



**BPD 140/172/01**

**27<sup>th</sup> February, 2023**

All Local Government Accounting Officers

**ENFORCING ADHERENCE TO CONTRACTUAL OBLIGATIONS DURING IMPLEMENTATION OF INFRASTRUCTURE PROJECTS UNDER THE UGANDA INTER-GOVERNMENTAL FISCAL TRANSFER (UGIFT) PROGRAM FOR RESULTS**

As you are aware, Government is supporting your Local Governments to construct Seed Secondary Schools and upgrade Health Centre IIs to IIIs under the Uganda Inter-Governmental Fiscal Transfer Program for Results. During the 7<sup>th</sup> Joint Monitoring of UGIFT projects, held in December 2022, and the recent World Bank UGIFT Mid-Term Review Mission, a number of issues affecting the implementation of infrastructure projects were identified and **require remedial action**. The purpose of this Circular, therefore, is to, communicate the key issues identified during the 7<sup>th</sup> joint monitoring and the policy and administrative guidelines to address them.

- 1) **Lack of valid Performance Securities:** The Contracts you signed require a contractor to furnish the Local Government with Performance Security within Twenty-one (21) calendar days after the signing of the contract. However, it has been noted that several Accounting Officers have allowed contractors to proceed with construction without the timely provision of the required performance securities. **Accordingly, you are requested to enforce this requirement before the commencement of any construction and in cases where construction has started, no payment should be made to a contractor before the required performance securities are provided;**
- 2) **Laxity in guaranteeing value for money:** It is the role of the **Accounting Officer to guarantee value for money for all Government projects**. I direct you to desist from making payments for incomplete and/or poor-quality works. **No payments should be made**

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**without undertaking the necessary structural integrity tests on the materials used during the construction period;**

- 3) **Time overrun in completion of works:** The current UGIFT Program will close in December 2024. Accordingly, resources for the projects have been programmed within this timeframe and this includes operationalization. **Therefore, you should ensure that the contract timeframes** are adhered to by the contractors. Any projects that will go beyond December 2024 will have no funding and the Local Governments will be tasked to fund the incomplete works using locally raised revenue or the respective Development Grants. **I, therefore, implore you to develop, and implement contract management Plans and ensure that remedial actions are undertaken as per contractual obligations and in line with PPDA regulations;**
- 4) **Adjustment of Structural Drawings and Bills of Quantities:** You are cautioned against making significant adjustments to the Structural Drawings and/or Bills of Quantities provided in the contract. Any adjustments should be approved by the respective line Ministry;
- 5) **Non-adherence to Environment, Social, Health, and Safety safeguard requirements:** We have noted that several contractors are defaulting on Environment and Social safeguard requirements. These include the implementation of **Environment and Social Management Plans, the establishment of Grievance Redress Committees, the Registration of workplaces with the Ministry of Gender, Labour and Social Development (MoGLSD), obtaining approvals for project briefs from NEMA, community engagement, hoarding of sites, preservation of endangered tree species during site clearance, the establishment of operational site offices with the relevant staffing as indicated in the contractor's bid, signage on the projects, management of site materials, insurance for workers, among others.** These need to be adhered to before the next joint monitoring. Any project that will be found to have not adhered to these requirements will be suspended until the identified gaps are closed;
- 6) **Supervision of works and site meetings:** Each project was allocated a budget for investment service costs which among others, **must** facilitate the project management team to monitor the projects to ensure: adherence to all contractual obligations; structural progress and quality; and adherence to Environment and Social requirements. A work plan for investment service costs must be prepared and approved by the Project Management Team;





- 7) **Delayed handover of completed sites:** Several projects have been completed but are not yet handed over by the respective contractors. **You are requested to prepare the process of handover of all completed sites by Contractors to pave way for the commissioning of the same;**
- 8) **Lack of Contract Management Plan:** The PPDA regulations, 2014 require the preparation of contract management plans at the beginning of the implementation of each project. **Upon receipt of a contract, a contract manager should prepare a contract management plan for purposes of monitoring. This plan should be updated during the implementation of the project as and when deemed necessary;** and
- 9) **Lack of evidence of land ownership:** The Program Operations Manual (POM) for the UGIFT Program guides that all land where projects are situated should be titled. **Therefore, ensure the processing of land titles for the sites where the investments are located by June 2023 or make provisions in the Budget for FY2023/24 to secure the land. Any emerging land-related issues should be managed at the Local Government level with support from the Ministry of Lands, Housing and Urban Development.**

The Permanent Secretary, Ministry of Works and Transport and the Executive Director PPDA are requested to program and check for compliance with construction management guidelines and adherence to contract requirements in all Local Governments that are hosting projects under the UGIFT Program.

By copy of this Circular, the Auditor General is requested to include **infrastructure audit** for the UGIFT projects in the scope for FY2023/24, to check for adherence to contractual obligations. **Any Accounting Officer and Project Manager found culpable for compromising the quality of construction works will be held accountable for causing financial loss to Government.**



Ramathan Ggoobi

**PERMANENT SECRETARY/SECRETARY TO THE TREASURY**

**Copy:**

The First Lady and Hon. Minister of Education and Sports  
The Rt. Hon. Prime Minister, Office of the Prime Minister  
The Hon. Minister of Finance, Planning and Economic  
Development  
The Hon. Minister of Health  
The Hon. Minister of Agriculture, Animal Industry and Fisheries  
The Hon. Minister of Water and Environment  
The Hon. Minister of Local Government  
The Permanent Secretary, Ministry of Education and Sports  
The Permanent Secretary, Ministry of Gender, Labour and  
Social Development  
The Permanent Secretary, Ministry of Education and Sports  
The Permanent Secretary, Ministry of Health  
The Permanent Secretary, Ministry of Agriculture, Animal  
Industry and Fisheries  
The Permanent Secretary, Ministry of Works and Transport  
The Permanent Secretary, Ministry of Lands, Housing and  
Urban Development  
The Secretary, Local Government Finance Commission  
The Executive Director, National Environment Management  
Authority  
The Executive Director, Public Procurement and Disposal of  
Public Assets Authority  
The Inspector General of Government  
The Auditor General, Office of the Auditor General  
All Resident District Commissioners  
All LCV Chairpersons