



## Project delays in the Health Sector: What are the persistent causes?

### Overview

The National Health Policy II recommends that a minimum health care package be delivered to all people in Uganda. This package consists of the most cost-effective priority health care interventions and services addressing the high disease burden that is acceptable and affordable within the total resource envelope of the sector. Among the actions to achieve this, is the construction and rehabilitation of health infrastructure.

Over the years, the Government of Uganda (GoU) increased funding to the health sector from Ug shs 628.46 billion in FY 2009/10 to Ug shs 1,270.80 billion in FY 2016/17 to improve delivery of health services. However, delayed completion of projects is persisted in the sector and this has increased the cost of implementation and affected service delivery, further constraining achievement of sector outcomes.

This policy brief highlights the causes of project delays in the health sector, and their implication in general and to health services delivery in particular.

### Introduction

The Ministry of Health (MoH) has focused on construction of new infrastructure and rehabilitation of existing ones to improve service delivery. The Health Sector Strategic and Investment Plan (HSSIP) 2010/11-2014/15, suggested a number of projects that would contribute to improvement of the health outcomes. However, by the end of the plan, none of the suggested projects had been completed. Consequently, a number of targets for the HSSIP were not achieved. Delayed implementation of the planned projects partly contributed to the non-achievement of the intended outcomes by the end of the HSSIP.

Over the years, the Budget Monitoring and Accountability Unit (BMAU) has reported millions of shillings in rising costs and years in

### Key Issues

- Poor planning resulting in frequent changes in the design and scope of works affects progress of works. This stalls projects and causes cost overruns.
- Poor contract management leading to delayed payment to contractors.
- Inadequate monitoring and control of projects leads to shoddy works.
- Procurement challenges.
- Missing out on service due to delayed completion of works.

scheduled delays of Ministry of Health (MoH) infrastructure projects. These have ranged between seven months at Masaka Regional Referral Hospital (RRH) to 30 months at Gulu RRH (Table 1). By 31<sup>st</sup> December 2017, these projects at the RRHs had not been completed.

**Table 1: Length of project delays by 31<sup>st</sup> December 2017**

Project	Duration of delay
Construction of the Pediatric and Pathology unit - Mubende hospital	24 months
Support to Rehabilitation of Lower Mulago	14 months
Construction of the staff quarters at Soroti RRH	20 months
Construction of the 54 units staff quarters at Gulu RRH	30 months
Construction of the Maternity and Children's complex - Masaka RRH	7 months
Uganda Health Systems Strengthening Project (UHSSP)	24 months
Global Alliance for Vaccines Initiative HSS Grant (civil works)	30 months
Construction of 100 unit staff quarters Mulago Hospital	26 months

*Source: MoFPED Budget Monitoring Reports- Various Years*



Project delays cause cost overruns that deny other activities funds. For example, the Government of Uganda spent Ug shs 781,833,672 as counterpart funding for the extra two years during the implementation of UHSSP. None of the health sector projects has been implemented on schedule. It's therefore important to understand the underlying factors and their causes so as to formulate policies to minimize these delays.

### Key causes of project delays

**Poor planning:** There are frequent changes in the designs and scope of works. For example, the rehabilitation of lower Mulago Hospital experienced a number of design changes that caused several variations in the project which affected its timely completion. Other projects in the sector that experienced changes in scope of works include: the construction of the 100-unit staff quarters under Mulago Hospital complex project, the construction of the 24-unit staff quarters at Soroti RRH under the rehabilitation of the regional referral hospitals among others.

Poor planning is also manifested in weak financial projections. Many referral (regional and national) hospitals begin complex projects and commit government for funds beyond their Medium Term Expenditure Framework (MTEF) projections over the contract period. This was seen in the staff quarters project in Gulu RRH, the maternity and children complex at Masaka RRH, and the children and pathology complex in Mubende RRH.

These scope changes have majorly been from the clients, in which case a lot of time is lost in taking decisions to approve the design changes and identify funding to finance the additional works.

**Delayed payment to contractors:** This affects their cash flows and leads to failure to pay workers, and failure in the firms' operations. In some instances, contractors charge interest for delayed payment or withdraw from the site until their payments are made. The cause of these

delays are either poor financial projections like the case in RRHs like Mubende's pediatric and pathology complex, or bureaucratic tendencies within the public sector and development partners. For example, construction of the staff houses in the Karamoja sub-region stalled due to expiry of the financing agreements before completion of civil works.

**Procurement challenges:** These range from recruitment of contractors without enough capacity, political interference during procurement processes, to inadequate capacity of the procurement units to procure service providers in time. The civil works under the Global Alliance for Vaccines Initiative (GAVI)–Health Systems Strengthening (HSS) grant project experienced a lot of procurement challenges that resulted in two project extensions. The project that was originally expected to end in June 2015 was extended to June 2017 due to challenges experienced during procurement of service providers for the civil works. This resulted in leaving out the construction of the central vaccine store.

Under the Public Health Laboratories Strengthening Project Phase I, the remodeling of Lacor laboratory in Gulu and construction of Mbale laboratory hub did not take place due to procurement delays. Under the UHSSP, replacement of medical equipment withdrawn in 2014 has not been done due to procurement challenges despite project closure. The ultimate effect is that these challenges deny Ugandans the intended benefits of the project, and therefore affect service delivery.

**Inadequate monitoring and control:** This results in poor workmanship and undue delays. Substandard works have to be corrected hence lengthening the time it takes to complete a project and provide the anticipated service. Support to Rehabilitation of Mulago Hospital especially the construction of Kawempe and Kiruddu hospitals experienced poor workmanship. Civil works under UHSSP also experienced the same to the extent that some



defects had not been corrected by the time the project closed in June 2017 - like the case of the maternity ward at Padibe HCIV Lamwo District.

### Implication of the project delays

**Increased project cost as a result of cost overruns:** Many delayed projects have experienced increase in costs. The construction of the pediatric and pathology unit at Mubende RRH has already experienced over Ug shs 1bn in variations due to project delays. The construction of staff quarters in Soroti also experienced cost overruns due to delays. The scope of civil works under the GAVI project was reduced due to an increased cost. Had these been implemented in time, such costs would have been avoided and greater value for money realized. Table 2 highlights the cost overruns/ variations experienced on some of the delayed projects.

**Table 2: Cost overruns/ variations for selected projects by 31<sup>st</sup> December 2017**

Project	Original cost	Cost Variations (Ug shs)	Project Status
Construction of the pediatric and pathology unit - Mubende Hospital	UGX 7,483,478,444	1,122,521,767	65% complete
Rehabilitation of lower Mulago	US\$ 29,617,820.84	20,000,000,000	Completion expected by end of June
Construction of the staff quarters at Soroti RRH	UGX 4,374,874,130	308,184,000	95% Complete
UHSSP	US\$ 130,000,000	781,833,672	Civil works completed , but equipping not yet
Construction of 100 unit staff quarters Mulago hospital	UGX 17,000,000,000	2,000,000,000	Not yet complete
<b>Total in Ug shs</b>		<b>24,212,539,439**</b>	
<b>** Project management unit costs, *** IUS\$=3675.9</b>			

Source: MoFPED Budget Monitoring Reports-Fy 2014/15-FY2017/18

**Failure to retain health workers:** In a bid to improve retention of health workers, the health sector embarked on construction of staff accommodation. However, this has not been realized due to delays in completion of these projects. Some of the projects that have delayed include: construction of the 100-unit staff quarters at Mulago Hospital, construction of 68 staff units in Karamoja sub-region, construction of 54 units' staff accommodation at Gulu RRH and the 24-unit staff accommodation at Soroti RRH among others. These have experienced time overruns thereby failing to improve health workers' retention.

**Delayed access to health services as completion of infrastructure is delayed:** Many of the construction projects are intended to improve health services and thus achieve universal health coverage. Delayed completion of projects therefore results in limited access to health services. For example, the delayed completion of rehabilitation work for lower Mulago Hospital has affected access to super specialized services such as kidney transplant that are intended to be provided by the facility. Projects like GAVI HSS grant, UHSSP, and Italian Support to Peace Recovery and Development Plan (PRDP) were planned to be implemented and completed under the HSSIP period. The GAVI HSS grant and UHSSP experienced delays, and were completed two years, later while the Italian Support to PRDP has stalled to date.

### Conclusion

The health sector suffers delays in all its civil works projects due to poor planning, inadequate contract management; as well as poor monitoring and supervision. The inability to complete projects within scheduled time causes cost overruns and also denies Ugandans services as planned. This has resulted in failure to achieve sector outcomes. There is therefore need for policy actions to address the causes of project



delays and minimize their occurrence in the health sector.

## Recommendations

### Build capacity for design of works

Project implementers in the health sector should refrain from frequent changes in project design and scope of works by planning better so as to reduce delays and other cost overruns. This calls for good feasibility studies, use of qualified personnel and adequate consultation among the key stakeholders.

### Link project planning and budgeting

The MoH and health sector agencies should improve project planning to ensure that project costs are in tandem with the financial projections. This should also include improvement in the budgeting and scheduling of project activities to improve their timely execution. This will help minimize the number of projects that stall due to financial challenges.

### Improve monitoring and quality control of projects

The MoH should strengthen the monitoring and control of projects to avoid substandard works. The Ministry of Works and Transport should amend construction laws such that supervision consultants who certify defective works are held liable to the tune of the loss. This would keep them in check as they undertake their assignments. In addition, such contractors should be blacklisted by the Public Procurement and Disposal of Public Assets Authority.

### Build capacity of the procurement units

The MoH should build capacity of the procuring and disposal units so that they are able to undertake procurements for complex projects without experiencing delays. Technocrats should fully adhere to laid down procurement regulations and resist political interference during procurement processes. This would minimize time that is often lost due to procurement challenges.

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