Non-performing development projects under the Education Sports and Skills Development Sub-programme: What are the reasons?

Background

The Government of Uganda (GoU) is constructing facilities across the different levels of education. The purpose is to contribute to the first of objective of the Human Capital Development (HCD) programme of improving the foundations by creating a conducive teaching and learning environment at the respective levels. However, a number of these civil works are facing implementation challenges. Responsible officers continue to over commit their cost centres thus causing inefficiencies in implementation of public investments. As a result, a number of projects have had cost overruns and some projects are neither delivered efficiently nor on time.

The purpose of this briefing paper is to enlist the projects in the Education Sports and Skills Development Sub-programme in the current Public Investment Plan (PIP), that are facing implementation challenges and the reasons for this.

Key Issues

i) Insufficient budget allocation and late releases causing delays in procurement and payment of certificates, leading to project extensions.
ii) Poor planning exhibited by taking on too many sites, and overcommitting cost centres amidst minimal available resources.
iii) Donor projects suffer delays in completion of designs, securing No-objections, receiving counterpart funds, changes in designs during implementation, delays in procurements and in fulfilling conditions for disbursement.

Introduction

Many projects in the Education, Sports and Skills Development Sub-programme are facing implementation challenges that have led to their slow or poor performance. Over time, poor-performing projects include:

- Emergency Construction of Primary Schools Phase II,
- Development of Secondary Education Phase II,
- African Centers of Excellence II,
- John Kale Institute of Science and Technology,
- Development of Business Technical Vocational Education and Training (BTVET) (0942);
- OPEC Fund for International Development (OFID) funded Vocational Project Phase II
- Saudi-Funded Projects, and
- Some development projects in Public Universities.

Factors contributing to the poor performance of each of these projects are detailed hereafter:

1) Insufficient budget allocation and late releases

Over the project period, some projects have not been receiving sufficient resources to undertake their respective planned activities. Insufficient budget allocation and late releases are responsible for the non-performance of many projects, mentioned hereafter:

a) Emergency Construction of Primary Schools Phase II; (7/1/2015 – 6/30/2022)

This is a GoU-funded project with a total value of Ug shs 22.9 billion (bn). The project offers emergency construction to schools affected by forces of nature to avert prolonged disruptions to learning processes. Over the previous two years, the project did not achieve its annual targets. For instance, in FY 2021/22, the project achieved only 46% of the planned targets. Implementation of the planned project activities was affected by the insufficient release of funds as only 64.9% of the budget was released. Funds were released late towards the end of Quarter Four (Q4). Implementation guidelines were issued late and procurements were delayed after the Presidential directive that required all civil works in the sub-programme to be given to the Uganda People's Defence Forces (UPDF) Engineering Brigade.

b) *Development of Secondary Education Phase II; (7/1/2019 – 6/30/2022)*

This is a GoU-funded project with a total value of Ug shs 40bn. The project has received several extensions since inception but still has not achieved both its annual and cumulative project targets, partly attributed to insufficient allocations and late release of funds. For instance, in FY 2021/22, the project received 29% of the budget allocated, of which 50% was released in Q4. The project thus achieved only 15% of the planned targets. Bills of Quantities (BoQs) were prepared for only 37 schools against 60 APLI secondary schools planned for completion. Civil works commenced in only 14 secondary schools and these were at different levels of construction.

c) *Development of Uganda Petroleum Institute Kigumba (UPIK); (7/1/2015-6/30/2020)*

This is a GoU-funded project at a total project cost of Ug shs 91.3bn. The project has progressed slowly and is behind schedule due to insufficient allocations and late release of funds over the years. It has received an extension up to 6/30/2022. Many planned activities like the construction of the female dormitory, two lecture halls, a library, an information centre, a health centre, staff housing and procurement of oil and gas training equipment have not been done due to insufficient allocations. In FY 2021/22 overall progress was at 80% progress (female dormitory block was 87%, lecture, library and ICT block was at 73%.

d) *Development projects in Public Universities*

The overall progress of development projects across the public universities was slow with some projects stalling due to insufficient budget allocations and intermittent releases. Muni, Lira, Mbarara, Busitema, and Makerere universities, all had either stalled or slow-performing projects that will not be delivered on time. For instance, at Lira University only 44% of the budget was released last FY and construction of an all-inclusive administration block was on the last floor, while construction of the Intern Doctors residence phase I progressed to walling level (36%). Muni University has two ongoing development projects; the Multi-Purpose Health Science Laboratory Block and the Administration Annex block. However, both blocks stalled as the university could not pay outstanding certificates on the running contracts of about Ug shs 2bn. Additionally. the Busitema University Laboratory and Classroom Block at Mbale Faculty of Health Sciences stalled on the second floor.

2) Poor planning

Many projects suffer from poor planning, exhibited by taking on too many sites and overcommitting the Votes amidst available meagre resources. This has caused indebtedness with many pending unpaid certificates, stalling of projects, unnecessary project extensions, cost overruns, litigations and dismal impact of projects on the ground. Due to poor planning, a number of these projects have dragged on for as long as seven years and many are not yet complete. The affected projects include:

a) Development of BTVET (0942); (7/1/2015 – 6/30/2020)

The majority of poorly planned projects are under the Ministry of Education and Sports (MoES). The Development of BTVET (0942) is a clear example. This was a GoU-funded project with a total value of Ug shs 214bn. The project was intended to rehabilitate, expand and equip Technical Institutes, Technical Colleges, Colleges of Commerce and Instructor's Colleges. The project committed to working on too many sites at the same time and did not allocate sufficient resources to any of them. Thus works at the different sites progressed very slowly for a long time, and the majority of the sites were not completed by the end of the project.

The different sites experienced cost overruns and became very expensive. Over the years, this project did not achieve both its annual and cumulative project targets. Beneficiary institutions include Kazo Technical Institute (TI) Bamunanika TI, Epel TI, an Administration block at UTC Bushenyi and the construction of administration blocks at Tororo Cooperative College and Bukooli TI. All these have been ongoing since 2014 to date and are not yet completed.

Other affected institutions include: Eriya Kategaya TI, Kauliza Kasadha, Prof Dan Nabudere, Maumbe Mukhwana Memorial Institute, Mbigiti TI, Mucwiny TI, Katakwi TI, dormitory block at Kaabong SNW, administration block at Ophthalmic Clinical Officers' school, hostel block at Arua School of Nursing, Mulago School of Nursing, administration block at Hoima Clinical Officers' schools etc.

After receiving several renewals, the project exited the PIP in 2021. However, all its activities continue to be implemented covertly under another ongoing project: Technical Vocational Education and Training (TVET-LEAD), without the approval of the Development Committee (DC) of the Ministry of Finance, Planning and Economic Development.

3) Projects not ready at effectiveness

Some projects were not ready at project effectiveness, thus causing a loss of implementation time. One project reached closure and exited the PIP without achieving any of its planned project targets. Examples of two projects that were not ready for implementation are detailed hereafter:

a) *African Centers of Excellence II (7/1/2017–6/30/2020)*

The African Centers of Excellence II project was implemented in three Universities: Makerere; Mbarara University of Science and Technology, and Uganda Martyrs University. The project was not ready and lost the first 17 months after effectiveness. It is behind schedule and was extended for two years to 12/30/2023. The project also experienced delays especially attributed to the slow verification process and lack of a regional accreditation body that made it too expensive for the centres to be internationally accredited. However, the project funded the improvement of physical infrastructure in some of the Centres to support learning. Several indigenous research and technical knowledge into viable products and services were undertaken under the different centres. For example, at PharmBioTrac, ongoing product innovations include: the incubation of traditional medicine, natural cosmetics, nutraceuticals and health beverages among others.

Stalled works at the Food Technology and Business Incubation Centre, Makerere

b) *John Kale Institute of Science and Technology; (7/1/2015 – 6/30/2020)*

The institution was being established in Kisoro District as a public institution of higher education in Uganda but also as one of the network of Pan African Institutes of Science and Technology located across the continent. The total project cost was Ug shs 4.611bn. The expected outputs were: the construction of a hotel and tourism department, forensic and marine science block, main dining hall, teaching staff accommodation, students' hostels and fencing. The project did not start and exited the PIP without achieving any of the planned project outputs. While Kisoro District availed land for the institute, the land had squatters and they took Government to court seeking compensation for which funds were not available.

4) Donor funding-related delays

Donor projects experience similar but unique implementation challenges that lead to their non-performance. For instance, they often experience delays in the completion of initial designs, changes in design during implementation, and in securing no-objections; delayed procurements and fulfilling conditions for disbursement (especially disbursement-linked indicators). Additionally, the GoU also delays to provide counterpart funding and securing clearance by the Solicitor General. Sometimes the contractors experience cash flow problems. Two projects are of particular concern:

a) *OPEC Fund for International Development (OFID) funded Vocational Education (VE) Project Phase II; (7/1/2017 – 6/30/2022)*

With a loan from the OPEC Fund, GoU is implementing phase II of the Vocational Education (VE) project. The project cost is valued at US$ 14.3 million (about Ug shs 59.9bn) and is co-financed by GoU at US$ 2.0 million as counterpart funds. The project promotes national skills training for development and poverty eradication. Phase II of the project intended to expand the eight Technical Institutes constructed under Phase I, by providing additional facilities not covered under phase I, these included: workshops, multipurpose halls, student dormitories, staff housing, sick bays and toilets. The project will also supply workshop and ICT equipment, textbooks, furniture and transport facilities (buses). The beneficiary technical institutes include: Lokopio Hills (Yumbe), Kilak Corner (Pader), Ogolai (Amuria), Basoga Nsadhu Memorial (Namutumba), Nawanyago (Kamuli), Sasira (Nakasongola), Buhimba (Kikuube) & Lwengo (Lwengo).

It started on 3rd July 2017, with an original end date of 31st December 2021 which was extended for two years to 31st December 2023. The project is behind schedule due to delays in the completion of designs by the consultants, GoU provision of counterpart funding, and contract clearance by the Solicitor General. The civil works have hitherto not started and all the procurements for the equipment delayed.

b) *Saudi-Funded Project (December 2019-30/06/2021)*

This is the oldest and most challenging project the Project Coordination Unit (PCU) has implemented. The project started in 2011 and the completion date was 2016. Its cost was US$ 13.33 million including GoU counterpart funding of US$ 1.2 million. The main objective was to construct five new Technical Institutes - Amelo TI, Bukedea TI, Lyantonde TI and Bukomero TI. However, by the end of the project all were not completed partly due to serious cash flow problems. The Chinese contractor that handled Lyantonde and Bukomero underpriced the contract and was new on the market. A second contractor M/s Complant Engineering was contracted from December 2019 to 15 August 2020 to complete them. Although the contract was extended to 30th June 2021, even the second contractor failed to perform and was terminated. The contractor had multiple big projects and run into cash flow problems following the COVID-19 period. Despite donor disbursements amounting to 90%, overall physical progress is at about 63%.

Conclusion

Several constraints are impeding the efficient implementation of projects under the different levels of education. Key among them are insufficient allocations exacerbated by poor planning. There is a need to address these challenges to increase the quality and stock of education infrastructure at different levels and improve education outcomes.

Recommendations

i) The Accounting Officers responsible for the respective non-performing projects should prioritize all projects on extension and those with due end dates to take the first call on resources to ensure adequate budget allocations.

ii) The MFPED Development Committee should ensure project readiness (in terms of designs, availability of land and counterpart funding, plus PCU in place, etc.) before any project is cleared and declared effective. It should also enforce the Public Investment Management System (PIMS) requirements of readiness.

iii) Due diligence should always be done to avoid contractors that are either overcommitted with multiple projects or have cash flow issues.

References

BMAU, Human Capital Development Annual Budget Monitoring Report, FY 2021/22.

Ministry of Finance, Planning and Economic Development, The Development Committee Guidelines, August 2016.

Budget Monitoring and Accountability Unit
Ministry of Finance, Planning and Economic Development
P.O Box 8147, Kampala
www.finance.go.ug