and enhance value addition to the country's raw materials for economic growth.

Component 1 - Public Service Reform Program (PSRP) Component – Total cost US\$35.0 million (\$15 million from IDA)

This component supports government's comprehensive strategic framework for its PSRP. The strategic framework embodies clear links to the PEAP and sector development plans. The key strategic objectives that will be pursued through Bank support to the implementation of the PSRP comprise the following: (i) Enhancing management capacity, performance and accountability of public service organizations; (ii) Improving efficiency in organization and management of the public service; and (iii) Effective leadership and change management.

The various components of the PSRP that will be supported under component 1 of UPSPEP are elaborated below under each of the three strategic objectives.

Strategic Objective 1 – Enhanced management capacity, performance and accountability

In pursuit of this objective, the PSRP will address issues of weak management capacity, performance and incentives at both organizational and individual levels. The key interventions will comprise: (i) implementation of a performance management system that will drive each MDA and its staff towards Results Oriented Management (ROM); (ii) introduction of measures that enhance public and other stakeholders demand for accountability by public service organizations and individual officers, especially through use of client service charters and service beneficiary surveys; (iii) implementation of an integrated personnel and payroll system (IPPS) to facilitate efficient and effective management of human resources; (iv) creation of a more enabling and empowering work environment; and (v) pay and pensions reforms to enhance public service capacity to recruit and retain a critical mass of technical and professional personnel. These interventions are covered under the following components in the PSRP:

(i) Performance and Accountability (PSRP Component 1 - US \$ 1.6 million)

The objective of this sub-component is to enhance the performance and accountability of public service institutions. The main thrust for improving performance is the systematic implementation of result-oriented management (ROM) as an integrated performance management system in the medium to long-term. The sub-component aims to:

Cultivate commitment and support of the top level political and technical leadership. This will involve sensitizing key stakeholders about ROM; articulating the role of ROM in the proposed White Paper on public service transformation; and encouraging MDAs to involve political leadership in ROM processes, especially at the strategic level.

Empower and Enable MDAs and local governments to drive the implementation of ROM in their respective organizations. This initiative will support both MDAs and local governments to devise strategies for embedding ROM in their processes and systems.

Integrate ROM within planning and budgeting systems. MOPS will participate in the Public Expenditure Management Committee charged with integrating output oriented budgeting (OOB) and ROM..

Embed an integrated performance management system. This initiative will involve overhauling staff appraisal system that facilitates the modification of behavior by formally specifying criteria on which individuals will be judged; thus allowing MDAs to objectively and effectively reward performance, direct training; thence enabling the PSC to decide on placement, promotion and discipline.

Strengthen the demand for performance and accountability. This will be achieved by facilitating citizens' access to information on resource allocation, service delivery standards and performance, thus enabling them to monitor and evaluate the Public Service and to be more effective in voicing their opinions. In line with the 2004 Report on the Joint Annual Review of Decentralization (JARD), this proposed level of interaction with clients will need to be extended to local governments. It will also require public institutions to enhance their public relations/Information, Education and Communication (IEC) functions.

Facilitate debureaucratization and enhance client focus on public service delivery. MDAs will be encouraged to identify options for debureaucratization and innovations focusing on simplifying or re-engineering administrative systems, procedures and processes; and alternative forms of service delivery (e.g., private sector participation, outsourcing, one-stop centers etc) during the strategic planning stage of ROM, and/or during the restructuring process.

(ii) Human Resources Capacity (PSRP Component 2 - US \$ 7million)

This sub-component aims to ensure that public service is staffed with an adequate number of skilled and motivated professional, technical and managerial personnel through the following initiatives:

Promoting and sustaining meritocracy across the public service. This will entail strengthening the capacity of the Public Service, Sector and District Commissions to enable them uphold the principles of recruitment and promotion by merit through, for example, the issue of codes of practices and guidelines. In addition, measures to better prepare women and other disadvantaged groups to seek promotion will be developed.

Installing IPPS. The IPPS will be a more effective tool for managing, monitoring and controlling the level of public service employment as well as the wage bill within the targets specified in the medium-term pay strategy. It will facilitate the storage and

retrieval and effective use of complete and reliable HR management information. The IPPS will have an automatic interface with the IFMS to allow information on public service salaries to be shared, removing room for data entry errors. The IPPS will also take advantage of the IFMS infrastructure, including its Wide Area Network.

Introducing a comprehensive and sustainable human resources program. This initiative will ensure that professional, managerial and technical positions in the Public Service are filled through acquisition and deployment, by resources/staff who have the requisite qualifications by (i) introducing succession planning; (ii) building HR planning capacity; (iii) conducting periodic audits on skill levels; and (iv) undertaking a comprehensive review of schemes of service.

Introducing fast-track promotions and a senior executive service. This initiative will culminate in wider consultations within the Uganda Public Service and its stakeholders, with a view to developing a policy for Cabinet approval.

(iii) An enabling and empowering work environment (PSRP Component 4 - US \$ 22.8 million)

Through this component a more enabling and empowering work environment will be created. The strategic initiatives for this sub-component will include:

Development of policies on crosscutting issues to enhance work environment. The MOPS will provide leadership and contribute to development of policies for HIV and AIDS support; Gender; and ICT in the public service.

Demand-driven improvements to the work environment. The MOPS will support MDAs to make informed choices in identifying and implementing measures to remove operational constraints, modernize processes/practices and retooling. This will include but not be limited to the provision of e-mail access, MDA information and service portals; information systems; office equipment and tools; management tools and enhanced management skills.

Improving records management and registries. The PSRP will finance the establishment of a new records centre. The centre will support the decongestion of registries and proper retention and disposal of files in MDAs by providing secure and economical storage, and rapid retrieval services for inactive paper records. As part of this initiative, the PSRP will offer training courses for registry staff and users of the centre.

(iv) Pay and pension reforms (PSRP Component 5 - US \$ 0.3 million)

To motivate and adequately remunerate personnel, this sub-component will continue to foster the enhancement of public service pay and the reinstatement of pensions as a post-employment benefit. This sub-component will be synchronized with the other sub-components addressing the same outcome. MOPS and MOFPED have embarked on a collaborative strategy to define and agree on affordable wage bill targets in the short to medium term. In addition, further work on pension reform will be undertaken under this sub-component with a view to reinstating pension as a post-employment benefit. Activities will include:

- Developing a pay policy;
- Conducting job evaluations for the public service;
- Monitoring the progress and impact of pay reform;
- Developing and implementing a framework for recruitment and retention of staff in hard-to-reach areas;
- Reviewing and revising pension legislation and its administrative framework;
- Verifying and validating pensions arrears; and
- Designing a strategy for the new pay scheme and the funding of current arrears.

Strategic Objective 2 – Efficiency in organization and management (PSRP Component 3 - US \$ 1.1 million)

The PSRP component for achieving the above strategic objective emphasizes review and restructuring of government structures to enhance efficiency and affordability of Government. Thus this sub-component will:

Review the overall allocation of roles and functions. This will entail examining the roles and functions of public service institutions' mandates and missions to: identify those that constrain public service/local government managers from effectively performing their responsibilities; specify gaps, and eliminate those that overlap or are duplicated in other institutions. The review will also address two areas specified in the PEAP: the number and mandates of ministries and ministers; and the process of establishing district authorities.

Rationalize and restructure public organizations. This includes reviewing existing circulars and policy documents; developing viable options for simplifying steps in the restructuring process (particularly approvals), and putting in place a new policy and guidelines. The PSRP will also support the implementation of affordable model structures at a local government level.

Deploy personnel efficiently. Through this initiative, payroll inspections will be performed as one of the bases for promoting an accountability culture, identifying systemic problems and weaknesses and minimizing exposure to the loss of resources. Cost-effectiveness and efficiency studies will be conducted as a basis for realizing fiscal savings and ensuring the optimal deployment of resources.

Strategic objective 3 - Leadership and Management Development (PSRP Component 6 - US \$ 2.2 million)

This PSRP component aims at ensuring that both the political and technocratic leadership in government are aware and participate in implementation and monitoring of the PSRP. This initiative will:

Reinforce and sustain political and stakeholder support for the program. Under this component, the PSRP will undertake to secure the political ownership required to obtain the desired results. Senior political and technical management will review and endorse a Cabinet Memorandum on the revamped PSRP prepared by MOPS. The Memorandum

will provide the basis for revitalizing the program and reaffirming the top political leadership's role as custodian and promoter of the vision.

At another level, this strategy will foster a more proactive approach to the dissemination of information about the program to internal and external stakeholders as well as clients. The specific interventions and their desired impact will be articulated in the Information, Communications and Education (IEC) plan to be developed during implementation of the PSRP. It will also provide for mechanisms to solicit feedback on its impact.

Strengthen the government's policy making capacity. It is important to assess: the policy functions that exist in MDAs, how they are organized to discharge these functions; and the level of current capacity, e.g., for research, environmental scanning, strategic thinking, forecasting, scenario modeling, generating and thereafter assessing options - policy analysis, policy advice, etc.). Interventions to strengthen policy management will include: the introduction of a targeted recruitment program; offering policy analysts the opportunities to undertake new assignments; providing general policy training to new joiners; working more closely with policy 'think-tanks' from civil society; and engaging the political leadership in reviews and discussions on performance and priorities through institutionalized engagement.

Implant change management in the service. Two critical change-management initiatives will be implemented:

- The Ministry and the Administrative Reform Secretariat (ARS) will be restructured by GOU so as to be better aligned with the objectives of the PSRP and the desired transformation of the public service. This will entail changes to reporting structures to minimize segmentation and overloading of decision-makers, and to ensure effective coordination and interaction; and
- A change management strategy will be developed and implemented. The PSRP will handle complex variables relating to the participation of a significant number of institutions and their staff. These variables limit the extent to which change can be planned on a comprehensive basis over the medium-term. Therefore, the change management strategy initially will focus on imparting the skills required to tackle current critical issues. Over time the program will assess and deal with emerging challenges and impart the skills necessary to managers and staff in the public service.

Component 2 - Strategic Capacity Development Component – IDA US \$ 8 million

Through the SCD Component, UPSPEP will provide funding for; (i) the establishment of a Civil Service College (CSC) to provide a sustainable source of skilled workforce for the public service; (ii) targeted training and research in strategic areas of the growth agenda; and (iii) equipping top public service managers with the skills leading to a more strategic approach to managing the service. The following initiatives will be supported under this component;

Establishment of a Civil Service College (CSC) as a Centre of Excellence for Policy Research/Training (US\$ 6 Million)

The CSC will provide training and re-orientation of public officers to create greater awareness of their roles and responsibilities vis-à-vis the needs of the citizens on a sustainable basis. The aim of the PSRP is to create and maintain a public service that is a vanguard of transformation. The CSC will be a key instrument to fulfill this objective of the reform program. The CSC will conduct policy research and reviews to help move reforms forward and support innovative ideas for enhanced performance and public service delivery in the strategic areas of the national development plan. The specific activities to be funded include:

(i) Upgrading existing premises (US \$ 2.0 Million)

The MOPS has commissioned a study to provide guidance on how best to establish the CSC. Although the results of the study are not yet known, it is understood that the CSC will be housed in existing facilities. However, the premises that would be identified for the college are likely to require some refurbishing and upgrading in terms of size of rooms, lighting, windows, etc. This component will provide for the planning and implementation of the refurbishment. This activity will also include equipping the CSC with state-of-the-art training equipment and furniture;

(ii) Operationalizing the CSC (US \$ 2.5 Million)

This will include supporting the management of the centre to develop a vision for the CSC and translate this vision into a concrete business plan for the college. This activity would contribute to identifying the appropriate complement of staff and skills required to have a CSC that is responsive to the national development plan for Uganda. More importantly this activity would provide for the CSC to establish a twinning arrangement with a world class institution that is well known for its strategic vision and is at the vanguard of key developments in public sector management. Through this twinning would emerge training and other capacity development interventions both in strategic and technical areas that will help the CSC establish its credibility as a centre of excellence.

(iii) Strengthening policy research (US \$ 0.5 Million)

This will be done through the use of technical assistance and specialized skills to build capacity of local researchers to respond to the need for policy changes in line with national development objectives. The twinning arrangement for the CSC will provide the vehicle to identify how best to develop capacity to respond to changes in a timely manner. The CSC will provide means to access best practices from around the world.

(iv) Supporting the implementation of innovative ideas (US \$ 1.0 Million)

Under this activity organizations will be encouraged to come up with unique interventions that can improve and streamline their processes to deliver services competently. This will also be made possible through the twinning arrangement to be sought by the CSC. This activity will complement component 1 of the Project and encourage MDAs and other organizations to rationalize their service delivery processes.

Targeted capacity building for the transformation of Uganda (US \$ 2.0 Million)

These funds will be utilized to support training and research in strategic areas to bridge the current gap in strategic leadership and management skills, and enhance value addition to the country's raw materials and support economic growth. This training will complement efforts being undertaken by Government under the Millennium Science Initiative (MSI) project which seeks to produce more and better qualified science and engineering graduates and higher quality and more relevant research for technology led growth. As much as possible, the capacity development activities will be undertaken through the CSC. Specific activities will include:

(i) Support training and research in strategic areas (US \$ 1.0 Million)

The MOPS will work closely with other MDAs to identify training providers in areas such as food, oil and gas and agro processing to help boost industrialization and economic growth. Training will focus both on individuals already in service who need to continuously upgrade their skills in these areas.

(ii) Bridging the current gaps in leadership and management: (US \$ 1.0 Million)

This will be done through supporting top and senior managers in the public service to undertake long-term courses to enable them manage the public service more strategically and in a business-oriented manner.

5. Financing

See partnership arrangements below.

Source:	(\$m.)
BORROWER/RECIPIENT	0
INTERNATIONAL DEVELOPMENT ASSOCIATION	23
OTHERS	18.3
Total	41.3

6. Implementation

Partnership arrangements

The GoU through the partnership principles (PP) agreed to in 2003, sets out the guidelines that effectively link donor support to the PEAP, provide for harmonization of DPs' processes to reduce transaction costs and highlights the preferred modalities for this support. The PP are further built on in the Uganda Joint Assistance Strategy (UJAS) that presents the core strategy for thirteen DPs for the years 2005-09 and provides a basis for the DPs' support to the implementation of the PEAP. In supporting the PSRP through a SWAp process, UPSPEP design takes cognizance of one of the GoU preferred modality of support from development partners which is further endorsed through the UJAS i.e. sector budget support. The GoU through the partnership principles highlights the requirements for sector budget support, as being (i) a Sector Development Program and (ii) an agreement between line ministry, MOFPED and DP through the yearly consultative budget process. In this regard the GoU has put in place the public sector management sector working group and the first SDP of which the PSRP forms a core element is being developed. DPs have agreed to support the PSRP through a pooled funding approach. To support this process DPs have come together and formalized a

PSR donor group that will continuously dialogue around the issues of the PSRP and provide input to the quarterly and semi annual review of the program

The partners involved include UK-DFID, Irish Aid, Denmark, and Austria. For the implementation of the PSRP, UK-DFID has provided a total of US \$ 10.5 million, Denmark approximately US \$ 6.0 million and Irish Aid, approximately US \$ 110,000 for the pooled funding support the PSRP. IDA through UPSPEP will provide US \$ 15 million to support the PSRP through this process.

Furthermore UPSPEP will under component 2 provide US \$ 8 million to support the establishment of a Civil Service College (CSC) as a centre of excellence for policy research and training and targeted capacity building in strategic areas to bridge the current gap in leadership and management skills, and enhance value addition to the country's raw materials and support economic growth. The Bank will discuss with development partners the possibility of their contributing to this component. This will be examined during one of the supervision missions.

Institutional and implementation arrangements

The key principles that govern the implementation arrangements include: (a) effective participation of all stakeholders; (b) mainstreaming program management in the MOPS' structure; (c) fostering links with other reforms; (d) government leadership in the coordination of DPs' support; and (e) strong linkages to the Bank's MSI project in order to avoid duplication.

The key features of the implementation arrangements will consist of:

- Coordination through implementation coordination and PSRP Steering Committees.
- Coordination through Public Service Management Working Group.
- Technical leadership, coordination and management by MOPS.
- Management of the PSRP basket by the Accountant General.
- Implementation of PSRP by MDAs.

At present it is clear that MOPS does not have the adequate capacity to assume the technical leadership, coordination, management responsibilities for the program. Assessment of the capacity for financial management and procurement capacity before the appraisal mission confirmed the need to strengthen the financial management and public procurement capacity of the ministry. The PPF has been utilized to develop capacity in these two areas. The pooled fund for the PSRP is being used to improve the skills of the officers who will be responsible for implementation and acquire the requisite TA. An institutional assessment of MOPS identifies specific areas for improvement and this will be done by providing skills training or in certain areas by continuing with technical assistance and consultant services while the situation improves.

In addition to the overall implementation arrangements that will govern the PSRP and that UPSPEP is endorsing, MOPS will be charged with full implementation of the SCD Component and will work closely with other MDAs to identify the required targeted

capacity development interventions through their sector working groups. The establishment of the CSC will be the responsibility of the MOPS. MOPS would be responsible for all the procurement aspects of component 2. The implementation of this component by MOPS will be monitored through the Public Sector Management Working Group in collaboration with other sector working groups affected by the activities under this component. Monitoring will also be done through regular impact assessment by the beneficiary agency with support from MOPS. Close collaboration will be maintained with the MSI project to ensure that there is no duplication of interventions and to maximize the complementarities of activities.

The GOU, through MOPS, will be responsible for ensuring that the implementation of the program and the initiatives under this component are undertaken as planned. MOPS as the program implementing agency, shall coordinate programme implementation and manage:

- procurement, including purchases of goods, works, and consulting services;
- programme monitoring, reporting and evaluation;
- contractual relationships with IDA and other co-financiers; and
- financial management and record keeping, accounts and disbursements.

MOPS will also constitute the operational link to the IDA and Government of Uganda on matters related to the implementation of the programme.

The Permanent Secretary (PS), MOPS will be the “Accounting Officer” for the programme, assuming the overall responsibility for accounting for the programme funds.

The programme financial management is *strengthened* by the following salient features:-

- The accounting and internal audit personnel are adequately qualified and experienced in MOPS; and
- The programme has a Financial Management Manual (FMM) in place i.e. the GoU reasury Accounting Instructions 2003 that will be complemented by the Operational Manual for PSRP.

Monitoring and evaluation (M&E) of outcomes/results:

MOPS will have overall responsibility for coordinating and managing the M&E framework for the PSRP and the SCD component. The M&E system will serve four purposes:

- Promote accountability by drawing on information on efficiency and effectiveness to assess and communicate whether the project is likely to or has realized its objectives;
- Inform and support the MOPS’ management during implementation;

- Draw lessons of experience in terms of understanding factors that have facilitated or inhibited the achievement of PSRP's objectives; and
- Aid communication by providing information and feedback both internally and externally.

Monitoring will be undertaken at two levels. At one level, each MOPS Directorate will monitor actual expenditure on various initiatives against budget, and timeliness of implementation of planned activities and delivery of outputs scheduled in component Gantt Charts. This monitoring activity will provide a basis for generating periodic reports for review within the year at MOPS monthly meetings, and consumption by the SWG and PSRP Steering Committee.

At a higher level, the same team will periodically monitor the PSRP's performance relative to the strategic objectives and specified key performance indicators. To facilitate the latter process, MOPS will need to collect baseline data for each indicator by mining existing data repositories, and deploying cost-effective data collection methods.

The results of the higher level monitoring effort will provide a basis for reporting progress against policy actions and predetermined outputs extracted from PSRP's strategic framework, and specified in the *PEAP Results and Policy Matrix* for good governance. MOPS' management will prepare periodic reports and table the Annual Report to the PSRP Steering Committee and sector working group (SWG).

The database that MOPS will use for M&E purposes will be fully compliant with the guidelines and definitions prescribed by the National Integrated Monitoring and Evaluation Strategy (NIMES). The PSRP M&E system will constitute part of the NIMES. "*Public Service Results Management*" is a key result area of the PSRP. It contains a number of activities planned to build MOPS and other MDAs' capacity in M&E. It will also be crucial that vital linkages between ROM, OOB and other management initiatives are forged.

7. Sustainability

There are ongoing programs and initiatives to enhance GOU's fiscal capacity and resource allocation. Indeed UPSPEP might support some of these interventions. In this regard, it can be anticipated that in the future the capacity developed under UPSPEP as well as any necessary follow-on interventions will receive due priority in allocation of resources from the GOU budget.

UPSPEP is supporting a comprehensive approach to public sector capacity development minimizing gaps and lopsidedness in capacity development and maximising prospects for higher quality and sustainable outcomes. It can be anticipated that capacity development under the program will be spread across the public service in a reinforcing way.

No enclave project implementation unit (PIU) will be established. The implementation of UPSPEP is mainstreamed in the structures of MOPS.

UPSPEP recognizes that unless public servants receive appropriate incentives and operate in a transparent/meritocratic framework, sustainable performance enhancement

will be difficult to realize. Thus through UPSPEP support to the PSRP, it is planned that progress will be made towards entrenchment of results-oriented and accountability culture in the management of public sector organizations.

An important factor in the sustainability of the program's outputs and outcomes will be improvements in the motivation and integrity of public servants, especially those in management and professional roles. In this regard, progress in enhancing public service pay is crucial. The PSRP gives due prominence to the pay reform agenda. Furthermore the ongoing PEAP/PRSC policy dialogue will continue to focus the attention of government to accelerate progress in the realization of the pay reform objectives.

8. Lessons Learned from Past Operations in the Country/Sector

The design reflects lessons learned from both Uganda and elsewhere. Lessons learnt from outside and reflected in the UPSPEP design include the following:

- The Bank's experience suggests that a more programmatic approach fosters more ownership and lends itself to greater coordination. Intrusive micro-management, especially by many uncoordinated donors, increases transaction costs and weakens African capacity, government accountability, and overall effectiveness¹. UPSPEP's support to the PSRP will be in the form of a SWAp contributing to pooled funds from other DPs.
- The creation of enclaves, e.g., PIUs drains the public service of many of its best human resources. Fragmented projects, each with their own administrative procedures and implementation unit, have created parallel aid economies that splinter budgets and divert senior officials as noted in "Can Africa Claim the 21st Century". In response the implementation of UPSPEP components are mainstreamed in MOPS and the MDAs.
- It takes decades to assess the impact of a public service reform program and the associated capacity enhancement activities. The PSRP strategic framework and related outcomes and outputs are linked to the overall GOU PEAP matrix. UPSPEP will use the monitoring and evaluation system of the PSRP to track outputs and outcomes from the outset. The PRSC policy dialogue will provide another avenue to assess the progress of public service reforms.
- Low salaries persist as the most pervasive constraint to increasing civil service productivity and motivating increased effectiveness. The pay issue is fully integrated into the PSRP and is part of the PEAP/PRSC dialogue. UPSPEP will support dialogue on pay and other motivational aspects through the comprehensive public service reform program.
- The key to improving performance in public bureaucracies is to build networks within and between hierarchies rather than building hierarchies per se.

Another local lesson considered to be particularly pertinent is that:

- Performance improvement at the organizational and institutional levels has been hampered by the fact that developed capacity has seldom been used appropriately and/or because incentives were not commensurate with the skills developed and

¹ "Can Africa Claim the 21st Century", World Bank 2000.

responsibilities assigned. The PSRP seeks to establish a close link between improved capacity and performance with commensurate incentives.

9. Alternatives considered and reasons for rejection

The most important criterion in considering alternatives for this program is the need to use an instrument that will provide flexibility, responsiveness and allow for an innovative approach, building on lessons from experience. Possibilities included:

Budget support through PRSCs: Ring fencing a portion of the PRSC to support performance improvement and capacity development was considered. However, since the PRSCs are disbursed yearly, they are not appropriate to support a longer-term program aimed at improving the capacity and performance to transform public service institutions. Institution building requires commitment and predictable resources over a longer-term period. In addition, thus far, notwithstanding Uganda’s progress in planning and budgeting (MTEF in particular) reforms, there is evidence that the current process has not matured to the point that it can be relied upon to identify and allocate resources to critical and strategic reform needs. In addition to public service reform, the planning and budget process has generally fell short to allocating resources required to strengthen institutions for capacity development. It is in this context that the need for UPSPEP to complement the PRSC has been confirmed.

Standard technical assistance (TA) project: This approach seemed too narrowly focused considering that the government has decided to move to a more programmatic approach with the use of sector development programs (SDPs) and PRSCs as instruments for policy dialogue. A TA project does promote for an all-inclusive dialogue and coordination of efforts among development partners and with government. UPSPEP seeks to move to a strategic programmatic approach that will support the dialogue initiated on reforms agreed at the PRSC level.

Adaptable program loan (APL). This instrument would be the most appropriate given the magnitude of the issues being addressed and the recognition that institutional capacity building takes a long time. However, for the time being, the dialogue between government and DPs has focused on the implementation of a five-year program. During the implementation of UPSPEP GOU will gain a better appreciation of what would constitute a longer-term reform program and its related performance enhancement requirements. During the mid-term review of the project, this avenue and others will be explored and assessed.

10. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP/GP 4.01)	[x]	[]
Natural Habitats (OP/BP 4.04)	[]	[x]
Pest Management (OP 4.09)	[]	[x]
Cultural Property (OPN 11.03 , being revised as OP 4.11)	[]	[x]
Involuntary Resettlement (OP/BP 4.12)	[x]	[]
Indigenous Peoples (OD 4.20 , being revised as OP 4.10)	[]	[x]
Forests (OP/BP 4.36)	[]	[x]

Safety of Dams (OP/BP 4.37)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects in Disputed Areas (OP/BP/GP 7.60)*	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects on International Waterways (OP/BP/GP 7.50)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

The project will not have any interventions directly related to environmental issues, apart from those that address safeguards above. UPSPEP will finance under the PSRP component civil works construction costs for completely new buildings to house the National Records and Archives Centre. ASPEN has reviewed the project's safeguards status and categorized it as B – partial assessment.

In addition, under component 2 the project will finance the establishment of a CSC. This will be done through refurbishment and upgrading of existing facilities.

A site specific environmental impact assessment has been prepared, reviewed and approved by the government and the World Bank for the construction of the National Records and Archives Centre. This has been disclosed in country and at the World Bank Public Information Center. An abbreviated resettlement action plan has been prepared reviewed and approved by the World Bank and the Government. This has been disclosed in country and at the World Bank Public Information Center and will be implemented prior to construction commencement

The proposed refurbishment and upgrading of an existing facility to house the Civil Service College will not cause major disruptions to the environment and will not trigger land acquisition as the existing facility is on Government of Uganda land held in trust by the Uganda Land Commission. However a site specific Environmental Management Plan (EMP) will be prepared and approved by NEMA before refurbishment and upgrading of the existing facility begins.

11. List of Factual Technical Documents

Capacity Building in Uganda, H. Mule & K. Kiragu, July 2000.

Taking on CAPEP-Institutional Assessment of the Uganda Ministry of Public Service, Diana Goldsworthy & Kevin Brown, November 2002.

Capacity Building in Uganda, H. Mule & K. Kiragu, July 2000.

Taking on UPSPEP-Institutional Assessment of the Uganda Ministry of Public Service, Diana Goldsworthy & Kevin Brown, November 2002.

Skills Gap Study in Public Service, PricewaterhouseCoopers, August 2003.

Implications of HIV/AIDS on Public Service Capacity and Performance, Ministry of Public Service, August 2003.

Implications of Gender Issues on Capacity Building and Performance in Public Service, C. Kabonesa, August 2003.

* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

Study on Cost Efficiency and Effectiveness in Human Resources Deployment in Social Sectors, PricewaterhouseCoopers, November 2003.

Leadership and Management Development Needs for Top and Senior Management Study, Crown Agents – 2003

IEC Strategy for Capacity and Performance Enhancement Program (CAPEP) for Ministry of Public Service
Impact Associates & Communication for Development Foundation Uganda – December 2004

Report of the Monitoring and Evaluation Study for the Capacity and Performance Enhancement Program (CAPEP- Ministry of Planning Finance Planning and Economic Development December 2004
Research Monitoring and Evaluation Consortium –December 2004

Performance Enhancement Fund –Operations manual June 2005
PricewaterhouseCoopers 2005

Public Service Reform Program – Strategic Framework (2005/6 – 2009/10)
Government of Uganda – Ministry of Public Service

Public Service Reform Program – Strategic Framework (2005/6 – 2009/10) – Operations Manual June 2005 -Government of Uganda – Ministry of Public Service

Public Service Reform Program – Strategic Framework (2005/6 – 2009/10) – Detailed Program Budget June 2005-Government of Uganda – Ministry of Public Service

Public Service Reform Program – Annual Work plan (2005/6) – 2005
Government of Uganda – Ministry of Public Service

Poverty Eradication Action Plan 2004/5 – 2007/8
Government of Uganda Ministry of Finance Planning and Economic Development – December 2004

Strategic Framework for Assistance to Africa –IDA and the Emerging Partnership Model
The World Bank Africa Region - 2004

MOPS Financial Assessment – The World Bank 2006

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