THE REPUBLIC OF UGANDA

Annual Budget Monitoring Report

Financial Year 2012/2013

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Ministry of Finance, Planning and Economic Development

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ABBREVIATIONS AND ACRONYMS

AASP	Agriculture Advisory Service Providers
ACAO	Assistant Chief Administrative Officer
ACCORD	Action for Community Research & Development
ADF	African Development Fund
AfDB	African Development Bank
AGM	Annual General Meeting
AI	Artificial Insemination
AMREF	African Medical and Research Foundation
ANC	Ante-natal clinic
APL	Adaptable Program Loan
B.H	Bore Hole
BCP	Brick Laying and Concrete Practice
BDS	Business Development Services
BIRDC	Banana Industrial Research and Development Centre
BIRDC	Banana Industrial Research and Development Centre
BMAU	Budget Monitoring and Accountability Unit
BMU	Beach Management Unit
Bn	Billion
BoG	Board of Governors
BoQs	Bills of Quantities
BPO	Business Process Outsourcing
BTTB	Background to the Budget
BTVET	Business Technical and Vocational Education and Training
CAIIP	Community Agricultural Infrastructure Improvement Programme
CAO	Chief Administrative Officer
CBO	Community Based Organisation(s)
CCCC	Community Contribution towards Capital Cost
CDO	Cotton Development Organization
CFO	Chief administrative Officer
CGV	Chief Government Valuer
CID	Criminal Investigations Department
CJ	Capentry and Joinery
CLTS	Community Led Total Sanitation

CMU	Construction Management Unit
COMESA	Common Market for Eastern and Southern Africa
CP	Community Polytechnic
CPUs	Central Processing Units
DAO	District Agricultural Officer
DARST	District Adaptive Research Support Team
DBIC	District Business Information Centre
DCZ	District Control Zone
DEO	District Education Officer
DHO	District Health Officer
DHSG	District Hygiene Sanitation Grant
DLGs	District Local Governments
DLSP	Districts Livelihood Support Programme
DNC	District National Coordinator
DPO	District Production Officer
DPs	Development Partners
DRC	Democratic Republic of Congo
DUCAR	District, Urban and Community Access Roads
DUCARIP	District, Urban and Community Access Roads Investment Plan
DWD	Directorate of Water Development
DWO	District Water Office (s)
DWRM D	Directorate of Water Resources Management Department
DWSCC	District Water and Sanitation Coordination Committee
DWSDCG	District Water and Sanitation Development Conditional Grant
EAAPP:	Eastern Africa Agricultural Productivity Project
EFT	Electronic Funds Transfer
EGI	E-Government Infrastructure
EIA	Environmental Impact Assessment
EPC	Engineering Procurement and Construction
ERT	Energy for Rural Transformation
ESDP	Electricity Sector Development Project
EU	European Union
FAL	Functional Adult Literacy
FGD	Focus Group Discussion
FIEFOC	Farm Income Enhancement and Forestry Conservation Project
FY	Financial Year
GFS	Gravity Flow System
GIZ/KfW	German Agency for International Cooperation

GoU	Government of Uganda
GPRC	Government of People's Republic of China
Ha	Hectare
HC	Health Centre
HMIS	Health management Information systems
HV	High Voltage
ICEIDA	Icelandic International Development Agency
ICT	Information and Communication Technology
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IFMS	Integrated Financial Management System
IPC	Interim Payment Certificate
IPF	Indicative Planning Figure
IPPC	International Plant Protection Convention
IsDB	Islamic Development Bank
ITES	Information Technology Enabled Services
ITP	Industrial Technology Park
JICA	Japan International Cooperation Agency
JICA	Japan International Cooperation Agency
JICA	Japan International Cooperation Agency
JWSSPS	Joint Water and Sanitation Sector Programme Support
KCCA	Kampala Capital City Authority
KDS	Kampala Declaration on Sanitation
Kg	Kilogram
KIBP	Kampala Industrial and business park- Namanve
KIIDP	Kampala Institutional and Infrastructure Development Programme
KIS	Kalangala Infrastructure Services
Km	Kilometre
KOICA	Korean International Cooperation Agency
KVA	Kilo Volt Ampere
LC	Local Council
LG	Local Government
LGDP	Local Governments Development Programme
LGMSD	Local Government Management and Service Development Programme
LGMSDP	Local Government Managerial and Service Delivery Programme
LLG	Lower Local Government
LV	Low Voltage
MAAIF	Ministry of Agriculture Animal Industry and Fisheries
MCH	Maternal and Child Health

MDAs	Ministries, Departments and Agencies
MDGs	Millennium Development Goals
MDI	Micro Deposit Taking Institutions
MEMD	Ministry of Energy and Mineral Development
MFIs	Microfinance financial institutions
MFPED	Ministry of Financial Planning and Economic Development
MoES	Ministry of Education and Sports
MoH	Ministry of Health
MoICT	Ministry of Information and Commutations Technology
MOLG	Ministry of Local Government
MoTIC	Ministry of Trade, Industry and Cooperatives
MoU	Memorandum of Understanding
MoWT	Ministry of Works and Transport
MPS	Ministerial Policy Statement
MSC	Microfinance Support Centre Ltd
MSMEs	Micro, Small and Medium Scale Enterprises
MT	Metric Tonnes
MTEF	Medium Term Expenditure Framework
MV	Motor Vehicle
MW	Mega watts
MWE	Ministry of Water and Environment
NAADS	National Agricultural Advisory Services
NaCRRI	National Crops Resources Research Institute
NARO	National Agricultural Research Organization
NBI	National Transmission Backbone Infrastructure
NCR	Northern Corridor Route
NDP	National Development Plan
NEMA	National Environment Management Authority
NGOs	Non-Governmental Organisations
NISS	National Information Security Strategy
NITA-U	National Information Technology Authority-Uganda
NMS	National Medical Stores
NORAD	Norwegian Agency for Development
NSADP	North West Agricultural Development Project
NTCs	National Teachers' Colleges
NUCSL	Natural Uganda Cooperative Society Limited
O&M	Operation and Maintenance
OBT	Output Budgeting Tool

ODF	Open Defecation Free
OHS	Occupational Health and Safety
OLP	Outstanding Loan Portfolio
OPD	Out Patient Department
OPM	Office of the Prime Minister
OVOP	One Village One Product
P.A.R	Portfolio at Risk
PAPs	Project Affected person
PEAP	Poverty Eradication Action Plan
PEPD	Petroleum Exploration and Promotion Department
PFI	Participating Financial Institutions
PHC	Primary Health Care
PIBID	Presidential Initiative on Banana Industrial Development
PIP	Public Investment Plan
PMA	Plan for Modernization Agriculture
PPDA	Public Procurement and Disposal of Public Assets Act
PPDA	Public Procurement and Disposal of Public Assets Authority
PPP	Public Private Partnership
PRDP	Peace Recovery and Development Programme
PRDP	Peace Recovery and Development Programme
PRIDE	Promotion of Rice Development Project
PTC	Primary Teachers' College
PV	Photo Voltaic
Q	Quarter
Q1	Quarter 1
Q2	Quarter 2
Q3	Quarter 3
Q4	Quarter 4
QAFMP	Quality Assurance for Fish Marketing Project
R&D	Research and Development
RAP	Resentment Action Plan
RCDF	Rural Communications Development Fund
REA	Rural Electrification Agency
RGC	Rural Growth Center(s)
RGC	Rural Growth Centers
RIEEP	The Rural Income and Employment Enhancement Project
RMSP	Rural Microfinance Support Project
RoW	Right of Way

RRH	Regional Referral Hospital
RRP	Rural Roads Programme
RSSP	Road Sector Support Programme
RWSS	Rural Water Supply and Sanitation
S/C	Sub County
SACCO	Savings, Credit and Cooperative Organization
SFG	School Facilities Grant
SIAD	Sustainable Irrigated Rice NRDS Uganda National Rice Development
SMEs	Small and Medium Enterprises
STs	Small Towns
T/I	Technical Institute
TBI	Technology Business Incubator
TC	Town Council
TOT	Training of Trainers
TS	Technical School
TVET	Technical Vocational Education and Training
UA	Unit of Accounts
UBOS	Uganda Bureau of Statistics
UCA	Uganda Cooperative Alliance
UCC	Uganda College of Commerce
UCC	Uganda Communication Commission
UCSCU	Uganda Co-operative Savings and Credit Union
UDBL	Uganda Development Bank Ltd
UDC	Uganda Development Cooperation
UETCL	Uganda Electricity Transmission Company Limited
UGCEA	Uganda Ginners and Cotton Exporters Association
Ushs	Uganda Shillings
UIA	Uganda Investment Authority
UIRI	Uganda Industrial Research Institute
ULC	Uganda Land Commission
UMCS	Unified Messaging System
UMEDP	Uganda Meat Export Development Program
UMPCU	Uganda Meat Producers Cooperative Union
UNBS	Uganda National Bureau of Standards
UNCST	Uganda National Council for Science and Technology
UNRA	Uganda National Roads Authority
UPE	Universal Primary Education
URA	Uganda Revenue Authority

URF	Uganda Road Fund
URF	Uganda Road Fund
US$	United States Dollars
USD	United States Dollars
USE	Universal Secondary Education
UTC	Uganda Technical College
UTGC	Uganda Tea Growers Corporation
UVQF	Uganda Vocation Qualifications Framework.
UWS	Urban Water and Sanitation
VAT	Value Added Tax
VF	Vote Function
VIP	Ventilated Improved Pit latrine
VoIP	Voice over Internet Protocol
WASH	Water Sanitation and Hygiene
WENRECO	West Nile Rural Electrification Company
WfP	Water for Production
WRMD	Water Resources Management Department
WSDF	Water and Sanitation Development Facility(s)
WSDF-C	Water and Sanitation Development Facility Central
WSDF-E	Water and Sanitation Development Facility East
WSDF-SW	Water and Sanitation Development Facility South West
WSSB	Water Supply and Sanitation Board
WUC	Water User Committee
ZARDI	Zonal Agricultural Research Institutes
ZNC	Zonal NAADs Coordinator

FOREWORD

Government efforts are focused on improving service delivery through effective implementation of public programmes. During financial year 2012/13, many programmes suffered budget cuts although there are instances of unspent balances. There is, therefore, need to review implementation challenges in a concerted effort to address the pervasive constraints.

This report provides insights into achievements of selected programmes in the priority sectors of government. There was some good performance in a few programmes that must be built upon. However, there were many cases of poor performance that we must address in the coming years.

This is to urge all stakeholders, both central and local governments, to review this report and take on issues of concern that are raised therein. There are many recommendations that are feasible at different levels of government. In the coming financial years these should be checked.

As we pursue our Vision 2040, let every stakeholder accord the seriousness that public programme implementation deserves in this country.

Keith Muhakanizi

Permanent Secreatry and Secretary to Treasury

EXECUTIVE SUMMARY

BACKGROUND

This report reviews selected key vote functions and programmes within the sectors, based on approved plans and significance of budget allocations to the votes. The focus is on nine sectors, including: agriculture, education, energy, health, industrialization, ICT, water and sanitation, roads, and micro-finance. Attention is on large expenditure programmes with preference given to development expenditures, except in the cases of education, road maintenance and health where some recurrent costs are tracked.

Project selected for monitoring were based on regional sampling, level of capital investment, planned quarterly output, and value of releases during the FY 2012/13. The methodology adopted for monitoring included literature review of annual progress and performance reports; interviews with the respective responsible officers or representatives; and observations at site.

FINDINGS

Overall Financial Performance

Introduction

This section reports on the budget performance for the FY 2012/13 of the eight selected priority Ministries, one agency, ten sampled District Local Government and Microfinance Support Centre Limited. At the Districts, the team monitored the financial performance of conditional grants and these are PHC Development, SFG, NAADS, RURAL WATER, RURAL ROADS and LGMSD. The information collected included IFMS financial data, visited the Local Government Districts and MSC regional offices collected reports and held interviews with the relevant officers.

(a) Central Government Ministries/Agencies

During the FY 2012/13, GoU approved development budgets for most of the Ministries/Agencies were subsequently revised during the financial year as a result of budget cuts and supplementaries. Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), Ministry of Health (MoH) and UNRA were revised upwards; Ministry of Energy and Minrael Development (MoEMD) and Ministry of Finance, Planning and Economic Developmnet (MFPED) were revised downwards while Ministryof Education and Sports (MoES), Ministry of Works and Transport (MoWT) and Ministry of Information and Communication Technology (MoICT) remained the same.

The cumulative release performance for most of the selected Ministries/Agencies as at 30th June 2013 was in the range of 48%-78%. UNRA and MoWT had 97%.

The monitored Ministries/Agencies absorbed all the funds released for the financial year 2012/13 with the exception of MAAIF whose absorption rate was 88%.

The government should restrain from suppressing development budgets. This has negative implications on the implementation of Government programmes, macroeconomic stability and budget credibility.

(b) Districts Local Governments Conditional Grants

The team visited ten Local Governments. Most of the district release performance was in the range of 75%-84%. The low release performance was attributed to the government failure to release quarter four development funds. All the districts monitored were able to fully absorb the funds.

The overall trend analysis of the local government development conditional grants shows that although the budgets have not changed so much, the total receipts have been reducing over the years because of continued budget cuts.

Cash receipts from MFPED for funds sent directly to accounts of beneficiaries are hardly shared with districts. The details of the cash receipts aid the district in monitoring and reporting on the funds.

The force on account guidelines issued by the MOWT have a lot of inadequacies and this has caused a lot of implementation challenges.

The road equipment purchased from China and recently given to districts is found to be very weak even for light works. The equipment is always breaking down and this has caused unnecessary delays in implementing road works in the districts.

Recommendations

1. The MFPED should release the full budget of the development conditional grants to avoid activities being rolled over to subsequent financial years.
2. MFPED should send cash receipts to districts for direct payments made to beneficiaries to enable districts monitor the funds and timely reporting.
3. The Ministry of Works should review and revise the force on account guidelines so that implementation challenges can be eliminated.
4. The Government should provide the regional workshops with adequate equipment so that when the district road equipment breakdown, they are able to get assistance from the regional workshops.

Physical performance

i) Agricultural Sector

Introduction

Eight agricultural projects were monitored namely: i) Agricultural Credit Facility ii) Avian and Human Influenza Preparedness and Response project iii) Crop Disease and Pest Control Project iv) Farm Income Enhancement and Forest Conservation Project (FIEFOC) – Irrigation Component v) Improved Rice Production vi) Labour Saving Technology and Mechanization for Agricultural Production vii) Uganda Cotton Development Organization viii) Uganda Meat Export Development Programme.

Agricultural Credit Facility (ACF): By close of FY 2012/13, UShs 118.532 billion was disbursed to 210 beneficiaries under the ACF. While the large firms that attract between UShs 2 billion and UShs 5 billion are relatively more successful, small and medium scale firms that receive UShs 500 million and below are generally failing to utilize the loans optimally. The key challenges relate to lack of transparency by commercial banks on the lending terms and extra charges, non-viable business proposals being funded and limited project monitoring and supervision.

Avian and Human Influenza Preparedness and Response Project: The key performance target of upgrading the MAAIF Laboratory was achieved to a large extent. By June 2013, the contractor had received UShs 1,050,382,684 (44.3% of the total contract sum); and construction of the laboratory was 80% complete. The MFPED needs to provide funding for additional staff and equipment for the laboratory.

Crop Disease and Pest Control Project: Technical backstopping was provided to some districts to control pests and diseases and assorted equipment and consumables were provided to Namaleere laboratories. The project, however, underperformed with regard to both financial and physical performance during FY 2012/13. Funds absorption was relatively low (58.8%), with poor allocative efficiency (about 33% of the released resources were spent on information and communications, workshops and seminars and staff training). The laboratories were not functional due to lack water and electricity. The MAAIF should provide funds for reinstating utilities and rehabilitating the green houses at Namaleere laboratories.

Farm Income Enhancement and Forest Conservation Project: The key performance target for this project for FY 2012/13 was achieved. Rehabilitation of the three Government irrigation schemes – Doho, Agoro, Mubuku – were at 99 percent completion rate for all. The main challenge to be addressed was the poor operations and maintenance of the rehabilitated schemes due to delays by MAAIF to put in place the relevant institutional framework for management.

Improved Rice Production: The donor funds amounting to UShs 6.2 billion were fully spent; only 64% of the UShs 441.8 million that was released by GoU was absorbed. The key performance indicators were partially achieved: 4,051kgs of rice foundation seed was distributed to farmers against the planned 10,000kgs; a total of 5,947 farmers were trained in modern rice production technologies in collaboration with NAADS, against a target of 10,000. The project needs to be better monitored to ensure that seed multiplication occurs as planned.

Labour Saving Technology and Mechanization for Agricultural Production: the project underperformed with regard to achieving the planned targets. The only target achieved was the deployment of heavy earth moving equipment to farmers' fields, albeit with challenges associated with poor financial management and accountability systems for the Non-Tax Revenue generated from the machines. There was discrepancy in financials as presented by MAAIF against the IFMS data, an issue that should be investigated by the Audit agencies. Funds absorption was low (35.5%), translating in overall low physical performance.

Uganda Cotton Development Organization**:** The program performed well during FY 2012/13 with respect to physical and financial performance. The UShs 3.292 billion that was disbursed by GoU was complemented by funding from the Uganda Ginners and Cotton Exporters Association to deliver 1,381 MT of cotton seeds, 380,000 units of pesticides, 2,733 spray pumps, 1,000 ox-ploughs and 632 MT of fertilizer that were distributed to farmers as planned. The CDO purchased 16 acres of land in Pader district to establish a regional dressing station.

Uganda Meat Export Development Programme (UMEDP): The MAAIF made some progress in implementing the UMEDP, mostly on the component that was delegated to Uganda Meat Producers Cooperative Union (UMPCU), delivered with 27.4% of the resources that were released to the ministry. Artificial Insemination services that were offered to farmers through the UMPCU were partially successful; some districts like Isingiro and Masaka reported high success rates with AI while Nakaseke, Nakasongola and Gomba had most failures in animal conception through AI. The low competence of the AI inseminators hired by UMPCU and the quality of semen from NAGRIC&DB were noted to be problematic, contributing highly to the failure in AI services. The other performance targets that were to be implemented under MAAIF were not achieved; allocative efficiency of the available resources was poor with 49% of the resources at MAAIF being used to fund short term consultancies.

Conclusion

Performance of the agricultural sector is ranked as fair (50% -60%). Three of the programmes showed excellent performance in terms of reaching the financial and physical targets (Avian and Human Influenza Preparedness and Response Project; FIEFOC-Irrigation Component; Uganda Cotton Development Organization); three of the projects had fair performance (Agricultural Credit Facility, Improved Rice Production, Uganda Meat Export Development Program) and two had low performance (Crop Disease and Pest Control Project and Labour Saving Technology and Mechanization for Agricultural Production).

Recommendations

1) MAAIF should design and integrate monitoring and evaluation systems in all its programmes and projects, including key performance indicators.
2) MFPED should support MAAIF and its agencies to set up proper financial and accountability systems for non-tax revenue that is generated in its projects.
3) The Auditor General's office should scrutinize the accounts of some of the MAAIF projects that have discrepancies in their financials or did not provide a full picture of their financial position during FY 2012/13.

4) MAAIF Accounting Officer should put in place mechanisms to ensure that all projects and programmes initiate their procurements early and strictly adhere to the procurement rules and regulations.

5) MAAIF, in collaboration with the Local Governments and beneficiaries, should put in place appropriate institutional framework for operations and maintenance of agricultural infrastructure that is established.

ii) Education Sector

Twelve development projects under vote 013 were monitored. The approved budget for this Vote was Ushs 399.175 billion. By the end of the FY, Ushs 403.540 billion (101.1%) was released. Government therefore performed well in terms of releasing funds to this sector. The Vote also performed well in terms of absorption as Ushs 376.56 billion (93.3%)[1] was spent.

VF 0701: Pre-Primary and Primary Education

The budget for this Vote Function (VF) was Ushs 46.76 billion. A total of Ushs 28.74 (61.5%) was released by the end of the financial year. This Vote Function therefore received less funds and this affected implementation of planned activities. On the other hand Ushs 27.74 billion (96.5%) were spent. Project 0943 which took the largest share of the VF's budget one was monitored.

Project 0943: Emergency Construction of Primary Schools

The budget for this project was Ushs 1.87 billion. Out of that Ushs 1.54billion (82.5%) was released. The project spent Ushs 1.09 billion (71%) of the releases. Despite receiving less funds, 29% of the funds were not absorbed.

MoES disbursed funds to 17 schools out of the 24 schools that were planned. Seven of the seventeen schools were implemented outside the work plan.[2] This project did not achieve the output targets for the financial year.

VF 0702: Development of Secondary Education

The budged for this Vote Function was Ushs 178.88 billion (GoU contribution was Ushs 33.97 billion). Overall, GoU released Ushs 27.32 billion (89.7%) of the approved funds and all was spent. On the other hand donors released Ushs 200.91 billion (138.6%) out of which Ushs181.6 billion (90.4%) was spent. Although more funds were availed to this VF, there was excellent absorption.

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[1]This includes both recurrent and development

[2] 2 of the schools i.e Kalububbu P/S and St Thomas Bazadde P/S, were for the previous financial year 2011/12 while 5 other schools; J.C Kakoola P/S, Nakikungube C/U P/S and Nabalanga P/S, Kibibi C/U and Kjoro Odrua P/S, were not in the work plan at all.

Project 0897: Development of Secondary Education:

This project was solely funded by GoU with Ushs 6.85 billion. Out of this, Ushs 4.95 billion (72.2%) was released. By the end of the financial year Ushs 4.18 billion (84.5%) were spent.

It was observed that MoES did not report on the outputs as planned under this project.[3] Instead, MoES reported payment of certificates for other schools. Therefore it was difficult to make a general assessment of the progress on classroom construction and rehabilitation.

The latrine construction and rehabilitation-secondary, under the same project was also difficult to assess. The names and locations of schools that received funds were not given.

Under construction of teachers houses, five schools received funds for construction of teachers' houses as reported (i.e Shitumi S.S, Alero S.S, Magoro Comprehensive S.S, Ngariam S.S, and Kibaale S.S). However, four of the schools monitored did not receive the reported funds (i.e Zeu S.S, Koch Goma S.S, Masaba and Ongogoja S.S). Basing on the above, MoES most likely did not achieve the output targets under this project for FY 2012/13.

Project 1091: Support to USE – IDA:

This project was funded by both both GoU and donors. GoU's budget was Ushs 3.02 billion. Out of this, Ushs 2.28 billion (75.5%) was released. Ushs 1.57 billion (69.1%) was spent by the end of financial year.

The budget for external financing to this project was Ushs 93.93 billion. The donors released Ushs 150.98 billion (160.7%) to the project. This was excellent performance on the side of donor releases. Out of that, Ushs 131.67 billion (87.7%) was spent. The project therefore performed well in terms of absorbing funds.

Civil works in different schools are at different stages of completion. Construction comprises of administration blocks, classrooms, latrines, teacher houses, other learning facilities like science laboratories and libraries. In addition, there is provision of instruction materials to schools. However the project as a whole was behind schedule.

Project 1092: Support to USE -ADB IV:

This project was funded by both GoU and donors. GoU's budget was Ushs 7.94 billion. Out of this Ushs 7.08 billion (89.1%) was released. By the end of the financial year, Ushs 6.10 billion (86.2%) was spent.

The budget for external financing to this project was Ushs 50.35 billion. Of this Ushs 49.93 billion (99.2) % was released. This means that the donors performed excellently in terms of releases. On the other hand, the project spent all the external funds released. Absorption of funds was therefore very high under this project.

New seed schools are being constructed, existing seed schools are being expanded and a number of secondary schools are being turned into centres of excellence. While some schools have been

[3] For instance under line output 070280, MoES planned to rehabilitate and expand schools under batch 2 (i.e. Kigezi H.S., Kitante H.S, Ndejje S.S., Gulu H.S., Namagabi S.S. and Kitgum H.S).

completed such as Atutur S.S. and Wakyato S.S, civil works are still on-going in others In a few such as Kalisizo T/C S.S. in Rakai district works had stalled. The project is particularly facing challenges from contractors such that have abandoned sites.

VF 0704: Higher Education

Project 1241 Development of Uganda Petroleum Institute Kigumba

The budget for this project was Ushs. 10,300,000,000. Government released Ushs 7,372,023,786 (71.6%) by the end of the financial yearof which Ushs 4,254,743,312 (80.4%) was spent.

Most of the planned activities in terms of workshops, dormitories, sanitation facilities, laboratories and other facilities were nearing completion. The institution was also preparing to shift from UCC premises to their new site. Therefore the planned output targets for FY 2012/13 under this project were achieved.

VF 0705: Skill Development

The budget for this VF was Ushs 38.9 billion. Out of this Ushs 34.82 billion (89.5%) was released and Ushs 33.4 billion (95.9%) spent. Project 0971 Development of TVET P7 Graduate performed the least both in terms of absorption and implementation.

6.5. Vote Function0706: Quality and Standards

The budget for this VF was Ushs 26.21 billion. Out of that Ushs 24.57 billion (93.8%) was released and Ushs 22.82 billion (92.9%) was spent.

The two development projects monitored under this Vote Function (i.e Project 0944 Development of PTCs and Project 0984 Relocation of PTCs) did not achieve their output targets.

Conclusion:

Overall the sector had fair performance (50-60%).One project (i.e 1241 Development of Uganda Petroleum Institute Kigumba) achieved all the planned output targets for financial year under review. However, a number of development projects under VF 0701 (Pre primary and Primary Education) and VF 0705 (Skills Development) did not. One Project under VF 0702 (Development of Secondary Education) also did not achieve the planned output targets. While 2 other donor funded projects progressed though with challenges from some contractors.

Key Recommendations:

- The implementers of project 0943 Emergency Construction of Primary Schools should stick to the approved performance contract/work plan during the course of implementation and therefore desist from working outside the approved work plan.

- MoES should follow the up on schools where funds for rehabilitation and construction of primary schools were not efficiently utilized to ensure that there is value for money (e.g. Butale P/S, J.C.Kakoola P/S)
- MoES should follow up on those contractors under Project 1091 Support to USE-IDA that are behind schedule and ensure that they deliver on their contractual obligations or face the penalties.
- MoES should follow up on all the contractors under the ADB IV project where civil works stalled such as Bulamu Seed and Kalisizo S.S to ensure that construction of these schools is completed and that there is value for money.
- MoES should make a clarification on the issue of the funded construction of a students' hostel at Nyabyeya Forestry college to avoid double counting

iii) Energy Sector

Introduction

The team monitored seven development projects namely; Energy for Rural Transformation-water component implemented by Ministry of Water and Environment; Rural Electrification by Rural Electrification Agency; Mbarara-Nkenda/Tororo-Lira Transmission Lines Projects; NELSAP; Electricity Sector Development Project (executed by Uganda Electricity Transmission Company Limited); Petroleum Exploration; and Construction of the Oil Refinery, implemented by Petroleum Exploration and Promotion Department.

Financial Performance

Release performance for the sector was fair as 50.6% of the approved budget was released. This is attributed to the non-release of funds for the construction of Karuma Hydropower Project which had 82.7% of the energy sector budget. Absorption of funds for projects on the other hand was excellent as projects expended 99% of released funds. Allocative efficiency for the projects was also good as the biggest percentage of funds was spent on line items that are capital in nature. These included; transfer to other government units, other fixed assets, and tax refund.

Physical Performance

Majority of the projects monitored were behind schedule. Projects that should have registered significant progress by the end of the financial year were at the initial stages of implementation. This was especially noted among all the transmission lines projects implemented by Uganda Electricity Transmission Company Limited (UETCL). The petroleum sub-sector also experienced delays in project execution. The Energy for Rural Transformation- water component project is on track. However, there are a number of solar water pumping stations that are not serving the community for example in the sites of Midigo, Alangi, Kubala and Erusi. Construction of power lines under Rural Electrification registered good progress. On the contrary, the power lines of the completed projects were not powered, commissioned and handed over to power distributors to serve the intended beneficiaries.

Critical Challenges

- Delayed procurement process leading to slow down of implementation. This partly led to a halt in the Karuma Hydropower Project. UETCL projects and projects in the Petroleum Sub-Sector also had delays. Most of the delays in UETCL were caused by limited capacity to carry out technical and financial evaluations.
- Delayed release of funds was noted among UETCL projects and in the petroleum sub-sector
- Low valuation of land slows down projects that acquire way leaves. As a result, it delays project implementation. This is majorly due to inability for the district land board to meet regularly to review land rates. The Project Affected People are therefore reluctant to surrender their land at low values.
- Inability for completed projects to serve the intended beneficiaries was common in the ERT water component and the Rural Electrification project.

Conclusion

The sector received half of the approved budget. This has partly led to delays in project implementation especially among projects implemented by UETCL and the petroleum sub-sector. Delay in the procurement process was also a major setback in project execution. The affected projects included UETCL, Karuma Hydropower Plant and the Petroleum sub-sector. Some projects like the ERT-water component and construction of power lines implemented by Rural Electrification are on track. In spite the positive trend, various communities have not benefited from the projects. A good practice across the sector though was the ability to absorb funds received.

Key Recommendations

- There is need for MoEMD to speed up the procurement process. To ensure quality control, the procurement structure should comprise of experienced people to carry out procurements.
- MFPED should fast-track the release of funds to energy sector projects.
- There is need for MFPED to create a budget line to facilitate the district land boards to review land rates on a regular basis
- MoEMD should hand over completed projects to communities to enable them benefit.

iv) Health Sector

The sector monitored three regional referral hospitals under the rehabilitation of regional referral hospitals project. Seventeen districts were monitored under program 0422 Primary health care development grant. This report considers financial and physical performance for development projects for FY 2012/13. Outputs to be monitored were selected so that as much of GoU development expenditure as possible is monitored during the fieldwork visits. Districts were selected so that as many regions of Uganda as possible are sampled throughout the year.

Project 1004: Rehabilitation of Regional Referral Hospitals (RRHs)

In FY 2012/13 progress was assessed at nine regional referral hospitals. In Q1 FY2013/14, two hospitals which were monitored in FY2012/13 were again visited to monitor progress.

Financial performance

Of the three regional referral hospitals monitored during Q1 FY 2013/14 Mbarara received 69.3%; Lira received 79.4% of their annual development budget by the end of the financial year. Information on releases for Mbale RRH was not availed by senior officials at Mbale RRH. Expenditure performance of the capital development funds in FY 2012/13 was good in Lira (99.9%) and Mbarara (100%).

Physical Performance

Physical performance at Mbale, Mbarara and Lira hospitals were good. At Mbale hospital all the three development projects for FY 2012/13 had been completed at the time of monitoring. This was because all of them were rolled over projects from FY11/12. At Lira hospital three of the five development projects for FY 2012/13 had been completed. Of the two incomplete projects, installation of the incinerator was rolled forward to FY 2013/14 due to a lack of funds in FY 2012/13 and the installation intercom was about 80% complete. Physical performance at Mbarara hospital was good. Of the eight activities planned for FY 2012/13, seven were completed at the end of the FY 2012/13. The staff house was about 90% complete with major structural works completed at the time of the monitoring visit.

Project 0422: Primary Health Care Capital Development Grants

The PHC development grants were monitored in fifty-two districts and two municipalities in FY2012/13. In Q1 FY 2013/14, seventeen districts were monitored. Financial performance was measured according to the proportion of available funds which were expended i.e. paid to contractors. Physical performance was measured according to how many work plan targets were met by the end of the financial year.

Financial performance

Thirteen districts expended between 80-100% of the capital development funds received: Budaka, Butaleja, Dokolo, Ibanda, Kayunga, Kirihura, Kole, Lira, Mbale, Mbarara, Mukono, Oyam and Palisa. Isingiro and Nakasongola expended 68.5% and 75% respectively of available funds. Luwero and Mpigi expended less than 20% of available funds.

Physical Performance

Three districts met most of their planned output targets in FY2012/13: Mukono Kirihura, and Mbarara. Thirteen districts met some of their planned output targets, these were: Budaka, Butaleja, Dokolo, Ibanda, Isingiro, Kayunga, Kole, Lira, Mbale, Nakasongola, Ibanda, Oyam and Palisa. Few of the planned output targets were met for Lwero and Mpigi districts.

Critical Challenges in the sector

I. **Un remitted capital development funds:** The majority of districts had unspent capital development funds at the end of financial year 2011/12; these funds were remitted to Central Government as required by the Public Finance and Accountability Act, 2003, section 19; but these funds have not been returned. For example in Oyam district there was a large unspent but committed amount of capital development fund amounting to Ushs 711 millions which were returned to Central Government but were not returned to the district. This affected planned projects in the FY 2012/13 as the district had to pay off outstanding debts with the contractors. The most affected districts were those that receive PRDP funds.

II. **Budget Shortfalls:** By the end of the financial year, districts should have received at least 100% of their allocated capital development budget. However this only occurred for two districts of the seventeen monitored, these were Dokolo (99.8%) and Butaleja (99.5%). The shortfall in funds received ranged from Mpigi (60.8%) to Luwero and Mbarara (63.7%). The release performance for Mbarara RRH was 69.3 Lira RRH was 79.4%. Substantial shortfall such as that of Mpigi (60.8%) means that contractors cannot be paid for completed work. This leads to slow progress and often the rolling forward of projects. Hence funds earmarked for new projects in the subsequent financial year are used for the payment of projects from the previous financial year. This has implications for future capital development projects as they often have to be postponed or cancelled.

III. **Human resource shortage**: Change in the health staff cadre policy by Ministry of Public Service and Ministry of Health leading to the phasing out of nursing assistants in the human resource structure for health workers. These were the majority staffs that were managing health facilities especially in the rural areas. At present there is no immediate action that has been taken to replace them with nursing officers. The Ministry of Public Service has taken a long time to come up with a new cadre structure for the health centres to incorporate nursing officers at these levels.

IV. **Inadequate Funds:** The non wage recurrent budget is too inadequate to cater for the provision of cleaning services in hospitals and health centres, delivery of outreach services and payment of utilities. Hospitals like Mbale regional referral hospital have accumulated arrears for utilities.

Conclusion:

Budget shortfalls greatly constrained implementation of all the development projects at both regional referral hospitals level and districts in FY 2012/13. The situation was made worse in the PRDP receiving districts where unspent balances at the end of the FY 2011/12 were not returned to the districts. Staffing gaps as a result of the change in human resource policy especially at HCIIs and HCIIIs greatly affected service delivery across the districts monitored. Across both levels absorption was high as spending entities had few activities to implement. Physical performance was also good as most of the implemented projects were completed.

Key recommendations

1. The Ministry of Health and the Ministry for Public Service should establish a new cadre structure for the health centre II's to incorporate nursing officers in order to address the staffing gap that was created as a result of the phasing out of nursing assistants.

2. Capital development funds should be paid in full to Regional Referral Hospitals and Local Districts. This would allow for improved planning and the timely payment of

contractors as work is certified hence aiding the completion of projects. If there is an issue with cash flow/inaccurate budgeting by Central Government and this cannot happen then early notification of any shortfall in funds expected should be given.

3. The non-wage recurrent budgets must be increased to enable local governments and regional referral hospitals to carry out vital work such as the delivery of outreach programmes, cleaning services and payment of utility bills.
4. Government should release development funds in first half of the financial year. This will increase the absorptive capacities of spending entities as was seen in FY 2012/13. The Ministry of Finance, Planning and Economic Development should ensure that all approved funds are released to the spending entities and in case of budget shortfalls; these should be communicated to the local governments as soon as possible to allow necessary adjustments in their work plans.

V) Information and Communications Technology Sector

In FY2012/13, monitoring focused on one project under the MoICT; four projects and eight programmes under the National Information Technology Authority; and one project under the Uganda Communications Commission.

The approved budget for the sector was Ushs15.52 billion of which Ushs13.87billion (89.4%) was released. Expenditure performance varied between projects as shown below.

Ministry of Information and Communications Technology
National Postcode and Addressing System for Uganda

The approved budget for the posts and telecommunication programme was Ushs0.20 billion of which 100% was released. Expenditure was Ushs0.29 billion (142.6%). The national postcode and addressing system pilot project is jointly funded by UCC and MoICT under the posts and telecommunications program.

During FY2012/13, sensitization of residents, training of postmen and road signage’s were ongoing but with challenges of inadequate funding. This affected among other things, carrying out the impact assessment and provision of mail boxes. Overall, the project is behind schedule. There is an urgent need for UCC and MoICT to provide adequate allocations for the pilot project to serve the intended purpose.

National Information Technology Authority (NITA- U)

The approved recurrent budget for the component was Ushs5.96 billion of which Ushs4.26 billion was released and Ushs3.75 billion (88%) was spent. Under E-governance project, the master plan and government portal were developed. The latter will serve as a one stop centre for all government related information. Cabinet Ministers and IT officers in MDAs were trained.

The component for rationalization of IT systems had its strategy approved by Cabinet and the needs assessment for structure cabling had been conducted. Bulk procurement of bandwidth was in advanced stages. Under the component of information security, the strategy was under implementation. Commendable progress was registered under the different programmes. NITA-U should continue with efforts to meet its deliverables.

Cyber regulations (E*lectronic signatures and electronic transactions):* Stakeholder sensitization on the cyber laws was carried out in various MDAs; the regulations of the cyber laws were approved by the NITA-U board. Generally the programme has registered some achievements. There is however need to continue with stakeholder sensitization since these laws are relatively new.

Development of IT standards

Sixteen IT standards were developed and are ready to be gazetted; three priority MDA standards were also developed. Commendable progress was registered under this programme. NITA should roll out the MDA standards.

IT capacity building and IT training

A five year roadmap for certification and accreditation of IT Training was developed and approved by the NITA-U Board and a memorandum of Understanding (MoU) was entered into with Makerere University in the areas of IT training, capacity building and knowledge exchange. Overall the component registered commendable progress.

National Information Technology Authority (Project 1054)

The approved development budget for this project was Ushs1.068 billion of which 72% was released and 57% of received funds expended. Expenditures were in pursuit of the intended objectives. By the end of the FY, NITA had attained a vote status and the IT security directorate created with some staff recruited. MFPED and NITA were working on the implementation modalities of the vote status. Generally, activities under this project were on track; however, there was low absorption of released funds within the financial year. There is need for NITA-U to fast-track the implementation of project activities and improve on absorption of funds.

District Business Information Centres –DBICs (Project 1053)

The approved budget was Ushs0.173 billion of which 69% was released and 75% of the released funds spent.

By the end of FY2012/13, Kitgum and Tororo (Malaba) DBICs were set up as planned and offering basic services of scanning, email, internet surfing, faxing and printing. Notably, was the low demand for the services and competition from private service providers which pose questions of sustainability. The DBIC project duration ended and it exited from the Public Investment Plan with only 37% of planned DBICs achieved. Generally the project was underfunded and posted low performance. NITA-U should carry out an evaluation of the setup DBICs and tele-centres under UCC to establish their usefulness in achieving objectives.

National Transmission Backbone Infrastructure (NBI): Project 1014

The approved budget for NBI was Ushs7.893billion of which Ushs2.51 billion (32%) was released and absorption was at 62% as of end of financial year. Maintenance repairs on phase one of the NBI had been completed. The commercialization process of phase one and two had also been completed and handed over to the commercial manager. The redesigns of phase three had been completed and approved with a provision for an alternative route to the sea cable through Mutukula at the Tanzania boarder.

An assessment on the readiness of use of Unified Messaging System (UMCS) and Voice over Internet Protocol in MDAs was carried out and an implementation plan developed. Procurement of a consultant to undertake a feasibility study for last mile connectivity to MDAs, local governments and targeted user groups was at award stage.

The project is generally behind schedule. This has hampered the timely provision of connectivity in MDAs. NITA-U should fast-track the implementation of NBI for GoU to realize value for money.

Business Process Outsourcing (BPO): Project 1055

The approved budget was Ushs0.210 billion of which Ushs0.140 billion (67%) was released. Of the released funds Ushs0.090 billion (64%) was expended on the various activities including provision of bandwidth services to the BPO Centre and promotion of Uganda as the preferred BPO destination among others. Overall, the project has been slow in implementation of activities as evidenced from the low absorption of the released funds. NITA needs to properly plan and schedule implementation of the work plan within a given financial year to avoid low absorption of funds.

Uganda Communications Commission

School ICT laboratories: Various schools in the country were supported with ICT equipment (computers, solar systems, local area networks, internet, and software). The facilities were serving students, teachers and the community in some cases.

Generally, beneficiaries were satisfied with the intervention save for the reported inadequate computers under the solar package, specifications not meeting the UNEB requirements of provision for a DVD/CD writer, inadequate ICT teachers, undelivered internet and lack of printers.

It was noted however that some schools did not received the said facilities as reported by UCC, for example, Bishop Dustan Nsubuga Memorial Secondary School in Kalangala and Ngora High school in Ngora district. On the other hand, Anyeke secondary school reportedly located in Oyam district does not exist. Most of the schools had not engraved the equipment and a number had lost components of the delivered equipment through theft.

UCC in collaboration with MoES should improve on the specifications of the package. The MoES should recruit and post ICT teachers with competencies to deliver the content. The MoES should avail the schools with budgets to service and maintain the equipment and schools should be compelled to engrave the equipment.

Telemedicine: Under this sub component, BMAU established that most health facilities received the equipment as reported. However, the facilities were not yet functional as end user training and supply of Internet bandwidth remained pending. There were cases of non- delivery of equipment to some health facilities such as Atutur Hospital and Mpigi HCIV, much as they had been reported to having received the equipment. Generally, the component has registered negligible achievement and there is no value for money. UCC in collaboration with MoH should provide end user training of health workers and provide the internet connectivity, to enable proper implementation of the project and realize the intended telemedicine objectives.

Conclusion

Expenditure performance varied between projects, ranging between 57% and 88%. Significant progress was reported by NITA-U on most of her programmes albeit the low absorption of released funds. The pilot national postcode and addressing system in Entebbe was not completed even after being rolled over from the previous financial year due to inadequate funding. UCC on the other hand reported to have set up a total of over 900 ICT laboratories in secondary schools across the country and an additional 19 telemedicine facilities in health centres. All the schools visited expressed satisfaction with the deliveries however; Internet bandwidth had not been delivered to most of the schools and health facilities. End user training for telemedicine was yet to be delivered and there was ***No Value for Money*** on this component as the equipment was not being used for intended purpose.

Recommendations

- UCC and MoICT should provide adequate allocations for the pilot national postcode and addressing system project to realize the intended objectives and lessons for future expansion.
- NITA-U should properly plan and schedule implementation of the work plans within a given financial year to avoid low absorption of funds
- UCC in collaboration with MoH should provide end user training of health workers and provide the internet connectivity to health centres, to enable proper implementation of the project and realize the intended objectives.

Vi) Industrialisation Sector

Physical and financial performance monitoring in FY2012/13 focused on; value addition projects implemented by Ministry of Finance Planning and Economic Development, Uganda Industrial Research Institute, Uganda Development Cooperation. Development of industrial parks under Uganda Investment Authority, support to other scientists under the Uganda National Council of Science and Technology and capital development activities under Uganda National Bureau of Standards.

1. Ministry of Finance, Planning and Economic Development.

Four industrialization projects under the ministry were monitored during the year

a) Presidential Initiative on Banana Industrial Development (PIBID)

The approved budget for the project was Ushs10.200 billion which was released and fully spent. The expenditures were largely on the civil works, salaries and wages, and installation of factory equipment.

Construction of *Tooke* processing plant was estimated to be 80% complete and works had resumed at all fronts including the long stalled irrigation scheme. Research, which is one of the current core activities, was progressing well. Several laboratory results showed banana starch as suitable for pharmaceutical industries in manufacturing tablets. Other agro-forestry research activities in horticulture to ensure high quality fruits, vegetables and trees are grown alongside bananas were ongoing.

Overall the project is behind schedule partly due to poor planning; limited pursuance of other related objectives other than construction activities, and insufficient releases in the previous financial years. PIBID secretariat should enhance the planning aspects to achieve set targets. The MFPED should provide timely and adequate releases to this project to complete the pending contracted works as failure would only serve to reinforce investment wastage as the factory would not takeoff. Similarly the management of PIBID should focus on other associated activities relating to the project especially post construction management.

b) Value Addition Tea (Buhweju Tea Factory)

The approved budget for the project was Ushs0.550 billion of which Ushs 0.403billion (73%) was released. Expenditure performance was excellent as all the released funds were absorbed.

The factory was commissioned in August 2013. Processing of green tea was between 45,000Kgs to 60,000Kgs per day during off peak and on peak respectively. The factory has created employment to over five thousand people directly or indirectly. Buhweju tea has been able to successfully access the big tea markets in United Kingdom, Pakistan, Egypt, Sudan, Russia, Iran, Yemen, UAE, Afghanistan, Somalia and Iraq. This has happened through the Mombasa auctions where it continues to achieve the highest prices because of the reportedly good quality tea obtained from the factory.

Management was in the process of installing a second processing line to address post-harvest losses and increased planting. The factory still has challenges of funding to complete outstanding external works and related activities; and the poor road network of 30Kms from Nyakabirizi to the factory.

Overall the factory is a success story as it has and continues to stimulate development in the region. It has also increased job creation in the area. MFPED should provide financial support to the factory to enable completion of the outstanding external works.

c) Development of Industrial Parks under Uganda Investment Authority (UIA)

The approved budget for UIA for the development of serviced industrial parks FY 2012/13 was Ushs2.690billion of which 82% was released. Expenditure performance was excellent at 100%. Expenditures were for land acquisition, servicing of parks with roads, security and utilities.

UIA acquired land in Moroto for establishing a mineral beneficiation park. Works in the different industrial parks was at different levels of implementation. Worth to note was completion of road works in Luzira and Bweyogere industrial parks, opening new roads in Kampala Industrial and Business Park and Soroti Industrial estate were ongoing. Other industrial parks registered little development progress except operations and maintenance activities. The project has faced challenges of inadequate funding, parallel land allocations between Uganda Land Commission, Mukono District Land Board and UIA among others. Overall progress in industrial parks development has been slow partly due to delays inadequate funding, slow servicing of the parks and the low demand for land in upcountry areas by investors.

There is therefore need to provide funding to UIA and improve coordination between government agencies to avoid parallel land allocations.

d) Support to other Scientists

The revised budget for this project for FY 2012/13 was Ushs5.283 billion of which, Ushs3.693 billion (70%) was released. Expenditure performance was excellent as all the released funds were absorbed for the various activities. Two projects were monitored during the year.

The project for Production and Industrial Application of Phytolacca Dodecandra (PD) to control vector borne diseases had reached a critical stage of going beyond incubation stage and getting raised to industrial or mass production since it had realized its proof of concept. The Fresh Vacuum Sealed Matooke (FREVASEMA) research project had also weaned off and reached commercialisation stage having exited from UNCST on 31st December 2011. The project is already engaged in exports and has also started diversification into other products such matooke wine, vinegar, animal feeds and briquettes.

Overall the project is a success as a number of research products are now at a commercialisation stage. There is need for MFPED to continue financing the research in new products; since scientific research is an engine for development. MFPED should also make arrangements to link scientists to financial institutions for industrial realisation of concepts.

2. Ministry of Trade Industry and Cooperatives

Two projects under this ministry were monitored during the year, that is, one village one product (OVOP) and support to warehouse receipting system. The approved development budget for the OVOP project for FY2012/13 was Ushs0.245 billion of which 96% was released. Expenditures were at 99% of the released funds. The One Village One Product secretariat supported several cooperative societies through skills development and equipment in various parts of the country. Under the Warehouse Receipting System, no development activity was achieved by the end of FY2012/13 except for the software activities of trainings and sensitization of stakeholders in the warehouse receipting system usage, cooperative business management and entrepreneurship skills.

Overall the monitored projects under the MoTIC posted mixed performance with OVOP on target while support to warehouse receipting system off target. There is need for MoTIC to align warehouse receipting system activities to the project objectives.

3. Uganda Development Cooperation (UDC)

The total budget for UDC operations in FY2012/13 was Ushs1, 178,953,000 of which Ushs1, 178,460,144 was released. As of 30 June 2013, expenditure performance was at 99.5%.

Kalangala Infrastructure Services: 98% of the necessary funds for ordinary shares acquisition in the Kalangala Infrustucture Services Company were provided and key activities of the company kicked off. Water services had so far been provided in Kasekulo and Mulabana landing sites while power generation and road works had commenced. The second ferry was under construction in Mwanza, however, the projects were affected by limited progress on the resettlement action plans especially in areas planted with palm trees.

Soroti Fruit Factory: Preliminary activities related to this project were on course especially servicing the plot with roads, power and water. Construction of the factory was expected to commence in 2014.

Luweero Fruit Drying Factory: which had been characterized by mismanagement is currently under feasibility study and the Environmental Impact Assessment. The projects under implementation should be fast-tracked to ensure delivery of the intended outputs.

Overall, the projects under implementation by the UDC are progressing well albeit the challenges relating to acquisition of way leaves and untimely release of funds. MFPED should release funds on time for proper project implementation. UDC in collaboration with MoWT, Ministry of Lands, Housing and Urban Development, UNRA and MAAIF should coordinate the relocation of palm trees from road reserves.

4. Uganda National Bureau of Standards (UNBS)

The approved development budget for the project: support to UNBS in FY2012/13 was Ushs 2.860 billion of which Ushs1.5 billion was released. Expenditures were allocatively efficient as 100% of resources were on civil works. Construction of the shell structure (phase 1A) of UNBS headquarters was completed by the end of the FY and finishes (phase 1B) had commenced.

Inadequate releases notwithstanding, there was effective utilization of the released funds. MFPED should provide adequate funding to UNBS to undertake the construction of her headquarters and standards laboratories.

5. Uganda Industrial Research Institute

The approved budget for the vote excluding taxes, arrears and non-tax revenue for FY2012/13 was Ushs12.640 billion of which 86% of the budget was released; all the released funds were expended by the end of the FY. Expenditures were relating to research and support to incubatees.

A number of *incubatees* have been supported in realizing value addition to different products such as fruits, bamboo, potatoes, meat, confectionary, peanut, paper, clay products, beauty products, art and crafts among others. Overall there is a gap in turning the research into income generating enterprises (businesses) and feasibility studies of the projects are less emphasized before full scale implementation. Industrial research is also inadequately funded for meaningful implementation of planned outputs.

UIRI should emphasize feasibility studies before project implementation. MFPED should provide adequate funding to facilitate research and the related activities.

Conclusion

The sector has remained focused on the investment to aid value addition on different fronts as set out in the National Development Plan as; there are many cases of positive achievement and optimal utilization of the allocated resources resulting in a number of tangible achievements in the industrialization sector.

The sector has however been characterized with differences in levels of allocative efficiency. Some institutions like UIRI, UNBS, and MFPED have attempted to utilize the funds in areas with higher effect on their outputs while MoTIC under warehouse receipting project exhibited low allocative efficiency.

Recommendations

- The industrialization sector has the potential to unbind the constraints to development through value addition, provision of employment opportunities and increasing household incomes among others. Government of Uganda should provide reasonable allocations to the sector to enable applied industrial research, support other scientist project, and facilitate servicing of the industrial parks.
- The Ministry of Trade should re-align the warehouse receipting system project to the original objectives.

Vii) Microfinance Sector

The amount of loans disbursed by Microfinance Support Centre (MSC) Ltd has been deteriorating over the quarters during FY 2012/13. The cumulative repayment rate deteriorated from 90% as at the end of December 2012 to 89% at the end of June, 2013 which is below the targeted 95%. Management has intensified field supervision to support zonal staff in the loan recovery process.

More internal controls involving on-site verification of loan applicants before disbursement have also been introduced in the loan process.

A number of staff left the company and have not been replaced. The exercise to recruit was initiated and had not been concluded by the time of our monitoring. Replacement of key staff was planned to be conducted in quarter one of FY 2013/14.

Small and Micro Entreprises (SMEs) have not been very well serviced. Some of the zonal offices reported that the SMEs do not want to have their businesses registered and as a result they cannot access loans from MSC although some seem to be financially sound and have the potential to borrow.

The new policy was introduced by MSC Headquarters to ensure that every loan above Ushs 100million is secured. Although this was introduced to manage the high default rate it has also reduced the loan disbursements because most the MSC clients do not have collateral.

Among the zonal offices monitored other than MSC Masaka zonal office, the rest have a big proportion of their loan portfolio at risk (i.e portfolio with more than 90 days in arrears).

Recommendations

- Increase sensitization of the public particularly in the Eastern and the Northern regions so that there is increased awareness about MSC products. This will ultimately improve the loan disbursements and the repayment rates.

- Increase staffing in some zonal offices so that they effectively follow up clients who are in default

- MSC should have trainings tailor made for SMEs particularly in the areas of record keeping, inventory management, product diversification and liquidity management.

- MSC to aggressively enforce recovery of the defaulted loans, because institutions in default discourage other clients to pay. The company could also explore the possibility of outsourcing debt collection services.

viii) Roads Sector

The road network is the mostly used form of transport carrying about 95% of the country's goods and 99% of traffic. The report covers input – output monitoring of selected road development projects and road maintenance programmes for the FY 2012/13.

Financial performance

Four votes were, monitored namely: 016-MoWT, 113-UNRA, 118-URF and 500-LGs with a combined release of Ushs1,700 billion representing 104.9% of the Approved Budget. The sector spent Ushs 1,693.8 billion, equivalent to 104.5% of the Approved Budget and 99.6% of the releases. The figures exclude taxes and arrears.

The over performance of the sector's expenditure is attributable to the supplementary of U shs 155 billion to Uganda National Roads Authority (UNRA), to cater for certificates (claims by Contractors) of completed works.

Physical Performance

VOTE 016- MoWT

Construction of Major Bridges

Three bridges of Alla, Nyagak and Okokor in Arua, Zombo and Kumi districts were monitored and found to be at a physical progress of 95%, 95% and 60% respectively. The financial progress on these bridges was however, less than 30% on all the bridges but it was noted that the time progress on two out of the three bridges looked at was over 200% yet the contracts were still running with no clear explanation. FY2012/13, releases to the project amounted to Ushs 2.42 billion (60.43% of approved budget) and Ushs 2.81 billion (116.3% of released) was expended.

Poor performance by the contract was attributed to poor weather and project management on the part of the Client. Project management by MOWT must be improved.

East African Trade and Transport Facilitation Project (EATTFP)

Civil works for Mukono Inland Container Depot commenced and are at 30% physical progress with a time progress of 67%. For the One stop Border Posts Project (OSBP) sites for Busia, Malaba, Mirama hills and Mutukula have been handed over to the contractors to commence with construction though there were still some land acquisition issues at Mutukula which are likely to delay the project. The rehabilitation of the ferry MV Kaawa (and dry dock) was completed and a class certificate issued by independent marine surveyors from International Register of Ships (IRS) of USA. The project has however been delayed by the procurement process and land acquisition issues that need to be resolved.

The other issue affecting the project are delayed payments to both the contractor and project managers arising out of delayed approvals by the Contract manager.

Roads in Oil Prospecting Areas

In the FY2012/13, releases to this project amounted to Ushs 350 million (69.7% of budget) and at the end of the FY, Ushs 340 million (98.5% of release) had been absorbed on activities that could not be established.

Construction activities could not take place due to procurement delays and this project has been scrapped from the MoWT public investment plan.

Tourism Roads

The project received Ushs 1.41 billion (70.4% of budget) during FY2012/13, and 99.9% of the receipts were absorbed by the end of the year. However, project activities did not take off due to the list of roads to be worked on by the project delayed to be released by the Ministry of Tourism and Wildlife. It is therefore of concern how all the funds were used with no outputs.However, a contractor had been procured to carry out the works unfortunately the project has been scrapped off the list of projects at MoWT by the development committee at MFPED.

VOTE 113 – UNRA

During the FY2012/13, a total of 211.89Kms of unpaved national roads were upgraded from gravel to tarmac against an annual target of 135 Kms which represents 157% performance.Ac total of 196 Kms of existing old paved roads were rehabilitated/reconstructed out of the annual target of 160Kms. representing 122.5% performance. As a result, UNRA accumulated a debt amounting to over Ushs 200 billion.

Two projects monitored in the FY2012/13 were substantially completed; Kabale – Kisoro – Bunagana/Kyanika road (101kms) and Nyakahita – Kazo (68kms).The progress on key roads projects monitored was as follows (Target is in brackets and achievement outside):

- Kazo- Kamwenge (30%), 44% completed; cumulative progress was 67% out of the programmed 72%.

- Vurra – Arua – Oraba (30%), 28% completed; cumulative progress was 33% against 50% programmed.
- Mbarara (Buteraniro) - Ntungamo (Rwentobo) section (25%), 25% completed; cumulative progress was 30% out of the programmed 53%.
- Ntungamo (Rwentobo) - Katuna section (25%), 25% completed; cumulative progress was 25% out of the programmed 50%.
- Tororo- Mbale (30%), 30% completed; cumulative progress was 45%.
- Mbale- Soroti (30%), 34% completed; cumulative progress was 42%.

Land acquisition still remains a challenge on most of these projects as there are cases of sections of road that have been skipped due to valuation issues. UNRA should devise a strategy that expedites the evaluation, verification and payment process for land acquisition to prevent delays that could lead to time extension

National Road Maintenance

Routine mechanized maintenance of 1,500 kms of paved roads was carried out against the annual target of 1,611kms. Routine mechanized maintenance of 10,362 kms of unpaved roads was done out of the annual target of 11,370kms. Periodic maintenance (regravelling) of 502 kms of unpaved roads was done, out of the annual planned target of 855kms.

UNRA realised only 76.3% of the budget. This was mainly due to the Ushs 43.1 billion shortfall in releases experienced in Q4 that affected road maintenance activities and the road condition.

During the FY2012/13 Arua station planned to maintain 311Kms (30.29% of the station total road network using contracts and 540.2Kms (53.68%) by force on account. All planned mechanised maintenance works using contracts in the FY2012/13 did not take off.

Challenges

- Inadequate and untimely release of funds for force account activities as shown in the financial performance.
- Inadequate equipment resource at the stations is affecting the quality of the maintenance works due to lack of full sets of equipment vital to complete the maintenance process.

Recommendations

- The timely and adequate release of funds to carry out force account activities; and replacement of all aged equipment to reduce on the equipment maintenance cost; should be effected if planned outputs are to be realized in time.
- Roads under the additional network should be considered under term maintenance as they require much more work than can effectively be handled by the stations under force accounts

VOTE 118 – Uganda Road Fund

Road Fund Secretariat

The cumulative disbursement for the year was Ushs 237.2billion: To UNRA Ushs 138.77billion and to the DUCAR network Ushs 91.19billion;

In FY 2012/13, planned activities on district roads included the routine maintenance of 20,575 kms and drainage works under DUCAR agency in the URF vote. The DUCAR agency was allocated an annual budget of Ushs 91.19 billion (32.54% of the URF budget). At the end of the FY 2012/13, total releases to the DUCAR agency amounted to Ushs 91.189 billion (100% of annual budget estimates) under the URF and absorption was at 100%.

The district roads alone had an annual budget of Ushs 37.740 billion (41.4% of DUCAR budget). 100 % of the budget was released for this program. For the annual performance of FY 2012/13, the district roads maintenance programme was monitored in two districts, namely Arua and Hoima, with a total network of 1283.52 Kms (5.7% of district roads).

Arua district had received a total of Ushs 1.379 billion (82.31% of budget) and had absorbed 99.9% of this release. Completed activates in the FY 2012/2013 included: routine maintenance of district roads; completion of Kereluva 3-cell box culvert and Yukua-Eteleva-Odrobu road; repair of Ora bridge, Linya bridge, Eceko box culvert and a roller.

Activities that were still ongoing by the end of the FY2012/13 with their physical progress showed included: periodic maintenance of Arua-Nyio road-82%; completion of Aca bridge-0%; completion of Wariki box culvert-0%; emergency repair of Ullepi-Offaka-Anyiribu road-32%; repair of a Komatsu motor grader-85% and repair of Isuzu dump truck-80%.

Hoima district received a total annual release of Ushs 574.01 million (73.6% of the budget). The absorption of funds was at 100% at the end of the FY2012/13. Maintenance activities that were completed during the FY2012/13 included; periodic maintenance of Mukabara-Ruhunga (17 Kms), Kigorobya-Kibiro (6.5 Kms) and Buliindi-Dwoli (17 Kms) roads under URF program. The percentage physical progress of the incomplete periodic maintenance activities under the URF program was 80% for Kicungajjembe Kyarubanga (8Kms) road and 40% for Bujalya Rwemparaki (13 Kms) road.

Challenges

The district maintenance program has been compounded with a number of challenges which mainly involved; inadequate funding, huge budget cuts, releases which do not follow the district procurement plans, poor performance of service providers, and the inadequate equipment given to the districts .For instance Arua and Hoima are largest and yet maintenance by FAW is expensive and are only based in Kampala.

Recommendations

It was recommended that programmes like CAIIP could also be extended to districts which largely depend on URF. Planned budgets should be adhered to and if this cannot be avoided, districts should be informed early by enough funding agencies so that adjustments can be made. The MoLG should give more equipment to district with large networks, and FAW should decentralize and be fair with their costs. More regional workshops should also be established since the number of districts has also gone up.

ix) Water and Sanitation Sector

During the FY 2012/13 the Ministry of Water and Environment (MWE) implemented various programmes/projects under the respective Vote Functions. Sample outputs in four Vote Functions (0901 Rural Water Supply and Sanitation, 0902 Urban Water Supply and Sanitation, 0903 Water for Production, 0904 Water Resources Management) were monitored to justify the expenditures vis-à-vis the outputs reported on. The sector approved budget was Ushs. 271.772 billion (Development budget) and only Ushs. 186.804 billion (68.7%) of the budget released, Ushs. 99.588 billion (36.6%) spent which was 53.3% of the budget release. This incorporated GoU and External Financing.

Vote Function: 901 (Support to Rural Supply and Sanitation)

The approved budget was Ushs.28.2billion, Ushs.17.3billion (61.5%) of this released, and Ushs.17.1billion (98.7%) spent. This was an excellent release performance but inadequate to execute all planned outputs.

Output 090180: Construction of Piped Water Supply Systems (Rural)

The Construction of piped systems of Jjezza/Muduuma, Katende Kamengo Rural Growth Centers was at 90% completion. There was a delay in project completion partly due to power extension. An EFT transfer of Ushs.157.9million to the contractor was not known to project management.

Luanda and Kabumba piped systems had reached 90% while Kanyampanga was at 75% completion. The design for Kanyampanga will be modified to cater for extra demand denoting price variations.

Output 090181: Construction of Point Water Sources

Twelve emergency borehole/production well constructions in Mukono, Wakiso and Kayunga were monitored. Some production wells support agriculture on individual farms e.g Lugo Well in Kasangye S/C Wakiso district which is good for development. However, it was reported that no slab casting was done at two of these boreholes in Kayung which jeopardies the water quality. One of them (Nawandagala Bore Hall in Kayunga S/C) was visited. No software activities were carried which compromises sustainability of these facilities.

Vote 501-850: District Water Conditional Grant (DWSDCG)

The approved budget was Ushs.62.2billion, of which Ushs.40.2billion (65%) was released and all spent (including PRDP) marking an excellent release performance. Nineteen districts (19) were monitored for construction of boreholes, shallow wells, small piped systems and protection of springs. Works progress was at 90% on average. Non-remittance of 35% of the approved budget caused forfeiting, slowdown of works and unfinished activities. Delayed procurements and low staffing levels affected the pace of works.

Programme 321449: District Sanitation and Hygiene Grant (DHSCG)

The approved budget was Ushs.2billion and 100% of this was released and expended which was an excellent performance. On average funds were released a month late affecting timely output completion. All districts carried out either home improvement campaign or community Led Total Sanitation model activities. In effect, Open Free Defecation model villages were realised and general hygiene and sanitation improved.

Vote Function: 0902 Urban Water Supply and Sanitation:

The approved budget was Ushs.63.7billion, Ushs.28.8billion (45%) released and Ushs.28.07 spent (97.5%); an excellent expenditure with poor release.

Project 1130: Water and Sanitation Development Facility WSDF -Central

Construction of Kasangye, rehabilitation of Wakiso, Kakiri, and expansion of Kako piped systems was complete. There was a price variation of Ushs.56million to rehabilitate Kakiri reservoir tank. This was to cater for the leakages not initially in the contract. The second source borehole for Kasangye collapsed due to subsiding soils and reconstruction is on at no extra cost. All systems are commissioned technically and are being test run.

Project 1075: Water and Sanitation Development Facility – East

Construction of Abim piped system was at 75% and rehabilitation of Bukedea piped system at 73%. Works were behind schedule owing to late remittance of external funding component. The delay in fund releases too caused the unit cost of materials to go up.

Project 1074: Water and Sanitation Development Facility – North

Construction of Omugo (82%) and Zombo (65%) piped systems were on schedule and the quality of works good.

Project 1283: Water and Sanitation Development Facility-SW

Construction of Kiruhura was complete and Lyantonde was at 90%., Kakyanga (98%), (Kakuuto 65%), Kazo (98%). Works were behind schedule owing to late remittance of funds by the donors. The delay in fund releases too caused the unit cost of materials to go up.

Vote Function 0903: Water for Production

The approved budget for the Vote Function was Ushs.21.4billion of which Ushs.16.6 (78%) was released and Ushs.16.2 (98%) expended. This was excellent spending though the shortfall in releases slackened works.

Construction of Kajodi, Nakakabala Valley Tanks, and Kawomeri dam was completed while Nyamiringa Valley Tank was at 75%. The three valley tanks had cost variations (Ushs.60million each) to cater for changes in the location of the water tanks and fencing material and anchorage for the HDPE tanks. These were realised after the original designs had been approved. Nakakabala works were not of good quality compared to Kajodi.

Vote Function 0904 Water Resources Management

The approved budget for the Vote Function was Ushs.7.5billion of which Ushs.6.3billion (84%) was released and Ushs.6.3billion (99%) spent. This was better performance of the budget in terms of release and expenditure.

Under **Output 090403** the directorate issues water abstraction permits and monitors compliance to the conditions set up in the permits. However, the list of permits issuance was out-dated and no regular monitoring of compliance seemed to be done e.g. no new permit was issued to Steel Rolling Mill in Jinja as reported.

Under **Output 090405** ground water monitoring stations operational status Nkokonjeru station was abandoned three years ago. This could not be used to assess and update data as would be the case.

The financial and physical analysis was affected by limited information for specific projects from either the consultant or MWE. The donor funding component was not easily captured causing variations in data.

The funds released to the implementing agencies either came in late or were less than expected. However, all District Water and Sanitation Development Grant release was spent. Delayed and lengthy procurement processes coupled with late releases stalled implementation. The signing of MoUs for external financing affected timeliness in procurements, overall works progress and input unit costs. The quality of materials especially riser pipes and rods on the market is poor. This reduces the normal operating life of systems, high maintenance costs and frequent repairs.

Recommendations

- MFPED should ensure prompt release of funds to implementing agencies, increase funding when possible and avoid budget cuts. MWE/ MFPED mobilize resources for the sector locally and internationally.

- Research should be carried out for appropriate technological options that fit within the District Local Government budgets. MWE should furnish the appropriate Technology Center with necessities to do so.

- District Local governments should start the procurement early enough to avoid delays and those without contracts committees constitute them.

- The National Bureau of Standards should quality check and certify the standards of materials on the market to ensure value for money.

- The Ministry of Local Governments should speed up staff restructuring process and districts urged to at least have a District Water Officer in office.

CHAPTER 1: INTRODUCTION

1.1 Background

Government of Uganda has implemented service delivery programmes with varying levels of success in the past 20 years. While poverty has reduced overall, access to and the quality of key services, particularly health, education, water and sanitation, agriculture and roads has remained poor. These are the areas where Government has channeled most public investments and expects the highest returns to ordinary citizens. Although there are several institutions in the accountability sector mandated to monitor and audit public resources, they have not provided comprehensive information for removing key implementation bottlenecks to enhance transparency and accountability and consequently improve service delivery. It is against this background that the Budget Monitoring and Accountability Unit (BMAU) was established in FY 2008/09 in the Ministry of Finance Planning and Economic Development, under the Budget Directorate, to address this challenge.

The BMAU derives its mandate from the Public Finance and Accountability Act 2003, Article 3 and Article 6, that requires the Minister of Finance to supervise and monitor the public finances of Uganda and Secretary to the Treasury to authorize any public officer(s) inspect any office for purposes of scrutinizing efficiency in use of Government resources. The Unit is charged with tracking implementation of selected government programmes or projects and observing how values of different financial and physical indicators change over time against stated goals and targets (how things are working).

The BMAU prepares quarterly and annual monitoring reports of selected government programmes and projects. The monitoring is confined to levels of inputs, outputs and intermediate outcomes in the following areas:

- Agriculture
- Infrastructure (Energy and Roads)
- Industrialization
- Information and Communication Technologies
- Social services (Education, Health and Water and Sanitation); and
- Microfinance

CHAPTER 2: METHODOLOGY

2.1 Process

This report is based on selected programmes in the mentioned sectors. Selection is based on a number of criteria:

- The significance of the budget allocations to the votes within the sector budgets, with focus being on large expenditure programmes. Preference is given to development expenditure; except in health, education and road maintenance where some recurrent costs are tracked.
- The programmes that had submitted progress reports by the end of Quarter 4 in FY 2012/13 were followed up for verification as they had specified output achievements.
- Programmes that had been monitored in previous quarters but having major implementation concerns were also re-visited.

2.2 Methodology

Across all the projects and programmes that were monitored, the key variables included: performance objectives and targets; inputs and outputs, implementation processes and the achievement of outcomes and beneficiary satisfaction, where relevant.

2.2.1 Data Collection

Data was collected through a combination of approaches:

- Review of secondary data sources including: Ministerial Policy Statements for FY 2012/2013 and FY 2013/2014; National and Sector Budget Framework Papers; Sector project documents and performance reports in the Output Budgeting Tool (OBT), MFPED Budget Documents, , Budget Speech and district performance reports; sector Quarterly Progress Reports, Work plans, and Budget Framework papers and Public Investment plans.
- Review and analysis of data in the Integrated Financial Management System (IFMS); progress reports (Performance Form A and B) and bank statements from implementing agencies.
- Consultations and key informant interviews with project managers in implementing agencies both at the Central and Local Government level;
- Field visits to project areas involving discussions with lower local government officials (the CAOs, Chief Finance Officers, and sector heads of departments; and beneficiaries. Observation and photography were key data collection tools during the monitoring exercise. In some cases call-backs were done to triangulate information.

2.2.2 Sampling

The sampled outputs were randomly selected from the information provided in the Ministerial Policy statements and progress reports of the respective departments. Priority was given to monitoring outputs that were physically verifiable. Projects that had been monitored in previous quarters but were having major implementation concerns were also re-visited to update the status.

Outputs to be monitored are selected so that as much of GoU development expenditure as possible is monitored during the fieldwork visits. Districts are selected so that as many regions of Uganda as possible are sampled throughout the year.

Physical performance of projects and outputs was assessed through monitoring a range of indicators and linking the progress to reported expenditure. The variables monitored depended on whether an output was complete or ongoing and if implementation was according to budget and schedule. For completed projects, monitoring focused on value for money and beneficiary satisfaction.

2.3 Limitations of the report

- Information on donor releases was not readily available for most of the programmes and hence financial performance may have been underestimated or not captured at all.
- Financial information extracted from IFMS for the period under review had a margin of error, particularly in regard to expenditure. Some central government votes/agencies have over spent, which according to the Treasury Department was caused by a system malfunction. The inconsistency in expenditure information makes it difficult to analyze sector absorption rates.
- Some projects under the Ministries and MDAs receive funds and subsequently transfer them to the spending entities but these transfers are reflected as payments in IFMS. As a result this might overstate the absorption rates of some projects and/or a given Ministry or MDA.
- There was limited scope in many cases because of the inadequate time and funding (21 days) allocated to field work. This was worsened by poor responses in some ministries and local governments. On a few occasions, some project managers and officers failed to keep appointments made with the BMAU teams.
- There were cases of incomplete information especially in cases where the responsible officers were new in office or relevant documents not being readily available.

2.4 Structure of the report

The report is arranged into four parts with a total of fifteen chapters. Part one covers introduction and methodology, part two covers financial performance in local and central governments, part three covers physical performance in nine sectors, and part four outline the key conclusions and recomenadations. Chapter 1 presents the introduction; while the second chapter outlines the methodology. Chpaters 3 and 4 give financial performance of the central and local governments respectively. Physical performace of the sectors of agriculture, education, energy, health, ICT, industry, microfinance, roads, water and sanitation constitute chapters 5-13 respectively. Chapter 14 gives the conclusion, while chapter 15 has recommendations.

PART 2: FINANCIAL PERFORMANCE

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CHAPTER 3: FINANCIAL PERFORMANCE OF CENTRAL GOVERNMENT

3.1Introduction

The financial performance analysis consist mainly of the general budget performance of the selected priority sectors of Agriculture; Education; Energy; Health; Accountability (Finance); ICT; Water and Environment; and Works and Transport.

3.2 Scope

This section reports on GOU domestic development approved annual budget, releases and expenditures for the period July 2012 – June 2013 of the selected priority Ministries that include Ministries of Agriculture Animal Industry and Fisheries; Ministry of Education and Sports; Ministry of Information, Communication and Technology: Ministry of Energy and Mineral Development; Ministry of Finance, Planning and Economic Development; Ministry of Health; Ministry of Works and Transport; and Ministry of Water and Environment.

The financial analysis largely used was the integrated financial management system (IFMS) data.

3.3 Financial Performance of Ministries monitored.

3.3.1 Vote 010 Ministry of Agriculture, Animal, Industry and Fisheries

The MAAIF total approved development budget for the FY 2012/13 was Ushs 51,962,520,425 but this was subsequently revised to Ushs 64,696,718,425 (125% of the approved budget) as a result of re-allocations and supplementary.

The cumulative amount released as at 30 June 2013 was Ushs 42,331,764,134 representing 65% of the revised budget. A number of projects had a release performance below 50% (see table 3.1).

The overall absorption as at 30th June 2013 was 88% with most of the absorption rates ranging from 80%-100%. A few projects had absorption rates below 80% and these are listed below;

- Project 90 Livestock Disease Control, 71%
- Crop disease and Pest Control, 59%
- Avian and Human Influenza Preparedness, 73%
- Increasing Mukene for Human Consumption. 74%
- Labour Saving Tech & Mech for Agri production, 36%
- Rice Development Project, 64%

- Technical Assistance to Improve Animal Disease Diagnostic, 63%

Table 3.1 MAAIF projects with the lowest release performance FY 2012/13

Project Code	Project Name	GoU Approved Budget (Revised)	Releases	Payments	% of Budget Released	% of Budget Spent
969	Creation of Tsetse and Tryp Free Areas	1,554,359,333	597,820,285	591,424,109	38	99
1009	Sustainable Land Management Project	50,000,000	-	-	-	-
1010	Agriculture, Prodn, Mkting & Regulation	630,893,586	237,750,011	211,177,423	38	89
1083	Uganda Meat Exports Development Project	1,937,255,254	816,768,571	765,024,019	42	94
1084	Avian and Human Influenza Preparedness	1,275,300,879	225,116,254	165,222,929	18	73
1088	Markets and Agricultural Trade Improvement	135,000,000	54,500,100	48,333,333	40	89
1166	Support to Fisheries Mechanisation	900,000,108	233,584,140	232,863,265	26	100
1170	Kabale Tea Factory	1,800,000,000	635,759,424	583,279,065	35	92
1194	Labour Saving Tech & mech for Agri production	8,300,000,000	2,717,689,614	967,802,605	33	36
1195	Vegetabke Oil Development Project Phase 11	5,856,035,492	1,628,280,798	1,609,963,493	28	99
1239	Technical Assistance to Improve Animal Disease Diagnostic	1,161,230,547	155,892,019	97,960,803	13	63

Source: IFMS

3.3.2 Vote 013 Ministry of Education and Sports

Project Code	Project Name	GoU Approved Budget	Releases	Payments	% of Budget Released	% of Budge t Spent

176	Child Friendly Basic Education	88,000,000	60,073,731	60,070,730	68	100
191	Rehabilitation Nat. Health Training College	2,508,000,000	1,942,299,723	1,939,216,145	77	100
210	WFP Karamoja	550,000,000	486,683,521	486,683,521	88	100
897	Development of Secondary Education	6,951,000,000	5,048,367,829	5,046,823,150	73	100
942	Development of BTVET	9,200,000,000	6,610,281,401	6,609,018,683	72	100
943	Emergency Construction of Primary School	1,865,000,000	1,538,078,059	1,538,077,959	82	100
944	Development of PTCs	5,165,000,000	3,792,096,009	3,792,096,009	73	100
971	Development of TVET P7 Graduate	2,150,000,000	1,439,382,602	1,439,382,602	67	100
984	Relocation of Shimoni PTC (0984)	910,000,000	791,225,103	783,080,103	87	99
1091	Support to USE (IDA)	3,220,000,000	2,479,466,240	2,454,666,095	77	99
1092	ADB IV Support to USE (1092)	8,143,999,960	7,280,433,977	7,266,604,458	89	100
1093	Nakawa Vocational Training Institute (1093)	800,000,000	652,756,471	652,756,471	82	100
1136	Support to Physical Education and Sports	2,300,000,000	1,368,858,550	1,362,424,737	60	100
1232	Karamoja Primary Education Project	200,000,000	-	-	-	-
1241	Development of Uganda Petroleum Institute Kigumba	10,300,000,000	7,372,023,786	7,372,023,786	72	100
Total		**54,350,999,960**	**40,862,027,002**	**40,802,924,449**	**75**	**100**

MOES approved development budget for FY 2012/13 was s Ushs 54,350,999,960 (Table 3.2) less than the previous year by 9.5%. The total amount released to MOES as at 30th

June 2013 was Ushs 40,862,027,002 representing 75% of the approved budget. All the funds released to the Ministry were fully absorbed by the end of the financial year.

Table 3.2 The MOES Budget performance for the FY 2012/13

Source: IFMS

3.3.3 Vote 017 Ministry of Energy and Mineral Development

MEMD approved development budget for the FY 2012/2013 was Ushs 1,268 billion, the amount was subsequently revised during the year to Ushs 224.7 billion after the Karuma Hydroelectricity Power Project was reduced by Ushs 1,043.6 billion (Table 3.3).

The release performance was only 54% and this was attributed to various projects registering a release performance below 50% (See table 3.3 below). Most of the funds released to projects were fully absorbed; the overall sector absorption rate was 99%.

Table 3.3 The MEMD Budget performance as at 30th June 2013

Project Code	Project Name	GoU Approved Budget (Revised)	Releases	Payments	% of Budget Released	% of Budget Spent
325	Energy for Rural Transformation II	5,799,000,001	5,242,103,029	5,106,112,702	90	97
331	Rural Electrification	22,726,600,000	12,021,667,215	11,902,649,724	53	99
940	Support to Thermal Generation	68,000,000,000	29,022,215,499	29,021,411,552	43	100
1023	Promotion of Renewable Energy	1,060,000,000	886,145,407	845,308,788	84	95
1024	Bujagali Inter-Project	1,000,000,000	1,000,000,000	1,000,000,000	100	100
1025	Karuma International Project	3,000,000,000	500,000,000	500,000,000	17	100
1026	Mputa Interconnection Project	2,000,000,000	500,000,000	500,000,000	25	100
1137	Mbarara Nkenda/Tororo-Lira Transmission Lines	23,000,000,000	12,216,910,000	12,215,303,000	53	100
1140	NELSAP	8,610,000,000	4,338,825,900	4,338,825,900	50	100
1142	Mgt of the Oil & Gas Sector in Uganda	13,290,000,000	11,502,498,029	11,310,720,789	87	98
1183	Karuma	5,000,000,000			10	100

Project Code	Project Name	GoU Approved Budget (Revised)	Releases	Payments	% of Budget Released	% of Budget Spent
	Hydroelectricity Power Project		500,000,000	500,000,000		
1184	Construction of Oil Refinery	14,700,000,000	9,858,957,079	9,589,722,411	67	97
1198	Modern Energy from Biomas for Rural Dev't	1,000,000,000	797,853,687	743,971,763	80	93
1199	Uganda Geothermal Resources Dev't	300,000,000	226,819,867	225,458,199	76	99
1200	Airborne Geophysical Survey Geo Mapping	739,000,000	591,568,659	591,290,521	80	100
1212	Electricity Sector Dev't Project	27,000,000,000	17,656,732,109	17,638,360,162	65	100
1221	Opuyo Moroto Interconnection Project	8,910,000,000	2,300,000,000	2,299,999,314	26	100
1222	Electrification of Industrial Parks Project	12,040,000,000	6,605,012,800	6,605,012,800	55	100
1223	Institutional Support to Ministry of Energy and Mineral	6,526,000,000	5,940,729,746	5,629,796,043	91	95
Total		**224,700,600,001**	**121,708,039,026**	**120,563,943,668**	**54**	**99**

Source: IFMS

3.3.4 Vote 008 Ministry of Finance, Planning and Economic Development

The MFPED total approved development budget for FY 2012/13 was Ushs 136.331 billion. The revised budget as a result of re-allocations as at 30 June 2013 was Ushs 133.81 billion registering a budget reduction of 1.8%.

The cumulative amount released as at end of the financial year was Ushs 103.8 billion representing 78% release performance. Most of the projects (60%) had a release performance in the range of 80% - 100% while 40% of the projects registered release performance in the range of 60% - 80%. The two development projects with the least release performance (below 70%) are listed below.

- Project 54 Support to MFPED, 65%
- Support to Macroeconomic Management, 68%

The funds released to all the projects were fully absorbed by the end of the financial year.

3.3.5 Vote 014 Ministry of Health

Ministry of Health approved development budget for FY 2012/13 is Ushs 19,716,430,000. The budget was subsequently increased by 9.4% to Ushs 21,753,750,920 as result re-allocations and supplementary.

The total cumulative release to MOH for the year was Ushs 14,799,227,649 representing a release performance of 68% of the revised budget (Table 3.5). Project 232-Rehabilitation of health facilities in Eastern Uganda and Project 1148 TP laboratory strengthening project had the lowest releases of 20% and 8% respectively.

The overall absorption rate as at end of the financial year was 98% of the releases with most of the projects absorbing all the funds released.

Table 3.5 The MOH Budget performance as at 30th June 2013

Project Code	Project Name	GoU Approved Budget (Revised)	Releases	Payments	% of Budget Released	% of Budget Spent
216	District Infrastructure Support Programme	2,060,000,000	2,287,400,788	2,211,123,916	111	97
220	Global Funds for AIDS, TB and Malaria	8,374,565,469	7,751,870,628	7,621,036,317	93	98
224	Imaging and Theatre Equipment	500,000,000	387,895,499	344,490,326	78	89
232	Rehabilitation of health Facilities in Eastern Uganda	2,500,000,000	500,000,000	500,000,000	20	100
980	Development of Social Health Initiative	521,771,901	346,098,994	264,520,467	66	76
1027	Institutional Support to MOH	1,546,983,550	1,457,299,950	1,452,243,415	94	100
1094	Energy for Rural Transformation Programme	200,000,000	155158200	151897947	78	98
1123	Health Systems Strengthening	2,500,000,000	643,882,191	624,241,800	26	97
1141	Gavi Vaccines & HSSP	500,000,000	289,108,108	289,000,610	58	100
1148	TB Laboratory Strengthening Project	2,100,000,000	164,481,344	111,951,744	8	68

Project Code	Project Name	GoU Approved Budget (Revised)	Releases	Payments	% of Budget Released	% of Budget Spent
1185	Italian Support to HSSP & PRDP	100,000,000	66,592,407	56,088,800	67	84
1187	Support to Mulago Hospital Rehabilitation	850,430,000	749,439,540	618,994,173	88	83
Total		**21,753,750,920**	**14,799,227,649**	**14,245,589,515**	**68**	**96**

Source: IFMS

3.3.6 Vote 020 Ministry of Information, Communication and Technology

MoICT approved development budget for FY 2012/13 was Ushs 11,950,287,560. The cumulative release to MoICT for the financial year ended 30 June 2013 was Ushs 5,710,769,168 representing a release performance of 48% (See Table 3.6).

The table below shows the overall sector absorption rate as at the end of the financial year was 99%. Most of the projects fully absorbed the funds.

Table 3.6 MoICT development budget performance for FY 2012/13

Project Code	Project Name	GoU Approved Budget	Releases	Payments	% of Budget Released	% of Budget Spent
900	E-Government ICT Policy Implementation	1,616,000,000	1,263,738,357	1,242,718,008	78	98
990	Strengthening Ministry of ICT	990,750,000	800,750,000	784,901,100	81	98
1014	National Transimission Backbone project	7,892,537,560	2,620,378,999	2,620,378,999	33	100
1053	District Business Information Centre	173,000,000	116,813,209	116,813,209	68	100
1054	National IT Authority Uganda	1,068,000,000	771,645,855	771,645,855	72	100

1055	Business Process Outsourcing	210,000,000	137,442,748	137,442,748	65	100
Total		**11,950,287,560**	**5,710,769,168**	**5,673,899,919**	**48**	**99**

Source: *IFMS*

3.3.7 Vote 113 Uganda National Roads Authority

UNRA approved development budget for FY 2012/13 is Ushs 668,647,680,000. The budget was subsequently revised to Ushs 836,647,680,000 (Table 3.7), 25% higher than the approved budget and this was attributed to a supplementary budget.

The cumulative release to UNRA for the financial year 2012/13 was Ushs 815,247,680,000 representing a release performance of 97%. Most of the projects had received 100% release of the revised budget except project 1056 Transport corridor project and 1180 Kampala express highway who registered release performance of 98% and 88% respectively.

All the funds released to projects were fully absorbed by the end of the financial year as shown in the table below.

Table 3.7 UNRA Budget Performance for the FY 2012/13

Project Code	Project Name	GoU Approved Budget (Revised)	Releases	Payments	% of Budget Released	% of Budget Spent
265	Uganda-Atiak-Moyo-Afoji (104 Km)	5,875,000,000	5,875,000,000	5,875,000,000	100	100
267	Improvement of Ferry Services	14,125,000,000	14,125,000,000	14,125,000,000	100	100
268	Kampala Nothern Bypass (17 Km)	500,000,000	500,000,000	500,000,000	100	100
278	Upgrade Kibale-Kisoro-Bunagana/Kyanika (98 Km)	19,062,500,000	19,062,500,000	19,062,500,000	100	100
285	Upgrade Matuga-Semato-Kapeeka (41 Km)	3,000,000,000	3,000,000,000	3,000,000,000	100	100
294	External Audit Services	1,500,000,000	1,500,000,000	1,500,000,000	100	100
295	Upgrade Kampala-Gayaza-Zirobwe (44.3 Km)	11,750,000,000	11,750,000,000	11,750,000,000	100	100
298	Accident black spots on Jinja - Kampala	500,000,000	500,000,000	500,000,000	100	100
321	Upgrade Fort Portal-Bundibugyo-Lamia (104 Km)	21,222,000,000	21,222,000,000	21,222,000,000	100	100
954	Design Muyembe-Moroto-Kotido (290 Km)	42,437,500,000	42,437,500,000	42,437,500,000	100	100
955	Upgrade Nyakahita-Ibanda-FortPortal (208 Km)	14,000,000,000	14,000,000,000	14,000,000,000	100	100

957	Design the New Nile bridge at Jinja	7,500,000,000	7,500,000,000	7,500,000,000	100	100
1031	Upgrade Gulu-Atiak-Bibia/Nimule (104 Km)	1,350,000,000	1,350,000,000	1,350,000,000	100	100
1032	Upgrade Vurra-Arua-Kiboko-Oraba (92 Km)	7,712,500,000	7,712,500,000	7,712,500,000	100	100
1033	Design Hoima-Kaiso-Tonya (85 Km)	62,500,000,000	62,500,000,000	62,500,000,000	100	100
1037	Upgrade Mbarara-Kikagata (70 Km)	67,187,500,000	67,187,500,000	67,187,500,000	100	100
1038	Design Ntungamo-Mirama Hills	4,000,000,000	4,000,000,000	4,000,000,000	100	100
1044	Design Ishaka-Kagamba (35 Km)	25,500,000,000	25,500,000,000	25,500,000,000	100	100
1056	Transport Corridor Project	368,915,680,000	360,515,680,000	360,515,680,000	98	100
1104	Costruct Selected Bridges (BADEA)	15,750,000,000	15,750,000,000	15,750,000,000	100	100
1105	Road Sector Institution Capacity Dev project	13,760,000,000	13,760,000,000	13,760,000,000	100	100
1158	Reconstruction of Mbarara-Katuna Road (155 Km)	15,500,000,000	15,500,000,000	15,500,000,000	100	100
1180	Kampala Entebbe Express Highway	113,000,000,000	100,000,000,000	99,974,084,714	88	100
Total		**836,647,680,000**	**815,247,680,000**	**815,221,764,714**	**97**	**100**

Source: IFMS

3.3.8 Vote 019 Ministry of Water and Environment

MWE approved development budget for FY 2012/13 was Ushs 154,011,430,832. The cumulative release to MWE for the financial year ended 30th June 2013 was Ushs 105,030,233,394 representing a release performance of 68%. Out of the 27 development projects, ten of the projects (Table 3.8) registered a release performance below 70%.

Table 3.8 MWE Projects with lowest release performance FY 2012/2013

Project Code	Project Name	GoU Approved Budget	Releases	Payments	% of Budget Released	% of Release Spent
146	National Wetland Project Phase II	3,320,000,000	2,282,986,177	2,275,934,127	69	100
163	Support to WRM	14,797,288,204	8,933,075,624	8,852,925,470	60	99
168	Urban Water Reform	963,018,225	635421097	627960259	66	99

1102	Climate Change Project	1,360,000,000	932,864,466	887,250,139	69	95
1188	Protection of Lake Victoria-Kla Sanitation Prog.	31,113,338,702	11,407,354,961	10,818,173,346	37	95
1189	Sawlog Production Grant Scheme Project	1,460,000,000	865,964,231	840,953,034	59	97
1190	Support to Nabeya Forestry College Project	800,000,000	515,750,000	515,362,686	64	100
1191	Provision of Improved Water Sources of Returned IDP	726,071,310	473,510,151	457,326,437	65	97
1192	Lake Victoria Water and Sanitation	840,000,000	265,397,789	260,489,898	32	98
1193	Kampala Water Lake Victoria Water & Sanitation Prog.	15,499,246,855	7,489,246,855	7,429,439,348	48	99

Source: IFMS

The overall absorption rate as at end of the financial year was 99% with most of the projects fully absorbing the funds released.

3.3.9 Vote 016 Ministry of Works and Transport

MOWT approved development budget for FY 2012/13 was Ushs 87,274,160,904. The cumulative release to MOWT for the year was Ushs 59,694,485,975 representing an overall release performance of 68%. The listed projects below registered the least release performance below 60%.

- Project 269- Construction of selected bridges – 58%
- Project 995- Community Agriculture Infrastructure Improvement – 58%
- Project 1061- Construction of government office blocks – 44%
- Project 1160- ransport sector development project (TSDP) – 59%

All the funds released were fully absorbed by the end of the financial year 2012/2013.

3.3 Conclusions

3.3.1 Central Government/Ministries/Agencies GoU Budgets

Approved development budgets

The FY 2012/13 approved development budgets for most of the Ministries and agencies monitored were subsequently changed as a result of budget suppression and supplementary. MAAIF, MOH and UNRA budgets were revised upwards; MOEMD and MFPED were revised downwards while MOES, MWE, MOWT and MoICT remained the same.

Releases

The cumulative release performance for most of the selected Ministries/Agencies as at 30 June 2013 was in the range of 48%-78% with the exception of UNRA and MoWT which each performed at 97%.

Absorption of funds

The monitored Ministries/Agencies absorbed all the funds released for the financial year 2012/13 with the exception of MAAIF whose absorption rate was 88%.

3.4 Recommendation

The government should restrain from suppressing development budgets which have negative implications for implementation of Government programmes, macroeconomic stability and budget credibility.

CHAPTER 4: FINANCIAL PERFORMANCE OF LOCAL GOVERNMENTS

4.1 Introduction

Financial performance of the development grants i.e. Primary Health Care development(PHC Development, National Agriculture and Advisory Services(NAADS), School Facilitation Grant(SFG), Rural water and Rural Roads and Local Government Management and Service Delivery (LGMSD) were monitored to track their performance during the financial year.

A total of eleven districts were monitored to specifically track the financial performance of the above development grants released by the treasury for the F/Y 2012/13. The districts visited included; Gulu, Iganga, Kiryadongo, Kole, Masaka, Mbale, Mbarara, Oyam, Sheema and Soroti

4.2 Objectives

- To establish whether all the funds released from MFPED for the development grant is timely sent to the respective sectors for implementation of activities
- To ascertain if there were any balances retained on the sector accounts at the end of F/Y2012/2013; and if so whether the balances were sent back to the consolidated fund as required by the financial regulations.
- To find out whether there is adequate absorption of funds received from the ministry of finance planning and economic development and if not, any justification for low absorption.
- To analyze the budget trend of the development grants to districts for the last three financial years i.e. FY 2010/11, FY 2011/12 and FY 2012/13.

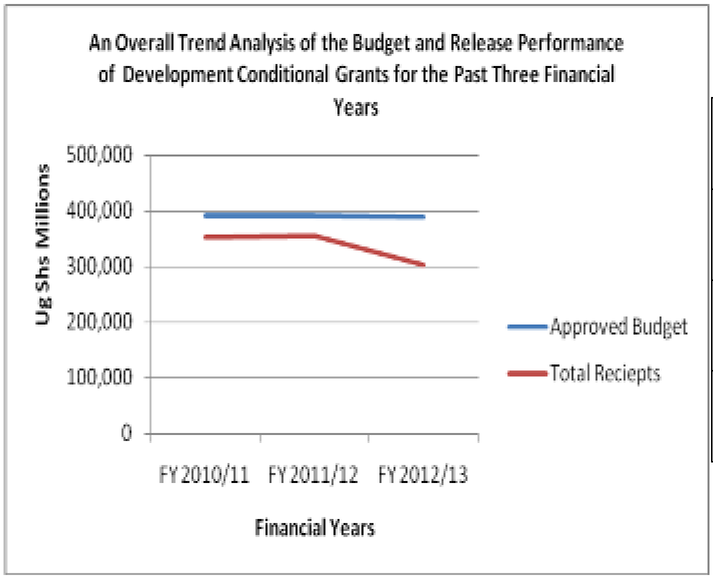
4.3 Scope

A total of eleven districts were visited and the period under review was the FY2012/2013 in respect to the releases and expenditure performance of districts to assess the variables of timeliness and absorptive capacity or any unspent balances of the district local governments.

4.4 Findings

4.4.1 An Overview of the Budget and Release Performance of Development Conditional Grant from FY 2010/11 to FY 2012/13

Figure 4.1 National Trend of the Budget & Release Performance of the District LGs



Financial Year	Approved Budget	Total Receipts
FY 2010/11	391,726,757,983	353,822,999,810
FY 2011/12	391,605,259,275	355,027,651,300
FY 2012/13	388,420,178,000	301,875,655,000

Source: Legacy System

The graph above shows that the approved budget for the development grants monitored i.e PHC Devt, SFG, NAADS, Rural Water,Rural roads and LGMSD has almost been stable.

The releases to the district local governments were relatively stable for the last two years and has drastically declined in the FY 2012/13. The local governments have experienced budget cuts over the years coupled with a decline in the amounts received over the years which definitely affects service delivery and implementation of planned activities for the development grants.

4.4.2 Iganga District Local Government

Iganga District Local Government had an Approved Budget of **Ushs 4,197,735,000** for the development grants, realized **Ushs 3,332,348,489** and spent **Ushs 3,332,348,489.** This reflects 79% release performance and 100% absorption rate. The absorption rate of 100% therefore indicates that there were no unspent balances at the end of the FY 2012/13.

Further analysis on the timelines in the transfer of funds from MFPED to the General Fund collection account and then to sector specific accounts is shown below;

- Five out of six development grants were received on the 21st August 2012 for Q1, 5th November for Q2 and 15th February 2013 for Q3 on the general collection account of the district from MFPED. The funds were then remitted to the sector specific accounts on 5th September 2012 for Q1, 29th November 2012 for Q2 and 6th March 2013 for Q3. No funds were received in Q4 and therefore sectors were able to absorb up to 100% of the realized funds.
- This on average shows that funds were received from MFPED in the middle of the second month for every quarter in the FY 2012/13 and it took on average two (2) weeks to be remitted to the sector specific accounts.

- The time lag in remitting of funds to the sector account was long and contravenes the Budget execution circular, which states that funds should be sent to the respective sector accounts within 5 working days after receipt on the General Fund collection account. This distorts the schedules of planned activities and hence affecting implementation by the respective officers.
- The rural roads grant was received on 17th August 2012 for Q1, 20th December 2012 for Q2, 22nd February 2013 for Q3 and also 5th June 2013 for Q4 on the general fund collection account. The funds were subsequently remitted to the roads sector account on 6th September 2012, 17th January 2013 for Q2, 28th March 2013 for Q3 and 14th June 2013 for Q4 respectively. Unlike other grants, the roads grant was able to realize funds in Q4.
- The roads grant was greatly hit by the untimely release of funds from both Road Fund and also from the general collection account to the sectors. All quarterly funds were realized in the last days of the second month of the quarter from the Road Fund and it took the district on average two (2) weeks for funds to be remitted to the sector account.

Iganga District Local Government

Table 4.1 below shows the detailed financial performance of the monitored grants for Iganga district local government.

Table 4.1: Iganga budget performance for the financial year 2012/2013

Sector	Approved budget FY 2012/13	Total receipts	Total amount absorbed	Release performance (%)	Absorption performance (%)
PHC DEVT	154,928,000	98,620,000	98,620,000	64%	100%
SFG	592,701,000	382,106,000	382,106,000	64%	100%
NAADS	1,494,187,000	1,366,958,000	1,366,958,000	92%	100%
RURAL WATER	675,703,000	436,057,000	436,057,000	65%	100%
RURAL ROADS	526,489,000	512,518,489	512,518,489	97%	100%
LGMSD	753,727,000	536,089,000	536,089,000	71%	100%
Total	4,197,735,000	3,332,348,489	3,332,348,489		

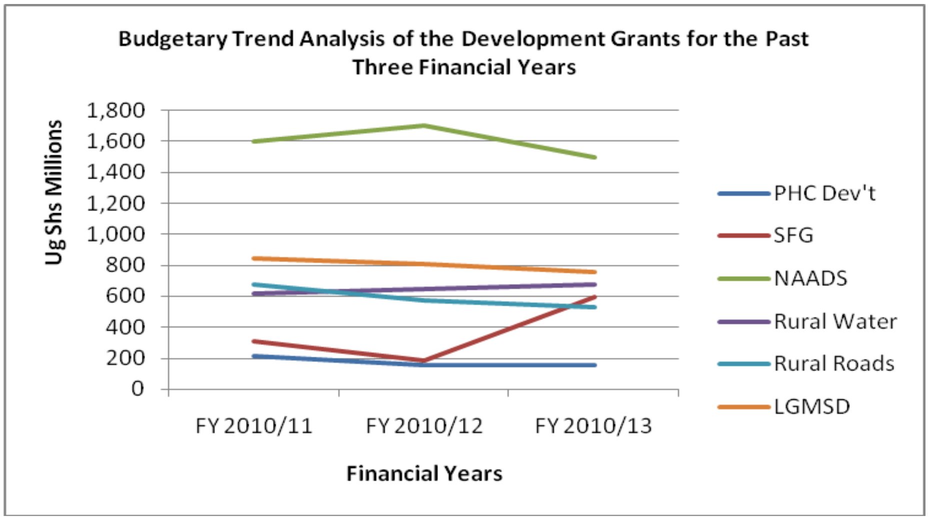
Source: Iganga District LG finance office

From the table above, PHC Development, SFG and Rural water suffered most budget cuts. This was attributed to the zero release in quarter 4 in the FY 2012/13.

NAADS and rural roads realized almost all its budget because unlike other grants, rural roads and NAADS grants realized some funds in quarter four. All realized funds were absorbed and there were no unspent balances for any of the development grants.

Iganga District budget trend for the Grants from FY 2010/11 to FY 2012/13

Figure 4.2 Iganga District LG Budget Trend



Source: Iganga District Finance Office

The graph above reflects a trend analysis of the budgetary allocations to the grants monitored during the three (3) past financial years. It shows that PHC Development, Rural roads and LGMSD had a declining trend, SFG budget reduced in FY 2011/12 and drastically increased in FY 2012/13.

Challenges

The monitoring team had interviews with some sector heads and gathered the following challenges listed below affecting the implementation of the development grants.

- Delays in receiving cash receipts from MFPED for funds sent directly to accounts like salaries of primary and secondary teachers. The details of the cash receipts aid in the monitoring, easy follow up on payments made and timely reporting since the district is still held accountable even though the funds do not go through the district.
- The DHO has encountered political interference on which development sites should be chosen, because of the insufficient funds each politician fights to take the development sites to their constituencies.

- The ratio of teacher to house accommodation for the district is at 11:1 and most of the already existing houses were reportedly collapsing. This situation has affected the teacher's welfare and this ultimately breeds into low quality of services offered by them.
- The district has very old construction equipment and as a result the maintenance costs are very high. The district spent over Ushs 40m on repairs of machinery in the FY 2012/13. Unfortunately the zonal office where machinery is supposed to be taken for repair has not been equipped as had been planned by government.
- Inadequacies in the guidelines from UNRA, the force on account guidelines require that a machine operator's minimum qualification is O-level and in addition to that, the guidelines require the operator to provide their own equipment like slashers and hoes. These requirements have made it difficult to get competent machine operators given that the salaries offered are very small.
- There is a clash between the district roads committee and the sectoral committee because MFPED has never issued guidelines on how members of each of the committees should be remunerated.

4.4.3 Gulu District Local Government

Gulu District Local Government had an Approved Budget of **Ushs 5,537,623,000** for the development grants, realized **Ushs 4,174,939,950** and spent **Ushs 4,172,070,174.** This reflects 75% release performance and 99% absorption rate. The local government did not have any unspent balances

Analysis of the timeliness of funds from MFPED to the General Fund collection account and then to the development grant sector specific accounts is shown below;

- The monitored development grants were received on the general collection fund account on the 10th August 2012 for Q1, 8th November 2012 for Q2 and 15th February 2013 for Q3. There were then remitted to their respective sector accounts on 21th August 2012 for Q1, 4th December 2012 for Q2 and 7th March 2013 for Q3.
- It took more than 2 weeks for the funds to be remitted to the respective sector accounts. This contravenes the budget execution circular which provides for remittance of funds from the general collection fund account within 5 working days from the day of receipt from MFPED.

Table 4.2 below shows the detailed financial performance of the monitored grants for Gulu District Local Government.

Table 4.2: Gulu budget performance for the financial year 2012/2013

Sector	Approved budget FY 2012/13	Total receipts	Total amount absorbed	Release performance (%)	Absorption performance (%)
PHC DEVT	737,862,000	596,426,270	596,426,270	81	100
SFG	527,618,000	342,554,434	339,686,000	65	99
NAADS	1,474,521,000	1,348,965,950	1,348,965,000	91	99
RURAL WATER	670,781,000	432,880,000	432,880,000	65	100
RURAL ROADS	899,504,000	579,290,392	579,290,000	64	99
LGMSD	1,227,337,000	974,822,904	974,822,904	79	100
Total	**5,537,623,000**	**4,174,939,950**	**4,172,070,174**		

Source: Gulu District LG Finance Office

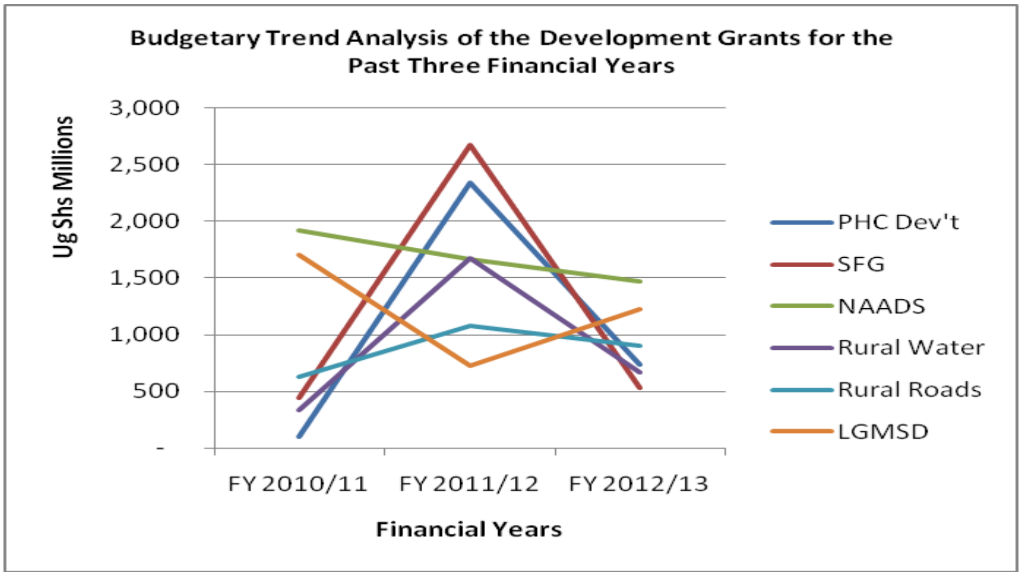
Gulu district local government experienced more budget shortfalls in the development grants of SFG, Rural water and rural roads.

NAADS received the greatest amount of funds among the development grants monitored. This was attributed to the upfront loading of funds to cater for the seasonal cropping that affects implementation of activities if not well targeted and planned.

PHC development realized 81% of their approved budget for both Normal PAF and PRDP component.

Gulu District budget trend for the FY 2010/11 to FY 2012/13

Figure 4.3 Gulu District LG Budget Trend



Source: Gulu District LG Finance Office

Figure 4.3 shows that PHC development, SFG, Rural water and rural roads budgets grew significantly in FY 2011/12 compared to FY 2010/11 but the budgets dropped tremendously in FY 2012/13.

LGMSD budget dropped by more than 50% in FY 2012/13 compared to FY 2010/11, raised again in FY 2012/13 but not at the level of FY 2010/11. The NAADS budget has been reducing over the years (See Figure 4.3 above).

Challenges

The monitoring team interacted with the different sector heads and the following were some of the emerging issues affecting implementation of development grants in the district.

- Late release of funds, delaying implementation of activities.
- The district has experienced instances where the releases published in the Newspapers differ from the actual releases received by the district. This has caused a lot of anxiety particularly from politicians.
- The district has reported that sometimes development funds are sent as recurrent, a case in point was rural roads development grant where rehabilitation and community access roads funds were sent together with recurrent funds. This does not only cause delays in accessing the funds but also makes reporting under the OBT difficult as expenditure is expected to be reported under the correct categorization.

4.4.4 Kiryandongo District Local Government

Kiryadongo District Local Government had an approved budget FY 2012/13 of **Ushs 4,270,676,000** for the development grants. During the financial year a total of **Ushs 3,598,854,142** was received and **Ushs 3,619,372,102** was absorbed. This reflects 84% release performance and 101% absorption rate. The local government did not have any unspent balances but the over expenditure arose from balances brought forward in FY 2012/13 under the LGMSD grant.

Further analysis of the timelines of funds from MFPED to the General Fund collection account and then to the sector specific accounts is shown below;

- Five(5) out of Six(6) development grants were received on the 10st August 2012 for Q1, 6th November for Q2 and 18th February 2013 for Q3 on the general collection account of the district from MFPED. The funds were then remitted to the sector specific accounts on 14th August 2012 for Q1, 16th November 2012 for Q2 and 21st February 2013 for Q3. No funds were received in Q4.
- The rural roads grant was received on the 17th August 2012 for Q1, 20th December 2012 for Q2, 22nd February 2013 for Q3 and also 27th May 2013 for Q4 on the general fund collection account. It was remitted to the roads sector account on 6th September 2012 for Q1, 17th January 2013 for Q2, 28th March 2013 for Q3 and 14th June 2013 for Q4 respectively.
- The funds from the MFPED were consistently received in the second month of the quarter and on average it takes the district ten days to transfer the funds to the respective sector accounts.

Table 4.3 below shows the detailed financial performance of the monitored grants for Kiryandongo District Local Government

Table 4.3: Kiryandongo District budget performance for the financial year 2012/2013

Sector	Approved budget FY 2012/13	Total receipts	Total amount absorbed	Release performance (%)	Absorption performance (%)
PHC DEVT	345,014,000	269,952,000	266,563,868	81	100
SFG	533,702,000	347,747,000	344,158,678	65	99
NAADS	636,787,000	582,565,000	582,565,000	91	99
RURAL WATER	664,437,000	428,742,000	428,742,000	65	100
RURAL ROADS	1,370,224,000	1,328,196,142	1,328,196,142	97	100
LGMSD	720,512,000	641,652,000	669,146,414	79	104

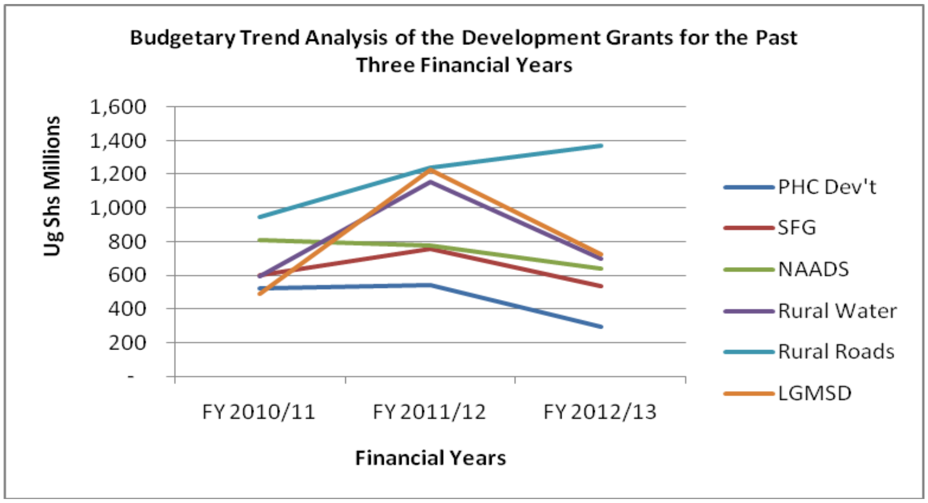
Total	4,270,676,000	3,598,854,142	3,619,372,102		

Source: Kiryandongo District LG Finance Office

Rural roads and NAADS grants enjoyed the highest release performance of 97% and 91% respectively (Table 4.3). SFG and rural water recorded the least release performance.

Kiryandongo District budget trend for the FY 2010/11 to FY 2012/13

Figure 4.4 Kiryandongo District LG Budget Trend



Source: kiryandongo District LG Finance Office

Figure 4.3 shows that PHC development, SFG, Rural water and LGMSD budgets grew significantly in FY 2011/12 compared to FY 2010/11 but the budgets dropped tremendously in FY 2012/13. Rural roads grant has enjoyed a consistent growth over the three years while the NAADS budget has consistently reduced over the years.

Challenges

The monitoring team interacted with the different sector heads and the following were some of the emerging issues affecting implementation of the grants.

- Late release of funds ultimately delaying implementation of the development activities.
- The district has inadequate road equipment, although the URF guidelines require the district to borrow from either the regional office or neighbouring districts, this has been practically impossible because the neighbouring districts are experiencing similar challenges.
- The district is relatively new and with a very low budget compared to other already existing districts. The district officials have failed to monitor the development activities due to lack of transport.

4.4.5 Kole District Local Government

Kole District Local Government had an approved budget of **Ushs 3,286,054,473** for the development grants, a total of **Ushs 2,373,380,240** was released and **Ushs 2,497,119,704** was spent during the year. This represents 72% release performance and 105% absorption rate. The local government did not have any unspent balances

Further analysis of the timeliness of funds from MFPED to the general fund collection account and then sector specific accounts is shown below;

- The monitored development grants were received on the 10th August 2012 for Q1, 8th November 2012 for Q2 and 15th February 2013 for Q3 on the general collection account of the district. No funds were received in Q4.
- The funds were remitted to the sectors on the 20th August 2012 for Q1, 29th November 2012 for Q2 and 28th February 2013 for Q3. No funds received in Q4.
- It took more than a week for the funds to be remitted to the sector account which was more than the 5 working days stipulated in the budget execution circular for transfer of funds to the sector specific accounts.

Table 4.4 below shows the detailed financial performance of the monitored grants for Kole District Local Government.

Table 4.4: Kole District budget performance for the financial year 2012/2013

Sector	Approved budget FY 2012/13	Total receipts	Total amount absorbed	Release performance (%)	Absorption performance (%)
PHC DEVT	271,000,000	209,895,290	209,073,891	77	100
SFG	643,236,000	414,685,090	539,245,953	64	130
NAADS	833,118,248	762,179,630	762,179,630	91	100
RURAL WATER	605,258,339	390,596,700	390,596,700	65	100
RURAL ROADS	411,202,706	224,580,520	224,580,520	55	100
LGMSD	522,239,180	371,443,010	371,443,010	71	100
Total	**3,286,054,473**	**2,373,380,240**	**2,497,119,704**		

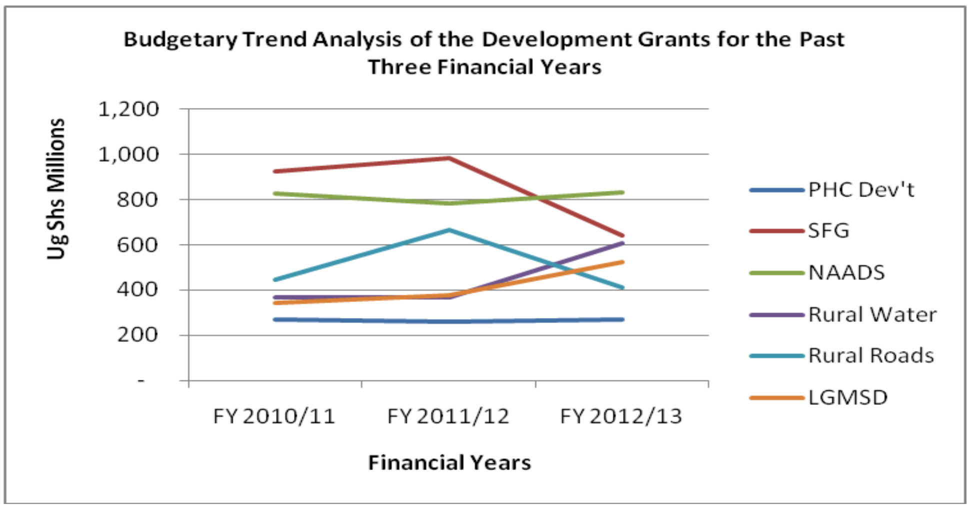
Source: Kole District LG Finance Office

Kole district local government absorbed all the funds that were sent to the district for all the development grants. NAADs realized the greatest percentage, 91% of its approved budget. Rural roads and SFG realized the lowest release performance.

SFG absorption rate was 130% and this is attributed to balances brought forward from the previous year.

Kole District budget trend for the FY 2010/12 to FY 2012/13

Figure 4.5 Kole District LG Budget Trend



Source: Kole district finance office

The development budgets for PHC and NAADS have remained stable over the three year period, SFG budget slightly increased in FY 2011/12 and drastically reduced below the FY 2010/11 budget. The budgets for LGMSD and Rural water have increased in FY 2012/13 BY approximately 50% as compared to FY 2011/12.

Challenges

The monitoring team interacted with the different sector heads and the following were some of the emerging issues affecting implementation of development grants in Kole district.

- The Failure to disaggregate PRDP Funds from Normal PAF Funds received from MFPED. The release papers from MFPED show funds in bulk without separating the PRDP Component. This makes it difficult to implement PRDP activities and reporting on the same.
- Kole is also a new district but receives a very low budget allocation compared to other established districts. The CAO believes that such new districts should have some special allocations to enable them establish.

- Limited capacity of local government staff to come up with meaningful work plans. Most heads of departments are in acting positions while others like councilors have limited capacity to make any meaningful input into the work plans. This has led to failure to link the district priorities to the development plans or budgets.
- Limited funds for capacity building which has resulted into poor service delivery

4.4.6 Masaka District Local Government

Masaka District Local Government had an Approved Budget of **Ushs 2,322,933,000** for the development grants realized **Ushs 1,807,289,051** and spent **Ushs 1,792,634,956.** This reflects 78% release performance and 99% absorption rate. The local government did not have any unspent balances

Further analysis of the timeliness of funds from MFPED to the General Fund collection account and then to the sector specific accounts is shown below;

- Five(5) out of six(6) development grants monitored, funds were received on the 15th August 2012 for Q1, 6th November 2012 for Q2 and 18th February 2013 for Q3 on the general collection account of the district. No funds were received in Q4
- Rural roads funds were received on the 20th September 2012 for Q1, 27th November 2012 for Q2, 23rd February 2013 for Q3 and 5th June 2013 for Q4.
- The funds for the five development grants were remitted to their sector specific accounts on 4th September 2012 for Q1, 19th November 2012 for Q2 and 27th February 2013 for Q3. This indicates a time period of 2 weeks taken for funds to be remitted to the respective sectors.
- The funds took too long to reach the sector accounts, according to the budget execution circular it should take not more than five (5) working days to remit funds from the general fund account to the sectors.
- The district received the roads grant on the district account on 20th September 2012 for Q1, 27th November 2012 for Q2, 23rd February 2013 for Q3 and 5th June 2013 for Q4. The funds were remitted to the roads sector account on 2nd October 2012, 3rd December 2012 for Q2, 6th March 2013 for Q3 and 25th June 2013 for Q4.
- The roads grant from MFPED was received in the second month of the quarter throughout the financial year. It also took approximately two (2) weeks for the funds to be remitted to roads sector account.

Table 4.5 below shows the detailed financial performance of the monitored grants for Masaka District Local Government.

Table 4.5: Masaka budget performance for the financial year 2012/2013

Sector	Approved budget FY 2012/13	Total receipts	Total amount absorbed	Release performance (%)	Absorption performance (%)
PHC DEVT	140,369,000	89,352,410	83,720,538	64	94
SFG	256,561,000	165,400,740	156,452,424	64	95
NAADS	840,196,000	768,653,630	768,646,130	91	100
RURAL WATER	364,870,000	235,465,240	235,433,335	65	99
RURAL ROADS	373,052,000	300,984,032	300,949,530	81	100
LGMSD	347,885,000	247,432,999	247,432,999	71	100
Total	**2,322,933,000**	**1,807,289,051**	**1,792,634,956**		

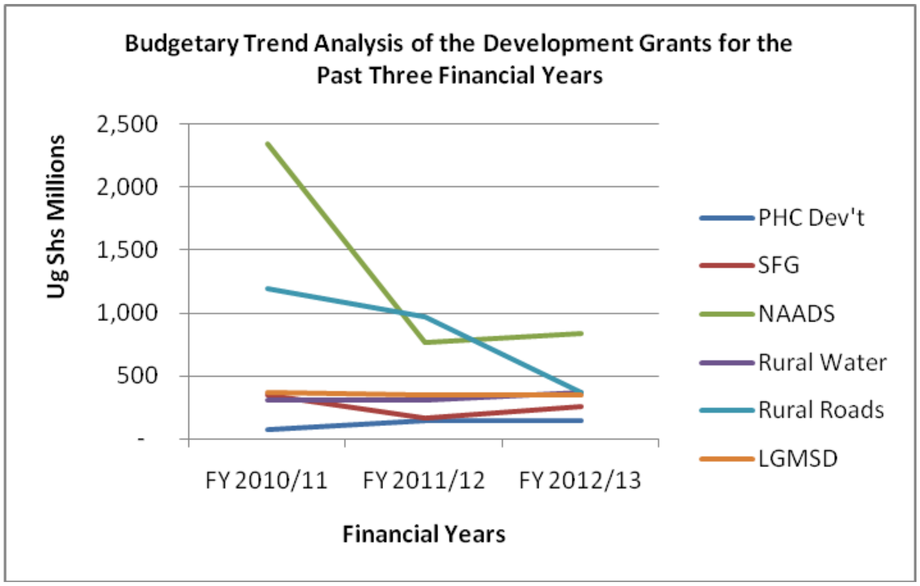
Source: Masaka District LG Finance Office

All grants experienced budget short falls, and the most greatly affected were PHC development, SFG and Rural water which realized only 64% of their Approved budgets. NAADS realized the biggest percentage of its budget and so were the rural roads

All realized funds were absorbed by the sectors and there were no unspent balances. This was attributed to the fact that most grants did not receive funds in Q4 and so the realized funds were absorbed into the planned activities.

Masaka District budget trend for the FY 2010/12 to FY 2012/13

Figure 4.6 Masaka District LG Budget Trend



Source: Masaka District LG Finance Office

The most significant of the budget trends for the development grants was a sharp reduction in the NAADS grant in FY 2011/12, and a slight growth in its budget in FY 2012/13 but overall the budget reduced by more than 60% compared to the budget FY 2010/2011. The Rural roads budget has also been reducing over the three years.

Other development grants, SFG, Rural water, PHC development budgets have remained stable over the three year period.

Challenges

The monitoring team interacted with different sector heads and the following were some of the emerging issues affecting implementation of the grants. .

- Late release of funds especially the rural roads grant. Funds are usually sent to the districts in the last month of the quarter and as a result implementation of activities is delayed and absorption of funds affected.
- The annual budgets of most of the grants in the local governments have been reducing over the years and yet the population is increasing and the local needs particularly education and health is increasing.
- Quarterly release of funds not in line with the seasoning of crops. This affects the purchase of inputs for farmers to plant during the planting seasons of the year which do not rhyme with the timing of the releases.

4.4.7 Mbale District Local Government

Mbale District Local Government had an Approved Budget FY 2012/2013 of **Ushs 4,517,426,000** for the development grants, a total of **Ushs 3,556,743,289** was released and **Ushs 3,556,713,289** was spent**.** This represents a 79% release performance and 100% absorption rate. The district local government did not have any unspent balances

Further analysis of the timeliness of receipt of funds from MFPED to the General Fund collection account and then to the sector specific accounts is shown below;

- All development grants were received on the 10th August 2012 for Q1, 5th November for Q2 and 15th February 2013 for Q3 on the general collection account of the district. The funds were remitted to the sector specific accounts on 15th August 2012 for Q1, 9th November 2012 for Q2 and 18th February 2013 for Q3.
- The funds from MFPED were received on the general fund account at the beginning of the second month in the quarter and it took the district on average only four days for the funds to be remitted to the sector specific accounts. This was in line with the budget execution circular from MFPED which provides for 5 working days for the funds to be remitted to the respective accounts of the sectors.

Table 4.6 below shows the detailed financial performance of the monitored grants for Mbale District Local Government

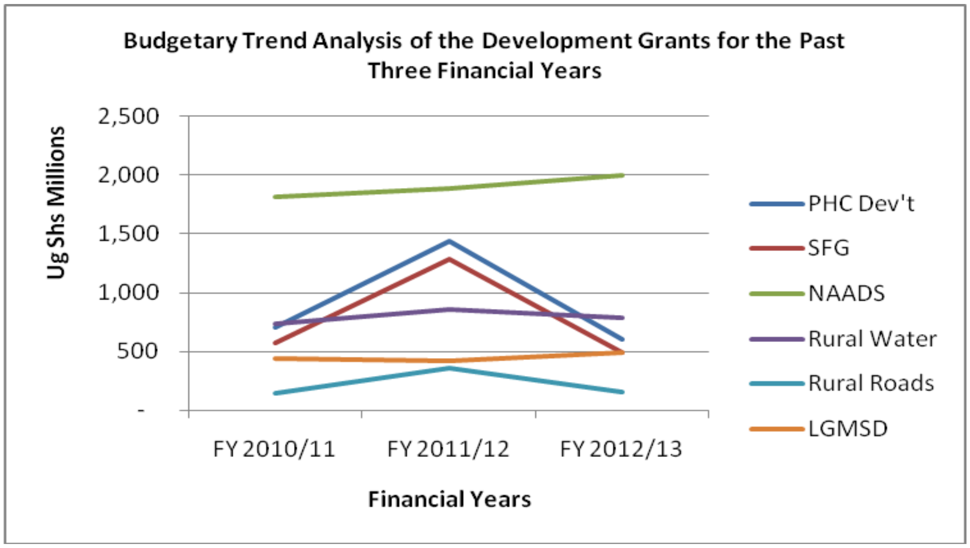
Table 4.6: Mbale budget performance for the financial year 2012/2013

Sector	**Approved budget FY 2012/13**	**Total receipts**	**Total amount absorbed**	**Release performance (%)**	**Absorption performance (%)**
PHC DEVT	602,124,000	459,474,866	459,474,866	76%	100%
SFG	494,891,000	319,110,883	319,110,883	65%	100%
NAADS	1,998,600,000	1,828,385,680	1,828,385,680	92%	100%
RURAL WATER	781,903,000	504,592,000	504,592,000	65%	100%
RURAL ROADS	150,000,000	96,702,860	96,702,860	65%	100%
LGMSD	489,908,000	348,477,000	348,447,000	71%	100%
Total	**4,517,426,000**	**3,556,713,289**	**3,556,713,289**		

Source: Mbale District LG Finance Office

Mbale District budget trend for the FY 2010/11 to FY 2012/13

Figure 4.7 Mbale District LG Budget Trend



Source: Mbale District LG Finance Office

Figure 4.7 shows that rural roads, LGMSD and Rural water development grants have remained at the same levels over the three year period. SFG and PHC budgets almost doubled in FY 2011/12 compared to FY 2010/11 and subsequently reduced in FY 2012/13 to the level of FY 2010/11. The NAADS budget registered a slight growth over the three year period.

Challenges

The monitoring team interacted with some of the sector heads and the following were the key emerging issues affecting implementation of planned activities for the grants.

- Inefficiency in the IFMS. During the FY 2012/13, the district could not access funds for Quarter 1(Q1) on the IFMS until the end of the quarter. This was attributed to the upgrades in the IFMS software from Oracle 11 to 12 which eventually failed. This led to rolling over of planned activities for the subsequent quarters.
- The district had an unspent balance of Ushs 1.87 billion as at 30 June 2012, the money was sent to the consolidated fund as per the AG requirement. Although the funds were committed, the Ministry never returned the money to the district. The district has used the budgets for FY 2012/13 to settle outstanding obligations for the previous year and this has drastically reduced the budgets for the FY 2013/14.
- Different reporting formats in the rural roads department. Activities implemented using funds from the MFPED were reported on using the OBT Format while Uganda Road Fund preferred its own format. Ministry of Works and Transport did not like the OBT format either which piles a lot of work on the District

engineer in terms of reporting. The same problem is also experienced by the water department.

- Non-functional zonal rehabilitation unit for Mbale district roads. The ministry of works and transport had promised a zonal rehabilitation unit to provide support to the different local governments, Mbale inclusive but was not yet functional at the time of our monitoring.
- NAADS is faced with a challenge of limited capacity of the suppliers to provide improved seeds. During the financial year 2012/13, stockiest failed to provide the improved seeds while others provided substandard.
- Political pressures at the national and regional level have negatively affected the implementation of NAADS activities. There are no technical people to inform politicians of reforms and other changes within the program.
- No clear guidelines or criteria on the inputs received under delegated procurements under the NAADS program. Lack of guidelines or clear selection of beneficiaries under the delegated procurements known to the district NAADS coordinator creates tension within the community.

4.4.8 Mbarara District Local Government

Mbarara District Local Government had an approved budget of **Ushs 3,564,097,462** for the development grants, realized **Ushs 2,922,044,000** and spent **Ushs 2,858,101,616.** This represents 81% release performance and 98% of the released amount was spent. The district local government did not have any unspent balances as at the end of the financial year.

Analysis of the timeliness of funds from MFPED to the general fund collection account then to the sector specific accounts is shown below;

- SFG, PHC, NAADS, LGMSD and Rural water development grants were received on the 10th August 2012 for Q1, 6th November 2012 for Q2 and 18th February 2013 for Q3 on the general collection account of the district. No funds were received in Q4 for either of the grants. However, rural roads funds were received on the 17th August 2012 for Q1, 21th December 2012 for Q2, 22nd February 2013 for Q3 and 5th June 2013 for Q4.
- The funds for all development grants except roads were remitted to their sector specific accounts on 22th August 2012 for Q1, 16th November 2012 for Q2 and 4th March 2013 for Q3. Roads department received the funds on its account on 31st October 2012 for Q1, 15th January 2012 for Q2, 22nd March 2013 for Q3 and 17th June 2013 for Q4.
- The funds from MFPED were received in the second month of the quarter. However, it took an average of two (2) weeks for funds to be remitted to the sector account which is a long period according to the budget execution circular which provides for only 5 working days.

Table 4.7 below shows the detailed financial performance of the monitored grants for Mbarara District Local Government for the FY 2012/2013.

Table 4.7: Mbarara budget performance for the financial year 2012/2013.

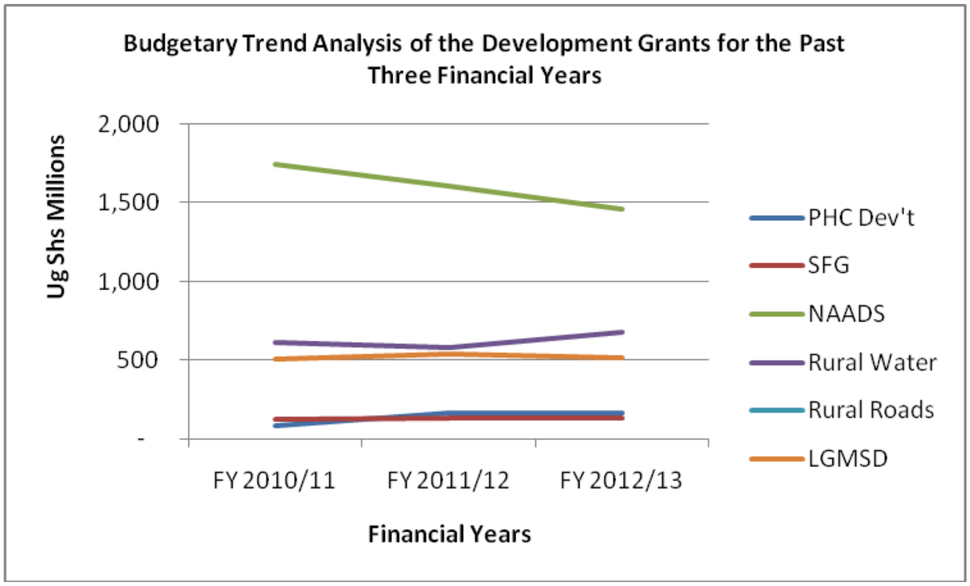
Sector	**Approved budget FY 2012/13**	**Total receipts**	**Total amount absorbed**	**Release performance (%)**	**Absorption performance (%)**
PHC DEVT	164,130,000	104,477,000	89,944,616	64	86
SFG	128,280,005	82,700,000	82,700,000	64	100
NAADS	1,456,582,667	1,391,664,000	1,391,660,000	96	100
RURAL WATER	676,030,238	435,300,000	435,300,000	64	100
RURAL ROADS	625,305,000	523,538,000	474,132,000	84	91
LGMSD	513,769,552	384,365,000	384,365,000	75	100
Total	**3,564,097,462**	**2,922,044,000**	**2,858,101,616**		

Source: Mbarara District LG Finance Office

Mbarara district local government experienced big budget cuts in the development grants of PHC, SFG and rural water and this was worsened by a zero release in quarter four (Q4). However, NAADS and rural roads realized a significant portion of their budgets.

Mbarara District budget trend for the FY 2010/12 to FY 2012/13

Figure 4.8 Mbarara District LG Budget Trend



Source: Mbarara District LG Finance Office

Figure 4.8 shows that with the exception of NAADS, all the other development grants budgets have more or less remained the same.

Challenges

The monitoring team interacted with a few sector heads and the following were some of the emerging issues affecting implementation of the development grants.

- There were no Q4 development releases; most of the works which were on-going has been rolled to FY 2013/2014.
- The DEO informed us that under SFG, each site is budgeted Ushs 400,000 for monitoring and supervision. The policy guidelines are not clear who uses the monitoring budget because many senior officers in the district claim to be monitoring and continuously ask for a share of the budget which is too small.
- SFG funds are lumped together with the presidential pledge fund and no guidelines to help the district disaggregate what is SFG normal and what is presidential pledge.
- The district has about 197 primary schools and about 60% of the schools are in a sorry state. The SFG grant is too small compared to the needs of the school facilities.
- The rural roads Q4 funds were received in the last month of the quarter and at the time of our monitoring the sector had an unspent balance but assured the team that the money will be spent by 30 September 2013.
- The maintenance costs of the road equipment that was supplied by a Chinese company FAW is very high and the district cannot afford it because the equipment is always breaking down. Although the equipment still has a warranty, the company asks for a payment before any repairs can be done.

- Roads, the force on account guidelines require the district to recruit road gangs but because the road gang's salary is only Ushs 100,000, the district is unable to attract competent candidates. At the time of the monitoring the district was able to recruit only 50% of the required number.
- Despite the increase in the population parameters, the IPFs for most of the grants have either remained constant or reduced.

4.4.9 Oyam District Local Government

Oyam District Local Government had an approved budget of **Ushs 5,141,499,000** for FY 2012/2013, **Ushs 3,606,561,000** was released during the financial year and **Ushs 3,706,326,000** was absorbed. This represents 70% release performance and 103% absorption rate. The local government did not have any unspent balances

Further analysis of the timeliness of funds from MFPED to the general fund collection account then to the sector specific accounts is shown below;

- All the development grants monitored were received on the 10th August 2012 for Q1, 5th November for Q2 and 15th February 2013 for Q3 on the general collection account of the district from MFPED. The funds were then remitted to the sector specific accounts on 15th August 2012 for Q1, 19th December 2012 for Q2 and 27th February 2013 for Q3. No funds were received in Q4
- It took on average a week for the funds to be remitted to the respective sector accounts. This was not any different from the budget execution circular which provides for remittance of funds from the general collection fund account within 5 working days from the day of receipt from MFPED.

Table 4.8 below shows the detailed financial performance of the monitored grants for Oyam District Local Government

Table 4.8: Oyam budget performance for the financial year 2012/2013

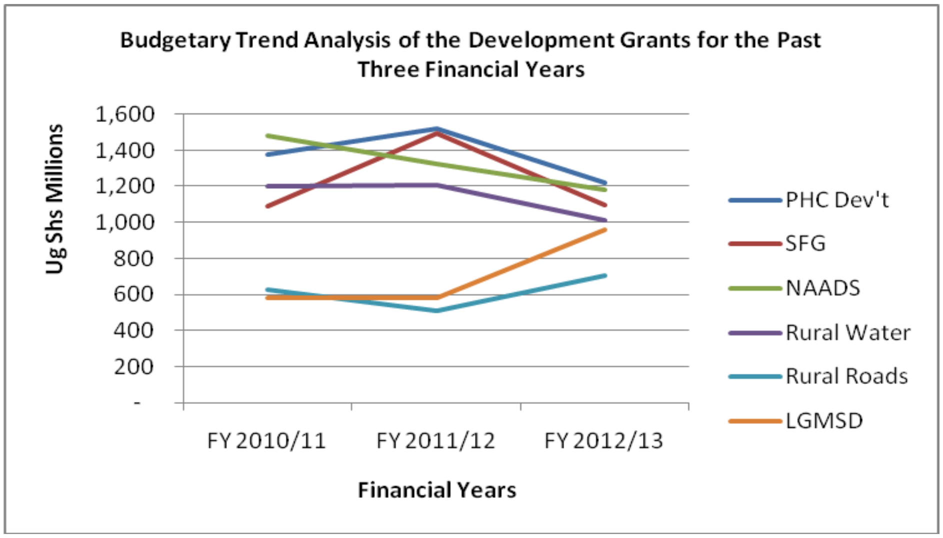
Sector	Approved budget FY 2012/13	Total receipts	Total amount absorbed	Release performance (%)	Absorption performance (%)
PHC DEVT	190,805,000	133,316,000	133,316,000	70	100
SFG	1,097,222,000	707,363,000	707,363,000	64	100
NAADS	1,179,684,000	1,079,235,000	1,079,000,000	91	
RURAL WATER	1,009,732,000	651,618,000	651,618,000	65	100
RURAL ROADS	701,869,000	350,673,000	450,673,000	64	129
LGMSD	962,187,000	684,356,000	684,356,000	71	100
Total	**5,141,499,00**	**3,606,561,00**	**3,706,326,00**		

	0	**0**	**0**		

Source: Oyam District LG Finance Office

Oyam District budget trend for the FY 2010/11 to FY 2012/13

Figure 4.9 Oyam District LG Budget Trend



Source: Oyam District LG Finance Office

SFG and PHC development grants had an upward and down ward trend. Their budgets increased until FY 2011/12 and dropped drastically in FY 2012/13. NAADS has had a declining trend throughout the past three financial years. Rural roads and LGMSD budgets declined in FY 2011/12 and subsequently increased in FY 2012/13.

4.4.10 Sheema District Local Government

Sheema District Local Government had an approved budget of **Ushs 2,022,140,758** for the financial year 2012/2013, **Ushs 1,678,063,835** was received during the year and **Ushs 1,666,314,410** was spent. This represents 82% release performance and 99% absorption rate. The district local government did not have any unspent balances.

Further analysis of the timeliness of funds from MFPED to the general fund collection account and then to the sector specific accounts is shown below;

- The monitored development grants were received on the 10th August 2012 for Q1, 13th November 2012 for Q2 and 18th February 2013 for Q3 on the general collection account of the district. They were then remitted to the respective sector accounts on 22nd August 2012 for Q1, 21st November 2012 for Q2 and 22nd February 2013 for Q3. No funds were received in Q4 and therefore sectors were able to absorb up to 100% of the realized funds.
- The funds were received from MFPED in the second month of every quarter in the FY 2012/13 and it took less than 5 days on average to be remitted to the sector

specific accounts. This is in line with the budget execution circular which provides for remittance of funds to sector specific account not later than 5 working days after receipt on General collection fund account.

- The rural roads grant was received on 20th September 2012 for Q1, 21st December 2012 for Q2, 22nd February 2013 for Q3 and also 5th June 2013 for Q4 on the general fund collection account. The funds were remitted to the roads sector account on 27th September 2012 for Q1, 10th January 2013 for Q2, 27th February 2013 for Q3 and 19th June 2013 for Q4 respectively. Unlike other grants, the roads grant was able to realize funds in Q4.

Table 4.6 below shows the detailed financial performance of the monitored grants for Sheema District Local Government.

Table 4.9: Sheema budget performance for the financial year 2012/2013

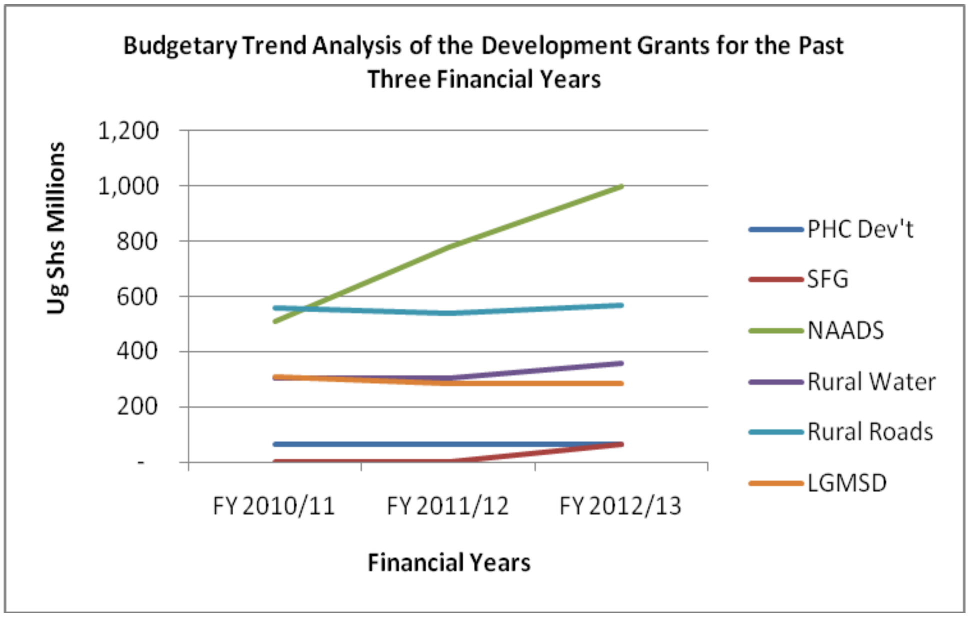
Sector	Approved budget FY 2012/13	Total receipts	Total amount absorbed	Release performance (%)	Absorption performance (%)
PHC DEVT	64,140,000	40,763,090	38,150,621	64	94
SFG	64,140,000	41,350,645	41,350,645	64	100
NAADS	999,408,000	914,309,278	912,309,278	91	99
RURAL WATER	356,310,000	229,940,722	229,940,722	65	100
RURAL ROADS	256,088,758	251,088,758	250,916,000	98	100
LGMSD	282,054,000	200,611,342	193,647,144	71	97
Total	**2,022,140,758**	**1,678,063,835**	**1,666,314,410**		

Source: Sheema District LG Finance Office

NAADS and rural roads registered the highest release performance. Unlike other development grants, rural roads received Q4 funds while NAADS funds were front loaded during the earlier quarters in the year.

Sheema District budget trend for the FY 2010/11 to FY 2012/13

Figure 4.10 Sheema District LG Budget Trend



Source: Sheema District LG Finance Office

Figure 4.10 above shows that all the development grants budgets have remained stable over the three years with the exception of NAADS budget which has almost doubled in FY 2012/13 compared to FY 2010/11.

Challenges

The monitoring team interacted with the different sector heads and the following were some of the emerging issues affecting implementation of the development grants.

- The DEO office does not have any form of transport and this has made it difficult for them to monitor the development projects.
- The district has 133 primary schools and 14 secondary schools; the furniture in most of these schools is in a sorry state.
- Most schools do not have washrooms for girls and the latrines constructed sometime back are all full.
- The district lacks houses for health workers, after recruitment of many health workers recently, more than 75% of them commute from out.
- Late release of funds. This is more pronounced in the roads sector where funds were usually received in the last month of the quarter. This delays implementation of the activities.

4.4.11 Soroti District Local Government

Soroti District Local Government had an approved budget of **Ushs 4,731,919,000** for the FY 2012/13, a total of **Ushs 3,415,232,340** was received during the year and **Ushs 3,415,232,340** was absorbed. This represents 72% release performance and 98% absorption rate. The local government did not have any unspent balances.

Table 4.10 below shows the detailed financial performance of the monitored grants for Soroti District Local Government

Table 4.10: Soroti budget performance for the financial year 2012/2013

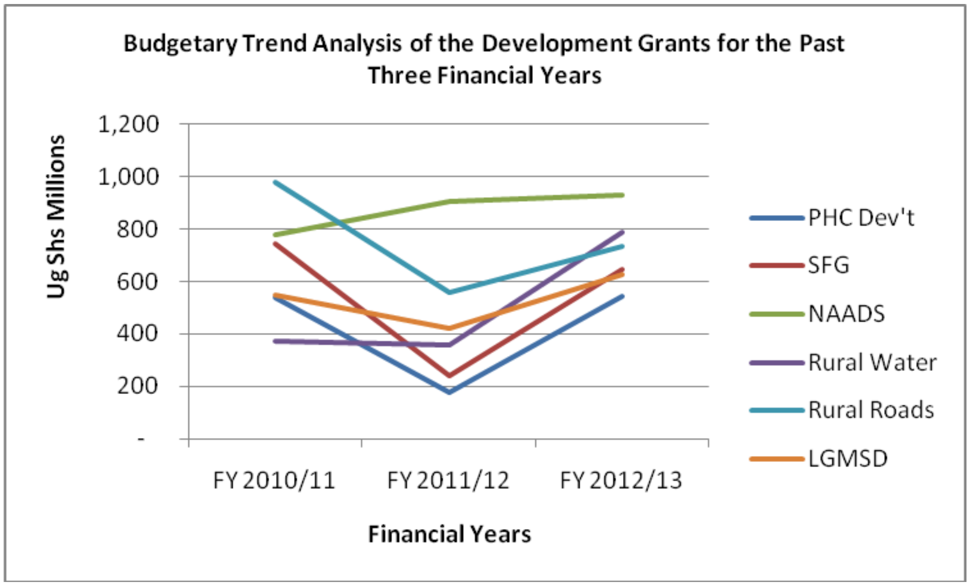
Sector	Approved budget FY 2012/13	Total receipts	Total amount absorbed	Release performance (%)	Absorption performance (%)
PHC DEVT	545,940,000	335,765,000	335,765,000	62	100
SFG	644,491,000	416,493,999	416,493,999	65	100
NAADS	927,338,000	906,571,000	906,571,000	98	100
RURAL WATER	1,152,594,000	734,864,499	734,864,499	64	100
RURAL ROADS	630,175,000	430,217,499	430,217,499	68	100
LGMSD	831,381,000	591,320,343	591,320,343	71	100
Total	**4,731,919,000**	**3,415,232,340**	**3,415,232,340**		

Source: Soroti District LG Finance Office

Most of the development grants experienced huge budget cuts with the exception of NAADS. All the funds received were fully absorbed.

Soroti District budget trend for the FY 2010/12 to FY 2012/13

Figure 4.11 Soroti District LG Budget Trend



Source: Soroti District Finance Office

Figure 4.11 shows that NAADS grant has been gradually increasing over the years. The other grant's budget had a sharp decline in FY 2011/12 and rose again in FY 2012/13.

4.3.12 Local Government cross cutting challenges

- The annual budgets of most of the grants in the local governments have been reducing over the years and yet the population is increasing and the yet the local needs particularly education and health is increasing.
- Delays in receiving cash receipts from MFPED for funds sent directly to accounts like salaries of primary and secondary teachers. The details of the cash receipts aid in the monitoring, easy follow up on payments made and timely reporting since the district is still held accountable even though the funds do not go through the district.
- The overall trend analysis of the local government development grants shows that although the budgets have not changed so much, the total receipts have been reducing over the years because of continued budget cuts.
- Most districts have inadequate road equipment, although the URF guidelines require the district to borrow from either the regional office or neighboring districts, this has been practically impossible because the neighboring districts are experiencing similar challenges and the regional offices have not been equipped.
- The force on account guidelines have a lot of inadequacies and this has caused a lot of implementation challenges.
- The Chinese road equipment that was supplied to the districts is very weak and is always breaking down. The only company FAW that was contracted to repair and

maintain the equipment is in Kampala and cannot handle the equipment for the whole Country. This has caused unnecessary delays in implementing road works in the districts.

4.4.13 Recommendations

- An assessment should be conducted to evaluate the impact of the development grants in local governments because some districts have argued that the IPFs are too small to cause any impact and other than being small they are also subjected to budget cuts.
- The MFPED should endeavor to send to the districts details of salaries that have been sent to schools so that the district is able to monitor and report on the funds.
- The Government should provide the regional workshops with adequate equipment so that when district road equipment breakdown, they are to get assistance from the regional workshops.
- The Ministry of Works force on account guidelines should be reviewed and revised so that implementation challenges can be eliminated.
- The Government to source another one or two companies that can be used to repair and service the Chinese road equipment in the districts because the only company (FAW) that was contracted is overwhelmed.

PART 2: PHYSICAL PERFORMANCE

CHAPTER 5: AGRICULTURE

5.1 Introduction

The Government's mission in the agriculture sector is to *"Transform subsistence farming to commercial farming"*. The target is to transform two million (50%) subsistence agricultural households to market oriented production through sustainable commodity value chains by 2020[4]. The sector has adopted the commodity based approach to complement the Agricultural Zoning Strategy to operationalise agricultural interventions. The overall aim is to enhance food and nutrition security, household incomes, value addition and exports growth[5].

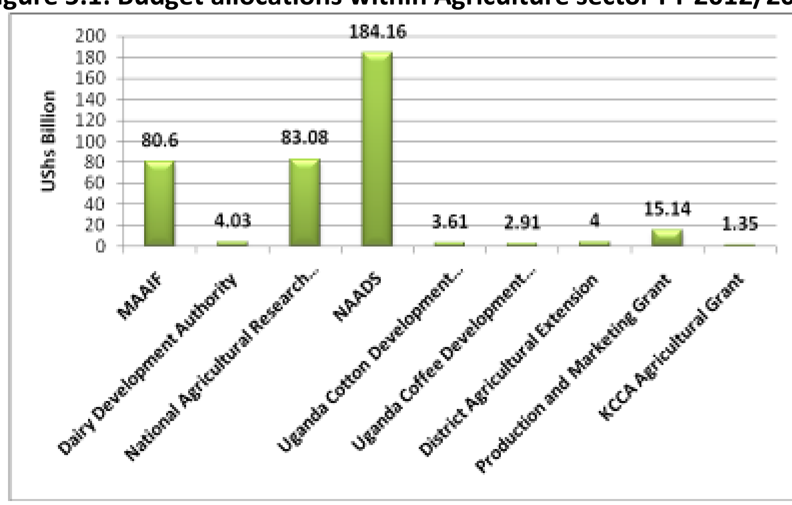
5.1.1 Agriculture sector priorities

During FY 2012/2013, the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) focused on the following budget priorities:

1) Increasing production and productivity of 7 food security commodities (maize, beans, rice, bananas, cassava, beef cattle, dairy cattle and fish);
2) Increasing production and productivity of 7 export oriented commodities (maize, beans, cassava, rice, coffee, tea and fish);
3) Provision of water for irrigation through public-private-partnerships (PPPs); and
4) Increasing farm power and access to farm machinery and equipment.

The approved budget for the sector has been gradually rising from Ushs 310.73 billion in FY 2009/2010 to Ushs 378.99 billion in FY 2012/2013, distributed as shown in Figure 5.1.

Figure 5.1: Budget allocations within Agriculture sector FY 2012/2013



Source: MFPED, 2013.

[4] MAAIF, 2010; MAAIF, 2012a.

[5] MFPED, 2012.

5.1.2 Scope of monitoring

The period under review is FY 2012/2013 and the first quarter of FY 2013/2014. The annual report provides a summary of findings and updates (as of June 30th 2013) on the projects that were monitored in the course of FY 2012/2013 and new evidence on three programmes that were monitored in Q1 FY 2013/2014 (Agricultural Credit Facility, Uganda Cotton Development Organization and Uganda Meat Export Development Programme). Table 5.1 provides the list of projects that were monitored and their geographical location.

Table 5.1: Agricultural programmes monitored in FY 2012/2013 and Q1 FY 2013/2014

Vote/ Project	Programme/project	Sampled institutions/ districts
0945	Agricultural Credit Facility	MFPED, Bank of Uganda, Amuru, Buhweju, Kampala, Kapchorwa, Kayunga, Lwengo, Lyantonde, Masaka, Masindi, Mbale, Mbarara, Mukono, Nwoya, Sironko, Wakiso, Mubende, Mpigi, Kisoro, Bushenyi, Jinja, Nwoya, Lira, Kasese, Bukedea, Gomba
1084	Avian and Human Influenza Preparedness and Response Project	Office of Prime Minister, MAAIF, Mbarara, Ntungamo, Bushenyi, Masaka, Soroti, Kaberamaido, Bukedea, Ngora, Serere, Gulu, Lira, Wakiso, Kampala/Entebbe
0970	Crop Disease and Pest Control	MAAIF, Kween, Kapchorwa, Sironko, Mbale, Manafwa, Kabale, Namaleere Laboratories
0968	Farm Income Enhancement and Forest Conservation Project – Irrigation Component	FIEFOC National Coordination Office, Mobuku Irrigation Scheme in Kasese, Doho irrigation Scheme in Butaleja, Agoro Irrigation Scheme in Lamwo
1238	Improved Rice Production	MAAIF, Lamwo, Lira, Kitgum, Kabarole, Rubirizi, Pader, Kasese, Rubirizi, Mbarara, Sironko, Butaleja, Kumi
1194	Labour Saving Technology and Mechanization for Agricultural Production	MAAIF, Namaleere Agricultural Mechanization Centre, Apac, Kayunga, Kween, Hoima, Lwengo, Namaleere Mechanization Unit
Vote I55	Uganda Cotton Development Organization	CDO, Pader, Lira, Kasese, Rubirizi, Tororo, Butaleja, Sironko, Kumi
1083	Uganda Meat Export Development Programme	Secretariat for Uganda Meat Producers Cooperative Union Ltd Kampala, Nakasongola, Isingiro, Mbarara, Lwengo, Nakaseke

The following criteria guided selection of the projects/programmes that were monitored:

- Strategic investment priorities for FY 2012/2013 as outlined in the Budget Speech.
- Have high potential to contribute to the sector mission and objectives of commercializing and mechanizing agriculture.
- Contribute to realization of high production and productivity of the strategic food security and export oriented commodities, as indicated in the National Development Plan (NDP), DSIP and MAAIF Ministerial Policy Statement 2012/2013.

5.2 Agricultural Credit Facility

5.2.1 Background

The Agricultural Credit Facility (ACF) is a Government of Uganda intervention established in 2009 for purposes of providing subsidized medium and long term loans for commercializing agriculture. The scheme is implemented in partnership with commercial banks, Uganda Development Bank Ltd (UDBL), Micro Deposit Taking Institutions (MDIs) and Credit Institutions, all referred to as Participating Financial Institutions (PFIs). The ACF is implemented progressively in phases, with varying terms and conditions to suit the prevailing economic conditions in every financial year and to accommodate more categories of beneficiaries (especially small and medium enterprises). The ACF is presently in its fourth phase (ACF IV). A summary profile of the ACF is given in Table 5.2.

5.2.2 Findings

i) Financial performance

Loan applications

Since October 2009 up to 30th June 2013, a total of 254 loan applications worth Ushs 170.829 billion were received at BoU for financing under the ACF. These include those reviewed but not found eligible for financing under the facility[6]. The BoU financial data base shows that about 210 loan applications where found eligible and funded through the PFIs by the close of FY 2012/2013.

Available funds

Since program inception in FY 2009/2010 up to 30th June 2013, the GoU had cumulatively transferred Ushs 63,063,913,048 (52 percent of the expected contribution) to the Escrow Account in BoU while the PFIs had contributed Ushs 60.6 billion (40.37 percent of the expected

[6] BoU, 2013a.

contribution) to the eligible projects (Figure 5.2)[7]. This implies that a total of Ushs 118.532 billion was available for lending by close of FY 2012/2013. The contribution by Government and PFIs to the ACF is still below target, implying that some eligible loan applications are not funded.

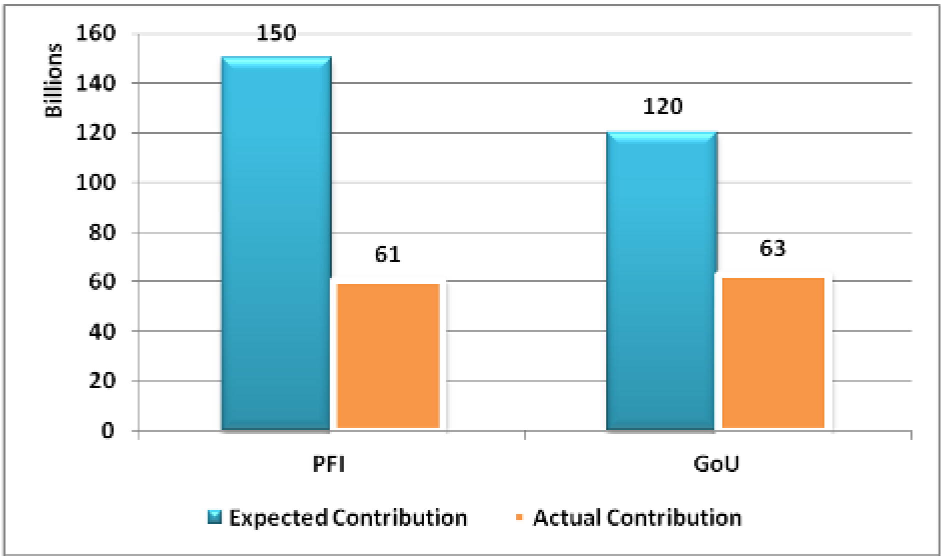
Table 5.2: Profile of Agricultural Credit Facility

Purpose	Commercialize agriculture through provision of medium and long term financing.
Implementation modality	Bank of Uganda is the Lead Agency working in partnership with Participating Financial Institutions (PFIs).
ACFI terms ***(October 2009-June 2010)***	10% interest rate; 50% equal contribution to loan pool by GoU and PFIs. Maximum loan amount Ushs 2.1 billion. Working capital or agricultural inputs not to exceed 10% of total project cost. Focused mainly on equipment, mechanization and value addition.
ACFII terms ***(July 2010-June 2011)***	12% interest rate; 33.3% GoU Guarantee and 66.6% contribution by PFIs to loan pool. Maximum loan amount rose to Ushs 5.0 billion. Small and medium scale enterprises (SMEs) were brought on board.
ACFIII terms ***(July 2011-February 2013)***	10% interest rate; 50% equal contribution to loan pool by GoU and PFIs. Maximum loan amount Ushs 5.0 billion. More SMEs brought on board. Working capital not to exceed 20% of total project cost for fertilizers, pesticides, animal drugs, mulching and other similar items.
ACFIV terms ***(March 2013-date)***	12% interest rate; 50% equal contribution to loan pool by GoU and PFIs. Maximum loan amount Ushs 5.0 billion. Working capital not to exceed 20% of total project cost. PFIs have increased from 9 in 2010 to 15 in 2013.
Other terms	Grace period up to 3 years; loan tenure ranges between 6 months and 8 years.

Source: Bank of Uganda Memorandum of Understanding and Addendums for various years

Figure 5.2: Financial performance of the ACF as of October 2010 – June 2013

[7] BoU, 2013; BoU, 2013a.



Source: BoU, 2013.

Loan disbursements

By 30th June 2013, disbursements totaling Ushs 57,975,283,391 were made to various eligible projects as GoU contribution (Table 5.3) and Ushs 60,557,360,231 as PFI contribution. Since project inception, the bulk of investments were under taken during the first and the third phase of the project, accounting in total for 86.14 percent of total disbursements by end of FY 2012/2013. The common incentive in both these phases was the low interest rate of 10%; implying the 12% interest rate during the second and current phase could be a major disincentive to ACF investments.

Table 5.3: Total loans disbursed to PFIs as GoU contribution by 30th June 2013

Project phase	Amount disbursed (Ushs)	Proportion of total disbursed (%)
ACF I	29,474,668,523	50.84
ACF II	2,574,346,070	4.44
ACF III	20,464,157,523	35.30
ACF IV	5,462,111,275	9.42
Total	**57,975,283,391**	**100.00**

Source: BoU, 2013a.

However, within less than a month since the end of FY 2012/2013, the financial performance of the ACF improved greatly. By 17th July 2013, the GoU contribution to eligible projects had increased to Ushs 68 billion. The ACF disbursements in the current phase as a proportion of the total investments since project inception improved 9.42% in June to 15.89% in July 2013 (Table 5.4). This is indicative of increased demand for the agricultural loans by the farmers.

Table 5.4: Total ACF loan disbursements (plus commitments) as of 17th July 2013

Project phase	Total loan	GoU Contribution	Proportion of total disbursed (%)
ACF I	59,548,747,158	29,774,373,579	43.76
ACF II	9,442,768,980	3,144,442,070	4.62
ACF III	48,634,933,946	24,317,466,973	35.73
ACF IV	21,620,704,646	10,810,352,323	15.89
Total	**139,247,154,730**	**68,046,634,945**	**100.00**

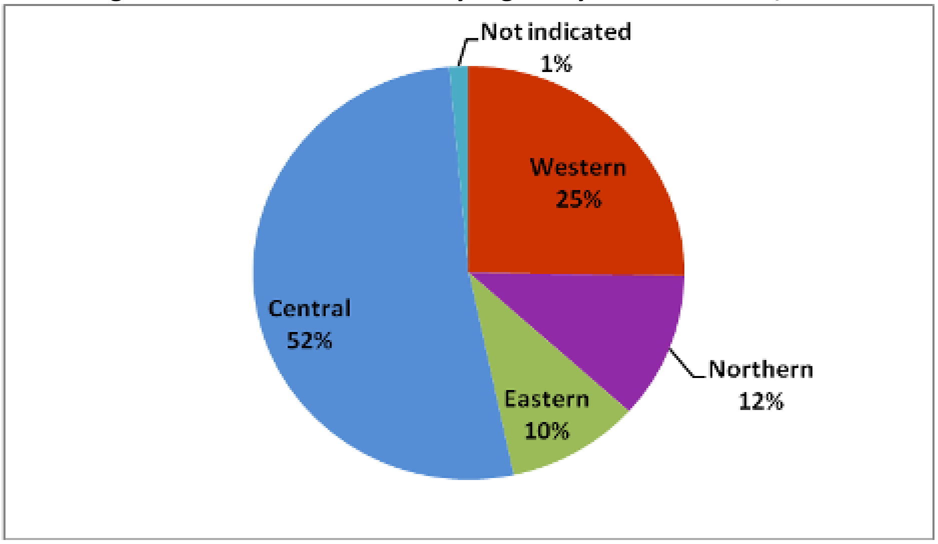
Source: BoU ACF data base, July 2013.

ii) Physical performance

a) Overall performance

Based on BoU financial data, the number of ACF beneficiaries increased from 154 by the close of FY 2011/2012 to about 210 by the end of FY 2012/2013. The regional distribution of the projects has changed modestly over the period. In FY 2011/2012, more than half of the beneficiaries were from the Central region (56%), followed by Western region (24%), Northern region (11%) and Eastern region (9%)[8]. Figure 5.3 shows the current distribution of ACF beneficiaries by region.

Figure 5.3: ACF beneficiaries by region by end of FY 2012/2013

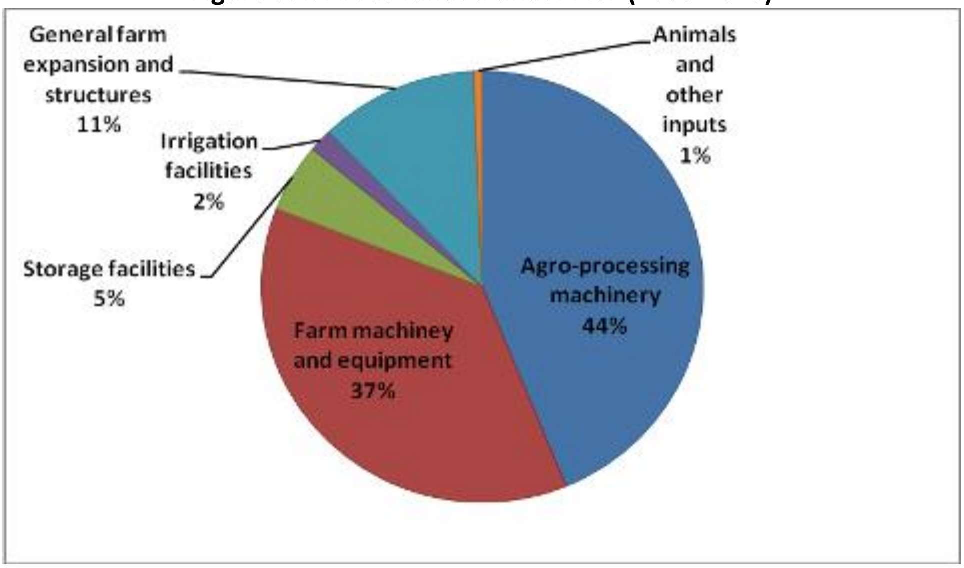


Source: Author's analysis from BoU ACF financial data, July 2013.

[8] MFPED, 2012e; MFPED, 2012f.

Cumulatively, the bulk of investments were made in machinery for agro-processing (44%) for several farm products including: dairy, tea, rice, coffee, maize, wheat, banana and edible oil. This was followed by investments in farm machinery and equipment (37%) particularly tractors, feed milling machines, refrigerated trucks and milk coolers.

Figure 5.4: Areas funded under ACF (2009-2013)



Source: Authors analysis of the BOU ACF data base July 2013.

b) Field findings

During FY 2012/2013, the ACF was monitored during the first quarter and the detailed findings are contained in the Annual Budget Monitoring Report FY 2011/2012[9]. Some of the key issues raised in that round of monitoring that covered 15 beneficiary firms/farms in 11 districts[10] are incorporated in this report to get a holistic view of the performance of ACF during FY 2012/2013.

A follow up monitoring visit of the ACF was conducted during July – August 2013 and the detailed findings are presented below. Due to field time limitation, only 8 beneficiary farms/firms were monitored in six districts (Kampala, Lira, Kasese, Mbarara, Mbale and Bukedea).

Bukedea District

<u>Bukedea Epuri Puri Farmers Association Ltd</u>

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[9] MFPED, 2012e.

[10] Bushenyi, Jinja, Kampala, Kisoro, Mbarara, Lira, Mpigi, Mubende, Mukono, Nwoya and Wakiso.

The BoU records indicate that the company, located in Mbale district, purchased a tractor using ACF funds amounting to Ushs 73,098,000 of which Ushs 36,549,000 was the GoU contribution. The monitoring team visited this company during August 2013 to ascertain project performance.

Background

The monitoring team found that the ACF funded project was located in Bukedea district and not Mbale district as indicated in BoU records. The proprietors of Bukedea Epuri Puri Farmers Association Ltd started in 2004 as regional agents of Afro-Kai Ltd dealing in grain trading. With capacity building from Enterprise Uganda and Nile Breweries, they founded Bukedea Epuri Puri Farmers Association Ltd in 2010 as agent for Nile Breweries operating in Bukedea, Pallisa, Kumi, Soroti, Budaka and Butaleja districts. The Association distributes sorghum seeds to farmers from Nile Breweries at subsidized rates; monitors production and purchases all grains in the region on contract basis.

Loan application and performance

The Association applied in 2010 for a tractor to expand acreage of sorghum and offer subsidized tractor hire services to members. The tractor was delivered in 2010 and valued at Ushs 75 million. The Association made a commitment fee of Ushs 25 million to the supplier before the tractor was delivered. The following were the loan terms: five year loan, paying Ushs 20 million every year in two six monthly/seasonal installments; no grace period; the farmer could not recall the interest rate applied to the loan and did not have support documents for reference.

The Association proprietors reported that the tractor was deployed since 2010 and had generated sufficient funds for repaying the loan, including some profits. During the farming season, the tractor generated about Ushs 6 to Ushs 7 million every month.

Challenges

The proprietors of Bukedea Epuri Puri Farmers Association Ltd identified the following challenges affecting project performance:

1) Lack of transparency and adequate information by the bank on the interest payments, fines and total loan amount. Whereas a similar tractor would cost Ushs 50 million on the open market, the tractor is scheduled to cost over Ushs 100 million, including the interest payments and down deposit to the supplier.
2) The terms and conditions of the ACF loans too complicated to be understood by an ordinary farmer and they are more protective of the lending institutions than the customers.
3) The ACF lacks feedback channels where farmers can channel their complaints or seek technical advice on how best to implement the projects for increased viability.
4) Unfavourable weather conditions and tractor breakdown reducing ability to pay back the loan as the returns are lower.
5) Tractor spares not available locally.

6) Failure by Association members to pay the subsidized tractor hire services.
7) Harsh treatment of beneficiaries, without notice, by Court Bailiff authorized by commercial banks when they default on loan payments.

Recommendations

The following recommendations were made by the Association proprietors for consideration by BoU and the commercial banks:

1) Government to establish a complaint desk such as at BoU to address the farmers' challenges and problems.
2) The ACF terms and conditions should be simplified and improved to be more protective of the clients.
3) Incentives provided to private sector firms by Government to set up shops of tractor spares in the remote rural areas. Alternatively, Government should provide incentives to farmers to import tractors and the spares.

Kampala District

ACF Beneficiary: Nsooba Slaughterhouse Ltd

Background

This firm was first visited in Q1 FY 2012/13 and the detailed findings are reported in the November 2012 BMAU Annual Report[11]. A repeat visit was made in August 2013. This report provides a summary of the findings in the first visit and the update position by August 2013.

Nsooba Slaughterhouse Ltd is located in Nsooba village, Mulago Parish, Kawempe Division, Kampala District. The company is a trade centre for livestock and livestock products. The main business is an abattoir with a slaughter capacity of 80- 100 cows per day, with a peak of 300 cows during festive seasons; 100 goats and 100 sheep. The company plans to construct a modern abattoir that meets international standards. Slaughter capacity of the upgraded facility per day would rise to 800 cows, 800 goats and 800 sheep. It is estimated that over Ushs 1 billion would be required to upgrade the facility to the required standard.

In November 2009, the company applied for an ACF loan amounting to Ushs 1,660,000,000. The proposal stipulated the following as the facilities to be constructed: bridge, market area, conveyor mechanism, terrazzo showroom, terrazzo slaughter house, and waste water treatment plant and electricity system.

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[11] MFPED, 2012e.

Loan application and performance

Nsooba market area under construction in July 2012

The first monitoring visit in Q1 FY 2012/2013 noted that the loan was approved in 2011 and Ushs 150 million, out of the Ushs 1.660 billion requisitioned, was paid in four installments at 12% interest rate and loan tenure of 3 years. The beneficiary used the funds to start constructing a market area and the work stalled due to insufficient loan funds (9 percent of requested funds).

A repeat monitoring visit in August 2013 indicated that although the company submitted a second loan application in July 2012 to the commercial bank worth Ushs 200 million, no further funds were received. Hence the project had completely stalled and all the intended objectives were not achieved.

The proprietor reported that, after receiving threats of selling off his properties due to failure to honor loan repayments, he had used other income sources to pay about Ushs 50 million out of the principal of Ushs 150 million. Interest had accumulated to Ushs 40 million which was not yet paid as the project had not matured to generate income. In summary, the monitoring team noted that the project was a failure as the planned outcomes were not achieved.

Challenges

The proprietor noted the following challenges:

1) The stringent terms and conditions of the loan, especially the requirement for collateral and the high interest rate that is not suitable for agriculture projects that are highly risky.

2) Stalment of the project due to the small proportion of funds provided by the bank (Ushs 150 million), far below the amount requested in the application (Ushs 1.66 billion). The method used by the bank of disbursing the funds in four installments reduced the viability of the project.

3) Non-equal or selective treatment of beneficiaries whereby those who provide substantial kickbacks to the bank officials are given the full loan amount as applied for while those who are unable to engage in corrupt tendencies receive very small proportions of the requested loans. *"Treat us equally like the other large scale farmers who accessed over Ushs 1 billion. Projects are different, some require large startup capital to be successful and should be assessed accordingly. Instead of modernizing agriculture and helping myself, iam creating money for*

the bank through payment of interest from a non-productive venture. The ACF is making us poorer as we have started to sell off our other properties to meet the obligations" complained the proprietor.

4) Lack of mentoring, supervision and monitoring of the projects by the lending institutions. This leads to project failure as the beneficiaries lack adequate knowledge and skills in business management.

Recommendations

The ACF beneficiary recommended the following to the implementing agencies:

1) Government to find alternative modalities of disbursing funds other than commercial banks that are more profit oriented. The funds should be channeled through Government programs such as NAADS.
2) Enhanced supervision and monitoring of ACF investments by BoU.
3) ACF loans should be interest and collateral free as an incentive for increased investments in agriculture.

Kasese District

The BMAU monitoring team visited two ACF beneficiaries in Kasese district. The findings are presented below.

ACF Beneficiary Mr. Rwatooro

Background

The beneficiary resides in Kisanga B village Kasese Municipality in Kasese District. His motivation for applying for the loan stemmed from his ownership of 250 acres of land that was underutilized due to lack of tractor services.

Loan application and performance

In March 2011, he applied for a tractor for opening up land for commercial cotton production. The loan matured in October 2011 when a New Holland tractor valued at US$39,300 was delivered from Cooper Motors Ltd Uganda. The loan terms were: 10% interest rate; 4 years loan period; six-monthly loan repayments of Ushs 15 million each and zero grace period. The beneficiary reported that the loan processing fee was Ushs 10 million. He reported that there was a delay in processing the loan such that by the time the tractor was delivered, the first planting season had passed.

During the second rains in October 2012, the farmer used the tractor to open 100 acres of land. However, due to labour constraints, he only utilised 80 acres to plant cotton and managed to harvest from 50 acres during January-February 2013. Average production was 450 kg of seed cotton per acre implying total production was 22,500kg. Each kg of seed cotton was sold at Ushs 1000 implying total income in the season amounted to Ushs 22,500,000. Since the loan repayments were six monthly at Ushs 15 million per installment, the farmer was able to break even and remain with some profits by the end of the season.

During the first rains in March 2013, the farmer used the tractor to open up 10 acres of land which were planted with soya bean. He harvested a total of 2500kg of dry soya beans and sold each kg at Ushs 800 hence realizing Ushs 2,000,000 as total income. He also hired the tractor out for one month and earned Ushs 2 million. The ACF beneficiary reported that the investment was not worthwhile as he was finding it difficult to finance the loan. He had defaulted and had arrears totaling about Ushs 2.5 million. The tractor was impounded in July 2013 and was returned in August 2013 after payment of Ushs 700,000 to the Court Bailiffs. By the time the tractor was returned, the planting season was gone.

Challenges

The beneficiary noted the following challenges as affecting the ACF investment:

1) The delay in approval of the loan by the commercial bank led to an increase in the size of the loan that has to be paid back due to the escalation in exchange rate and the fact that payments are in local currency. At the time of application, the exchange rate was Ushs 2,300 for the dollar. If the loan was approved then, the farmer would pay back Ushs 89.7 million. By the time of loan approval, the exchange rate had increased to Ushs 2,850 for the dollar. The total loan to be paid back increased to Ushs 112,005,000, a 20 percent increment from the original cost.
2) Lack of support from the commercial bank to prepare a viable proposal and source good quality tractors. The farmer was asked to present invoices from suppliers of tractors. He did not have knowledge of the best suppliers and used guidance from friends. *The monitoring team noted that the project was based on a one and half proposal that lacked content but had been approved by the bank. The beneficiary reported that he used his own knowledge to prepare the proposal without any support.*
3) Lack of lack and other agricultural implements to complement that tractor. While expansive land had been opened up, the farmer lacked funds to pay for labour for weeding and harvesting the large cropped acreage.
4) Loss of ploughing time due to tractor mechanical problems. This reduced the farmer’s ability to finance the loan.

5) The commercial bank breached the terms and conditions that were agreed with the client. The Memorandum of Understanding (MoU) stated that the bank would recall the tractor only if the beneficiary defaulted by two installments (installments were six monthly in April and October). But the bank recalled the tractor when the client failed to pay one installment and a month earlier than the agreed payment dates.
6) Price fluctuations for seed cotton that make the business non-viable.
7) Limited transparency and assistance from the commercial bank with regard to ensuring that the client understood all the terms and conditions of the agreement; and the financial statements. While the loan was sourced from a local bank branch, all follow up transactions were being conducted on phone by the main branch in Kampala. Hence, there was no close interaction between the ACF beneficiary and the local bank where the loan was sourced.
8) Lack of extension advice for the ACF enterprises *"I used my own knowledge of pest control since I did not have access to extension workers. Parts of the cotton field dried up because of the chemicals I used for spraying"* said the ACF beneficiary.

Recommendations

The ACF beneficiary recommended that:

1) The commercial banks should assist farmers to prepare viable business proposals. For example, a tractor on its own is not sufficient to ensure mechanization. The entire chain of production, weeding, harvesting and post harvest handling should have been mechanized.
2) Bank of Uganda should enhance monitoring and supervision of the commercial banks to ensure that they adhere to the terms and conditions in the agreements made with the clients and they treat the ACF beneficiaries fairly.
3) The farmers should be assisted by MAAIF in identifying the most suitable suppliers of quality agricultural implements.

ACF beneficiary Mr. Kateeba

Background

The beneficiary is located in Mukokya village, Muhokya Sub-county in Kasese district and trades in poultry and animal feeds. In 2010, he decided to expand his business lines into poultry farming and a hatchery.

Loan application and performance

In April 2010, he applied for Ushs 125,532,000 for setting up a hatchery, constructing 2 poultry houses for parent stock, purchasing a generator and a service van. The loan was approved in August 2010 amounting to Ushs 105 million and at the following terms: 6 months grace period, 10% interest rate, 4 years loan period, processing fee at 0.5% of total loan cost and monthly repayments of Ushs 2,667,184. The farmer topped up the ACF loan with his own funds (Ushs 200 million).

The farmer used the combined resource to purchase a hatchery, a generator, establish 2 poultry houses on his farm in Muhokya sub-county and 6 poultry structures and parent stock (500 broilers and 500 layers) on his farm in Rukooki sub-county. The service van was not approved under the ACF loan and he used own resources to purchase one. The beneficiary reported that 500 broilers and 200 layers died due to unknown reasons; he sold off the rest and bought new stock. By the time of the monitoring visit in August 2013, the farmer had 1,000 broilers and 800 layers.

Poultry house and parent stock at Rukooki sub-county farm Kasese district

Hatchery at Muhokya sub-county farm

The hatchery that was purchased in 2010 had two setters, each with capacity to set 80,000 eggs. The setters were used on a rotational basis (4 months each) to avoid over use.

Box 5.1: Profitable ACF Hatchery investment is in Kasese District

Monthly ACF loan repayment: Ushs 2,667,184.

<u>Production</u>: About 50 trays (1500 eggs) were hatched every two weeks. Because of poor quality of some eggs or quick maturity of some chicks while in incubator, the average chick out-turn was 1,450 chicks every two weeks (instead of 1,500 chicks).

<u>Returns</u>: A month old chick was sold at Ushs 4,000 each. A one day old layer was costed at Ushs 2,600 while a one day broiler was sold at Ushs 1,600. Taking care of the losses, in a month he produces 2,900 chicks. When sold as one month old chicks, total gross income is Ushs 11,600,000 from the hatchery alone.

Source: ACF Beneficiary Mukokya village, Muhokya Sub-county, Kasese district

The beneficiary reported that he had no problem paying off the loan. He had already paid off 2.5 months and the commercial bank was very supportive.

Challenges

The ACF beneficiary noted the following challenges:

1) Death of stock, hence reducing returns from the investment.
2) Insufficient resources to expand the project.
3) High interest rate for agricultural investments.
4) Lack of trusted skilled manpower to manage the project.
5) Power outages which cause complete loss of chicks while in incubator.

Recommendations

The ACF beneficiary recommended that:

1) The ACF interest rate should be lowered to about 5% to 8%.

Lira District

The BMAU monitoring team visited three ACF beneficiaries in Lira District: MMP Properties, Mount Meru Millers and Mr. Byamukama. The findings are presented below.

<u>ACF Beneficiary MMP Properties</u>

Background

MMP Properties is a company with a cotton ginning facility in Odokomit Ginnery in Lira Municipal Council, with Head Office in Jinja, Uganda. The company was extending credit to agents to buy cotton in bulk from Uganda and neighboring countries for ginning into lint. The company was in the process of importing machinery from India, using own funds, for expanding business into oil refining.

Loan application and performance

The BoU records indicate that MMP Properties applied for Ushs 2.5 billion to establish a cotton ginning unit. The monitoring team noted that the purpose to which the loan was applied was different from that in BoU records. The company management reported that the loan was for expanding company operations through land acquisition and increasing working capital for buying cotton directly from farmers. The loan application was lodged in July 2011 and Ushs 2.5 billion received in November 2011.

The loan terms were: grace period of six months and total loan period of one year. The Loan was used to buy 8 acres of land for the factory and purchaing 16,000 tonnes of cotton in 1st and 2nd season (November 2011 and March 2013) which was refined into 25,000 bales of cotton. By the time of monitoring done in August 2013 the entire loan amount had been paid up and the client did not owe the bank.

<u>Note: BMAU observation</u>: In this project, the terms and conditions of the ACF as stated in the Memorandum of understanding between GoU and Participating Financial Institutions (PFIs) was violated by the commercial bank. The credit was extended for non-eligible purposes: whereas agricultural inputs used in primary production should not exceed 20% of project costs and it is not permissible to purchase land, funds were 100% used for purchasing cotton for producing lint for export and land.

Challenges

1) Loss of part of the loaned funds to unscrupulous agents who were advanced funds to supply cotton and never delivered. As part of the ACF funds, the company was yet to recover Ushs 226 million from agents and the matter was before courts of law.
2) Short loan period compared to the recovery period.
3) A number of farmers failed to meet their obligation that included timely supply of cotton to the factory.

Recommendations

1) For large loans, the government should increase the loaning period to two years and above.

<u>ACF beneficiary Mount Meru Millers</u>

Background

Mount Meru Millers deals in processing sunflower and soya seed into crude vegetable oil. It is located in Lira Industrial Area Lira Municipality in Lira District. The company Head Office is in Arusha Tanzania. Operations in Uganda began in 2010. The company lacked an oil refinery and this was the motivation for applying for the ACF loan.

Loan application and performance

The loan application was lodged in June 2010 for Ushs 5 billion to establish an oil refinery to facilitate value addition of crude vegetable oil into edible vegetable oil for export. The firm accessed Ushs 5 billion in June 2011 at the following terms: 10% interest rate per annum; loan period 84 months inclusive of nine months grace period and processing fees at 0.5% of total loan amount.

The loan was received in one bulk and expended on procurement and importation of an oil refinery plant from India. The refinery (ACF loan) accounted for about 20% of the total factory investment. The refinery had capacity of 1,000 tonne of refined oil per day. The plant was found to be in good working condition and extremely useful to the beneficiary. It was observed to have three sections namely; Neutralizing section that removes oil impurities; Bleaching section that removes undesirable colours; and Deodorized section that refines oil into a final product. By August 2013, a total of Ushs1.7 billion of the loan had been paid back.


ACF funded Oil refinery at Mount Meru Millers factory Lira district

<u>*BMAU Observation*</u>*: This project contravened one of the terms and conditions of the ACF that the scheme should not be used for refinancing existing loans. The company had commenced the process of procuring the refinery from India earlier in 2010 before applying for the loan. The ACF loan that was used to pay for the machinery was obtained*

in June 2011 yet the machinery had already been received and installed in January 2011. Hence, the loan was used to pay off costs that were incurred before loan maturity.

Challenges

The ACF beneficiary noted the following challenges:

1) Interest rate too high for a long-term agricultural investments; it was discouraging further borrowing to expand the factory for handling the by-products.
2) Limited raw materials leading to under utilization of the equipment. Equipment is was being used up to 30% installed capacity with local raw materials and at 40% capacity after importation of palm oil products.

Recommendations

The ACF beneficiary recommended:

1) A reduction in the ACF interest rate.
2) Government to support farmers to expand and commercialize oil seed production through provision of extension services and seeds to facilitate optimum use of the refinery.

ACF beneficiary Mr. Byamukama

Background

The BoU records indicated that Mr. Byamukama of Masindi district accessed Ushs 55,962,900 from the ACF to purchase a tractor for farm expansion. The BMAU monitoring team found that the beneficiary had transferred to Lira Municipality in Lira district, although he continued to operate in Masindi district as well. The motivation to acquire a loan stemmed from his need to optimally use the land he owned in Masindi district.

Loan application and implementation status

Mr. Byamukama applied for a loan to purchase a tractor in 2009; upon assessment of tractor dealers and service providers, the PFI contracted Farm Wright Engineering Limited to supply a Massy Ferguson tractor at a purchase price of Ushs 66 million. The beneficiary made advance payment to the supplier equal to 10% of the tractor purchase price and the PFI paid the balance. The beneficiary received a Massey Fergusson Model 375 tractor in July 2009. It took about 5 months to process the loan.

The loan terms were as follows: 10% interest rate; no grace period; total loan amount Ushs 77,040,000 inclusive of interest rates, principal and processing fees; and monthly repayments of Ushs 1,284,000 for the loan period of 60 months. The tractor was reported to be of good quality and in excellent working condition. It enabled the beneficiary to plough 12 acres of his own land in Masindi district, where he planted maize, groundnuts, coffee, bananas and vegetables. It was also hired out to Nwoya and other neighboring districts at a dry rate[12] of Ushs 100, 000 per acre. In good seasons, the tractor was earning Ushs 3 million to Ushs.4 million on a monthly basis.

However, the tractor failed to generate enough funds to pay up the loan. The beneficiary was behind schedule in repaying the loan by 3 months. He was trying to find other ways of repaying the outstanding loan including applying for another loan to invest in poultry which the bank rejected. The problem was compounded by the fact that the beneficiary lost his salaried job making timely monthly payments extremely difficult.

Challenges

The ACF beneficiary reported the following challenges:

1) Seasonality of agricultural activities and cash flows yet bank expects monthly and timely returns or loan payments.
2) Competition from other service providers; more than 200 tractors have accessed the market making it increasingly difficult to get business.
3) Lack of a reliable market for tractor services. The main market for tractor services was Kinyara Sugar Factory until 2010 when management and policy changes at the sugar plantation reduced the need for tractor hire services from individual agents.
4) Strained beneficiary-bank relationship due to accumulated outstanding monthly payments.
5) Lack of information from local commercial bank on outstanding loan amounts, fines, financial statements and the terms and conditions of the loan. Copies of the loan agreements are not shared with the ACF beneficiary.
6) Lack of spare parts on market and qualified technical personnel to handle tractor breakdowns.
7) Lack of tractor operators; very often vehicle drivers are employed as tractor operators. These do not have tractor operational skills required to effectively run the equipment.
8) Loan recovery is done by officers from the Bank Head Offices in Kampala who in most cases don’t understand the challenges faced by the farmers

[12] This is a lease rate that is exclusive of operator and fuel costs.

Recommendations

The beneficiary made the following recommendations:

1) The Bank of Uganda and commercial banks should make deliberate efforts to ensure that clients/beneficiaries access all information related to the loan including updated outstanding financial statements, loan amounts, total payments, other charges and fines. Terms and conditions of the loan should be communicated properly to farmers and farmers given ample time to read and understand them before signing. Applicants should always be given copies of the loans agreements to facilitate further understanding
2) Agricultural Training Institutions should step up efforts to train and make available skilled tractor operators and technicians
3) Government should provide incentives to tractor dealers to open shops in villages, at the minimum, at the sub-county headquarters.
4) Loan payments should be scheduled by commercial banks according to seasons, especially after harvesting and selling the agricultural produce. The loans should also be given out especially during ploughing and harvesting periods.
5) Bank of Uganda should publicise the availability of the ACF and its terms and conditions. This product should be streamlined and advertised through media and bank brochures banks just like other bank products.
6) Loan Recovery should be done by local banks.

Mbale District

<u>ACF beneficiary Mbale Importers and Exporters Ltd</u>

Background

Mbale Importers and Exporters Ltd is a registered company in Mbale district that deals in coffee trade, processing and marketing. The company desired to expand its operations by purchasing additional machinery to process coffee and hence applied for an ACF loan. The BoU records indicated that the company received Ushs 2.0 billion for purchase of coffee processing machinery.

Loan application and performance

The company reported that they lodged the loan application on 13th July 2011 for Ushs 2.0 billion; the facility was approved in October 2011 and the beneficiary confirmed receipt of Ushs 2.0 billion. The terms and conditions of the loan where: 60 months loan period; 12 months grace period; loan principal to be paid in 48 monthly installments of Ushs 61,394,790; 10% interest rate to be applied upon approval of ACFIII; and processing fee 0.25% of the loan.

The loan was accessed and utilized in December 2011 for purchasing a coffee grading and processing equipment from Austria. The BMAU was not able to visit and verify the purchase as it was not located in Mbale, although the proprietors were in Mbale district. The team was informed that the machinery was installed in Nalukongo Industrial Area at Plot 8 Cross Road. The machinery was reported to have plant capacity of 7 metric tonnes per hour. The beneficiary reported that loan repayments had commenced and so far Ushs 318,873,077 had been paid. Inflation and fluctuating market prices were the only challenges mentioned as affecting the business.

BMAU Observation: The beneficiary first provided different information about the utility of the loan which he retracted and presented the above information as the final position. In the original submission, he had indicated that the loan had been used for purchasing an eco-friendly coffee processing equipment and facilities for sorting and packaging coffee, purchasing coffee seedlings, coffee trade and distributing pulping machines to farmers. The loan application dated 13th July 2011 from the company requested Ushs 2.5 billion for purchasing equipment for upgrading milling, processing and grading activities at the coffee factory on plot 27/29 Pamba road, Industrial Area Mbale. However, the factory was reported to have been established in Nalukolongo Kampala, instead of the district indicated in the application. This conflicting information requires further verification by the Auditor General's office.

Mbarara District

ACF beneficiary Mr. Bantu

Background

The beneficiary lives in Nkonkojeru Cell Kamukuzi Division in Mbarara Municipality. In 2009, he had 11,000 layers kept in one poultry structure. He applied for an ACF loan for the purpose of expanding the poultry farm. The BoU records indicate that Mr. bantu accessed Ushs 120 million for constructing a poultry house.

Loan application and performance

The beneficiary reported that in 2009, he applied for Ushs 250 million under the ACF facility for constructing 4 blocks of poultry houses, feeds and restocking 15,000 birds.

The loan processing took two and a half years as there were problems associated with verifying his properties that were provided as collateral. The loan matured in 2012 and he was given Ushs 110 million (less by Ushs 10m as recorded by BoU).

The terms of the loan were: 12% interest rate; Ushs 3.6 million monthly repayments; no grace period and Ushs 3 million spent as processing fees. He could not recall the loan period and did not have the loan agreements for viewing by the monitoring team. Since the beneficiary accessed less than a half of the requested funds and given the cost escalation, the funds only achieved a few outputs. The funds were sufficient to construct 3 blocks of poultry houses which the monitoring team saw evidence of. The farmer stocked the houses with 16,000 birds using own funds. However, they were attacked by the New Castle Disease in 2012 and he lost 11,000 birds. By the time of the monitoring visit in August 2013, the farmer had restocked with own funds and had 23,000 birds.


Left: Blocks of poultry houses under construction with ACF funds Right: Birds stocked with own funds

The farmer was highly appreciative of the support and technical advice rendered to him by the commercial bank where he accessed the ACF loan.

Challenges

1) Lengthy loan processing period of more than two years. The funds were no longer sufficient to meet the intended project objectives as the cost of materials had increased.
2) Loss of laying birds worth Ushs 140 million due to the New Castle Disease. This greatly affected the project viability.
3) Very costly poultry feeds. The farmer reported that his birds consumed 2.5 tonnes of feed every day.

Recommendations

1) Increased project supervision by the bank and other Government institutions to support the farmers to increase project viability.

5.2.3 Analysis

Link between financial and physical performance

A total of Ushs 118.532 billion was available for lending to ACF clients by close of FY 2012/2013. About 210 beneficiaries were being financed under the facility, the majority being in the Central region (56%). The East and North attract the least proportion of the ACF investments (9% and 11% respectively). This suggests that there is still room for reaching out to other beneficiaries especially in these two regions. The contribution by Government and PFIs to the ACF is still below target, implying that some eligible loan applications are not funded.

Although short and long term loans have been made available to farmers, physical performance remains poor in many projects due to a number of constraining factors. The following challenges impacted negatively on physical performance of the ACF during FY 2012/2013 as some projects completely stalled.

- Some of the terms and conditions of the ACF as stated in the Memorandum of understanding between GoU and Participating Financial Institutions (PFIs) were being violated by the commercial banks that were extending finances for non-eligible purposes.
- Publicity of the availability of the loan to potential farmers was almost non-existent. Commercial banks were not disclosing fully the availability of ACF loans and instead they were interesting farmers in their commercial loans.
- Poor disbursement methods of the loans (a small proportion of the required loan approved and disbursements in 3-4 installments in one project; approval of non-viable proposals that have not benefitted from any business technical guidance; kickbacks to officials in the banks that reduce the loan amount; long loan processing period of 4-6 months.
- Lack of spares parts and technicians to manage and repair agricultural machinery. No specialized garages for tractor repair services.
- Lack of transparency of commercial banks in terms of disclosing the terms and conditions of the loans as well as the extra charges and fines to the farmers under the loan agreements.
- Lack of proper monitoring, supervision and technical/extension advice to farmers as MAAIF and the District Production Departments are not involved in the project.

Achievement of set targets

Performance of this project could not be easily measured as it lacks a monitoring framework and targets. The project is not monitored by the implementing agency BoU as no funds have been provided for this purpose. However, despite this challenge, the project performance can also be measured by looking at the extent to which the project objective is being implemented. The objective of the ACF is "*To commercialize* *agriculture through provision of medium and long term financing for projects engaged in agriculture, agro-processing, modernization and mechanization".*

Government fulfilled the ACF objective as the number of beneficiaries of the ACF increased from 154 by the close of FY 2011/2012 to about 210 by the end of FY 2012/2013. Monitoring work confirmed that the beneficiaries received the loans and at subsidized interest rates of 12% since March 2013 and 10% in the previous financial year. The bulk of projects funded were in machinery for agro-processing (44%) and farm machinery and equipment (37%) in line with the ACF objective of promoting value addition and mechanization in the agriculture sector.

5.2.4 Conclusions

Whereas the loans have been made available to the farmers, project performance remains average. While large firms that attract between Ushs 2 billion and Ushs 5 billion are relatively successful, small and medium scale firms that attract Ushs 500 m and below are generally failing to utilize the loans optimally.

Since project inception, the bulk of investments (86.14%) were made during the first and third phases of the project when the interest rate was 10%; implying that keeping the ACF interest rate at 10% is a major incentive in attracting more Ugandans into taking up ACF loans.

Access and usage of ACF loans is greatly constrained by lack of transparency by the commercial banks in terms of the lending terms, the extra charges and financial statements. Limited supervision, monitoring and mentoring of the beneficiaries contributes greatly to project failure.

5.2.5 Recommendations

The following recommendations are made for consideration by MFPED, BoU and commercial banks:

1) Both Government and the PFIs need to step up their contribution to the ACF so that more farmers can be reached.
2) There should be increased publicity of the ACF through local channels such as media, posters, district and sub-county offices and community meetings.
3) The BOU should create a mechanism of establishing business units that mentor/support farmers to make viable business proposals and feasibility studies before commencement of the projects.
4) BoU should step up supervision of commercial banks to ensure that the terms and conditions of the MoU between GOU and PFIs is not violated.

5) The beneficiary Mbale Importers and Exporters should be subjected to an audit to verify use of the funds.

5.3 Avian and Human Influenza Preparedness and Response Project

5.3.1 Background

The Avian and Human Influenza Preparedness and Response Project (AHIP) is a Government of Uganda (GoU) intervention that was approved in 2008 aimed at *"reducing the threat posed to the poultry industry and humans in Uganda by Highly Pathogenic Avian Influenza (HPAI); and to prepare for, control and respond effectively to future pandemics and other infectious disease emergencies in livestock and humans"*. The project is implemented by MAAIF with support from the World Bank Credit of US$ 10 million and grant amounting to US$ 2 million.

The AHIP has four project components: (1) Animal Health implemented by MAAIF (2) Human Health under Ministry of Health (3) Communication for all sub-components and (4) Coordination by the Office of the Prime Minister (OPM). The BMAU monitoring work focused on the Animal Health Component. The Animal Health component aims at institutional strengthening for animal disease prevention and control; building a modern diagnostic laboratory at Entebbe; strengthening of National Veterinary Services (NVS); increased monitoring and surveillance of migratory and resident birds. A total of US$ 5.66 million was earmarked to this component. The project was scheduled to end by June 30th 2012.

5.3.2 Findings

i) Financial performance

The budget line for the Animal Health Component was USD 5.66 million (56.6%). To date USD 4.08 (72%) million has been disbursed to the project since project start in October 2010. Of the disbursed funds, US$ 2,890,747 had been utilized as at 30th June, 2013 and the balance was on account (US$ 1,191,655) committed to civil works for completing the MAAIF laboratory during FY 2013/2014[13]. Table 5.5 summarizes the expenditures of the AHIP project by 30th June 2013.

[13] MAAIF, 2013e.

Table 5.5: Expenditures of the AHIP project by June 2013

Support to districts	**Amount (US$)**	**Amount (Ushs)**
Trainings and workshops		401,246,320
Disease Surveillance, M&E, supervision, rapid response unit, animal check points, enforcing quarantine		2,513,557,300
Internet, modems, computers, laptops, GPS, cameras		431,288,000
Fuel, station wagons and vehicle maintenance.	120,418	275,015,193
Consultancy services	8,317	
Technical support to districts		39,432,000
Field Simulations and Set up asphyxian system, support to animal products and regulatory services		181,307,000
Budizzoz and PPEs	165,000	
Others (Baseline Surveys, reviewing and updating HAPAI and other zoonotic diseases, registration of poultry farmers, books and guidelines)		310,354,435
Total	**293,735**	**4,152,200,248**
MAAIF Headquarters		
M&E		59,453,500
Trainings, Meetings, workshops and conferences	22,330	127,305,415
Fuel and vehicle repair		75,147,621
Supply of stationary and office sundries		26,754,010
NSSF, Salary and PAYE on salary		105,124,185
Modems, internet, media services and messages	7,121	70,419,112
Travel Abroad	12,404	18,922,905
Consultancies and NADDEC	76,672.00	1,096,948,802
Financial statements audit, Voucher books, Collection of delayed accountabilities ,monthly reports		91,017,530
Verification of fixed assets and regulations		20,347,984
Disease investigation, surveillance, baseline surveys and Mapping sites for check points.		65,127,800
Total	**118,527**	**1,756,568,864**

Source: MAAIF AHIP Project Office, July 2013.

Specifically for the MAAIF laboratory, the project is funded by World Bank and implemented under MAAIF. The contact sum of this project component is Ushs 2,371,051,966, inclusive of VAT. Design and supervision of the project are done by process M/s Creations Consult Africa Limited in association with M/s Edon Consultants, M/s M&E Associates, M/s Dec Consultants and M/s Proman Consultants. By June 2013, the contractor had been paid three certificates totaling to Ushs.1, 050,382,684 (44.3% of the total contract sum)[14].

ii) Physical performance

a) Overall performance

Performance of the AHIP is reported in a cumulative rather than yearly basis, the key activities having been progressively implemented over FY 2011/2012 and FY 2012/2013. Table 5.6 summarizes the overall cumulative physical performance of the project as of 30th June 2013.

Table 5.6: Physical performance of the Avian and Human Influenza by 30th June 2013

Key output indicator	Progress
Support surveillance activities at district level	The following support was given to districts to carry out disease surveillance, monitoring and investigation: - 9 double cabin pickups provided to Tororo, Hoima, Kabale, Bukedea, Arua, Kotido, Isingiro, Bugiri, Kasese and Kitgum - 50 motorcycles - 2,500 Personal Protective Equipment (10 per district) - 2,500 sets of Burdizzo (5 each district) - 10 GPS, 1 digital camera, 20 pairs of wading boots, 4 pieces of bird cages, 20 pairs of overalls, 10 field camping gear/tents, 20 sleeping bags, 10 nets for capture was provided to Uganda Wildlife Authority for surveillance of wild birds. - 100 GPS, 30 computers and printers, 115 internet modems, 3 laptops distributed in 9 districts.
Undertake diseases investigation for poultry diseases Anthrax, CBPP, FMD	- 2 Double cabin pickups provided to MAAIF and 1 for the Communication Unit. - Investigation of FMD was undertaken in the West Nile region, Rakai, Isingiro, Ntungamo, Mbarara, Lyantonde, Kiruhura, Ibanda and Kamwenge - Investigation of CBPP was undertaken in the Amudat, the West

[14] MAAIF, 2013d.

	Nile Region and other parts of Northern Uganda.
Enforcement of animal check points in high risk districts	MAAIF supervised operations at border posts of Malaba, Busia, Bibia, Pakwatch, Oraba and Agoro.
Upgrade MAAIF Laboratory to BSL3	- Construction of the MAAIF Laboratory was 80% complete (further details provided below). -2,500 Kgs of Disinfectants, 10 sets of Post Mortem Kit and other laboratory equipment provided to NADDEC.

Source: BMAU field work; MAAIF AHIP Coordination Unit July 2013.

Monitoring work undertaken by BMAU established that the districts received all the vehicles, motorcycles and equipment for supporting surveillance work. The main challenges noted were:

- Inadequacy of funding to districts for undertaking meaningful diseases surveillance on a continuous basis.
- The adhoc disbursement of project funds to the districts during the middle of the year, without prior communication from MAAIF.
- Low sustainability of project interventions at the district level as Avian and Human Influenza surveillance is not prioritized as a major concern warranting funds allocation.

Close to the time of project completion (30th June 2012), one of the major outputs – the construction/upgrading of the MAAIF NADDEC Laboratory - had not been done. Hence, the MAAIF sought and was granted a project extension up December 31st 2013 so that the laboratory could be completed. During July 2013, the BMAU monitoring team visited the NADDEC to assess progress in construction and the findings are presented below.

b) Upgrading the MAAIF Laboratory

Background

A major expected output of the AHIP Animal Health component is the establishment of a hi-tech laboratory at the National Animal Disease Diagnostic and Epidemiology Centre (NADDEC) which houses the Epidemiology Unit and Laboratory Diagnostic Unit. The laboratory would enable the country to handle dangerous microorganisms expeditiously, produce locally made vaccines, verify imported animals and animal products and ensure that the animals that are exported meet international quality standards.

Implementation progress

This project was last monitored in August 2012 and the only progress noted was a perimeter fencing in the area allocated for the laboratory. Construction of the new laboratory had not commenced[15]. A follow up visit was done in July 2013 and the findings are presented below.

The Contract had been signed and awarded to Messrs Kol Services Limited at a total contract sum of Ushs.2, 371,051,966 inclusive of Value Added Tax (VAT). Construction works commenced on 18th September 2012 and the completion date was set at 17th September 2013 (12 months). Scope of works included, site clearance, setting out, superstructure, roofing and finishes. By 23rd July 2013, the following had been done (Table 5.7):

Table 5.7: Progress in construction of MAAIF Laboratory by July 2013.

Activity	Progress	Remarks
Foundation	100%	Completed
Concrete ring beam	100%	Completed
Roofing	98%	Completed
Concrete block walling	100%	Completed
Plastering	100%	Completed
Floor Finishes	50%	To be completed by end of August 2013
Electrical wiring	100%	
Ceiling	95%	
General finishes	0%	Pending finishes include, final painting, electrical and mechanical installations, installation of windows and doors, construction of ramps, external finishes among others.
Overall Physical Progress	80%	Works were impressive; contractor continuing at the same pace might translate into timely completion of the project.

Source: AHIP Contractor monthly progress report June 2013

[15] MFPED, 2012e

Left: MAAIF Laboratory under construction Middle and Right: New equipment for the MAAIF Laboratory

MAAIF reported that procurement of equipment was done and would be installed in the new laboratory when completed. The Food and Agriculture Organization (FAO) supported the NADDEC with a number of equipment to facilitate efficient handling of micro-organisms including: two Bio-base, class II and III safety cabinets to facilitate manipulation of micro organisms while investigating diseases or infections; an autoclave used to disinfect laboratory clothing by subjecting them to high pressure saturated steam.

Implementation Challenges

- Delays in processing contractor payments stalling progress of works. It takes between 2 – 3 months for Ministry of Works-Housing department to approve certificates of completed work which delays the payments.
- Low staffing levels in the NADDEC. It was reported that the AHIP was supporting 3 professionals in the laboratory whose contracts would expire with the end of the project and no Government funding had been earmarked to fill the gap.

5.3.3 Analysis

Link between financial and physical performance

During FY 2012/2013, the main target was the construction of the MAAIF laboratory. By June 2013, the contractor had been paid three certificates totaling to Ushs.1, 050,382,684 (44.3% of the total contract sum). By end of June 2013, construction of the laboratory was 80% complete and some of the equipment that would be installed had been imported and put into storage. All districts had been supported to establish District Rapid Response Teams for Avian Influenza and other Transboundary animal diseases. Districts undertook surveillance work for Avian and Human Influenza. This work was supported by MAAIF through provision of vehicles, motorcycles, Personal protective equipment, computers and accessories. In summary there was a positive correlation between the funds that were disbursed during FY 2012/2013 and the physical performance.

Achievement of set targets

The main performance indicator of upgrading the MAAIF Laboratory to BSL3 was achieved. Delays in processing contractor payments was stalling progress of works. It was reported by MAAIF staff that it takes between 2 – 3 months for Ministry of Works and Housing department to approve certificates of completed work which delays the payments and completion of works.

5.3.4 Conclusions

Since October 2010, the World Bank has disbursed U$ 4.08 million out of the planned US$ 5.66 million for this project, or 72% of the planned expenditure. US$ 2,890,742 or 70% of the released funds had been utilized by 30th June 2013. The bulk of the remaining balance was for completing construction and equipping the MAAIF laboratory. The funds were well utilized for the intended purpose of constructing the laboratory and undertaking disease surveillance activities. The main challenge was that most of the activities that were undertaken at district level had no long term impact or sustenance.

5.3.5 Recommendations

The project was on track. It is recommended that:

1) MAAIF fast tracks completion of construction of the laboratory;
2) MFPED provides funding for additional staff and equipment for the laboratory.

5.4 Crop Disease and Pest Control

5.4.1 Background

The control of pests and diseases that are epidemic in nature and affect international trade are handled by MAAIF, guided by the International Plant Protection Convection (IPPC) which is the global regulatory framework. The IPPC is an international treaty organization that aims to secure coordinated, effective action to prevent and to control the introduction and spread of pests and weeds of plants and plant products. The Government of Uganda (GoU) executes its mandate as required by IPPC through the Crop Disease and Pest Control project (see summary project profile in Box 5.2).

Box 5.2: Crop Disease and Pest Control Project Profile

Objective: To reduce the crop losses from the current 50% to 10% by 2015; equip staff with knowledge and skills to control pests and diseases and strengthen the surveillance, forecasting and diagnostic system.

Scope: Control of epidemics including Banana Bacterial Wilt (BBW), Coffee Wilt Disease (CWD), Coffee Leaf Rust, Larger Grain Borer, Elephant Grass Stunt, Cassava Brown Streak Virus (CBSD), Armyworms, Variegated Hoppers, Coffee Stem Borer, sweet potato caterpillars and maize stock borer.

Project Components: (i) Capacity building of staff of MAAIF and Local Governments (LGs) (ii) Technical backstopping of LGs (iii) Capacity development of Laboratories (plant health diagnostics and pesticide residue analysis) (iv) Control of epidemic pests and diseases.

Core outputs: (i) Crop losses minimized from the current 50% to less than 30% of the yields during the first two years and to less than 10% in 5th year. (ii) Crop yields increased by at least 20% - 30% (iii) MAAIF and LG staff trained, skilled and equipped (iv) Efficient analytical and diagnostic laboratory in place at referral and border posts (v) Mobile Plant Clinics and Mini-labs established.

Implementation period: 4/1/2006 to 6/30/2015

Funding: Government of Uganda funded: FY 2010/2011 – Ushs 1.015 billion; FY 2011/2012 Ushs 1.30 billion; FY 2012/2013 Ushs 1.234 billion.

Source: MFPED PIP 2012/2013-2014/2015; Discussion with MAAIF project implementers

5.4.2 Findings

i) Financial performance

The Crop Disease and Pest Control project is GoU funded. Table 5.8 shows the financial performance of the project during the current and previous financial year.

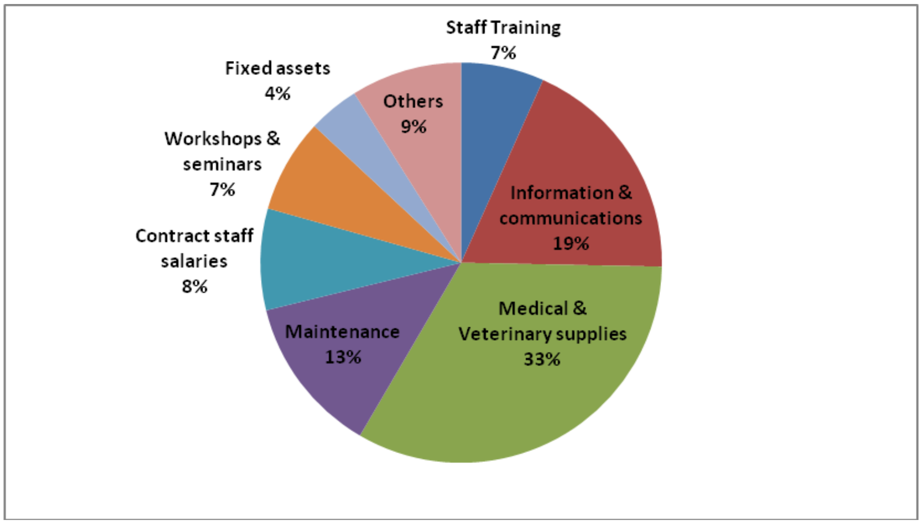
Table 5.8: Financial performance for the Crop Disease and Pest Control Project in FY 2011/2012 and FY 2012/2013

Item	Amount (Ushs)	
	FY 2011/2012	FY 2012/2013
Approved budget	1,303,738,199	1,965,000,000
Releases	1,303,738,199	1,234,901,713
Payments	1,303,547,000	726,211,653
Commitment	0	-1
Available funds	191,200	508,690,061
% of funds absorption	99.98%	58.80%

Source: IFMS data.

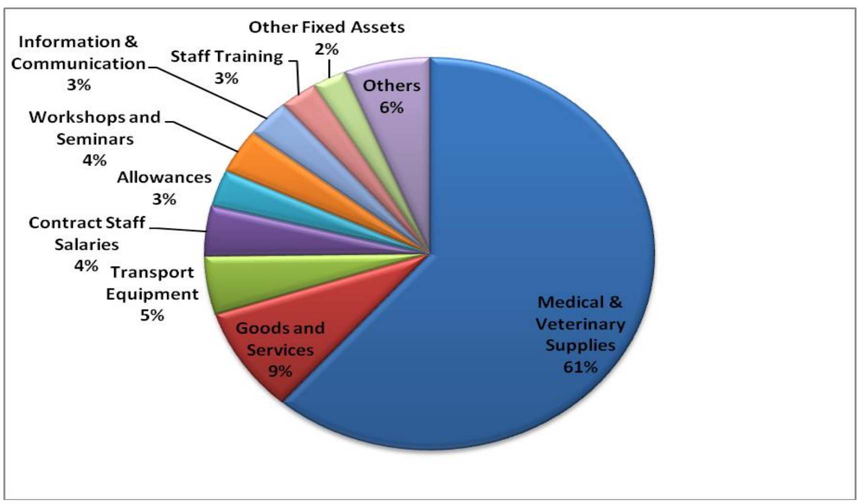
A detailed analysis of the expenditures shows that the project did not spend well in FY 2012/2013 when compared to the previous financial year. Funds absorption was relatively low in FY 2012/2013 (58.8%) when compared to close to 100% during FY 2011/2012. During FY 2012/2013, only 33% of the released funds were spent on the core expenditure item "Medical and veterinary services" compared to 61% in FY 2011/2012. Information and communications, workshops and seminars and staff training jointly attracted 33% of the released resources in FY 2012/2013 compared to 10% in FY 2011/2012. This is indicative of poor allocative efficiency during FY 2012/2013.

Figure 5.5: Expenditure breakdown for the Crop Disease and Pest Control Project in FY 2012/2013



Source: IFMS data.

Figure 5.6: Expenditure breakdown for the Crop Disease and Pest Control Project in FY 2011/2012



Source: IFMS data

Access to more detailed information on actual expenditures incurred by MAAIF on this project during FY 2012/2013 was rather difficult. Table 5.9 shows some of the chemicals that were procured and distributed over two financial years.

Table 5.9: Key expenditures under the Crop and Pest Disease Control project in FY 2011/2012 and FY 2012/2013

Item	Quantity	Expenditure		Service Provider
		Ushs	US$	
Virus testing			83,949.40	Labx Scientific Ltd

Equipment				
Gas Chromatographic machines	2		125,231.50	BDH Lab supplies
CAN fertilisers	5,000Kg	237,500,000		Copper Uganda Ltd
Fenitrothion insecticide 50% EC	2,000Litres	163,000,000		Copper Uganda Ltd
Herbicide (Glyphosate)	2,000Litres	60,000,000		Eram Uganda Ltd
Spray pumps	1,000pcs		102,040	Eram Uganda Ltd
Tebyconazole (Fungicides)	2000Kgs	334,150,000		Eram Uganda Ltd
Cypermethine Insecticide 5% EC		49,000,000		Copper Uganda Ltd
Cupras Oxicide	2000Kgs	78,000,000		Copper Uganda Ltd
Dimethoate 40% EC		49,500,000		Copper Uganda Ltd
Total		733,650,000	311,221	

Source: MAAIF Headquarters, August 2013

ii) Physical performance

a) Overall performance

During FY 2011/2012, the Crop Disease and Pest Control Project distributed agro-chemicals worth about Ushs 1 billion to 13 districts (Mbale, Kapchorwa, Manafwa, Bududa, Bukwo, Kween, Sironko, Kabarole, Kasese, Bundibugyo, Kabale, Arua and Zombo) for control of the coffee leaf rust disease. During the third quarter of FY 2012/2013, the BMAU monitoring team sampled 6[16] out of the 13 districts to assess project performance. All the districts confirmed receipt of the inputs. Most had not applied the chemicals because of the untimely delivery during the dry season. The following issues were affecting achievement of set targets:

- The volumes of inputs supplied per district were too small to control the epidemics. Thus the districts chose to use them as demonstration kits rather than follow MAAIF instructions of applying the chemicals for disease and pest control.
- Less than 10% of the farmers in the districts were being reached by the programme. Even where chemicals had been applied, the pests and diseases were persisting because of their spread from neighbouring farms that did not benefit from the programme.

[16] Kabale, Kween, Kapchorwa, Sironko , Mbale and Manafwa districts sampled.

- Because of the limited supervision by extension workers, farmers in some districts were applying the chemicals in incorrect measures.
- Most farmers had not applied the chemicals as they were delivered in a dry season.
- The protracted procurement processes delayed purchase and distribution of inputs by MAAIF.

Based on discussions with MAAIF project implementation Managers and the MAAIF progress reports[17], the following physical performance was made in FY 2012/2013 for the Crop Disease and Pest Control project (Table 5.10). The monitoring team visited MAAIF Laboratories at Namaleere to assess performance of the project and the findings are presented below.

Table 5.10: Implementation progress for the Crop Disease and Pest Control Project FY 2012/2013

Component	Output	Progress
1. Technical backstopping	Pests and diseases identified and technical backstopping provided to districts to control them.	Conducted Field Surveys and Control of BBW, Cassava Brown Streak, Coffee Leaf Rust and Coffee Twig Borer in 24 districts.
2. Development of laboratories	Analytical and diagnostic laboratory constructed and equipped. Construction of quarantine stations.	Procured assorted equipment, furniture and consumables for the 3 laboratories (Plant Health Diagnostic Laboratory and Pesticide Residue and Formulation Analysis Laboratory at Namaleere and the Seed Laboratory at Kawanda Research Station. However, it was reported that some of the newly installed equipment were destroyed by high voltage due to lightening. The quarantine stations that were constructed were blown away by the wind.
3. Control of Epidemic Pests and Diseases	Epidemic pests and diseases controlled.	Agrochemicals to control Coffee Leaf Rust, BBW and other pests and diseases were under procurement. Procured and distributed chemicals to control Giant Lopper Caterpillars in Mukono, Masaka, Wakiso, Buikwe and Sironko districts.

[17] MAAIF, 2013b.

	Mobile plant clinics plant clinics established.	Mobile plant clinics were established in the districts of Buikwe, Soroti, Kayunga and Bukwo. Assorted equipment (tents, chairs, tables, dissection kits) was provided.

Source: Discussions with MAAIF project managers, August 2013; MAAIF, 2013b.

b) Field findings

<u>MAAIF Laboratories</u>

Background

The BMAU monitoring team visited the Plant Health Diagnostic Laboratory and Pesticide Residue and Formulation Analysis Laboratory at Namaleere during September 2013. The laboratories were opened in 2008. The main purpose of the laboratories is to examine and test for plant pests and diseases and quarantining any materials that are suspected to be infected, especially those of foreign origin. The key roles include: post entry quarantine; inspections and issuing permits to importers for compliance with crop protection standards; undertaking field trails in green houses and plant clinics and laboratory work for microbiology.

Consumables that were received in boxes at Namaleere laboratory

Physical performance

Table 5.11 summarizes the progress made in achieving some of the key performance indicators for the laboratories during FY 2012/2013. Some progress was made in analyzing samples, training various stakeholders and equipping the laboratories. However, most targets for FY 2012/2013 were not met due to limited funding and the lack of electricity, staff and water.

The BMAU monitoring team noted that the station was generally not functional except for some analysis that was being conducted visually. The station lacked support staff to maintain the facility, including security guards to protect the equipment.

Table 5.11: Implementation progress for MAAIF laboratories in FY 2012/2013

Performance Target	Progress	Remarks/Challenges
Analyze 2,000 plant samples for pests and diseases	700 samples analyzed;	Insufficient funding for collecting samples from farmers for analysis. Only analyzed those that were delivered by farmers to the station.

		Also, the lack of power and water constrained the ability to analyze samples.
Train 2 Local Government officials and inspectors from each of the 112 districts in plant protection. 20 inspectors trained at border posts. Train plant doctors.	• The Local Government officials and inspectors at border posts were not trained. • 40 Agricultural Inspectors trained in plant clinics and diagnostics • 80 plant doctors from 15 districts were trained.	Limited funding constrained training efforts.
Diagnostic equipment purchased for 50 districts	Equipment was purchased for 5 districts – Bukwo, Kayunga, Soroti, Buikwe and Hoima.	
Infrastructure repairs for green houses that were destroyed in 2012.	No progress	Limited funding. The green houses were still dilapidated.
Laboratory equipment and consumables received and laboratories functional	• Some equipment and consumables were received from MAAIF headquarters including fridge, freezer, autoclave, incubators, chromatography • First consignment of equipment received in November-December 2012 and the second consignment in February 2013.	Most equipment not installed because some parts were not delivered. Underground cables were burnt in January 2013 such that all laboratories did not have electricity. No technical analysis done, only visual analysis conducted. Limited number of professional staff to use the equipment optimally.
Mobile plant clinics undertaken	• 50 mobile clinics were implemented in various districts.	

Source: Field findings.

Left: Equipment from MAAIF at Namaleere laboratory Right: Dilapidated green houses

Recommendations

The MAAIF staff at the laboratories made the following recommendations to MAAIF:

1) The key utilities should be installed – water and power.
2) Capital repairs on the 3 green houses should be done, including changing the designs.
3) More technical and support staff should be recruited. The station needs specialists for weed, soil, pesticide management and Nematologist and support staff (compound attendant and security guard.

5.4.3 Analysis

Link between financial and physical performance

The project underperformed with regard to both financial and physical performance during FY 2012/2013. Funds absorption was relatively low in FY 2012/2013 (58.8%) when compared to close to 100% during FY 2011/2012. For the funds that were spent, in FY 2012/2013, the project poor allocative efficiency which translated in low achievement of the physical performance indicators. About 33% of the released resources were spent on information and communications, workshops and seminars and staff training. The core tasks at the station could not be conducted efficiently due to lack of power, water and staff.

Achievement of set targets

Some targets relating to technical backstopping and control of epidermic pests and diseases were met to some extent. However, least progress was made in operationalizing the laboratories and training various stakeholders in plant diagnostics:

- Only 35% of the planned samples were diagnosed and mainly using visual analysis and not laboratory specialized techniques.
- The Local Government officials and inspectors at border posts were not trained.

- Diagnostic equipment and consumables were delivered but not used optimally due to lack of power and water.

5.4.4 Conclusions

The MAAIF made some progress in FY 2012/2013 in implementing the Crop Disease and Pest Control Project. Technical backstopping was provided to some districts to control the pests and diseases; assorted equipment, furniture and consumables were procured for the laboratories and agro-chemicals to control Coffee Leaf Rust, BBW and other pests and diseases were under procurement.

However, the project was lagging in achieving its targets. The laboratories lacked essential utilities (water and electricity) and hence were not functional; the quarantine stations that were constructed were destroyed by climatic elements; the chemicals that had been distributed had not been applied; and the method of chemical application by the farmers could not lead to achievement of project outputs and outcomes. Chemicals were not properly applied due to inadequate supervision by extension workers.

The lack of involvement of district officials by MAAIF in the planning stages of the project greatly constrained ownership and implementation of the intervention in the local governments. The protracted processes of procurement imply that only a few districts had been reached to date (13) in terms of distribution of chemicals for pest and disease control.

5.4.5 Recommendations

Arising from the field findings and analysis, it is recommended that:

1) MAAIF should provide the essential utilities to the Namaleere laboratories to enable them undertake analytical work.
2) MAAIF should provide funds for rehabilitating the green houses.
3) The project should be properly supervised and monitored by MAAIF and the district and sub-county extension workers. This includes implementing a monitoring system for the project to ensure that the bottlenecks in implementation are continuously addressed and steps are taken so that the intended outputs and outcomes are achieved.
4) The intervention should be scaled up in terms of the quantities of inputs provided to each district and the number of districts that are targeted (focusing on those with the epidemics).

5.5 Farm Income Enhancement Project – Irrigation Component

5.5.1 Background

The Farm Income Enhancement and Forest Conservation Project (FIEFOC), jointly implemented by the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) and Ministry of Water and Environment (MWE), commenced in 2005 with the original completion date in 2010. The overall objective of FIEFOC is *"to improve farm incomes, rural livelihood and food security through natural resources management and* *agricultural enterprises development"*. The mid-term review conducted in April 2009[18] recommended a further extension of this project to complete unfinished activities. Thus, the FIEFOC was scheduled to end by 31st December 2012. The total project cost for the five-year period (2005-2010) was estimated at UA51.15m funded by ADB/ADF and GoU.

The medium scale irrigation component is focused on rehabilitation of four irrigation schemes namely: Mubuku irrigation scheme in Kasese district, Doho irrigation scheme in Butaleja district, Agoro irrigation scheme in Lamwo district and Olweny Swamp irrigation scheme in Lira district. However, the rehabilitation of Olweny was differed to a later date as the rehabilitation period was beyond the project life and the initial cost estimates exceeded the available resources[19]. The process of undertaking the civil works on the schemes was transferred in May 2011 from MAAIF to MWE through a Presidential Directive as the project was not performing. Once the civil works are completed, the schemes would be handed back to MAAIF for management.

5.5.2 Findings

i) Financial performance

Rehabilitation of the three schemes was estimated to cost about UShs 65,769,346,940 in total – Mubuku scheme UShs 19,347,862,600; Doho scheme UShs 18,818,982,160; and Agoro scheme UShs 27,602,502,180[20]. Financials obtained from FIEFOC office in September 2013 indicate that rehabilitation for the three schemes cost UShs 72,625,616,381 – of which Agoro cost UShs 32,228,389,735; Mubuku UShs 20,264,609,536 and Doho UShs 20,132,617,111. The AFDB contributed UShs 53,684,056,880 (74% of total cost) that covered the rehabilitation cost for Mubuku and Doho irrigation schemes and partially covered the cost of Agoro by 41%; the GoU contributed UShs 18,941,559,501 equivalent to 59% of the cost of rehabilitating Agoro scheme. By end of FY 2012/2013, all the contractors for the three schemes had received about 99% of the resources.

ii) Physical performance

In the previous BMAU monitoring visit during mid-December 2012, the overall progress on rehabilitation of irrigation schemes for Mubuku was at 80%, Doho at 75% and Agoro at 75%[21]. A repeat monitoring visit was conducted on Doho and Mubuku irrigation schemes in August 2013 and findings are presented below.

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[18] GoU and ADF, 2009.

[19] MWE, 2013.

[20] MWE, 2012.

[21] BMAU Monitoring Report Q2 FY 2012/2013.

Doho Rice Irrigation Scheme – Butaleja District

Background

The Doho Rice Irrigation Scheme is located in Mazimasa and Kachonga sub-counties of Butaleja District. The scheme was established in 1976 through implementation of Phase I (blocks 1, 2 and 3 were developed) and Phase II works in 1986 (blocks 4, 5 and 6 were developed). Gross area of the scheme is 2,500 hectares, of which 2,380 acres is actual cultivable area[22]. The scheme is managed by the Doho Rice Scheme Farmers Association (DORSEFA) that started in 2000.

The contract for rehabilitating the scheme awarded to Summit project Ltd, commenced on 5th October 2011 and was to expire on 2nd December 2012; to enable completion of works, an extension was granted for the project to end on 30th April 2013. By the time of the monitoring visit, the project was in the one year defect liability period that commended from April 2013.

Field findings

Table 5.12 summarizes progress made in rehabilitating Doho irrigation scheme. The rehabilitation works were completed (99%) and water started flowing to farmers' fields in April 2013. The target of rehabilitating 1,000 Ha was achieved as planned. The monitoring team saw evidence of the first irrigated crop that was ready for harvest in the farmers' fields. All the cases of farmer compensation that were noted in the previous monitoring visit had been successfully concluded.

Table 5.12: Progress in rehabilitation of Doho Irrigation scheme by August 2013

	Scope of Works	Completed works	Remarks
1	Lwoba Barrage	Major concrete works, river training works, installation of 11 gates, general landscaping; placement of gabions.	Final diversion and training of River Manafwa back to course was ongoing
2	Masulula Headworks	Rehabilitation of walls, installation of metallic guard rails and repairs and installation of 6 automatic and 3 mechanical gates.	
3	Main irrigation canal	Desilting, backfilling of damaged sections and construction of a flood protection dyke; gabions placed along 3.53km of canal; 5 foot bridges	

[22] MAAIF, 2010d.

		constructed.	
4	Storage reservoir	Constructed and reservoir was full of water	
5	Farm roads	26km of major farm roads constructed and motarable	Road maintenance after project end remains a challenge
6	Dykes	Dyke construction completed	
7	Farm structures	122 off-takes supplying fields, 122 checks along the tertiary canal completed with gates, 23 foot bridges constructed, 6 box culverts and all functional	
8	Canals and drains	Desilting and trimming 11.9km of main drains; Excavation/desilting 16.54km of tertiary canals.	Regular maintenance of canals by farmers remains a challenge.
9	Kapisa Intake	Old structures demolished, major concrete works done and 3 mechanical gates installed	
10	Farm machinery and equipment	Supplied tractor and trailer, excavator, 2 motorcycles, 5 bicycles, workshop equipment, assorted farm implements, 2 printers and 2 computers	Awaiting commissioning of works for official handover to beneficiaries
11	Scheme office and store	Completed renovation of store and office block	
	Overall progress		99%

Source: Field findings; MWE, 2013.

The irrigation system was under testing for technical defaults before handover to beneficiaries. Three major defaults were noted:

- the continuous silting of some parts of the irrigation scheme due to overflows from River Manafwa and the surrounding mountains;
- some walls of the structures were washed down and were being redesigned and repaired;
- lack of maintenance of the scheme. Many parts of the scheme were full of weeds and need of continuous slashing. The scheme engineer explained that this was the role of the farmers but the scheme had not been handed to them yet.

Completed structures (Lwoba Barrage and Masulula Headworks) at Doho irrigation scheme

Water storage reservoir (left) Farmers rice fields at Doho scheme (right)

Parts of Doho irrigation scheme choked with weeds

Challenges

The Contractor of Doho Irrigation scheme noted the following challenges:

1) Lack of Operations and Maintenance framework. Efforts had commenced to organize the farmers into a cooperative society that would oversee maintenance of the scheme, with technical backstopping from Butaleja Local Government and MAAIF.
2) Outgrowers neighbouring the scheme, with over 1,000Ha were pressurizing Government to rehabilitate their areas and provide irrigation services. These farmers were partly contributing to poor management of the river upstream.
3) Siltation of the scheme due to poor management of the catchment areas, especially the Mountain Elgon area.
4) Lack of extension services, markets and value addition in the scheme for supporting farmers to properly handle the enhanced production in the scheme.
5) Lack of perimeter fencing around the water reservoir which posed a security problem to the human and animal population in the area.

Recommendations

The following recommendations were made by the Contractor for consideration by MAAIF and other complementary Government agencies:

1) Government should support the outgrowers to get an appropriate irrigation scheme which will enhance proper water conservation and management for the benefit of Doho irrigation scheme.
2) Government should promote proper catchment management upstream for the survival of the irrigation scheme. This includes protecting the river banks, re-

afforestation and overall improved management of the environment. A multi-sectoral approach to environmental management should be adopted by concerned institutions – MAAIF, National Forestry Authority, MWE and the District local authorities.

3) Government to scale up support to farmers in terms of extension, high yielding crop varieties, farming equipment and value addition facilities.
4) MAAIF should fast track putting in place the appropriate operations and maintenance framework for the scheme. This should include capacity building and empowerment of farmers and local governments to handle the scheme efficiently.
5) There is urgent need to construct perimeter fencing around the water reservoir to enhance security.

<u>Mubuku Irrigation Scheme – Kasese District</u>

Background

Mubuku irrigation scheme was conceived in 1960 as an integrated rural development project with the aim of providing employment to young farming families in Kasese district. The monitoring visit in December 2010 revealed that out of 2,000 hectares, 380 was allocated to Uganda Seed project in the 1980s by MAAIF; 6 hectares were allocated to NACRRI for genetically modified organisms (GMO) maize production in 2009 and 516 hectares were being used by farmers.

The rehabilitation of Mubuku irrigation scheme under FIEFOC focused on restoring the functional capacity of the 516 Ha that were being used by the farmers. Rehabilitation started in September-October 2011 and was initially scheduled to end in September 2012. The completion date was revised a number of times and was finally set at March 2013. The monitoring team visited the scheme during August 2013 when the scheme was in the defect liability phase and the findings are presented below (Table 5.13). The first irrigated crop was ready for harvest.

Table 5.13: Progress in rehabilitation works at Mubuku irrigation scheme by August 2013

	Work Scope/Activity	Progress	Remarks
1	Mobilization of equipment and personnel by the Contractor	100%	
2	Construction of Night storage	100%	Reservoir has capacity of 145,000 cubic

	Work Scope/Activity		Progress	Remarks
	reservoir			metres. Grass was going to be planted on the embarkements.
3	Re-construction of Head works i.e. Weir I and Weir II, including installation of Sluice gates, Valve at Weir I and guard rails		100%	Concrete works of both weirs 100% complete Gate frames and all sluice gates installed. River on course. Guard rails installed.
4	River Training works comprised of Dyke construction and Gabion works.		100%	Dyke construction completed. Gabion works completed.
5	CANALS	Concrete lining of Main canal	100%	Lining of main canal completed (4.87km). Concrete lining of lateral canal completed (13.8km).
		Concrete lining of Lateral canal	100%	
		Trimming, clay filling and compaction of Sub-lateral canals	100%	Trimming, shaping and compaction of 30,477 metres of Sub-lateral canal in both Phase I and Phase II completed.
6	Construction of Control/Turn-out Boxes and installation of Valves, with flow measuring structures		100%	All 7 boxes completed.
7	Construction of Lateral and Sub-lateral off-takes		100%	97 lateral and sub-lateral canal off takes completed; farm fields access water for irrigation.
8	Construction of drops and check drops			1,455 drop structures, 388 checks and check drops completed. However, their quality needed improvement.
9	ROADS	Grading, levelling and gravelling of Primary roads	100%	16km of primary roads completed
		Grading, levelling and gravelling of Secondary roads	100%	20km of secondary roads completed
10	Culverts and foot bridges		100%	8 culverts on main canal, 13 foot bridges and 38 culverts on lateral canal completed
11	Livestock watering points		100%	5 watering points were constructed and were functional.
12	Public toilet and field Ecosan toilets		95%	Construction of public toilet 95% complete; 3 Ecosan toilets constructed; water yet to be supplied by NWSC.
13	Refurbishment of Office block		100%	Refurbishment was completed.
14	Supply of equipment and workshop tools		100%	Supplied tractor with trailer unit, excavator, 2 motor cycles, 5 bicycles, 2 printers and 2 computers.
Estimated Overall Physical progress			**99%**	

Source: Field findings; MWE, 2013.

Mubuku completed Wier **Mubuku water storage reservoir**

Canals to farmer fields at Mobuku irrigation scheme

The scheme was designed to have an integrated approach to farming including crop and animal production. MAAIF is also promoting fish farming in the water reservoir.

Challenges

The MWE Site Manager and Engineer noted the following challenges

1) The roads that were rehabilitated need to be maintained; no system presently to maintain them.

2) The scheme did not have staff to oversee and manage the daily activities. MAAIF was still designing the institutional arrangements for the scheme; the Officer in Charge of the scheme had just been recruited although not yet resident at the scheme.
3) The river was too small to enable rehabilitation of the original planned 2,000Ha. Only 516Ha were rehabilitated and brought into production.
4) Continuous sedimentation and silting of the structures due to water and soils from the mountain.
5) Lack of access to improved technologies and equipment by the farmers in the scheme.
6) Complaints by farmers in Mubuku irrigation scheme of water logging of their gardens by the new scheme, hence causing low production. This was explained by the project staff as related to the lack of technical staff on the scheme for regulating the water flows effectively. The water guard who is managing water scheduling is using old methods that are not in tandem with the new irrigation technologies that were installed.

Recommendations

The following recommendations were made by the MWE Site Manager and Engineer:

1) The Government should integrate the scheme road network in the routine maintenance programme.
2) MAAIF should work closely with the district to establish strong farmer institutional structures and regulations for ensuring sustainable operations and maintenance of the scheme. The role of the various stakeholders should be clearly spelt out.
3) The Government should identify sources of additional funding to rehabilitate the remaining parts of the scheme that were not rehabilitated in the concluded project phase.
4) There is need to disseminate improved technologies for the entire value chain and promoting public private partnerships that provide finance, technologies, extension and research in the scheme.

5.5.3 Analysis

Link between financial and physical performance

The funds that were allocated to the project where well spent as the intended outputs – three irrigation schemes rehabilitated - were achieved. The schemes were fully functional. The remaining rehabilitation works (1% in all the three schemes) were to be completed in the defect liability period by September 2013. Effective and optimal utilization of the scheme by the farmers is yet to be achieved as institutional and management systems had not been set up yet by MAAIF and farmers had not been trained on the business model to be used in managing the scheme. The schemes were poorly maintained as they had not yet been handed to the farmers.

Achievement of set targets

The main performance target for FIEFOC irrigation component was the completing the rehabilitation of three Government irrigation schemes: Doho, Agoro and Mubuku irrigation schemes. The Government achieved the set target:

- Rehabilitation of Mubuku irrigation scheme in Kasese district was at 99 percent completion rate and technical commissioning is scheduled for 30th September 2013. Water was released to all parts of the scheme (516 hectares) in March 2013 and farmers were almost harvesting the first crop.
- Rehabilitation of 1,000 hectares Doho irrigation scheme in Butaleja district was at 99 percent completion rate. Water was released into the scheme in April 2013 and all the 1,000 hectares were under rice production.
- Rehabilitation of Agoro irrigation scheme in Kitgum district was at 99 percent completion rate (MWE, 2013).

5.5.4 Conclusions

The key performance indicator of rehabilitating three schemes was achieved. The main challenge revolves around poor maintenance of the rehabilitated schemes associated with MAAIF's delay in putting in place the relevant institutional framework for management.

5.5.5 Recommendations

It is recommended that:

1) MAAIF fast tracks putting in place the farmer management structures
2) MAAIF designs a proper system for operations and maintenance of the schemes, including collaborating with the districts to undertake road maintenance in the schemes.
3) Districts should be brought on board by MAAIF to take charge of overseeing the proper functioning and maintenance of the irrigation schemes.

5.6 Labour Saving Technologies and Mechanization for Agricultural Production

5.6.1 Background

The Government of Uganda is implementing the *Labour Saving Technologies and Mechanization for Agricultural Productivity and Enhancement Project* to promote farm mechanization and value addition, and mitigate climate change as the means to increasing agricultural production and productivity in the country. It is estimated that over 90 percent of activities in the agricultural sector are currently done using rudimentary, inefficient and labour intensive hand tools[23]. The summary project profile is presented in Table 5.14.

Table 5.14: Project profile for Labour Saving Project

Project Title	Labour Saving Technologies and Mechanization for Agricultural Productivity Enhancement Project
Implementing Agency	Ministry of Agriculture, Animal Industry and Fisheries
Period	July 2011 – August 2016
Project Objectives and targets	a) Policy & strategies for farm mechanization and engineering in place by December 2012. b) Promote appropriate technologies for labour saving, mechanization and value addition. c) Develop infrastructure for water for production. d) Establish an Agricultural Mechanization Unit in MAAIF e) Operationalise 4 regional workshops with mobile repair and maintenance services by 2013. f) Establish financing modalities to support acquisition of agricultural machinery to farmers. g) Heavy earth moving equipment procured by March 2012. h) At least 20,000 farmers (households) benefitting by 2014.
Project Components	Component 1: Procurement of Heavy Earth Moving Machinery Component 2: Farm Mechanization Component 3: Small irrigation/Water harvesting demonstrations
Total planned expenditure	Ushs 91,420 billions
Funds Secured	US$ 5 million from Government of Japan for Heavy Equipment

Source: MAAIF data base, February 2013.

During FY 2010/2011, the GoU secured a grant of USD 5 million from Government of Japan to procure heavy equipment to increase farmers' capabilities to cope with climatic change impacts. The heavy earth moving and construction equipment was for developing infrastructure for water for production.

[23] Concept Note for Labour Saving Technologies Project, February 2013.

This project was first monitored by BMAU during Quarter three of FY 2012/13 (March 2013) focusing on two components: the heavy earth moving equipment and small irrigation systems. A follow up monitoring visit was done in July 2013, specially focusing on the heavy earth moving equipment and the findings are presented below.

5.6.2 Findings

i) Financial performance

The project is fully funded by Government of Uganda, apart from Component 1 that involved procurement of heavy earth moving equipment using funds from the Government of Japan. Although incurred in FY 2010/2011, the financials for Component 1 are presented below to improve understanding of the physical performance that was observed in FY 2012/2013.

Japanese Grant: Procurement of heavy earth moving equipment

The US$ 5 million grant from Government of Japan was disbursed and handled by a private company Crown Agents, on behalf of MAAIF. Table 5.15 provides the itemized cost and quantities of each of the items procured. The heavy equipment, which was procured in 5 lots, cost a total of Japanese Yen 465,351,247 (about US$ 5 million).

Table 5.15: Expenditures on Heavy Earth Moving Equipment in FY 2010/2011

Lot No.	Item	Qty	Supplier	Contract price (JPY)
1	Articulated tractor/semitrailer combination (GCW 55 tonnes)	1	Toyota Tsusho Corporation	163,000,000
	4x2 drinking water tanker (7000 litres)	3		
	6x4 dump truck (24 tonnes)	7		
	4x2 diesel engine cargo truck for mobile workshop vehicle	1		
2	Dozer (operation weight approx. 19 tonnes)	3	Sirius Corporation	95,400,000
	4x4 diesel double cab pick up	5		

	4x4 diesel engine 10 seat station wagon	1		
3	Grader (operation weight approx. 13.3 tonnes)	3	Sumitomo Corporation	53,045,397
4	30-32 tonne class tracked excavator	3	Toyota Tsusho Corporation	103,920,000
	Wheel loader with 2.7m^3 bucket capacity	3		
5	10 tonne vibratory roller single drum	3	Nissei Trading Co Ltd	49,985,850
	Total			**465,351,247**

www.google.com: In September 2010, 1 US$ = 84.2994 Japanese Yen (JPY)

Source: MAAIF – Labour Saving Technologies Project, February 2013.

Government of Uganda Resources

There was disharmony in financial data as presented by MAAIF implementing department when compared to IFMS data. Based on the IFMS, the financial performance for the project for the previous and current financial year is indicated in Table 5.16.

Table 5.16: GoU Financial performance for the Labour Saving Project in FY 2011/2012 and FY 2012/2013

Item	**Amount (Ushs)**	
	FY 2011/2012	**FY 2012/2013**
Approved budget	**1,079,768,900**	**7,500,000,000**
Releases	**1,030,008,000**	**2,299,454,871**
Payments	**1,030,008,000**	**847,435,018**
Commitment	**0**	**5,157,734**
Available funds	**0**	**1,446,862,110**
% of funds absorption	**100%**	**37.08%**

Source: IFMS data.

Data from MAAIF (Table 5.17) indicated that, during FY 2012/2013, the Farm Development Department received Ushs 2,715,542,014 which was contradictory to IFMS data (release was indicated as Ushs 2,299,454,871). The unspent balances were different when the two data sources are compared. It is not exactly evident to the author why there was this disharmony; this is a matter for further investigation by the Audit institutions.

Table 5.17: GoU expenditure performance for Labour Saving Project in FY 2012/13

Output item	Release	Commitment	Expenditure	Unspent Balances by 30th June 2013
Contract Staff Salaries	200,000,000		157,857,985	42,142,015
Medical and Agric Supplies	93,715,265	2,147,600	74,101,478	17,466,187
Maintenance and Civil	682,955,567		226,756,400	456,199,167
Other structures	418,234,743		115,209,844	303,024,899
Monitoring, Supervision and Appraisal(Government Building and Administrative Infrastructure)	104,558,686		98,975,614	5,583,072
Machinery and Equipment	1,113,666,667		188,194,998	925,471,669
Monitoring, Supervision and Appraisal (Acquisition of other capital assets)	104,558,686		104,558,686	
Total	**2,717,689,614**		**965,655,005**	**1,749,887,009**

Source: MAAIF Farm Development Department, August 2013.

ii) Physical performance

a) Overall project performance

Component 1: Heavy Earth Moving equipment

During the previous monitoring visit in March 2013, the BMAU confirmed that all the three sets of heavy earth moving equipment was procured and was stationed at Namaleere Mechanization Unit. The follow up visit in July 2013 revealed thatfound that the equipment had been to GoU in May 2013 and deployed on farmers' fields (first set in Lwengo district, second set in Nakasongola district and the third set operated from at Namaleere mechanization Unit). A project management unit was established in MAAIF composed of a Project Manager, Assistant Project Manager, 3 Engineers, drivers and 48 equipment operators. The project is operated on a cost sharing basis between MAAIF and farmers at the rates below (Table 5.17).

Table 5.17: Dry lease rates for the MAAIF Heavy Earth Moving Equipment

Machine type	Lease rate (per hour)	Consumption of fuel (diesel)
Bull dozer	60,000	25/ hr
Motor grader	50,000	25/ hr
Excavator	60,000	32/hr
Wheel loader	50,000	25/hr

Dump truck	100,000	70/ day
Vibrating roller	250,000	70/ day
Water tanker	100,000	

Note: Rate per day = 8 hours of use. The dry hire rates are subsidized up to about 60% for the farmers.

Source: MAAIF Operational Guidelines for Management of Equipment.

The Project Managers at MAAIF noted the following overarching challenges that were negatively affecting the pace of implementation:

1. Inadequate and untimely salaries for equipment operators.
2. Inadequate operational budget.
3. Overwhelming demand for the equipment by farmers countrywide compared to existing equipment and staff.
4. Difficulty of reconciling the accounts of the financial transactions of the three sets of equipment deployed in field.

The Project Managers recommended: timely release of project funds to meet farmers' demands before start of the agricultural seasons and improved book keeping for the project to enhance transparency and accountability for the funds that are generated.

Component 2: Farm Mechanization

This component largely involves purchase, distribution and use of tractors to farmer groups engaged in production of strategic commodities. By May 2013, the procurement process for only 12 tractors out of 20 planned was completed. The contract was signed and awarded to M/s Farm Engineering Industrial Limited (FEIL) at a total contract sum of USD 412,032. The contractor had secured an advance payment bank guarantee with NC bank and ready to supply tractors.

Upon payment, MAAIF realized that the contractor had not been listed or pre-qualified on the IFMS. Efforts to have this firm reinstated on the system proved futile until the end of the financial year when funds were returned to the consolidated fund. Requests to MFPED to release payments to the contractor were done and MAAIF was waiting for a response and approvals to effect payments to the contractor.

Component 3: Small irrigation/water harvesting demonstration sites

The main aim of this component is to promote food security at household level. It includes two subcomponents namely: small scale water harvesting demonstration sites; taking water down stream in 25 districts.

Small scale water harvesting demonstration sites

The MAAIF identified and verified 33 sites for this purpose, out of which 7 sites were developed during FY 2011/2012. During March 2013, BMAU sampled and visited 5 out of the 7 sites. There were positive cases of technology adoption in Kabale and Kayunga districts where the farmers used own funds to extend the irrigation system beyond the project area. In Hoima and Kayunga districts, the systems were operational and had led to increased production and productivity. The system in Apac district was not functional or even useful as the intended beneficiaries were not sensitized and trained with regard to using this technology. There was lack of supervision and monitoring of the project by MAAIF resulting in non-performance. The high cost of operating the irrigation systems was a challenge across the sampled districts[24].

For FY 2012/2013, the target was to set up 35 small scale water harvesting sites in different parts of the country. By end of May 2013, only 7 out of 35 planned small scale water harvesting demonstration sites were procured. Contract was signed and awarded on 24th May 2013 to M/S BAATA Engineering co. Ltd. at a contract sum of Ushs.199, 336,666 (VAT inclusive). These sites were located in the districts of Nebbi, Maracha, Bullisa, Rubirizi, Serere, Namutumba and Katakwi. They were to be set up during FY 2013/2014.

Taking water down stream in 25 districts

Procurement process was completed for taking water downstream for irrigation on existing reservoirs (Kobebe in Moroto, Arechek in Napak, Longoromit in Kabong, Leye in Kole, Kagango in isingiro and Achet in Otuuke districts). M/S BAATA Engineering Co. Ltd was awarded the contract on 24th May 2013 at a contract sum of Ushs 775,873,080 (VAT inclusive). Works were expected to commence in August 2013 and completed by December 2013.

Prefeasibility study on irrigation potential in Kween District (from Atari River and River Kabachira to Ngege Plains) was undertaken. Contract was awarded to M/S BEC Engineers on 24th May 2013 at a contract sum of Ushs 153, 770,000 (VAT exclusive) consultant is expected to submit a final feasibility study report in August 2013.

The Project Managers at MAAIF noted the following implementation challenges for this component:

1) Land acquisition for the sites was difficult as most land was occupied by either squatters or legitimate land owners necessitating compensation from MAAIF.
2) The demonstration sites developed on half to one acre were not economically viable when compared to costs of establishment and maintenance.
3) Poor mindset; most farmers still felt that demonstration sites were expensive.

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[24] Detailed findings in BMAU Monitoring Report Q3 FY 2012/2013.

4) Limitation in the demonstration designs; some designs were not suitable for the needs of different farmers in the region.
5) Lengthy procurement process compounded by late release of funds. *"It is hard to undertake procurement and start construction activities within the same year"* said the MAAIF project manager.

The following recommendations were made:

1) MAAIF should strengthen sensitization and demonstration of small scale irrigation methods to farmers at all levels. Efforts to use locally available materials in establishment of demonstration sites could be explored to foster farmer's involvement and appreciation of the scheme.
2) Accounting officers should encourage officers to initiate the procurement process before or at the beginning of the financial year to avoid unnecessary delays upon receipt of government funds.
3) MAAIF through district production offices should carry out a needs assessment of all farmers in the region before design and establishment of a demonstration site. Sites should be developed taking into account needs of majority farmers in the location.
4) The acreage for the demonstration sites should be increased to at least 2 to5 acres.

b) Field findings

The field work focused on Component 1 to assess the performance of the heavy earth moving equipment since the last monitoring visit during March 2013. The monitoring team visited the three districts/sites (Lwengo, Nakasongola and Namaleere Mechanization Unit) where the three sets of equipment were under deployment. The findings are presented below.

Lwengo district

Implementation status

The Assistant Engineer of the heavy earth moving equipment reported that he started work in Lwengo on 9th July 2013. His unit included an excavator, bull dozer, wheel loader, grader, compactor, 2 dump trucks, one water bowser, a pickup and 15 staff. By mid-August 2013, the equipment had accomplished the following

tasks: excavating 5 dams, desilting 3 dams, opening one farm access road, and bush clearing on various farms.

Excavator being serviced in Lwengo district

The work done so far was worth Ushs 31,574,000, of which Ushs 13,650,000 was paid in cash and Ushs 17,924,000 was in debts (of which Ushs 5,180,000 was owed by the LCV Chairman for excavating a dam and Ushs 12,744,000 was owed by a Mr. Kwizera for bush clearing). This was contrary from the operational guidelines that demanded that work was done on farms after payments were effected.

Challenges

The Assistant Engineer noted the following challenges affecting project implementation:

1) By the time of starting work in July 2013, the project did not have an operational account. Hence, funds were received in cash by the operator and later taken to Namaleere. This created a loophole whereby some work was undertaken on farms before farmers had made payments.
2) Delays in remittance of salaries and allowances demotivating the staff and leading to underperformance of the unit.
3) Communication lapse between the field team and MAAIF headquarters, compounded by high bureaucracy that does not allow quick response to challenges encountered in the field. For example, the excavator had been grounded for two weeks awaiting servicing which was not forthcoming.
4) Lack of standard designs and guidelines from MAAIF for the dams and other agricultural infrastructures that are established with the equipment. Farmers insist on own designs for dams that collapse during heavy rains and have to be redone by the Unit, hence wasting time and resources.
5) Political interference which results in ignoring the guidelines set by MAAIF. Some politicians force the unit to operate on credit.
6) Limited supervision of the field activities by MAAIF staff.
7) Overwhelming demand for the machines at farm level, exceeding the capacity of one unit.
8) Site survey and assessment were being done by operators and this was not welcomed by the farmers as they felt that they were being overcharged.

Recommendations

The following recommendations were made for improving project performance:

1) MAAIF should put in place standard designs and guidelines for the different types of agricultural infrastructure.

2) MAAIF should step up routine supervision and monitoring of the project to ensure standards are upheld, quality of work undertaken is good and the machines are in good operational state.
3) Timely servicing of machines.
4) Fast track the proposed approach of the site survey and assessment being done by a different group from MAAIF from the one operating the unit.

Nakasongola district

Implementation status

The monitoring team discussed the project performance with the MAAIF Engineering Assistant and Operations Officer for the Unit in Nakasongola district and also sought the perspectives of one of the beneficiary farmers. The MAAIF official reported having started work in Nakasongola on 16th July 2013 with one unit composed of: 1 excavator, 1 bull dozer, 2 tipper trucks, 1 wheel loader, 1 grader and 12 staff. Between July and mid-August 2013, the unit in Nakasongola excavated/desilted 5 valley tanks and cleared a total of 14.5 acres of bush on two farms. The Unit had generated Ushs 11,612,000 but only Ushs 7,318,500 had been banked and the rest was in debts. The machines were operational and reported to be in good working condition.

Left: Excavator working on dam Middle: Bush clearing Right: Excavated dam of Mr. Nkoyooyo in Nakasongola district

Challenges

The MAAIF Unit officials reported the following challenges as affecting project implementation:

1) Delayed payment of salaries and allowances that was demotivating the staff. It was noted by BMAU staff that the requisitions for salaries and allowances for the staff operating the 3 units were lodged late by MAAIF just before the end of the financial year.

2) Farmers' unawareness of operational guidelines and which machines are most suitable for different tasks leading to conflicts and non-payment for accomplished work. The farmers were willing to pay for one machine yet in some cases some tasks required more machines for the excavation to be done professionally.

3) Lack of security for the equipment. Whereas it was agreed that the machines would be kept at the nearest police post, farmers were not willing to provide fuel for their movement to and from the farm before the work is accomplished. The machines were thus left on the farms during the night.

4) Poor financial management system that was affecting payment for accomplished work. Farmers were expected to get a URA payment slip from the Internet Cafes and then bank the money or take it to Namaleere. Most farmers were not able to engage in this process and instead paid the money directly to the machine operators. The operators reported that they usually bank after receiving about Ushs 4 million. The operators expressed fear for safety of the funds, especially in the situation where the staff had not received their salaries and allowances.

5) Rainy seasons slowing work. It was reported that the machines had no capacity of working in muddy soils and hence work stalled during the rain periods. It was estimated that five days had been lost since commencement of work due to this problem.

Recommendations

The MAAIF officials operating the machines made the following recommendations:

1) MAAIF should embrace planning to ensure that all field staff are paid their salaries and allowanced in time.

2) The District Local Governments should be fully involved in the project so that they can help sensitize the farmers about the machine operational guidelines and also provide security for the machines.

3) The financial management system for the machines should be streamlined to ensure that money does not change hands at the farm level. The Districts could be involved in receiving the money through the Local Government accounts and later channel it to MAAIF.

Box 5.1: Case Study of Beneficiary Farmer in Nakasongola district

Mr. Nkoyooyo resides in Kyamukonda village, Kyamukonda Parish, Nabisweera Sub-county in Nakasongola district. He reported that he learnt about the Labour Saving Project in June 2013 from the district as well as the UMEDP in which he is a member. Upon request, the machines were deployed on his farm on 3rd August 2013 to excavate a valley tank with capacity of 7 million litres, to open up the farm road and undertake bush clearing. He reported that the hire rates were as follows: bulldozer, excavator and wheel loader at Ushs 60,000 per hour for each equipment; two trucks at Ushs 100,000 each per day with fuel. He had paid only a fraction of the funds due from him for all the tasks. He was reasonably satisfied with the quality of work that was done so far using the machines.

However, he noted the following challenges: the high cost of fuel for the machines which would be a deterrent to use by poor farmers. For example, the bull dozer consumed 30 litres per hour, the excavator and wheel loader 25 litres per hour at Ushs 3,250 per litre. If the machines worked for 10 hours in a day, this would be unaffordable by an average farmer. He also noted that the lease rates were high and should be further subsidized. Other challenges that were noted included: insufficient operators to operate the machines on a continuous basis; loss of effective working time when machines are unable to work in the rain season due to slipperiness; and operators lacking operational funds, including basics such as meals. He recommended that the excavator should have two operators for increased efficiency.

Source: Beneficiary farmer Mr. Nkoyooyo, Nakasongola district.

Namaleere Mechanization Unit

The monitoring team held discussions with the MAAIF Engineer in charge of the Labour Saving project and the Assistant Engineer who was operating the Namaleere based heavy earth moving equipment.

General project performance

The MAAIF Engineer reported that the equipment was deployed in July 2013. The first three months were for piloting the project including calibrating the machines and testing the operators. The financial performance as recorded at MAAIF is shown in Table 5.18. The bulldozer was operated most among other equipment: In Lwengo, it contributed 57%, 49% in Namaleele and 26% in Nakasongola of total dry Revenue.

Table 5.18: Financial Performance of MAAIF Equipment - July 2013

Item	Lwengo	Nakasongola	Namalele
Expected Dry revenue	22,184,000	6,460,000	24,240,000
Outstanding Amount from farmers	17,924,000	1,440,000	11,780,000
Amount banked	4,260,000	7,900,000	12,460,000

Source: *Namalele Mechanization Unit July progress report*

In the pilot phase, the project was noted to be constrained by many factors including:

1) Financial management system: farmers were not used to electronic payment systems as most lacked financial literacy; hence payments were being made to the machine operators. The three units shared one bank payment advice form and pay slip that was based at Namaleere. It was recommended that each unit should have its own payment documents.
2) The key operational committees to assess the work to be done on farms and oversee the project were not yet in place.

3) One machine (low bed) to be shared between the three units to move equipment from one area to another was inadequate. It was recommended that each unit should be provided with a low bed.
4) Servicing the machines was a challenge as MAAIF had not yet signed a service contract with the suppliers. Presently, the project depended on a mobile workshop that handled fast moving spares.
5) Difficulty of recovering funds from farmers for work that was already accomplished.

Namaleere based earth moving equipment

The Assistant Engineer in charge of the machine reported that the equipment was in good working condition and was deployed in surrounding districts to handle institution based works. The Engineer noted that the following challenges:

1) Difficulty in handling non-tax revenue emanating from leasing out the machines. The operators did not have any financial literacy to manage the funds well. The procedures for paying funds were too cumbersome and time wasting.
2) Lack of equipment repair services; there were no tools to use in emergencies as there was no toolkit with the machines.
3) Lack of security for the equipment while in the field. When packed at police stations, the operators were using own resources to pay for security.
4) Lack of proper designs for the agricultural infrastructures to ensure appropriateness and sustainability. There were no operational guidelines to be followed in undertaking the various tasks.
5) Delays in remittance of salaries and allowances to workers. Lack of shelters, whereby the operators sleep in the machines for months which increases health hazards.
6) Poor communication between MAAIF Headquarters and the field staff.
7) Political interference with some leaders directing that work is done before payments are effected.
8) Poor methods of assessing the tasks at farm level as the MAAIF design committee was not operational and the assessment was being done by the machine operators.
9) The project has no monitoring and evaluation framework to assess progress.

The following recommendations were made to improve project performance:

1) MAAIF should improve the working conditions of the field staff, including timely payment of salaries and allowances.
2) MAAIF should provide guidelines for operating the machines (including financial management) and ensure that they are adhered to by the operators, farmers,

district leaders and all the other stakeholders. These guidelines should be widely disseminated to all stakeholders at central and local government level.

3) The project should be grounded in the district and sub-country structures which should be tasked to assess the jobs and handle the finances through the local government systems. Payments should be handled by the district and sub county accountants. This would increase project ownership and sustainability.
4) The project should be linked to other agricultural services (extension) in the districts to enable the farmers achieve the intended objectives of the investments. For example, for farmers who excavate valley dams, the districts should support them to use them for fish farming in addition to livestock production.
5) MAAIF should institute a monitoring and evaluation framework for the project to assess whether the intended outcomes are being achieved.

5.4.3 Analysis

Links between financial and physical performance

The US$ 5 million from Government of Japan was well spent as the 3 sets of earth moving equipment were procured and already deployed in the field. It was difficult to link financial and physical performance for the GoU counterpart funding as there were discrepancies between the figures reported in IFMS and opposed to what was reported by MAAIF. IFMS data indicated a very low absorption capacity for the project (37.08%); MAAIF data indicated funds absorption of 35.5%. Because of the low financial performance, physical performance for the GoU funds was very low. Most procurement was initiated late in the year and thus not completed.

Achievement in terms of set targets

The only target that was achieved was the deployment of the heavy earth moving equipment to farmers' fields. All the other targets relating to procurement of 12 tractors, setting up 7 small scale water harvesting demonstration sites and taking water downstream in 25 districts were not achieved.

The main challenges that affected project implementation included the following:

- Poor financial management and accountability systems for the Non-Tax revenue generated by the heavy earth moving equipment. The regulations by MAAIF are that no work is done before payment by the farmers is done and all funds to be paid directly at Namaleere. The monitoring team found that the unit in Nakasongola had generated Ushs 11,612,000 but only Ushs 7,318,500 had been banked and more excavation was done on credit. In Lwengo district, the unit had generated Ushs 31,574,000 and only Ushs 13,650,000 was paid as cash. The rest was not yet paid although the excavation was completed. And all funds were paid to the unit operators who later took it to Namaleere.

- Late release of salaries for operators of the heavy earth moving equipment. Although the units have been in field since July 2013, the operators have not received any salaries or allowances. This is affecting progress in implementation as the workers are demoralized.
- Contractor identification challenge: Whereas the procurement process for the 12 tractors was concluded and funds made available for purchase by Government, the contracted firm Farm Engineering Industries Ltd was not on the IFMS system and hence could not be paid. Hence the funds equivalent to the contract value US$ 412,032 were returned to consolidated fund, yet the contract was said and a bank guarantee was obtained.
- Land disputes in the Lango region as the MWE had not compensated the land owners. This slowed the process of establishing the small scale irrigation structures.

5.4.4 Conclusions

Overall, the Labour Saving and Mechanization Project was underperforming with regard to achieving its planned targets. It was only the donor funded component of the heavy earth moving equipment that was functioning well, albeit with challenges in managing the non-tax revenue. Resource absorption was very low for GoU counterpart funds.

The farm mechanization component was performing poorly, with the finances disbursed not marching the observed outputs. The protracted procurement process was noted to be a major hindrance to timely purchase of the tractors for farm mechanization. Some of the disseminated irrigation technologies were not appropriate for the purpose for which they were set up. The district staff lacked knowledge of irrigation technologies to ably guide the farmers.

5.4.5 Recommendations

It is recommended that:

1) Component 2 of the project on farm mechanization should be fast tracked.
2) The MFPED should guide MAAIF on the proper management of the non-tax revenue from the heavy earth moving equipment and support the ministry to establish proper financial management guidelines for the project. The districts should be brought on board to manage the finances from these machines.
3) MAAIF should ensure that the operators of the heavy earth moving equipment are paid their salaries and allowances in time for improved project effectiveness.

4) MAAIF should step up routine supervision and monitoring of the field activities for this project.
5) MAAIF should put in place standard designs to various agricultural infrastructures that are established at farm level to guide the machine operators.

5.7 *Rice Development Project*

5.7.1 Background

Rice is one of the strategic commodities being promoted by GoU for enhancing national food security and exports. The target is to double rice production in Uganda from about 165,000 tonnes (2008) to 334,250 tonnes (2013) and later 499,200 tonnes in 2018. The main challenges to attaining rice self-sufficiency in Uganda have been identified to include: poor seeds, limited irrigation facilities, labor constraint at the farm level, declining soil fertility, poor agro-processing, limited data and institutional bottlenecks[25].

The Government is implementing the Promotion of Rice Development Project (PRIDE) to address some of these key challenges, particularly the lack of good seed. To attain a target of 4000 metric tonnes of rice produced annually, each farmer is provided with 1 kg of pure foundation seed that yields 50kg. It is planned that I6 metric tonnes of foundation seed in total would yield 80 Metric tonnes that would be replanted and 120 rice millers would be strengthened in 45 districts[26]. Table 5.19 provides a summary profile of the PRIDE project.

Table 5.19: Project profile of the Promotion of Rice Development Project

Project Title	Promotion of Rice Development (PRIDE) Project
Goal	Rural incomes and livelihoods improved, and household food and nutrition security improved through rice production.
Overall Objective	To increase household income and food and nutrition security among at least 40,000 rice farming households and at least 120 rice millers through increased quality rice production and post-harvest handling.
Outputs	a) Enhanced institutional capacity b) Rice production increased by 20,000MT. c) Improved quality of rice marketed by at least 120 participating rice millers and

[25] Uganda National Rice Development Project 2009/2010 – 2017/2018.

[26] Adjumani, Arua, Koboko, Maracha, Nebbi, Yumbe, Rubirizi, Iganga Mayuge, Butaleja, Tororo, Kween, Mbale, Sironko, Namutumba, Kaliro, Kamuli, Busia, Bugiri, Hoima, Kibaale, Masindi, Kannungu, Rukungiri, Kumi, Serere, Soroti, Amolator, Apac, Dokolo, Lira, Oyam, Amuru, Kitgum, Lamwo, Nwooya, Pader, Gulu, Kasese, Kabarole, Kamwenge, Luweero, Wakiso, Mukono and Nakaseke.

	several traders to at least Grade 3 of UNBS standard.		
Beneficiaries	40,000 farming households in 45 districts and 120 rice millers and traders from all sub-regions in Uganda.		
Implementers	MAAIF is the lead agency; JICA is in charge of training the beneficiaries in the selected districts while NARO is providing the foundation seed; NAADS is tasked with providing extension and farmer selection.		
Source Of Funding	Government of Uganda (GoU) - 33%	Japan International Cooperation Agency (JICA) - 67%	Total - 100%
Estimated Cost (Ug.shs.): (5 Years)	4.0 Billion	8.0 Billion	12.0 Billion
Start Date	July 2012	November 2011	
Completion Date	June 2017	June 2016	

Source: MAAIF, 2012.

5.7.2 Findings

i) Financial performance

The PRIDE is jointly funded by GoU and Government of Japan. The approved funding for the PRIDE project in FY 2012/2013 was Ushs 7,060,000,000 of which GoU was providing counterpart funding Ushs 800,000,000 and Japan Ushs 6,260,000,000. Table 5.20 shows the financial performance of the GoU counterpart funds. The project had a relatively low absorption capacity of GoU funds at 64% of the released funds.

Table 5.20: GoU financial performance of the Rice Development Project in FY 2012/2013

Item	Amount (Ushs)
Approved budget	800,000,000
Releases	441, 802,181
Payments	280, 658,293
Commitment	0
Available funds	161,143,888
% of funds absorption	64%

Source: IFMS data.

Table 5.21 shows the financial performance of the donor component. The JICA released and spent all the Ushs 6.26 billion as indicated. About 69% of the budget was spent on Japanese experts.

Table 5.21: JICA financial performance for the Rice Development project in FY 2012/2013

Services	Expenditure items	Amount (Ushs)	% of funds
Quality Assurance systems	Japanese experts, staff salaries, allowances, workshops, stationery, fuel, lubricants	440,000,000	7%
Food and nutrition security	Japanese experts, field and research equipment, trainings, fuels, lubricants	4,490,000,000	72%
Production and productivity of priority commodities	Seed and agrochemicals, Japanese experts, training of seed multipliers, fuels	460,000,000	7.3%
Value addition	Japanese experts, trainings for millers, fuels, lubricants	870,000,000	14%
Total		**6,260,000,000**	

Source: JICA financial data

ii) Physical performance

a) Overall performance

The overall performance of the Rice Development Project during FY 2012/2013 is summarized in Table 5.22. Overall, the project performed well in 5 out of the 7 key output areas. Provision of fertilizers and water conservation technologies to farmers were the two output areas that were not achieved.

Table 5.22: Physical performance of Rice Development Project in FY 2012/2013

Output area	Targets	Progress
Seed production and dissemination	At least 50 Kg of Breeder Seed, 500 Kg of foundation seed 12,000 Kg of registered and produced at NaCRRI and ZARDI's for dissemination to farmers. At least 10,000 Kg of seed disseminated to farmers in collaboration with NARO and NAADS.	A total of 4,051Kgs of NERICA rice were distributed to farmers trained. Each farmer received 1 Kg for multiplication. 1,896 farmers trained were not given foundation seed.
Training and extension	Capacity of 10,000 farmers	In FY 2012/13, a total of

	built in modern rice production technologies in collaboration with NAADS.	5,947 farmers were trained in 45 districts making a cumulative total of 8,947 inclusive of 3,000 farmers trained in FY 2011/12.
Research & Development	40 ZARDI researchers trained in modern rice production and post-harvest handling technologies	10 ZARDIs were supported with training including; Abi, Buginyanya, Bulindi, Mbarara, Kachwekano, Mukono, Nubin, Ngetta, Rwebitaba and NaSARRI.
Capacity building for millers	Capacity of 40 rice millers built to up-grade rice mills to turn out milled rice of at least Grade 3 of UNBS standard;	39 millers and several traders benefitted
Soil improvement	5,000 Kg of dap fertilizers and 10,000kg of Urea disseminated for soil management demonstrations (100Ha) Ha)	Not achieved.
Institutional capacity strengthened	Rice Standards disseminated Stronger institutional linkages between MAAIF, NARO, NAADS, LGs and farmers	All achieved. Experience learning seminars for 11 local and International rice stakeholder groups and exchange visits for 5 rice personnel conducted.
Water conservation	Water channels and bunds for water conservation maintained and at least in 25 rice producing districts selected from Eastern, Northern and Western and South Western Uganda	Not achieved

Source: MAAIF, 2013c; Discussion with MAAIF project managers July 2013.

Implementation Challenges

The following were the key challenges expressed by the MAAIF Project Managers and the donors:

1) Failure to procure the agro-inputs due to lack of a Memorandum of Understanding between MAAIF and NaCRRI/NARO to supply the inputs.

2) Limited project monitoring and follow up on beneficiaries; there was no specific budget line for routine monitoring of project activities under the GOU component.
3) Delay in release of quarterly funds, leading to delays in initiating procurements.
4) Uncertainty of the future of NAADs which was the main channel of implementing PRIDE activities.
5) Duplication of resources; there were many other ongoing initiatives by other institutions that supplied rice seed and inputs like fertilisers and pesticides to farmers. This not only undermines the 1Kg project among farmers but also leads to duplication of resources and efforts.
6) Inadequate record keeping at all levels on seed multiplication

Recommendations

1) Need for harmonization of all rice initiatives at both national and local levels to avoid duplication of efforts and resources.
2) MFPED should release all procurement funds early in the year and utilization should not be limited to one financial year.
3) Procurement activities should be initiated in a timely manner by MAAIF.

b) Field findings

Implementation of the PRIDE activities is undertaken within five regional groupings or agricultural zones, namely: Northern, Western, Central, Eastern and Teso regions. Activities in each region (and districts therein) are overseen by the respective Zonal Agricultural Research Institute (ZARDI). The BMAU monitoring team sampled from these regional groups and visited some ZARDIs as well as districts and the findings are presented below by Zone.

<u>Northern Regional Zone</u>

Ngetta Zonal Agricultural Research Institute

Implementation status of PRIDE in Northern Region

Ngetta ZARDI oversees rice activities in 11 districts including *Amolatar, Amuru, Apac, Dokolo, Gulu, Kitgum, Lamwo, Lira, Nwoya, Oyam, Pader*. A total of 855kgs of NERICA 4 (NERICA 1 in Nwoya) was given out to 930 trained farmers in 20 sub counties of the aforementioned districts since project inception.

Total area planted using rice seed provided was 8.88ha, total seed produced out of the 1Kg given to each farmer was 10.515 MT. Total area planted using farmer produced seed was 34.8 (ha). Total grain produced by farmers 20.3MT. Total area farmed in the entire zone for all rice farmers 17,136.2ha. Total rice produced in the zone 34, 756.65 MT. In addition, the following activities were coordinated at the zonal NAADS office:

- Training of staff at the zonal level. Each zonal team is comprised of NARO staff including Director ZARDI, Scientists and Technicians. NAADS staff including Zonal NAADs Coordinator and District Adaptive Research Support Team (DARST)
- Training of Trainers (TOTs), subject matter specialists including District Agricultural Officers and farmers.
- Distribution of rice to farmer groups for multiplication.
- Conduction of zonal review and planning meetings of the project at hand.
- Project Monitoring and follow up by zonal team in collaboration with Ministry of Agriculture, Animal Industry and Fisheries (MAAIF)

Challenges

The Zonal Project Coordinator mentioned the following challenges as affecting project implementation:

1) Prolonged drought affecting yields
2) Farmers lack adequate knowledge on production and value addition. This is compounded by lack of rice processing equipment to act as a catalyst to promote rice production in many districts.
3) Crop attacks from pests, diseases, birds, termites, rodents leading to low yields. Crop from 1 Kg rice seed is easily overwhelmed by birds.
4) Inadequate facilitation for implementers, especially Subject Matter Specialists to undertake adequate monitoring and follow up on beneficiaries to boost seed multiplication and rice production.
5) Farmer’s attitude towards quantities received; most farmers did not appreciate the multiplier logic behind 1 Kg crop provided and hence accorded minimal resources to garden maintenance.

Recommendations

1) There is need to prioritize and provide adequate support to fewer but more committed farmers to multiply foundation seed. A Memorandum of Understanding (MOU) should be developed and signed between selected farmers and MAAIF to undertake seed multiplication. Support from MAAIF should include land opening, seed, fertilizer, pesticides and herbicides provision.
2) MAAIF should provide timely and adequate facilitation/technical backstopping to districts for monitoring, supervision and follow up of the project beneficiaries.
3) Use of the media including local radios to sensitize farmers about rice production for both food and income generation.

4) Promote farmer institutional development at all levels for improved rice production.
5) Government should encourage and support private sector with incentives to invest in rice processing facilities value addition and production.
6) To enhance project sustainability, a seed revolving scheme/a savings and credit scheme among rice farmer groups should be introduced.
7) Development and harmonization of seed multiplication plan with other programs like Eastern Africa Agricultural Productivity Project (EAAPP) and NAADS are key for large scale rice production.

Lira district

Implementation status

Monitoring work in Lira district established that the Rice Development Project started in district during April FY 2011/2012, with 50 beneficiaries selected in Barr sub-county and each provided with one kg of NERICA seed. Most farmers planted the seed during the long rain season of August 2012. In May 2013, another group of 50 beneficiaries was selected from both Barr and Lira Sub-counties. All were trained and provided with 1kg of NERICA 4 rice varieties at no cost. The farmers appreciated the high productivity levels and short growing period of NERICA 4. The project was noted to have facilitated stronger institutional linkages at district level, especially between the District Production Office, NAADS and NARO.

Eight farmers from the Lira Sub County were visited; they all confirmed receipt of the 1Kg foundation seed on 21st May 2013. They had all planted and expected to harvest by October 2013. They mentioned the following challenges; Poor germination mentioned 12% of farmers visited; high prevalence of pests, diseases, birds and rodents. A focus group discussion was held in Barr sub-county and Box 5.2 indicates the findings.

PRIDE rice garden of beneficiary in Lira sub-county

Box 5.2: Focus group discussion with PRIDE beneficiaries in Barr Sub-county

The FGD composed of 12 farmers and the sub-county NAADS Coordinator reported that the PRIDE project was introduced to the sub county on 21st May 2013 to 50 farmers that were selected basing on interest expressed, experience and knowledge regarding rice production. Two trainings were organised at the sub county headquarters and priority in terms of seed distribution was given to farmers that attended both trainings. Training focused on best agronomic practices, importance of rice growing and seed multiplication.

Each of the farmers was given 1Kg of foundation seed and user book on production guidelines. The group was also given a rice planter to facilitate line crop planting. Five out of the 12 farmers had planted by August 2013. Others were waiting for the rainy season to plant. Farmers noted that they planned to multiply the seed, store and use the rest for food and home income.

The key challenges noted were: the NARO seed was contaminated with other seed varieties and husks making planting difficult; the user handbook was in English and could not used by illiterate farmers; and termite infestation. The farmers recommended that: the project through MAAIF should establish a rice milling machine in the area to relieve farmers of long journeys made to Lira MC in search for milling services; improvement of post-harvest handling through provision of drying tarpaulins for better rice quantities and qualities; MAAIF to provide ox-driven line planters to save time and labor costs involved in manual planting; and the User handbook should be translated into local languages to benefit all farmers.

Challenges

Other challenges reported by the farmers and district officials included:

1) Inadequate logistical support in terms of transport and fuel for the available motorcycles to facilitate monitoring of project activities.
2) Farmer's negative perception with regard to the usefulness of 1Kg seed which was noted to be too small for meaningful production. About 10% of the farmers did not plant the seed.
3) Climatic changes negatively affecting yields.
4) Lack of appropriate agronomic knowledge regarding NERICA 4 variety. Many believed rice production is only undertaken in water logged places which should not be the case for this rice variety; hence some refrained from planting.

Recommendations

1) Funds should be allocated to the district for effective project monitoring to assist beneficiaries realize the target of 50kgs per 1Kg of foundation seed received.
2) NARO should minimize contamination of seed through systematic cleaning, checking and certifying of seed to be distributed to farmers to maximized production.

Pader district

Implementation status

According to MAAIF progress report, 22 farmers were selected, trained and given 1Kg of NERICA 4 foundation seed in Purang Sub County, Apwor Parish in Pader district Monitoring work in the beneficiary sub-county indicated that the PRIDE project was introduced in 2012 and benefited only 18 farmers, 6 of which were model or lead farmers and 12 belonged to five farmer groups. Lead farmers were given 1Kg each while each farmer group was given 5Kgs of foundation seed in the first season (March-June 2012). All beneficiaries were trained on best agronomic practices of rice, benefits of rice growing and seed multiplication at no cost. They all planted in July-October 2012 and harvested in November 2012. The District production Department staff also benefitted from training.

Challenges

1) The amount of seed distributed to each farmer (1kg) was noted to be inadequate.
2) Poor transport infrastructure making it difficult to reach targeted farmers
3) Constrained market linkages making farmers sell to exploitative middlemen.

Recommendations

1) The amount of seed given to farmers should be increased from 1Kg to at least 20Kg to boost production.
2) Extension workers should be provided with transport to reach the farmers.
3) The project should develop mechanisms of linking farmers to markets.

Western Regional Zone

Mbarara Zonal Agricultural Research Institute

Implementation status of PRIDE in Western Region

The Mbarara ZARDI was overseeing implementation of the Rice Development Project (PRIDE) in the Rwenzori region/Mbarara (Kasese, Kamwenge, Rukungiri and Rubirizi districts). The Acting Director of Mbarara ZARDI and Rubirizi District NAADS Coordinator reported that the PRIDE project started in 2011 with adaptive research trails by NARO and NAADS in Katerere sub-county in Rubirizi district. NERICA 4 rice had the highest yield and quickest maturity period. Subsequently, training of Subcounty NAADS Coordinators and 40 farmers from Rubirizi district was undertaken in February 2012. Each farmer was given 1kg of foundation seed and the yields were reported to have been impressive (on average 46 kg per farmer). In addition, the NAADS program provided an additional 3000 kg of seed to the farmers to complement the PRIDE efforts.

The progress report from Mbarara ZARDI of July 2013 indicated that 514 farmers were trained and provided with 1kg of foundation seed each of NERICA 4 and NERICA 10 varieties. A total 6.4Ha of rice were planted and total production was 9.3 metric tonnes. About 92 farmers continued to grow rice in their second season while 238 farmers failed to grow rice in the same period. One farmer was facilitated to attend a rice exhibition in Dodoma Tanzania.

Challenges

The following challenges were noted by the Acting Director of Mbarara ZARDI and the Rubirizi District NAADS Coordinator as affecting project implementation in the region:

1) Lack of facilitation to oversee, monitor and implement project activities. This has constrained the NAADS budget that partially funds the PRIDE activities.
2) Drought leading to low yields and low adoption of the improved rice seeds.
3) Lack of rice hauling and milling machines at sub county level. Most farmers travelled close to 16km in search for hulling services from Mbarara district.
4) Inadequate capacity in lower local governments to collect, analyze and report relevant information in time to the Zonal office.
5) Lack of value addition to foster better and bigger markets.
6) Stockists supplying contaminated seed.
7) Inadequate foundation seed quantities provided in relation to demand.

Recommendations

The following recommendations were made:

1) There is need to roll out the project to cover other rice growing areas in the region like Mitooma and Ntungamo districts. Sub Counties of Rutoto, Ryeru, Magambo and Katerera Town Council in Rubirizi District should A be brought on board.
2) Multi-stakeholder Innovation Platforms for the seed system and the entire rice value chain should be established.
3) Provision of small scale value addition equipment to foster value addition for better markets.
4) NARO should research further about drought resistant rice seed varieties soil fertility to reduce effects of drought on production and improve soils. Mini irrigation schemes should be introduced to help farmers absorb shocks of drought.
5) There is need to train and sensitize farmers about rice production, weeding, harvest and post-harvest handling for pure seed varieties.
6) MAAIF should identify and support community seed breeders to sustain pure seed production and multiplication in the region.
7) Capacity building for district and sub county NAADS coordinators in data collection, analysis and reporting, including provision of relevant software packages.
8) Capacity building of all stakeholders at all implementation levels for strengthened institutional linkages; these should relate to professionalism, group dynamics and cohesion.

Within the Western region, the monitoring team sampled Kasese and Rubirizi districts more detailed assessments and the findings are presented below.

Kasese District

Implementation status

The project was introduced in the district in March-May 2012 in two sub counties namely: Rukoki in Scheme Parish and Karusandara in Kibuga parish. MAAIF performance reports indicated that a total of 54 farmers from Rukoki and 51 farmers from Karusandara were trained and each farmer given 1Kg of foundation seed. The monitoring confirmed that 54 farmers benefitted from Rukoki Sub County; 15 out of the 54 that planted the seed harvested 35Kgs while the rest of the farmer's yields were affected by harsh weather conditions, pests, poor post-harvest handling and storage.

In Karusandara Sub County, contrary to 51 farmers reported by MAAIF, 43 farmers were selected, trained and each was given 1Kg of foundation seed. They all planted in September- December 2012 and harvested a total of 63Kgs in January 2013, which was replanted in February 2013 and yielded another 2,250Kg in June-July 2013.

Challenges

The District Agricultural Officer (DAO) reported the following challenges at farm level ;

1) Unfavorable weather conditions characterized with drought and Floods
2) Rodents, birds, wild animals and other pests affected crop yields.
3) Poor perception and attitude towards the 1Kg of rice given which was considered to be inadequate.
4) Adhoc flow of funds from MAAIF to the district with vague instructions; a total of Ushs 410,000 was received in July 2013 specifically for TOTs and Subject Matter specialist. There were no clear guidelines on expenditure and reporting mechanisms.

Recommendations

1) Funds to facilitate monitoring and timely reporting on progress and project implementation should be availed.

Table 5.23 provides a summary of the discussions held from some of the beneficiaries in Kasese district.

Table 5.23: Case studies of rice beneficiaries visited in Kasese District

Name	Location	No. of Kgs Multiplied out on 1 Kg received and usage	Challenges	Recommendations
Kuhe Brian	Kikoga village, Kibuga parish of Karusanda sub county	100Kgs (First harvest); 70Kg were eaten and 30Kg were replanted on two acres of land in August 2013		
William	Kikoga village, Kibuga parish of Karusanda sub county	2Kgs	Planted the rice in a water logged place leading to loss of much of the yields.	
Rezideriyo Mubagizi	Kikoga village, Kibuga parish of Karusanda sub county	3Kg harvested; Replanted the all the 3Kgs in August 2013	No training was received on planting and handling Low yields due to planting in water logged area	
Ndekwa Job	Kikoga village, Kibuga parish of Karusanda sub county	40Kg-First Harvest 500Kgs of unshelled rice-(Second harvest) Replanted 38kgs in February 2013 and harvested 500Kgs out of which, he replanted 130Kgs on two acres in August 2013	Contaminated foundation seed was provided. Frequent attacks from birds and wild animals. Frequent weeding time and money consuming Lack of rice processing facilities. Limited follow up of rice farmers. Lack of harvesting machines leading to losses.	Provision of agricultural credit facilities to boost production Provision of rice processing machines. Promote agricultural mechanization to avoid post harvest losses. Farmers should be organized in groups, guided, monitored closely for better yields.
Sebazungu Charles	Kikoga village, Kibuga parish of Karusanda sub county	50Kgs (First harvest) 200Kgs (Second harvest). Sold much of it and received one million shillings. Paid school fees for his children. Replanted 40kgs on once acre in August 2013	Attacks from rodents and birds Contaminated seed, seed was mixed with other seed varieties leading to uneven crop growth making weeding and harvesting difficult	Pure seed varieties should be given to farmers.
Agaba Julius (Farmer and Sub county Speaker)	Kikoga village, Kibuga parish of Karusanda sub county	90Kgs of unshelled rice, out of which, he sold 50Kg and replanted 40Kg harvesting a total of 1500Kgs of unshelled rice. Sold 14 bags and replanted one bag on 3 acres. Each bag was	High weeding costs Drought affected yields	Training of farmers on rice handling and production. Provision of loans to cater for high production costs including weeding.

		sold at Ushs.220, 000.		Pure seed varieties should be given to farmers.

Source: Field findings

Rubirizi District

The monitoring team held high level discussions with the District NAADS Coordinator who provided an overall picture of the PRIDE project in Rubirizi district. The team sampled two out of the 4 implementing sub-counties to triangulate the information. Activities of this project were concentrated in four sub counties namely: Katerera, Katanda, Kirugu and Kyakora.

The budget monitoring team visited beneficiaries from Katanda and Katerera sub counties to assess physical performance and the findings are presented below (also refer to Table 5.24).

<u>Katanda Sub County</u>

Implementation status

The monitoring team interacted with NAADS Agricultural Advisory Service Provider (AASP) who reported that the PRIDE project was introduced in the Katanda Sub County, Katanda Parish in July 2012. In the first batch, a total of 40 farmers received training and 1Kg of foundation seed. They all planted in July. Yields were very poor with highest yield at 9Kgs, average was 4Kgs and lowest was 0 Kg. Most farmers were reported to have planted the rice in water logged and low lying areas not suitable for NERICA 4 seed variety. In the second season, 20 farmers out of 40 replanted and produced 240Kgs.

The second round of rice seed was received in February 2013 in Rwamatumba parish and 50 farmers were selected, trained and given foundation seed. 80% of those that received the seed planted in March 2013 and harvested 187Kgs (highest yield was 7Kgs, average yield was 4Kgs and lowest was 2Kgs). Production was reported to have been affected by the unexpected long dry spell. By 22nd August 2013, 20% had not yet planted, they were still waiting for the rainy season. The third batch was received in July 2013; 40 farmers from both Nyandongo and Kyankaranga parishes were selected and given seed, respectively. By August 2013, they were also waiting for the rainy season to plant.

Challenges

1) Unfavorable weather conditions negatively affected farmer’s yields.
2) Soil infertility leading to low crop productivity.
3) Frequent crop attacks from birds and rodents like rats, squirrels among others.
4) Lack of field facilitation to undertake supervision, monitoring and follow up of project beneficiaries.
5) Crop yields from the first harvest disappointed and frustrated a number of farmers leading to a demonstration against both the project and agricultural advisory service provider in the area.

Table 5.24: Case studies of rice beneficiaries visited in Rubirizi District

Name	Location	No. of Kgs produced out on 1 Kg received	Challenges	Recommendations
Ainendyareba Osbert	Katerera village Mwongyera parish, Katerera sub county	32Kgs of unshelled rice in September 2012, replanted and harvested 380kg in December 2012, out of which, he replanted 250kg in August 2013 on four acres.	High labor costs Rodent/bird attacks Late delivery of Foundation seed.	Quantity of seed provided to farmers should be increased from 1Kg.
Mbabazi Patrick	Kangorogoro cell II village, Mwogera Parish, Katerera Sub county	Harvested 37Kgs in June 2012, out of which, he consumed 20kg and replanted 17kgs in August 2012 and harvested 150kg. Consumed 50kg.	Pests and diseases including birds Lack of a line planter to help in rice planting	Increase rice seed quantities to sufficient to plant at least one acre. Provide pesticides.
Paskali Ntyamire	Nyamirima III village, Nyamirima Parish, Katerera County.	Harvested 11Kgs in June 2012; got 10kg in Sept 2012 from NAADS and harvested 200kg	Soil infertility Pests and diseases Weeds Small quantity of foundation seed.	Provide herbicides and fertilizers Increase seed quantity.
Mwebesa Asaf	Nyamirima cell I, Nyamirima Parish, Katerera County.	Harvested 40Kgs in July 2012, replanted all on half an acre in September 2012 and harvested 200Kg. Consumed 60kg and sold 100kgs and kept 40kgs for replanting in August 2013	Attacks from pests, diseases, Weeds and birds	Farmers should be provided with pesticides and herbicides on credit, payments should be done upon harvest. Seed quantities should be increased to at least 20Kgs.
Tumukyasibwe Nkakiroko David	Kakindo A village, Katanda Parish, Katanda Sub county	Zero	Poor yields "*seed type given was not favorable for our area*" Lack of beneficiary follow up.	More appropriate seed type should be provided. Increase quantity of seed. Improved follow up of beneficiaries.
Mugyenzi Elisam	Nyangorogoro village, Katanda Parish, Katanda Sub county	Harvested 10Kgs in December 2012. Did not replant for more yields	Insufficient training on seed production and multiplication; Drought . Rodents and birds attacking crop.	Need for about 10Kgs for multiplication Provide fertilizers to boost soil productivity. Service providers should be facilitated with transport to monitor beneficiaries
Nabulya Juliet	Nyangorogoro village, Katanda Parish, Katanda	Had just planted and expects good yields.	Limited quantities provided hence added the 1Kg received with	Support farmers to avoid seed contamination.

	Sub county		own seed for bigger yields.	
Tinkamanyire Mathias	Kyankaranga 2 cell, Katanda sub-county	Got 1 kg of seed in July 2013 but missed the training. Had not planted yet	Farmer was illiterate and could not read the rice cultivation guide.	The rice guide should be translated into local languages.

Source: field findings

Recommendations

1) Budget line should be provided to district to follow up the beneficiaries.
2) Seed quantities should be increased to at least five kilograms per farmer.
3) Soil sampling and testing for fertility should be done by NARO to demonstrate to farmers the need to fertilize soils for better yields.

Katerera Sub County

Implementation status

The monitoring team confirmed that the project was introduced in Katerera sub county in February 2012; 78 farmers from Nyamirima and Mwogyera parishes were selected, trained and given 1Kg of foundation seed. The farmers planted the seed in March 2012 and harvested during June 2012. Highest yield per farmer was 31Kgs, average was 18 Kgs and lowest harvest was 7Kgs. The second batch of rice was received in July 2013; 50 farmers were selected, trained and given 1 Kg of foundation seed. They all planted in August 2013.

Challenges

1) Pests and diseases reducing crop yields.
2) Weed attacks.
3) High yield expectations; most farmers expect to get much yields from the first harvest hence get disappointed and frustrated to continue with production.
4) NERICA 10 yielded less compared to NERICA 4.
5) Inadequate transport facilities to monitor and follow up on targeted farmers.

Recommendations

1) Sub counties should be facilitated to supervise and follow up beneficiaries.
2) Quantities of foundation seed should be increased to about 10Kgs.

Eastern Regional Zone

Buginyanya Zonal Agricultural Research Institute

Implementation Status of PRIDE in Eastern Region

This ZARDI oversees production of 53,560 acres of rice in 12 districts including; Iganga, Mayuge, Butaleja, Tororo, Kween, Mbale, Sironko, Namutamba, Kaliro, Kamuli, Busia and Bugiri. In FY 2012/13, 20 sub counties benefited from the project and 893Kgs of NERICA 4 were distributed to 738 farmers. A total of 319 farmers and three farmer groups planted in the first season while 258 farmers did not plant. Total zonal rice output was 13,760kgs.

Challenges

The ZARDI office noted the following challenges at farm;

1) Poor practices involved in rice handling, drying and storage have compromised quality and increased losses. This is compounded by the lack of mechanization facilities such as processing equipment to add value.
2) Lack of organized farmer groups to form a competitive entity to lobby for good prices and markets.
3) Farmer's failure to keep timely, well organized and accurate data on production and marketing.
4) Lack of access to financial support to boost production
5) Intermittent floods and drought reducing crop yields.
6) Poor road network and transport to link buyers to the production areas amidst lack of transport facilities to move their produce from farm to market.
7) Rodents and birds that eat seed hence affecting yields.
8) The project requires a lot of time and effort to build farmer's confidence towards NERICA 4 that is said to be hard to thresh and liked by birds.

Recommendations

1) Farmers should be organized into registered groups aimed at producing quality seed.
2) There is need to support farmers with rice threshers, communal drying facilities, milling machines to rice growers on a cost sharing basis.
3) Appropriate community based water management interventions should be promoted.
4) There is need to provide alternative varieties of rice seed other than just NERICA 4 since farmers find it hard to thresh.
5) There is need to empower households to record and keep data on production and marketing.
6) Increasing farmer access to agricultural financing for improved production.
7) Roads should be constructed / maintained to ease transportation and marketing.

8) Trainings and monitoring of rice fields should be timely and continuous.

In the Eastern Region, the monitoring team sampled Sironko, Butaleja and Kumi districts and the detailed findings are presented below.

Butaleja District

Implementation status

Two sub counties benefited from the project; Nawanjofu and Himutu Sub counties. In Nawajofu Sub County, 84 farmers were selected from Bigo parish while 35 farmers were selected from Kangalaba parish of Himutu Sub County. All beneficiaries were trained and given 1 Kg of foundation seed at no cost. The monitoring team visited Nawanjofu beneficiaries and established the following;

A total of 84 farmers were selected from Bingo Rice Farmers Association in Bingo Parish in March 2012. About 62% of the farmers that received the seed, planted in April 2012 while the rest did not plant. Of those who planted the seed, 50% planted in low-lying and water logged areas and lost all the seed, none of them harvested more than 2Kgs each. Farmers that planted in relatively dry areas harvested 60-80Kgs and their lowest yield was 40Kgs. Fifteen farmers continued to plant the seed in their second season since it had proved to be of good quality, with short maturity periods, hard seed that did not break easily during milling or processing, and pure white color that attracts buyers.

Left-Right: PRIDE Rice still in field and harvested in Nawonjofu sub-county

In February 2013, 64 farmers were selected from Bugalo Parish in the same sub county. They were all trained and each farmer was given 1 Kg of foundation seed at no cost. Only 9% of those that received the seed planted in March 2013 and harvested in July 2013[27].

[27] Information on crop yields were unavailable at the sub county.

Yields were poor and had been affected by floods. The rest of the farmers were waiting for the rainy season to plant the seed.

In August 2013, another 50 farmers were selected from Masanghe parish of Nawajofu Sub County. They were all trained and given 1Kg of foundation seed at no cost. By the time of our monitoring visit done on 28th August 2013, only two farmers had planted the seed received in nursery beds.

Challenges

These were noted by the Sub county NAADs Coordinators:

1) Climatic changes characterized with long drought and heavy rains affected crop yields.
2) Crop attacks from birds and rodents.
3) Farmer's perception that all rice must be planted in water logged places led to enormous crop losses.
4) Failure to practice good agronomic practices including line planting and weeding contributed to low yields.
5) Lack of ox drawn ploughs to facilitate timely land opening for large scale production.
6) Limited quantities of rice given; Farmers continue to complain about amount of seed received against high costs involved in maintaining a small garden including costs of chasing birds and rodents.

Recommendations

The sub-county NAADS Coordinator made the following recommendations for consideration by MAAIF:

1) Allocation of funds at the sub county to facilitate field extension services including monitoring, supervision and follow up on beneficiaries.
2) The need to sensitize and train farmers on NERICA 4 agronomic requirements.
3) Farmers should be given line planters to ease line planting.

Some beneficiary farmers were sampled to triangulate the information and the findings are presented in Table 5.25.

Table 5.25: Case studies of beneficiaries from Nawajofu Sub County, Butaleja District

Name	Location	No. of kilograms multiplied out	Benefits/Usage	Challenges	Recommendations Remarks

		1kgreceived			
Patrick Golooba	Nawetaka village, Bugalo Parish	2kgs in July 2013		Attacks from Rodents Drought	Regular monitoring and extension advice by MAAIF and LGs
Were Mohammad	Buhigo village, Bugalo parish	40Kgs in July 2013 (First Harvest)	Consumed 30Kgs and kept 10Kg for replanting in August 2013.	Attacks from birds and rodents. Lack of herbicides to kill dangerous weeds like Stinger.	Farmers should be given herbicides and spray pumps to maximize production.
Gafa Fenekansi	Nawetaka village, Bugalo Parish	5Kgs in July 2013	Had replanted all the 5Kgs	Attacks from birds and rodents	NERICA 4 variety is good for food security because it yields better, has a very short maturity period and does not require much water for production.
Mugoya Edward	Nawetaka village, Bugalo Parish.	5Kgs in July 2013	Stored 5Kgs in for replanting in the next season.	Much of the yields were attacked by birds and rodents. Drought.	Seed quantities should be increased from one kilograms to at least five kilograms to boost rice production

Source: Field Findings

Kumi District

Implementation status

MAAIF progress reports showed that the Rice Development Project activities were concentrated in Kanyum and Mukongoro sub counties with 38 and 35 beneficiary farmers, respectively. The monitoring team found that the project started in March 2012 in Kanyum Sub-county with 40 farmers that were trained and given 1 Kg of foundation seed. In February 2013, it rolled out to three more sub counties namely; Ongino benefiting 16 farmers, 22 farmers from Kanyum and 32 farmers from Mukongolo Sub County. In Ogino Sub County, only two out of 16 farmers were reported to have had a good harvest while others lost the yields to bad weather. Four demonstration farms were established, their harvest was fair with the highest demonstration farm yielding 28Kgs.[28]

Challenges

[28] Information on yields produced was unavailable.

The following challenges were noted by the District officials:

1) Inadequate training of project staff, sub county officials and farmers on rice production.
2) Inadequate transport facilities to facilitate project monitoring and follow up on beneficiaries.
3) Limited land to facilitate effective rice multiplication and production.
4) Unfavorable weather conditions.
5) Pests and diseases greatly affected yields.
6) Poor agronomic practices including post-harvest handling.
7) Lack of ready markets; there was limited demand for NERICA 4 as compared to other varieties like super demotivating some farmers from multiplication.

Recommendations

The following recommendations were made:

1) MAAIF to establish mini-irrigation schemes to boost production in the region.
2) MAAIF to provide a budget line to facilitate effective monitoring, supervision and follow up on beneficiaries.

Table 5.26: Case studies of PRIDE beneficiaries in Kumi district

Name	Location	No. of kgs multiplied out 1kgreceived	Challenges	Recommendations
Elongata Joseph	Ariet village, Ariet parish and Kanyum Sub county	6Kgs from each variety received.		Received half a kilogram on NERICA 4 and half a kilogram of Pakistan Rice. This was done to compare crop yields from each variety.
Okia Emma	Omerein village, Omerein parish. Mukongoro Sub county	Received 1Kg in July 2013 and expected to plant in September 2013.	Fears that pests and diseases could attack his fields	Famers should be given pesticides to protect their fields from pesticides and disease
Opolot Gerald	Omerein village, Omerein parish, Mukongoro Sub county	Planted 1Kg in July 2013	Seed did not germinate well Weeds, pests and diseases were already attacking the crop	Farmers should be provided with inputs like fertilizers, pesticides and herbicides. Production tools like slashes, pangas should be given to farmers to open up more land and increase production. Quantity of seed provided should be increased to about 5Kgs.

Akoromoit Annette-Robina	Omerein village, Omerein parish in Mukongoro Sub county	Planted 1Kg in July 2013	Pests and diseases were already attacking the crop Crop was already drying up because of drought.	Farmers should be facilitated with pesticides, spray pumps, protective gear like boots to open land for better production.

Source: Field findings

Sironko district

Implementation status

The project was introduced to the district in 2010 in Bumalimba Sub County, Nadere parish. A total of 50 farmers were selected, trained and given 1 Kg of foundation seed. In 2012, Bukhulo and Bukise sub counties were selected to benefit from the same project. A total of 150Kgs of foundation seed was given to the abovementioned sub counties for distribution to farmers from parishes of Mbogo, Soola, Bumalimba. Each parish received 50Kgs for distribution to 50 farmers. The monitoring team visited both of the beneficiary sub-counties to verify the information and below are the findings.

Bukholo Sub County

The monitoring team confirmed that 50 farmers were selected, trained and given a total of 50Kgs of foundation seed in July 2012. Seven out of the 50 farmers planted the seed while others kept the seed to date (August 2013) noting that the dry spell was longer than the expected and therefore could not plant.

Bumalimba Sub County

The monitoring team confirmed that the project was introduced in February 2012. A total of 35 farmers were selected, trained and each farmer given 1 Kg of foundation seed. In February 2013, another 40 farmers from Mutuffu village were selected and given 40 Kg of seed. In August 2013, 38 farmers from Bumulisha parish were selected and given 1 Kg of seed, by the time of our monitoring visit done on 27th August 2013, all beneficiaries had not planted and waiting for the rainy season[29].

Challenges

The following challenges were noted as affecting project implementation:

1) Unfavorable weather conditions characterized by long drought and heavy rains

[29] Information of amounts produced and multiplied since 2012 was unavailable

2) Limited seed quantities given to farmers.
3) Lack of facilitation to district and sub-county officials to monitor and follow up beneficiaries.
4) Land shortage to facilitate maximum production and seed multiplication; most households had two acres of land on which they plant other types of crops for both commercial and home consumption. Rice is normally considered upon harvest of other crops.
5) Rice production was too labor intensive and tedious compared other crops.
6) Pests and diseases affecting yields.

The monitoring team visited beneficiaries from the above mentioned sub counties and the findings are presented in Table 5.27.

Table 5.27: Case study beneficiaries from Bukholo and Bumalimba Sub counties in Sironko district

Name	**Location**	**No. of kg multiplied out 1kg received**	**Challenges**	**Recommendations** **Remarks**
Namutolo Steven	Budama Village, Kirombe parish, Bukhulo sub county.	Harvested 15Kg in December 2012.	Unfavorable weather including drought and hailstorms in the rainy season affecting yields.	NERICA 4 was noted to have a shot growing period and drought resistant.
Masuba Swaib	Busukuyu Village, Kirombe Parish, Bukhulo Sub county.	Received in 1 Kg July 2013 and planted in August 2013	Attacks from birds and rodents. Lack of fertilizers to revitalize the soils. Limited quantities for substantial production	Had not harvested. Beneficiary added more 10Kgs onto 1 Kg received.
Owino Sirus	Budama Village, Kirombe parish, Bukhulo sub county.	50Kgs	Attacks from birds and rodents Pests and diseases High labor costs	Provision of inputs like fertilizers coupled with sensitization of farmers on soil revitalization is key. Organization of farmers in groups for better and improved marketing strategies.
David Wamono	Budama Village, Kirombe parish, Bukhulo sub county.	Harvested 30Kgs in December 2012, consumed 25Kgs and replanted 5kgs	Drought leading to loss of all crop yields.	All the 5Kgs replanted were lost.
Omoit Vincent	Budama Village, Kirombe parish, Bukhulo sub	20Kgs in December 2012	Unfavorable weather and soil infertility led to low yields.	None was kept for multiplication.

	county.			Rice was acknowledged to be of good quality and taste with short maturity period. Need for more seed for multiplication.
Masanga Patrick	Kitagaro Village, Nadere Parish, Bumalimba Sub County	30Kgs in November 2012	Pests and diseases that attacked the crop	
Nangoli Apollo	Kigokye village, Nadere parish, Bumalimba Sub county	Harvested 10Kgs in July 2012	Lack of land on which to multiply the seed. Drought dried up the rice field. Pests and diseases	Decided to keep the seed until he gets a place on which to multiply. Drought resistant varieties should be introduced to farmers.

Source: Field Findings

Success story

The following is a success story of a male farmer from Bumalimba Sub County who realized benefits and essence of seed multiplication;

Box 5.3: Success story of rice seed multiplication in Sironko district

Nabudomba Zaveria of Kitagaro Village, Nadere Parish, Bumalimba Sub County, started benefiting from the PRIDE project in May 2011 under a group of two members. They established a demonstration farm with only 3Kgs of NERICA 4 on quarter an acre in December 2012. They harvested 300Kgs of unshelled rice in March 2012 and shelled it to 200Kgs. They sold 190Kgs at Ushs.2100 per kilogram. The group shared the 10Kgs between themselves, with each getting 5Kgs and went solo. Zaveria planted the 5Kgs and harvested a total of 350Kgs of unshelled rice in December 2012.

He sold 342Kgs at Ushs.2100 per Kg and replanted 8Kgs in February 2013, out of which he harvested 200Kgs and sold 190Kgs at Ushs.1800 per Kg. He gave 2Kgs to his friends to multiply and replanted 8Kgs. He harvested 250Kgs, sold 241Kgs at Ushs.2, 000 and kept 9Kgs for planting which the monitoring team found him replanting in August 2013.

He noted that he was successful because the rice he received matured faster and yielded better than local varieties. "*Rice production is a lucrative business that requires a lot of efforts, patience and hard work*" he emphasised. He noted the following challenges;

- Pests and diseases affected much of his yields.
- Unpredictable weather including drought and heavy rains led to floods that washed away his fields. He recommended that farmers should be provided with drought and disease resistant seed varieties.

Source: Field findings

5.7.3 Analysis

Link between financial and physical performance

The donor funds amounting to Ushs 6.2 billion were fully disbursed and spent by the JICA office. In addition, although Ushs 441.8 million was released as GoU counterpart funding, only 64% of the funds were absorbed indicating a relatively low absorption capacity by MAAIF under this project. The project performed well in five out of the seven key output areas. Provision of fertilizers and water conservation technologies to farmers were the two output areas that were not achieved. It was not possible to relate the donor financing to physical output as about 69% of the funds were spent on Japanese experts.

Achievement of set targets

The key project targets were partially achieved during FY 2012/2013:

- A total of 4,051kgs of rice seed out of 10,000 planned kilograms were disseminated to farmers trained in modern rice production technologies. The monitoring team confirmed receipt of the rice seed by the farmers.
- The objective of promoting rice seed multiplication was partially achieved as many farmers failed to realize good yields due to drought, pests and diseases and poor agronomic practices.
- A total of 5,947 farmers were trained in modern rice production technologies in collaboration with NAADS, against a target of 10,000. Farmers confirmed having been trained before they received the seeds. However, the training was inadequate for skilling the farmers. And the rice production guidelines could not read as they were in English whereas most farmers were illiterate.
- Four rice varieties were developed, approved and registered. Support was given to the Zonal Agricultural Research and Development Institutes (ZARDIs) to test suitability of the varieties and produce improved rice seed.
- Strong institutional linkages between MAAIF, NARO, NAADS and District Local Governments were established; this has facilitated efficient resource utilization within the sector and a more holistic approach to farmers' problems.

Conclusion

The project was exhibiting mixed performance as some farmers were not fully appreciating the approach of seed multiplication over several seasons. The quantity of 1Kg was noted to be grossly inadequate as it attracts the same high cost of production as a larger field, through scaring away of birds that seek to feed on the rice. The project was not adequatel;y monitored to ensure that seed multiplication occurs as planned.

5.8 Uganda Cotton Development Organization

5.8.1 Background

Established in 1994 by an Act of Parliament, the Cotton Development Organization (CDO) monitors the production, processing, and marketing of cotton so as to enhance the quality of lint exported and locally sold. The CDO promotes distribution of high quality cotton seed and oversees all activities in the cotton industry.

The crop is produced in ten cotton zones/ regions in 51 districts spread across the country namely: Midwest and Central, Bugisu, Pallisa/Budaka, Teso, Western, West Nile, Busoga, Tororo/Busia, Lango and Acholi. The country has four operational cotton dressing stations in Kasese, Masindi, Lira and Kumi that receive cotton seed for delinting, dressing and packaging in 3kg bags ready for planting. Land was acquired in Pader district during FY 2012/2013 to develop a Government dressing station.

Before 2011, Government through the CDO, purchased the fuzzy seed and chemicals, processed seed and distributed it free to farmers. Since 2011, the implementation modality and the source of funding for key activities in the cotton sector changed. Through a public private partnership (PPP), most funding is provided by the Uganda Ginners and Cotton Exporters Association (UGCEA) for seed, chemicals, packaging and transport while CDO organizes seed and chemical sourcing and quality assurance.

The CDO was last monitored by the BMAU in quarter four of FY 2008/09; a follow up visit was undertaken in the current reporting period to assess performance for FY 2012/2013.

5.8.2 Findings

i) Financial Performance

In FY 2012/13, CDO had an approved budget of UShs. 7.940 billion, out of which UShs 3.292 billion was released. About 57.1% of the total release (UShs 1,881,950,625) was capital development and the remaining 42.8% (UShs 1,410,600,784) was non-wage recurrent. Table 5.28 provides a summary of the key expenditures incurred under capital development. Figure 5.7 shows the main expenditure lines under non-wage recurrent.

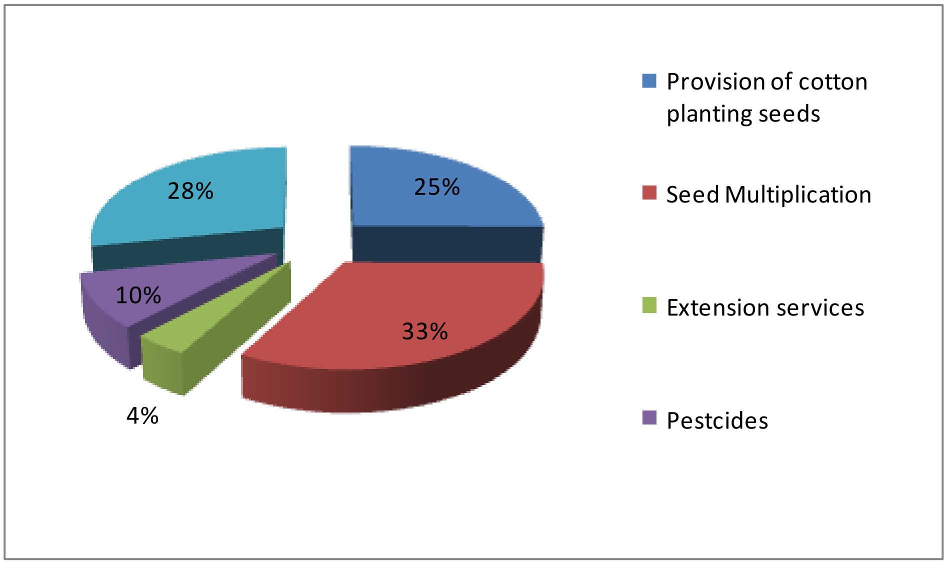
Table 5.28: Development expenditures for Cotton Development Organization FY 2012/13

Output	*Expenditure*
Monitoring, Supervision and appraisal of land	5,000,000
Purchase of Land	95,000,000
Non-Residential Buildings	625,980,625
Engineering and Design Studies	106,000,000
Machinery and Equipment	1,000,000,000
Monitoring, Supervision	50,000,000

Total	1,881,980,625

Source: CDO financial Report July 2013

Figure 5.7: Proportions of CDO Non-wage recurrent expenditures FY 2012/2013



Source: CDO Financial Report July 2013.

ii) Physical performance

a) Overall project performance

Government annual funding reduced in the last 2 years from Ushs.5.7 billion to Ushs.3.5 billon necessitating CDO to partner with the private sector (Uganda Cotton Ginners and Exporters Association) to deliver the following activities during FY 2012/2013[30]:

- **Provision of cotton planting seeds:** a total of 1,381Mt seeds were distributed to cotton farmers in 51 districts. Midwest and Central received 4% of the total seeds distributed, Bugisu 2%, Pallisa/Budaka 18%, Teso 3%, Western 13%, West Nile 13%, Busoga 7%, Tororo/Busia 6%, Lango 16% and Acholi 18%.

- **Seed Multiplication:** approximately 13,290 acres of cotton were planted in Serere, Rubirizi, Amolator and Bullisa districts. Procured 2,900mt of certified fuzzy cotton seed. 12,650 bags of fertiliser were distributed to farmers. Each bag contained 50kgs of fertilizer.

[30] CDO performance report FY 2012/2013; Discussions held with CDO officials July 2013.

- **Farmers mobilization and sensitization for increasing cotton production and quality**; trained farmers in establishment of demonstration plots. Procured inputs, fertilizers and spray pumps for the sites established.

- **Cotton targeted extension services**; identified, trained and deployed 300 field extension workers. Midwest and Central received 6% of the total field extension workers deployed, Bugisu 2%, Pallisa/Budaka 10%, Teso 5%, Western 12%, West Nile 11%, Busoga 11%, Tororo/Busia 7%, Lango 15% and Acholi 12%.

- **Provision pesticides and spray pumps**; 380,000 units of pesticides, 2,733 spray pumps and 632 Mt fertilizers were distributed to farmers. Farmers were also trained on utilization.

- **Mechanisation of land opening**; 836 acres were ploughed by CDO tractors. A total of 1000 ox ploughs were distributed to farmers in May 2013.

- **Support to cotton research**; in collaboration National Semi-Arid Resources Research Institute in Serere, 3 research activities were undertaken on efficacy and control of cotton pests, fertilisation and soil tillage, modern cotton production technology.

- **Established an effective input distribution system:** CDO field staff identify lead farmers/ Agents or institutions who buy inputs from ginners and sell them to farmers at subsidized prices; they can also access them on credit and transfer payments to the bank through the Ginners account. The prices that were established by CDO for farmers to buy the inputs were;
    - 3Kg bag of cotton seed at UShs 3000
    - Pesticides - a bottle at UShs 3500 (enough for one acre)
    - Spray Pump – UShs 50,000
    - Fertilizer - One bag of 50Kg at UShs 60,000

Implementation Challenges

The CDO officials identified the following challenges as constraining performance of the cotton industry:

1) Lack of value addition; 95% of cotton exports from Uganda to the world market were exported as raw lint, hence attracting low prices.
2) Price fluctuations resulting in farmers abandoning the crop.
3) Climatic changes: Adverse and irregular weather patterns greatly affected farmers leading to low yields.
4) Stiff competition from food crops. Food crops were reported to be characterized with short growing seasons and high demand at both local and international markets. As a result, some cotton growing areas have turned into food growing

areas manifested by a reduction in cotton acreage. By FY 2011/12, cotton acreage had reduced from 300,000 acres to about 185,000 acres.

5) Wastage of cotton seed: many farmers were reported to have accessed cotton seed and not planted while some do not follow planting guidelines; for example, ideally, farmers are supposed to plant 3kgs per acre, however many plant 3kgs on 2 or more acres leading to wastefulness and low yields on harvesting.
6) Irregular sale of cotton inputs; farmers and agents access cotton inputs at subsidized prices indicated above, however they are resold to other farmers at higher prices.
7) Default payments; some farmers and agents default on credit repayment yet the cost of loan recovery is usually high.

Recommendations

The following recommendations were made by the CDO officials:

1) Quality improvement could potentially increase lint prices by up to 15 percent, which could translate into a 30 to 40 percent increase in farmer prices[31]. Government through CDO and in partnership with the private sector should promote domestic value addition initiatives to foster bigger markets and better prices for cotton exported.
2) CDO together with Uganda Ginners and Cotton Exporters Association should adopt contract farming.

b) Field findings

<u>Acholi Sub-region</u>

The region consists of districts in East Acholi (Pader, Kitgum, Lamwo, Kabong, Agago, Abim) and West Acholi (Gulu, Nwooya, Amuru). The monitoring team sampled Pader district to assess CDO performance.

Pader District

The BMAU team interacted with the CDO regional Assistant Field Officer, the Area Coordinator Pader West, LCIII Chairperson Lapul Sub-county and a group of farmers and the findings are presented below.

Implementation status

[31] Quality and Marketing of Cotton Lint in Africa: Africa Region Working Paper Series No. 121

It was confirmed that CDO procured 16 acres of land in Pader district to establish a regional dressing station. Procurement process of the contractor to develop station was in its early stages by 10th September 2013. The region received a total of 249.3MT of planting seed, 597 bags of fertiliser, 41,546 units of pesticides, 412 spray pumps and 671 demonstration farms were planted. The inputs were distributed to farmers at the recommended prices. The region has a total of seven tractors, four of which were operational and the rest out of service.

One case study farmer Alfred Munana of Awalmon village, Ogule Parish and Lapul Sub County confirmed receipt of inputs from CDO during FY 2012/2013 including: one bag of cotton seed, 12 bottles of pesticides, one 50Kg bag of fertiliser, one spray pump and an ox plough. He planted three acres of cotton. All the inputs apart from the ox plough were received on credit in April 2012 and by July 2013 the loan had not been paid back.

A focus group discussion was held with 18 farmers (5 female and 13 male) from Lapul Sub County; 12 out of 18 farmers acknowledged to have benefited from CDO in FY 2012/13. They received seeds, pesticides, spray pumps, fertilizers and ox ploughs (free) at subsidized prices on cash and credit basis. The 12 farmers planted 49 acres, while the rest were hesitant to plant during the dry season.

Challenges

The following key challenges to cotton farming were highlighted by the respondents that the BMAU interacted with:

1) Difficulty in forming and sustaining viable farmer groups.
2) Low and fluctuating cotton prices.
3) Farmer exploitation by cotton mobile buyers.
4) Transport inadequacies as only one vehicle was available in the region for moving inputs from the bulking to distribution centres.
5) Floods and drought reduce cotton yields.
6) Inadequate ox-ploughs.

Recommendations

The following recommendations where made for consideration by Government/CDO:

1) Credit facilities should be provided to smallholder farmers to boost production.
2) Contract farming should be promoted to protect farmers against price risks and exploitative buyers.
3) Adequate transport services should be provided to facilitate timely receipt and distribution of cotton inputs.
4) A minimum price for cotton should be set and widely disseminated to farmers every season to boost cotton production.
5) Ox ploughs should be provided to best performing and large scale cotton farmers in the region to minimize time lost while waiting for group ploughs.

6) Budget for monitoring and supervision by field extension workers should be stepped up.
7) The number of tractors in the district should be increased to boost production.
8) Training initiatives on cotton agronomic practices should be stepped up targeting both farmers and extension workers.

Lango sub-region

This region includes districts of Apac, Alebtong, Otuuke, Amolator, Dokolo, Kole, Lira and Oyam. During FY 2012/13, the region received 218.49MT of planting seed, 520 bags of fertilizer, 62,550 one acre units of pesticides, 369 spray pumps and 150 ox-ploughs.

Lira district

The CDO officers reported that, during FY 2012/2013 they distributed fertilisers, spray pumps and ox ploughs and provided extension services to farmers; they facilitated their access to tractor services and establishment of demonstration farms. A total of 20 demonstration farms per sub-county were set up. The monitoring team sampled some beneficiary farmers and CDO sales agents to triangulate these findings (Table 5.29). The BMAU also visited Ngetta dressing station which was not in operation as it was not a cotton season. Treated seeds were available, awaiting collection by farmers and cotton agents.

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Left: cotton farming at Erute Prison Lira district Right: CDO beneficiary farmer Agweng subcounty Lira district

Western Sub-region

This region is comprised of three districts namely; Kasese, Rubirizi and Kamwenge. In FY 2012/2013, the region received a total of 183.93MT of planting seed, 7,720 bags of fertiliser, 73,606 units/bottles of pesticides and 401 spray pumps. The monitoring team sampled Kasese and Rubirizi districts to assess progress in program implementation. The team established that Kasese district contributes 80-85% of total cotton production in the sub-region (approximately 200,000 MT of cotton seed), followed by Rubirizi district 10% and Kamwenge district 5%.

Table 5.29: Case studies of CDO beneficiaries in Lira district FY 2012/2013

Name	Designation	Location	Inputs received	Benefits	Challenges	Remarks
Erute Prison	Officer in Charge	Senior Quarters A, Central Division of Lira Municipal Council.	Tractor services; Cotton seeds; NPK fertilizer; Spray pump;	Opened up and planted 12 acres of cotton	Limited manpower; Unfavourable weather conditions.	All inputs were received at 50% credit payable upon harvest
James Bond Ojok	CDO Sales Agent	Ogur Sub county, Ogur Parish, Adilebi Village	400 bags of cotton seed at Ushs.2500 per kilogram. 24 bottles /units of pesticides	Brought services closer to farmers hence improving access to cotton inputs	Four out of 24 bottles of pesticides received were not filled up and could not be sold to farmers	Received cotton seeds in March 2013, by August 2013; 380 bags had been sold.
Ogwal Lawrence	Lead/Demonstration Farmer	Ogur Sub county, Ogur Parish, Adilebi Village	Ox plough, 12bottles of pesticide, one bag of fertilizers, three bags of cotton seed	More than 80 farmers have visited his demo farm, learnt and replicated technologies in their gardens.	Low cotton prices in relation to high labour costs demotivated farmers from cotton production. Ineffective pesticides	*Karate* pesticide provided in 2012/13 didnot effectively kill pests. *Cypercal, a pesticide* that was given last season (2011/12) should be reintroduced.
Ogoo Ejedio	Lead/Demonstration Farmer	Agweng Sub county, Teadwong Parish, Adagwaka village	Ox plough, two bags of cotton seed for the demo at no cost, six bags of cotton seed for own planting, 24 units of pesticides, one bag of fertilizer, spray pump, training and extension services	He is demonstrating to more than 30 farmers in Pur-Ber farmers group.	Low cotton prices	Established two demo farms specifically to compare use and non-use of fertilizers in cotton production
Okeng Constantiono	Individual farmer	Agweng Sub county, Teadwong Parish, Adagwaka village	Three bags of seed, 24 units of pesticide, ox plough and training	Established five acres of cotton.		All inputs were received in May 2013 on credit, by August 2013, loan had not been paid.

Source: Field Findings

Kasese District

Implementation status

The monitoring team held discussions with the CDO Regional Office, field extension workers, area coordinators and farmers and visited Kasese Seed Dressing Station. In FY 2012/13, 15-20 demonstration sites were set up in per cotton growing village in Kasese district. In each village, two of the sites were fertilizer demos and the rest agronomy demos. Demonstration farmers were given a 3Kg bag of cotton seed, one 50kg bag of fertilizers (for fertilizer demos), spray pump and seven units of pesticides at no cost. The inputs were sourced from the bulking centre at Kasese Seed Dressing Station.

Kasese Seed Dressing Station is located at Nyakatonzi Ginnery, Kasese Municipal Council. It is designed to handle 12-18MT of cotton seed daily. Activities at this station involve receiving fuzzy seed procured by CDO, de-linting, dressing with quality seed chemicals and packing in 3Kg bags ready for distribution to farmers. The monitoring team noted that during FY 2012/2013 the CDO office received and distributed 61,309 bags of planting seed, 73,696 units of pesticides, 404,000kgs of fertilizer and 470 spray pumps (Table 5.30). By the end of the season, 62% of planting seed, 25% of fertilizer and 24% pesticides were stock balance as shown in Table 5.31.

Seed ready for dispatch at Kasese Seed Dressing Station

Table 5.30: Input distributed to farmers in the Western Sub region by district FY 2012/2013

District	**Inputs**			
	Planting Seeds (No of Bags)	**Pesticides (No. of Units)**	**Fertilizer (kg)**	**Spray Pumps (No)**
Kasese	54,797	60,947	328,999	401
Rubirizi	4,578	9,895	69,351	52
Kamwenge	1,934	2,856	5,650	17
Sub-total	**61,309**	**73,698**	**404,000**	**470**

Source: Field Findings

Table 5.31: Input sales to farmers in the Western Sub region

Inputs	Received	Distributed	Stock balance
Planting Seed (3Kg bag)	158,682	61,309	97,784
Fertiliser (50kg bag)	542,650	404,000	138,650
Pesticides (No. of Units)	97,784	73,698	24,086
Spray pump	500	470	30

Source: Field Findings

A total of UShs155, 327,200 was received from sale of planting seed, fertiliser, pesticides and spray pumps and banked on the Ginners account while UShs 403, 857,000 was still outstanding (Table 5.32).

Table 5.32: Cash sales and outstanding balances for Western sub-region as of 24th June 2013

Inputs	Cash sales	Outstanding amount
Planting Seed (3Kg bag)	130, 522,500	21, 887,500
Fertiliser (Kg)	147, 567,000	67,343,000
Pesticides (Units)	142,702,200	336,514,000
Spray pump	12,625,000	8, 550,000
Total	**155,327,200**	**403,857,000**

Source: Field Findings

The Area Coordinator for Busongora County reported that he offered extension services to farmers and facilitated the formation of farmer groups. During FY 2012/13, 45 farmer groups on block basis were formed. In August of 2012, he distributed inputs worth Ushs.120million, by August 2013, a year later, he had recovered only UShs 7 million. The monitoring sampled some CDO beneficiaries and the findings are presented in Table 5.33.

Table 5.33: Case studies of CDO beneficiary farmers in Kasese District FY 2012/2013

Name	Location	Inputs received	Challenges	Remarks
Tadeo Nitezi	Nyamwamba Division, Rukoki Parish, Mwalo Village	1,000 bags of cotton seed. 35 boxes of pesticides with 24 bottles/units per box. 45 bags of fertilizer.	Drought Unstable prices Poor quality pesticides.	"*Karatee*" Pesticide affected growth of cotton plants, many shed off flowers upon spraying leading to low yields.
Nyabwongo Enock	Mubuku Town Board, Mubuku Parish, Mariba Sub	Two bags of cotton seed. 15 bags of fertilizer	Delays in supply of inputs like fertilizers leading to low yields. Poor quality pesticides that led to	Simple irrigation schemes and application of fertilizers to revitalize soil fertility.

	county	One box of pesticides (24 units)	loss of cotton flowers leading to reduced yields from expected 1,000kgs to 400kgs per acre. High production costs including labour costs involving weeding costs of Ushs.40,000-50,000 per acre; high cost of hiring land 100,000-150,000 per care Drought	Government should find better and bigger cotton markets.
Kabaseke Annette	Mubuku Town Board, Mubuku Parish.	Received 3000 bags of seed, 150 boxes of pesticides	Complaints from customers about the quality of seeds and pesticides sold. High defaults rates translating from low and unstable cotton prices. Drought High transport costs	During FY 2012/13, she lost Ushs.670, 000 to defaulters.
Mr &Mrs Kabaseke	Mubuku Town Board, Mubuku Parish.	20 bags of seed, pesticides, spray pump, 30 bags of fertilizer.	Unstable cotton prices; high labor costs; high transport costs from farm to market.	Stability of cotton prices; Provision of subsidized fertilizers; training of farmers on agronomic practices. Provision of agricultural loans at favourable interest rates.

Source: Field findings

Challenges

The challenges were varied depending on the level of cotton handling.

Kasese seed dressing station

1) Limited storage facilities leading to underutilization of the plant.
2) Process losses involved in cleaning, drying and dressing cotton seed; about 50kgs were lost in every tonne of seed cleaned.
3) Lack of dryers to facilitate timely drying of cotton seed; the station has limited drying yards and does not have the capacity to dry 2000-3000 MT of seed at once.
4) Intermittent power disrupting operations of the dressing plant.

CDO Regional Office and farmers

1) Bad debts; a number of farmers were reported to have defaulted on loan payments. Default rates were highest on fertilizer at 85%, followed by pesticides at 60% and seed at 20%.
2) Poor quality seed procured from Ginners. UGCEA does not have standardized qualities of cotton purchased from farmers.
3) High labor costs compared to low and unstable cotton prices de-motivating farmers from cotton production.
4) Climatic changes negatively affecting yields.

5) Low adoption rate by farmers of improved agronomic practices.
6) Limited extension workers and low monthly pay; CDO office has only 21 site workers overseeing activities of 30,000 to 40,000 farmers. Site Coordinators were paid UShs 150, 000 while Area Coordinators were paid UShs.500, 000 on a monthly basis by Uganda Ginners and Cotton Exporters Association.
7) Inadequate prioritization of cotton for Government funding; if private sector pulls out, the sector is likely to collapse.
8) Unviable farmer groups; most farmers join groups to access free inputs like ox ploughs.

Recommendations

The following recommendations were made to CDO and Government by the various respondents that the BMAU interviewed in Kasese district:

1) CDO should acquire land to undertake pure seed multiplication of more than 80% germination rate. This would improve cotton quality.
2) Promoting value addition to cotton products, including effective utilization of the cotton bi products.
3) Mini irrigation schemes should be established to avoid adverse effects of prolonged drought.
4) CDO should fill up field extension staffing gaps, for example the number of site coordinators should be doubled from 21 to at least 40. Area coordinators increased from 7 to at least 15 to reach all farmers in the region.
5) Farmers should be sensitized on best agronomic practices and against poor practices like forced cotton picking for better yields. Training on pest management and disease control should be availed to all site coordinators
6) CDO should set up a price stability fund to protect farmers from unstable cotton prices.
7) CDO should consider improving remuneration packages for extension workers in the region and the country in general.

Rubirizi District

Implementation status

The monitoring team sampled CDO farmers in Rubirizi district to triangulate the information provided at regional level and findings are presented in Table 5.34. The BMAU team confirmed that all farmers were able to access the CDO inputs at the recommended prices.

A number of farmers reported cotton production costs to be high compared to profits gained. The following is a case study of a female cotton farmer from Rubirizi district illustrated that growing cotton was not profitable.

Table 5.34: Case studies of CDO beneficiaries from Rubirizi District FY 2012/2013

Name	Location	Inputs Received	Challenges	Remarks
Kawoya Vereriano	Kyenzaza Village Kyenzaza Parish, Kirugu Sub county	12 bags of cotton seed. 15 units of pesticides. 12 bags of fertilizer in July 2012	High cost of inputs. Drought Much of the yields were attacked by Wild animals from the national park. High production costs including guarding fees ranging from UShs 50, 000 per month.	Government should consider fencing off the national park to protect its neighbours from wild animals
Kebirungi Varry	Kyenzaza Village Kyenzaza Parish, Kirugu Sub county	Three bags of cotton seed. Six units of pesticides. Training on agronomic practices. Two 10,000 litre Water tanks provided to members of Kyambura Cooperative Society.	Limited tractor services High labor costs Drought dried of cotton fields leading to low yields. Low cotton prices Much of the yields were attacked by Wild animals from the national park.	Simple irrigation schemes, tanks provided are too small to supply to all cotton fields in the block. Provision of an electric fence fencing to protect farmers yields from wild animal attacks
Natumanya Oliver	Rukoma Village, Katerera Parish, Katerera Sub county	Four bags of cotton seed. Six units of pesticides. One bag of fertiliser. Training.	Non-viablity of cotton growing, the labor costs supersede profits. Frequent crop attacks from wild animals Seeds received from CDO were expired hence failed to germinate, this was evidenced by change of expiry dates on seed packing bags.	Government should stabilise cotton market prices. Agricultural credit facilities should be availed to cotton growers to cater for production costs.
Edita Tumusiime	Kyenzaza Village Kyenzaza Parish, Kirugu Sub county	Three bags of cotton seed. Six units of pesticides.	Soil infertility Pests and diseases Frequent crop attacks from elephants in the neighbouring national park.	Government should further subsidise prices of inputs like fertilisers and spray pumps
Kimbugwe Kalema Siraje	Kyenzaza Village Kyenzaza Parish, Kirugu Sub county	10 bags of cotton seed. 20 units of pesticides. 16 bags of fertilizer	Crop attacks from wild animals Poor quality pesticides, that were not effective on pests. High labor costs, used a total of UShs 800, 000 per acre for planting weeding, spraying, application of fertiliser and harvesting. Limited tractor services;	A 3km boundary/fence between the park and farmer's fields should be established to avoid frequent crop attacks from wild animals. Piped water connected to River Kyambura would boost productivity. Farmers should be trained on good agronomic practices including handling soil erosion. Inclusion of cotton among NAADS enterprises. Government should assist Ugandans to own cotton ginneries.

				Stabilization of cotton prices.
Ndyanabo Isamuel	Nyamirima II village, Katerera Parish, Katerera Sub county	Two bags of cotton seed. Three bags of fertiliser, six bottles of pesticides and training	Low cotton prices High cost of fertilisers	Agricultural financial services should be brought closer to the people.
Daphne Mujurizi	Rukoma Village, Katerera Parish, Katerera Sub county	Four bags of cotton seed. 15 units of pesticides. One spray pump and training	High labour costs compared to profits gained. High costs of inputs like fertilisers Crop attacks from wild animals.	Stabilisation of cotton prices Inputs like pesticides and fertilisers should be availed to farmers on credit

Source: field findings

Box 5.4: Cost benefit analysis of cotton growing in Rubirizi district

Edita Tumusiime, an individual farmer of Kyenzaza Village Kyenzaza Parish, Kirugu Sub County noted that cotton growing was not a viable business. *"…in fact we spend a lot more on labour and inputs than what we actually gain"* she noted. The breakdown of costs that were involved in cotton production in August 2012-Febraury 2013 is presented below.

Item	**Unit Cost (UShs)**	**Quantity**	**Total (UShs)**
Hired tractor	70,000	1	90,000
Cotton seed	3,000	3 bags	9,000
Rope (Used for line spacing)	3,000		3000
Labor (Planting)	40,000	1 acre	40,000
Labor (Thinning)	8,000	1 acre	8,000
Labor (Weeding x 5 times)	60,000	5	300,000
Pesticides	3000	6 Units	18,000
Spray Pump (Hired)	3,000	5 Times	15,000
Labor (Harvesting)	150 per Kg	400	60,000
Total			468,000

She planted cotton in August 2012, harvested 400Kgs of cotton in February 2013, sold each Kg at UShs.1,000 making a total of UShs.400, 000 and a loss of UShs 68, 000 in production costs

Source: Field findings

Challenges

The following challenges were noted in Rubirizi district:

1) Inadequate staffing to oversee cotton activities in the region.
2) Inadequate facilitation of the few available extension workers to reach all farmers; during the last season (August-February 2012), only 70% of targeted cotton farmers were reached and received extension services.
3) Loss of crops to wild animals from the nearby national park.
4) Poor loan recovery due to farmer's attitude towards government programmes. About 50% of loans given out on fertilizer in 2012 were not recovered.

Recommendations

The following recommendations were made by the various respondents in Rubirizi district:

1) Government in collaboration with CDO should set up facilities to add value to cotton for better market prices.
2) Government should honour the presidential pledge of putting up a fence to protect farmer's gardens from wild animals.
3) Further subsidization of cotton inputs to boost cotton production should be considered.
4) Extension workers should be facilitated to reach all cotton farmers in the region.
5) To facilitate loan recovery, a Memorandum of Understanding should be signed between CDO and farmers clearly stating action measures that would be undertaken upon failure to pay back for loans received.

South Eastern Region

This region is comprised of nine districts including; Buyende, Kaliro, Iganga, Luuka, Namutumba, Bugiri, Tororo, Butaleja and Busia. The region received and distributed planting seed, pesticides, fertilizers and spray pumps in the above mentioned districts (Table 5.35);

Table 5.35: Cotton inputs distributed to farmers in South Eastern Region as of 6th April 2013

District	Inputs received and distributed to farmers FY 2012/13			
	Planting Seeds (Bags)	**Pesticides (One-acre units)**	**Fertilizer (50kg bag)**	**Spray Pumps**
Total received from CDO	***86,580***	***55,783***	***708***	***582***
Buyende	3,452	2,958	43	32
Kaliro	13,132	12,960	162	57
Iganga	1,246	4,534	49	21

Luuka	1,349	3,973	39	24
Namutumba	7,981	9,450	106	74
Bugiri	2,953	3,361	57	52
Butaleja	10,055	3,617	44	79
Busia	2,591	3,063	16	65
Tororo	13,887	8,513	147	69
Sub-total distributed	***56,646***	***52429***	***663***	***473***
Stock Balance	***29,934***	***3,354***	***45***	***109***

Source: Field findings

The monitoring team sampled Butaleja and Tororo districts in this sub-region to verify receipt of inputs.

Butaleja District

Table 5.36 shows the findings from monitoring work among farmers in Butaleja district. The BMAU confirmed that all the sampled farmers had received the inputs from CDO.

Table 5.36: Case studies of CDO beneficiaries in Butaleja district FY 2012/2013

Name	Location	Inputs Received	Challenges	Remarks/Recommendations
Hawuba Yoram (Sales agent/ demo farmer)	Butesa 1 village, Nakwasi Parish Butaleja Sub county	76 bags of cotton seed, 50 bottles of pesticides. One bag of cotton seed, four bottles of pesticides	High default rates leading to losses Low cotton prices demotivating farmers. Prolonged drought. High cost of inputs like spray pumps Limited tractor services.	Government should re introduce the policy of giving all cotton inputs free of charge. Increase the number of tractors in the region Sensitization of farmers on the benefits of cotton growing.
Abajaha Wilber	Butesa 1 village, Nakwasi Parish Butaleja Sub county	Two bags of cotton seed.	Drought leading to low cotton yields. High cost of spray pumps Low cotton prices Delays in delivery of cotton inputs	Timely provision of cotton inputs. Inputs like fertilisers and spray pumps should be given to farmers on credit Government should improve or stabilise cotton prices.
Mulwa Emma	Butesa 1 village, Nakwasi Parish Butaleja Sub	One bag of seed, three bottles of pesticides.	Poor weather conditions. Pests and diseases	Government should stabilize and widely publicize cotton prices to all farmers to avoid exploitation from

	county		Low cotton prices High cost of inputs Exploitative middlemen with counterfeit money and manipulated weighing scales.	mobile buyers All cotton inputs should be provided to farmers at no cost. UNBS should carry out routine monitoring and checking of all weighing scales used by all mobile cotton buyers in the region.
Bulage Zam	Namadeta Vilage, Hisega Ward Parish, Butaleja TC	One bag of seed and one bottle of pesticides.	Cotton growing requires a lot of time in terms of line planting, weeding and spraying in relation yields and profits received.	
Andehe Zainab	Namadeta Village, Hisega Ward Parish, Butaleja TC	Two bags of cotton seed.	High costs of inputs. Low cotton prices compared to high costs of production.	Government should increase cotton prices Provision of free inputs No record of amount of cotton harvested was kept
Christopher Talugenda (farmer and sales agent)	Buwuuma North Village, Buwuuma Parish, Busolwe TC	One bag of cotton seed, three bottles of pesticides Buys inputs from Busolwe Ginnery at a subsidised cost.	Low cotton prices High cost of inputs including seeds, spray pump and fertilisers. High default rates, last season he lost UShs 100,000 to debtors. Pests and diseases Limited access to tractor hire services in the region.	Government should increase access to tractor services in every sub county.
Mukwana Charles	Lwanda Village, Buwesa Parish, Busabi Sub county	Two bags of cotton, six bottle pesticides, 25Kgs of fertiliser.	Delays in provision of seed inputs Lack of finances to facilitate cotton production; large scale production requires money to hire and prepare land, plough, plant, weed and harvest cotton.	Re-introduction of cooperatives; farmers should be organised into cooperatives to receive inputs and market their products.

Source: Field Findings

Tororo District

Implementation status

The CDO Assistant Field Officer in charge of Tororo, Butaleja and Busia districts confirmed that during FY 2012/2013, planting seeds, fertilizers, pesticides and spray pumps had been received from CDO and distributed to farmers in the respective districts. The farmers had been provided with extension services, including demonstration of improved agronomic practices. The CDO Site Coordinator in charge of Paya, Sopsop and Mirekiti Sub counties also confirmed that during FY 2012/13, 3kg bags of cotton seed were sold at UShs 3,000 each, fertilizer at UShs 62,000 and spray pumps at UShs 53,000 each. He noted that the prices for fertiliser and spray pumps were increased UShs 2000 to UShs 3,000 to cater for transport costs. Training was offered to 17 farmer groups made up of 15 farmers per group.

One of the constraints mentioned was the low profitability of cotton growing. The monitoring team sampled a farmer in Pasona village and undertook a cost-benefit analysis to validate this finding (Table 5.37). The findings in this case study indicated that cotton growing was profitable especially when fertilizer is applied. The BMAU sampled beneficiary farmers to confirm whether they had received the inputs and the findings are in Table 5.38.

Table 5.37: Cost benefit analysis of cotton growing for 1 acre in Pasona village Tororo district FY 2012/2013

Item	Usage	Unit cost (UShs)	Total Cost (UShs)
COSTS			
Seed	1.5 bags	3,000	4,500
Ploughing			50,000
Spraying	6 units	3,000	18,000
Weeding labour	3 times	30,000	90,000
Spraying labour	4 sprays	3,000	12,000
Harvesting labour			70,000
Spray pump	1		50,000
Fertilizer	2 bags (UREA &NPK)	60,000	120,000
Total cost without fertilizer (a)			294,500
Total cost with fertilizer (b)			414,500
GROSS INCOME	**Yield**		**Total Income (UShs)**

Income without fertilizer (c)	600kg per acre	1,000	600,000
Income with fertilizer (d)	1,500kg per acre	1,000	1,500,000
NET INCOME			
Net income without fertilizer (c – a)			305,000
Net income with fertilizer (d – b)			1,085,500

Source: Field findings.

Table 5.38: Case studies of CDO beneficiary farmers in Tororo District FY 2012/2013

Name	Location	Inputs received	Challenges	Remarks
Ofwono Apollo	Pasona Village, Gule Parish, Magola Sub county	Three bags of cotton seed. Two bottles	Low cotton prices. High costs of inputs. Late supply of pesticides. High transport costs for accessing inputs. Exploitative buyers with faulty scales.	Sensitization of farmers on pest and disease management Increase cotton prices Government to put up cotton storage facilities as CDO and UGCEA lobbies for a better prices.
Obonyo Godfrey	Putedo village, Mulanda Parish, Mulanda Sub county	Five bags of cotton seed, four bottles of pesticides	Heavy rains; High cost of inputs and labor. Limited access to ox ploughs.	Improve access to agricultural loans. Prices of pesticides and spray pumps should be subsidized further; Increase access and ratio of Ox-ploughs to farmers
Lugee Wilberforce	Putedo village, Mulanda Parish, Mulanda Sub county	Two bags of cotton seed, two ropes, two pens, two exercise books, two bags of fertilizer (50kgs), 10 bottles of pesticides, one spray pump and training.	High production costs Low cotton prices Late and untimely provision of pesticides	Access to agricultural loans to cater for costs of production. These could be paid back upon harvest and sale of cotton.
Osege Mathias	Sere Village, Nawire Parish, Paya Sub county	An ox-plough for Osere progressive farmers, two spray pumps, 200 bags of cotton seed, 60 bags of	Limited tractor services. Price fluctuations. Irregular announcements of cotton prices leading to sale of cotton at	Scientists should come up with disease resistant varieties of cotton. Empower commercial cotton farmers to access viable agricultural credit loans to commercialize

		fertilizer, tractor services at UShs 50,000and training on best agronomic practices	different prices in the same period of time Cotton wilt disease affecting yields.	agriculture through purchase of tractors. CDO should establish a fund specifically aimed at rescuing from poor and unstable cotton prices. Avail fertilizers to farmers at lower prices. Farmers should be supported to establish and run ginneries to strengthen ownership and maximum participation in the cotton industry.
Awor Florence	Putedo village, Mulanda Parish, Mulanda Sub county	Three bags of cotton seed, four bottles of pesticides and two bags of fertilizer	Limited access to ox ploughs; these cannot be easily accessed due to high demand from group members. Ploughs were given to farmers without oxen making it difficult and expensive to hire an ox, at UShs 100,000	Increase cotton prices Provide farmers with oxen Access to agricultural loans,
Ochowo Ayeka	Pasona Village, Gule Parish, Magola Sub county	Six bags of cotton seed. Two boxes of pesticides with 48 units, 50 bags of fertilizer all a no cost	Unfavourable Climate-Drought drying up cotton fields High labor costs involved against proceeds after sale. Limited number of OX-ploughs provided to beneficiaries.	

Source: Field Findings

Teso Region

This region is comprised of 12 districts namely; Sironko, Manafwa, Mbale, Pallisa, Kibuku, Budaka, Bukedea, Kumi, Ngora, Serere, Soroti and Amuria. During FY 2012/13, the region received cotton inputs as shown in the Table 5.39. The inputs were worth UShs 692,854,000; the financial transactions are presented in Table 5.40

Table 5.39: Inputs from CDO handled by regional officer FY 2012/2013

Inputs	Received	Distributed	Stock balance
Planting Seed (3Kg bag)	163,839	106,847	56,992
Fertiliser (50kg bags)	3,153	2,677	476
Pesticides (Number of Units)	90,619	88,365	2,254
Spray pumps	726	683	43

Source: Field Findings from CDO regional office

Table 5.40: Input cash and credit sales of FY 2012/13

Item	Cash sales (UShs)	Sales on credit (Outstanding amounts) UShs	Total (UShs)
Planting seed	236,724,500	25,248,500	261,973,000
Pesticides	225,765,000	26,151,000	251,916,000
Fertiliser	106,240,000	42,420,000	148,660,000
Spray pumps	17,055,000	13,250,000	30,305,000
Total	585,784,500	107,069,500	692,854,000

Source: Teso Sub region End of Season Report 2012/13

The BMAU team sampled Kumi district to verify distribution of inputs to farmers.

Kumi district

Implementation status

The CDO officials in Kumi district confirmed receipt of inputs that they had distributed to farmers during FY 2012/2013. Table 5.41 shows some of the beneficiary farmers who were sampled to verify this information.

Table 5.41: Case studies of CDO beneficiary farmers in Kumi district FY 2012/2013

Name	Location	Inputs Received	Challenges	Recommendations
Okwe Peter	Kanapa Village, Kanapa Parish and Ogino Sub county.	40 bags of cotton seed; Two bags of fertilizer; Two boxes of pesticides. Five spray pumps and training in July 2012	Low cotton prices Cotton pests and diseases Limited access to ox ploughs given group members High cost of inputs like fertilisers and spray pumps	CDO should provide oxen to members to facilitate effective usage of ploughs provided.
Jesica Tino	Kanapa Village, Kanapa Parish and Ogino Sub county.	Ox plough under Amurich Women's group, three bags of cotton seed, 15 bottles of pesticides,	High cost of inputs High labor costs involved in planting, weeding and harvesting.	Provision of free inputs Government should increase the cotton prices.
Agirong Christine	Agule village, Ogoria parish and Kumi TC	Eight bags of cotton seed. Six boxes of pesticides. One bag of fertiliser, spray pump and training.	High cost of inputs High labor costs involved in planting, weeding and harvesting.	Government should provide oxen and tractors to boost cotton production. Improve access to Agricultural Credit Facility to cater for high cotton production costs.
Odong James	Agule village, Ogoria parish and Kumi TC	20 bags of seed, 40 units of pesticides, two spray pumps and training	Drought affected yields Low cotton prices High and Limited transport costs from farm to the ginnery	

Source: Field Findings

Challenges

The CDO field based officials mentioned the following challenges as impacting negatively on program implementation:

1) Inadequate and delayed supply of inputs like fertiliser. It takes more than two weeks between time of application to actual receipt of inputs.
2) Lack of proper field facilitation including stationery and allowances.
3) Drought affecting farmer's yields.

4) Lack of protective wear during field operations.
5) Inadequate transport to cover the entire area of operations.
6) Farmers lack adequate capital to undertake large scale cotton production.
7) Limited tractor hire services; only one tractor was availed to both Teso and Bugisu cotton regions.

Recommendations

The CDO field based officials made the following recommendations:

1) CDO should continue subsidizing cotton inputs to facilitate large scale cotton production in the region.
2) Government should introduce affordable agricultural loans with minimum interest rates of at least 5%
3) Government should avail Kumi district with more tractors/ox-ploughs.
4) CDO in collaboration with GOU should set a minimum price of cotton on an annual basis. This should be communicated to farmers to avoid exploitation by willing buyers.
5) CDO should actively get involved in price lobbying for better market prices at both national and international markets.
6) CDO should involve area politicians in all cotton activities including sensitization and campaigning for cotton production
7) CDO should ensure timely provision and distribution of cotton inputs to facilitate timely planting.

Bugisu Region

This region is comprised of three districts including Sironko, Mbale and Manafwa. The region was supplied with 34.34 MT of planting seed, 413 bags of fertiliser, 10,648 units of pesticides, and 189 spray pumps. The BMAU sampled Sironko district and established the following;

Sironko district

Implementation status

The Acting Regional Coordinator confirmed receipt of inputs from CDO and distribution to farmers, both on a cash and credit basis. It was reported that at 80% of the credit given out during FY 2012/2013 had been recovered from the farmers. It was also noted that the quality of seed received was good with high germination rates and the pesticides were effective. The new type of spray pumps named "*Matabi*" provided in FY 2012/13 were noted to be of excellent quality. Table 5.42 shows some of the beneficiary farmers who were sampled by BMAU to verify receipt of inputs.

Table 5.42: Case studies of CDO beneficiary farmers in Sironko district FY 2012/2013

Name	Location	Inputs Received	Challenges	Recommendations
Sakwa Herbart (Sales Agent)	Busiyu Village, Bukise Parish and Bukhalu Sub county.	300 bags of cotton seed. 10 boxes of pesticides (240 units). Four spray pumps and training in April 2012 All bags were sold cash by August 2012	Low cotton prices affecting demand and motivation of farmers to plant and maintain cotton. Karate pesticide was not effective as expected	Government should consider increasing cotton prices. Cypercal pesticide should be re-introduced for better pest and disease management
		Six bags of cotton seed. Five bags of fertiliser, 24 units of pesticides. Training on agronomic practices in April 2012	Pests and diseases affected much of the yields	Farmers should be involved in marketing of their products at both national and international markets.
Lodanim Wabuyi	Busiyu Village, Bukise Parish and Bukhalu Sub county.	32 units of pesticides 8 bags of seed	Low prices of cotton High price of cotton seed Ineffective pesticide	Government should promote fertilizer use and provide seeds at no cost/
Alex Burundo	Busiyu Village, Bukise Parish and Bukhalu Sub county	Three bags of cotton seed. Two boxes (24 units) of pesticides.	Poor cotton prices at the world market.	Government should increase and stabilise the cotton market prices.

Source: Field Findings

Challenges

The CDO field officials noted the following challenges:

1) Changes in weather patterns affecting planting seasons and crop yields.
2) Price fluctuations of lint on the world market translating into poor loan recovery affecting both CDO and farmers.
3) Lack of viable farmer groups; most farmers join groups to access free inputs like ox ploughs and later disintegrate for individual benefits.
4) Land fragmentation.
5) Depletion of soil fertility.

Recommendations

The CDO field officials made the following recommendations:

1) Introduction of small irrigation schemes to boost not only cotton growing but the entire agricultural sector.
2) NARO with support from MFPED should research about new cotton technologies including better and drought resistant varieties, effective pesticides, and better methods of cotton growing among others.
3) Continuous training of farmers to appreciate and apply good agronomic practices to boost cotton production.

5.8.3 Analysis

Link between financial and physical performance

During FY 2012/2013, UShs 3.292 billion was spent by GoU on the cotton program. Together with funding from Uganda Ginners and Cotton Exporters Association (UGCEA), the GoU funds were well utilized for provision of cotton seeds, chemicals and extension services to farmers. The BMAU confirmed that the inputs were received by farmers at the recommended cost price. The main challenges affecting the sector related to price fluctuations, delayed repayment of credits by the farmers, ineffective pesticides, inadequate tractor services and transport for moving inputs, low facilitation of CDO field staff, poor quality seed procured for dressing and poor yields associated with weather vagaries and soil infertility.

Achievement of set targets

The key performance targets set by the Uganda Cotton Development Organization for FY 2012/2013 were achieved. More than 1,381 MT of cotton seeds, 380,000 units of pesticides, 2,733 spray pumps, 1,000 ox-ploughs and 632 MT of fertilizer were distributed to farmers as planned. The CDO purchased 16 acres of land in Pader district to establish a regional dressing station. The pesticide Karate however was noted to be ineffective in controlling cotton pests and diseases. The dressing stations were constrained by limited storage facilities and lack of dryers for drying cotton seed.

5.8.4 Conclusion

The CDO was performing well with regard to physical and financial performance. The support offered by the UGCEA, through a PPP with Government, had enhanced delivery of outputs in the cotton sub-sector. It was noted that cotton production was profitable for some farmers especially when fertilizer is applied. CDO needs to improve timely delivery of inputs to ensure timely planting by the farmers.

5.8.5 Recommendations

It is recommended that:

1) Government together with the UGCEA should promote contract farming in the cotton sector to reduce the price risks faced by farmers.
2) CDO should step up promotion of fertilizer use in cotton growing as it is highly profitable.
3) CDO should scale up provision of tractor services as well as ox-ploughs to enhance cotton production at farm level.
4) Government should avail funds for construction of the CDO regional seed dressing station in Pader district.
5) To facilitate loan recovery, CDO should sign MoUs with the farmers to ensure that when they default in payments for the inputs, there are measures that can be enforced. These could be handled through the local council system.

5.9 Uganda Meat Export Development Program

5.9.1 Background

The Uganda Meat Export Development Programme (UMEDP) was set up in 2008 to improve quality of meat destined for the international market. The UMEDP aims to improve incomes and food security in rural populations that depend on livestock as well as modernizing the sanitary and pytosanitary systems and generating value added products. The four components of the project during the interim phase are summarized in Table 5.43.

The project is a Public Private Partnership (PPP) between GoU, the meat producers of Uganda and the Norwegian meat industry cooperative Nortura BA. The project interim phase commenced in July 2009 and with the end date in June 2012. Thereafter, further funds were to be provided by GoU and the donor to implement the main phase of the project. The project works with farmers through the Uganda Meat Producers Cooperative Union (UMPCU). The operational target is to form the Uganda Meat Export Company (UMEC) that would develop two abattoirs in DCZ1 and 2 and a meat processing plant in DCZ1.

Table 5.43: UMEDP Project Components

Project Components	Description	Implementing agency
1. Establishing Disease Control Zones DCZ (IP1)	Construction of infrastructures such as fences, watering facilities and quarantine stations.	MAAIF
2. Enhancing Livestock Production in the DCZ (IP2)	Development of the Uganda Meat Producers Cooperative and Livestock Marketing Centres.	Nortura/UMPCU
3. Developing Animal health and meat Hygiene Services (IP3)	Public infrastructure at MAAIF, MOH and other ministries – legislation, laboratories, vaccination, surveillance.	MAAIF but delegated to Ministry of Agriculture & Food

		Norway
4. Establishing the Uganda Meat Export Company (IP4)	Establishing the Uganda Meat Export Company (UMEC)	Nortura

Source: Nortura, 2008.

5.9.2 Findings

i) Financial performance

It was estimated that the interim phase of this project (2009-2012) would require total financing amounting to US$ 52,729,600 to be contributed by GoU and other donors as indicated in Table 3.1.12. While US$ 35.4 would specially be earmarked to the UMEDP project, US$ 17.8 would be channeled to the UMEC to meet its capital requirements. Previous monitoring work by BMAU in FY 2011/2012[32] indicated that GoU was disbursing about half a billion every year to this project since FY 2009/2010 for component 1 that was implemented by MAAIF.

For the period 2008-2011, the donors disbursed startup funds for the interim phase US$ 741,100 for Project Component 2 implemented by Nortura and US$ 412,265 for Project Component 3 implemented by Ministry of Food and Agriculture Norway. Since the Uganda Meat Export Company had not been formed, Project Component 4 did not receive any funds. After the interim phase, no further donor funds were disbursed to the project.

In FY 2012/2013, the project relied on GoU counterpart funding and the performance is shown in Table 5.44. The project had excellent resource absorption capacity (93%).

Table 5.44: GoU financial performance for the Uganda Meat Export Development Project in FY 2012/2013

Item	Amount (UShs)
Approved budget	1,960,000,000
Releases	816,768,571
Payments	765,024,019
Commitment	0
Available funds	51,744,552
% of funds absorption	93%

Source: IFMS data.

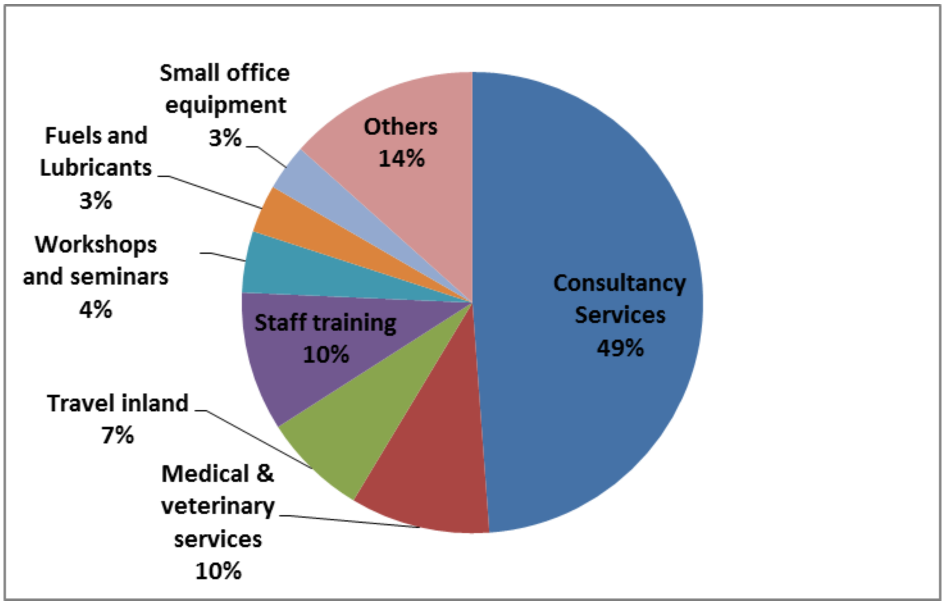
MAAIF reported that during FY 2012/2013, UShs 210 million (27.4 percent of release to MAAIF) was advanced to Uganda Meat Producers Cooperative Union (UMPCU) for the following purposes: UShs 70 million to facilitate establishment of feedlot demonstration units;

[32] Budget Monitoring Report FY 2011/2012 Quarter 2.

UShs 90 million for Artificial Insemination (AI) services to farmers; UShs 30 million for constructing water points and UShs 20 million for facilitating UMPCU to mobilize farmers. The UMPCU officials confirmed receipt of the funds as reported by MAAIF.

An analysis of expenditures by MAAIF of the funds released during FY 2012/2013 for this project shows almost a half (49%) of the resources were spent on short term consultancies. The rest of the funds were used on medical and veterinary supplies, staff training and workshops, among others.

Figure 5.8: MAAIF Expenditures for the UMEDP FY 2012/2013



Source: IFMS data 2012/2013.

ii) Physical performance

a) Overall project performance

The progress made towards achieving the key planned outputs for the UMEDP as stated in the project performance report FY 2012/2013 is summarized in Table 5.45.

Table 5.45: Physical performance of the UMEDP FY 2012/2013

Planned outputs	Actual outputs	Remark by MAAIF
Two Disease Control Zones mapped & demarcated	Not done	Lack of donor funding to implement; MAAIF indicated that this concept was no longer relevant.
Construction (or rehabilitation) and equipping 4 quarantine stations and 4	MAAIF visited Kakinga and Nkonge villages in Sembabule district and Nyakashashara,	Lack of land titles constrained establishment of infrastructures.

holding grounds in DCZs	Kabagole and Tanjiriza in Kiruhura district and commenced some land surveys. The output was not achieved.	
20 feedlot demonstration units established under a PPP	4 feedlots established in Kiruhura, Nakaseke, Luwero and Gomba districts through a PPP by the UMPCU.	Target not achieved by 16 feedlots.
Rehabilitation and equipment for diagnostic laboratory	Not done	Insufficient funding.
Rehabilitation and restocking Maruzi ranch with superior breeds	Activity replaced with Artificial Insemination that was undertaken by UMPCU. About 700 cows received AI services.	AI provided in Nakaseke, Luwero, Mubende, Nakasongola, Kiruhura, Isingiro, Masaka, Sembabule and Gomba districts
Construction of water points to provide at least 3.2 million cubic metres of water	Three water points established, one each in Nakaseke, Isingiro and Gomba districts by UMPCU	
Training 15,000 livestock farmers	Farmers were trained.	No reliable data to establish the total number of farmers trained.
Development and equipment of 6 Livestock Marketing Centres	Three Livestock Marketing Centres that were established 2 years ago continued to be functional.	Target was not achieved as no new LMCs were established in FY 2012/2013.
Construction of 1 central abattoir and 1 satellite abattoir	Not achieved	No donor funding.
Establish Uganda Meat Export Company	Not achieved	

Source: MAAIF progress report FY 2012/2013; Field findings; Discussions with MAAIF and UMPCU officials.

Overall, the UMEDP performed below average due to lack of donor funding to implement some of the activities. Most of the activities that were achieved were implemented by the UMPCU through a PPP. It was not immediately evident what the funds that were left at MAAIF where spent on.

The BMAU held discussions with the UMPCU to get an overview of program implementation for the funds received and visited six districts (Mubende, Isingiro, Masaka, Nakaseke, Gomba, Nakasongola) to assess performance. Below are the findings.

Uganda Meat Producers Cooperative Union (UMPCU)

Background

The UMPCU is the umbrella organization for primary cooperatives dealing/producing meat in Uganda and is implementing Component 2 of the UMEDP. The Union was registered in 2009 and has registered 33 Primary Cooperatives with over 2,650 farmers. The NORAD (Norwegian Agency for Development) in collaboration with Nortura supported the Union for a period of two years, with donor funding ending in June 2012. The Union activities were mainly supported by MAAIF during FY 2012/2013.

Implementation status

The UMPCU officials reported that they used the UShs 210 million received from MAAIF during FY 2012/2013 to establish feedlots, water points and offering field extension and artificial insemination services to farmers. They continued to support the 3 Livestock Marketing Centres in Masaka, Luwero and Mbarara districts, respectively. Below are the detailed findings on each of the output areas.

Artificial Insemination (AI)
Semen and liquid nitrogen were procured from NAGRIC and used for AI services offered at farm level. During FY 2012/13, a total of 700 animals belonging to 34 farmers were inseminated. AI Vet Links Uganda Ltd was contracted to inseminate 500 animals country wide at a contract sum of UShs 3.6 million exclusive of hormone payments. The second batch of 200 animals was inseminated at UShs 7.8million inclusive of hormone payments. The AI services were offered on a cost sharing basis with the farmers to enhance participation and project ownership; farmers were asked to pay between Ushs.30, 000 to Ushs.15, 000 for the first and second lot of insemination respectively.

By May 2013, AI success rates were estimated at 79%, confirmed by pregnancy diagnosis done three months after insemination and farmer's records. The 21% failure rate of AI services was attributed to animal infertility, poor nutrition, animal stress, and non-readiness of the animal to receive the service among others.

Feedlot establishment
Feedlot refers to a plot of land where livestock are fed and fattened up[33] for improved yields and better market prices. It is usually confined and fenced off on relatively one acre of land where animals are fed intensively and given supplements to put on weight. UMPCU confirmed that 3 farmers were selected from Kiruhura, Luweero and Nakaseke districts, trained and assisted to establish feed lots on their farms.

Water for Production
The UMPCU received UShs 30 million to establish water dams in Isingiro, Gomba and Nakaseke districts. Each district received UShs 5 million to establish a water dam; all had been established except Gomba district where excavation was awaiting for tractor repairs and favorable weather conditions. About UShs 4 million was expended on project monitoring and

[33] www.feedlot.com.sg

supervision. In May 2013, the Union's Annual General Meeting (AGM) resolved that UShs 11 million should be earmarked to establish a water dam for Zirobwe and Ntuusi Cooperative Societies in Luweero and Sembabule, respectively. These societies were nominated as the best performing beef cooperative societies in the county. The activity could not be implemented as planned due to prolonged drought. The activity was expected to be undertaken in FY 2013/2014.

Challenges

The UMPCU officials reported the following challenges as affecting implementation of the UMEDP:

1) Communication gaps and non-involvement of UMPCU in Planning and budgeting for UMEDP: UMPCU was not informed by MAAIF about the budget and planned activities. Adhoc releases necessitated speedy implementation and absorption of resources that affected the quality of work delivered.
2) Limited project monitoring and follow up by MAAIF; the funds were insufficient for UMPCU to follow up the project.
3) Delays in project implementation due to non-availability of the MAAIF expert who was supposed to mentor and offer technical support to UMPCU.
4) Lack of clarity and overlap in the roles for overseeing the project between MAAIF and the Ministry of Trade, Tourism and Industry.
5) Farmers' loss of trust in the Government Program as the abattoir that was promised was not delivered.
6) Drought greatly affected animal yields across the country.

Recommendations

The UMPCU officials recommended the following for MAAIF's attention:

1) Continuous sensitization of farmers to become business and commercial oriented.
2) More funding should be directed to the beef sector. It has great potential to generate income, create jobs and alleviate poverty.
3) Support to county wide routine vaccination of animals from preventable diseases like foot and mouth. This will significantly cut down on costs involved in animal treatment, quarantines and loss of animals. UMPCU should be mandated to oversee and establish vaccine working mechanisms through livestock cooperative unions in the country.
4) MAAIF should inform and communicate budget lines and expected outputs to UMPCU adequately to facilitate timely planning and implementation of planned activities. The UMPCU should be involved by MAAIF in planning and budgeting for the UMEDP.

Isingiro district

Implementation status

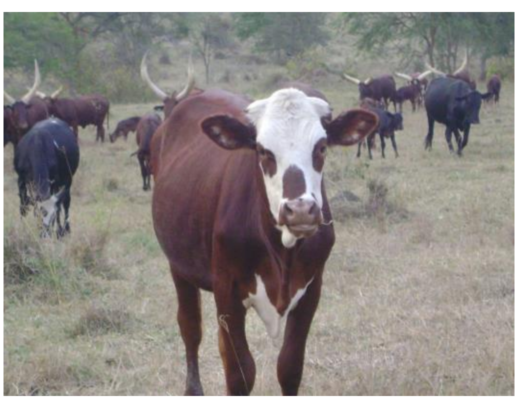
The BMAU team confirmed that, during FY 2012/13, four farmers in Isingiro district benefited from UMEDP through the UMPCU. They received artificial insemination and one farmer got a water point. All the above beneficiaries were visited the following was noted;

Mr Bituuko of Kikuusi Village, Isingiro Town Council and a member of Isingiro United Beef Cooperative Society confirmed receipt from UMPCU training on beef production through improved breeds and artificial insemination services on two occasions; the first AI was done on 22nd February 2011 on ten cows out of which seven conceived. Two out the seven cows that conceived aborted. The second AI was done on 27th November 2012 on 13 cows out of which seven cows conceived and two aborted. He paid UShs 30, 000 and UShs 15, 000 per cow for the first and second batch of insemination, respectively.

Cow from UMEDP AI services in Isingiro TC

Nshenyi Byarugaba Farm is located in Nshenyi village, Bugariga Parish and Ruborogota Sub County. Ten cows were selected, prepared and received AI in March 2013, by 22nd August 2013, the farm caretakers had not seen any cow showing signs of pregnancy.

Mr. Rwakanuuma of Kabingo cell, Karama parish, Ruborogota Sub county confirmed receipt of AI services and UShs 5 million which he supplemented with own income to establish a valley dam. A total of 30 cows were artificially inseminated in 2012 and all delivered calves. The second batch of insemination was done in March 2012 on 22 cows out of which 10 cows conceived and had not delivered by August 2013.



Left: Cow from AI services in Kabingo cell, Isingiro district; Right: Valley dam and troughs established with UMEDP funds

Kibona Farm; is located in Kitoma village, Katogo Parish, Rwampara Sub county. On 25th November December 2012, ten cows were inseminated and none conceived. The farm paid UShs 30, 000 per cow inseminated. The Farm manager recommended that animals should be inseminated again at no cost to avoid losses and enhance livestock production at farm level.

All the farmers were appreciative of the improved breeds from AI services and the water for production facility which provided water during the dry season. Improved breeds obtained from AI services included Semmental, Braham, Polled Hereford and Red Angus. The milk production levels increased due to the improved breeds.

Challenges

The farmers noted the following key challenges to project implementation:

1) Lower than expected success rates for AI discouraged farmers from adopting this technology.
2) Low immunity of improved breeds and hence more susceptible to infections compared to local breeds.
3) Limited capacity and knowledge to handle new improved breeds by veterinary doctors in the region.
4) Drowning of calves in the unfenced water dam at the farm.
5) Lack of livestock and beef advisory services; UMPCU had opened an office in Isingiro that was overseeing livestock agriculture in the region but was closed due to lack of funds to pay worker's salaries, office space and sundries.

Gomba District

Implementation status

During FY 2012/13, five farmers benefited from the project and received AI services; one farmer also received funds to establish a water point for livestock. The monitoring team interacted with two of the beneficiaries and the findings are presented below:

- **Beneficiary Mr. Mpungu**

The beneficiary resided in Degeya parish, Maddu Sub County and was a member of Maddu Meat Producers Cooperative Society. He confirmed receipt of training, AI services and funds for a water facility. In 2011, eight cows were inseminated and none conceived. In January 2013, 24 cows were also selected and inseminated. By August 2013, four were suspected to be pregnant. The beneficiary paid UShs 30,000 and UShs 15, 000 per cow for the first and second batch of cows inseminated, respectively. Beneficiary applauded and appreciated the initiative to be the first livestock/beef program to reach farmers at the grass root.

He reported having received UShs 5 million in March 2013 from UMPCU to establish a water dam. He decided to clean and de-silt an existing communal water dam serving over 600 animals belonging to six farmers. The whole processes, however, required an additional UShs 10 million to cater for labour costs and a boat to facilitate de-silting. The beneficiary got an alternative piece of land to establish a 30mx40m valley dam which was smaller and enough for only one farmer. However, he was yet to excavate the dam as he was waiting for tractor services from the district.

- **Beneficiary Mr. Katete**

The beneficiary lived in Degeya village, Degeya parish, Maddu Sub County. He reported having received AI services and training for livestock development from UMPCU. With regard to AI services, 16 cows were selected and prepared for insemination in 2011. They were given hormones; however only one exhibited signs of readiness. It was given the service but did not conceive. In 2013, 20 cows were selected and inseminated. By August 2013, 5 cows had exhibited signs of pregnancy. The beneficiary paid UShs 30,000 and UShs 15,000 per cow on first and second batch of cows inseminated, respectively.

Challenges

The farmers in Gomba district noted the following challenges as affecting project implementation:

1) Doubted source of semen; quality of semen from NAGRIC was doubted since most cows failed to conceive.
2) Reduced adoption of AI services as farmers witnessed the high failure rates for conception of the cows.
3) Most farmers lacked knowledge on good livestock breeds and hence found it difficult to select breeds during the AI services.
4) Long preparation periods to receive AI services. The preparation phase at the farm took 10 days; keeping cows from bulls for that long was noted to be difficult to implement.
5) Delays in service provision; farmers were asked to select and prepare cows for insemination, however inseminators delivered the service much later when farmers had lost hope and released the animals to bulls.
6) General lack of awareness on availability and importance of AI services in the region

Recommendations

The farmers in Gomba district made the following recommendations:

1) Local personnel should be recruited by MAAIF and trained to administer the service on ready animals in a timely manner.
2) NAGRIC should follow up on semen sold to farmers to establish quality and reasons for AI failures.
3) Farmers should be mobilised and sensitized about availability, importance, and selection of AI breeds.
4) Learning or exchange visits with successful countries like Kenya should be organised for farmers to gainfully participate and learn from the initiative.
5) UMPCU should be funded to effectively monitor and follow up on project beneficiaries.
6) Farmers should be mobilised and sensitized about availability, importance, preparation and handling AI products.
7) Funds that were spent on unsuccessful AI should be refunded in terms of either cash or redoing.

Masaka District

Implementation status

In FY 2012/13, eight farmers from Kyanamukaka Cattle Farmers Association received artificial insemination services on their farms. The BMAU team interacted with the Manager for Masaka Livestock Resource Centre and two beneficiaries and the findings are presented below.

- **Livestock Resource Centre**

The centre started operations in March 2012 was fully funded by Nortura until May 2012 when UMPCU took over support and funding. The Centre oversees livestock activities of over 340 farmers in five districts and eight cooperative societies namely; Kyanamukaka in Masaka District, Lwengo and Kyazanga in Lwengo district, Lugusulu and Ntuusi in Sebabule district, Gomba and Maddu in Gomba district as well as Bigasa/Kiganda in Bukomansimbi district.

During FY 2012/13, the following activities were undertaken:
- Training seminars on pasture management, AI, feedlot and water conservation.
- Facilitated insemination of 288 animals; 60% of animals inseminated conceived and were expected to deliver in September 2013. The 40% failure rate was attributed to differences in animal cycles, quality of semen, feeding habits and animal stress among other factors.
- Over seeing de-silting of a community dam in Gomba.

The key challenges faced by the Livestock Resource Centre were:
1) Inadequate transport and facilitation to supervise, monitor and follow up beneficiaries.
2) Limited project services beyond the AI, feedlot and water provision.

It was recommended that:

1) MAAIF and UMPCU should put most emphasis on ensuring project self-sustainability to avoid donor dependence.
2) Prioritisation of staff welfare in terms of transport, airtime and office sundries.
3) More funding for training on disease control, pasture, water conservation and management is paramount.

- **Beneficiary Mr. Bombo**

The beneficiary was located in Degeya village, Kabonera Sub County. He confirmed receipt of training on pasture management, conservation, disease control and prevention. On his farm, 17 cows were selected, synchronised and inseminated in December 2012. All of them conceived and expected to deliver September 2013. The beneficiary paid UShs 15,000 per cow that was inseminated. His main challenge was the lack of knowledge and capacity to effectively handle new breeds in terms of spraying and feeding. He recommended that MAAIF and UMPCU should train farmers in breed management.

- **Beneficiary Mr. Ssebata**

The beneficiary resides in Kyoko Village, Kayanda Parish, Kigo Sub County. He confirmed receipt of training on livestock production and management from UMPCU and AI services for 9 cows all of which conceived however, two cows died of river blindness. The beneficiary paid UShs 15,000 per cow inseminated. The main challenge was lack of awareness on availability and importance of AI services in the region. He recommended that farmers should be mobilised by MAAIF and sensitized about availability and importance of AI.

Mubende district

Implementation status

In FY 2012/13, 5 farmers in Mubende district received AI services from UMEDP through the UMPCU. The monitoring team visited one beneficiary Mr. Gessa, a resident of Kiduma Village, Kizika Parish in Kitumbi Sub County. He reported that he had benefited from Artificial Insemination (AI) services on two occasions. The first insemination was done in February 2011 on 10 cows, out of which one cow conceived. The second insemination was done in March 2013 on three cows and two cows conceived. He got a Red Angus cow worth Ushs.5million from the first batch of inseminated cows *"…it made up for all the insemination losses earlier made, it is 18 months old, strong and very beautiful…..it is much better than our Ugandan breeds"* he noted, visibly excited. He was expecting two more improved breeds in November 2013.

Challenges

The key challenges noted by the farmer included:

1) Delays in service provision; farmers were asked to select and prepare cows for insemination, however inseminators delivered the service one month later when farmers had lost hope and released the animals to bulls.
2) Poor attitudes of farmers towards new technologies; most farmers believe that AI is not useful and hence are reluctant to prepare and surrender their animals to receive the service.
3) Land fragmentation and occupancy of squatters on farmer's land which limits space for livestock rearing.
4) Lack of capacity to sustain improved breeds and implement lessons learnt from UMPCU trainings on ground. AI breeds need good feeding, water and weekly sprays using well established crashers which most farmers do not undertake due to lack of finances .
5) Loss of trust and confidence in government programs; farmers were promised an international abattoir with support from Norway to enhance livestock production in Uganda; to date (August 2013), this promise has never materialised de-motivating a number of farmers in the region.

Recommendations

The farmer recommended the following to MAAIF and UMPCU:

1) Provision of modern technologies to facilitate effective livestock farming, maintenance and sustainability of improved breeds.
2) Efforts should be made to add value to beef products to access western markets. Farmers need to be trained about modern livestock farming, change of mind-set and perceptions towards commercialization of livestock agriculture.
3) Politicians should get involved in sensitization of farmers to form bigger and viable groups for better markets.
4) Uganda Meat Company should be capitalised and mandated to trade beef at both national and international markets. This will not only enhance farmer's involvement but will also boost sustainable livestock production in Uganda.

Nakaseke district

Implementation status

During FY 2012/13, three farmers were selected in Nakaseke district and all received AI service on their cows. One of the farmers was facilitated to improve his feedlot and water source. The BMAU visited the three beneficiaries and the findings are presented below.

- **Beneficiary Mugyenyi farm**

- The farm is located in Mukazitabika village, Kigweri parish, Ngoma Sub County and the proprietor is a member of Ngoma Meat Producers Cooperative Society. The farmer confirmed receipt of the following services from UMPCU;
- Water for production: UShs 5 million from UMEDP was provided through UMPCU to establish a water dam. It was established and connected to serve a 10,000 litre tank and water reservoir. The investment was supplemented with an additional UShs10 million from the farmer's own resources to catered for water piping, water troughs, and a water reservoir.
- Artificial Insemination**:** In March 2011, 36 cows were inseminated, out of which 30 cows conceived and delivered 30 heifers. A total of 92 cows were inseminated between 25^{th} December 2012 and January 2013. By August 2013, they were still under observation to confirm conception. The farmer appreciated the improved cattle breeds from AI services including Braham, Red Angus and Bonzmara varieties.
- Feed lot: received a silage chopper which helps with grass and feeds cutting.


Improved Cows from UMEDP AI services at Mugyenyi farm Nakaseke district

Farmer's feedlot that was facilitated with UMEDP silage chopper in Nakaseke district

- **Beneficiary Mr. Kitimbo**

The beneficiary is located in Kaswa village, Kirinda parish, Wakyato Sub County. He reported that he submitted 25 cows for insemination and none conceived. Another 25 cows were inseminated in the second lot; only one conceived and delivered a Braham calf. The beneficiary paid UShs. 30, 000 and UShs 15, 000 per cow inseminated in the first and second lot, respectively.

- **Beneficiary Mr. Taremwa**

The beneficiary is located in Bwami Buwome village, Kirunda parish of Wakyato Sub County; he was a member of Wakyato Farmer's Cooperative Society. He reported that he received AI services for 30 cows, out of which only four conceived.

Challenges

The following challenges were noted by the farmers:

1) Unavailability of artificial inseminators.
2) Insemination failures as a result of poor quality semen.
3) High expectations of AI results; inseminators displayed AI products on their computers and farmers were asked to choose preferred breeds. Cows were inseminated with selected breed hormones for improved yields. Products however were much different from farmer's expectations. They were lighter and looked sickly. "*We were told that AI products would weigh 80-100Kg within 6 months, mine are over one and half years but weigh less than 40Kgs!*" complained one of the farmers in Nakaseke district.
4) Loss of funds: one of the beneficiaries paid about UShs 1,500,000 for the service and only four cows conceived and delivered unhealthy animals.

Recommendations

The following recommendations were made by the farmers:

1) MAAIF should identify some serious farmers and support them to become proven breeders to sell products to other farmers.
2) Cooperative societies should be strengthened to facilitate group lobbying, feeding and marketing at national level.
3) UMPCU secretariat should be supported to undertake its mandate including lobbying and support to farmers.
4) Government should commit to its obligations to attain Norwegian support directed towards improved livestock agriculture.
5) NAGRIC should improve AI service for better livestock yields.
6) Professional inseminators should be contracted by MAAIF and UNPCU to carry out the service to avoid future losses.
7) Beneficiaries should be followed up and given advice on how to handle new and improved animal breeds.
8) Inseminators should be truthful and refrain from heightening farmer's expectations.

Nakasongola district

Implementation status

In FY 2012/13, two farmers in Nakasongola district benefited from the project and received AI services. The monitoring team interacted with both of them and noted;

- **Kyakuwa Mixed Farmers**

The farm is located in Kyamukonda village, Kyamukonda Parish, Nabiswera Sub County and the farmer is a member of Nabiswera Meat Producers Cooperative Society. He confirmed receipt from UMPCU training on livestock farming and AI services for his animals: 15 cows were selected and inseminated on 2nd March 2013 at UShs 15,000 each. None of them conceived and seven out of the 15 that were inseminated aborted yet all cows had been checked for pregnancy.

- **Beneficiary Mr. Kalema**

The farmer resides in Kateeba Village, Kalengede Parish, Nabiswera Sub county in Nakasongola district. He confirmed receipt of training on livestock farming and feedlot management and AI services: 24 cows were selected for insemination out of which 22 exhibited signs of readiness to receive the service. They were all given AI, none conceived and two cows aborted. The beneficiary paid UShs 15,000 per cow inseminated.

Challenges

The beneficiary farmers noted the following challenges with the UMEDP services:

1) The AI was unsuccessful and losses were registered in terms of money and animals lost due to abortion.
2) The inseminators were not professional enough to administer the service and detect animal pregnancies which resulted in abortions after insemination.
3) Delays in service provision; farmers were tasked to prepare for AI two months before the service was received. By the time the service was rendered, a number of cows had been mounted by bulls.

Recommendations

The beneficiaries recommended the following to MAAIF and UMPCU:

1) Inseminators should be competent and knowledgeable to administer AI.
2) Inseminators should re-administer AI at no cost, when the service is unsuccessful on the first round.
3) Project beneficiaries should be monitored and followed up to establish results.
4) AI service should be improved through technological improvement to avoid loss of Government and farmers resources.

5.9.3 Analysis

Link between financial and physical performance

During FY 2012/2013, the MAAIF exhibited a high resource absorption capacity of 93% for the UMEDP. Out of the UShs 765,024,019 that was spent, UShs 210 million (27.4%) was advanced to the UMPCU for delivery of services. It was noted that the target outputs of the project were mainly those implemented by UMPCU. All the other targets that were supposed to be implemented by MAAIF using 72.3% of the released funds were not achieved, although the money was spent. Hence, the project performed below average, given the finances that were disbursed. Close to a half of the resources were spent on short term consultancies that did not help in achieving the planned targets in FY 2012/2013, indicative of poor allocative efficiency.

Achievement of set targets

Most targets for FY 2012/2013 for the UMEDP were not achieved, except for those that were delegated to the UMPCU which were partially achieved.

5.9.4 Conclusions

The MAAIF made some progress in implementing the UMEDP, mostly on the component that was delegated to UMPCU. But even the Artificial Insemination services that were offered to farmers through the UMPCU were partially successful; some districts like Gomba and Masaka reported high success rates with AI while Nakaseke and Gomba had most failures in animal conception through AI. The low competence of the AI inseminators hired by UMPCU and the quality of semen from NAGRIC&DB were noted to be problematic, contributing highly to the failure in AI services. The other performance targets that were to be implemented under MAAIF were not achieved; allocative efficiency of the available resources was poor.

5.9.5 Recommendations

It is recommended that:

1) MAAIF considers restructuring this project to retain the relevant components that can be funded fully by GoU.
2) UMPCU is strengthened and supported further by MAAIF to implement many of the activities under the UMEDP.
3) More professional inseminators are hired by MAAIF/UMPCU to undertake artificial insemination services under the project.
4) MAAIF improves allocative efficiency for GOU funds that are availed.
5) MAAIF involves UMPCU more in the planning and budgeting for the UMPCU since they are partners in implementation.
6) MAAIF and UMPCU should improve monitoring and supervision of the project beneficiaries.

CHAPTER 6: EDUCATION

6.1 Introduction

The education sector's objectives which guide the medium term resource allocations are: Increasing and improving equitable access to quality education at all levels, improving the quality and relevance of education at all levels and improving effectiveness and efficiency in deliver of the education services.

During the period July 2012 to June 30th 2013, the Ministry of Education and Sports (MoES) implemented a number of development projects under the approved work plan/performance contract. A progress report on the status of these planned activities was submitted to Ministry of Finance Planning and Economic Development (MFPED). The report detailed the status of implementation for the planned projects/programmes for which funds were received. The Budget Monitoring and Accountability Unit (BMAU) tracked the reported status of implementation for Financial year 2012/13 and the findings are detailed in this report.

6.1.1 Scope of the Report:

The report covers activities reported to have been implemented under Vote 013 during FY 2012/2013. The monitoring team sampled activities reported in the four progress reports and visited development projects in 23 districts.[34] These included developmental projects reported under project 0943 Emergency Construction and Rehabilitation of Primary Schools, Project 0897 Development of Secondary Education, Project 0942 Development of BTVET and Project 0971Development of TVET P7 Graduate and Project 0944 Development of PTCs and NTCs. We also monitored a few constructions under the Presidential Pledge for FY 2012/2013 in the same districts.

This report therefore gives the verified status and progress of implementation for projects under Vote 013 as at the time of the monitoring visit.

6.1.2 General Financial Performance of Vote 013:

The total approved budget for Vote 013 FY 2012/13 was Ushs 399.175billion. By the end of the FY, Ushs 403.540 billion representing 101.1% was released. This means that government performed well in terms of releasing funds to this sector. Out of the total releases Ushs 376.56 billion representing 93.3% (recurrent and development inclusive) was spent. This shows that the vote absorbed the allocated funds during the financial year. Refer to Fig 6.1

Fig. 6.1

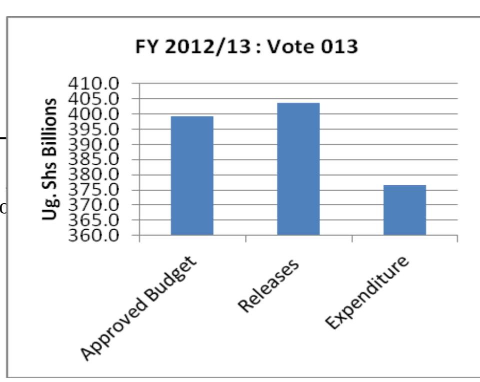
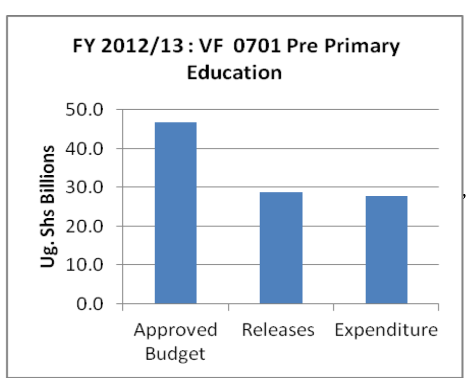


Fig 6.2



[34]Arua, ... a, ... , Masaka, Rakai, Luwero, Mukonc

6.2 Vote Function 0701: Pre-Primary and Primary Education.

The approved budget for this vote function was Ushs 46.76billion. Out of that Ushs 28.74 representing 61.5% was released during the course of the FY. This vote therefore received less funds and this affected implementation of planned activities. Ushs 27.74billion representing 96.5% of the releases were spent. Absorption of funds under this vote function in general was therefore very good. Refer to Fig 6.2

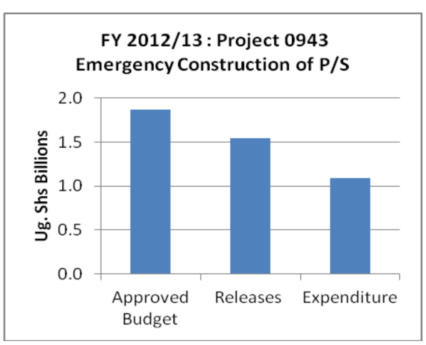
There are three development projects under vote 0701; Pre-primary and Primary Education (i.e Project 0176 Child Friendly Basic Education, Project 0210 WFP Karamoja and Project 0943 Emergency Construction of Primary Schools.) However, out of the three projects, we monitored one project (ie. Project 0943 Emergency Construction of Primary Schools).

6.2.1 Project (0943) Emergency construction and Rehabilitation of Primary Schools:

Under project 0943 Emergency Construction of Primary Schools, MoES planned to disburse funds for construction and rehabilitation to twenty-four primary schools during FY 2012/13.

The approved budget for this project was Ushs 1.87billion. Out of that Ushs 1.54billion representing 82.5% of the total budget was released to the project. By the end of the financial year 71% of the releases were spent. While this project received less funds than budgeted, it did not absorb all the funds received. This therefore had an implication on achievement of the planned output targets for the financial year.

Fig 6.3



6.2.2. Physical Performance:

Findings show that MoES implemented 17 schools during FY 2012/13 out of the 24 planned schools under this project. Seven of the seventeen schools implemented were outside the work plan for FY 2012/13. (i.e. Two of the schools implemented were for the previous financial year 11/12 Kalububbu P/S and St Thomas Bazadde P/S, while five other schools implemented were not in the work plan at all; i.e. J.C Kakoola P/S, Nakikungube C/U P/S and Nabalanga P/S, Kibibi C/U and Kjoro Odrua P/S).

Findings further showed that three of the schools reported to have received funds during financial 2012/13 (i.e. Bujubi P/S, Kibibi C/U and Nabalanga P/S) had actually received funds in the previous financial year 2011/12 and did not receive any more funds during financial year 2012/13. The constructions in these three schools were for funds received during financial 2011/12 and there was no constructions for funds reported to have been disbursed to them in 2012/13. Therefore there was mis- reporting.

The following sections details the findings from each of the schools monitored.

a) Bujubi Primary school:

A 3 classroom block constructed at Bujubi P/S

Bujubi primary school is found in Nakulamudde LCI, Kivuvu parish, Maanyi Sub County, Busujju County, Mityana district. MoES reported that funds were remitted to this school under the emergency construction and rehabilitation of primary schools project.

This school appears in the work plan for FY 2011/12 and was not in the work plan for FY 2012/13.

Findings indicated that the school received Ushs 76 million during FY 2011/2012. These funds were directly credited to the school account. Unfortunately the school did not utilize the funds until march 2013 when construction of a 3-classroom block started using a force account. M/s Ssenyonga David was contracted at a contract sum of Ushs 21million to provide the labour. The 3 classroom block was completed by the time of monitoring on 9th August 2013 and the beneficiaries were satisfied with the quality of civil works. They were only waiting for the construction committee to deliver the furniture.

b) Butende Umea Primary School:

Butende Umea Primary School is located in Butende village LCI, Butende parish, Ngando Sub County, Butambala district. According to the quarter four consolidated progress report, MoES disbursed funds for construction and rehabilitation of this school to this school.

Findings proved that the report was correct. The school received Ushs 90,941,000/=. The school was authorized to use a force account in constructing the block. By the time of monitoring on16th August 2013, construction of a three classroom block was completed. Furniture (five three-seater desks) were delivered. Also the five stance VIP pit latrine was completed. The structure was not yet handed over for use.

c) Butale Primary School:

Butale primary school is located in Butale-Bulondo zone LCI, Nakibongolya parish, Bugulumbya Sub County, Buzaaya County, Kamuli district. The quarter 3 and quarter 4 progress reports all note that MoES was in the process of procuring for civil works for a number of primary schools including Butale P/S.

A 5 classroom block that was renovated and the 2 stance lined VIP pit latrine constructed at Butale P/S

This schools appears in the work plan for FY 2012/13. Findings showed that the school received Ushs 79,000,000/= from MoES for rehabilitation and construction of the school. By the time of monitoring on 4th September 2013, a 5 classroom block with a head master's office, store and a staff room was renovated. The renovation works included replacing the entire roof with new roofing material and new non pre-painted gauge 28 iron sheets, internal and external rendering of the entire block, fixed new metallic windows and doors painting, all the veranda and splash apron were renovated. They also delivered 73 three-seater desks. A new 2 stance lined VIP pit latrine for staff was constructed.

However, some of the renovation works were not well done. According to the district engineer, the plastering of the office was not well done, the windows do not close properly, the ramps were not well done, the rough cast was poor and the floor of a number of classes cracked. He required the firm M/s Kamuli General Company to address those defects.

d) Kijoro Odrua Primary school.

Kijoro Odrua primary school is found in Kijoro-kubo LCI, Anzuu parish, Ayivuni Sub County, Ayivu county, Arua district.

A 3 classroom block constructed at Kijoro Odrua P/S

According to the Education Final BFP (p.24) MoES disbursed funds for emergency construction and rehabilitation to this school.

Findings showed that Ushs 47,804,128/= was received by the school. These funds were used to construct a 3 classroom block using a force account. As at the time of monitoring on 12th August 2013, the structure was at finishes level and not fully completed. The pending works included external plastering of the whole block, fixing windows and door shutters as well as the windows and doors, the finishes works on the verandah and splash apron, painting and provision of furniture**.**

Analysis of the work plan for this project shows that this was not one of the schools that the project planned to implement during this financial year. There MoES implemented outside the approved performance contract.

e) John Chrisostom Kakoola P/S:

St John Crisostom Kakoola primary school is found in Buwanuka LCI village, Kitemi parish, Bamunaka Sub County, Luwero district. According to the quarter 3 consolidated progress report FY 2012/13, MoES completed works at St John Chrisostom Kakoola primary school. Findings indicated that the school received Ushs 184,163.099/= during the previous FY 2011/12. The funds were for construction of a 4 unit teachers' house, a 4 stance VIP pit latrine, 2 blocks each with 2 classrooms and supply of fifty-four 3-seater desks. On 12th April 2013 the school received an additional Ush 53m for extra works on the structures that were not completed on the first installment.

Findings further showed that M/s Gali Technical Services of P.O.Box 9538 Kampala was contracted to undertake the civil works. This firm however, did not do a satisfactory work on the structures and some of the works were not executed in accordance with the drawings and Bills of quantities for the project. Some of the defects on the structures included the following:

Defects on the 2 classroom blocks:

- Windows were not of the correct size as those in the BoQs
- Doors were not of the correct size as those in the BoQs and had no vents
- The timber pieces were of size 40mm in thickness instead of 50mm recommended
- A number of purlin timber pieces were not properly jointed
- The wood preservative applied was not evenly distributed to cover all surfaces of roof timber pieces

Defects on the 4 unit teachers' house:

- The building externally measured 18.6m long by 6.85 in width instead of 20.20m long by 7.00m in width. Therefore the size of each room was smaller as they measured 3.18m long by 3.04m in width instead of 3.40 long by 3.20m in width.

- The verandah metal pieces were 40mm diameter galvanized metal pipes instead of 75mm diameters as recommended in the BoQs.
- The extra works including a retaining wall were done without approval from MoES.

Other defects:

- The desks were of poor quality
- There were no urinals on the VIP pit latrines and there were no holes for emptying the pit latrines as per the design
- The painting was incomplete
- There were no gutters on the buildings
- There were no lightening conductors on all the buildings
- The compound was not leveled
- There are no bathrooms for the 4 unit teachers' house and the latrines are still incomplete.

It was observed that while the contractor tried to address some of the minor defects, the major defects particularly on the 2 blocks of classrooms and those on the 4 unit teachers' house could not be addressed. While the progress report shows that the civil works were completed, as at the time of monitoring on 6th august 2013 this was not true.

Analysis of the work plan for this project shows that this was not one of the schools that the project planned to implement during this financial year. Therefore MoES implemented outside the approved performance contract.

f) Kibibi C/U:

Kibibi C/U is located in Simba LCI, Kibibi parish, Kibibi sub county, Butambala district. According to the quarter 4 consolidated progress report MoES disbursed funds to this school for Emergency construction and rehabilitation during FY 2012/13.

Findings showed that this school did not receive any funds during FY 2012/13. And there was no construction during that period.

Findings further indicated that the last time the school received funds from MoES under that project was during FY 2010/11 when they received Ushs 51,670,000/= vide EFT number 1739569 dated 10th May 2011. These funds were used to construct a 2 classroom block with office with furniture and also construct a 5 stance lined VIP pit latrine. These structures were all constructed and completed. However, the furniture was never delivered up to date. These works were contracted to Ms Lumanyo Technical Services at a contract price of Ushs 51,434,378/= including provision of furniture.


g) Nabalanga Primary school:

Nabalanga Primary school is found in Nabalanga LCI, Nabalanga parish, Nabbaale sub county, Nakifuma county, Mukono district. According to the quarter 3 consolidated progress report, MoES disbursed funds to this school for emergency construction and rehabilitation.

Findings indicated that the reporting was correct. The school received Ushs 233,917,392 during FY 2011/12.[35] The funds were for construction of a 2 classroom block, 2 blocks of 4 unit teachers' houses, a 5 stance lined VIP pit latrine, a 4 stance lined VIP pit latrine, installation of 2 tanks of 10,000 litres and supply of fifty 3-seater desks. As at the time of monitoring on 9th September 2013, all the structures were completed, the 2 water tanks were fixed and the fifty 3 seater desks were delivered. The 2 classroom block was constructed by M/s Kiwologoma General Contractors and suppliers limited at a contract price of 54,474,100/= while the 4 unit teachers' house and the 2 blocks of latrines (4 stance and 5 stance) at a contract sum of Ushs 165,952,070/=.

The 2 blocks of teachers' houses and the 2 classroom block constructed at Nabalanga P/S

h) Namokora Primary School:

Namokora Primary school is found in Kako village LCI, Pagwok parish, Namokora Sub County, Kitgum district. According to the quarter 3 consolidated progress report, MoES disbursed funds to this school for emergency construction and rehabilitation.

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[35] Findings show that the school did not receive funds during FY 2012/13, the funds were received during the previous year.

Findings indicated that the school received Ushs 64,206,467/= which was credited directly on the school account 9030006534723 on 26th June 2013 vide EFT number 2736939 MoES 24062013. The school had also acknowledged receipt of the funds. However, at the time of monitoring on 14th August 2013, rehabilitation of the six classroom block had not started. The head teacher observed that they were still waiting for guidelines from MoES.

Conclusion:

It is clear from the above that project 0943 Emergency Construction and Rehabilitation of Primary Schools did not achieve the planned output targets for financial year 2012/13. This project also received less funds than budgeted and secondly it did not absorb all the funds received.

Recommendations

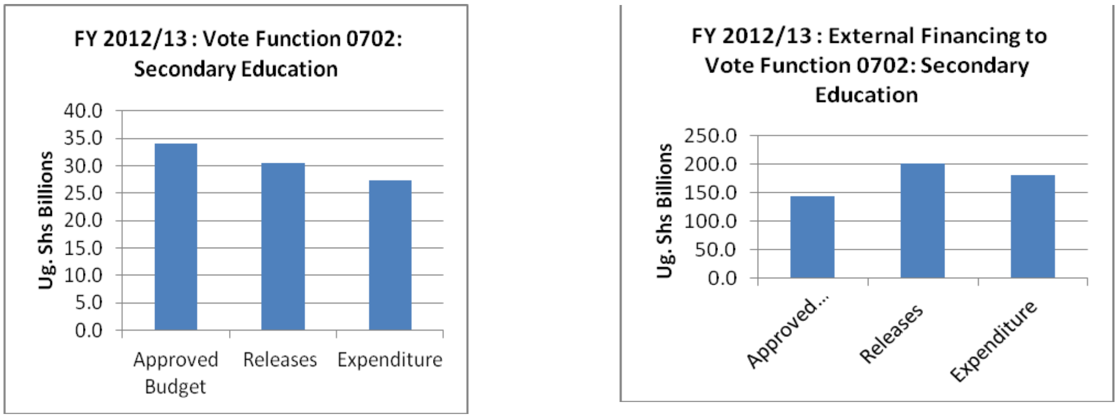
- The project implementers of project 0943 Emergency Construction of Primary Schools should stick to the approved performance contract/work plan during the course of implementation and therefore desist from implementing outside the approved work plan.
- MoES should follow schools where funds for rehabilitation and construction of primary schools were not effectively utilized to ensure that there is value for money (e.g. Butale P/S, J.C.Kakoola P/S)

6.3 Vote Function 0702: Secondary Education.

The approved budged for vote function 0702 secondary education, was Ushs 178.88 billion (GoU contribution was Ushs 33.97 billion and donor funding Ushs 144.91 billion). Overall, government released 78.9% of the approved funds to the three projects under Vote 0702 Secondary Education during FY 2012/13 (i.e. Projects; 0897 Development of secondary Education, project 1091 Support to USE (IDA) and project 1092 ADB IV support to USE). At the end of the financial year 90% of the releases were spent. This means that the vote function generally absorbed the funds.

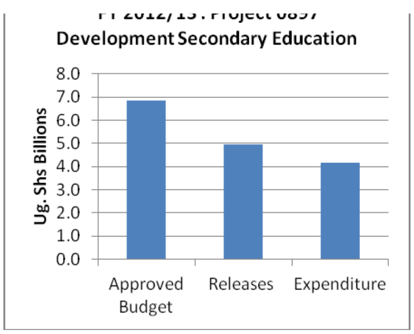
External financing to Vote 0702 Development of Secondary Education was Ushs 144.91 billion. Out of this Ushs 200.91 representing 138.6% was released. This means that the donors over-performed in terms of releasing development funds to this vote function. Out of the total external financing released, Ushs 181.6 billion representing 90.4% was spent. This shows that the Vote Function in general absorbed the released funds. (Refer to figure 6.4).

Figure 6.4



6.3.1 Project 0897: Development of Secondary Education:

Fig 6.5



There was no external financing to project 0897 during the financial year under review. So the project was solely funded by Government of Uganda contribution. The approved budget for project 0897 Development of Secondary Education was Ushs 6.85 billion. Out of this Ushs 4.95 billion representing 72.2% was released. The ministry spent Ushs 4.18 billion representing 84.5% of the releases. This means that project 0897 did not absorb all the funds released to it during the financial year. (Refer to fig 6.5). The performance of this project was assessed on three line outputs: (ie. 070280 classroom construction and rehabilitation, 070281 latrine construction and rehabilitation and 070282 teacher house construction and rehabilitation).

6.3.1.1 Line output 070280 (classroom construction and rehabilitation-secondary).

Under this project MoES planned rehabilitation and expansion of schools under batch 2, batch 3 and batch 4 under line output 070280 (classroom construction and rehabilitation-secondary). The quarter 4 consolidated Progress report from MoES did not report any progress on schools in batch 2, batch 3 and batch 4 during the course of the FY. However they reported on other outputs not related to the above planned outputs.

The monitoring team however, sampled three schools under these batches above (i.e Kako S.S, Kitgum High and Lango College) to find out about the progress of implementation.

a) Kitgum High

Kitgum High school is found in Bajere LC I, Lamit parish, Akwang sub county, Cwa county, Kitgum district. Findings showed that there were new constructions going on at the school.

However it was not clear whether these developments were under project 0897 or under UPPET-APL I. The school authorities reported that the constructions were under UPPET-APL I.

MoES may wish to clarify the source of funding regarding the developments at Kitgum High to avoid double reporting.

b) Lango College:

Lango College is found in Lango College LCI, Omito parish, Adyel division, Lira municipality. The school authorities reported that they received funds from MoES to complete the ICT block that was started by parents and stalled at window level. The funds were received in 2012. The school awarded the contract of completing this ICT block to Ms Odel Engineering Company at a contract sum of Ushs 42,024,685/= for a contract period of one year. The block is hitherto incomplete and the contract period expired.

c) Kako S.S

Kako S.S is found on Kako hill, Samalia parish, Mukungwe sub county, Masaka district. The school authorities reported that the school received Ushs 189 million during financial year 2011/12 for rehabilitation of school structures through Masaka district administration. It was further reported that the school received an additional Ushs 128 million during financial year 2012/13 also through Masaka district administration.

It was reported that the initial release of Ushs 189 million was used to rehabilitate the science laboratory and the cyber block/examination block. On both structures asbestos sheets were removed and replaced with new iron sheets, replaced the roofing timber, fitted new windows and doors, replaced the electrical wiring and the plumbing systems, replaced the gas system for the laboratory, procured furniture, painted the blocks anew and did their floors. The glasses in the windows were also replaced.

It was further reported that the second release of Ushs 128 million was used to rehabilitate the 2 dormitories on the boys' end. On both structures of the dormitories the roofs were replaced with new iron sheets, the roofing timber replaced, replaced the electrical wiring, replaced the windows and doors with new metallic frames, both dormitories were repainted and floors re-screeded.

d) Sir Samuel Baker Senior Secondary School:

Sir Samuel Baker S.S is located in Pongdwong LCI, Pakwelo parish, Unyama sub county, Aswa county, Gulu district. According to the final BFP (p.96), MoES supplied assorted furniture to this school during FY 2012/13. Findings from our monitoring indicated that this was not true. The school did not get any furniture from MoES during the period under review and no funds for furniture was received. This was therefore a mis-reporting.

Recommendation:

- While rehabilitation and expansion has been done in the schools sampled MoES needs to be clear on the source of funding for the rehabilitation works in schools under batches 2, batch 3 and batch 4. This is because in Kitgum High for instance, the expansion works were reported to be under UPPET-APL I yet the rehabilitation and expansion works for Kitgum High were planned for under project 0897 line output 070280 (classroom construction and rehabilitation-secondary) which was funded by Government of Uganda.
- MoES should report on the actual planned outputs at the end of the financial year.
- MoES should desist from reporting outputs that have not been achieved. (eg case of Sir Samuel Baker S.S.)

6.3.1.2: Line output 070281: Latrine Construction and rehabilitation (Secondary)

Under this line output, MoES planned to construct 5 stance pit latrines in 28 schools. The names of the 28 schools were however not given in the work plan. The quarter 4 consolidated progress report, MoES simply reports that they disbursed funds for construction of VIP latrines to the beneficiary schools across the country. However the names of the schools that benefitted were not listed. It was therefore not possible to verify what was reported under this line output. The monitoring team could therefore make a judgment on the achievement of the planned output targets of this line output at the end of the financial year.

Recommendation:

MoES should improve on the reporting to include the details of funds disbursed to schools and the names of the beneficiary schools in the given financial year under this line output.

6.3.1.3 Line output 070282: Teacher house construction and rehabilitation (Secondary)

MoES planned to construct 47 teachers' houses in 19 secondary schools under line output 0702282-constructions of teachers' houses and rehabilitation. The quarter 4 consolidated progress report indicates that funds were disbursed to schools to carry out construction.

The monitoring team therefore sampled 9 schools out of the 19 planned to benefit from this intervention by the end of the financial year. Findings showed that five of the nine received the funds as reported (i.e Shitumi S.S, Alero S.S., Magoro Comprehensive S.S, Ngariam S.S, and Kibaale S.S.) On the other hand four schools monitored did not receive the reported funds (i.e Zeu S.S, Koch Goma S.S, Masaba and Ongogoja S.S). This means that MoES did not achieve all the planned output targets under this line output.

a) Alero S.S.

Alero S.S is located in Atoo-Con village, Kal parish, Alero Sub County, Nwoya districts. According to the quarter 3 consolidated progress report, MoES remitted funds for construction of a teachers' house to this school during FY 2012/13.

Findings indicated that the school received funds for construction of a teachers' house. A 4 unit teachers' house was roofed. As at the time of monitoring on 13th August 2013, the remaining works were internal and external rendering, fixing the window and door shutters, fitting the doors and windows, painting, the entire veranda and splash apron finishes works and fixing the lightening conductor. A 2 stance line VIP pit latrine were also roofed. The remaining works were included painting and fitting the doors.

b)Kibaale S.S.

The teachers' house under construction at Kibaale S.S

Kibaale S.S is located in Tolero LCI village, Kibaale parish, Kyalulangira sub county, Kooki county, Rakai district. According to the quarter 3 consolidated progress report, MoES remitted funds for construction of a teachers' house to this school during FY 2012/13.

Findings indicate that the school received Ushs 62,850,000/= from MoES. The school contracted M/s Kituntu constructors limited at a contract sum of Ushs 67,455,675/=   As at the time of monitoring on 26thAugust 2013, the 4 unit teachers' house was roofed. The remaining civil works included internal and external rendering, fitting the internal door and window shutters, the doors, the veranda and splash aprons, floor screeding, painting and fixing the lightening conductor.

c) Koch Goma S.S.

Koch Goma S.S. is located in Ochega village LCI, Kal-A2 parish, Koch Goma sub county, Nwoya district. According to the quarter 3 consolidated progress report, MoES remitted funds for construction of a 4 unit teachers' house to this school during FY 2012/13.

Findings from our monitoring indicated that this was not true. The school did not get any funds for construction of a teachers' house during the period under review.

d) Masaba S.S.

Masaba S.S. is located in Masaba S.S. LCI, Bugimunye parish, Busulani sub county, Budadiri county, Sironko district. According to the quarter 4 consolidated progress report, MoES remitted funds for construction of a 4 unit teachers' house to this school during FY 2012/13.

However findings show that the school did not receive any funds for construction of teachers house during the period under review.

e) Magoro Comprehensive Secondary School:

Magoro Comprehensive S.S. is located in Centre village LCI, Magoro parish, Magoro sub county, Toroma county, Katakwi district. According to the quarter 3 consolidated progress report, MoES remitted funds for construction of a 4 unit teachers' house to this school during FY 2012/13.

Findings show that the school received Ushs 173,362,500/= through Katakwi district to the school account. The funds were for construction of a 4 unit teachers' house, a twin workshop and a 2 stance VIP pit latrine with a 2 washrooms. Ms Kabbs Technical Services was contracted to undertake these civil works at a contract sum of Ushs 229,469,600/= for a contract period of 180 days. The site was handed over to the contractors on 19th May 2013. Civil works started on 29th May 2013 and were on schedule. As at the time of monitoring, the structures were at the following stages:

A 4 unit teachers house and the twin workshop constructed at Magoro Comprehensive S.S

- The teachers' 4 unit house was at finishes level. The remaining works included floor screeding, painting, fitting the inside doors, fixing glasses, veranda finishes works, works on the splash apron, electrical installation and fixing the lightening conductor. The 2 stance lined VIP pit latrine for the teachers' house was also at finishes level. It was only left with fixing doors, external and internal plastering and painting.

- The twin workshop for BCP and CJ was at finishes level. The remaining works includes external plastering, fitting the internal door shutters, fitting the doors and windows, fixing the glasses, flooring, and painting.

A 4 unit teachers' house constructed at Ngariam Seed S.S.

f) Ngariam Seed S.S.

Ngariam Seed S.S is located in Kaikamosing village LCI, Kaikamosing parish, Ngariam sub county, Katakwi district. According to the quarter 3 consolidated progress report, MoES released funds for construction of a 4 unit teachers' house to this school.

Findings indicated that this reporting was correct. As at the time of monitoring on 21st August 2013, the house was at finishes level. It was only left with painting and fixing glasses.

g) Ongogoja S.S

Ongogoja S.S is found in Okuda village LCI, Okuda parish, Ongongoja sub county, Usuk county, Katakwi district. According to the quarter 4 consolidated progress report, MoES remitted funds for construction of a 4 unit teachers' house to this school during FY 2012/13.

However findings show that the school did not receive any funds for construction of teachers house during the period under review.

h) Shitumi Seed S.S.

Shitumi Seed S.S. is found in Bubikhulu LCI, Bunamee parish, Bumasheti sub county, Buduuda district. According to the quarter 3 consolidated progress report, MoES disbursed funds for construction of a 4 unit teachers' house to this school.

Findings [36] from the monitoring indicated that the reporting was correct. The school received Ushs 45 million in October 2012 which were credited directly on the school account. The school undertook a procurement process and the best evaluated bidder Jamima Uganda limited quoted Ushs 99,685,000/=. However, the school has not made any awards and they are waiting for guidance from MoES. The funds are still on the school account.

i) Zeu Senior Secondary school

Zeu Senior secondary school is located in Amunze LCI, Papoga parish, Zeu sub county, Zombo district. According to the quarter 3 consolidated progress report, MoES remitted funds for construction of a teachers' house to this school during FY 2012/13.

Findings from our monitoring indicated that this was not true. The school did not get any funds for construction of a teachers' house during the period under review.

Conclusion

Since four out of the nine schools monitored representing 44.4% of the schools (i.e Zeu S.S, Koch Goma S.S Masaba and Ongogoja S.S) did not receive the reported funds for construction of teacher's houses as planned during the course of the financial year, MoES therefore did not achieve all the planned output targets under this line output for financial year 2012/13.

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[36] It was supposed to be 68 million but MoES only remitted 45 million shillings.

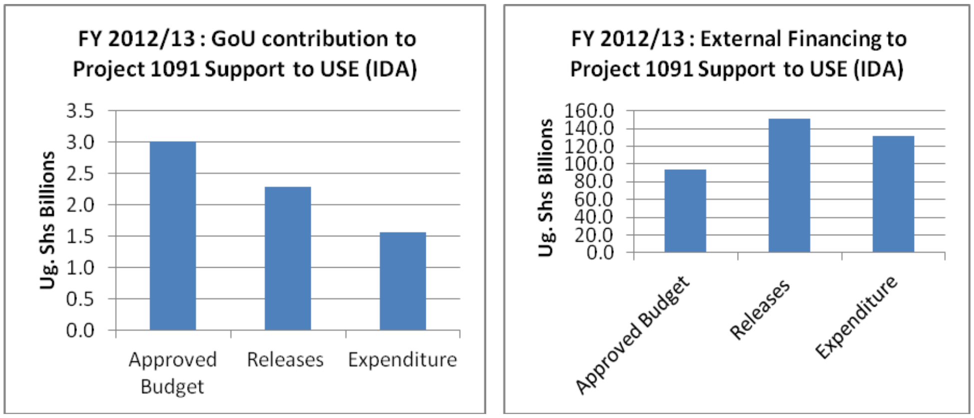
6.3.2 Project 1091 Support to USE –IDA (World Bank):

The World Bank provided funds amounting to US$ 150 million for Post Primary Education and Training Adaptable Program Lending (APL1) project. The first phase of the project was to be implemented 2010-2012. The project comprises of three components: increase access to lower secondary education, improve the quality of lower secondary education and enhance the enabling environment for Post Primary Education and Training.

The approved budget for project 1091 Support to USE –IDA for FY 2012/13 was Ushs 3.02 billion. Out of this, Government of Uganda released Ushs 2.28 billion representing 75.5%. Of the funds released 69.1% were spent by the end of financial year.

The approved budget from external financing to project 1091 Support to USE (IDA) was Ushs 93.93 billion. Out of that Ushs 150.98 billion was released to the project. This means that the external financiers over performed in terms of releasing funds to the project. On the other hand, of the funds released by donors to the project, Ushs 131.67 billion representing 87.7% was spent. The project therefore performed well in terms of absorbing funds. (Refer to figure 6.6).

Fig 6.6



Source: MoES Q4 Progress Report

Under Project 1091 Support to USE –IDA (World Bank), MoES planned to constrct 2,703 classroochools spread across the county, under line output 070280 classroom construction and rehabilitation (secondary). The quarter 4 consolidated progress report indicates that MoES disbursed funds for construction of the 2,703 classrooms to the beneficiary schools and that construction was at various stages. The monitoring unit therefore sampled out a few schools to verify the reporting.

Furthermore, MoES planned to construct 2,696 VIP pit latrines under line output 070281 latrine construction and rehabilitation (secondary), construct 42 teachers' houses under phase II under line output 070282 teachers' house construction and rehabilitation, construct 97 libraries, and 216 science blocks and distribute water tanks to all 760 USE schools under phase II line output 070284 construction and rehabilitation of learning facilities during financial year 2012/13.

A few schools were sampled to find out the progress of implementation under this project

a) Kibaale S.S.

Kibaale S.S is located in Tolero LCI village, Kibaale parish, Kyalulangira Sub County, Kooki county, Rakai district. This is one of the schools that benefitted from the World Bank project.

According to the head teacher, the school received Ushs 151,048,000/= for construction of 4 classes and 2 blocks of 5 stance VIP latrine. The school contracted M/s Pehan costructions limited at a contract sum of Ushs 151,048,000/= to undertake that work. The contract was signed on 23rd March 2012 for a period of 15 weeks. As at the time of our monitoring on 26th August 2013, 2 classroom blocks each with 2 classes were at finishes level. The remaining civil works included finishes works on the veranda, floor screeding, painting, splash aprons, fixing the lightening conduct and supply of furniture. The 2 blocks of pit latrines each with 5 stances including a stance for children with disabilities were also at finishes level. The remaining civil works on the pit latrines were painting and flooring.

The 2 classroom blocks and the 5 stance VIP pit latrine that was constructed at Kibaale S.S. under WB funding.

b) Kitgum High

Kitgum High is located in Bajere LCI, Lamit parish, Akwang sub county, Cwa county, Kitgum district. According to the quarter 3 consolidated progress report, MoES undertook the rehabilitation and expansion of Kitgum High school under batch 2 UPPET-APLI phase 2. Findings the indicated that Ushs 347 million was received by the school. Ms Aber Me Icel Construction Company was contracted to put up 8 classrooms with furniture, one library block with furniture and construct three blocks lined five stance VIP pit latrines at the school. The firm undertook the civil works at a contract sum of Ushs 347,488,300/= for a contract period of six months. The contract was signed on 18th April 2012. It was reported that the contractor delayed to start and only started works in July 2012.

As at the time of monitoring on 14th August 2013, the structures were at the following stages:

- 2 blocks each with three classrooms were completed. However all the furniture was not supplied.
- One block of 2 classes was completed. However all the furniture was not supplied.
- A library block was also completed. Also all the furniture was not supplied.
- The 3 blocks of lined VIP pit latrines each with 5 stances were completed (i.e. 2 blocks for boys and one block for girls).

c) Kinyogoga Seed S.S.

Kinyogoga Seed S.S. is found in Kinyogoga village LCI, Kinyogoga parish, Kinyogoga sub county, Nakaseke district. The school benefitted from construction of additional structures the under World Bank funding. Ms Mbazira Excell Construction Company was contracted to undertake the civil works. By the time of our monitoring the structures were at the following stages:

- Two blocks each with two classrooms were at finishes level. The remaining civil works were fixing the door shutters inside the blocks, fixing the doors, painting, floor screeding, fixing the glasses, completing the veranda and splash apron, fixing the lightening conductor and provision of furniture.

- A 2 unit science laboratory block was at finishes level. The remaining civil works included floor screeding, works on work-tops and all the plumbing works, fixing door and window shutters, fitting the doors and the windows, fixing the glasses, works on the veranda and splash apron and fixing the lightening conductor.
- 2 blocks of line VIP pit latrines stalled at ground beam-level.
- A 5 stance lined VIP stalled at excavation level.
- The contractor was not on site by the time of our monitoring and there were no civil works going on.

It was reported that Ms Mbazira Excel Construction company had gone beyond the contract period. MoES needs to compel this contractor to finish the civil works as per the agreed contract.

2 blocks each with 2 classrooms and a science laboratory constructed at Kinyogoga Seed with WB funding

The 2 VIP pit latrines that stalled at excavation and ground-bim level respectively at Kinyogoga Seed under WB funding.

d) Zeu S.S

Zeu S.S. is located in Amunze LCI, Papoga parish, Zeu sub county, Zombo district. The school benefitted from funding for construction of additional structures with funding under the World Bank. The civil works were undertaken by Ms Emmyways Engineering and Construction Limited supervised by MBW Consulting limited. As at the time of monitoring on the 13th August 2013, the structures were at the following stages:

- 3 blocks each with 2 classrooms (i.e. 6 classrooms) were completed. the lightening conductors were fixed and all furniture delivered. A 10,000 litre water harvesting tank was fixed on one of the classroom blocks.
- A multi purpose science block was completed. All plumbing works completed and gas system connected. All furniture for the science block was delivered.
- 2 blocks lined pit latrines each with five stances; one for boys and another for girls were completed.

Conclusion:

Findings show that a lot of construction is going on under this project and civil works in different schools are at different stages of completion. Construction comprises of administration blocks, classroom construction and rehabilitation, latrine construction and rehabilitation, teacher house construction and rehabilitation, construction and rehabilitation of other learning facilities like science laboratories and libraries and provision of instruction materials to schools. However the project as a whole is behind schedule.

Recommendation:

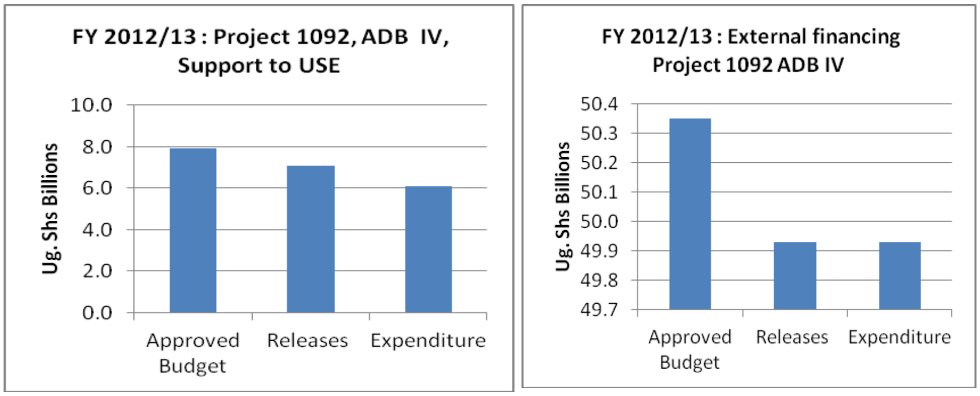
MoES should follow those contractors under this project who are behind schedule and ensure that the deliver on their contractual obligations. Secondly this is a big project that needs a more detailed and thorough monitoring of its own in order to track and establish the real achieved output targets during the course of the financial year.

6.3.3 Project 1092: Support to USE ADB IV:

The approved budget for project 1092 Support to USE-ADB IV for FY 2012/13 was Ushs 7.94 billion. Out of this Government of Uganda released Ushs 7.08 billion representing 89.1% to the project by the end of the financial year. Out of the total releases Ushs 6.10 billion representing 86.2% of the releases were spent. Absorption of funds under this project was good.

The approved budget from External financing to USE ADB IV was Ushs 50.35 billion. Out of that Ushs 49.93 billion representing 99.2 % was released. This means that the donors performed excellently in terms of releases. On the other hand, the project spent Ushs 49.93 billion representing 100% of the releases. This project therefore performed excellently in terms of absorption of funds (Refer to figure 6.7).

Fig 6.7



Source: MoES Q4 Progress Report

Under this project, under line output 070280 classroom construction and rehabilitation (secondary), MoES planned to complete construction of 5 new seed schools to 100%, complete the expansion of 10 existing seed secondary schools to level 100%, construct of 7 new other seed schools to progress of 75%, expand 5 other existing seed schools to 75% progress, expand and expand 31 centres of excellence to level 20% level of completion, and commence civil works of rehabilitation and expansion of 13 other centres of excellence during financial year 2012/13.

In the quarter 4 consolidated progress, MoES reported progress on the above planned outputs. For instance under line output 070280, MoES planned to construct 5 new seed schools (i.e Atutur SS in Kumi district, Mella SS in Tororo district, Bumayoka SS in Bududa district, Wakyato SS in Nakaseke district and Kalisizo T/C SS in Rakai district) during FY 2012/13.

We sampled three of them to find out the progress: Finding indicated that Atutur S.S. and Wakyato S.S. were completed and are in use. On the other hand Kalisizo T/C S.S. in Rakai district is yet to be completed and actually the civil works stalled. By the time of monitoring on August 26th 2013, the contractor (Ms Lamba Enterprises) was not on site and no work was going on. Progress of works was between 50 – 60 percent.

MoES also planned to expand 10 existing seed secondary schools. During our monitoring we visited Bulamu Seed School in Mpigi. Findings showed that the expansion works by Ms Lamba Enterprises in Bulamu Seed School stalled and no works were going on. Therefore while a lot of civil works are going on, the project is also facing challenges from some contractors who have abandoned sites.

a) Atutur Senior Secondary School:

Atutur senior secondary school is located in Atutur village LCI, Atutur parish, Atutur sub county, Kumi district. According to the quarter 3 consolidated progress report, construction of a new secondary school at Atutur under ADB IV progressed to 92% level of completion. Findings from our monitoring indicated that this was correct. The different structures were at the following levels of completion:

- An administration block with offices for the head teacher, deputy head teacher, director of studies, bursar, secretary, a staff room and a computer room was fully completed. However, the furniture for the computer room, bursar's office and staff room had not been supplied.
- A 2 classroom block was fully completed. This block was fully furnished and was in use.
- One multi purpose room was fully completed. A 10,000 litre water harvesting tank was also connected to this block.
- A two unit science laboratory block was also completed and furnished. It was only the science apparatus and reagents that were yet to be delivered.
- A two bed roomed house for the head teacher was also completed. The house has one sitting room, 2 bed rooms, a kitchen and a bathroom. It also has a 2 stance VIP pit latrine with a bathroom constructed outside the structure.
- One block of a 4 unit teachers' house was also completed. The house is to accommodate four teachers with each teacher having a sitting room, a bedroom, a store/kitchen and a bathroom. This block also has one block of 2 stance VIP pit latrine constructed and completed behind it.
- One block of 4 stance lined VIP pit latrine with a urinal for boys was also completed. Another block of 3 stance lined VIP pit latrine with a washing room for girls was also completed. Another 2 stance lined VIP for teachers with a wash room was complete.
- Electricity has been extended to the school.

An administration block, a 2 classroom block and a multi-purpose room completed at Atutur S.S.

A science laboratory, head teacher's house and a 4 unit teachers' house constructed at Atutur S.S

- A bore hall was also sunk though it pumps very little water and yet it is shared by the neighbouring school and the community.
- A football pitch was graded and planted with grass but lacks goal posts.

It was reported that there was a technical hand of the school structures in February 2013 to the school administration and that MoES will organise a final hand over after 100% completion. The quality of the structures is very good. Findings further indicated that Atutur secondary is the only secondary school in Atutur sub county. This year the school had 473 students, 242 of which were in senior one.

b) Bulamu Seed Secondary school:

Bulamu Seed Secondary school is located in Bulamu village, Bulamu parish, Tiribogo parish, Mawokota county, Mpigi district. The quarter 3 consolidated progress report indicated that Construction of Bulamu S.S.S. under ADB IV progressed to 92% level of completion. Findings indicated that all civil works for the expansion of this school had stalled. The contractor had abandoned the site and the contract period had expired. The expansion works of the school are not completed. As on 9th August, the monitoring team found the structures at the following stages:

- The library block with a computer laboratory was at finishes level. The remaining civil works included fixing all the shutters for the doors, fixing the doors, second coat of paint, electrical wiring, fixing the glasses for the entire block, works on the ceiling, floor finishes works and finishes works on the verandah. There were no lightening conductors on the block.
- A multi purpose storied block housing an examination hall/conference hall on the ground floor with three classes on the first floor was at finishes level. The remaining civil works included completing the stair case, flooring the entire block, painting the entire block, fixing glasses in all the windows on the entire block, fixing the inside door shutters for the entire block as well as fitting the doors, civil works on the balcony/veranda on the first floor, as well as the finishes works on the veranda on the ground floor.
- A 3 stance lined VIP pit latrine for boys remained at slab level.
- A 5 stance lined VIP pit latrine for girls was at finishes level. The remaining civil works included fixing the door shutters and fitting the doors. Painting and completing the plastering.
- A 4 unit teachers' house was left at roofing level. The remaining civil works included putting the iron sheets, internal and external rendering, flooring, painting, fixing all the door and window shutters, fixing all the doors and the windows, electrical installation works and connection to the grid and fixing the lightening conductor.
- A 2-bedroomed head teacher's house was also at roofing level. The remaining works were the same as the 4 unit teachers' house.
- A 6 stance VIP pit latrine the teachers' house was at finishes level. It was only left with fixing the doors and painting.

- A 2 stance lined VIP pit latrine for the head teacher's houses was at finishes level. The remaining works included shuttering, fixing the doors, painting and flooring.

A multi purpose storied block, library with computer laboratory and a 3 stance VIP abandoned at slab level at Bulamu Seed S.S.

- The other pending civil works on site included working on the retaining wall, working on all the walk ways within the compound, fixing gutters on all the structures, fixing the accompanying water harvesting tanks on the structures and fixing the lightening conductors on the structures.

A stalled 5 stance VIP pit latrine, a 4 unit teachers' house and a 2 bed roomed head teachers' house that stalled at Bulamu Seed S.S.

c) Kalisizo Senior Secondary School:

Kalisizo Senior secondary school is found in Kalisizo Town Council, Rakai district. This is one of the new seed schools constructed with ADB IV funding. According to the quarter 3 consolidated report construction of Kalisizo S.S. progressed to 92%. Findings from our monitoring show that the progress was not yet at 92% and the contractor Ms Lamba was not on site. As of 26th August 2013 the structures were at the following stages:

- The administration block was partly roofed. The remaining works included completing roofing with iron sheets, fixing the internal door shutters, fitting the internal doors, fitting the window shutters and the glasses, floor screeding, finishes works on the veranda and the splash apron, electrical wiring, painting and fixing the lightening conductor.
- A 2 classroom block/multi purpose hall was at finishes level. It was left with finishes works such as floor screeding, fixing the internal door shutters, fitting the doors, fitting the glasses, painting, finishes works on the verandas and splash aprons and fixing the lightening conductor. The furniture for this block was supplied.
- Another 2 classroom block was at the same level as above.
- A 2 classroom block was at roofing level. The remaining works included installing the roof, internal and external rendering, fixing all the internal door shutters and fitting all the doors, fixing the window shutters and all the windows and fixing glasses, floor screeding, painting, finishes works on the veranda and splash apron, fixing the lightening conductor. The furniture for this block was not yet supplied.
- A science laboratory was at roofing level. The remaining works included installing the roof, internal and external rendering, fixing all the internal door shutters and fitting all the doors, fixing the window shutters and all the windows and fixing glasses, floor screeding, painting, civil works on the work tops and all the plumbing works, installing the water tank for the laboratory, installing the gas system, finishes works on the veranda and splash aprons, fixing the lightening conductor. The furniture for the science block was yet to be supplied.
- Two blocks of VIP pit latrines of 5 stances each, behind the science laboratory were abandoned at excavation level.
- Another block of VIP pit latrine was at finishes level. The remaining works were flooring and painting.
- A 4 unit teachers' house was at roofing level. The remaining works were installing the roof, internal and external rendering, floor screeding, fitting the all the door shutters and fixing the doors, fitting all the window shutters and fixing the windows and glasses, electrical wiring and connection to the grid, painting, veranda and splash apron finishes works, and fixing the lightening conductor.
- A 4 stance lined VIP pit latrine behind the 4 unit teachers' house was at ground slab level.



An administration block, 2 blocks of 2 classrooms each left incomplete at Kalisizo S.S

- Two housing blocks each with 2 bed rooms were at roofing level. The remaining works were installing the roof, internal and external rendering, floor screeding, fitting the all the door shutters and fixing the doors, fitting all the window shutters and fixing the windows and glasses, electrical wiring and connection to the grid, painting, veranda and splash apron finishes works, and fixing the lightening conductor.

- A 2 stance lined VIP pit latrine behind one of the 2 bed roomed house was at ground slab level



A science laboratory at roofing level, a pit latrine behind the laboratory abandoned at excavation level and another VIP latrine left finishes level at Kalisizo S.S.



A 4 unit teachers' house, a 5 stance VIP abandoned at slab level and a 2 bed roomed house abandoned at roofing level at Kalisizo S.S.


Another 2 bedroom housed abandoned at roofing level and another block abandoned at roofing level at Kalisizo S.S.

d) Wakyato Seed S.S.

Wakyato Seed secondary school is located in Wakyato village, Nakkonge parish, Wakyato sub county, Nakaseke district. This is one of the new seed schools constructed under the ADB IV, support to USE project. Construction of this school started in January 2011 and the structures were handed over in May 2013. At the time of monitoring on 7th August 2013, the following structures were completed:

- An administration block with offices for the head teacher, deputy head teacher, bursar , staff room with a 10,000 liter water harvesting tank was completed.
- A main hall was completed
- A 2 classroom block with furniture was completed
- A science laboratory with an underground water tank connected with its attendant furniture was completed.
- A 4 stance VIP pit latrine for boys was completed
- A 5 stance VIP pit latrine for girls was completed
- A foot ball pitch was graded. However it was not planted with grass and has no metallic goal posts
- A four unit teachers' house was completed and is currently being occupied by the head teacher.

An administration block, Main hall and 2 classroom block completed at Wakyato Seed S.S under ADB IV

Science laboratory, a 4 unit teachers' house and the head teacher's house completed at Wakyato S.S under ADB IV

It was reported that construction started in January 2011 and all the above structures were handed over to school administration in May 2013. They are all in use.

e) Teso College Aloet.

Teso College Aloet is found in Aloet LCI, Aloet parish, Arapai Sub County, Soroti district. This school benefitted from the renovation and expansion works under ADB IV. The civil works were being under taken by Ms Ambitious Company at a contract sum of US $ 374,664 for a contract period of twelve months. Civil works started on 20th September 2012 and were to due to be completed by 20th September 2013. The contractors were supervised by Ms Wanjohi Consulting Engineers under Lot 2 Contract Number MoES/SRVCS/ADBIV/3017/CO514. As at the time of monitoring on 20th August 2013, the structures constructed under this programme were at the following stages:

- A new 300 seater library was at finishes level.
- A new storied block with two science laboratories, five classrooms and an ICT laboratory was at finishes level. A sick bay with a capacity of 12 students was also at finishes level.
- Extension of the main hall was at roofing level while the renovation of the other side of the same block was at finishes level.
- Renovation of the administration block was at finishes level.
- Construction of two blocks of teachers' houses was at finishes level.
- Renovation of the kitchen and the dining hall finishes level. They were fixing shutters at the time of monitoring.
- Construction of toilets and a water system for staff was on going.
- Renovation of the former library and redesigning it to create offices, a staff room, stores and toilets was going on. They had already re-roofed it.
- The firm had not yet started on the external works
- The school also received a tractor with 2 plough disks, a slasher with a trailor.



Structures under renovation at Teso College Aloet.

A new 300 seater library, a new storied block with two science laboratories, five classrooms and an ICT laboratory and an administration block renovated at Teso College Aloet.

Two new blocks of teachers' houses and extension of the main hall at Teso College Aloet.

f) Lango College Lira:

Centre of excellence:

Lango College Lira is found in Lango College LC I, Omito parish, adyel division, Lira Municipality. The school According to the quarter 4 consolidated progress report MoES provided funds for creation of a Sports centre of excellence at this college. Findings indicate that this reporting was correct. Contracted Ms Paragon Engineering limited at contract sum of Ushs 36,314,920/= for a contract period of one year to construct a new basket ball court. The contractor under took the works but they are not complete. They have gone beyond the contract period. The head master has written to them twice reminding them to come and complete the civil works without any response.

g) Gombe Senior Secondary:

Gombe Senior Secondary is located in Gombe LC I, Gombe parish, Gombe TC, Butambala district. According to the quarter 4 consolidated progress report MoES provided funds for creation of a Sports centre of excellence at this college. Findings indicate that this reporting was correct. According to the school authorities, the following sports equipment were received:

One set of Javelins, one set of short puts, one set of discus, one set of high jump stands, 16 pieces of relay batons, one set of measuring tapes, 40 pieces of hurdles. They also received 10 pieces of soccer balls, 2 pairs of soccer nets, 10 pieces of netballs, 10 pieces of hand balls, 2 pairs of hand ball nets, 10 pieces of basketballs, 10 pieces of volley balls, 4 pieces of volley ball nets, 2 pieces of ball inflating pumps and one pack (of 50 pieces) of inflating ball needles. These items were delivered by YAN SHAN XIAN DONFGANG SPORTS EQUIPMENT COMPANY LIMITED under contract number MoES/GDS/ADB.2010/11/PR0028/C 0600.

h) Sebei College Tegeres

Sebei College Tegeres is located in Kabat village, Kabat parish, Tegeres sub county, Kapchworwa district. According to the quarter 4 consolidated progress report MoES provided funds for creation of a Sports centre of excellence at this college. Findings indicate that this reporting was correct. According to the school authorities, the following sports equipment were received:

One set of Javelins, one set of short puts, one set of discus, one set of high jump stands, 16 pieces of relay batons, one set of measuring tapes, 40 pieces of hurdles. They also received 10 pieces of soccer balls, 2 pairs of soccer nets, 10 pieces of netballs, 10 pieces of hand balls, 2 pairs of hand ball nets, 10 pieces of basketballs, 10 pieces of volley balls, 4 pieces of volley ball nets, 2 pieces of ball inflating pumps and one pack (of 50 pieces) of inflating ball needles. These items were delivered by YAN SHAN XIAN DONFGANG SPORTS EQUIPMENT COMPANY LIMITED under contract number MoES/GDS/ADB.2010/11/PR0028/C 0600.

i) Teso College Aloet

Teso College Aloet is found in Aloet LCI, Aloet parish, Arapai Sub County, Soroti district. According to the quarter 4 consolidated progress report MoES provided funds for creation of a Sports centre of excellence at this college. Findings indicate that this reporting was correct. According to the school authorities, the following sports equipment were received:

One set of Javelins, one set of short puts, one set of discus, one set of high jump stands, 16 pieces of relay batons, one set of measuring tapes, 40 pieces of hurdles. They also received 10 pieces of soccer balls, 2 pairs of soccer nets, 10 pieces of netballs, 10 pieces of hand balls, 2 pairs of hand ball nets, 10 pieces of basketballs, 10 pieces of volley balls, 4 pieces of volley ball nets, 2 pieces of ball inflating pumps and one pack (of 50 pieces) of inflating ball needles. These items were delivered by YAN SHAN XIAN DONFGANG SPORTS EQUIPMENT COMPANY LIMITED under contract number MoES/GDS/ADB.2010/11/PR0028/C 0600.

Under the same arrangement, the school got 2 new basket ball courts, 2 new volley ball courts and opened the football fields.

j) St Aloysius Nyapea

St Aloysius Nyapea is located in Nyapea College LC I, Oyeyo parish, Nyapea sub county, Zombo district. According to the quarter 3 consolidated Progress report, construction works at this school under ADB IV commenced. Findings indicated that this reporting was correct.

Construction started on 14^{th} September 2012 by Ms Pancom Engineers limited for a contract period of fifteen months (i.e up to 14^{th} December 2013).

As at the time of monitoring on 13^{th} August 2013, the contractor was site and the following structures were under construction at the following stages:

- A new 128 seater library was at finishes level. The remaining works were internal and external rendering, flooring, painting, electrical installations, fixing the door shutters, the verandah works fixing glasses and the lightening conductor. However, civil works were going on and the contractors planned to hand over the structure by the end of October 2013.
- The ICT laboratory for 100 computers was at finishes level. The remaining works were internal and external rendering, flooring, painting, electrical installations, fixing the door shutters, the verandah works fixing glasses and the lightening conductor. However, civil works were going on and the contractors planned to hand over the structure by the end of September 2013.
- A one-unit science block was at slab level. It was scheduled to be handed over by December 2013.
- Renovation works on the administration block were going on. The building has offices for the headmaster, a staffroom and 8 other offices. They had completed the internal plastering and flooring. The head teacher however, had issues that they had not removed and replaced the old windows and doors with new ones as specified in the BoQs. The had not also hacked the walls as specified in the BoQs
- Rehabilitation of the former dining hall was going on. It was being converted into a multi-purpose hall. The headmaster had the same concerns on this block as on the administration block above that the firm had not replaced the old windows and doors with new ones and hand not removed all the internal and external old plastering from the entire block to replace it with new plastering as specified in the BoQs. They only removed the internal plastering and retained the external plastering. All the roofing timber was supposed to be removed and replaced with a steel frame but they had retained the old timber on which they put new iron sheets. They had however put new electrical fittings, worked on the floor and other works were going on.
- Construction of the new kitchen was at walling level as at the time of monitoring on 13^{th} August 2013.
- A 2 bed roomed staff house was at finishes level. It was only left with painting and fixing glasses.
- 200 desks were delivered. Also a number of text books were delivered although the head teacher had not received a list from MoES indicating to him what to expect.
- A tractor Registration number UG 2517 E, Solis Model was delivered to the school.
- Science equipment was also delivered.

A new 128 seater library, a new ICT laboratory and the renovated administration block at St Aloysius Nyapea

Conclusion:

From the evidence above, there is a lot of construction going on under this project. Under this project new seed schools are being constructed, existing seed schools are being expanded and a number of secondary schools are being turned into centres of excellence. However, the project is experiencing challenges with contractors who have abandoned sites.

Recommendation:

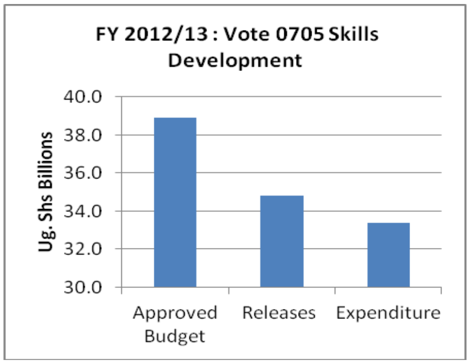
MoES should follow up on all the contractors under the ADB IV project where civil works stalled such as Bulamu Seed and Kalisizo S.S etc to ensure that they are completed and that there is value for money.

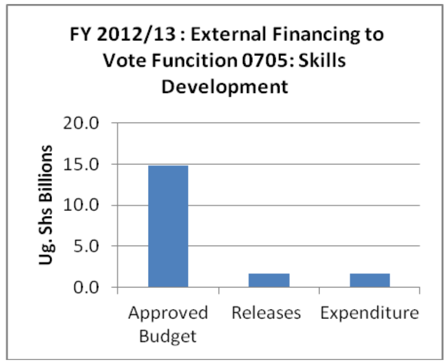
6.4 Vote Function 0705: Skill Development:

The approved budget for the Skills Development vote function was Ushs 38.9 billion. Out of this Government of Uganda released Ushs 34.82 billion representing 89.5% to the vote function. By the end of the financial year Ushs 33.4 billion representing 95.9% of the releases were spent. This means that absorption under this vote function was generally very good.

The approved budget for external financing to this vote function was Ushs 14.87 billion. By the end of the financial year, donors released only Ushs 1.67 billion representing 11.2% to the vote function. There was under performance in terms of releasing the donor funds to the vote function. On the other hand all the donor funds released were spent. (Refer to figure 6.8)

Fig 6.8





Source: MoES Q4 Progress Report

There are four development projects under vote 0705 Skills Development. Project 0191 Rehabilitation of National Health Training Colleges, had an approved budget of Ush 2.41 billion. Out of this Ushs 1.84 billion representing 76.5% of the budget was released. Out of the total releases, Ushs 1.34 billion representing 72.5% was spent at the end of the financial year. This project absorbed a good proportion of the development funds.

Project 0942 Development of BTVET had an approved budget of Ushs 9.05 billion. Out of that Ushs 6.46 billion was released. Out of the total releases, Ushs 6.65 representing 102% was spent at the end of the financial year. This means that this project absorbed all the funds advanced to it.

Project 0942 Development of BTVET had a donor component of Ushs 14.87 billion. However, the donors released only Ushs 1.67 billion representing 11.2% of the expected releases. It was all spent.

Project 0971 Development of TVET P7 Graduate had an approved budget of Ushs 2.00 billion. Out of that Ushs 1.29 billion was released. Of the total releases, Ushs 0.74 billion representing 57% was spent at the end of the financial year. This means that this project did not absorb the funds released to it. Out of the four development projects under skills development, performance was least under this project. Further evidence show that all the three line outputs under this project (070577 purchase of specialized machinery and equipment, 070581 classroom construction and rehabilitation BTVET and 070582 construction and rehabilitation of accommodation facilities BTVET), did not achieve the annual year performance targets.

Project 1093 Nakawa Vocational Training Institute had an approved budget of Ushs 0.80 billion. Out of this Ushs 0.65 billion representing 81.6% was released. Out of the total funds released, Ushs 0.65 billion representing 100% was spent. This project spent all the funds.

a) Bbowa Community Polytechnic

Bbowa Community Polytechnic is located in Bbowa LCI, Kagogo parish, Makulubita sub county, Katikamu South, Luwero district. The quarter 3 consolidated report, MoES reported that funds for extension of a three-phase power line to Bbowa CP were disbursed to the institution. Findings from our monitoring confirm that the reporting was correct. However, Bbowa CP received Ushs 20 million in March 2013 out of the Ushs 60 million that was expected from the ministry. Due to the inadequacy of funds, the first phase of extending a single-phase power line to the institution using seven poles has been completed. Part of the funds were also used for electrical installation of the different structures such as business room, MV work shop, CJ workshop, BCP workshop, electrical room, the kitchen and store and the three dormitories for the boys. As of now the power is insufficient and they cannot use it to run the machines.

b) Buseesa Technical Institute:

Buseesa Technical Institute is found in Ibaako village, Ibulanku Sub County, Iganga district. According to quarter 3 consolidated progress report MoES released funds for construction of Buseesa Technical Institute. Findings showed that this reporting was correct. Funds were released and construction started. However, as of 6th September 2013 works had stalled and structures were at the following stages:

- An administration block with offices for the Principal, deputy, secretary, director of studies, a staffroom was at finishes level. The remaining civil works included internal and external rendering, floor screeding, fitting window and door shutters, fitting the doors, electrical wiring, fitting the glasses, veranda and splash apron works and painting.
- A 2 classroom block was roofed. The remaining civil works included internal and external rendering, floor screeding, fitting window and door shutters, fitting the doors, electrical wiring, fitting the glasses, veranda and splash apron works and painting.
- A workshop for CJ/BCP was roofed. The remaining civil works included internal and external rendering, floor screeding, fitting window and door shutters, fitting the doors, electrical wiring, fitting the glasses, veranda and splash apron works and painting.

An administration block, a 2 classroom block and a CJ/BCP workshop constructed/stalled at Buseesa T/I

c) Kamuli Technical Institute (Nawanyago Technical Institute):

The quarter 3 consolidated progress report shows MoES released funds for construction of Kamuli TI in Kamuli district. During our monitoring, the DEO Kamuli reported that he was aware of the pre-construction activities for Kamuli T/I that were going on. He noted that Kamuli district identified ten acres of land for the new Technical Institute. It will be located in Nawanyago near the trading centre and it will be called Nawanyago Techincal Institute. The land has been surveyed and the ground plans have been drawn. He noted that before construction starts, the district was required to process the land titles.

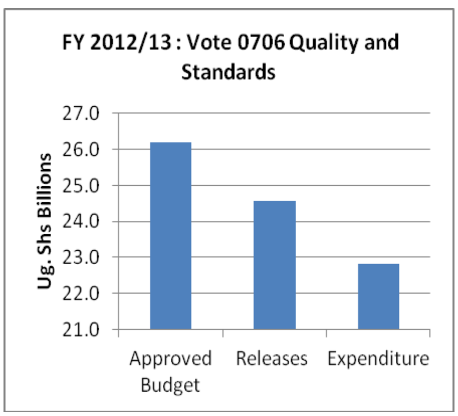
Conclusion:

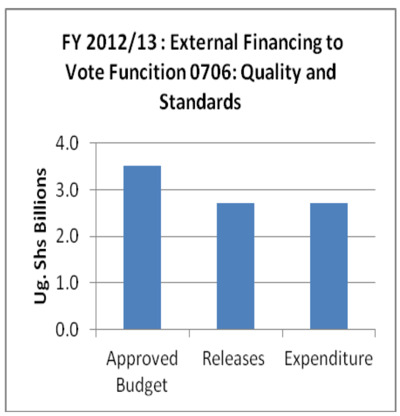
Since the donors released only 11% of their approved budget, the vote function had less funds available for implementing the planned outputs. This therefore affected the achievement of planned output targets under skills development.

6.5. Vote Function 0706: Quality and Standards

The approved budget for Vote Function 0706 Quality and Standards was Ushs 26.21 billion. Out of that Ushs 24.57 billion representing 93.8% was released during the Financial Year. By the end of the financial years, Ushs 22.82 billion representing 92.9% was spent. This project therefore absorbed a bigger proportion of the released funds. Analysis however shows that a bigger proportion of the funds, however were under the recurrent programmes of the vote. (Refer to figure 6.9)

Figure 6.9

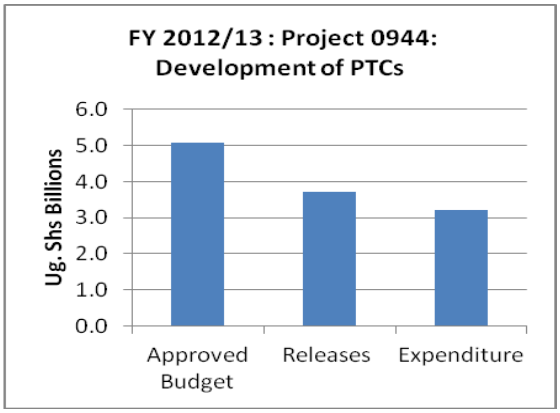




This Vote function had two developmental projects. (i.e Project 0944 Development of PTCs and Project 0984 Relocation of PTCs).

6.5.1 Project 0944 Development of PTCs:

Figure 6.10



Project 0944 Development of PTCs had an approved budget of Ushs 5.09 billion. Out of that Ushs 3.71 billion representing 73% was released. This means that the project had less funds that budgeted for implementing the planned activities. Out of the total releases, the project spent Ushs 3.21 billion representing 86.5%. (Refer to figure 6.10). The details of the physical implementation follow in the section below:

Under this project, MoES planned rehabilitation and construction works in 4 PTCs of Kabwangasi, Kitgum, Ngora and Arua. The monitoring team sampled out Kitgum and Arua to find out about the progress. In both PTCs no works were undertaken during the financial year.

Arua Core PTC

Arua Core PTC is located in Mvara LCI, Dadam parish, Dadam Sub County, Arua district. In the quarter 3 consolidated report, MoES reports that funds for rehabilitation and construction works at Arua Core PTC were disbursed. According to the Principal of the PTC, towards the end of 2012 a certain firm that he did not know reported to DEO Arua that they had been awarded a contract by MoES to construct a main hall/dining hall and a kitchen. However, as of 12th August 2013, this firm had not reported to Arua PTC and no rehabilitation and constructions works were going on.

Kitgum PTC

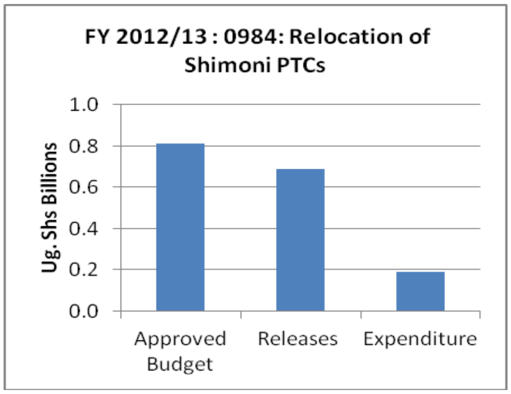
Kitgum PTC is located in Lemo East LCI, Pongdwong parish, Kitgum TC, Kitgum district. According the quarter 3 consolidated progress report, MoES facilitated rehabilitation and construction of tutors' houses at Kitgum PTC during FY 2012/13. Findings from our monitoring indicated that this was not true. There is no teachers' house that was rehabilitated at Kitgum PTC during the period under review and no funds were received for that purpose. It was further reported that the only renovated structures at the PTC were renovated by an Italian NGO called AVIS.

Conclusion:

In two PTCs monitored out of the 4 MoES planned to implement, there were no civil works undertaken during FY 2012/13. It is therefore doubtful that MoES achieved the planned output targets for the financial year despite release of 73% of the approved budget.

Project 0984 Relocation of Shimoni PTC.

Figure 6.11



Project 0984 Relocation of Shimoni PTC had an approved budget of Ushs 081 billion. Out of this, Ushs 069 billion representing 85.3% was released. Of the total releases, Ushs 019 billion representing 28% was spent.

This means that the project had unspent balances of almost a three-quarters of the total releases at the end of the financial year. This shows that this project did not achieve the planned output targets for he financial year. (Refer to figure 6.11).

6.6 Vote Function: 0704 Higher Education.

6.6.1 Project 1241 Development of Uganda Petroleum Institute Kigumba

The approved budget for project 1241 was Ug. Shs 10,300,000,000/ out of which Ug. Shs 7,372,023,786/= representing 71.6% was been released. This means that there was good performance on the release side. On the other hand Ug 4,254,743,312/= representing 80.4% of the total releases was spent. This shows that the project performed well in terms of absorption of funds.

There was no external financing to project 1241 during financial year 2012/13

The annual planned outputs for project 1241, Development of Uganda Petroleum Institute Kigumba, line output 070480, Construction and Rehabilitation of facilities was construction of workshops, classrooms, administrative and library blocks at UPIK's new site. Findings showed most of the planned activities in terms of workshops, dormitories, sanitation facilities, laboratories and other facilities were nearing completion. It was also reported that the institution was ready to shift from UCC premises to their new site.

Therefore the planned output targets for FY 2012/13 under line output 070480 were on course and were achieved.

6.6.2 Nyabyeya Forestry College: (Under Vote 136 Makerere University)

Nyabyeya Foresty College is found in Kyempunu LCI, Nyabyeya parish, Budongo sub county, Bujenje county, Masindi district. MoES reported that there were on going construction of Students hostel in Nyabyeya (MPS p. 32 and in the Edcuation BFP final p. 25, MoES reports that the contract for the construction of a student's hostel in Nyabyeya was awarded).

Students' hostel constructed at Nyabyeya Forestry College

Findings indicated that a students' hostel was constructed and was at finishes level as of on 05th September 2013 the date of our monitoring visit. The works were undertaken by M/S Middle East construction company limited at a contract sum of Ushs 352,529,374/=. The hostel had 28 rooms with 8 bathrooms, 8 toilets and one common room. Painting was going on at the time. The remaining civil works included completing the walk ways, the ramps and some plumbing works. The beneficiaries were satisfied with the quality of civil works although the contractor had gone beyond the contract period.

While this output was reported under, Vote 136 Makerere University, line output 075182 (Construction and Rehabilitation of Accommodation facilities), the college authorities reported that Nyabyeya Forestry College was transferred back to Ministry of Water and Environment (MWE) in 2010 and that all the development grants the institutions received were from MWE and not from MoES. They further report that the development grant for construction of the hostel above which amounted to Ushs 370,000,000/= was also disbursed to them from MWE (Vote 019).[37] According to the bursar of the college, the college did not receive any development grants during FY 2012/13 from MoES.

According to the Ministerial Policy Statement for Ministry of Water and Environment, this same output is reported under Vote 019 Ministry of Water and Environment under project 1190 Support to Nabyeya Forestry College, line output 094972 (Government buildings and administrative infrastructure); as continuing with construction of students' hostel…at an approved budget of Ushs 370,000,000/=.

So how could this output have been implemented by two different votes/sectors in the same financial year?

Conclusion:

MoES needs to come out and make a clarification on the issue of the which vote funded construction of a students' hostel at Nyabyeya Forestry college to avoid double counting.

[37] They reported that the Ushs 370,000,000/= for construction of a girls' hostel was from MWE disbursed over 2 financial years i.e 2011/12 – 2012/13. They further reported that even the funds for the new College bus amounting to Ushs 292,521,794/= were from MWE and disbursed over 2 financial years i.e 2011/12 – 2012/13.

6.7 Presidential Pledges

Every year, government put aside funds to cater for pledges made by H.E the President in the education sector. The approved budget for Presidential Pledges for Financial Year 2012/2013 was Ushs 4.508,173,093/=. This money was meant to meet the cost of construction of different facilities/structures in twenty districts.[38] The funds were for construction different structures such as classrooms, workshops, administration blocks, dormitory blocks, multi-purpose halls, science laboratories, library blocks, VIP latrines, procurement of desks, lories etc in different education institutions in those districts. In some cases the funds were for constructing entirely new institutions/new schools. The monitoring team sampled a few of these institutions to track the progress of implementation.

a) Kinyogoga Seed S.S.

Kinyogoga Seed S.S. is found in Kinyogoga village LCI, Kinyogoga parish, Kinyogoga sub county, Nakaseke district. H.E the President pledged funds to turn this school into a boarding school under USE. MoES phased fulfilment of this pledge as follows: Ushs 119,524,000/= FY 2010/11, Ushs 169,525,000/= FY 2011/12 and Ushs 250,000,000/= FY 2012/13. Findings from our monitoring show that the school received some funds for fulfillment of the pledge. By the time of monitoring on 7th August 2013, the structures were at the following stages:

- Two blocks of dormitories were constructed and were at finishes level. The remaining civil works on both blocks are the finishes works that include floor screeding, painting, fixing all the shutters and doors inside, fixing glasses, the veranda works, the splash apron and all the electrical installation works and fixing the lightening conductor.
- A 4 unit teachers' house was at finishes level. The remaining civil works included fixing door shutters inside the block, fixing internal doors, painting, completing the veranda and splash apron, fixing glasses, fixing the lightening conductor and all the electrical installation works.

The 2 dormitories and a 4 unit teachers' house constructed under the Presidential Pledge at Kinyogoga Seed S.S

[38] Apac, Kabarole, Kalangala, Kamwenge, Kapchorwa, Luwero, Nakasongola, Sembabule, Wakiso, Yumbe, Kaabongo, Kiruhula, Amuria, Nakaseke, Dokolo, Amudat, Alebtong, Luuka, Kween and Mbarara.

- There were no VIP pit latrines constructed. It was reported that the structures were done by Ms KAAM Contractors. However the firm is not on site and they have gone beyond the contract period.

b) Makulubita S.S.

Makulubita Senior Secondary School is a proposed new secondary to be located in Mpumudde LCI, Waluleeta parish, Makulubita Sub County, Luwero district. This is one of the school that H.E the President pledged to construct in the district. MoES prioritized fulfillment of this pledge during financial year 2012/13. In the annual consolidated report MoES reported that funds were released for construction of this school. Findings from the field indicated that Luwero district received Ushs 219 million for construction of this school. Sub county officials at Makulubita Sub County reported that as of 06th August 2013, construction of the school had not started. However an interim steering committee for construction of this school was put in place. The Church of Uganda, Luwero Diocese donated a seven acre piece of land where the school will be constructed.

c) Walibo Seed Secondary School:

Walibo Seed secondary school is a USE school found in Walibo LCI, Walibo parish, Waibuga Sub County, Luuka County, Luuka district. The school started about 2 years ago. They are currently operating in the dilapidated premises of the nearby Walibo primary school. H.E pledged construction of a secondary school in this sub county. Findings showed that funds for construction of this school were disbursed and the school was constructed. As at the time of monitoring, the structures were at the following stages:



An administration block, a 2 classroom block, a 3 classroom block constructed at Walibo S.S. under the Presidential Pledge.

- An administration block with offices was completed. No furniture for the block was delivered.
- A 2 classroom block was completed. However, there was no furniture.
- A 3 classroom block was completed. However, there was no furniture.
- A 3 classroom block was completed. However, there was no furniture.

- 2 blocks of 5 stance lined VIP pit latrines with urinals were completed.
- 2 blocks of 2 stance lined VIP pit latrines for staff were completed.



A 3 classroom block, a 5 and a 2 stance VIP pit latrines respectively constructed under the Presidential Pledge at Walibo S.S.

CHAPTER 7: ENERGY

7.1 Background

Main aims and objectives of the sector:

The mandate of the Ministry of Energy and Mineral Development (MEMD vote 017) is to; "Establish, Promote the development, strategically manage and safeguard the rational and sustainable exploitation and utilization of energy and mineral resources for social and economic development"[39].

Over the medium term, the sector priorities include;

- Increase in electricity generation capacity and expansion of the transmission network
- Increase access to modern energy services through rural electrification and renewable energy development
- Promote and monitor petroleum exploration and development in order to achieve local production; and
- Promote mineral investment through acquisition of geo-scientific data, capacity building, and attraction of mining companies to undertake detailed exploration programs and mining.

The total Government of Uganda (GoU) approved budget for the Energy and Mineral Development sector 1,268.3 billion. However, only 9.6% (Ushs 121.71 billion) of the budget was released for the sector. This is attributed to the non release of funds for the construction of Karuma Hydropower Project which could not commence due to delays in the procurement process. Throughout the financial year 2012/13, the procurement process for the Engineering, Procurement and Construction (EPC) contractor for the Karuma Hydropower Project was characterized by numerous injunctions and petitions from whistle blowers, "concerned citizens", and bidders as well investigations by Criminal Investigations Department (CID) and Inspector General of Government (IGG)

7.1.1: Scope of the Report

The report review progress achieved in the energy sector development projects to Q4 FY 2012/13. The report aims to ascertain whether planned outputs as outlined in the annual work plans for Financial Year (FY) 2012/13 are on course to being achieved; and to assess whether expenditures in the energy sector are efficient and effective.

The report considers development projects under vote function 0301(Energy Planning, Management and Infrastructure Development) and vote function 0303 (Petroleum Exploration, Development and Production (PEDP)). Table 7.1 summarizes the projects monitored during FY 2012/13

Table 7.1.1 Sampling Frame

[39] MEMD *Ministerial Policy Statement 2012/13 (Kampala 2012)*

Outputs monitored by BMAU	**Locations of Monitoring**	**Time of monitoring**
Vote Function (VF) 0301: Project 0325: Energy for Rural Transformation (ERT)		
030104: Solar water heaters installed in homes and institutions 030104: Increased Rural Electrification (Construction of transmission networks)	Jinja, Kampala Oyam, Kole, Mbarara, Isingiro, Mukono	Q2 Q3
030153: Creation of a 10MW virtual Power station (through energy efficiency measures) 030153: Installation of solar energy packages completed in health centers 030153: Installation of solar water pumping stations	Kabalore, Lugazi, Buikwe, Mukono, Kampala Dokolo Kitgum, Lamwo, Serere and Katakwi, Zombo, Nebbi, Arua, Yumbe, Koboko	Q2 Q2 Q3, Q4
VF 0301: Project 0331; Rural Electrification(RE)		
030103: Renewable Energy Promotion (rehabilitation of Maziba Mini hydropower plant[40])	Kabale	Q2
030104: Increased Rural Electrification (Construction of various power transmission networks)	Gulu, Moyo, Adjumani, Lira, Alebtong, Otuke, Abim, Mubende, Kyegegwa, Kyenjojo, Kabale, Kisoro, Rakai, Sembabule, Lyantonde, Sheema, Isingiro	Q2,Q3,Q4
VF 0301: Project 1137 Mbarara-Nkenda/Tororo-Lira Transmission Lines		
030179: Acquisition of Other Capital Assets	Mbarara, Sheema, Bushenyi, Rubirizi, Ishaka, Kasese, Tororo, Mbale, Palisa, Bukedea, Kumi, Ngora, Soroti, Kaberamaido, Dokolo, Lira	Q4
VF 0301: Project 1140 NELSAP		
030179: Acquisition of Other Capital Assets (Bujagali-Tororo-Lessos and Mbarara-Mirama-Birembo transmission lines)	Jinja, Mayuge, Iganga, Bugiri, Tororo, Mbarara, Kabale.	Q4
VF 0301: Project 1212 Electricity Sector Development Project		
030179: Acquisition of other capital assets (Kawanda-Masaka and Lira-Gulu-Nebbi-Arua transmission line project)	Wakiso, Kalungu, Mpigi, Masaka The Lira-Gulu-Nebbi-Arua transmission line project was not monitored as procurement for a consultant to carry out the feasibility study had not yet commenced by the time of the monitoring visit.	Q4

[40] By Q2 FY 2012/13, nothing was visible on site as rehabilitation of the hydropower plant had not started.

VF 0301: Project 1222 Electrification of Industrial Parks Project		
030179: Acquisition of Other Capital Assets (Substations and transmission lines construction for Namanve, Mukono, Iganga and Luzira industrial parks	BMAU did not monitor project as no physical outputs are on ground. UETCL is still obtaining financing for the construction of the substations and transmission lines[41].	Q4
VF 0303: Project 1142: Management of the Oil and Gas Sector in Uganda		
030304 Monitoring Upstream petroleum activities	Hoima, Buliisa, Nyoya	Q2[42], Q4
VF 0303 : Project 1184 Construction of Oil Refinery		
030380: Oil Refinery Construction	Hoima	Q2[43], Q4

Source: Author Sept, 2013

- There was inadequate time and funding allocated to the annual monitoring exercise. This therefore limited the scope of monitoring work.
- Large amounts of expenditure in the energy sector are not visible in the IFMS accounting system because they are donor or privately funded. This makes analysis of planned verses actual expenditure difficult.

7.1.2 Scope

The report aims to verify whether planned outputs in the MEMD annual work plan for FY 2012/13 have been achieved. Development projects within the energy sector were selected over the course of the financial year.

The criteria of selecting projects to monitor included;

1. Projects that had large expenditure were given priority
2. Projects that had specific output achievements as highlighted in the Q3 FY 2012/13 progress report were followed up for verification
3. Projects that had been monitored in previous quarters but having major implementation concerns were also re-visited.

7.2 Performance of projects

Vote Function 0301: Energy Planning, Management and Infrastructure Development

The vote function is responsible for promoting increased investment in power generation; renewable energy development; rural electrification; improve energy access; promote energy efficient technologies; and also promote private sector participation in the energy sector.

Total GoU approved budget for vote function 0301 for FY 2012/13 is 184.1 billion. Of the approved budget, 93.1 billion (50.6%) was released and 92.7 billion was expended during the financial year.

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[41] Discussions with project manager, Electrification of Industrial Parks.

[42] ibid

[43] ibid

Development projects under vote function 0301 that were monitored during FY 2012/13 were;

a) Project 0325: Energy for Rural Transformation
b) Project 0331: Rural Electrification
c) Project 1023: Promotion of Renewable Energy and Energy Efficiency (Q2 and Q3)
d) Project 1137: Mbarara-Nkenda/Tororo-Lira Transmission Lines
e) Project 1140: NELSAP
f) Project 1212: Electricity Sector Development Project

7.2.1: Project 0325: Energy for Rural Transformation

Background

In November 2001, the World Bank approved the Energy for ERT program as a three-phase Adaptable Program Loan (APL). The purpose of the ERT program is to develop Uganda's energy and Information/Communication Technology (ICT) sectors, so that they make a significant contribution to bringing about rural transformation, that is; these sectors facilitate a significant improvement in the productivity of enterprises as well as the quality of life of households[44].

There are three project components:

Component 1: Rural Energy Infrastructure. This includes: rural electrification (grid extension and independent grids); renewable energy power generation; solar PV systems excluding health, education, water and agriculture sectors; energy efficiency (electricity and other energy).

Component 2: Information Communications Technologies focuses on extending access to ICT services.

Component 3: Energy Development, Cross Sectoral Links, Impact monitoring in health, education, water, agriculture and local government sectors. Support for the Project Coordinating Unit, located in MEMD is also included in this component. Northern Uganda is the new focus in ERT II

The objectives of the project are; to put in place a conducive environment and related capacity for; a commercially oriented service delivery of energy and ICT; small-scale renewable power generation schemes; investment in rural electrification schemes and scale up delivery of electricity. ERT 11 was supposed to commence in 2009 but started in 2011. The project end date was June 2013 but was extended to December 2013. The funding agency is the World Bank

[44] Ministry of Energy and Mineral Development *ERT II Project Operation Manual* (Kampala 2009)

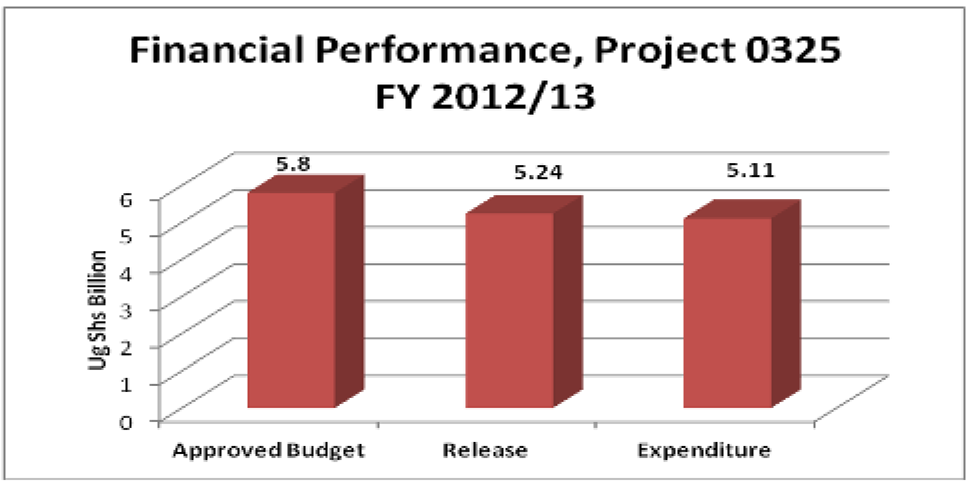
The outputs include; additional power generation from small, renewable energy resources; independent grid systems for relatively concentrated isolated areas with a potential for the use of electricity by rural enterprises; individual/ institutional solar PV systems.

Findings

Financial Performance

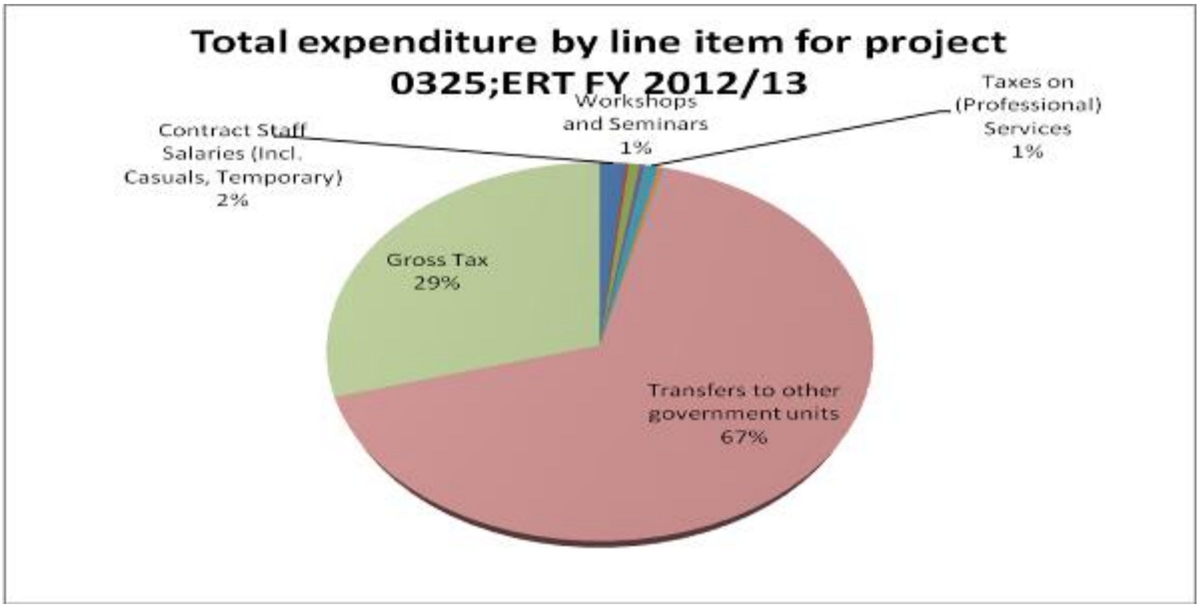
Figure 7.1 highlights the financial performance of project 0325. The allocated budget for the project was Ushs 5.8 billion. Of the allocated budget, Ushs 5.24 billion was released (90.3%) and Ushs 5.11 billion (97%) expended. Absorption capacity of the project was therefore good as the project used up a great percentage of the released funds.

Figure 7.2.1



Source: IFMS FY 2012/13

Figure 7.2.2



Source: IFMS June, 2013

Figure 7.2 shows the composition of expenditure on line item for project 0325 for FY 2012/13. As indicated in the above figure, allocative efficiency was good with 67% of expenditures on "transfer to other government units" which includes the cross sector links- ERT Water Component.

i. Output 030153: Cross sector links- ERT Water Component

Background

ERT Water component Phase II is implemented by the Directorate of Water Department (DWD).

The overall objective of the ERT sub-component is to assist Ministry of Water and Environment in improving the water supply services, in particular for the rural growth centers and small towns mechanized systems, by providing the least cost energy solutions to the communities where water schemes have been or are to be installed[45]

The immediate development objective for investment in the energy package is; improved water supply services achieved through the provision of energy packages cost effectively with private sector oriented approach and sustainable local operational arrangements and support services. The immediate objectives expected to contribute to the fulfillment of the development objective include; a) Improved coverage of water supply services in small towns and Rural Growth Centers (RGCs); b) sustainable structures and support services arrangements for operation and maintenance of energy water supply systems[46].

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[45] ERT World Bank Appraisal Document

[46] MEMD ERT II Project Operations Manual (Kampala 2009)

The scope of investment in energy packages for ERT II targeted an additional 25-30 water supply schemes. The schemes were largely in the North, with at least 20-25 schemes, in line with Government's Peace and Recovery Development Programme (PRDP), and in remote areas off the grid.

The schemes were selected, in addition to the above, based on the following[47]

- Schemes located off-grid connection/ network and not anticipated to be covered by the grid in next 5 to 10 years;
- Schemes under construction or completed, thus accommodating the installation of energy packages;
- Focus on use of renewable energy packages solar PVs and wind pumps as appropriate;
- Schemes with confirmed water sources with drilled production wells and available data on yields, installation of pump, energy, reservoir and distribution systems; and
- The pilot centers selected to comprise of small, medium and large capacity schemes in terms of water demand levels and power requirements.

Physical Performance

Table 7.2.1 highlights the outlines the planned outputs under output 030153 for FY 2012/13. The physical performance observed by BMAU during the end of FY 2012/13 monitoring is summarized against the planned outputs

Table 7.2.1

	FY 2012/13
Planned Progress on output	Supply and installation of solar Energy packages for 12 water supply schemes in the North Western region in Erussi, Alangi, Kati, Kubala, Omugo, Kuru, Lodonga, Midigo, Koboko, Itula, Obongi as well as Lefori.
Actual Observed progress outputs	Installation of solar energy packages is complete at the sites visited. However, the facility is not used in several sites including; Erusi, Alangi, Midigo. In Kati, the project has not yet started as a consultant to construct the system is still being procured).

Source: ERT Water progress report; BMAU Field Findings

The water supply schemes visited included; Alangi (Zombo), Kuru, Lodonga, Midigo (Yumbe district), Koboko and Kati, Omugo, Kubala, Erusi (Arua district)

[47] Ibid

The scope of work comprises of supply, delivery and installation of all equipment for energy packages (Solar-PV water pumping) and associated civil and electro-mechanical works.

The civil works included; Leveling/ grabbing, construction of a guard house, ecosan toilet, and a fence with reinforced concrete post, rust free chain link of wire gauge, plastered brick curtain wall and barbed wire; Construction of pre-cast garden kerbs ; Provide and place machine crushed stone aggregate of size 25mm, for a layer of thickness 75mm placed within the square area covered by solar array; planting of grass and construction of drainage channels to prevent surface run off as well as water logging during rainy season.

Electro-mechanical works include; Supply and installation of pumps and associated pipe work, supply and installation of solar panels, array mounting, frames, solar modules, power inverters, pump controller, centrifugal submersible pumps, assorted cables, lightening protection, change over switch, system grounding, spare parts, tools and equipment[48].

Physical performance was fair as only 5 out of the 9 sites visited were complete and supplying water to the intended communities. The ERT water component on the 5 sites was complete. However, there are several issues that hinder water to be pumped to the respective stations such as incomplete transmission and distribution networks in Midigo; the Alangi site in Zombo is not in use as the district cannot use a facility that has not been handed over officially to them and yet they were hardly involved in the implementation of the project. In Kubala and Erusi, the yield and discharge of the water is low.

The benefits highlighted by the completed sites included; availability of water throughout the day and all through the seasons; the cost of water is cheaper compared to when it was pumped by a generator as diesel was expensive; the facility has provided employment to operate pipes; and increased access to safe water

Issues of gender and equity have been addressed by the project in the five sites where communities are accessing water. Time to collect water by women (who are the major collectors of water) has reduced. This has provided the women with an opportunity to engage in other productive activities.

The criteria for selection of the project also addressed an equity issue as the beneficiary districts are those that are off the grid. In addition, Northern Uganda was given priority in line with the government's Peace Recovery Development Programme.

Issues of Operation and maintenance however were not given adequate attention. The problem continued to be highlighted as with the previous water sites monitored (See Q2 FY 2012/13 Budget Monitoring report). Capacity building on how to operate and maintain the system was inadequate. In all the districts monitored, capacity building was done for a few officers but with hardly any hands on training on how to operate and maintain the system. If the issue of capacity building is not urgently addressed, the project is likely to suffer a problem with sustainability.

"Capacity building in Alangi was not adequate. It was done twice for 2-3 days in theory. Practicals were there but limited"(District Engineer-Zombo)

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[48] MWE Progress report on Supply and Installation of Solar Energy Packages for Water Supply Schemes (Kampala 2013)

"There will be need to build capacity of local people to manage the system"- Officer Arua District"

Installation of solar water panels in Alangi, Zombo district

Installation of solar water panels in Midogo (Yumbe district)

Kuru Solar Water Pumping station (Yumbe)

Installation of Solar Water Pumping System in Kubala (Arua district)

Challenges

- The local government officers in the beneficiary districts highlighted that largely, the project is overseen by central government. Involvement of local government is minimal. Central Government officers only pay courtesy calls to the districts without inviting them to the site meetings. So the views of the local people are not be wholly taken. *"Projects that are center based are hardly supervised by local government. Involvement of Local Government creates ownership for the local community". (CAO Yumbe).*

- Midigo has a big RGC and yet they do not have any water supply. This is one of the sites where installation of the energy package was done but is not in use as its awaiting the installation of the transmission and distribution networks. The centre has big institutions like; Midigo HC4, Midigo SS; Primary Schools that need reliable supply of water.

- Capacity building was minimal. The capacity building that was offered to officers was mainly in theory with hardly any hands on training on how to operate and maintain the package. Due to the limited capacity, the district is required to notify the central government whenever there is a problem with the installation.

- There was no official hand over of the project from central government to the communities. Zombo district is waiting for a handover ceremony to utilize the facility.

Recommendations

- Central Government should involve local government in the implementation of the project as they are the ones on ground. Contractors need to copy project related information to districts for example the progress reports to inform the districts of what is going on
- There is need for central government to give thorough hands on training to some local technicians on how to operate and maintain the system.

Conclusion

- The installation of the solar energy packages was done in all the sites visited, including in sites which are not serving water to intended beneficiaries yet. Therefore, the contractor executed their work effectively. The other water arm of the ministry is to do the transmission line, distribution line and reservoir (for Midigo); the pipeline problems in Alangi (Zombo); the low water yield and small water discharge in Kubala and Erusi. A set of criteria was followed to select the beneficiary sites some of which include; Schemes under construction or completed, thus accommodating the installation of energy packages; and Schemes with confirmed water sources with drilled production wells and available data on yields, installation of pump, energy, reservoir and distribution systems. The numbers facilities not supplying water to the communities yet therefore indicates that the criteria was not followed. There is therefore no value for money for these facilities, yet big investments of money were made. It is not clear when the MWE will handle the problems that the Midigo, Erusi, Alangi and Kubala are facing. The project is also likely to suffer issues of Operation and maintenance for the solar installation as capacity building was not adequate. The training given was in theory with limited practical/ hands on training

Recommendations

- In future, to realize value for money, there is need for such projects that invest large sums of money to provide a holistic package other than relying on existing infrastructure whose quality may not be good enough to suit the new project
- Ministry of Water should ensure that local capacity is built for easy maintenance of the facility.

7.3 Project 0331: Rural Electrification

The overall objectives of the programme are; i) improve the rural quality of life and facilitate significant rural non-farm income by accelerating main grid extension based rural electrification with a tentative target of contributing to increasing rural electrification[49]

The project started in 2000 and expected completion date was 2010. However, the date was extended to 2015. GoU approved budget for FY 2012/13 was Ushs 22.6[50] and donor budget was approximately Ushs 33.9 billion. Much of the expenditure under Project 0331 is implemented by REA which also receives off budget support for its schemes from various donors.

The outputs include; acquire way-leaves for donor funded rural electrification schemes; Extend power to selected mines and PMA Agro processing centers; Execute community Schemes; Electrify district headquarters[51].

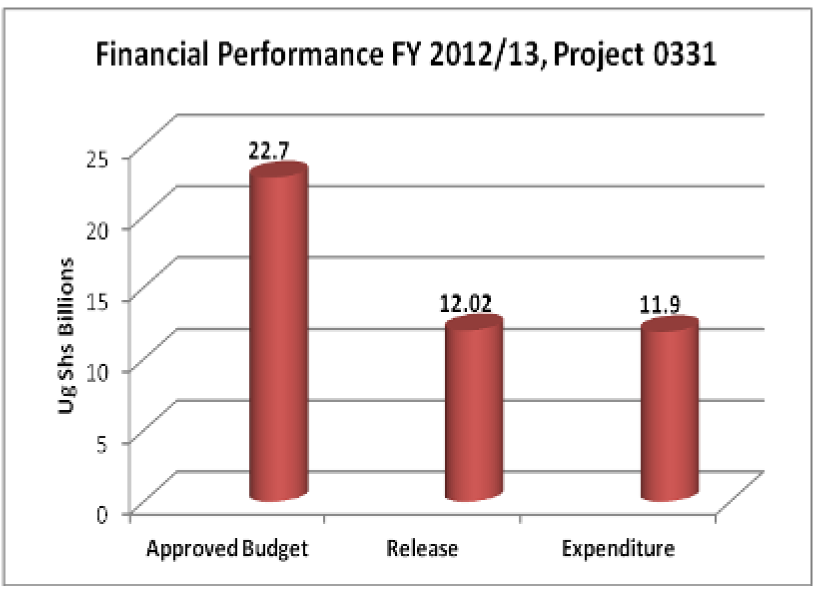
Output 030104 (Increased Rural Electrification) was monitored during FY 2012/13

Findings

Financial Performance

Figure 7.3.1 shows that by the end of FY 2012/13, GoU release to the project was Ushs 12.02 billion (about 53% release performance). 99% of the released funds were expended indicating good absorption capacity.

Fig 7.3.1



Source: FMS June 2013

[49] MEMD 2012/13 *Ministerial Policy Statement* (Kampala, 2012)

[50] IFMS, June 2013

[51] MEMD 2012/13 *Ministerial Policy Statement* (Kampala, 2012)

Figure 7.3.2 and 7.3.3 show the financial performance of output 030104 for FY 2012/13. As shown, approved budget was Ushs 2.58 billion. Of the approved budget, Ushs 1.45 billion was released and 100% of the release was expended. Figure 7.3.3 shows the distribution of expenditure by line item for output 030104. The bulk of expenditure was spent on Tax refund. The remaining 8% was spent on fuel lubricants and oils, travel inland, vehicle maintenance, and workshops and seminars.

Fig 7.3.2

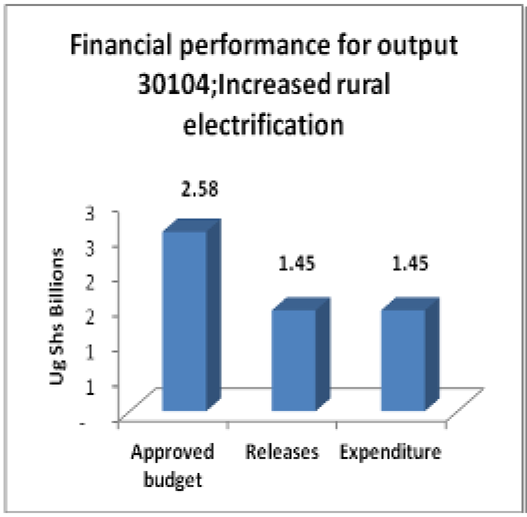
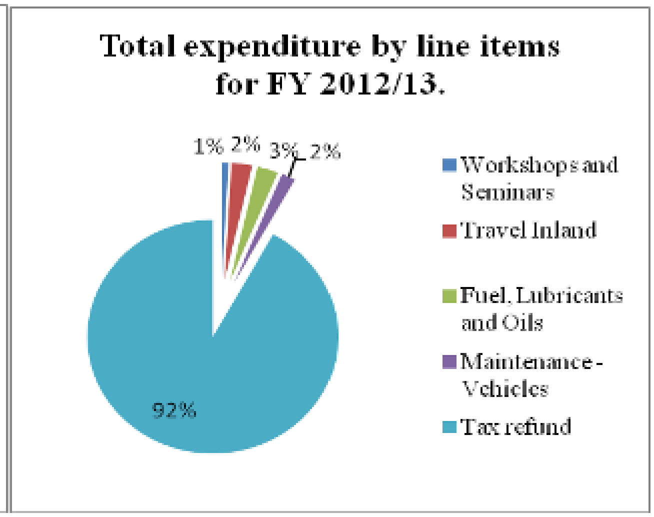


Fig 7.3.3



Source: IFMS data

Physical Performance

Table 7.3.1 highlights the planned output as outlined in the MEMD quarterly work plan. The physical performance observed by BMAU is summarized against planned activities. Overall, progress is on target.

Table 7.3.1: Summary of Physical performance output 030104

Planned outputs for FY 2012/13	Physical Performance observed by BMAU at the end of FY 2012/13
Construction and Completion of five NORAD funded RE projects	Construction is on progress and at various stages

Source: MEMD quarterly work plan FY 2012/13; discussions with MEMD officials; Fieldwork observations

BMAU reviewed progress of the NORAD funded projects and other projects that needed follow up during the course of the FY. Lines visited were in the districts of; Lira, Pader, Gulu, Adjumani, Rakai, Lyantonde, Isingiro, Kabale and Kisoro. Of the lines visited, 4 are at completion stage and the other 3 are still under construction. Overall, performance was good.

Table 7.3.2 Physical Performance of REA Power line construction

Planned outputs	Observed Physical Performance
Sembabule-Rwemiyaga; Lyantonde-Kaliro-Lwebitakuli; Rakai-Isingiro, Lyantonde-Lumbugu (Implemented by LTL Projects (PVT) Ltd)- Project Budget- USD 8,014,075	
Sembabule-Rwemiyaga	
55 km of HV 8.4km of LV 6 Transformers 1x100kVA transformer 1x50kVA transformer 4x25kVA transformers	The transmission line starts from Sembabule to Rwemiyaga through Ntusi and Lemigire. The project commenced in April 2012 and expected completion date was October 2012. It was completed in March 2013 and handed over to UEDCL in August 2013. The line was tested but is not yet powered. Therefore the community is not benefiting from the project as yet (see implementation issues).
Lyantonde-Kaliro-Lwebitakuli	
23.5km of HV 10.5km of LV 3 Transformers 1x100kVA transformer 2x25kVA transformer	The transmission line starts from Kaliro to Rwebitakuli through Kyabasika, Nsika in Lyantonde district. The project commenced in February 2012 and was completed in March 2013. It was tested but has not yet been powered. It will be taken over by UMEME as the operator.
Rakai-Isingiro	
151km of HV including Tee-offs 65km of LV 93 Transformers 3x100kVA transformers 50x50kVA transformers 40x25kVA transformers	The project is covering the districts of Rakai and Isingiro. The project started in February, 2012 and expected completion date was March 2013. It was completed in May 2013. Some additional work which was not in the original plan had to be done by the contractor. Therefore the contractor requested for an extension and it was granted. The project was completed in May 2013 but it is not yet powered. It will be handed over to Ferdsult as the operator.
Lyantonde-Lumbugu	
66km of HV 46km of LV 21 Transformers 15x25kVA transformers, 5x50kVA transformers, 1x100kVA transformer.	The power line starts in Lyantonde and ends in Danillo. It covers the districts of Lyantonde and Rakai. The project started in January 2012 and was completed in March 2013. It will be operated by Ferdsult but is not powered.
Kabale-Kisoro- Project Cost USD 6,704,060	
78km of HV 45 Transformers 3x100kVA transformers 18x50kVA transformers 24x25kVA transformers	The transmission line starts from Kabale to Kisoro with a number of tee-offs; from Nyakabande to Kanaaba -3km,Kisoro-Bunagana-Busanja-28km,Kisoro-Gitendre -8km and Nakabaya-Chahi-3km. The contract was signed in November 2011 and the expected completion date was 28th August 2013, but there was an outbreak of Marburg disease in Kabale which delayed the works. The contractor was then given an extension of two months and is expected to complete by 29th October

Contractor- A2Z Maintenance and Engineering Services Limited	2013. The line was complete apart from T-off to Nyakabande (9Km) . Pre-Commissioning and tests were to be done on the 15th of September. Way leave issues are still posing problems as REA has not yet compensated some PAPs.
Apala-Adwar-Kiru- Project Cost: USD 3,881,296.75	
117km of HV 47km of LV 4x100kVA transformers 6x50kVA transformers 5x25kVA transformers	The line starts from Apala sub county in Lira and ends in Moreem in Abim district. The project started in June 2012 and expected completion date is September 2013. However, this date will not be realized as there is still a lot of pending work. Percentage of works as reported by the contractor include; Pole Erection- 80% HV and 60% LV Stringing- 80% HV and 44% LV. However, there is an anticipated hard rock that was discovered. Originally, excavation works were done manually. With the presence of a rock, a compressor has been used which increased excavation costs and leads to delays. Delayed payment of contractors from REA coupled by delays in the delivery of poles is causing delays. The imported logistics also take long to reach the end point. They take two weeks to come from china to Mombasa and two months from Mombasa to the end points.
Rachokoko-Awere-Lalogi- Project Cost USD 2,260,560.46	
68km of HV 3x100kVA transformers 4x50kVA transformers 3x25kVA transformers	The project starts at Rwachokoko and ends in Lagogi. It covers the districts of Pader and Gulu. The start date was August 2012 and expected completion date was September 2013. The line is almost complete. Percentage of works as reported by the contractor include; Pole Erection- 100% Stringing- 100% Transformer installation- 100% Switch gear installation- 90%
Gulu-Adjumani-Moyo with Tee-Off to Amuru- Project Cost USD 8,222,073	
250km of HV 2x200kVA 12x100kVA transformers 16x50kVA transformers 9x25kVA transformers Contractor: C&G and Indijes Group Limited	The line starts from Layibi Town Council in Gulu and ends in Moyo. It covers the districts of Gulu, Moyo, Amuru and Adjumani. The project started in June 2012 and expected completion date is September 2012. This date will not be released as a lot of works are pending. Percentage of works complete include; Pole Erection- 98% Stringing – 88% The challenges faced during project execution included;

	Heavy rainfall leading to slippery roads The road under construction has interrupted project execution and led to time wastage Way leave issues continue to persist as locals need compensation before letting the contractor execute their work Delays by REA in processing certificates of payments and yet the contractor needs money to pay workers and buy materials.

Challenge

- Vandalism of transformers on the power lines was a common problem. There a number of transformers that were vandalized on the Lyantonde –Lumbugu power line. In Kimuli village on the same line, copper and oil were stolen from a transformer in July 2013. In Buyamba B; thieves went to the isolation point, cut the jumpers and stole the oil on 2nd September, 2013. This is majorly due to the power lines not being commissioned and put to use immediately.

Vandalism of transformers on Lyantonde-Lumbugu line

Jumpers cut off the transformer to steal the oil and copper in transformer

Conclusion:

Efforts have been made to increase rural electrification through construction of various power lines across the country. The investments cost government huge sums of money. Majority of the contractors have implemented the projects effectively. However, after they have completed construction and tested the powerlines, the infrastructure is abandoned and not handed over to the operators to serve the communities. Several powerlines monitored were not energized, others have not been commissioned and hand handed over to relevant operators. No wonder, issues like vandalism of transformers are common.

Recommendations

REA should ensure that the powerlines that are complete are tested, energized and handed over to the relevant operators to supply power to the communities

7.4 Project 1137: Mbarara-Nkenda/Tororo-Lira Transmission Lines

Government of Uganda received funding from African Development Bank (ADB) towards the implementation of the Mbarara-Nkenda and Tororo-Lira Transmission lines Project. The implementing agency is UETCL.

The project is aimed at expanding and strengthening the national transmission grid. Through this project, the GOU hopes to realize power efficiency, reliability and stability. This project will boost economic growth in the western and eastern Uganda. The objective of the project is to transmit electricity from upcoming power plants and to improve the electricity access, reliability, and quality of supply to customers in the country[52].

The objective of component 1 is to provide a high voltage backbone between Mbarara and the mid western towns. The objective of component 2 is to replace the wooden poles that are prone to fires and other natural hazards with steel tower structures[53]

The project started on the 22nd of May 2011 and the target completion date was 31st December 2013 but it is estimated to be complete by the 31st of December 2015.

Outputs for the project include; Acquisition of Right of Way through compensation and resettlement of PAPs; Procurement of contractor for the works; and Construction of Mbarara-Nkenda 132kv (160km) and Tororo-Opuyo-Lira 132kv (260km) transmission line.

Findings

Financial performance

Table 7.4.1 Financial Performance for Project 1137: Mbarara-Nkenda and Tororo-Lira Project

Table 7.4.1 gives a summary of the financial performance of project 1137 for Q4 FY 2012/13. Approved budget for donor funding is Ushs 209.91 billion. During Q4 FY 2012/13, Ushs 18 billion was released and 100% of releases spent.

On the part of GoU funding, approved budget for the project is Ushs 48.28 billion. During Q4 FY 2012/13, there was no release for the project. Expenditure in the same quarter was Ushs 1.12 billion.

Table 7.4.1

Funding Source	Approved Budget (Ushs Billion)	Quarterly Release	Expenditure	% Release Spent
African Development Fund (ADF)	209.91	18.919	18.919	100%
GoU	48.28	Nil	1.1173	N/A

52 UETCL *Mbarara-Nkenda and Tororo-Lira Project (Kampala, 2013)*

53 MEMD *2012/13 Ministerial policy Statement* (Kampala,2012)

Source: UETCL Project Progress Report, June 2013

Detailed Financial Performance for GOU Development Funds

The approved GOU budget for the project was Ushs 23billion for FY 2012/13. By the end of the financial year, Ushs 12.216 billion was released which represents 53% of the approved budget. All the released funds were expended as shown in figure 7.4.1below.

Figure 7.4.1

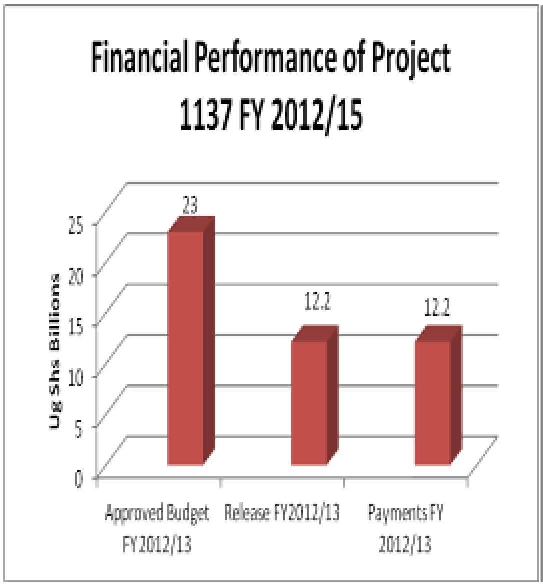
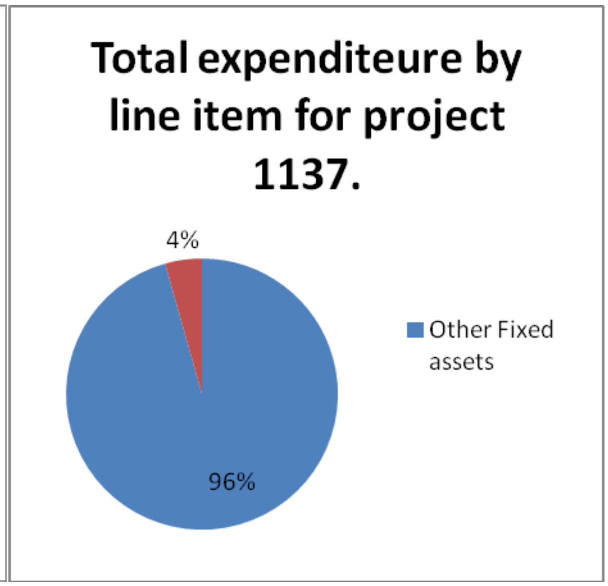


Figure 7.4.2



Source: IFMS data, June 2013

As highlighted in figure 7.4.2, the bulk of expenditure was mainly on other fixed assets (96%) indicating good allocative efficiency. The remaining 4% was spent on Monitoring, Supervision and appraisal of capital works.

Physical performance

Table 7.4.2 outlines the planned outputs for project 1137 for FY 2012/13 as outlines in the MEMD quarterly work plan. The physical performance observed by BMAU during the FY 2012/13 is summarized against the planned activities. Overall, the project is behind schedule as the targets for the financial year were not met (See challenges to project implementation)

Table 7.4.2:

FY 2012/13 Planned Outputs	Physical Performance observed by BMAU FY 2012/13
Implementation of RAP for the Tororo-Lira; Mbarara-Nkenda Lines Construction of resettlement houses	RAP implementation has not been completed. Its ongoing and overall clearance is 69% on the Mbarara-Nkenda line and 31% on the Tororo-Lira line. Construction of resettlement houses is still ongoing. For the Mbarara-Nkenda leg, 2 out of 50 houses are complete For the Tororo-Lira segment, 37 houses have been completed out of 50. Construction was at different stages for the remaining houses.
Procurement of EPC Contractor	EPC Contractor for Mbarara-Nkenda is on site carrying out preliminary studies. The contractor for Tororo-Lira transmission line is not yet on site
Construction works for Mbarara-Nkenda 132kV (160km) and Tororo-Opuyo-Lira 132kV (260km) transmission line	Construction works have not commenced

Source: Discussions with project coordinators August 2013; Project reports June 2013

BMAU visited both the Mbarara-Nkenda and Tororo-Lira transmission line projects. The projects were in the districts of Mbarara, Sheema, Bushenyi, Rubirizi and Kasese for the Mbarara-Nkenda line; and Tororo, Mbale, Palisa, Bukedea, Kumi, Ngora, Soroti, Kaberamaido, Dokolo, and Lira for the Tororo-Lira line. The projects are behind schedule.

Table 7.4.3 Physical Performance for Project Components

Planned Outputs	Observed Physical Performance
Mbarara-Nkenda transmission line project	
Route length- 160km	Works commenced in March 2011 and target completion date was December 2013 but the project will not be complete. Likely completion date is December 2015. Total number of PAPs is 1287 people. 96% of disclosures have been made. Of the 96%, those who have agreed to be compensated are 82%. The percentage of payments is 79% and persons who are disputing are 14%

	The challenges delaying project implementation on the Mbarara-Nkenda line include Construction of resettlement houses has stalled. The contractor abandoned the site since December 2012 without giving any clear reason to UETCL. There are a number of land disputes that have not yet been reviewed by the RAP consultant. The EPC contractor is therefore finding problems accessing areas where there are unresolved conflicts. Land was valued at a low price and this was worsened by the time lag between carrying out of feasibility studies and project implementation. Hakigombe HC II rejected the compensation because their land was valued at a low price. The issue of absentee landlords is a common problem yet payment has got to be made to the rightful owner. UETCL has made frequent call-backs trying to find them and has since failed. Other land owners have passed on and acquiring letters of administration for their next of kin causes delays. UETCL did not work hand in hand with the consultant that did feasibility studies. Therefore, data verification wasted a lot of time. Recommendations suggested included; The need to involve UETCL project staff in project implementation right from the stage of feasibility studies, RAP studies and implementation stage. The land act should be amended to cushion infrastructure projects from court cases that lead to injunctions which lead to work stoppage The office of the Chief Government Valuer should be adequately facilitated to review and improve valuation reports early enough to allow for land acquisition. RAP consultants should attend to queries immediately to allow the EPC allocate the different tower points in time.
Tororo-Opuyo-Lira transmission line project	
	The project commenced in April 2011 and expected completion date is December 2013. This date will not be achieved. Likely completion date is December 2015. The total number of PAPs is 4674. Disclosures were at 93%; Agreements at 73%; Of the agreements, 58% had been paid and queries were at 15%. The major challenge affecting project implementation is the poor valuation of the land. For example in Lira, an acre of land is at Ushs 400,000. People are therefore reluctant to sign for the resettlement package.

	There are also PAPs whose disclosures were pending as they are affected by both the Tororo-Opuyo-Lira and Bujagali-Tororo-Lessos lines. UETCL is still negotiating which project should compensate these persons Some Community members refused to have the line go through their trading center; A diversion was planned in Ociroy – Soroti district.

Resettlement houses built for the vulnerable people on the Tororo-Opuyo-Lira transmission line

Initial excavation works for the construction of tower points on the Mbarara-Nkenda transmission line Project


Materials for the construction of tower points on the Mbarara-Nkenda Project

Conclusion

The project is behind schedule majorly due to problems regarding low valuation rates of land. The land on both the Mbarara-Nkenda and Tororo-Lira-Opuyo transmission lines was lowly valued. For example; an acre of land on the Tororo-Lira transmission line was valued for as low as Ushs 400,000. Project Affected Persons are therefore reluctant to surrender their land for project implementation. This is because the District Land Boards hardly meet to review values of land due to budgetary constraints. Under such circumstances, old rates are used which are usually much lower than present values of land.

Recommendation

Central government should give financial support to the district Land Boards to meet regularly and review values of land.

7.5 Project 1140; NELSAP

The project objective is to improve access to electricity in Nile Basin Initiative countries through increased cross-border sharing of energy and power; to lead to the construction of the Bujagali-Tororo-Lessos and Mbarara-Mirama-Birembo Transmission lines and their associated sub-stations[54].

The project should have started in July 2010 but did not commence until November 2012. The target completion date was June 2014 but was extended to January 2015[55]

The project is funded by JICA (Japan International Cooperation Agency) in partnership with African Development Fund (ADF) and Government of Uganda (GoU). The implementing agency is Uganda Electricity Transmission Company (UETCL)

Project outputs include; A Constructed, tested, commissioned and fully operational 220Kv Bujagali-Tororo-Lessos (Uganda part), double circuit, double conductor power transmission line

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[54] MFPED *Public Investment Plan FY 2010/11-2012/13* (Kampala 2010)

[55] Ibid; Interaction with project coordinator(August, 2013)

(approximately 127.7km) and 220kV Mbarara-Mirama-Birembo (Uganda Part 66km) on self supported steel lattice towers. Mirama substations and associated bays at Tororo and Mbarara North substations[56]

Planned outputs for 2012/13 included;

- Resettlement Action Plan (RAP) Implementation
- Procurement of EPC contractor
- Construction works for Bujagali-Tororo-Lessos and Mbarara-Mirama-Birembo[57]

Findings

Financial Performance of Project 1140

Table 7.5.1 highlights the funding sources of project 1140 and their respective financial contributions as reported by UETCL, the implementing agency.

Table 7.5.1: Financial performance of the NELSAP Project (Inclusive of Donor and GoU Funding)

Funding Source	Approved Budget (Ushs Billion)	Quarter 4 release (Ushs Billion)	Actual Expenditure (Ushs Billion)	% of budget released (Ushs Billion)	Percentage of Release Spent (Ushs Billion)
ADF	23.86	5.34	5.34	22.38%	100%
JICA	493.6[58]	18.91	18.91	3.8%	100%
GoU	49.8	Not indicated	1.246	N/A	N/A

Source: UETCL (June, 2013)

Annual Budget Performance for GoU Funds

The approved budget for FY2012/13 was Ushs 8.610bn of which Ushs 4.34bn was released and absorbed.

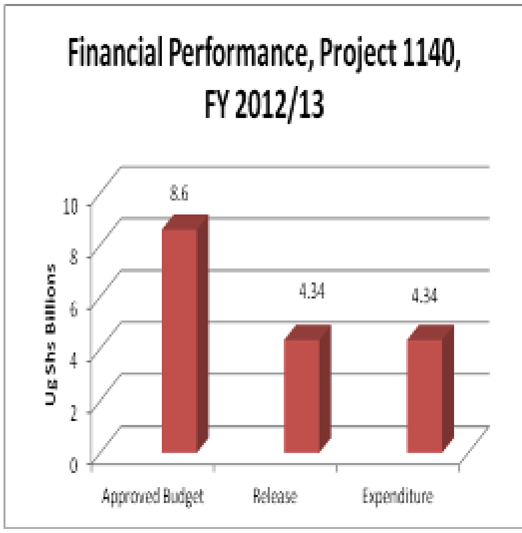
Fig 7.5.1

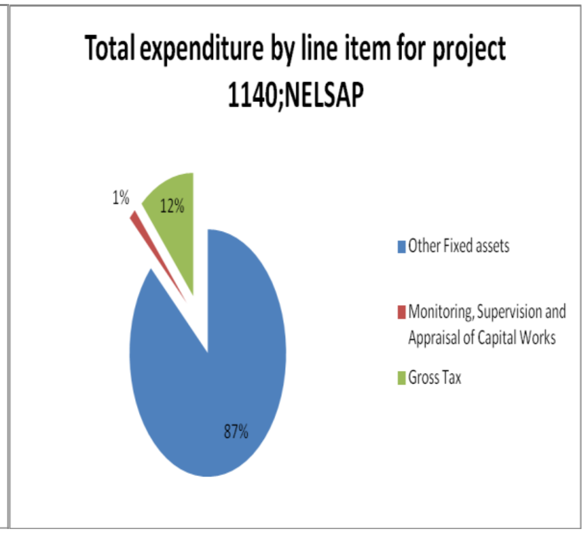
Fig 7.5.2

[56] MEMD *Ministerial Policy Statement FY 2012/13* (Kampala 2012)

[57] Ibid

[58] JPY 5.484 billion converted at 1:90= Ug Shs 493.5 billion





Source: IFMS data June 2012

Figure 75.1 above shows the financial performance of project 1140 for FY 2012/13. Release performance was poor with only 50.5% of funds released for the financial year. Expenditure performance was very good as 100% of the funds released were absorbed. The allocative efficiency was very good as shown in figure 7.5.2 as the bulk of the funds received (87%) was spent on other fixed assets. The remaining 13% was shared between gross tax (12%) and Monitoring and supervision (1%)

Physical performance

This section outlines the physical performance of Project 1140 (NELSAP). Table 7.5.2 outlines the planned activities for the project. The physical performance observed by BMAU during the end of the FY is summarized against the planned outputs.

Table 7.5.2

Annual Planned Outputs	**Annual Physical Performance observed by BMAU**
RAP implementation	RAP implementation is not yet complete. It is ongoing. Overall clearance is at 49% for Mbarara-Mirama line and 48% for Bujagali-Tororo line
Construction of resettlement houses for Project Affected Persons	This component is at the stage of procurement of contractors for the construction of resettlement houses for Project Affected persons.
Procurement of EPC contractor	EPC contactors have been procured
Construction works for Bujagali-Tororo-Lessos and Mbarara-Mirama-Birembo	Construction works have not commenced

Source: MEMD work plan; NELSAP progress report and discussions with UETCL Officials

BMAU reviewed progress of both the Bujagali-Tororo line and Mbarara-Mirama-Birembo lines. The Bujagali-Tororo-Lessos transmission line covers the districts of Jinja, Mayuge, Iganga, Bugiri and Tororo. The Mbarara-Mirama-Birembo transmission line covers two districts; Mbarara and Ntungamo. Overall, performance is not on target (see challenges affecting project implementation). Physical performance is detailed in table 7.5.3

Table 7.5.3 Detailed Physical Performance of the NELSAP Project

Planned Outputs	Observed Physical Performance
Bujagali-Tororo-Lessos	
RAP implementation Consultant: Power Network Uganda Limited	Works commenced in October 2011 and expected completion date is December 2013. This is however not likely to be achieved. The Project Affected Persons (PAPS) are 3200. 82% of disclosures have been made and the agreements are 78%. Of the 82%, 4% have disputes. 65% of agreements have been paid A total number of 59 houses are expected to be constructed for the vulnerable people. Construction has not yet commenced
Mbarara-Mirama	
	Works commenced in March 2011 and expected completion date was March 2013. This date however will not be realized as the project is behind schedule. Project implementers hope to complete in 2014. PAPs are 1431. 96% disclosures have been made out of which 71% agreements have been made. Disagreements are 25%. The number of disputes is so high as many of the PAPs rejected most of the valuations. Also, by the time of valuation, inflation was so high.

Challenges

- The lengthy procurement process is leading to delays in project implementation. The construction of houses should have started a year ago but procurement of a consultant is still ongoing for both the Bujagali-Tororo-Lessos and Mbarara-Mirama transmission lines.
- Delays in project implementation are partly caused by limited funds. Studies are done and money is sourced. The CGV approves then they take documents to donors to source for funding.
- The valuation of land for the PAPs is low therefore some affected persons end up rejecting the offer. Some of the rates used to value land in most districts were reviewed 5 years back. There are about 150 rejections on the Bijagali-Tororo-Lessos transmission line and 346 on the Mbarara-Mirama transmission line project. For the Mbarara-Mirama transmission line, the consultant used rates for a neighboring district (Isingiro) as it at least had rates of year 2010 but they were still not good enough as the number of disputes on the line was high. In other instances, the seemingly low valuation is caused by the long span between the RAP studies and the actual project implementation. With delays in project implementation, some people change their minds; others become speculative and ask for higher compensation.

- Delays in project implementation on both transmission lines are caused partly by absentee landlords who agreed the compensation package but cannot be traced to receive their payment. On the Bujagali-Tororo-Lessos transmission line, there are 12 absentee landlords. There are also people who have died therefore processing the powers of attorney is a long process. Processing letters of administration for the child headed households also takes a long time.
- Delays in acquisition of way leaves because of the Land Act. Project implementers can only pay out what that CGV recommends and yet the land owners at times claim different rates.
- These are cases where some landlords are in court over land issues leading to delays in executing the RAP

Conclusion

The project is behind schedule it is only at the phase of RAP implementation. This is mainly due to Delayed procurement. Construction of resettlement houses for the vulnerable people in the Project Affected area should have started already but a contractor is still being procured to carry out construct the resettlement houses. There are also delays in acquisition of land on both the Bujagali-Tororo line and Mbarara-Mirama line. Some Project Affected Persons (PAPS) are reluctant to offer their land as the rates set by District land Boards are low. The rapidly rising inflation rates are also leading the PAPS to disputing packages. Other people are speculative and deliberately refuse a package more money than expected.

Recommendations

- There is need for government to speed up the procurement process as projects have timelines that do not put into consideration the procurement process
- There is need for timely release of funds to allow project implementation to commence very shortly after feasibility studies. This is because people change their minds, get ideas on how squeeze money out of government projects and when time passes, it becomes difficult for PAPs to comply
- Need for government to create a budget to facilitate the district land boards to enable them review land rates on a regular basis.
- There is need for the PAP consultant to be on board as the project is starting to handle any issues that arise and speed up project implementation (the consultant for the Mbarara-Mirama transmission line got on board in December 2012).
- Implementation should follow immediately the RAP studies are done to minimize the number of absentee landlords and changes in land value

7.6 Project 1212 Electricity Sector Development Project

The objective of the project is to i) evacuate power from Bujagali and other proposed hydropower stations on the Nile to Central Uganda as well as serve as a high voltage backbone to the proposed regional interconnection network between Uganda, Tanzania, Rwanda, and DR

Congo; and ii) To improve the reliability and increase access to electricity supply in the Northern region of Uganda[59].

The expected outputs include; a) construction of 137 Km of a 220 kV transmission line from Kawanda to Masaka and associated substations; b) Feasibility study for Lira-Gulu-Nebbi-Arua (350 Km) project.

The planned outputs for 2012/13 include; a) RAP implementation; b) Procurement of supervision consultant for Kawanda-Masaka transmission lines; c)Procurement of EPC contractor for Kawanda-Masaka transmission project; d) Procurement of consultant for feasibility study Lira-Gulu-Nebbi-Arua transmission line project[60].

Progress reports on the project are silent about the progress of the feasibility study for the Lira-Gulu-Nebbi-Arua transmission line.

Kawanda-Masaka 220kV, 137 Transmission Line

The Kawanda-Masaka 220kV, 137 km Transmission Line is one of the components of the Electricity Sector Development Project (ESDP) financed by the World Bank's International Development Association (IDA). As part of the funding arrangements, GOU is responsible for the compensation and resettlement of PAPs as well as taxes on construction materials. The executing agency is Uganda Electricity Transmission Company Limited (UETCL)[61].

The project aim is to evacuate power from the Bujagali Hydropower Plant and other proposed hydropower stations on the Nile to central Uganda as well as serve as a high voltage backbone to the proposed regional interconnection network between Uganda, Tanzania, Rwanda, and DR Congo.

The proposed transmission line will compliment and ultimately replace a crumbling and unreliable old wooden 132 kV transmission line between Mutundwe substation and Masaka West substation with 137 km of new double circuit 220kV transmission line. The existing 132 kV substation at Kawanda will be upgraded to 220kV to accommodate both the 220kV incoming lines from Bujagali and the 220kV outgoing lines to Masaka. At Masaka, a new substation will be built adjacent to the existing 132/33kV Masaka West substation.

Findings

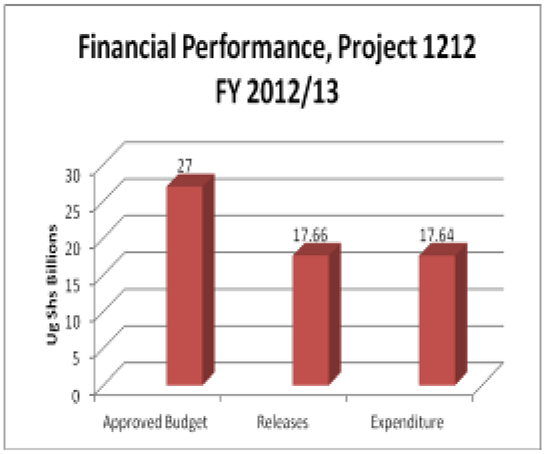
Financial Performance

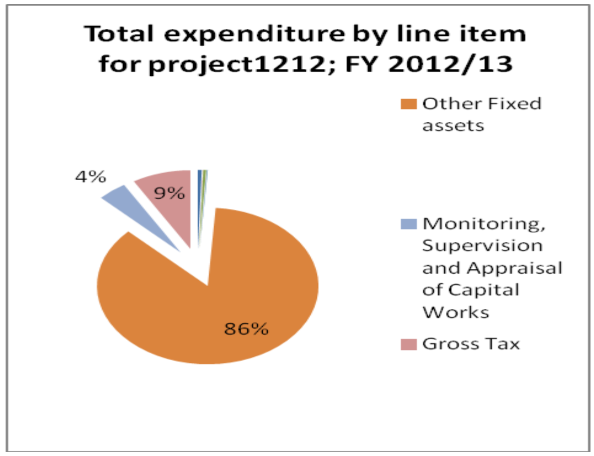
[59] MEMD 2012/13 *Ministerial Policy Statement* (Kampala, 2012)

[60] Ibid

[61] UETCL *Electricity Sector Development Project; Quarter Four progress Report* (Kampala 2013)

Fig 7.6.1 **Fig 7.6.2**





Source: IFMS June, 2013

Figures 7.6.1 and 7.6.2 show the financial performance of project 1212 for FY 2012/13. As shown in figure 7.6.1, approved budget for the project was Ushs 27 billion. By the end of the financial year, only 65% of the funds were released indicating poor release performance. Of the released funds, 99% was expended indicating good absorption capacity.

Figure 7.6.2 highlights the allocative efficiency for project 1212. The bulk of expenditure was allocated for other fixed assets (86%) indicating good allocative efficiency. 9% was spent on gross tax and 4% on monitoring, Supervision and Appraisal of Capital works. The remaining 1% was spent on contract staff salaries (Including casuals, temporary), allowances, travel inland, Fuel, lubricants and oils, and long-term consultancy services.

Physical Performance

This section outlines the physical performance of output 030179 under the Kawanda-Masaka transmission line project.

Output 030179: Acquisition of other Capital Assets

Table 7.6.1 outlines the planned activities under output 030179 for FY 2012/13 as outlined in the MEMD work plan. The Physical performance observed by BMAU during the end of the FY 2012/13 is summarized against planned activities. Overall, the project is behind schedule (See challenges and key policy issues in project implementation)

Table 7.61: Summary of Physical Performance Project

Outputs Achieved for FY 2012/13	Physical Performance as observed by BMAU at the end of FY 2012/13
RAP implementation	Compensation for the Project Affected Persons (PAPs) is still on-going;
Procurement of supervision consultant for Kawanda-Masaka transmission project	Procurement of a supervision consultant is not yet done
Procurement of EPC Contractor for Kawanda-Masaka transmission project	Procurement of the EPC consultant is not yet done

Source: MPS 2012/13; Discussions with UETCL Project Managers; Project progress report

Table 7.6.2: Detailed Performance of Project 1212output 030179: Acquisition of Capital Assets

Outputs Achieved for FY 2012/13	Physical Performance as observed by BMAU at the end of FY 2012/13
RAP implementation	Works commenced in March 2011 and expected completion date is December 2013. This date is likely not to be achieved Compensation for the Project Affected Persons (PAPs) is still on-going; out of the 2171 Project Affected Persons, disclosures have been made to 1194 persons (55%); (51%) agreements have been made and payments have been effected to 682 persons (31%). The total number of disputes is 81 (4%).

Resettlement houses constructed by the PAPs on Masaka-Kawanda Transmission line after they received their compensation package

Challenges

The challenges highlighted that partly contributed to the delay in project implementation included;

- Inadequate capacity to carry out procurements
- The timing of the studies verses actual implementation. Studies were done in between 2007 and 2009 but actual approval by the CGV was done in 2011. By the time the studies were done, the route was free. At the moment developments such as schools and other social infrastructure have come up and this becomes difficult for PAPs who have such infrastructure in place to accept the compensation package.
- The land tenure system as most of the land is titled and some titles were used as collateral by owners to acquire loans from the bank and accessing the titles before the landlords complete loan repayment is difficult. Therefore, some of the transactions are not complete. There are also instances where there are absentee landlords. The law requires that RAP implementers get consent from landlords therefore if the tenants do not have clean agreements with the tenants, it causes delays.
- From the time feasibility studies are done, there are different parties involved. These include NEMA, the CGV (Ministry of lands), UETCL, contractors. These parties usually work in isolation and yet they are all contributing to project implementation. If they were all on board at the same time, each of them would solve specialized problems as they arise.

Recommendations

- Actual implementation should follow immediately after the studies have taken place to minimize the issue of absentee landlords and increase in the land values.
- There is need to have relevant players on board from the time of carrying out feasibility studies to actual implementation.
- Need for UETCL to directly get involved in the management of RAP

Conclusion

To date, the Project is only at the RAP stage of implementation on the Kawanda-Masaaka transmission line. The supervision consultant and EPC contractor are not yet on board. The Lira-Gulu Nebbi-Arua transmission line project is under procurement stage for a consultant to carry out a feasibility study for the project. Delays in the implantation of the Electricity Sector Development Project were majorly caused by limited capacity to carry out technical and financial evaluations during procurement.

Recommendation

- There is need for quality control, scrutiny and the deployment of experienced people in handling evaluations. This should be complemented by internal training to develop capacity in UETCL in handling procurements and visits to well performing institutions to learn from them how their procurements are done.

7.7 Vote Function 0303: Petroleum Exploration, Development and Production

The vote function monitors all petroleum operations in the country for the exploitation of the petroleum resources in an economically and environmentally sustainable manner[62]. The implementing agency is Petroleum Exploration and Production Department (PEPD) in the Ministry of Energy and Mineral Development (MEMD) responsible for promoting and regulating the petroleum midstream sub-sector which involves planning for the development of the refinery and pipelines in the country.

The outputs of the department include;

a) Promotion of the country's petroleum potential

b) Monitoring and regulating oil companies licensed to undertake petroleum exploration, development and production in the country

c) Regulatory, institutional and capacity development for the petroleum sub-sector

d) Planning for commercialization of the discovered resources

e) Participating in regional initiatives

Findings

The petroleum department only highlighted that the Ushs 5.6 billion for quarter 4 FY 2012/13 including the refinery development project during the quarter as summarized in table 7.7.1 below

Item	**Expenditure (Ushs)**
Promotion of the country's petroleum potential and licensing	0.09
Initiate and formulate petroleum policy and legislation	0.09
Capacity building for the oil and gas sector	0.09
Monitoring upstream petroleum activities	0.15
Development and implementation of a community strategy for the oil and gas sector	0.11
Participation in regional initiatives	0.03
Transfer to other government institutions (Preparation for transition to new institutions	1.14
Government buildings and administrative infrastructure	1.15
Purchase of office and ICT equipment including software	0.014
Purchase of specialized machinery and equipmnet	0.037
Purchase of office and residential furniture	0.0046

[62] MEMD *Ministerial Policy Statement FY2012/13* (Kampala 2012)

Oil refinery development	2.296

Source PEPD June, 2013

Physical performance

TABLE: 7.7.1

Planned output	**Progress by end of FY2012/13 BMAU monitoring**
030301: Promotion of the country's petroleum potential and licensing	The department participated in different fora where they exhibited Uganda's petroleum potential and investment opportunities. The department commenced the formulation of regulations for the sale of petroleum promotional data. The regulations will provide a legal basis for sale of petroleum data in the country. Sale of promotional data is therefore on halt pending the formulation of this regulation. The petroleum Act 2013 provides for licensing acreage for petroleum exploration in Uganda through open transparent and competitive bidding. In order to optimize development and facilitate sustainable development of the existing and undiscovered resources in the country, phased licensing of acreage is planned. During the period under review, the department undertook activities in preparation for the planned licensing round. These activities include; speculative geophysical surveys and evaluation of geophysical, geological and geothermal data
030302 Initiate and formulate petroleum policy and legislation	Laws were passed in December and April. Regulations are in place. The project is looking at a consultant in Norway to review the draft in place Guidelines have been adopted Resource reporting guidelines
030303 Capacity Building for the oil & gas sector	The department has had a number of people trained, some completed and ongoing. Short courses are also ongoing.
030304 Monitoring Upstream petroleum activities	So far 100 wells have been drilled and about 88% have encountered oil. 3D seismic is also ongoing In EA 1 where major activities are ongoing, 4 wells were being drilled; Gunya 3, Jobi 6, Mpyo 4 and Mpyo 5
030305 Develop and implement a communications strategy for oil and gas in the country	Four opinion pieces were prepared and published in the media responding to various issues including plans for formulation of the national oil company

	and state participation in existing licenses, status of Uganda's gas reserves and plans for its utilization, status of the kingfisher production license and the location of Uganda's petroleum fields visa-vis refinery location Field visits were organized for the media to operation areas
030306 Participate in Regional Initiatives	The department participated in a dialogue with Congo is to assess the capacity of existing cross-border initiatives to address potential conflict related to oil. The department has continued participating in meetings, one that is being held in Arusha was ongoing by the time of the monitoring visit. There is a tripartite arrangement where heads of state for Uganda, Kenya and Tanzania meet to discuss issues on the refinery, pipelines and single IDs. Uganda was tasked to develop the refinery, Kenya is responsible for pipelines and electricity
030372: Government Buildings and administrative infrastructure	The department is constructing a building. The contractor came on board in December 1st 2012. The structure is planned to have 4 floors to house the Directorate, Petroleum authority. Work stalled in the previous quarter though as there was no release of funds.

SOURCE: BMAU FIELD FINDINGS

Drilling operations at Gunya 3 and acquisition of 3D seismic data in Exploration Area 1

Challenges

- Low and late release of funds to the department

- The department has limited human resource on ground. For some days, the department did not have an accounting officer. Activities are increasing and with limited human resource
- The laws and regulations put in place are unfavorable. The ban on vehicles is affecting the department as it is field based and therefore difficult to perform without vehicles.

Conclusion:

The project has registered success in one of the core roles of petroleum exploration as over 100 exploration and appraisals wells had been drilled in the country. Over 85% have encountered oil indicating a high success rate. However, there have been inconsistencies and delays in the release of funds for the petroleum department. In quarter 2, the release was significantly low and in quarter 4, there was no release of funds. This affected the achievement of outputs. Also, some of the projects that were funded by development partners underperformed as the funding were cut off. Some of the commitments were therefore not achieved.

Recommendations:

GoU/MFPED should provide the project with funds and timely to enable the execution of the outputs of the project as the oil resource has potential to provide adequate financial capital for economic development of the country.

7.8 Project 1184 Construction of Oil Refinery

Background

The key objectives of the project are to: i) Develop an appropriate legal and regulatory framework for crude oil refining and related infrastructure. ii) Develop an appropriate modern institutional framework for crude oil refining and related infrastructure. iii) Build capacity in crude oil refining and related infrastructure. iv) Promote private sector participation in the development and operation of refineries and related infrastructure. v) Promote regional and international cooperation in the development of refineries and related infrastructure.[63]

The project start date was July 2011 and expected completion date is June 2016. The project will be funded through a Public Private Partnership

The expected outputs of the project include; Pre-front engineering and design undertaken; communication plan for refining developed and implemented; a legal and regulatory framework for oil refining and related infrastructure finalized; detailed impact assessment undertaken, transaction advisory services coordinated; promotion of the development of refining undertaken; technical studies for the aerodrome location undertaken; refinery foundation strength and hydrological studies undertaken; capacity building undertaken; and strengthening of regional cooperation in development of refineries undertaken[64]

The work plan outputs for FY 2012/13 for the sector include;

I. Promotion of the country's petroleum potential and licensing

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[63] MEMD *Ministerial Policy Statement* (Kampala,201

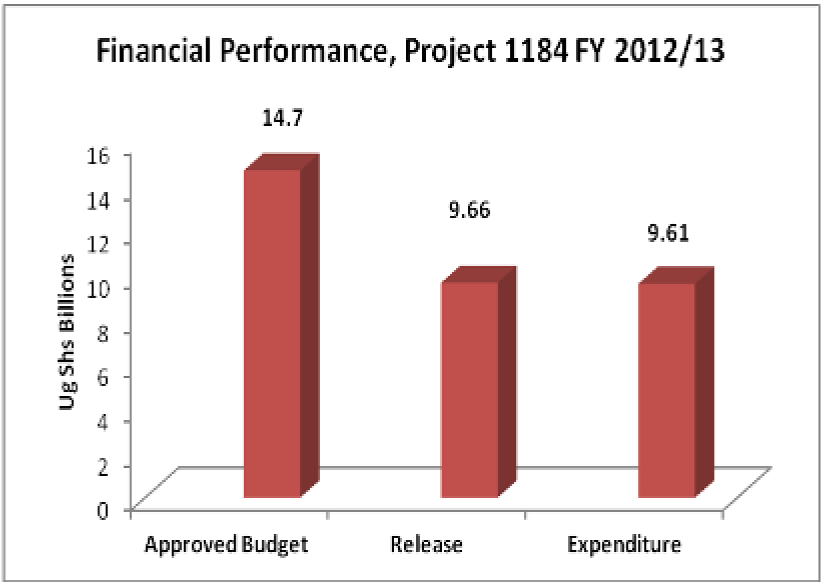
[64] Ibid

II. Capacity building for the oil and gas sector

III. Oil refinery construction

Financial Performance

Fig 7.8.1



Source: IFMS, June 2013

As shown in figure 7.8.1 GoU approved budget Ushs 14.7. Of the approved funds, 99% was absorbed indicating good absorption capacity.

7.82

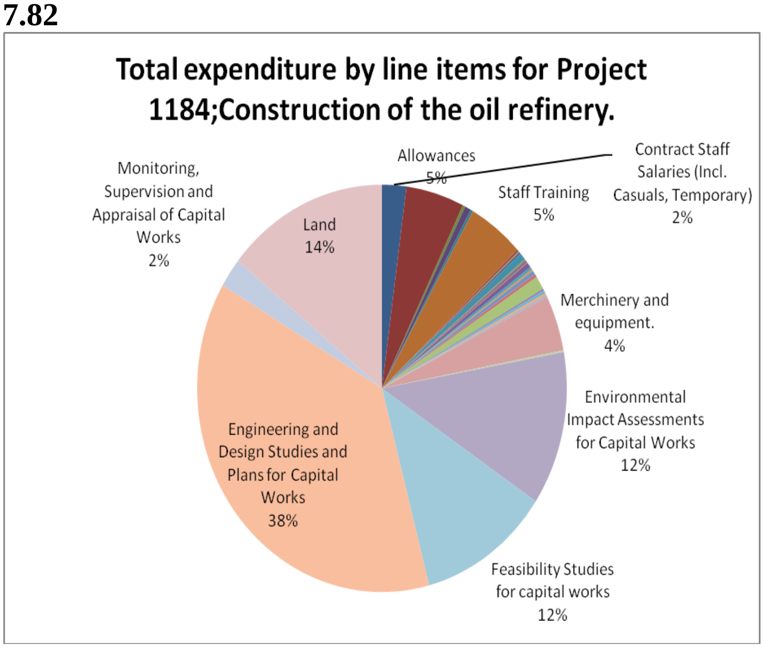


Figure 7.8.2 shows that the allocative efficiency for the project was good with 38% of the funds received expended on Engineering and Design studies and plans for capital works, 14% on land, 12% on feasibility studies for capital works,12% on environmental impact assessments for capital works. The remaining 24% was expended on many other line items like travel inland, workshops and seminars, Telecommunications, Electricity, water, travel abroad, furniture and fittings, computer supplies and information technology, books, periodicals and news papers

Physical Performance

Output	End of FY 2012/13 Progress as observed by BMAU
030301Promotion of the Refinery Development	Brochures were developed for refinery development The department attended 2 promotional meetings and 10 interested companies attended the meeting
030303 Capacity Building for the oil and gas sector	4 people undertook Masters courses and 3 officers undertook short courses
030380 Oil Refinery Construction	The department procured a consultant to undertake the RAP and was finalized. The report was approved by the CGV and eventually procured a consultant to implement the RAP. The RAP implementation group is on ground and it is hoped that payments will be made in October. A total number of 15 villages consisting of about 7,118 people are affected. Names are being displayed and the amount of money to be received by the PAPs There are a number of CSOs that fed people with misleading information that that people are going to be resettled in Karamoja. The ministry is therefore planning to undertake sensitization campaigns to clear the misconceptions. AFIEGO is compiling complaints and grievances of the PAPs The next exercise is sensitization of communities on financial management.

Source: Field Findings

The challenges highlighted by some of the community members included;

- The locals are made to sign forms that have “paid” and “received” and yet they haven’t received any payment
- The locals are worried about where they are going to be relocated therefore they need to be informed where they are going to be relocated.

Conclusion

Commendable progress has been registered in the process of construction of the oil refinery. Land for the refinery has been secured and the RAP implementation group is on ground. A comprehensive sensitization is also being done through the PEPD communications strategy to address issues concerning the resettlement. However, the project is a threat to the local people who are worried about where they are going to be re located. Other PAPS are worried that the resettlement package may not be worth the land they have surrendered to government.

Recommendation

- There is need for government to improve the channels of communication to facilitate information trickle down effectively to the local people.

CHAPTER 8: HEALTH

8.1 Background

The health sector comprises a number of different spending agencies (votes) which hold responsibility for different aspects of service delivery in the sector. The Ministry of Health (vote 014) is the central agency in charge of policy analysis and formulation, strategic planning, provision of nationally coordinated services such as emergency preparedness, health research and monitoring and evaluation of overall health sector performance[65]. Various other functions are delegated to semi-autonomous institutions; in particular, drug stock management and drug delivery is managed by the National Medical Stores (vote 116). Other semi autonomous institutions include: Uganda Cancer Institute (vote 114); Uganda Heart Institute (vote 115); Uganda Blood Transfusion Service (vote 151); Uganda Aids Commission (vote 107); and human resource management under the Health Service Commission (vote 134).

Local governments (districts and municipal councils) take primary responsibility for delivery of frontline healthcare services. This is through the 'Primary Health Care' grant system which transfers funds directly from the Ministry of Finance, Planning and Economic Development (MFPED) to local government general accounts. Local governments are responsible for the management of human resources for district health services, management of General Hospitals and management of Health Centre's (levels II, III and IV)[66].

In addition to the General Hospitals which are managed at the district level, there are 14 Regional Referral Hospitals (votes 163 – 176) which offer specialized clinical services, higher level medical and surgical services and clinical support services. The two National Referral Hospitals (votes 161 and 162) provide comprehensive specialist services, health research as well as providing all of the services of General and Regional Referral Hospitals[67].

The total budget estimates for the health sector (inclusive of donor funding, after tax and arrears adjustments) for FY 2013/14 is Ushs 1,127.33 billion. This represents a 32.3% increase on the last financial year.

Of the total budget estimates for FY 2012/13, approximately 24.3% is estimated for local authorities, 19.3% for National Medical Stores, 41% for the Ministry of Health; 10.6 % for National and Regional Referral Hospitals and approximately 4.8% for all other spending agencies[68].

Scope of the report

This section reviews progress achieved in health sector development projects as at the end of FY 2012/13. The aim of this section is to ascertain whether planned outputs as outlined in the performance contracts have been achieved. Projects that were monitored by BMAU during FY 2012/13 and Q1 FY 2013/14 are summarized in table 8.1 below.

[65] See *Health Sector Strategic Plan,* page 4
[66] Ibid
[67] Ibid
[68] All figures are calculated after tax and arrears adjustments

Table 8.1: Sample frame for BMAU monitoring activities in FY 2012/13 & Q1 FY 20 13/14

Vote	Project	Locations
Q1 FY 2012/13		
163-176: Regional Referral Hospitals	Project 1004: Rehabilitation of regional referral hospitals	Gulu ,Lira, Mbarara
501-778:Local governments	O422: Primary Health Care Development	Adjumani,Amuru, Apac, Busia, Dokolo, Gulu, Ibanda, Isingiro, Kamuli,Kole, Lira, Mbale Mbarara, Namutumba, Nwoya, Oyam Sembabule, Lira Municipality, Mbarara Municipality
Q2 FY 2012/13		
163-176 Regional Referral Hospitals	Project 1004: Rehabilitation Of Regional Referral Hospitals	Fort Portal, Jinja,Masaka
501-778: Local governments	O422: Primary Health Care Development	Budaka, Bundibugyo, Butaleja, Jinja, Kabarole, Kalangala, kayunga, Kiryandongo, Masaka, Masindi, Mityana,Mayuge, Mukono, Naksongola, Ntoroko, Palisa, wakiso.
Q3 FY 2012/13		
163-176 Regional Referral Hospitals	Project 1004: Rehabilitation Of Regional Referral Hospitals	Arua , Hoima, Kabale Soroti
501-778: Local governments	O422: Primary Health Care Development	Arua, Bulisa, Bushenyi, Hoima,KABALE, Kaberamaido, Katakwi, Kiboga, Kyankwazi, Moyo, Nebbi, Ntungamo, Rukungiri, Serere,Soroti.
Q4 FY 2012/13		
No monitoring activities during this quarter.		
Q1 FY 2013/14		
163-176 Regional Referral Hospitals	Project 1004: Rehabilitation Of Regional Referral Hospitals	Mbale, Lira, Mbarara
501-778: Local governments	O422: Primary Health Care Development	Budaka Butaleja, Dokolo, Ibanda, Kayunga Kiruhura, Kole, Lira Luwero, Mbale Mbarara, Mpigi, Mukono, Nakasongola Oyam Palisa, ISingiro

Source: BMAU

8.2 Votes 163 – 176 Regional Referral Hospitals

Background

The total approved budget for Regional Referral Hospitals (votes 163 – 176) for FY 2012/13 was around Ushs 71.4billion, which is approximately 6.3% of the total estimated health sector budget. The mission of these votes is to provide specialized and super health services, conduct tertiary medical health training and research and contribute to national health policy.

This section considers progress on outputs at Regional Referral Hospital's (RRH) under project 1004. The project refers to the capital development expenditure at each hospital and relates to activities such as rehabilitation of facilities and capital works. The objectives of the project are to: (i) rehabilitate old and broken infrastructure (ii) undertake construction of vital infrastructure including accommodation of staff (iii) adequately equip the hospital in terms of medical and office equipment and furniture (iv) improve on infrastructural security of the hospital (v) provide appropriate transport for the performance of hospital activities (vi) improve on internal and external communication and (vii) provide alternative/backup power and water sources[69].

Financial Performance:

For financial year 2012/13 around Ushs 16.7 billion was allocated under project 1004 for the rehabilitation of fourteen RRHs including those monitored during from Q1-Q3 FY 2012/13. The annual approved budget for capital development works ranged from 0.03 billion for Naguru RRH to 2.2 billion for Soroti RRH. All the three regional referral hospitals monitored had less than 100% release performance of their approved budgets, details given in the hospital specific sections below.

Table 8.2.1: Date of release for capital development funds to Regional Referral Hospital in FY 2012/13

Hospital	**FY 2012/13**			
	Q1	**Q2**	**Q3**	**Q4**
Lira	11/09/2012	30/11/2012	18/2/2013	None
Mbale[70]				None
Mbarara	10/8/2012 and 24/8/2012	8/11/2012	18/2/2013	None

Source: Field findings.

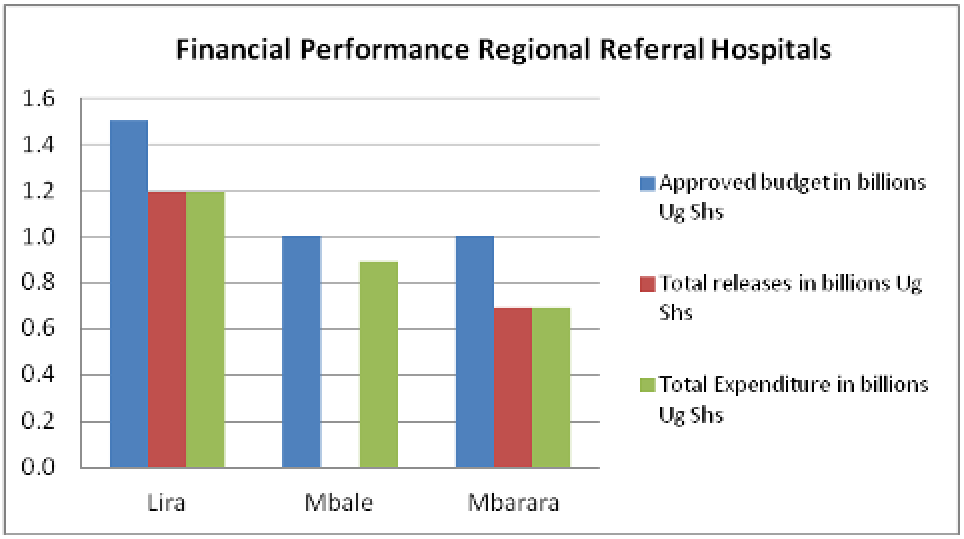
[69] Objectives sourced from MoH Ministerial Policy Statement FY 2012/13.

[70] Releases were withheld by senior officials at Mbale Regional Hospital

Two of the three regional referral hospitals visited had received the amount of funds reported by central government to have been released. No hospital had received funds for capital development for Q1 FY 2013/14. This was because Parliament had not appropriated the budget for FY 2013/14.

Expenditure performance for two of the three regional referral hospital visited was very good, Lira (99.9%)and Mbarara (100%).

Figure 8.1: Financial Performance of Regional Referral Hospitals



Source: Field findings

Physical Performance

The BMAU team visited three RRHs in Q1 2013/14, these were; Lira Mbale and Mbarara. At each of the RRHs visited, the team considered a) the financial performance for FY 2012/13 b) physical performance of planned outputs and c) challenges faced by the RRH. The findings for each RRH visited are detailed below.

a) Lira Regional Referral Hospital

The approved budget for Lira RRH in FY 2012/13 was Ushs 1.5billion for capital development under the Rehabilitation of Regional Referral Hospitals project 1004. By end of the financial year 2012/13, the hospital had received a total of Ushs 1,191,250,000 for capital development, representing a release performance to the hospital of 79.4%; details of quarterly funds released are given in table 8.2.2.

Table 8.2.2: Capital development funds received by Lira RRH in FY 2012/13

Period	Date of release	Amount released (Ushs)	Cumulative release (Ushs)
Q1	11/09/2012	455,000,000	
Q2	30/11/2012	427,500,000	882,500,000

Q3	18/2/2013	308,750,000	1,191,250,000

Source: Fieldwork findings

During the financial year 2012/13 the hospital planned the following capital development activities: a) procurement of furniture and equipment for the ICU and theatre b) installation of intercom, c) procurement of an incinerator, and d) carry out an environmental impact assessment for the incinerator.

Financial performance

Of the Ushs 1,191,250,000 the hospital received in the financial year 2012/13, it spent Ushs 1,191,249,197 on capital development activities, details in table 8.2.3. This represents absorptive capacity of around 100 % of the released funds.

Table 8.2.3: Lira Regional Referral Hospital capital development payments

Output description	Contractor	Contract sum (Ushs)	Payments to date (Ushs)
Procurement of medical equipments	Biomed system centre	850,000,000	838,000,000
Procurement of furniture for theatre and ICU	Mii Romi General Supplies and Contractors	49,000,000	49,000,000
Payment of retention balance for theatre and ICU	Victoria Computer Company		151,513,197
Installation of intercom and internet wireless	Adtel communication	86,000,000	64,500,000
Environment and impact assessment for the incinerator	Environ Impact Co. LIMITED	26,800,000	24,000,000
Provision of specification for medical equipments	K.K Partnership Architects	24,000,000	24,000,000
Advert for medical equipment and incinerator	New Vision	3,813,000	3,813,000
Procurement of plumbing materials	Archo Technical Services	1,900,000	1,900,000
Website development and hosting	Cate Automation Int	3,800,000	3,800,000
Designs and supervision for incinerator	K.K Partnership Architects	48,000,000	30,723,000

Source: Fieldwork findings

Physical Performance

The monitoring team found out that the medical equipments and furniture had been procured for the theatre and ICU. The installation of intercom was still ongoing, only the administration, records office and maternity ward had been connected to the intercom. The rest are yet to be connected. The environmental impact assessment for the incinerator was carried out but the incinerator was not procured due to budget cuts of Ushs 308 millions in FY 2012/13.

Left to right: Medical equipments procured for the ICU and theater, Medical furniture ICU and Intercom partially installed

Challenges:

- **Increased operational costs**: For the intercom to work efficiently, it needs a constant supply of power and this call for the installation of solar power on all the wards to act as a backup system. This brings addition cost to the hospital that had earlier on not been planned.
- **Reduced allocations**: The development budget had been reduced for FY 2013/14 according to the indicative planning figures and as such they will not be able to procure equipments as had planned.

b) Mbale Regional Referral Hospital

The approved budget for Mbale RRH in FY 2012/13 is Ushs 1,000,000,000 for capital development under the Rehabilitation of Regional Referral Hospitals project 1004. Senior officials at Mbale RRH have not provided the requested information on the capital development funds received in FY2012/13 and as such this information is missing from this report.

During the FY 2012/13, the hospital is planned the following capital development activities: a) complete payments for staff quarters b) complete the two hospital gates c) overhaul the sewerage system.

Financial performance

Mbale RRH in this financial year it spent Ushs 888,827,621 on capital development activities by the time of the monitoring visit, details in table 8.2.4.

Table 8.2.4: Mbale RRH capital development payments

Output description	Contractor	Contract sum (Ushs)	Payments in FY 2012/13 (Ushs)
Payment of balance for the construction of staff quarters	Ambitious Construction Company Limited	3,153,880,670	856,781,278
Completion of the gates	M/s Conveyor Construction Company Limited	135,799,776	20,664,960
Overhauling of sewerage line	Mukewa Building Contractors	144,249,675	11,381,383

Source: Fieldwork findings

Physical Performance

Construction of the staff quarters had been completed and the building handed over to the hospital for use. The construction of the gate and overhaul of the sewerage system was also completed.

Challenges

- **Cost overruns:** the hospital had suffered from cost overruns due to its failure to pay the contractors in time. The hospital pays 25% interest on accumulated value of works beyond one month. At the time of the monitoring visit, interest amounting to Ushs 137 million had accumulated because of delayed payments. The hospital failed to pay the contractors because of budget shortfalls.
- **Arrears:** the cost of providing utilities to the hospital are high and as a result the hospital accumulated arrears especially for power. There are arrears accruing for the unpaid utility bills but there is no provision in the FY 2013/14 budget for domestic arrears.

Left to right: Completed gate, Staff quarters and sewerage line Mbale Regional Referral Hospital

- **Reducing allocation for the non-wage recurrent budget**. The non-wage recurrent budget has been reducing over the years and continues to reduce in the face of rising costs of operation and maintenance, this makes the hospital unable to provide cleaning services and also pay for utilities. Fuel, lubricants and other services have gone up and the number of patients has also increased.

- **Irregular payment of staff salaries**: During the FY 2012/13, most of the staffs had irregular payment of their salaries as they were on and off the payroll. A staff could receive one month's salary and then miss out the following month. This demotivated the staff as they struggled to survive in the months when they did not receive their salaries.
- **Payroll mismanagement**: there had been payroll mismanagement in that staffs who had left the hospital continued to get salary inspite of the numerous reminders by hospital management to Ministry of Public Service to delete them from the payroll. For instance one member of staff received salary for 11 months in the FY 2012/13 after her resignation from the hospital. Another doctor continued to get salary for six months after his death.

c) Mbarara Regional Referral Hospital.

The allocated budget for Mbarara RRH in FY 2012/13 is Ushs 1,000,000,000 for capital development under the Rehabilitation of Regional Referral Hospitals project 1004. By the end of the FY 2012/13 the hospital had received a total of Ushs 692,815,944 for capital development, representing a release performance to the hospital of 69.3%; details of quarterly funds released are given in table 8.2.6 below. The hospital carried forward Ushs 922,084,146 from FY 2011/12 to FY 2012/13. This was not returned to Ministry of Finance because it had already been committed through a letter of credit for the construction of staff quarters.

Table 8.2.5: Capital development funds received by Mbarara RRH in FY 2012/13

Period	Date of release	Amount released (Ushs)	Cumulative release (Ushs)
Q1	10/8/2012	232,500,000	-
Q1	24/8/2012	17,500,000	250,000,000
Q2	8/11/2012	218,965,224	468,965,225
Q3	18/2/2013	223,850,720	692,815,944

Source: Fieldwork findings

During the FY 2012/13 the hospital planned the following capital development activities: a) completion of the staff quarters b) procurement of medical furniture c) construction of walkways joining the new block to the old buildings and d) procurement of some ICT equipment e) construction of the medical waste pit f) complete procurement process for the land cruiser and h) pay outstanding balances for roll over projects.

Financial performance

The total available funds to the hospital in FY 2012/13 were Ushs 1,614,900,000. This was all spent on capital development activities during the financial year representing 100% absorptive capacity, details in table 8.2.7 below.

8.2.6: Mbarara RRH capital development payments

Output description	Contractor	Contract sum (Ushs)	Payments in FY 2012-13 (Ushs)	Payments to date (Ushs)
Completion of the staff quarters	Block Technical Services	1,206,024,215	1,111,498,905	1,111,498,905
labeling of the hospital facilities	Wilta Investments (U) Limited	19,975,758	19,975,758	19,975,758
Construction of walk way join the ICU, and the old building	Cream General Technical Services	72,375,892	72,375,892	72,375,892
Construction of medical waste pit	Wood Fix Limited	7,689,390	7,689,390	7,689,390
Procurement of ICT equipments	Senex Limited	15,900,000	15,900,000	15,900,000
Construction of the drainage channel	Block Technical Services	99,129,690	64,986,690	99,129,690
Procurement of medical equipments	Circular (U) Limited	96,755,000	96,755,000	96,755,000
Procurement of medical furniture	Katax Graphics	30,820,000	30,820,000	30,820,000
Procurement of land cruiser	Toyota (U) Limited	194,898,455	194,898,455	194,898,455

Source: Fieldwork findings

Physical Performance

The monitoring team found out that the medical furniture and ICT equipments had been procured. The construction of the walk ways was complete while construction of the staff quarters was near completion. Remaining works included completion of tiling, painting and completion of electrical wiring. The hospital did not implement two projects because of budget shortfalls.

Left to right: Constructed walk ways, construction of staff quarters on going and some of the procured medical furniture

Challenges:

- **Budget shortfalls**: the hospital experienced budget shortfalls amounting to Ushs 307,184,056. As such, projects planned could not be implemented and some have been rolled over to FY 2013/14. These included the overhauling of the sewerage system and procurement of medical equipments. It was further noted that the hospital had already secured the service providers but could not sign contracts with them.
- **Inadequate funding**: it was reported that the funding to the hospital is too inadequate compared to the hospital needs. The hospital keeps on implementing projects on piece meal basis which means they take a long period of time to complete.

8.3 Votes 501-850: Primary Health Care Development Grants

Background

The majority of frontline health service delivery is managed by local governments through the Primary Health Care grant system. Local governments have responsibility for the management of human resources for district health services, management of General Hospitals and management of Health Centers (levels II, III and IV).

The mission of votes 501-850 is to facilitate the attainment of a good standard of health by all people of Uganda in order to promote a healthy and productive life. The total annual estimated budget for health sector transfers to districts and municipal councils for FY 2012/13 is Ushs 220.3 billion, representing approximately 25.8% of the health sector budget. Of this, Ushs 34.81 billion is allocated to Primary Health Care Development grants.

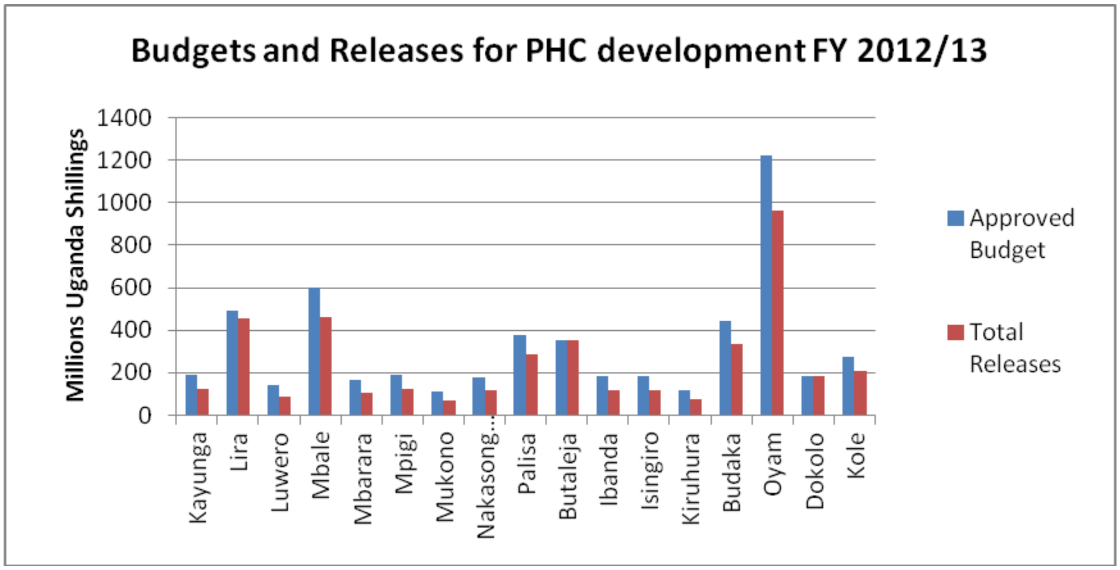
The objective of Primary Health Care (PHC) Development grants (programme 0422) is to improve the quality and quantity of health infrastructure in all districts and municipalities in the country. This includes infrastructure at health centre levels II, III and IV; operating theatres in health centre IVs; staff houses; and institutional support to health sub-districts. All districts visited recorded the same amounts received during the financial year as those recorded at the centre except Isingiro district which recorded Ushs19, 501,459/= against the IFMS figure of shs29, 501,459/=

During the Q1 FY 2013/14, BMAU monitored progress on program 0422 in the following districts: Budaka, Butaleja, Dokolo, Ibanda, Kayunga Kiruhura, Kole, Lira Luwero, Mbale Mbarara, Mpigi, Mukono, Nakasongola Oyam Palisa, and Isingiro.

Financial performance:

The approved budgets for PHC development grants in the 17 local governments monitored ranged from Ushs 114.8 million in Kiruhura to Ushs 1.22billion in Oyam. The districts in the north and eastern Uganda receive an additional component of PHC grant under the Peace Recovery and Development Program (PRDP) which is why their budgets are generally higher than other districts monitored. The figure below shows the budgets and release for PHC development in the districts monitored in Q1 FY 2013/14.

Figure 8.2: Releases and Budgets for the districts monitored in Q1 FY 2013/14



Source: MFPED, IFMS data and field findings

The above figure shows capital development funds released to all districts monitored during Q1 FY 2012/13. Release performance varied from 63.7 % in Isingiro district to 99.7% in Dokolo district. PRDP receiving districts had better release performance which ranged from 75% in Budaka to 99.7% in Dokolo while the non PRDP districts had their release performance around 64% of the approved budgets.

Normally funds for PHC development (both normal and PRDP) are received into the districts health account in one lump sum payment. The dates that the capital development funds from the Ministry for Finance, Planning and Economic Development reached the district health accounts are shown in the table 8.3.1.below.

Although some districts had almost 100% release performance, no PHC development funds were released in the fourth quarter of FY 2012/13. In all districts monitored, no district had received development funds for Q1 in FY 2013/14. This is because parliament had not appropriated the budget by the time of the monitoring visits.

Table 8.3.1 PHC Development Grant releases to Local Governments FY 2012/13

DISTRICT	**FY 2012/13**			
	Q1	Q2	Q3	Q4
Budaka	17/8/2012	13/11/2012	20/2/2013	None
Butaleja	22/8/2012	4/12/2012	4/3/2013	None
Dokolo	14/8/2012	20/11/2012	28/02/2013	None
Ibanda	22/8/2012	16/11/2012	26/02/2013	None
Isingiro	16/8/2012	15/11/2012	25/2/2013	None
Kayunga	21/8/2012	21/11/2012	22/2/2013	None
Kiruhura	22/8/2012	17/11/2012	26/2/2013	None
Kole	20/8/2012	22/11/2012	28/2/2013	None

Lira	31/8/2012	3/12/2012	15/02/2013	None
Mbale	20/9/2012	23/11/2012	28/2/2013	None
Mbarara	23/8/2012	19/11/2013	5/02/2013	None
Mpigi	7/09/2012	12/11/2012	25/02/2013	None
Mukono	5/9/2012	13/11/2012	25/02/2013	None
Nakasongola	16/8/2012	14/11/2012	22/2/2013	None
Oyam	13/08/2012	26/11/2012	21/02/2013	None
Pallisa	23/8/2012	2/11/2012	20/2/2013	None

Source: ***Fieldwork findings***

Below is the progress of the annual planned activities for FY 2012/13for each local government monitored.

a) Budaka District Local Government

In FY 2012/13 Budaka district had an approved PHC development grant (including PRDP component) of Ushs 445,268,000. By the end of the financial year, the district had received Ushs 332,552,000 in FY 2012/13. This represents a release performance of 75% of the total approved budget for FY 2012/13.

Table 8.3.2: Capital development funds received by Budaka Local District in FY 2012/13

Period	Date of release	Amount released (Ushs)	Cumulative release (Ushs)
Q1	17/8/2012	111,317,000	-
Q2	13/11/2012	83,556,000	194,873,000
Q3	20/2/2013	137,679,000	332,552,000

Source: Fieldwork findings

In FY 2012/13 Budaka District planned to carry out several activities; a) completion of maternity ward at Kerekerene HCIII b) completion of maternity ward at Namusita HCIII c) completion of maternity ward at Katira HCIII d) completion of motorized borehole at Budaka HCIV e) complete the installation of solar panels f) payment of retention for maternity ward at Kaderuna HCII g) survey for land titles at Budaka HCIV, Kamokoli HCIII, Naboa HCIII, Kerekerene HCIII, Kameruka HCIII, Namusita HCIII, Iki-Iki HCIII and Katira HCIII and h) construction of Nansanga HCIII and h) procurement of medical equipments for health facilities.

BMAU monitored a) construction of Nansanga HCIII b) construction of maternity ward at Kerekererene HCIII c) construction of the maternity ward at Namusita HCIII and installation of solar panels at the DHO's drug stores

Financial performance

By the end of the financial year, funds amounting Ushs 251,775,241 had been spent on capital development projects. This represents an absorptive capacity of 76% of funds received in FY 2012/13. All unspent balances at the end of FY 2011/12 were returned to the consolidated fund account and were never sent back to the district. .

Table 8.3.3: Capital development payments by Budaka District in FY 2012/13

Output Description	Contractor	Contract Sum (Ushs)	Payments in FY 2012/13 (Ushs)	Payments to date (Ushs)
Construction of maternity ward at Namusita HCII	Jira Engineering Services	99,037,470	11,473269	66,632,708
Construction of Maternity ward at Nasanga HCIII	Kabwangasi General Traders	118,209,500	58,413,446	58,413,446
Construction of OPD and staff house at Nasanga HCIII	Bandobya Investments	150,617,717	117,358,537	117,358,537
Land surveying for eight Health centers of Budaka HCIV, Kamonkoli HCIII, Naboa HCIII, Karekerene HCIII, Kameruka HCIII, Namusita HCIII, Iki-Iki HCIII and Katira HCII	Sana Surveying Agents	21,000,000	21,000,000	21,000,000
Construction of maternity ward at Karekerene HCIII	Prajni (U) Limited.	99,037,470	23,589,444	94,950,124
Procurement of patients beds for Naboa HCIII , Lyama HCIII, Katira HCIII, Kaderuna HCIII, Namusita HCIII and Sapiri HCIII	Joint Medical Stores	19,940,545	19,940,545	19,940,545

Source: Fieldwork findings

Physical performance

Clockwise: completed OPD and maternity ward under construction at Nassanga HCIII, maternity at Kaderuna HCIII and maternity ward at Namusiita HCIII

The solar panels had been installed at the DHO's store. The OPD and staff house at Nassanga HCIII were around 95% complete. The construction the maternity ward at Nassanga HCIII was still ongoing with about 60% of the civil works complete. Remaining works on the maternity ward included shuttering, electrical installations, plumbing, painting and floor cascading. The construction of maternity ward at Namusita HCIII and Kerekerene HCIII was complete. The monitoring team observed defects in the civil works at Kerekerene HCIII maternity ward specifically a cracked floor. The district had also completed surveying land titles for Naboa HCIII, Katira HCIII, Kamerumaka HCIII, Iki-iki HCIII Kerekerene HCIII and Namusita HCIII. The district also procured patient beds for Naboa HCIII, Lyama HCIII, Katira HCIII, Kaderuna HCIII, Sapiri HCIII and Namusita HCIII. Below is an illustration of the physical progress of the monitored sites.

Challenges

- **Budget shortfalls**: in FY 2012/13 the district experienced budget shortfalls amounting to Ushs 112,716,000. In addition, the late release of funds to the districts health account delayed the start of projects and contractors' payment which in return delayed completion of projects.

b) Butaleja District Local Government

In FY 2012/13 Butaleja District had an approved PHC development grant (including PRDP component) of Ushs 355,551,000. By the end of the financial year, the district had received Ushs 353,644,830 in FY 2012/13, representing a release performance of around 99.5% of the total approved budget for FY 2012/13.

Table 8.3.4: Capital development funds received by Butaleja Local District in FY 2012/13

Period	Date of release	Amount released (Ushs)	Cumulative release (Ushs)
Q1	22/8/2012	88,888,000	-
Q2	4/12/2012	222,224,000	311,112,000
Q3	4/3/2013	42,532,830	353,644,830

Source: Fieldwork findings

In FY 2012/13 Butaleja District planned to carry out several activities including : a) completion of OPD block at Madungha HCII b) completion of staff house at Namulo HCII c) completion of OPD at Hahoola HCII d) completion of general ward and walkways to theatre at Nabiganda HCIII e) completion of maternity ward at Kangalaba HCIII f) completion of staff houses at Nabiganda HCIII g) completion of staff houses at Kangalaba HCIII h) completion of staff houses at Nakwasi HCIII i) completion of staff house at Bugalo HCIII j) completion of staff house at Busabi HCIII k) completion of staff house at Madungha HCII l) completion of pit latrines at Busolwe Hospital m) completion of pit latrine at DHO's administrative block n) procurement of furniture for DHO's office and o) procurement of vehicle for DHO's office.

Of the above sites, BMAU monitored four sites; a) completion of the OPD and staff houses at Madungha HCII b) completion of the OPD at Hahoola HCII c) completion of staff house at Nakwasi HCIII and d) construction of staff house at Nabiganda HCIII.

Financial performance

By the end of the financial year funds amounting to Ushs 343,726,701 had been spent on capital development in FY 2012/13. This represents an absorptive capacity of 96.8% of funds available in FY 2012/13. Funds of Ushs 1,566,062 had been carried forward for PHC development from FY 2011/12 to FY 2012/13.

Table 8.3.5: Capital development payments by Butaleja District in FY 2012/13

Output Description	Contractor	Contract Sum (Ushs)	Payments in FY 2012/13 (Ushs)	Payments to date (Ushs)
Completion of OPD block at Madungha HCII	Ms Namudira Multinet Limited	125,936,000	64,671,650	113,861,100
Construction of staff house at Namulo HCII	IRA Engineering Services	78,981,525	39,874,980	68,023,430
Completion of OPD Block at Hahoola HCII	Native Investment	124,495,088	29,762,909	99,285,280
Completion of 4 staff housing unit at Nabiganda HCIII	Lab plus (U) Contractors Limited	78,980,418	46,688,910	78,727,110
Completion of 4 staff housing unit at Busabi	Speedie Contractors	77,912,394	37,549,564	77,912,394

Output Description	Contractor	Contract Sum (Ushs)	Payments in FY 2012/13 (Ushs)	Payments to date (Ushs)
HCIII				
Completion of General ward and walk ways at Nabiganda HCIII	Ramex Furniture/building Contractors Limited	286,784,700	14,532,275	286,760,000
Completion of a 4 in 1 staff housing unit at Kangalaba HCIII	Kidde Builders and Engineers Limited	78,785,290	3,938,550	78,775,447
Completion of a 4 in 1 staff housing unit at Nakwasi HCIII	Magiwa Enterprises	78,692,490	35,857,940	78,082,368
Completion of a 4 in 1 staff housing unit at Bugalo HCIII	Mozet Contractors and Civil Engineering	78,662,932	3,917,770	78,243,170
Completion of a 4 in 1 staff housing unit at Madunga HCII	Magimaha Transporters and Travel Agencies	80,098,560	55,583,719	79,096,219
Completion of pit latrine at DHO's office block	Namuhirarire Enterprises	10,393,800	9,270,434	9,270,434
Completion of 4 stance pit latrine at Busolwe Hospital	Kolame Enterprises Limited	41,565,300	2,078,000	41,540,000

Source: Fieldwork findings

Physical performance

The staff house at Nakwasi HCIII had been completed. The OPD at Magdungha HCII was nearly complete with about 90% of civil works done. Remaining works include plumbing and completion of painting. The 4 in 1 staff house at Madungha HCII was completed and occupied by the health staff. The OPD at Hahoola HCII was at finishing stages. The defects that were identified at the OPD at Hahoola in Q2 FY 2012/13 had been rectified. The staff house at Nabiganda HCIII was completed and was in use at the time of the monitoring visit

Clockwise: Staff house at Nakwasi HCIII, OPD at Hahoola HCII, Staff House and OPD at Madungha HCII

Challenges

- **Inadequate PHC Normal allocations**: PHC normal capital development funds are inadequate in light of priorities and cannot complete one large project in a single financial year hence projects must be rolled forward into subsequent financial years.
- **Inadequate capacity of the contractors**: The contractors in the district have inadequate capacity to implement the projects thus require advances before they start the projects. This therefore delays the start and completion of these projects.
- **Improper reallocations**: Reallocation of PRDP development funds to priorities which are not in line with health priorities. The district executive committee resolved that all PRDP funds be used to the construction of the district headquarters. This is however, at the cost of the PRDP health priorities that had been planned for FY 2013/14. The health department already has a large office in which it is now operating. Therefore, there is no need to construct new offices.

c) Dokolo District Local Government

During the FY 2012/13, Dokolo district had an approved PHC/PRDP Development budget of Ushs 182,118,000. By the end of the FY 2012/13, the district had received Ushs 181,698,000 for capital development which represents 99.8% of the total health development grant budget for FY 2012/13. Although the total release to the district was 99.8% of the approved budget, PHC norm development received excess releases of Ushs 47,860,000 while the PHC-PRDP development had a deficit Ushs 48,280,000. The surplus and deficit approximately offset each other in the overall PHC development release in FY 2012/13.

Table 8.3.6: Capital development funds received by Dokolo district FY 2012/13

Period	Date of release	Amount released (Ushs)	Cumulative release (Ushs)
Q1	14/08/2012	45,529,000	-
Q2	20/11/2012	131,549,000	177,478,000
Q3	28/02/2013	4,222,000	181,698,000

Source: Field finding

In FY 2012/13 Dokolo district planned to complete the eight rolled over capital development projects for both PRDP and PHC activities for FY 2011/12. These were: a) completion of maternity wards each at Atabu HCII, Adok HCIII, Anyacoto HCII b) completion of a semi-detached staff house at Bardyang HCII c) complete construction of OPD Block at Adagmon HCII d) renovation of old OPD block at Dokolo HCII e) payment of retention for civil works at Awelo HCII and f) completion of a General ward at Kwera HCII.

Of the above activities, BMAU monitored the following activities: a) construction of a maternity ward at Anyacote HCII b) completion of maternity ward at Adok HCIII c) construction of a staff house at Bardyang HCII and d) renovation of OPD at Dokolo HCIV.

Financial performance

By the end of the financial year funds amounting to Ushs 181,592,615 had been spent on capital development in FY 2012/13. This represents an absorptive capacity of 99.9 of funds received in FY 2012/13. The table below shows the capital development payments for Dokolo district local government.

Table8.3.7: Dokolo District Capital Development payments in FY 2012/13

	Contractor	Contract Sum (Ushs)	Payments in FY 2012/13 (Ushs)	Payments to date (Ushs)
Rolled over construction of maternity ward at Atabu HCII	B.S Ball Shape Limited	23,817,000	13,388,000	14,311,000
Rolled over completion of a maternity ward at Adok HCII	Morotu Construction and Engineering Services Limited	27,168,460	19,680,460	19,680,460
Rolled over construction of twin staff house at Bardyang HCII	Global Link Investments Limited	56,700,340	42,428,273 18,651,540	42,428,273 36,065,000
Rolled over OPD renovation at Dokolo HCIV	Avor Construction Services	61,879,252	59,189,130	
Payment of retention of Awelo HCII	GaoGao	59,300,000	2,965,000	2,965,000
Rolled over construction of general ward at Kwera HCIII	Jagra Enterprise	57,976,802	16,909,454	55,077,962
Rolled over construction of maternity ward of Anyacoto HCII	Amuka Engineering Company Limited	110,000,000	50,809,031	

Source: Field Findings

The DHO requested the District Executive Committee (DEC) to allow him use the excess PHC normal development funds received to clear outstanding balances for the two projects which did not have sufficient funds to complete i.e a maternity ward at Anyacote HCII with a balance of Ushs 35,986,000 and renovation works on OPD at Dokolo HCIV with a balance of Ushs 11,797,000. This request was granted by DEC and funds accordingly utilized on the projects.

Physical performance

Clockwise: OPD renovation at Dokolo HCIV, Maternity ward construction at Anyacoto HCIII, Staff house construction at Bardyang HCIII construction of maternity ward at Adok HCIII

During the monitoring visits, four sites were visited. The construction of the maternity ward at Anyacoto HCII was still ongoing, the ward had been walled roofed and plastered, doors and window frames fitted. Remaining works included flooring, electrical installations plumbing painting and fitting glass in the windows and doors. Construction of the maternity ward at Adok HCIII was about 90% complete. Remaining works included fitting glass into windows and doors. Construction of a semi-detached staff house at Bardyang HCII was complete and in use. The renovation of the OPD block at Dokolo HCIV was still ongoing. Poor civil works was noted at this site, as the paint was peeling off while the newly renovated ramp had decayed. The monitoring team further noted a broken flat top inside the ward.

Challenges

- **Budget short fall**: There was a shortfall in the PHC-PRDP development funds received in FY 2012/13 by Ushs 48,280,000. This affected the planned PRDP activities like the construction of the OPD block at Adagmon HCII and payments on the staff house at Bardyang HCII.

- **Inadequate funds for monitoring**: The 2% funds available from the PRDP grant is not properly allocated, often times project managers do not have money to carry out routine monitoring and supervision of these projects which affects the quality of implemented projects.

- **Inadequate medical supplies**: although NMS has greatly improved in the delivery of drugs, it was reported that the provision of drugs is still inadequate. The allocation of Ushs 1.2millions worth of drugs is not enough for a HCII for two months while the allocation of Ushs 3.6 million worth of drugs is also not sufficient for a HCIII for two months. The supply of drug kits to HCIIs and HCIII does not always come at the expected delivery time and the amount brought is not always enough.

- **Changes in policy**; change in policy of abolishing nursing assistants has greatly affected the district. A number of nursing assistants have resigned and others have gone for further studies. The most affected facilities are the HCIIs where 80% of the staffs have left. At present there is no immediate action to replace them with nursing officers. The Ministry of Public Service has taken a longtime to come up with a new cadre structure for the health centre II's to incorporate nursing officers.

d) Ibanda District Local Government

In FY 2012/13 Ibanda district had an approved budget for PHC development grant of Ushs 184,342,248. By the end of the financial year the district had received Ushs 117,344,000 for capital development. The release performance for the district was around 64% of the total approved budget for FY 2012/13.

Table 8.3.8: Capital development funds received by Ibanda Local District in FY 2012/13

Period	Date of release	Amount released (Ushs)	Cumulative release (Ushs)
Q1	22/8/2012	46,086,000	-
Q2	16/11/2012	41,477,000	87,563,000
Q3	26/02/2013	29,781,000	117,344,000

Source: Fieldwork findings

In FY 2012/13 Ibanda district planned to carry out several activities; a) rehabilitation of doctor's house at Ruhoko HCIV b) construction of Nyamirama HCII c) construction of OPD at Rwenhambya HCII d) construction of staff house and 2 stance pit latrine and bathroom at Ruhoko HCIV e) construction of two stance pit latrine and bathroom at Irimya HCII f) completion of senior staff house at Kanywambo HCIII and g) construction of maternity ward at Bisheshe HCIII.

BMAU monitored a) the rehabilitation of the doctor's house at Ruhoko HCIV b) construction of maternity ward at Bisheshe HCIII and c) construction of OPD at Rwenshambya HCII and d) construction of OPD at Nyamirima HCIII.

Financial performance

At the end of the financial year, funds amounting Ushs 115,418,322 had been spent on capital development projects in FY 2012/13. This represents an absorptive capacity of 98.4% of funds received in FY 2012/13. Ushs 9,132,804 was carried forward for PHC development from FY 2011/12 but this was returned to the consolidated fund account and was never released.

Table 8.3.9: Capital development payments by Ibanda District in FY 2012/13

Output Description	Contractor	Contract Sum (Ushs)	Payments in FY 2012/13 (Ushs)	Payments to date (Ushs)
Rehabilitation of doctor's house at Ruhokom HCIV	CET Enterprises	14,410,000	13,715,500	13,715,500
Construction of Maternity ward at Bishehse HCIII	KAT Trust	76,747,548	26,767,285	26,767,285
Construction of Nyamirama HCII	Bagra Technical	44,979,181	24,018,192	24,018,192
construction of Rwenshambya HC OPD	Visah Multiplex	42,450,000	23,341,379	23,341,379
construction of staff house and 2 stance pitlatrine and bathroom at Ruhoko HCIV	Garizoka Mutegyeki	25,827,250	13,989,024	13,989,024
Construction of two stance Pitlatrine and bath room at Irimya HCII	Kamtani	20,057,000	5,533,000	5,533,000
Completion of senior staff house at KanywamboHCIII	KAT Trust	69,534,450	8,053,942	66,057,727

Source: Fieldwork findings

Physical performance

Top: Rehabiltated doctor's house Ruhoko HCIV, and OPD Rwensambya HCII
Bottom: OPD at Nyamirima HCII and Maternity ward at Bisheshe HCIII

The construction of the maternity ward at Bishehse HCIII was at roofing stage while construction of the OPD at Rwenshambya HCII was at ring beam. The team noted good quality civil works at both Bisheshe HCIII and Rwenshambya HCII. The rehabilitation of the doctor's house at Ruhoko HCIV was complete, the works involved painting, replacing glasses, working on the toilets and replacing two doors. It was reported by the occupants that the civil works were poor and all showers were not working. The team was further informed that the taps do not work. Construction of Nyamirima HCII was complete. The monitoring team noted that the doors and windows were poorly fitted and the door locks were not working which increased the insecurity at the health centre.

Challenges

- **Budget short falls**: the district experienced budget shortfall during the FY 2012/13 amounting to Ushs 66,998,248. This happened when the district had contracted out all planned projects. As such all projects could not be completed but rolled over to FY 2013/14. It was further reported that the district will not have new projects in FY 2013/14 but to complete the projects that were started in FY 2012/13.
- **Inadequate allocations**: the district officials reported that funds allocated for development projects are inadequate compared to needs on the ground. The majority of the health facilities do not have accommodation facilities yet they are located in hard to reach areas making it difficult for health workers to travel to the facilities every day.
- **Staff shortages**: there are acute staff shortages in the district. Staffing level for the district health sector stand at 47% including nursing assistants and this will drop dramatically if nursing assistants finally leave the service whereby there will be bigger shortages in the human resources for health in the district.

e) Isingiro District Local Government

In FY 2012/13 Isingiro district had an approved budget for PHC development grant of Ushs 182,609,015. By the end of the financial year the district had received Ushs 115,790,459 in FY 2012/13. The release performance was 63.7% of the total approved budget for FY 2012/13.

Table 8.3.10: Capital development funds received by Isingiro Local District in FY 2012/13

Period	Date of release	Amount released (Ushs)	Cumulative release (Ushs)
Q1	16/8/2012	45,652,000	-
Q2	15/11/2012	41,087,000	86,739,000
Q3	25/02/2013	29,051,459	115,790,459

Source: Fieldwork findings

In FY 2012/13 Isingiro district planned to carry out several activities; a) construction of a general/maternity ward at Kasana HCIII b) construction of a junior staff house at Rushasha HCIII and c) construction of the DHO's office.

BMAU monitored a) construction of general/maternity ward at Kasana HCIII and b) construction of the DHO's office at Isingiro district headquarters.

Financial performance

During the FY 2012/13, funds amounting to Ushs 79,266,960 had been spent on capital development projects in FY 2012/13. This represents an absorptive capacity of 68.5% of funds received in FY 2012/13.

Table 8.3.11: Capital development payments by Isingiro District in FY 2012/13

Output Description	Contractor	Contract Sum (Ushs)	Payments in FY 2012/13 (Ushs)	Payments to date (Ushs)
Construction of general/maternity ward, pit latrine and bathrooms at Kasana HCIII	Buckley Loft (U) Limited	98,024,100	20,163,150	20,163,150
Construction of DHO's office phase I	Starlite Engineers	129,866,900	59,103,810	59,103,810

Source: Fieldwork findings

Physical performance

The construction of the DHO office phase 1 was nearly complete. The works entailed construction of the superstructure up to roofing level. The construction of the maternity at Kasana HCIII was still ongoing. The ward had been walled and roofed. The adjacent VIP pit latrine and bathrooms were nearly complete.

Phase 1 construction of DHO's office and maternity ward construction at Kasana – need HCIII

Challenges

- **Budget Shortfall**: The district suffered a shortage in funds received in financial year 2012/13 amounting to Ushs 66,818,556. The shortfall in funds received means that the district was unable to implement all planned activities as payment to contractors for completed work is not possible.
- **Variations**: The price of construction materials often increasing as such contractors usually ask for contract variations midway through construction to account for the new higher prices. This delays implementation of project as the district has to negotiate with contractors on these variations.
- **Lack of accommodation**: Most of the health facilities do not have enough staff accommodation and there are limited houses to rent in the vicinity. There is a high level of staff absenteeism attributed in part to the large distances travelled from home to the health facilities at the cost of the health workers themselves.
- **Poor infrastructure:** the theatres that were constructed under the support to the health sector strategic plan project are suitable for medical use as blood always remains under the tiles which is a health risk to the patients and therefore cannot be used.

f) Kayunga District Local Government

In FY 2012/13 Kayunga district had an approved PHC development grant of Ushs 189,981,000. By the end of the financial year, the district had received Ushs 120,933,000 in FY 2012/13. The release performance accounts for around 64% of the total approved budget for FY 2012/13.

Table 8.3.12: Capital development funds received by Kayunga Local District in FY 2012/13

Period	Date of release	Amount released (Ushs)	Cumulative release (Ushs)
Q1	21/8/2012	47,495,000	-
Q2	21/11/2012	42,746,000	90,241,000
Q3	22/2/2013	30,692,000	120,933,000

Source: Fieldwork findings

In FY 2012/13 Kayunga district planned to carry out the following activities; a) construction of staff house at Nazigo HCIII b) construction of staff house at Nakyesa HCII c) rehabilitation of staff houses at Ntenjeru HCIV and d) construction of staff house and pit latrine at Kakiika HCII.

Of the above sites, BMAU monitored three; a) the construction of staff house at Nakyesa HCIII b) construction of staff house at Nazzigo HCIII and c) rehabilitation of Ntenjeru HCIII.

Financial performance

The district had spent Ushs 118,057,841 on capital development in FY 2012/13. This represents an absorptive capacity of 97.6 % of funds received in FY 2012/13. Funds of Ushs 695,662 had been carried forward from PHC development funds from financial year 2011/12.

Table 8.3.13: Capital development payments by Kayunga District in FY 2012/13

Output Description	Contractor	Contract Sum (Ushs)	Payments in FY 2012/13 (Ushs)	Payments to date (Ushs)
Construction of staff house at Nazigo HCIII	NIMAT Services Limited	69,996,150	43,930,996	43,930,996
Construction of staff house at Nakyesa HCIII	Life Line International Consult Limited	69,026,800	29,933,460	29,933,460
Rehabilitation of Ntenjeru HCIII	Sseki General Contractors and Suppliers Limited	38,206,300	35,908,775	35,908,775
Payment of retention for construction of Kakiika HCII Staff house	Life Line International Consult Limited	69,416,700	3,470,035	69,416,700
Payment Construction of staff house at Bukamba Health Centre	Busebwe Engineering Limited	71,309,700	3,565,125	71,309,700
Payment of retention for renovation of Bukamba, Nakyesa, Kasokwe & Namusala health centres.	Sseki General Contractors and Suppliers Limited	38,206,300	35,908,775	35,908,775

Source: Field findings

Physical performance

The staff house at Nakyesa HCII was nearly complete, it had been walled, roofed, doors and window frames fitted and the pit latrine constructed. Remaining works included painting and inserting glasses in the flames. Rehabilitation works at Ntenjeru HCIII had been completed. The rehabilitation works involved replacement of all shutters, ceiling painting, replacement of leaking iron sheets and electrical wiring. The staff house at Nazzigo HCIII had been completed but had not been handed over to the health centre for use.

Left to Right: Staff house construction at Nakyesa HCII, Rehabilitated staff quarters at Ntenjeru HCIII and Staff house at Nazigo HCIII

Challenges

- **Funding issues**: the district experienced unpredictable budget cuts which were not communicated in time. Some projects such as the construction of the staff house and pit latrine at Kakiika HCII were left out in the FY 2013/14. The budget shortfall in FY 2012/13 was Ushs 69,048,000 while in FY 2011/12 the shortfall was Ushs 15 million. The consequence is that this affects priorities in the subsequent financial years as the district has to clear outstanding obligations.

- **Cost overruns**: because of budget cuts a contractor for the construction of a staff house at Nazzigo HCIII (NITMAT) submitted a certificate of Ushs 27millions but the district was able to pay only Ushs 4million shillings. The contractor threatened to take legal action against the district for failure to meet their contractual obligations. This will affect the planned projects for FY2013/14.

g) Kiruhura District Local Government

In FY 2012/13, Kiruhura district had an approved budget for PHC development of Ushs 114,000,000. By the end of FY 2012/13 the district had received Ushs 73,055,600. This represents a release performance of 64% of the total approved budget for FY 2012/13.

Table 8.3.14: Capital development received by Kiruhura district in FY 2012/13

Period	Date of release	Amount released (Ushs)	Cumulative release (Ushs)
Q1	22/8/2012	28,692,000	-
Q2	17/11/2012	25,823,000	54,515,000
Q3	26/2/2013	18,540,600	73,055,600

Source: Fieldwork findings

In FY 2012/13 Kiruhura district planned to renovate Kazoo HCIV theatre and construction of OPD at Kashongi HCIII. BMAU monitored the renovation of Kazo HCIV theatre.

Financial performance

By the end of the financial year funds of Ushs 68,700,655 had been spent on capital development in FY 2012/13. This represents an absorptive capacity of 94% of funds received in FY 2012/13.

Table 8.3.15: Capital development payments by Kiruhura District in FY 2012/13

Output Description	Contractor	Contract Sum (Ushs)	Payments in FY 2012/13 (Ushs)	Payments to date (Ushs)
Renovation of theatre Kazo HCIV	Woodfix Technical Services	84,076,879	68,700,655	68,700,655

Source: Fieldwork findings

Physical performance

Remodeled theatre at Kazo HCIV

The renovation and expansion of the theatre had been completed. The civil works involved renovation and expanding the theatre to include two extra rooms, roofing and the installation of a water tank. The work appeared to be to a good standard.

Challenges

- **Budget shortfalls**: the district experienced a budget shortfall of Ushs 40,944,400 as such they could not implement the construction of the OPD at Kashongi HCIII because funds were no longer enough.
- **Cost overruns**: the district is likely to pay fines to the contractor, as it failed to honor a certificate for payment to the contractor of Ushs 16 million.

d) Kole District Local Government

The district had an approved PHC/PRDP Development Grant budget of Ushs 271,000,000. By the end of the FY 2012/13, the district had received a total of Ushs 209,894,290, representing almost 77.5% of its approved budget. The district also carried forward 15,989,026 from FY 2011/12 into FY 2012/13.

Table 8.3.16: Capital Development funds received by Kole Local District in FY 2012/13.

Period	Date of release	Amount released (Ushs)	Cumulative release (Ushs)
Q1	20/8/2012	67,986,000	-
Q2	22/11/2012	43,274,000	111,260,000
Q3	28/2/2013	98,634,290	209,894,290

Source: Field findings

During the FY 2012/13, the district planned to undertake the following activities: a) construction of a septic tank at Okole HCII b) remodeling of a general ward at Okole HCII c) construction of staff houses at Alito HCIII d) construction of staff houses at Bala HCIII e) construction of staff houses at Aboke HCIV f) construction of staff houses at Ayer HCII g) construction of staff houses at Akalo HCIII h) expansion of an OPD block at Apalabarowo HCIII and i) procurement of solar sets at ApalabarowoHCIII and Aboke HCIVs.

Of the above planned projects, BMAU monitored the a) construction of a staff house at Akalo HCIII, b) the construction of a staff house at Bala HCIII c) construction of staff house at Alito HCIII and d) remodeling of the general ward and construction of a septic tank at Okole HCII.

Financial performance

During the BMAU monitoring visit, Ushs 210,687,598 was spent on capital development in FY 2012/13 representing an absorptive capacity of 93% of the available funds in FY 2012/13.

Table 8.3.17: Capital development payments by Kole District in FY 2012/13

Output Description	Contractor	Contract Sum (Ushs)	Payments in FY 2012/13 (Ushs)	Payments to date (Ushs)
Construction of septic Tank at Okole HC II	Planet Planners Uganda Limited	7,000,000	7,000,000	7,000,000
Expansion of an OPD at Aparabarowo HC III	Ikwere Pioneers Pharmacy Limited	53,929,425	7,948,904	53,876424
Completion of a staff house at Akalo HCIII	AyubKhan Investments Limited	63,371,510	12,833,183	63,071,509
Construction of a two Stance VIP latrine at Bung HC II	Acobo Services Limited	7,000,000	6,388,750	6,388,750
Construction of a staff house at Alito HC II	Bako Company Limited	64,388,625	64,388,625	64,388,625
Completion of a staff house at Apalabarowo HC III	Wontin Investment	62,498,416	18,362,756	62,678,420
Construction of a semi-detached staff hose at Bala HC III	Bala Technical Services	65,001,080	65,001,080	65001080
Remodeling of a General ward at Okole HC II	Solak Enterprises Ug Limited	24,500,000	9,400,000	9,400,000
Pay balance for construction of a staff house at Aboke HC IV	Ewol Mixed Farm Limited	4,000,000	4,000,000	4,000,000
Procurement of two solar sets at Apalabarowo and Aboke health centres	GAMASE Holdings Limited	16,345,000	15,364,300	15,364,300

Source: Field Findings

Physical performance

The construction of the staff houses at Alito HCIII, Bala HCIII and Akalo HCIII were complete. The construction of a septic tank at Okole HCII had also been complete and was in use. The remodeling of general ward at Okole HCII was still ongoing. Remaining works included painting, fitting glass into windows and doors and internal shuttering.

Clock wise: Ongoing rehabilitation of OPD at Kole HCII, Staff house construction at Bala HCIII , Completed staff house at Akalo HCIII and Completed staff house at Alito HCIII

Challenges

- **Budget shortfalls**: There was a shortfall in the PHC/PRDP capital development funds received by the district in FY 2012/13 of Ushs 61,105,974 which affected the implementation of a number of activities in the district for instance the construction of a staff house at Ayer HCII had been advertised but was later not awarded because of budget shortfalls.
- **Delayed release of Funds**: District officials reported that implementation delays often occur because of delayed release of funds to the district from Ministry of Finance, Planning and Economic Development.

i) Lira District Local Government

In FY 2012/13, Lira district had an approved PHC/PRDP development grant budget of Ushs 493,231,000. By the end of the FY 2012/13, the district had received a total of Ushs 454,694,000, representing 92.2% release performance for both PHC /PRDP. Towards the end of the FY2012/13 the health department benefited from the internal reallocation of funds in which Ushs 76,001,065 was reallocated to complete the health projects. The reallocations were sanctioned by the Lira district local council. This made the total available funds to be Ushs 530,695,065. In this report, financial performance for Lira district is measured against these total available funds.

Table 8.3.18: Capital development funds received by Lira District Local Government in FY 2012/13

Period	Date of release	Amount released (Ushs)	Cumulative release (Ushs)
Q1	31/8/2012	123,308,000	-
Q2	3/12/2012	257,429,000	380,737,000
Q3	15/02/2013	73,957,00,0	454,694,000

Source: Field Findings

In FY 2012/13, the district planned to implement the following capital development projects; a) completion of staff houses and 4 stance latrine at Agali HCIII b) completion of staff house and pit latrine at Abala HCIII c) completion of staff house and pit latrine at Amach HCIV d) completion of staff house and pit latrine at Apuce HCII, e) completion of staff house and pit latrine at Ongicia HCIII f) payment of retention for the staff houses constructed at Ogur HCIV g) completion of maternity ward at Anyangatir HCIII h) completion of maternity ward at Abala HCII i) completion of maternity ward at Barr HCIII j) completion of OPD at Aromo HCIII k) procurement of assorted medical equipments and l) complete projects from previous financial years.

Financial performance

By the end of the FY2012/13, funds totaling Ushs 530,695,065 had been spent on capital development in FY 2012/13, representing an absorptive capacity of 100% of the available funds in FY 2012/13. All unspent balances for PHC-PRDP development were returned to the consolidated fund account at the end of FY 2011/12 and these funds were not released to the district which affected their planned activities.

Table 8.3.19: Capital development payments by Lira District in FY 2012/13

Output Description	Contractor	Contract Sum (Ushs)	Payments in FY 2012/13 (Ushs)	Payments to date (Ushs
Construction of OPD Aromo HCIII	Emman Investment Limited	70,000,000	48,667,607	61,252,656
Cash advance for Health management committee training	Apong Beatrice (receipient)	NA	47,068,598	47,068,598
Construction of maternity ward at Aballa HCII	Gamose Holdings Limited	70,000,000	50,436,510	50,436,510

Construction of 4 unit staff house and VIP latrine at Anyangatir HCIII	Richden Services (U) Limited	56,409,253	25,722,197	53,024,697
Construction of 4 unit staff house and VIP latrine at Walela HCII	Global Link Investment and Company Limited	62,694,740	18,781,482	58,933,055
Construction of 4 unit staff house and 2 stance VIP latrine at Abunga HCII	Danol Services Limited	59,897,000	19,221,859	57,537,854
Construction of staff house at Ogur HCIV	Corner Stone Construction Sevices Limited.	61,500,000	2,890,500	57,810,000
Completion of staff house and 2 stance latrines at Alik HCII	Ngicangica Limited	45,964,500	43,206,629	43,206,629
Withholding Tax Deductions	Uganda Revenue Authority	NA	20,227,180	20,227,180
Partial completion of drug store	Kemish Ismael & Brothers Company Ltd	16,114,860	5,483,913	17,633,066
Construction of staff house & VIP latrine at Aromo HCIII	Gudul Enterprises	63,000,000	40,036,574	59,220,000
Renovation 5 staff houses at Ogur HCIV	Generation Lifespan 2000 Company Limited	99,423,600	21,464,921	93,504,688
Construction of a staff and VIP pit latrine at Ongica HCIII	Intergrated Constructors Limited	60,634,600	2,849,826	56,996,524
Construction of maternity ward at Anyangatir HCIII	Majengo Construction Limited	70,000,000	20,175,549	20,175,549
Construction of a staff house and VIP pit latrine at Abala HCII	Canpany General Stores Limited	62,000,000	19,118,058	19,118,058
Retention for construction of astaff house and 2 stance VIP latrines at Aromo HCIII	Lero Industries	62,506,000	2,937,782	49,038,907
Construction of a staff house and VIP pitlatrine at Amach HCIV	Jaromex Construction Works Limited	60,882,000	16,240,991	36,788,028

Retention for completion of OPD at Barapwo HCIII	Rhino Engineering Limited	35,615,000	1,673,905	76,169,281
Retention for construction of a staff house and 2 stance VIP latrines at Ogur HCIII	Multihope Contractors Limited	61,045,200	3,052,260	57,565,623
Construction of a staff house and 2 stance VIP latrines at Agali HCIII	Adamo Enterprises Limited	61,000,000	9,270,429	53,346,235
Construction of staff house and 4 stance latrine at Aromo HCIII	Moatec Enterprise Limited	60,119,500	4,465,165	41,113,885
Construction of staff house and 4 stance VIP latrine at Abunga HCII	Angopet Company Limited	61,609,780	2,895,660	43,517,614
Procurement of assorted medical equipments	Crown Health care Uganda limited	57,384,000	57,384,000	57,384,000
Fencing of Ogur HCIV	Flexis Investments Limited	93,867,500	47,423,470	47,423,470

Source: Field findings.

Physical performance

Clockwise, Maternity ward at Anyangatir HCIII, Staff house at Amach HCIV, OPD at Aromo HCIII, Staff house at Alik HCII,*FORM A*

The OPD, the two staff houses and VIP latrines were complete at Aromo HCIII. Civil works were complete on the staff house and a 2 stance VIP latrine at Alik HCII. The construction of a staff house at Anyangatir HCIII was complete while the maternity ward was at ring beam. The construction of a 4 unit staff house and a VIP pit latrine at Amach HC IV was still ongoing. It had been walled, roofed, plastered, doors and window flames fitted and floored. Remaining works included painting, fitting glasses into the windows and doors, and electrical works. The staff house was already in use before completion, this was due to lack of accommodation facilities for staff at this Health Center.

Challenges

- Abandonment of sites by contractors: At Abala Health Center III, the contractor abandoned the site due to non payments as a result of inadequate funds.
- **Budget shortfall**: There was a shortfall in the PHC/PRDP capital development funds received by the district in FY 2012/13 which meant that several development projects were left unfinished. This led to roll over of a number of projects to FY 2013/14. It was further reported that the district doesn't have any new projects in FY 2013/14 because the funds for the FY 2013/14 will be used to pay outstanding contractual obligations with the contractors.

j) Luwero District Local Government

In FY 2012/13 Luwero district had an approved PHC development grant of Ushs 139,289,117. By the end of the financial year the district had received Ushs 88,665,000 in FY 2012/13. The release performance was 63.7% of the total approved budget for FY 2012/13. Ushs 20,940,174 for PHC development was carried forward from FY 2011/12 but this was returned to consolidated fund account and was never released back to the local district in FY 2012/13.

Table 8.3.20: Capital development funds received by Luwero Local District in FY 2012/13

Period	Date of release	Amount released (Ushs)	Cumulative release (Ushs)
Q1	21/8/2012	34,822,000	-
Q2	14/11/2012	31,340,000	66,162,000
Q3	13/02/2013	22,503,000	88,665,000

Source: Fieldwork findings

In FY 2012/13 Luwero district planned to carry out several activities; a) completion of Nyimbwa general ward b) renovation of ward, OPD and staff houses at Kalagala HCIV and c) payment of retention for the projects of FY 2011/12. BMAU monitored completion of Nyimbwa general ward.

Financial performance

During the BMAU monitoring visit, funds amounting Ushs 8,458,352 had been spent on capital development projects in FY 2012/13. This represents an absorptive capacity of 9.5% of funds received in FY 2012/13. Ushs 80,206,648 for PHC development was carried forward from FY 2012/13 to FY 2013/14 this was committed to the completion of Nyimbwa general ward.

Table 8.3.21: Capital development payments by Luwero District in FY 2012/13

Output Description	Contractor	Contract Sum (Ushs)	Payments in FY 2012/13 (Ushs)	Payments to date (Ushs)
Completion of Nyimbwa general ward	Elton Construction Company Limited	103,508,975	0	0
Renovation of theatre at Nyimbwa HCIV	Kesso Technical Services Limited	81,305,000	4,878,300	81,305,000
Retention for construction of staff house at Nyimbwa HCIV	Kesso Technical Services Limited	27,374,500	1,642,470	27,374,500
Retention for construction of pit latrine at DHO's office block	Kesso Technical Services Limited	16,146,517	968,791	16,146,517
Retention for construction of pit latrine at Nyimbwa staff houses	Kesso Technical Services Limited	16,146,517	968,791	16,146,517

Source: Fieldwork findings

Physical performance

Maternity ward at Nyimbwa HCIV

The construction of Nyimbwa HCIV was nearly complete. Pending works included painting, fitting window panes and electrical installations. Renovation of Kalangala HCIV did not take place because the funds were not enough to undertake more than one project.

Challenges

- **Late award of the projects**: it was reported that the district awarded projects because there was a breakdown in the IFMS system.

k) Mbale District Local Government

In FY 2012/13, Mbale district had an approved PHC/PRDP Development budget of Ushs 602,124,318. By the end of the FY the district had received Ushs 469,603,000, representing 76.4% of the total approved budget.

Table 8.3.22: Capital Development funds received by Mbale district local government in FY 2012/13

Period	Date of release	Amount released (Ushs)	Cumulative release (Ushs)
Q1	20/9/2012	150,531,000	-
Q2	23/11/2012	229,875,000	380,406,000
Q3	28/2/2013	79,068,000	459,474,000

In FY 2012/13, the district planned to carry out the following activities; a) renovation of a mortuary center and importation of fridge's in mortuary, b) completion of a maternity ward at Busiu HCII, c) completion of a maternity ward at Namawanga HCIII, d) construction of staff houses at Bumadanda HCIII, e) construction of staff house at Namanyonyi HCII, f) construction of a motorbike ambulance shade at Nalya HCIII and Makongye HCIII g) installation of solar light at BumadandaHCIII, BudwaleHCIII WanaaleHCIII, Busaano HCIII`s, h) connection of electricity grid at Nakaloke HCIII, Namawanga HCIII, BungohkoHCIII, Naiku HCIII and Sila HCIII`s and IIs, completion of ongoing construction of maternity wards at Naiku, Bungokho, Bumadanda, Buwangwa HCIII`s and fencing of Busiu HCIV. Other planned activities for FY 2012/13 include: g) construction of a VIP latrine at Nankusi HCII h) fumigation of health units, i) electrical connection for Bufumbo HCIV, OPD and staff house, j) construction of a patients waiting shade at Busoba epicenter HCII and k) complete procurement of furniture for health centers planned for in FY 2011/12.

Of the above projects BMAU monitored a) completion of maternity ward at Busiu HCIV and Namawanga HCIII, b) construction of maternity ward at Naiku HCIII, c) construction of maternity ward at Bungokho-mutoto HC III and d) completion of staff house at Namanyonyi HCII.

Financial Performance:
By the end of FY 2012/13, funds amounting Ushs 400,329,150 had been spent on capital development projects. This represents an absorptive capacity of 85% of the available funds in FY 2012/13.

Table 8.3.23: Mbale District capital development payments in FY 2012/13

Output Description	Contractor	Contract Sum (Ushs)	Payments in FY 2012/13 (Ushs)	Payments to date (Ushs)
Payment of retention on maternity ward at Busiu HCII	Bireme Construction Company Limited	220,788,565	33,425,017	220,788,565

Output Description	Contractor	Contract Sum (Ushs)	Payments in FY 2012/13 (Ushs)	Payments to date (Ushs)
Construction of a maternity ward at Buwangwa HC III	New Mbale Commercial Agencies	179,225,804	37,212,048	148,528,998
Construction of a maternity ward at Bungokho Mutoto HC III	BANA Enterprises Limited	179,494,000	26,207,100	69,885,000
Construction of a Staff House at Namanyonyi HC II	K.K Commercial Agencies	77,872,780	15,144,498	69,505,899
Renovation of the Municipal Mortuary	Chickooku Agencies Limited	243,352,463	74,583,066	96,633,066
Installation of Solar Lightening at Busaana HC III	M/s Inbred System Limited	6,259,947	5,924,652	5,924,652
Renovation of Children's ward at Busiu HC IV	M/s the Green Contractors Limited	27,350,500	12,372,300	12,372,300
Retention for construction of a 4 stance pit latrine at Busiu HCIV and Namawanga HC III	Labwor Enterprises Limited	31,800,744	3,180,000	30,757,695
Engraving of Medical Equipments at varies health centre's	Jowe Investments Limited	18,860,000	8,168,360	17,327,361
Construction of a maternity ward at Naiku HC III	M/s Lab Plus	176,545,501	98,205,721	139,128,670
Construction of an Ambulance Shade at Makongye HC III	M/s Haruna & Sons Enterprises	4,375,000	3,937,500	3,937,500
Fencing of front view of Busiu HC IV	M/s Stiven Construction Services Limited	17,148,000	15,124,536	15,124,536
Construction of staff house at Bumadanda HC III	M/s Walicon Limited	75,400,000	14,823,900	35,873,900
Retention for construction of a maternity ward at Busano HC III	Wama Investments Uganda Limited	164,966,604	18,227,677	183,194,281
Retention for construction of OPD & 2 stance latrine at Bungokho Mutoto HC III	Lab Plus Uganda	65,320,640	9,781,921	75,102,561
Retention for supply of health workers uniforms in Mbale	Jowe Investments u limited	19793000	1,979,300	19793000

Output Description	Contractor	Contract Sum (Ushs)	Payments in FY 2012/13 (Ushs)	Payments to date (Ushs)
district				
Retention on installation of solar lightening in Wanale, Nyondo, Buwangwa, Busano, Namawanga, and Budwale health centres	New Sun Solar System	42,314,000	2,115,700	40,198,300
Construction of a maternity ward at Namawanga HC III	Lab Plus Limited	196,199,266	15,266,555	196,199,266
Renovation of the DHO`s office	M/s Naki Investments Limited	5,092,508	4,579,299	4,579,299
Fumigation of the DHO`s office	Kigumba Juliana	70,000	70,000	70,000

Source: Fieldwork findings

Physical Performance

Clockwise, Maternity ward at Bungoho-Mutoto HCIII, Staff house at Namanyonyi HCII, Maternity ward at Naiku HCIII, and Maternity ward at Namawanga HCIII,

During Q1 monitoring, BMAU visited five projects in Mbale district to verify physical progress, findings are summarized below. Construction of a staff house at Namanyonyi HCII with a four stance pit latrine was complete except that the facility could not be used because it is in a water logged area and adjacent pit latrine is full of water. Construction of a maternity ward at Bungoho-Mutoto HCIII was still ongoing, it had been roofed, plastered, window frames and doors fitted and ceiling completed. The team observed some cracks in the ceiling. Pending works included plumbing, painting, flooring and fitting internal doors. The four stance VIP latrine and bathrooms for the same block were almost complete pending works only included painting. Construction of maternity wards at Busiu and Namawanga HCIII`s were complete while at Naiku HCIII construction was ongoing, the maternity ward had been roofed, plastered, shuttered and ceiling casted. Pending works included fitting inside doors, fitting glass in windows and doors, flooring and painting. The team noted that although the maternity ward at Namawanga HCIII been commissioned by the district, it had developed cracks in the ceiling and electrical wiring had issues which need rectification, lights in some parts of the ward were not working.

Challenges

- **Failure to receive returned funds**: the district returned Ushs 557,798,000 to the consolidated fund account at the end of the financial year. This money was committed to the completion of the projects that were rolled over from FY 2011/12. While planning, they factored this amount as part of the available funds for FY 2012/13 however, like many other districts that returned unspent balances, the funds were not returned to the districts. As such the district could not implement all planned activities in FY 2012/13 and some of the rolled over activities are to be completed in FY 2013/14.

l) Mbarara District Local Government

In FY 2012/13 Mbarara district had an approved PHC development grant of Ushs 164,030,000. By the end of the financial year the district had received Ushs 104,477,000 in FY 2012/13. The release performance was 63.7% of the total approved budget for FY 2012/13. Funds amounting to Ushs 5,400,000 were carried forward from FY 2011/12 to FY 2012/13.

Table 8.3.24: Capital development funds received by Mbarara Local District in FY 2012/13

Period	Date of release	Amount released (Ushs)	Cumulative release (Ushs)
Q1	23/8/2012	41,032,000	-
Q2	19/11/2012	36,929,000	77,961,000
Q3	5/03/2013	26,516,000	104,7477,000

Source: Fieldwork findings

In FY 2012/13 Mbarara district planned to carry out several activities; a) construction of staff house at Bwizibwera HCIV b) construction of staff house Nyakabare HCII and c) completion of the following rolled over projects i) construction of OPD and junior staff house at Kyarwabuganda HCII, ii) construction of a staff house at Ihunga HCII, iii) construction of a junior staff house at Kigaga HCII, iv) construction of a junior staff house at Rugaga HCII v) construction of a junior staff house at Nguno HCIV and vi) construction of a junior staff house at Kichwamba HCII.

Of the above activities, BMAU monitored; a) construction of a staff house at Nyakabare HCII, b) construction of a junior staff house at Bwizibwera HCIV and c) construction of a staff house at Kigaga HCII

Financial performance

By the end of FY 2012/13, funds amounting Ushs 89,944,616 had been spent on capital development projects. This represents an absorptive capacity of 81.9% of the available funds in FY 2012/13. Ushs 26,523,499 was carried forward for PHC development from FY 2012/13 to FY 2013/14.

Table 8.3.25: Capital development payments by Mbarara District in FY 2012/13

Output Description	Contractor	Contract Sum (Ushs)	Payments in FY 2012/13 (Ushs)	Payments to date (Ushs)
Construction of a junior staff house at Bwizibwera HCIV	Cream General and Services	31,979,900	30,380,905	30,380,905
Construction of a junior staff house at Nyakabare HCII	Spaco Technical Services	32,792,000	31, 152,400	31, 152,400
Construction of a junior staff house at Kigaga HCII	JB Kabuyanda	34,017,000	10,911,300	34,017,000
Construction of a junior staff house at Ihunga HCII	JIT TECH Services	30,910,550	4,790,750	30,910,550
Construction of a junior staff house at Rubindi HCIII	Roka Contraction and Building Company	25,489,770	1270075	25,489,770
Construction of a junior staff house at Rubindi HCIII	Patra Construction Company Limited	28,488,900	1,389,950	28,488,900
Construction of a junior staff house at Biharwe HCIII	Rose St and Company Limited	26,186,914	1,897,990	26,186,914
Construction of a junior staff house at Nyakayojo HCII	Byakakya Technical Services	23,583,500	1,159,375	23,583,500
Renovation of doctor's house at Bwizibwera HCIV	Katu Contractors	6,655,200	282,000	282,000
Construction of junior staff house at at Kichwamba HCII	Spaco Technical Services	33,489,500	1,664,300	33,489,500
Construction of Kyarwabuganda HCII	Doka Investments	34,823,540	1,741,177	34,823,540
Fuel			350,000	350,000
Allowances for monitoring of projects			586,294	586,294

Source: Fieldwork findings

Physical performance

Construction of a junior staff house at Nyakabare HCII and Bwizibwera HCIV was complete. The roll over projects including Kigaga HCII which was monitored by BMAU had also been completed.

Challenges

- **Inadequate accommodation**: the district has insufficient infrastructure in terms of accommodation, it was reported that only 20% of the health workers in the district are accommodated. This has serious consequences on service delivery as the health workers spend a lot of time travelling to and from the duty station.

Left to Right: Completed staff junior houses at: Kigaga HCII, Nyakabale HCII and Bwizibwera HCIV

m) Mukono District Local Government

In FY 2012/13, Mukono district had an approved PHC development budget of Ushs 113,590,000. During FY 2012/13 the district received Ushs 72,306,000 for capital development. This represents a release performance of around 64% of the total approved budget for FY 2012/13.

Table 8.3.26: Capital development funds received by Mukono District in FY 2012/13

Period	Date of release	Amount released (Ushs)	Cumulative release (Ushs)
Q1	5/9/2012	28,397,000	-
Q2	13/11/2012	25,558,000	53,955,000
Q3	25/02/2013	18,351,000	72,306,000

Source: Fieldwork findings

In FY 2012/13 Mukono district planned to carry out several activities; a) completion of staff house at Kateete HCII b) construction of OPD at Katoogo HCIII and c) payment of retention for construction of OPD at Seeta Nazigo HCIII. Of the above planned activities, BMAU monitored the construction of OPD at Katoogo HCIII.

Financial performance

In FY 2012/13 the district spent Ushs 72,306,000 on capital development, representing an absorptive capacity of 100% of funds received in FY 2012/13. No funds were carried forward for PHC development from financial year 2011/12 to FY 2012/13 or from FY 2012/13 to FY 2013/14

Table 8.3.27: Mukono District capital development payments

Output Description	Contractor	Contract Sum (Ushs)	Payments in FY 2012/13 (Ushs)	Payments to date (Ushs)
Completion of staff houses at Katete HCII	Ms Luwalira Besigika Constrution Company	47,965,551	28,399,553	47,479,698
Construction of OPD at Katoogo HCIII-Phase I	Akugoba Investments	40,139,000	15,249,100	15,249,100
Construction of OPD at Katoogo HCIII-Phase II	Kiwologoma General Contractors	40,139,000	33,210,568	33,210,568
Payment of retention charges for the construction of a 4 in 1 staff house at Seeta Nazigo HCIII	Luwalira Besigika Construction Company Limited.	49,165,591	2,458,591	49,165,591
Servicing costs- monitoring and supervision of all the projects	District officials		8,237,288	8,237,288

Source: Fieldwork findings

Physical performance

The staff house at Kateete HCII had been completed. The construction of the OPD at Katoogo HCIII was at ring beam level. The civil works completed at the time of the monitoring visit appeared to be to a good standard.

Construction of OPDat Katoogo HCIII

Challenges

- **Changes in structural Plans**: The Ministry of Health changed the structural plans for the different facilities at health centre from small structures to big ones without increasing the funding allocations. For example the new structure guideline from Ministry of Health require construction of a two bedroom house for the junior staff but the unit costs for a junior staff house have remained the same
- **Inadequate unit costs**: the unit costs given by central government are not appropriate given the current cost of construction. Contractors normally quote very high prices which are over and above the unit costs given by central government.
- **Funding shortages**: funds released are inadequate to complete several projects in a financial year hence projects need to be completed in phases over multiple financial years. The funding shortages are followed by budget cuts for example in the FY 2012/13 the district had a budget shortfall of Ushs 41,284,000 while in FY 2011/12 the shortfall was around Ushs 7,765,000 of the Ushs 113,590,000 total approved budget in both years.

n) Mpigi District Local Government

In financial year 2012/13, Mpigi district had an approved budget for PHC development grant of Ushs 198,927,000. By the end of the in FY 2012/13, the district had received Ushs 118,615,000.This represent a release performance of 60.8% of the total approved budget for the FY 2012/13.

Table 8.3.28: Capital development received by Mpigi district local government in FY 2012/13

Period	Date of release	Amount released (Ushs)	Cumulative release (Ushs)
Q1	7/09/2012	47,482,000	-
Q2	12/11/2012	42,734,000	90,216,000
Q3	25/02/2013	30,683,000	120,899,000

Source: Fieldwork findings

In FY 2012/13 Mpigi district planned to carry out several activities; a) construction of staff house at Buwama HC III b) construction of maternity ward at Kampiligisa HC III c) payment of retention for construction of maternity ward at Ssekiwunga HCIII and d) payment of retention for the construction of a staff house at Nabyewanga HCIII.

Of the above activities, BMAU monitored: a) construction of maternity ward at Kampiligisa HC III and b) construction of staff house at Buwama HC III.

Financial performance

By the end of the financial year, funds amounting to Ushs 23,655,631 had been spent on capital development in FY 2012/13. This represents an absorptive capacity of 19.5% of funds received in FY 2012/13. There were unspent balances of Ushs 97,243,369 at the end of FY2012/13. This was committed to the construction of the maternity ward at Kampilingisa HCIII.

Table 8.3.29: Capital development payments by Mpigi District in FY 2012/13

Output Description	Contractor	Contract Sum (Ushs)	Payments in FY 2012/13 (Ushs)	Payments to date (Ushs)
Construction of staff house at Buwama HC III	Kimeze Construction Company	44,333,800	23,655,631	23,655,631
Construction of Maternity ward at Kampiligisa HC III	Eugar Construction Company Ltd.	149,890,643	0	0

Source: Fieldwork findings

Physical performance

The construction of staff houses at Buwama HCIII was complete but had not been handed to the health centre for use. Construction of the maternity ward at Kampiligisa HC III was still ongoing. The building had reached window plate level and works appeared to be good.

Completed staff house at Buwama HCIII and maternity ward under construction at Kampilingisa HCIII

Challenges

- **Late award of projects**: there was late award project during the FY 2012/13 the award was made in the fourth quarter FY 2012/13. This delayed the start of the planned project and also affected the absorptive capacity of the district. The district also received resistance from the Ministry of Gender Labour and Social Development over the location of the maternity ward for Kampilingisa HCIII.
- **Budget shortfall**: the district like other local governments, experienced budget shortfalls of Ushs 78,028,000 which affected the planned activities.

o) Nakasongola District Local Government

In FY 2012/13, Nakasongola district had an approved budget for PHC development grant of Ushs 180,345,000. By the end of the financial year, the district had received Ushs 114,799,310 in FY 2012/13. Release performance accounts for around 64% of the total approved budget for FY 2012/13.

Table 8.3.30: Capital development funds received by Nakasongola Local District in FY 2012/13

Period	Date of release	Amount released (Ushs)	Cumulative release (Ushs)
Q1	16/8/2012	45,086,000	-
Q2	14/11/2012	40,578,000	85,664,000
Q3	22/2/2013	29,135,310	114,799,310

Source: Fieldwork findings

In FY 2012/13, Nakasongola district planned to carry out several activities; a) payment of retention for completed FY 2011/12 projects b) construction of road and walkway to the mortuary at Nakasongola health centre IV c) renovation of the ward at Nakasongola HCIV d) procurement of two mortuary fridges at Nakasongola HCIV e) construction of OPD at Irima HCII f) monitoring and supervision payments and the production of the bills of quantities for 2012/13 projects.

Of the above activities, BMAU monitored the opening of the road and construction of walk way to the mortuary at Nakasongola HCIV and the construction of staff house at Irima HCII.

Financial performance

By the end of the financial year Ushs 86,079,366 had been spent on capital development in FY 2012/13, representing an absorptive capacity of 75% of funds received in FY 2012/13. No funds had been carried forward from PHC development funds from FY 2011/12 to FY2012/13.

Table 8.3.31: Nakasongola District capital development payments

Output Description	Contractor	Contract Sum (Ushs)	Payments in FY 2012/13 (Ushs)	Payments to date (Ushs)
Construction of OPD and 3 stance pit latrine at Irima HCII	PK General Investment	118,670,009	81,124,366	81,124,366
Opening of way to mortuary	Used force on Account	3,466,300**	1,346,300	1,346,300
Construction of walk	Used Force on	20,658,700**	3,608,700	3,608,700

Output Description	Contractor	Contract Sum (Ushs)	Payments in FY 2012/13 (Ushs)	Payments to date (Ushs)
way	account			

Source: Field findings,
** Budgeted amounts by the district

Physical performance
The road from the general ward to mortuary was opened at Nakasongola HCIV using force on the account. The OPD at Irima HCII had been walled and roofed. The mortuary fridge had not been delivered although it had been contracted to Kisibo General Enterprises.


Construction of staff house at Irima HCII and opened road to the mortuary Nakasongola HCIV

Challenges

- **Delay in awarding projects**; there was a delay in awarding projects because the budget for the projects was below what the contractors had quoted in their bids. This resulted in the late start of the projects.
- **Budget shortfall**: There no release of PHC development funds in quarter four which led to leaving out some of the planned projects such as the renovation of the general ward at Nakasongola HCIV.
- **Procurement delays**: There was a procurement delay which led to the late award of the contract to supply the mortuary fridge. This resulted in the mortuary fridge not being delivered within the course of FY2012/13.
- **Inadequate transport for the DHO's office**: there is lack of a sound vehicle to be used for monitoring and supervision of the projects and programs in the district. The current car they have is very old with high maintenance costs.
- **Lack of ambulance**: there is no ambulance in the district for referral purposes; the nearest hospital is 70km away. Patients sometimes use pickups or motorcycles.
- **Inadequate accommodation**: the district lacks accommodation facilities for the staff. Only 15% of the health staff in the district have accommodation. The situation is further complicated by lack of decent houses for renting where the health facilities are located. This therefore reduces the amount of time the health worker is available at the facility as he/she has to travel long distances to and from the health centre.

p) Oyam District Local Government

During the FY 2012/13, Oyam district had an approved PHC/PRDP Development budget of Ushs 1,221,908,084. By the end of the FY 2012/13 the district had received a total of Ushs 959,600,000 representing a release performance of 78.5% of the approved budget in FY 2012/13.

Table 8.3.32: Capital development receipts by Oyam District in FY 2012/13

Period	Date of release	Amount released (Ushs)	Cumulative release (Ushs)
Q1	13/08/2012	305,477,000	-
Q2	26/11/2012	240,310,000	545,787,000
Q3	21/02/2013	413,813.000	959,600,000

Source: Fieldwork findings

Financial performance

The DHO office reported that most of the money received in FY 2012/13 was used to offset the debts for FY 2011/12 and few new projects were implemented in FY 2012/13. By the end of the FY 2012/13, the district had spent Ushs 966,296,032 representing 100% of the available funds. The extra funds came from the interest that was received on the account during the FY 2012/13.

Table 8.3.33 Capital development payments Oyam district FY 2012/13

Output Description	Contractor	Contract Sum (Ushs)	Payments in FY 2012/13 (Ushs)	Payments to date (Ushs)
Construction of twin doctor's staff house and 2 stance drainable pit latrines and 2 wash rooms at Anyeke HCIV	Roovaco (U) Limited	138,887,100	104,993,191	104,993,191
Construction of semi detached staff house, 2 stance drainable pit latrine with 2 washrooms and kitchen for patients at Agulurude HCIII	Wilsakons Company Limited	119,538,100	107,584,102	107,584,102
Construction of general multipurpose ward at Anyeke HCIV	Geo Tech Engineering Works Limited	212,576,320	90,848,800	202,453,000
Installation of pipe water at Anyeke HCIV	Okwir Patrick	13,299,000	13,299,000	13,299,000
Construction of staff house at Anyeke HCIV	Olal and Brothers Company Limited	61,854,475	12,411,437	61,854,475
Supply of furniture for ICT	Onapa JS Enterprises	44,938,000	44,938,000	44,938,000

workshops and lower health facilities				
Construction of staff house at Abanya HCII	Oyam Integrated Company Limited	69,000,000	39,725,775	62,100,000
Construction of staff house at Zambia HCII	Oyam Integrated Company Limited	69,000,000	32,043,948	62,100,001
Construction of maternity ward, 4stance pit latrine and placenta pit at Abela HCII	Syrema Engineering Works Limited	95,478,880	5,727,656	86952492
Construction of OPD block at Iceme HCII	Rhino Engineering Works Limited	105,000,000	10,451,038	105,000,000
Construction of Maternity ward and placenta pit Atura HCII	Tic Lokere Enterprises Limited	97,000,000	18,827,540	83,678,401
Supply of 5 computers	Mega Trends Computers and Accessories	14,800,000	14,800,000	14,800,000
Supply of solar inverter to health office	UGA Solar Suppliers Limited	4,500,000	4,500,000	4,500,000
Supply of dental equipments to Anyeke HCIV	Uganda Medical Equipments and Dental Suppliers	52,093,000	52,093,000	52,093,000
Installation of medical equipments at Anyeke HCIV	Uganda Medical Equipments and Dental Suppliers	19,000,000	19,000,000	19,000,000
Supervision of sites	Okite George	7,735,000	7,735,000	7,735,000
Construction of drainable pit latrine and placenta pit at Aber HCII and Adyergi HCII	Okomo Engineering Works Limited	34,000,000	7,635,400	34,000,000
Construction of staff house at Atara HCII	Odel Engineering Company Limited	62,477,030	5,477,330	24,220,440
Training of Village Health Teams on pregnancy mapping	Oceng Francis Leone	NA	43,000,000	43,000,000
Underground electrical cabling of Anyeke HCIV	Oceco Electrical Services	44,976,893	44,976,893	44,976,893
Construction of staff house at Anyeke HCIV	Ngomara Investments Company Limited	70,200,000	8,431,742	40708258
Payment of retention for Terazoo Anyeke HCIV	Ikwera Pioneer Pharmacy Limited	18460000	1,834,400	18460000
Construction of staff house at Zambia HCII	Gaogao Company Limited	72,159,800	33,736,518	72,159,800

Construction of staff house at Aber HCII	Flexi Investments Limited	62,674,150	16,655,890	56,015,236
Construction of OPD block at Acimi HCII	Ekonyelet	97245500	4,105,301	80,855,100
Training of Health Unit Management Comittes (VHT) and Village Health Teams and distribution of VHT registers	Dr Owiny	NA	30,000,000	30,000,000
Payment of retention for construction of staff house and 2 stance pit latrine Ariba HCII	BS Ball Shape Limited	63,437,770	6,343,777	63,437,770
Construction of pit latrine and placenta pits at Loro and Adigo HCIIs	B&E Enterprises Limited	33,801,420	17,497,560	33,801,420
Construction of kitchen, store and latrine at Anyeke HCIV,otwal ngai	Apapa Company Limited	89,557,600	27,352,800	27,352,800
Construction of staff at Agulurude HCIII	Apac Technical Services Limited	66,874,000	15,659,120	56,442,230
Construction of staff, VIP latrine and plancenta pit at Otwal HCIII	Angopet Company Limited	60,452,950	8,861,900	60,452,950
Payment of retention for construction of drainable latrine at Acimi, Abela, and Aloni HCII	AMoju Plumbing and Engineering Limited	24,000,000	2,405,851	24,000,000
Construction of staff house at Acimi HCII and pit latrine at Minakulu HCII	Ambrose Construction Company Limited	62,572,000	29,021,000	62,572,000
Construction of staff house at Ariba HCII	Akuca Engineering Works Limited	73,000,000	12,123,099	73,000,000
Construction of staff house at Agulurude HCIII	Aber Enterprises Limited	48,974,620	25,258,254	48,974,620
Construction of staff house and 2 stance drainable latrine at Abela HCII	Aber Enterprise Limited	52,583,920	12,433,002	52,583,920
Construction of staff house at Acimi HCII	Megum Technical Services Limited	69,488,200	34,507,708,	66,013,764

Source: Fieldwork findings

In FY 2012/13 Oyam district planned to undertake the following activities; a) construction of the twin doctor's house at Anyeke HCIV b) construction of the staff house and patients kitchen at Agulurude HCIII c) procurement of ICT equipments for the DHO's office d) procurement of furniture for the DHO's workshop e) installation of piped water at Anyeke HCIV, f) underground electrical cabling at Anyeke HCIV g) procurement of dental equipment for Anyeke

HCIV and h) completion of all projects that were started from FY 2009/10 to 2011/12 that were still incomplete.

Of the above activities, BMAU monitored a) construction of the doctor’s house at Anyeke HCIV, b) construction of staff house and patient’s kitchen at Agulurude HCIII, c) construction of the staff house and kitchen at Otwal HCIII d) procurement of furniture for ICT workshop and lower health facilities and e) construction of multipurpose ward at Anyeke HCIV.

Physical performance

At Anyeke HCIV, construction of the twin doctor’s house was near completion, pending works included plumbing, fitting doors and windows panes, and painting. The adjacent pit latrine for the twin doctor’s house was almost complete while construction of the multipurpose ward was complete. At Agulurude HCIII, construction of the staff house was complete. It was noted here that the contractors used poor timber for fitting inside doors which were not shutting properly, other civil works were noted to be of a good quality. Construction of the patient’s kitchen was at finishing level. Pending works included outside plastering and fixing the chimney. The construction of the two other staff houses which were rolled over from previous financial years were complete. At Otwal HCIII, construction of a 4 unit staff house with a two stance latrine at Otwal HCIII was complete and in use while the construction of the kitchen was still ongoing. It had been roofed and partly plastered. Pending works included internal plastering and painting. The district procured furniture for the ICT workshop and lower health facilities and also procured 5 computers.

Top: Multipurpose ward and twin doctor’s house at Anyeke HCIV

Bottom: completed staff houses at Agulurude HCIII and at Otwal HCIII.

Challenges

- **Late award of contracts:** there has always been late award of contracts in the district which has always led to low absorption at the end of the financial year. The cause for the late award of the projects was that all contractors normally quote prices which are above the reserve prices; as such the district starts to negotiate with the contractors to lower their prices before contracts are finally signed.
- **Staff shortages**: the district lost 15 health workers who left the district away on promotion to other districts. Although the district was 70% staffed, the ratio of the trained health workers to patients is too high and mid wives are very few. It was reported that one midwife is expected to attend to 850 pregnant mothers a year.

q) Pallisa District Local Government

In FY 2012/13 Pallisa district had an approved PHC development grant (including PRDP component) of Ushs 376,269,000. By the end of the financial year the district had received Ushs 244,675,000 in FY 2012/13, which release performance accounts for around 65% of the total approved budget for FY 2012/13.

Table 8.3.34: Capital development funds received by Pallisa Local District in FY 2012/13

Period	Date of release	Amount released (Ushs)	Cumulative release (Ushs)
Q1	23/8/2012	94,067,000	-
Q2	2/11/2012	150,608,000	244,675,000
Q3	20/2/2013	39,027,720	283,702,720

Source: Fieldwork findings

In FY 2012/13, Pallisa district planned to complete the following rolled forward activities; a) construction of staff house at Kadokolene HC II b) construction of staff house at Chelekura HCIII c) construction of OPD at Opweteta HCIII d) construction of OPD at Nasuleta HCII e) construction of general ward at Nagwere HCIII f) construction of general ward at Kasodo HCIII g) construction of general ward at Apopong HCIII h) construction of pit latrine at Kameke HCIII i) construction of pit latrine at Agule HCIII j) construction of OPD at Chelekura HCIII k) construction of OPD at Akisim HCIII l) construction of general ward at Kabwangasi HCIII m) construction of OPD at Olok HCIII and n) construction of staff house at Olok HCIII. The new projects for FY 2012/13 are; a) construction staff house of Gogonyo HCIII and b) construction of staff house Puti HCII.

BMAU monitored a) construction of general ward at Apopong HCIII b) construction of general ward at Kasodo HCIII c) construction of OPD at Nasuleta HCII and d) construction of a staff house at Gogonyo HCIII.

Financial performance

During the BMAU monitoring visit, funds totaling Ushs 283,672,721 had been spent on capital development activities in FY 2012/13, representing an absorptive capacity of approximately

100% of funds received in FY 2012/13. No funds had been carried forward for PHC development from financial year 2011/12 to FY2012/13.

Table 8.3.35: Capital development payments by Pallisa District in FY 2012/13

Output Description	Contractor	Contract sum	Payments 2012/13	Payments to date (Ushs
Construction of staff house at Kadokolene	Nagwere Petroleum limited	37,400,000	4,248,000	30,134,584
Construction of staff house at Chelekura	Aswaki General construction Ltd.	44,590,000	12,350,160	28,497,660
Construction of OPD at Opwateta HC III	Ms Ekonyelet Enterprises	90,247,500	28,908,329	78,797,694
Construction of staff house at Opwateta HC III	Wankya General traders	61,833,500	18,720,817	29,929,192
Construction of OPD at Nasuleta HC II	Ms General purpose contractors	59,817,400	17,145,126	51,322,046
Construction of staff house at Gogonyo HC III	Hadais multipurpose Ltd	59,165,252	22,807,306	22,807,306
Construction of staff house at Putti HC II	Hadais multipurpose Ltd	52,250,000	18,243,407	18,243,407
Construction of staff house at Olok HC III	Grace contractors	61,180,600	16,869,548	42,961,685
Construction of general ward at kabwangasi HC III	Double quick Ltd	138,050,000	48,444,316	105,235,500
Construction of general ward at Nagwere HC III	Ripko Limited	135,498,000	26,877,380	127,422,688
Construction of general ward at kasodo HC III	F.G Enterprises	135,642,000	42,380,519	130,476,475
Construction of general ward at Apopong HC III	Seamok General services Ltd	142,324,506	15,471,735	126,761,357
Construction of pit latrine at Kameke HC III	ECO conserve	5,406,000	4,824,924	4,824,924
Construction of pit latrine at Agule HC III	F.G Enterprises	3,876,880	643,598	3,876,880
Construction of staff house at Kaboloi HC III.	Agule Builders	37,800,000	1,737,556	37,800,000
Making of BOQs, Joint monitoring and supervision	CAO's office, DHO's office & Engineering department.	NA	4,000,000	4,000,000

Source: Fieldwork findings

Physical performance

The staff house at Gogonyo HCIII had been walled and roofed. Construction of the general ward at Apopong HCIII was still ongoing, the structure had been walled roofed plastered and the doors and windows fitted. The remaining works included plumbing works, electrical, wiring and painting. Construction of the Kasodo HCIII general ward had been walled and roofed. The structure had been plastered. Ongoing works included plumbing and fitting inside doors. Remaining works included painting and floor cascading. The OPD at Kasodo HCII was almost complete. Pending works included finishing of painting. The construction of the super structure at Kabwangas iHCIII general ward was complete. It had between roofed, doors and windows fitted. Remaining works included plastering, flooring painting and electrical installation.

Clockwise: Staff house at Gogonyo HCIII, General ward at Apopongo HCIII, General /maternity ward at Kabwangasi HCIII and General ward at Kasodo HCIII.

Challenges

- **Budget cuts**: the district experienced but cuts amounting to Ushs 92,566,280 in FY 2012/13 that have led to projects being rolled over FY 2013/14.
- **Inflation**: Inflation tendencies have affected price of materials making it difficult to cost projects appropriately.
- **Poor soils**: Poor soils in some sites have affected construction works leading to the need for variations in the contracts.
- **Inadequate capacity of the contractors**: Inadequate funding for contractors to effectively carryout their works and supervision teams.

Key Policy Issues and Recommendations

i. **Unspent capital development funds at the end of financial year 2011/12 were returned to Central Government as required by law, however in most cases these funds were committed to capital development projects but the funds have not been remitted to districts.**

The majority of districts had unspent capital development funds at the end of financial year 2011/12; these funds were remitted to Central Government as required by the Public Finance and Accountability Act, 2003, section 19; but these funds have not been returned. For example in Oyam district there was a large unspent but committed amount of capital development funds amounting to Ushs 711 millions which were returned to Central Government but were not returned to the district. This affected planned projects in the FY 2012/13 as the district had to pay off outstanding debts with the contractors. The most affected districts were those that receive PRDP funds.

Recommendation: in the future the returned funds that have been committed by the spending agencies should sent back to the agencies. To avoid spending agencies from grappling with funds at the end of the financial year, development funds should be sent to spending entities within the first half of the financial year. This will give enough time to the spending agencies to go to implement development projects.

ii. **Most districts and regional referral hospitals received a shortfall in capital development funds compared to the allocated budget; resulting in a lack of funds to pay contractors for completed work and the cancelling/postponing of projects.**

By the end of the financial year, districts should have received at least 100% of their allocated capital development budget. However this only occurred for two districts of the seventeen monitored, these were Dokolo (99.8%) and Butaleja (99.5%). The shortfall in funds received ranged from Mpigi (60.8%) to Luwero and Mbarara (63.7%). The release performance for Mbarara RRH was 69.3 Lira RRH was 79.4%. Substantial shortfall such as that of Mpigi (60.8%) mean that contractors cannot be paid for completed work; this leads to slow progress and often the rolling forward of projects. Hence funds earmarked for new projects in the FY2013/14 are used for the payment of projects from the previous financial year. This has implications for future capital development projects as they often have to be postponed or cancelled.

Recommendation: Capital development funds should be paid in full to Regional Referral Hospitals and Local Districts. This would allow for improved planning and the timely payment of contractors as work is certified hence aiding the completion of projects. If there is an issue with cash flow/inaccurate budgeting by Central Government and this cannot happen then early notification of any shortfall in funds expected should be given.

iii. **Change in the health staff cadre policy by Ministry of Public Service and Ministry of Health leading to the phasing out of nursing assistants in the human resource structure for health workers.**

The Ministry of Public service and Ministry of health phased out Nursing Assistants in HCIIIs and HCIIs. These were the majority staffs that were managing health facilities especially in the rural areas. At present there is no immediate action that has been taken to replace them with nursing officers. The Ministry of Public Service has taken a long time to come up with a new cadre structure for the health centres to incorporate nursing officers.

Recommendation: The Ministry of Health and the Ministry of Public Service should to come up with a new cadre structure for the health sector to incorporate nursing officers in order to address the staffing gap that was created as a result of the phasing out of nursing assistants.

iv. **The non wage recurrent budget is too inadequate to cater for the provision of cleaning services in hospitals and health centres, delivery of outreach services and payment of utilities. Hospitals like Mbale regional referral hospital have accumulated arrears for utilities.**

Recommendation: The non-wage recurrent budgets must be increased to enable local governments and regional referral hospitals to carry out vital work such as the delivery of outreach programmes, cleaning services and payment of utilities.

CHAPTER 9: INFORMATION AND COMMUNICATION TECHNOLOGY

9.1 Introduction

The information and communications Technology sector is comprised of the telecommunications, broadcasting, postal and information technology subsectors. It is structured into three functional levels namely: policy, regulatory and operational. The ministry of ICT heads and coordinates all the ICT sector activities in collaboration with other stakeholders. The key regulatory bodies are Uganda Communications Commission and NITA-U while the operational level is composed of: Telecommunications, postal, Information Technology (IT) and broad casting operators with Uganda post Ltd and Uganda ICT training institute as agencies in the Ministry[71].

The mandate of the Ministry is ''to provide strategic and technical leadership, overall coordination, support and advocacy on all matters of policy, laws, regulations, and strategy for the ICT sector for sustainable, effective and efficient development, harnessing and utilization of ICT in all spheres of life to enable the country achieve its development goals''[72] .

9.1.1 Scope

The report reviews progress of selected projects implemented by the Ministry of Information and Communications Technology, National Information Technology Authority and Uganda Communications Commission (UCC) for FY2012/13. Precisely, the report aims at ascertaining whether; planned outputs as outlined in the selected Departments and Agencies annual work plans for FY 2012/13 had been achieved and establish whether financial expenditure was commensurate with physical progress. The report gives an update of the projects implemented during the FY either as planned or rolled over projects from other financial years.

BMAU monitored development projects throughout the FY2012/13: this report therefore gives the current status update achieved by the end of the FY.

9.2 Performance of projects implemented

During the year, monitoring focused on selected projects and outputs under the two vote functions under the NITA-U (Vote function: 0551 Development of secure National Information Technology infrastructure and Vote function: 0552 establishment of enabling environment for development and regulation) and one vote function under the Ministry of Information and Communications Technology (0502: Communications and Broadcasting infrastructure.)

9.2.1 Ministry of Information and Communications Technology

Under the ministry BMAU monitored one vote function:

[71] MoICT, 2013; Ministerial Policy Statement

[72] Ibid

0502: Communications and Broadcasting infrastructure

The vote function is comprised of two departments, namely telecommunications and post; and broadcasting infrastructure departments. The services provided for under this vote function include: evolving, formulating policies, and laws and monitoring their implementation in the communications and broadcasting subsectors.[73]

During the FY2012/13, BMAU monitored the programme 05: Telecommunication and posts: whose objectives are: a) To develop enabling policies, laws and regulations b) To increase tele-density and geographical coverage of telecommunications services with a high quality of service; c) To provide affordable and accessible postal services country wide[74]; Specifically BMAU monitored the component of national postal code addressing system pilot project in Entebbe.

9.2.1.1: National Postcode and Addressing System for Uganda

Background

The Postcode System is primarily a piece of information identifying the locality of the addressee of a mail item and therefore is a fundamental and essential element of an address.[75] Identifying and addressing individuals the world over has moved from the Post Office to a physical location of the addressee. This applies to mail, parcels, or any other deliverable. The migration to physical location has enhanced the ability of governments, commercial entities, utility and emergency service providers to identify and tailor messages in the most suitable form to reach the intended persons. It will identify a person by specifying the geographical or administrative area in which towns and mail distribution centres (postal establishments) are situated. The existing regional centres, district centres, divisions, wards, villages and streets will be used to ensure that mail is properly handled by postal service operators.

It is for the above reality that the Government of Uganda through Uganda Communications Commission and Uganda Posts Limited initiated the adoption of a postcode for the country. The postcode is a national resource whose adoption and use is unlimited in scope. As a public good, and in addition to being utilized to modernize delivery of postal items, the postcode will be utilized by Government and Local Governments through synchronizing data of citizens and residents; agencies such as URA, Police, Ambulance, utility providers, Bureau of Statistics, the Electoral Commission, Banks, among others, shall adopt the use of the address management system in the delivery of services. A converged point of reference is expected to increase efficiency and completeness of information regarding residents.

The Entebbe pilot project is driven by Ministry of ICT, supported by Ministries of Local Government and Lands, Housing and Urban Development, Uganda Communications Commission, and Uganda Post Limited.

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[73] MoICT, 2013; Ministerial Policy Statement

[74] Ibid

[75] National Postal Code Project document

Project Objectives

The main objective of the project is to introduce and operationalise a national address and postcode system so as to support meaningful and social economic development in the country. The project specific objectives are:

i. To provide an address to every house and location in the country;
ii. To improve throughout the country the quality of postal and other services to government, community organizations, business and the general public;
iii. To develop and maintain a geographic information address management system; and
iv. To lay a foundation for modernizing and expansion of the postal delivery infrastructure in Uganda.

Project activities

The project will involve the following activities:

i. Adopting and implementing a national postcode;
ii. Establishing the national addressing standards;
iii. Developing a nationwide postcode database duly maintained and updated, of all residents in a given geographical area;
iv. Naming streets, roads, byways, lanes, etc.;
v. Numbering plots and houses;
vi. Digitizing geographical maps for Uganda;
vii. Allocation and assignment of postcodes to localities and individuals;
viii. Optimizing existing postal activities (sorting) to be able to support postcode delivery system; and
ix. Continuous nationwide concept building and awareness campaign to enable users adapt to the new system.

The seven year proposed postcode project comprises of eleven components that include;

1) A pilot subproject to be carried out in Entebbe Municipality, during the first year.
2) Year 2 will involve postal coding of urban localities of districts in the Central and Western regions.
3) Year 3 for urban localities districts in the Eastern and Northern regions.
4) Year 4 for Kampala district.
5) Year 5 for rural localities of districts in the Central and Western regions.
6) Year 6 for rural localities of districts in the Eastern and Northern regions.

7) Year 7 for update of all rural localities of districts in all regions.

Entebbe Municipality - Pilot Subproject

Introduction

Project implementation commenced in June 2011 and was expected to be completed by May 2012. This was premised on the fact that postal code addressing system is a new undertaking in Uganda and as such there is little or no experience. It was therefore acknowledged that undertaking a pilot project from which lessons and experience can be drawn was paramount. Experience and lessons were the main blocks upon which the next phases would be based.

The main activities in the pilot project include: initial sensitization; naming and numbering of all streets, roads, lanes plots, residential houses and business building among other things in the pilot area; mapping, digitization and Geographic Information System (GIS) of the Entebbe municipality map; optimizing the Entebbe post office sorting office with financial support from Uganda Posts Limited; initial postcode operations (mail delivery), involving effective transportation and delivery of postal items between Kampala and Entebbe post offices; postcode office set up to manage the existing operations; adoption of addressing standards and postcode allocation and assignment.

Findings

This section presents physical performance of the project:

Physical performance

In FY2012/13 monitoring, BMAU noted that works relating to road signage, sensitization of residents, training of postmen was ongoing with most of the signage works completed; the project was noted to be one year behind schedule and the Government of Uganda and UCC need to prioritize the project by providing adequate funds for successful implementation. The impact assessment of the pilot project was not undertaken due to inadequate funds; therefore lessons are not well documented to inform the subsequent phases. By the end of the financial year, the project was still incomplete with several installed road signs vandalized *(The BMAU Q3 report extensively reported on this project).*

Conclusion:

The project has been slow in achieving the planned objectives; this has been because of inadequate funding, low sensitization made to the project affected persons, vandalism of project materials and poor physical planning of the existing roads.

Recommendation:

UCC should provide funding in a timely manner to enable timely implementation of project activities. Government should provide additional funds to complete key project deliverables.

9.2.2 National Information Technology Authority (NITA- U)

Introduction

The agency's mission statement is: To coordinate, promote and monitor the development of Information Technology (IT) in the context of social and economic development of Uganda.

The agency had four key development projects, under its vote functions: these include: District Business Information Centre (DBICs), National Transmission Backbone Infrastructure (NBI), National Information Technology Authority (NITA) and Business Process Outsourcing (BPO).

Financial performance

According to *MoICT Q4 Progress Report* of August 2013, the overall release performance was 51% while expenditure performance was 76% of the released funds. Note that whereas release performance was not good; absorption of funds was still poor given that NITA- U had rolled over funds from FY2011/12(Table 9.2). The low absorption rates exhibited in FY2012/13 serves to reinforce underutilization of the allocated and released funds and implementation of two budgets (continuous rolling over of funds) in the same financial year by the agency.

Absorption of funds was lowest for project 1054 (NITA) and highest under the recurrent component of the agency. Low absorption of funds points to lapses in execution of work plan.

TABLE 9.1: OVERALL FINANCIAL PERFORMANCE OF PROJECTS UNDER NITA-U

Project	Approved Budget FY2012/13 Ushs	Cumulative Cash Release(Q1-Q4) Ushs	Actual Expenditure (Q1 –Q4 Absorption) Ushs	Release performance to Q4	Expenditure performance to Q4
BPO(1055)	210,000,000	140,000,000	90,000,000	67%	64%
NBI(1014)	7,892,238,000	2,510,000,000	1,550,000,000	32%	62%
DBICs(1053)	173,000,000	120,000,000	90,000,000	69%	75%
NITA(1054)	1,068,000,000	770,000,000	440,000,000	72%	57%
NITA recurrent programme -07	5,960,000,000	4,260,000,000	3,750,000,000	71%	88%
Total	15,303,238,000	7,800,000,000	5,920,000,000	51%	76%

SOURCE: NITA –U; APPROVED ESTIMATES OF REVENUE AND EXPENDITURE; MOICT PROGRESS REPORT TO Q4 FY2012/13

TABLE9.2: NITA-U ROLLED OVER FUNDS FROM FY2011/12

Project	**Rolled Over Funds FY 2011-12**
BPO(1055)	699,204,406
NBI(1014)	4,118,976,752

DBICs(1053)	0
NITA(1054)	1,715,350,261
NITA recurrent programme -07	1,734,422,037
Sub Total	**8,267,953,456**

SOURCE: NITA-U

9.2.2.1 National Information Technology Authority: Project 1054

The objectives of the project were to provide funds for the establishment and operation of the NITA as specified in the NITA- U Act. The key outputs were: recruit and train staff; sensitize the stake holders on the objectives of NITA-U; lay strategies to achieve the objectives of NITA-U as specified in the NITA-U bill.

Findings

This section presents financial progress, physical progress and linkages between financial and physical performance of the project

Financial performance

The approved budget for the project in FY2012/13 as in figure 9.0 was Ushs1.068 billion of which Ushs0.772 billion was released as at the end of FY representing a release performance of 72%. The project absorbed only 57% of the released funds as reflected in table 9.1.

Physical performance

By the end of FY12/13, NITA-U had been granted a Vote status (Vote 126). NITA-U strategic Plan had also been developed and approved by the Board and was currently being disseminated to stakeholders; 22 critical staff were recruited during the Financial Year. Having reached its end date, the project was exited from the Public Investment Plan for FY 2013/14.

Vote function: 0551 Development of secure National Information Technology infrastructure

The vote function comprises of outputs that cut across three directorates, namely Directorate of technical services, Directorate of information security and directorate of e-governance. The objective of the vote function is to establish, maintain and upgrade a secure and integrated National IT infrastructure and ensure delivery of interoperable e-governance services through this infrastructure.

The directorate of technical services aims to support development and maintenance of an integrated IT infrastructure in the country and ensure its' rationalized usage by government and other target user groups primarily for delivery of e-government services.

The directorate of information security on the other hand aims to support the development and delivery of a comprehensive National Information Security and Privacy System in particular to ensure that information created, acquired or maintained is used in accordance with its intended purpose while the directorate of e-governance aims to support the development and promotion of e-government and e-commerce in the country with the ultimate goal of improving effectiveness and efficiency of public service delivery.[76]

Under this vote function, BMAU monitored a selected development projects and some key priority programmes implemented by the vote.

Findings

This section presents physical performance of the projects and programmes.

Physical performance

a) Implementation of E-Government Project

As of September 2013, it was established that the E- government master plan was developed in collaboration with the government of South Korea. The government portal was also developed and can be accessed on www.gov.ug ; the content on the website is to be managed by the office of the prime minister while the infrastructure is to be managed by NITA- U. The website is meant to act as a one stop centre for all government related information.

Cabinet members and IT officers in MDAs were trained in the use of e-government services; NITA- U still plans to have a hands on training for video conferencing among the MDAs and was in the process of establishing the e-Government help desk.

b) Rationalization of IT Systems

- The strategy for the rationalization of IT initiatives and services in government was approved by Cabinet.
- A needs assessment on structured cabling had been conducted. Resulting from the survey; MDAs have been identified and classified according to their degree of readiness (ready, partially ready and not ready). The priority six MDAs were identified to be: Ministry of Education and Sports, Ministry of Finance, Planning and Economic Development, Ministry of Internal Affairs, Ministry of Justice and Constitutional Affairs, Ministry of Public Service, and Ministry of Water and Environment.
- In addition, structured cabling standards have been developed and disseminated to MDAs. These will guide MDAs that are not ready to implement structured cabling.
- Assessment of Internet Service Providers (ISP) contracts: MDAs were advised not to renew their ISP contract in anticipation for consolidation through bulk procurement.
- Evaluations for bulk procurement of bandwidth had been completed.

c) Information Security

- A National Information Security Strategy (NISS) is in place and is being implemented.

[76] MoICT, 2013; Ministerial Policy Statement

- The Directorate of Information Security had been operationalized and a Director was appointed. Awareness campaigns on IT security were conducted during the year with technical assistance from the Government of South Korea.
- Development of the National Information Security Framework was reportedly underway. This framework entails; National Information Security Policy, information security standards, procedures and guidelines, promotion mechanisms, incident management and monitoring and measurement.

Conclusion:
Commendable progress has been registered on the different fronts of activities related to this vote function, however, some activities were behind schedule such as procurement of bulk bandwidth yet MDA had been advised not to renew the running contracts for purchase of bandwidth.

Recommendation:
NITA-U should fast truck the commercialization of the NBI to ensure that MDAs benefit from the associated services.

9.2.2.2 District Business Information Centres (DBICs): project 1053

Background

The objective of District Business Information Centres (DBICs) is to establish a one-stop-centre to provide supply driven and demand driven services required by the community. The centres operate and deliver services in a business-like manner thus achieving the objectives of outreach, cost effectiveness, and sustainability.

The DBICs services are contributing towards achievement of the United Nations Millennium Development Goals (MDGs) by bringing ICTs to the rural communities thus enabling individuals as well as Small and Medium Entrepreneurs (SMEs) to exploit and benefit from services they provide through creation of employment and thus contributing towards poverty reduction.

The project initially set out to establish 30 DBICs which were planned to be implemented in four phases, the first phase entailing the revitalization of the old tele-centres based on the DBICs model and setting up of new DBIC sites.

Annual Planned outputs FY 2012/13

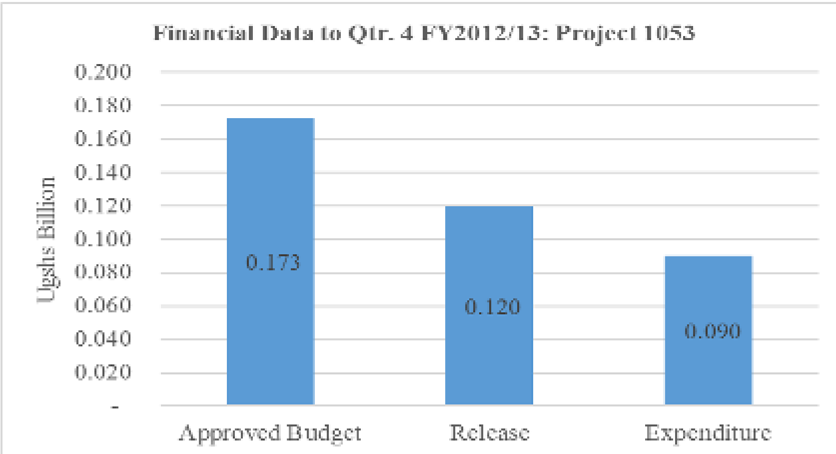
- Procuring a firm to install DBIC in Tororo.
- Setting up a DBIC in Kitgum.
- Routine monitoring and maintenance of existing DBICs

Findings

Financial performance:

The approved GoU development budget for the DBICs in FY2012/13 as in figure 9.2 was Ushs0.173 billion of which 69% of the budget was released. Expenditure performance was 75% of the released funds.

FIGURE: 9.1



SOURCE: IFMS DATA, MOICT Q4 PROGRESS REPORT FY2012/13

Physical performance

During FY 2012/13, BMAU monitored the two new DBICs in Kitgum and Tororo Districts as well as sampled three DBICs established in the previous financial years in the districts of Rakai, Lira and Mityana to assess project sustainability.

a) Kitgum District Business Information Centre

Signage and installed DBIC equipment and furniture at Kitgum

The DBIC is situated with in the premises of Kitgum Post Office. The key components of the package received by the DBIC included: 11 computer monitors that use N computing, two system units, a three in one printer, laying of a local area network (Cabling and truncking), furniture (two tables, twelve chairs and one office table), dial- up phone, fax machine and internet subscription for one year.

It was reported that the project had been substantially completed and handed over to Posta Uganda on 6th July 2013. By the time of the monitoring visit (13 August 2013), the contractor was on site doing final touches on installation of the power inverter which had failed during test running phase.

The DBIC was offering a wide range of services including computer training, internet surfing, printing, and photocopying services. Other services were yet to commence such as fax services e-government services, advanced ICT training among others. Pricing of services was the same as other cafes with similar services in Kitgum town. For example, printing a page was costing Ushs 500, photocopying was at Ushs 100 while internet surfing was at 25 shillings per minute. Posta Uganda had appointed a dedicated staff to run the DBIC.

The key challenges highlighted include:

- **Physical infrastructure hosting the DBIC**: The windows of the room where the DBIC equipment were installed do not properly shut making the computers susceptible to water spillage once it rains.
- **Low demand for services**: It was noted that the demand for offered services was still low partly because the DBIC was new, charging the same prices as the four cafes operating in Kitgum town and awareness campaigns had not been undertaken.
- **Intermittent power supply**: It was reported that the Town experiences intermittent supply of power yet the delivered inverter had not been properly installed.

During the previous quarters, other DBICs were monitored with the following summarized findings.

b) Tororo District Business Information Centre

During the monitoring visit of 18th March 2013, it was observed that 11 computer monitors, two processing units, a three-in-one network printer (printer, photocopier and scanner), a manager's table and chair, a power inverter with two batteries, a Warid telecom GSM fixed phone, 12 chairs and a table partitioned into 12 units had been delivered. Installation of a Local Area Network had been completed and bandwidth subscription for one year provided. The DBIC was operational with several services including: scanning, photocopying, internet surfing, and printing. *(Details in Q3 FY2012/13, BMAU report)*

c) Rakai District Business Information Centre-Kyotera

The DBIC was operational with several services including; scanning, email, internet surfing, and printing. It was mentioned that the centre on average receives about 30 clients daily and it is open between 8.30am to 5.00pm. The targeted users include students, working class, farmers and tourists. It was noted that the centre had not started offering any Government related services as per MoU and project description. *(Details in Q2 FY2012/13 BMAU report)*

d) Lira District Business Information centre

It was observed that the there was no Internet service at the facility and the centre had become a secretarial bureau. It was reported that the center receives an average of five clients daily. It was mentioned that the available computers are too few for the facility to break even. It was observed that the environment within which this DBIC operated was not conducive and attractive to clients. *(Details in Q2 FY2012/13 BMAU report)*

e) Mityana District Business Information Centre

The DBIC offers internet, secretarial and research services among others. Major users include Mityana Police Station and the business community. On average the DBIC reportedly receives a minimum of five users per day each spending thirty minutes at the centre. It was noted that since the delivery of the equipment, the DBIC had not delivered all services in the memorandum of understanding as earlier planned, and was not self-sustaining *(Details in Q3, FY2012/13 BMAU report)*

Conclusion:

Resource allocation and expenditures were generally efficient and the two DBICs planned for the financial year were achieved. Since the establishment of this project, a total of 11 DBICs had been established against the anticipated 30 in the original project document, representing 37% actual project achievement. It should be noted however, that the project financial performance was equally poor with several budget cuts and inadequate releases.

Throughout the established DBICs, it was observed that there was limited demand for the offered services and e-government services were hardly offered. The link between DBICs and local governments hardly existed in real terms and most of the DBICs could not raise adequate resources for their sustainability. It was noted that the project had exited the public investment plan after expiry of the project period.

Recommendations:

Project funding: whereas the project still had outstanding DBICs to establish, it was closed and exited from the PIP: once the project re-achieves status and funding; there should be a deliberate plan to establish the DBICs in areas with higher demand for such services and at the same time having less private operators.

9.2.2.3 National Transmission Backbone Infrastructure (NBI): Project 1014

Background

The National Data Transmission Backbone Infrastructure and e-Government Infrastructure Project (NBI/EGI) is being implemented by the National Information Technology Authority-Uganda (NITA-U). It is aimed at connecting Ministries and Government Departments onto the e-Government Network. This is done to create an efficient government aimed at simplifying procedures, bringing transparency, accountability and making timely information available to citizens.

The main objectives of the project are: to establish a National Backbone Infrastructure (NBI) (high bandwidth data connection) in major towns of Uganda; connect all Government Ministries, Departments and Agencies (MDA) in a single wide area network; establish a Government Data Centre; and establish District Information Centres.

Expected outputs at completion of the project include: all government ministries connected; e-government implemented; an optic fiber backbone transmission cable set up across the country; district information centres established to improve communication, improved service delivery by government ministries, reduced cost of communications, and increased economic development and poverty reduction in the long run.

The project was divided into three phases and implementation was to take 27 months. It was funded by a concession loan from Exim Bank of China with counter funding from government of Uganda. In 2006, a contract was signed between the Ministry of ICT and M/s Huawei Technologies Company Limited of the Peoples' Republic of China at contract sum of USD 106,590,305. **Note**: Previous BMAU reports contain progress on implementation of this project.

Annual Planned Outputs FY 2012/13

- Address the security issues indentified on the NBI
- Commercialization of the NBI
- Increase number of services on the NBI/EGI
- Implementation of Phase III
- Development of Last Mile Blue Print
- Add 5 MDAs onto the NBI

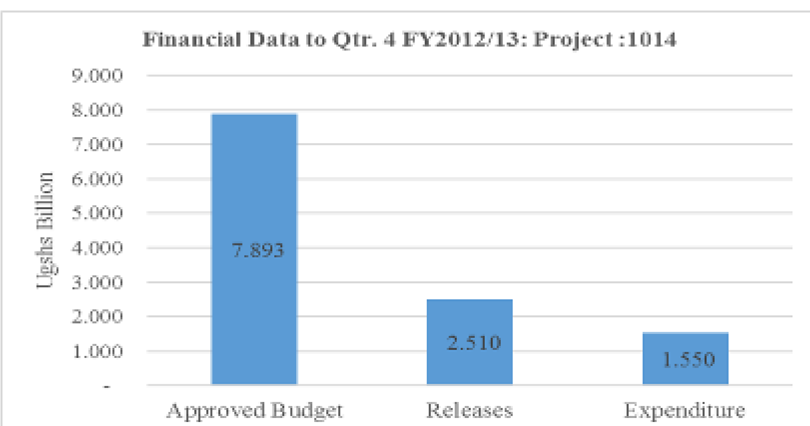
Findings

This section presents financial progress, physical progress and linkages between financial and physical performance of the project

Financial performance

The approved budget for the project for FY2012/13 was Ushs7.893 billion of which 32% was released. All the released funds were expended by the end of the FY. The absorption rate was 62% of the released funds.

FIGURE: 9.2



Source: MoICT Q4 Progress Report FY 2012/13

Physical performance

i) Commercialization of NBI:

By September 2013, it was reported that maintenance, repairs and commercialization process of Phase I and II of the NBI had been completed; the infrastructure was handed over to the commercial manager (M/s Soliton) who had commenced marketing of the project; NITA U was reportedly offering some support on the development of pricing models and marketing of the project. As of 5th September 2013, it was established that the process of procuring bulk bandwidth for distribution to all subscribing MDAs was in advanced stages. It was further reported that procurement of a firm to distribute the bandwidth was at award level. The NBI was expected to start operations in the FY 2013/14.

NBI secondary data centre at Statistics House

ii) Implementation of Phase III

It was noted that the redesigns for phase III had been completed and approved; Phase III shall cover 756km of fibre and provide an alternative route to the undersea cable through Mutukula along Uganda Tanzania boarder and it is expected to commence during the second half of FY2013/14.

iii) Increasing number of services on the NBI/EGI: It was reported that an assessment on MDAs readiness for Unified Messaging System (UMCS) and Voice over Internet Protocol (VoIP) was conducted and an implementation plan for rolling out UMCS and VOIP developed.

iv) Development of last mile blue print: Procurement of a consultant to undertake a feasibility study for last mile connectivity to MDAs, local governments and targeted user groups – e.g. public universities, hospitals, research institutions was at award stage.

Challenges

- Delayed implementation: This resulted from factors including lack of project management structures to effectively supervise works at the initial stages and several audits which required halting implementation of the project.
- It was reported that the priority target users including administrative local government headquarters, schools and hospitals were not yet connected to high speed interconnectivity through NBI.
- There were missing links and absence of redundancies in the NBI. This is largely because the primary objective of the NBI is to extend the backbone rather than deepening services.
- Currently, there is only one gateway through Kenya to the undersea cable. This makes it costly and risky to run e-services without a provision for redundancy/fallback position.

Conclusion

The project experienced several delays and was behind schedule making earlier investments less useful; In addition, the project has received a fair share of negative publicity with a number of intended users uncertain of the quality of service from the NBI infrastructure.

Recommendations:

- NITA- U should fast track the implementation of the project and in particular deliver the commercialization without further delays.
- A media strategy to counter the negative publicity should be developed and rolled out to dispel the fears of targeted users.
- NITA-U should adequately prepare MDA's for migration from private internet service providers to the NBI. NITA-U should share the plans with MDAs for smooth implementation.
- NITA-U should be adequately funded and supported to expedite implementation of Phase III of the NBI which will provide for an alternative route to the undersea cable through Tanzania.

9.2.2.4 Business Process Outsourcing (BPO): Project 1055

Background

Uganda embraced the integration of Information and Communication Technologies (ICTs) into the National Development Framework and identified ICT as an enabler for development of the country that will substantially spur growth, create employment, and increase incomes.[77]

Business Process Outsourcing (BPO) is defined as the strategic use of third party service providers to perform activities traditionally handled by internal staff and resources. BPO is typically categorized into back office outsourcing (which includes internal business functions such as human resources or finance and accounting) and front office outsourcing (which includes customer-related services such as call centre services).

Many firms and organizations in the world today are choosing to externally source the execution and management of facilities to cut operational costs using ICTs. The approach presupposes the availability of low cost Internet bandwidth.

Government of Uganda decided to strategically position itself to support the private sector to invest in the outsourcing of business. In 2008, the Ministry of ICT developed a BPO strategy and model for Uganda which proposes that for sustainability of the BPO industry, there is a need for government to partner with the private sector and provide support in areas of infrastructure development, human resource development, enterprise development, marketing and creating an

[77] Public Investments Plan FY2009/10-2011/12

enabling environment for BPO to flourish.[78] This project was transferred from the MoICT to NITA-U with effect from FY 2010/11. Several activities have already been undertaken to create an appropriate environment for BPO operations to thrive. The project is fully funded by Government of Uganda

Annual Planned Activities for FY2012/13

- Management of the incubation centre.
- Implement BPO strategy in place.
- Disseminate guidelines for the provision of incentives to BPO operators.
- Develop BPO standards regulations and accreditation guidelines.
- Brand and market Uganda as a preferred BPO destination.
- Skills development and capacity building.[79]

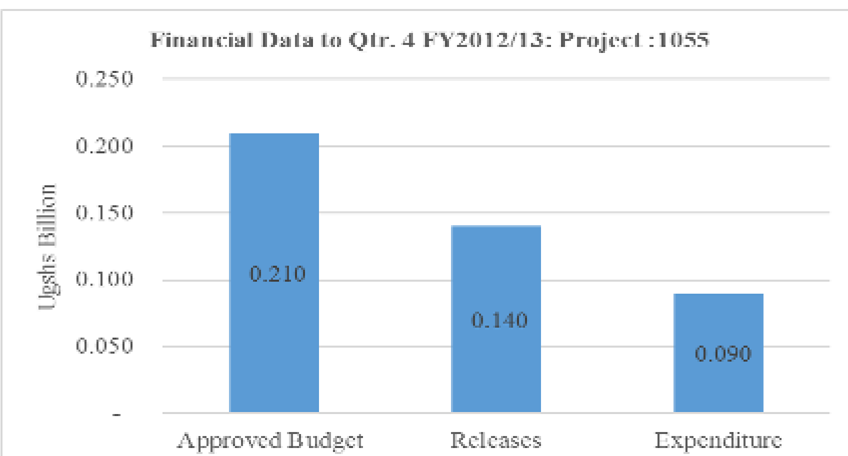
Findings

This section presents financial progress, physical progress and linkages between financial and physical performance of the project

Financial performance

The approved budget as in figure 9.3 was Ushs 0.210 billion of which Ushs 140 million (67%) was released. Expenditure performance was 64% of the released funds.

FIGURE: 9.3



Source: MoICT Q4 Progress Report

Detailed information on expenditures was not readily available.

Physical performance

[78] Business Process Outsourcing Strategy

[79] NITA-U Performance Report Q2 FY2012/13

Work area in the BPO centre at Statistic house

As of September 2013, the following performance was established against the planned activities.

It was noted that up to 48 companies had enrolled to start off the industry and are specializing in call centers, transcription and general document handling. NITA-U was looking at expanding this scope to include other professions like web designing, accounting, and customer support among others.

Management of the incubation centre: Two floors at Statistics House had been partitioned, furnished and allocated to BPO operators. NITA U provided the centre with bandwidth and other utilities; the centre was employing 200 agents.

Develop BPO standards, regulations and accreditation guidelines: BPO standards, regulations and accreditation guidelines had been developed and presented to stakeholders.

Brand and marketing Uganda as a preferred BPO destination: Uganda hosted the first ever East African Regional Leadership Conference on Information Technology enabled services (ITES) and this was used to market the country. Continuous marketing of Uganda as a BPO destination was ongoing.

Skills development and capacity building: a total of 500 agents were trained in the BPO skills by Makerere University and a memorandum of understanding with the government of Egypt to train trainers who in turn will train 3,000 youths in the next two years signed.

Disseminate guidelines for the provision of incentives to BPO operators: BPO Incentives guidelines have been developed. Engagements with Ministry of Finance on funding modalities for the BPO incentives were on-going.

The BPO centre was launched on 18th September 2013.

Conclusion;

Government of Uganda has taken long strides in putting in place the required infrastructure, and a favorable environment for BPO to flourish. With continuous professional development through training, integrity and high quality standards from the operators, the project objectives shall be achieved with increased revenue (foreign exchange earnings) and employment. The project is however affected by insufficient funding.

Recommendation

- MFPED should increase funding to the project to aid timely implementation of activities.
- Government should participate in the process of outsourcing services in order to stimulate business opportunities for operators and build trust in the private sector to use these services.

Vote function: 0552 establishment of enabling environment for development and regulation

The vote function aims at ensuring a well-planned, harmonized and coordinated IT development and governance. It entails IT planning, research and capacity building as well as operationalizing the legal and regulatory environment for ICT development. The key responsibility centres include: Directorate of regulation and legal services and Directorate of planning research and development.[80]

BMAU noted the progress of key activities implemented under this vote function.

Findings

This section presents physical performance of the selected programmes and outputs:

a) Development of cyber regulations (electronic signatures and electronic transactions)

- The agency conducted sensitization campaigns amongst 18 organisations, these include; Uganda Insurers Association (UIA), Uganda Securities Exchange, Ministry of East African Community Affairs (MEACA), Uganda Registration Services Bureau (URSB), National Water and Sewerage Corporation (NWSC), National Council for Higher Education (NCHE), National Drug Authority (NDA), National Water and Sewerage Corporation (NWCS), Uganda National Council for Science and Technology (UNCST), Uganda Investment Authority and Uganda National Chamber of Commerce (UNCC).
- The regulations for Cyber Laws were approved by the NITA-U Board and MoICT Top Management and forwarded to the Solicitor General for final input, before being signed by the responsible Minister.
- It was further reported that collaboration partnerships with various agencies to improve the enforcement of ICT standards and regulations had been agreed.

b) Development of IT Standards

- During the course of the year under review, sixteen (16) national IT Standards were developed and approved by the Uganda National Bureau of Standards and were ready for gazetting. The standards cover areas of IT Cooperate governance, Information security, Cyber Security, IT Risk Management and Network Security.
- Three (3) priority MDA standards were developed:
  - Guidelines and standards for acquisition of IT hardware and software for MDAs and guidelines for disposal of IT equipment in Government.
  - Guidelines and standards for structural cabling.
  - Guidelines for operation, management, usage and maintenance of IT infrastructure in MDAs.
- A five year roadmap for certification and accreditation of IT products and services was developed and approved by the NITA-U Board. Implementation of the roadmap will commence in FY 2013/14.

[80] MoICT, 2013; Ministerial Policy Statement

c) IT Capacity building and IT Training

- A five year roadmap for certification and accreditation of IT Training was developed and approved by the NITA-U Board. Implementation of the roadmap will commence in FY 2013/14.
- An ICT Association for Uganda has been launched in collaboration with the ICT Sector players. NITA-U will continue to give technical support to the Association.
- A Memorandum of Understanding (MoU) was entered into with Makerere University in the areas of IT training, capacity building and knowledge exchange.
- A cabinet retreat on use of ICTs was conducted. A training needs requirement for cabinet ministers for the subsequent training was obtained. A training of trainers was done and the trainees are equipped with skills to conduct the cabinet training at the earliest convenient time.

d) IT Project Management Methodology

- A draft National IT Project Management Methodology was reviewed by the Task Force and presented to stakeholders for validation. A final methodology was to be disseminated in FY 2013/14.

e) IT Research and Innovation

- A five year IT research and innovation roadmap was developed and approved by the NITA-U Board. Implementation of the roadmap will commence in FY2013/14.
- Development of a National IT Research master plan was underway.
- Development of a National IT data collection and dissemination system was underway.
- NITA-U and Makerere University entered into an MOU for purposes of Research and development in ICT as well as ICT applications development.

Conclusion:

NITA is on course in achieving her objectives, the outputs have however been affected by low funding from GoU.

Recommendation

MFPED should provide timely funding to aid smooth execution of the ongoing activities of the vote function**.**

Commercialization of NBI should be fast tracked to generate additional revenue and alternative sources of funding should be sought.

9.2.3 Uganda Communications Commission (UCC)

Introduction

Uganda Communications Commission (UCC) established under the Uganda Communications Act 2013 of the laws of Uganda is charged with overseeing the development of a modern communications sector comprising of telecommunications, broadcasting, postal services, data communication and infrastructure[81].

The commission's mission is to ''effectively regulate the communications sector in order to facilitate growth of communications services for sustainable development''.

Rural communication Development fund (RCDF)

In line with the RCDF policy provisions, RCDF projects in districts of Uganda have been implemented under the following program areas; Internet Points of Presence (POP), Public payphones, Research projects, Postal support projects, Multipurpose Community Tele - centers (MCT's), School ICT facilities, Health Care ICT facilities, and Call Centers. In FY2012/13, BMAU monitored the component; Establishment of ICT facilities in selected government institutions, that is ICT laboratories in schools and support to health centres for telemedicine under the RCDF.

9.2.3.1 Establishment of ICT facilities in selected government institutions

Background

In 2007, Uganda Communications Commission (UCC) took a decision to support the establishment of ICT facilities in selected government secondary schools, tertiary institutions, district health facilities/centres, and other vanguard institutions with funding from the Rural Communications Development Fund (RCDF).

The RCDF program seeks to provide sustainable access to ICT services to people in rural areas. The projects are strategically located in more populated centers with relatively more commercial activity to ensure that the projects are self-sustaining.

ICT projects are established as key partnerships between UCC and a private or public partner. UCC provides technical support and initial funding. The ICT facilities are wholly owned by the partner who is obliged to ensure that the facility is available to UCC at all times for a given period of time (one to five years). By the end of this period, it is expected that the facilities would have developed capacity for self-sustainability and other people are able to replicate them within the area in order to satisfy a bigger demand.

BMAU monitored the components of school ICT laboratories and support to health facilities. In this report, BMAU scores the different components of the project in terms of planning, service delivery/beneficiary satisfaction and operation and maintenance.

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[81] Ibid

1. **School ICT laboratories**

This program is providing support to the Ministry of Education and Sports to increase access and usage of ICT in schools. Priority is given to government aided secondary schools, Primary Teachers' Colleges (PTCs), National Teachers' Colleges (NTCs) and Technical, Business and Vocational Training Institutes. The programme is comprised of three main components.

i) A project for establishment of ICT laboratories in schools

ii) A project for providing connectivity

iii) A project for supporting content delivery

This programme is intended to enable schools to undertake the following among others:

i. Teach computer studies as a curriculum subject at Ordinary Level
ii. Teach general purpose computer applications such as Microsoft Office packages aimed at providing computer literacy
iii. Access local learning resources such as UNEB past papers on web portals like www.uderb.org
iv. Access use of computer based learning aides such as ENCARTA programme to support the teaching and learning of conventional curriculum subjects, and
v. Access to other Internet based e-learning resources.

The Ministry of Education and Sports has an oversight role for the school ICT laboratories and all other activities.

Findings

This section presents physical progress and a value for money analysis under the Establishment of ICT facilities in selected education institutions. BMAU scores the project for effectiveness component in the areas of planning, beneficiary satisfaction, operation and maintenance *(see guide in table 9.0)*

Table: 9.3: Assessment guide

SCORE	***COMMENT***
Very good	*At least 80% of the objectives can be achieved by the intervention in current project state*
Good	*70% of the objectives can be achieved by the intervention in current project state*
Fair	*50% of the objectives can be achieved by the intervention in current project state*
Poor	*Less than 50% of the objectives can be achieved by the intervention in current project state*

Source: Authors

Physical performance

In FY2012/13 BMAU monitored the component in: Loro and Acaba Secondary School(SS) in Oyam District; YY Okot Memorial and Kitgum high school in Kitgum: Kibuuka Memorial SS and and St Balikuddembe SS Mitala Maria in Mpigi district: St Balikuddembe SS lwabenge; Holy family SS Kyamulibwa and Kabukunge Muslim Secondary School in Kalungu district: Pallisa Secondary School and Kabwangasi Secondary School in Pallisa district: Nyero rock High School in Kumi district: Ngora High School; Kobwin Seed Secondary School and Mukura Memorial Secondary School in Ngora district(in August,2013):

Kyarusozi Senior Secondary School and Katooke Secondary School in Kyenjojo district: Mityana Secondary School in Mityana: Karusandara Seed Secondary School and Kuruhe High School in Kasese: St. Leo's College Kyegobe and Kyebambe Girls in Kabarole; Busembatia Secondary School and Iganga High School in Iganga District: St Mary's Secondary School Madera and Soroti Secondary School in Soroti(Qtr. three FY201/13) and Sserwanga Lwanga Memorial Secondary School and Bishop Dustan Nsubuga Memorial Secondary School in Kalangala District(In Qtr. two FY2012/13)

Over the FY BMAU monitoring, it was established that whereas majority of schools had received the ICT equipment; some schools like Bishop Dustan Nsubuga Memorial Secondary School in Kalangala had not yet received the equipment as had been reported by UCC; while Anyeke Secondary school was nonexistent in Oyam district contrally to what UCC reported that it had received support for ICT laboratory establishment. The following section shows the value for money analysis for the school ICT laboratories component.

Analysis of component effectiveness under establishment of ICT School laboratories

Component	**Score**
Project Planning	**Fair**

The project planning component establishes whether the intervention was well designed to meet objectives.

Design: There are two types of designs for different locations, that is; solar and grid powered ICT systems. Solar systems are given to schools with no access to grid power.

Unit costs: Grid (40 computer monitors, five processing units with UPS, , local area network cabling and one year internet subscription) and solar systems include (10 computers, four solar panels, batteries, inverter, power , wireless router and internet subscription for one year) each of these systems on average cost a total of USD 25,000 per school.

Selection Criteria: In conjunction with various project stakeholders, UCC/RCDF determines a specific location for each project.

The component of support to school ICT laboratories is aimed at enabling schools among other things: a) Teach computer studies as a curriculum subject at O and a-levels. b) Teach general purpose computer applications such as MS Office Packages aimed at providing computer literacy. c) Access local learning resources such as UNEB past papers on web portals like www.uderb.org d) Access the Internet and use of e-mail services e) Use of computer based learning aides such as ENCARTA program to support the teaching and learning of conventional curriculum subjects and f) Access to other internet based e-learning resources.

- At most of the schools visited (Except Acaba Secondary School, Oyam District), the students were using the ICT equipment for learning. Majority of the visited schools had received computer based learning aides such as ENCARTA program and Cyber school application to support the teaching and learning of conventional curriculum subjects. There were however common cases of lack of government recruited ICT teacher for professional delivery of content to the students.

- Most of the locations visited had not received internet connectivity subscriptions and those which were accessing internet were using privately purchased bandwidth. Whereas most of the visited locations had received installations of the internet connectivity gadgets/equipment some schools (Kabukunge Moslem Secondary School, Kalungu District) had not yet received the equipment.

- All of the schools visited reported lack of printers, white boards and projectors to achieve a fully-fledged computer laboratory environment. These were reported to be vital in aiding learning by the students.
- Most of schools did not have suitable computer rooms leading to theft of some equipment as it was the case at St Balikuddembe SS Mitala Maria and Pallisa SS.
- Relatedly, 100% of the visited schools that received solar powered computers reported that the delivered computers did not have CD/DVD drives yet UNEB requires that candidates store/save their completed practical exams on CDs.

Component	**Score**
Beneficiary Satisfaction /Service delivery	**Good**

UCC reported that 931 schools were covered as of end of June 2013 from which BMAU sampled for monitoring in FY2013.During BMAU annual monitoring (August, 2013); it was established that:

➢ 100% of the visited schools which had received the ICT equipment were in use for learning purposes. The key benefits of the package as highlighted by the beneficiaries included:

- School staff members were learning different computer applications as guided by the ICT teachers. Teachers were able to use *Cyber School* software for teaching purposes of particularly science subjects and ENCARTA program for the other subjects and also process simple documents including typing of exams using the computers.
- The computers received had enhanced the interest of learners and had enabled schools without good laboratories to have a chance of carrying out experiments in virtual laboratories using the received computer applications thus saving on costs.
- The installed computers are giving chance to the neighboring communities to learn ICT; this was reported in Kitgum High school where training had been organized in May, 2013 and in Kobwin Seed Secondary School, Ngora in January, 2013.

  It ought to be noted that whereas the objective of provision of ICT equipment was also to extend the benefits to the community; most of the schools visited were reluctant to undertake this activity as they expressed fears of vandalism from the community members, and inability of the community to contribute to the operating costs of the laboratory such as electricity and allowances to the trainers.
- The equipment had contributed to cost reduction in typesetting, purchase of reagents on one hand and had enhanced research and learning by the staff and the students.
- The solar powered computers were most appreciated by the recipient schools as practical learning is not affected by power fluctuations and load shading, however, most of the schools noted that they were too few for hands on learning especially in USE schools.

In spite of the aforementioned benefits a number of challenges were highlighted as stated hereunder:

- 100% of the visited institutions lacked internet connectivity: some of the visited institutions had received the internet equipment without subscription.
- Lack of government ICT teacher: Some schools were reportedly hiring private ICT teachers while a few had at most one ICT teacher on the payroll. In most cases the single teacher was supposed to teach the subject throughout the school.
- Lack of software for content delivery: software applications that support e-learning such as Cyber Schools and ENCARTA were reportedly missing in some schools for example Acaba Secondary School in Oyam district and Holy Family Secondary School-Kyamulibwa did not have any of the programs.
- Schools reported that application software drivers were not issued to them for re-installation in case of a malfunctioned installation.
- Lack of CD/DVD drives: 100% of the visited institutions that received solar powered computers reported that the received computers did not have the drive which **must** be present to enable candidates save their final examination practical work.
- Pirated software: Most of the schools reported that the contracted firms by UCC installed pirated operating system software for delivered computers which required regular updates and consistently required re-installation which was affecting content

delivery. A case in point was in St Balikuddembe SS Lwabenge and YY Okot Memorial College in Kitgum among others.

- 100% of the visited schools had a very high student to computer ratio (even when streamed) ranging between four students to one computer to ten students to one computer. This makes hands on learning impossible.
- Lack of printers: this was reported across all the institutions visited. It was noted that the printer is key in the training sessions and generating outputs.

Component **Score**

Operation and Maintenance **Fair**

This section examines whether the project was designed with proper operation and maintenance arrangement to ensure sustainability.

- 50% of the visited schools received basic training in the use of the received ICT equipment through the retooling programme of teachers organized by the Ministry of Education and Sports and the Uganda Communications Commission.
- Majority of the schools visited had not engraved the equipment. Note that failure to have equipment engraved is a security threat and has in part contributed to the theft of the computers.
- 100% of the visited schools reported that there was no formal document left with the beneficiaries about the maintenance of equipment. There was also no formal mechanism either for reporting any faults. Some had privately maintained and serviced their equipment at the cost of cancelling any warrants thereof. It was reported however that UCC had facilitated Kobwin Secondary school with servicing and maintenance. According to the MoU between UCC and MoES, servicing and maintenance were supposed to be budgeted for by the schools.



Computers in a multipurpose hall at Loro SS, Students of YY Okot-Kitgum in a computer lab and solar panels at Acaba SS Oyam

Recommendations

- All the visited schools recommended that there is need for employment of a computer laboratory technician for servicing of computers and provision of documentation about maintenance of equipment by the contractors for future reference and trouble shooting. Copies of the drivers for the operating system and other application software should be made available to each school.
- The ministry of Education and sports should provide for operational costs of running the ICT laboratories.
- Schools should be compelled to engrave all received equipment and update the school inventories.

TABLE: 9.4: SPECIFIC PROJECT PERFORMANCE AT SAMPLED INSTITUTIONS

School/Location	School Population			Student computer ratio per class	Design	Date of delivery and installation	Number of Equipment delivered				Remarks/Challenges
	M	F	T				Monitors	Key boards	Mice	CPUs	
Loro Secondary School(Oyam District)	191	103	294	4:1	Solar powered (4 panels, 2 batteries 1 invertor)	2012	11	11	11	11	The school does not have a substantive ICT teacher on the government payroll and hires a part time teacher. The ICT equipment is not engraved. Internet not yet delivered.
Acaba Secondary School(Oyam District)	233	110	343	5:1	Solar powered (4 panels, 2 batteries and 1 inverter)	2010	11	11	11	11	The school has not received software to aid content delivery to the students; Internet not yet received. All equipment not engraved. Absence of printers. Most teachers can use the computers. The school does not have a substantive ICT teacher. The one present received 3 days basic training under the auspices of MoES (retooling of teachers).

School/Location	School Population			Student computer ratio per class	Design	Date of delivery and installation	Number of Equipment delivered				Remarks/Challenges
	M	**F**	**T**				**Monitors**	**Key boards**	**Mice**	**CPUs**	
YY Okot Memorial College (Kitgum District)	0	773	773	3:1	11Solar powered and 22 grid powered (4 solar panels)	2011 and Feb,2013	33	33	33	13	Equipment was received in installments with 11 computers (Solar powered) and accessories and later 22 computers (Grid powered) and accessories respectively. Equipment was not engraved. Internet bandwidth not delivered. The school is improvising by purchasing some internet bandwidth locally. A trial version of the operating system was installed. Half of the received computers could not work normally. Computers have no CD/DVD drive.
Kitgum High School	683	317	1000	4:1	Solar powered (4 panels, 2 batteries and 1 inverter)	03/ 2013	40	40	40	5	Lab was operational. Training of the community had been carried out in May 2013. The equipment was engraved. Internet connectivity not delivered. One ICT teacher on payroll. Training was being offered as a compulsory subject to form one and two.

School/Location	School Population			Student computer ratio per class	Design	Date of delivery and installation	Number of Equipment delivered				Remarks/Challenges
	M	F	T				Monitors	Key boards	Mice	CPUs	
Kibuuka Memorial Secondary School(Mpigi)	303	315	618	3:1	Solar powered (4 panels, 2 batteries and 1 inverter)	2012	11	11	11	11	The school has no ICT teacher on the payroll. The PCs were not engraved. Internet Subscription not delivered. All computers did not have DVD/CD writers. The computer lab space is inadequate and not conducive for learning.
St Balikuddembe Secondary School, Mitala Maria(Mpigi)			700	10:1	Solar powered	2010	11	11	11	11	Equipment received in piece meal with 11 computers in 2010 and the internet gadgets in 2013. Internet connection not yet delivered. One CPU was vandalized from the computer room. The school caretaker ICT teacher was just retooled. School hired one private instructor.

School/Location	School Population			Student computer ratio per class	Design	Date of delivery and installation	Number of Equipment delivered				Remarks/Challenges
	M	F	T				Monitors	Key boards	Mice	CPUs	
St Balikuddembe Secondary School Lwabenge (Kalungu District)	250	300	550	8:1	Solar powered	2011 and 2012	11	11	11	11	The package was received in phases with the first phase (2011) included delivery of computers, batteries, solar panels while the second phase (2012) included delivery of the internet connectivity equipment. Internet subscription pending and computers not engraved. The computers did not have DVD and CD writers. The school did not have an ICT teacher on payroll. It was reported that the windows software (OS) expired after three months of installation.
Holy Family Secondary School Kyamulibwa (Kalungu)	377	503	880	3:1	Grid powered with N-computing	2009	40	40	40	5	Equipment delivered in November 2009. Internet connectivity equipment in February, 2013 pending purchase of bandwidth. One ICT teacher on the pay roll. The other two teachers are paid by the school. Inadequate space in the computer laboratory.

School/Location	School Population			Student computer ratio per class	Design	Date of delivery and installation	Number of Equipment delivered				Remarks/Challenges
	M	**F**	**T**				**Monitors**	**Key boards**	**Mice**	**CPUs**	
Kabukunge Muslim Secondary School (Kalungu)	302	284	586	8:1	Solar powered	2010	11	11	11	11	All the PCs were working and in use. Internet equipment and connectivity pending. The school did not have a printer. 33 registered candidates offering computer studies at O-level. Computers lack CD/DVD drives. Computers not engraved.
Pallisa Secondary School (Pallisa District)	1057	554	1611	6:1	Grid powered with N-computing	2009	41	41	41	5	The school reported vandalism and theft of the received computers on 12 May 2013, 4th June and 8th July 2013. Of the 41 computers, 17 computers were stolen while 23 computers were vandalized. The case was reported to police and the school informed MoES. All computers had not been engraved. At the time of monitoring, the school did not have any functioning computer and the lab. had since been abandoned. The school is experiencing challenges with the 97 registered candidates for

School/Location	School Population			Student computer ratio per class	Design	Date of delivery and installation	Number of Equipment delivered				Remarks/Challenges
	M	F	T				Monitors	Key boards	Mice	CPUs	
											computer studies. They were hiring the Teacher Resource Centre at a fee of Ushs 500,000/= per month. The school did not have any ICT teacher on the government pay roll.
Kabwangasi Secondary School (Pallisa District)	400	600	1000	3:1	Grid powered	2009 and June	50	50	50	50	The school received ICT equipment in two installments; in 2009 and 2013. The first lot was duly installed and 5 of the 10 computers were functional. The second lot had not yet been installed due to inadequate funds to facilitate power connections and lack of a ready room to host the 40 PCs. All the received computers were not engraved and internet bandwidth had not been delivered.
Nyero Rock High School (Kumi District)	915	590	1505	6:1	Grid powered with N-computing	2010	40	40	40	4	Two monitors were reportedly stolen and all the computers had not been engraved. The network card that supports 5 computers was faulty. The

School/Location	School Population			Student computer ratio per class	Design	Date of delivery and installation	Number of Equipment delivered				Remarks/Challenges
	M	F	T				Monitors	Key boards	Mice	CPUs	
											school did not have an ICT teacher on the pay roll. Pirated software was installed and no antivirus running. Inadequate space for the computer lab The school had 55 A' level candidates.
Ngora High School (Ngora District)	665	564	1229	34:1	Grid powered	2005	2	2	2	2	The school received two computer sets in 2005 from UCC and Schoolnet. Contrary to the reported 11 solar powered computers in the UCC progress document. Internet subscription was pending. The school has alarming deficiency of computers to serve the 763 students offering the computing option. The school had one ICT teacher on the pay roll.
Kobwin Seed Secondary School (Ngora)	312	240	552	4:1	Solar powered N-computing	2011 and 2012	21	21	21	21	The school received equipment in two tranches with the first consignment of 11 computers in 2011 while the second consignment of 10 computers was in 2012. Internet had not been delivered. The school lacks an ICT teacher. The school has had some

School/Location	School Population			Student computer ratio per class	Design	Date of delivery and installation	Number of Equipment delivered				Remarks/Challenges
	M	F	T				Monitors	Key boards	Mice	CPUs	
											community members trained in ICT skills in January 2013. UCC was assisting with servicing and maintenance of ICT equipment.
Mukura Memorial Secondary School (Ngora District)			1200	12:1	Solar powered	2009	10	10	10	10	All the keyboards delivered malfunctioned and have since been replaced by the school. Internet subscription is still pending. One teacher on government payroll. Computers were engraved. Special training for science teachers held and equipment used in teaching of science subjects. No room for computer lab and equipment currently housed in school library. Community training is yet to take off.

SOURCE: *FIELD FINDINGS*



Kibuuka Memorial Lab with inappropriate furniture, Internet Dish and computer lab at St Balikuddembe Mitala Maria



Installed Internet Dish at Lwabenge, computer lab at Holy Family SS and students using the lab at Kabukunge SS



Some of the recovered but vandalized monitors at Pallisa SS, faulty keyboards at Mukura Memorial and delivered consignment at Kabwangasi SS

Conclusion

The Uganda Communications Commission project of support to school ICT laboratories has registered good progress in meeting the objectives; schools are using the computers for ICT skilling and as learning aids in other curriculum subjects. In some locations, the neighboring communities have also benefited from these facilities. The project has however been affected by delayed delivery of internet bandwidth and inadequate supply of computers, in Ngora High School for example, only two grid powered computers (serving a population of 1,229 students) were delivered, contrary to the reported solar powered computers. In addition, a number of schools lacked ICT teachers while in other schools the delivered computers had either been stolen or and vandalized.

Recommendations:

Provision of Internet connectivity: UCC should provide internet connectivity to the schools to achieve the planned objectives. This can now be completed since most of the telecommunication companies have now extended more coverage for the data service points which are required for internet.

ICT staff recruitment and retooling: The Ministry of Education and Sports (MoES) should recruit and post ICT teachers to aid ICT learning at both O' and A' levels**.** The MoES should also carry out more comprehensive retooling programmes for instructors and teachers.

Expansion and improvement of the ICT package: UCC together with MoES should expand the package to include printers, projectors and white boards to enhance the delivery of content to the students, given the limited computers. The package should take care of the school enrollment as some schools had so many students. Given the UNEB requirement of saving examination work on CD/DVD, the package should address this requirement as flash disks were said to be non economical.

Provision of software: The Cyber school technology and Encarta programmes should be provided to all the beneficiary schools for equitable learning by all the students. Copies of the software should be issued to each school for reloading incase of any software faults.

Provision of support for maintenance of the equipment: The ministry of Education and Sports should make good of her obligation in the MoU by budgeting for servicing and maintenance of the ICT facilities in schools. UCC should have a mechanism of ensuring that contractors attend to manufacturer's defects during the warranty period. Maintenance support can also include recruitment of a technician for servicing each district where the equipment has been delivered, provision of the various software that are required in the regular servicing of the computers to schools.

Construction of Computer Laboratories: The MoES should expand the project of constructing ICT laboratory for a conducive learning environment and security of delivered equipment. Most of the schools that reported theft and vandalism of computers did not have a well-established ICT laboratory and had converted classrooms into ICT laboratories and yet these normally have different designs.

2. **Support to Health ICT Facilities**

This programme provides support to Ministry of Health to enhance usage of ICT in health service delivery in the country. Through this programme, ICT facilities have been installed in selected government health facilities countrywide. This programme enables health facilities and health practitioners to among other things access the health related ICT services:

Findings

This section presents physical progress and a value for money analysis under the Establishment of ICT facilities in selected health institutions. BMAU scores the project for effectiveness component in the areas of planning, beneficiary satisfaction, operation and maintenance. (*Refer to scores in table 9.4)*

PHYSICAL PERFORMANCE

UCC reported that 19 additional telemedicine centres and 4 district health data points had been developed by the end of the FY from which BMAU sampled. Over the FY 2012/13 BMAU monitored the component in: Kalangala Hospital, Lira Hospital, Kayunga Hospital(Q2): Mityana Hospital, Atutur hospital, Soroti Regional referral(Q3): and Mpigi Hospital, Pallisa Hospital, Kitgum Hospital, Anyeke HC IV and Agulurude HC III both in Oyam district, and Butebo HC IV in Pallisa District.(August,2013).

In FY2012/13 monitoring, it was established that most of the visited health facilities that had received the equipment were unable to use them for telemedicine in part due to lack of internet connectivity and user training while other health facilities had not received the equipment (Atutur hospital in Kumi and Mpigi Health Centre IV) as it had been reported by the Uganda Communications Commission.

Analysis of tele-medicine component effectiveness

1. Planning

Component:	**Score**
Planning	Good

The project planning component establishes whether the intervention was well designed to meet objectives.

Unit cost: All health centres were allocated solar powered equipment estimated at USD 20,000 each, the support to health institutions is to enable health facilities and health practitioners to among other things access the following health related ICT services:

i) Interlinking of all District Health Offices, government hospitals, 50 major health center IV and facilitate the Ministry of Health web portals www.health.go.ug;

ii) E-continued medical education.

iii) Access to online medical journals;

iv) Access to selected e-libraries; v)Support to e-consultation at national and international level;

v) Support to e-health management information systems (HMIS).

All the health facilities monitored in FY2012/2013 were not utilizing the interlink with other health facilities and this was due to lack of internet connectivity and training of users. Of all the health facilities visited, it was only Pallisa hospital and Soroti regional referral hospital that had received internet services but was only able to access online journals but not use telemedicine as none of the other health facilities had received the installations to make the interlink with other institutions possible. The health workers were only using the equipment for entry and storage of health data and not the intended purpose.

In terms of the project planned deliverables, the project is well designed to meet the project objects however the implementation phase characterized by delayed delivery of internet connectivity, lack of end user training and limited coverage has made the implementation of telemedicine difficult.

2. Service Delivery

Component:	**Score**
Service Delivery	Poor

In line with the objectives of the intervention the component of support to Health ICT facilities; little has been achieved. The poor score is because the key intended purpose has not been achieved by far.

The health facilities can now use the computers for records management and those which have received the internet connection can now use the internet research and communication.

Delivery of internet subscription was only registered in Pallisa hospital and Soroti Regional Referral Hospital, but even with the delivered internet, telemedicine could not be used in part due absence of a similar connection in the health centres under its jurisdiction. All of the other health facilities monitored had not received internet connection.

3. Operation and maintenance

Component:	**Score**
Operation and maintenance	Poor

Basic training on the use of ICT equipment was provided except for Butebo HC IV in Pallisa that reported that there was no form of training provided. Specific practical training on how to use telemedicine facility was however not provided at any of the visited health centres. In most areas where training was provided, the core users (medical staff) were left out.

There was no reported clear arrangement on how maintenance of the equipment was to be carried out at all the visited health facilities.

The beneficiaries recommended that comprehensive training on operation and maintenance of the equipment be provided.

TABLE: 9.5 SHOWS ITEMS DELIVERED AND REMARKS AT THE SAMPLED HEALTH CENTRES IN Q4

Health facility	Item	Number of items	Implementation challenges/Remarks
Anyeke HC IV (Oyam District)	Computers and accessories Scanner Battery Solar panels Modem Invertor Webcams Digital camera Headsets	6 1 2 4 1 1 1 1	The heath centre received the first consignment of five computers in 2012 and another set in July 2013 that included one computer and accessories, one orange modem digital and an inverter. Internet connectivity was not completed. Computers were installed in the Administrator's office, Pharmacy, Anti-Retroviral Therapy clinic, Children's and maternity ward. Computers were not being used for the intended purpose of tele-medicine but rather for record keeping purposes (Health Management Information System). The nurses and clinical officers were reported to be computer illiterate. User training had not been carried out to sensitize key hospital personnel on telemedicine.
Agulurude HCIII	Computers and accessories Scanner Battery Solar panels Webcams Digital camera Headsets	6 1 4 4 5 1 5	During the monitoring visited, it was reported that, the installations were completed in March, 2013 and also provided basic training on ICT use. The computers have been installed one in each of the: Data clerk office, In charge's office, Anti-Retroviral Therapy clinic, Tuberculosis clinic, Antenatal clinic and in the laboratory. The computers are not used for telemedicine due to lack of comprehensive training and absence of internet connectivity. They were used for HIMS or leisure like playing music. The health centre lacks a printer for its daily work.
Kitgum Hospital	Computers and accessories Scanner Battery	6 1 2	Internet connectivity had not yet been delivered. Computers were installed in the Medical Superintendent's office, Antenatal clinic, pediatrics ward, theatre, Medical ward, and maternity ward.

Health facility	Item	Number of items	Implementation challenges/Remarks
	Solar panels Webcams Digital camera Headsets	4 5 5	All the installed computers were being used either for Health Information Management system or leisure inform of playing music.
Pallisa Hospital	Computers and accessories Scanner Battery Solar panels Webcams Digital camera Headsets	6 1 2 4	The equipment was delivered in September, 2010 while internet connection was made in December, 2012. The computers were installed in the offices of: Pallisa Aids Project, General computer room, theatre, records department, maternity and female ward. Internet connections were made in the administration block and all locations where the computers were installed. Whereas each computer has access to internet no comprehensive practical training was offered on how telemedicine operates in part due to lack of a similar facility in Pallisa but about 15 staff were provided some basic training on telemedicine. The computers were therefore being used for other activities like health data storage while the connected internet was aiding health workers to check on the internet for any unique health cases as they come. The hospital administrator could easily trace the locations of the webcam, Digital camera, and Headsets while the received server was not functional and one key board was stolen. The case for the server was reported but has never been rectified.
Butebo HCIV	Computers and accessories Scanner Battery Solar panels Webcams Digital camera Headsets	5 1 3 4 5 5	The health Centre received the installations in July, 2010. The computers were installed the OPD, Maternity ward, drug store, (2) in the records office. Internet connectivity had not yet been connected but the router had been installed. The health staff were using computers for data storage other than the intended telemedicine services. The staff also reported lack of training on the use of ICT and

Health facility	Item	Number of items	Implementation challenges/Remarks
			telemedicine.

SOURCE: FIELD FINDINGS

Solar panels installed at Kitgum hospital, and computers safely stored in the In-charge's office at Anyeke HC IV

Installed computer with webcam at Pallisa Hospital, In-charge of Butebo HC IV showing some items received and a computer used to entertain patients at Agulurude HCIII in Oyam District

Conclusion:

The project has registed some achievements through delivery of ICT equipment to the health facilities but with no usage for the intended purpose of telemedicine.the component has also been characterised by partial delivery, no provision of training to users, and some cases of misreporting. This leaves value for money of the project in balance

Recommendations:

Training of health staff: At all the health facilities visited, it was reported that the health workers needed training on the use of both basic ICT knowledge and application of telemedicine.

- **Delivery of Internet connection and subscription:** over 95% of the visited health facilities did not have Internet connectivity, yet implementation of telemedicine is premised on availability of Internet.

CHAPTER 10: INDUSTRIALISATION

10.1 Introduction

Uganda is an agro-based land locked country with a population of about 33 million people. With endowment of natural resources and salubrious climate, Uganda's industrial profile is still dominated by agro-industry and not innovation led. However, the Government is promoting value addition, competitiveness, and industrialization as a whole. Both theoretical and empirical literature shows that a high degree of efficiency in the industrial sector can contribute to increased production, product innovation, high value manufactured exports and high foreign earnings.

It is through industrialization that wealth can be created and higher incomes realized from natural resources and raw material transformation[82] (*Mutambi.J. et al*.2012). Uganda's manufactured exports as a percentage of total exports is 4.2% against a 30 year vision target of 50%[83] (Vision 2040). To achieve this, Government's strategy is to accelerate industrialization through upgrading and diversification to effectively harness the local resources, offshoring industries and developing industrial clusters along the value chain. The National Development Plan (NDP) places industrialization under the primary growth sectors; the vision is to see Uganda change from small scale farming to a modern, peaceful, prosperous and democratic country with educated citizens who have good jobs and good incomes[84].

The key strategic objectives of Ministry of Trade, Industry and cooperatives under the industry component include[85]:

(i) Oversee development of micro, small and medium scale enterprises(MSMEs)
(ii) Promote the development of value added industries especially the agro-industries
(iii) Increase competitiveness of local industries
(iv) Enhance the development and productivity of the informal manufacturing sub-sector
(v) Enhance applied research and technology development

10.1.1Scope

The report reviews progress of selected development projects under the: Ministry of Finance, Planning and Economic Development (MFPED); Uganda Investment Authority(UIA) ;Ministry of Trade, Industry and Cooperatives (MoTIC); Uganda Development Cooperation (UDC); Uganda Industrial Research Institute (UIRI); Uganda National Bureau of Standards (UNBS), for the FY2012/13. Specifically the report aims at ascertaining whether; planned outputs as outlined in the selected Ministries, Departments, and Agencies annual work plans for FY 2012/13 had been achieved and establish whether financial expenditure was commensurate with physical

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[82] Mutambi. J, (2012), Transferring Best Practices for Uganda Technological Innovation and Sustainable Growth.
[83] Vision 2040: National Planning Authority, 2013
[84] National Development Plan 2010-2015
[85] Ministerial Policy Statement 2013Ministry of Trade, Industry and Cooperatives

progress. The report gives an update of the development projects under implementation in the Central, Northern, Eastern and Western regions of Uganda. BMAU monitored progress of the development projects throughout the last three quarters of FY2012/13.

Under the MFPED, focus was on Value addition Tea involving construction of Buhweju Tea Factory, Presidential Initiative on Banana Industrial Development (PIBID) and Development of Industrial Parks in Bweyogere, Kampala Industrial and Business Park-Namanve, Luzira, Jinja, Soroti, Mbale, Mbarara, Kasese, Kabalore, and Moroto.

Under the MoTIC, monitoring covered One Village One Product (OVOP) and Support to Warehouse Receipt System; For Uganda Industrial Research Institute, establishment of the Arua Fruit factory was monitored while Construction of UNBS headquarters was assessed under UNBS.

This report therefore gives an update on physical and financial performance at end of FY as well as providing an assessment of annual performance; the report also highlights implementation challenges, and key policy recommendations.

10.2 Ministry of Finance, Planning and Economic Development

The Ministry derives its mandate from the 1995 constitution as amended in 2005, the Budget Act 2001, Public Finance and Accountability Act 2003 and other related acts of parliament and statutory instruments. It is entrusted with the formulation of sound economic and fiscal policies and mobilization of resources for the implementation of government programmes.

10.2.1: Presidential Initiative on Banana Industrial Development (PIBID)

Background

The Presidential Initiative on Banana Industrial Development (PIBID) is a pilot project of the Government of Uganda premised on the theory that rural farmers with access to science-led-processing and value addition enterprises will be able to rapidly access profitable market chains that supply local, regional, and international markets resulting into increased household incomes. The overall goal of the initiative is to kick-start a pilot industry in banana value addition.

Project objectives:

- Establish benchmarks, and build capacity for rural farmers in new production technologies and agronomic practices;
- Ascertain sustainable processing of quality market driven *matooke* products;
- Link rural farmers to favourable micro-financing mechanisms;

- Establish reliable supply chain models linking farmers to profitable market outlets;
- Assess project impact on environmental sustainability and overall economic wealth;
- Transform the Bushenyi Technology Business Incubator (TBI) into a Banana Industrial Research and Development Centre (BIRDC);
- Promote entrepreneurship in private sector and training at public institutions through establishment of an Industrial Technology Park (ITP).

PIBID is executing two major infrastructure contracts, including: construction of the main processing plant; renovation of office buildings, laboratory block, mechanical maintenance workshop, internal road works; fencing and security lighting; and construction of a conference and resource centre at Nyaruzinga (Bushenyi) on one hand and construction of an irrigation scheme, water reservoir and fertigation system on the other hand.

The contract for Tooke Processing Plant was awarded to M/s Dott Services Limited in September 2009 at a contract price of Ushs 23.3 billion, whereas implementation of the irrigation scheme was initially awarded to M/s Vambeco Limited at a contract price of Ushs 2.5 billion, the contract was ended after two years of arbitration and adjudication, and later awarded to M/s Dott Services Limited in March 2013. The main construction of the processing plant that was originally phased into two was merged and undertaken concurrently with a revised completion date of October 2014.

The expected outputs are:

- Construction of a state of the art rural based banana processing industry at Nyaruzinga (Bushenyi) and Sanga (Kiruhura) based on technology business incubator framework;
- A range of banana industrial-based products on the market;
- Capacity building for market competitive banana production and value addition at all levels;
- Irrigation scheme, research laboratories, power extension, road improvement and a hostel.

The plant is expected to process about 40 metric tons of raw *Matooke* per day and will run three shifts daily at optimum capacity.

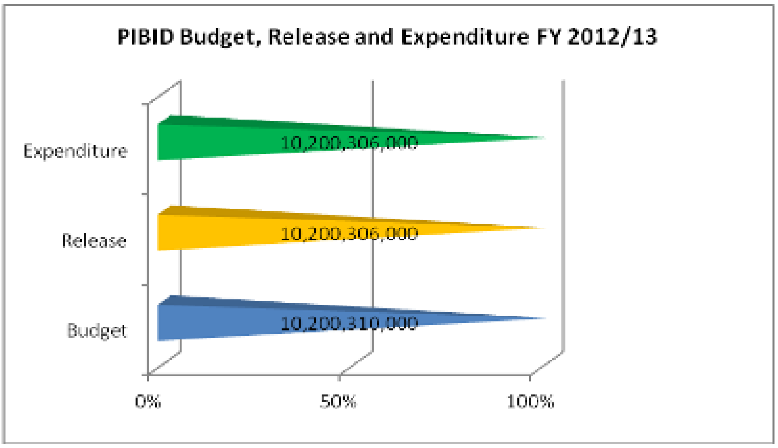
Findings

This section presents financial progress, physical progress and linkages between financial and physical performance of the project.

Financial Performance

The approved budget for the Presidential Initiative on Banana Industrial Development for FY2012/13 as shown in figure: 10.1 was Ushs 10, 200,310,000 of which Ushs 10,200,306,000 (99.9% of the approved budget) was released. According to IFMS data, all released funds were spent. Most of the funds were spent on clearance of outstanding certificates, purchase and shipping of factory equipment and salaries and wages of staff.

FIGURE: 10.1



SOURCE: *IFMS AND PIBID SECRETARIAT*

Physical Performance

(i) Construction of Tooke processing plant

During Q3 FY2012/13 field monitoring visit (4th March 2013), it was observed that the contractor had resumed operations though with scaled down staff (to bear minimum) and only attending to electrical, plumbing, waste treatment lagoons and generation of construction materials such as blocks. During the annual monitoring visit (26 August 2013), it was established that M/s Dott Services Limited had stepped up its efforts and civil works were ongoing at all fronts of the project site save for road works *(See table: 10.1).*

TABLE 10.1: PERCENTAGE PHYSICAL PROGRESS AND REMARKS AT PIBID AS OF 26TH, AUGUST, 2013

Planned Activities	Physical Progress	Remarks
Main Processing Plant	80%	Electrical works had been completed. These included adding more power sockets. Additional plumbing works remained pending. Two dryers were pending installation and the pneumatic conveyor belt was yet to be delivered and installed. No significant change was observed on this front since Q3 monitoring.
Mechanical Workshop (Facility will be used to train farmers to operate plant equipment).	60%	Progress on this front remained unchanged since Q3 monitoring. Finishes including water and electricity installations, furniture and equipment were still

		pending.
Conference Centre; library and office building	65%	Roofing and some preliminary works for internal finishes were ongoing. Water and electrical installations were still pending. The contractor was expected to complete this block by November, 2013.
Quality assurance laboratories constructed	50%	Works had resumed with brick works and preparation for the second level slab.
Raw and instant flour equipment (Drying Chambers) installed	100%	Completed and test run
Completion of survey mapping and master plan of Industrial Technology Park (ITP) and Technology Business Incubator (TBI)	100%	Completed
Two 250 ton silos installed	100%	The two silos have been installed yet to be tested after installation of the pulley/conveyor system which will be used.
Installation and test running of hammer mill	5%	Installation is pending delivery of a stand frame and a pneumatic pump.
Extruder delivered and installed`	100%	Installation completed and test run
Drum drier	100%	Delivered installed and test run. This is able to make tooke powder, tooke flakes among others.
Installation of Biscuit line equipment	99%	Complete and test run, though missing diesel energy system and chimney installation.
Installation of confectionery equipment	100%	Completed
Water tank	100%	Water tank was connected to National Water system for test running the equipment.
Designs and tender documents for water treatment facilities	100%	Completed
Construction of lagoons	70%	Most of the civil works had been completed on the three lagoons however; all the clay embankments had failed. The contractors reported that clay embankments would be replaced with better quality clay.
Bakery	70%	Roofing of the bakery had been completed and internal finishes were ongoing.
Factory administrative block and marketing centre	80%	Remaining works included installation of water and electricity, completion of cashier's booth and reception counter.
Powerhouse construction	100%	The power house had received all the necessary installations and was ready for use.
External works (roads and parking)	30%	Activities remain unchanged

Banana plantation maintenance		24 acres maintained

SOURCE: FIELD FINDINGS

(ii) Construction of an irrigation scheme

The contract for construction of an irrigation scheme had been revoked from M/s Vambeco Limited and retendered. It was awarded to M/s Dott Services Limited. Works resumed in July, 2013 and were being supervised by BEC engineers for the different components of the irrigation scheme. Key outputs include: construction of a 2,000M^3 reservoirs, completion of works at Kyamugambira, clearance of water channels, pipe works for inlets and outlets to the fertigation house, water treatment facility and an elevated 40m^3 steel tanks and a water transmission line to the factory.

During the monitoring visit (August, 2013), it was established that works on all the fronts had been initiated. Excavation of the reservoir and construction of the guard and generator houses were in advanced stages. The contract was expected to be completed by June, 2014.

(iii)Research Laboratories:

Several research related activities were undertaken at the physics, chemistry and microbiology laboratories. Starch extraction from different banana species was in advanced stages. Results indicated that banana starch can be used in pharmaceutical industries in manufacturing tablets. All the laboratories were connected to one inverter which was reportedly inadequate for the different research activities given the intermittent power supply.

(iv) Other Agro-forestry activities:

. Research in horticulture with focus on plants for human food and non food uses was ongoing in the green houses. Tests for plant propagation and cultivation with the aim of improving plant growth, yields, quality, nutritional value, and resistance to diseases, and environmental stresses was ongoing. Commercial tree and fruit seedlings had been generated and planted in the different parts of the project land

Ongoing block works at the research complex, lined lagoons and excavation of the water reserviour at Nyaruzinga

Proposed site for fertigation house, nursery plantlets and processing of instant *Tooke* at the mini plant

New laboratory equipment, delivery hummer mill equipment and starch samples from different banana varieties

Conclusion:

The Presidential Initiative on Banana Industrial Development is designed to propel agricultural development but its progress towards achievement of the setout objectives is still low. The slow implementation is in part due to poor planning, delayed release of funds which led to suspension of works by contractors. Capacity building of farmers and linkages to micro-financing mechanisms among other key project outputs has not taken off. This notwithstanding, commendable progress on construction of the factory and associated installation of processing equipment was observed.

Recommendations:

- MFPED should provide timely releases to the project since it has a potential for agricultural value addition with its associated benefits.
- PIBID management should build capacity of rural farmers in new production technologies and agronomic practices in preparation for the massive demand for bananas once the factory commences operations.
- Arrangements for commercialization of the factory should be made to avoid any delays in kick starting banana processing. The Uganda Development Corporation should therefore be appraised in overseeing the commercial arm of the project.

10.2.2: Value Addition Tea (Buhweju Tea Factory)

Government of Uganda through the Ministry of Finance, Planning and Economic Development committed funds to the building of the factory complex and additional buildings to facilitate factory operations. A memorandum of understanding to this effect was signed between GoU and Igara Growers Tea Limited (the promoter of Buhweju Tea Factory) in July 2008.

M/s Trust Builders and Civil Engineering was awarded a Ug.shs.6.4 billion contract for civil works. The project commenced on 9th September 2009 and was expected to be complete by July 2012. M/s Habitat Consultants was awarded a supervision contract worth Ug.Shs.141 million.

Project Objectives

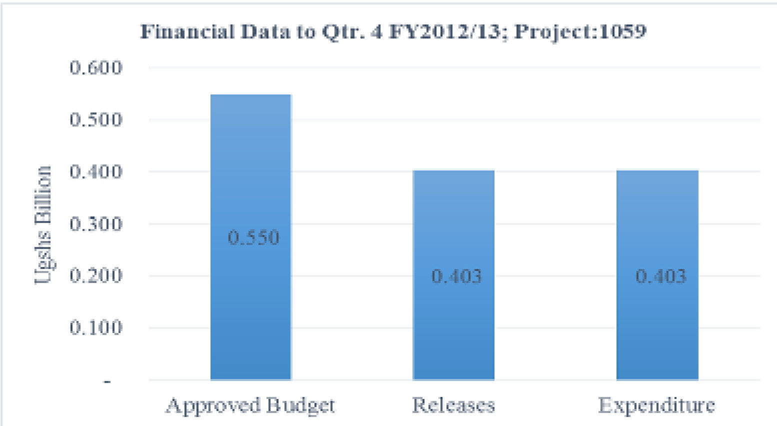
- Establish a tea factory for processing the green tea leaf produced by farmers from Buhweju.
- Increase and sustain the benefits to farmers in the area from tea growing and reduce poverty by improving household incomes.

Financial Performance

The total estimated project cost was US$ 7.44million, expected to be jointly financed as follows; GoU grant of US$ 3.2 million, Bank loan of US$2.805 million and residential building and working capital by Igara Growers Tea Factory of US$1.43 million. With effect from FY 2008/09 GoU undertook to disburse the grant to the project on an annual basis amounting to Ug.shs.1,601,000,000/= per year. The project has been financed with a government grant for factory civil works to the tune of 6,298,177,484/= since inception to August 2013, and funds from Igara totaling to 9,003,018,182/= for machinery and preliminary set up costs.[86]

The total approved GoU development budget for FY 2012/13 was Ug.Shs.0.550 billion 73% of which was released. The factory absorbed all the released funds in the FY2012/13 as shown in figure 10.2.

FIGURE: 10.2: VALUE ADDITION TEA BUDGET, RELEASE AND EXPENDITURE



SOURCE: IFMS DATA

The inadequate releases affected implementation of the key planned activities such as construction of the fence around the factory, paving the parking area and completion of staff and guest houses among other activities.

Physical Performance

Table 10.2: Showing percentage progress of works agreed upon in the MOU between Government and Igara Growers Tea Limited.

Item	Percentage (%)
Construction of main factory buildings	100%
Boiler house	100%
Firewood shed	100%
Garage/motor vehicle repair workshop	100%
Farm inputs store	100%
Generator room	100%
Fuel pump station	100%
Washrooms	100%

[86] Buhweju tea factory inauguration souvenir magazine; August 2013.

Workers kitchen and dining	100%
Firewood shed	100%
Construction of two rain water harvesting tanks	100%
Construction of roads, walkways, and retainer walls within the factory site	15%
Perimeter fencing and guard house	0%

Source: Field finding and Buhweju Tea factory management

Commissioning: The factory was commissioned on 26 August 2013.

Installation of Equipment: At the time of the monitoring visit (27th, August, 2013), It was established that processing of green leaf was ongoing. The factory was processing between 45,000Kg to 60,000kg of green leaf per day during off peak and peak seasons respectively. It was noted that some equipment for setting up the second production line had been delivered while others were expected to arrive by end of September, 2013. The second production line was expected to address the increased production and supplies of green tea as well as solve the post harvest losses during peak seasons.

Factory operation and marketing: The production process covers weathering, cutting, tearing curling, fermentation, drying. Sorting, grading and packing. Processed tea is packed into ten different grades to form *bulk invoices* for export. Buhweju tea factory has been able to successfully access the big tea markets in UK Pakistan, Egypt, Sudan, Russia, Iran, Yemen, UAE, Afghanistan, Somalia and Iraq. This has happened through the Mombasa auctions where it continues to achieve the highest prices because of the reportedly good quality tea obtained from the factory.

Employment: The establishment of the factory has led to creation of jobs directly and indirectly. 8, 472 farmers have benefited, 220 individuals (70 technical staff and 150 casual workers on full time basis) are employed in the tea factory while over 130 are in Estates and forests. Others are employed in associated businesses like transport, construction, tea development, fertilizer and herbicide application.
The number of farmers growing tea as of August 2013 in Buhweju had reached 2,824 from just under 800 in 1995 and the number of hectares of tea under cultivation in 2013 has also increased to 2,460 from 556 hectares in 1995.

Snags: Some of the snags identified during the defects liability period had been attended to by the contractor especially those relating to the main factory floor during the month of September 2012. No other snags occurred thereafter and the contractor was paid the defects liability during the financial year.

Waste water management: It was observed that one lagoon had been excavated and was in use.

Sanitation facilities: It was noted that two pit latrines had been constructed since the existing four toilets were not adequate for the population at the factory.

External works: It was noted that most of the external works save for simple earthworks remained outstanding due to limited funds. Given the volume of rains, the sloppy embankments were getting weak by the day due to soil erosion. It was established that the factory had constructed a temporary (barbed wire) fence around the tea factory to guard against security risks. Failure to retain the walls next to the factory structure posed a major risk of erosion that could weaken and damage the factory structure.

Construction of staff house and guest house: The promoter (Igara) in fulfillment of her obligation under the MoU is financing the construction of a staff house and guest house at a cost of Ug.Shs.604, 133,290. As of August, 2013, there was minimal progress on this front. The staffs were still using the administration block and other temporary shelters for accommodation.

Extension services: the factory offers technical advice to the tea farmers on pre and post-harvest handling of green tea leaves to ensure quality.

Front view of the factory, general cleaning inside the factory and graded and packed Buhweju tea

100 cubic meter water tank, embankments affected by soil erosion and affluent water lagoon

Installed factory generators, improvised barbed wire fence and stalled Buhweju Tea Factory staff houses

Challenges:

- **Delayed funding**; the delayed funding of external works and civil works has held back the finalization of the project. This has been worsened with loan repayment; Igara and Buhweju tea projects sit on land that was originally meant for farmers under Uganda Tea Growers Corporation (UTGC). Buhweju Tea Factory is still struggling to repay the loan it obtained to purchase the land alongside other loans for equipping the factory.
- **Very costly inputs** (fertilizers and herbicides which help improve productivity). This burden is fully undertaken by the promoters which affects their cash flow.
- **Poor road network** especially the 30kms of gravel (murram) from Nyakabirizi to Buhweju tea factory has made it costly to evacuate the finished products from the factory to the markets.
- **Insufficient tea planting material** for the over 4500 hectares available for planting.
- **Insufficient processing capacity** for the existing crop in Buhweju. (one line for every 5-7million kgs of green leaf per year). It is expected that by 2015, Buhweju Tea Factory will be receiving over 20 million kilos of green leaf per year hence the need to improve on the processing capacity of the factory.
- **Insufficient firewood and land for forest development** by the company. This has been made worse by the ban on allocation of public land to companies, to increase planting of wood lots. This is further worsened by costly diesel and electricity from the national grid. A lift on this ban could ensure sustainable sources of wood in the future.
- **Insufficient accommodation** for the factory employees. The factory is currently servicing a number of loans used in the acquisition and expansion of the processing plant in Buhweju and Igara in order to provide a reliable market for the tea farmers in these areas. This has made it difficult for the factory to provide accommodation to its employees.
- **Lack of a regulatory body for the tea industry** in the country. With the winding up of the Uganda Tea Authority in 2006 the industry has operated unregulated. In addition, lack of effective research has cost the tea industry greatly.
- **Igara and Buhweju continue to struggle with the repayment of the loans**: taken for the purchase of government assets which were originally meant for farmers under the Uganda Tea Growers Corporation (UTGC). This includes paying for the land on the Buhweju Tea factory is currently established. Whereas the costs of these UTGC assets were waived for the smaller holder counterparts in Kyenjojo, Kabalore and Kanungu; this same treatment has not been received in Buhweju.
- **Competition from other tea processors:** During off peak season, there is low supply of quality green leaf; the challenge is exacerbated by the fact that other players encroach on small holder farmers in Buhweju with pay on purchase arrangements yet the factory invests in famers' inputs. Relatedly, insufficient tea planting material for the over 4,500 hectares available for planting is another challenge.

Conclusion:

Buhweju tea factory is a success story as it is contributing to the National Development Plan objective of promoting development of industries that add value to farm produce. Annual green leaf production and acreage has generally increased. The project has also directly and indirectly created employment to over 5,000 people and contributed to forex earnings of Uganda albeit the infrastructure challenges of the road that is not motorable, and incomplete external works resulting from inadequate funding.

Recommendations:

- The GoU through MoWT should plan to upgrade at least the 30Kms section of gravel road from Nyakabirizi to the factory to ease transportation of produce for export from the factory.
- GoU through MFPED should timely provide funding to the factory to enable completion of the outstanding external works at the factory to avoid any eventualities arising from erosion of embankments and contamination of tea with dust.
- Like the case is with Cotton and coffee, the government should institute a tea regulatory framework and body to aid effective development of the industry.
- Government through NAADs and MAAIF should provide farm inputs and extension services**:** these include planting materials, herbicides ,fertilizers; this will go a long way in increasing the total green leaf produced thus relaxing competitions for the green leaf during the off peak seasons.

10.2.3 Uganda Investment Authority (UIA)

The Uganda Investments Authority is a semi-autonomous Government agency operating in partnership with the private sector and Government of Uganda to drive National economic growth and development. The authority was set up by an act of parliament (Investment Code 1991) with the aim of promoting and facilitating private sector investment in Uganda. During FY2012/13 focus was on development of industrial parks.

10.2.3.1 Development of Industrial Parks (Vote 008, Project Code 0994)

Background

The Government of Uganda committed itself to a 10-year national industrial parks development program in different regions of Uganda with effect from FY2008/09 to FY 2017/18[87]. This strategy was to ensure that 22 industrial parks are created across the country. The process started with setting up of the Kampala based industrial parks at Namanve, Bweyogerere and Luzira,

[87] UIA project profile – Development of Industrial Parks.

spreading to up country towns in strategic locations. It was anticipated that the Kampala parks would be operational by FY 2010/11.

Objective of the project

The purpose of establishing the parks is to provide serviced areas (with roads and utilities) for manufacturing and value addition to Ugandan made goods. Industrial parks would strengthen the Ugandan private sector to enable it play it's expected role as the engine of the country's economic growth and development as well as create employment.

Planned outputs for FY 2012/13

- Bweyogerere, Kasese and Soroti parks operationalised.
- Master- planning for Jinja park completed.
- Compensation of squatters in Mbale
- Secure land titles for Mubende, Arua, Moroto, Kabarole and Masaka industrial parks.
- Luzira park road extension, and electricity way leaves
- Securing industrial parks with boarder markers and security (police *uniports)*

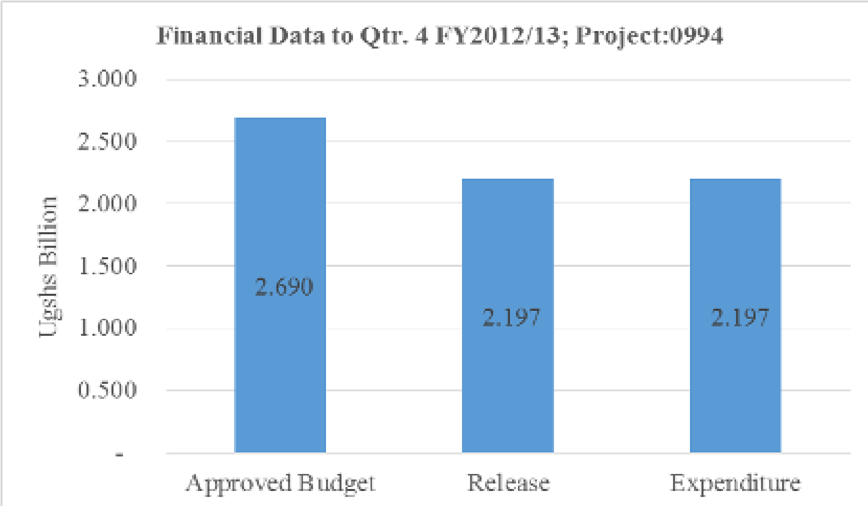
Findings

This section presents financial progress, physical progress and implementation challenges.

Financial performance

The approved GoU development budget for the project in FY2012/13 was Ushs 2.690billion of which 82% was released. All the released funds were expended on the different activities relating to servicing of the industrial parks. The reported achievement during the FY resonates well with the released funds.

FIGURE 10.3:



SOURCE: IFMS DATA

Physical performance

- **Bweyogerere Industrial Park (45 acres)**

The park is located 12km north-east of Kampala. The land was allocated to seven investors including Bweyogerere Hospital, Turple industries, BDH limited, BPC paints, Omega Construction and Uganda National Bureau of Standards (UNBS) among others. Uganda Investments Authority contracted M/s Omega Construction Limited to undertake construction of 2km paved roads in Bweyogerere industrial park at contract sum of Ushs 3,591,396,840.This contract was supervised by M/s Gauff Consultants at a contract sum of Ushs 338,982,000 and later by Ministry of Works and Transport.

Works commenced on 12th May 2010. However, due to numerous challenges related to land acquisition and contractor weaknesses, civil works were only substantially completed by 30th March 2012. As of August 2013, the defects liability period for road works had elapsed. UIA had deducted the maximum liquidated damages and was to pay retention and any other claims after a final inspection. Two investors were progressing with construction, including UNBS and Bweyogerere Hospital. The two had extended water and electricity to their sites. Extension of water and electricity to the entire park was still pending.

Installed road signage and road marking on First Street and silted surface of the by-pass link with UNBS and Bweyogere hospital structures in the background

As of 7th August, 2013; it was established that the border markers had been installed around the park and UIA had made all the payments relating to the contract except for some payments that were to be made on clearance of outstanding snags. The contractor had requested for time extension to rectify the outstanding snags but the request had not been granted as of August 2013.

During the monitoring visit, it was noted that parts of the completed auxiliary works were in a poor state, for example, the drainage channels were in some areas incomplete, and the road marks not visible in other sections, most of the road shoulders had overgrown bushes, and the surface of the lower part of the bypass link was silted. It was noted that UIA was planning to repackage the outstanding works to form a new contract for fresh award. The rest of the seven investors' allocated land in this park had not occupied their plots in spite of the completed road works and water extension to UNBS site. UIA noted that one extra investor (Turple Industries) had had their plans approved. The rest of the investors had been reminded of their lease obligations.

- **Jinja Industrial Park (182 acres)**

The park is established on 182 acres along Jinja-Kamuli road. Jinja is being re-activated as a major industrial town that it once was. The industrial park has 180 acres of usable land translating into a total of 120 plots. During the FY 2012/13, UIA planned to complete a master plan and an environmental impact assessment for the industrial park culminating into servicing the park with roads, electricity, water, boundary opening and demarcating plots.

During the August, 2013 annual monitoring, BMAU established that the master plan had been approved while the Environmental Impact Assessment (EIA) was still awaiting NEMA approval; despite the fact that the mandatory approval period had elapsed. It was reported that the park surveys will be carried out after clearance of the EIA upon which land will be allocated to the interested investors.

- **Soroti Industrial Park (219 acres)**

The 219 acre park is 350 km north-east of Kampala. The master-plan and cadastral survey of the plots were completed in November 2011. Subdivision of plots had been completed with a total of 153 plots in the park, of which 23 acres had been allocated to 10 prospective investors. An alternative plot for Soroti Fruit Factory as requested for by KOICA was identified, approved and handed over to UDC.

Physical progress

During the course of the year, engineering designs for roads, plot survey, installation of boarder markers and road pegging had been completed. The contract document for construction of approximately 2km roads (Temele road, 1.7km, Palm close, 150meters and Pineapple road 150meters) in the park was approved on 14th February 2013 by the Solicitor General.

The six months contract for road works amounting to Ushs 1.85 billion was awarded to M/s MG Engineers limited and works commenced on the 27thMay2013. The scope of works include: earthworks; drainage works; surface dressing; auxiliary works like signage and road marking and works on the shoulders. In August 2013, M/s Prome consultants was contracted to supervise works at a cost of Ushs215 million. It should be noted that all road works are funded by Soroti Fruit Factory project under Uganda Development Corporation.

During the monitoring visit, the contractor had opened a total of 1.3km (14meters wide) of roads with bush clearing, removal of soft soils, and improvement of sub grade layer with gravel. Physical progress was estimated at 20% against a financial progress of 25% (advance payment) and time progress of 40%. The contractor reported that the final designs of the road had not been issued and the consultant was yet to report for duty which was delaying issuance of instructions and implementation.

The land for waste management had been identified pending commencement of the procurement process. It was also noted that UIA had installed the park signage and *uniports* for improving security in the park. It was observed that only one investor, Soroti fruit factory, had ongoing activities on the allocated plot.


UIA signage, laborer removing top soil at Km 0.700 and graveled section of palm close


Earth works along Temele road and two uniports accommodating police in Soroti park

Challenges:

Lack of a waste treatment facility: In order to conserve the environment, a wate treatment plant for industrial waste in a radius of 5km was planned; however, land for this facility had not been acquired. Soroti fruit factory had indicated to UIA that implementation of the project hinges on the availability of waste treatment plant.

Incomplete road designs: UIA had not finalized the designs for the 2km roads and drainage within the park. According to the contractor, there was an overlap of coordinates between the proposed roads and power line way leaves. It was therefore important for UIA to finalise the designs for smooth implementation.

Soft soils: It was observed that over 70% of road works run through the low lying part of the industrial estate with a very shallow water table. Heavy equipment (bull dozers, excavators, graders) could not be used for the bigger part of earth works which was affecting time progress as the contractor resorted to labour based alternatives.

- **Kasese Industrial Park (217 acres)**

The park is located 430 km south-west of Kampala near the border with the Democratic Republic of Congo. M/s Savimax Ltd was contracted to undertake an Environment Impact Assessment (EIA) and master plan for this park at a contract price of Ushs 88 million. By 30th August 2012, the final master plan had been completed and approved. Sub-division of plots was still pending. Installation of border markers was completed. Engineering designs for road works were in advanced stages. UIA reported that although some investors had expressed interest in this park (without solicitation), plots were yet to be allocated as land surveys were incomplete due to inadequate funds. Encroachment was reportedly under control after erection of the *uniports* and deployment of police.

- **Mbale Industrial Park (619 acres)**

This park is located in Mbale-Mutoto along Tirinyi road. The original case filed by “squatters” on the land was decided in favour of UIA. However, the applicants had appealed the decision on compensation. A team of valuers from the office of the Chief Government Valuer were to validate the actual land values and submit a report to UIA.

During the August, 2013 follow up monitoring, it was established that most of the activities related to this park did not takeoff due to inadequate resources. UIA reported that *Uniports* had been installed but deployment had not yet been made. It was also reported that park signage was completed and installed. It was further reported that the valuation report placed a compensation requirement of Ushs4.5 billion to clear all the affected persons. However, this amount was part of the unfunded priorities of UIA as development of industrial parks was allocated less than Ushs 3 billion for FY 2013/14. Further delays in compensating the squatters might increase the actual amount required in future, as values change overtime.

- **Luzira Industrial Park.**

Completed 100 meter road extension and vandalized road furniture

The park is located 5Kms East of Kampala and is operational with basic infrastructure such as water, power and roads. Fifteen investors were allocated land in this park and over 60% of them had taken possession of the land and developed it with industrial infrastructure. Some of the operational industries in this park include; Quality Chemicals, Graphic Systems, Blue Wave Beverages, Trans Paper Uganda, East African Investments, Master Wood Industries, Basere (U) Ltd, and Pipeline (U) Ltd.

In August, 2013 monitoring, it was established that most of the above factories had started full operations and the neighboring private plots were developing into industrial facilities

Road works: M/s Nicontra limited had completed the tarmacking of the 100 meter section and it was still under defects liability period until February, 2014. It was however established that some sections of the road constructed by M/s Spencon had started failing while other parts lacked appropriate drainage channels. Most of the road signage materials had been vandalized. It was reported that in May 2013, UIA had contracted M/s Mugoya Plus for routine maintenance of the roads in the park. The contract scope includes: road sweeping, slashing of road environs, cleaning of drainage channels, culverts and offshoots; weeding, patching, stone pitching and culvert installation in areas that require culverts.

Electricity extension: the expected substation has not yet been constructed but related processes were reportedly ongoing under the leadership of Uganda Electricity Transmission Company.

- **Kampala Industrial and Business Park- (KIBP) Namanve**

Located 14km east of Kampala, KIBP is planned to be a modern park for the rest of the country. It is approximately 896ha in size and comprises of four estates namely: Namanve north (100.1ha), south A (126.9ha), south B (294.5ha), and South C (375.2ha) estates. It is arranged according to clusters namely: agro-processing, beverages, grain milling, light industries, heavy industries, industrial rail, printing and publishing, ICT park, commercial/leisure, country club, SME park, in-land container depot, warehousing, residential, common service, open green space, road reserve, roundabout, sewage and effluent plant, solid waste and wetland.

During the annual monitoring visit (September, 2013), it was established that out of the 270 investors who had been allocated land for industrial development, 73 had their award letters revoked due to failure to start any industrial development activities; however some of the investors whose award letters were revoked had indicated that they would prefer legal action citing that government had not met her obligations (construction of roads, electricity and water extension to each plot).

Park activities: It was noted that some investors had either commenced construction works or operating. The table below shows some of the investors who had either settled or started constructing their premises in the park.

Table 10.3: Showing the different investor at different stages of development

Investor/Project	Stage of development and issues identified
Uganda Investment Authority	The department of Land Development was transferred from Twed Plaza Kampala to occupy the UIA block at Namanve.
Roofings Company	All the three phases were completed and already in production. The factory is reportedly employing over 600 people and has so far invested more than US$100 million.
Kyagalanyi Coffee Factory	Construction of the structure started and is expected to be completed and commissioned in March 2014
Victoria Seed Company	Construction completed and ready to start operations. Delayed by absence of a clear road however the road is under construction. Power was supplied to the factory by UIA.
Arocure(dealing in manufacture of herbal medicine from Aloe Vera)	It is substantially complete but production is awaiting opening of the road. The contractor for electricity was expected to complete works by end of September 2013.
Alfasan company. (to deal in production of veterinary drugs)	Construction is in progress. Expected to start operations in 2014
Other companies include: MKP group to deal in ICT, Lexus Development, Interior Technologies, Namanve Hills (industrial warehouses), RECO industries (juice production), Masterwood industries, Nice house of plastics and National Council for Science and Technology.	A total of sixty investors were at varying stages of preliminary works including land clearing, carrying out Environmental Impact Assessment (EIA), land survey and seeking approval of plans.

Source: Field findings

Earth works on the 2.5km road, brick makers removing their materials and completed Victoria seeds factory

Construction of Kyagalanyi coffee factory, completed Roofings premises and a side railway truck to Roofings factory

Lease payments: As of August 2013, approximately 20 investors had made the initial lease payment as stipulated in the lease agreement.

Servicing of the park with roads; approximately 2.5km of sub grade roads in Namanve North were being opened by the MoWT to provide access to industrialist in that part of the park including Victoria seeds and Alocure. At the time of the monitoring visit, 1.8Km had been opened. UIA was providing consumables (Fuel, culverts, allowances, gravel) while the hard ware equipment and operators are provided by the MoWT. It was noted that UNRA had been engaged to have the 5Km road from Jinja road to Roofings upgraded from gravel to paved road status.

Challenge

Inadequate funding: Following the withdrawal of funding by the World Bank, the park has faced financial challenges that have affected the realization of the set objectives. It should be noted that for the park to take off, approximately Ushs 200 billion is needed for the requisite infrastructure.

Encroachers: The park has consistently battled with encroachers ranging from sand miners, brick makers and gravel (murram) diggers. As a remedy to this, a fine of 300,000 was approved by park management to be charged for every truck found to be involved in illegal mining activities.

Parallel allocation of plots by Uganda Land Commission and Mukono District Land Board: About 48 acres of land in the park which had already been allocated to investors by UIA with titles dating as far back as 2003 had been re-allocated to other investor by Uganda Land

Commission (ULC) between 2010-2011. This caused struggle for rightful ownership and partly explains the delayed development of these plots. UIA was installing border markers to clearly demarcate the park boundaries and reduce the parallel allocation and encroachers.

- **Mbarara SME Park**

The 12-acre facility was procured in FY 2008/09 from Gatsby to cater for small-scale enterprises. It is adjacent to Mbarara Municipality 280 Kms southwest of Kampala. It is comprised of five buildings housing 45 workspaces of approximately 60m^2 each

At the beginning of the financial year, It was reported that the consultant had reviewed the master plan. Outstanding works included upgrading the park roads to sub grade level, provision of additional sanitation facilities and construction of a conference and training center.



Briquette drying, plastic recycling and a makeshift latrine used by group employees in Mbarara park

During the annual monitoring (28th, August, 2013), It was established that the total registered tenants had increased to thirty from nineteen in December 2012. Five spaces were empty while others were occupied by former Gatsby members who had not registered. Registered members include: four SMEs involved in manufacture of paints, One metal fabricator; One briquette making facility; toilet paper making; two motor vehicle garages; the others which are active though operate seasonally include: Fresh Vacuum Sealed Matooke (FREVASEMA); Garments Embroidery and tailoring among others. It was reported that M/s UMEME had installed individual meters for each unit and connected them all to the bulk metering system. The park was also facing challenges of intermittent supply of water and inadequate sanitation facilities for group employees.

UIA reported that a consultant was engaged to carry out feasibility study for re-development of the SME park. The draft report had been reviewed by UIA. The park land was regularly maintained with quarterly bush clearing.

- **Moroto Industrial Park**

417 acres of land in Moroto for mineral beneficiation activities had been acquired at a total cost of Ushs 623 million of which Ushs 567million (90%) had been fully paid Payment of the remaining 10% was to be made upon official hand over of the land. It was reported that boundaries had been opened, and border markers installed. Preparation of the park master plan did not take off due to inadequate funds. Master planning and EIA were therefore forwarded to

financial year 2013/14. As of 7th August 2013 it was reported that the land was finally handed over to UIA and the signpost had been installed to identify the land.

- **Kabalore Industrial Park(100 Acres)**

The 100 acres piece of land (formerly District Agricultural Training Institute in Kyembogo) was identified for industrial park development. During the annual monitoring (7th, August, 2013), it was reported that the UIA had engaged the District Surveyor to undertake preliminary surveys to assess suitability and facilitate clearance by the District Council. Comprehensive surveys are expected to be carried out upon receipt of letters from the Uganda Land Commission during the course of FY2013/14.

10.2.3.2 Implementation challenges

Land related issues: In Moroto industrial park, after procuring the land and opening boundaries, a group of individuals are making claims over part of the same piece of land. Although UIA is in possession of the land, it might take a lot of effort and time to resolve these claims. In the Kampala Industrial and Business Park; there have been cases of parallel land allocations by the UIA and other bodies such ad Uganda Land Commission and Mukono District Land Board. Such incidences affect the confidence of investors in Uganda Investment Authority. In addition, some park lands are highly settled with squatters who increase the cost of acquiring industrial land. Further still, industrial parks are faced with cases of land encroachment from sand diggers; brick makers and murram diggers who degrade the industrial park land with huge pits.

Inadequate releases: the budget allocation and releases to UIA for industrial park development has been declining over the last five years compared to the increasing requirements of servicing the parks with roads, electricity and water. According to UIA, a total of US$180million is required to acquire land and service all the parks to acceptable standards.

Lack of effective demand for the available plots: there is slow and in some instances limited response from investors who apply for land especially in the upcountry parks in spite of the fair pricing of land for example, only 23 acres of 150 acres in Soroti industrial park were applied for yet each acre was priced at Ushs 6 million.

Conclusion

Overall the project is behind schedule and it is far from meeting the objectives of creation thousands of jobs and value addition to locally available raw materials in spite of the well stated objectives, the project has suffered from land encroachers, bureaucratic process of award of land to investors some of whom end up giving up the offer and inadequate funding from government which is exacerbated by the UIA policy of thinly spreading the meagre resources across all the planned parks leading to limited impact of the released funds.

Recommendations:

- Waivers in the award of land to investors: PPDA should make the bureaucratic processes flexible for award of land to investors as majority of them have limited time and are highly business oriented with focus on the time value of money.

- UIA should review her master plan for industrial parks development in order to focus the limited resources to servicing a few parks than spreading wide with limited or no impact.
- Government institutions should coordinate to avoid parallel land allocations as this erodes the investors' confidence and trust with the government.
- UIA should continue with boundary opening and installation of boarder markers to control land encroachers. In addition, due diligence should be empghasised before acquiring land from private individuals.
- The Uganda Land Commission and Mukono District Land board should desist from allocating plots in designated industrial parks without consulting Uganda Investment Authority to avoid confusion and frustration of genuine investors.

10.2.4 Uganda National Council of Science and Technology (UNCST)

Uganda National Council for Science and Technology (UNCST) is a Government of Uganda Agency, established by CAP 209, under the Ministry of Finance Planning and Economic Development. The Council is mandated to facilitate and coordinate the development and implementation of policies and strategies for integrating Science and Technology(S&T) into the national development process for, "A prosperous Science and Technology led Ugandan Society".

Strategic objectives

- Improve or streamline national science and technology policy environment to foster scientific and technological innovation.
- Strengthen national system for research, product development, technology transfer and intellectual property management.
- Increase public understanding and appreciation of science and technology
- Strengthen the UNCST institutional research base and technical capacity.

10.2.4.1Project 0988: Support to other Scientists

Objective

The project core objective is to develop local innovations and commercialization of research products to boost economic growth and development

Output

Provision of support for scientific research and innovations of strategic importance to Uganda and promote innovativeness and productivity of Ugandan scientists and technologists

Planned Outputs for Project 0988 for FY2012/13

- Appropriate technologies (Makpad sanitary pads, metallic incinerators, energy saving stoves, solar water heaters, low cost housing materials, gravity irrigation and water harvesting technologies) developed;
- Integrated banana juice factory established;
- Fresh vacuum sealed matooke processed for local and international markets;
- Snailtox for prevention of water borne livestock and human diseases produced;
- Larvicide for prevention of malaria mosquito larvae produced;
- Artermisia beverage for prevention of malaria produced;
- Computer aided diagnosis and treatment of malaria piloted;
- Mechanisms for commercialization of research results developed;
- A review of status of project progress or completion conducted.[88]

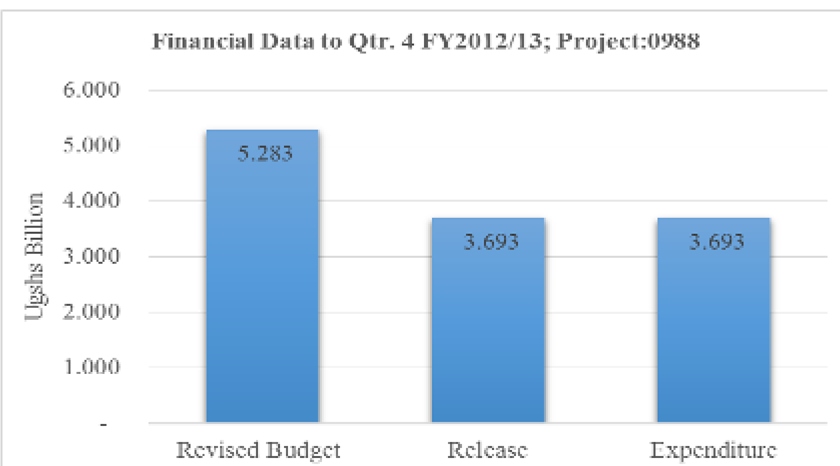
Findings

This section presents financial progress, physical progress and links between financial and physical performance of the project.

Financial Performance

The revised GoU development budget for project 0988 in FY2012/13 was Ushs5.283 billion of which 70% was released. All the released funds were expended by the end of the FY. The project registered some progress with in the available funds although most of the activities were affected by the inadequate releases.

FIGURE: 10.4



SOURCE: IFMS DATA

Physical Performance

[88] MFPED(2013), "Ministerial Policy Statement", Kampala, Uganda

During the course of the year, only two activities were physically monitored, that is; A five year Production and Industrial application of Phytolacca Dodecandra project to control vectors in livestock and humans and a four year Fresh Vacuum Sealed Matooke (FREVASEMA) project.

The two projects had reached a stage of going beyond incubation.

a) **Production and Industrial Application of Phytolacca Dodecandra (PD) to control vector borne diseases (Prof.William K.Isharaza)**

The project had reached a critical stage of going beyond incubation stage and getting raised to industrial or mass production since it had realized its proof of concept. The project demonstrated potential through production of an acceptable prototype contributing to efficient production in the livestock sector. However, due to inadequate and untimely releases, most of the planned activities did not take off. The cleared and planted land in Sanga-Kiruhura District had overgrown and key requirements such construction of milling plant stalled.

b) **Fresh Vacuum Sealed Matooke (FREVASEMA) Research Project** (Principal Investigator-Dr. William Bazirake)**;**

During quarter one, FY 2012/13 monitoring visit, it was noted that the project had weaned off and reached commercialisation stage having exited from UNCST on 31st December 2011.

Animal feeds made by FREVASEMA

FREVASEMA project won a U$ 2 million award after competing against 50 universities and research institutes to upscale the innovations and improve entrepreneurial skills in banana production- to – marketing value chains. At the time of the monitoring visit (07/01/2013), it was reported that the project had changed its name to Afri- Banana Limited (ABL) with the Head offices in Ntinda-Kampala and the factory at Mbarara Industrial Park *(Q2 BMAU report FY2012/13).*

During the monitoring visit of 28th August 2013. It was reported that Afri-banana limited was consistent with supplying the fresh vacuum sealed matooke especially to United States. The business had been expended to produce banana wine, vineager, briqqettes, animal feeds, and research in related products. It was employing a total of 50 people within the technical, research and support (casual) services.

Conclusion:

The project support to other scientists is on target and has achieved development of some local innovations and commercialization of research products to boost economic growth, specifically, the Fresh Vacuum Sealed Matooke has attained local and international markets: the project has however been affected by inadequate funding which resulted into Production and Industrial Application of Phytolacca Dodecandra (PD) to control vector borne diseases project to stall.

Recommendation

- UNCST and MFPED should continue supporting the project to further stimulate research and innovation by scientists as it has potential to contribute to forex earning, employment and general economic development.
- UNCST should make arrangement to link scientists to financing mechanisms in order to incubate business out of the scientific research conducted.

10.3 Ministry of Trade, Industry, and Cooperatives

The mandate of the MoTIC as derived from the constitution of Republic of Uganda (1995- Article 189, schedule six, sections 11, 12, 13,20,23,25 and 29) is: 'To formulate, review and support policies, strategies, plans and programs that promote and ensure expansion and diversification of trade, cooperatives, environmentally sustainable industrialization, appropriate technology development and transfer to generate wealth for poverty eradication and benefit the country socially and economically[89]

In executing this mandate, the Ministry supervises six agencies, namely: Uganda Development Corporation, Uganda National Bureau of Standards, Uganda Industrial Research Institute, Uganda Export Promotions Board, Uganda Commodity Exchange and Management Training and Advisory Centre.

Monitoring focused on two Vote functions under MoTIC during the year, that is; cooperative development and Industrial and technological development.

10.3.1: Industrial and Technological Development

The vote function is responsible for policy formulation, planning and coordination; and promoting the expansion, diversification and competitiveness of the industrial and technological sector. The vote function has services such as; i) Initiate and formulate policies, legislation and strategies for industrial and technological development ii) promote industrial research, science and innovation iii) Acquire, develop, advance and promote appropriate technologies iv) Collect, analyze and disseminate information on industry sector for policy guidance and decision making v) Support the development and transformation of the informal sector (Jua-kali) and indigenous technologies vi)Support development of Micro Small and Medium enterprises(MSMEs) and industries with a major focus on backward and forward linkages vii) Develop and promote standardization, quality assurance, laboratory testing, metrology and accreditation to enhance competitiveness of local industries, ensure consumer protection and enforce compliance with technical regulations viii) Develop specialized skills to support industrial and technological development ix) Encourage the establishment of backward and forward linkage industries with special emphasis to agro processing and other aspects of the countries competitive advantage x) Coordinate, promote and support establishment of linkages and partnerships with other ministries, Departments and Agencies and private sector to enhance values and benefits from the sector and oversee statutory, trust and other special programme institutions under the sector[90].

[89] Ibid

[90] MoTIC.(2013) Ministerial Policy Statement

In FY2012/13 BMAU reviewed four development projects namely: One Village One product and three projects under Uganda Development Corporation including: Soroti Fruit Factory, Value Added – Luwero and Kalangala Infrastructure Services project (UDC project details under 10.3.3).

a) Project 1164: One Village One Product

One Village One Product Programme (OVOP) is a community-centred and demand-driven local economic development approach initiated by Oita Prefecture in Japan in the 1970s. It was introduced in Uganda in 2008. The OVOP concept was designed as a community based approach through which local resources would be utilized to promote production, processing and marketing of both products and services. The schedule of programme implementation involves identification of the model enterprises, physical assessment of the selected enterprises, awareness creation on the OVOP programme and then providing relevant interventions to address the identified challenges.

The uniqueness of the approach is the intention to achieve regional economic development by increasing incomes and wealth for Ugandans through value addition to local resources, human capital development, and provision of unique services and marketing of the products. It aims to achieve One Village One Product production systems countrywide based on comparative advantage and economic use of resources.

Major Objectives of OVOP Project

The overall objective of the programme is to promote the production, processing and marketing of local products for wealth creation. The specific objectives are to:

i) Promote establishment of production networks/clusters within the country;
ii) Promote value addition to local materials and products of comparative advantage at community level for social economic transformation;
iii) Reduce post-harvest losses from the current 40% to 10% by 2014;
iv) Develop human capital and entrepreneurial capacities amongst the participating communities;
v) Strengthen partnerships and linkages between Government, private sector and the donor community; and
vi) Create and strengthen market clusters for OVOP products.

Expected Outputs

- Increased production networks/clusters within the country.
- Increased volume of local production.
- Increase number and volume of locally processed products.
- Reduced post-harvest losses.

- Community human capital and entrepreneurial capacities developed.
- Marker for OVOP products created and/or strengthened through clusters.

Planned activities FY 2012/13

Annual planned activities include: OVOP concept awareness creation in 12 districts and potential cooperatives/groups identification; identification of priority needs of operational cooperative; and undertaking of quarterly monitoring activities.

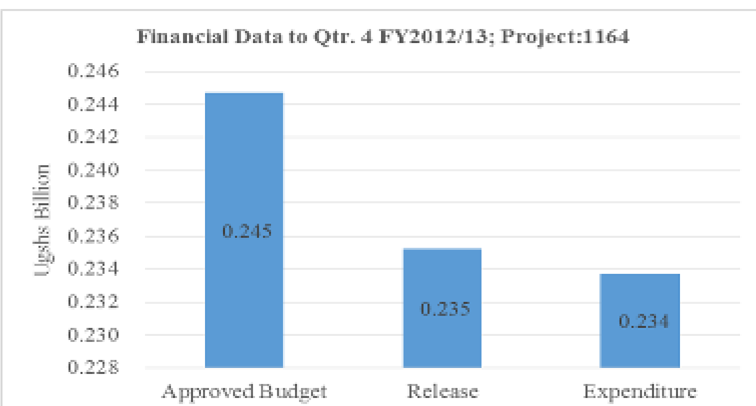
Findings

This section presents financial progress, physical progress and links between financial and physical performance of the project.

Financial performance

The approved Development budget for the OVOP project for FY2012/13 was Ushs0.245 billion of which 96% was released. Expenditures in the project was at 99% of the released funds. Expenditures were distributed as follows: workshops and seminars (43%), welfare and entertainment (2%),travel inland(7%),hire of venue and projector(2%),fuel, lubricants and oils(8%),General supply of goods and services(6%),consultancy services short term(10%), allowances(8%),Advertising and public relations(5%),Telecommunications(2%),Printing, stationery, photocopying and binding(8%). Note that the planned activities for FY2012/13 explains why majority of expenditures were on software activities and specifically largely on workshops and seminars.

FIGURE: 10.5



SOURCE: IFMS DATA.

Physical performance:

During the FY2012/13, BMAU monitored a number of outputs under the One Village One Product project. The OVOP secretariat reportedly completed the following: Skills development had been undertaken in Kapchworwa and Kayunga; Value addition equipment had been procured and delivered to Kisoro, Kangulumira Area Cooperative Societies, and eleven model enterprises had been identified in the districts of Mukono, Wakiso and Mpigi. Monitoring progress of OVOP Projects was undertaken in Bushenyi, Mitooma, Kamwenge and Serere districts.

Conclusion:

The project is on course to meeting the objectives of; promoting establishment of production networks/clusters within the country; Promote value addition to local materials and products of comparative advantage at community level for social economic transformation among the others. However, resources should be increased in provision of agro-processing equipment to support value addition.

10.3.2 Cooperative development

The vote function is responsible for policy formulation, planning and coordination of cooperatives development. Its main functions are to: i) initiate and formulate policies, legislation and strategies for cooperatives development; ii) supervise and monitor cooperatives to ensure they operate within the established cooperative laws and set objectives for the benefit of members iii) Register and deregister cooperatives societies iv) Promote formation of cooperative societies v) Provide and administer the technical services required for the formation, organization, registration and operation for the cooperative societies vi) Facilitate the establishment of marketing infrastructure(Ware house Receipt system, Rural Information system) to improve marketing of goods by cooperatives vii) Support commodity exchange and other distribution mechanisms viii) Manage the Cooperative Management Information System(CMIS); ix) Building capacity of cooperative members x) Develop and promote standards for sound cooperative business management and xi) Coordinate, promote and support establishment of linkages and partnerships with other ministries, Departments and Agencies and private sector to enhance values and benefits from the sector[91].

BMAU monitored the support to warehouse receipt system project; the only development project under the vote function.

a) Project 1203: Support to Warehouse Receipt System

Background

Uganda's grain sector experiences post-harvest losses of 20% to 40%. The statistics from UBOS, over the years, show that Uganda produces between 700,000 – 800,000 metric tones (MT) of grains and pulses. However due to long drought spells that lead to poor harvests, the country is faced with food shortages and increased food prices from time to time.

Lack of adequate storage capacity, currently at 33,900 MT, to hold food reserves, is one of the main reasons of price fluctuations even when bumper harvests are realized. This can partly be

[91] MoTIC(2013): Ministerial Policy Statement

addressed through a price discovery mechanism, collateralized financing which would be supported by a vibrant commodity exchange using the Warehouse Receipt system (WRS)[92].

A warehouse receipt is a document of title that shows you the quality and quantity of a commodity that is stored in a licensed ware house. In Uganda, the ware house receipt is an electronic document. Section 6 of the Warehouse Receipt System Act, 2006 empowers Uganda Commodity Exchange (UCE) to perform warehouse regulatory functions stipulated in the same act and warehouse receipt system regulations, 2007[93].

Objective(s)

The main objective of the project is to increase storage capacity, value addition and develop a sustainable marketing system of agricultural commodities that will contribute to income enhancement of the small holder farmers.

Specifically the project aims at:

- Promoting and strengthening cooperatives to undertake collective storage and marketing of agricultural produce.
- Improving the quality and capacity of agricultural storage facilities;
- Strengthening Cooperative Extension Services both at the Central and Local Governments
- Promoting the Warehouse Receipt System (WRS) and strengthening the regulatory function of UCE.[94]

Expected Project Outputs

- Project outputs upon completion will include;
- 10 ware houses constructed;
- 180 New unions registered to facilitate collective marketing;
- 60 Cooperative Stores refurbished;
- 22,000 Cooperative members trained in WRS, entrepreneurship skills, cooperative business management and governance and collective marketing.
- The quantity of commodities stored by producers increased
- A transparent commodity price discovery mechanism;
- Easy access to commodity financing
- Standardized agricultural commodities on the market[95]

[92] Ministry of Finance, PED: Public Investment Plan FY2011/2012-2013/14

[93] Warehouse Receipt System Act, 2006

[94] MFPED (2011):Public Investment Plan FY2012/12-2014/15

[95] MFPED(2011), Public Investment Plan FY 2012/12-2014/15

Findings

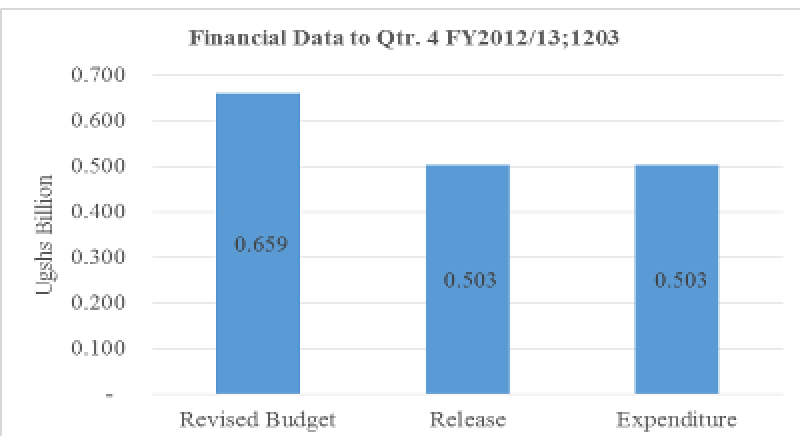
This section presents financial progress, physical progress and linkages between financial and physical performance of the project.

Financial Performance:

The revised development budget for the Ware house receipt system project in FY2012/13 was Ushs 0.659 billion of which 76% was released. All the received funds were expended. Expenditures under the project were distributed as follows: contributions to autonomous institutions (Wage Subventions) (31%),travel inland(3%),Contributions to autonomous institutions(19%), Printing, stationery, photocopying and binding (1%),Nonresidential buildings(19%), feasibility studies for capital works(5%), engineering and design studies and plans for capital works(5%),monitoring, supervision and appraisal of capital works(2%), fuel, Lubricants and oils(3%), subscriptions(6%), hire of venue(1%),workshops and seminars(5%).

The expenditures under the project were generally inefficient as majority of the expenditures did not directly contribute to the key development activities under this project; indeed some of the expenditures were diverted to activities outside this project. It is for that reason that the project did not register any key development output in FY2012/13.

FIGURE: 10.6



SOURCE: IFMS DATA

Physical performance

The Government of Uganda Warehouse Receipt System project did not achieve any development activity among the planned outputs. The warehouses that BMAU visited during FY2012/13 were generally supported with funding from the World food programme and European Union; these included a) Nyakatonzi Growers Co-operative Union and Elshaday General Trading Co ltd in Kasese b) Agroways (U) Ltd in Jinja District; c) Kapchorwa Commercial Farmers Asociation in Kapchorwa; d) Masindi Seeds and Growers limited (Masindi district) e) Gulu warehouse the (refer to BMAU Q2 Report FY2012/13).

It was further noted that Uganda Commodity Exchange (UCE) did not effectively undertake her supervisory role of the warehouses during the financial year partly due to the expiry of her mandate and under funding. As of June 2013, the prescription of period for performance of the functions of the authority by UCE as per section six of the Warehouse Receipt System Act, 2006 was extended to 2016 under statutory instrument no 33 of 2013, gazetted on 27th July 2013. It was further noted that salaries and wages of UCE staff and rent were in arrears of more than four months.

Conclusions:

The project is behind schedule and far from meeting the objectives set out in the National Development Plan of value addition to agriculture produce. None of the planned development activities was achieved by the end of FY2012/13 and majority of expenditures were on line items with no or very limited effect on the core objectives of the project. Existing warehouses have gone for over 10 months unsupervised which might affect the quality of produce among others. There were however some software activities achieved for instance trainings and sensitization of stakeholders in the warehouse receipt system usage, cooperative business management and entrepreneurship skills.

Recommendations:

The Ministry of Trade, Industry and Cooperatives should re-align the expenditures under the project to the core objectives. UCE should be funded to undertake the mandate prescribed in section six of the act.

The Ministry of Trade, Industry and Cooperatives should account for all resources released for implementation of the Warehouse Receipt System project.

10.3.3 Uganda Development Corporation (UDC)

Uganda Development Corporation (UDC) was established by the Uganda Development Corporation Act (Cap 329) of 1952 with the objective of facilitating industrial and economic development of Uganda, promote and assist in the financing, management or establishment of new undertakings; creating schemes for better organization and modernization, and more efficient carrying out of any undertaking; and conducting research into the industrial and mineral potentialities of Uganda[96].

Due to the economic liberalization policies implemented by the Government in the late 1980s, UDC wound up in 1998. However, given the need for Government to continue having an agency to facilitate the industrial and economic development of strategic projects, it was decided that UDC should be revived. UDC was therefore revived at the beginning of 2008.

[96] Laws of Uganda, chapter 326

During FY 2010/11, the revived UDC was assigned implementation responsibilities of two projects; namely, Soroti Fruit Factory (project code 1111) and value addition Luweero Fruit Drying Factory (project code 1128). During FY2011/12, UDC in partnership with development agencies undertook more projects including Kalangala Infrastructure Services (KIS).

Operational status:

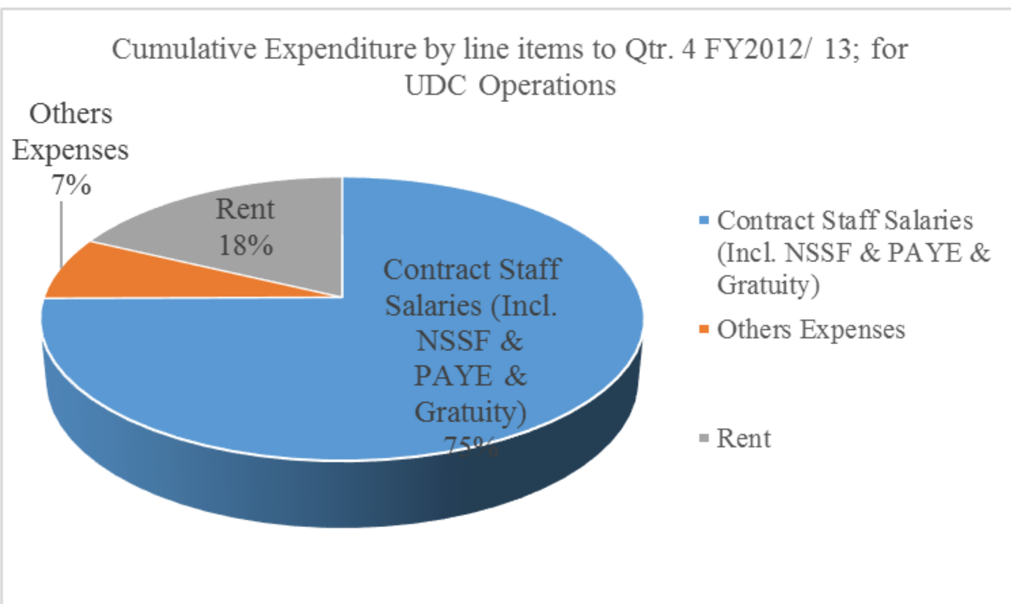
In FY2012/13 the Ministry of Trade, Industry and Cooperatives submitted a proposal to establish UDC. In May, 2013 the cabinet directed the MoTIC to work with First Parliamentary Council to re-establish UDC. It is anticipated that the bill will be tabled in parliament during the second quarter of FY2013/14.

Capitalization of UDC: UDC can only be capitalized after passing the bill establishing it. The entity will require more than Ushs300 billion for capitalization.

Financial performance of Uganda Development Cooperation Operations

The total budget for UDC operations in FY2012/13 was Ushs1,178,953,000 of which Ushs1, 178,460,144 was released. As of 30 June 2013, expenditure performance was at 99.5%. Expenditures were distributed as shown in figure 10.7

Figure: 10.7



Source: UDC

Project performance:

a) **Project 1111: Soroti Fruit Factory**

Background

The project is a proposed Government direct intervention aimed at providing value addition in fruit processing for promotion of industrial growth, income diversification and increasing household incomes in Teso region[97]. This region comprises the districts of Soroti, Kumi, Bukedea, Katakwi, Amuria, Serere, Ngora and Kaberamaido and is the leading producer of citrus fruits in the country. Oranges are the most popular type of citrus grown in the region with three major improved varieties, namely: Hamlin, Sweet Valencia and Washington Navel. Currently, there are approximately 2.9 million orange trees with an estimated production capacity of 576,000 tonnes a year. Out of these, only 49% (Hamlin and Valencia) can be considered for processing. The region also grows mangoes with estimated production at 170,000 tonnes. Consequently, the fruit processing facility will be expected to process oranges and mangoes; (concentrates and pulp).

A five acre piece of land was therefore allocated to this project within Soroti Industrial Park by Uganda Investment Authority. In February 2011, GoU received a grant offer for a turnkey fruit processing facility from the Government of South Korea. This grant is to be channeled through the Korean International Cooperation Agency (KOICA). According to KOICA's technical review, the processing capacity of the proposed facility is estimated at 6.0 tonnes per hour for oranges and 2.0 tonnes per hour for mangoes. This facility will operate for an average of 20 hours per day. The total value of the grant from the South Korean Government amounts to USD 7.4 millions as provisionally detailed in Table 10.7 below.

Table 10.4: Showing KOICA grant allocation by activity.

Item	Activity	Cost
1	Consultancy services, and construction of the facility with its primary waste water treatment plant, oil storage tank and welfare, administrative office.	USD 2,000,000
2	Procurement, freight, and installation of machinery and equipment.	USD 4,465,000
3	Training of the technical staff to be employed by the facility.	USD 935,000

Source: UDC

Expected Outputs

[97] Public Investment Plan FY2011/12-13/14

- Teso Tropical Fruit Growers' Cooperative Society registered;
- Acquisition and surveying of project site in the proposed Soroti Industrial Park;
- Feasibility and Environment Impact Assessment reports produced for the project;
- Geotechnical survey report produced;
- Designs and BOQs for all the project related civil works produced;
- Project site serviced with water, electricity, road network and ICT infrastructure;
- A fruit processing facility constructed in the Teso region;
- Machinery and equipment for the fruit facility procured and installed; and
- Operation of the fruit processing facility commenced;

Planned Activities in FY 2012/13

a. Consultant to undertake an Environmental Impact Assessment (EIA) for the dumping site procured;
b. Consultant procured to undertake designs and BOQs for the planned civil works and project infrastructure;
c. Designs and BOQs produced for the project civil works and infrastructure development;
d. Environmental Impact Assessment (EIA) report produced for the dumping site;
e. Project site serviced with water;
f. Project site serviced with electricity;
g. Land for waste disposal acquired in Soroti;
h. Land title for the factory acquired;
i. Land title for the dumping site acquired;
j. Road civil works contractor procured;
k. Construction of the fruit processing facility commenced;
l. Farmers reconstituted as productive units in the value addition process chain;
m. Project progress reports produced;
n. Plant personnel recruited;
o. Ground breaking for the project undertaken;
p. Project Taskforce meetings held;
q. Dumping site fenced;

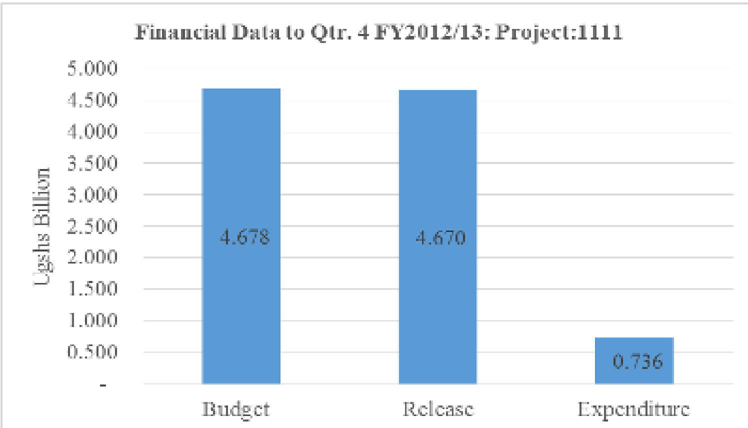
Findings

This section presents financial and physical progress.

Financial performance

In FY2012/13, GoU approved a total of Ushs 4.678 billion for this project of which Ushs 4.670 billion (99.9%) was released and Ushs 737.7 million was spent representing 15.8% expenditure against released funds. Expenditures under the project were on: construction of access roads to project site (52%-advance payment), mobilization and training of farmers as productive units of the value chain (28%), production of project progress reports (15%), EIA certificate issued for the project site by NEMA (3%), and procurement and installation of a 640m^3 water tank. It was further reported that the unspent balances were encumbered to road works, electricity, wayleaves and installation of water tank.

FIGURE: 10.8



SOURCE: UDC

The low absorption rate was attributed to late release of the funds. It was reported that funds were released two weeks to end of FY2012/13 and could not be absorbed before close of FY. It should be noted that part of the funds under this project earlier released were approved for virement to the COMESA meeting with a view of refunding it once the supplementary request for COMESA was approved. Some of the project activities that were affected by the re-allocation of the project funds and the delayed approval of the supplementary budget included: Road works; purchase of water tank and fencing off of the area where the factory is to be constructed.

Physical performance

The key output implemented in FY2012/13 was construction of common industrial facilities:

Roads works: The contract to construct 2km roads was awarded under the over sight of Uganda Investment Authority to MG Engineers on 28th May 2013 at a contract sum of Ushs1.85billion. The works effectively commenced in June, 2013 and are expected to be completed by 31st December 2013. As of August 2013, 1.3km of roads had been opened. (Details of road works are reported on under Uganda Investment Authority: Development of industrial parks project under 10.2.3.1).

Extension of Water: Water was extended to the project site and the 640 cubic metres water tank was yet to be installed.

Extension of Electricity: A section of the site has poles erected and stringing was complete awaiting installation of transformers. The other plots will pick power from the present site to achieve the entire distribution in the industrial park.

Structure for the security guards: a temporary brick structure was established at the factory location and handed over to Uganda Police for provision of accommodation to security guards.

Mobilisation of farmers: farmers in the districts of Bukedea, Soroti and Kumi had been reconstituted as productive units in the value addition chain through capacity building sessions including identification of key processes in fruit production and formation of cooperatives. Specific varieties of fruits required by the factory had been identified and training in pre and post-harvest handling practices undertaken.

Land for waste disposal: A 10 acre piece of land had been identified outside the industrial park to serve as a dumping site for solid waste; the modalities for acquisition are underway.

Environmental Impact Assessment: The National Environmental Management Authority issued the factory with an EIA certificate for the project site while the EIA for the dumping site awaits land acquisition.

Assessment and acquisition of way leaves for water and electricity: the Chief Government Valuer had been engaged to value the affected properties; UDC was awaiting submission of the valuation report to take necessary action.

Land title for the factory: The lease agreement for the project land had been signed between UDC and UIA; the deed plans were secured and land title processing was ongoing. The certificate of title was expected to be issued during Q2 FY2013/14.

Construction of factory: Ground breaking for construction of the fruit processing facility is expected to commence in January 2014.

Implementation challenges

Delayed implementation: This project which started in FY 2008/9 is behind schedule. Much as KOICA signed an MoU to fund the core components of the project, there is no clear indication on when the activities will take off.

Delays in the release of funds: the funds for the factory were released two weeks to end of FY an event that slowed down implementation of key activities like road works, purchase of solid waste treatment land, purchase of water tank, and fencing off of the area where the factory will be located.

Lack of collection centres: According to the master plan, there is no provision for setting up collection centres with cold rooms in the partnering districts.

Conclusions

By the end of the FY2012/13, most of the planned outputs had kicked off though behind schedule by over two years; the project registered low absorption of funds. The funders were expected to commence construction of the factory at the beginning of 2014: the activities which were not implemented such as recruitment of technical personnel and fencing of the dumping site hinged on completion of factory and acquisition of land which had not started and at early stages of procurement respectively.

Recommendations

UDC should expeditiously complete the outstanding works to enable the commencement of the fruit factory.

b) Project 1128: Value Addition Luwero Fruit Drying Factory

Background

The vision of the Government of Uganda is to transform the country into a middle income country by 2035 through promotion of value addition and agro-processing[98]. The key needs of the fruit farmers in the Luwero Triangle are: readily accessible markets, fair pricing for their produce, cost effective and easily accessible storage, and infrastructure and value addition. Due to lack of these requirements, Luwero Triangle was experiencing high post-harvest losses during peak production seasons. It is against this background that in February 2008, pineapple farmers in Luweero under the Natural Uganda Cooperative Society Limited (NUCSL) petitioned His Excellency the President for a fruit processing plant, to add value to their organic pineapples in order to attract both domestic and international markets. Originally, Government was to contribute 70% and the cooperative society 30% of the required funds.

The President directed the Ministry of Agriculture, Animal Industry and Fisheries and Ministry of Finance to take up the matter through a budget provision. During FY 2010/11, a total of Ushs 500 million was provisioned under the department of Investment and Private Sector Development of the MFPED to facilitate the process. Ushs 115 million was released to the cooperative society to procure five acres of land in Luweero Town council on which the processing plant was to be established. After procuring the land, it was noted that a feasibility study for this project had not been conducted and the cooperative society wanted government of Uganda to contribute 100% to this venture.

During FY 2010/11, UDC was tasked to regularize the activities of this project. The cooperative society was asked to return the land title and have it registered in the names of Uganda Land Commission (ULC); however, consensus building has taken time to guarantee beneficiaries that the project will succeed under the guidance of UDC.

Project objectives

- To promote value addition and agro-processing of agriculture produce;
- To increase the incomes of the fruit farmers in Luweero Triangle by providing a readily accessible and fairly priced market for their produce;

[98] Public Investment Plan 2011/12-2013/14

- To reduce current post-harvest losses of fruits; and
- Produce fruit juice, concentrates and pulp that exceed the local, regional, and international market standards.[99]

During FY 2012/13, UDC was transferred to the Ministry of Trade Industry and Cooperatives with this project.

Planned activities for FY 2012/13

- Conduct consultative meetings in order to harmonize interests of stakeholders in greater Luwero area;
- Conduct a feasibility study and Environmental Impact Assessment (EIA);
- Sensitize fruit farmers on the shareholding in Luweero Fruit Company; and
- Identify an investor/managing partner for the project and transfer of land title into the names of Uganda Land Commission.

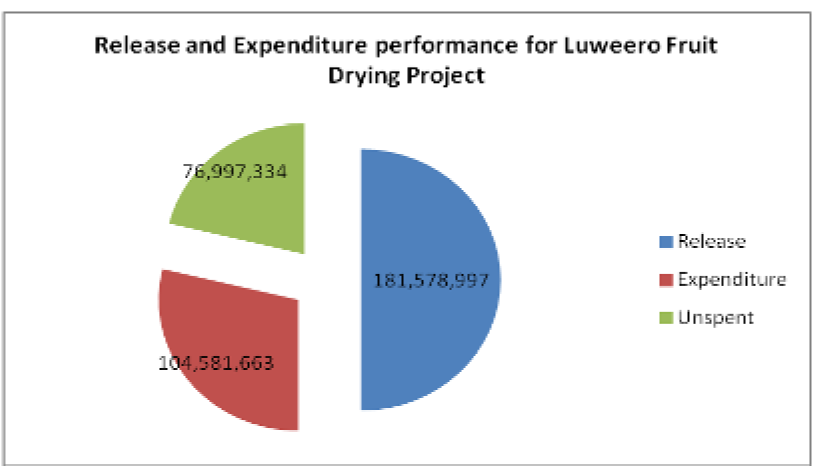
Findings

This section presents financial progress, physical progress.

Financial performance;

During FY 2012/13, a total of Ushs 181 million was approved and released of which Ushs 104 million was spent on feasibility study of the project representing expenditure performance of 58%. The low absorption was attributed to the fact that the final payment of the feasibility study had not been effected pending submission of final report. It was however noted that the award of contract for the feasibility study was made in the last quarter of the financial year.

FIGURE: 10.9



SOURCE: UDC

[99] MTIC 2013; "*Ministerial Policy Statement FY2013/14*", Kampala Uganda

Physical performance

Feasibility study and EIA: A consultant- Food and Nutrition Solutions Limited was procured at the end of May 2013 to undertake the feasibility study. The study commenced and a draft report had been submitted to UDC for review as of August 2013. The final report was expected by end of Q1 FY2013/14.

It was reported that the rest of the project activities will be re-aligned to the recommendations of the feasibility study, that is, identification of project co-investor, mobilization of farmers, effective acquisition of land and environmental impact assessment.

Conclusion

The project is behind schedule and had been characterized by weak management and poor absorption of funds before it was transferred to UDC. UDC had just commenced on the feasibility study and the EIA; realizing the fruit drying factory is therefore is likely to take longer than planned.

Recommendations

- Government should prioritize feasibility studies before scaling up industrial projects to eliminate avoidable expenditures and losses.
- UDC should fast-track implementation of the project to ensure that the deliverables are achieved.

c) Project 1240: Kalangala Infrastructure Services Project

Background

Kalangala Infrastructure Services (KIS) is a US$ 50 million Public Private Partnership (PPP) multi sector project, aiming at providing infrastructure, public services, and utilities to the residents of Bugala Island, Kalangala district, in a manner that is economically and commercially viable. It seeks to invest private capital into the provision of public goods and services (two ferries and upgrading of 66Km road to Class B gravel standard; 1.6 MW hybrid solar/diesel power generation plant, and construction of solar powered water supply system) for the underserved region but in a manner that ensures reasonable rate of return on investment and equity[100]. The maintenance and management of the components will be turned over to the Government on completion of the project.

Planned Outputs FY 2012/13

(i) Ordinary shares acquired in Kalangala Infrastructure Services;

(ii) Project progress reports produced; and

(iii) Project review and progress meetings held.

Findings

[100] MTIC 2012, "*Ministerial Policy Statement FY2012/13,*"

This section presents financial and physical progress.

Financial Performance

A total of Ushs 16,559,891,812 was approved for the FY2012/13, of which Ushs 16,559,891,812 (100% of the approved budget) was released and Ushs 16,559,891,812 expended in acquisition of allotted shares to GoU in Kalangala Infrastructure Services.

Physical Performance

UDC's role in KIS is shareholding while other activities will be implemented by the company. It was reported that UDC acquired 98.2% ordinary shares of the percentage allotted to it in Kalangala Infrastructure Services. The funds released for the output however were less by Ushs 308 million which is needed to acquire the full allotment of ordinary shares for Government of Uganda. It was noted that Ushs 308million had been allocated in FY2013/14 to allow acquisition of the outstanding ordinary shares.

The BMAU Q3 FY 2012/13 monitoring report highlighted that one ferry (MV Pearl) had been delivered and started operating between Bukakata and Bugoma landings, and two water systems in Mulabana and Kasekulo landing sites had been installed.

During the September, 2013 monitoring visit, it was noted that Johs Gram Hanssen had completed design of the second ferry (MV Ssesse) and submitted designs for approval by classification society. The materials for assembling of the ferry were reportedly in Mwanza-Tanzania and construction had commenced; the second ferry was expected to start operations by June 2014.

A) Construction of 66km Road from Luuku/Bugoma to Mulabana: During the month of March 2013, M/s Spencon Engineering Services was awarded a Ushs19,758,945,590 road construction contract supervised by M/s Gauff Consultants. Construction works were expected to be completed in June 2014.

Table 10. 5: Shows project summary

Project Name	**Construction of 66km road from Luuku/Bugoma to Mulabana**
Source of funding	Kalangala Infrastructure Services: Nedbank Capital, InfraCo Ltd, Industrial Development Corporation South Africa, Uganda Development Corporation (Government of Uganda)
Implementing agency	Kalangala Infrastructure Services
Supervision consultant	M/s Gauff Consultants
Contractor	M/s Spencon Engineering Services

Length of road	66km, 14 meters wide
Supervision commencement date	March 2013
Construction commencement date	March 2013
Construction end date	June 2014
Defects liability period	12 Months
Original contract price	Ushs 19,758,945,590/=
Supervision contract price	
Contract period	16 months
Advance payment	Ushs 3, 951,789,118/=
Actual time progress	33%
Actual financial progress	20%
Actual physical progress - cumulative	4%
Project scope Class B gravel standard	a) Accommodation of public traffic passing through or around the works, maintenance of the existing road prior to its upgrading and construction and maintenance of deviations; b) Site clearance and earthworks along the site inclusive of formation of all drains, site ditches, junctions and minor link roads. c) Construction of embankments over swamp crossings; d) widening of the existing road carriage way and shoulders e) reprocessing the existing gravel wearing course, including provision of additional material to form a new improved sub-grade; f) Construction of new gravel sub base; g) Construction of gravel wearing course h)construction of a single Bituminous surface treatment to selected areas to steep vertical gradient; i) A combination of demolition and removal of existing culverts and construction of new culverts and drainage structures including construction of head walls and wing walls; j) Supply and installation of road furniture; k) Relocation of services; l) Construction of gabion works; m)Finishing of the roadway and road reserve; n) Environmental mitigation measures such as rehabilitating old and new borrow pits, landscaping and grassing, HIV/AIDS awareness campaigns; o) Correction of defects during the 12 months defects liability period.

Source: Field findings and Gauff Consultants

At the time of monitoring (3rd- 4th September, 2013); BMAU established that 14 Km had been surveyed; while 5Km of the 8Km that was effectively handed over to the contractor had been

Section of the road reserve with palm trees, filled area at KM 39 and materials at camp site in Bwendero graded. Ten lines of 900mm diameter armco culverts had been installed in nine locations while the following activities were ongoing in the different locations: cut to fill at Km 40; fill to formation at Km 39 and installation of culverts at Km 39.

The contractor had set up and equipped the materials laboratory and was reportedly carrying out HIV/AIDS sensitization, safety training for workers and providing safety gear. 95% of the people affected by the road for implementation of a resettlement action plan had been covered and valuation of properties affected by road expansion was at 50%. Overall percentage progress was 4% against the 33% of the elapsed time and 20% financial progress.

Challenges

Slow progress: The slow pace is in part due to low mobilization of equipment by the contractor, heavy rains, and lack of a fully handed over site to the contractor. Partial handover is largely due to existence of palm trees (approximately 2,800 trees) within the road reserve. The plantation owners had valued each tree at US$150 in compensation and insisted that only 1,000 trees be removed as felling palm trees had far reaching effects to the oil palm producing company-BIDCO. It should be noted that any further delays in project implementation will result in cost and time overruns.

B) Energy: Generation, transmission and distribution of 1.6Mega watts:

Following the feasibility studies on suitable location with the highest amount of sunshine on Bugala island. The District Local Government approved a five acre piece of land in Bukuzindu, Bbeta Parish, Mugoye Sub County as the location for the hybrid solar and Heavy Fuel Oils power generation site. In March 2013, M/s Ferdsult Engineering Services was awarded a contract to implement the power generation and transmission project supervised by M/s Newplan Limited.



Delivered electric wires, solar study station and some of the low voltage poles at the power site in Bukuzindu

During the monitoring visit, three acres (for installation of equipment) had been fenced off. Some of the equipment to be used in solar power and heavy fuel generation had been delivered to the project site and orders for additional equipment had been made. The contractor had delivered and installed over 50% of the poles for the low voltage line and was clearing way leaves for the high voltage transmission line in places where access had been granted. Physical progress for the High Voltage line was estimated at 15%. The project was expected to be commissioned by June 2014.

Challenges: Delayed installation of poles: The delays in pole erections is related to way leaves acquisition as some sections still have palm trees while others run through private land.

C) Access to piped water services:

It was reported that KIS had commissioned two solar powered pilot treated water supply systems at Kasekulo and Mulabana landing sites both serving a population of about 5,000 people. Each of the schemes was said to have cost the company an average of US$ 25,000 each. It was reported that about 20 public water points are connected to Mulabana system and 14 connected to Kasekulo. A 20 litre jerry can of water costs Ushs 100 shillings at any of the public points of sale. Demand for treated water was said to be increasing in the two locations although it was still low. The project is still assessing the viability of extending clean water services to five other settlement areas on Bugala Island as part of replicating the prototype water supply systems.

(Left) Solar powered water station and (Centre) one of the public taps in Mulabana. (Right) Water station in Kasekulo with two suspended 10,000 litre tanks

Conclusion

Government of Uganda generally met its obligation through financing the acquisition of ordinary shares in KIS and implementation was on target at different fronts including power generation, ferry construction and water works; implementation was however behind schedule on road works due to acquisition of way leaves and partial handover of project site as well as slow consensus building on removal of palm trees from road reserves and private land.

Recommendations

- Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), Ministry of Lands, Housing and Urban Development, Ministry of Works and Transport, Uganda National Roads

Authority and BIDCO Uganda Limited should urgently resolve the issue of removing palm trees from the road reserve to allow smooth project implementation.

- Affected persons by road and electricity transmission works should urgently be compensated to avoid any possible project resistance. Compensation will allow for full handover of project sites.
- The road contractor should be compelled to fully mobilize equipment in order to avoid further implementation delays.

10.4 Uganda National Bureau of Standards (UNBS)

UNBS was established as a semi-autonomous body by an Act of Parliament in 1983. UNBS' mandate is provided in the same Act as: develop and promote standardization; quality assurance; laboratory testing and metrology to enhance the competitiveness of local industry to strengthen Uganda's economy and promote quality, safety and fair trade. The vote's mission is to: *Enhance national development through the application of standards in trade and industry and consumer protection*.

UNBS acquired 15 acres of land in Bweyogerere Industrial park for construction of its headquarters and associated laboratories. Works were phased into packages aligned to the anticipated resource envelope in the medium term expenditure framework.

Findings

This section presents financial and physical progress of the development project under UNBS for the FY 2012/13.

Financial performance:

The approved development budget for the project: support to UNBS in FY2012/13 was Ushs 2.860 billion of which Ushs1.5 billion was released. Allocative efficiency for UNBS in FY2012/13 was good as expenditures were on construction works of office block, verification/calibration gantry, procurement of six vehicles, procurement of heavy duty servers, printers and all planned laboratory equipment.

Physical performance

During the annual monitoring visit (September, 2013), BMAU followed up the only development project implemented during the FY2012/13. The construction of UNBS headquarters was contracted to M/S Metallurgical Construction Company at contract sum of Ushs.16, 241,286,948.

It was established that phase one A (Construction of the shell block with basement, ground floor

Completed shell structure, and ongoing outer and internal finishes of UNBS headquarters and four floors) of the building had been completed at a cost of Ushs4.3 billion. All the payments had been made by the close of the FY except for the retention component totaling to Ushs 0.4 billion.

Phase one B (Plumbing, electrical installations, cabling, outer finishes using aluminium and steel) had commenced and works were ongoing on site. The contract amount is Ushs4, 094,619,052 including value Added Tax. The different components were at different levels of completion with plumbing at 70% while electrical installations at 50%. Overall completion rate of phase one B was reportedly at 25%. The contractor anticipated to complete phase 1B works in February, 2014. The key outstanding works included: installation of tiles, installation of aluminum frames, window glasses and steel outer finishes.

Challenges

Inadequate releases: UNBS tried to optimally utilize the releases but was failing to meet the expected outputs due to inadequate funding for instance; the agency received zero development release for Q4 in spite of ongoing works and outstanding contract.

Conclusion:

The construction of the office block is on target with good financial efficiency. Phase one A had been completed at a minimum of Ushs4.3 billion and phase one B was under implementation. The project has however been affected by the untimely and inadequate release.

Recommendation

MFPED should provision adequate fund to UNBS to facilitate completion of the outstanding works on the development project. Completion of this project will enable UNBS to independently undertake her mandate and save government resources spent in office rent.

10.5 Vote: 110: Uganda Industrial Research Institute (UIRI)

The vote's mission statement is 'to catalyze the social economic transformation of Uganda and the region, through enhanced technology use, carry out applied research and develop or source appropriate technology in order to create a strong, effective and competitive industrial sector for the rapid industrialization of Uganda[101].

UIRI's core objectives are to: Undertake applied research for the development of optimal production processes for Uganda's nascent industry; develop and acquire appropriate technology, in order to create a strong, effective and competitive industrial sector; act as a bridge between academia, government and private sector with respect to commercialization of innovation and research results; spearhead value addition activities in conjunction with national development priorities; lead the national effort in technology transfer and technology diffusion,

[101]UIRI: MoTIC (2013) Ministerial Policy Statement;

to assure the deployment of appropriate technologies; and to encourage and promote the use of good manufacturing practices[102].

The agency aims at increasing opportunities for job creation through new value addition enterprises, support the increase of agricultural output by creating new markets for farm produce, mitigation of economic losses incurred by farmers as a result of post-harvest losses especially for perishable produce, create efficiency in exploitation of natural resources, support nationwide efforts for improved product competitiveness in terms of export quality, quantity and high manufacturing standards.

Findings

This section presents financial progress, physical progress and linkages between financial and physical performance of the project.

Financial Performance

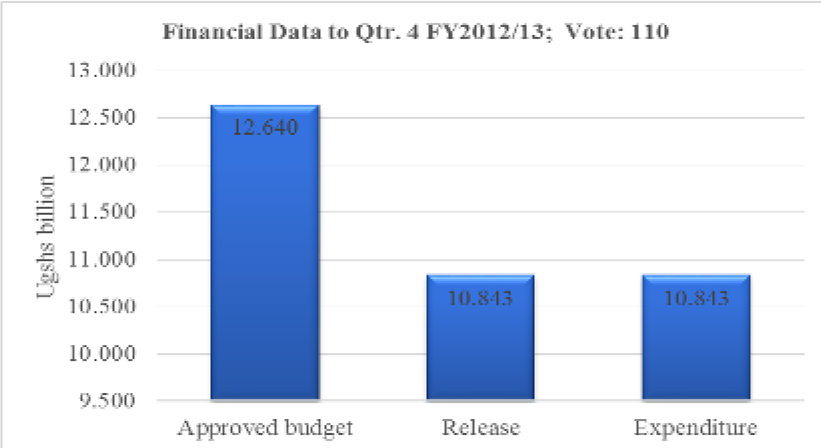
The approved budget for the vote excluding taxes, arrears and non-tax revenue for FY2012/13 was Ushs12.640 billion[103] of which 86% was released; all the released funds were expended by the end of the FY. During the FY, resources were distributed as follows: contract staff salaries (38%), machinery and equipment (21%), water(1%), Insurance(1%), Information and communications(1%), Guard and security services(1%),general supply of goods and services(16%), Social security contributions(4%), electricity(2%), staff training(1%),maintenance machinery, equipment and furniture (3%), nonresidential building (3%), property expenses, maintenance civil (3%), medical expenses to staff (2%), travel abroad(1%), fuel, and Lubricants and oils(2%).

Allocative efficiency in the vote expenditure in the FY2012/13 was good as majority of expenditure was on employees and equipment which are important factors in research which is a core function of the vote.

[102] UIRI: MoTIC (2011)Ministerial Policy Statement

[103] MFPED, Approved Estimates of Revenue and Expenditure, FY2012/13 Vol. 1

FIGURE: 11.0



SOURCE: UIRI

Physical performance

During FY2012/13 monitoring, BMAU reviewed the performance of Arua Fruit Factory, UIRI headquarters, Potato Processing Plant in Kabale, Bamboo Processing Plant in Kabale, Fruit Juice Processing Project in Kayabwe and Lira Peanut Research and Processing Centre;

a) Arua Fruit factory

UIRI in partnership with an *incubatee* (Mr. Emmanuel Ajedra) planned to promote fruit production and value addition through processing of fruits in West Nile region. In FY 2009/10, UIRI approved a proposal to setup the facility in Arua district. The facility is located at a piece of land owned by the *incubatee* within Arua Municipality, two kilometers along Arua-Koboko road.

The project was selected because of its viability based on fruit production data. West Nile region was said to annually produce over 4,000 metric tonnes of citrus fruits, 1,000 metric tonnes of mangos, 500 metric tonnes of tomatoes, 200 metric tonnes of passion fruits and 40 metric tonnes of pineapples. On completion, it was anticipated that the 500 litres of fruit pulp will be processed per hour.

Financing

In October 2010, M/s Plan Build Technical Services signed a contract at a sum of Ushs.685 million to establish the factory within a period of seven months. UIRI was to procure equipment for the plant at a cost of Ushs.465 million.

Table.10.6: Project Details for construction of Arua Fruit Juice Processing Factory

Item	Project Details
Project Name	Construction of Arua Fruit Juice Processing Factory

Client	Uganda Industrial Research Institute
Architect	Afrotec
Supervisor	UIRI (Technology Department) and Arua District Engineer
Contractor	Plan Build Technical Services
Contract Price	Ushs. 685,000,000
Project Duration	Seven Months
Start Date	28th October 2010
End Date	30th May 2011
Revised End date	4th October 2011
Actual Completion Date	2nd September 2012
Scope	Construction of factory plant with substructure, superstructure, roofing, installation of windows and doors, drainage system with waste water tanks, two 10,000 liter water tanks, plumbing and electrical installation, painting; parking yard paving, fencing and re-gravelling of road from factory to main road (200meters)

Source: Incubatee/UIRI

Physical performance:

Previous BMAU monitoring in FY2011/12 indicated that; the facility was substantially complete and was handed over to UIRI, in September 2012. The structure was under defects liability period ending 12th March 2013. A number of defects had been identified and brought to the contractors' attention. Defects included; leakages in the cold room, poorly installed; gutters, strips, splash aprons, drainage covers, leaking roof, cracked wall tiles in the processing area and inadequate water reservoir frames.

During the August 2013 monitoring visit, it was established that some of the defects like; leaking roof, enhancement of the water reservoir frames had been addressed while other defects remained un-addressed as the contractor was terminated due to non compliance to requirements.

It was further established that a power line was extended to the project site and a single phase transformer instead of a 33kva installed; water was extended to the factory. It was reported that negotiations with WENRECO (the power distributor in the region) to extend a 33kva line to the factory were in advanced stage.



Delivered and installed equipment, single phase transformer and grassed compound besides the factory in Arua

External works; fencing and paving of the parking area as well as gravelling the 100meters from the main road remained outstanding. The *incubatee* reported his willingness to level the compound around the factory so that UIRI can take on the other related civil works.

Delivery and installation of equipment: It was established that the following equipment had been delivered to the factory: a pulper, a pasteurizer, bottle capping machine, three holding tanks, four stainless steel tables, hook weighing machine and compressor.

The key equipment yet to be delivered included: Cold room freezing equipment; microbiology and chemistry laboratories equipment; a homogenizer; six air turbines for the processing room; special sockets for the weighing scale, and ground stainless steel gutters. It was observed that there was no provision for finished products storage facility.

Physical progress was estimated at 90%. The incubatee reported that the management structure was already in place and staff for key production positions had been interviewed. The facility is expected to directly employ 15 people on commencement and approximately 37 people in the long run. '*Nile Natural Juice*' trademark had been adopted and labels for pineapple, orange, mango and passion flavors approved.

Commercialization progress: The incubatee reported that laboratory tests on the varieties of fruits to be grown had been carried out at the UIRI; from the results; mango processing will concentrate on ten varieties. The factory intends to sell finished products to markets within a radius of 200Kms; focusing on the northern region, Congo, Sudan and special orders to Kampala. Whereas the incubatee planned to process other fruits (tomatoes, tamarid, passion fruits), the delivered equipment was purposely meant for mango juice processing.

Extension services: In addition to activities under NAADs, the incubate reported that two agents in each sub county of Arua, Yumbe, Nebbi and Moyo had started sensitizing and training farmers in planting, growing and harvesting the required varieties.

Raw materials: It was reported that the region had the required raw materials to sustain fruit processing. Results from the *mobile processing van* from Makerere University, School of Food Technology Nutrition and Bio-Engineering during the month of May 2013 reportedly returned 70 metric tons of mango pulp in Yumbe district alone. However, this was composed of mixed fruit varieties from small holder farmers. According to the *incubatee*, plans to plant 500 acres of mangos to serve as the factory plantation were under way.

Challenges

Lack of alternative power and water source: It was noted that absence of alternative power source is risky as the processed products are highly perishable and can go bad in case of load shading. The absence of an alternative water source can equally interrupt processing of fruits incase of water shortages. There are however plans to have a borehole sunk for emergency purposes and also to generate power (1.6MW) from the mango wastes in future.

Delayed rectification of the defects: the defects rectification has persisted and more defects have arisen like the cracks in the walls that developed during the installation of the weighing machine.

Low capacity of the installed transformer: The installed transformer (single phase) is unable to power large motors and heavy loads either sequentially or simultaneously. There is however hope that a three phase power line and transformer would be extended to the factory once the GIZ funded transmission line to Koboko is executed.

Lack of transport facilities: It was observed that although delivery and installation of equipment was substantially complete, raw materials to kick start the factory are scattered in several parts of the region, yet the factory does not own a refrigerated truck (cold chain transport) or any other form of transport.

Inadequate startup capital: It was observed that the *incubatee* does not have sufficient capital to invest in acquisition of raw materials, staff salaries, transport units and other software requirements necessary for business to take off.

Lack of project feasibility study: It was noted that implementation of this project was not premised on a thorough feasibility study. A number of bottlenecks would have been identified at that stage and mitigation mechanisms put in place. There was no clear post construction management plan of this facility.

b) UIRI Headquarters

During the course of the financial year, other UIRI activities were reviewed. Below is the summary of implementation progress of other UIRI projects monitored in previous quarters.

- **Product Development Department**

It was noted that there various activities of research and development in the sections of Ceramics Section, Microbiology Laboratory, Chemistry Analytical Laboratory, and Research Laboratory as detailed BMAU Q3 report FY 2012/13.

- **Product Systems Department**

It was established that a number of incubation related activities where ongoing which include: provision of common facilities such as physical space, shared services, skills training and business legal advice to facilitate the operations of selected entrepreneurs and assist them until graduation when they have capability on their own.

- **Technology Development Centre**

A number of projects were ongoing/accomplished under the civil works division. The engineering division was noted to be involved in metal fabrication of a variety of products. The ICT division was noted to offer services to the incubatees and other interested members of the public. The instrumentation division was also offering technical skills capacity development for: system diagnostic testing; equipment repair, calibration, electronics design, assembling, testing, troubleshooting and servicing.

c) Potato Processing Plant in Kabale

During the year, it was reported that product certification process was ongoing and the products were available in most of the supermarkets in Kampala, Mbarara and Kabale. Remodeling of

Kabale staff house at the potato and bamboo processing plant was at procurement stage. The works will include construction of staff housing, retaining wall, and toilet facilities.

d) **Bamboo Processing Plant in Kabale**

During the course of the FY 2012/13; civil works had been completed including construction of a sub-base structure for the bamboo dryer, bleaching unit and boiler tank. All machinery had been delivered and installation process was ongoing. Trial making of mats, curtains, table mats and toothpicks was ongoing.

e) **Fruit Juice Processing Project in Kayabwe**

It was observed that the factory was operational with trial runs for orange juice brand named *Splendid Orange Fruit Drink* with a shelf life of six months. Arrangements to start processing pineapple juice were at advanced stage. It was reported that the facility had a processing capacity of 185 litres of juice per hour at full capacity; however, intermittent power supply was affecting manufacturing processes. UIRI had not identified a partner with ability to invest in this project as the Kasaka Womens' Group lacked adequate capital to run the project as a business.

f) Lira Peanut Research and Processing Centre

The facility was operational and had a production capacity of six tonnes per month. Peanut butter processed had been branded as crunchy and smooth. The UNBS product certification was attained in November 2012 for the two brands of butter. The products were tested on the market during the year.

Conclusions:

UIRI has made significant contributions in industrial applied research and support of incubatees in the country. A number of value addition industries have been established and a number of them are operational with hundreds of Ugandans getting employed and increasing their household incomes. There are however some bottlenecks in implementing industrial projects such as lack of feasibility studies, limited access to financial services among most of the incubatees, inadequate releases and length procurement processes.

Recommendations:

Timely release: MFPED should timely release funds to the UIRI and UIRI should timely fund the activities for early completion of the outstanding works at Arua fruit factory.

Capacity building of farmers: there is need for more capacity building of farmers to ensure that the required varieties by the factory are grown by farmers. This can also extend to trainings on pre and post-harvest handling.

CHAPTER 11: MICROFINANCE

11.1 Background

MSC is a Government owned company established in 2001 to manage all Government of Uganda micro-credit programmes. It is responsible for facilitating access to affordable, sustainable and convenient financial and business development services to active and productive Ugandans. The overarching policy framework within the Microfinance Support Centre Ltd (MSC) operates in is Prosperity For All (PFA) 2006 which succeed Poverty Eradication Action Plan (PEAP).

Through the Government of Uganda's Rural Financial Services Strategy (RFSS), the company is mandated to play a leading role in financing the whole value agricultural chain and in promoting the sustainability of rural enterprise.

In the last ten years, MSC has managed the Poverty Alleviation Project, the North West Agricultural Development Project (NSADP) and the Rural Microfinance Support Project (RMSP). Currently, MSC is implementing the flagship project - The Rural Income and Employment Enhancement Project (RIEEP), jointly funded by the African Development Bank (AfDB) and the Islamic Development Bank (IsDB); in the amount of USD 27m over five years. RIEEP contributed towards poverty eradication in rural Uganda, by facilitating access to and utilization of affordable financial and business development services to about 1.4m rural poor.

11.2 Objectives

- To act as a linchpin of Government for delivery of Rural Financial Services.
- To provide Business Development Services to primary co-operative societies e.g Savings & Credit, Production and Marketing Cooperative Societies, Micro-finance Institutions, Credit, Marketing and Production Unions and SMEs.

11.3 Scope

The period under review was the financial year 2012/13 and assessing the Company's sources of funding for the year under review, budget performance and portfolio management. The exercise covered the MSC haed offices and zonal offices of Gulu, Iganga, Masaka, Soroti and Mbarara.

11.4 Activities of Microfinance Support Centre

In order to take services nearer to the communities, the company offers its services through twelve zonal offices across the country (each zonal office covers seven to twelve districts).

MSC offers a number of products administered through the zonal offices to the clients and these Include;

The Agricultural Loan*:* Funding is extended to support productivity enhancement, asset acquisition, bulk purchasing and construction of farm housing.

The Environmental Loan: Funding is extended to support environmental and clean energy products i.e. Production of solar, biogas and energy savings stoves, agro-forestry, Water harvest, sanitation and environmental conservation.

The Special Interest Group Loan: Funding is extended to Women, Youth, and Persons with Disabilities, Elderly Persons and Weak SACCOs. A Business Enhancement loan is extended to weak SACCOs to prepare them for other MSC funding programmes.

The Commercial Loan: Funding is extended to institutions for onward lending to their members engaged in trade and service activities.

Small and Medium Enterprise (SME) Loan: This product targets businesses with minimum annual sales turnover of 50 million shillings for agricultural related SMEs and 70 million shillings non agricultural related SMEs. It considers activities in agriculture value addition, distributors and transporters of agricultural produce, small scale manufacturing and mining, commercial tree planters and traders.

11.5 Findings

11.5.1 MSC Headquarters

Staffing issue

During the financial year several training programs were undertaken in the areas of leadership and management, professional financial cooperative management, procurement and contract management, risk management, credit risk management, business planning skills and performance management.

The company has recruited an Executive Director, Chief Internal Auditor, Assistant Manager Procurement, two other full time staff and ten volunteers this financial year. Four members of staff have resigned this financial year.

Assessment of MSC Source of funding

The sources of funding for the MSC 2009-2014 Strategic Plan are expected from, the GoU, the African Development Bank (AfDB), the Islamic Development Bank (IsDB) and interest Income.

Table 11.1 Sources of funding for MSC for the period financial year 2012/2013

Source	Planned Ushs. (Million)	Actual Release Ushs (Million)	% Release performance
Receipts of credit funds			
Reflows for Credit	19,200	27,816	145
GoU Credit Support funds	-	-	-
RIEEP Credit funds	32,000	26,500	83
IDB funds	-	-	-
Total funds available for Credit	**51,200**	**54,316**	**106**
Operation and Capital Expenditure funds			
GoU Operations support funds	4,997	4,850	97
RIEEP Operations funds	2,112	441	21
IsDB	315	401	127
Reflows/Interest	4,200	5,437	129
Collection for written off loans	50	32	64
Sale of Motor vehicle	50	-	-
Total funds available for operations	**11,724**	**11,161**	**95**

Source: MSC Headquarters

Credit funds Receipts

The above table 11.1 shows that MSC did not plan for any credit fund from GoU and IDB and did not received any during the financial year. The Company received Ushs 26.5 billion (83% of the plan) from AfDB and Ushs 27.816 billion was realized from loan repayments (145% of the target). Therefore a total of Ushs 54.3 billion (106% of the plan) was available as credit funds during the financial year 2012/2013.

Operational fund receipts

The Company's recurrent expenditure caters for support to both MSC's clients and the Company's operations. Table 11.1 above shows that Ushs 11.16 billion (95% release performance) was realized, the majority of the funds were from GoU and interest payments on loans.

Credit disbursements

Table 11.2 Credit disbursements for the financial year 2012/2013

Item	Plan	Actual
Number of loans disbursed	588	187
Amount disbursed Ushs (million)	36,000	20,625
Cumulative repayment rate (%)	At least 95%	89%
Total outstanding portfolio Ushs (billions)	Benchmark is increasing portfolio	49,414

Source: MSC Headquarters

During the financial year 2012/2013, the Company disbursed 187 loans i.e 32% of the planned 588 loans. The Company disbursed Ushs 20.6 billion which is only 57% of the planned disbursement (See table 11.2).

There are three main reasons for the low disbursement rate in the financial year namely:

- Poor Governance and management practices especially in SACCOs which have led to a slowdown in loan disbursement. In the financial year therefore, all efforts were focused on delinquency control and management with emphasis being put on loan follow up, recovery and initiating legal action against the defaulters,
- As a delinquency control measure, there was a policy shift with a need to provide security for all loans above USHS. 100 M, regulating the number of loans a client could have at any one particular time to 3 and to have paid at least 30% of the current loan before a follow on loan could be accessed. The new policy measures led to some clients failing to meet the eligibility criteria for loans, and delays in perfecting the securities because of the closure of the Land Office since December 2012 until end of April 2013.

Portfolio Quality

The cumulative repayment rate as at end of June 2013 was 89% (Table 11.2). This is below the benchmark of 95%. The value of the outstanding loans as at 30 June 2013 was Ushs 49,413 million.

The quality of the portfolio is shown in Table 11.3 below.

Table 11.3 Quality of the loan Portfolio as at 30 June 2013

Ageing status of the portfolio at risk	Value of O/S loan balance	
	Value (Ushs)	% of Total
Current loans	31,667,975,281	64%
1-30 days	1,182,927,173	2%
31-60 days	468,213,680	1%
61-90 days	1,464,266,978	3%
91-270 days	5,106,927,347	10%
271-365 days	4,878,588,664	10%
Over 365 days	4,644,934,027	9%
Total	**49,413,833,150**	**100%**

Source: MSC Headquarters

The value of outstanding loan balance (for all the funds) with arrears greater than one day (P.A.R >1 day) was USHS 17,745,857,869. The value of outstanding loan balance (principal only) with arrears greater than 90 days (i.e. P.A.R > 90 days) was USHS 14,630,450,038 giving a P.A.R > 90 days of 29.6% of the outstanding portfolio of USHS **49,413,833,150** which was higher than the target of 5%.

The reasons for the poor performance are diverse, but the progress reports obtained have highlighted some below:

- Inadequate follow up of clients arising out of lack of adequate staff relative to the size of the portfolio and the diverse nature of the operating areas. Out of the 12 zonal offices, only two (i.e. Arua and Kampala) are fully constituted. The rest of the zonal offices have skeleton staff.
- Furthermore, there have been instances of loan diversion. This is common with all client segments. This is compounded by lack of quick follow up because of limited staff in the ZOs.
- Poor Governance and Management experienced in some SACCOs. This has manifaced in such a way that the executive committees and Management staff have in some instances deliberately misappropriated funds and outright theft or collusion to defraud the insitutuion.
- In addition, some Politicians and District Authority personnel have borrowed from the SACCOs and have failed to pay back in time. The impact of this scenario has negatively affected the quality of the loan portfolio as SACCOs constitute the biggest segment of MSC clients.

In order to overcome the above short comings, MSC Ltd has proposed the following measures to be undertaken;

- The company is in the process of filling the vacant positions in the respective zonal offices to ensure that there is adequate staff to handle the tasks in the zones including vigorous client follow up
- Continuous training of staff in new initiatives in credit delivery methodologies.
- A phased approach to client funding is being implemented with a view of assessing how this initiative will minimise loan diversion
- BDS will continue to be offered to the SACCOs on the importance of maintaining good governance principles

11.5.2 MSC Gulu zonal office

Gulu MSC zonal office serves fifteen districts of Agago, Alebtong, Amolator, Amuru, Apac, Dokolo, Gulu, Kitgum, Kole, Lamwo, Lira, Otuke, Oyam, Nwoya and Pader.

Summary of Gulu MSC zonal performance

Table 11.1: Summary of FY 2012/13 Annual performance against target

No.	Indicator	Benchmark	Target FY 2012/13	Actual FY 2012/13
1	Number of loan applications received	According to the quarterly work plans	27	19
2	Number of loan disbursed	According to the quarterly work plans	34	7
3	Value of loans disbursed during the period in (Ushs million)	According to the quarterly work plans	3,030m	225m
4	Value of outstanding loan portfolio (Ushs million)	Increasing	12.5bn	13.37bn
5	PAR > 90% days (percentage of loan portfolio)	Not > 5% of total o/s loan	74%	96%
6	Cumulative repayment rate (%)	At least 95%	86%	15%

Source: MSC Gulu

The number of loan applications received was less than targeted because most clients targeted by the zonal office did not apply and the loans disbursed were as well lower than targeted. The value of the loans disbursed were only 7% of what was targeted. Most loans were not approved due to poor portfolio quality and poor records.

The loan portfolio as at 30 June 2013 was Ushs 3.32 billion, had deteriorated compared to the end of FY2011/2012 (Ushs 4.1 billion).

The cumulative repayment rate of 15% as at 30 June 2013 was too low compared to the target. The team established that, this is attributed to the bad loans with Lango Union and Amurru farmers who hold a big proportion of the zonal office loan portfolio.

The loan Portfolio at Risk (PAR) as at 30 June 2013 was 96%, this is very high compared to the benchmark of 5% . The zonal manager explained that Lango Union and Amurru Farmers have contributed so much to the poor PAR and that they have already been served with court sermons.

Challenges

During interaction with the zonal manager, the following were the key emerging issues affecting implementation of activities at Gulu zonal office.

- Low Outreach. The outreach to the potential clients for the services and products offered by MSC is still low. The small enterprises within the town have no knowledge about the services or products of MSC.
- Poor repayment culture. The people in the Acholi region are used to free handouts from government and other organizations within the region which have been reflected in the poor repayment rate.
- Political interference, most politicians have instilled a belief within the people that MSC fund is free money which should not be repaid once taken or accessed. This has worsened the repayment culture in the region.
- High staff turnover particularly at the SACCOs, the zonal office has tried to build capacity at the SACCOs but because of the poor pay at the SACCOs their staff leaves for better jobs.

11.5.4 Iganga MSC zonal office

Iganga MSC zonal office serves ten districts of Bugiri, Buyende, Iganga, Jinja, Kaliro, Kamuli, Luka, Mayuge, Namayingo and Namutumba.

Summary of zonal performance

The Annual performance against target for FY 2012/13

Table 11.2: Summary of FY 2012/13 Annual performance

No.	Indicator	Benchmark	Target FY 2012/13	Actual FY 2012/13
1	Number of loan applications received	According to the quarterly work plan	88	45
2	Number of loan disbursed	According to the quarterly work plan	67	15
3	Value of loans disbursed during the period in (Ushs million)	According to the quarterly work plan	1,395	510
4	Value of outstanding loan portfolio (Ushs million)	Increasing	1.7bn	1.392bn

5	PAR > 90 days (percentage of loan portfolio)	Not > 5% of total o/s loan	14%	67%
6	Cumulative repayment rate (%)	At least 95%	85%	52%

Source: Iganga MSC

Table 11.2 shows the number of loan applications received in the year was only 51% of the targeted because most applicants targeted did not fulfill the required conditions in time. The number of loans disbursed was only 22% of the target. The number of the loans disbursed was very low because most of the applicants had poor quality portfolios and governance problems.

The value of the outstanding loan portfolio as at 30 June 2013 was Ushs 1.392 Billion but 67% of the portfolio is at risk of default (loans in arrears of more than 90 days).

The poor repayment culture of the clients is reflected in the cumulative repayment rate that was targeted at 85% but only 52% was realized.

Challenges

During interaction with the zonal manager, the following were the key emerging issues affecting implementation of activities at Iganga zonal office.

- High default rates by clients; this arises from the fraudulent tendencies and the incompetence of the board of the institutions like SACCOs who can hardly monitor and supervise their institutions.
- Multiple borrowing by the SACCOs; this has caused overindebteness among zonal clients and as a result they are unable to repay the loans when they fall due.
- Low capabilities of staff at the SACCOs; most of the SACOOs are unable to employ competent staff and as a result, these institutions are unable to generate financial reports and also unable to follow up the recovery of the loans.

11.5.5 Masaka MSC zonal office

Masaka MSC zonal office serves eight districts of Bukomansimbi, Kalangala, Kalungu, Lwengo, Lyantonde, Masaka, Rakai and Sembabule

Summary of zonal performance

Table 11.3: Summary of FY 2012/13 Annual quarterly performance

No.	Indicator	Benchmark	Target FY 2012/13	Actual FY 2012/13
1	Number of loan applications received	According to the quarterly work plan	56	43
2	Number of loan disbursed	According to the quarterly work plan	56	37
3	Value of loans disbursed during the period in (Ushs million)	According to the quarterly work plan	2,700	1,873

4	Value of outstanding loan portfolio (Ushs million)	Increasing	3,100	2,897
5	PAR > 90 days (percentage of loan portfolio)	Not > 5% of total o/s loan	3%	4.3%
6	Cumulative repayment rate (%)	At least 95%	99%	99%

Source: Masaka MSC

Table 11.3 above shows that the zonal office received 77% of the loan applications targeted and a good number of them were disbursed.

The value of the outstanding loan as at 30 June 2013 was Ushs 2,897 (93% of target). The zonal office performed very well on the PAR and cumulative repayment rate.

The MSC was able to exceed its target for the value of loan disbursed during the period because it received and processed applications for loans from Small and Medium Enterprises (SMEs) unlike past years where most of its clients were SACCOs.

Challenges Faced

The following were the key emerging issues affecting implementation as highlighted during the team's discussion with the zonal Manager.

- High connivanance and fraudulent practices; this was witnessed in Kalangala district in Mazinga SACCO, the sub-county officials connived with the SACCO officers to con people off their savings.
- The stringent conditions set for clients to access loans; clients are required to provide collateral for loans above Ushs 100M as a result many particularly SACCOs couldn't access loans any more due to lack of collateral. The manager gave an example of Kakuuto SACCO in Rakai that used to access loans up to Ushs 300m before stringent measures or conditions were introduced but now it can only access to the tune of only Ushs 100m because it does not have a collateral.
- Political interference; This has made loan recovery very difficult, in Sembabule district Lugusulu SACCO and Taala lya Mawogola SACCO most politicians are members of the SACCO boards and in most cases they try to protect the defaulters.

11.5.5 Soroti MSC zonal office

Soroti MSC zonal office serves seven districts of Amuria, Bukedea, Kaberamaido, Katakwi, Ngora, Serere and Soroti.

Summary of Soroti zonal performance

Table 11.4: Summary of FY 2012/13 Annual quarterly performance

No.	Indicator	Benchmark	Target FY 2012/13	Actual FY 2012/13
1	Number of loan applications received	According to the quarterly work plan	31	16

2	Number of loan disbursed	According to the quarterly work plans	23	2
3	Value of loans disbursed during the period in (Ushs million)	According to the quarterly work plans	1,725m	40m
4	Value of outstanding loan portfolio (Ushs million)	Increasing	780m	507m
5	PAR > 90 days (percentage of loan portfolio)	Not > 5% of OLB	5%	89%
6	Cumulative repayment rate (%)	At least 95%	90%	20%

Source: MSC Soroti

Table 11.4 shows the number of loans application received was only 51% of what was targeted and only two loans disbursed out of the targeted 23. There was a huge reduction in value of the loans disbursed FY 2012/13 (Ushs 40m) compared to FY2011/12 (Ushs 230m).

The portfolio at risk was very high and the cumulative repayment rate was also very low and these were attributed to Bululu SACCO which has 65% of the loan portfolio and in default.

Challenges Faced

The following were the key emerging issues affecting implementation as highlighted during the team's discussion with the zonal manager.

- Poor repayment culture in the region, after the insurgency the majority of the people in the region have been used to grants and when they take loans it is very difficult for them to repay and this is reflected in the repayment rate in the table above.
- Poor governance in SACCOs; most people handling business or activities in the SACCOs are hardly trainable because most of them are school drop outs. Those who are trainable especially managers, do not work for long due to poor pay.
- Low economic activities within the region have also contributed to the poor performance of the zonal office.

11.5.4 Mbarara MSC zonal office

Mbarara MSC zonal office serves eleven districts of Buhweju, Bushenyi, Ibanda, Isingiro, Kiruhura, Mbarara, Mitooma, Nsiika, Ntungamo, Rubirizi and Sheema.

Summary of zonal performance

The Annual performance against target for FY 2012/13

Table 11.5: Summary of FY 2012/13 Annual performance

No.	Indicator	Benchmark	Target FY 2012/13	Actual FY 2012/13

1	Number of loan applications received	According to the quarterly work plan	30	20
2	Number of loan disbursed	According to the quarterly work plan	26	15
3	Value of loans disbursed during the period in (Ushs million)	According to the quarterly work plan	4.9bn	1.89bn
4	Value of outstanding loan portfolio (Ushs million)	Increasing	7 .0bn	5.62bn
5	PAR > 90 days (percentage of loan portfolio)	Not > 5% of total o/s loan	5%	10.8%
6	Cumulative repayment rate (%)	At least 95%	95%	89%

Source: Mbarara MSC

Table 11.5 shows the number of loan applications received in the year was 67% of the targeted because some of the applicants targeted did not fulfill the required conditions in time. While the number of loans disbursed was 58% of the target. The low number of the loans disbursed was mainly attributed to the new policy which required all loans above Ushs 100m to be secured.

The value of the outstanding loan portfolio as at 30 June 2013 was Ushs 5.62 Billion which is 80% of the target.

The PAR and the cumulative repayment rate were below target but relatively good compared to other zonal offices.

Challenges

During interaction with the zonal manager, the following were the key emerging issues affecting implementation of activities at MSC Mbarara zonal office.

- New policy of securization of the loan. The new policy passed out by the MSC headquarters to secure all loans greater than 100m has slowed down the zonal. This was so because most clients with the capacity to take on loans did not have the capacity to secure them as required.
- Fraudulent practices are on the rise in the region, mostly managers conniving with board members to defraud the member's savings, for example in Kyangeni SACCO the manager disappeared with people's savings and the loan that had been accessed from MSC.

11.6 Key Challenges and Conclusions

The amount of loans disbursed has been deteriorating over the quarters as depicted in the progress reports. The cumulative repayment rate deteriorated from 90% as at the end of December 2012 to 89% at the end of June, 2013 and below the targeted 95%. Management has intensified field supervision to support zonal staff in the loan recovery process. More internal controls involving on-site verification of loan applicants before disbursement have also been introduced in the loan process.

A number of staff left the company and have not been replaced. The exercise to recruit was initiated and had not been concluded by the time of our monitoring. Replacement of key staff was planned to be conducted in quarter one of FY 2013/14.

SMEs have not been very well serviced, some of the zonal offices have informed us that the SMEs do not want to have their businesses registered and as a result they cannot access loans from MSC although some seem to be financially sound and have the potential to borrow.

Inaccuracies in the loan performance analysis; The company is still in the process of moving away from the manual Loan Management System (LMS) to computerised system. This has led to inaccuracies in the capturing of the actual repayment rate. Therefore; at the moment, the company is not able to effectively monitor its performance in terms of loan repayment. This is being addressed through the ongoing data cleaning process which will be completed in Q1 FY 2013/14.

The new policy which was introduced by MSC Headquarters to ensure that every loan above Ushs 100m to be secured, although this was introduced in good faith to manage the high default rate it has also reduced the loan disbursements because most the MSC clients do not have collateral.

Among the zonal offices monitored other than MSC Masaka zonal office, the rest have a big proportion of their portfolio at risk (i.e portfolio with more than 90 days in arrears).

11.7 Recommendations

- There is need for increased sensitization of the public particularly in the eastern and the Northern zonal offices so that there is increased awareness about MSC products. This will ultimately improve the loan disbursements and the repayment rates.

- There is need to increase staffing in some zonal offices so that the zonal offices are able to effectively follow up clients who are in default

- Following the increasing need to boost loan disbursements, MSC need to have trainings tailor made for SMEs particularly in the areas of record keeping, inventory management, product diversification and liquidity management.

- MSC need to aggressively enforce recovery of the defaulted loans, because institutions in default discourage other clients to pay. The company could also explore the possibility of outsourcing debt collection services.

CHAPTER 12: ROADS

12.1 Introduction

Roads is one of the three sub-sectors[104] under the Ministry of Works and Transport (MoWT) whose mandate is to plan, develop, and maintain an economic, efficient, and effective transport infrastructure and transport services by road, rail, water and air; manage public works including government structures; and promote standards in the construction industry. The road network is the mostly used form of transport carrying about 95% of the country's goods and 99% of traffic.

Key institutions involved in the implementation of planned activities within the Roads sub-sector include: the Ministry of Works and Transport (MoWT); the Uganda National Roads Authority (UNRA); the Uganda Road Fund (URF); district local governments, lower local governments (sub-counties) and urban councils. Other institutions outside the works and transport sector that have projects with roads subcomponents include the Office of the Prime Minister (OPM) and the Ministry of Local Government (MoLG).

The report covers input – output monitoring of selected road development projects and road maintenance programmes for the FY 2012/13. It highlights the progress made on key planned activities as well as the financial performance of the projects/programmes, and outlines implementation challenges identified, any arising policy issues, and recommendations.

The report specifically covers projects/programmes monitored for performance during the FY 2012/13 as outlined in Table 12.1. They were selected on the basis of regional sampling, level of capital investment, planned quarterly output, and value of releases during the FY 2012/13. The methodologies adopted during the monitoring included: literature review mainly of annual and quarterly work plans and other government documents, annual progress and performance reports for the FY 2012/13, and IFMS data showing releases, payments and commitments; interviews with the respective responsible officers or representatives; and observations on site.

The Table 12.1: Project/Programmes Monitored for the FY 2012/13

Implementing Institution	**Project/Programme Monitored in First Quarter FY 2013/14**
Ministry of Works and Transport	• Construction of Major Bridges • East African Trade and Transport Facilitation Project (EATTFP) • Roads in Oil Prospecting Areas • Tourism Roads
Uganda Road Fund	• District Road Maintenance Programme i) Arua District ii) Hoima District
Uganda National Roads Authority	• Construction Programme

[104] The three sub-sectors under the Ministry of Works and Transport are: 1. Transport Services; 2. Roads; and 3. Construction Standards and Quality Assurance

	i) Reconstruction and Rehabilitation of Tororo-Mbale-Soroti road (152 Kms); Lot D – Tororo - Mbale (49 Kms), Lot E – Mable – Soroti (103 Kms) ii) Reconstruction of the Mbarara - Ntungamo - Kabale – Katuna Section of the Northern Corridor Route between km 36 and 95 Lot 2 (total length 59 Kms) iii) Reconstruction of the Mbarara - Ntungamo - Kabale – Katuna Section of the Northern Corridor Route between km 95 and 160 Lot 3 (total length 65 Kms) iv) Transport Sector Development Project (TSDP); Upgrading of Vurra-Arua-Koboko-Oraba road (92 Kms) • National Roads Maintenance Programme i) Arua UNRA Station ii) Masaka UNRA Station

Source: Author's Compilation

12.1 Ministry of Works

The works and transport sector mission is "To promote adequate, safe and well maintained works and transport infrastructure and services for socio-economic development of Uganda." For the FY2012/13, four projects/programmes were monitored for this vote as shown in Table 12.1.

The financial performance of this vote as at the end of June 2013 is as seen in Table 12.2 below. It summarises the cumulative releases and expenditure by the end of the year.

Table 12.2: Financial Performance of MoWT (Vote 016) as at End of June 2013

		Approved Budget (Ushs. billion)	Release (Ushs. billion)	Spent (Ushs billion)	% Budget released	% Budget Spent	% Release Spent
Recurrent	Wage	4.898	4.093	3.752	83.6	76.6	91.7
	Non-wage	12.569	11.597	10.966	92.3	87.2	94.6
Development	GoU	75.567	54.694	53.462	72.4	70.7	97.7
	Donor	14.733	2.683	2.683	18.2	18.2	100
Total GoU + Ext Fin. (MTEF)		**107.768**	**73.068**	**70.863**	**67.8**	**65.8**	**97.0**
Taxes		**11.707**	**5.000**	**5.000**	**42.7**	**42.7**	**100**
Total Budget		**119.475**	**78.068**	**75.863**	**65.3**	**63.5**	**97.2**

Source: MoWT Q4 Progress Report for FY 2012/2013, August 2013

The approved MoWT budget as in the MBPS was Ushs. 123.362bn. however, the parliamentary committee on budget cut 0.891bn from non wage recurrent component and 0.7bn from GoU development component. As a result the approved budget reduced to 119.475bn with the allocation as indicated in table 12.2 above.

Generally budget performance was poor 65.3%and this poor performance is attributed to the poor releases in Q3. Utilisation was however good (97.2%) based on the funds released. Some of the unspent balances are attributed to procurement and land acquisition delays like Project 0951: East Africa Trade and Transport Facilitation (EATTP) with a balance of Ushs 0.64bn because there were contested cases of land compensation in Mutukula which delayed payments.

12.2 Uganda National Roads Authority

The GoU's transport sector policy aims at promoting efficient and effective transport services as a means of providing support to increased agricultural and industrial production, trade, social and administrative services. The policy is to ensure that provision of an efficient transport sector shall play a critical role in the development of an integrated and self-sustaining economy and enhance Government's strategy for the eradication of poverty and economic integration of the country.

In FY 2012/13, the National Roads Construction/Rehabilitation programme was allocated a total annual budget of Ushs 1,203.193 billion earmarked for the tracking of135 km (equivalent) of gravel national roads and reconstruction/rehabilitation of 160 km of old paved national roads.

The financial performance of this programme can be seen in Table 12.3 below.

Table 12.3: Financial Performance of the National Roads Maintenance and Construction Program in FY 2012/13(Ushs Billion) at March 2013

		Approved Annual Budget	Release by End of March 2013	Spent by End of March 2013	% Budget Released	% Budget Spent	% Release spent
Recurrent	Wage	23.500	17.789	16.329	75.7	65.9	91.8
	Non Wage	3.124	7.724	7.599	247.3	243.3	98.4
Development	GoU	658.648	813.648	813.619	123.5	123.5	100
	Donor	517.921	505.652	505.651	97.6	97.6	100
Total GoU + Ext Fin (MTEF)		**1203.193**	**1,344.812**	**1,343.199**	**111.8**	**111.6**	**99.9**
Taxes		10.000	1.600	1.600	16	16	100
Total (GoU and Donor)		**1,213.193**	**1346.412**	**1344.799**	**111.0**	**110.8**	**99.9**

Source: UNRA Presentation at Mid-Term Joint Transport Sector, May 2013

UNRA had a budget performance of 111% during the FY2012/2013 and this is attributed to the supplementary budget of Ushs. 154 billion that was received in June to cover for commitments due to over performance by the Contractors. Despite this supplementary, the debt for development projects exceeds 200billion at the end of the financial year.

At the end of FY2012/2013, a total of 211.89km of unpaved national roads were upgraded from gravel to tarmac against an annual target of 135 km this represents 157% performance.196 km of existing old paved roads were rehabilitated/reconstructed out of the annual target of 160 km.[105] representing 122.5% performance. Table 12.4 below shows the financial performance of various ongoing projects monitored during the financial year FY2012/13 and Table 12.5 show the physical progress both annual and cumulative since the start of the projects that have been monitored this financial year

Table 12.4: Financial performance for the FY 2012/2013 as at June 2013

Project	Financial Performance						
	Funding Source	Approved Budget (Ushs Billion)	Release (Ushs Billion)	Actual Expenditure (Ushs Billion)	% Budget Released	% Budget Spent	% Release Spent
Staged Reconstruction of Tororo - Mbale (49Km) – Lot D	GoU	30	30.962	30.962	103.2%	103.2%	100.0 %
Staged Reconstruction of Mable – Soroti (103 Kms) – Lot E	GoU	26.2	26.2	26.2	100.0%	100.0%	100.0 %
Reconstruction of the Mbarara (Buteraniro) – Ntungamo - Katuna (155Km)	GoU	5	15.5	15.5	310.0%	310.0%	100.0 %
	EU	49.32	51.47	51.47	104.4%	104.4%	100.0 %
Transport Sector Development Project (TSDP); Upgrading of Vurra-Arua-Koboko-Oraba road (92 Kms)	GoU	5	7.71	7.71	154.2%	154.2%	100.0 %
	IDA	39.56	34.9	34.9	88.2%	88.2%	100.0 %
Construction of asphalt overlay on Kawempe-Kafu Road (166 km)	GoU	40	40.042	40.042	100.1%	100.1%	100.0 %
Staged reconstruction of Mukono-Jinja Road (52 km)	GoU	15	18.455	18.455	123.0%	123.0%	100.0 %
Upgrade of Kabale-Kisoro-Bunagana/Kyanika (98Km)	GoU	16	19.06	19.06	119.1%	119.1%	100.0 %
	AfDB	26			0.0%	0.0%	
Jinja - Kamuli road (58Km)	GoU	20	20.445	20.445	102.2%	102.2%	100.0 %
Upgrading Ishaka - Kagamba (35.4Km)	GoU	22	25.5	25.5	115.9%	115.9%	100.0 %
Upgrading of Mbarara - Kikagati (73Km)	GoU	44	67.19	67.19	152.7%	152.7%	100.0 %
Hoima - Kaiso - Tonya (85Km)	GoU	45	62.5	62.5	138.9%	138.9%	100.0 %
Malaba - Busia -Bugiri	GoU	45	83.68	83.68	186.0%	186.0%	100.0

[105] UNRA Quarter 2, OBT Report FY 2012-2013

Project	Financial Performance						
	Funding	Approved Budget	Release (Ushs	Actual Expenditure	% Budget	% Budget	% Releas
							%
Fortportal - Bundibugyo - Lamia (104Km)	GoU	12.47	21.22	21.22	170.2%	170.2%	100.0 %
	AfDB	36.06	33.29	33.29	92.3%	92.3%	100.0 %
Upgrading of Nyakaita-Kazo-Kamwenge, Lot 1 – Nyakaita-Kazo- Kamwenge - Fort POrtal (208Km)	GoU	14	14	14	100.0%	100.0%	100.0 %
	AfDB	53.77	81.19	81.19	151.0%	151.0%	100.0 %
Upgrading of Gulu-Atiak - Bibia/Nimule road (104 km)	GoU	1	1.35	1.35	135.0%	135.0%	100.0 %
	IDA	36	26.13	26.13	72.6%	72.6%	100.0 %

Table 12.5: Summary of progress on ongoing upgrading projects as at June 2013

	Project	FY 2012/13		
		Target	Achieved	Cumulative achievement
	Mbale – Soroti (103 Kms)- Lot E	30%	40.5%	48.5%
	Tororo - Mbale (49 Kms) - Lot D	30%	36%	51%
	Mbarara (Buteraniro) – Ntungamo (59Km)- Lot 2	25%	25%	33.42%
	Ntungamo (Rwentobo) – Katuna (65km) - Lot 3	25%	25%	27.46%
	Vurra-Arua- Koboko -Oraba road (92Km)	30%	31.97%	36%
	Kabale-Kisoro	10%	10%	100%
	Jinja - Kamuli road (58Km)	30%	33.9%	42.9%
	Ishaka - Kagamba (35km)	15%	19%	20%
	Mbarara - Kikagati - Murongo Bridge (70Km)	30%	34.1%	35.5%
	Malaba/Busia -Bugiri	30%	64.7%	84.7%
	Fortportal - Bundibugyo -Lamia	30%	30%	91.03%
	Hoima - Kaiso - Tonya	20%	39.3%	39.3%

	Project	FY 2012/13		
		Target	Achieved	Cumulative achievement
1	Kawempe-Kafu (166 km)	40%	19.8%	74.8%
2	Mukono-Jinja (52 km)	30%	31.585%	31.585%
3	Upgrading Nyakaita-Kazo (68 km),	35%	41%	99%
	Upgrading Kazo-Kamwenge (75 km)	30%	44%	69%
4	Gulu-Atiak (74 km)	20%	18%	18%

Details of the projects monitored this financial year are given here below.

12.2.1 Upgrading of Vurra-Arua-Koboko-Oraba road (92Km)

Project Background

The GoU received credit from the International Development Association (IDA) towards the cost of the Transport Sector Development Project (TSDP) to finance the Upgrading of Vurra-Arua-Koboko-Oraba road (92Kms) to paved bituminous standard. The road is located in the West Nile region in north western Uganda. The road project commences at Vurra, passes through three (3) districts (Arua, Maracha and Koboko) and ends at Oraba border between Uganda and South Sudan. The road links Uganda to two neighbouring countries (Democratic Republic of Congo(DRC) and South Sudan) and is part of the UNRA network. The topography is generally flat from Vurra (Km0+000) to Manibe (Km22+400) and changes to rolling terrain from Manibe to Oraba.

UNRA on behalf of GoU awarded the contract of upgrading this road to Chongqing International Construction Corporation (CICO), of China. Comptran Engineering and Planning Associates were awarded the contract to provide consultancy services for the construction supervision of the works.

The project expected to cost Ug. Shs. 132.12 billion is entirely funded by the World Bank through the International Development Association (IDA) and is implemented by UNRA. The GoU is handling the component of land acquisition for the project area. Construction works officially commenced on 6th January 2012 and are expected to be complete by the 5th July, 2014.

Scope of Works

The project entails construction works for the upgrading the existing gravel surface road to a Class II double surfaced bituminous standard. The road base is to be stabilized with crushed stone. The project also includes the construction of eight (8) new bridges, four (4) box culverts, 2,241m of 900mm concrete pipe culverts, 243m of 1,200m concrete pipe culverts, 600mm access culverts and associated drainage and ancillary works.

Existing composite steel girder bridges will be replaced with new concrete girder bridges of spans between 12m and 20m. Drainage structures include 4 box culverts, 144 pipe culverts (141 existing culverts to be replaced and 3 new pipe culverts to be constructed). 600mm diameter access culverts will be provided at new locations.

Road furniture (guard rails and road signs), bus-bays, speed humps and rumble strips will be provided to improve safety of the road users and pedestrians. High embankment slopes be top soiled and grassed.

At the time of monitoring done on 16th August, 2013, the following were the findings as detailed below;

The Table 12.6 below shows a summary of the contract data and progress of the construction works on the project road as at the end of July 2013.

Table 12.6: Vurra-Arua-Koboko-Oraba Project Summary – July 2013

Contract Number	TSDP/HW/C02
Source of Funding	World Bank
Implementing Agency	Uganda National Roads Authority (UNRA)
Supervision Consultant	Comptran Engineering & Planning Associates
Contractor	Chongqing International Construction Corporation (CICO)
Length of Road	92 Kms
Possession of Site	3rd November, 2011
Supervision Commencement Date	14th November 2011
Construction Commencement Date	6th January 2012
Construction Completion Date	5th July 2014
Original Contract Price	Ushs 132,123,510,816 – (73.81%USD & 26.19% USHS)
Supervision Contract Price	US$1,781,575
Contract Period	30 months
Contract Time Elapsed	19 months (63.3%) as of 31st July 2013
Advance Payment (15%)	Ushs 19,818,526,622 (Ushs 5,190,472,122 & USD 6,144,795.55)
Works Payments Certified including 15% Advance mobilization	Ushs 57,225,885,040 (USD17,495,972 & Ushs 15,575,672,943)
Payments to the Contractor	Ushs 44,518,574,245.58 (USD13,281,894.08 & Ushs 12,900,408,469) IPC 12 & USD portion of IPC7 not received by Contractor
Consultant Invoices Submitted	US$ 1,180,025

Payments to the Consultant	US$ 1,126,425
Planned Physical Progress	60.04%
Actual Physical Progress -Cumulative	41.02%
Planned Financial Progress	60.37%
Actual Financial Progress- Cumulative	42.06%
Contract Exchange rate	1USD = Ushs 2,380.56

Source: Supervising Consultants' Resident Engineer.

Findings and Analysis

Annual Performance (Planned Outputs/Achievements)

The project was last monitored on the 6th of September 2012 with a physical progress of 5.55% against a financial progress of 5.94% and a contract time progress of 26.1%.

In FY2012/2013, the project had an annual approved budget of Ushs 5 billion from GoU and Ushs 39.56 billion from the World Bank earmarked for the acquisition of 100 hectares of land including properties there in for the project area and completion of completed of 30% of road construction works respectively. Consequently, 244.15 hectares of land and properties there in were procured out of the annual target of 100 hectares because there were no major disputes and 31.97% of the roads works were completed out of the annual target of 30%. This brought the cumulative progress since the start of the project to 41.02% against 60.04% programmed as at July 2013**.** At the time of monitoring done on 6th September, 2012, the following were the findings as detailed below;

Financial Performance

The project's financial progress as at the end of July, 2013 was at 42.06% against a planned financial progress 60.3%. As of August 2013, twelve (12) interim payment certificates (IPC) totaling to Ushs 57,225,885,040 (43.31% of contract price) had been certified by the consultant. Out of the certified amount Ushs 44,518,574,245.58 (33.69% of contract price) had been paid to the contractor. IPC 12 and a USD portion of IPC7 had not received by contractor. The total payment for price adjustment since the beginning of the project was at Ushs 3.04 billion (5.3% of works payment). The price adjustment was separated from the works done because there was no provision for financial contingency in the contract.

The consultant had submitted invoices totaling to US$ 1,180,025 (66.24% of supervision contract price) and had realized payments of up to US$ 1,126,425 (63.22% of supervision contract price and 95.45% of invoices submitted).

Table 12.7: Financial Performance of the Project for the Upgrading of Vurra-Arua-Koboko-Oraba (92Kms)

FY	Source of funding	Approved Estimates *(Ushs Billions)*	Releases *(Ushs Billions)*	Expenditure *(Ushs Billions)*	% Budget Released	% Releases Spent
2012/2013	GoU	5.00	7.71	7.71	154.3	100
	Donor	39.56	34.90	34.90	88.2	100

Source: UNRA Progress Report for Q4 of FY2012/2013 (April-June 2013

Physical Performance

The overall physical progress of works as at end of July 2013 was estimated at 41.02% against a planned progress of 60.04%. This shortfall which has persisted since the previous monitoring was mainly brought about by the prolonged rains that affected the earthworks and the late installation of the crusher due to the delay in the approval of the stone quarry by NEMA that resulted in delays in concrete and aggregate works (bridges, culvert, mechanically stabilized sub base and crushed rock) negatively affecting the contractor's work program and progress.

Table 12.8 below gives a snap shot of the project activities as at the time of end of July 2013.

Table 12.8: Completed Activities of the Upgrading of Vurra-Arua-Koboko-Oraba (92Kms) Project Activities as at the end of July 2013

Key Activity	Completed from	Completed to	Completed length	Total	% of 92km	Remarks
Clearing & Grubbing	Km0+000 Km17+000	Km9+400 Km89+000	9.4 72	81.4km	88.5%	
Excavation to spoil on widening section	Km0+000 Km17+000	Km9+400 Km89+000	9.4 72.0	81.4km	88.5%	
Improve subgrade with G7 (intermittent)	Km0+000 km18+000	Km8+500 km73+000	8.5 47.5	56km	60.9%	Excluding bridge and box approaches
Improve subgrade with G15 (selected fill)	Km0+000 Km20+300 km65+000	Km7+500 Km61+500 km72+00	7.5 39.5 6.0	53.0km	57.6%	Excluding bridge and box approaches
Subbase	Km0+200 Km20+300	Km3+700 Km57+000	3.5 35.5	39.0km	42.4%	Excluding bridge and box approaches
Base and priming	Km20+300 km60+000	Km50+000 km61+500	26.2 1.5	27.7km	30.1%	Excluding bridge and box approaches
Surface Treatment (1st Seal)	Km20+300	Km50+000	26.0	26.0km	28.3%	Excluding bridge and box approaches

Precast concrete pipe culverts	Installation completed from km0+000-km73+000 (95 locations)	
8 No. bridges	7 No. bridge substructures (foundations, abutment wall completed). Precast beams for 4 No. bridges completed; beams for 3 No. bridges installed on site; deck slab for 1 No. bridge partially concreted (concreting for up stand beams remaining).	
4 No. concrete box culverts	2 No. completed; 2No. in progress	

Source: Supervising Consultants' Resident Engineer and Monitoring team

The following project activities were ongoing at the time of monitoring; earthworks between Koboko town and Oraba (Sudan Border), pavement layer construction works in different sections of the road, concrete works at the structures (bridges and box culverts) and ancillary works which mainly included excavation and stone pitching works for the open channel drainage along the road.

Works in Arua town had not commenced due to major disputes arising from the demolition of the structures in the project area.

Utilities (electricity and telephone lines and water pipes) have been moved off the project areas apart from a small section in Koboko town.

(Left); Completed first seal works at Km 22+400 -Manibe junction. (Centre): A bridge at Km 34+400 with decking works on going with the approaching sections not worked on. (Right); Concrete along the edge of the road at Km 45+625 to protect it from edge failure caused by motorcycles.

HIV/AIDS counseling and testing outreach to communities along the project road was conducted by Messrs Health Provision International (HPI) in five communities since the start of the project namely; Okokoro, Oleba, Manibe, Vurra and Koboko Town Centre with a total attendance was 572 comprising of 339 males and 233 females. One peer educator was also trained for each of the five communities. The service was also done for the project staff at the project clinic located in Ovujo health Centre III in which a total of 869 project staff and immediate community have been counseled and tested for HIV at the clinic to date.

HIV/AIDS and gender sensitization in schools along the project road was conducted in eight schools along the project road in which a total 1,820 students and teachers (897 females and 923 males) attended. The sensitization was also done through three radio talk shows on three different radio stations which included Radio Pacis (Arua), Voice of life (Arua) and Spirit FM (Koboko). Three radio talk shows were held with the wider community of West Nile and neighboring countries of Sudan and DRC. Four sensitization workshops were conducted between January 2012 and July 2013 with 600 people (249 females and 351 males) in attendance.

(Left); Spreading and compacting of stabilised subbase material (G7) at Km 5+000. (Centre): Box culvert with decking yet to be constructed at Km 67+00. (Right); Completed Box Culvert at Km 64+000

Challenges experience by the project

- The project has continued to be behind schedule because it took the contractor six (6) months to get approval from NEMA for the quarry. The contractor submitted his Environmental Impact Assessment (EIA) report in January 2012 and got the approval in July 2012. Thus concrete works like bridges that were to start in April 2012 could not commence because there was no production of aggregates. There is a likelihood of time extension of about six months to be caused by this delay.
- The weather has been abnormal much as the rains had been anticipated. Persistent rains the previous financial year hindered the progress of earthworks. This has made the thirty (30) months project time short and likely to cause time extension.
- There are still compensation issues which have not been cleared in some of the project areas. Much as 70% of the original compensation has not been paid in some sections, it was agreed with the locals that works should be allowed to go on after taking a record of the assets in the project path that are to be compensated. There are also obstructions in the project area in Arua town with the dual-carriage way design which are likely to cause delays and claims from the contractor yet the approved design of the project must be respected.

  There is a design review cost which is not yet approved that is likely to increase the project cost by Ushs 6.7 billion (5% of the contract price). The changes in the design that are bringing in this increment are; a climbing lane at Oraba the stretches for about 1Km; a section with a rigid pavement that increased from 0.575 Kms to 1Km; and concrete lining along the edge of the road for 30 Kms on each side to protect the road edges from failure.
- Theft of the project fuel in the field has continued thought has reduced from 25% to 20% of the daily consumption since the previous monitoring.
- Utilities (electricity, water and telephone line) have been moved off the project areas in most of the section apart from a small section in Koboko. There is also need to relocate addition electrical installations at the roundabouts
- The hauling distance for the rock of surface material is over 31 Kms from Arua towards Nebbi that is from Pondo. This is going to create a claim from the contractor.

  The climbing lane at Oraba the stretches for about 1Kms. Changes in the design to a rigid pavement of about 0.575Km that was stretched to 1Km. Concrete along the edge of the road for 30 Kms on each side of the road because of boda bodas.

Recommendations

- The contractor with the help of UNRA should coordinate with the responsible companies for the removal and relocation of the utilities within the road corridor so as to avoid delays.
- The equipment mobilisation by the contractor is enough to ensure that works will be expedited to try and bring the schedule back on track. For example, the contractor has 54 trucks on site instead of the 18 trucks specified in the contract.
- The evaluation, verification and payment process will have to be implemented as soon as possible so that compensation of obstruction are paid and removed timely to prevent delays that could lead to time extension.

12.2.2 Upgrading of Kazo-Kamwenge, Lot 2 – Kazo-Kamwenge (75 km)

Project Background

The project for upgrading of Nyakahita – Kazo – Kamwenge – Fort Portal road (208Kms) is funded by a loan and grant from the African Development Fund (ADF) and in part by Government of Uganda is expected to cost Ug. Shs. 301billion. The works were packaged into three lots broken into three sections of road, two of which were contracted out in 2011 namely Lot I - Nyakahita-Kazo (68Kms) and Lot II - Kazo-Kamwenge (75Kms) whose construction works commenced on 1st March, 2011. The contract for Lot III - Kamwenge-Fort Portal (65Kms) was awarded in the FY2012/2013 and was expected to commence by the end of July 2013. The direct beneficiaries of the project are an estimated 800,000 people living within the project zone of influence and those of western Uganda. It also serves places of high tourism and will facilitate the development of a hydropower plant at Mpanga River.

For the annual performance, Lot II - Kazo-Kamwenge (75Kms) was monitored and below are the findings.

Location

The Kazo - Kamwenge road project, whose length is 75km (Lot II), starts from km 68+000 at Kazo which is located approximately 280km from Kampala, the capital of Uganda, along the Nyakahita – Ibanda road and ends at km 143+000 in Kamwenge Town. The road forms part of the Nyakahita – Fort Portal road (208km) which provides a major link to two primary roads links i.e. the Kampala – Masaka – Mbarara – Ntungamo – Kabale–Katuna road and the Kampala – Mityana - Mubende- Fort Portal road. The road traverses through the Districts of Kiruhura, Ibanda and Kamwenge, all located in the South Western part of Uganda.

Scope of Works

The Kazo-Kamwenge project entails upgrading of the existing gravel road to a Class II two lane double surfaced bituminous standard road. The road pavement is composed of Gravel Sub-base of Natural Gravel (Class G30) and a Crushed Stone Road Base. The type of surfacing proposed for the project is Double Bituminous Surface Treatment (DBST) made up of 20mm chippings for the first seal and 10mm chippings for the second seal. The project also includes the construction of 4 (four) bridge structures, 2(two) slab culverts, 6(six) box culverts and 129 pipe culverts.

The road project was monitored on the 21st August 2013 for its annual performance. The findings and recommendations for project implementation are presented below:

The **Table 12.9** below summaries of contract data for the Kazo-Kamwenge project and progress of the construction works on the road.

Table 12.9: Kazo-Kamwenge Project Summary as at end of July 2013

	Kazo - Kamwenge Road (Lot 2)
Contract Number	ADF/HW/CO14B
Funding Agency	ADF (85%) and GoU (15%)
Implementing Agency	Uganda National Roads Authority (UNRA)
Supervision Consultant	SNC LAVALIN International Inc, Canada in association with Prome Consultants Ltd and Case International Ltd
Contractor	China Seventh Railway Group Corporation Ltd (CRSG)
Length	75Kms
Districts Traversed by project	Kiruhura, Ibanda and Kamwenge
Works Contract Price (Original)	Ug. Shs. 167,458,031,180
Supervision Contract Price	Ug. Shs. 4,258,610,399
Supervision Commencement date	1st March, 2011
Construction Commencement Date	1st March, 2011
Construction Period	36 Months
Original Completion Period	28th February, 2014
Contract Time Elapsed	29 months (80.6%)
Works Payments Certified	Ug. Shs. 101,111,600,765.60 (60% of contract price) - 26 IPCs excluding advance payment.
Approximate value of works completed to date	Ug. Shs. 92,190,157,775 (55% of contract price)
Actual Payments to Contractor	Not established
Consultants' Invoices Submitted	Ug, Shs. 2,659,172,071(Including the 100% of the design review) – 62.4% of supervision contract
Payments to the Consultants	Ug. Shs. 2,332,938,424 (54.7% of supervision contract value)
Planned Physical Progress	88%
Achieved Physical Progress	76.1%
Planned Financial Progress	56.76%

Achieved Financial Progress	66.%
Exchange Rate used in the contract.	US $ 1 = Ug. Shs. 2,257.40 US $ 1 = Ug. Shs. 1,935 for consultants

Source: Respective Resident Engineers of Supervising Consultants.

12.2.2 Findings

The Kazo-Kamwenge project had previously been monitored in the third Qtr of FY2012/13 (12th March, 2013), at which time the physical progress of works was estimated at 49.6% against a financial progress of 52.22%. This was against a contract time progress of 66.7%. At the time of monitoring done on 21st August, 2013, the findings were as follows;

i) Budget Performance

- In the FY 2011/2012, the project had an approved budget Ug. Shs. 70 billion (Ushs 60 billion (85.71%) from Donor and Ushs 10 billion (14.29%) from GoU) earmarked for acquisition of 15 hectares of land and a targeted output of completion of 15% of road works on both Lots (I and II). The FY 2011/2012 expenditure had a donor component of Ug. Shs. 127.09 billion (92.9%) and a GoU component of Ug. Shs. 9.66 billion (7.1%). A summary of this financial performance can be seen in Table 12.10.

- The outputs in the FY2011/2012 were; procurement of 17 hectares of land out of the targeted 15 hectares; completion of 58% and 23 % of the road construction works on Naykahita-Kazo and Kazo-Kamwenge sections respectively out of the annual target of 15% on each of the lots which was way above the target on both lots.

- In the FY 2012/2013, the project has an approved budget Ug. Shs. 67.77 billion (Ug. Shs. 53.77 billion (79.3%) from Donor and Ug. Shs. 14 billion (20.7%) from GoU) earmarked for acquisition of 40 hectares of land including properties and a targeted output of completion of 35% and 30% of road works on Nyakahita-Kazo and Kazo-Kawmenge sections respectively. By the end of the FY 2012/2013, total releases to this project were Ug. Shs. 95.19 billion (140.46% of annual budget) and 100% of this release had been expended. The GoU released 100% of its budget and the Donor released Ug. Shs. 81.19 billion (151% of Donor budget).

- 37.45 hectares of land and properties were been procured in the out of the targeted annual output of 40 hectares. The target was not achieved as planned due to the delayed submission and approval of the supplementary valuation report for the Kamwenge-Fort Portal road section. 41% and 44% of the roads works were completed during the FY2012/13 out of the targeted annual outputs of 35% and 30% for the Nayakahita-Kazo and Kazo-Kamwenge sections respectively. This brought the cumulative progress from the start of the projects to 99% and 69% at the end of the FY2012/2013.

- The financial progress of Kazo-Kamwenge project was estimated at 66% against a planned financial progress of 56.76%. The contractor had submitted 26 IPCs totalling to Ug. Shs. 101.111 billion (60% of contract value). Actual payments to the contractor could not be established. The consultant had submitted 27 invoices totalling to Ug. Shs 2.659 billion (62.47% of supervision contract price) and had received payments to the tune of Ug. Shs. 2.332 billion (87.7% of invoices and 54.7% of supervision contract price). The consultant's invoices included 100% of the design review values of which

30% had been cleared. It was noted that all payments for both the contractor and the supervising engineer are being made on time.

Table 12.10: Financial Performance of the Nyakahita-Kazo-Kamwenge Project

FY	Source of funding	Annual Budget Estimates (*Ug.Shs. Billions)*	Releases *(Ug.Shs. Billions)*	Expenditure *(Ug.Shs. Billions)*	% of Budget Released	% Budget Spent	% of Releases Spent
2011/12	GoU	10.00	9.06	9.66	90.6	96.6	106.6
	Donor	60.00	127.09	127.09	211.8	211.8	100.0
Total		**70.00**	**136.15**	**136.75**	**194.5**	**195.4**	**100.4**
2012/13	GoU	14.00	14.00	14.00	100.0	100.0	100.0
	Donor	53.77	81.19	81.19	151.0	151.0	100.0
Total		**67.77**	**95.19**	**95.19**	**140.5**	**140.5**	**100.0**

Source: UNRA Qtr 4 Progress Report FY2012/2013

ii) Physical Performance

The physical performance of the two projects in the financial year of 2012/2013 are summarised in the table 12.8 against the planned annual targets. Details of this physical progress of Lot II - Kazo-Kamwenge (75Kms) are later on presented.

Table 12.11: Physical Performance of the Nyakahita-Kazo-Kamwenge Project in FY2012/2013

<table>
<tr><td>Project</td><td colspan="2">Annual Targets</td><td colspan="2">Annual Output</td><td>Cumulative Progress</td></tr>
<tr><td></td><td>Road Works (%)</td><td>Land Acquisition (Hectares)</td><td>Road Works (%)</td><td>Land Acquisition (Hectares)</td><td>Road Works (%)</td></tr>
<tr><td>Nyakahita-Kazo</td><td>35</td><td rowspan="2">40</td><td>41</td><td rowspan="2">37.45</td><td>99</td></tr>
<tr><td>Kazo-Kamwenge</td><td>30</td><td>44</td><td>69</td></tr>
</table>

a) Lot I - Nyakahita-Kazo Section (6875Kms)

To get to Lot II –Kazo-Kamwenge section, the monitoring team went through the Lot 1 – Nyakahita-Kazo section and below are physical progress photographs of this section which was at 99% completion



Completed sections of the Nyakahita-Kazo project :(Left); Beginning of road at Km0+000 off Maska-Mbarara highway; (Centre): Cut section at Km15+080 with road furniture; (Right); End of project at Kazo.

b) Lot II Kazo-Kamwenge Section (75Kms)

- At the end of the FY2012/2013, the cumulative physical progress of this project was estimated at 69%. However, at the time of monitoring, the overall physical progress of works was estimated at 76.1% against a planned progress of 88% by the end of July 2013. This indicated an overall project slippage of about 11.9%. This was against a financial progress of 66% and a contract time progress of 80.6%.
- Table 12.12 below gives a snap shot of the physical progress of the project activities as at the time of end of July 2013.

Table 12.12: Physical Progress of the Activities on the Upgrading of Kazo-Kamwenge Road (75Kms) as at the end of July 2013

S. No.	Description of work	Total Quantity	Completed	Percentage
1	Survey Works	75km	75km	100%
2	Site Clearance	75km	75 km	100%
3	Earthworks	75km	72km	96%
4	G15	75km	62Km	83%
5	Modified Sub Base	75km	74.69Km	100%
6	Base Course	75km	45.63Km	61%
7	Priming	75km	42 km	56%
8	DBST(1st Seal)	75km	42Km	56%
9	DBST(2nd Seal)	75km	37.14Km	50%
10	Hume Pipe Culverts	125	125	100%
10	Slab/Box Culverts	7	7	100%
11	Bridges	4	4	100%
12	Road ancillary works	75 km	-	-

- The physical linear progress of the contractor up to the end of the July was the completion of clearing and grubbing for 75km, G7 fill of 72 Km, G15 of 62 kms, 74.69 Km of sub-base, 45.63Km of road base, surfacing 42 Km for first seal and 37.13Km for second seal.
- The contractor continued crushing aggregates with two crusher units of 150tonnes per hour capacity at the quarry site located at km 112+000. Crushing of aggregates was for use in

concrete works, nominal size aggregates for surface treatment and for stone base including crusher dust.

- The contractor was maintaining three camps along the project road and they are located at Km 77+000, km100 (being the main camp) and km 133+050.
- Sub-base: The contractor carried out trials on the modified subbase material since G30 material is not available in and around the project site. Trails were made with 20%, 30% and 40% aggregate with the selected sub-grade soil. After examination of the behaviour of sub base layer, the supervising engineer recommended that 40% aggregate and 60% selected sub-grade would fulfill the requirement of the proposed sub-base. The contractor progressed on well with the sub-base and had completed works covering a total of 74.69km.

(Left); An urban drain at Km73 + 500 in a completed section without road marking; (Centre): completed Bridge 2 at Km 78+000; (Right); Compensated property in Kanoni town at Km 83+312 that is still in the road reserve.

- Base: The material for base course was being crushed at the crusher quarry site to produce suitable blending of CRR material.
- The contractor had started placing culvert marker posts from Kazo-Ibanda section of the road project.
- Bridge Works: The contractor completed seven box/slab culverts and four bridges and all these structures were open to traffic.
- Other ongoing activities at the time of monitoring included mainly construction of urban drains, stone pitching of open drains and construction of the base course with CRR material.
- Environmental Impact Mitigation: The contractor is complying with the environmental aspects of the Project and submitting monthly reports to the Engineer. The activities undertaken are as follows: dust suppression measures in town and working areas; providing protective clothing, hand gloves and hard hats; taking precaution before blasting of rock areas; providing speed humps and traffic signs; and ensuring adequate signs at diversions.
- STD AND HIV/AIDS Alleviation Measures: The contractor contracted out the services of OHS, HIV/AIDS and the management of gender related programmes for the project. The service provider has been conducting workshops, counselling and testing for STIs and HIV/AIDS since June 2011.The contractor established two site clinics; one at the Ibanda Site Camp and the other at Bugarama. The activities of HIV/AIDS were as follows: conducting awareness HIV/AIDS awareness programmes; distribution of condoms; distribution of leaflets, pamphlets on prevention of HIV/AIDS; conducting workshops; and operating a clinic and mobile clinics.

(Left);Ongoing stone pitching works at Km93+000; (Centre): A skipped section at Km 99+650 stretching for about 2Kms due to pending compensation issues; (Right); An incomplete structure at one of the bus stops.

iii) Challenges and Setbacks Experienced by the Project

- The contractor has continued to fall behind schedule with a slippage of 11.9% as a result of inadequate machinery, absence of technical personnel, poor planning and work methods and lack of coordination and direction.
- The contractor's ability to consistently produce good quality works is still a major problem in spite of clear instruction and forewarning. The workmanship has remained below the set standards. This is a result of his failure to deploy skilled technical manpower to help effectively plan and carry out the works in accordance with the technical requirement of the contract.
- There is scarcity of construction material (sand and gravel) in the project area. This has affected the progress of works as tests have to be carried out to modify the available materials to the required specifications.
- Compensation of land in still a problem on the project. Three pockets holding a total project area of 2Kms is have been skipped and this is likely to delay the project completion as well as cause a claim from the contractor. In Ibanda, a landowner says that because of the new road alignment, more land was taken away from him after compensation and therefore a difference of about 5m was not paid for. Much as UNRA is aware of this problem, no action had been taken.
- In addition to the above, the contract of the compensation surveyor/consultant expired and yet UNRA cannot pay the persons in the affected areas directly. Also property that was compensated in some sections and should have been demolished is still in the road right of way. There is a section at Km 95 where some land owners were not paid while their neighbours received payments.
- Some personnel under the local subcontractor of the supervising engineer are not receiving payments because the main company was blacklisted by the World Bank. These had given an ultimatum to stop working at the end of August 2013.
- The abnormally long rain season had also affected the work progress as some key activities cannot be carried out when it is raining.

Conclusions and Recommendations

- The general progress and quality of the contractors work has improved much as the contractor has continued to lag behind schedule. The supervising engineer advised the contractor to increase the equipment so as to catch up with the lost time. Notwithstanding the above, the engineer has continued and will continue to be resolute in ensuring that the contractor complies with the requirements of the contract in totality.

- The engineer also continues to closely monitor the contractor's progress in relation to time, cost, and quality with regard to the project scope.
- The contractor is hopeful that UNRA will sort this issue out positively. The consultant is however requesting to have the land compensation team on ground in order to avoid any delays and demonstrations from the communities.

12.3 Reconstruction/ Rehabilitation of Old Paved Roads

Since 2008 at the inception of UNRA till last financial year FY 2011/2012, a total of 795km of old paved roads have been reconstructed/ rehabilitated; representing 24% of the paved national roads network.

At the beginning of the FY 2012 /2013 a total of 683km of old paved roads were under reconstruction/ rehabilitation; representing 21% of the national paved roads network out of which 196km equivalent were reconstructed / rehabilitated against an annual target of 160Km representing 122% performance. **Table 12.13** shows the roads under reconstruction/ rehabilitation that were monitored for the annual performance and cumulative progress for the financial year FY 2012/2013 .

Table 12.13 Summary of progress on reconstruction/ rehabilitation projects

	Project	Annual		Cumulative achievement	Programmed
		Target	Achieved		
1	Mbarara (Buteraniro) – Ntungamo (Rwentobo) Section (59Km)	25%	23%	30%	53%
2	Ntungamo (Rwentobo) – Katuna (65Km)	25%	23%	25%	50%
3	Tororo – Mbale road (49kms)	30%	30%	45%.	Behind schedule due to delays in finalizing designs
4	Mbale – Soroti road (103kms)	30%	34%	42%.	Behind schedule due to delays in finalizing designs

Source: UNRA, Cabinet Report for Quarter1 FY2012/2013

Table 12.14 financial performance for the quarter

Project	Financial Performance				
	Funding Source	Approved Budget (USHS BN)	Annual Release (USHS BN)	Actual Expenditure (USHS BN)	% Release Spent
Mbarara (Buteraniro) – Ntungamo (Rwentobo) -	Gou	5	15.5	15.5	100%
	EU	49.320	40.020	40.02	100%

Project	Financial Performance				
	Funding Source	Approved Budget (USHS BN)	Annual Release (USHS BN)	Actual Expenditure (USHS BN)	% Release Spent
Katuna (123Km)					
Tororo – Mbale road (49kms)	GoU	30.00	2.59	2.59	100%
Mbale – Soroti road (103kms)	GOU	26.20	2.459	2.459	100%

12.3.1 Staged Reconstruction of Tororo-Mbale - Soroti road; Lot D-49Kms and Lot E-103Kms of the Transport Corridor Project

Project Background

This project is one of the reconstruction projects implemented under the Transport Corridor Project, which was created primarily to address the deteriorating condition of national roads and other major export/import highways with a goal of facilitating intra and international trade. The project is part of the Transport Corridor Project subcomponent of "Roads for Reconstruction/ Rehabilitation" and the project road is part of the road connecting Eastern Uganda to Northern Uganda and neighboring Southern Sudan. The road is a class II bitumen road that was in poor condition with urgent need for rehabilitation.

The objectives of the Tororo – Mbale -Soroti Road Project is to

- Offer a shorter and motorable alternative route to the northern parts of Uganda and South Sudan via the important transport corridor from the port of Mombasa, in Kenya, through the Malaba border post onwards to Northern Uganda and Juba in Southern Sudan
- Deliver a road pavement that can safely carry the increased traffic load (as a result of the upgrading of the Soroti-Dokolo-Lira Road to bituminous standard, most notably the commercial traffic travelling northwards) over a period of 5 years prior to the need for further intervention

The contracts for the staged construction of the Tororo- Mbale and Mbale –Soroti were awarded to Ms Dott Services Ltd (the contractor) as two separate contracts. Both contracts were signed on 22nd October 2010. In accordance with the provisions of the contract, the commencement date for both contracts was 21st November 2010.

The scope of works being executed generally comprises of drainage works, widening of the existing roadway to a 6.3m carriageway and 1.5m shoulder, raising of low lying road sections, recycling of the existing road base to form the design sub-base layer, construction of a new base layer through the mechanical modification of fresh gravel material with crushed run rock (CRR) and in the case of re-construction areas placing of a neat CRR base layer. In addition to this, bituminous works of prime coat and double seal surface dressing and finally ancillary works are also to be executed.

Initially, The consultancy contract for the project was awarded to Ms Gibb Africa Ltd in Association with Prome Consultants Ltd. The scope of construction supervision included carrying out construction supervision of the road improvements by ensuring that processes , methods, plans and proposals submitted by the contractor were adequate to enable UNRA deliver the projects to time, quality and budget.. This contract expired in November 2012 and was not renewed by UNRA.

PEC, Professional Engineering Consultants Ltd was contracted on 11th June 2013 to carry out the supervision of the works to completion

The two projects were originally conceived as interim interventions while plans for upgrading of the road corridor to class I bitumen standards was being prepared. The construction contract was therefore formulated on the assumption that it would be a simple rehabilitation project and only preliminary designs were availed. This has been the main cause for delays on this project and issues have since been ironed out and the project is now in normal progression as highlighted in **Table 12.13** above

The **Table 12.15** below summaries of contract data for the two contracts and progress of the construction works on the road

Table 12.15 Tororo – Mbale – Soroti Project Summary

Description	Remarks	
Project Title	**Lot D: Staged Reconstruction of Tororo – Mbale Road (49km)**	**Lot D: Staged Reconstruction Mbale– Soroti Road (103Km)**
Contract Number	UNRA/WORKS/2009-2010/00001/02/04	UNRA/WORKS/2009-2010/00001/02/05
Funding Agency	GoU	GoU
Original Supervision Consultant	GIBB Africa Ltd in association with Prome Consultants Ltd	GIBB Africa Ltd in association with Prome Consultants Ltd
Current Supervision Consultant	PEC, Professional Engineering Consultants Ltd	PEC, Professional Engineering Consultants Ltd
Contractor	Dott Services Ltd	Dott Services Ltd
Original scope of work	Scarification of existing surface and base, improvement of existing base with crushed rock, double surface dressing, drainage works, raising of low lying areas, road safety interventions including	Scarification of existing surface and base, improvement of existing base with crushed rock, double surface dressing, drainage works, raising of low lying areas, road safety
Current scope of work	Widening, pavement rehabilitation, drainage works, traffic signs and ancillary works	Widening, pavement rehabilitation, drainage works, traffic signs and ancillary works
Original Works Contract Price	Ushs 30,285,508,100	Ushs 46,083,277,750
Revisions Works Contract Price	Ushs 63,804,103,546	Ushs 108,124,833,428
Supervision Contract Price	Gibb Contract ended in November 2012 and was not renewed	Gibb Contract ended in November 2012 and was not renewed
PEC Supervision Contract Price	USHS 2,475,750,000 (Both Tororo-Mbale & Mbale-Soroti Roads)	

Description	Remarks	
Project Title	**Lot D: Staged Reconstruction of Tororo – Mbale Road (49km)**	**Lot D: Staged Reconstruction Mbale– Soroti Road (103Km)**
Commencement Date	21st November 2010	21st November 2010
Original Contract Period	18 Months	18 Months
Original Completion Period	21st May 2012 (547 days)	21st May 2012 (547 days)
Revised Completion Date	31st March 2014 (1227 days)_	31st March 2014 (1227 days)_
Contract Time Elapsed against original completion date	983 days (180% Time Progress)	983 days (130.5% Time Progress)
Contract Period	38 months or 1137days (Up to 31st December 2013, See Addendum No.3)	40.5 months or 1227days (Up to 31st March 2014, See Addendum No.3)
Advance Payment	Ushs 6,057,101,620 (20% of original Contract Price)	Ushs 9,216,655,550 (20% of Contract Price)
Works Payments Certified	Ushs 25,818,850,134.38	Ushs 31,548,936,714.30
Payments to the Contractor	Ushs 25,818,850,134.38	Ushs 31,548,936,714.30
Payments to the Consultants (Gibb)	Ushs 1,578,087,289 (38% of the original contract)	
Consultant Invoices Submitted	USHS 123,000,000 (Fee Note No.1)	
Payments to the Consultant	Nil	
Weighted Physical Progress	57.2%	31%
Cumulative Financial Progress	60% against the revised contract sum	33.9% against the revised contract sum

Source: Progress Report for August from Resident Engineers and Authors Compilation.

Findings

The project had last been monitored in the Second quarter of FY2012/13(December 2012), at which time the physical progress of works was estimated at 23% and 20% against a financial progress of 38% and 32% for Tororo-Mbale and Mbale- Soroti Respectively. However this was against a contract time progress of 130.5%

At the time of monitoring done on 3rd September 2013, the findings were as follows;

i) Financial Performance

On Tororo-Mbale road (49Kms), the total value of works executed was estimated at USHS 38,282,462,128 while the total value of works certified for payment was at USHS 25,818,850,134.38. Due to changes in scope the Contract price has been revised to more than twice the original contract price (210.7%) (***Refer to table 12.10)***

On Mbale-Soroti road (103Kms), the total value of works executed was estimated at Ushs 36,671,693,727 while the total value of works certified for payment stood at Ushs 31,548,936,714.30. Due to changes in the scope the contract prices has been revised to more than twice the original contract price (234.6%)(***Refer to table 12.10).***

A skeleton staff of PEC was provided in January to help UNRA handle the transition in the absence of the Consultant (project Manager) till June 2013 when the contract was formalized.

The current consultant (PEC) has so far invoiced Ushs 123,000,000 but has not been paid yet to October 2011. However, during the first consultancy contract implementation, the change in design concept increased the scope of work and hence the escalation of the contract price;

From table 12.4, it is noted that in the FY 2012/13 budget performance for Tororo-Mbale and Mbale-Soroti road projects was 100%. The FY 2012/2013 budget performance was very high due over performance of the contractor in terms of physical progress in works. The other attribute is that the contractor had not invoiced for works done in a long time and when he did this pushed is financial progress.

ii) Physical Performance

The following were the field findings on physical performance of the project:

Physical progress has tremendously lagged behind due to a number of factors among which were disagreements between the consultant and Contractor and delayed review of the designs for this road that took Nine months to complete. The scope of civil works did change necessitating issuance of a variation order and this issue was only recently resolved by the employer in line with the provision of the PPDA regulations.

Delays in the execution of the civil works have been experienced due to changes in the design review concept. The design review works by the consultant were done concurrently with the supervision of the contract..

a) Lot D: Tororo-Mbale Section (49Kms)

Works commenced in August 2011 and by June 2013 the cumulative progress since the project start was 51%. Works are expected to be completed by March 2014. However, by the time of monitoring in August 2013 the overall weighted physical progress was 57.2%

So far 25km of road base construction, 24km of prime coat and 24km surfacing dressing first seal were completed.

The physical progress of key activities and the overall weighted progress of physical works as of August 2013 are as follows and captioned below;

- Clearing and Grubbing: 78.92%
- Cross Culvert Works: 71%
- Installation of Utility Ducts: 100%
- Sub-grade Works: 64.61%
- Sub-base Works: 53.71%
- Base Works: 51.76%
- Prime Coat Works: 51.34%
- 1st Seal Coat Surface Dressing Works: 50.5%
- 2nd Seal Coat Surface Dressing Works: 1.05%

- Ancillary Works: 0.00%



(Left); DSBT wearing course works at the start of the project in Tororo; (Centre): Base course works (50% aggregate and50% gravel) at Km8+100; (Right)); 900mm diameter culvert installation at Km24+600.

Works delayed but the main issue has been lack of instructions to the contractor and cash flow constraints as request for variation of time and prices were not forthcoming. Other contributing factors were

- The works contracts have been characterized by slow progress due to lack of the required design drawings, changes in the scope of work and unresolved contractual issues. The design review is now complete and PEC has issued all instructions for the sections that require review to the Contractor.
- Very poor natural materials in some sections have affected progress but the redesign now includes rock fill sections
- Heavy continuous rains which affected progress and this weather just improved in December and this made ground conditions very poor.

The average output of the contractor is about 4-5% yet the target output for the contract at this stage of the contract should be 12.5% per month if targets are to be met within the time extension.

b) Lot E: Mbale-Soroti Section (103Kms)

Works commenced in August 2011 and by June 2013 the cumulative progress 48.5% had been achieved. This project had is behind schedule and had similar issues as Tororo – Mbale project. .40.5% works were completed out of the planned 30% for the year. However, at the time of monitoring in August 2013, the overall weighted Progress of Physical Works: 54.50%

So far 43.9km of road base construction, 43.3km of prime coat and 42km surfacing dressing first seal were completed. The physical progress of key activities physical works as of August 2013 are as follows;

- Clearing and Grubbing: 63.11%
- Cross Culvert Works: 68.84%
- Installation of Utility Ducts: 84.84%
- Sub-grade Works: 51.42%
- Sub-base Works: 49.81%
- Base Works: 46.24%
- Prime Coat Works: 44.58%
- 1st Seal Coat Surface Dressing Works: 43.98%
- 2nd Seal Coat Surface Dressing Works: 0.00%

- Ancillary Works: 0.00%
-



(Left); Temporary surface dressing works towards Mbale town at Km 2+600; (Centre):Drainage works near Bukedea town at Km 34+200; (Right):; Scarified and maintained section to be considered as part of pavement works (sub grade).

iii) Health, Safety and Gender Issues

The Contractor is currently implementing the activities as set out in his management plan. Sensitization (workshops that include the workers and local populace) are held every month during which IEC materials as well as condoms are issued to those present.

However the following issues need to be attended to;

- The road safety sign posts need to be improved. Currently, the Contractor is manufacturing very small sign posts which cannot be easily seen.
- Excavations and benched road sections need to be covered up expeditiously.
- Deployment of adequate numbers of flag persons and close supervision of their activities.
- There is a need to employ more women within the Contractor's staff.

iv) Challenges and Setbacks Experienced by the Project

- Inclement weather conditions
- Delay in approval of Addendum No3(VO No1)
- Existing Design Review with incorrect topographic data which force the consultant to redo the topo and subsequent redesign of Vertical and horizontal alignment.
- Strained cash flow
- Delay of the Employer to approve the 14mm aggregates as second seal Coat

v) Conclusions and Recommendations

- The work progress has been very slow and this has been attributed to the Employer/Consultant to meet their contractual obligations and resolve the various contentious issues between the Contractor and Consultant.
- Since most of issues regarding the works have been resolved UNRA should instruct the contractor to expedite the submission of the revised work plan and issues regarding variation order No. 1 should be resolved conclusively and extension of time for the contract formalized.

12.3.2 Reconstruction of the Mbarara - Ntungamo - Kabale – Katuna Section (Lot 2 – Km 36 to 95 and Lot 3 –Km 95 to 160)

Project Background

The Government of Uganda (GoU) obtained grants from the European Development Fund towards the cost of the design and reconstruction of the priority section of the Northern Corridor Route (NCR) from Mbarara through Ntungamo and Kabale to Katuna. The reconstruction of the Mbarara to Katuna section of the NCR was tendered as two Contracts, namely Lot 2 from km 36 to km 95 and Lot 3 from km 95 to km 160 at Katuna.

Lot 2 with total length of the project is 59 Kms starts at 36 Kms south of Mbarara (km 36) and ends near Rwentobo (km 95) about 33 Kms south of Ntungamo. Lot 3 with a total length of 65 Kms starts about 32 Kms south of Ntungamo (km 95) and ends at Katuna on the Rwanda border (km 160).

The contract for the reconstruction of Lot 2 and Lot 3 was awarded to Reynolds Construction Company (Nig) Ltd on 7 December 2010 and was given "access to site" from 3 August 2011 along with a notification to commence the works from the same date. The Ministry of Finance, National Authorizing Officer for European Development is the Contracting Authority for the Project. UNRA is the Contract Supervisor and COWI A/S was appointed as the Supervisor's Representative. COWI A/S was issued with a notification to commence their supervision contract from 22 August 2011.-The project (Lot 2 and Lot 3) expected to cost Euro 116,932,221.39 is jointly funded by European Union (92%) and GoU (8%).

The Northern Corridor Route forms part of the main international route connecting Kenya, Uganda, Rwanda, and the Democratic Republic of Congo and runs from the Kenyan border via Kampala to the Rwandan border with an approximate length of 650 Kms. The road is the country's most important road link, both nationally and internationally.

The reconstruction project involves upgrading the road to a Class 1b paved road with 7 m carriageway width and 1.5 m paved shoulders. As a result of pavement lift and the general need for minor adjustments to the horizontal curvatures, the existing total width of the existing road is generally not sufficient to reconstruct the new road to the above specifications, without widening of the existing embankments. The necessary widening is minor and as the construction cost of widening on both sides of the existing embankments is significantly higher than a single side widening, the new road centreline has therefore where possible been shifted to one side only. This has had the added advantage that some of the existing lined side drains can be preserved and has minimized expensive rock cuts. However, through villages and trading centers the road has generally been kept at the centre of the existing road to avoid unnecessary demolition of structures and buildings.

The carriageway will have a 90 mm thick asphalt concrete binder course constructed on top of the crushed stone base and will be surfaced with a 60mm asphalt concrete wearing course. On the new road shoulders the crushed stone base thickness will be increased and the asphalt concrete binder course is omitted, but the asphalt wearing course is to be constructed flush with the carriageway. The asphalt mix design shall be based on Superpave procedures and specifications.

The road pavement along the Kisoro Link between Katuna Junction and the start of the new Kabale-Kisoro-Bunagana Road (2.35 Kms long), which runs through Kabale Town, is to be repaired and a new bituminous surface dressing is to be constructed.

Lot 2 project road project crosses four rivers[106] with existing bridges. The bridges are composite bridges with steel girders and reinforced concrete decks. Only two rivers are crossed by existing bridges along Lot 3 project road. The bridge over the Nyakizumba River at Km 135.1 on the approach to Kabale Town is a composite bridge with steel girders and a reinforced concrete deck and the Muzhogo bridge at Km 139.5 near the beginning of the Kabale to Katuna Road section is constructed of reinforced concrete. The condition of all the bridges is relatively good and no overtopping has been reported by the UNRA. Both bridges are to be rehabilitated and steel pedestrian walkways are to be constructed on each side of the composite bridges. There are however no major swamp crossings along the project road with big catchment areas.

One hundred and ninety seven (197) and two hundred and twenty (220) existing cross culverts are to be replaced or upgraded due to their poor condition, insufficient discharge capacity or length in Lot 1 and Lot 2 project roads respectively. Almost all existing cross culverts comprise of corrugated metal pipes (CMP) and most of them will be replaced with larger diameter CMP. Twenty nine (29) new concrete box culverts will be constructed and thirty six (36) existing cross culverts will be retained and extended in Lot 2. Side drains will be provided in cuts along the entire road length.

Bus bays and three (3) viewing points are to be constructed as well as safety measures such as gateway signs, rumble strips, speed humps, speed limits, road signs, road markings, improvement of junctions, etc. Junctions are to be improved and a new roundabout will be constructed in Kabale at the turn off to Kisoro.

Appropriate traffic signs and road marking have been included into the design in accordance with MoWT's Traffic Signs Manual, Draft 30 May 2004. To secure traffic safety for pedestrians and bicycle users the design has included the provision of sufficiently safe shoulders, i.e. 2m wide shoulders outside settlements and 3m wide shoulders in village sections and trading centres. Elevated (raised) pedestrian crossings formed as speed humps have been included in the major settlements.

The Table 12.16 below summaries of contract data for the two contracts and progress of the construction works on the road

Table 12.16: Reconstruction of Mbarara-Ntungamo-Kabale-Katuna Section of the Northern Corridor Route Summary as of June 2013

Project Title	Km 36 to 95 - Lot No. 2	Km 95 to 160 - Lot No. 3
Contract Number	2010/259-786	2010/259-788
Funding Agency	European Union (92%) and GoU (8%)	European Union (92%) and GoU (8%)
Supervisior	Uganda National Roads Authority (UNRA)	Uganda National Roads Authority (UNRA)
Supervision Consultant	COWI A/S, 2 Parallelvej, DK-2800 Kongens Lyngby, Denmark	COWI A/S, 2 Parallelvej, DK-2800 Kongens Lyngby, Denmark
Contractor	Reynolds Construction Company (Nig) Ltd (RCC)	Reynolds Construction Company (Nig) Ltd (RCC)
Length (Kms)	59	65

106 Km 71.6: Ahankondo River; Km 76.0: Kamira River ; Km 85.3: Rubaare River; Km 87.0: Rubanga River

Project Title	Km 36 to 95 - Lot No. 2	Km 95 to 160 - Lot No. 3
Works Contract Price (Tender sum less 2.5% discount)	Euro 51,123,663.31	Euro 65,808,558.08
Estimated Final Amount	Euro 53,383,980.37 (4.42% increase in contract value)	Euro 67,211,118.08 (2.34% increase in contract value)
Supervision Contract Price	Euro 3,861,600.00	
Supervision Commencement Date	22nd August 2011	22nd August 2011
Construction Commencement Date	3rd August 2011	3rd August 2011
Contract Period	36 Months	36 Months
Completion Date	2nd August 2014	2nd August 2014
Possession of Site	3rd August 2011	3rd August 2011
Contract Time Elapsed (as of 31st July 2013)	729 days (66.85% Time Progress)	729 days (66.85% Time Progress)
Works Payments Certified	Euro 27,105,914.24 (53.02% Contract Price)	Euro 30,195,481.40 – Including Advance Payment (45.88% of Contract Price)
Value of Works Certified	Euro 23,174,260.65 (45.33% of Contract Price)	Euro 20,971,022.11 (31.87% of Contract Price)
Payments to the Contractor	Not established	Not established
Payments to the Consultants	Euro 1,523,141.48 (Paid) (39.44% of supervision contract price)	
Planned Physical Progress	56.67%	57.99%
Actual Physical Progress	33.42%	31.69%
Planned Financial Progress	Euro 33,591,961.90 (69.61%)	60.69%
Actual Financial Progress	Euro 28,375,281.23 (55.50%)	32.43%
Exchange rate (Euro: Ushs)	1 Euro = Ushs 2,837.35	

Source: Respective Resident Engineers of Supervising Consultants as of 30th June 2013.

Findings

At the time of monitoring done on 22nd August 2013, the findings were as follows as at the end of the FY2012/2013;

i) Budget Performance

- In FY2012/13, the project was allocated a total budget of Ug. Shs. 54.32 billion. This comprised of Ug. Shs. 49.32 billion (90.8% of budget) from the donor funding component for an estimated 25% completion of works on each of the Lots 2 and 3; and the signing of the Lot 1 contract and full contractor mobilisation. The GoU contribution had an approved budget of Ushs 5 billion (9.2% of budget) earmarked for procurement of 40 hectares of land and properties therein for the project road. This information is summarised in Table 12.17 below.

Table 12.17: Financial Performance of the Project for Reconstruction of Mbarara-Katuna road (115 Kms)

Financial Year	**Source of funding**	**Approved Estimates (*Ug. Shs. Billions)***	**Releases *(Ug. Shs. Billions)***	**Expenditure *(Ug. Shs. Billions)***	**% of Budget Released**	**% of Budget Spent**	**% of Releases Spent**
2012/13	GoU	5.00	15.50	15.50	310.0%	310.0%	100.0%
	Donor	49.32	51.47	51.47	104.4%	104.4%	100.0%
Total		**54.32**	**66.97**	**66.97**	**123.3%**	**123.3%**	**100.0%**

Source: Quarter 4 Progress Report for Vote 113 (UNRA)

- The total funds released to this project was Ushs 66.97 billion during the FY2013/12out of which Ushs. 51.47 billion (104.4% of donor annual budget) was realised from the donors and 100% of this release was expended on the construction works. The GoU released Ug. Shs 15.5 billion (310% of the GoU budgeted and 23.1% of total release) which was 100% absorbed.

- The land and properties acquired was 16.65 hectares out of the targeted of 40 hectares. The target was not achieved because of the delayed approval of the valuation report for the extra land taken by the chief government valuer.

- The roads works completed were 25% on both Lots 2 and 3 during the FY2012/13 out of the targeted annual output of 25% on each lot. This brought the cumulative progress from the start of the projects at the end of the FY2012/2013 to 33.42% for Lot 2-Mbarara (Buterano) – Ntungamo (Rwentobo) and 27.46% for Lot 3-Ntungamo (Rwentobo) - Katuna.

- The works contract on Lot 1 (Mbarara Bypass) was signed on March 1, 2013. However, mobilisation did not commence because of the delayed approval of the EIB loan by parliament which was later on approved in April 2013. Land and property activities however commenced.

- The financial progress on Lot 2 (59 Kms between Km 36 and 95) was estimated at 55.05 against a planned progress of 69.61% by the end of July 2013. The contractor had submitted fourteen certificates to the consultant amounting to 53.02% of the contract value and these were all certified. The values of the certified works included a 10% lump sum advance and a 20% advance for materials, plant and equipment. However, it could not be established how many of the certificates had been honored or paid as the contractor does not share this information with the supervising engineer.

- The cumulative financial progress for Lot 3 (65 Kms between Km 95 and 160),was at 32.43% against a planned progress of 60.69%. A total of thirteen certificates including the advance payment were certified for works done up to June 2013 which amounted to Euro 30.195 million (45.88% of contract values).
- The Supervisor's Representative (COWI) had received payments totaling to Euro 1,523,141.48 (39.44% of supervision contract price) for supervision services for Lot 2 and Lot 3 since the beginning of the project.
- Based on the status of the site survey works done in March 2013, detailed working drawing finalization, and laboratory investigations of slopes and foundation soils, it was established that there will be an increase in the cost of the physical works totaling to Euro 2,260,317.06 (4.42% of Contract Price) for Lot 2 and EUR 1,983,384.56 (excluding price revision) for Lot 3.

ii) Physical Performance

The physical performance of the two projects in the financial year of 2012/2013 are summarised in the table 12.18 against the planned annual targets. Details of this physical progress of both Lot II and Lot 3 are later on presented.

Table 12.18: Physical Performance of the Mbarara-Ntungamo-Kabale-Katuna road sections in FY2012/2013

<table>
<tr><td>Project</td><td colspan="2">Annual Targets</td><td colspan="2">Annual Output</td><td>Cumulative Progress</td></tr>
<tr><td></td><td>Road Works (%)</td><td>Land Acquisition (Hectares)</td><td>Road Works (%)</td><td>Land Acquisition (Hectares)</td><td>Road Works (%)</td></tr>
<tr><td>Lot 2 (Between Km 36 to 95)</td><td>25</td><td rowspan="2">40</td><td>25</td><td rowspan="2">16.65</td><td>33.42</td></tr>
<tr><td>Lot 3 (Between Km 95 to 103)</td><td>25</td><td>25</td><td>27.46</td></tr>
</table>

a) Lot 2: between Km 36 and 95 (59 Kms)

- The main site camp facilities of the contractor at Rubarre were essentially complete and the plant and equipment mobilization for earthworks construction and pavement construction was satisfactory for the ongoing works. The laboratory equipment mobilization was completed in November 2012. The laboratory on site is fully equipped to undertake all the required tests of the project works including bituminous materials and mixes. These facilities were shared for both Lots.
- re-establishment and checking of existing control points and bench marks between Km 50 to Km 36 was complete; approval of bench marks and original ground levels between Km 36 to Km 95; reviewing and readjusting of cross section shop drawings between Km 36 to Km 95; and; and completion of land compensation surveys from km 95 to km 36 the start point of Lot 2had been completed under Survey works.
- During the months of July- December 2012, the road maintenance activities were carried out at a slower pace due to the wet weather conditions. The maintenance activities

continued in January –June 2013 at a better pace due to favourable weather. Shoulders were graded in areas where the vegetation and siltation prevented the free flow of surface water.

- Earthworks have progressed satisfactory since commencement in December 2011; however the wet months of April – December 2012 affected the progress. A number of pavement activities have been ongoing between Km 68 to Km95 in the FY2012/13 and these included construction of: sub base which started in July 2012; crushed aggregate stone base which commenced in August 2012; asphalt binder course started in November 2012; and the asphalt wearing course which started in March 2013.
- The overall progress of pavement activates by the end of July 2013 was as follows: clearing and grubbing - 70%, removal of top soil - 70% ; common excavation to spoil - 68%; G15 Fill – 53%; G7 Fill – 57%; roadbed preparation - 58%; modified subbase - 25%; crushed stone base - 41%; priming -39%; asphalt binder course-38%; and asphalt wearing course-27%.
- The progress of the drainage structures was as follows by the end of July 2013: 78 Corrugated Metal Pipe culverts (53% of 147 CMPs) had been constructed with a complete set of concrete head/end wall wall structures and backfilled with imported material; One Corrugated metal Arch (CMA) culvert of diameter 2.5m was also completed; 24 Concrete Box culverts (52% of 46 Box Culverts) with a complete set of inlet and outlet structures (Apron, Head/Wingwall and Cut off wall) and filled with imported material while 2 were under construction; and construction of sub soil drainage system which involved trench excavation, laying of perforated pipes, backing filling of trench with permeable material and trench lining with geotextile was at 100% progress

(Left): Rock fill – Swamp treatment works at Km 54+179; (centre); freshly applied base course works in 2 layers of 140mm to make 280mm at Km 66+99; (right) Finish works on DBM at Km 71+600.

a) Lot 3: from km 95 to km 160 at Katuna

At the time of monitoring, a number of activities were observed to be ongoing in different sections along the project road which can be catergorised as follows

i) Drainage which involved construction of open drains, sub-soil drainage systems, concrete culverts, access culverts, lined drains and flood protection works and gabion works.
ii) Earthworks which involved clearing, grubbing, topsoil removal, excavation and fill, improved sub grade construction, mechanically stabilized sub base and CRR Base course construction.
iii) Bituminous Layers and Seals which involved prime and tack coating, asphalt concrete binder course and asphalt concrete wearing course construction.

iv) Structures which included mainly the construction of box culverts.
v) Maintenance works of the existing road were successful in the last two quarters of the FY which was attributed to the availability of the asphalt from the Rwentobo hot mix plant.

Table 12.19: Physical Progress of Key Activities on the Reconstruction of Mbarara-Ntungamo-Kabale-Katuna Section –Lot 3 –Km 95 to 160 as of end of June 2013

S. No.	Description of work	Percentage (%)
1	Corrugated Metal Pipe (CMP) culverts	58.70
2	Box Culverts (Concrete)	36.70
3	Concrete Line Drains	16.80
4	Subbase (G7 and G15 material)	51.60
5	Subbase (G45 material)	35.80
6	Crushed Aggregate Road Base	41.70
7	Prime Coat and Blinding	52.10
8	90mm thick Asphalt Binder course	30.40
9	90mm thick Asphalt Wearing course	17.90
10	Tack Coat	13.40

- The contractor has issued a number of notifications of intention to claim for extensions of time (EOT). Apart from the 7 day works stoppage due to compensation verification during June 2012, the other claims have not been adequately justified.
- At the end of June 2013, physical progress was at 27.47% against the approved programme target of 54.26% (after 63.74% of the project time progress). The project slack progress was attributed to some abnormal rainfall (justifying 12 days extension of the time up to end of June 2013) and the work stoppage between (15 and 12 June 2012) resulting from a court order concerning verification of compensation payments. However, even after taking account of these unavoidable delays, the 20% lag in progress is significant and cannot be justified by the contractor.
- An updated review of changes in the estimated cost of the project by the supervising engineer was undertaken in March 2013, after the joint site surveys were completed and after the shop drawings for the road and structures had reached an advanced stage of development. The estimated increase in cost of physical works was only a little greater that 3%. This is within the 10% contingencies allowed for in the physical works excluding price revision.

(Left): A concrete lined drain and wearing course road works at Km 108; (centre); Earthworks involving clearing and grubbing at Km 123; (right) A 2.5m by 2m, 3 cell box culvert at Km 136+600 under construction near Kabale town.

- Based on the status of the site survey works done in March 2013, detailed working drawings finalization, and labaoratory investigation of cut slope and foundation soils, it is estimated that there will be an increase in cost of the physical works totaling to EURO 1.983 million (3% of physical works)
- A substantial improvement in the financial progress against the approved plan was observed during February to May 2013 after the high cost asphalt pavement construction started to reach its programmed monthly production target (of about 2.5Kms of asphalt binder course and wearing course per month). The contractor also expedited the construction of the concrete lined drains which improved the financial progress.
- At the end of June 2013, physical progress was estimated at 27.26% against the approved program target of 54.24% (after 63.74% of the project period).

i) Challenges and Setbacks Experienced by the Projects (Lot 2 and Lot 3)

- Land compensation issues arose on this project as well. Works in Lot 2 at one time came stopped for seven days after a court order that stopped the contractor from carrying on works in certain sections. UNRA believed that the road reserve was existing but when works commenced, compensation issues arose. A house owner in Ntungamo refused to give the contractor access to the site because his verandah was to be compensated but not the house.
- The contractor on both lots is not paid on time especially by the European Union after the approval of his certificates by the supervising consultant. This is likely to have an implication on the project cost arising on interest on delayed payments. The consultant however has no issues with his payments.
- The contractor for both Lots 2 and 3 has continued to fall behind schedule with a lag of about 20%. This has been mainly attributed to: the late mobilisation of the contractor; wet weather which affected the progress of earthworks; and land compensation issues in the project area.

ii) Recommendations

- The contractor has been told to continue with works in areas with land compensation issues but capture all the properties affected so that they can be compensated at a later stage.

- The implementing agency, UNRA, should try and intervene in seeing that the Donor (European Union) does not default on the contractor's payments so that any risks arising from delayed payments are curbed.
- The contractor is committed to completing the project within the contract period without asking for time extension. His resource mobilisation was much higher than the minimum stated in contract which will help him expedite the works. He has also submitted a revised work programme to the supervising engineer which was under review at the time of monitoring.

12.4 National Roads Maintenance Programme

Project Background

The programme involves several activities for maintenance of 19,600Kms on the national roads network, ferry services or inland water transport services and axle load control across the network. It is a recurrent programme which aims at improving and maintaining interconnectivity of the national road network across the country by reducing the rate of deterioration, lowering vehicle operating costs and travel time as well as ensuring safety of road users and ferry services.

In FY 2012/13, the programme was allocated a total annual budget of Ug. Shs. 181.875 billion under the Uganda Road Fund (URF). Planned activities under the programme included: routine manual maintenance of 20,090Kms; routine mechanized maintenance of 12,981Kms; and periodic maintenance of 50Km of paved roads and 855 Kms of unpaved roads. This also included routine maintenance of 175 bridges and periodic maintenance of 9 bridges, operation and maintenance of 9 weigh bridges and operations and maintenance of nine ferries and landing sites.

During the FY 2012/13, the programme was monitored at seven UNRA stations namely; Arua, Masaka, Mpigi, Gulu, Jinja, Moyo and Mbale stations, but for purposes of the annual report two stations of Arua and Masaka with a combined network of 2,099 Kms which represents 10.7% of the entire network were monitored. In the FY 2012/13, the programme received a total of Ushs 138.772 billion (76.3% of annual budget). The financial performance of the programme is summarised in the Table below where UNRA realised only 76.3% of the budget. This was mainly due to the Ushs 43.1 billion shortfall in releases experienced in Q4 that affected road maintenance activities and the road condition.

Table 12.16: Summary of Funds Disbursements–FY 2012/13

<table>
<tr><th colspan="2">Description</th><th>Annual Budget</th><th>Q1 (USHS bn)</th><th>Q2 (USHS bn)</th><th>Q3 (USHS bn)</th><th>Q4 (USHS bn)</th><th>Actual disbursement</th><th>% of Budget</th><th>% of Total URF Budget</th></tr>
<tr><td colspan="2">UNRA</td><td>181.870</td><td>45.468</td><td>45.468</td><td>46.178</td><td>1.658</td><td>138.772</td><td>76.3%</td><td>58.5%</td></tr>
<tr><td rowspan="3">UNRA</td><td colspan="2">Dates of Release</td><td>17-Aug-12</td><td>27-Nov-12</td><td>22-Feb-13</td><td>4-Jun-13</td><td></td><td></td><td></td></tr>
<tr><td colspan="2">Delay (no. of Calendar days from date of MFPED releases)</td><td>8</td><td>13</td><td>22</td><td>12</td><td colspan="3">13.8 (average)</td></tr>
<tr><td colspan="2">Delay (no. of</td><td>6</td><td>9</td><td>16</td><td>9</td><td colspan="3">10 (average)</td></tr>
</table>

	business days from date of MFPED releases)					

Source: URF Q4 Performance Report FY2012/13

Financial Performance

Table 12.17: Financial Performance of the National Roads Maintenance Programme for FY 2012/13 for the stations monitored

Station			**Implementation by Force account**			**Implementation by Contract**		
	Budget *(Ushs, Millions)*	**Receipts *(Ushs, Millions)***	**Expenditure *as at end of* June 2013 *(Ushs, Millions)***	**% of Budget Received**	**% of Receipts Spent**	**Contract Name**	**Financial Progress *(Ushs Million)***	**Remarks**
Arua	4,211	2,278.93	2,278.63	54.12%	99.99%	-	-	No contract for the FY
Masaka	5,627.4	2,373.69	2,378.17	42.18%	100%	Periodic Maintenace of Lumbugu-Lyantonde road (50 Kms)	22.2%	Under DLP up to 25th January 2013
						Term Maintenance of 3 selected national roads (Rakai-Ntantamukye – 50Kms; Villamaria-Sembabule – 38 Kms; Sembabule-Nkonge – 58 Kms)	16.5%	Contractor was slightly behind schedule for the first cycle.
Approved Budget Estimates Ug. Shs 181.870 billion Cumulative Release as at end of June 2013, Ushs 138.772 billion (76.3% of annual budget) Expenditure as at end of June 2013, Ushs 138.772 (76.3% of budget and 100% of release)								

Source: UNRA Station Engineers; IFMS Data.

Physical Performance

The physical performance on the National Road Maintenance Programme in the FY2012/2013 against set targets is shown in Table 12.18.

Table 12.18: Physical Performance of the National Roads Maintenance Programme for FY 2012/13

Road maintenance Operations	**Annual Planned Outputs**	**Cumulative Outputs**
Routine Mechanised Maintenance of paved roads	1,611Km	1,500Km

Routine Mechanised Maintenance of unpaved roads	11,370Km	10,362Km
Periodic Maintenance (re-gravelling) of unpaved roads	855Km	502Km
Weigh bridges		(7 Fixed and 2 Mobile) were operated and maintained
Ferries		Ferries were operated at 95% availability at Obongi, Laropi, Masindi Port, Wanseko, Kiyindi and Kyoga

Source: UNRA Progress Report for Q4-FY2012/13 – August 2013.

The targets were not met because part of the annual budget (Ug. Shs 17bn) was used to pay debts carried over from FY 2011/2012 and a budget cut of Ug. Shs. 43.1 billion in Q4 –FY2012/2013.

A) Arua Station

Arua station maintains a total road network of 1006Kms of the national road network of which, of which 130Kms (12.9%) are paved and 876Kms (87.1%) are gravel roads as illustrated in **Table 12.19.** 546Kms (54.3%) are from the old network and 460Kms (45.7%) of roads are the additional network that was upgraded to national roads in FY 2009/10. The station road network covers six districts namely; Arua, Nebbi, Maracha, Koboka, Zombo and Yumbe. Maintenance activities during the FY2012/13 were planned to be intervened using contracts on 311 Kms (30.92% of the station network) and by force on account on 540.2 Kms (53.68%).

Table 12.19: Arua UNRA Sation Road Network in Kms

Network	Paved	Unpaved	Total
Old	130	416	546
New	0	460	460
Total	**130**	**876**	**1006**

a) Maintenance using contracts

All planned mechanised maintenance works using contracts on 311 Kms (30.92% of station network) in the FY2012/13 did not take off. Mechanised maintenance works for the roads that were planned under contracting was done using force account intervention. 909.9 Kms (90.4%) of the station network were planned for the manual maintenance using labour based contracts at Ushs 786.1 million (18.7% of the station annual budget). The works in these contracts involved mainly slashing of the grass by the road side and desilting of drainages. These works are repetitive and were observed to be ongoing.

b) Maintenance using Force account

Maintenance activities on roads at different times of the FY 2012/2013 using force account intervention was planned to be carried out 540.2 Kms (53.68% of the station network) at Ushs 2.19 billion (52.1% of the station budget). The scope of works under force account involved:

grading, spot gravelling, patching (using gravel/ asphalt/surface dressing), bridge maintenance, repair of ferry landing site and limited drainage improvement. The roads maintained by force account interventions were monitored on 17th August 2013 and below are the findings.

For the FY 2012/13, the station received a total of Ug. Shs 2.278 billion (54.1% of annual budget) and by the end of the financial year, 99.9% of the receipts had been expended on force account activities as seen in Table 12.22.

The monitoring team visited Katirini-Nyadri road (23 Kms) and Arua-Mini PTTC-Eruba (6Kms) roads that are unpaved and part of the addition network where routine mechanised maintenance had been carried out by force account intervention. Works on Katirini-Nyadri were done during the period of February-March 2013 and involved heavy grading of the entire 23Kms of road and spot gravelling of material amount to1880m^3. Similarly, on Arua-Mini PTTC-Eruba road, heavy grading had been done for the entire 6Kms, 1500m3 of spot gravelling done and 24m of culverts installed during the period of January-February 2013. These roads were still motorable at the time of monitoring with minor defects that were mainly caused by the rains experienced in the region.

Table 12.20: Financial Performance of Arua UNRA Sation for the FY2012/2013

Period	Annual Budget (Ushs) millions	Release (Ushs) millions	Release Date	Total Expenditure (Ushs) millions	Unspent Balance (Ushs) millions
Q1		928.740	21st August 2012		
Q2		700.048	13th December 2013		
Q3		640.150	7th March 2013		
Q4		10.000	26th June 2013		
Total	**4,211**	**2,278.938**		**2,278.638**	**0.300**

Packwach-Nebbi-Arua (130Kms), a paved road that is part of the old station network, was visited and it was observed that asphalt patching and desilting of side drains had been done. Works involving concrete patching of 417.8m^3, asphalt patching of 4,503.2m^2 and excavation of 4500m of side drain was carried throughout the FY2012/2013. The rate of failure for this road however calls for remedial works. All along the roads monitored, LBC works of grass cutting at the road side were ongoing with a few sections appearing unattended to due to the prolonged rainy season that facilitated the fast growth of the grass.

Nyadri-Katrini road (23Kms)at Km 1+900 showing a spot gravelled section with LBC works of road side and drainage cleaning (left); A regrevalled section of Arua-Muni PTTC-Erubu road (6Kms) at 3+000 (centre); Patch works along Arua-Nebbi-Packwach road at Km120+000 (right).

B) Masaka Station

Masaka station maintains a total road network of 1093Kms of the national road network of which 239Kms (21.9%) are paved and 854Kms (78.1%) are gravel roads as illustrated in the **Table 12.21**. 564Kms (51.6%) are from the old network and 529Kms (48.4%) of roads are part of the additional network that was upgraded to national roads in FY 2009/10. The distribution of the road network under the station stretches to nine administrative districts namely; Bukomasimbi, Gomba, Kalungu, Kalangala, Lwengo, Lyatonde, Masaka, Rakai and Sembabule. Maintenance activities during the FY2012/13 were planned to be intervened using contracts on 472 Kms (43.1% of the station network) and by force on account on 425 Kms (38.98%).

Table 12.21: Masaka UNRA Station Road Network in Kms

Network	Paved	Unpaved	Total
Old	239	325	564
New	0	529	529
Total	**239**	**854**	**1093**

a) Maintenance using contracts

Maintenance using contracts was planned on 472 Kms (43.18% of station network) in the FY2012/13. During the FY, the station supervised works undertaken in two contracts (periodic and term maintenance) for four roads with a total length of 198 Kms. The project information of these contracts which were monitored on 20th August, 2013 is summarised in the table below.

Table 12.22: Project Summary for Periodic and Term Maintenance Contracts

Contract Title	Maintenance of 14 Selected Roads : Lot 2 -Periodic Maintenance of Lumbugu-Lyantonde (50 Kms)	Term Maintenance of Rakai-Ntantamukye (50 Kms); Villamaria-Sembabule (36 Kms); Sembabule-Nkonge (58 Kms)
Contract Number	UNRA/Works?2011-12/00002/03/02	UNRA/Works?2011-12/00002/01/01
Source of Funding	World Bank	Government of Uganda
Implementing Agency	Uganda National Roads Authority	Uganda National Roads Authority

Contract Title	Maintenance of 14 Selected Roads : Lot 2 -Periodic Maintenance of Lumbugu-Lyantonde (50 Kms)	Term Maintenance of Rakai-Ntantamukye (50 Kms); Villamaria-Sembabule (36 Kms); Sembabule-Nkonge (58 Kms)
	(UNRA)	(UNRA)
Supervising Engineer	Station Engineer - Masaka	Station Engineer - Masaka
Contractor	M/s Abubaker Technical Services Ltd	M/s Abubaker Technical Services Ltd
Length of Road	50 Kms	144 Kms
Possession of Site	4th October 2012	2nd January 2013
Construction Commencement Date	4th October 2012	2nd January 2013
Construction Completion Date	4th July 2013	2nd January 2015
Contract Price	Ushs 1,916,903,400	Ushs 4,253,564,881 for 4 cycles
Contract Period	10 months	24 Months
Contract Time Elapsed	Substantially completed on 25th July 2013	29.2% as of June 2013
Works Payments Certified including 15% Advance mobilization	Ushs 1,418,456,370 (74% of contract price)	Ushs 704,375,767 (16.6% of contract price)
Payments to the Contractor	Ushs 426,340,288 (22.2% of contract price)	Not established
Planned Physical Progress	100%	30%
Actual Physical Progress - Cumulative	98.5%	18.5%
Planned Financial Progress	100%	29.2%
Actual Financial Progress-Cumulative	22.2%	16.5%

Source: Masaka Station Engineer

1) Periodic Maintenance of Lumbugu-Lyantonde (50 Kms)

Works on this project were aimed at reinstating the road condition to a good motorable status and improve its drainage. The contract was awarded to M/s Abubaker Technical Services Ltd and the scope of works involved the following activities: heavy grading of 48.418 Kms to an average width of 7m; full regravelling of the road to a total length of 50 Kms, 6.4m wide and 150mm thick; installation of cross culverts (50 lines of 600mm diameter and 1 line of 90mm diameter); reinstatement of side drains, mitre drains, off shoots, catch water drains, etc; and swamp filling of 700m to an average depth of 1m.

At the time of monitoring on 20th August, 2013, the contractor had substantially completed the works on 25th July 2013 and the project was under a six months DLP which will expire on the 25th January 2014. Ongoing works involved the construction of head, wing and aprons of culverts in addition to replacing some damaged culverts. The values of works done by the end of the FY were at 74% of contract value against a weighted physical progress of works of 91.9%.

(Left): Catch water drain along the road in a raised section at Km 9+200; (centre); Replaced culvert crossing at Km 13+300; (right) Construction of head wall at Km 24+800.

Challenges faced by this project included: heavy rains during execution coupled by inadequate quantities of drainage works; susceptibility of low lying sections/swamps which flood with even the little rains; and the impassable Kabunanga hill due to its steepness.

2) Term Maintenance of Rakai-Ntantamukye (50 Kms), Villamaria-Sembabule (36 Kms), and Senbabule-Nkonge (58 Kms)

The maintenance works on these roads are being executed under term maintenance contracts in four cycles of six months each. This contract aimed at reinstating 146 Kms of road to a good motorable status and improving the drainage systems was awarded to M/s Abubaker Technical Services Ltd. The scope of works involved: grading of 146 Kms to an average width of 7m every 6 months (cycle); spot regravelling of selected sections with an average 6.4m width and 150mm thick on cycle basis; installation of culverts (10 lines of 600mm diameter per cycle); reinstatement of side drains, mitre drains, off shoots, catch water drains, etc; and general drainage improvement.

At the end of the FY2012/13, the completed activities included: grading of 146 kms to an average with of 7m; spot regrevallling of Rakai-Ntantamukye road; and opening of offshoots on Villamaria-Sembabule road. Ongoing activities at end of the FY, included: installation of culverts on the three roads and spot regravelling of Villamaria-Sembabule and Sembabule-Nkoge roads. The weighted physical progress of works was at 18.5% against a financial progress of 16.5%. The monitoring team visited Rakai-Ntantamukye road on 20th August, 2013 and observed that drainage improvement works were ongoing and that the road was motorable after the grading and spot regarvelling exercises. The team also observed that there was need to improve on the drainage approaches to the newly installed culverts to allow the all water to go through them.

Challenges experienced on this project included: heavy rains during execution coupled by inadequate quantities of drainage works; frequent breakdown of machines; and delayed payments of certificates to contractors.

(Left): A regravelled section in a swamp at Km 1+400; (centre); a poorly graded section with raised road center line at Km11+400; (right) A 600mm culvert line installed with no head walls at Km 11+800.

3) Labour Based Contracts

Labour base contracts were planned on 1093 Kms (96.6%) in the FY 2012/2013. The contracts were procured and works commenced in July 2012. The payment for the whole financial year amounted to Ushs 880.7million (92.86% of the LBC IPC) and were made to contractors accordingly at an average performance of 93.8%. No funds were released for this activity in Q4 FY 2012/2013. Contractors were therefore paid from the balances of the LBC account and of the ongoing force account operations which affected the planned program.

Challenges faced by LBCs and proposed remedy

- Inadequate rates which have forced contractors to abandon work in search for better paying jobs. It is proposed that all off carriageway improvement works should be given out to term maintenance contractors.
- Garbage dumping in drains especially in built up areas. The capacity of the LBC contractors cannot handle the magnitude of daily debris of rubbish materials and culvert blockages especially during the rains. The station should be allocated a special fund for clearing drains on a monthly bases and a back hoe equipment to supplement the LBC activities in opening deeper drains.
- Inadequate supervision transport and absence of LBC allowance: there is need for improvement of these facilities at the station by providing sound vehicles and establishing of LBC allowance account to cater for field supervisors.

b) Maintenance using Force account

Maintenance activities on roads at different times of the FY 2012/2013 using force account intervention was planned to be carried out 425 Kms (38.9% of the station network) at Ushs 2.19 billion (31.3% of the station budget). The scope of works under force account involved: mainly grading, spot gravelling, patching (using gravel/ asphalt/surface dressing) and limited drainage improvement. The roads maintained by force account interventions were monitored on 20th August 2013 and below are the findings.

For the FY 2012/13, the station received a total of Ug. Shs 2,373.69 billion (42.2% of annual budget) and by the end of the financial year, 100% of the receipts had been expended on different force account activities including emergency works that were carried out in Q4, FY2012/13 as seen in Table 12.22.

Table 12.23: Financial Performance of Masaka UNRA Sation for the FY2012/2013

Period	Annual Budget (Ushs) millions	Release (Ushs) millions	Release Date	Total Expenditure (Ushs) millions	Unspent Balance (Ushs) millions
Q1		928.740	21st August 2012		
Q2		700.048	13th December 2013		
Q3		640.150	7th March 2013		
Q4		10.000	2th June 2013		
Total	**5,627.40**	**2,373.69**		**2,378.17**	**0.0**

The team visited Masaka-Kida-Dimo (50 Kms), Masaka-Kyotera (43 Kms) and Kyotera-Rakai (21 kms) as some of the roads whose maintenance works were implemented using force account in the FY 2012/2013. On Masaka-Kida-Dimo (50 Kms) works started in February 2013 and were still ongoing at the time of monitoring. These were emergency works which involved grading and spot regarvelling. The gravelling activity could not proceed due to lack of fuel in June 2013. Gravel was purchased but could not be delivered on site. The regravelling activity was still pending and would be accomplished when the station receives funds.

On Masaka-Kyotera (43Kms), a paved road, maintenance activities that involved mainly patch works were carried out during the entire FY. It was observed that LBC works had been carried out and damaged shoulders/edges especially in the sloping areas which had been caused by surface runoff. On Kyotera-Rakai (21 Kms), a paved road, it was observed that patching works had been carried out in different sections of the road and some sections like the Lubungu swamp had structurally failed.

(Left): Graded section of Masaka-Kida-Dimo road at Km 20+600; (centre); Failed section on Masaka-Kyotera road at KM 48+900 on a side of the road that is heavily trafficked; (right) Patch works along Kyotera-Rakai road at Km 7+100.

Implementation challenges at the stations included:

- Inadequate and untimely release of funds to carry out force account activates as seen in the financial performance. Funds to the stations were released in the last month of the quarters and no maintenance release was made in Q4 for all stations. This affected the planned activities for the stations. At the time of monitoring the stations in the late August 2013, the quarter one release for the FY2013/2014 had not been received.
- The stations are over stretched on force on account activities. Arua station had no contractor procured to work on its network in the whole of the FY 2012/13.
- Inadequate equipment resource at the stations. For example, Arua station lacks of a water bowser and Masaka station lacks a vibro roller. This affects the quality of grading and gravelling activities especially during the dry season.
- The stations lack an efficient fleet of tipper trucks to match with the increased road network and activities being carried out in each quarter. The stations should be allowed to hire equipment until the situation improves.
- Vandalism of road furniture, inadequate signage like road markings on some roads like Masaka-Kyotera-Mutukula (Masaka Station) and encroachment of road reserves. This however has reduced because or revitalisation or Road Committees and continuous sensitization of communities and road users in addition to continuous policing.
- Lack of centrally procured stores for tyres, blades, bucket tips, etch for road equipment like graders, tippers, pickups and wheel loaders.
- Aged equipment resulting into frequent break down makes it hard to achieve the programmed work.
- Inadequate and untimely fuel resources. During the emergency works, there is need to increase the fuel allocation and release it in a timely manner to the stations. Otherwise the other activities are hugely affected since the priority is usually allocated to emergency works.
- Inadequate supervision transport: Because road supervision is an intensive activity, it is requires sound and powerful supervision vehicles.
- Understaffing: the stations lack key staff like mechanics, drivers and operators. The road inspectors and road overseers are very few compared to the increased road network. Executive assistants are overwhelmed with the delegated function of Head of Procurement Unit. Similarly, the delegated functions for the Contracts Committee have left less time for attendance to the core activities on the road network.
- Inadequate LBC rates have forced the contractors to abandon works and look for more paying jobs. The untimely release of funds also demoralises the contractors which retards their performance. A proposal has been made to give all off carriageway improvement works to term maintenance contractors.
- Inadequate release of administration and mechanical imprest votes. The vote for administrators needs to be revised to at least Ushs 25 million per quarter and the Mechanical vote to be re-instated back to Ushs 45 million per quarter.

In addition to the above, the Masaka UNRA station had the following unique implementation challenges:

- Surface water crossing especially along low lying areas which makes them susceptible to flooding with little rains.
- Road reserve encroachment due to absence of reserve posts and inadequate guidelines especially to the newly graded roads and upcoming trading centers.
- Garbage dumping into side drains which hinders smooth flow of surface water especially around developing towns making the work of the LBC beyond their maintenance capacity.
- The station requires a low loader to transport road equipment as some roads are located far from the station. Otherwise the equipment ends up getting damaged when driven on the roads for long distances.
- Lack of large diameter Armco culverts suitable for swamps and low lying sections that require raising the levels (1200mm, 1500mm and 1800mm diameter culverts should be readily available in central stores for emergency interventions.
- Inadequate supervision transport: Because the roads traverse through soft and weak soils, there is need for sound and powerful supervision vehicles.
- The station operates a weighbridge at Lukaya which faces the challenges of: lack of proper parking space for impounded vehicles; speeding off vehicles that avoid the weighbridges and an accumulating number of impounded vehicles that escape without clearing court penalties.

Conclusion

- The timely and adequate release of funds to carry out force account activities; and replacement of all aged equipment to reduce on the equipment maintenance cost; should be effected as planned outputs are realised in time.
- Maintenance of more roads should be put on term maintenance contracts so that stations handle less work by Force account.
- Roads from the additional network should be given priority in terms of maintenance contracts through full regravelling or term maintenance since the treatment of some of these additional roads received during the urgent repairs were very minimal to upgrade them to national standards deserved.
- Most of the roads under the Masaka station are in a fair state as a result of both force account and contract interventions (periodic, term maintenance and KIS on Ssese islands). However, there is still direct need to improve on the drainages of most gravel roads through installing bigger diameter culverts, opening of drains by use of a digger/excavator, raising of all low lying sections especially in the districts of Rakai, Lyantonde and Sembabule.
- There is also need to provide a permanent solution to extremely high hills of Lumbugu-Lyantonde and Lyantonde-Ntuusi roads (Masaka Station) which are impassable during both the dry and wet periods especially to heavily loaded trucks by either reducing the steepness of these hills or by paving those sections.

12.5 Ministry of Works and Transport

The ministry of works and transport is the lead agency in the transport sector with the mandate to plan, develop and maintain an economic, efficient and effective transport infrastructure. Further to this it is mandated to manage public works including government structures.

The annual budgets, releases and expenditure by the Ministry in FY2012/13 shows that out of Ushs 119.475 billion approved, only Ushs 78.068 billion was released representing a budget performance of 65.3%. For the annual performance monitoring four projects were monitored with the financial performance indicated in table 12.23. The underperformance on the budgets is blamed on the low release of funds, inadequate funding for its various activities and procurement delays.

Financial Performance of Projects Monitored

Table 12.24: Financial Performance of the Projects Monitored for the FY 2012/2013

Project	Source of funding	Annual Budget Estimates *(Ushs Billions)*	Releases *(Ushs Billions)*	Expenditure *(Ushs Billions)*	% of Budget Released (%)	% of Releases Spent (%)
East African Trade and Transport Facilitation	GoU	2.16	1.55	1.56	71.7	100.8
	Donor	13.05	2.68	2.68	20.6	100.0
Construction of Selected Bridges	GoU	4.00	2.42	2.81	60.4	116.3
Roads in Oil Prospecting Areas	GoU	0.50	0.35	0.34	69.7	98.5
Support to Tourism Infrastructure Development	GoU	2.00	1.41	1.41	70.5	99.9

Source: MoWT Ministerial Budget Policy Statement FY 2012/13; IFMS Data.

12.5.1 East African Trade and Transport Facilitation Project (EATTFP)

Project Background

The EATTFP was approved by the World Bank's Board of Executive Directors in December 2005 and the Uganda component became effective in April 2007. The project financing from the International Development Association (IDA) comprises a credit of SDR 18.2 million (US$26.4 million) to GoU. Following request by the GoU, the project was restructured in June 2011 and the closing date of the credit extended by three years to September 30, 2014.

The original project development objectives (PDO) of the EATTFP were:

(i) Improve trade environment through the effective implementation of the EAC Customs Union (CU) Protocol;
(ii) Enhance transport and logistics services efficiency along key corridors by reducing non tariff barriers and uncertainty of transit time; and
(iii) Improve railway services in Kenya and Uganda.

Following the restructuring, the PDO was revised to:

(i) Enhance efficiency of customs agencies' clearance processes, for the EAC Partner States participating in the East Africa Customs Union, to facilitate trade;
(ii) Improve efficiency and reliability of transport and logistics services along the key corridors; and
(iii) Enhance safety in identified areas and reduce the Recipient’s fiscal transfers to railway institutions by rationalizing the work force on the Kenya-Uganda railway.

With restructuring, the original Results Framework (RF) was also modified to focus on what the project output can achieve and to;

(i) Reduce the number of indicators retaining those that truly measure the performance of the project and
(ii) Harmonize the PDO indicators and bringing them under one RF for the entire project.

The project components are: i) Support to EAC Customs Union Implementation, ii) Institutional Support for Transport Facilitation, iii) Investment Support for Trade and Transport Facilitation and iv) Support to Kenya and Uganda Railways Concessions.

The Uganda component of the project is implemented by the Ministry of Works and Transport (MoWT) and the Uganda Revenue Authority (URA) through Project Implementation Teams (PITs) established by the respective agencies.

For its annual performance of the FY2012/2013, the project activities were monitored on the 23rd and 30th of August, 2013 and 3rd September, 2013 and the following are the findings;

Findings

i) Financial Performance

In FY2012/13, the project had an approved budget of Ushs 15.206 billion with a GoU component of Ushs 2.160 billion (14.2% of the budget) and a donor component of Ushs 13.046 billion (85.7% of the budget) earmarked for the following activities: procurement of land at Katuna, Busia, Mutukula and Malaba; civil works and supervision of Mukono-ICD; construction works at Katuna, Busia, Mutukula, Mirama hills and Malaba; and commencement of OSBP works.

At the end of the FY2012/13, the project had received a total of Ushs 4.23 billion (27.81% of budget) from both the donor and GOU and absorbed 100% of the receipt by the end of the FY. The achievements of this project by the end of the FY included: For the land acquisition component - resolving of about 95% of cases resolved at Mutukula and Katuna border posts with only two cases remaining; received clearance from the chief government valuer on one contested case at Mutukula; and received a ruling on an arbitration case for M/s RIO Oil Family from the Engineers Registration Board.

25% of the annual budget was released by GoU for this project and 16.1% of the release was absorbed. Most of the activities were under procurement at the time of monitoring and for those that had passed this stage, works were yet to commence.

The project performed relatively well during FY 2012/13 save for the One Stop Border Posts (OSBP) component. The rehabilitation of the ferry MV Kaawa (and dry dock) was completed and a class certificate issued by independent marine surveyors from International Register of Ships (IRS) of USA. The ferry was successfully commissioned on 31st August 2012.

The Ministry also signed three (3No) contracts worth US$ 15.2 million during the period under review for the OSBP. Nevertheless, the project experienced delays in the procurement cycle particularly at evaluation and contract adjudication stages which affected progress during FY 2012/13. The most affected activity was the establishment of One Stop Border Posts (OSBP) at Malaba, Busia and Mutukula border posts which accounts for more than 60 percent of the total credit. As such, disbursement remains low at less than 40 percent. However, every effort is being made to overcome the delays and expedite the procurement process of outstanding key activities so that the remaining outputs are delivered within the credit period. The project is still on course to attain the Project Development Objectives (PDO).

Physical Performance

The implementation of Electronic Cargo Tracking (ECT) is the only remaining activity under this component. This was re-tendered in November 2010. Bids were opened on May 31, 2011 and the contract was signed on March 18, 2013. The contract price is US$ 5,246,205.80 of which US$ 2Mn will be secured from the credit, US$2Mn from Trademark East Africa and the balance of US$1,246,205.80 will be paid by Government of Uganda. The contract period is about 8 months.

On the construction of Katuna OSBP, good progress is noted. The Hon. Minister of Works and Transport met his Rwandan counterpart in Kigali on 08 February 2013. Based on the bilateral discussions, the Rwandese Government gave its 'No Objection" to GOU and World Bank to proceed with the development of Katuna/Gatuna OSBP on 09 April 2013. On 30 May 2013, the Ministry submitted revised Bidding Documents for Katuna OSBP civil works to World Bank and a 'No Objection" was granted on 31st July 2012. MoWT advertised the tender on 06th August 2013 and the closing date is 10th September 2013.

On the construction of the OSBP at Malaba, Busia and Mutukula, evaluation of bids was concluded by UNRA as per the signed MOU. The World Bank and TMEA granted "No Objection" to the bid evaluation reports in December 2012. However, during the display period, two Bidders applied for administrative review. The Ministry investigated the matter and found no merit in the 2 cases above. One of the two firms appealed to PPDA and a hearing was held on 13/03/2013. PPDA recommended a re-evaluation of bids which was concluded in August 2013. The civil works contract for Mutukula was awarded on 08 July 2013 and signed on 12 July 2013. The contract price is USHS 18,793,900,206.40 inclusive of taxes. The civil works contract for Malaba and Busia were awarded on 30th July 2013 and signed on 2nd August 2013. The contract amounts are USHS 15,708,759,579.62 and USHS 15,5898,641,294.00 inclusive of taxes.

With regards to environmental issues, the Ministry received clearance from NEMA for the proposed civil works at Malaba, Busia, Mirama Hills and Mutukula OSBP. For Katuna OSBP, procurement of an independent consultant to carry out an EIA review awaits a No Objection from World Bank.

On land compensation, two (2No) cases remain outstanding one at Mutukula and another at Katuna. At Mutukula, One family M/s RIO Fuel Station contested Chief Government Valuer's (CGV) assessment (USHS 465Mn) and engaged a private valuer who recommended USHS 2.34Bn. The Ministry contested, the case was referred to Surveyors Registration Board and discussed on March 21, 2013. The Board ruled that both valuers use URA income tax returns to arrive at an acceptable valuation. However, M/s RIO Fuel Station has written to the Ministry withdrawing from the project compensation scheme. At Katuna, One family M/s Kyomuhendo contested Chief Government Valuer's (CGV) assessment (USHS 109Mn) and engaged a private valuer who recommended USHS 125Mn. The CGV recommendation for MoWT to pay the claimant was received at the close of the FY and will thus be settled during FY 2013/14.

The Ministry signed a contract on 07 March 2013 and delivery is expected within 30 weeks. However, location and installation still depends on how fast UNRA can provide land needed. UNRA has informed the MoWT that they have already identified land away from the proposed OSBP's at Malaba and Busia and valuation is on-going. For Mutukula and Elegu OSBP's, land surveying is still on-going. The weighbridge along Kabale-Katuna road will be procured by EU. Hence, the Katuna weighbridge being procured under EATTFP will be deployed to Gulu-Atiak-Elegu road.

On MV Kaawa (and dry dock), the rehabilitation was completed and a class certificate issued by independent marine surveyors from International Register of Ships (IRS) of USA. The ferry was successfully commissioned on 31st August 2012.

The contract for the construction of the Railway ICD at Mukono railway station was signed on November 7th 2012 and the contract sum is US$ 8,688,112 including taxes. The contract period is 18 calendar months including 6months for DLP. However, there were delays in processing the contractors advance payment due to submission of wrong documentation by the consultant, and hence a slow progress of 30% was recorded by the end of 2012/13 against a time progress of 67%. The Ministry also procured a supervision consultant M/s Kagga & Partners during the period. Table 12.24 below shows the summary of the project contract data.

The overall objective of the assignment is to ensure that the project works are constructed in accordance with the project detailed design and within the planned time frame and budget. The project scope envisaged involves the following infrastructure:

- Container stacking/handling hard standing
- Buildings i.e. office block, warehousing, workshop, guardhouse
- Access and circulation roads
- Truck marshalling yard
- Car parking area
- Weigh bridge
- Railway siding
- Perimeter wall fence
- Flood lighting
- Services i.e. electricity, ICT, water supply, foul drainage

Table 12.25 Construction of the Proposed Railway Inland Container Deport (ICD) at Mukono Railway Station Project Summary as of June 2013

Project Title	East Africa Trade and Transport Facilitation Project (EATTFP)
Source of Funding	World Bank (IDA)
Contract No.	MoWT/Wrks/2010-2011/00047
Implementing Agency	Ministry of Works and Transport
Supervision Engineer	M/S Kagga and Partner

Contractor	China Jiangxi Corporation for International Economic and Technical Cooperation
Supervision Commencement Date	10th December 2012
Construction Commencement Date	7th November 2012
Original Contract Price	USD ,8,688,112.11 inclusive of VAT
Supervision Contract Price	Ushs 695,120,890
Contract Period	12 months
Contract Time Elapsed	9 months
Works Payments Certified	US$1,474,462.37 – Advance payment US $ 590,385.4 - IPC US$ 276,480.36 – IPC 2
Payments to the contractor	Two certificates have been issued but only one has been paid of approximately US $1 million
Consultant Invoices Submitted	Ushs 110,715,419
Payments to the Consultant	None
Planned Progress	67%
Physical Progress	30%
Financial Progress	8.4% exclusive of advance payment.

The completed project activities are;

- Pump house and power house substructure, walling and roofing.
- Weigh bridge substructure, walling and fixing of roof trusses.
- Main office block substructure and columns.
- Radio mast was removed and securely kept by the contractor. Provision for its relocation was made within the contract and to be followed up by MOWT and Uganda Railways corporation (URC)

The activities that are ongoing on the project wereas depicted in the caption below

- Filling of gravel at hardstand area.
- Fixing of formwork for beams at the main office block.
- Workshop /shed walling.
- External plastering of weigh bridge building.
- Splash apron construction at the pump house and power house.



(Left); Water pump and power house construction at 90% completion; (Centre): Office block at 20% completion; (Right)); Weigh bridge house at 80% progress.

Challenges and Setbacks Experienced by the Project

- There is a dispute on the ownership of the existing warehouse between the District and URC and this has affected its demolition and other works and if not expeditiously resolved will impact on progress.
- Dispute on site boundary still exist and this needs to be sorted out expeditiously as it is likely to affect access to site a formal communication has been made to the Project managers .
- Advance payment to the contractor was delayed and this affected the contractors mobilization and this arose out of approval delays by the Contract manager form MoWT. These delays are further impacting on payments of the contractor and are happening following certification by the Project managers
- Environmental Impact Assessment Report has not been approved by NEMA, the Pr4oject mangers have referred the issue to the Contracts Manager. The Client (MoWT) is to take up the issue with NEMA and the design Consultant.
- .



(Left); Pavement works in the yard for loading, off loading and storing containers; (Centre):Mukono district warehouses that will be demolished; (Right);); Workshop at 15% progress.

Recommendations

- MoWT and URC should clearly establish the boundaries of the URC property and if there is any encroachment this land should be acquired.
- Disputes regarding the existing warehouse may require that a valuation of the property to be made and an MOU signed between the district and URC regarding the compensation in order to avoid delays in implementation of the project.
- Approvals of certified and invoiced works should be expedited by the Contract Manager in order to avoid claims that may arise out of these delays.

12.5.2 Construction of Selected Bridges Project

Findings

i) Financial Performance

In the FY2012/13, the project had an approved budget of Ushs 4 billion earmarked for: sensitization, surveying, evaluation and compensation of affected persons in the acquisition of land component; construction of ongoing projects which are Saaka (Kaliro), Kaguta (Lira), Alla2 (Arua), Okokor (Kumi), Agwa (Lira), Nyagak bridge (Zombo), and Saaka Phase II; completing the designs of Bunabdasa Swamp (Sironko), Kikasa Swamp (Lyantonde), Kibira (Nebbi), Saaka (Kaliro), Nsingano (Mayuge), Rwizi (Mbarara), Rwamabaale (Kibaale) and Bukwali (Kabarole); and commencing new construction of Alala (Nebbi), Kisaigi (Kibaale) and Buhinga (Kabarole)

These projects were monitored and supervised under the same budget by the ministry. At the end of the FY2012/2013, releases to the project amounted to Ushs 2.42 billion (60.43% of approved budget) and Ushs 2.81 billion (116.3% of released) was expended. The cumulative outputs for this project are as follows: For ongoing projects: Saaka (Kaliro) 45%, Kaguta (Lira) 30%, Alla2 (Arua) 85%, Okokor (Kumi) 50%, Agwa (Lira) 0% & Nyagak bridge (Zombo) 95%, and Saaka Phase II 0%: for on-going Designs: (10%) Bunabdasa Swamp (Sironko), Kikasa Swamp (Lyantonde), Kibira (Nebbi), Saaka (Kaliro), Nsingano (Mayuge), Rwizi (Mbarara),

Rwamabaale (Kibaale), Bukwali (Kabarole). The planned new constructions did not take off in the financial year.

ii) Physical Performance

For purposes of the annual monitoring selected bridges were monitored in three districts of Arua, Zombo and Kumi and physical performance of these brigdes is detailed below. It was observed however; that implementation of the works on the bridges has generally taken longer than the contract duration specified and contract management by the Ministry needs to be improved otherwise there is a risk of running non performing contracts. Issues like contract completion dates should be adhered to and in case milestones are not met a clear record of the revisions to the contract should be kept and commensurate instructions to this effect issued.

A. Arua District

Construction of Alla 2 Bridge

Table 12.26: Alla 2 Bridge in Arua Project Summary

Contract No	WT/BRDG/DEV/003/09/10
Funding Agency	Government of Uganda through Ministry of Works and Transport
Supervision	MoWT with the Arua District Engineer
Contractor	M/s Pearl Shelter Promoters (U) Ltd P. O. Box 460, Kampala
Works Contract Price (Original)	Ushs 716, 111, 000
Commencement Date	21st June 2010
Supervision Contract Price	Included in the contract sum under preliminaries
Completion Period	8 months

Completion Date (Original)	20th February 2011
Completion Date (Revised)	-
Contract Time Progress	-
Works Payments Certified	Ushs 167,259,520 (23% of Contract Price)
Payments to Contractor	Ushs 167,259,520 (23% of Contract Price)
Physical Progress	95%
Financial Progress	23%

Source: Supervising Project Engineer

Scope of Works

The works to be carried out under the contract involved: the construction of a 20m long bridge with a pedestrian walkway on either side of the bridge and a 400m access road.

Contract Progress

This project was monitored on the 14th August 2013 and the following was observed;

- The bridge appeared to be under substantial completion because the decking works on the bridge had been completed with the installation of the side rails.
- The approaches to the bridge on either side were well graveled with the side drained line with stone pitching.
- The gabion protection works along the wing walls of the bridge had failed and this was likely to cause erosion of the river embankments. The contractor was instructed to remove and redo these works because the gabions were not laid in accordance to the specifications.
- The construction works on this site were estimated by the team to be at 90% much as the works were yet to be 100% completed more than two years after the expiry of the contract period.
- The performance security of the contractor expired in October 2012 and the process of renewal was still underway at the time of monitoring much as the contract was terminated.
- Total payments to the contractor were reported to be Ug. Shs. 584 million (81.6% of contract price). However the deductions for liquidated damages of 100 days and 100% advance payment recovery had been made on the contractor's payments which brought the total payment from the three IPCs to Ushs 167,259,520 (23.3% of contract value).
- The contractor has to make good certain areas to allow for the evaluation of the project progress and preparation of a substantial completion certificate. These areas included the beams below the decking that had honey combs and exposed surface of the abutments.

(Left): Stone pitched drainage along the access road to the bridge; (Centre): Completed bridge decking with side rails installed; (Right): Gabion protection works that were poorly constructed.

Challenges and Setbacks Experienced by the Project

- The project was more than two years behind schedule. It was established that the contractor had been warned and the contract had been recommended for termination.
- The project was affected by adverse weather conditions which led to a temporarily suspension of works for a period of seven months in 2012 until when the water level subsided. These were months of heavy rains which included April to June and September to November.
- The management capacity of the contractor was poor and this heavily impacted on the project time.
- The contractor was warned and submission was made to the contracts committee for termination of the contract which was done in 2011. However, at the time of contract termination, 68% of the works were done and the contractor out of good will continued to work on the bridge which is now estimated at a progress of 95%. Certificates have also been certified and paid after the contract termination.

Conclusion

- The contractor is at substantial completion. However, he has to make good of certain areas to allow for the evaluation of the progress and issuance of a substantial completion certificate.
- The project to date has exceeded its completion date for more than two years and has been terminated but works have continued to go on and certificates for works done during this period have been honoured by the MoWT. This is a sign of poor project and contract management on the side of the implement agency.

B. Kumi District

Construction of Okokor Bridge in Kumi District

This project intended to connect Nyero and Mukongoro subcounties in Kumi district was last monitored in December, 2012, at which time the physical progress was estimated at 60% against a contract time progress of 425% and a financial progress of 38.11%. There were no activities on going the contractor had abandoned site much as he had been instructed to repeat some of the works.

This was after works which commenced in October 2010, had progressed up to the deck level in June 2011, were discovered not to be measuring up to the desired quality. Tests carried out at the Jinja Regional Materials Laboratory revealed that an abutment wall cast and two piers where had very low concrete strength (average of 22Mpa) in comparison with the required 35MPa. The contractor was instructed to break down these walls and recast them. In November 2011, the contractor demolished the condemned reinforced concrete component (walls) and consequently started the rebuilding them.

This contract expired on the 27th September, 2010 and the allowed liquidated damages period expired on the 25th November, 2010. However, the advance payment guarantee was still valid and the contractor had acquired a renewed performance bond following the expiry of the first one issued. The contractor has been paid money for IPCs 1 and 2 totalling to Ushs 152,473,643 (38.11% of contract value). This included deduction for: advance payment, retention; and liquidated damages.

It was recommended then that the contractor's work progress and abandoning of site was a sign of lack of commitment to this contract on the contractor's part and that MoWT should terminate this contract and seek remedial action to enable the completion of the project as it is of the utmost importance to the community

At the end of the FY2013/2013, the project was reported to have a physical progress of 50% implying that no activities had been done on this bridge since the last monitoring much as the contract had not been terminated. Requests to get an explanation as to why this was happening were not answered.

Table 12.27: Okokor Bridge Project Summary as at December 2012

Contract No	WT/BRDG/DEV/002/09/10
Funding Agency	Government of Uganda through Ministry of Works and Transport
Supervision	MoWT with the Kumi District Engineer
Contractor	M/s MML Road Construction Co. Ltd
Works Contract Price (Original)	Ushs 400, 037,000
Commencement Date	19th April, 2010
Supervision Contract Price	Included in the contract sum under preliminaries
Completion Period	4 months
Completion Date	17th August, 2010
Contract Time Progress	425% of contract period as at 10th November, 2012
Works Payments Certified	na
Payments to Contractor	Ushs 152,473,643 (38.11% of contract price) Excluding Advance payment
Physical Progress	60%

Source: Supervising Project Engineer

C. Zombo District

Construction of Nyagak Bridge

The MoWT entered into an agreement with M/s Sixway Engineering Works Ltd for the Construction of Nyagak Bridge in Zombo District at a Contract Price of Ushs 619,039,300 for a contract period of eight (8) months. The site is located approximately 35Kms from Nebbi town along Konga-Akwanji road in Nyapea sub-county, Zombo District. It will connect the two sub counties of Nyapea and Jang Okoro across River Nyagak.

Table 12.28: Nyagak Bridge Project Summary as at June 2013

Contract No	WT/BRDG/DEV/003/11/12
Funding Agency	Government of Uganda through Ministry of Works and Transport
Supervision	MoWT with the Nyagak District Engineer
Contractor	M/s Sixway Engineering Works Ltd
Length of Bridge	11m span concrete: reinforced
Works Contract Price (Original)	Ushs 619,039,300
Commencement Date	1st October, 2012
Supervision Contract Price	Included in the contract sum under preliminaries
Completion Period	8 months
Completion Date	31st May, 2013
Contract Time Elapsed	10 months
Works Payments Certified	Ushs 123,807,860 (Advance Payment)
Payments to Contractor	Ushs 123,807,860 (Advance Payment)
Physical Progress	95%
Defect Liability Period	6 months

Source: Supervising Project Engineer

Scope and progress of works

This project was monitored on the 14th August, 2013. The scope of works on this project and physical progress as of the end of the FY 2012/2013 is as shown in the **Table 12.29** below.

Table 12.29: Scope and Progress of works for Nyagak Bridge

No.	Activity	Progress (%)	Comments
1.	Contractor's Mobilisation	100	Contractor had fully mobilized and works were ongoing on site
2.	Accommodation of Traffic	100	Activity completed
3.	Clearing and grubbing	100	Activity completed

No.	Activity	Progress (%)	Comments
4.	Pitching, stone work and erosion protection	100	Activity completed
5.	Road works (approaches)	0	Yet to complete
6.	Guardrails	100	Activity completed
7.	Road signs	0	Yet to complete
8.	Water proofing to structure and weep holes	100	Activity completed
9.	Concrete, steel reinforcement form and concrete finish	100	Activity completed
10.	Excavation and backfilling of structures	100	Activity completed
11.	Bearings, guardrail posts and miscellaneous items	100	Activity completed

The overall physical progress of works at the end of the FY was approximately 95% against a financial progress of 20%.

(Left): Completed abutments, decking and guard rails installed; (Centre): Gabion works at Jang Okoro side; (Right): Approaches to the bridge that are not yet completed on either side..

Outstanding works

The bridge is now under the defects liability period and the outstanding works that must be completed within this time frame at the time of monitoring were:

i) Improvement of 600m of approach roads to the bridge including grading, shaping, gravelling and compaction;
ii) Provision of road/bridge signs and reflectors;
iii) Additional protection works on the upstream of the bridge on the Jang Okoro side.

Remarks and conclusion

- No major challenges were experienced on this project. The weather was fair and the rains did not interrupt the site activities.
- Additional protection works on the upstream of the bridge on the Jang Okoro side are required as the river burst its banks during the peak of the rainy season. The protection works can be in form of gabions and/or dumped rip-rap, and cover a total length of 18m. These can be readily catered for within the contingencies.
- The contractor has finished the major works and should be issued with a substantial completion certificate. The minor works outstanding works as well as the approved additional works can be completed during the defects liability period.

Overall Project Performance – Selected Bridges FY2012/2013

The MoWT attributed the poor performance of the project to the bad weather and the poor performance of the contractors. However, poor project and contract management on the side of the implementing agency has also contributed to this performance.

12.5.3 Roads in Oil Prospecting Areas

This project was aimed at rehabilitating selected priority roads to support oil prospecting activities in the areas of the Albertine region not covered by UNRA or district local governments. Surveys, designs, supervision and monitoring of works were to be undertaken by the MoWT with the help of the district engineer.

In the FY2012/2013, this project had an annual budget of Ushs 500 earmarked for the construction of Sebigoro-Nkondwe road, 8 Kms to a gravel road with a width of 8m in Hoima district. The surveys and bills of quantities on this road were done and the contract was advertised but no bids were submitted. On re-advertising the contract, only one bid was received which was evaluated and got the contracts committee approval by the end of the FY. The contract implementation was pushed to the FY2013/2014 but this could not take place because the project was scrapped from the MoWT budget.

In the FY2012/2013, releases to this project amounted to Ushs 350 million (69.7% of budget) and at the end of the FY, Ushs 340 million (98.5% of release) had been absorbed on activities that could not be established.

12.5.4 Support to Tourism Infrastructure Development

This project had an approved budget of Ushs 2 billion in the Fy2012/2013 earmarked for rehabilitation of 100Kms and monitoring of 40Kms of tourism roads. Project activities did not take off due to a number of reasons mentioned herein. The contract sum of the works to be implemented was Ushs 2.3 billion which was 15% higher than budget. The list of roads to be worked on by the project delayed to be released by the Ministry of Tourism and Wildlife. Works on these roads were planned to be implemented by use of contracting. The contract had been procured up to the point of signing it. The project was also delayed by the change to force account intervention from contracting in the district roads maintenance programme.

The project receipts in the FY2012/2013 amounted to Ushs 1.41 billion (70.4% of budget). 99.9% of the receipts were absorbed by the end of the FY. However, actual works did not take off as were no funds and 35Kms of the tourism roads were not monitored during the FY.

12.6 Uganda Road Fund (URF)

The objective of setting up the fund was to enable steady and reliable funding for routine and periodic maintenance of public roads mainly from road user charges. The fund derives its mandate from section 6 of the URF Act 2008. It is mandated to collect road user charges (RUCs) and manage the funds so collected to finance road maintenance programmes.

A total of USHS 280.284bn under the road maintenance financing plan was passed by Parliament in September 2012, as part of the Transport Sector Ministerial Budget Policy Statement for FY 2012/13. During FY 2012/13, a total of USHS 237.19bn was released to URF from the treasury, representing 84.62% of the annual budget. The Fund disbursed a total of USHS 229.96bn to the URF Designated Agencies (DAs) to finance their respective annual maintenance programmes. A total of USHS 7.22bn was utilized for operational costs of the Secretariat to the Fund.[107]

The public roads network was managed by 135 DAs comprising of 111 Districts, 2 Authorities (KCCA and UNRA) and 22 Municipalities. The DAs and sub-agencies collectively looked after a total of 78,000Km of public roads made up of 21,000Km of national roads under UNRA management; 1,100Km of KCCA roads; 22,500Km of district roads; 4,000Km of urban roads managed by town councils; 3400Km of urban roads managed by Municipal councils; and 30,000Km of Community Access Roads (CARs) managed by sub-counties.

The DAs employed a mix of force account and contracting to deliver planned works. There was however a shift of policy emphasis towards use of force account on the DUCAR network. This was buttressed by the distribution of a fleet of road equipment from China, mainly comprising of pickups, a grader and a tipper for each local government DA.

In FY 2012/13 URF received a sum of USHS 237.185bn from the treasury, in quarterly tranches, which constituted 84.62% of the approved annual budget for road maintenance. This resulted in a funding shortfall of USHS 43.099bn. **Table 12.30** shows the performance of the receipts from MFPED during FY 2012/13.

Table 12.30: Financial Performance of URF in FY2012/2013

Sn	*Description*	*Annual Budget*	*Q1*	*Q2*	*Q3*	*Q4*	*Total*	*% of Budget*
1	**MFPED Releases**							
	UNRA	181.87	45.468	45.468	46.178	1.658	138.771	76.30%
	DUCAR	91.19	22.798	22.798	23.508	22.087	91.190	100.00%
	URF Secretariat	7.224	1.420	1.679	2.835	1.290	7.224	100.00%
	Total	**280.284**	**69.685**	**69.9437**	**72.521**	**25.035**	**237.185**	**84.62%**
2	Dates of Release		9-Aug-12	14-Nov-12	31-Jan-13	23-May-13		
	Delay (no. of calendar days		39	44	30	52	41.25	

[107] URF Performance – Write up for the Works and Transport Annual Sector Performance Report, FY 2012/13, August 2013

	from start of quarter)						(average)	
	Delay (no. of business days from start of quarter)		28	31	21	33	28.25 (average)	

Key indicators to note in Table 12.30 are: the budget releases performed at 84.6% of the approved budget estimates, and on average took 28.3 business days (1.5 calendar month) from the start of each quarter. It can be seen from the table that disbursements to the different categories of DAs performed at 100% with the exception of UNRA, to which only 76.3% was disbursed. This was mainly due to the USHS 44.1 billion shortfall in releases experienced in Q4.

12.6.1 District Roads Maintenance Programme

Programme Background

District roads, which are all unpaved, make up 22,500 km which represents 22.7% of the entire public road network in Uganda. They are maintained by the respective local governments using central government funds from the consolidated fund through MTEF arrangement for road maintenance under the DUCAR vote and to a limited extent using locally generated revenue. The districts, to a limited extent, also utilise the non-conditional grants from the central government under the LGMSD, PRDP, NUSAF and U-Growth programmes. MoWT provides the collective technical support and supervision to the local governments under DUCAR.

In FY 2012/13, planned activities on district roads included the routine maintenance of 20,575 km[108] and drainage works under DUCAR agency in the URF vote. The DUCAR agency was allocated an annual budget of Ushs 91.19 billion (32.54% of the URF budget). At the end of the FY 2012/2013, total releases to the DUCAR agency amounted to Ushs 91.189 billion (100% of annual budget estimates) under the URF and absorption was at 100%.

The district roads alone had an annual budget of Ushs 37.740 billion (41.4% of DUCAR budget). 100 % of the budget was released for this program. For the annual performance of FY 2012/13, the district roads maintenance programme was monitored in two districts, namely Arua and Hoima, with a total network of 1283.52 Km(5.7% of district roads).

Findings

(a) Financial Performance

At the end of the FY 2012/2013, the financial performance of the districts monitored for the roads maintenance programmes was as shown in **Table 12.31**. Performance in terms of absorption of the received funds was generally high, and that is over 90%.

Table 12.31: Financial Performance of Selected District Roads Maintenance Programmes for FY 2012/13

[108] Works and Transport Sector Ministerial Budget Policy Statement, June 2012

District	Funding Source	IPF (Ug. Shs. Millions)	Releases (Ug. Shs. Millions)	Expenditure (Ug. Shs. Millions	% of IPF Received	% of Receipts Spent
Arua	URF	841.55	841.55	840.97	100%	99.93%
	PRDP	835.00	538.35	538.35	64.47%	100%
	Total	**1,676.55**	**1,379.90**	**1,379.32**	**82.31**	**99.96**
Hoima	URF	780.00	574.01	574.01	73.59%	100%
	LGMSD	52.00	52.00	52.00	100%	100%
	Total	**832.00**	**626.01**	**626.01**	**75.24**	**100**

Source: Respective District Engineer

(b) Physical Performance

(i) Arua District

Background

The district has a total road network of 643.52 Kms all of which are unpaved. District roads maintenance activities for the FY 2012/13 were planned to be intervened using funds from URF and PRDP programmes. Planned activities under the URF included routine maintenance of 642.52 Kms of district roads and periodic maintenance of 9.83 Kms of Arua-Niyo road with a total budget of Ushs 841.552 million using the force account guidelines issued by the MoWT. Planned activities under the PRDP programme involved activities that were spilling over from th previous FY which included: completion of Aca bridge, Kereluva 3 cell box culvert, Wariki 3-cell box culvert, Mile 10-Inde road (12.8 Kms) and Yukua-Eteleva-Odorbu road (18 Kms) with a total budget of Ushs 835 million. In addition to this was the repair of old district road equipment which included a roller, motor grader and a dump truck. This put the total budget for the district roads maintenance activities for the FY2012/2013 at Ushs 1.676 billion.

At the end of the FY 2012/13, the district had received a total release of Ushs 1.379 billion (82.31% of budget) and had absorbed 99.9% of this release as seen in the financial performance table above. Completed activates in the FY 2012/2013 included: routine maintenance of district roads; completion of Kereluva 3-cell box culvert and Yukua-Eteleva-Odrobu road; repair of Ora bridge, Linya bridge, Eceko box culvert and a roller.

In addition to the above, emergency works were executed authorized by council and these arose due to damages caused by heavy rains. These works involved: emergency repair of Ora bridge on Ullepi-Offaka Anyiribu road (replacement of timber decks); repair of Linya bridge on Ullepi-Alijoda road (re-placement of timber decks); and repair of Wariki box culvert on Yukua – Eteleva-Odrobu road (re-instatement of collapsed gabions and repair to approach road).

Activities that were still ongoing by the end of the FY2012/13 with their physical progress showed included: periodic maintenance of Arua-Nyio road-82%; completion of Aca bridge-0%;

completion of Wariki box culvert-0%; emergency repair of Ullepi-Offaka-Anyiribu road-32%; repair of a Komatsu motor grader-85% and repair of Isuzu dump truck-80%.

The monitoring team on 15th August, 2013 visited Lukuma-Mengo (7 Kms) and Otumabari - Yoroi (16 Kms) roads whose maintenance activities were intervened using URF funding. Routine maintenance activities for the FY2012/13 on these roads started in July 2012 and were stopped in December 2012 because of the change from contracting to force on account implementation. The works done on these roads included: grass cutting; grubbing; cleaning of mitre drains; and filling of pot holes. It was observed that some sections of these roads were motorable which others were dilapidated as due to the rains. Potholes had developed and the grass along the roads was over grown. This confirmed that maintenance works on these roads had not been done since December 2012.

Sections ofLukuma-Mengo (7Kms) road: (Left); A broken culvert at Km 1+200, (Centre); A motorable section. (Right) Otumbari-Yoro (19Kms) road - A dilapted section of the road at Km 17+800 showing damage (gullies) caused by the rains as a result of poor drainage.

For the PRDP activities, the team visited Mile 10-Inde road (12 Kms) and observed that works were still ongoing due to the heaps of murram dumped along the road but were not levelled especially at the culvert locations. The contractor was not on site because he had not received payments as there was no PRDP release in Q4. Also visited were the Kereluva 3 cell box culvert, Werike box culvert and Acha bridge on Acha river. Apart from Kereluva box culvert, no works were done on the other two structures in the FY 2012/13. Works were last done in FY2011/12. The PRDP funds for the 1st and 2nd Qtrs in the FY2012/13 were used to pay work works in the previous FY2011/12 and the 3rd Qtr funds were used to pay for activities done in FY2012/13 on Mile 10-Inde road (12 Kms) and the Kereluva box culvert.

Re-gravelled section of Mile10-Inde (12Kms) road at Km 8+500(Left); Kereluva 3 cell box culvert without guard rails (Centre); Foundation works on Werike box culvert (Right).

Challenges hindering implementation of activities

- Inadequate funds for road maintenance activities.

- No funds for rehabilitation of some district roads in bad condition.
- Huge budget cuts affecting implementation of planned activities leading to rolling of activities over 3 FYs.
- Releases which do not follow the district procurement plans and yet some activities are season based.
- Old equipment still in fair condition but with very high repair costs.
- Poor performance of some service providers.
- Recent equipment given to districts is not adequate for Arua because it is one of the largest districts in Uganda (need to consider land area) and maintenance by FAW is expensive and are only based in Kampala .
- Erroneous reports of over site agencies misleading the population.
- Adjusting from contracting to force on account intervention for roads maintenance activities in the middle of the FY.

Recommendations to the above challenges

- Funding should be increased for the district road maintenance projects. For example CAIIP could also be extended to Arua district largely which depends on URF.
- The Ministry of Finance should provide funds for rehabilitation of district roads.
- Planned budgets should be adhered to and if it cannot be avoided, districts should be informed early enough so that adjustments can be made.
- Special funds should secured for repair of the old equipment.
- Capacity building for the service providers.
- Ministry of Local Government should give more equipment to Arua, and FAW should decentralize and be fair with their costs. Regional workshops for North Western region should be established.
- Over site agencies should act in a consultative manner and have the courtesy of discussing their findings with the relevant people as opposed to going straight to the media without verification of the findings.

(ii) **Hoima district**

Hoima district has a total road network of 640 Kms of unpaved roads that are maintained through funding from the central government. Maintenance activities for the road network in the FY 2012/13 were planned to be funded by URF and LGMSDP with a total budget of Ushs 832 million. The budget breakdown for the various sources can be seen in Table 12.29 above. The annual allocation of the district roads maintenance activities was as follows: URF funds were earmarked for: completion of periodic maintenance of Mukabara-Ruhunga road (17 Kms); periodic maintenance of Kigorobya-Kibiro (6.5 Kms), Buliindi-Dwoli (17 Kms), Kicungajjembe Kyarubanga (8 Kms) and Bujalya Rwemparaki (13 Kms) roads. PRDP funds were earmarked for the rehabilitation of Butema-Kifumura road (6 Kms).

At the end of the FY2012/13, the district had received a total annual release of Ushs 626.01 million (75.24% of annual budget). This release comprised of 91.6% of URF and 8.3% of LGMSDP. The URF program realised 73.6% of the budget while the LGMSDP component got 100 %. The absorption of funds in both components was at 100% at the end of the FY2012/13.

Maintenance activities that were completed during the FY2012/13 included; periodic maintenance of Mukabara-Ruhunga (17 Kms), Kigorobya-Kibiro (6.5 Kms) and Buliindi-Dwoli (17 Kms) roads under URF program; and the rehabilitation of Butema-Kifumura (6 Kms) road under the LGMSDP program. The percentage physical progress of the incomplete periodic maintenance activities under the URF program was 80% for Kicungajjembe Kyarubanga (8Kms) road and 40% for Bujalya Rwemparaki (13 Kms) road.

The monitoring team on 5th September, 2013 visited Kigorobya-Kibiro (6.5 Kms) and Buliindi-Dwoli (17 Kms) roads maintained using funds from URF and the made following observations. Kigorobya-Kibiro (6.5 Kms) road starts at Kigorobya town off the Hoima-Bulisa road. Maintenance activities included bush clearing, grading, re-gravelling and drainage works that involved the installation of two culvert lines with no head walls. The activities were carried in the second Qtr of FY2012/13 in the month of December 2012 at a value of Ushs 45 million. The gravel that was put on the road underwent natural compaction as the district does not have a roller. Some sections of the road were in good condition apart from the steep areas as the road get to the L.Albert where the soils are rocky. It was observed that there were no bush clearing activities on going on this road as the grass on the road side was over grown.

On Buliindi-Dwoli (17 Kms) road, maintenance works were done in the fourth Qtr of FY2012/2013 in the months of April-June 2013. The entire road section had been graded and re-gravelled for 4 Kms. A section of this had also been opened up and undergone bush clearing and grading activities. Actual expenditure on this road in the FY2012/13 was Ushs 52 million.



Kigorobya-Kibiro (6.5 Kms) (Left); A graded and re-gravelled section (Centre); A rock section at the escarpment. (Right); A graded and re-gravelled section at the beginning of Buliindi-Dwoli (17 Kms)road.

Findings and challenges from Hoima District were;

i. The district network is big compared to the road unit that was provided (i.e. Grader, Tipper and pickup truck) to carry out light grading yet the district network had deteriorated into paths. Equipment that was meant for light grading is now doing heavy grading; hence the equipment is constantly breaking down. What is called maintenance is actually rehabilitation as roads have deteriorated to foot paths.
ii. Staffing for the engineering department is at three technical staff but given the size of the district at over 500km it is hard to ensure efficiency and sufficiency of road supervision.
iii. Routine maintenance has been politicized as verification of works is not genuine and hence payments are often made for works not done yet the LCs verify that it has been completed. Routine maintenance basically involves three cycles but only slashing is being done leaving out the other components of maintenance.

iv. The road construction unit can only be at one place at a given time so many road projects cannot be handled at the same time under force accounts as opposed to contracting which gives you the advantage of aerial spread.
v. Funds for drainage works are insufficient for Hoima region which is characterized by stream crossings and very low points because of the terrain. Allocations should be made in consideration of these challenges.
vi. Priority roads are not the ones that are worked upon in a clear situation of political interests overriding need.
vii. Hoima has four sub counties covered by the escarpment which is a transport bottleneck, too much runoff and the soils are sandy with settlements in specified areas. Oil exploration has had an impact on the district roads as heavy trucks are now using these roads yet they were not designed for such loads.
viii. URF releases are consistently late by two months and this makes implementation of works difficult for example fourth quarter funds for 2012/2013 were received on 10th June 2013.
ix. Unit costs for road maintenance on average are Ushs 4 milliom/km and this does not take into consideration the terrain, traffic volume and weather. These units are very low and need to be revised in lieu of this criterion.

c) Overall Challenges by URF while implementing the roads maintenance program

Several historical challenges that have compounded the effects of underfunding and have dogged effective maintenance, management and financing of the public roads network over the past decades. These include:

a) Weak institutional capacities of DUCAR agencies especially in planning and management, which has resulted into poor maintenance practices and accumulation of backlog. In mitigation, URF will continue to work with other government entities in addressing the various forms of capacity gaps in DUCAR agencies;

b) Dilapidated and expanded road network especially that requires major intervention to bring it to a maintainable state that qualifies for URF funding.

c) Procurement delays hampering the implementation of road maintenance programmes and absorption of funds. In mitigation, URF will continue coordination with other government entities in addressing the underlying issues in delays to procurements;

d) Limited capacity of the private sector, which has contributed to the poor quality and expensive road maintenance works. In mitigation, URF will actively support efforts to roll out reforms in the local construction industry as proposed in the National Construction Industry Policy;

e) Insufficient oversight among DUCAR designated agencies arising from the fact that only few districts have established District Road Committees (DRC) as required under section 25 of the URF Act. In mitigation, URF plans to complete the process for establishment of DRC regulations and to dialogue with stakeholders in improving functionality of DRC;

f) Limited data on road condition and size on the DUCAR network. In mitigation, URF will continue to coordinate with DAs, MoWT and other stakeholders in collection of data on road inventories and condition;

g) Poor absorption of funds by designated agencies leading to deferment in implementation of programmed works. In mitigation, URF will continue issuing early budget guidelines to guide DAs for planning, and to improve timeliness of releases. This will help in improving absorption of funds through improved management of procurements;

h) Wide variations in cost of road maintenance works. URF intends to harmonise unit rates across the different regions of the country riding on the outputs of the unit costs study which was undertaken by URF.

i) Low compliance to reporting requirements by designated agencies, which affects timely reporting on performance of the sector. In mitigation URF plans to introduce use of a Road Maintenance Monitoring System (RMMS) to improve planning, reporting and accountability among DAs.

j) Late release of funds from MFPED, which in FY 2012/13 took on average 41.3 calendar days from the start of each quarter. In mitigation, URF will continue engaging MFPED to ensure achievement of direct monthly remittances of RUCs to the URF account as envisaged under Section 21 (3) of the URF Act;

k) Loss of road maintenance funds to the Uganda Revenue Authority observed in some tax defaulting local government agencies. In mitigation, URF plans to require all agencies to open separate URF bank accounts, which will be followed by advocacy for protection of road maintenance funds from garnishing by URA. In the meantime URF is enforcing refund of the garnished moneys from the agencies, though this takes time.

l) Loss through return of funds not spent at the end of FY 2011/12 to the consolidated fund. Several designated agencies which had unspent balances at the end of FY 2011/12 lost the funds to the consolidated fund irrespective of the commitments against the funds. This resulted in changes in the FY 2012/13 work plans to provide for the commitments. In mitigation, URF will continue to pursue independence from the consolidated fund. In addition, starting FY 2013/14, Government has allowed local governments to retain and utilise the unspent balances from FY 2012/13 until end of the first quarter of FY 2013/14.

m) Gray areas in the implementation of the force account policy in local governments. In mitigation, URF will continue coordinating with the DAs, MoWT and MoLG towards building required capacity, improving accountability, creating common understanding and improving quality assurance in implementation of the policy.

n) Misuse and abuse of road maintenance funds by DAs. Audit and M&E activities carried out by the Fund in FY 2012/13 continued to uncover misuse and abuse of road maintenance funds by DAs. In mitigation, URF will step up its oversight functions, build synergies with audit functions of the DAs and other government entities, and actively follow up on implementation of the arising recommendations.

CHAPTER 13: WATER AND SANITATION

13.1 Introduction

Water and Environment are drivers to economic growth and national socio-economic transformation and sustainable development. This is demonstrated in the National Development Plan (NDP) and vision and mission of the sector. This is to increase access to safe water supply in rural areas to 77 per cent, in urban areas to 100 per cent by 2015 and improve sanitation to 80 per cent for rural and 77 per cent to100 per cent for urban. Water for Production in the cattle corridor is to increase from the current 36 per cent to 50 per cent and those outside the cattle corridor from 21 per cent to 30 per cent, Increase water supply systems for rural industries to facilitate agro-processing and other industrial activities (MWE 2012). The Ministry of Water and Environment (MWE) operates through 3 directorates: Directorate of Water of Water Resources Management (DWRM), Directorate of Water Development (DWD) and the Directorate of Environmental Affairs (DEA). The policy objectives of government for water and environment are:

(i) “To manage and develop the water resources of Uganda in an integrated and sustainable manner, so as to secure and provide water of adequate quantity and quality for all social and economic needs of the present and future generations with the full participation of all stakeholders”

(ii) “To provide “sustainable provision of safe water within easy reach and hygienic sanitation facilities, based on management responsibility and ownership by the users, to 77% of the population in rural areas and 100% of the urban population by the year 2015 with an 80%-90% effective use and functionality of facilities”

(iii) “Promote development of water supply for agricultural production in order to modernize agriculture and mitigate effects of climatic variations on rain fed agriculture”

(iv) The objective of the natural resources sub-sector is “to increase productivity of the natural resource base and harnessing natural resources in a sustainable manner”

Scope of Monitoring

The aim of the monitoring was to assess whether the level of reported expenditure was commensurate with the physical outputs for the period under review. Physical and financial monitoring focused on annual development activities for the FY2012/13 Vote Functions: Urban Water and Sanitation (UWS), Rural Water and Supply Sanitation (RWSS), Water for Production (WFP) and Water Resources Management (WRM). A range of projects monitored in the FY were picked from all these vote functions and they are reflected in Table13.1.

Table 13.1: List of projects monitored and geographic locations.

List of projects monitored	Geographical location
09 0180: Construction of Piped Water Supply Systems (Rural)	Kambumba/Ntungamo,Lwanda/Rakai Kanyampanga/Kanungu,Jjezza-Muduma, Katende-Kamengo
Construction of Point Water Sources	Wakiso, Kayunga and Mukono
0981: Rural Water Supply and Sanitation (DWSSCG)	Nebbi, Arua, Kayunga, Kyankwanzi, Kiboga, Mityana, Kyegegwa
1074: WSDF-North	Omugo/Arua, Zombo/Phaida
1075: WSDF-East	Abim, Bukedea
0160: WSDF- SW	Lyantonde, Kakyanga, Kiruhura
1130:WSDF-Central	Kasanje, Wakiso, Kakiri
0164: Support to Small town WSP	Kibale, KaMwenge
0169: Water for Production	Kajodi, Kawomeri, Nakabala
090403: The quality of water resources availability and regularly monitored and assessed	Kiboga, Mukono
090405: Water resources rationally planned, allocated and regulated	Jinja, Luweero

Source: Writer

13.1 Vote Function: 09 01 Rural Water Supply and Sanitation (RWSS)

Background

The Vote Function objectives are: planning, budgeting and resource allocation to District Local Governments for Implementation of cost-effective, sustainable water and sanitation facilities to rural communities in an equitable manner; Developing standards, guidance and monitoring all stakeholders involved in RWSS service delivery; Equipping District staff, through backstopping with the necessary skills, tools and knowledge for provision of water and sanitation facilities, support communities in O&M and monitoring water users. Promoting, through Research and Development, appropriate technologies and approaches for rural water supply and sanitation with focus on water stressed areas.

The center does construction of large Piped Water Supply Systems (Rural) and point water sources for emergencies, construction of Sanitation Facilities (Rural) and provision of sanitation and hygiene education. The rest of the money is sent to District Local Governments as District Water and Sanitation Conditional Grant.

13.1.1 District Water and Sanitation Development Conditional Grant (DWSDCG)

Background

Effective from 2000/2001 Financial Year the (FY), RWS sub-sector development budget is disbursed directly to local governments as conditional grants. The District Water Office role is to Plan, budget and allocate resources for water and sanitation funds development and oversee the operation and maintenance of existing water supplies in the District. The districts are to utilize and account for these funds on a quarterly basis from which the centre bases the subsequent releases.

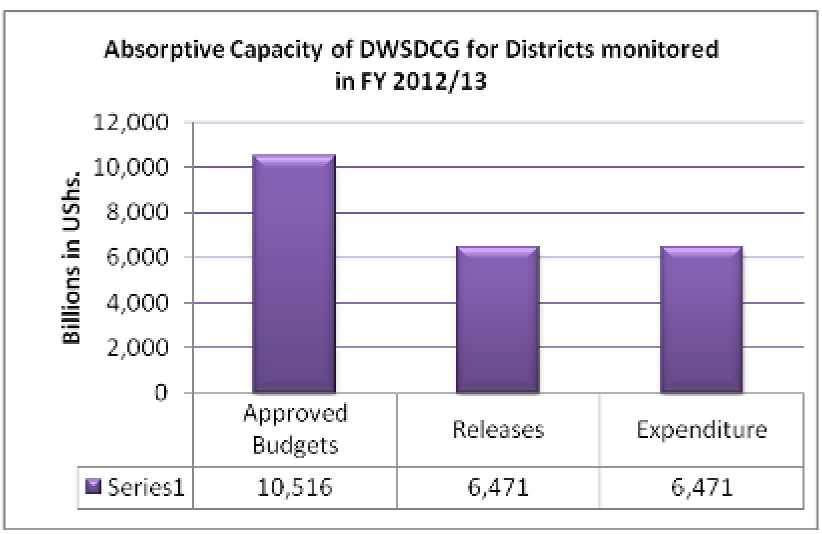
The BMAU annual monitoring focused on, nineteen districts that were monitored in Q2, Q3 and Q4 to assess the financial and physical performance of the DWSDCGs in the FY2012/13.

Field Findings and Analysis

a) **Financial performance of DWSDCG in Selected Districts for FY 2012/13**

In the FY 2012/13, DWSCG planned and approved budget was equivalent to 62.2bn, 40.2bn released and (65%) and all spent inclusive of PRDP. For the District Hygiene and Sanitation Grant was 4bn. was approved, all released and expended. This was poor performance of the release of the DWSCG as districts expected 95%-100% release (*Ref Figure 13.1)*

Figure 13.1: Financial Performance Districts monitored in FY 2012/13



Source: Field Findings

b) **Physical performance of the DWSDCG**

A total of 19 districts were monitored in the FY 2012/13. Seven districts were monitored in Q4 while other twelve were visited in Q2 and Q3 for the FY 2013/13. Below (Table 13.2) is the performance of the sampled districts and the photos show some of the water sources visited.

Table 23.2.: Physical performance of the DWSDCG in Selected Districts for FY2012/13

District	Activity	% DWSCG planned	Completion Status at the end of FY2012/13	% Exp.	Remarks
Nebbi	Hardware Activities	70%	**Implemented**: 4 out of 8 deep boreholes drilled, 4 shallow wells constructed. Water quality testing for new water sources and 21 boreholes rehabilitated. **Not implemented:** 4 boreholes, water quality testing for old sources, rainwater harvesting tanks	65%	95% payment was made for shallow well construction. Payment made for 3 deep boreholes drilled. The district safe water coverage has remained at 74% for the last 3 years. **Challenge:** Shallow wells not numbered
	Sanitation Hardware	3%	**Implemented**: A 3 stance public latrine with a urinary attached was constructed at Pokwero market, Panyango sub-county. The sanitation situation changed from 60% to 76%. 3 villages declared open defecation free.	3%	90% of the payment for the activity had been made. **Challenge:** cholera at the border and resistance of community due to ignorance.
	Rehabilitation	13%	8 boreholes rehabilitated	13%	All boreholes rehabilitated and 95% payment for activity made.
	Office Operations	6%	Fuel, lubricants, and oils were procured and supplied for the normal running of the Water Office. Assorted stationeries were also procured for the office and contract staff salaries paid.	4%	It was reported that when the Indicative Planning Figure goes down, funds available are inadequate to meet contractual obligations(Contract salaries)
	Software	8%	Training of WUCs carried out and extension staff quarterly review meetings were conducted.	5%	Post construction support and community feedback meeting were not done due to budget cuts. Community contribution is not made in time because of fear to make a commit.
Arua	Hardware Activities	70%	26 out of 28 planned boreholes successfully completed under the PRDP/PAF programme. Designed piped water system 6 shallow wells and 6 springs constructed but no installations made.	68.65 %	4 out of 26 boreholes drilled were not paid for. Payment for Shallow wells and springs not made. Access increased from73% to 74% Unit cost of B.H in Madi area is 25mbecause of soft soils which require re enforcement unlike in rocky places.
	Sanitation Hardware	3%	Two public latrines constructed	3.6%	Partial payment of Ushs.. 1.020,000/= made for the activity

	Rehabilitation	13%	25 boreholes were rehabilitated under the PRDP and PAF.	10.8 %	Activity implemented as planned
	Office Operations	6%	Vehicle maintenance, salaries for contract staff, fuel and lubricants purchased	9%	Activities implemented as planned
	Software	8%	Water User Committees were established for the new water sources in thirty four villages in the subcounties of Vurra Oluk Aroi, Pajulu, Logirir, Ajia, Adumi, Ayivuni, Dadamu, Arivu, Odupi, Ogoko,R/Camp,	8%	Activities implemented as planned
			Rigbo, Oluko, Manibe, Bileafe, Omugo,Uriama,Pawor and Okollo. Post Construction Support in the sub-counties of Logiri, Oluko, Katrini and Omugo was done. Stake holder's Coordination; five inter Sub-county advocacy meetings were planned for during FY 2012/13 and all meetings were carried out.		
Kayunga	Hardware Activities	74%	Six hands dug wells constructed in Kangulumira, Nazigo and Kayunga sub counties.[109] Nazigo piped water system power extension with transformer orovision, 3 springs protected in Kangulumira Sub-county, 11 out of 13 planned boreholes were drilled.[110] And 2 were dry.Study and design of Kitimbo piped system; 15 Water sources were tested in the sub counties of Nazigo,Bbaale, Galiraaya, Kayonza, Kitimbwa, Busaana, Kangulumira, Kayunga	70%	Activities implemented but 34% of the payments not made due to budget cuts. Money rolled over to next FY. All sources were constructed but access figures did not increase. It is at 54%.
	Sanitation Hardware	5%	Two five stance public latrines constructed at Galilaya and Kitibwa Rural Growth Centers.	8%	Retention of previous FY paid. Public Latrines completed and functional.
	Rehabilitation	8%	11 boreholes rehabilitated in Nazigo, Bbale, Galiraaya ,Kayonza, Kitibwa ,Busana ,Kangulumira and Kayunga Sub-counties	2%	All the 11 boreholes were functional.
	Office Operations	6%	Fuel, lubricants, and oils were procured and supplied for the normal running of the Water Office.	9%	Activities implemented as planned
	Software	7%	8 planning and advocacy meeting held at Sub-county levels. 32 Water User committees established and trained in Galilaya, Bbale, Kayonza, Busaana, Nazigo,	7%	Activities implemented as planned.

[109] Contract sum 27,599,908, paid UShs.25,573,428/= for shallow wells Kayunga

[110] Contract sum 190,654,800/= paid 120,000,000/= for boreholes in Kayunga

			Kayunga and Kangulumira. Post construction support to WUCs		
Kiboga	Hardware Activities	70%	9 out of the 10 planned boreholes were drilled in the sub counties of Bukomero, Dwaniro, Kibiga,Lwamata, Kapeke and Muwanga. 11 hand dug shallow wells constructed in the sub counties of Muwanga, Bukomera, and Kibiga	70%	Only 2 borehole s were casted and installation Works for shallow wells were completed, but no payments made for the activity due to inadequate funds.
	Sanitation Hardware	0%			The activity was not planned for in the financial year
	Rehabilitation	13%	Rehabilitation of 17 boreholes in the sub-counties of Kibiga, Kapeke, Lwamata and Bukomero included replacement of riser mains, replacement of cylinders,	13%	Activity completed
			Reconstruction of apron/drainage channels and replacing the subsurface parts.		
	Office Operations	6%	Fuel, lubricants, and oils were procured and supplied for the normal running of the Water Office.	6%	It was within the budget requirement guidelines
	Software	8%	Advocacy meetings, sensitization of communities to fulfill critical requirements, establishment and training of Water User Communities, post construction support, sanitation baseline survey, radio programmes, and extension workers' meetings.	7.6%	Activities completed
Kyankwanzi	Hardware Activities	74.9%	6 out of 12 shallow wells planned were constructed. 9 out of 12 boreholes drilled. Completed designs for Butemba TC water supply project and Mujunza Rural Growth Center partly completed.	65%	Out of6 boreholes drilled, only 2 were paid for. Ushs..,92,000,000 was outstanding balance to the contractor for drilling of boreholes at the end of the financial year
	Sanitation Hardware	3.5%	Two eco san demonstration latrines at Bukwiiri Police station and Ntunda Rural Growth Center were constructed.	5%	Activity implemented as planned
	Rehabilitation	7.5%	12 boreholes rehabilitated	12%	Activity implemented
	Office Operations	6.4%	Construction supervision visits , inspections , data collection , analysis and surveys carried out	8.7%	Activity implemented
	Software	7.2%	Planning and advocacy meetings at district and Sub-county level held, sensitization of communities to fulfill critical requirement	9.3%	Activity implemented

			carried out and WUCs trained.		
Kyegegwa	Hardware Activities	70%	Construction of 5 hand dug shallow wells , siting and drilling of 5 boreholes, siting and drilling of one production well, second phase construction of Kitaleesa water supply system	52%	5 Hand dug shallow wells constructed and functional, Kitaleesa water supply system completed and functional. Siting and drilling of 5 boreholes and one production well not completed.
	Sanitation Hardware	6%	Construction of a 2-stance latrine at Kitaleesa RGC, Hapuyo sub-county	6%	Implementation was at 85% at the time of the monitoring visit.
	Rehabilitation	13%	Rehabilitation of 5 boreholes	13.9 %	Activity completed as planned
	Office Operations	3.5%	Fuel, lubricants, and oils were procured and supplied for the normal running of the Water Office.	3.5%	Activity completed as planned
	Software	4.7%	Planning and advocacy meetings at district and sub-county (Part of software steps), Establishing Water User Committees, Training WUCs, regional WASH learning forum meeting	4.7%	Activities implemented as planned
Mityana	Hardware Activities	70%	11 shallow wells constructed in the sub counties of Kalangalo, Bulera, Manyi, Ssekanyonyi, Malanagala, Kikandwa, Busimbi and Namugo. Protected Spring constructed in Bbanda subcounty. 13 boreholes drilled in Busimbi,Namungo,Ssekanyonhyi, Kikandwa, Bulera, Manyi, Bbanda, Kakindu, Malagala and Butayunja.	70%	Interim payments made for shallow wells construction. 8/13 boreholes paid for.
	Sanitation Hardware	3%	Lined pit latrine constructed in Bbanda Sub-county	3%	Activity implemented
	Rehabilitation	13%	41 boreholes with major repairs and 45 boreholes with minor repairs rehabilitated	13%	Activity implemented
	Office Operations	6%	Construction supervision visits carried out, procured a photocopier and water testing kit.	6%	Activity implemented
	Software	8%	Four DWSCC meetings held, 23 WUCs established, training of WUCs for all new facilities carried out, post construction support carried out and advocacy meeting held.	8%	Activity implemented
Sheema	Hardware Activities	75.3%	16 shallow wells construct in two lots. Lot one :7 and Lot two :9 Gravity flow scheme constructed at Masheruka Sub-county	57%	Payments for shallow wells not made Balance amounting to Ushs.

			15 domestic rain water harvesting tanks constructed.		38,521,906 due to the contractor for the gravity flow scheme Balance amounting to Ushs. 10.434.500/= due to the contractor for the domestic rain water harvesting tanks constructed.
	Sanitation Hardware				Not planned for
	Rehabilitation	12%	Nine water facilities rehabilitated	7.6%	
	Office Operations	5.3%	Office equipment purchased supervision and monitoring of water sources carried out.	3.6%	Activities implemented as planned
	Software	7.4%	Stake holders coordination meetings held, sensitization of communities to fulfill critical requirement carried out and WUCs trained.	6.8%	

Source: Field Findings

The DWSCG planning and budgeting guidelines (2012/13) stipulated that districts plan to spend accordingly: Up to 70% of the budget on new sources, software activities 8%, office operations 6%, rehabilitation 13% and sanitation hardware 3%. On average in the FY 2012/13, Hardware plans and expenditures were at 70% Software at 6% whereas Rehabilitations were 9%. Given the fact that 65% of the budget was realized, the districts expenditures were relatively at the same level. The monitoring team physically looked at some of the water sources implemented in the districts visited to confirm their presence and assess the quality of works.

Kyetume B.H Kapeka S/C Kiboga with signs of iron and Katete B.H in Lugonza S/C Kyegegwa

- Kyetume borehole in Kapeka Sub-county (Kiboga district) has signs as seen from the apron and the beneficiaries complained of the water as being reddish brown, salty and hard especially when you use soap. The cases of iron were reported in Kyegegwa, Kayunga, Mityana.
- Katete borehole in Lugonza Sub-county (Kyeggwa district) had good quality water but was not fenced. According to the Operation and Maintenance (O&M) Framework the communities are supposed to provide fencing and road to the water source facility which will create a sense of ownership. In this case it was not done which leaves the facility to animals and children to play around the source thus risking its sustainability.

General Challenges

1. **Delay in fund disbursement of funds and budget cut.** Delay in releases of even up to 2 months in the various quarters affects implementation of activities because it becomes difficult for the districts to commit themselves to contracts when they are not assure about when and how much money they will receive. Some planned activities like shallow wells, boreholes were not implemented and those implemented were not fully paid for which payments were shelved to the next FY (2013/14).

2. **Poor quality materials on the market.** It was noted that the poor quality of materials especially riser pipes and rods reduce the normal operating life of the boreholes leading to high maintenance costs and frequent need for rehabilitation.

3. **Delayed payments to contractors.** Given the low realization of the budgets by the District Local Governments (DLGs), there was failure to make timely payments to the contractors. Some contractors slowed down works while others stopped midway because it was difficult to persuade the contractors to deliver on time. For example some pump heads were not installed.

4. **Inadequate transport facilities f**or the Water Officers in the Districts to effectively carry out monitoring and supervision of works. Some districts have no vehicles at all; while others have vehicles or motorcycles in very poor mechanical conditions with high maintenance costs. This limits their mobility and ability to effectively carry out their roles.

5. **Community Contribution towards Capital Cost (CCCC) utilization problem**. The money collected is put on the general account and sometimes used as local revenue by the Local Government Districts. This is contrary to the CCCC guidelines offered by MWE which recommends using the money to buy spare parts.

6. **High operational costs** given the rising costs of inflation. The Unit cost of inputs keeps going up and when money releases delay at times the planned outputs get affected. There are high maintenance costs of vehicles too in some cases which do not easily fall within the guideline limitations of budgeting up to 6%. Districts which are paying salaries for contract staff from this find the 6% not enough to operate within.

7. **Inadequate staffing levels** in the districts continue to affect implementation. The extension staff who are not directly under the District Water Office are overloaded with work as some work as Sub-county chiefs and thus do not pay allegiance to the water office. Sometimes when they are needed for work they are not readily available.

8. Some districts are facing the challenge of low ground water potential, yet the alternative sources are too costly and unaffordable by the DLGs. Given the budget limitations the district water cover ages have stagnated for quite some time.

Recommendations

1. The MFPED should improve on timeliness in fund releases and try to avoid budget cuts where possible in order for the Local Governments to be able to offset payments to contractors in time and carry out all planned activities.

2. Government should structure the Local Government vehicle procurements and cases which are very critical be taken care of. District with very old vehicles/motorcycles should be given special consideration. This will ease supervision and monitoring of works thus ensuring value for money in implementation of water and sanitation activities.

3. The Hand Pump Mechanic Associations should be strengthened through training and engagement in works. They can start with rehabilitation works; help them access cheaper spare parts than the market rates. This would morale boosts them, help to put community contribution to good use while keeping the operational status of water sources high. It will in turn provide employment to the mechanics.

4. The bureau of standards should take up the issue of compromised quality of materials on the market which may require expertise and commitment to put materials to test. This will reduce of the poor quality of materials that is flooded on the market. In turn operation and maintenance costs and the rate of depreciation will reduce.

5. The Ministry of Water may help districts in separating operational costs from staff salaries especially for districts which have small budgets or be allowed to budget outside this line. This will reduce encourage the districts to recruit staff on contract basis.

6. The ministry of water should start thinking of drilling production wells instead of boreholes which may later be developed into piped water systems. This will offer a solution to problem of low ground water potential affecting some districts. Though the process of development of the systems may take long because of limited district budgets, the risks of drying sources and hitting dry wells will reduce.

Conclusions

By the end of Q4 in the FY 2013/14 most of the planned works under the DWSDCG were finished though a few works stalled as contractors expectations to be paid dwindled. In some cases contractors halted works while in others drilling ended but pump heads were not installed. This will affect the activities planned for in the FY 2013/14 as part of the money will be used to clear the outstanding debts. Generally there is an insignificant increase in the water coverage in the districts monitored ranging between 0% and 1% which is not good for the rural sub sector aiming at increasing the water coverage to77% by the year 2015 which had on the other hand fallen to 64% in the FY 2012/13. MFPED should improve of fund disbursement to District local Governments to avoid unfinished payments and district should start the procurement process early enough to avoid delays.

District Hygiene and Sanitation Conditional Grant (DSHCG)

Background

Since 2011, a District Hygiene and Sanitation Conditional Grant (DHSDG) was created and separated from the District Water and Sanitation Conditional Grant (DWSCDG) to cater for hygiene and sanitation activities. Thus Ushs.2bn is released on an annual basis to the districts to plan and budget for these activities separated from the DWSDCG. In the FY 2012/13 districts were to plan for either Home Improvement Campaigns or Community Led Total Sanitation (CLTS) as recommended in the planning guidelines offered for the DHSDG. The District Water Officers **are** the vote controllers but the activity holder is the District Health Officer (DHO).

Field Findings and Analysis

(a) Financial Performance

Districts budgeted between Ushs.20m to Ushs.21m and by the end of Quarter 4 they had received almost 100%. Districts received funds for all the quarters and implementation of activities was carried out as planned. The field findings indicate that the utilization capacity of the Districts in Table 13.3 ranged between 97% and 100%.

Table 13.3: The District Hygiene and Sanitation Conditional Grant

District	Approved Budget (Ushs.)	Releases (Q1,Q2,Q3,Q4)	Expenditure (Q1,Q2,Q3,Q4)	% Absorption
Abim	21,000,000	21,000,000	21,000,000	100%
Arua	21,000,000	21,000,000	21,000,000	100%
Nebbi	21,000,000	20,999,353	20,601,500	98%
Kiboga	21,000,000	20,947,000	20,574,000	98%
Kyankwanzi	20,000,000	20,006,000	20,006,000	100%
Kamwenge	21,000,000	21,000,000	21,000,000	100%
Bukomansimbi	20,000,000	20,000,000	20,000,000	100%
Kyegegwa	21,000,000	20,999,000	20,999,000	99.9%

Mityana	21,000,000	21,000,000	21,000,000	100%
Mukono	21,000,000	21,000,000	20,999,000	99.9%
Nakasongola	21,000,000	21,000,000	20,999,000	99.9%
Napak	20,000,000	20,007,000	20,007,000	100%
Rubirizi	20,000,000	20,000,297	20,000,200	97%
Kole	21,000,000	21,000,000	21,000,000	100%
Kayunga	21,000,000	21,000,000	21,000,000	100%

Source: IFMS and Districts Performance Reports Q4FY2012/13

(b) Physical Performance

District sanitation plans were focused on two Models from which they had to choose one; i.e. Community Led Total Sanitation (CLTS) aiming at 10 villages in 2 sub-counties for each district, and Home Improvement Campaigns. Activities under these models included: mobilization and sensitization of communities through mass media, i.e. radio talk shows and spot messages; community planning and feedback meetings; household sanitation and hygiene follow up; demonstration of hand washing facilities; and, verification and monitoring by the district and sub-county leaders. The overall objective was to increase latrine coverage, hand washing practices, proper solid waste disposal management and general household hygiene promotion. Sanitation week activities and baseline surveys are always implied in planning. Each model had specific aligned model activities.

Under Home Improvement Campaigns: Community Dialogue and planning, sensitization of District leaders on KDS and Home improvement campaign strategy , launching of home improvement campaign, quarterly review of home improvement campaign, joint monitoring and supervision by District Political and civic leaders, follow up and supervision of CLTS triggered villages, assessment by sub-county team, District verification, recognition and rewards.

Under Community Led Total Sanitation: Demand creation activities (CLTS triggering), CLTS- follow up on triggered communities, home improvement campaigns with promotion of hand washing, sanitation week activities. Table 13.4 highlights the performance of district specific model activities in some of the districts monitored.

Table 13.4: Physical Performance of the DHSCG

District	Model	Location	Effect of Model Introduction
Arua	Scale up Community Led Total Sanitation	Etori, Ejako and Yivu villages in Arivu sub-county	Latrine coverage; Etori village from 48% to 84%; Ejako village 40% to 63% Yivu village 52% to 92%. Aleava and Andifiko ‘B’ villages declared Open

			Defection Free
Nebbi	Home Improvement Campaigns	Panimuru Sub-county and Nebbi Sub-county	Latrine Coverage; Nebbi Sub-county from 69% to 89% at the end of the financial year. Panimuru Sub-county from 60% to 76% Owinyopielo, Panyabong, and Nyakamana were declared Open Defection Free with each household in these villages having a hand washing facility.
Kayunga	Home Improvement Campaigns	Bbaale, Kangulumira and Namirembe parish Busaana Sub-county	Latrine coverage; in Busaana Sub-county from 57.8% to 74% Follow up activities in Kangulumira and Bbale Sub-county.
Kiboga	Home Improvement Campaigns	Lwamata and Muwanga sub counties	Latrine coverage: Lwamata Sub-county; from 29% to 42%. 12% were using filled up latrines at the start of the campaign. Muwanga Sub-county; from 13% to 19% Hand washing; from 34.5% to 42% in the two sub counties.
Kyankwanzi	Home improvement Campaigns	Muzunza parish in Nsambya Sub-county and Nabulembeko in Watuuba Sub-county	Latrine coverage: Nsambya Sub-county; from 47 to 75.8% Watuuba Sub-county: from 59% to 87% Hand washing ; Nsambya Sub-county from 10.1 to 40.8% Watuuba Sub-county from 6.6% to 36.5%
Sheema	Home improvement Campaigns	Kangango Sub-county, Kabowe town council ,Intendero ,Sheema town council	Latrine coverage: Kangango Sub-county from 51.2% to 93.4%, Sheema Town council from 55% to 77.9%, Kabowe town council 77% to 88.1%. Hand washing Kangongo: from 12.4 to 94%, Sheema from 16 to 95.3, Kabowe- Intendero 21% to 47.5%

Mityana	Home improvement Campaigns	Kakindu and Namungo (A total of 78 village in 11 parishes and one town Activities implemented board covered)	Latrine coverage: from 74% to 88% in the two sub counties. Seven villages of Gombe, Mwera, Kireku and Ngugulo in Kakindu Sub-county and Samba, Kisaana 'A' and Kisaana 'B' in Namungo were declared ODF. Hand washing coverage in the two sub counties moved from 27% to 40%.

Source: Field findings

During monitoring, it was reported that HSCG guidelines got clear and thus there was realization of positive results and the magnitude of change was established by initial assessments and final adjudications made by both the Sub-county and district personnel. This was crowned with rewarding of the best performers which was a good practice. 7 villages in Mityana, 3 in Nebbi, and 2 in Aura were declared Open Defecation Free.

Challenges

1. There is inadequate and late release of funds from the central government to local governments which hinders effective implementation of activities. In the districts visited it was reported that funds were received late in the various quarters.

2. Resistance from communities. Communities are quite aware of what should be done it is difficult for them to adopt good sanitation practices. In Anjaumbanya village Nebbi district, the enforcement team was beaten up while some residents in Kiboga claim that hnd was with soap is unaffordable.

3. Negative political intervention. The local leaders have not helped the local officials to improve sanitation in the districts. They do not feel it is their mandate to mobilize the communities to improve sanitation. It is discouraged especially where force is used to enhance good hygiene and sanitation practices.

Recommendations

1. Plausible by-laws/ordinances should be put in place to ensure communities adopt good sanitation practices. These would be district or Sub-county specific such that the leadership and communities are forced to adopt them.

2. Continued sensitization of communities by the water officials to create a sense of ownership among the communities and help the communities appreciate the importance of the different initiatives used to improve sanitation levels in their areas.

3. Advocating for political support and using positive messages that can be delivered to win local support as well as improving the standards of living in the communities. Once politicians adopt this, the public will follow suit.

13.1.2 Construction of Piped Water Supply Systems (Rural)

The output objectives: Increased access to safe water in rural areas through provision of large scale piped/GFS that are cross-border in nature covering two or more districts including capacity building efforts in districts and sub-district level staff, administrators, leaders, CBOs and civil society [PIP 2012/13-14/15]. The funding of construction of piped water systems (rural) is through outputs 0158 and 0163. The FY 2013/14 Budget was Ushs.25.25, Ushs.21.20 (84.0%) released and Ushs.8.54 (40.3%) spent in construction of piped water systems (rural) which is 33.8% of budget spent.

Planned activities forFY2012/13

i) Under Construction of Piped Water Supply Systems (Rural), the sector planned for completion of Tororo Manafwa Water supply scheme (100%), Luanda/Rakai (100%), Kabumba/Ntungamo (80%), Ongino/Kumi at 100% and continued construction of Kanyampanga Gravity flow to scheme at 70% completion. Feasibility studies and engineering designs for large GFS and piped water supply systems, design reviews were planned. The monitored projects under this programme included Kanyampanga, Jjeza-Muduma, Katende-Kamengo, Luanda and Kabumba piped water supply systems.

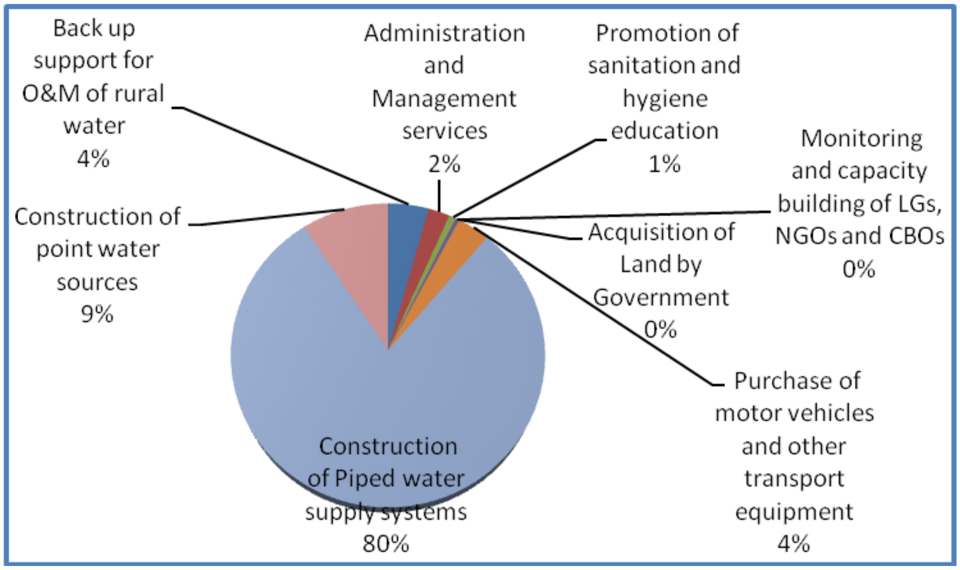
Field Findings and Findings Analysis

Financial Performance

Under Project 0163: Support to RWS project

The approved Development Budget for FY 2012/13, was Ushs.15, 835,000,000/= of which Ushs.8, 933,075,624/= was released and Ushs.8, 730,370,906/= absorbed (97.7% of funds released) by the end of the financial year. In terms of expenditures, 80% of the funds released was spent on construction of piped water supply systems (rural), 9.2% on construction of point water sources, 4% on backup support for O&M of rural water, 2% on administration and management services, 4% on purchase of motor vehicles and other transport equipment, 0.1% on monitoring and capacity building of LGs, NGOs and CBOs, 0.1% on acquisition of land by Government and 1% on promotion of sanitation and hygiene education.

Figure13. 2: Expenditure Prioritization by Support to RWS for FY2012/13



Source: IFMS Data

Under Project 0163, Support to piped water systems construction works included Luanda/Rakai up to (80%), Kabumba Ntungamo (90%), Kanyampanga gravity Flow System (65%).

13.1.2.1 Kanyampanga Gravity Flow Scheme (GFS)

Background

The scheme was envisaged to serve the water stressed areas of Kayonza, Kihihi, Kanyantorogo, Nyamirama, Nyakikoni and Nyanga sub-counties in Kanungu District. The targeted coverage places the scheme in the "large rural water scheme" category. The project will help beneficiaries to access safe water and improve the sanitation situation in the project area. This will, promote better health through improved hygiene, excreta disposal and environmental management practices. The contractor is M/s Summit Projejt at a contract price of Ushs.11, 205,268,400/= and the consultant is M/s Professional Engineering Consultants Ltd at a fee of Ushs.530, 000,000/= Tables13.5 shows the financial performance so far (end of Q4).

Field Findings and Analysis

Financial Performance after last monitoring in Q3

Kantyampanga GFS is an 11.2 billion Uganda Shillings project and by the end of the FY 2012/13 7 billion shillings had been spent on works and almost 180 million on supervision of works. This puts the financial performance at 64 % as work progress is estimated at 65% which is comparably ok. The consultant payment is at 34%. (*Ref to Table13.5)*

Table 13.5: Showing the Financial Performance of Kanyampaga GFS in Ushs.

Contract Sum			**Ushs..11,205,268,400 (VAT Exclusive)**		
Invoice No.	**Date when certificate was Raised**	**Amount raised**	**Date Paid**	**Amount Paid**	**Time taken to effect payment**
Advance	04.02. 2012	3,921,843,940	12th April 2012	3,921,843,940	One month and 6 days
Certificate 1	25.05.2012	1,788,079,288	04.08.2012	1,046,026,383	2 months and 7days
Claim	05.06. 2012	41,554,473	28.06. 2013	41,554,473	16 days
Certificate 2	12.01 2013	2,123,672,542	26.o03.2013	2,123,672,542	One month and seven days
Total				**7,091,542,865**	
Consultant's fee				**530,000,000**	
Total Payment to Consultant				**179,560,000**	
Claim:				**41,554,473**	

Source: MWE data

Implementation Issue

There were delayed payments to Certificate 1. and the contractor initiated acclaim of interest equivalent to Ushs.41, 554,473 m. This was based on the fact that this payment was received after 30 days the basis on which the claim is made (quoting clause 43 of the contract). The payment was made 50 days after. Payments beyond 30 days accrue an interest. Thus his claim was calculated as follows:

Delayed period divided by the Bank Interest Rate times the Amount delayed

50/365 x 29% x 1,046,026,383

Making it: Ushs41, 554,473 (interest claimed)

Physical Progress after last monitoring

By the time BMAU team monitored the project in March 2013 progress of works is as detailed in Table 13.6 reflected in the Project Summary.

Table 13.6: Kanyampaga GFS Project Summary

Planned Output	Actual Output
Spring source works, located in ChumbugUshsu - Buchuragizi village in Mukono Sub-county, to harvest 10 l/s.	Intake works - 2 springs protected including seepage trenches, rock filling and clay blanket and top soiling. The interconnecting pipe-work, retaining wall and collection box completed.
10m3 Sedimentation tank	Works completed
Primary Transmission Line (32.8 km)	Works completed
Secondary Transmission Line (16.2km)	Works completed
Distribution line (111.2 km)	Works completed
Completion of 3rd in take spring	Not yet done awaiting outcomes of valuation and agreements between district and landowners
Storage Reservoirs (construction of tap stands for community living near the water source)	Waits for transmission mains (water)
The construction of office block	Not yet done was still looking for land to put it as it was last time
Construction of Reservoir Tanks of 35 m^3 tank in Hakatokye village, 80m^3 at Karubeizi village,75 m^3 (2 in No.) at Nyamwegabira village,70 m^3 at Kabuga village,and 120 m^3 at Buzaniro village respectively.	Works on this target have not started yet (Waits for transmission mains-water)
Laying of the Distribution pipe-work. This to include 5 independent networks of 111 km of pipe work sizes from OD 32 to OD 160 and Pressure break Tanks.	At last monitoring was estimated at 60% but now completed
Connections for 142 tap stands to be made	During last monitoring was not yet done but now completed
Construction of an Office Block	Still Looking for land

Source: MWE data and field findings

Physical Progress after last Monitoring

Work progress slowed down from last monitoring done in Q3. The physical progress was at 60% but at the end of Q4 it is reported at 65%. The reason for little progress was not given.

Project variations have been sought due to unsatisfied demand for water and according to survey reports these include: Protection of an additional spring source (spring 3), distribution line to serve the communities near the water source, increasing the diameter of the main transmission pipeline from the source up to Hakitookye (32.8 km) from 150mm to 200mm, increase the size of the main storage reservoir at Hakitookye from 35m3 to 70m3, distribution pipelines and additional reservoir tank to serve Kashenshero and Kihembe area, extension of distribution mains from Nyamwegabira into the town ward, construction of 500 water connections, construction of project water office in Kihiihi town.

All these variation were approved apart from increasing the diameter of transmission mains for which the Ministry will seek approval of the contracts committee and Public Procurement and Disposal of Public Assets Authority as required by the law.

Challenge

At the time of monitoring in Q3, the pace of software activities was not commendable as most works were completed before software activities were completed. This is a challenge for projects which do not have sociologists based in the area of operation. They come once in a while and they do not build much rapport with the personnel on ground/beneficiaries to effect works. Compared to Tororo Manafwa another 'large rural water system' with resident sociologist software activities are better handled.

Conclusion

The project works are still on schedule apart from the software activities which are slightly lagging behind. The project is very big covering 4 sub counties one of its kind in the rural piped water systems that would require a sound management base. With the slow pace of software activities, the sustainability of the project may be undermined.

Recommendation

- Software activities should be sped up to cope up with the hardware activities. Normally these are done before, during and after implementation as recommended in the software steps. They play a pivotal role in the improved sanitation in the area and affect the sustainability of the system in the long run.

- The variations in the project designs have been thought and approved which will expand the project to serve the town ward Kihembe and Kashenshero area.

13.1.2.2 Construction of Jjeza-Muduma, Katende-Kamengo Rural Growth Centres (RGCs)

Background

The Jjeza-Muduma, Katende-Kamengo Piped water systems were designed to serve the Rural Growth Centres (RGCs) of Jjeza, Muduuma, Kiringente and Kammengo in Mpigi District. The contractor is M/s Consolidated Contractors Ltd and the Consultant M/s BEC Engineers; contract No: MWE/SRCS/09-10/00788, and the Contract Sum is Ushs. **2,534,658,110.** The project aims at serving the existing population of 12,450 people (2004) and 22,000 people in the year 2020.

Scope of works for Jezza Muduuma, Katende and Kamengo RGCs

- Supply and installation of 2 No. Electrical submersible pumps and electro-mechanical accessories for all
- Construction of 2 No. pump Houses for [Jezza Muduuma, Katende and 1 for Kamengo wth a 50m^3 sump]
- Supply and laying of 2 No. transmission mains, one of 1300m length in DDPE PN16, of 75mm and the other of 700m length in HDPE PN 16, OD 63mm for Jjezza Muduuma while for Katende, Kamengo [1210m length in HDPE PN 16, OD 63mm and 333m length in HDPE PN 16, OD 66mm], Kamengo [8200m of Distribution Mains]
- Supply and laying 8900m of Distribution Mains of Pipe work for Jjezza Muduuma and 8200m for Katende ,Kamengo
- Supply and installation of 70m^3 and 40m^3 welded cylindrical steel tanks on 1.2m high dwarf walls[Jjezza Muduuma], 60m^3 capacity welded cylindrical steel tank on 1.2 m high dwarf wall [Katende] and 90m3 welded steel tank on 1.2m high dwarf walls[Kamengo]
- Seventy five (75No) service pipes for 75 house connections have been laid. The location of these points was by consensus with the local community [Jjezza Muduuma], Sixty (60No) service pipes for 60 house connections [Katende, Kamengo]
- Construction of the Water Office [Jjezza, Muduuma, Katende, Kamengo]
- Supply and laying 8200m of distribution Mains of Pipe work [Katende]

Field Findings and Analysis

Financial Performance after last monitoring

The projects were monitored in Q2 when expenditure was at 74% while works were estimated at completion of 80%. By end of Q4 89% payment had been made to the project and works were 95%. However, there was no certificate attached for the EFT payment made on 22 December 2011 amounting to Ushs.157, 921,761. The figure was gotten from accounts but the project manager is not aware of the same. The consultant has so far received Ushs.2, 257,250,322/= which is an 89% but according to the project management only Ushs.2, 099,328,561/= (82%) is paid (*See Table* 13.7).

Table 13.7: Project Payments made to the Contractor by the end of the FY 2012/13

Contract Sum			**Ushs.2,534,658,110/=**		
Invoice No.	**Date when certificate was Raised**	**Amount raised**	**Date of Payment**	**Amount Paid**	**Time taken to effect payment**
Advance	23.12.2010	760,397,433	10.02.2011	760,397,433	10 days
Certificate 1	23.05. 2011	602,112,503	30.06.2011	602,112,503	25 days
Certificate 2	25.08. 2011	400,171,737	*	400,171,737	*
EFT Payment			22.12. 2011	157,921,761	
Certificate 3	04.04.2012	104,191,450	21.05.2013	104,191,450	1 month
Certificate 4	24 .09.2012	232,455,438	04.02.2013	232,455,438	4 months
Total payment				**2,257,250,322**	

Balance remaining on the contract	**277,407,788**

Source: MWE, Accounts

Table 13.8: Summary of Payments made to consultant

Contract Sum: 210,900,000					
Certificate	**Value of certificate**	**WITHHOLDING TAX**	**VAT**	**Total amount on the cheque**	**Total against this contract**
Certificate1	100,775,00	6,046,500		**94,728,500**	**100,775,000**
Certificate2	40,310,000	2,418,600		**37,891,400**	**40,310,000**
Certificate3	17,500,000	1,050,000		**16,450,000**	**17,500,000**
Certificate4	40,310,000	2,418,600		**37,891,400**	**40,310,000**
Certificate5				**2,495,700**	**2,655,000**
Total					**201,550,000**
Balance					**9,350,000**

Source: MWE Report

Status after Monitoring in Q2

Jjezza-Muduuma RGC Works: Overall progress stands at 95% and outstanding works include; System pressure testing (transmission and distribution) and test running; supply of installation of some fittings (air valves, control valves and wash outs) is not yet done. Fittings will be put in place during pressure testing to avoid theft; Train the Water supply and Sanitation Board (WSSB) on Operation and Maintenance.

Katende RGC Works: Overall progress stands at 98% and outstanding works include; Installation of mark posts/signage on the network interconnection and layout; Train the Water supply and Sanitation Board on Operation and Maintenance (O&M).

Kamengo RGC Works: Overall progress is at 95%. The remaining works include; System pressure testing (transmission and distribution) and test running, supply installation of some fittings (air valves, control valves and washouts), installation of electro mechanical fittings (control panels and other related fittings) and 2 No electrical surface pumps, installation of mark posts/signage on the network interconnection and layout, Train the WSSB in the O&M.

Software activities: There was community mobilization and sensitization on the benefits of the project their roles and responsibilities, applying for private connection HIV/AIDS and caring for the vulnerable beneficiaries. A household survey was done to establish the hygiene and sanitation situation in the area including the latrine coverage, hand washing with soap, presence and usage of drying rack, and clean storage containers.

Conclusions

The Jjezza - Muduuma and Katende- Kamengo RGCs are in completion stages of 95%, 98% and 95% progress respectively. A few final works remain to be completed including system pressure testing (transmission and distribution) and test running, supplying installation of some fittings (air valves, control valves and washouts), installation of electro mechanical fittings (control panels and other related fittings) and electrical surface pumps, installation of mark posts/signage on the network interconnection and layout, training the WSSB in the O&M. However works stalled for some time and like other centrally done projects there was little involvement e.g the DWO and no proper communication was given to the beneficiaries regarding project progress.

Recommendations

- MWE should improve communication with the DLGs most especially on sharing information and giving feedback regarding projects implemented by the center.

- The EFT payment of Ushs.157, 921,761 should be followed up by MWE and an explanation given.

13.1.2.3 Kambumba Rural Growth Center Piped Water and Sanitation Project

Background

Kambumba Rural Growth Center Piped Water and Sanitation Project is located 7 km inland from Rwashamaire trading center, 19km from Ntungamo District headquarters. The construction works of Kambumba water and sanitation system was contracted to GAT Consults Limited and supervised by Joadah Consults Limited. The site was officially handed over to the contractor on 12th February 2013 and the project is an 8 months project.

The project is subdivided into two project areas because a single source was not sufficient to satisfy the demand thus two different underground sources had to be used. The works are ongoing but the community who were using the unprotected source for water demanded for an alternative and the project has constructed them a spring using the reserved natural flow that remains in the environment which is over protection.

Planned Activities for FY 2012/13

The planned activities included: intake works, excavation and laying of transmission pipelines, excavation and laying of distribution lines, construction of the pump house, collection tank and electro-mechanical installations, construction of the tank stand tower and tank installation, water kiosk, construction of demonstration Eco-San toilets, private connections.

Field Findings and Findings Analysis

a) Financial performance

The initial contract price is Ushs.816, 399,463. The start date was 12th February 2013, with an initial completion date of 15th October 2013. So far Ushs.518, 223,945 (64%) has been paid out to the contractor remaining with 26% while works were at 90% completion at the time of monitoring.

Table 13.9: Kambumba Rural Growth Center Piped Water and Sanitation Project

Contract Sum			**Ushs.816,399,463/=**		
Invoice No.	**Date when certificate was Raised**	**Amount raised**	**Date of Payment**	**Amount Paid**	**Time taken to effect payment**
Advance	6th March 2012	163,279,893	25th April 2013	163,279,893	1 month and 5days
Certificate 1	24th March 2013	354,944,052	18th June 2013	354,944,052	2 months
Total				**518,223,945**	
Balance				**298,175,518**	

Source: MWE, Accounts Department

From left; a reservoir tank, a public stand post and a spring being constructed for people at the source

Physical performance

The project is in completion stages and is estimated at (80%). Ongoing works at the time of the monitoring visit, included ground leveling and planting grass (*See photos above*).

(i) Intake Works: Three water sources had been protected and construction works for the segmentation tank were at 90%. Remaining works on the segmentation tank included stone peaching and fencing.

(ii) Excavation and laying of transmission pipelines: Gravity line (HDPE OD 75 PN 10) from water source to collection tank was laid and another transmission line (HDPE OD 63 PN 10) from the collection tank to the elevated reservoir had also been laid.

(iii) Excavation and laying of Distribution lines; excavation works and laying of Distribution lines was completed.

(iv) Construction of the Pump House, Collection tank and Electro-mechanical installations: at the time of the monitoring visit, the pump house had been constructed occupying a space of 14.5 X 10 m and a collection tank of 50,000 litres installed.

(v) Construction of the tank stand tower and tank installation: tank stand tower was constructed and 50 cubic meter steel reservoir tank was assembled and installed.

(vi) Construction of water Kiosks: works were completed but due to the land complaints by plot owners, the kiosks were re-sized from 2.4m X 2.4m to 1.7m X 2.4m.

(**vii) Demonstration Eco-san Toilets**: Three Eco sans were constructed however sensitization on usage of the facilities had not been made. At the time of the monitoring visit, the facilities were not in use and a one stance facility provided to a school is not very useful.

(viii) Private connections: 50 connections were made and the community had started benefiting from the piped water system. It was reported that the community was using the water for domestic use and agriculture (feeding the cattle) since it was a dry season and the system was still being test run.

Implementation issues

- The project had not done software activities (sensitization) for the community to appreciate the eco san facility. The software activities are supposed to be done by the center but the project is in completion stages and no software yet. This may undermine the sustainability of the project.

- The stance Ecosans provided by the project to the community are not feasible. The team visited one Ecosan given to a primary school and one would ask for added value to the school and it is not there.

Conclusion

The project is in completion stages as most of the works are finished. Software activities have not been carried out. Almost all the water is protected as what would be overflow which would be flowing to the environment is protected to serve the community at the source.

Recommendations

- MWE should ensure the implementation of software activities in the initial stages of the project.
- There is a need to clearly look at the environmental impact assessments reports before some of these projects are implemented so that the environment will not be affected in the long run.
- Increase the stances provided by the project most especially for public places like school to make them more meaningful

13.1.2.4 Luanda Rural Growth Center Piped Water and Sanitation Project

Background

Luanda Water and Sanitation project is intended to serve four parishes and a total of 10 villages, including the Luanda trading center which is a fast upcoming/growing urban center. Luanda project area being large in size and demand, yet there was no feasible single source to provide enough water for the whole project area, two different underground water sources were proposed, sited and pump tested to serve the project area. The project area was divided into two sub project areas under the design. The villages under the two parishes of Kanoni and Kansensero will be served by the Luanda Lower water system while the villages under the two parishes of Kiovu and Bitabago including Luanda town center will be served by the Luanda Upper water system.

Planned Activities for FY2012/13

These included Pipe Line Excavations, Pipe Laying and Backfilling, Office Block Construction, Pump House Construction, Generator House Construction, Electro-Mechanical Installations, 75m Steel Tank Installation, Construction of water Kiosks, Construction of Eco san Demonstration Toilets, Private connections.

Field Findings and Analysis

a) Financial performance

The Contract for construction works was awarded to M/s IDEAL Engineering Services Limited supervised by Joadah Consults limited at a contract sum of Ushs.1, 008,071,730. The contract period is 8 months (6th December 2012 to 6th August 2013). By the time of the monitoring visit, advance and certificate one had been paid amounting to 54.7% of the contract sum. The works are in completion stages at 90% and the payments are not commensurate to physical works.

Table: 13.10: Payments Made for Luanda Rural Growth Center

Contract Sum			**Ushs.1,008,071,730**		
Invoice No.	**Date when certificate was Raised**	**Amount raised**	**Date of Payment**	**Amount Paid**	**Time taken to effect payment**
Advance (20%)	28th Nov,2012	201,614,346	10th April 2013	201,614,346	
Certificate 1	14th June 2013	350,632,361	28th June 2013	350,632,361	9 days
Total				**552,246,707**	
Balance				**455,825,023**	

Source: MWE, Accounts Department

a) Physical performance

The team visited Luanda Rural Growth Center piped system and looked at works on ground to assess their existence and quality. The project provided an office block (with a tank), a reservoir tank and a household Ecosan as some of the outputs in the Bills of Quantities.

Tank and an office block

Reservoir Tank

a household Ecosan toilet

- Pipe line excavation, laying and backfilling; at the time of the monitoring, excavation and laying of transmission pipe lines and distribution lines had been completed.
- Office block construction; office block with external and internal finishes completed. The structure comprises of an office, store and toilet.
- Construction of the Pump House; civil works were completed, pump installed and three phase transformer fixed. `
- Construction of the Generator House; civil works were completed. During the monitoring visit, it was reported that the stand by generator was yet to be procured.
- Water Kiosks; these were completed
- Demonstration Eco-san Toilets; 3 Ecosan were provided to individual households
- Remaining works: Plumbing works and planting grass in the fenced areas.

Conclusion

Works in Luanda are in completion stages and the generator house is finished waiting for the procurement of the generator. The reservoir tank is being tested for leakages. The consultant has only raise one certificate making 55% payment.

13.1.3 Construction of Point Water Sources – (output 090181)

Background

Before decentralization, the Ministry of Water Lands and Environment then owned a fleet 33 drilling rigs and in 2001, they were either leased or sold to the private sector and this meant most resources being sent to the DLGs. The drilled works scaled down from the center (Directorate of Water Development) to the decentralized Local Governments. However, MWE continued to get an average of 140 boreholes emergency requests from political and local demands. Thus based upon the request made to MFPED, MWE started receiving on average 1 bn in a FY to meet this overwhelming demand.

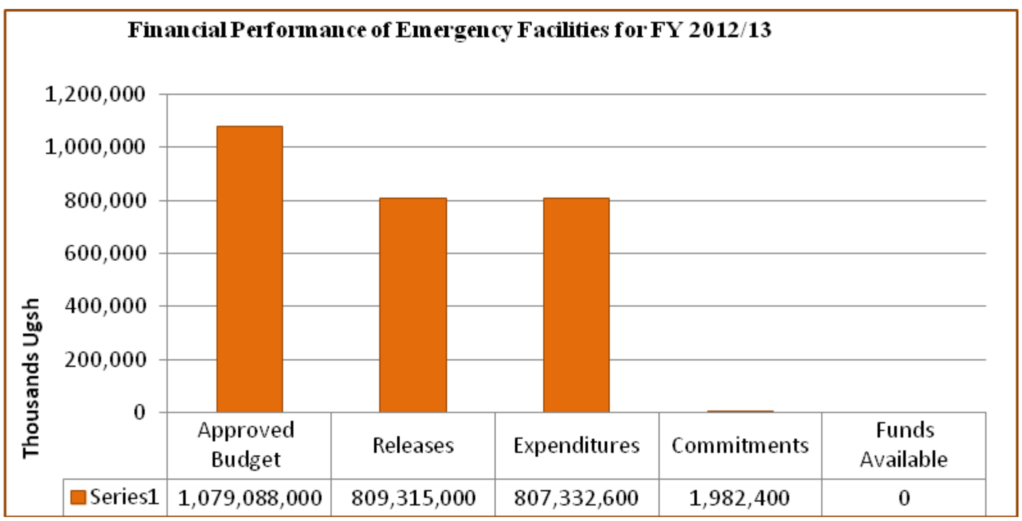
To ease procurement, the ministry (MWE) contracted two firms M/s Sumadhura Technologies Ltd and M/s Royal Techno Industries and two consultancy firms (M/s Aquatech Enterprises Ltd and M/s Scan Water Consultants and Contractors) to do the works under the borehole drilling framework contract. In the FY 2012/13 MWE constructed 85 production wells and boreholes in selected areas in response to emergencies. The BMAU team monitored the sources constructed in Kayunga, Mukono and Wakiso districts in the FY 2012/13.

Field Findings and Analysis

Financial Performance

According to the IFMS, the approved budget for FY 2012/13 was Ushs. 1,079,088,000 of which Ushs. 809, 315,000 was released by the end of the financial year (74% of the approved budget), Ushs. 807,332,600 absorbed and Ushs. 1,982,400 committed. ***(See figure 13.1).***The donor contribution budget was Ushs.115, 000 but only Ushs.681, 392 was received and this is not reflected in the table 13.1.

Figure 13.3 Financial Performances of Point Water Sources



Source: IFMS

MWE reports indicate the expenditures totaling to **Ushs.2, 662,634,693** as payment to contractors and consultants by the end of the FY2012/13 for drilling of emergency boreholes under the framework contract. ***(See table 13.10)*** *However, the details of donor expenditures were not provided which could have shot up the expenditures.*

Table 13.11: Annual Payments made for Construction of Point Water sources

Contractor/Consultant	District of Implementation	Number of Sites	Certificate No.	Amount
Aquatec Enterprises Limited	Kaliro (03), Kamuli (01), Busia (01), Mayuge (04), Kiryandongo (06), Kyankwanzi) (05).	20	1	14,428,800
	Ngora (01), Namutumba (02), Kumi (02), Kaberamaido (03).	8	3	6,357,690
Scan water Consultants	Kayunga (09), Kyenjojo (01), Kiryandongo (03), Nakasongola (02), Luwero (03), Ntoronko (01), Bushenyi (03), Hoima (01), Wakiso (01).	24	1	29,173,500
	Otuke (03), Gulu (03), Yumbe (02).	8	2	12,240,000
	Buikwe (02), Sheema (01), Luwero (03), Wakiso (05), Mpigi (01) Kayunga (02)	14	4	15,525,000
	Luwero (01), Wakiso (02), Mpigi (01), Mukono (04), Gomba (01), Kamwenge (01), Mubende (01)	11	7	12,870,000
KLR(U) Ltd	Ngora (01), Namutumba (02), Kumi (02), Kaberamaido (03).	8	1	101,152,665
	Kumi (01), Iganga (01), Jinja (01), Butambala (01), Kitgum (04), Amuru (03), Arua (02), Gulu (02), Agago (04), Mubende (01), Mukono (02), Wakiso (01), Kamwenge (01).	24	2	355,839,030
Royal Techno Industries Ltd	Kayunga (09)	9	2	153,042,210
	Yumbe (02), Mukono (01), Kiryandongo (02), Nakasongola (01), Luwero (02), Wakiso (04), Nakaseke (01).	13	4	261,624,168
	Mukono (02), Lwengo (01), Luwero (01).	4	7	94,470,786
	Kaliro (03), Kamuli (01).	4	8	56,233,035
	Butaleja (03), Tororo (01).	4	9	83,723,760
Sumadhura Technologies Ltd	Hoima (01), Ntoronko (01), Nakasongola (01), Bushenyi (03), Otuke (03) Gulu (03), Luwero (01), Kyenjojo (01)	14	3	326,939,560

	Ntungamo (01), Rakai (02).	3	4	101,202,850
	Tororo (03), Apac (01), Luwero (03), Kayunga (02), Buikwe (01), Sheema (01), Wakiso (02)	13	5	281,799,833
	Kyankwanzi (05), Mukono (02), Mayuge (03), Busia (01)	11	6	206,596,860
	Namayingo (04), Bugiri (02).	6	8	215,551,830
	Kayunga (10), Gomba (01), Mpigi (01), Wakiso (02), Apac (01).	15	9	333,863,116
Total				**2,662,634,693**

Source: MWE

Some certificates made to the contractors and consultants which miss out e.g cert.2 for Aquatec Enterprises Limited were said to be paid out by other line departments or ministries like MAAIF, and Water for Production who engage contractors and consultants to do similar activities.

Challenges

1. The District Water Office is not involved in anyway yet is responsible for supervision of works and general O&M of facilities after installation. The districts do not receive information regarding the boreholes provided under this category which affect planning because this compromises with the equity principle “Some for all and not more for some”. Without the sources data this may not be avoided and it will affect resource allocation.

2. There are too many requests yet the funds allocated to this line item are not enough. The initiators range from politicians, presidents’ office, ministers and influential officers. This renders DWD officials to work overtime and answer arable to political pressure.

3. Software activities which are pre requites for setting up the water facilities are not carried out under this program. This undermines the functionality of these facilities thus leading to constant breakdowns that affect their lifespan because beneficiary expectation is that service providers will take care of O&M.

Recommendations

1. There is need to follow the laid out guidelines in the software steps and O&M framework to avoid the negative implication related to non-setting up of proper management structures. These structures will help in the operation and maintenance of the set up facilities and beneficiaries will not go back to the providers for repairs as has been reported in Kayunga. The MP first did repairs and later the responsibility was down loaded on the DWO.

2. There is need for improved communication between MWE and local governments and other stakeholders because different message are portrayed on ground which undermines the project benefits. For example for a production well that was meant to be used by a school and

it was the role of the school to install a pump but the school was not aware and the well left to be covered by the bush for some time. Case in point was St. Mary's Namagunga production well but after the team's report, MWE provided the submersible pump.

3. As the sector has set up a Management Information System for existing sources in the county to ease planning and implementation, there is need to share reports by various stakeholders to have an updated Information System. This will ensure equity in the sector and avoid duplication of resources.

Conclusions

The construction of point water sources meets the political and local demands that would otherwise not be met by the district under the District Water and Sanitation Development Conditional Grant. However, the resources envelope is overstretched and the projects operated in negatives at times with contracts awarded and contractors not paid till money is gotten. The way emergency boreholes are provided contravenes the software guidelines besides, there is flimsy information regarding the activity at the District Water Office and politicians ride on this to solicit for political support thus compromising the maintenance of these facilities. The sources are haphazardly done at times which compromises their standards.

Recommendations

- The monitoring and supervision of these facilities needs to be intensified. This is a function that can be shared by the center and the district technical personnel to ensure the required standards are met.
- The consultant reports should be shared with the districts to ease the district planning processes.

13.1.4 Vote function 0903 Water for Production (WFP)

Background

Water for Production under the Ministry of Water and Environment coordinates and undertakes design, construction/development of new facilities, putting in place community/institutional management structures & build their capacity, back up support for O&M, rehabilitation of old facilities and harmonized planning for improved provision of WfP for other users (MWE 2012). Facilities provided include Bulk Water Supply Schemes and Construction of Water Surface Reservoirs (dams and valley tanks). MWE works with other relevant line ministries (MAAIF, and MTTI).

Planned activities for FY 2012/13

Water for production in FY 2012/13 planned to construct Kajodi valley tank in Mityana district to (100%), Nyamiringa (100%) and Nakakabala (100%) valley tanks in Kiboga district, Rehabilitation of windmills in Karamoja region (70%), commencement on construction of Andibo dam (30%) in Nebbi district, Acanpii dam (30%) in Oyam district and Namalu dam

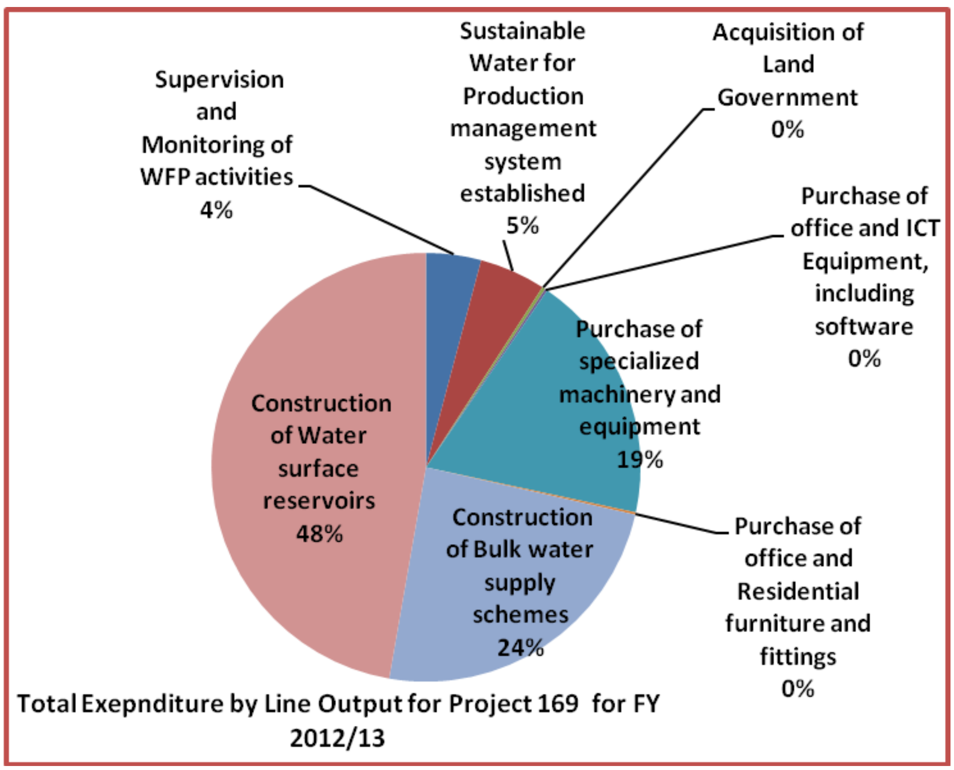
(30%) in Nakapiripirit distirct, Irrigation off-farm for both public and private enterprises. Construction of Nyakiharo water supply system in Kabale district up to 100%, Continuation of construction of a bulk water scheme in Rakai district to 60% cumulative progress and various designs and design reviews were planned for. The team monitored the progress of Nakakabala Kajodi, Nyamiringa valley tanks, and Kawomeri dam in Q2, Q3 and at the end of the FY 2012/13.

Field Findings and Analysis

Financial Performance of Project 0169: Water for Production (WFP) for FY2012/13

The approved for project 169: Water for Production for FY 2012/13, was Ushs.21, 360,000,000/= of which Ushs.16, 566,239,539/= was released (78%) and Ushs.16, 214,658,262/= absorbed (97.8% of funds released) by the end of the financial year. The project priority areas of expenditure are reflected in Figure 13.4.

Figure: 13.4



Source: IFMS

Water for production spent 48% of its Budget on construction of water surface reservoirs (mainly payment of retention monies on Arechet dam, Construction of Kajodi, Nakakabala rehabilitation of windmills in Karamoja). This was its priority area of expenditure the FY, then 24% on construction of bulk water supply schemes (Rakai Bulk water supply scheme), purchase of specialized machinery and equipment 19%, WFP Management system established, and Supervision and Monitoring of WFP activities 4%.

a) Construction of Kajodi Valley Tank in Mityana District

Background

Kajodi Valley Tank is located in Kikandwa Sub-county, Mityana District. The contractor is Capital Logistics and Construction Company Limited was contracted at for Ushs..483, 324,490 and supervision at contract price of Ushs.66, 788,000. (Supervision contract price is for the three valley tanks that is Kajodi, Nyamiringa and Nakakabala). The consultant is BEC Engineers. Construction works commenced on 30th October 2012 and completion was scheduled for 30th June 2013. The valley tank will serve the communities in the villages of Kajodi and Namigavu, in Mityana District. The Project Objectives are construction of Kajodi Valley Tank in Kikandwa Sub-county, Mityana District for provision of water majorly for livestock watering, but also for domestic use as the need arises.

Field Findings and Analysis

Financial Performance

By the end of the financial year 2012/13, three certificates had been certified and a total of Ushs. 350,893,580 paid to the contractor (73% of the contract sum). Ushs.38, 291,955 was paid to the consultant. However, the accounts department indicates that a total of Ushs.270, 972,643 had been paid to the contractor by 18th June 2013. The table below gives a breakdown of payments according to accounts records. The difference in price values is said to be caused by the taxes (WITHHOLDING TAX).

Table 13.12: Financial Performance of Kajodi Valley Tank

Contract Sum			**Ushs483,324,490**			
Invoice No.	**Date when certificate was Raised**	**Amount raised**	**Date of Payment**	**Amount Certified**	**Amount Paid**	**Time taken to effect payment**
Advance		144,997,347	14.03.2013	144,997,347	144,997,347	
Certificate 1	6.03.2013	209,825,000	18.06.2013	125,975,296	125,975,296	7 days
Total					**270,972,643**	
Balance					**212,351,847**	

Source: MWE. Accounts Department

Physical Performance

Box 1: Scope of Works

Scope of works per contract	**Implementation status**
General Clearance and Excavations	done
Construction of Earth Bunds	done
Construction of a Water Abstraction System	done
Supply and Install a 10m3 Plastic Tank	on going
Supply and Install of 2 No. petrol driven pumps	done
Construction of 4No. Cattle Watering Troughs	on going
Construction of a Pump Shed and a VIP Latrine	done
Fencing and landscaping	done

Source: MWE Reports

Table 13.13: Project Summary

Source of Funding	Government of Uganda
Contract No.	MWE/WRKS/11-12/01253/1
Implementing Agency	Ministry of Water and Environment, Water for Production Department
Supervision Engineer	BEC Engineers
Contractor	Capital Logistics & Construction Company Limited
Capacity	10,000 m^3
Supervision Commencement	24th October 2012
Construction Commencement	24th October 2012
Possession of Site/Site Handover	October 8th, 2012
Original Contract Price	USHS. 483,324,490/=
Supervision Contract Price	USHS. 66,788,000 (For three valley tanks Nyamiringa, Nakakabala and Kajodi)
Contract Period	16 Months (8 months original construction period, 2 months extension of construction duration and 6 months defects liability)

Contract Time Elapsed	100%
Works Payments Certified	Payment Certificates No.1,2&3
Payments to the contractor	USHS. 350,893,580/=
Contract variation	USHS. 62,781,510/=
Consultant Invoices Submitted	Payment Certificates No.1&2
Payments to the Consultant	Ushs. 38,291,955/=
Planned Progress	100%
Physical Progress	95%
Financial Progress	73%

Source: MWE Reports and Field Findings

The physical progress of works is reported at 95% and financial progress at 73%. Financial variation of Ushs.62, 781, 510/= is proposed to cater for changes in the location of the water tank & change in the specifications for the fencing material and the anchorage for the HDPE tank. The changes will be effected once the variations are approved. Kajodi valley tank was well constructed in terms of quality of works compared to Nakakabala.

Challenges and setbacks experienced by the project

i) There was heavy rainfall experienced in the project sites during the construction period; this hampered the steady progress
ii) Modifications in the specifications for some of the structures for the delivery system

Cross cutting issues

Mobilization and sensitization of communities was done. This comprised of formation of committees, discussions and signing of MoUs, O&M capacity building, formation of by-laws, sensitization and mobilization on cross-cutting issues like gender, HIV and environment.

Conclusions

The dam is a 10,000 m^3 capacity and when completed it will mainly serve the cattle and people Kajodi and Namigavu villages in Kikandwa Sub-county to go through the dry spells that commonly leaves no alternative sources of water. The original design of the project had fencing with natural materials and did not have the anchorage for the HDPE tanks which changes caused a price variation of Ushs.62, 781,510.

b) Construction of Nakakabala Valley Tank

Background

Construction of Nakakabala Valley Tank in Lwamata Sub-county, Kiboga District is aimed at provision of water majorly for livestock watering, but also for domestic use as the need arises. The contract was awarded to M/s Global International Services Ltd (contractor) and BEC engineers as the supervising consultant.

Field Findings and Analysis

Financial Performance

The contract sum was originally Ushs.564, 069,524 /= and the new contract price is Ushs. 624,159,283 at the supervision contract price of Ushs.66, 788,000. (Supervision contract price is for the three valley tanks that is Kajodi, Nyamiringa and Nakakabala). The variation of Ushs.60, 090,351 was made to cater for changes in the location of the water tank & change in the specifications for the fencing material and the anchorage for the HDPE tank as was the case for Kajodi. Table 13.14 summarizes the financial flow and the scopes of works are summarized in Box 2.

Table 13.14: Financial Performance of Nakakabala Valley Tank

Contract Sum: Ushs..624,159,283						
Invoice No.	**Date when certificate was Raised**	**Amount raised**	**Amount Certified**	**Date Paid**	**Amount Paid**	**Time taken to effect payment**
Certificate 1	28 /11/ 2012	219,290,400	144,997,347	25th Jan. 2013	144,997,347	I month and 2 weeks
Certificate 2	19/02/ 2013	203,345,999	203,345,999	10th April. 2013	203,345,999	I month and 5 days
Certificate 3	14/05/ 2013	82,730,956	82,730,956	14th June 2013	82,730,956	3 weeks
Total					**431,074,302**	
Balance					**193,084,981**	

Source: MWE. Accounts Department

Box 2: Scope of Works for Nakakabala Valley Tank

Planned outputs	**Status**
General Clearance and Excavations	Activity completed
Construction of Earth Bunds	done
Construction of a Water Abstraction System	done
Supply and Install a 10m3 Plastic Tank	done
Supply and Install of 2 No. petrol driven pumps	done
Construction of 4No. Cattle Watering Troughs	done

Construction of a Pump Shed and a VIP Latrine	done
Fencing and landscaping	done
Activities/Projects ongoing	**None**

Source: MWE Reports

Physical Performance

The works were finished at the time of monitoring and plans for commissioning the tank were in in progress. Photos 1, 2&3 below show what was on ground at the time of monitoring.



Clockwise: One of the 3 cattle troughs, tanks on 2 meter stands and the Nakakabal Valley Tank

Table 13.15: Project Profile Summary

Source of Funding	Government Of Uganda
Contract No.	MWE/WRKS/11-12/01253/2
Implementing Agency	Ministry of Water and Environment
Supervision Engineer	BEC Engineers
Contractor	Global International Services Ltd
Capacity	10,000 m^3
Supervision Commencement	24-Oct-12
Construction Commencement	24-Oct-12
Possession of Site/Site Handover	20-Sept-12
Original Contract Price	Ushs. 564,069,524 /=
Contract Variation	Ushs. 60,090,351/=
Revised Contract Price	Ushs. 624,159,283/=
Supervision Contract Price	Ushs. 66,788,000/= (For three valley tanks Nyamiringa, Nakakabala and Kajodi)
Contract Period	16 months (8 months original construction period, 2months extension of construction duration and 6 months defects liability)
Contract Time Elapsed	10 months

Works Payments Certified	Payment Certificates No.1,2&3
Payments to the contractor	USHS. 505,367,355/=
Consultant Invoices Submitted	Payment Certificates No.1&2
Payments to the Consultant	USHS. 38,291,955/=
Planned Progress	100%
Physical Progress	100%
Financial Progress	81%

Source: MWE Report and Field Findings

Physical progress is at 100% while financial progress is at 81 % (Ushs.505,366,955/=) of the contract sum Ushs.624, 159,283 paid out according to MWE reports. Though the accounts record payments are at 69% (Ushs.431, 074,302) and the different is said to have been created by the 6% Withholding Tax deductions in the system. The quality of works in Nakakabala is not as good as that of Kajodi as the works were cracked already and general appearance was not ok.

Challenges and setbacks experienced by the project

i) Heavy rainfall was experienced in the project sites during the construction period; this hampered the steady progress of works.
ii) Modifications in the specifications for some of the structure for the delivery system

Software activities carried out include the formation of committees, discussions and signing of MoUs, O&M capacity building, formation of by-laws, sensitisation and mobilisation on cross-cutting like issues like gender, HIV, and environment.

c) Construction of Nyamiringa Valley Tank

The valley tank is being constructed in Kapeke Sub-county in Kiboga District. It is reported that at 75% at the end of Q4 though during Q2 monitoring, the contract had been awarded but works had not commenced due to delay in land acquisition.

Conclusion

There was a proposed financial variation of Ushs60, 090,351 for Nyamiringa valley tank. This was to cater for relocation of the tanks from the earth bands to a 2m tank stand, construction of a continuous concrete base to cover the troughs, supply of 2 No. petrol driven pumps, installation of 6m 900mm concrete culvert at access road to valley tank and erection of a chain link fence to improve functionality of the facilities.

d) Construction of Kawomeri Dam Q3

The Ministry of Water and Environment signed a contract with Liberty Construction Company Limited on 12th June, 2008, for the construction of Kawomeri Dam in Abim District worth Ushs 3,531,705,100. The initial commencement date was 23rd July 2008 but this was shifted to 24th September 2008 and completion date set for 24th September 2009. At the request of the contractor, the completion date was extended to 12th December 2009 at no cost to the client.

In February 2010, the contractor unilaterally terminated his contract. All efforts to resume works by dialogue with him were in vain. He instead filed a suit in the civil courts. MWE wanted to pay Ushs 1,001,220,000 an equivalent of the performance security since he breached the contract. The case awaits legal proceedings though MWE procured another contractor (M/s Summit) to finish up the construction works at Ushs 1,059,511,430. The finished works were evaluated at 90% whereas payment was made up to 95% of the icontractual sum of Ushs. 3,531,705,100.

Summit Projekt Limited was awarded the contract of finishing works for Kawomeri Dam and BEC engineers is the supervising consultant at contract prices of Ushs.1,001,220,000/= and Ushs 63,889,000 respectively. The project objectives are construction of Kawomeri Dam for multipurpose use; provide water for Irrigation, livestock watering, tourism, flood control, wild life, small industries and aquaculture.

Field Findings and Analysis

Financial performance and the last visit in Q3

By the end of the financial year (2012/13), four certificates had been certified and a total of Ushs. 892, 518,593/= paid out to the contractor representing 89% of the contract value. Ushs. 57,500,100 had been paid to the consultant representing 90% of the supervision contract sum of Ushs.63, 889,000/=.Table 13.16 shows financial performance.

Table 13.16: Financial Performance of Kawomeri Dam (finishing Works)

Contract Sum: Ushs.1,001,220,000					
Invoice No.	**Date when certificate was Raised**	**Amount raised**	**Date Paid**	**Amount Paid**	**Time taken to effect payment**
Advance	11th July 2011	400,887,960	3rdNov. 2011	230,000,000	3 months and 1 day
			3rd Jan.2012	170,887,960	4 months and 5 days
Certificate 1	03rd October 2012	114,428,701	2nd Jan 2013	116,001,216	2 months and 1 day
Certificate 2	20th Dec 2012	171,163,800	11th Feb 2013	116,001,216	1 month and 1day
Certificate 3	12th March 2013	298,815,750	06th June 2013	134,322,908	2 months and 1 day
Certificate 4	28th March 2013	302,279,944	10th June 2013	70,642,771	1 month and 1 week
Total Paid				**837,856,071**	
Balance				**163,363,929**	

Source: Accounts records

Box 3: Scope of Works

Planned activities	**Status**
Placement and compaction of the final 150mm murram capping layer	Works completed
Placement of the stone rip-rap on the upstream slopes of the Dam embankment.	Done to uniform satisfaction
Removal of the coffer dam and excavated soil-piled in the dam reservoir.	Complete
Installation of the perforated drain pipes on the downstream end of the dam.	Complete
Excavations for the spillway	Accomplished
Placement of stone gabion mattress on the spillway steep slopes	Finished
Concreting of the spillway crest	Done
Slope shaping and grass planting on the downstream slopes of the Dam embankment.	Complete
Casting of the two cattle watering troughs	Done
Pipe works and pipe pressure testing	Finished
Demolition and re-construction of the intake chambers	Finished

Source: MWE Reports

Table 13.17: Project Profile Summary

Source of Funding	Government of Uganda
Contract No.	MWE/WRKS/10-11/01040
Implementing Agency	Ministry of Water and Environment, Water for Production Department
Supervision Engineer	BEC Engineers
Contractor	Summit Projekt Limited
Capacity	1.2 Million m^3
Supervision Commencement	4th May 2012
Construction Commencement	4th May 2012
Possession of Site/Site Handover	March 20, 2012

Original Contract Price	USHS. 1,001,220,000
Supervision Contract Price	USHS. 63,889,000
Contract Period	Twelve months inclusive of six months construction period and six months defects liability period monitoring
Contract Time Elapsed	100%
Works Payments Certified	USHS. 892, 518,593/=
Payments to the contractor	USHS. 892, 518,593/=
Consultant Invoices Submitted	USHS. 63,889,000/=
Payments to the Consultant	USHS. 57,500,100/=
Planned Progress	100%
Physical Progress	95%
Financial Progress	90%

Source: MWE Reports

Status since last monitoring in Q3

By the end of the financial year 2012/13, 83.7% (Ushs. 892, 518,593) of the contract sum (Ushs.1, 001,220,000) had been paid out to the contractor. However the MWE reports indicate a 90% financial progress and the difference is said to be caused by the 6% deduction of withholding tax. On average it took two months to effect payments for certificates raised by the contractor. The percentage progress of key activities and the weighted physical progress of works is at balance with the financial progress at 95% and 90% respectively

Challenges and setbacks experienced by the project

i) Delays in site handover due to the pending arbitration in court between Ministry of Water and Environment and Liberty Construction Company Limited which was formerly handling the contract.

ii) Heavy rains in the region very much affected the progress of works. Roads were at times inaccessible and impassable thus delaying on going works.

Conclusions

Kowomeri dam is a controversial dam given the fact that the first contractor Liberty Construction Company Limited unilaterally terminated works and took MWE to the courts of law. MWE did not avail the team with the monetary and physical performance details at the time of monitoring because was subjudice. The contractor’s machines were down and instead manual labour was applied which was not suitable for the kind of work being done. In such a case the contractor should mobilise other machinery such that the quality is not compromised.

13.2 The Urban Water Supply and Sanitation (UWSS) Sub-sector

The Vote Function aims at expanding safe water coverage by developing new and expanding piped water systems, back up support for O&M of facilities, rehabilitation of facilities, coordinating and monitoring Public Private Partnerships in urban water operations, developing and enforcing/compliance with policies, regulations, standards and guidelines for Urban Water Supply Systems (MWE 2012).

13.2.1 Support to Small Towns Water Supply and Sanitation Project: 0164

Background

The programme is financed by Government of Uganda, Danida and GIZ under the joint partnership fund which started in 1999 and is due to be completed in 2013. The project aims to construct water supply and sanitation facilities, conduct community sensitization and build the capacity of water authorities and system operators. Construction of piped water schemes was done for the towns of Sembabule, Kamwenge, Kapchorwa and Kibaale.

Expected Outputs

Complete design and construction of Water Quality Laboratories in Sembabule, Kamwenge, Kapchorwa and Kibaale.

Equip laboratories with testing kits in Sembabule, Kamwenge, Kapchorwa and Kibaale.

Planned Activities for FY 2012/13

Laboratory House Modification works

(a) Construction of laboratory platform (4x1m), 50mm reinforced concrete top on 4, 230mm thick and 1 m high block work supports.

(b) Provide and fixing of shelves units as specified by Engineer on site.

(c) Provide and apply two paint coats of Glossy paint on all internal walls

(d) Construct and finish laboratory waste drainage system including disposal soak pit as specified and instructed by site engineer.

(e) Laboratory furniture inclusive of stools, fans etc

(f) Workshop bench with 1 nr off “6” off fitters vice (quick grip type) and 1 nr off “4” hinged pipe vice (self-locking frame) set.

Findings

(a) Financial Performance

Contract for refurbishment of Laboratories in the districts of Kamwenge, Kibaale, Ssembabule and Kapchorwa was awarded to Updeal (U) Limited at a contract sum of Ushs.79, 972,000 of which Ushs. 71,000,000/= had been paid by the end of the financial year (88% of the contract sum). It was reported that retention (10%) was yet to be paid.

(b) Physical Performance

During financial year 2012/13, the BMAU monitoring team, visited Kamwenge Town piped water scheme in quarter three and Kibaale Town piped water scheme in quarter four to assess the level of implementation.

(i) Refurbishment of Laboratory for Kamwenge Town piped water scheme

Refurbishment for the laboratory included provision of a fan, desk, and stool, construction of a laboratory platform, supply and installation of shelve units, provision and application of three coats of paint on internal walls, construction of a waste drainage system and a work shop bench.

It was however reported that quality of the water was not yet satisfactory despite the presence of a water treatment plant. The system had constant break downs and pipe bursts.

(ii) Refurbishment of Laboratory for Kibaale Town piped water scheme

During Q4FY2012/13, monitoring visit, it was reported that refurbishment of the laboratory for Kibaale Town piped water scheme had been carried out and this included provision of a fan, desk, and stool, construction of a laboratory platform, supply and installation of shelve units, provision and application of three coats of paint on internal walls, construction of a waste drainage system and a work shop bench.

In an interview with the Laboratory attendant, it was reported that the laboratory lacked testing knits and protective wear. It was noted that, estimating how much chlorine to dissolve when treating the water was difficult. Most of the testing is carried out by the Midwestern Umberalla of Water and Sanitation Organization.

Conclusion

Refurbishment of laboratories ascertains the quality of the water to the required standards and this in a way contributes to the sector target for improved water quality however from BMAU field findings the refurbishment of laboratories should have included a component of testing kits such that laboratories can be able to carry out water testing with ease. This was not the case as the re only provision of a fan, desk, and stool, construction of a laboratory platform, supply and installation of shelve units, provision and application of three coats of paint on internal walls, construction of a waste drainage system and a work shop bench.

Recommendation

MWE should in future provide testing kits in equipping the laboratories given that after the refurbishment, the users still find challenges with water testing. This is the most important thing other others fans, stools and benches that were provided.

13.2.2 Water and Sanitation Development Facilities

Background

The WSDFs were established as a support mechanism to provide funding as well as supporting the water authorities in implementation, management, capacity building and quality assurance for the water supply and sanitation investments in Rural Growth Centres (RGCs) and Small Towns (STs). The financing for investment for water supply and sanitation in Sts and RGs is secured from Government of Uganda and from the development partner contributions (KfW, ADA, GIZ, ADB and EU). During the FY 20/13, WSDF Central, WSDF East, and WSDF West activities were monitored and below are highlights of the field findings.

13.2.2.1 Project 1130 :Water and Sanitation Development Facility WSDF Central

Introduction

Water and Sanitation Facility Central (WSDF C) is funded under the Water Supply and Sanitation Program (WSSP) and supported by the GoU and ADB. Under this program the team monitored extension of Kako, Improvement of Kakiri, Rehabilitation of Wakiso and Construction of Kasanje Town Water Supply and Sanitation Systems. The financial flow of these various projects is attached as Annex…

Field Findings and analysis

Financial Performance

Under WSDF Central Ushs.21bn was budgeted for the FY 2012/13 but only 16bn was released (78%). The donor budget fell short by 35% and only 72% of this was spent. GoU released 90% and 100% of this was spent (*Table 13.18*).

Table.13.18: WSDF Central Annual Performance

WSDF C Releases and Expenditures (In Millions Ushs.)					
	Annual Budget	**Total released**	**Total spent**	**Total % received**	**Total % spent**
Donor	16,970,000,000	12,752,200	9,238,936,929	75.20%	72.45%
GoU	4,066,000,000	3,684,289	3,685,942,705	90.60%	100%

Total	21,036,000,000	16,436,489	12,924,879,634	78.14%	78.60%

Source: WSF C Report

a) **Construction of Kako water supply & sanitation system**

Background

The project for construction of Kako water supply & sanitation system was contracted to UPDEAL (U) Ltd by the Ministry of Water and Environment (Client) to cover the area of Masaka – Kampala highway, Samalia Village Centre I, Samalia Village Centre II, Kako – Kampala Highway and Kako Tank to Bukakata Road. It was an 8 months contract running from June 2012 to March 2013. Ref to Table 13.19 for Project profile summary.

Scope of works

Construction of a pump house; an Ecosan toilet and watch man's house; supply and installation of pipeline works; construction and erection of a steel water reservoir of 100m^3 capacity to a height of 15 m; construction of a booster pump; construction of a watchman's house construction of a single stance Ecosan toilet at the booster station; construction of 110 yard tap and 6 PSPs connections; electrical installation in all structures, and construction of the transmission pipeline up to Kako cathedral and distribution pipeline.

Table 13.19: Kako Project Profile Summary

Location	Masaka district
Source of Funding	GoU
Length of Distribution Network	12kms
Source Type; No of sources; Yields	Connection to Masaka town water supply, NWSC (Source of Masaka town water supply at Kyabakuza, Namajjuzi swamp)
Contract No.	MWE/WRKS/11-12/01315/2
Implementing Agency	Ministry of Water and Environment
Supervision Engineer	WSDF-Central
Contractor	Updeal (U) Ltd
Supervision Commencement Date	N/A
Construction Commencement Date	14th July 2012
Possession of Site/Site Handover	29th June 2012
Original Contract Price	1,687,790,807/=
Supervision Contract Price	N/A

Contract Period	8 months
Contract Time Elapsed	8 months
Works Payments Certified	1,686,184,370/=
Payments to the contractor	1,492,365,243/=
Consultant Invoices Submitted	N/A
Payments to the Consultant	N/A
Planned Progress	Monitoring of defects
Physical Progress	Water Supply Extension Completed and handed over to NWSC-Masaka
Financial Progress	89%
Project Objectives	To extend water supply to Kako Hill and the Community
Activities / Projects Completed since last monitoring	System constructed to completion and was technically commissioned and handed over to the NWSC Masaka for operations and management. Composed of 106 Connections, a booster pump, 3 phase power extension, 100m3 reservoirs, and was connected to NWSC Pipeline in Nyendo.
Activities/Projects on-going	The water supply is under the 12 months defects liability period and test running is on-going
Percentage Progress of key activities and the weighted physical progress of works	100%
Financial progress (value of works done to date and value of works certified for payment)	89%
Financial projections in relation to the original contract price and any reasons for variations where applicable	N/A
Challenges and setbacks experienced by the project	Hard rock during excavation which cause the variation.
Cross cutting issues – like health and safety, HIV control programmes, gender disaggregated data, environment on the project	ESMP was implemented as suggested. Contractor educated his workers on HIV/AIDS scourge.
The current population served: 4,800	The design population: 7,478 for Kako extension

Source: WSDF C Report

The project was implemented and finished on time and is currently under test running within the defects liability period of 12 months. It was officially handed over to National Water Masaka for operation and management.

Conclusion

Extension of Kako Water supply was completed in time despite the challenge of the rocky environment around Kako hill which stalled works for some time. The project had to hire the compressor which increased on the cost of implementation. However the contractor managed to finish in time and the project is being test run under the management of National Water and Sewerage Corporation.

b) Improvement of Kakiri Town water supply system

Scope of Works

This included replacement of old PVC transmission pipeline with new HDPE of 7.2 km; installation of new submersible pump and new pump control unit; rehabilitation of pump control house and chain link fence; rehabilitation of existing water reservoir; extension of distribution line to Busujja; extension of distribution line to Namayumba Epicenter; construction of 40 household connection in Namayumba.

Table 13.20: Kakiri Project Summary

Location	Kakiri Town Council
Source Type; No of sources; Yields	Borehole source; 2No. Sources (1No. Source done by WSDF-Central) Existing borehole (5.5m^3/hr); Additional borehole (10.0m^3/hr)
Source of Funding	GoU
Length of Distribution Network	1.7 kms extension to Namayumba Epicenter, 4kms extension to Busujja Community
Contract No.	MWE/WRKS/11-12/01315/4
Implementing Agency	Ministry of Water and Environment
Supervision Engineer	WSDF-Central
Contractor	GAT Consult Ltd
Supervision Commencement Date	N/A
Construction Commencement Date	1st August 2012
Possession of Site/Site Handover	1st August 2012
Original Contract Price	380,420,590/=
Variation Contract Price	**56,935,171/=**
Total Contract Price	437,355,761/=
Supervision Contract Price	N/A
Contract Period	4 months
Contract Time Elapsed	4 months
Works Payments Certified	415,060,473
Payments to the contractor	415,060,473
Consultant Invoices Submitted	N/A

Payments to the Consultant	N/A
Planned Progress	Monitoring Defects
Physical Progress	Water Rehabilitation completed and water system handed over to Kakiri Town Water Authority
Financial Progress	95%
Project Objectives	To improve the water supply for Kakiri Town
Activities / Projects Completed	Transmission line completed, Submersible pump & new pump control unit installed, chain link fencing completed, existing water reservoir rehabilitated, extension of distribution line to Busujja completed, extension of distribution line to Namayumba epicenter completed, 40 yard taps completed.
Activities/Projects on-going	Test-running the system
Percentage Progress of key activities and the weighted physical progress of works	100%
Financial progress (value of works done to date and value of works certified for payment)	95%
Financial projections in relation to the original contract price and any reasons for variations where applicable	14.97% variation from the original contract price. Excavation of the rock on both transmission and distribution mains.
Challenges and setbacks experienced by the project	Rock during the excavation of the transmission main and Delayed disbursement of GOU source funds
Cross cutting issues – like health and safety, HIV control programmes, gender disaggregated data, environment on the project	-Contractor complied with safety guidelines together with HIV/AIDS control mechanisms. -Trained the Water Supply and Sanitation Board (WSSB), town council, local leaders on HIV/AIDS, Environmental protection and catchment protection

Source: WSDF C Report

The project is complete and only 5% of the contract price is not paid yet as retention money that will be paid after test running the system.

Conclusion

The current population served and designed population is 38,000 thus there was no major extension but just rehabilitation works which may require more planning for the growing population in the Town council. There was a contract variation of Ushs.56, 935,171 from the original contract sum of Ushs.380, 420,590 to Ushs.437, 355,761 due to rehabilitation works done at the reservoir tank that was originally not in the contractual agreement. The water flow is irregular and neither the scheme attendant nor the water board officials could be traced for explanations. WSDF –Central was not aware of the problem, but just promised to follow up the issue.

Recommendations

- Future projects should put into consideration the future population figures this will offer a solution to the present and upcoming population. Population is not a constant factor so needs to be planned for.
- The management of the system should try to meet the demand of its customers and in case there are technical problems seek support from WSDF C or the services of the private sector that is why the service is paid for.

c) Rehabilitation of Wakiso Town water Supply & Sanitation System

Scope of Works

This involved construction of pump house; construction of chain link fence, extension of 3-phase power supply to the pump house, installation of a new submersible pump and a pump control unit; installation of a new HDPE transmission line of 4.1 Kms; fabrication of an inlet structure at the existing reservoir; installation of concrete marker posts along the transmission line; installation an air release valve and construction of an air release valve chamber; installation of wash-outs and wash out chambers. (Ref to Table 13.21for status of implementation)

Table 13.21: Wakiso Rehabilitation Works Project Summary

Location	Wakiso Town council.
Source Type; No of sources; Yields	Borehole sources, 3No. sources (These were existing bore holes)
Source of Funding	GoU
Length of Distribution Network	Existing distribution network
Contract No.	MWE/WRKS/11-12/01315/3
Implementing Agency	Ministry of Water and Environment
Supervision Engineer	WSDF-Central
Contractor	SARRICK Construction Ltd.
Supervision Commencement Date	N/A
Construction Commencement Date	1st August 2012
Possession of Site/Site Handover	1st August 2012
Original Contract Price	368,318,266/=
Supervision Contract Price	N/A
Contract Period	4 months
Contract Time Elapsed	4 months; Completed and handed over to Wakiso Water Authority
Works Payments Certified	368,110,878/=
Payments to the contractor	342,125,850/=
Consultant Invoices Submitted	N/A
Payments to the Consultant	N/A

Planned Progress	Monitoring Defects
Physical Progress	100%
Financial Progress	93%
Project Objectives	Improve on Wakiso town water supply quantity
Activities / Projects Completed	Pump house constructed with chain fencing done, 3-phase power line extended to pump house, new submersible pump & pump control unit installed, new transmission line (4.1km) installed, concrete marker posts along transmission installed, fabrication inlet at reservoir done, washout & wash out chambers installed, air release valves and air release valve chambers installed and constructed respectively.
Activities/Projects on-going	Test Running the system
Percentage Progress of key activities and the weighted physical progress of works	100%
Financial progress (value of works done to date and value of works certified for payment)	93%
Challenges and setbacks experienced by the project	Delayed disbursement of GoU source funds
Cross cutting issues – like health and safety, HIV control programmes, gender disaggregated data, environment on the project	-Natural Hedge was planted at the borehole sources and soil erosion was management by planting the green cover and digging drainages. -Trained a gender balanced Water Supply and Sanitation Board (WSSB) on their roles, catchment protection and species trees planting for water conservation

Source: WSDF C

The project is complete and financial progress is at 93%. The remaining 7% represents taxes and retention that will be paid after test running the system like for the case of Kakiri. The current population served is 36,500 and the design population: 36,500 thus no extra people served by the project works which may require more planning for the growing population in the Town council.

Conclusion

The rehabilitation works were done and completed in time despite the setbacks in remittances of monies. However, the project suffers the same challenge of planning for the current population only. Planning should have population projections offering room for expansion even when funds are limited the next phases can cater for expansions. Test running was done and the technical commissioning of the scheme took place on 14th February 2013. Unlike Kakiri Town, the occurrence of irregularity in water supply was less frequent with automated switches that go off whenever the tank is full. The pump house attendant ensured that water was pumped to the storage tank at specific times which is good.

Recommendation

The project should think of using these automated systems on other projects since they ensure steady water supply.

d) Construction of Kasanje Town Water Supply and Sanitation System

Scope of Works

The scope of works include: supply & installation of a steel reservoir of 100m^3 (twins of 50m^3); borehole site works; construction of pump control rooms and generator house; supply and installation of pipeline works; supply of tools and equipment; executing mechanical and electrical works; construction of the office block and sanitation facility; construction of public / institutional tap stands; construction of a single stance household Ecosan toilets; construction of a watchman's house; construction of a public water borne toilet. Photos below and project summary show progress of works.

Table 13.21: Kasanje Project summary

Erected reservoir Tank at Kasanje WSS and the fininshed office block

Location	Kasanje Town
Source Type; No of sources; Yields	Boreholes; 2No. sources; 17m^3/hr (12m^3/hr and 5m^3/hr) 12m^3/hr collapsed and re-drilling is being done)
Source of Funding	AfDB
Length of Distribution Network	14.41 kms
Contract No.	MWE/WRKS/11-12/01315/1
Implementing Agency	Ministry of Water and Environment
Supervision Engineer	WSDF-Central
Contractor	Global International Services Ltd.
Supervision Commencement Date	N/A

Construction Commencement Date	8th October 2012
Possession of Site/Site Handover	1st October 2012
Original Contract Price	1,860,327,248/=
Variation Contract Price	268,949,073/= (14.5%)
Total Contract Price	1,129,276,321/=
Supervision Contract Price	**N/A**
Contract Period	8 months
Contract Time Elapsed	10 months elapsed site was partially handed over; substantial completion awaits completion of the extra works
Works Payments Certified	1,756,962,730/=
Payments to the contractor	1,546,655,201/=
Consultant Invoices Submitted	N/A
Payments to the Consultant	N/A
Planned Progress	Extra works on chlorine dozing unit, change of tank design, change of power lines
Physical Progress	85%
Financial Progress	82.5%
Project Objectives	To develop and establish a water supply and sanitation system with 200No. Yard taps and 7No. household Ecosans
Activities / Projects Completed	Kasanje WSS has been constructed to 100% completion. Transmission lines completed, distribution mains completed, service lines completed with 200 yard taps connected, 5 PSPs connected, 100m^3 reservoir installed at 2m stand, water office completed and furnished with furniture, Generator house completed with a generator installed, guard house and Ecosan constructed. The system was technically commissioned.
Activities/Projects on-going	-Test running the system -Drilling the 2nd Borehole Source
Percentage Progress of key activities and the weighted physical progress of works	85%
Financial progress (value of works done to date and value of works certified for payment)	82.5%
Financial projections in relation to the original contract price and any reasons for variations where applicable	Extra works of dozing centre, change of power lines and change of tank design
Challenges and setbacks experienced by the project	One borehole collapsed and is being re-drilled.
Cross cutting issues – like health and safety, HIV control programmes, gender disaggregated data, environment	-ESMP was implemented as planned with the contractors undertaking precautionary measures as stipulated in the MWE HIV/AIDS Strategy and Occupational Safety guidelines including catchment protection.

on the project	- HIV/AIDS Training workshop on causes, effects, impact on development -Gender balanced WSC formulated and trained on their roles and obligations

MWE Reports

The current population served is 2,362 and the design population is 7,431. The project was completed and the water is running. The water board was trained and a private operator is already on site to run the system on behalf of the Sub-county. Billing is to start at the end of August 2013. It is one of the projects where the Ministry of Water is using individuals as private operators instead of the usual companies. The change in policy is agued on the issue of cost as it said that the company operational costs are high compared to individuals.

Implementation Issue

One borehole collapsed due to collapsing soils and is being re-drilled. However this has not caused contract price variations.

Challenges of WSDF-C

i) Delayed disbursement of funds. There delayed disbursement of funds from the donor due to the MoU signing conditions that affected the project for the bigger part of the year's implementation
ii) Procurement delays made WSDF-C loose good valuable time compared to the plans in place. It is such a long and delayed process that does not favor the timely implementation of activities as planned.
iii) Insufficient office space which affects the timely planning and reporting process on the implementation process.
iv) Insufficient office equipment (printing and plotting equipment, GPS)
v) Rocky areas in both Kasanje and Kako affected the timely execution of the works, which lead to increased costs of the projects.
vi) Delayed fulfillment of community obligations halted timely implementation of works, especially identification of land for construction of water and sanitation infrastructure.

Recommendations and solutions offered

i) Improved work plan and cash flow projections
ii) Delegation of the procurement function to WSDF-C has been made. This will reduce time loss on planned projects
iii) Construction of WSDF-C office will resolve the problem of lack of space. There are plans to do in the FY 2013/14.
iv) Purchase of office equipment which will ease work and reduce on operational costs
v) The project can hire the compressor as was done in Kako for the works
vi) Continuous engagement of leadership will stimulate community involvement thus ease work.

13.2.2.2 Project 1075 Water and Sanitation Development Facility – East

Background

The Government of Uganda through MWE under WSDF–East is focusing on the development of piped water systems and maintenance of newly constructed water supply systems in Abim District. The project objectives are to serve a total population of 22,264 in 2026 living within the boundaries of Abim Town Council. The contractor is UPDEAL (U) LIMITED for the Contract amount of Ushs.1, 986,386,812.

a) **Redesigning of Abim Town Council Water System**

Scope of Works

The scope of works in Abim town include construction of 2 borehole pump stations with total production capacity of 464m^3/day which is 79% of the design demand (an additional borehole of 8m^3/hr will be required to meet design demand), a sectional steel plate tank of capacity 175m^3, a water office, 4km of transmission pipelines, 13km of distribution pipelines, 150 initial connections and 2 public stand posts.

Field Findings and Analysis

Financial Performance

The original contract price is Ushs..1, 986,386,812 and so far Ushs.1, 237,826,947 has been paid out of the total certified work worth Ushs.602, 300,764/=. The Ushs.1, 237,826,947 payment is 62% of the contract price, leaving out an outstanding payment of Ushs.364, 473,817/= which is equivalent to the value of works done to date and value of works certified for payment (Ref Table 13.22).

Table 13.22: Financial Flow of Abim Water System

Certificate No.	Amount Certified	Amount paid
Advance payment	0	0
Cert 1	160,864,517	160,864,517
Cert 2	312,365,645	312,365,645
Cert 3	170,778,201	170,778,201
Cert 4	493,818,584	493,818,584
Cert 5	338,048,600	100,000,000
Total	**1,475,875,548**	**1,237,826,948**

Balance		**748,559,864**

Source: WSDF E report

Physical Performance after last monitoring

Estimated works done were at 60.3% at the time of last monitoring in Q3 and by the end of the FY physical progress is at 76%. Substantial completion was not realised due to delayed disbursement of funds from the Donors which caused the project to stall for 8 months.

Cross cutting issues like health and safety, HIV control programmes, gender, environment were executed according to the strategies within the Ministry. Unfortunately these have not been executed to satisfactory levels due to poor cash flow.

Table 13.23: Abim Town Council Water System Project Summary

Source of Funding	Government of Uganda , KfW, European Union
Contract No.	Contract No: MWE Government of /WRKS/10-11/01074
Implementing Agency	Ministry of Water and Environment / Water and Sanitation Development Facility -East
Supervision Engineer	Water and Sanitation Development Facility -East
Contractor	M/S Updeal (U) Limited
Supervision Commencement Date	13th December 2011
Construction Commencement Date	13th December 2011
Possession of Site/Site Handover	9th December 2011
Original Contract Price	**1,986,386,812/=**
Supervision Contract Price	N/A
Contract Period	12 months
Contract Time Elapsed	18 months
Works Payments Certified	USHS. 1,602,300,764/-
Payments to the contractor	USHS. 1,237,826,947/-
Consultant Invoices Submitted	N/A
Payments to the Consultant	N/A
Planned Progress	Completion of construction works to 100%
Physical Progress	76%
Financial Progress	62%
Activities/Projects planned and completed	Construction of 2.52km transmission mains, Construction of distribution pipelines, Construction of 150 consumer connections, Construction of 2 No. pump houses, installation of 2 No. Submersible pumps, Electro-mechanical works including installation of standby generators, Extension of Umeme power to the pump stations, 1No. Water Office, 1No. Chlorine dosing unit,

	1No. Elevated pressed storage tank.
Activities/Projects ongoing	Mechanical works, reinforced concrete on dwarf walls to pipe ducts, pump plinths, painting, leveling the compound and planting grass and double leaf gate.

Source: Field Findings

Implementation Issues

i) The change in the design of the scheme from the original western side of the town council to the eastern side of the town council delayed works. This was to increase on the water pressure and consequently delayed works because the designs changes took some time.

ii) The stair cased Ecosans were not fully embraced by the communities and on top of that so, they are not user friendly to the disabled. This coupled with the negative attitude of Karamojong towards emptying and utilizing the feacal matter translates into non or low utilization, consequently affecting promotion of the technology.

iii) Blasting the rock on which the reservoir tank would be installed was not anticipated which meant extra costs to the contractor. More time would be spent on constructing the facility.

iv) Works could not be completed in time due to delayed disbursement of funds from the Development Partners.

Project Recommendations

i) There is need to intensively sensitize carry out sensitization on Ecosan technology and usage for the community to fully embrace the technology. The designs should be tailor to suit disable persons.

Conclusion

The project has delayed by 6 months and is not yet completed and one of the challenges that have affected the pace of works being low disbursement of funds. If complete the people of Abim Town council will access safe water and sanitation thus enjoying both the social economic and health benefits of safe water. The use of the Ecosan is currently at stake given the culture of the Karimajong of not believing in the use of toilets; the reuse of the refuse will make matters worse.

Recommendations

- WSDFs should think of redesigning Ecosans to suit the elderly and disabled.

- The project should tailor make sensitization and trainings to suite the Karimajong culture so that they are not turned into white elephants as was the case in Bukedea.

b) Construction of Bukedea Town Council Water System

Bukedea water system was constructed in 2000 started experiencing water shortages and quality issues thus necessitating redesigning. A 12 months contract was signed between M/s Gat Consult Limited (contractor) and MWE (client). The project objectives are to serve a projected total population (institutional and domestic) of 19,066 people in 2026 with a total demand of 256m³/day. It is targeted to supply the population within the town council boundaries.

The scope of works

The scope of works comprised of construction of one new pump house, installation of a standby generator at the existing pump station, 3 km new transmission pipeline, chlorine dosing unit, 100m^3 reservoir elevated on a 20 m steel tower, 22 km new distribution pipeline, 150 consumer connections, one water office and a public toilet.

Field Findings and Analysis

Financial Performance

At the time of the monitoring during Q2, there was no money advanced to the contractor yet. The contract price is Ushs.1, 978,320,300. At the end of Q4, Ushs.899, 051,630 had been paid to the contractor which is a 60% financial progress.

Table 13.24: Payments for Bukedea Water Supply

Certificate No.	Amount Certified	Amount paid
Advance payment	197,832,030	197,832,030
Cert 1	541,097,640	541,097,640
Total	**738,929,670**	**738,929,670**

Source: WSDF E Report

Table 13.25: Bukedea Water Supply Project Summary

Source of Funding	Government of Uganda , KfW, European Union
Contract No.	Contract No: MWE/WRKS/11-12/01288/02
Implementing Agency	Ministry of Water and Environment / Water and Sanitation Development Facility -East
Supervision Engineer	Water and Sanitation Development Facility -East
Contractor	M/S GAT Consults Limited
Supervision Commencement Date	29th October 2012
Construction Commencement Date	29th October 2012
Possession of Site/Site Handover	28th October 2012
Original Contract Price	Ushs..1,978,320,300

Supervision Contract Price	N/A
Contract Period	12 months
Contract Time Elapsed	9 months
Works Payments Certified	USHS. 738,929,670/-
Payments to the contractor	USHS. 738,929,670
Consultant Invoices Submitted	N/A
Payments to the Consultant	N/A
Planned Progress	60%
Physical Progress	73%
Financial Progress	37%
Activities/Projects completed	Pump Station Works, Transmission Pipe Line, Distribution pipe line Network, Reservoir Site Works, Service Connections, Water Office, Public toilet and chlorine house.
Activities/Projects ongoing	Service Connections, Water Office, Public toilet, Painting, Leveling the compound and planting grass, double leaf gate.

Source: WSDF E Report

The cumulative value of certified works stands at 73% of the contract price while the cumulative value of works paid stands at 37% of the contract price. The contractor's progress has been slowed down by inadequate funds to pay outstanding bills. There are no variations anticipated yet in the project implementation.

Software activities were carried out including HIV control programmes, gender and environment according to the sector policy guidelines.

Implementation issue

- Some facilities are not put to good use for example one of the completed Ecosans in Tamula ward, Bukedea T/C was turned into a store. By the time of visitation sensitization had not been carried out on how to operate and maintain Ecosans.

Challenge and setbacks experienced by the project

- Although the contractor worked fast in the beginning, later on he had to practically halt the works due to failure to receive funds.
- Works have been executed at a higher cost than had been anticipated because of increased costs of inputs.

Conclusion and recommendations

The project work progress is at 73% and payment of 37% has so far been made. The limited resources have limited progress of works. MFPED should improve on the fund disbursements to avoid loss of time and increased cost of materials which negatively affect the project. Sensitization for operation and maintenance of the Ecosans should be carried out before project completion so that the facilities are put to collect use as the sanitation guidelines stipulate.

13.2.2.3 Project 1074 Water and Sanitation Development Facility – North

Background

The Water and Sanitation Development Facility – North (WSDF-N) delivers water and sanitation services in Small Towns (STs) and Rural Growth Centres (RGCs) in northern Uganda as part of the WSDFs created by MWE under the Urban Water and Sewerage Services Department (UWSD). It forms part of the nationally identified programmes in the sector frame-work that is being implemented under the Joint Water and Sanitation Sector Programme Support (JWSSPS) funded by a joint contribution of Development Partners (DPs) and Government of Uganda (GoU). Currently, the Facility is funded by the Germany Development Bank (KfW) to cover the twenty-three[111] districts of northern Uganda.

Project Objectives

i) Mobilise communities to actively participate in water and sanitation interventions

ii) Promote hygiene and environmental sanitation in households' STs/RGCs and former IDP camps

iii) Develop fully functional piped water supply systems and sanitation facilities

iv) Resize/convert piped water schemes and sanitation

v) Build capacities of Local Governments/community/organisations to sustainably operate and maintain the water and sanitation facilities

vi) Ensure effective and efficient management of WSDF-N as a mechanism for service delivery.

Planned Activities for FY 2012/13

- Construction works for five water offices in the towns of Moyo, Kalongo, Ibuje, Purongo and Ovujo.
- Four town water systems completed; Paidha/Zombo, Opit/Gulu, Omugo/Maracha Terego, Agweng/Lira
- Two satellite towns of Amach and Barr connected to Lira NWSC
- 8 Ecosan units constructed in 4 primary schools
- 4 public toilets constructed in Pader, Lamwo, Kitgum, Gulu
- 20 demonstration household ecological sanitation toilets constructed (5 in each town)

Field Findings and Analysis

[111] West Nile Sub regions (08): Nebbi, Zombo, Arua, Maracha, Koboko, Yumbe, Moyo Adjumani

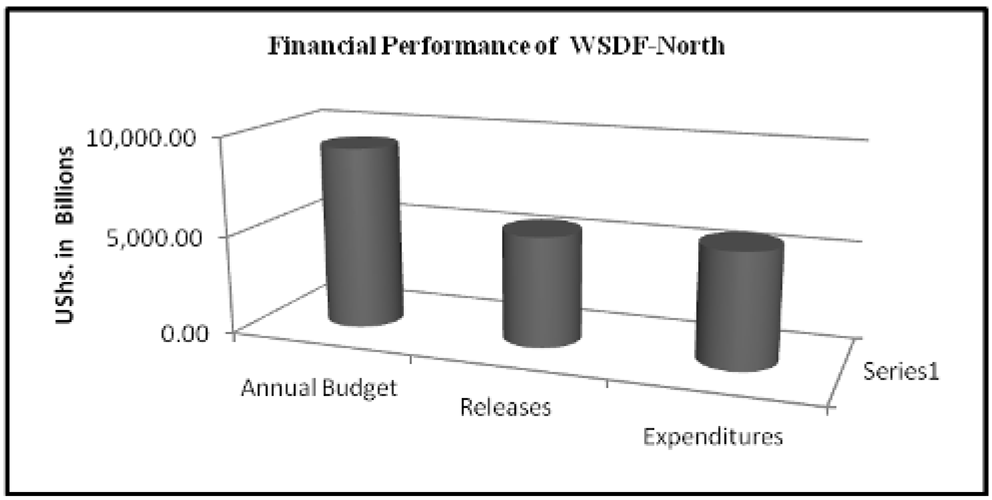
Acholi Sub region (07): Amuru, Nwoya, Gulu, Pader, Agago, Kitgum, Lamwo

Lango Sub region(08): Oyam, Apac, Kole, Lira, Alebtong, Otuke, Dokolo, Amolatar

(a) Financial Performance of WSDF-North-1074

The facility's total approved budget for FY2012/13 was Ushs.9, 245,390,000 of which Ushs. 7585,390,000 was the Donors' approved budget and Ushs.1, 660,000,000 GoU budget for the financial year. By the end of the financial year 2012/13, a total of Ushs..5, 577.200,000 (60%) of the approved budget had been received with a 40% shortfall. Ushs.5, 734,780,000 (102%) was spent. During the monitoring visit, it was reported that the facility received an additional 160 million shillings from GIZ which was also spent during the financial year; thus the cumulative expenditure of 102%. The budget shortfall affected the payment of most interim certificates for the works done by contractors, the supplier's invoices were not paid and some of the planned activities were not implemented ,thus some targets were not fully achieved.

Figure 13.5 Financial Performance of WSDF-North for FY2012/13



Source: WSDF-North

a) **Construction of Omugo Rural Growth Center**

Background

The project is located in Arua District, Omugo Sub-county and was contracted to M/s Sumadhura Technologies Limited and is supervised by WSDF-N. The contractor commenced works on 16th January 2013 and is expected to complete on 16th September 2013. The system is solar powered and the solar panels (105 No.) were provided by the ERT.

Scope of Works

- Construction of a pump houses, Generator houses, guard houses for the two pump stations,
- Construction of an Office block, 3400m of uPVC OD110mm PN16 and 3500m OD75mm HDPE PN16 Transmissions mains from sources 1 and 2 to 200m^3 Reservoir tank,
- 21km of Distribution mains of sizes ranging from OD110, 90,75, 63 and 50mm all to PN10 HDPE,

- Construction of One 4 stance water borne Public toilet, one reservoir tank of Reservoir tank of 200m³ opposite the sub-County offices,
- Construction of two Water kiosks, erecting 2 contract Bill boards, 222 Service connections,
- Support to institutional sanitation (one at Omugo primary school) and construction of 7 household Eco san toilets for demonstration purposes.
- Catchment protection at the sources
- Equipping boreholes with submersible pumps and installation of generators
- Supply of tools and equipment for operation and maintenance

Field Findings and Analysis

a) Financial Performance

By the end of the financial year Ushs. 793,410,490/= of the original which is a Ushs.1, 920,000,000/= contract price had been paid. This is a 41% payment which is low release compared to work progress at 82%. Table 13.12 shows the financial progress of Omugo rural growth center water supply and sanitation system.

Table 13.26: Financial Performance of Omugo

Contract Sum Ushs.1,920,000,000/=	
Invoice No.	**Amount Paid**
Advance (20%)	Ushs. 383,999,901/=
Certificate 1	Ushs. 409,410,589/=
Balance remaining on contract	**Ushs. 793,410,490/=**

Source: Field findings

(b) Physical Performance

Construction works for a 5 stance Ecosan at a primary school

on going works at a reservoir tank

The monitoring team visited Omugo Rural Growth Center Water Supply and Sanitation System and Paidha Town Water Supply and Sanitation System to assess the level of implementation at the end of the financial year.

Table 13.27: Omugo Project Summary

Project Name	Omugo RGC Water Supply and Sanitation System
Contract No.	ARUA503/WRKS/11-12/00076.
Funding Agency	GOU and JPF(Kfw)
Implementing Agency	Arua DLG/Omugo SC/WSDF-N
Supervisor	WSDF-N/Arua DLG/Omugo SC
Contractor	**M/S Sumadhura Technologies LTD**
Contract Sum/Duration	USHS.: 1,920,000,000/=, 8 Months.
Population:	Current 11,587 (Design Report 2011),
Safe water coverage	Expected to be at 85% at end of project.
Start date	16th January 2013
Expected end date Status of contract.	16th September, 2013 7Months expired, 1 month left
Water Source(s) and method of abstraction	Two (2) production wells yielding 72m³/hr and 14m³/hr.
Progress Description	**Pump station No. 1(Aliodri borehole) and No. 2(Drimveni borehole)** **Pump house** The main civil works of Sub-structure and Super structure are completed, rendering and plastering done and works on fittings and painting ongoing. **Generator house** The main civil works of Sub-structure and Super structure are completed, rendering and plastering done and works on fittings and painting ongoing. **Energy sources:** Solar source at station (Implemented separately by ERT) in place. Generators supplied but not yet installed **Others** ECOSAN toilet and Guard house all roofed and works for chlorine dosing house, Excavation of earth works for leveling around pump station planned for this month **Transmission mains** o 3400m of uPVC pipe mains OD110mm PN16 laid, backfilled and pressure tested o 3500m of HDPE pipe mains OD75mm PN16 laid backfilled and pressure tested **Distribution mains**

	o 21km of Distribution mains of sizes ranging from OD110, 90,75, 63 and 50mm all to PN10 HDPE), **Office Block:**The main civil works for sub structure and superstructure are completed as required. Fitting of doors and windows completed Wall Surface preparation for Undercoat painting and fifing of floor tiles underway 2 stance water borne toilets with wash rooms roofed and internal and external finishes are ongoing. **Public toilet:** The main civil works on the water borne public is complete and the structure awaits tile fixing and painting **Institutional ECOSAN (1No.)** 1 No. roofed, rendering and plastering of surfaces complete and awaits painting **House hold ECOSAN(7No. each 1-Stance)** Works are complete on the seven units **Reservoir tank (192m^{3}capacity)** o Soil bearing capacity tests conducted o Tank designs and specifications received from the supplier, o Tank footings cast and being cured. o Tank erection in progress and is being roofed **Service connections:** Connections handed over to contractor were156 and 156 pipes laid pending connection to main
Interim payments made	o 20% Advance payment Ushs.383,999,901 o Interim Cert 1. Ushs.409,410,589.00
progress	o Contract Time Elapsed 85% o Planned Progress 85% o Physical Progress 82% o Financial Progress 41%
Issues and Constraints	The contractor has implemented substantial works that due to cash flow constraints at the facility cannot be expressly paid.

Source: WSDF North and Field Findings

The physical performance is at 82% while the financial progress is at 41% (The main constraint is the limited financial flow).

Challenge

i) The project had planned to put up 2 tanks given the resource constraints; however, the project will put up 1 tank initially and reduce on the distribution network. Once more resources are identified; the other tank will be constructed. This is because the project was estimated to cost Ushs.1.92bn but after evaluations the best bidder bid at Ushs.2.2 bn which created a monetary shortfall.

ii) There are no banking facilities in the town so the money is first kept at the sub-county and later taken to Arua which is quite risky.

Conclusion and Recommendations

The project would have been faring well had it not been the challenge of poor disbursement funds. The project is expected to end September 2013 but due to limited resource, it will need more time for completion. Once resources are identified it is recommended that that the system be extended to the former designed area for the second tank. This will reduce on the water pressure that is experienced currently from the people who were going to be served by the second tank.

b) Construction of Phaida Town Water Supply and Sanitation in Zombo District

The project object is construction of piped water supply and Sanitation system with a distribution Network of 30KMs. The source is borehole (2no.) with 42m³/hr and 76m³/hr yields. Pumping will be done using both Grid and Generator. The project design was to have 963 connections.

Table 13.28: Phaida Financial Performance

Advance against bank guarantee	691,471,429/= (276,588,572/= recovered already)
Cert 1.	505,514,100/=
Cert 2.	307,778,114/=
Cert 3.	150,000,000/= (Part payment of Cert 3)
Total	**1,654,763,643**

Table 13:29 Phaida Project Summary

Source of Funding	JPF/KfW, GoU
Contract No.	ZOMBO587/WRKS/2011-12/00001
Implementing Agency	WSDF-N, ZOMBO DISTRICT LOCAL GOVERNMENT
Supervision Engineer	WSDF-N
Contractor	M/S PALM CONSTRUCTION LTD
Supervision Commencement Date	15TH January 2013
Construction Commencement Date	15TH January 2013
Possession of Site/Site Handover	15TH January 2013
Original Contract Price	3,457,357,145/=
Supervision Contract Price	N/A
Contract Period	12 Months

Contract Time Elapsed	07 Months
Works Payments Certified	1,435,698,000/=
Payments to the contractor	1,378,175,071/=
Consultant Invoices Submitted	N/A
Payments to the Consultant	N/A
Planned Progress	58.3%
Physical Progress	65%
Financial Progress	39.86%

Table 13.30: Phaida Physical Performance

Scope of works	**Completion status**
Construction of a pump house, Generator house, guard house and fencing at each of the pump stations	**Pump station No. 1(Jopomucho) and No. 2(Ayoda)-85% complete** The main civil works of Sub-structure and Super structure are completed, and plastering done
Construction of an Office block	**Office Block-95%** The main civil works for sub structure and superstructure are completed as required. Fitting of doors and windows completed Wall Surface preparation for Undercoat painting started. 2 stance water borne toilets with wash rooms roofed and works on external and internal finishes are ongoing.
3700m of uPVC OD110mm PN16 and 3100m OD110mm HDPE PN16 Transmissions mains from sources 1 and 2 to Reservoir tank	**Transmission mains-98%** **Offaka Road and Warr Road** o 3800m of uPVC pipe mains OD110mm PN16 laid and backfilled. o 3000m of HDPE pipe mains OD110mm PN16 laid and backfilled o Some pipe section to pump house and to reservoir tank not laid and awaits works on the tank and plumbing in pump house.
30km of Distribution mains(16000m OD63, 10,000m OD75mm and 4000m OD110mm all to PN10 HDPE)	**Distribution mains-98%** o 9km of OD63mm HDPE PN10 pipe mains laid and backfilled on Offaka road, Warr Road and in various villages o 3.5km of HDPE OD110mm PN10 pipe mains laid and backfilled in town center o 15km of OD50 HDPE pipe mains laid and backfilled in various villages
2No @8Stance water borne Public toilets	**Public toilets: (Bus park and Market) 85%** The main civil works on 2No. water borne public toilets for sub structure and superstructure are completed as required

	Fitting of doors and windows completed, tilling of floor yet to be done, plumbing works started.
2No. Reservoir tanks each 200m³ at Town Council and mission	**Reservoir tank: 20%** Soil bearing capacity tests conducted, Tank designs and specifications received from the supplier, Tank footings cast and being cured.
Water kiosks (4No.)	**Water kiosks** (4No. located at mission, Congo road, Nebbi road, lorry park) are all roofed, rendered and plastered. Fitting of doors, windows, plumbing and scree ding are yet to be done.
Erecting contract Bill boards (3No.)	3No. bill boards erected on Nebbi, Offaka and Warr Roads
Service connections (963 No.)	**Service connections: 20%** This depends on expressions of interest, No. of interest forms returned, verified interest forms, certifying the improvements required, payments made. So far the approved connections are 610 and only 223 have paid up. Connections handed over to contractorare370 and 150 pipes have been laid pending connection to main.
Support to institutional sanitation (2No. in primary school) and construction of house hold ECOSAN toilets (5No.) for demonstration purposes.	**Institutional ECOSAN(2No. each 5-stance) 70%** 2 No. roofed and preparations for rendering and plastering of surfaces being undertaken. **House hold ECOSAN(7No. each 1-Stance) 70%** Substructure and superstructure works on 5No. ECOSAN completed and roofed.
Catchment protection at the sources	**Not yet done**
Grid Power connection to both sources as main source and Perkins Engine Generator's 50kva as stand by source	**At 10% (c**hanges on specifications approved by contracts committee and instructions issued to contractor for implementation)
Supply of tools and equipment for operation and maintenance	**Not yet done**
Ongoing works/incomplete works	Works on fittings and painting ongoing on pump house and generator house, ECOSAN toilet and Guard house all roofed and works for chlorine dosing house, Excavation of earth works for leveling around pump station. The office block is also not yet complete and a 200m3 capacity tank.

Source: WSDF North

The overall progress of works is at 65%, while the financial progress (value of works done to date and value of works certified for payment) is at 39.8%. So far no variations though the change in grid power configurations may cause change over time.

Challenges and setbacks experienced by the project:

i) Land issues-since the project provides for no compensation, it had to take time to convince people to pass through their land where some kiosks had to be brought down.
ii) Contractor's staff brought for specialized works may end up developing relations with the local when they over stay at site.
iii) Heavy rains in the month of July and part of August which affected the progress of works.
iv) Hilly terrain making pumping head to be on the higher side.
v) Some of the local materials were obtained over a long distance e.g. river sand.
vi) The planned connections are 963 whereas the demand is already high. So far the application process has closed but there will be many people left un served.

Recommendations to the project

i) The software activities need to start early enough to be accepted by the people who would offer access/land without major hassles. This will reduce on the amount of time wasted and avoid delaying the contractor's work progress.
ii) Sensitize the beneficiaries about the consequences of sexual relations with project workers which may lead to unwanted pregnancies and the spread of HIV/AIDS.

General Challenges for the WSDF-N

i) There were inadequate funds received from both funding sources i.e Kfw and GoU, which negatively affected the physical outputs. Delayed release of funds crippled contractors progress in works and some projects have over delayed
ii) Some contractors failed to complete projects on time.
iii) Disbursement of the 1st tranche of Kfw funds came in late therefore contractors' interim were certificates not paid.
iv) Ineffective and slow band width affected data input on Navision software

Conclusion

Physical progress for construction of Omugo Rural Growth Center water supply and sanitation system was at 82% and financial progress at 41%. Seven months of the contract had expired with pending physical works of about 18% while Phaida was at 65% physical progress and only 39% financial progress. This was mainly due to inadequate funds received from both funding sources. The demand for the facility is too high such that the planned connections are not going meet the supply.

General Recommendations

i) There is need for the Ministry / Donor to honor the approved budget which will enhance the smooth running of projects.
ii) There is need for closer supervision of contractors and improved bidding documents to avoid frivolous contractors / consultants.
iii) Funding agencies should release funds early enough such that market value (price) changes

which have a negative effect on contracts can be avoided.

iv) The Ministry of Water should plan procure / upgrade reliable band width for effective operation of Navision.

13.2.2.4 Project 1283 Water and Sanitation Development Facility-SW

Background

Water and Sanitation Development Facility-South West (WSDF-SW) supports Small Towns (STs) and Rural Growth Centres (RGCs) get access to piped safe water and improved sanitation. The facility funds designs and construction of piped water systems, and sets up operation and maintenance structures. It is financed by Austrian Development Agency (ADA), European Union (EU) and Government of Uganda (GOU).

The overall objective is provision of safe and adequate water and promotion of sanitation facilities in Small Towns and Rural Growth Centres in the South Western part of Uganda. This will improve access to safe piped water supply for at least 350,000 people (design population for 20 years), adequate sanitation for the target population, by achieving 100% latrine coverage beneficiary obligation), Sustainable and efficient functionality of the water & sanitation infrastructures put in place through appropriate arrangements for operation & maintenance and cost recovery.

Monitoring in the FY 2012/13 focused on the construction of the piped water system of Kakyanga, Lyantonde and Kiruhura districts.

Planned Activities for FY 2012/13

1**. Construction of Kakyanga Town water supply and sanitation scheme**

- 15.714 km pipeline (supply and installation)
- 90 connections
- Construction of tanks
- Source Development
- One Eco san toilet
- Electrical Mechanical works

2. **Construction of Kakuto Town water supply and sanitation scheme**

- 30.47 km pipeline (supply and installation)
- Construction of tanks
- Source Development
- Electro-mechanical works
- Construction of pump control room/house and generator house

3**. Expansion and Improvement of Lyantonde Town Council Water Supply and Sanitation Scheme- Phase 1**

- 2.6km pipeline (supply and installation)

- Construction of a treatment plant
- Source Development
- Electro-mechanical works
- Construction of pump control room/house and generator house

Financial and Physical Analysis

Financial Performance

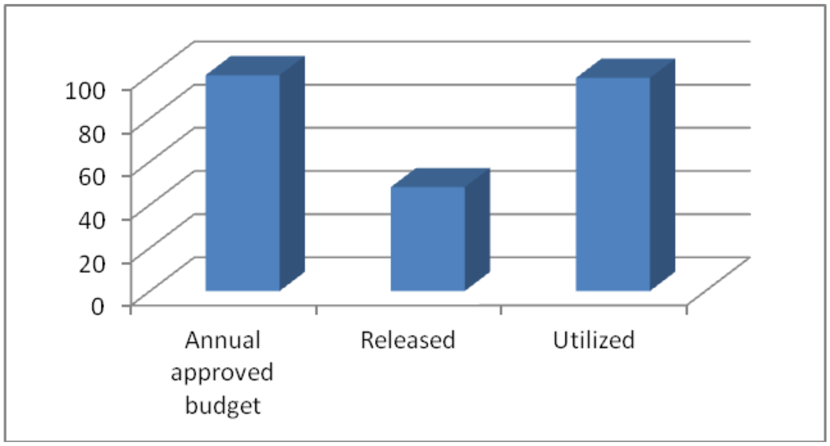
The facility's total approved budget for FY2012/13 was Ushs.10, 500,020,000 of which Ushs. 9,500,000,000 were the donor funds and Ushs.1, 000, 000, 000 GoU budget. By the end of the financial year, total of Ushs. 5,047.38bn (48.1%) of the approved budget had been received and Ushs. 4,980.65 billion (98.7%) spent. Tables 13.5 and 13.6 show the flow of funds for the financial year and absorptive capacity respectively. *Annex 1* gives the detailed pavements so far made for the four projects (Kakyanga, Lyantonde, Kakuuto and Kazo) since inception.

Table 13.31: The WSDF-SW budget performance FY 2012/13

Fiscal Year	**Cumulative (Q1-Q4) in Ushs. Billions**		
2012/13	Annual Budget	Funds Received	Funds Utilized
Donor	9,500.0	4,060.13	3,991.31
GoU	1,000.20	987.25	989.34
Total	10,500.2	5,047.38	4980.65

Source: WSDF-SW Reports

Table 13.6: Absorptive Capacity of WSDF-SW FY 2012/13



Source: WSDF-SW Reports

Of the Ushs.10.5 bn budgeted for, only Ushs.5bn was received reflecting a 48.1% release and all money utilized (Table 13.31& Fig.6). The Facility did not receive donor (EU) funds for Quarters 1 and 2; however, it received USHS. 500,000,000 from the JPF and 39.66m spent in Q1 was carried forward from the FY 2011/12. The donor (EU) funds were received in the second last week of Quarter 3 (March 2013) and the third week of quarter 4 (April 2013) respectively.

Specific RGC Physical Performance

Under WSDF-SW construction works for Kiruhura Town Council water supply and sanitation scheme were completed and handed over to the community for Operation and Maintenance. The Facility is test running the scheme for a period of three months before completely handing it over to the private operator. Construction works continued in the RGCs of Kazo to (98%), Kakyanga (98%), Kakuto (80%) and Lyantonde Town Council (85%).

Table 13.32: Physical Performance of the various projects

Project code:	Brief description (project size including population served, works done so far -implementation status and explanation for progress)	Contract details
LYANTONDE	Current population served: 15,053 design population: 28,816 **Scope of works:** Supply and Installation of water pipeline and 170m^3 Elevated Steel Reservoir Tank, Construction of aeration cascades, roughing filters, sedimentation tank, rapid sand filters, 119m^3 collection tank, 30m^3 elevated steel backwash tank, 1 Pump house and 1 generator control room, 1 Guard House, Supply and installation of electro-mechanical works (90% completion)	Contractor : Sumadhura Technologies Ltd Total contract sum: USHS. 1,500,000,000 Amount paid out so far: USHS.1,028,435,118: Balance to be paid out USHS.574,408,394
KAKYANGA	Current population: 2,727 design population: 3,214	Contractor: Kombi Technical Services Ltd.

Project code:	Brief description (project size including population served, works done so far -implementation status and explanation for progress)	Contract details
	Scope of works: Supply and Installation of 24Km of pipeline and $63m^3$ Elevated Reservoir Tank, Construction of an office block with a sanitation facility, 73 private connections, 5 public kiosks, 12 institutional connections, 1 Pump house and 1 generator control room, Borehole sire works, Supply and installation of electro-mechanical works and supply of tools and equipment (98%) completion	Total contract sum (USHS.): 572,459,356 Amount paid out so far: 456,479,538: Balance to be paid out: 161,627,772
KAKUUTO	Current population served: 8,159 design population: 9,628 **Scope of works:** Supply and Installation of 26.9Km of pipeline and $80m^3$ reinforced concrete Reservoir Tank, Construction of an office block with a sanitation facility, 135 private connections, 8 public kiosks, 21 institutional connections, 1 Pump house and 1 generator control room, Supply and installation of electro-mechanical works and supply of tools and equipment. (65%) complete	Contractor: Norrkoping Ltd. Total contract sum (USHS.): 950,237,116 Amount paid out so far: 630,161,875 Balance to be paid out: 383,091,429
KAZO	Current population served: 2,224 design population: 4,025 **Scope of works:** Supply and Installation of 16.73Km of pipeline and $65m^3$ Elevated Steel Reservoir Tank, Construction of an office block with a sanitation facility, 53 private connections, 4 public kiosks, 19 institutional connections, 2 Pump houses and 2 generator control rooms, Supply and installation of electro-mechanical works and supply of tools and equipment.(98%) complete	Contractor: Lexman Limited Total contract sum (USHS.): 899,378,394 Amount paid out so far: 819,086,967 Balance to be paid out: 162,200,124
KIRUHURA	Current population served: 4,238 design population: 7,670 Scope of works: Supply and Installation of water pipeline and 65m3 Elevated Steel Reservoir Tank, Construction of an office block with a sanitation facility, 39 private connections, 4 public kiosks, 20 institutional connections, 2 Pump houses and 2 generator control rooms, Supply and installation of electro-mechanical works and supply of tools and equipment.(98%) completion	Contractor: Ideal Engineering Limited Total contract sum (USHS.): 738,564,825 Amount paid out so far: 697,137,617 Balance to be paid out: 36,691,454

Source: field findings

The contractor for Kakyanga abandoned works when the payments were not forthcoming while in Lyantonde wrong pipes were used which forced the WSDF to recommend for pipe testing. All projects were all one year projects but delayed due to delayed disbursement of funds.

13.3 Vote Function: 0904 Water Resources Management

Background

The Directorate of Water Resources Management regulates water abstraction and discharge of waste water into the environment. It safeguards water use allocation (abstraction and waste water discharge), water service regulation (drilling, construction, dam safety, easement), compliance monitoring and enforcement of water laws, review of Environmental Impacts Assessment (EIA) reports related to water and awareness raising and information dissemination. Two outputs were monitored in the FY 2012/13.

13.3.1 Output 090403: The quality of water resources availability and regularly monitored and assessed

Two ground monitoring stations were monitored during Q2 monitoring (Kiboga and Nkokonjeru) to assess the operation status of the output. Ntenjeru station is located in Mukono District, Nkokonjeru Town council while Kiboga station is in Kiboga district. These facilities are supposed to be regularly monitored for functionality purposes.

The Variables assessed during the monitoring of Ground Water Quantity Monitoring stations included:

- Easy accessibility to all ground water monitoring stations
- Field data received and entered into the data base
- Manuals for network operation and maintenance at the stations
- Monitoring devices maintained in good condition

Findings

a) Kiboga Ground Water Monitoring Station

Table 13.33: Status of variables in Kiboga monitoring station

Variable	Status
Easy Accessibility to the Monitoring station	The station was easily accessed and given its

	location, by the roadside, it made it so easy to get there.
Field Data received and entered in the database	This is done on a daily basis and recorded in the database
Manuals for network operation and maintenance at the station	Manual existed for the network operation and maintenance at the station
Monitoring devices maintained in good condition	The monitoring devices like the deep meter reader are well maintained and in good condition

c) Nkokonjeru Ground Water Monitoring Station

The station had been abandoned 3 years back by the operator and no one from DWRM had visited it. The person who used to operate it went with the keys thus the station does not meet the parameters of a function monitoring station.

13.3.2 Output 090405: Water resources rationally planned, allocated and regulated

The output involves determining water use and demands, assessment of water permits and applications and issuance of new permits/renewal plus undertaking compliance monitoring and enforcement of water permit conditions.

The issuance of Construction Permit

The issuance of construction and ground water abstraction permits to Bujaggali Energy Limited, Pramukh Steel Ltd, Steel Industries, BIDCO industries and Best Drinks Company, were monitored.

Status of Permits for the monitored Locations

Issued Permit	**Field Findings**
Bujagali Energy Limited(BEL)	The construction permit was issued to BEL on 1st October 2012 for duration of one year to 1st October 2013. At the time of monitoring in Q2, no construction works were on-going but the permit is still valid. The company is currently out of the construction phase but there are annual renewals to the permit.
Pramukh Steel Ltd	Pramukh Steel Ltd had been issued a ground water abstraction permit under JJA101613/2GWJDW 2012 on

	27^{th} September 2012 for a period not exceeding 5 years. The permit was for drilling a borehole.
Steel Rolling Mill (Jinja)	During monitoring, it was discovered the industry was using water from NWSC, and the last ground water permit was issued in 2002 to drill a borehole. Records showed no recent permit issued to the industry as shown on the list obtained from DWRM.
BIDCO Industries	This was on the list of those issued permits in the Q2, FY 2012/13, but attempts by the monitoring team to get in touch with the person responsible were futile. He was reportedly out of office and so the team could not ascertain the existence of the permit.
Best Drinks Company	This company is located in Wobulenzi, Luweero District, and deals in packaging of water and other drinks. At the time of monitoring, the company had been closed for one and half months due to machinery breakdown. The ground water abstraction permit issued could not easily be ascertained.

Source: field findings

Challenge

The directorate is supposed to issue permits and monitor compliance to the conditions set up in the permits. The list of permits may have suffered from lack of updates, thus outdated permits issuance keeps appearing in reports and no regular monitoring seems to be done on the ground. This is likely to compromise the standards for which they were set.

Conclusion

Given the status of permit issuance (record vis-à-vis what is on the ground) and the monitoring requirement which is not done, this renders the whole exercise inappropriate.

Recommendation

The Directorate should revisit its monitoring and permit issuance functions to make them relevant and up to date worth budgeting spending on.

Key challenges

1. Delay in the remittance of funds to the local governments leads to low utilization. Sometimes funds to the districts have been coming in 2 months late and coupled with budget. Districts fear to commit themselves into engaging contractors without assurance of receiving money. For example funds for Q3 were released a month late and beside it takes some days to get to

the user department. The donor component delayed due to signing of the new MoU. with the government thus there were no funds released in Q1 and Q2 of the FY.

2. The lengthy procurement process coupled with delays by District Local Governments (DLGs) to have their procurement plans in time and start the process early enough. DLGs cite the challenge the overall delay by other departments to make consolidated plans. Some new districts do not have contracts committees and thus have to share with the mother district which creates some delays. The

3. Implementation of certain programmes/projects sometimes fall victim of non-adherence to the set guidelines and procedures during implementation of works. Some centrally done projects do no not follow the software and sanitation steps. For example the Emergency programmes/projects visited in the 3 districts of Kayunga, Mukono and Wakiso did not carry out software activities. More still, the Projects of Luanda, Kabumba were in completion stages but no software activities had been carried out. Software activities are essential for the sustainability of these programmes/projects and once missed out the project would be compromising with its sustainability.

4. In the FY 2012/13 District Local Government received 65% of their total budget approved budgets. Some districts had engaged contractor to do works and when funds were not realized as expected there was slow down on the pace of implementation or no completion of activities. In some cases planned activities were not implemented at all. Most of these left out activities were software activities like post construction support and community feedback to selected communities and community contribution.

5. Inadequate staffing in the District Water Offices has continued to affect implementation of activities. Some Water Officers' are in acting positions while others are one man manned offices. In some cases the Assistant District Water Officers in charge of mobilization and sanitation are not seconded from their mother departments. Others are too busy in that their departments for example most Community Development Officers are working as Sub-county chiefs rendering them too busy to carry out the water office activities. According to Wes June 2012 briefing, 71 DWOs (50%) of the DWOs were substantive; 40(28%) in acting positions as 31(22%) double as District Engineers (DEs).

6. Increasing costs of implementation in terms of unit cost due to inflation, administrative costs for new districts and these coupled with water stressed areas that require non-conventional technologies. These would require research for appropriate technologies or bulk water supply transfer that is quite expensive and beyond the capacity of districts.

7. Declining potential for low cost technology, and this coupled water stressed areas. Some districts have run short of alternative low cost technologies that given the low budgets and

budget cuts they are left with putting up a few sources e.g boreholes which do not add much the their safe water coverage case in point was Kyegegwa and Kayunga districts.

8. Poor quality materials on the market. It was noted that the poor quality of materials especially riser pipes and rods reduce the normal operating life of the boreholes leading to high maintenance costs and frequent need for rehabilitation.

Part 4: Conclusions

Chapter 14: Conclusions

Agriculture

Performance of the agricultural sector was ranked as fair (50% -60%). Three of the programmes showed excellent performance in terms of reaching the financial and physical targets (Avian and Human Influenza Preparedness and Response Project; FIEFOC-Irrigation Component; Uganda Cotton Development Organization); three of the projects had fair performance (Agricultural Credit Facility, Improved Rice Production, Uganda Meat Export Development Program) and two had low performance (Crop Disease and Pest Control Project and Labour Saving Technology and Mechanization for Agricultural Production).

The projects that performed well started and concluded the procurements within the year and delivered the expected services namely: 80% completion of construction of the the MAAIF Laboratory under the AHIP project; 99% completion of rehabilitation of Doho, Agoro and Mubuku irrigation schemes under FIEFOC and timely distribution of seeds, pesticides, fertilizers, ox-ploughs and tractor services by the CDO. The contribution of Government and Participating Financial Institutions to the Agricultural Credit remains below target, resulting in some eligible applications not being funded. About 210 beneficiaries were funded since project inception but performance remains mixed; large scale farms that attracted more than UShs 2 billion were relatively more successful than small firms that attracted UShs 500 million and below.

The two projects that had low performance exhibited very low absorptive capacity and poor allocative efficiency. Most of the performance targets set for FY 2012/2013 were not met. The projects had serious challenges ranging from poor financial and accountability management systems for non-tax revenue, discrepancies in financial data and poor service delivery. Delayed initiation of procurements by MAAIF in these projects contributed greatly to poor performance. Most projects in the agricultural sector lack proper monitoring and evaluation systems to keep track of performance; many do not have set performance indicators. The centralized projects that are implemented in the local governments are not properly supervised or monitored due to inadequate facilitation of district/sub-county officials to follow them up.

Education

Project 0943:

Project 0943 Emergency Construction and Rehabilitation of Primary Schools did not achieve the planned output targets for financial year 2012/13. This project also received less funds than budgeted and secondly it did not absorb all the funds received.

Secondary education:

The source of funding for schools under batch 2, batch 3 and batch 4 was not very clear. MoES did not also report on the progress on these schools. It was therefore not easy to assess the whether MoES achieved the planned output targets under line outputs 070280 classroom construction and rehabilitation (secondary) during financial year 2012/13. It was likewise not possible to assess whether MoES achieved the planned output targets under line output 070281 latrine construction and rehabilitation (secondary) because the names and locations of the schools that received funds for construction of latrines during the financial year were not given. MoES did not achieve the planned output targets for line output 070282 teacher house construction and rehabilitation (secondary) under project 0897 development of secondary education.

World bank:

Findings show that a lot of construction is going on under project 1091 Support to USE -IDA and civil works in different schools are at different stages of completion. However the project as a whole is behind schedule.

ADB IV:

There is a lot of construction going on under project 1092 ADB IV Support to USE. Under this project new seed schools are being constructed, existing seed schools are being expanded and a number of secondary schools are being turned into centres of excellence. However, the project is experiencing challenges with contractors who have abandoned sites.

Skills Development:

Since the donors released only 11% of their approved budget, the vote function had less funds available for implementing the planned outputs. This therefore affected the achievement of planned output targets under skills development.

PTCs:

There were no civil works undertaken in two PTCs monitored during FY 2012/13. It is therefore doubtful that MoES achieved the planned output targets for the financial year despite release of 73% of the approved budget.

Energy

Energy for Rural Transformation

The ERT water component project is good, but there is need to improve the packaging of the project. The project is not taking into consideration the unique requirements for each water pumping scheme. At Komod water pumping scheme, the scheme is not regularly used because of the constant leakages of the main pipe line which feeds the main reservoir. The leakages are attributed to the high pressure generated from the new solar water pump which does not match the main line that was installed by the initial contractor. At Lagoro water pumping scheme, the scheme is not functional as the main pipe that feeds the main reservoir has a blockage and therefore requires replacement or repair. Paloga water pumping scheme was not fully operational as there are some blockages on the distribution pipelines. At Palabek -Ogili water pumping scheme, the storage tanks and distribution pipes have leakages and thus cannot supply water to the community.

There is a big Communication gap between central and local governments. Both high and lower local government officers reported that they were not fully informed about the project. As a result, local government officials find it difficult to monitor and supervise the project. This has led to the development of an attitude by the local government officials that officers from the central government "under look" local government because they know they are not accountable to them. The Local government in Usuk did not have the contract document. Therefore, they did not know about the scope of the work. A district engineer mentioned that whether working at local and central government, all engineers are professionals in that discipline. However, he has never selected a water pump or given an opportunity to come up with a design. So, is he an engineer? There is a general feeling that the reasons for establishing the project will not be fully realized.

Rural Electrification

Way leaves acquisition and land compensation still remains a challenge. On the Opeta-Achokola line in Echeme sub-county, the locals had refused the contractors to clear the land for project development insisting that they needed compensation beforehand. On Lyantonde-Lumbugu line, the individual land owners also needed compensation before they could allow the use of land for project development.

Furthermore, the commercial banks that fund the private contractors require bank/performance guarantees which are in form of cash. The financial constraints are a hindrance to the timely project implementation. Relatedly the advance payment from government of 20% is inadequate as normally the bank guarantee takes up the 10% thus leaving only 10% for project start.

Promotion of Renewable Energy and Energy Efficiency Programme

The project has recorded some success in meeting the main objective of Promotion of Renewable Energy and Energy Efficiency Programme (PREEEP) which is to improve the supply of energy from renewable sources. However, the construction of institutional stoves in prisons was not very useful as the users were not realizing the benefits associated with the construction of the energy saving stoves. There were also cases of misreporting as there were no energy stoves constructed in Bugiri district, and the stoves at Kings College Buddo and the incinerator at Show Mercy International were constructed without any contribution from GoU.

Management of the Oil and Gas Sector in Uganda

Delay in the release of funds and procurement delays are affecting the petroleum department in executing their roles of strengthening the petroleum exploration.

The land for refinery development has been secured and the government has completed the procurement of a transaction advisor, Taylor –Dejongh from the USA, to advice on the structuring of the financial aspects of this planned development as well as the selection of a lead investor to take forward the construction of the reefing. Comprehensive sensitization has been done through the PEPD communications strategy and this has reduced on the complaints from the projects affected persons. The project however still suffers funding constraints. The Ushs 14.7 billion that was allocated in FY2012/13 is still inadequate as such an allocation is not sufficient to complete the Resettlement Action Plan**.**

Health

Budget shortfalls greatly constrained implementation of the development projects at both regional referral hospitals level and districts in FY 2012/13. The situation was made worse in the PRDP receiving districts where unspent balances at the end of the FY 2011/12 were not returned to the districts. Staffing gaps as a result of the change in human resource policy especially at HCIIs and HCIIIs greatly affected service delivery across the districts monitored. Across both levels absorption was high as spending entities had few activities to implement. Physical performance was also good as most of the implemented projects were completed.

Information and Communication Technology

ICT and ICT enabled services industry has enormous opportunities that Uganda can exploit to transform the economy and peoples' lives through job creation and efficiency in communications and service delivery in all spheres of life: in pursuit of the opportunities and the strategic objectives of the sector which include: To promote use of information technologies in all spheres of life to enhance efficiency and effectiveness; To promote affordable rural communications; To increase tele-density and geographical coverage of telecommunications services with high quality of services; and To develop information technology services such that they can significantly contribute to national development; GoU has under taken various projects implemented by MoICT, NITA ;UCC and Uganda Posts Limited among others.

By the end of the FY, a number of achievements were registered in the sector under the different objectives. E-governance was under development where a government portal was developed to enhance efficiency in information sharing. National Backbone Infrastructure was also in advanced stages; two district business information centres were established as planned thus taking services closer to the people; National postal code and addressing system pilot project was under implementation but underfunded and behind schedule. Relatedly under the support of health centres and education institutions by UCC with an aim of improvement of service delivery; 931 schools were supported in establishment of laboratories and an additional 19 telemedicine centres and 4 district health data points had been developed.

The implementation of ICT projects under ministry of ICT and NITA have largely been affected by inadequate funding and low absorption of released funds while projects under implementation by the Uganda Communications Commission are characterized by deliveries of incomplete packages or piece meal deliveries to both schools and health centres. The training of users and internet subscription at the health centres was largely not delivered and lack of trained ICT teachers in schools and internet bandwidth was evidently lacking.

Industrialisation

With the Ugandan industrial base largely dominated by metallurgical, food processing, leather and leather products, textiles, clothing and garments, building and construction, paper printing and packaging and chemical and pharmaceutical products industry producing low quality products as outlined in the Vision 2040. The Government of Uganda set out strategies and initiatives to aid value addition, carry out applied industrial research, enhance the development and productivity of the informal manufacturing sub-sector; enhance applied research and technology development; gazette and support the development of sector specific cluster based industrial zones under one village one product and Industrial parks servicing and clustering, support to ware house receipting system among others. The setout strategies are implemented by Ministry of finance, Planning and Economic development, Uganda Investment Authority, Uganda Industrial Research Institute, Uganda National Bureau of standards, Ministry of Trade, Industry and Cooperatives, and Uganda Development Cooperation.

Commendable progress was registered under value addition: Potato Processing Plant in Kabale, Bamboo Processing Plant in Kabale, Fruit Juice Processing Project in Kayabwe; Lira Peanut Research and Processing Centre; Buhweju Tea Factory; and Fresh Vaccum Sealed Matooke. Some of the value addition projects which were yet to take off included: Presidential Initiative on Banana Industrial Development project and Arua fruit factory which were still far from value addition albeit the ongoing work in laboratories and green houses and preparations for fruit processing respectively. Some progress on the front of gazetting and support to industrial development was also registered although most of the industrial parks are not operational.

The sector has remained focused on the investment to aid value addition on different fronts as set out in the national development plan as one of the good practice across the sector; there are many cases of positive achievement and optimal utilization of the allocated resources resulting in a number of the tangible achievements in the industrialization sector.

The sector has however been characterized with differences in levels of allocative efficiency. Some institutions like UIRI, UNBS, and MFPED have attempted to utilize the funds in areas with higher effect on their outputs while MoTIC under for instance warehousing project exhibited low allocative efficiency. Similarly the strategy of thin allocation of resources across all the industrial parks has led to minimal realization of the intended objectives. The sector also faces challenges of poor planning; some projects receive allocations for development even before feasibility studies are procured; insufficient budget allocations; land related complexities such as squatters, resettlement action plan for some projects; parallel land allocations to investors, inadequate releases to the project all serve to undo the documented efforts of the government in its drive to industrialization.

Microfinance

The amount of loans disbursed has been deteriorating over the quarters as depicted in the progress reports. The cumulative repayment rate deteriorated from 90% as at the end of December 2012 to 89% at the end of June, 2013 and below the targeted 95%. Management has intensified field supervision to support zonal staff in the loan recovery process. More internal controls involving on-site verification of loan applicants before disbursement have also been introduced in the loan process.

A number of staff left the company and have not been replaced. The exercise to recruit was initiated and had not been concluded by the time of our monitoring. Replacement of key staff was planned to be conducted in quarter one of FY 2013/14.

SMEs have not been very well serviced, some of the zonal offices have informed us that the SMEs do not want to have their businesses registered and as a result they cannot access loans from MSC although some seem to be financially sound and have the potential to borrow.

Inaccuracies in the loan performance analysis; The company is still in the process of moving away from the manual Loan Management System (LMS) to computerised system. This has led to inaccuracies in the capturing of the actual repayment rate. Therefore; at the moment, the company is not able to effectively monitor its performance in terms of loan repayment. This is being addressed through the ongoing data cleaning process which will be completed in the next quarter

The new policy which was introduced by MSC Headquarters to ensure that every loan above Ushs 100m to be secured, although this was introduced in good faith to manage the high default rate it has also reduced the loan disbursements because most the MSC clients do not have collateral.

Among the zonal offices monitored other than MSC Masaka zonal office, the rest have a big proportion of their portfolio at risk (i.e portfolio with more than 90 days in arrears).

Delayed procurement of consultancies to offer BDS; This was attributed to the bank's (AfDB) suspension of disbursements while the company suffered governance issues and the adjustments made thereafter in the modules for both Technical Assistance and trainings to be offered and the targeted numbers and categories. An agreement has been reached with the AfDB RIEEP Task Manager to restructure the proposed contracts and make it easier to procure consultants in phases. Consultations have been held with the AfDB Field Office Procurement specialist to ensure compliance with the Bank Procurement regime.

Roads

There is a funding gap for the maintenance works brought about by the low contribution of government sources and yet there are a considerable number of roads that needs to be intervened. This has brought about a growing backlog on the national and DUCAR network. Furthermore, UNRA stations have an aged fleet of equipment which is hard to maintain. The nature of equipment calls for high maintenance costs yet there is insufficient funding. Due to this, procrastination of repairs is unavoidable leading to numerous breakdowns which the station personnel cannot handle.

The handling of emergency works on the critical roads at UNRA stations and districts affects planned works and hence targets are often not met, thus creating a need for emergence release to the designated entities. There is scarcity of some road materials like gravel and aggregates. This increases the cost of works on roads in certain areas where high costs are being incurred in hauling of materials.

Land acquisition still remains a challenge on most of the UNRA development projects as there are cases of sections of roads that have been skipped due to valuation issues. UNRA should devise a strategy that expedites the evaluation, verification and payment process for land acquisition to prevent delays that could lead to time extension. They can adopt a method where the land and properties there in are captured and the contractors are allowed to work in these affected areas and then compensation of properties follows immediately after.

The equipment supplied under the Exim Bank financing can only do light grading and cannot handle the type of work that is required of it yet accessing of the regional equipment is hard, given the competing demand for it – averagely each region caters for about 30 districts. This strategy needs to be evaluated if maintenance backlog is to be handled effectively.

Late release of funds have ensured that planned works are implemented over two quarters, hence targets are usually not met; and this is coupled with budget cuts that are often experienced in the last quarter of the financial year yet unspent balance have to be returned to the consolidated fund. URF will however continue to pursue independence from the consolidated fund and starting FY 2013/14, Government has allowed local governments to retain and utilise the unspent balances from FY 2012/13 until end of the first quarter of FY 2013/14.

Projects under MoWT have been characterized by delays in implementation (most times by over 150% of the contract period), prolonged procurement processes, abandonment of works for long periods as well as poor contract management. This is the main cause of the poor budget performance due to the Ministry’s failure to absorb funds on time; and the strategies have to be revisited in order to improve on the interventions.

Water and Sanitation

The water sector in line with the government objectives is set out to improve access to and functional safe domestic water and sanitation facilities; increase storage capacity of water for production and safeguarding the quantity and quality of water resources. This is line with the vision and mission of the sector, the National Development Plan and contributes to the MDG targets for 2015.

The various sector programmes through Support to Rural Supply and Sanitation, the District Water and Sanitation Conditional Grant, Urban Water Supply and Sanitation to increase access to safe water through construction of new and rehabilitation of boreholes, shallow wells, protect springs pipe water systems. On average there was a slight change of 0-1% coverage in the districts safe water cover ages due to budget cuts and limited funds advanced to districts through the District Water and Sanitation Conditional Grants. There was a general budget shortfall of 35% in the district budgets. The major challenge was nonpayment of completed works and postponement of payments to next FY. 100% of Hygiene and sanitation grant was released and expended. There were changes in sanitation levels and some Open Free Defecation villages declared.

Rehabilitation works and construction of piped system too contributes to access to safe water. Rehabilitation works done Wakiso, improvement of Kakiri and completed systems of Kiruhura, Kasanje, extensions of Kako all added to the safe water cover ages. The signing of MoUs between donor community and general budget cuts slowed down works. In some cases where software activities are not given priority during implementation, it may compromise the sustainability of these set up facilities for example implementation emergency point water sources.

Water for production facilities add water majorly for livestock watering, but also for domestic use as the need arises. For example the 2 valley tanks of Kajodi and Nakakabala have added 10,000m3 while Kawomeri adds 1.2m3 of water for production.

The Water resources provide water abstraction and waste disposal permits plus monitoring of water resource quantity and quality sustainability. However, the function is challenging as it requires vigilance and constant updates. There is lack of updated information on water monitoring stations and permit issuance.

Chapter 15: Recommendations

Agriculture

1. MAAIF should design and integrate monitoring and evaluation systems in all its programmes and projects, including key performance indicators to enable tracking of progress especially at the local government level.

2. MFPED should support MAAIF and its agencies to set up proper financial and accountability systems for non-tax revenue that is generated in its projects. These systems should be fully integrated in the district financial management structures to ease follow up.
3. The Auditor General's office should scrutinize the accounts of some of the MAAIF projects that have discrepancies in their financials or did not provide a full picture of their financial position during FY 2012/2013. In particular, the Labour Saving Technology and Mechanization for Agricultural Production project; Crop Disease and Pest Control project and Mbale Importers and Exporters Ltd under the ACF.
4. MAAIF Accounting Officer should put in place mechanisms to ensure that all projects and programmes initiate their procurements early and strictly adhere to the procurement rules and regulations.
5. MAAIF, in collaboration with the Local Governments and beneficiary, should put in place appropriate institutional framework for operations and maintenance of agricultural infrastructure that is established. Sources of funding for the operations and maintenance should be identified early in the planning process.

Education

- The project implementers of project 0943 Emergency Construction of Primary Schools should stick to the approved performance contract/work plan during the course of implementation and therefore desist from implementing outside the approved work plan.
- MoES should follow schools where funds for rehabilitation and construction of primary schools were not efficiently utilized to ensure that there is value for money (e.g. Butale P/S, J.C.Kakoola P/S)
- MoES should follow those contractors under Project 1091 Support to USE-IDA who are behind schedule and ensure that the deliver on their contractual obligations.
- MoES should follow up on all the contractors under the ADB IV project where civil works stalled such as Bulamu Seed and Kalisizo S.S etc to ensure that construction of these schools is completed and that there is value for money.

  MoES needs to come out and make a clarification on the issue of the which vote funded construction of a students' hostel at Nyabyeya Forestry college to avoid double counting.

Energy

- There is need for government to speed up the procurement process and for quality control; there should be deployment of experienced people in carrying out procurements.

- MFPED should fast-track the release of funds to energy sector projects.

- There is need for MFPED to create a budget to facilitate the district land boards to enable them review land rates on a regular basis

- To achieve value for money, there is need for relevant project implementers to have completed projects handed over to the community to enable them benefit from intended projects.

Health

I. The Ministry of Health and the Ministry for Public Service should come up with a new cadre structure for the health centre II's to incorporate nursing officers in order to address the staffing gap that was created as a result of the phasing out of nursing assistants.

II. Capital development funds should be paid in full to Regional Referral Hospitals and Local Districts. This would allow for improved planning and the timely payment of contractors as work is certified hence aiding the completion of projects. If there is an issue with cash flow/inaccurate budgeting by Central Government and this cannot happen then early notification of any shortfall in funds expected should be given.

III. The non-wage recurrent budgets must be increased enable local governments and regional referral hospitals to carry out vital work such as the delivery of outreach programmes, cleaning services and payment of utility bills.

IV. Government should stick to releasing development funds in first half of the financial year. This will increase the absorptive capacities of spending agencies as was seen in FY 2012/13. The Ministry of Finance, Planning and Economic Development should ensure that all approved funds are released to the spending entities and in case of budget shortfalls; these should be communicated to the local governments as soon as possible to allow necessary adjustments in their work plans.

Information and Communication Technology

1. ICT being one of the primary growth sectors as set out in the national development plan: there is need for its prioritization through provision of adequate funding to the sector to enable implementation of the key ICT projects. Note that inadequate funding greatly affected the activities that had been planned for FY 2012/13.
2. Uganda Communications Commission in collaboration with Ministry of Health should offer user training with more focus on the key medical personnel on the operation of tele-medicine. Similarly the MoES should recruit at least two ICT teachers per school given that computer

studies is one of the compulsory subsidiary subjects at Advanced Level and also taught at Ordinary Level.

3. Under the school ICT laboratory component, the package should be improved to include: printers, projectors and white boards to enhance the delivery of content to the students, given the limited computers. The package should take care of the school enrollment as some schools had so many students. Given the UNEB requirement of saving examination work on CD/DVD, the package should address this requirement as flash disks were said to be non-economical.

Industrialisation

Given the potential of the industrialization sector to unbind the constraints to development through value addition, provision of employment opportunities and increasing household incomes among others; Government of Uganda should provide reasonable allocations to the sector to enable applied industrial research, support other scientist project, facilitate servicing of the industrial parks.

Provision of enabling environment for industrial development: GoU should facilitate industrial development through development of infrastructure like roads and communications to areas with industries; timely completion of resettlement action plans for areas where the project affects private land owners. The enabling environment can include provision of farm inputs and extension services: through NAADs and MAAIF; these include planting materials, herbicides, and fertilizers: Improved coordination among the government institutions that allocate land to investors to minimize parallel land allocations as this erodes the investors' confidence. Relatedly: PPDA should make the bureaucratic processes flexible through provision of waivers in the award of land to investors as majority of them have limited time and are highly business oriented with focus on the time value of money.

Uganda Investment Authority should review the policy of thinly distributing resources across all the industrial parks in the country which has over the financial years yielded minimal success as this approach only reinforces delays in achievement of the planned objectives.

Ministry of Trade Industry and Cooperatives should stick to approved project plans and realign expenditures particularly of the warehouse receipting system project to enable fast trucking of the project in order to reinforce value addition in Uganda; lessons can be learnt from the warehouses that were established with the support from World Food Programme and European Union.

Microfinance

- There is need for increased sensitization of the public particularly in the eastern and the Northern zonal offices so that there is increased awareness about MSC products. This will ultimately improve the loan disbursements and the repayment rates.

- There is need to increase staffing in some zonal offices so that the zonal offices are able to effectively follow up clients who are in default
- Following the increasing need to boost loan disbursements, MSC need to have trainings tailor made for SMEs particularly in the areas of record keeping, inventory management, product diversification and liquidity management.

- MSC need to aggressively enforce recovery of the defaulted loans, because institutions in default discourage other clients to pay. The company could also explore the possibility of outsourcing debt collection services.

Roads

1) Failure to acquire land on time has continued to delay projects and is likely to create claim situations. It is recommended that UNRA should devise a strategy that expedites the valuation, verification and payment process for land acquisition. Land and properties to be acquired should be captured and valued, memorandum of understanding should be signed with them as the valuation process is taking place and contractors are allowed to work in these affected areas as the compensation of process takes place.
2) The equipment supplied to the district only does light grading yet there is a lot of backlog maintenance on the road networks requiring rehabilitation. Only two out of the five regions have received the heavy construction equipment, this is creating a lot of backlog as each region caters for about 30 districts. More regional equipment should be supplied in order to deal with the backlog.
3) Timely release of maintenance funds to designated agencies will ensure that planned works are implemented on time and the issue of unspent balances does not arise.
4) Project Management and the procurement process at MoWT need to be addressed by top management otherwise there will be continued implementation delays, projects running out of contract and being scrapped off the ministry's budget as was the case of roads for to support tourism.

Water and Sanitation

1. The MFPED should expedite the process of remittance of funds to the local governments so that districts can engage and pay for works early enough. This will allow districts to engage contractors and consultants with confidence and capacity to pay them without fear.

2. Ministry of Water and Environment (MWE) should closely follow up the procurements in local governments such that less time is lost and MFPED may start penalizing districts for delayed procurements.

3. All implementing agencies should involve all stakeholders, and adhere to the guidelines set by the sector because compromising them compromises works. The District Water Officer should be informed of all works implemented in the districts and where possible the officers can do supervision or monitoring to ensure adherence to set standards.

4. The Ministry of Finance should penalize districts which do not have DWOs in place because this affects the overall expenditure of funds. Releases can be tagged to the minimum requirement of at least recruiting a DWO.

5. The center should commission researches for appropriate technologies to overcome the problem of the dwindling low cost technologies in the districts and running short of best alternatives. The Appropriate Technology Center can do more researches on this and advise MWE.

6. The National Bureau of standards should take up the responsibility of quality assuring the quality of materials on the market. This may require the bureau to seek the technical expertise and testing equipment to properly check the standards and quality of materials on the market. Some suppliers whose materials are poor should be blacklisted and lists shared with implementing agencies to avoid recurring problems.

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ANNEXES

Annex 1

Annex….Financial Performance of the 3 Water Projects

No.	RGC	Contractor's Name	Contract Sum(USHS.)	Payments / Certificates Issued	Certificate Amount (Incl. WITHHOLDING TAX)	WITHHOLDING TAX	Certificate Amount (LESS WITHHOLDING TAX)	Date Received	Date Paid	Amount Paid On Certificates	Amount paid on certificates issued (LESS WITHHOLDING TAX)	Total WITHHOLDING TAX Paid
1	Lyantonde T/C	Sumadhura Technologies Ltd.	1,500,000,000	Certificate 1	391,379,251	EXEMPTED	391,379,251	09.12.2011	21.12.2011	391,379,251		
				Certificate 2	593,569,284	EXEMPTED	593,569,284	29.08.2012	16.10.2012	50,000,000		
				Certificate 2		EXEMPTED			25.01.2013	425,389,065		
				Certificate 2		EXEMPTED			20.03.2013	118,180,219	**984,948,535**	-
2	Kazo	Lexman Limited	899,378,394	Certificate 1	351,973,400	21,118,404	330,854,996	20.06.2011	21.12.2011	330,854,996		
				Certificate 2	128,222,975	7,693,379	120,525,596	17.08.2011	14.09.2012	40,000,000		
				Certificate 2					16.10.2012	40,000,000		
				Certificate 2					07.02.2012	40,529,596		
				Certificate 3	256,981,895	15,418,914	241,562,981	22.03.2011	20.03.2013	241,562,981	**692,947,573**	44,230,696
3	Kakyanga	Kombi Technical Services Ltd.	572,459,356	Certificate 1	191,335,621	11,480,137	179,855,483	14.12.2011	21.12.2011	179,855,483		
				Certificate 2	112,018,299	6,721,098	105,297,201	04.06.2012	16.10.2012	25,000,000		
				Certificate 2					20.03.2013	80,297,201		
				Certificate 3	107,477,664	6,448,660	101,029,004	14.05.2013	21.05.2013	101,029,004	**386,181,688**	24,649,895
4	Kakuuto	Norkoping (U) Ltd.	950,237,116	Certificate 1	422,724,539	25,363,472	397,361,066	01.02.2012	07.02.2012	397,361,066		

				Certificate 2	144,421,148	8,665,269	135,755,880	10.07.2012	16.10.2012	30,000,000		
				Certificate 2					20.03.2013	105,755,880	**533,116,946**	34,028,741
5	Kiruhura	Ideal Engineering Services Ltd	738,564,825	Certificate 1	294,732,528	17,683,951.68	277,048,576	24.08.2011	15.09.2011	55,000,000		
				Certificate 1					10.12.2011	222,048,576		
				Certificate 2	179,312,797	10758767.82	168,554,029	01.03.2012	15.10.2012	40,000,000		
				Certificate 2					20.03.2013	139,312,797		
				Certificate 3	186,400,838	11184050.28	175,216,788	14.03.2013	26.03.2012	175,216,788		
				50% Retention	36691454	2,201,487.24	34,489,967	04.04.2013	20.03.2013	34,489,967	**666,068,128**	**43,628,695**
GRAND TOTAL											**2,597,194,742**	**838,879,363**

Source: WSDF-SW field data