THE REPUBLIC OF UGANDA

Annual Budget Monitoring Report
July 2010 - June 2011

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ABBREVIATIONS AND ACRONYMS

AASP	Agricultural Advisory Service Provider
ADB	African Development Bank
ADF	African Development Fund
AIDS	Acquired Immune Deficiency Syndrome
ATAAS	Agricultural Technology & Agribusiness Advisory Services
BCP	Brick Laying and Concrete Practice
BIRDC	Banana Industrial Research and Development Centre
BMAU	Budget Monitoring and Accountability Unit
Bn	Billion
BOQs	Bills of Quantities
BTVET	Business Technical Vocational Education and Training
CAO	Chief Accounting Officer
CBMS	Community Based Management System
CBN	Community Based Nursery
CBO	Community Based Organisation
CDO	Cotton Development Organization
CDOs	Community Development Officers
CGV	Chief Government Valuer
CJ	Carpentry and Joinery
CMU	Construction Management Unit
CWD	Coffee Wilt Disease
DE	District Engineer
DIST	District
DLC	District Local Council
DRWHTS	Domestic Rain Water Harvesting Tanks
DSIP	Development Strategy and Investment Plan
DUCAR	District, Urban and Community Access Roads
DWD	Directorate of Water Development
DWO	District Water Officer
DWSCG	District Water and Sanitation Conditional Grant

EFT	Electronic Funds Transfer
EIA	Environmental Impact Assessment
EPC	Engineering Procurement Construction
ERR	Economic Rate of Return
ERT	Energy for Rural Transformation
FAO	Food and Agriculture Organization
FFS	Farmer Field School
FGD	Focus Group Discussion
FIEFOC	Farm Income Enhancement and Forest Conservation Project
FLO	Farm Level Organization
FSF	Farmer Security Farmer
FY	Financial Year
GFS	Gravity Flow Scheme
GoU	Government of Uganda
HEP	Hydro Electric Power
HHs	Households
HLGs	Higher Lower Governments
IBP	Industrial Business Park
ICT	Information, Communication and Technology
ICT	Information and Communication Technologies
ICT	Information and Communication Technologies
IDA	International Development Association
IDP	Internally Displaced Person
IFMS	Integrated Financial Management System
ITP	Industrial Technology Park
JICA	Japan International Cooperation Agency
KAZARDI	Kachwekano Zonal Agricultural Research and Development Institute
KIBP	Kampala Industrial and Business Park
LGs	Local Governments
LLGs	Lower Local Governments
MAAIF	Ministry of Agriculture Animal Industries and Fisheries
MDG	Millenium Development Goal

MEMD	Ministry of Energy and Mineral Development
MFPED	Ministry of Finance, Planning and Development
MoF	Market Oriented Farmer
MoES	Ministry of Education and Sports
MOU	Memorandum of Understanding
MPS	Ministerial Policy Statement
MTEF	Medium Term Expenditure Framework
MTRC	Mushroom Training and Research Center
MV	Motor Vehicle
MWE	Ministry of Water and Environment
NAADS	National Agricultural Advisory Services
NaCRRI	National Crops Resources Research Institute
NARO	National Agricultural Research Organization
NEA	National Environment Act
NEMA	National Environment Management Agency
NGOs	Non Government Organisations
NRW	Non Revenue Water
NTR	Non Tax Revenue
NWSC	National Water and Sewerage Cooperation
O&M	Operation and Maintainance
OAG	Office of the Auditor General
PAD	Project Appraisal Document
PAF	Poverty Action Fund
PEDP	Petroleum Exploration, Development and Production
PEPD	Petroleum Exploration and Production Department
PIBID	Presidential Initiative on Banana Industrial Development
PIP	Public Investment Plan
PPC	Parish Procurement Committee
PPDA	Public Procurement and Disposal Authority
PPP	Public Private Partnership
PRDP	Peace Recovery and Development Program

PTA	Parents Teachers Association
Qs	Quarters
RAP	Resettlement Action Plan
R&D	Research and Development
REA	Rural Electrification Agency
RGCs	Rural Growth Centres
RWSS	Rural Water Supply and Sanitation
SG	Solicitor General
SIDA	Swedish International Development Agency
SME	Small and Medium Enterprise factories,
SMS	Subject Matter Specialist
SSTWSP	Support to Small Towns Water Supply and Sanitation
TBI	Technology Business Incubator
TC	Town Council
TDS	Technology Development Site
TSUs	Technical Support Units
TVET	Technical Vocational and Educational Training
TYPSA	Tecnica Y Proyectos SA
UCDA	Uganda Coffee Development Authority
UDC	Uganda Development Corporation
UETCL	Uganda Electricity Transmission Company Limited
UIA	Uganda Investment Authority
UIRI	Uganda Industrial Research Institute
UNBS	Uganda National Bureau of Standards
UNRA	Uganda National Roads Authority
URA	Uganda Revenue Authority
USE	Universal Secondary Education
UWSS	Urban Water Supply and Sanitation
VAT	Value Added Tax
VFM	Value for Money
VIP	Ventilated Improved Pitlatrine
VOTESA	Vocational Training Technical Service Agency

VPC	Village Procurement Committee
WB	World Bank
WENRECO	West Nile Rural Electrification company
WFP	World Food Programme
WfP	Water for Production
WSDF-N	Water Sanitation and Development Facility
WSS	Water Supply System
WUCs	Water User Committees
ZARDI	Zonal Agricultural Research and Development Institute

Foreword

Government has stepped up its monitoring efforts geared towards enhanced effectiveness of public expenditures. The focus is initially on agriculture; education; energy, health; industrialization; ICT; roads; water and sanitation; and micro-finance.

This report gives a synopsis of physical performance of key selected programmes during the FY 2010/11. Selection was based on significance of budget allocations to the votes within the sector budgets; focus being on large development expenditure programmes, except in the cases of education, health and works sectors where some recurrent costs are tracked.

The report findings that give the field observations of the monitoring teams provide us an opportunity to assess performance of public spending. The key implementation challenges are noted as early warning messages for the various sector programmes.

It is hoped that the relevant sectors and departments will use the findings therein to enhance effectiveness of implementation of programmes.

Permanent Secretary/ Secretary to the Treasury

Executive Summary

Background

Over the last three financial years, Government stepped up its monitoring efforts to enhance effectiveness of public expenditures. The focus is on agriculture; education; energy, health; industrialization; ICT; roads; micro-finance.; and water and sanitation.

This report is based on selected key programmes that were followed through the FY 2010/11. Selection was based on approved plans and significance of budget allocations to the votes within the sector budgets. The focus was 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.

Findings

Financial Performance

(a) Central Government/Ministries and other Agencies

- **Releases**

It is only the Ministry of Education and UNRA that registered high receipts as compared to approved development budget at 99% and 100% respectively. The other MDA's that were monitored had a release percentage range of 59%-94% with MOFPED registering the lowest release at 59%.

- **Supplementary budget**

Supplemmentary budgets were still rampant.Five out of the eight ministries monitored received supplementary releases ranging from 1billion for the Ministry of Agriculture to 92 billion for that of Energy and Mineral Development.

- **Absorption of funds**

The absorption of the development funds received by the MDA's was generally good in the range of 95%-100% with the exception of Uganda National Bureau of Standards (UNBS) at 66%.

- **Budget trend analysis**

Most of the MDA's monitored registered an increment in the approved development budget over the two financial years of 2009/10 and 2010/11 with the exception of Ministry of Energy which registered a budget decrease of 26%; UNRA a budget decrease of 43%; UNBS a budget decrease of 44% and UIRI received the same amount as the previous year.

Agriculture

This report reviews performance in FY 2010/11 of the Exports Goat Breeding and Production Project, Agriculture/Improved Rice production, FIEFOC and NAADS, for which detailed monitoring was done in the fourth quarter for follow up.

Agriculture/Improved Rice Production

The Agriculture/Improved Rice Production project, implemented in Northern Uganda aims at increasing rice production and income of resource poor farmers through introduction of rice varieties.

- This project has met its core objectives of increasing rice production and income as well as strengthening the capacity for production of rice seeds in the Northern region.
- The main challenge was the inadequacy, poor quality and inappropriateness of some of the inputs and equipment resulting in lower production than expected.
- Sustainability of the interventions was more pronounced among the seed growers who were provided with adequate quantities of inputs and equipment. Some of the grain producers that received inadequate inputs/equipment had phased out of rice growing.

Exports Goat Breeding and Production Project

The Government of Uganda is implementing the pilot Exports Goat Breeding and Production Project in Sembabule district in partnership with Ssembeguya Estates (U) Ltd over a five year period FY 2009/10 to FY 2012/13. The expected output is production of improved goat breeds in the project area to increase sales and export.

Monitoring work found that the project had purchased and distributed exotic breeding goats and indigenous female goats to farmers as per the annual workplan. Farmers are receiving extension advice although it is grossly inadequate. Financial analysis of project expenditures indicates that the bulk of expenditures (94%) are spent on allowances suggestive of poor allocative efficiency and low value for money. The pace of project implementation is slow because of inadequate GoU disbursements; thus project targets are thus unlikely to met.

Farm Income Enhancement and Forest Conservation Project

The FIEFOC aims at improving incomes, rural livelihoods and food security through sustainable natural resources management and agricultural enterprise development. The monitoring focused on the irrigation component that has been implemented by MAAIF since FY 2006/07.

- The Irrigation Component underperformed during FY 2010/11. The project lagged behind schedule on all the key performance indicators. Rehabilitation works on the four irrigation schemes did not commence as was planned. Arising from the concerns of the ADB Mission undertaken in April 2011 and Presidential directives issued thereafter, project implementation was transferred to Ministry of Water and Environment and the scope of works was reduced to 2 schemes.
- Most of the funds that had been earmarked to this project since FY 2006/07 had already been used up by MAAIF in general operating expenses indicative of poor allocative efficiency.

National Agricultural Advisory Services

The NAADS was designed as a 25 year programme to transform subsistence farming to market oriented and commercial production through increased access to knowledge, information and technology. Implementation of the second phase under the Agricultural Technology & Agribusiness Advisory Services (ATAAS) project commenced in 2010.

- Disbursements to districts under the NAADS programme have more than tripled since FY 2005/06. Generally, most districts exhibit good allocative efficiency is the bulk of funds are earmarked for input and technology development at Sub-county level. However, there were a few districts that had spent a larger proportion of their allocation during FY 2010/11 on operational expenses indicating poor allocative efficiency.

- During FY 2010/11, 650,000 Food Security Farmers and 26,000 Market Oriented Farmers were supported under the NAADS programme. This was good performance given the fact that the programme was suspended in the first two quarters of FY 2010/11.

- A number of challenges were noted including: the inadequacy of the grants to transform households to attain food security and commercialization; misuse of inputs and technologies that were either sold or eaten; unavailability of seed; poor quality of inputs distributed; poor performance of the community procurement committees; the high unit cost of inputs as a result of the 6% WHT and other factors and the low operations budget for the district and sub-county level. It is appreciated that FY 2010/11 was the first year of implementation of the new NAADS and hence the numerous challenges.

Education

Findings indicated that Bundimagwara Primary School under the Emergency Construction and Rehabilitation of Primary Schools received funds for construction of a 2 classroom block, a 2 stance latrine block with a urinal, procurement of 36 desks, 2 sets of teachers' tables and chairs. However, construction stalled at plinth wall level.

Ten schools under Development of Secondary Education monitored were at varying stages.. Three of them were Seed Schools (i.e Lagoro Seed, Kameruka Seed and Butiaba Seed secondary schools) were constructed and completed. The other seven schools were under rehabilitation and extension of secondary schools for FY 2010/11. Findings indicated that six of them received the reported funds and construction was at different stages of completion. One of them (Kitgum High) did not receive the planned funds.

Seven institutions under BTVET monitored received the planned funds. However, one of them (i.e. Arua T/I) had not utilized the funds as at the time of monitoring. Findings also showed that part of UShs 150,000,000/= received by Abilonino Community Polytechnic Instructors' College meant for extension of power to the college were diverted to other college activities contrally to the provisions of the Public Finance and Accountability Regulations.

Fifteen institutions constructed under fulfillment of Presidential Pledges were monitored. Four of them were primary schools, 4 were secondary schools and 7 were BTVET institutions. Civil works in the 4 primary schools were at different stages. Works at Kitete P/S and Otuboi P/S were at finishes level, while at St Aloysius Bunaka P/S works were on going. At St Peter Semyungu works were just starting. All the technical institutes sampled received funds for the Presidential Pledge although some of them had not started implementation. In addition, all the 4 senior secondary schools under the Presidential Pledge also received the funds but all of them had not started implementation as at the time of monitoring.

Energy

Project 0325: Energy for Rural Transformation

- The Energy for Rural Transformation project exhibited excellent financial performance during FY 2010/11. By the end of Financial Year 2010/11, the project had spent 99.9% of released funfds.
- However, the progress has been very slow as only the health component has commenced implementation of activities on ground and within this component; only 3 out of the 8 districts have been covered. The ICT, water and education components have not yet taken off.

Project 0331: Rural Electrification

- Financial Performance for Project 0331: Rural Electrification was very good. By the end of FY 2010/11, 72% of approved funds had been released. Of the released funds, 99.9% were absorbed during the period.
- Physical performance under small hydroelectric plants component was on target as progress was made on all planned activities. Mpanga Hydro electric Plant was completed and commissioned. It is now supplying power to the grid. Buseruka Hydro Power Plant was 70% complete and by November 2011, the project should be complete according to the contractor.

- Ishasha Hydro plant is already generating power. The challenge the plant is facing was the fluctuating water levels brought about by the dry season. As a result, electricity cannot be generated to capacity.

- Works are ongoing at Nyagak 3.5 MW hydro-electric plant. Overall, works are 70% complete. The new completion date for the plant was July 2011 but there have been delays due to: the extra amount of rock to be excavated; delayed compensation of the communities; as well as delayed payments due to bureaucratic system both with government and the funders.

- Construction of power lines in the districts of Bugiri, Butaleja, Iganga, Paidha and Pallisa was completed. Overall performance was good except power lines in Kamuli and Namutumba where no work had progressed at all. There were issues of location of transformers where few people were being served.

Project 1024: Bujagali Interconnection project

- Financial performance for the Project was excellent. In FY 2010/11, GoU budget for Bujagali Interconnection Project was 4 billion. Of which, 96% was released and 99.7% was expended.

- Physical performance was considered for 2 outputs under the project: Bujagali Hydropower Station Component and Bujagali Interconnection Project Component. Construction works were ongoing and the target commissioning date is April 2012. The first unit (50MW) is expected to be commissioned by October 2011. Bujagali Interconnection project has got its overall works compete by 82%. There wre still issue of land compensation.

Project 1025: Karuma Interconnection project

- No GoU development expenditure for this project was budgeted for FY 2010/11. The donor funding for the project for FY 2010/11 was 0.926 billion. The feasibility study and Environment Impact Assessment were completed. It is going to be purely government funded project financed from the Energy Fund.

Vote Function0304: Petroleum Exploration, Development and Production

Project (0329) Petroleum Exploration and Promotion

Financial Performance for the Project was excellent. 99.9% of GoU approved budget had been released by the end of the financial year of which 99.9% was absorbed. Several wells have been drilled successfully and had encountered oil.

Health

Vote 014: Ministry of Health

Performance was monitored on vote function 0802, ‘Health Systems Development’, which receives the second largest share of funding within the vote (the ‘Pharmaceuticals and Other Supplies’ vote function receives the most). All development projects within 0802 were monitored during the financial year, except for ‘Energy for Rural Transformation’, which is considered under the energy sector report.

a) Project 0216: District Infrastructure Support Programme

Financial performance of the project was good: 97% of the approved budget was released, of which 99% was expended by the end of Q4. The bulk of expenditures were on buildings and taxes on equipment.

Physical performance of the District Infrastructure Support Programme was fairly poor as out of the twelve planned activities, nine had not been implemented due to procurement delays, two were at around 50% completed and one was complete. Physical performance was not, therefore, commensurate with financial progress.

b) Project 0224: Imaging and Theatre Equipment

Financial performance of the project was very good. 100% of funds were released to the project, of which 100% was expended by the end of the financial year. Most of the expenditure was on machinery and equipment, and taxes on that equipment.

Physical performance of the Imaging and Theatre Equipment project was unfortunately also fairly poor. None of the medical waste facilities planned for hospitals had been constructed. Of the fifteen health centres which expected to receive equipment, installation was complete at four locations. Shipment and pre-installation works were taking place at six locations; which means that work has not started at five locations. Poor physical progress has been attributed to the backlog of contracts that needed payment from previous financial years where insufficient budget was available.

c) Project 1027: Institutional Support to Ministry of Health

The Institutional Support to Ministry of Health project received only 79% of the approved budget by the end of the financial year. However, the financial performance was good, as 100% of available funds were expended. Physical performance was good as works on the staff canteen, clinic, and office building at the Ministry of Health headquarters were nearing completion.

d) Project 1123: Health Systems Strengthening

Financial performance of the Health Systems Strengthening project was fairly good. Out of the 90% of approved budget released, 90% had been expended by the end of Q4. The GoU component of this project is counterpart funding has largely been used for tax payments.

However, there are no physical outputs as yet as activities are still in procurement stage. Progress on physical outputs will be monitored during FY 2011/12.

Votes 163 – 175: Regional Referral Hospitals

Progress was monitored at eight regional referral hospitals during the financial year; three in Q1 and five in Q4. A special investigation into financial mismanagement at Gulu Regional Referral Hospital took place.

All of the hospitals monitored during Q4 (Arua, Jinja, Gulu, Hoima, and Masaka) received 100% of their annual development budget in releases by the end of the financial year. Expenditure performance ranged across the hospitals sampled. Arua was the best performer with 100% of available funds expended, followed by Gulu (93%), Jinja (89%), and Masaka (75%). Hoima hospital reported expenditure of UShs 1.18 billion compared to releases of UShs 1.16 billion (101%) suggesting that funds were either diverted from other activities or rolled over from FY 2009/10.

At Gulu hospital, monitoring visits found that physical performance was not commensurate with the funds expended during financial years 2008/9and 2009/10. Over the period FY 2008/09 and 2009/10 MOFPED released UShs 3.5 billion for rehabilitation of the hospital. These funds would be adequate to complete the scheduled works. However, only minimal progress has been made on these projects and although all of the funds have been spent, approximately UShs 1.36 billion is still needed to clear outstanding contracts.

Physical performance at the other hospitals monitored was fairly good. At Arua, excellent work was observed on the new multi-storey medical block. However, this facility cannot be put into operation until land disputes over the adjoining sanitation system are resolved. In Jinja works were progressing roughly to schedule on the multi-year private patients ward. In Masaka good work was observed on the staff accommodation block, although works are around six months behind schedule. In Hoima, the private wing was nearing completion and works were around 50% complete on the multi-year staff accommodation block.

Votes 501-850: Primary Health Care Development Grants

BMAU monitored progress on the PHC Development grant in eight districts during Q2 monitoring and in twelve districts during Q4 monitoring. In Q4, the districts sampled were scored on financial and physical performance. Four districts scored “very good” on financial performance: Kiryandongo, Hoima, Lwengo, Masaka and Masindi, with absorption rates of 90% or above. Six districts scored “fair”; these were: Arua, Iganga, Luuka, Rakai, and Nebbi. Jinja district scored “below average” with absorption of 56% and Zombo scored “poor” with 8%.

Lwengo scored “very good” on physical as well as financial performance and was the only district to complete all planned outputs (although it should be noted that the work plan was not as ambitious as some other districts). A “good” rating was scored by Hoima, Iganga and Kiryandongo districts who all managed to implement most of their work plan activities. “Fair” was scored by Luuka, Masindi and Rakai districts who managed to complete some but not all activities. Performance was below average in Jinja and Masaka districts where few of the activities were completed; and “poor” in Arua and Zombo where due to the large number of PRDP activities, none were fully completed.

Industrialization

Presidentail Initiative on Banana Industrial Development: The entity registered limited physical progress over the year due to inadequate releases and budgetary shortfall. Construction of the main processing plant was substantially complete and installation of the processing lines for production, bakery and confectionary was ongoing. Most projects financed by other sector ministries had not kicked off as had been expected. The irrigation scheme was abandoned by the contractor for the second half of the financial year due to non payment of cleared certificates.

Value Addition Tea: Substancial progress was made by the implementers of this project during the financial year. Installation of equipment for the first production line was estimated at 40%. It was anticipated that the factory would start operation at the end of the calendar year. Delays were however noted on external works whose varied designs had not been approved.

Uganda Industrial Research Institute: A number of projects had kicked off and more were soon to be commissioned. Good progress was registered on most outputs for example, the peanut butter plant had taken off, Newcastle vaccine was at final stages of certification, commercial production of potatoe crisps had started, and organic oyster mushrooms were being marketed around the country.

Uganda Investment Authority: Most of the set outputs for the financial year were not realized for projects under this entity. Completion of phase one projects under Kampala Industrial and Business Park- Namanve had stalled due to inefficiencies within the Authority and the supervising consultants. Second phase contract procurement was cancelled. Save for the good progress on social impact mitigation, on average, the project poorly performed during the year.

Servicing of Bweyogere Industrial Estate with roads under performed as all activities were behind schedule partly due to delays in acquiring land along the Bypass link and due to inefficiencies of the contractor.

There were no achieved outputs on Mbale industrial park and Luzira industrial estate. The entity however procured land for Jinja Industrial park; feasibility studies were ongoing for Kasese and Soroti industrial parks.

Uganda Development Corporation (UDC): The two projects under UDC (Soroti Fruit Factory and Luweero Fruit Drying Factory) poorly performed during the financial year, the entity registered poor absorption of funds for both projects. Efforts to get reasons for this poor performance were all futile as managemet of UDC denied the monitoring team an opportunity to understand the situation on ground.

Information and Communications Technology

- **National Backbone Infrastructure**: Phase two of this project was substantially complete waiting for the final acceptance testing. 15 of the 17 transmission sites were ready for testing while the other two were near completion. The project was being affected by vandalism of the optic fiber cable and floods in the north; trenching of railway crossings in the east and incomplete road designs between Masindi and Kyenjojo in mid west.

Establishment of ICT laboratories in Secondary Schools

- The team noted the **funding gap** to the project; a number of schools signed contracts that went beyond the actual transfers yet this project was not budgeted for in FY 2011-12. This implies that all projects will stall before they are either completed or furnished. There is a likely hood of most of these structures becoming "white elephants" if remedial action on alternative financing is not sought.
- In most of the schools visited, contract committees were set up for the first time to enable implementation of this project; there was **inadequate knowledge on procurement management** among most members on one hand as well as limited guidance from the MoES on the other hand leading to further delays. The need to sensitize spending entities on issues related to contract management is crucial. MoES should always identify user requirements and provide short term skills enhancement to members of these committees. Indeed, PPDA conducts such trainings on request.
- **Delayed transfer of funds**; although funds had been released to MoES in quarter two, most schools received the first tranche of funds in quarter four. According to the project cash book, funds were reallocated to other priorities (internal borrowing) and later returned to this project.
- A number of contractors were asking for **price variations** due to inflation and delayed signing of contracts (after the bid validity period). The team noted that price variations were not applicable given the duration of the contracts making such demands inappropriate. Given that most school contracts committees had knowledge gaps in procurement procedures, contractors were continuously submitting requests for price variations citing clauses that were not applicable.
- **Misreporting**: Although the MoES contribution to the budget speech for FY 2011/12 highlighted that nine traditional secondary schools had received fully equipped ICT laboratories (a statement which was later carried into the Budget Speech). Field findings present a different status of implementation[1]. A number of schools were surprised and embarrassed by the budget speech on the status of implementation. This kind of embarrassment is avoidable if submissions are based on accurate data.
- **Inadequate supervision**: The projects were hardly supervised by engineers from MoES, it was reported that the MoES had assigned supervision work to Assistant Regional Engineers who were at the same time supervising other projects under SFG. In a period of three months, the engineer would visit the school once yet some of these projects had a total project time of three months.

Roads

Under the **UNRA roads**, work had been fairly executed. However uder the five regional centres visited (Luwero, Tororo, Arua, Kasese and Mbale), there were issues with both contracts and Force account works. Under contracts, many contractors were found to have limited capacity for

[1] Budget speech 2010/11

effective implementation. On the other hand, under Force account operations, stations complained about old equipment with frequent breakdowns; late releases of funds; and inadequate funding for operations.

In Arua there were two instances of inflated mileage with contracts quoting more Kms than the actual length of the roads being worked on.

Under **Urban roads resealing by the Ministry of Works and Transport**, planned works was also fairly completed, except in Kaliro Town council where procurement was till ongoing at the end of the FY. There were concerns of inadequate funding as local government contributions were not forth coming. In many instances the first seal had been well done but there was shoddy work for the second seal on the roads.

Water and Sanitation

This report presents an over view of the Water and Sanitation sub-sector performance for FY 2010/11 against the approved work plans and allocated budgets for the same period.

i). Rural Water Supply and Sanitation (District Water and Sanitation Conditional Grant)

All districts monitored had implemented close to 80% of their planned activities, particularly the construction of physical outputs. However, just as in past years, the greatest challenge to timely service delivery remained procurement, and inadequate staffing which when combined, delayed works. On the other hand, the high demand from communites and increasing political supervision at the district levels has served to motivate the staff to perform.

The levels of community participation are below average in many districts as evidenced by negligent breakdowns of water sources. The continued rehabilitation of many sources is reducing funds that would have been used for providing new water points.

There were issues of dwindling coverage of served populations. This was a result of appropriate technologies being exhausted; inflation; increased number of districts that divetrd funds to administrative costs; as well as rapid population growth rates.

ii). Urban Water Supply and Sanitation

Findings from monitoring visits point to the fact that piped water systems are more cost effective than point water sources. The scattered nature of Ugandan settlements however posses a challenge to using piped systems as a major technology for supplying water to rural communities.

Urban watr works had afir performance during the FY. However.there were issues on non revenue water and power outages in Gulu Municipality. These were affecting the viability of the water system.

iii). Water for Production

This Vote Function is focusing on a very critical aspect of the economy which is availing water for livestock in the cattle corridor. This corridor is over 60% water stressed and so the activities of MWE under the Water for Production project need all the support they deserve.

A number of dams and valley tansk had been completed and commissioned although a few had shoddy work. However, there are a number of critical issues that need to be addressed in order to enhance sustainability of investments and impact on the ground. These include local ownership by the farmers/cattle keepers so that they undertake effective O&M.; paying attention to disease spread which makes some farmers, especially the well-to-do ones “shy” away from using the facilities. Both issues are complicated and aggravated by the communal nature of the utilization and management of the facilities.

It was also observed that rehabilitation of broken down or malfunctioning facilities was taking too long as they have to follow financing schedules. However the longer thay take the higher the rehabilitation costs get as the problems get worse with time.

RECOMMENDATIONS

Financial Performance

- Ministries, departments and other agencies that registered low absorption rates should establish the reasons for the low absorption and corrective measures are undertaken so that in the following financial year this is not repeated.

- Accountabilities of Districts after the year end should always be submitted in time to enable BMAU analyze the financials of the Districts on IFMS. The expenditure information of the Districts on IFMS was not available at the time of writing the report

Agriculture

Agriculture/Improved Rice Production

MAAIF should refocus its interventions by scaling up the input packages given to farmers and ensuring appropriateness of equipments that are supplied to local conditions. Although there has been an increase in the level of funding earmarked by GoU for monitoring this project, it was evident that the farmers lacked adequate supervision and quality control by MAAIF.

Farm Income Enhancement and Forest Conservation Project

This project needs close monitoring and supervision to ensure that it is implemented before project closure in December 2012.

NAADS

It is recommended that the size of grants should be stepped up to enable farmers acquire economically viable units of production for food security and commercialization.

Education

- MoES should follow up on funds provided to Mbarara Army S.S, Semiliki High School, St Mary’s Simbya and Rwebisengo Secondary schools, to ensure that they were utilized according to intended purpose.
- MoES should also follow up on funds remitted to Bumbeire T/I, Nyeibingo T/I, Kyeizoba T/I, Lwengo T/I, Kahaya T/I, Barlonyo T/I to ensure that the remitted funds are put to their right use.
- The Accounting officer for Albilonino Community Polytechnic Instructors College should stick to the laid down procedures regarding re-allocation of public funds. In addition, the college accounting officer should be made to recover all resources diverted.

Energy

- REA should liaise with the district and involve UMEME to advise them on the design. At times they put transformers in places where influential people reside. Transformers end up serving very few customers. Transformers consequently get stolen because no one will have the concern to report.
- The land office automation should be speeded up to improve its efficiency. The reason why people forge titles is because the system is manual.

Health

i. Engineering staff at the Ministry of Health should be granted the authority to certify completed construction works without staff from the Ministry of Works and Transport. This would speed up payments to contractors and subsequent phases of construction works for the centrally managed projects.

ii. The Public Procurement and Disposal of Assets Agency (PPDA) should work with the Procurement and Disposal Unit in Ministry of Health in order to build capacity of its procurement officers.

iii. Greater budget should be allocated to regional referral hospital rehabilitation in future financial years as these facilities are offering frontline medical services to the population who reside outside of Kampala. Alternatively, Regional Referral Hospitals could be considered as well as District Hospitals under the World Bank funded Health Systems Strengthening Project.

iv. The Government should find funds to clear the arrears on outstanding contracts at Gulu Regional Referral Hospital as failure to do so will only lead to increased costs in the future in interest payments and legal disputes.

v. When new districts are created the mother district should manage procurement of contractors for PHC Development activities during the first year of operation, while a fully a functional procurement and disposal unit is put in place at the new district.

vi. The PRPD health grant to local governments should include an additional component to facilitate speedy procurement, supervision of works, and certification as the absence of this has led to slow progress of implementation under the grant.

Industrial Development

- Alternative sources of funding should be sought well in time to take care of the increasing project costs for PIBID.
- The procurement process should be fast tracked by UIA and her stakeholders to avoid further delays in project implementation as most investors will have to wait for the park to be serviced before they take up their plots.
- In line with the Solicitor General's recommendations, UIA needs to work closely with the Occupational Safety and Health Department as part of its current environmental management activities. That way occupational safety and health aspects are likely to be better mainstreamed in its interventions at KIBP and other planned industrial parks.
- The Environmental Impact Assessment that was conducted for the KIBP by GIBB East Africa in 2002 needs to have its Environmental and Social Management Plan updated in line with changes in environmental and other legislation that have taken place since then.
- Arrangements for UIA to collect Non Tax Revenue (NTR) from investors' allocated land in the park should be finalized. The agency should be permitted to spend part of this revenue to bridge the funding gap stalling progress of works at Namanve.
- UIA should develop a change of management strategy and engage the communities around KIBP to ensure that the new water sources are acceptable to all.

Information Communications Technology

- The ICT Ministry should sensitize communities along the national backbone infrastructure route of the importamce of this project to reduce cable vandalism.

- The Ministry of Education should improve on its communication to secondary schools where computer laboratories are being constructed.

Roads

- There is need to review use of Force account. If government wanst to continue with this mechanism of implementation, then the local governments and regional centres must be equipped with adequate machinery.

Water and Sanitation

It is therefore recommended that MoFPED works along with MWE to establish a working structure or forum that will continuously look at the recommendations and ensure issues raised are addressed and progress on implementation of the recommedndations assessed regularly.

In light of the monitoring findings, the following recommendations have been made**:**

i). Rural Water Supply and Sanitation (District Water and Sanitation Conditional Grant)

- **Environment by-laws:** These should be passed by local authorities to curb the rapid rate of degradation that is leading to lower water tables in many rice growing regions thus reducing the lifespan of facilities especially point water sources**.**
- **Community Based Maintenance System (CBMS):** This must be strengthened to increase functionality through improved sensitization and follow-up training, which should be closely monitored by the Technical Support Units. Increased budget for all software activities, especially social mobilization and advocacy to make them continuous and enhanced support from district officials and political leaders for CBMS is essential**.**
- **Understaffing in District Water Officers:** The issues of staffing in the district water office (DWO) and Works department should be addressed urgently to avoid situations where the DWOs are sitting in for district engineers and consequently water activities suffering low attention. Where this is due to delays in district's recruitment procedures, contract staff should be recruited as advised by MWE.

ii). *Urban Water Supply and Sanitation:*

- **Alternative energy sources:** Solar panels should be included in the design of piped water supply systems where there is irregular power supply. Locations without connection to the grid should be prioritized for ERT Phase II – Water Component.

iii). Water for Production:

- **Communal ownership and effective O&M:** Change focus from large communal facilities to smaller ones that are managed either at household level or under smaller communities where local ownership can easily be guaranteed.
- **Rehabilitation of existing dams and valley tanks:** This should be prioritized as a more cost effective way of delivering services, instead of constructing new ones.

- **Environmental Impact Assessment:** This is generally neglected and should be undertaken on a more comprehensive basis by water for production programme prior to the start of construction.

CHAPTER 1: INTRODUCTION

During the last two financial years, Government enhanced program monitoring efforts. To this effect, the Budget Monitoring and Accountability Unit (BMAU) prepares quarterly and annual monitoring reports. Budget monitoring is concerned with tracking implementation of selected government programs or projects with **observing how values of different indicators against stated goals and targets change over time**. The monitoring is confined to the levels of inputs-outputs in the following areas:

1. Agriculture
2. Infrastructure (Energy and Roads)
3. Industrialization and ICT
4. Social Services (Education, Health, and Water and Sanitation)

1.1 Process

This report is based on a few 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 works sectors where some recurrent costs are tracked.
- The programmes that had submitted progress reports by the end of quarter two in FY 2010/11 were followed up for verification as they had specified output achievements for the quarter.
- Programmes that had been monitored in previous quarters especially those with major implementation issues were also revisited.
- Programmes with planned activities in FY 2010/11 were also sampled to assess progress as the FY activities got on the way.

1.2 Limitation of the report

Information on donor releases was not readily available for most of the programmes and hence financial performance may have been underestimated.

1.3 Structure of the report

The report has three chapters. The second chapter reviews the financial performance while chapter three focuses on the physical performance of the selected programmes.

CHAPTER 2: FINANCIAL PERFORMANCE

2.1 Introduction

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.

Sectoral financial performance

This section reports on GOU domestic development approved annual budget, releases and expenditures for the period July 2010 - June 2011 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.

2.1.1 Objective

- To provide analysis of the funds released to the sectors and absorbed against the approved budget
- To establish the budget trends of the approved budget of financial years 2009/10 and 2010/11.

2.1.2 Scope and Methodology

The period under review is the FY 2010/11 in respect of the GoU annual approved development grant budget, releases and expenditures. For the trend analysis of the budget growth, the report compares two financial years 2009/10 and 2010/11. The analysis largely used the integrated financial management system (IFMS) data.

The analysis was confined to centra government ministries, agencies and departments since information on districts' actual expenditures were totally lacking from the IFMS data.

2.2 Financial Performance of Ministries monitored.

2.2.1 Vote 010 Ministry of Agriculture, Animal and Fisheries

The annual total domestic development budget for the financial year 2010/11 amounted to UShs 29.98 billion. This is a budget increment of 35% from the FY 2009/10 approved budget that was UShs 22.22 billion. A total of Ushs 24.7 billion was released to the sector representing 82.4% of the budget and the overall absorption rate of the development budget as at 30 June 2011 was close to 100%. Table 2.5 below shows the detailed analysis by project.

Table 2.1 Ministry of Agriculture, Animal and Fisheries Budget, Releases and Expenditure Financial Year 2010/11

Project Code	Project Name	GoU Approved Budget	Releases for the FY 2010/11	Expenditure for the FY 2010/11	Releases Performance (%)	Absorption Rate (%)
76	Support for Institutional Support	4,490,995,184	4,149,102,698	4,149,102,698	92.39	100
77	Agricultural Marketing Promotion	874,998,769	764,219,768	764,219,768	87.34	100
81	Development of early warning system	853,998,829	691,111,000	691,111,000	80.93	100
83	Farming in Tsetse Areas of E.Africa	397,999,435	299,193,737	299,193,737	75.17	100
90	Livestock Disease Control	4,641,884,851	3,666,333,752	3,666,333,752	78.98	100
91	National Livestock Production	2,909,995,753	2,458,479,624	2,458,386,580	84.48	100
92	Rural Electrification	271,999,614	112,063,007	112,063,007	41.20	100
94	Supervision, Monitoring and Evaluation	766,683,044	525,856,734	525,856,734	68.59	100
97	Support to Fisheries Development	1,019,998,501	861,006,342	861,006,342	84.41	100
104	Support for Tea Cocoa Seedlings	828,998,769	697,590,888	693,996,730	84.15	99.48
106	Vegetable Oil Development Project	2,846,995,558	2,376,410,562	2,376,410,562	83.47	100
968	Farm Income Enhancement Project	1,791,997,464	1,523,197,429	1,523,197,429	85.00	100
969	Creation of Tsetse and Tryp Free Areas	1,086,498,668	1,086,498,668	1,086,498,668	100.00	100
970	Crop disease and Pest Control	785,108,564	742,034,204	742,034,204	94.51	100
1007	Improvement of Food Security in Cross Boader Dist.	59,999,916	58,294,316	58,294,316	97.16	100
1008	Plan for National Agriculture Statistics	736,998,978	293,984,329	293,984,329	39.89	100
1009	Sustainable Land Management Project	149,999,788	107,674,181	107,674,181	71.78	100
1010	Agriculture, Prodn, Mkting & Regulation	844,998,800	328,750,735	328,750,735	38.91	100
1012	Integrated Pest and Disease Management	299,999,573	266,701,599	263,943,018	88.90	98.97
1082	Sustainable Irrigated Rice Production in E. Uganda	301,999,571	285,395,338	285,395,338	94.50	100

Project Code	Project Name	GoU Approved Budget	Releases for the FY 2010/11	Expenditure for the FY 2010/11	Releases Performance (%)	Absorption Rate (%)
1083	Uganda Meat Exports Development Project	499,999,290	472,926,000	472,133,226	94.59	99.83
1084	Avian and Human Influenza Preparedness	137,999,805	59,200,000	59,200,000	42.90	100
1085	MAAIF Cordination/U Growth	746,998,943	437,137,444	437,137,444	58.52	100
1086	Support to Quality Assurance Fish Marketing	444,741,093	425,139,090	424,023,048	95.59	99.74
1088	Markets and Agricultural Trade Improvement	270,257,774	168,854,000	168,854,000	62.48	100
1117	Export Goat Breeding and Production	962,998,635	941,052,321	941,052,321	97.72	100
1119	Improved Rice Production	257,999,633	237,368,970	237,368,970	92.00	100
1165	Increasing Mukene for Human Consumption	299,999,576	267,070,473	267,070,473	89.02	100
1166	Support to Fisheries Mechanisation	399,999,433	399,999,433	399,999,433	100.00	100
	Total	**29,983,143,811**	**24,702,646,642**	**24,694,292,043**	**82.4**	**100**

Source: IFMS Data

2.2.2 Vote 013 Ministry of Education and Sports

The annual total domestic development budget for the financial year 2010/11 amounted to UShs 50.68 billion. This is a slight budget increment of 3.4% from the FY 2009/10 approved budget that was UShs 49 billion. A total of Ushs 50.26 billion was released to the sector representing 99% of the budget and the overall absorption rate for the development budget was close to100%. Table 2.3 below shows a detailed breakdown of the sector performance by project.

Table 2.2 Ministry of Education and Sports Budget, Releases and Expenditure Financial Year 2010/11

Project Code	Project Name	GoU Approved Budget	Releases for the FY 2010/11	Expenditure for the FY 2010/11	Release Performance (%)	Absorption Rate (%)
176	Child Friendly Basic Education	172,000,521	167,430,000	165,468,663	97.3	98.8
191	Rehabilitation Nat. Health Training College	2,178,412,643	2,178,411,430	2,177,536,430	100.0	100.0

Project Code	Project Name	GoU Approved Budget	Releases for the FY 2010/11	Expenditure for the FY 2010/11	Release Performance (%)	Absorption Rate (%)
897	Development of Secondary Education	14,944,045,947	14,929,878,999	14,936,724,019	99.9	100.0
942	Development of BTVET	4,471,013,564	4,471,006,890	4,467,497,673	100.0	99.9
943	Emergency Construction of Primary School	2,300,006,979	2,238,890,000	2,238,890,000	97.3	100.0
949	ADB III Post Primary Education	3,929,011,919	3,874,608,000	3,874,608,000	98.6	100.0
971	Development of TVET P7 Graduate	7,993,606,233	7,965,480,000	7,964,367,960	99.6	100.0
984	Relocation of Shimoni PTC (0984)	2,000,009,102	1,915,567,000	1,913,762,561	95.8	99.9
1091	Support to USE (IDA)	2,959,008,368	2,959,008,000	2,952,215,435	100.0	99.8
1092	ADB IV Support to USE (1092)	5,498,016,680	5,498,016,680	5,498,016,680	100.0	100.0
1093	Nakawa Vocational Training Institute (1093)	2,999,917,137	2,983,093,000	2,983,093,000	99.4	100.0
1136	Support to Physical Education and Sports	400,001,214	241,399,001	241,399,001	60.3	100.0
	Total	**50,684,052,853**	**50,260,747,000**	**50,251,537,422**	**99.16**	**99.98**

Source: IFMS Data

2.2.3 Vote 017 Ministry of Energy and Mineral Development

The annual total domestic development budget for the financial year 2010/11 amounted to UShs 255.96 billion. This is a budget decrease of 26% from the FY 2009/10 approved budget that was UShs 346.2 billion. The reduction was largely attributed to the reduction of the Energy Fund project. The 2009/10 budget was Ushs 191 billion but was reduced to zero in 2010/11.A total of Ushs 242.2 billion was released to the sector in FY 2010/11 representing a release performance of 94.6% of the budget and the overall absorption rate of the development budget as at 30 June 2011 was almost100%. Table 2.6 below shows the detailed sector performance by project.

Table 2.3: Ministry of Energy Budget, Releases and Expenditure Financial Year 2010/11

325	Energy for Rural Transformation	2,199,000,001	2,115,318,093	2,113,066,220	96.19	99.89
328	Sustainable Mgt of Natural Resources	1,639,000,000	1,370,308,501	1,361,201,890	83.61	99.34
329	Petroleum Exploration Promotion	8,044,499,000	8,043,349,000	8,040,261,446	99.99	99.96
331	Rural Electrification	22,657,000,000	16,318,193,410	16,300,377,769	72.02	99.89
940	Support to Thermal Generation	197,000,000,001	197,000,000,000	197,000,000,000	100.00	100.00
999	Power Sector Development Operation	7,354,196,322	7,205,260,994	7,205,125,994	97.97	100.00
1023	Promotion of Renewable Energy	460,000,000	266,576,002	265,500,294	57.95	99.60
1024	Bujagali Interconnection Project	4,000,000,000	3,838,537,000	3,833,539,204	95.96	99.87
1026	Mputa Interconnection Project	12,605,501,000	6,042,058,000	6,037,854,884	47.93	99.93
	Total	**255,959,196,324**	**242,199,601,000**	**242,156,927,701**	94.62	99.98

Source: IFMS Data

Figure 2.1 The distribution of Ministry of the Energy 2010/11 Budget by Project

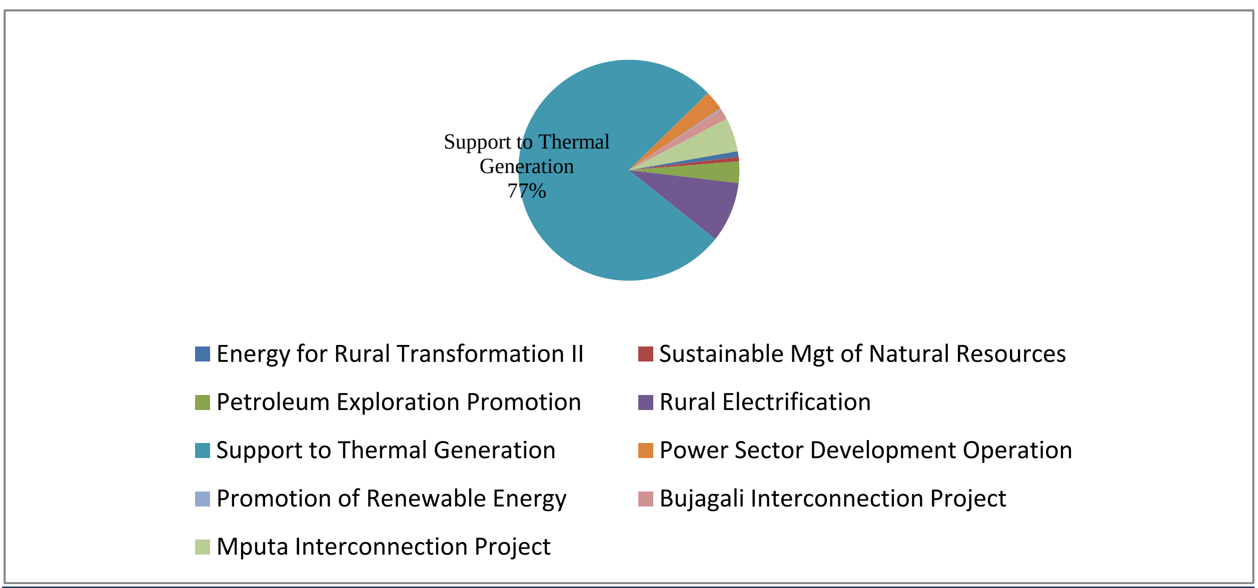


Figure 2.2 above shows that project 940: Support to Thermal Generation consumed 77% of the Ministry of Energy 2010/11 budget while the rest of the projects shared the remaining 23%.

2.2.4 Vote 008 Ministry of Finance Planning and Economic Development

The annual total domestic development budget for the financial year 2010/11 amounted to UShs 158.9 billion. This is a budget increment of 17% from the FY 2009/10 approved budget that was UShs 135.7 billion. A total of Ushs 93.2 billion was released to the sector representing 58.6 % of the budget and the overall absorption rate for the development budget was almost100%. Low release performance at 58.6% was a result of budget cuts during the FY in various projects as shown in the table 2.2 below.

Table 2.4: MOFPED Development Budget, Releases and Expenditure; FY2010/11

Project Code	Project Name	GoU Budget	Releases FY 2010/11	Expenditure FY 2010/11	Release Performance (%)	Absorption Rate (%)
15	Microfinance Support Centre Ltd	4,997,152,697	2,611,477,000	2,611,477,000	52.26	100
31	Rural Financial Services	2,222,067,900	1,381,362,994	1,381,362,994	62.17	100
39	GoU-UNICEF Cross Sector Coordination	100,003,056	100,003,056	99,418,020	100.00	99
46	Support to NEC	800,024,446	322,027,000	322,027,000	40.25	100
48	Private Sector Competitiveness	612,518,717	612,518,717	612,518,717	100.00	100
54	Support to MFPED	44,938,581,577	36,081,413,227	36,075,929,312	80.29	100
57	Institutional Support to Good Governance	981,029,977	598,523,641	597,222,611	61.01	100
59	Support to Poverty Action Fund	369,411,287	229,077,999	225,840,034	62.01	99
61	Support to Uganda National Council for Science	850,025,975	492,600,999	492,600,999	57.95	100
64	Support to Uganda Investment Authority	700,021,390	281,773,001	281,773,001	40.25	100
65	USAID Trust Fund	1,505,546,004	606,014,000	606,014,000	40.25	100
745	Support to Population Secretariat	952,629,107	552,060,013	552,060,013	57.95	100
933	Competitiveness & Investment Climate Secretariat	852,626,054	603,208,002	602,271,765	70.75	100
945	Capitalization of Institutions	43,581,331,074	17,542,407,000	17,542,407,000	40.25	100
950	Financial Management and	4,687,339,801	2,716,371,998	2,716,371,998	57.95	100

Project Code	Project Name	GoU Budget	Releases FY 2010/11	Expenditure FY 2010/11	Release Performance (%)	Absorption Rate (%)
	Accountability Prog.					
978	Presidential Initiative on Banana Industry	10,200,311,688	8,793,845,504	8,793,845,504	86.21	100
986	Millennium Sciences Initiative	688,521,039	277,144,000	277,144,000	40.25	100
988	Support to other Scientists	2,733,416,524	1,100,258,000	1,100,528,000	40.25	100
993		-	-	11,710,000		
994	Development of Industrial Parks	7,363,224,996	5,815,846,765	5,815,846,765	78.99	100
997	Support to Microfinance	12,680,387,471	5,104,158,975	5,104,158,564	40.25	100
998	Sub county Development	3,420,048,893	644,053,000	643,974,495	18.83	100
1003	African Development Foundation	2,340,071,505	941,928,000	941,928,000	40.25	100
1017	Rural Roads Programme Coordination	447,123,662	371,698,600	366,888,435	83.13	99
1059	Value Addition Tea Industry	1,901,058,090	1,520,846,000	1,520,846,000	80.00	100
1060	GEF Country Support Programme	80,002,445	32,202,000	32,107,800	40.25	100
1063	Budget Monitoring and Evaluation	2,414,973,792	2,052,726,851	2,047,255,091	85.00	100
1080	Support to Macroeconomic Management	1,000,030,556	579,530,000	579,427,915	57.95	100
1111	Soroto Fruit Factory	5,000,152,788	1,004,966,000	1,004,966,000	20.10	100
1128	Value Addition-Luwero Fruit Drying Factory	500,015,279	201,267,000	201,267,000	40.25	100
	Total	**158,919,648,420**	**93,171,309,342**	**93,160,918,033**	**58.63**	**100**

Source: IFMS data

2.2.5 Vote 014 Ministry of Health

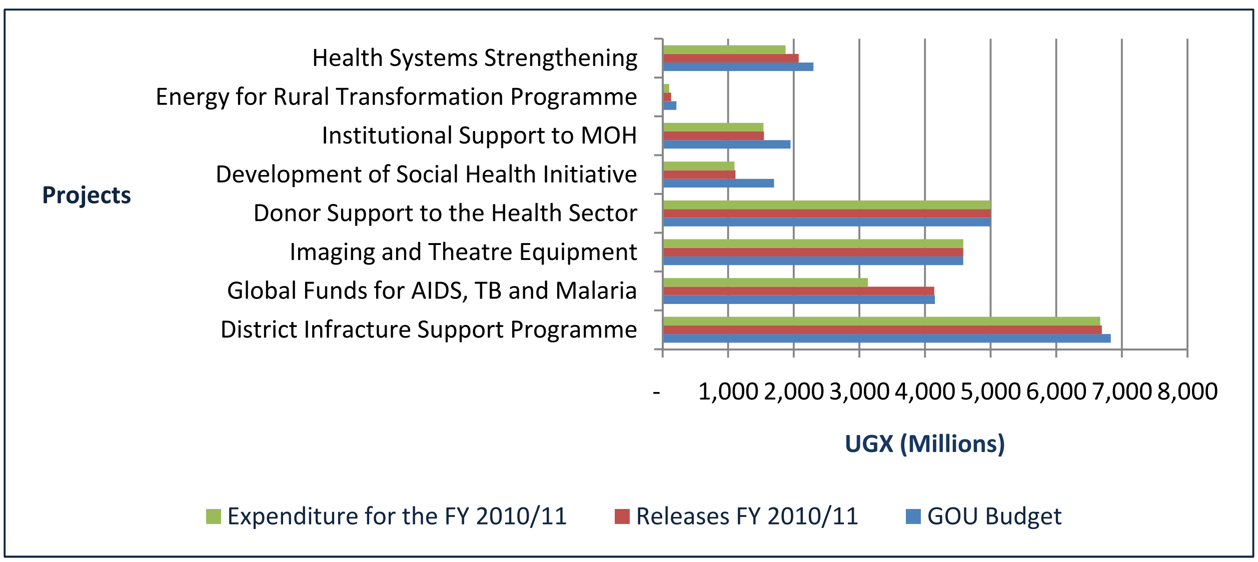
The annual total domestic development budget for the financial year 2010/11 amounted to UShs 26.723 billion. This is a budget increment of 117.9% from the FY 2009/10 approved budget that was UShs 12.263 billion. A total of Ushs 25.278 billion was released to the sector representing 94.6% of the budget and the overall absorption rate for the development budget was 94.9%. Low absorption was achieved in two projects, 75.6% for Global Funds AIDS, TB and Malaria and 77.3% in Energy for Rural Transformation as shown in table 2.1 and figure 2.1 below.

Table 2.5 Ministry of Health Development Budget, Releases and Expenditure Financial Year 2010/11

Project Code	Project Name	GoU Budget	Releases FY 2010/11	Expenditure for the FY 2010/11	Release Performance	Absorption Rates
216	District Infrastructure Support Programme	6,831,480,993	6,694,522,999	6,669,234,389	98.0	99.6
220	Global Funds for AIDS, TB and Malaria	4,150,000,684	4,139,752,503	3,127,879,049	99.8	75.6
224	Imaging and Theatre Equipment	4,582,000,577	4,582,000,428	4,582,000,428	100.0	100.0
891	Donor Support to the Health Sector	5,000,000,000	5,000,000,000	5,000,000,000	100.0	100.0
980	Development of Social Health Initiative	1,700,000,239	1,111,318,001	1,096,595,241	65.4	98.7
1027	Institutional Support to MOH	1,950,000,245	1,546,341,571	1,537,048,852	79.3	99.4
1094	Energy for Rural Transformation Programme	210,000,034	130,702,000	101,008,602	62.2	77.3
1123	Health Systems Strengthening	2,300,000,051	2,074,199,377	1,873,913,377	90.2	90.3
	Total	**26,723,482,823**	**25,278,836,879**	**23,987,679,938**	94.6	94.9

Source: IFMS Data

Figure 2.2: Ministry of Health annual budget, releases and expenditures



Source: IFMS data

2.2.6 Vote 020 Ministry of Information and Communication Technology

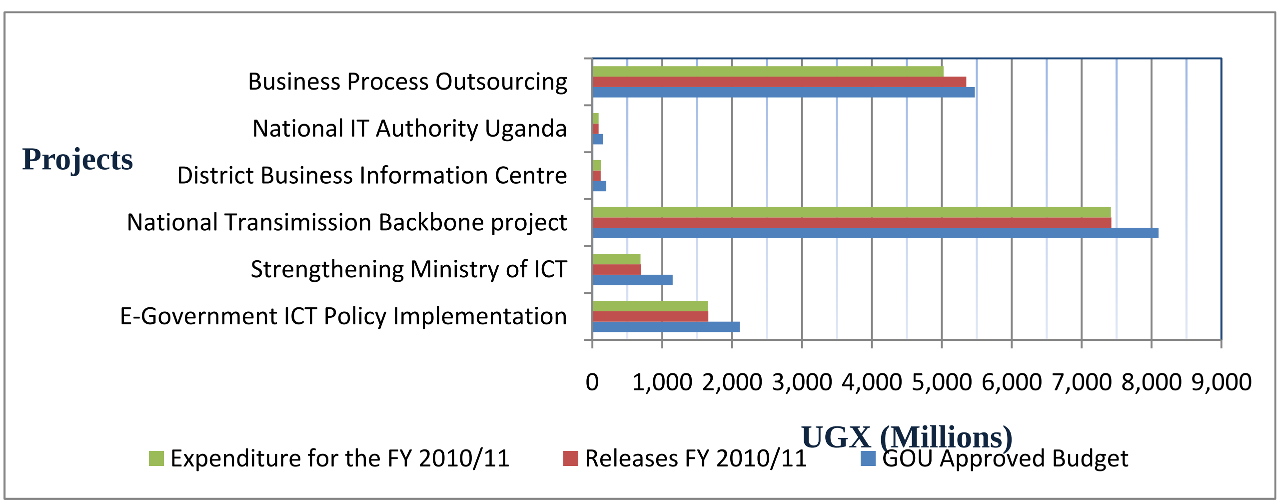
The annual total domestic development budget for the financial year 2010/11 amounted to UShs 17.185 billion. This is a budget increment of 9.74% from the FY 2009/10 approved budget that was UShs 15.66 billion. A total of Ushs 15.3 billion was released to the sector representing a release performance of 89%, the significant budget cuts were in projects 900, 990 and 1014 as shown in table 2.8. The sector absorption rate of the development budget as at 30 June 2011 was 98%.

Table 2.6 Ministry of ICT Budget, Releases and Expenditure FY 2010/11

Project Code	Project Name	GoU Approved Budget	Releases FY 2010/11	Expenditure for the FY 2010/11	Release Performance (%)	Absorption rate (%)
900	E-Government ICT Policy Implementation	2,110,000,000	1,659,833,000	1,653,727,080	78.67	99.63
990	Strengthening Ministry of ICT	1,150,000,000	694,034,000	688,683,999	60.35	99.23
1014	National Transimission Backbone project	8,102,537,560	7,426,246,560	7,420,176,060	91.65	99.92
1053	District Business Information Centre	200,000,000	120,701,000	120,701,000	60.35	100.00
1054	National IT Authority Uganda	150,000,000	90,526,000	90,525,999	60.35	100.00
1055	Business Process Outsourcing	5,472,500,000	5,350,877,000	5,024,942,635	97.78	93.91
Total		**17,185,037,560**	**15,342,217,560**	**14,998,756,773**	**89.28**	**97.76**

Source: IFMS Data

Figure 2.3: Ministry of ICT Budget, Releases and Expenditure FY 2010/11



2.2.7 Vote 019 Ministry of Water and Environment

The annual total domestic development budget for the financial year 2010/11 amounted to UShs 68.163 billion. This is a budget increment of 29.6% from the FY 2009/10 approved budget that was UShs 52.6 billion. A total of Ushs 61.2 billion was released to the sector representing a release performance of 90%. Significant budget cuts were in projects 140, 169, 164 and 165 (detailed below). The sector absorption rate of the development budget as at 30 June 2011 was 98%.

Table 2.7 Ministry of Water and Environment Budget, Releases and Expenditure Financial Year 2010/11

Project Code	Project Name	GoU Approved Budget	Releases for the FY 2010/11	Expenditure for the FY 2010/11	Release Performance (%)	Absorption Rate (%)
124	Energy for Rural Transformation	149,998,512	149,998,504	149,746,733	100.00	99.83
137	Lake Victoria Envim Mgt Project	1,460,318,006	1,460,317,980	149,746,733	100.00	10.25
140	Meteorological Support for PMA	6,334,941,808	4,382,717,250	4,381,782,582	69.18	99.98
146	National Wetland Project Phase II	499,995,038	499,994,979	498,536,499	100.00	99.71
149	Operational Water Res. Mgt NBI	349,996,532	202,826,990	202,605,927	57.95	99.89
151	Policy and Management Support	1,398,987,133	1,398,986,641	1,397,943,938	100.00	99.93
158	School and Community Water - IDPs	1,999,981,180	1,975,766,010	1,972,588,640	98.79	99.84
160	South Western TWSP-Austria	1,339,987,716	1,153,990,000	1,153,990,000	86.12	100.00
163	Support to WRM	13,309,372,130	13,309,372,130	13,301,709,714	100.00	99.94
164	Support to Small Town WSP	3,720,304,341	3,180,259,000	3,179,761,279	85.48	99.98
165	Support to WRM	2,029,981,871	1,474,640,851	1,471,911,278	72.64	99.81
168	Urban Water Reform	1,009,991,579	1,009,991,289	1,009,594,108	100.00	99.96
169	Water for Production	22,299,782,086	20,234,786,576	20,228,372,149	90.74	99.97
947	FIEFOC-Farm Income Project	1,899,986,130	1,899,986,000	1,894,364,700	100.00	99.70
1015	Gulu Town Water Supply	2,499,980,188	2,459,981,001	2,459,977,104	98.40	100.00
1021	Mapping of Ground Water Resource	249,997,523	174,998,000	174,890,216	70.00	99.94
1022	Strengthening Capacity on concessions	299,997,029	205,579,000	199,902,184	68.53	97.24
1030	SIP Coordination Project	719,993,362	479,054,000	478,411,634	66.54	99.87

Project Code	Project Name	GoU Approved Budget	Releases for the FY 2010/11	Expenditure for the FY 2010/11	Release Performance (%)	Absorption Rate (%)
1074	Water and Sanitation Facility-North	2,149,980,190	1,849,983,000	1,849,983,000	86.05	100.00
1075	Water and Sanitation Facility-East	2,119,980,192	1,819,983,000	1,819,983,000	85.85	100.00
1102	Climate Change Project	219,999,004	183,081,509	182,616,617	83.22	99.75
1130	WSDF Central	2,099,985,138	1,875,437,000	1,875,437,000	89.31	100.00
		68,163,536,688	**61,381,730,710**	**60,033,855,035**	**90.00**	**98.00**

Source: IFMS Data

2.2.8 Vote 016 Ministry of Works and Transport

The annual total domestic development budget for the financial year 2010/11 amounted to UShs 96.8 billion. This is a budget increment of 23% from the FY 2009/10 approved budget that was UShs 78.713 billion. A total of Ushs 70.887 billion was released to the sector representing 73% of the budget and the overall absorption rate as at 30 June 2011 was 99%. Table 2.8 below shows the detailed approved budget, release and expenditure analysis by project.

Table 2.8 Ministry of Works and Transport Budget, Releases and Expenditure Financial Year 2010/11

Project Code	Project Name	GoU Approved Budget	Releases FY 2010/11	Expenditure for the FY 2010/11	Release Performance (%)	Absorption Rate (%)
261	District Road Network feeder roads	49,820,573	28,872,000	28,872,000	57.95	100.00
262	District Road Network/Gravel Roads	49,820,573	28,872,000	28,872,000	57.95	100.00
263	District Road Network/Labour based	149,461,720	86,615,000	86,615,000	57.95	100.00
264	AAMP Rehab. District Roads/ADF	598,205,737	515,147,000	515,147,000	86.12	100.00
269	Construction of selected bridges	5,083,959,548	4,269,012,224	4,269,012,224	83.97	100.00
270	Development & Strengthening Quality Mgt	2,172,464,107	1,104,374,000	1,104,374,000	50.84	100.00
271	Development of inland water transport	3,188,516,727	1,367,529,910	1,365,073,911	42.89	99.82
274	Feeder Roads Rehab Northern Uganda	1,597,247,597	1,597,247,597	1,597,247,597	100.00	100.00
297	National Transport Master Plan	1,534,617,217	888,735,000	882,265,000	57.91	99.27
304	Upcountry Stations Rehabilitation	737,488,035	597,990,522	597,989,922	81.08	100.00
306	Urban Roads Re-sealing	4,811,447,792	4,811,447,640	4,809,942,778	100.00	99.97
307	Rehab. Of District Roads	3,985,645,908	3,494,905,170	3,380,945,175	87.69	96.74
308	Road Equipment for District Units	2,491,746,397	1,689,635,000	1,643,110,393	67.81	97.25
417	Regravelling of District Roads	2,491,746,397	115,487,000	115,487,000	4.63	100.00
515	Rehabilitation of Bugembe Workshop	837,129,184	837,129,184	501,945,882	100.00	59.96
902	Axle Load Control	827,021,525	610,374,000	610,374,000	73.80	100.00
936	Redevelopment at State House at Entebbe	5,978,468,860	4,782,775,307	4,781,823,020	80.00	99.98
951	East African Trade & Transportation Facilitation	6,272,235,564	5,522,885,430	5,504,616,067	88.05	99.67
965	Redevelopment of Kyabazinga's Palace at Iganga	1,394,976,068	1,383,646,723	1,383,646,723	99.19	100.00
966	Late Gen Tito Okello's Residence	597,846,886	346,460,000	396,193,506	57.95	114.35
967	General Construction and Rehabilitation Works	1,434,976,069	1,194,507,000	1,194,507,000	83.24	100.00
995	Community Agriculture Infrastructure Improvement	1,594,258,363	923,893,000	923,893,000	57.95	100.00
996	Support to Tourism	597,846,886	346,460,000	346,460,000	57.95	100.00
1018	Rural Roads Programme-Support to MELTEC	2,078,514,339	1,204,525,000	1,204,525,000	57.95	100.00
1045	Interconnectivity Project	9,011,760,001	8,593,743,000	8,593,743,000	95.36	100.00
1047	Rehabilitation of Devept of Upcountry Aerodr	2,291,746,396	922,476,000	922,476,000	40.25	100.00
1048	Motor Vehicle Inspection Services	896,770,329	519,690,000	519,690,000	57.95	100.00

1049	Kampala-Kasese Railway Feasibility Project	1,195,693,773	692,919,000	692,919,000	57.95	100.00
1050	Establishment of the National Transport Data	3,019,413,861	1,786,314,574	1,779,425,591	59.16	99.61
1051	New Ferry to replace Kabalega	996,411,477	577,433,000	577,433,000	57.95	100.00
1052	Rehabilitation and re-equipping of EACAA-Soroti	4,783,133,940	2,811,952,712	2,811,952,712	58.79	100.00
1061	Construction of Gov't Office Blocks	5,996,411,477	5,692,477,000	5,692,477,000	94.93	100.00
1062	Karamoja Roads Development Programme	1,239,282,297	734,999,000	734,999,000	59.31	100.00
1095	National Air Transport Facilitation Project	637,846,887	386,460,000	386,460,000	60.59	100.00
1096	Support to Computerized Driving Permits	1,104,366,018	658,306,230	657,156,232	59.61	99.83
1097	New Standard Gauge Railway Line	1,434,976,068	861,327,000	861,320,628	60.02	100.00
1098	Roads in Oil Prospecting Areas	1,001,411,476	857,077,000	857,077,000	85.59	100.00
1101	Building Infra, for Growth-MoWT Change	637,846,885	386,460,000	386,460,000	60.59	100.00
1105	Strengthening Sector Coord, Planning & ICT	2,471,387,545	1,465,839,000	1,464,369,000	59.31	99.90
1126	Institutional Support to URC	996,411,477	577,433,000	577,433,000	57.95	100.00
1159	Kasese airport Dev't project-KADP	498,205,738	288,716,000	288,716,000	57.95	100.00
1160	Transport Sector Development Project (TSDP)	697,488,033	404,203,000	404,203,000	57.95	100.00
1171	U-Growth Support to MELTC	3,487,440,169	2,021,015,000	2,021,015,000	57.95	100.00
1172	U-Growth Support to DUCAR	996,411,476	697,488,000	697,485,400	70.00	100.00
1173	Construction of MoWT Headqters Building	2,892,822,954	2,102,696,000	2,102,696,000	72.69	100.00
	Total	**96,842,700,349**	**70,787,550,223**	**70,302,444,761**	**73.00**	**99.00**

2.2.9 GoU Approved 2010/11 for the priority Ministries

Table 2.8 and figure 2.3 below shows the percentage distribution of FY 2010/211 approved budget distribution among the priority Ministries that were monitored. A total budget of UShs 706.4 billion was shared among the eight Ministries with Ministry of Energy allocated the biggest share at 36%, MOFPED allocated 23%, MOWT allocated 14% and the other five Ministries share the 27% of the total budget of the Ministries monitored.

Table 2.9: The percentage distribution of the 2010/11 approved budget among the Ministries monitored.

VOTE	Ministry	% of the Budget	GoU Approved Budget(2010/11)
014	Ministry of Health	3.78%	26,723,482,823
008	Ministry of Finance and Economic Development	22.50%	158,919,648,420
013	Ministry of Education and Sports	7.17%	50,648,052,853
016	Ministry of Works and Transport	13.99%	98,842,700,349
010	Ministry of Agriculture, Animal and Fisheries	4.24%	29,983,143,811
017	Ministry of Energy	36.23%	255,959,196,324
019	Ministry of Water and Environment	9.65%	68,163,536,688
020	Ministry of Information, Communication & Technology	2.43%	17,185,037,560
	Total	**100%**	**706,424,798,828**

Source: IFMS Data

Figure 2.3 The distribution of funds among the Ministries monitored

Source: IFMS data

2.3 Financial Performance of other Agencies monitored

2.3.1 Uganda National Road Authority

The annual total domestic development budget for the financial year 2010/11 for UNRA amounted to UShs 261.8 billion. This is a budget decrease 43% from the FY 2009/2010 approved budget that was UShs 460 billion. A total of Ushs 261.8 billion was released to the institution representing 100% of the budget and the overall absorption rate as at 30 June 2011 was 99%. Table 2.10 below shows the detailed approved budget, release and expenditure analysis by project.

Table 2.10 Uganda National Road Authority Budget, Releases and Expenditure for the FY 2010/11

Vote	Project Code	Project Name	GoU Approved Budget	Releases FY 2010/11	Expenditure for the FY 2010/11	Release Perfor mance (%)	Absportio n rate (%)
113	265	Upgrade Atiak Moyo-Afoji (104km)	8,259,989,847	8,259,989,847	8,259,989,847	100	100.00
	267	Improvement of Ferry Services	5,999,992,625	5,999,992,625	5,999,992,625	100	100.00
	268	Kampala Nothern Bypass (17km)	1,199,998,525	1,199,998,525	1,199,998,525	100	100.00
	278	Upgrade Kibaale-Kisoro-Bunagana/kyanika (98km)	5,053,993,787	5,053,993,787	5,053,993,787	100	100.00
	279	Improvement of traffic flow in Kampala	6,499,992,010	6,499,992,010	6,499,992,010	100	100.00
	280	Rehabilitate Fort Portal - Hima (55km)	399,999,508	399,999,508	399,999,508	100	100.00
	283	Rehabilitation/Development of Boarder Posts	51,999,936	51,999,936	0	100	-
	285	Upgrade Matugga-Semuto-Kapeeka (41km)	8,399,989,674	8,399,989,674	8,399,989,674	100	100.00
	294	External Audit Services	999,998,770	999,998,770	989,998,783	100	99.00
	295	Upgrade Kampala-Gayaza-Zirobwe (44.3km)	9,999,987,707	9,999,987,707	9,903,129,488	100	99.03
	298	Accident black spots on Jinja - Kampala	999,998,770	999,998,770	982,525,970	100	98.25
	321	Upgrade Fort Portal-Bundibugyo-Lamia (104km)	9,999,987,708	9,999,987,708	9,893,992,746	100	98.94
	955	Upgrade Nyakahita-Ibanda-Fort	9,999,987,707	9,999,987,707	9,903,129,488	100	99.03

Vote	Project Code	Project Name	GoU Approved Budget	Releases FY 2010/11	Expenditure for the FY 2010/11	Release Performance (%)	Absportion rate (%)
		Portal (208km)					
	1031	Upgrade Gulu-Atiak-Bibia/Nimulu (104km)	1,999,997,541	1,999,997,541	1,999,997,541	100	100.00
	1032	Upgrade Vurra-Arua-Koboko	1,999,997,541	1,999,997,541	1,995,578,164	100	99.78
	1056	Transport Corridor Project	186,259,779,035	186,259,779,035	183,485,274,754	100	98.51
	1103	Feasibility Study of Bus Rapid Transit	99,999,877	99,999,877	94,332,785	100	94.33
	1104	Construct Selected Bridges (BADEA)	2,999,996,312	2,999,996,312	2,866,663,143	100	95.56
	1105	Road Sector Instn Capacity Dev Project.	599,999,262	599,999,262	468,134,300	100	78.02
	Total		**261,825,686,142**	**261,825,686,142**	**258,396,713,138**	**100**	**98.69**

Source: IFMS Data

2.3.2 Vote 110 Uganda Industrial Research Institute (UIRI)

Data extracted as at 30 June 2011 indicate that the annual total domestic development budget for the financial year 2010/11 for UIRI amounted to UShs 8.23 billion, the same as the previous financial year. A total of Ushs 6.442 billion was released to the institution representing 78.3% of the budget and the overall absorption rate as at end of 30 June 2011 was 99.9%.

2.3.3 Vote 154 Uganda National Bureau of Standards (UNBS)

Data extracted as at 30 June 2011 indicate that the annual total domestic development budget for the financial year 2010/11 for UNBS amounted to UShs 2.478 billion.This is a budget decrease of 44.6% from the FY 2009/10 approved budget that was UShs 4.472 billion. A total of Ushs 1.626 billion was released to the institution representing 72% of the budget and the overall absorption rate as at 30 June 2011 was 66%.

2.4 Conclusions

2.4.1 Financial Performance

Central Government/Ministries and other Agencies

- **Releases**

It is only the Ministry of Education and Sports; and UNRA that registered the highest receipt as compared to approved development budget at 99% and 100% respectively. The other ministries, agencies and departments (MDAs) that were monitored had a release percentage range of 59%-94% with Ministry of Finance registering the lowest release at 59%.

- **Absorption of funds**

The absorption of the development funds received by the MDAs was generally good in the range of 95%-100% with the exception of UNBS at 66%.

- **Budget trend analysis**

Most of the MDAs monitored registered an increment in the approved development budget amount over the two financial years of 2009/10 and 2010/11. The exceptions were the Ministry of Energy which registered a budget decrease of 26%; UNRA a budget decrease of 43%; UNBS a budget decrease of 44% and UIRI that received the same amount as the previous year.

- **Supplementary releases**

Five out of the eight Ministries monitored received supplementary releases as follows;

Table 2.11: Receipt of Supplementary funds by Ministries

Ministry	**Project**	**Amount Ushs (billions)**
Ministry of Education and Sports	Developmen of TVET P7 Graduate	3.0
Ministry of Works and Transport	East African Trade and Transportation Facilitation	4.4
Ministry of Agriculture	Support for Institutional Support	1.0
Ministry of Energy	Support to Thermal Generation	92.0
Ministry of ICT	Business Process Outsourcing	5.2

Source: IFMS data

2.4.2 Recommendations

- Ministries, departments and other agencies that registered low absorption rates should establish the reasons for the low absorption and corrective measures are undertaken so that in the following financial year this is not repeated.

- Accountabilities of districts after the year end should always be submitted in time to enable complete financial analysis.

CHAPTER 3: PHYSICAL PERFORMANCE

3.1 AGRICULTURE

3.1.1 Introduction

Agriculture Sector

The mission of the agricultural sector is to "*Transform subsistence farming to commercial agriculture*". The sector development objectives are: 1) Increased rural incomes and livelihoods and 2) Increased household food and nutrition security. Among the key outcome indicators are: increasing the yield per hectare of coffee from 369kg/ha in 2005/06 to 406 kg/ha in 2012/13; value of agricultural exports from US$ 143m (fish) to US$ 157m (fish); yield per hectare of bananas from 369kg/ha to 406kg/ha; number of agro-based industries from 200 to 220; and average per capita farmer incomes nationwide from USh 400,000 to 440,000 per capita over the same period[2].

During FY 2010/11, the bulk of expenditures in the agriculture sector were channeled to the following priority investment areas: i) Agricultural Advisory Services ii) Agricultural Research and Technology Development iii) Water for agricultural production iv) Development of export sectors v) Pest and disease control vi) Marketing and Agro-processing vi) Regulatory services. The approved budget for the sector rose from UShs 310.07 billion in FY 2009/10 to UShs 366 bn in FY 2010/11, allocated to six votes as follows (including GoU and donor resources): MAAIF UShs 88.563 bn; NARO UShs 74.401 bn; NAADS Secretariat UShs 53.374 bn; CDO UShs 5.70 bn; UCDA UShs 0.877 bn; NAADS and District Production Services UShs 142.613 bn.

Scope of monitoring work

During FY 2010/11, the BMAU monitored seven programmes in the agriculture sector as indicated in Table 3.1.1, building on earlier work done in FY 2009/10. The monitoring was done as follows:

- Quarter 1: Exports Goat Breeding and Production Project, National Crops Resources Research Institute (NaCRRI) and National Livestock Resources Research Institute (NaLIRRI). Refer to MFPED, 2010a for detailed findings.

[2] MAAIF, 2010a.

- Quarter 2: Agriculture/Improved Rice Production, Farm Income Enhancement and Forest Conservation Project (FIEFOC) and Uganda Coffee Development Authority (UCDA). Refer to MFPED, 2011 for detailed findings.
- Quarter 4: National Agricultural Advisory Services (NAADS), Agriculture/Improved Rice Production, Exports Goat Breeding and Production Project and an update on new developments in FIEFOC and NARO programmes.

Table 3.1.1: Agriculture programmes monitored in FY 2010/11

Vote	Programmes monitored	Sampled districts
1119	Agriculture/Improved Rice Production	Gulu, Kitgum, Lamwo, Pader, Lira, Oyam, Amolator, Dokolo
1117	Exports Goat Breeding and Production	Sembabule
0968	Farm Income Enhancement Project – Large Scale Irrigation Schemes	Lamwo – Agoro Irrigation Scheme; Lira – Olweny Irrigation Scheme; Butaleja – Doho Irrigation Scheme; Kasese – Mubuku Irrigation Scheme
152	National Agricultural Advisory Services (NAADS)	Kaliro, Iganga, Mayuge, Dokolo, Lira, Sembabule, Masaka
0382 – Prog 02	National Crops Resources Research Institute (NaCCRI) – NARO	NaCCRI – Namulonge, Ngetta ZARDI - Lira, NaSARRI - Serere, Nobuin ZARDI – Serere, Iganga, Kamuli, Bugiri, Luuka, Pallisa/Kibuku, Gulu, Oyam, Soroti
0382 -Prog 10	National Livestock Resources Research Institute (NaLIRRI) – NARO	NaLIRRI -Tororo, Soroti, Iganga

Source: Author

Methodology

A three-pronged approach was used in data collection:

1) Desk review of literature and secondary data sources including: Ministerial Policy Statements, Approved Estimates of Revenue and Expenditure, Project Documents, Evaluation Reports, Performance Reports and data on the Integrated Financial Management System (IFMS).
2) Key informant interviews and discussions held with project managers at MAAIF, NARO Secretariat, NAADS Secretariat, FIEFOC Coordination Unit in Ministry of Water and Environment (MWE), MFPED, District Administration and District and Sub-county Production Offices.
3) Field visits and discussions held with project implementers and beneficiaries in various districts. A combination of methods were employed including focus group discussions, key informant interviews, observations and photography

3.1.2 Agriculture/Improved Rice Production

Background

The Agriculture/Improved Rice Production project is a Government of Uganda (GoU) intervention in Northern Uganda implemented during 2006 to 2010 with a Japanese Grant and thereafter with Government funding. Box 3.1.1 presents a summary of the project profile.

Box 3.1.1: Project Profile of the Agriculture/Improved Rice Production Project

Implementer: MAAIF in collaboration with FAO. A Project Coordination Unit was based in Lira district.

Objectives: To increase rice production and income of the resource poor farmers by promoting innovative NERICA rice based technologies in Northern Uganda; and to strengthen the capacity for rice seed (breeder/foundation) production at National Crops Resources Research Institute (NaCRRI) and the capacity for certified seed multiplication and storage at community level[3].

Target beneficiaries: IDP returnees, poor farmers, women farmers and small-scale food insecure households.

Phase I 2006 - 2008: Project called "Dissemination of NERICA and Improved Rice production Systems to Reduce Poverty and Food Deficit in Uganda" estimated to cost US$ 1,239,983. Area of operation: Mpigi, Wakiso, Mbale, Tororo, Gulu, Lira, Hoima and Masindi.

Phase II: September 2008 – Date: Project called "Agriculture and rural development through improved rice based farming systems for food security and poverty reduction in Northern Uganda". Up to August 2010, the project used a grant costing US$ 1,499,400. Thereafter, the interventions have been sustained using GoU funding. Area of operation: Amolotar, Amuru, Apac, Dokolo, Gulu, Kitgum, Lira, Oyam and Pader.

Project strategy: Farmer Field School (FFS) approach with farmers organized in groups of 30 members and trained; each district had 8 farmer groups. Seed, inputs, tools and equipment for rice production and processing were provided. In the first year of operation NERICA seeds were procured from Namulonge.

Progress Update

This project was first monitored in the second quarter of FY 2010/11 and overall project performance in Phase II is summarized in this section, including recent developments.

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[3] FAO/GoU, 2008.

- The project benefited 72 farmer groups with a total of 2,160 farmers in 9 districts of Northern Uganda. In addition to training on improved rice production, the farmers were provided with farm tools and post harvest equipment. Each district received 240 pieces of sickles, hoes, pangas, shovels, wheel barrows, tarpaulins; 8 pieces of tape measures and ox-ploughs; 16 oxen and 24 pieces of line markers and jab planters. In addition, the project distributed in each district, 1 rice mill, HP Diesel engine, 1 metallic storage bin of capacity 500-600kg per FFS, weighing scales, NERICA Signposts, 10kg of NERICA seed per farmer and a grant of UShs 1 million for each FFS.

- Each of the seed growers was given 200kg of NERICA seed, 33 bags of UREA fertilizer, 16 bags of DAP fertilizer and 83 litres of Satunil herbicide[4]. Districts were to receive UShs 14 million to facilitate community mobilization and sensitization.

- It is reported that over 850 metric tonnes of rice were produced from a total of 1,700 hectares established under project support[5]. The project directly benefitted more than 15,000 family members and another 15,000 indirectly. Farmers' incomes increased due to the improved productivity of the rice seeds and good farming practices were adopted[6].

- The Government has continued to monitor and backstop the project even after the donor funding ended in August 2010.

Financial Performance

Regarding donor finances, a total of US$ 1,499,400 was spent on this project during the second phase, donated by the Government of Japan and channeled through FAO. About 39% of the project funds were used for purchasing equipment, machinery and supplies, 17% was on capacity building, 18% on recurrent expenditure and 26% on other consumables. The project has exhibited good allocative efficiency as more than 50% of the expenditures where on high priority items (capital and capacity building).

Releases from GoU for monitoring and backstopping this project during FY 2009/10 and FY 2010/11 is given in Table 3.1.2. The level of funding increased greatly in FY 2010/11 compared to FY 2009/10.

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[4] Project Coordination Unit – Lira; MAAIF/FAO, 2009; MAAIF, 2011.

[5] MAAIF/FAO, 2010

[6] MAAIF, 2011.

Table 3.1.2: Releases to Agriculture/Improved Rice Production Project

Period	FY 2009/10	FY 2010/11
Quarter 1	29,000,000	58,300,000
Quarter 2	58,050,000	61,500,000
Quarter 3	31,500,000	59,268,970
Quarter 4	31,100,000	58,300,000
Total	149,650,000	237,368,970

Source: MAAIF data June 2011.

Physical Performance

During the financial year, the monitoring team visited 7 out of the 9 implementing districts to verify physical performance of the NERICA project. Two of the districts were revisited in the fourth quarter to assess sustainability of the project interventions, after the ending of donor funding. A summary of the issues raised in the first monitoring visit (Q2) is presented followed by a detailed discussion of the findings from the follow up visit in July 2011.

Summary findings of project performance by December 2010[7]

<u>Input distribution</u>
Apart from Gulu district, the farmers in the other sampled districts – Amolator, Kitgum, Lamwo, Lira, Oyam, Pader acknowledged having received the inputs that were disbursed by MAAIF in the correct quantities. For Gulu district, less fertilizer and seed was distributed and the ox-ploughs and oxen given were three times higher than the planned levels. The district did not get any explanations for the variation.

There was noticeable evidence of the project having led to increased adoption of rice technologies resulting in improvements in household nutrition and food security and income from the rice sales. Women and persons who were formerly internally displaced where highly represented in the farmer groups. Thus, the project met its intended objectives and target groups, as of December 2010.

<u>Challenges</u>

i. Inappropriate technology and poor quality inputs**:** Some of the inputs such as the storage bins, jab planters and line markers were noted to be inappropriate and the rice seeds that were supplied had low viability in some districts. Almost all the oxen that were supplied

[7] Detailed findings in MFPED, 2011.

were either sick, immature or poor quality and hence died. The districts were not sufficiently involved in verifying inputs that were delivered directly to farmers by FAO.

ii. Low project coverage and potential impact: The project was operating in few parishes and offering limited inputs;

iii. The MoU signed with districts was not fulfilled as 20% of the facilitation for community mobilization was not remitted.

iv. Once the inputs were distributed, follow up from FAO/MAAIF was minimal.

Project performance as of June 2011

During the fourth quarter of FY 2010/11, BMAU team visited Dokolo district which had not been monitored in the second quarter and Lira district that had been previously monitored. Below are the findings.

DOKOLO DISTRICT

Background

The project was introduced in the district in November 2008 and benefitted 8 farmer groups in three sub-counties – Batta Sub-county (3 groups), Dokolo Sub-county (2 groups) and Agwata Sub-county (3 groups).

Physical performance

The District Agricultural Officer acknowledged having received all the inputs from MAAIF/FAO and distributed them to the farmers. The BMAU team visited 3 farmer groups to verify receipt of these inputs.

<u>Alenga Rice Growers</u>

This farmer group, composed of 14 females and 16 males and operating in Abuge village, Alenga Parish, Dokolo Sub-county, acknowledged having received all the planned inputs from MAAIF/FAO in 2009. The two bulls that were received by the group died in the first two weeks of receipt. It was reported that they were delivered when they were sick. A key informant interview with the seed grower in the group Mr. Achero Okello revealed that he had received 200kg of NERICA 4 Seed, 20 bags of fertilizer, 8 cartons of weed killers, 2 pieces of wheel barrows, spades, tarpaulin, chisel and pangas. He was in custody of the thresher and 1 Silo that was received by the group.

The seed grower planted 12 acres in 2009 but the yield was low due to drought. He abandoned this enterprise because of the difficult of selling rice seed. The monitoring team found evidence of the silos, jab planters and line markers having not been used by the farmers as they were considered inappropriate.

Left: Unused implements stored at Seed Grower's home, Dokolo District

Sustainability of the project in this group was questionable as it was reported that some farmers had abandoned rice growing once the project ended. For example, the seed grower moved to cotton growing which was considered to be more paying. *The group recommended that in future, MAAIF should provide tools and equipment that are most suited to the local conditions and soil type.*

<u>Acan Pi Ocan FFS</u>

The group, composed of 10 females and 20 males is based in Agebo village, Amuda Parish, Agwata Sub-county. The group acknowledged having received 2 oxen and a plough, 10 kg of rice each member, 30 pieces of spades, sickles, wheel barrows, hoes and tarpaulins, a jab planter, a tape measure, 3 line markers and UShs 1.3 million for facilitation. The seed grower in addition was given 100kg of rice, 200 kg of DAP fertilizer, 200 kg of UREA, 1 knapsack sprayer and a thresher that was for the 3 groups in the area.

The group reported having had high yields in FY 2009/10, declining in FY 2010/11 due to the high prevalence of pests and diseases, unfavourable climatic conditions and deteriorating soils. The main challenge cited was the insufficiency of the implements that were distributed resulting in low acreages planted. By the time the ploughs are rotated around the group members, the season is over and many would plant late resulting in low yields. This group also reported that the oxen that they died and the jab planters and line markers were not usable.

Despite the challenges, the seed grower who received a larger package of inputs had harvested 6.9 tonnes of seed from 4 acres in the second season of 2009 and sold 5 tonnes to FAO at UShs 300 per kg and the balance to NAADS at the same rate.

Right: Seed grower at his house built from sales of NERICA Rice Agebo village Koboko district

In the first season of 2010, he harvested 4.9 tonnes of rice from 5 acres and sold to local consumers at UShs 600 per kg. In the second season of 2010, he harvested 3.5 tonnes from 3 acres which was milled and sold at UShs 1,200 per Kg. At the time of the monitoring visit in in the second season of 2011, he had planted 8 acres of rice. Out of the proceeds of the rice sales, the farmer had built two permanent buildings and acquired a vehicle to transport the produce.

The group recommended that, in future, MAAIF should provide a larger volume of equipment that is sufficient for block farming and provide subsidized chemicals, fertilizers and tractors. The establishment of storage facilities through public-private partnerships should be encouraged as this is a pre-requisite for group marketing.

<u>Iguli United Farmers Group</u>

The group, located in Iguli Village, Amwoma Sub-county, Koboko district, is composed of 30 members (11 males, 19 females). The group started implementing the NERICA Rice project in 2009. They acknowledged having received all the inputs as distributed by MAAIF in the right volumes. The group has collectively, since project inception planted on average 30 acres of rice every season up to date plus 2 acres for demonstration. The main challenges highlighted included: lack of transportation means to milling centres, few oxen for opening land and inadequate equipment. Some of the equipment had to be shared when district split.

The group recommended that Government should invest more funds in making available small and medium scale processing facilities and support group marketing.

LIRA DISTRICT

Background

Lira district has implemented the project since 2008 benefitting 8 farmer groups, each with 30 members. During the fourth quarter of FY 2010/11, farmers belonging to Ogum Farmers Group were visited to add more perspectives to what had been gathered in the second quarter of the same financial year (two groups were visited – Obanga ber Farmers Group and Gum Ocamo Wa Farmers Group).

Ogum Farmers Group

Members of Ogum Farmers Group acknowledged receipt of the inputs that were distributed by MAAIF/FAO during FY 2008/09 and FY 2009/10, including rice seed, fertilizers, herbicides, spray pumps, a rice thresher and assorted equipment. The monitoring team visited the two seed growers in this group to assess physical performance and sustainability of the NERICA project interventions:

- Dr. Jacob Oweta in Acan Pe Village village, Ogur Parish, Ogur Sub-county acknowledged having received 450 kg of NERICA I seed, fertilizer and herbicide and thresher which was still functional. During FY 2009/10, the seed grower planted 15 acres from which he harvested 20 tonnes of rice seed. However, there were no inspectors from MAAIF to ensure certification of seed hence the seed could not be sold. The rice seed was sold as grain at UShs 1,200 per Kg. At the time of the monitoring in July 2011, the seed grower had ½ acre of planted rice.

 

Left: Mr. Oweta standing by the Rice thresher for Ogum Farmers Group Right: Rice garden planted by seed grower Mr. Oweta in 2011

- As part of consolidating the gains under the NERICA project, the seed growers had linked to another project CABI UK through NARO to produce foundation seed. They had received 400 kg of foundation seed (200kg NERICA 4 and 200kg NERICA 1) which was distributed to 30 farmers. Each farmer was given 15kg which they each used to establish ½ acre. The seed growers contacted the district during 2011 to establish linkages with MAAIF so that the seeds can be inspected for certification. They have also contacted NAADS to link them to the seed companies. All these efforts have promoted sustainability of the NERICA project interventions. It was reported that most of the farmers in Ogum Farmers Group had adopted rice as their main cash crop.

- Mr. Ogwanga Robert in Awigweng village Akani Parish Ogur Sub-county in Lira district acknowledged having received all the planned inputs from MAAIF/FAO project. In FY 2009/10, he received 15kg of seed

Right: Rice garden established using CABI UK rice seeds

and other assorted equipment for grain production in addition to fertilizer, weighing scale, tarpaulin and 10kg of foundation seed for seed multiplication. He was also among the 30 farmers who received 15kg of foundation seed from the NGO CABI UK. He planted 2 acres of rice during FY 09/10, but one acre was destroyed due to drought. He harvested 700kg of unshelled rice that was sold at UShs

800 each. At the time of the monitoring visit in July 2011, this farmer had planted a Technology Demonstration Site (TDS) of 1.5 acres of rice seed provided by CABI UK and 1/2 acre of rice seeds that had been multiplied from the NERICA project.

Overall Challenges

The Agriculture/Improved Rice project has faced the following major challenges:

1) Inadequacy, inappropriateness and poor quality of some of the inputs and equipment, especially those targeting grain producers;
2) Inadequate/lack of supervision by MAAIF for quality control and certification of the rice seeds.
3) Little attention paid to developing the value chain; all effort in the project has focused on promoting production and less on post-harvest handling, processing and marketing.
4) High prevalence of pests and diseases
5) Unfavorable weather conditions

Overall Recommendations

For this and other future projects of this nature, it is recommended that:

1) Timely provision of adequate and appropriate inputs and equipment that enable farmers to break even and enjoy economies of scale in farming.
2) Enhancing project sustainability by linking farmers to seed companies, provision of post harvest handling equipment and encouraging group marketing.
3) Increased supervision of farmers and certification of seed by MAAIF.

Box 3.1.2 Overall Conclusion on the NERICA project

This project has met its core objectives of increasing rice production and income as well as strengthening the capacity for production of rice seeds in the Northern region. The main challenge was the inadequacy, poor quality and inappropriateness of some of the inputs and equipment resulting in lower production than expected. Sustainability of the interventions was more pronounced among the seed growers who were provided with adequate quantities of inputs and equipment. Some of the grain producers that received inadequate inputs/equipment had phased out of rice growing. This justifies the need for MAAIF to refocus its interventions by scaling up the input packages given to farmers and ensuring appropriateness of equipments that are supplied to local conditions. Although there has been an increase in the level of funding earmarked by GoU for monitoring this project, it was evident that the farmers lacked adequate supervision and quality control by MAAIF.

3.1.3 Exports Goat Breeding and Production Project

Background

The Government of Uganda is implementing the pilot Exports Goat Breeding and Production Project in Sembabule district in partnership with Ssembeguya Estates (U) Ltd over a five year period FY 2009/10 to FY 2012/13. The project has three components namely: a) Goat breeding and multiplication b) Development of farm structures c) Management and coordination. The expected output is production of improved goat breeds in the project area to increase sales and export. Alongside this project Sembeguya Estates receives about UShs 220 million annually from NAADS to multiply and distribute goats to farmers. The NAADS intervention was not followed up in this FY.

This Exports Goat Breeding and Production Project was first monitored in Q1 of FY 2010/11 focusing on the project performance during FY 2009/10. Detailed findings are in the July-September 2010 BMAU report. This report focuses on the project performance in FY 2010/11 following the second visit conducted in Q4 of the same year.

Progress Update

FY 2009/10 was the first year of operation of this project. The project received UShs 862,252,532 in that financial year which was fully expended. The following achievements were made during FY 2009/10:

- 60 Savannah breeding goats were imported each at UShs 2 million and 55 distributed to 55 out of 87 beneficiary farmers
- 5,040 local female Mubende goats were procured each at UShs 150,000
- Goat multiplication was ongoing at farms of 87 beneficiary farmers out of the targeted 108 farmers.
- Some infrastructural development was undertaken

Financial Performance

According to IFMS data, this project received UShs 941,052,321 against the approved budget of UShs 962,998,635, indicating 97.7% release performance. However, financial records at the Estate indicated that the project received more funds than what was reported in the IFMS as shown in Table 3.1.3. The cause of discrepancy could not be immediately established.

Table 3.1.3: Releases to the Export Goat Breeding and Production Project 2010/11

Date of Release/Purpose	Total Release (UShs)
Q1 – November 30th 2010	234,394,378
Q2 – February 15th 2011	244,021,500

Q3 – April 2011	225,686,931
Q4 – May 26th 2011	222,602,000
Funds for monitoring by NAADS	20,000,000
Funds for District Monitoring	15,000,000
TOTAL	**961,704,809**

Source: Financial Reports Ssembeguya Estates, July 2011.

An analysis of the use made of the GoU funds released to the project in FY 2010/11 indicated that 94% of the releases went to various forms of allowances for purposes of administration, human resource development and monitoring and evaluation (Figure 3.1.1). Although the project has among the planned outputs activities around breeding, extension advice, demonstrations and training, this level of recurrent expenditure towards allowances is indicative of poor allocative efficiency and low value for money.

The caveat is that the monitoring team saw evidence of the improved goats that were purchased in FY 2010/11. However, these capital expenses were not reflected in the IFMS data suggesting that they are all captured as allowances or they are purchased using private funds. Further investigation is needed to clarify whether GoU expenditure lines are wrongly entered in the IFMS or all funds earmarked to this project are largely spent on allowances.

Source: IFMS Data 2011.

Physical Performance

Annual Planned Outputs

The following were the planned outputs for FY 2010/11:

- Procure 350 exotic breeding goats from own funds and 54,000 indigenous goats from government funds;[8]
- Select and breed improved Mubende goats for contracts farmers and the Estate;
- Demonstrate modern techniques of goat rearing and technology;
- Carry out practical goat husbandry training for contract farmers in collaboration with MAAIF and Local Governments.
- Provide linkages to market outlets for collaborating farmers.

Field findings

Purchase of goats

Exotic breeding goats: A total of 50 Savannah exotic male breeding goats were imported at UShs 2.5 million each from South Africa during FY 2010/11 and distributed to the farmers. This is a private contribution from Ssembeguya Estates as part of the PPP. Cumulatively, 110 exotic goats have been procured against a target of 350 by 2012/13. This represents 32% achievement of the project target, which is indicative of a slow pace of implementation.

Indigenous goats**:** A total of 8,535 female indigenous goats were purchased and distributed to the 108 beneficiary farmers during FY 2010/11. Cumulatively, the project has procured and distributed 13,575 indigenous goats against the target of 54,000 by FY 2012/13. This represents 25% achievement of the set target in the two financial years 2009/10 and 2010/11, indicative of a slow pace of implementation. The late start of the project and untimely disbursement of funds in small tranches partly explains the slow rate of service delivery under this project. At this rate of implementation, the project target may not be achieved by the end of the project.

The project design required that the bulk of the project funds are frontloaded in the first 2-3 years of implementation and the final years would be for scaling up and supervision of the beneficiaries. The fact that this project assumption was not met has negatively affected project implementation.

Demonstration and Training

Using GoU funds, Ssembugeya Estates employed 2 Veterinary Officers, 2 Veterinary Assistants and 10 labourers for 3 months in FY 2010/11. The officers undertook extension work including demonstration of modern farming methods and training of the beneficiary farmers. It was reported that a total of 60 farm visits were undertaken during the financial year. Using private funds, the Estate held a seminar in February 2011, involving the 108 beneficiary farmers, for the

[8] Note that this is the target for the entire project life span.

formation of a SACCO and Cooperative Union. This was followed up with another workshop on 30th June 2011 to intensify the formation of Uganda Goat Breeders and Exporters Cooperative Union. The primary goal of this effort that is still in nascent stages is to address the key challenge among farmers of lack of savings and investment funds.

Beneficiary satisfaction

The four farms that were sampled during Q1 of FY 2010/11 acknowledged having received good quality exotic breeding goats and female indigenous goats from Ssembeguya Estates. Two additional beneficiary farms were sampled during the Q4 FY 2010/11 monitoring visit:

- Mr. James Busolo in Bukiragi village Ntuusi Sub-county acknowledged having received a total of 50 female goats during FY 2009/10 and an additional 50 female goats in FY 2010/11. Earlier in FY 2008/09, his farm received 1 Cross Savannah Buck, I Pure Savannah Buck and one Friesian bull from Ssembuguya Estates. To reduce inbreeding, bull was exchanged for younger stock during FY 2010/11. The farmer reported enhanced productivity of his stock due to access to improved breeds from Ssembeguya Estate. *"Before FY 2008/09, I was getting 1 litre per local cow per day; now I get 5 litres per improved cow per day. The crosses produce milk when they are 21 months old yet the locals that I have had for years produce milk at 45-50 months, yet they all eat and occupy the same space"*.

- Ms. Flavia Nansasira of Kitaihira village, Lugusuulu Sub-county reported having received 100 female breeding goats and 1 male pure Savannah buck from Ssembeguya estates during FY 2010/11, which she added to her local goats totaling 40. She reported that the goats from Sssembeguya Estates were a better breed than her own local goats *"The Ssembeguya goats take 7 months to conceive yet my local goats take one year. I am likely to multiply my goats faster because of these improved breeds. The main challenge that I and fellow farmers face is the lack of water for production. Animals walk long distances in search of water with a high risk of theft and disease.*

Challenges

1) Lack of water for production;
2) Inadequate Gou financing: the project design was that GoU would contribute UShs 6.5 billion in the first 2 years of implementation. The Government approved and is disbursing UShs 963 million annually which has resulted in a low pace of project implementation. It is unlikely that the project targets will be achieved by the end of the project;
3) Unavailability in the country of vaccines for Brucella and other diseases. Some farmers reported high prevalence of diseases among the goats leading to abortions.
4) Lack of credit/soft loans for infrastructure development at farm level.
5) Inadequate extension services.

Recommendations

1) Government should consider providing a construction unit (tipper, excavator, loader, compactor) to this project to drill small wells on the goat farms. Ssembeguya Estates expressed willingness to co-share in operating and maintaining the unit under the PPP.
2) Support to Ssembeguya Estates to fast track the formation of a SACCO and the Uganda Goat Breeders and Exporters Cooperative Union. This would address challenges of lack of credit and extension services.
3) To increase the outreach of this project beyond the 108 benefitting farmers, NAGRIC should distribute improved goats and cows to other farmers in the region and other parts of the country.

Box 3.1.3 Conclusion

There is ample evidence to suggest that the Export Goat and Breeding project has purchased and distributed exotic breeding goats and indigenous female goats to farmers as per the annual workplan. Farmers are receiving extension advice although it is grossly inadequate. Financial analysis of project expenditures indicate that the bulk of expenditures (94%) are spent on allowances suggestive of poor allocative efficiency and low value for money. The pace of project implementation is slow because of inadequate GoU disbursements; thus project targets are thus unlikely to met.

3.1.4 Farm Income Enhancement and Forest Conservation Project

Background

The Farm Income Enhancement and Forest Conservation Project (FIEFOC), implemented by the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), was designed as a five year project for the period 2005-2010. The April 2009 mid-term review recommended an extension of the project to December 2012 which was approved. The project aims at improving incomes, rural livelihoods and food security through sustainable natural resources management and agricultural enterprise development. The project has two components: i) Agricultural Enterprise Development Component and ii) Forestry Support Component. The total project cost for the five-year period (2005-2010) is estimated at UA51.15m funded by ADB/ADF and GoU[9].

Agriculture Enterprise Development Component

The Agriculture Enterprise Development Component was monitored by the BMAU in FY 2009/10 and the findings can be found in the Budget Monitoring Report of October to December 2009. The monitoring work in this report focuses on the Irrigation sub-component.

Irrigation sub-component

[9] GoU and ADF, 2009.

This sub-component was restructured[10] in April 2009 to focus on rehabilitation of four existing large scale irrigation schemes namely: Mubuku Irrigation Settlement Scheme in Kasese District, Doho Rice Irrigation Scheme in Butaleja District, Olweny Swamp Rice irrigation Scheme in Dokolo district and Agoro Irrigation Scheme in Kitgum district. The overall objective of the project is to induce a commercially sustainable agriculture for improved income level for the community and help in poverty alleviation.

Performance Contract Indicators for FY 2010/11

- Preparation of BOQs for rehabilitation of the 4 irrigation schemes of Mubuku, Olweny, Agoro and Doho
- Procurement of Contractors
- Rehabilitation and supervision of construction works
- Carry out impact assessments; and
- Technical supervision of construction works

Progress Update

The irrigation sub-component was first monitored by the BMAU during Q2 FY 2010/11. Refer to MFPED (2011) for detailed findings.

- Physical visits to the four irrigation schemes indicated that by December 2010, rehabilitation works had not commenced. A number of surveys had been undertaken by several consultants for purposes of preparing the BOQs and detailed project designs.
- The pre-qualification of contractors was done, awaiting the approval of the Contracts Committee. In November 2010, Consultants were undertaking detailed site investigations that would lead to the generation of BOQs.

- Overall, the project was experiencing a very slow pace of implementation, with most of the performance indicators lagging behind schedule by December 2010.

Financial Performance

[10] At inception, the project was focusing on construction/rehabilitation of small scale irrigation schemes countrywide.

Exclusive of contingencies, the rehabilitation of the four schemes was estimated to cost UA 9,551,935.2 or UShs 28,674,909,692 at the April mid-term review[11].

By end of FY 2009/10, UShs 1,728,873,094 had been spent on the Irrigation component, inclusive of expenditures incurred during FY 2006/07 – FY 2007/08 on the small scale irrigation sub-component that was suspended in April 2009. The bulk of the expenditures were on general operating expenses (54%) and specialized services and demonstration (24%). During FY 2009/10, the bulk of expenditures on the four irrigation schemes (87%) was on general operating expenses indicating poor allocative efficiency by MAAIF and poor value for money.

Financial performance of the irrigation component during FY 2010/11 could not be easily accessed as the project was transferred in the course of the year from MAAIF to MWE as a result of underperformance. A supervision mission undertaken by ADB in March-April 2010[12] reported very low disbursement of the funds for the Agricultural Enterprise Development component managed by MAAIF. By April 2011, only 22.45% of the funds, including those targeting the irrigation schemes had been disbursed.

Physical Performance

Discussions held with the National Coordinator of the FIEFOC project indicated that no further progress had been recorded in rehabilitating the four schemes during FY 2010/11. Hence, the BMAU monitoring team held meetings with various officials to capture the recent developments at policy level.

Findings of the ADB Mission

The ADB Supervision mission in April 2011[13] expressed concern over the long delays in processes at MAAIF, including design and procurement of contractors to commence rehabilitation works. The works that were scheduled to commence by February 2011 had not started by April 2011 and contractors were just being recruited. The mission concluded by classifying the irrigation component as a “Potentially Problematic Project”, slow disbursing and ageing, making it a candidate for cancellation if the trend continued. Further extension of the project beyond December 2012 was not envisaged.

Presidential directives

In addition, it was also noted that due to the passage of time since the preliminary designs of the works were submitted, the funds available could no longer cover the four irrigation schemes.

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[11] GoU and ADF, 2009.

[12] GoU and ADB, 2011.

[13] GoU and ADB, 2011.

Against this background, presidential directives were issued on 6th April 2011 to restructure the project as follows:

1) Government to focus on undertaking works on Mobuku and Doho Schemes, and if funds allow, Agoro Irrigation scheme.
2) The process of implementation of the civil works to be transferred to the National Project Coordination Unit (NPCU) under the Ministry of Water and Environment. When the civil works are done, the schemes would then be handed over to MAAIF to carry forward the irrigation activities.

Implementation of the Presidential Directives

By the time of the BMAU monitoring visits in June-July 2011, operationalization of the Presidential Directives had commenced. The process of transferring the existing contracts, Addendums and other relevant documentation from MAAIF to MWE had started, albeit with some difficulties. For example, transferring the remaining project funds from MAAIF special accounts to MWE was challenging.

MWE had drawn up an ambitious plan of action that would see ground breaking in September 2011 marking commencement of the rehabilitation works. At the time of the monitoring visit, the following milestones had been achieved:

- The teams of Engineers were being restructured to step up implementation capacity. Inadequate capacity was one of the reasons for failure to implement by MAAIF;
- Tender documents and BOQs had been approved;
- Pre-qualification of contractors was done and the evaluation of bids was ongoing;
- Site visits were conducted with the bidders;
- Ground breaking to commence works was planned for September 2011;

Challenges and Lessons

On the basis of key informant interviews with officials of MAAIF and MWE, two key lessons where drawn from the challenges that led to the underperformance of the irrigation component during the past 3-4 years:

1) **Abrupt change in project design without analyzing capacity to implement**: The mid-term review of April 2009 recommended a change from small scale irrigation technologies which had underperformed to rehabilitation of large schemes. Implementation of the recommendation started without adequate review of available

capacity to implement. For example, at start, MAAIF had only one Engineer who was later joined by 5 others from other institutions (2 NARO, 1 NAADS, 2 MWE). *MWE has recruited 10 Engineers to implement the project in addition to other disciplines as a lesson.*

2) **Lack of personnel at Local Government level to implement/sustain the project**: The project required the constant input of the District Water Officer, District Agricultural Officer and District Community Development officer at minimum. However, these officers were busy with other duties and were not committed to this project. The Local Governments should be brought on board at project inception to help in setting up management structures at community level for project sustainability.

Box 3.1.4 Conclusion

The Irrigation Component of the FIEFOC, being implemented by MAAIF, underperformed during FY 2010/11. The project lagged behind schedule on all the key performance indicators. Rehabilitation works on the four irrigation schemes did not commence as was planned. Arising from the concerns of the ADB Mission undertaken in April 2011 and presidential directives issued thereafter, project implementation was transferred to MWE and the scope of works was reduced to 2 schemes. Most of the funds that had been earmarked to this project since FY 2006/07 had already been used up by MAAIF in general operating expenses indicative of poor allocative efficiency. This project needs close monitoring and supervision to ensure that it is implemented before project closure in December 2012.

3.1.5 National Agricultural Advisory Services

Background

The National Agricultural Advisory Services (NAADS) was designed as a 25 year programme to transform subsistence farming to market oriented and commercial production through increased access to knowledge, information and technology. The basic project data is presented in Table 3.1.4. A second phase of NAADS under the Agricultural Technology & Agribusiness Advisory Services (ATAAS) project commenced in 2010.

TABLE 3.1.4: NAADS BASIC PROJECT DATA

Project Title	National Agricultural Advisory Services

Funding Sources	Government of Uganda (GOU), World Bank, IFAD and othet Bilateral Agencies
Responsible Agency	Ministry of Agriculture, Animal Industry and Fisheries
Phase I	January 2001 – March 31, 2010
Phase I Components	a. Advisory and Information Services to farmers; b. Technology Developments and Linkages with Markets; c. Quality Assurance-Regulations and Technical Auditing of Service Providers; d. Private Sector Institutional Development; e. Program Management and Monitoring:
Phase I Project Costs	USD 107.92M
Phase II – Agricultural Technology & Agribusiness Advisory Services (ATAAS)	1st July 2010 – June 30th 2015
ATAAS Objective	To support improved delivery of demand-driven and market-oriented advisory services to farmers to promote their progression from subsistence to market orientation.
ATAAS NAADS Sub-components	(3.1) Farmer Institutional Development (FID); (3.2) Technology Promotion and Farmer Access to Information; and (3.3) Technology Uptake Grants.
NAADS Phase II Estimated Costs	(US$ 317.8 million: US$ 239.8 million from GoU, US$ 58.1 million from IDA, and US$ 19.9 million from other DPs).[14]
Technology Uptake Grants	Food Security Grant (about UShs 375,000 per group – 8 farmers per parish) Market Oriented Enterprise Promotion Grant (average UShs 750,000 per group – 8 farmers per parish)
Source: World Bank, 2010. Various NAADS Documents.	

The BMAU team monitored the NAADS programme during the fourth quarter of FY 2010/11. The focus was on assessing performance of NAADS Phase II interventions.

<u>Important to note</u>: The NAADS programme was suspended through presidential directives during the first two quarters of the year. Implementation for FY 2010/11 was therefore undertaken during the third and fourth quarter.

[14] EAAPP provides complementary financing by supporting NAADS in training and dissemination (about US$ 1.5 million) and MAAIF and private partners (about US$ 3.5 million) for improved availability of seeds and breeds.

Progress Update

The second phase of NAADS was rolled out to all districts of Uganda in FY 2010/11. The NAADS Secretariat internal progress reports indicated the following key achievements as of July 2011:

- 650,000 food security farmers supported countrywide; 100 farmers supported per parish with UShs 100,000 worth of inputs;
- 26,000 Market oriented farmers supported countrywide; 8 farmers supported per parish with an average of UShs 750,000 worth of inputs;
- Phase II NAADS guidelines were disseminated to all districts in Uganda.
- Recruitment of 3,529 out of the targeted 3,653 AASPs and Sub-County NAADS Coordinators (SNCs) and the establishment of over 66,000 Village Farmer For a (VFF);
- Establishment of Community Procurement Committees (CPC) in each village;
- Supported agribusiness development for market access and value addition through the Commercializing Challenge Fund (CCF)
- Support to improved availability of planting and stocking materials has been disbursed for:

    - 250,000 tissue culture banana; 40,000 kg upland rice; 80, 000 kg hybrid maize; 10,000 kg bean seed; 580,000 coffee seedlings; 8000 kg ground nut seed; 22,500 mango and citrus seedlings being multiplied;
    - 250,000 day old broiler chicks, 50,000 layers chicks, 10,000 parent stock plus 850,150Kg of feed; 2,789 goats
    - 15 tractor drawn planters and seed drills and 60 generators for milk coolers

Financial performance

A total budget of USD 665.5 million over 5-year period has been secured for the ATAAS programme. The GoU is expected to contribute 75% of this amount (US$ 497.3 million), while the development partners will contribute 25% (US$ 168.2 million). Of the total budget, the resources targeted to NAADS amount to US $498.7 while the resources targeted to NARO are US $166.8.

During FY 2010/11, UShs 128,195,398,000 was disbursed to the 112 districts (including releases to sub-counties)[15] for NAADS activities. The Indicative Planning Figure for the year was UShs 132,467,156,983 indicating a 97% out turn. The disbursements to the seven districts that were sampled for study were as given in Table 3.1.5.

Table 3.1.5: Disbursements to selected NAADS districts in FY 2010/11

District	Funds disbursed (UShs)
Dokolo	974,100,000
Iganga	1,558,760,000
Lira	1,647,961,000
Kaliro	776,375,000
Masaka	2,675,427,000
Mayuge	1,296,974,000
Sembabule	931,980,000

Source: MFPED Press Release 27th June 2011.

Physical performance

During the fourth quarter of FY 2010/11, the BMAU monitoring team visited seven districts - Dokolo, Iganga, Lira, Kaliro, Masaka, Mayuge and Sembabule - to assess the physical performance of the NAADS Phase II programme. The findings are presented below.

DOKOLO DISTRICT

Financial performance

The June 2011 Status Report on the NAADS programme indicated that Dokolo district received more funds than what was reported by MFPED. In addition to the November and February releases totaling to UShs 974,100,000 (the amount reported by MFPED), the district received a third release from the NAADS Secretariat budget equal to UShs 86,187,000 for supporting farmers at the district level. The district therefore received a total of UShs 1,060,836,000 during FY 2010/11. The total transfers to sub-counties were as shown in 3.1.6.

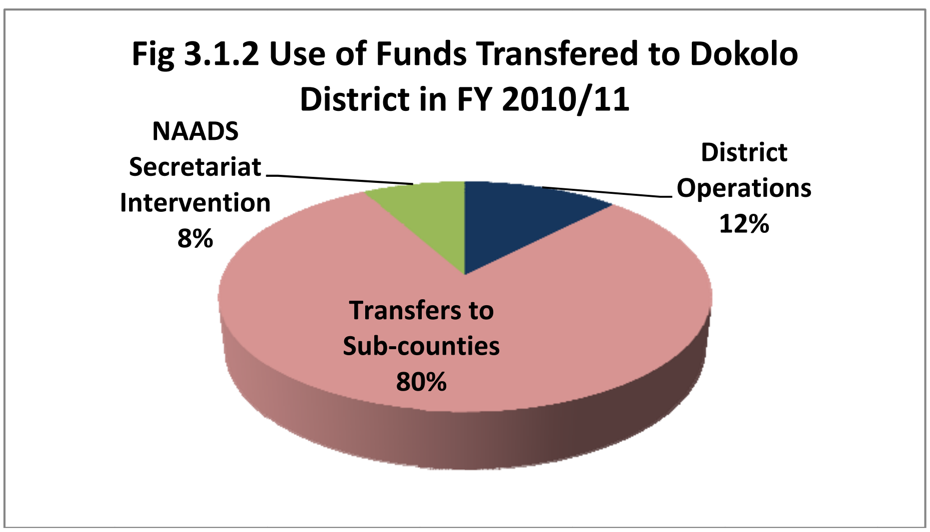
[15] MFPED Press Release on 27th June 2011 on District (Q1-Q4) Release for FY 2010/11.

3.1.6 Fund Transfers to Sub-counties in FY 2010/11

	Sub-county	Total Amount Transferred (UShs)
1	Adeknino Sub-county	72,208,664
2	Adok Sub-county	72,208,664
3	Agwata Sub-county	92,503,031
4	Amwoma Sub-county	72,208,664
5	Batta Sub-county	102,650,164
6	Dokolo Sub-county	82,355,900
7	Dokolo Town Council	51,916,008
8	Kangai Sub-county	72,208,664
9	Kwera Sub-county	72,208,664
10	Okwalongwen Sub-county	82,355,900
11	Okwongodul Sub-county	72,208,664
	Grand Total	**845,032,987**

Source: Dokolo District NAADS Office, July 2011.

An analysis of the transfers to the district shows that the bulk of funds (80%) were transferred to sub-counties for purchasing inputs and technologies for the FSFs and MOFs (Figure 3.1.2). The NAADS Secretariat funds were also earmarked for purchasing inputs implying that a total of 88% of funds were for capital development. This is indicative of good allocative efficiency and value for money.



Source: Dokolo District NAADS Office, July 2011

Field findings on physical performance

NAADS Secretariat Intervention

The BMAU team confirmed that the district had received support from NAADS Secretariat during FY 2010/11 in form of a multipurpose rice thresher to promote value addition and 3 sets of Grain Storage and drying facilities. The drying facilities were distributed in Agwata and Dokolo sub-counties. The thresher was still stored at Dokolo Police Station at the time of the monitoring visit. Two model farmers were also provided with maize milling machines in the Sub Counties of Bata and Dokolo. These were purchased by the district using NAADS funds.

Left: Rice thresher from NAADS Secretariat in Dokolo District

Distribution of inputs at farm level

It was reported by the District NAADS Coordinator that 6,000 FSFs and 480 MOFs were given inputs during FY 2010/11. The monitoring team randomly sampled 3 Market Oriented Farmers (MOFs) and 1 Food Security Farmer (FSF) in Dokolo district to assess physical performance.

<u>Obong Anthony - MOF</u>
The farmer, who is located in Opokotedo village, Adagmon Parish, Dokolo Sub County, has benefitted from NAADS since 1996. He is a member of Candamingo Farmers Group which comprises of 29 members, 15 males and 14 females. He acknowledged having received 20kg of hybrid maize and 15kg of soya bean seeds in FY 2010/11. His crop was negatively affected by drought and poor agronomic practices due to lack of funding to sustain the crop. He praised NAADS saying *"NAADS has transformed me from the old farming methods to modern farming. I have faster growing seeds; the programme has taught us to select better yielding seeds"*.

<u>Otim Bonny - MOF</u>
Farmer is in Apaala village, Adaugman Parish, Dokolo Sub County. The NAADS Secretariat donated to him a grinding mill and a huller in FY 2010/11 as the best farmer who supplied cassava cuttings to the whole village. The farmer constructed a brick house from the proceeds from using the mill and huller. The mill however broke down in March 2011 and could not be repaired due to lack of spare parts in the area. The mill has since been abandoned.

Left: Huller which is

still operation Right: Grinding mill that has been abandoned in Apaala village, Dokolo district.

As per the memorandum of understanding (M.O.U), the farmer was supposed to construct a shelter for the mill, but this had not yet been done.

Okule Alfred - FSF

The farmer is located in Adagani village, Awiiri Parish, Dokolo Sub County. He is a member of Bededbanyok Farmers Group which has 24 members comprising of 10 females and 14 males. In FY10/11 he was provided with: 3 Hoes, 10 Kg of soya beans, 10 kgs of simsim. Farmer also received training from the AASP at least once a week. The high prevalence of pests and diseases was the main challenge faced by the farmer.

Soyabean garden planted in FY 2010/11 in Adagani village

Tom Okwir – MOF

Located in Abuge village Alenga Parish Dokolo Sub-county, the farmer confirmed having received 100 seedlings of citrus, 100 banana suckers, 6 bee hives and 25 kg of hybrid maize. The monitoring team saw the beehives and planted gardens.

Key challenges in Dokolo district

1) Unavailability of good seed to meet the growing demand among farmers leading to escalating prices for the inputs; Unscrupulous middlemen took advantage of the scarcity of inputs and distributed fake seed;
2) The viability of some seed varieties in this region was low. For example, the viability of maize hybrid DK8031 and bean variety KI31 was recorded at below 40%.
3) Low capacity of farmers to handle community procurement.
4) Inadequate funds for procuring inputs.
5) Low-turn up of farmers to training sessions. It was noted by the monitoring team that most of the AASPs were newly recruited and did not have proper training schedules and content. Some of the meetings were convened on market days which led to low turn up of farmers for trainings. Proper orientation and mentoring of the AASPs on their roles is needed.

6) Many farmers sold the hoes and ate the seed because of lack of ownership of the programme. Communities referred to the inputs as *“political hoes and seeds”* or *“NAADS hoes”* that could be mismanaged as they were not governed by any stringent regulations or bylaws.

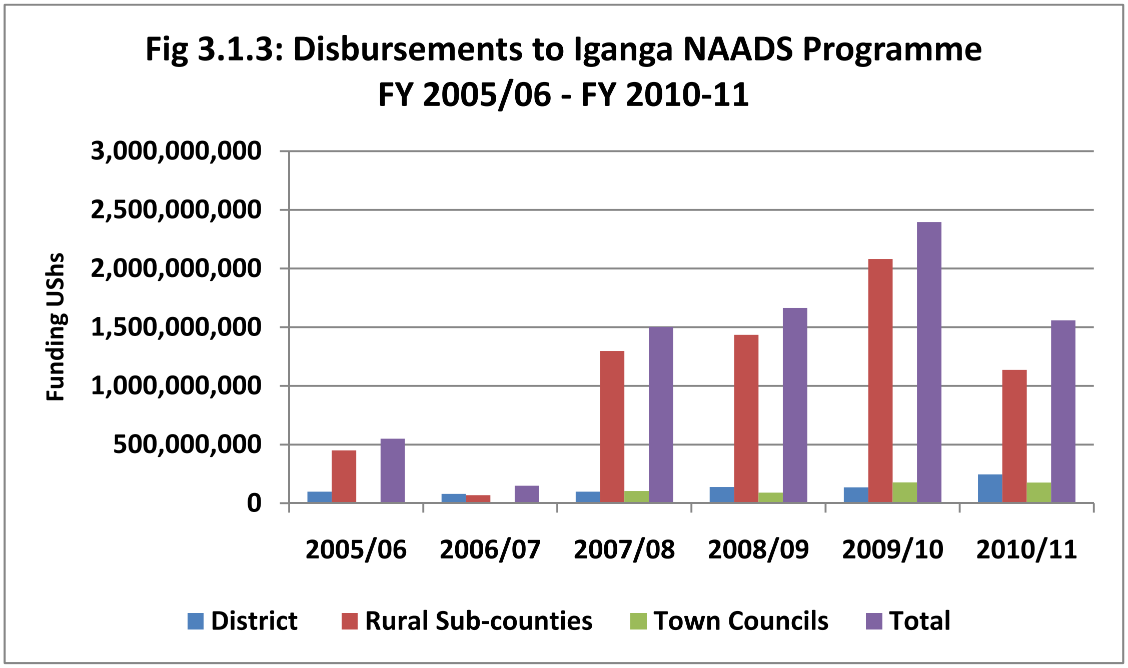
Recommendations

1) Each district should submit to MAAIF the total seed requirement for the coming Financial Year so that the seed producers and importers are informed early enough to increase production.
2) MAAIF to step up inspection of seed countrywide.
3) Farmers should be sensitized continuously on the NAADS Implementation Guidelines.
4) Instituting penalties and bylaws at community level to curb sale or misuse of inputs.

IGANGA DISTRICT

Financial performance

Over the six-year period, disbursements to the NAADS programme in Iganga district has tripled from UShs 550,399,000 in FY 2005/06 to UShs 1,597,512,000 in FY 2010/11 (Figure 3.1.3). The bulk of funding is earmarked to rural sub-counties that currently attract over 70% of disbursements to the district, for purposes of purchasing farmer inputs. District expenses over the years have generally remained at just above 10% of the total funding for the District NAADS programme.



Source: Iganga District NAADS Office, July 2011.

There was a small variation between the reported release from MFPED (UShs 1,558,760,000) and what the district actually received (UShs 1,597,512,000) in FY 2010/11. The additional funds were contributed directly from NAADS Secretariat for specific district level interventions. Table 3.1.6 shows the releases that were made to the farmers in the 14 Sub-counties/Divisions/Town Councils during FY 2010/11. Releases to NAADS are made twice a year in line with the crop seasons.

Table 3.1.6: Disbursements to farmers in Iganga district in FY 2010/11

Release	Market Oriented Farmers	Food Security Farmers
November Release	113,535,000	300,767,000
February Release	131,284,000	378,686,000
Total Release	244,819,000	679,453,000

Source: Iganga District NAADS Office, July 2011.

An analysis of the above data shows:

- The releases to farmers in the lower local governments totalling UShs 924,272,000 accounted for 58% of the total release to the district.
- Other expenses at the district level took a fairly substantial amount of the total release - 427,420,000 which accounted for 27.4% of the total release.

- UShs 38,752,000 was recovered by the MFPED on the Escrow Account implying it was not available for purchase of farmer inputs.
- **It can be deduced that there was poor allocative efficiency during FY 2010/11 as just over a half of the funds that were disbursed to Iganga district reached the intended the beneficiaries and the rest was used in meeting district expenses.**

Field findings on physical performance

<u>District level</u>

Implementation of NAADS activities for the FY2010/11 in the District started in November 2010 after the suspension was lifted. The activities that were conducted were geared towards implementation of the new guidelines and operationalising of NAADS II. The activities included:

- Sensitization of the district stakeholders in December 2010;
- Registration of all households, recruitment and induction of the Agricultural Advisory Service Providers; sensitization at sub county and village level and formation of the various committees during January-February 2011
- Selection of FSFs and MoFs and procurement and distribution of inputs during March to June 2011. The 100 FSFs per Parish received UShs 100,000 worth of inputs while the 4 MOFs received inputs worth shs.884, 974/= each.

The district officials highlighted the following as the main implementation challenges and suggested some solutions:

1) **Capacity constraints**: The district lacked capacity to verify all the inputs procured in the villages. The district had only 2 Subject Matter Specialists (SMS) who couldn't oversee procurements in all villages that were procuring different sources and at different times. Facilitation for the SMS was noted to be so low for effective service delivery. *The number of SMS should be increased such as through involving Sub-county Extension workers in verifying the inputs. The budget line for the SMS should be stepped up*.

2) **Misuse of inputs due to famine and poverty:** It was noted that the impact of NAADS on household food security is likely to be negligible in the short run because farmers eat the seeds and sell the implements to raise income. *Bylaws for community policing should be strengthened and farmers who misuse the inputs should be blacklisted.*

3) **Inadequate farmer grants for economic viability**: The support to Market Oriented Farmers was noted to be low to transform them to commercial orientation. *To break even and for economic viability of the enterprises, MOFs should be given grants worth the following production: minimum acreage of 2 acres of pineapples; 500 layer birds; at least 2 dairy cows; 5 acres of maize and 2 acres of coffee*.

4) **Parallel extension Service at district and Sub-county**: The district has at least 14 staff in MAAIF general extension that did not join NAADS. It is not clear how these are

expected to work together especially with the introduction of sub-county Agricultural Advisory Service Providers who are on contract.

5) **Political pronouncements**: While in Lwengo District in FY 2010/11, HE the President made remarks to the effect that the AASPs were wrongly recruited at sub county level. This pronouncement caused anxiety among these officers as they were not sure about their status in Public Service. This has demoralized them hence leading to poor performance.

Sub-county Level

The monitoring team visited NakalamasSub-county Headquarters to confirm receipt of funds and assess performance. The sub county acknowledged having received a total of UShs 76,465,000. Support was extended to 400 FSFs and 16 MOFs. In addition to the issues raised at district level, the sub county Officials added the following implementation issues:

1) **Inadequate financial support to FSFs**: the grant of UShs 100,000 was noted as inadequate due to the high rate of inflation and unreliable rainfall. Inflation has led to an increase in the unit cost of inputs such that fewer/less inputs are procured for the farmers. *The amount per beneficiary should be determined by the enterprise type and not the same amount for all farmer types. For example, a yam farmer may be given UShs 100,000 while a poultry farmer is given UShs 200,000.*

2) **Few Beneficiaries**: The number of beneficiaries per parish to benefit in each financial year (100 farmers per parish) was considered small compared to the high population density per unit area.

3) **Failure of farmers to payback to revolving fund**: Beneficiaries who are supposed to pass on part of their yields to the next farmer have not done so which reduces the pace of seed multiplication and distribution.

4) **Limited budget allocated for operational activities at district and sub-county level**. The district received an annual amount of Shs. 5,970,000/= to run the programme in all its 14 sub counties.

5) **Grants are misdirected:** The inputs are given to poorly selected persons who have never been farmers leading to high wastage as they do not use them effectively. The Village Farmer Fora selects poor farmers who lack land and don’t have money to maintain the enterprises. *Farmers without land and capacity to maintain the enterprises should be given inputs worth UShs 50,000.*

Beneficiary level

The monitoring team sampled 2 Food Security Farmers, 3 Market Oriented Farmers, 1 member of the Village Procurement Committee (VPC) and one member of the Parish Procurement Committee (PPC) for performance assessment.

- **Mrs Rehema Naigaga is a MOF** located in Bukolobi village, Nakalama Parish, Nakalama sub county. In FY 2009/10 she received 500 coffee seedlings that were all destroyed by drought. In FY 2010/11 she received another 500 coffee seedlings which she planted. A challenge that was noted was that farmers who qualify to be MOFs are not selected by communities especially if they had benefitted from NAADS Phase I. The Village Farmer Fora selects persons who have never benefitted from NAADS, even if they are not farmers.

- **Mr. Moses Basalira, a MOF** is located in Namulindi Village, Bukooma Parish, Nakaalama sub-county and belongs to Idiwa Farmers Group. The farmer joined NAADS in 2011 and received the following inputs; 150 broilers, 5 Bags each of 70 Kgs of Feeds, 4 Drinkers, 2 packets of vitamins and OTC anti biotic. The birds were vaccinated. The main challenges faced by the farmer were that the feeds that were sourced from Sanyu Hybrid Company were of poor quality, not supporting fast growth of poultry. The farmer lacked funds to treat animals and acquire facilities like the cold chain to store the drugs.

- **Mrs. Bess Kiwanuka, a MOF** in Kakoonga B village, Nakalama sub-county acknowledged having received in May 2011: 212 layers, 2 Bags each of 70 Kg of chicken feed, vaccines and a dewormer called Ascarix. She felt that the inputs that were provided were worth the UShs 805,300 that was spent. She also received trainings in poultry management. The main challenge highlighted was the high cost of inputs, especially feeds needed to sustain the project to fruition. She had other enterprises including goats and cows.

- **Mr. Mukwata Abdallah, a FSF**, is located in Nakalama village, Bukooma Parish, Nakalama sub-county. He acknowledged having received 3 Hoes, 22 Kilograms of beans which he planted in ½ an acre. He also received training from the AASP. His challenges were the late delivery of inputs that led to late planting and low yields and the inadequacy of seed compared to the land that was opened for planting. He recommended that FSFs should be given inputs that can plant an acre at the minimum accompanied with fertilizers and a spray pump.

- **Mr. Yoshua Kasoolo, a FSF and Member of Village Procurement Committee**, is located in Namudundi village, Bukooma Parish, Nakalama subcounty. He received the following inputs; 1kg of maize, 3 hoes and 1 bag of DAP fertilizer. He planted 1/1/2 acres of maize. *As a member of the village procurement committee, Yoshua expressed concern that he and his colleagues had not received any training on procurement procedures and therefore had difficulties in executing their roles effectively. In addition, the VPC was not in charge of the procurement process and price determination as their roles had been usurped by the Sub-county Procurement Committee.*

- **Mr. Gendaiza Robert, a member of Bukooma Parish Procurement Committee** stated that farmers did not receive sufficient trainings in procurement procedures and as a result they end up violating decisions taken by the SMSs and Procurement committees. For example, the SMS had rejected some inputs delivered at the parish but the farmers overruled and accepted the defective items.

  Most procurement committees especially at the village level did not have adequate capacity and as result, the procurement process was often initiated late which put strain the NAADS officials at the parish and sub-county level.

KALIRO DISTRICT

Financial performance

The district acknowledged receipt of UShs 776,375,000 in FY 2010/11 as recorded by MFPED. In addition, the district had savings from the FY 2010/11 releases amounting to UShs 15,380,000 arising from the salary of the District NAADS Coordinator whose contract had expired.

The programme was affected as half of the November release for NAADS (UShs 157,320,000) was taken by the Uganda Revenue Authority from the General Collection Account as part payment for the UShs 600 million that the district owed in debts. The remaining UShs 400 million was recovered by URA in December 2010 from funds of other programmes and by the time of the monitoring visit in June 2011, these funds had not yet been returned to these Departments.

Hence, instead of releasing UShs 314,640,000 for NAADS operations during November 2011, the district released UShs 157,320,000. The balance of funds were slowly recovered from local revenues and released to the programme in February 2011. **It was recommended that in future, URA should recover funds from the district local revenues and not the project funds, as this disrupts the implementation process.**

Physical performance

The monitoring team visited 2 FSFs and 3 MOFs in Bumanya Sub-county Kaliro district to verify receipt of inputs during FY 2010/11:

- **Mr. Okume Richard, a FSF and member of the Village procurement committee** (VPC), is located in Lugingo village. He acknowledged having received 30kg of groundnut seeds and 3 hoes in March 2011. He was harvesting at the time of the monitoring visit in June 2011. As a member of the VPC, the farmer noted the challenge of the unfavourable arrangement under NAADS Phase II of requiring suppliers to supply before cash is given. This has complicated the procurement process especially as the payments are made late.

- **Mr. Andrew Kirya, a FSF** in Bulyakubi Gendwa village, received 30kg of groundnuts and 3 hoes in March 2011 which he planted in 1.25 acres. He reported that the yields were low due to drought and poor management due to lack of funds for timely land opening and weeding. The farmer recommended that the FSF grant should be increased to cover the cost of pesticides and ploughing land.

- **Ms. Racheal Mugala is a MOF** belonging to Mukasor Farmers Group (10 males and 8 females) in Nambula village. The farmer acknowledged having received 2 heifers aged 2.5 months in April 2011. Both were found to be of good quality.

- **Ms. Hawa Naigaga, a 24 year old MOF** in Buloma village confirmed having received 2 heifers in April 2011 which were found in good condition. The main challenge reported was the unaffordability of drugs to treat the animals. The monitoring team learnt that this farmer had never reared animals and was selected as a beneficiary after intensive lobbying through highly placed personalities in the village. She did not have any income source to look after the animals.

- **Ms. Juliana Namukose, a MOF** in Vudehe village and member of Balitwegomba Farmers Group (10 females and 5 males) reported having received 2 heifers of 2.5 months in March 2011. The main challenge was the high prevalence of diseases.

Overall implementation challenges

The following challenges were noted by the district and sub-county officials as affecting programme implementation:

1) **With Holding Tax (WHT)**: The 6% tax charged by URA on large procurements (over UShs 1million) was noted to have increased unit prices leading to a general reduction in the quantities of inputs supplied to each individual farmer. For example, groundnuts on the open market cost 4,500/- and in NAADS cost 6,000/= per kilogram. Similarly, a hoe on the open market is 6,000/= but with WHT in NAADS costs 8,000/=.The difference is allegedly attributed to the tax.

2) **Development Tax**: In addition to the 6% WHT, some sub-counties levy 2% development tax on large procurements. The funds are used for development activities like offices for LCIII and community roads. So the price quoted by the suppliers takes into account the WHT and Development Tax which leads to be very costly inputs.

3) **Low capacity among farmers for negotiation of input price:** Price determination is left to the suppliers as the farmers lack negotiating skills. As a result, suppliers collude and over-price the inputs.

4) **Lack of bank accounts increasing input costs**: Many local suppliers do not have bank accounts making payments by cheque difficult. Banks are only available in Iganga Town Council. The cost of opening bank accounts, banking cheques and withdrawing cash is therefore factored in the price of inputs by the suppliers.

5) **Lack of capacity to verify the technologies**: The district has few Subject Matter Specialists (SMSs) who lack capacity to verify all procurements in the various remote villages.

6) **Too much bureaucracy in the village and parish procurement processes:** The procurement process was noted to be cumbersome involving bulky documentation that is not well understood by the Village procurement Committees and Parish Procurement Committees. The bureaucracy leads to late procurement and delivery of inputs to farmers.

7) **Lack of supportive equipment** like spray pumps, fertilizers, tractors and post harvest handling facilities that are necessary for expanding acreage and increasing production. The grants were too small to enable farmers to acquire the equipment.

Recommendations

1) The procurement process should be stepped up and centralized at the Parish level. The SMS would then inspect the procurements at parish rather than village level. This would also reduce on the bureaucracies and late delivery of inputs.
2) Increasing the size of FSF and MOF grants to enable farmers acquire supportive inputs and equipment that help in enhancing productivity.
3) Farmer trainings in procurement procedures and empowerment with negotiation skills.

LIRA DISTRICT

Financial performance

Lira district was supposed to get UShs 1.791 billion in FY 2010/11. UShs 143,000,000 was recovered from the NAADS account as funds that were not accounted for during Phase I of the programme. This was channeled to the Escrow Account. Hence, the total release to the district was UShs. 1,647,961,000. A further UShs 191 million was withdrawn by URA due to some accountability issues arising out of the newly created districts of Alebtong and Otuke when they were still part of Lira. As a result of this action, salaries of the NAADS coordinators, both at district and sub county level had not been paid yet the problem was not in the NAADS programme. The matter was reported to NAADS Secretariat and the Office of the President but no action had been taken by the time of the monitoring visit in July 2011.

Recommendation: URA should withdraw any arrears accruing from the district from the General Collection Account and not from programme accounts. The local bank should inform the affected programme before taking such an action.

A total of UShs 1,258,869,856 was transferred to the 11 sub-counties for purchase of inputs and technologies in FY 2010/11 as shown in Table 3.1.7.

Table 3.1.7: Disbursements to Sub-counties in Lira District in FY 2010/11

Subcounty	No. of Parishes	No of Beneficiary FSFs	Disbursements to FSFs	No. of Beneficiary MOFs	Disbursements to MOFs
Amach	10	1,250	128,750,000	80	56,377,920
Agweng	05	625	64,375,000	40	28,188,960
Ogur	05	625	64,375,000	40	28,188,960
Barr	07	875	90,125,000	56	39,464,544
Adekokwok	07	875	90,125,000	56	39,464,544
Lira	04	500	51,500,000	32	22,551,168
Aromo	08	1,000	103,000,000	64	45,102,336
Adyel	08	1,000	103,000,000	64	45,102,336
Central	05	625	64,375,000	40	28,188,960
Railyways	04	500	51,500,000	32	22,551,168
Ojwina	05	625	64,375,000	40	28,188,960
Total	**68**	**8,500**	**875,500,000**	**544**	**383,369,856**

Note: No. of beneficiary FSFs per Parish = 125; Average cost per FSF = 103,000/=; No. of MOFs per Parish = 8; Average cost per MOF = 704,724/=

Source: Lira District NAADS Office, July 2011.

Physical performance

The monitoring team sampled the two sub-counties of Ogur and Adekokwok to verify the receipt of inputs by farmers.

Ogur sub-county

The sub county confirmed having received two disbursements in FY10/11: In January 2011 UShs 49,426,760 and in April 2011 – Ushs 71,984,855 was disbursed. The sub county served a total 625 FSFs and 40 MoFs. Table 3.1.8 shows the inputs that were distributed in this sub county;

Table 3.1.8: Inputs distributed to FSFs and MOFs in Ogur Sub-county Lira District in FY 2010/11

Input	Quantity	Unit cost
Citrus	1608	2500/=
Cassava stem	68	20,000/=
Goats(Local)	200	60,000/=
Chicken	216	10,000/=
Cock	24	10,000/=
Beans	3000	4,500/=
Maize(Longe 5)	2670	2,500/=
Beans KI32	3766	4,500/=
GroundNuts RB	13991	5,500/=
SimSim SESEMIII	87	6,000/=
Bee Hive KTB	64	70,000/=
Harvesting Kit	08	135,000/=
Hand Hoes C Brand	1250	7000/=

Source: Ogur sub-county records, July 2011

The following implementation challenges were noted by the Sub-county officials:

1) Inflation had led to an escalation of the unit costs of most inputs which led to less quantities being given per farmer. Consequently, the acreage planted per farmer had greatly reduced.
2) Sourcing of inputs was difficult since the district did not have adequate supplies; inputs were purchased from Kitgum and Pader districts which increased the unit price of the inputs.
3) The Village and Parish Procurement Committees did not perform well due to lack of incentives.

4) The Subject Matter Specialists were too few to ensure timely verification of all the procurements and inputs.

Beneficiary farmers in Ogur sub-county

The monitoring team visited one FSF, 2 MOFs and 1 member of Parish Procurement Committee to assess physical performance:

Ms. Margaret Lee - FSF
Farmer joined NAADS in 2011, and received 2 hoes valued at 7000 each and 19.5 Kgs of beans. The farmer planted ¼ of an acre but was worried that she would not be able to pay back funds to the revolving fund because of the poor harvest.

Mrs. Eunice Telemol - MOF
Farmer is located in Awir village, Akangi Parish, Ogur sub-county. In FY 2010/11, she received 9 female goats and 1 male goat. All goats were pregnant at time of delivery. However, the beneficiary was dissatisfied with the inputs provided with her and claimed that there was no value for money. She was given inputs worth UShs 600,000 but she reported that the true worth of her inputs could not have been more than UShs 470,000. Of the nine goats received, 1 died and 5 experienced abortions.

The sickly and tiny goats in Awir village

The monitoring team saw that the goats that were received from NAADS were all sickly and tiny. The 2 indigenous goats that the farmer owned were of a better breed and quality than the NAADS goats. The housing for the goats was poor and contributing to the poor health of the animals.

Mr. Oluk Augustino - MOF
Farmer is located in Awilling village, Akangi Parish, Ogur sub-county and is a member of Okony Wa Ba Farmers Group. In FY 2010/11, he received 10 goats (8 females and 2 males). On receipt, 4 were pregnant but 2 experienced abortions. This was attributed to the fact that goats might have travelled long distances. The farmer stated that there was no value for money and that the goats delivered were worth UShs 450,000 and not the stipulated UShs 600,000 for a market oriented farmer. He had not yet received some of the inputs including the acaricides and dewormers.

Reverand Telemol – Chairperson PCC and MOF
The respondent reported that the village procurement committees and Parish Procurement Committee lacked capacity to procure and hence referred the process to the Sub-county. The main challenge was the lack of understanding of the community procurement procedures and the lengthy processes that were involved. His committee was handling 2 parishes, Akor Parish and

Akangi parish because Akor had been split from Akangi and as result the committee was often strained.

Adekokwok Sub County

Adekokwok sub-county received UShs 169,000,000/= as in February 2011 as the total release for the year. The sub-county promoted maize, beans, soyabeans and groundnuts for FSFs and apiary, piggery, poultry and citrus for MOFs. The monitoring team visited 1 MOF and 1 FSF in the Sub-county and the findings are given below.

Ms. Christine Okaka - MOF
The farmer is located in Telelela village, Boroboro Parish, Adekokwok sub-county. The following were the inputs provided to the farmer: 70 chicks; 3 Bags of feed; 3 Drinkers; and 4 feeders. The farmer was satisfied with the inputs though complained that the feeds provided to him were inadequate

Mr. Otim Francis - FSF
The farmer is located in Teo Obia village, Boroboro Parish, Adekokwok sub-county. Joined NAADS in 2011 and is a member of Acan Pe Kun group which has 20 members comprising of 10 females and 10 males. The farmer received 35kgs of maize, and 2 hoes. In addition, he was provided with: 3 Piglets, 3 Bags of feeds each 70kg, 5 Bags of cement and dewormer. The farmer expressed satisfaction with the inputs, though complained about the high cost of feeds. Other challenges were hailstorms, and the high prevalence of pests. *The monitoring team however noted that this farmer, for an unknown reason, was given inputs for a FSF and MOF. No explanation was given from the Sub-county officials for this contradiction.*

Overall Implementation Challenges

The following implementation challenges were noted by the district and sub-county officials:

1) Limited operational funds for the sub-county activities. For example Ogur sub-county was allocated, 1.2 million for fuel for the entire FY.
2) Although NAADS promotes farmer participation, the majority of farmers fear to take up responsibilities preferring their roles to be performed by NAADS officials. Part of the fear is rooted in the witch hunting of NAADS officials that has been witnessed over the years and is expected to spill over in the community.
3) Inadequate capacity among the VPCs and PPCs to document the procurement processes due to lack of skills on record keeping and high illiteracy. Village Procurement Committees that are located in the same area with suppliers often opt for micro procurements amongst the different suppliers and as result, this increases the volume of documentation. The delays in procurement lead to late delivery of inputs to farmers and late planting.
4) Inadequate number of Agriculture Service providers. Those who have been hired are not adequately facilitated to perform their roles effectively and most are inexperienced.

5) Too many activities that were supposed to be implemented in 4 quarters were congested in two quarters due to the temporary suspension of the programme. Some activities were therefore poorly implemented.
6) Connivance between the village and parish procurement committees and the suppliers to supply poor quality inputs at high unit costs. The SMS are often not informed of the procurement processes.

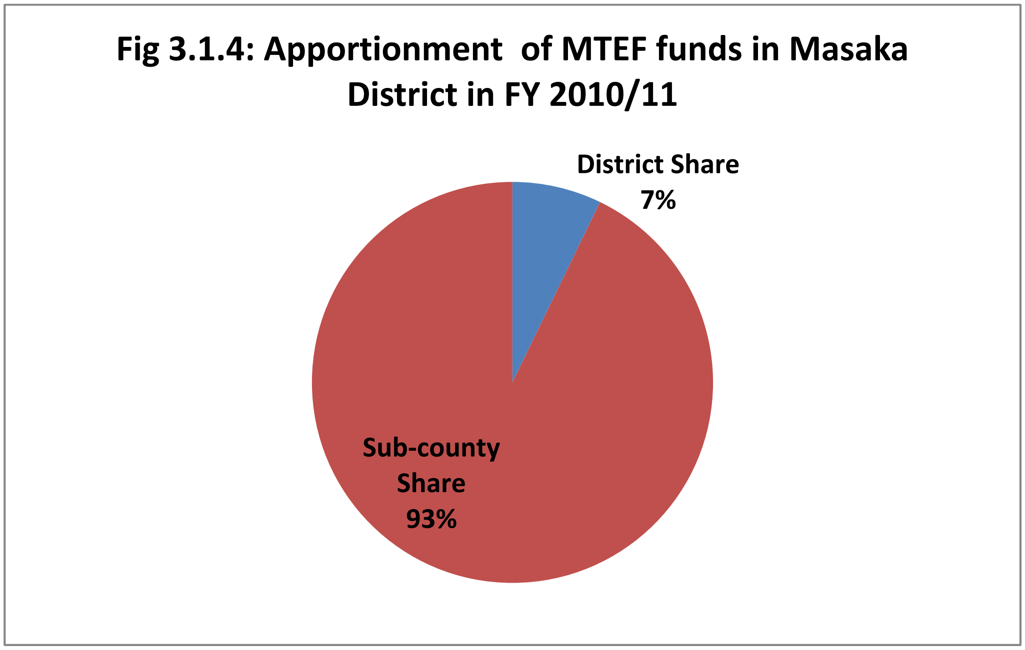
Recommendations

1) The operations budget for sub-counties should be increased to step up supervision and monitoring of farmers.
2) Continuous empowerment of farmers with basic record keeping skills and understanding of procurement procedures.
3) The AASPs need retooling so that they can provide relevant advisory services to farmers.
4) Ensuring that all procurements are verified by the SMS before distribution to farmers.
5) Introducing performance contracts in the community and parish procurement processes to ensure proper time management and delivery of quality inputs and technologies.
6) Co-funding by farmers is necessary for enhancing community ownership of the NAADS programme.

MASAKA DISTRICT

Financial performance

Masaka district received UShs 2,675,000,000 instead of the expected UShs 2,678,000,000; about UShs 2.7 millions was withheld due to audit queries arising from FYs 2007/08 and 2008/09. The apportionment of the funds received is shown in Figure 3.1.4 and the disbursements to sub-counties are shown in Table 3.1.9.



Data Source: Masaka NAADS Office, July 2011.

Table 3.1.9: MTEF Funds disbursed to sub-counties in Masaka district in FY 2010/11

	Sub-county	**Amount (UShs)**
1	Bukakala	202,562,000
2	Buwunga	490,285,000
3	Kabonera	432,816,000
4	Katwe-Butego	145,468,000
5	Kimanya-Kyabakuza	145,468,000
6	Kyanamukaaka	547,754,000
7	Mukungwe	375,350,000
8	Nyendo-Ssenyange	144,961,000
	Total	**2,484,664,000**

Source: Masaka District NAADS Office, July 2011.

The monitoring team visited Mukungwe sub-county which acknowledged having received the above stated funds. The team noted that the grants provided to the farmers were much larger when compared to other districts: UShs 380,000 allocated to each FSF and UShs 2,400,000 to each MOF. The District NAADS Coordinator explained that, for an unknown reason, Masaka received a substantial allocation which was earmarked for farmer technologies when compared to other neighbouring districts.

Physical performance

Each farmer in Masaka district got larger quantities of inputs that they considered to be sufficient for putting up an economically viable enterprise. Four farmers were sampled in Mukungwe Sub-county and the findings are given below.

Ms. Gertrude Kanyana - MOF

The farmer is located in Kiyanja village, Samalia Parish belonging to Agali Awamu Farmers Group. She received the following inputs: 13 bags of fertilizer, 1 sprayer, 1 Wheelbarrow, Herbicide, 3 pangas and 2 Tarpaulins. The farmer reported that the inputs were delivered late when the rains had ceased and she lacked funds to hire labourers. Only the hoes and tarpaulins had been utilized. The rest were found in storage.

Ms. Mary Mukalazi – MOF and CBF

Farmer is located in Kiwaanyi Village, Matanga Parish, Mukungwe Sub County and is a member of Kiwaanyi Rural Development which has 17 members. She chose the piggery enterprise. She received the following inputs on 1st April 2011: 3 Litres of Notraz herbicide, 70 kgs of feeds, 2 spades, wheel barrow, pair of gumboots, 2 water drums of 20 litres each,1 Hoe and various drugs.

Inputs received from NAADS still in storage

She expected to get 1 boar but it was not delivered because of the outbreak of swine fever in the area. Most of the inputs were found in storage. As a Community Based Facilitator, she expressed the main challenge of inadequate facilitation yet CBFs mobilize farmers to participate actively in the programme. The CBFs get UShs 60,000 per 4 months, irrespective of the number of parishes to be covered. She recommended that the facilitation of the CBFs should be stepped up.

Mr. Charles Mukalazi - FSF

The farmer is located in Kiwaanyi village, Matanga parish, Mukungwe Sub County. He received the following inputs: 30 Kgs of beans, 1 hoe, 1 sprayer, 1 litre of super gro. The beneficiary harvested 1.5 bags from the inputs provided to him.

Mr. David Katende
The farmer is in Bugarabira Parish, Kalundira Parish, Mukungwe sub-county and is a member of Mwanyi Group. He confirmed having received 15 bags of NPK fertilizer, 4 bags of Urea, 20 litres of weed round, 70 coffee plantlets. Of the 70 plantlets the farmer plant 40 only due to drought. Another factor attributed to this was the late delivery of inputs.
Farmer expressed his desire to be subsidized in his costs of production because he found weeding and ploughing quite costly. However he was appreciative of NAADS efforts especially the new system of extension of using contracted staff and he found it very efficient.

Implementation Challenges and Recommendations

The following challenges and recommendations were enumerated by the district NAADS Coordinator and sub-county officials:

1) Inadequate capacity for community procurement: the communities are overwhelmed with the volume of paperwork in community procurement due to the high illiteracy and inadequate understanding of the procurement procedures.
Recommendation: Procurements should all be done at parish or sub-county level but with representatives from the villages.

2) The provision that the PCC should be composed of members from 5 villages has created implementation challenges as some Parishes have 20 villages, implying that some villages are not represented on the PCC.
Recommendation: All villages should have a representative at the PCC. The number of members in the PCC should not be restricted.

3) Inadequate manpower and facilitation for the district level Subject Matter Specialists to undertake effective supervision and technical audit of the supplied inputs. In FY 2010/11, the 4 SMS in the district could not verify the inputs worth more than UShs 2 billion. It was reported that the financing that was given for this function enabled the SMSs to deliver 40% of the services that were expected.
Recommendation: Extension workers at sub-county level should also be involved in input verification. The budget line for the SMS function should be stepped up.

4) Disbursements from MFPED come late when seasons have progressed which leads to distortion in implementation.
Recommendation: The NAADS funds should be disbursed in July or first week of August and late January or first week of February.

5) A frequent change in NAADS guidelines breaks progress in implementation and slows the attainment of food security outcomes.
Recommendation: The guidelines should not be changed for at least 3 years; the investments should be sustained for that period so that food security can be attained.

6) Political interference as leaders of the ruling party sit on all committees and force procurement committees to give inputs to NRM farmers, even if they qualify or not. Objectivity and trust in the farmer selection process is lost.
   Recommendation: The leaders should play an oversight role and not get involved directly in programme implementation.

7) The programme does not promote integrated farming which could lead to faster realization of the food security goal at household level.
   Recommendation: The grants should be adequate enough to enable promotion of integrated farming like including tree planting, soil fertility management.

MAYUGE DISTRICT

Financial performance

District officials acknowledged having received UShs 1,296,974,000 for the NAADS programme during FY 2010/11. The food security farmers were given inputs worth UShs 100,000 and market oriented farmers were given inputs equivalent to UShs 750,000.

Physical performance

After the suspension was lifted, implementation of NAADS activities for the FY2010/11 in the district started in November 2010 with the recruitment of sub-county NAADS coordinators. In December 2010, sensitization of the different stakeholders was done right from the district to the sub-counties and in all the 68 parishes. Registration of households and selection of beneficiaries was also carried out. A hundred beneficiaries per parish for food security farmers were selected as per guideline and the target of 8 beneficiaries for market oriented farmers per parish could not be achieved due to financial constraints. The district supported 3 MOFs per parish.

Between February and March 2011, procurement of technologies was initiated and recruitment of Agricultural Advisory Service Providers was also done. Trainings were also provided to farmers. By the time of the monitoring visit in July 2011, the procurement of inputs for MOFs had just started. Distribution of inputs had been done for most of the FSFs. The monitoring team visited 2 FSFs to assess progress in implementation of the programme

Yeremiya Mugabi - FSF
The farmer is located in Luwangula village, Mayuge Parish, Imanyiro Sub County. In FY 2010/11, he confirmed having received the following inputs: 3 Hoes, ½ a litre of pesticide and 27 kg of groundnuts. The farmer planted ¾ of an acre. The harvest was however affected by drought. He benefitted together with his wife Mrs. Sarah Mugabi.

Mr. Mugabi in NAADS Groundnut garden

Ahmed Mambo – FSF and Member of Sub-county Procurement Committee

The farmer is located in Igunda Village, Mbaale parish in Imanyiro sub-county and is a member of Igunda Tufuube Kukoola Farmers Group comprising of 10 females and 15 males. He acknowledged having received 20 kg of maize seed and 27 kg of groundnut seed plus 3 hoes. He indicated that he was satisfied with the value of the inputs. The main challenge was the late delivery of inputs. He explained that this problem arose because of late initiation of the procurement process as the village procurement committees did not understand the procurement procedures.

Implementation Challenges and Recommendations

1) Village procurement is a new concept and as a result, most farmers are still struggling to come to terms with it. A lot of documentation is required in the procurement process yet many farmers are illiterate which slows down the entire process.
Recommendation: Increased sensitization and training of communities and procurement committees on the community procurement procedures.

2) Most suppliers in the district resent the fact the items delivered in the district are subject to withholding tax. Many are not aware of the tax before invoicing the sub-counties and incur losses in the process. Others raise the cost of inputs which results in less quantities being given to farmers.
Recommendation: Agricultural inputs and technologies should be excempted from WHT or any other form of tax.

3) Conversion of district extension staff into NAADS has not yet been fully effected. This is attributed to conflicting statements issued about the issue and as a result, some staff stayed in their positions in fear of losing their pension and gratuity.
Recommendation: Districts need further guidance and information from Ministry of Public Service on the implications of converting to NAADS.

4) Locally contracted suppliers tend not to have bank accounts and prefer to be paid in cash upon immediate delivery of goods.
Recommendation: All suppliers should be encouraged to open bank accounts.

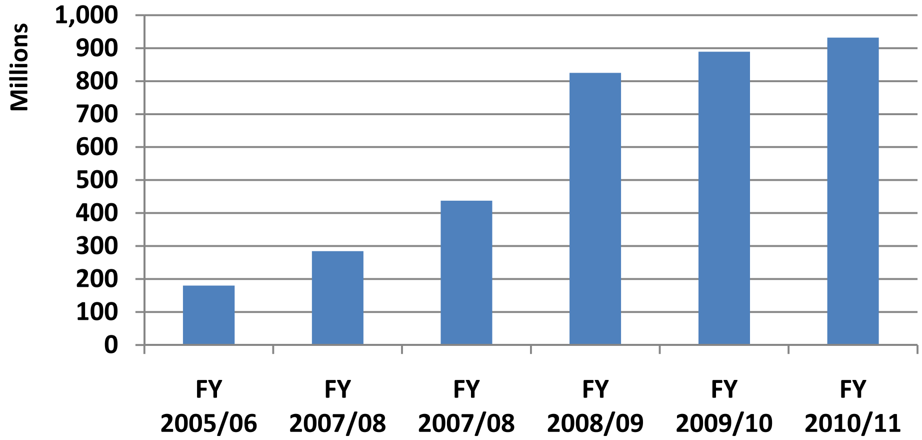
5) Mobilizing a whole village to nominate beneficiaries through the VFF has proved challenging especially as the selection criteria are still vague.
Recommendation: NAADS Secretariat to provide clearer criteria for farmer selection.

SEMBABULE DISTRICT

Financial performance

Disbursements to Sembabule district have more than tripled over the past six years from UShs 180,000,000 in FY 2005/06 to UShs 931,980,000 in FY 2010/11 (Figure 3.1.5). In total, the district has received UShs 3,813,421,774 over the six year period for the NAADS programme.

Fig 3.1.5: GoU Disbursements to Sembabule District FY 2002/06 - FY 2010/11



Source: Sembabule District NAADS Office July 2011.

Physical performance

Sembabule district in FY 2010/11 extended support to 3500 Food Security Farmers and 210 Market Oriented Farmers. The monitoring team sampled Mijwala sub-county for study. The sub-county Chief acknowledged having received UShs 71,534,070 during FY 2010/11. This was used to support 300 FSFs and 18 MOFs. Table 3.1.10 shows the main inputs that were promoted in Mijwala Sub-county.

Table 3.1.10: Inputs promoted in Mijwala Sub-county Sembabule districts in FY 2010/11

Input	Quantity	Unit cost
Beans	23kgs	3000/=
Hoes	3 hoes	7500/=
Pangas	2 pangas	4000/=
Fertilizer	5 bags	100,000/=
NPK	5 bags	110,000/=
Urea	1 bag	90,000/=
Round	9 litres	90,000/=
Diary cow	1	1,250,000/=

Source: Sembabule District NAADS office.

The monitoring team visited 4 farmers in Mijwala sub-county to verify receipt of inputs and also held a focus group discussion with farmers in Lugusuulu sub-county.

Jane Bilimbasa - FSF
The farmer is located in Rwaboona village, Nsoga Parish, Mijwaala sub-county. She received 28kg of maize and 2 Hoes in FY 2010/11. However, the farmer expressed dissatisfaction and stated that there was no value for money because NAADS procured local beans instead of the improved variety at 3500/= per kg yet they were beans in the sub-county that could be got at 1200/= per kg. The NAADS officials clarified that local seeds were distributed because there was shortage of improved seed on the market.

During harvest, the farmer realized low yields (47Kg) and this was attributed to late distribution of inputs and consequently planting. Of the 47kgs, she refunded 28kg to the revolving fund as per requirement of the guidelines.

Sentongo Yoram - FSF
Famer belongs to Tusitukilewamu Lwabanna Farmers group which comprises of 6 females and 2 males. During FY 2010/11, Mr Sentongo received 33 Kgs of beans from another member who returned seed to the revolving fund. He plant ½ an acre of land and harvested 42 Kg of seed.

Asasira Fatuma - FSF
The farmer is a member of Allah Yamba Abadu Bwo Farmers Group which has 8 members (3 males and 5 females). He was provided with 31kgs of beans and I hoe. He planted an acre and harvested 45kg of which 30 kg was returned to the revolving fund.

Assimwe Amona - MOF
The farmer located in Lwabanna village Nsoga Parish acknowledged having received 1 diary cattle worth UShs 1.4 million in May 2011. She was satisfied with the quality of the animal.

Focus Group Discussion with Beneficiaries in Lugusuulu Sub-county
An FGD was held with 6 NAADS beneficiaries in Kyebando village, Mitima Parish, Lugusuulu sub-county. All beneficiaries confirmed having received an assortment of inputs from NAADS. However, they expressed a number of concerns regarding the programme:

- The beneficiaries were not satisfied with the implementation of NAADS activities in the district. They noted that the roles of the village procurement committee were usurped by the district officials. The farmers claimed that the officials tricked them into surrendering their roles by ordering them to write letters to the sub-county requesting for inputs. When this was done the officials used the letters against them and told them that this was proof of purchase. The farmers went on strike and police was brought in to calm the situation.
- The respondents also stated that the village procurement committees did not participate in the process because they were not sensitized on their roles.

- The inputs that were distributed were noted to be of poor quality. The beans had low viability and the goats were too small compared to the purchase price.

- The farmers recommended that the size of grants should be increased to enable them hire tractor services to expand acreage.

Implementation challenges and suggested solutions

The following challenges were noted by the district and sub-county officials. Solutions were suggested to some of the issues.

1) Delays in remitting advice Note from NAADS Secretariat delays transfer and use of funds. **Advice Note should be sent at the time when the funds are remitted.**

2) Indicative Planning Figures (IPFs) have not yet been updated in light of the emerging instructions in the NAADS Guidelines. The new guidelines state that the contracted staff must be paid for 12 months yet MFPED provided IPFs for 7 months. Furthermore, the IPF for the last FY did not include the NSSF for AASPs, gratuity and part of the salaries. **IPFs should be revised to reflect the provisions in the NAADS Guidelines.**

3) The process for selecting farmers was not transparent; selection was based on party affiliation, tribal leanings and favoritism. As a result, most progressive farmers missed out on the inputs.

4) Co- investment: Market oriented farmers as a requirement must co- invest half of the total amount budgeted for them. During the monitoring exercise, it was only Sembabule district which had implemented this provision. The district officials though stated that farmers have not yet conceptualized this concept. **Further training and sensitization of farmers on the aspect of co-investment should be continued.**

5) There is insufficient seed locally and among the seed companies to meet the growing demands under NAADS. **GoU should promote contract production of improved seeds by the seed companies.**

6) Poor programme design: Currently the programme runs the components of food security and market oriented farmers at the same time. The respondents were of the view that, a phased approach would have been more appropriate whereby Phase 1 should have concentrated on Food Security and ensuring that all households were food secure before moving to Phase 11 focusing on MOFs.

Box 3.1.5 Conclusion

Disbursements to districts under the NAADS programme have more than tripled since FY 2005/06. Generally, most districts exhibit good allocative efficiency is the bulk of funds are earmarked for input and technology development at sub-county level. However, there were a few districts that had spent a larger proportion of their allocation during FY 2010/11 on operational expenses indicating poor allocative efficiency.

During FY 2010/11, 650,000 Food Security Farmers and 26,000 Market Oriented Farmers were supported under the NAADS programme. This was good performance given the fact that the programme was suspended in the first two quarters of FY 2010/11. A number of challenges were noted including: the inadequacy of the grants to transform households to attain food security and commercialization; misuse of inputs and technologies that were either sold or eaten; unavailability of seed; poor quality of inputs distributed; poor performance of the community procurement committees; the high unit cost of inputs as a result of the 6% WHT and other factors and the low operations budget for the district and sub-county level. It is appreciated that FY 2010/11 was the first year of implementation of the new NAADS and hence the numerous challenges.

It is recommended that the size of grants should be stepped up to enable farmers acquire economically viable units of production.

3.2 EDUCATION

3.2.1 Introduction:

The sector objectives which guide the medium term outputs and resource allocation 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 delivery of education services.

In FY 2010/11, the Ministry of Education and Sports (MoES) implemented a number of development Projects as indicated in the performance contract. Progress reports on the status of planned projects were submitted to MFPED during the same period. During the monitoring exercise in the months of June and July 2011, planned development projects during the course of the FY were sampled to verify the reported progress of implementation and to establish the achievement of the planned outputs targets during the FY 2010/11.

Scope:

The team sampled and visited planned development activities in 20 districts of Mubende, Bundibugyo, Bushenyi, Kapchorwa, Kaberamaido, Budaka, Butaleja, Mbale, Jinja, Bugiri, Arua, Gulu, Kitgum, Lira, Isingiro, Mbarara MC, Masaka, Mityana, Buliisa and Luwero. These projects included development projects under Emergency Construction and Rehabilitation of primary schools; Development of Business, Technical , Vocational Education Training (BTVET); Development of Technical, Vocational and Educational Training (TVET) P7 Graduate and Provision of additional Classrooms to Seed schools. The team also made a follow-up on the construction of the Presidential Pledges for the FY 2010/11 in the above-mentioned districts. The monitoring exercise focused on the inputs, planned activities and the physical outputs. The report therefore gives the verified status and progress of implementation as at the time of the monitoring visits.

Methodology

The team undertook a desk review of a number of documents in preparation for fieldwork. From this a checklist of issues and activities for the monitoring exercise was developed. Focus Group Discussions (FGDs) and Key Informant Interviews were held with various Government officials at central and district levels. Reviews of events and processes and activities regarding the reported outputs were made. In some cases call-backs were done to triangulate information. The team took photographs of the projects inspected.

3.2.2 Pre-Primary and Primary Education

Emergency Construction and Rehabilitation of Primary Schools:

In FY 2010/11, MoES planned to construct 64 classrooms, renovate 84 classrooms, Construct 120 VIP latrine stances and procurement of 1,644 desks to 49 schools. During the monitoring, one school constructed under this project was monitored.

Bundimagwara Primary School:

Bundimagwara Primary School is located in Bundimagwara LC1, Bubukwanga Parish, Bubukwanga Sub County, Bwamba County, in Bundibugyo District.

The MoES Consolidated Progress Report for 2nd Quarter FY 2010/11 indicated that, funds for developments projects were remitted to Bundimagwara Primary school. Findings indicated that the school received funds amounting to UShs 42,880,000/= in February 2011. The funds were for construction of a 2 classroom block, a 2 stance latrine block with a urinal, procurement of 36 desks, 2 sets of teachers' tables and chairs.

The contract for the civil works was awarded to Kamwa Engineering International Jansen Limited based in Kampala at a contract price of UShs 42,763,508/=. Civil works started on 20th April for a contract period of 3 months.

A 2-classroom block that stalled

By the time of the monitoring visit on 14th July 2011, a two-classroom block had stalled at the plinth wall level while the two-stance VIP latrine was at the excavation level. It was further reported that work stalled due to the heavy rains and by the time of the monitoring visit works had not resumed.

MoES should follow up on construction of this school to ensure that the contract completes his contractual obligations and that there is value for money.

3.2.3 Development of Secondary Education:

Ten schools under Development of Secondary Education were monitored. Three of them were Seed Schools (i.e Lagoro Seed, Kameruka Seed and Butiaba Seed secondary schools). All these three seed schools were newly constructed. The other seven schools were under rehabilitation and extension of secondary schools for FY 2010/11. One of them (Kitgum High) did not receive the planned funds. The other schools received the reported funds and construction was at different stages of completion.

Gamatui Girls' Boarding Secondary School

Gamatui girls' Boarding Secondary school is found in Gamatui village LC1, Gamatui Parish, Sipi Sub County, Kapchorwa district. H.E the President made a pledge to construct a boarding secondary facility in this school. MoES prioritized this pledge in its work-plan for FY 2010/11 at a cost of UShs 539,050,000/=.

At the time of the monitoring on 2nd July 2011 funds for this pledge had not been credited on the school account. However, the school had received a release schedule indicating that dated 27th May 2011 the school was due to receive Ushs 351,000,000. The schedule further noted that the funds would be part of the IPF for Kapchworwa LG for FY 2011/12. They were to be used for construction of structures shown in the matrix below:

Table: 3.2.1 structures to be constructed at Gamatui Girls Boarding S.S.

Facility	**Standard Price**	**Adjustment due to Terrain**	**Adjusted rate**
Dormitory block(2)	50,000,000	71,000,000	142,000,000
Dining Hall(1)		89,000,000	89,000,000
Firewood Kitchen	30,000,000	40,000,000	40,000,000
Sickbay		60,000,000	60,000,000
Water harvesting tanks(4)	5,000,000	7,000,000	20,000,000
Total			351,000,000

Source: Gamatui Girls's Boarding Secondary School

The school authorities complained that MoES came with the above priorities without consulting them. They observed that due to scarcity of land, the school would benefit more from those funds by putting up a three-storied structure.

Ndejje Secondary School:

Ndejje Secondary School is found in Ndejje Village, Sambwe Parish, Nyimbwa Sub-county, Katikamu County Luwero district. MoES planned rehabilitation of this school during FY 2010/11.

Findings indicated that the school received UShs 100,000,000/= for the project. However, instead of rehabilitation of structures of the old structures, the Board of Governors decided to use the funds to extend the library to accommodate about 150 students.

Findings further MoES construction monitoriung unit (CMU) approved the drawing and BoQs for library extension and allowed the school authorities to use the Force-on account.

Extension works on the library

At the time of the monitoring visit on 30th June 2011, civil works were ongoing and workers were casting the ground slab. Standard Technical Services Limited from Kampala was contracted to provide the labor at a contract prices of UShs 26,090,000/= while the school was procuring all the required materials.

Comboni College:

Comboni College is found in Comboni Mission LC I, Anyangapuc parish, Adekokwok Sub County, Erute County, Lira district. The MoES quarter two consolidated progress report indicated that the college received UShs 100,000,000/= as first installment for rehabilitation and expansion of the college.

Findings indicate the reported funds were received by school in October 2010. It was reported that this first installment was committed to the rehabilitation of the laboratory block for Physics, Chemistry and Biology.

At the time of the monitoring visit on 5th July 2011, rehabilitation works on the laboratory block had been completed. The rehabilitation works included removing the entire roof of the building and replacing it with new iron pre-painted iron sheets, working on the plumbing and electrical fittings, replacing all the shutters, replacing the entire gas supply system for the laboratory, supplying new Bunsen burners, buying new furniture (stools and tables), works on the entire floor and verandah as well as painting and putting a new ceiling. A new water harvesting tank had also been fitted. It was reported that the rehabilitation works were monitored by MoES-CMU and the construction committee of the school. The school authorities were satisfied with the quality of works.

Renovated science laboratory

These works were undertaken by Topcare Consultants and Engineering Works Limited at a contract price of UShs 118,000,000/=

Gulu High School:

Gulu High School is found in Kanyagoga LC1, Mican Parish, Badege Division, Gulu Municipal Council, Gulu District. Findings indicated that the funds were for construction of a science block and library. The contract was awarded to Ayom Traders Limited at a contract price of UShs 196,000,000/= for both structures.

At the time of the monitoring visit on 5th July 2011, civil works were at ring beam level. However, by the time of monitoring, the contractor had stopped working for three weeks and had asked for variations due to the prevailing inflation. The school administration was waiting for guidance from MoES.

Science block and Library at ring beam level

Kangalaba secondary School:

Kangalaba secondary is a USE School found in Kangalaba village LC1, Kangalaba parish, Himuntu Sub County, Butaleja District. It is the only secondary school in the sub county. The school also received UShs 10,000,000 for emergency construction of a 10-stance pit latrine. During the previous year; 2 stances and 4 stances of pit latrines for boys and girls respectively sunk after the heavy rains of April to May, leaving the school with no pit latrine.

Findings indicated that the school received the reported funds in August 2010. The funds were used to construct a 3 stance pit latrine for staff and a 4 stance pit latrine for students. However, the pit latrines are not lined.

It is one of the schools under phase I of the World Bank programme. Findings indicated that under this phase, this school received UShs 134,076,500/= being funds for completion of a 2 classroom block. This classroom block was initially constructed by MoES in 1998 and left incomplete at whole-plate level. Using World Bank funds this classroom block has now been completed. Civil works included roofing, internal and external rendering, putting stutters, glasses and painting. However, by the time of the monitoring the classroom was not yet furnished.

Using the same funds, a science laboratory had also been roofed. The remaining civil works on this structure were flooring, internal and external rendering, fitting shutters and glasses, painting, electrical installation and fittings as well as all the works on water channels and plumbing works in general.

Two new classrooms were under completion. They had been roofed, plastered, shutters fixed. Remaining works included fitting doors, screeding the floor, fitting the glasses, and working on the verandah.

Another 5-stance lined pit latrine was at roofing level. It was however, reported that as they were excavating the pit, they hit an underlying rock. Because of this, they had to compensate for the height by raising the lined pit above the ground by the same number of feet.

Classroom block under completion

Science laboratory at finishes level

Mbale School for the deaf:

Dormitory block at ring-bim level

Mbale School for the deaf is located in Nalondo ‘A’ village, Bunambutye Parish, Busoba sub-county, Bungokho South, Mbale District. According to the Consolidated Progress Report from MoES, the school received funds for construction of a dormitory.

Findings from the monitoring visit indicated that the school received UShs 200,000,000/= in two installments of UShs 100,000,000/= each. The school also received drawings and BoQs from MoES. The contract for the civil works was awarded to Mukewa Transporters and Building Contractors limited at a contract price of UShs 137,624,550/=.

By the time of the monitoring visit, civil works were at ring beam level.

Kitgum High School

Kitgum High School is found in Bajere village LC1, Lamit Parish, Akwang Sub County, Chwa County, Kitgum District. This is the only seed school in the sub county. A report from MoES indicated that the school-received funds for construction of 8 classrooms, one library, three units of pit latrines each 5-stances.

Findings from the monitoring visit as on 6th July 2011, indicated that the school had not received the reported funds.

Lagoro Seed secondary School

Lagoro Seed Secondary School found in Odong charlles LC I, Raa-okwun LC1, Laber parish, Lagoro sub-county, Chwa County, Kitgum district. This is a newly constructed seed school. The school started in 2009 operating in the premises of Akuna Laber primary school and transferred to the premises of this school in May 2011. Currently the school has SI, SII, and S.III. However, on the day of the monitoring visit on 6th July 2011, between 10.15 a.m. and 10.45 a.m, there was no single teacher at school and students were all in classes studying on their own. A student took the monitoring team around the school.

- A 2-classroom block had been completed and was in use. A 10,000-litre water tank was also installed.

- A science laboratory block was also completed. A 10,000-litre water tank was also connected to this block. The gas cylinders for the science laboratory were not yet connected. Furniture for this block had also been supplied.
- An administration block was also completed. This block had offices for the head teacher, deputy head teacher, bursar, director of studies and a staffroom. This block was also furnished. A 10,000-litre water tank had been fixed to the block.
- Another 2-classroom block was completed. A 10,000-litre water tank was fixed to the block Furniture for this block was not supplied. However, on this block, there were cracks in the wall coming down from the ring beam. This was an indicator of poor work-man ship.
- Another 2-classroom block was at roofing level.
- There was a third 10,000-litre water tank, which was not yet connected to any structure.
- There were 3 blocks of VIP pit latrines that had been completed. (i.e. two blocks of 5 stances each and another block of 2 stances). However, the sceptic tanks on the sides of the lined pit latrines were not covered.

A classroom block, administration block and another 2-classroom block at roofing level

Kameruka Seed School

Kameruka Seed School found in Kameruka village, Kameruka parish, Kameruka Sub County, Budaka district. This seed school is one of the World Bank funded projects that was undertaken by MoES during FY 2010/11. The contract to undertake this activity was awarded to Broadways Engineering Services Limited.

Findings indicated that construction of this school started in 2000 but delayed due to land wrangles. However, these wrangles were sorted and construction went on. By the time of the monitoring visit on 11th July 2011, the structures were at different stages of completion as shown below:

- The administration block was under completion. The block has offices for the headmaster, deputy head master, bursar, a reception, store and staff room. The remaining works included works on the concrete ceiling, putting glasses and glazing, painting, fixing the gutters and the water tank as well as the lightening arrester. Furniture for this block was not yet delivered.
- A science laboratory was roofed. At the time of monitoring work-tops were being worked on. Remaining works included putting tiles, working on the plumbing system, gas system, fixing glasses and glazing, working on the roof drainage as well as fixing the water tanks. Furniture for this block was not yet delivered.

- Two blocks each with 2 classrooms had been completed. They were only missing the lightening arresters, working on the roof drainage and fitting the water tanks. Some of the furniture had been delivered.
- Ten stances of VIP pit latrines (i.e. 4 stances for boys, 4 stances for girls and 2 stances staff) were under completion. All of them were lined from below. They were only left with fitting doors and painting.

The school has started using two of the classrooms although the official hand-over was yet to be done. However, beneficiaries were happy with the quality of works done.

Butiaba Seed Secondary school

Butiaba Seed secondary school is located in Walukuba village L.C I, Walukuba parish, Butiaba sub-county, Buliisa district. Construction of this school was undertaken by Excel Construction Company Limited. By the time of the monitoring the structures were at the following stages:

- The administration block was complete. Furniture for the staffroom was provided. However, furniture for the other offices such as head master's office, deputy headmaster's, bursar's and secretary's office was not yet supplied.
- Two blocks each with 2 classrooms were completed and were in use. However, furniture for the four classrooms was not yet supplied.
- A science laboratory block was completed. The plumbing systems as well as the gas system were complete and functional. 18 tables and 100 stools were supplied. The science laboratory was not yet in use as at the time of the monitoring. 4 gas cylinders of 16.5 kg were supplied but were empty.
- 10 stances of pit latrine (i.e. 5 stances for girls, 5 stances for boys, 2 stances for staff) were all complete
- 10,000-litre water harvesting tanks were connected to each of the blocks. The science laboratory has an additional 3,000 litre water tank that is on raised stands.

The beneficiaries were so far satisfied with the quality of civil works.

However, the staff needs staff quarters as a matter of urgency as there is no accommodation for them in the neighboring villages of Butiaba, Walukuba, Bugoigo, Namukuta, Kamagongolo and Sonsiyo. Currently 4 teachers were found sharing the site stores left behind by the contractor as their accommodation. The school also needs to be fenced. This is because the school is neighboring Machison-falls National Park and wild animals such as lions and buffalos stray into the school compound in the evenings




3.2.4: Business Technical and Vocational Education and Training (BTVET)

During FY 2010/11 MoES planned to construct and rehabilitate 7 BTVET institutions; procure assorted learning tools and equipment for 20 P7 Graduate Enrolling Institutions and also construct 2 classrooms and 3 workshops in 15 BTVET institutions. Six institutions under BTVET were monitored. Findings indicated that all the monitored institutions received the planned funds. However, one of them (i.e. Arua T/I) had not utilized the funds by the time of monitoring.

Rwentanga Farm School

Rwentanga Farm School is found in Rwenshanko LCI, Rwentanga Parish, Bubaale Sub County, Mbarara district. This school received funds amounting to UShs 9,000,000/= in December 2010. The funds were credited directly on the school account. They were meant for the procurement of assorted learning tools and equipment.

Finding from the monitoring visit of 27th June 2011, indicated that the school received the reported funds. A number of learning tools and equipments for brick laying and concrete practice (BCP) course were procured at a contract price of UShs 27,260,000/=.

Table 3.2.2: Learning tools and equipment procured at Rwentanga Farm School.

Item	**Number**
Drawing set squares 65 degrees	60
Drawing set squares 45 degrees	50
Pick axes standard size	10
Axes	10
Block molding machine 9 x 9	1
Wheel Barrow	5
Rough casting machines	5
Spades	10
Pangas	10
calculators	30

Mortar pans	20
Photocopying machines	1
Printers	2
stabilizers	3
Plastic water tanks	3
Jointers	7
Claw harmers	4
Wooden floaters	50
Pointing brick towels	30
Plumb bobs	30
Boat levels	30
Club hammers	10
Steel straight ledges	50
Steel float	30
Steel square	40
Spirit levels	30
Hark saw blades	10
Bow saw blades	20
Bow saw frames	20
Cold chisel standard size	30
Wooden chisel standard size	10
Wall scrapers standard size	10
shovels standard size	10
Building lines standard size	30
Tape measures 5m	20
Tape measures 30 m	5
Boasters	10
Drawing boards	50
T.squares	50

Engraving drawing sets	30

Source: Rwentanga Farm School

Mubende Community Polytechnic

Mubende community polytechnic located in Chieftence of Mubende Rehabilitation Center Barracks, Kasana parish, Mubende Town Council, Buwekula County, Mubende District. The Consolidated Progress Report for Q1 FY 2010/11, reported that UShs 155,785,000/= was remitted to this institution for construction of two workshops and a four classrooms block.

Findings indicated that the Community Polytechnic received the reported funds amounting to Ushs 155,785,000/= in August 2010. The initial guidelines provided for 2 blocks of 2 classes each with furniture, carpentry and joinery (CJ)/BCP workshop, 2 stances of VIP latrines, CJ Workshop benches and a water harvesting system. However the institution received a BCP and CJ workshop. So they requested for changes in the scope of works. Eventually MoES allowed them to utilize the funds to construct the following facilities: One block of 3 classrooms, a plumbing workshop, a motor vehicle (MV) workshop and a water harvesting system.

Findings further showed that during the procurement process, 8 firms responded to the call for bids and all of them quoted above UShs 200m much above the available funds. Eventually in a letter dated 29th November 2010, MoES allowed them to use the Force-on account. PPDA also gave them clearance to use the Force-on account.

By the time of the monitoring visit, construction of the different structures was at the following stages:

- The MV workshop had been roofed. The remaining works as at the time of the monitoring included shuttering, plastering, putting pompies and floor finishes.
- The twin workshop (plumbing) had been roofed. The remaining works as at the time of the monitoring included shuttering, putting a ramp, putting glasses, internal and external rendering, installing the water tank with its gutters and floor finishes.
- The 3-classroom block was at roofing level. The remaining works included gable filling, shuttering, internal and external rendering, works on the verandahs, painting and floor finishes.

Classroom block at roofing level, a twin workshop (plumbing) and an MV workshop at finishes level.

Bukholi Technical School

Bukholi Technical School is found in Busanzi LC1, Bwole Parish, Bugiri Town council, Bugiri District. The MoES Consolidated progress report for FY 2010/11 indicated that Bukholi Technical Institute received UShs 143,285,500/= for construction of four classrooms, three workshops and water-harvesting tank.

Findings indicated that the school received the reported funds a mounting to UShs 143,285,500/= in December 2010. The funds were directly deposited on the school account.

At the time of the monitoring visit on 1st July 2011, civil works were in progress and were being undertaken by Wangi General enterprises (U) limited at a contract price of Ushs 141,540,420/=. Findings indicated that civil works started on 3rd May 2011 for a contract period of 3 months.

- 2 blocks of two classrooms each were at ring-bim level.
- A twin-workshop for CJ and BCP was at the ring bim level.

The beneficiaries reported that they were satisfied with the quality of works up to that level.

A 2 classroom block, a CJ and BCP workshop and another 2 classroom block at roofing level.

Arua Technical Institute

Arua Technical Institute is found in Ragen LC1 vilage, Onzivu Parish, Oluko Sub County, Arua District. This institute planned to construct a dormitory block for girls at a cost of UShs

131,000,000/=. The Consolidated progress reports for Q1 and Q2 from the MoES indicated that the institute received funds for construction of a dormitory block.

Findings indicated that the Institute received UShs 50,000,000/= in January 2011. It was reported that the institute conducted a procurement process. However, bidders did not respond well to this process. The institute advertised three times and received no response the first time, received one bidder on the second time and another two bidders after the third advert. These bids were then opened on an agreed date. However, all of them quoted above the 100m. At the time of the monitoring visit the institute was awaiting guidance from MoES regarding the way forward. All the funds were still on the institute's account.

Hakitengya Community Polytechnic

Hakitengya Community Polytechnic located in Hakitengya/ Mataisa LC1, Bundikayangya Parish, Bubukwanga Sub County, Bundibugyo District. The institution received funds in 2 installments. The first installment of UShs 29,024,600/= was meant for procurement of learning tools and equipment. It was received in May 2010. In addition, this institution also received a second installment of UShs 79,140,000/= in December 2010. Of these UShs 50,000,000/= was for construction of a four units staff house and UShs 29,140,000/= was for procurement of assorted learning tools and commission of equipments at the institution.

Findings indicated that the institution had procured the learning tools and equipment. A spindle moulder/Dimensional sow for CJ was procured at a cost of UShs 23,500,000/=, while a surfacer was procured at a cost of UShs 17,000,000/=.

The principal of the polytechnic also reported that procurement of a wood turning machine at a cost of UShs 13,360,000/= and a band sow at a cost of UShs 10,900,000/= respectively. At the time of the monitoring visit, these tools were yet to be procured. The team was not able to verify the procurement of these two machines, as no receipts were made available.

Findings indicated that the institution had changed the scope of works regarding construction of the staff house. No evidence was adduced to prove clearance from MoES regarding changes in scope of works. At the time of the monitoring visit on 14th July 2011, civil works for the construction of eight Units staff house were at the roofing stage. The engineering assistant at the district and the teachers at school were supervising the works.



The Principal showing the team a Surfacer, a spindle moulder/Dimensional sow and the teachers' houses at roofing level.

Abilonino Community Polytechnic Instructors' College:

Abilonino Community Polytechnic Instructors College is found in Abilonino village LC1, Lwala Parish, Ayer sub-county, Kole county, Kole district. The MoES approved work plan for FY 2010/11 indicates that Abilonino Community Polytechnic Instructors College was to receive funds for extension and installation of power to the college. The approved budget for this project was UShs 350,000,000/=. The quarter two consolidated progress report indicated that Power was installed at this college.

Findings indicated that the college received an advance payment of UShs 150,000,000/= for that project on 16th December 2010. The funds were credited directly into college's account in Stanbic bank Lira branch. It was reported that the power lines are 8 kms away and UMEME wanted full payment for the project before commencing on any works of installing power at the college. At the time of the monitoring visit on 5th July 2011, the power was not yet installed.

The team further discovered that the college administration further diverted these funds to other college activities such as school practice and other activities contrally to Public Finance and Accountability Regulations. A close scrutiny of the bank statement showed that by January 03, 2011 the balances on this account had reduced to UShs 142,181,881/= Another bank statement for end of May 2011 showed that balances on this account had reduced to Ushs 87,766,190/=. The bursar did not avail the bank statement for end of June but noted that balances had further reduced.

This therefore shows that due to this unauthorized diversion of funds, the college will most likely not be able to undertake this activity.

The college should stick to the laid down procedures regarding re-allocation of public funds. And the college accounting officer should be made to recover all resources diverted back to their intended objective. MoES should also follow up this issue to ensure that this accounting officer recovers the funds for this activity.

Mbale Municipal Community Polytechnic:

Mbale Municipal Community Polytechnic is found in Bugwere Cell, Masaba ward, Industrial division, Mbale Municipality, Mbale district. In FY 2010/11, MoES planned to construct 2 blocks of 2classrooms each, a twin workshop, a 2 stance VIP latrine, fix a water harvesting system and furnish the classrooms with 160 desks. All this work was estimated to cost UShs 260,000,000/=.

Findings revealed that during the first quarter, the Polytechnic received UShs 155,785,000/= which was credited on the institutes account around September 2010. The Polytechnic undertook a procurement process and finally an award was made to K & K Commercial Agencies to construct 2 blocks of 2 classroom each and a workshop for welding and metal fabrication and plumbing at a contract price of Ushs 154,272,750/=.

By the time of the monitoring visit, all the structures had been completed. Beneficiaries noted that they were satisfied with the quality of civil works. It was further reported that as at that time, four certificates had been paid.

3.2.5 Construction of the Presidential Pledges (FY 2010/11):

The Annual budget for development programmes under presidential pledges for the FY 2010/11 was UShs. 10bn. During our monitoring 15 institutions constructed under fulfillment of Presidential Pledges were monitored. Four of them were primary schools, 4 were secondary schools and 7 were BTVET institutions.

Civil works in the 4 primary schools were at different stages. Works at Kitete P/S and Otuboi P/S were at finishes level, while at St Aloysius Bunaka P/S works were on going. At St Peter Semyungu works were just starting. All the technical institutes sampled received funds for the Presidential Pledge although some of them had not started implementation. In addition all the 4 senior secondary schools under the Presidential Pledge also received the funds but all of them had not started implementation as at the time of monitoring.

Construction of Primary Schools under Presidential Pledges:

Otuboi Town Primary School

Otuboi primary Sschool is found in Otuboi Township, Opilitok parish, Otuboi Sub County, Kalaki County is in Kaberamaido District. H.E made a pledge to construct 7 classrooms, 10 stances of VIP pit latrines, office and store and 10,000-litre water tank at this school. MoES prioritized implementation of this pledge during the FY 2010/11. Findings indicated that the district received UShs 102,163,453/= for Presidential Pledges in FY 2010/11.

As at the time of monitoring on 12th July 2011, civil works were in progress. A 2-classroom block with an office had been roofed and was at finishes level. Both internal and external rendering had been completed. Remaining civil works included painting, fitting glasses, works on the water drainage and fitting the lightening arrester.

A 3 classroom block had been roofed and was also at finishes level. Both internal and external rendering had been completed. Remaining civil works included painting, fitting glasses, works on the water drainage and fitting the lightening arrester. These two structures were contracted to Jossefair Contractors and suppliers.

A 5 stance VIP pit latrine was at excavation level as at the time of the monitoring visit. A 2-stance VIP pit latrine had not yet been dug. The two VIP pit latrines were contracted to Dokolo Modern Technical Services. A water-harvesting tank of 10,000 liters was not yet delivered

A 3 classroom block and a 2 classroom block at finishes level while the VIP pit latrine was at excavation level.

While the plan was to construct 7 classrooms only five were constructed. In addition while 10 stances of VIP pit latrines was supposed to be constructed; only 7 were constructed. It was not clear whether the district received authorization to effect changes in the scope of works. MoES may have to follow up on this issue.

Kitete Umea P/S

Kitete Umea Primary School is found in parish in Kitete L.C 1 zone, Kitete parish, Namungo sub County, Mityana District. H.E pledged construction of this school. MoES prioritized fulfillment of this pledge during FY 2010/11. The Final Planning Figure for this pledge was UShs 80,000,000/=. The funds were construction of 2 blocks of 2 classrooms with furniture, headmaster's office, a store and a 5 stance VIP latrine.

Findings indicated that the funds for the pledge were received by the district. The district contracted out civil works to three contractors. Civil work to construct a 2 classroom block with 36 pieces of furniture was contracted to Winco General Merchandise limited a contract price of UShs 29,114,210/=. By the time of monitoring civil works were at roofing level. Remaining works included internal and external rendering, fixing shutters and painting.

Works on a 2 classroom block with an office and a store was contracted Kiyinda Carpentry workshop and contractors at a contract price of Ushs 39,736,500/=. By the time of the monitoring visit civil works were at finishes level. Shutters had been installed and internal and external rendering completed. The only remaining works was on painting. Beneficiaries were satisfied with the quality of works by the firm.

Construction of a 5 stance VIP pit latrine and provision of hand washing facilities was awarded to Basiima contractors and Furniture enterprises at a contract price of UShs 9,241,950/=. By the time of the monitoring visit excavation works on the pit were going on and the firm expected to finish before the end of July.

A 2-classroom block with an office and another 2 classroom block at finishes level

St Peters Semyungu P/S

St Peters Semyungu P/S is found in Semyungu Village, Kagogo parish, Makulubita Sub County in Luwero district. H.E the President made a pledge towards the refurbishment of this school. MoES prioritized the fulfillment of this pledge during the FY 2010/11. Refurbishment was budgeted to cost Ushs 150,000,000/= and the funds were provided.

Findings indicated that the district received the reported funds for the above activities. The district awarded the contract for the civil works to construct the seven classrooms with an office and a store to Dragon Agencies. By the time of the monitoring visit on 30th June 2011, civil works for the two-classroom block were at foundation level while works on the five classrooms block had started with the leveling of the site. However, the grader had broken down before completing the leveling works.

St. Aloysius Bunnaka P/S

St. Aloysius Bunnaka P/S is found in Kazinga village LC1, Bukeeka Parish, Katikamu Sub County, Luwero District. H.E the President made a pledge towards the refurbishment of this school. MoES prioritized the fulfillment of this pledge during the FY 2010/11. The approved Indicative Planning Figure for this pledge was UShs I50,000,000/=

Findings indicate that the district received these funds and contracted the works to Kasoko services. By the time of the monitoring visit civil works were going on. Constructions of a 3-classroom block as well as 2 blocks of 2 classrooms each were all at roofing stage. All the classrooms were to be provided with furniture. A 5,000 litre tank is to be provided. By the time of the monitoring visit the five stance pit latrine was still under excavation while exaction of the three stance pit latrine had not yet started.

Construction of BTVET institutions under the Presidential Pledge:

Construction of BTVET institutions under the Presidential Pledge

Maanji Memorial Academy:

Maanji Memorial Academy is a vocational Institute located in Lugazi cell, Kakoba division in Mbarara municipality. The approved Indicative Planning Figure for this institute was UShs 130,000,000/=.

Findings indicated that the institute received UShs 80,947,500/= remitted to the school in three installments. [16] The funds were released to Mbarara district General Fund account where they spent some time. Later they were transferred to Mbarara Municipality General Fund account and later transferred to the school.

The funds were used for electrical installations in the 2 storied block that has 12 classrooms. It was reported that part of these funds were used to get connected to the 3-phase electric power to enable the institute run the heavy electrical equipment. Part of the funds was used to place orders for furniture and to procure sowing machines. Other funds were used to put shutters in the whole storied structure and to do plumbing works.

VOTTESA Institute of Technical Studies (formerlyMbarara Technical Institute)

Mbarara Technical Institute is located in Kiyanja cell, Kamukuzi division in Mbarara municipality. The institute was upgraded to a Technical Institute in 1999. Upon being upgraded the name of the institute changed to VOTTESA Institute of Technical Studies.

It seems this change of names was not effected within MoES records. Because of this MoES continued to send funds using the old name; Mbarara Technical Institute instead of using the new

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[16] The installments were UShs 18,000,000 vide cheque number 701936 of 4th April 2011, UShs 16,312,344 vide cheque number 701937 of 4th April 2011, UShs 31,504,690 by RTGs of 9thMay 2011and UShs 15,130,500 vide cheque number 732920 of 23rd June 2011.)

name. This caused delays in transferring these funds to Vottesa. The approved Indicative Planning Figure for this institute was UShs 50,000,000/=

Findings indicated that the institute received USsh 29,959,544/=. The funds were remitted in three installments.[17]

By the time of the monitoring visit, administration had used funds to procure roofing materials (i.e iron sheets, timber and nails) for a 2 classroom and a workshop block. Construction of this block started in 2009 and had stalled at roofing level. Shutters for the same block were yet to be delivered but orders had been placed.

Lwengo Technical Institute:

Lwengo Techinical Institute is located in Lwengo Sub County in the new district of Lwengo. H.E the President pledged to construct a technical institute in Lwengo. MoES prioritized fulfillment of this pledge during FY 2010/11. The approved IPF for this activity was UShs 530,000,000/= The MoES consolidated quarterly report indicated that UShs 130,258,620 had been released to Masaka for construction of this institute in two installments.

At the time of the monitoring visit on 28th June 2011, no single shilling had been received by Lwengo District for this purpose. It was reported that the district had received information that the technical institute was going to be funded by the UPEQ project.

Barlonyo Technical Institute:

H.E the President made a pledge to construct a memorial Technical Institute at Barlonyo in Lira district. This pledge was estimated to cost of UShs 336,000,000/=. Findings indicated that part of the funds was used to secure the land where the institute is going to be located and compensation of land owners. It was reported that the district was waiting for MoES to send the engineers to design the master plan. A steering committee was in place to drive the process.

Presidential pledges for Bushenyi District

Findings indicated that IPF for Presidential Pledges for Bushenyi district was UShs 480,000,000/=. The funds were meant for four institutions (i.e. Kitagata S.S; Bumbeire T/S; Kyabugimbi T/S; Kyeizoba T/I and Kahaya T/I). It was also reported that in the previous FY 2009/10 there were two other Presidential Pledges of Buhweju S.S and Bitsya P/S. During implementation, more resources were committed for these two Presidential Pledges than

[17] There were installments of 13,170,854 on cheque dated 15th April 2011, UShs 5,446,980/= on cheque dated 10th June 2011 and UShs 11,341,710/= on cheque dated 10th June 2011.

available funds. In the end the contractors for those two projects were demanding payments from the district worth UShs 221,307,964/=. The contractor for Bitsya P/S actually took the district to court.

It was reported that permission was sought from P/S education to use part of IPF for 2010/11 to pay off the contractors for Bitsya P/S and Buhweju S.S (FY 2009/10). That left only UShs 258,692,036/= to implement the four Presidential Pledges for FY 2010/11. They had to devise a formula to allocate the remaining funds as follows: (Kitagata S.S 16% UShs 29,870,726/=, Bumbeire T/S 28% -UShs 52,273,770/=, Kyeizoba T/I 28% -UShs 52,273,770/= and Kyabugimbi T/S 28% -UShs 52,273,770/=).

Much as this was done in good faith, they did not follow the relevant provisions of the law on re-allocation of funds as provided in the Public Finance and Accountability Regulations 2003. Accounting officer should always follow the provisions of the law on re-allocation of funds as provided in that Public Finance and Accountability Regulations 2003.

Kyeizoba Technical School:

This is a private institution located in Kitwe Village, Kitwe parish, Kyeizoba Sub County in Bushenyi District. H.E made a pledge to offer learning equipment to this Technical School to offer learning instruments to this insititution. MoES prioritized this institution in its work plan for FY 2010/11 at a cost of UShs 135,000,000/=

By the time of the Monitoring visit on 27th June, 2011, the district had just credited the school account with UShs 52,273,770/= which is 28% of the expected funds. The Board of Governors and the principal of Kyeizoba Technical Institute were in the process of tendering the supplier of the learning equipments.

Nyeibingo Technical College (Kyabugimbi Technical School):

Nyeibingo Technical College is located in Nyeibingo ‘C’ village, Nyibingo Parish, Ruhumuro Sub County, Bushenyi District. This college was formerly called Kyabugimbi Technical School. This change of names has however not been reflected in the MoES data.The President Pledged to give Instructors tools and learning equipment. MoES prioritized fulfillment of this pledge in its work plan of FY 2010/11 at a cost of UShs 135,000,000/=.

Findings indicated that the college had received UShs 52,273,770/= as at the time of the monitoring visit. These funds were credited on the college account in Stanbic Bank during the 3rd week of June 2011.By the time the monitoring visit on 27th June 2011, the Instructors’ tools and assorted learning equipments for students were not yet procured. However a procurement committee had been put in place.

MoES should therefore follow up to ensure that the provided funds are utilized according to intended purpose.

Bumbeire Technical Institute:

Bumbeire Technical Institute is located in Bumbeire L.C.1, Bumbere Parish, Bumbere Sub County in Bushenyi District. The institution was taken over by Government during the FY 2010/11.

H.E the President pledged to give this institution Instructors' tools and learning equipment for students. MoES prioritized fulfillment of this pledge during the FY 2010/11 at a cost of UShs 135,000,000/=

Findings revealed that the institute received UShs 52,303,770/=. At the time of the monitoring visit on 27th June 2011, the assorted learning instruments were not yet procured. MoES should therefore follow up to ensure that the provided funds are utilized according to intended purpose.

Kahaya Technical Institute:

Kahaya Technical Institute is another name for Uganda Technical College Bushenyi. The President Pledged UShs 50,000,000/= to support the Institute. MoES prioritized fulfillment of this pledge in its work plans for FY 2010/11.

Finding indicated that funds for this Presidential pledge were remitted to Mbarara district as part of their SFG. By the time Mbarara district realized that the funds were for Kahaya Technical College in Bushenyi district, they have used UShs 12,000,000/= to implement Mbarara district SFG activities. UShs 38,000,000/= was not yet utilized. A memorandum of Understanding between Mbarara and Bushenyi district Local Governments was signed and funds were remitted to Bushenyi District Local Government.

By the time of the monitoring visit on 28th June 2011, Bushenyi District had transferred UShs 30,130,198/= to the College.

Secondary schools under the Presidential Pledge:

Mbarara Army Secondary School:

Mbarara Army secondary school is found in Makenke Cell, Kakoba Division, Mbarara Municipality in Mbarara district. The approved Indicative Planning Figure for this school was UShs 100,000,000/=

Findings from the monitoring visit indicated that the school received UShs 61,784,497/= out of the expected funds.[18] By the time of the visit, all these funds were still lying on the school account. It was reported that the school was allowed to identify the priorities to which to commit the funds.

Semilik High School:

Semilik High School is found in Izahura village LC1, Bugomba Parish, Kahugare Sub County, in Bundibugyo District. H.E the President made a pledge to construct a hostel in this school. MoES prioritized this activity in its work plan of FY 2010/11 at a cost of UShs 196,000,000/=. During FY 2010/2011 the school was supposed to received Ushs 70,000,000/=.

Findings from the monitoring visit indicated that UShs 60,000,000/= was received. The funds were received in installments of UShs 51,870,000/= and UShs 8,057,610/= on 12th April 2011 and 29th June 2011 respectively. At the time of the monitoring visit on 14th July 2011, construction of the hostel had not started. The school advertised on 7th July 2011 and was waiting to receive the bids on 27th July 2011.

St Mary's Simbya Senior Secondary School

This school is found in Bundikakemba village LCI, Buganikere Parish, Mirambi sub county, Bwamba County, in Bundibugyo District. H.E the President made a pledge to construct a hostel in this school. MoES prioritized this activity in its work plan of FY 2010/11 at a cost of UShs 196,000,000/=. Findings indicated that the school received UShs 60,000,000/= credited directly into the school account.[19] The funds were received in two installments of UShs 51,870,000/= and UShs 8,057,610/= respectively.

At the time of the monitoring visit on 14th July 2011, the contract for civil works had just been awarded to Sabango Construction Company Limited and a contract price of Ushs 190,747,800/= and works had not started.

These funds were remitted to the school in four installments of UShs 10,000,000 on cheque dated 4th April 2011, UShs 16,341,707 on cheque dated 4th April 2011, UShs 23,943,610/= on cheque dated 11th May 2011 and UShs 11,499,180 on cheque dated 21st June 2011

[19] Account number 014008006001 Stanbic Bank Bundibugyo Branch.

Rwebisengo secondary School:

Rwebisengo secondary School is found in Rwebisengo Sub County in Ntoroko district. This is the only Government aided secondary school in Rwebisengo Sub County in Ntoroko district. H.E the President made a pledge to construct a hostel in this school. MoES prioritized this activity in its work plan of FY 2010/11 at a cost of UShs 196,000,000/=. Finding indicated that the school received UShs 60,000,000/= meant for fulfillment of the presidential pledge in 2 installments of UShs 51,870,000/= and UShs 8,057,610/=. By the time of the monitoring visit civil works had not started.

Conclusion:

A number of institutions planned to be implemented under the Presidential Pledges had not started implementation.

Recommendations:

- There is need to clarify whether the shortfall for each of the hostels for Semiliki High School, St Mary's Simbya should be carried forward or whether the schools should request for it separately.
- MoES should follow up on funds provided to Mbarara Army S.S, Semiliki High School, St Mary's Simbya and Rwebisengo Secondary schools, to ensure that they utilized according to intended purpose.
- MoES should follow on construction of Otuboi P/S where changes were made in scope of civil works from 7 to 5 classrooms and from 10 stances of VIP pit latrine to 5.
- MoES should also follow up on funds remitted to Bmbeire T/I, Nyeibingo T/I, Kyeizoba, Lwengo T/I, Kahaya T/I, Barlonyo T/I to ensure that the remitted funds are put to their right use.
- The accounting officer for Albilonino Community Polytechnic Instructors College should stick to the laid down procedures regarding re-allocation of public funds. I addition, the college accounting officer should be made to recover all resources diverted back to their intended objective. MoES should therefore follow up this issue to ensure that this accounting officer recovers the diverted funds.

3.3 ENERGY

3.3.1 Introduction

Main Aims and Objectives of the Energy 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*."[20]

In the medium term, the key priorities of the Ministry are to;

- Increase electricity generation capacity and development 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
- Promote mineral investment through the acquisition of geo scientific data and capacity building[21]

The total approved budget for Ministry of Energy and Mineral Development Sector FY 2010/11 inclusive of donor project funding before taxes and arrears adjustments was Ushs 421 billion. Of this, GoU expenditure was Ushs 142 billion.

Scope of the report

The report reviews progress of development projects in the energy sector for FY 2010/11. Specifically, the report aims to ascertain whether planned outputs as outlined in the MEMD annual work plan for FY 2010/11 have been achieved. It establishes whether financial expenditure is commensurate with physical progress. The report gives an update on physical progress, highlights implementation challenges and identifies key policy issues.

The report gives priority to development projects under vote function 0301 (Energy Planning, Management and Infrastructure Development) and Vote Function 0303 (Petroleum Exploration, Development and Production) which together receive 91.9%[22] of the total budget (donor plus GoU expenditure, before tax and Arrears). BMAU monitored progress in the energy sector during Q1 and Q2 of FY 2010/11. The report updates progress to Q4 FY 2010/11 and provides an assessment of annual performance.

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[20] MEMD *Ministerial Policy Statement 2010/11*, (Kampala 2010)

[21] Ibid

[22] MFPED A*pproved Budget Estimates FY 2010/11, (Kampala 2010)392*

Table 3.3.1 gives an overview of projects and outputs monitored during FY 2010/11 and gives a broad assessment of annual performance of outputs monitored.

Table 3.3.1 Outputs sampled to Q4 FY2010/11

Outputs monitored	Locations and time of monitoring	Planned achievements by MEMD	Actual Achievements observed
Vote Function 0301			
Project 0325 Energy for Rural Transformation (ERT) 11			
Output 030153: Transfer Funds to ERT 11 Components	Kibaale Q2 Mityana Q4	Maintenance of Energy Packages for Health Centres in 8 districts	Ministry of Health has only managed to roll out the package in Mubende, Mityana and Kibaale
Project 0331: Rural Electrification			
Output 030104: Increased Rural Electrification: Community Schemes Component	Bombo, Entebbe, Hoima, Iganga, Jinja, Kamuli, Luwero, Masindi, Mbarara, Mpigi, Mityana, Mukono, Rukungiri, Wakiso Q1	No indication of the planned output for these schemes	N/A
Output 030104: Increased Rural Electrification: Construction of power lines	Budaka, Bugiri, Butaleja, Iganga, kamuli, Mbale, Namutumba, Paidha, and Pallisa districts Q2, Q4	Completion of power lines	Power lines complete except those in Namutumba and Kamuli districts by Dott Services.
Output 030104: Increased Rural Electrification: Small hydroelectric component	Hoima (Buseruka HEP), Kamwenge (Mpanga HEP), Kanungu (Ishasha HEP), Kasese (Bugoye HEP), Nyagak HEP) Q1, Q2, Q4	Completion of Mini HEPs by December 2010	Mpanga, Bugoye and Ishasha HEP are completed. Buseruka and Nyagak are expected to be completed by November and December 2011 respectively.
Output 030104: Increased rural electrification: Electrification of district headquarters of Moyo and	Discussions in Kampala with MEMD Official Q4	Electrification of district headquarters of Moyo and Adjumani	Work has not yet started but most likely to begin in FY 2011/12

Adjumani			
Project 1023: Promotion of Renewable Energy and Energy Efficiency Promotion			
Output 030103: Renewable Energy Promotion- Energy saving household stoves	Arua, Budaka, Pallisa districts Q2	Energy efficient stoves disseminated	The stoves that were disseminated in these districts exceeded the targets.
Project 1024 Bujagali Interconnection Project			
Output 030152: Thermal and Small Hydropower Generation (UETCL)Bujagali Interconnection Infrastructure	Jinja, Kampala Q1, Q4	Construction of transmission infrastructure to different substations	Construction of transmission infrastructure is ongoing but behind schedule. Completion was planned for 31st August, 2011
Output 030152: Thermal and Small Hydropower Generation (UETCL)Bujagali Hydropower Project	Jinja Q1, Q4	Construction of Bujagali Hydropower Plant	The plant is expected to produce the first 50MW by October 2010 and commissioning is expected to be done in April 2012
Project 1025: Karuma Interconnection Project			
Output 030172: Karuma Interconnection Project	Discussions in Kampala with UETCL official Q4	Development of Karuma Hydro Power plant	Feasibility study done; Environment Impact Assessment done; The outstanding issue is financing of the project
Vote Function 0302: Large Hydropower Infrastructure			
Project 1143: Isimba Hydro Power Plant	Discussions with MEMD Official Q4	Feasibility studies for Hydropower Plant supervised	Feasibility study is complete. They are sourcing for an independent Power Producer to build Isimba together with the interconnector.
Vote Function 0303: Petroleum Exploration, Development and Production			
Project 0329: Petroleum Exploration Promotion			
Output 030301: Promotion of the country's Petroleum potential and licensing	Meeting in Entebbe with PEPD Officials Q4	Promotion of the country's petroleum potential and licensing	Licensing has not been done because they do not have a law in place as yet but the regional workshop was helpful in promotion of the country's potential.
Output 030301: Promotion of the country's Petroleum potential and licensing	Bullisa, Packwach, Arua Q4	Petroleum exploration activities undertaken by licensed oil companies and petroleum database updated	Exploration Area 1 comprises of Giraffe 1, Jobi 1, Mpyo 1, Mpyo III, Ngiri 1, Ngiri 11, Gunya 1, Jobi East 1 and Jobi East 11. They were all successful. Exploration Area 2 Comprises of Ngege, Kasamene, Kigongole, Nsoga and Ngiri.

			The three structures Ngege, Nsoga, Kasemene, and Kigongole are fully appraised for oil production. Kasemene 1 was very successful and is the one that challenged the Early Production Scheme (EPS) Exploration Area 5 is undertaking the seismic survey. By the time of the monitoring visit, acquisition of data had gone on for the past 3 weeks and data analysis had started.

Source: Approved Budget Estimates FY2010/11; BMAU reports FY 2010/11; MEMD 2010/11; Field Findings

Methodology

Financial data was sourced from the Integrated Financial Management System (IFMS) for GoU expenditure and from the project profiles in the Public Investment Plan. Financial performance includes release performance and absorptive capacity of GoU expenditures for projects and specific outputs considered.

Filed visits were madeto various projects.

Limitations

Capital development activities undertaken within the energy sector tend to be financed by donors or private sector investors. This is challenging because;

- The majority of spending is not visible on the IFMS accounting system because it is donor or privately funded;
- Donors and private firms are reluctant to provide detailed financial information. Also, considering that they are private entities, they are reluctant to take into considerations recommendations by government bodies.
- The MEMD quarterly work plans do not fully capture the extent of ongoing works in the sector.

3.3.2 Energy Planning, Management and Infrastructural Development

Vote Function 0301 was allocated 91.9% (before taxes and Arrears) of the energy sector budget[23] in FY 2010/11. Its strategic objectives are:

[23] MoFPED *Approved Budget Estimates FY 2010/11-12/13* (Kampala)

i. To review and put in place modern policies and legislation that offer a conducive business environment;
ii. To increase the energy mix in power generation, promote and co-invest in the development of new power generation and transmission projects;
iii. To acquire and provide necessary information and data to attract and facilitate private sector participation and capital inflow;
iv. To promote and implement rural electrification through grid extension, development of decentralized power supply systems and use of renewable energy resources
v. To carry out specialized and general training of man power and strengthening capacity of institutions responsible for managing and safeguarding the energy and mineral resources
vi. To carry out energy audits and consumer awareness campaigns for energy efficiency
vii. To promote and regulate atomic energy for power generation and other peaceful applications[24]

The vote function is responsible for promoting increased investment in power generation; renewable energy development; rural electrification; improved energy access; promote energy efficient technologies; and also promote private sector participation in the energy sector.

a) <u>Project 0325: Energy for Rural Transformation</u>

Background:

The purpose of Energy for Rural Transformation (ERT) is to develop Uganda's rural energy and Information/Communication Technologies (ICT) sectors, so that they make a significant contribution to bringing about rural transformation. These sectors facilitate a significant improvement in the productivity of rural enterprises as well as the quality of life of rural households. ERT is a two phase project where the first phase of the ERT programme commenced on 1st July 2002 and ended on 28th February 2009. The total expenditure of ERT1 was approximately US$200 million.

According to the ERT 1 evaluation, the major achievements included; increased awareness at local community level, increased access to rural electricity from 3% to about 6%, installation of 371,975 watt peaks geared towards improved service delivery in Water, Health and the Education sectors, supported installation of over 1,100,000 watt peaks through the private sector, increased renewable generation capacity of over 15MW and decreased 30MW of peak demand from the National Grid.

[24] MoFPED *Public Investment Plan FY 2010/11-12/13* (Kampala)

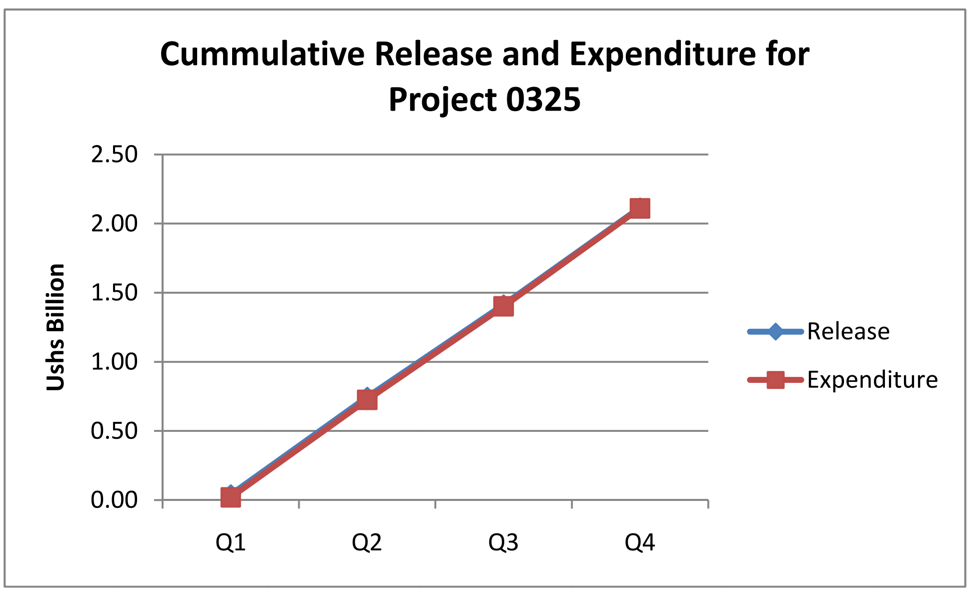
Phase two started at the beginning of Financial Year 2010/11 although according to the Public Investment Plan (PIP), it was meant to start on 11th January 2009. GOU approved budget for ERT 11 FY 2010/11 was Ushs 2.2 billion while the donor component was Ushs 39.4 billion.

Financial Performance for Energy for Rural Transformation

Figure 3.3.3 highlights the cumulative release and expenditure of funds per quarter for FY 2010/11. Figure 3.3.2 shows that by the end of Financial Year 2010/11, project 0325 received Ushs 2.12 billion of its Ushs 2.2 billion GOU budget for FY 2010/11 (96% released). Expenditure for the financial year was 2.11 billion (99.9%). This shows good financial performance.

Further categorisation of the expenditure data shows that 95% was spent on fixed assets, 4% on goods and services and 1% on employee costs as highlighted in figure 3.3.2

Figure 3.3.1



Source: IFMS data

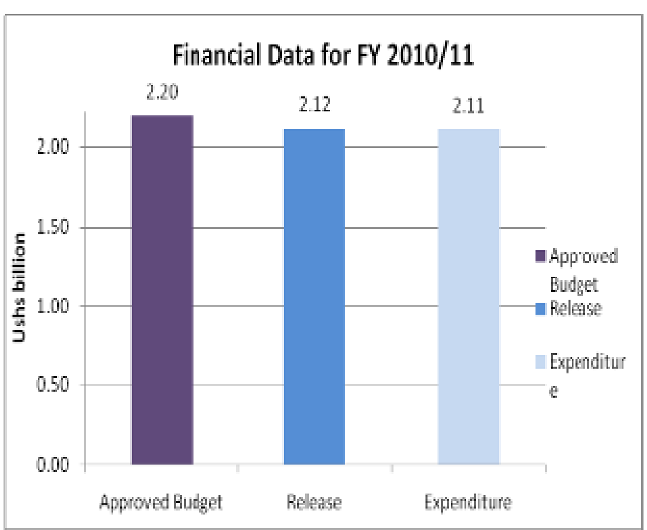
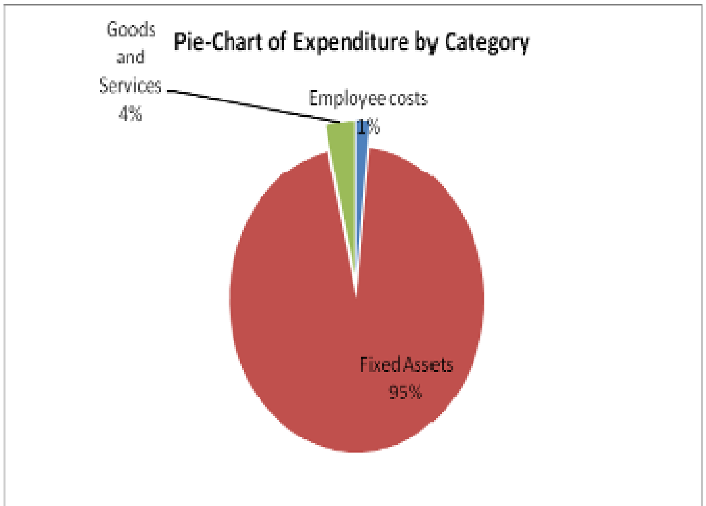


Figure 3.3.2: Releases to Q4 FY 2010/11 Figure 3.3.3: Categorization of expenditure



Source: IFMS

During Q2 and Q4 monitoring, one output under the Energy for Rural Transformation project was considered.

i. ***Output 030153: Cross Sector Transfers for ERT- Solar panels in Health Centers*.**

The overall goal for the ERT Program health component is to improve delivery of health services in rural health centers through increased access to modern energy services and ICTs (ERT Operations Manual, 2009).

Physical Performance

Table 3.3.2

Planned Outputs	**Physical performance as updated by MEMD officials**	**Physical performance observed by BMAU to Q4 FY 2010/11**
Design and procurement of computers and internet access for 15 schools and 5 health centers selected. Community information centres including cell phone charging facilities in 16 sub counties in northern Uganda.	Nothing on ground yet	Did not monitor as there was nothing on ground
Maintenance of energy packages for Health Centres in 8 districts: Kibaale, Mubende, Mityana, Luwero, Nakaseke, Rukungiri, Kabale and Kanungu.	Contract signed September 2010. Installation is ongoing and expected to be completed mid July 2011 in the districts of Kibaale,	In Kibaale, by Q2 monitoring, 85% was completed In Mityana 76.6% was complete by Q4.

Design, supervision, monitoring and evaluation of energy packages for health centres in 8 districts: Amuru, Apac, Dokolo, Kaberamaido, Kitgum, Moroto, Nakapiripirit, Adjumani	Mityana and Mubende. In Luwero, Nakaseke, Rukungiri, Kabale and Kanungu, contract was signed September 2010. Wiring was to start in June 2011. Delivery of Solar equipment started. Installatios were projected to start July 2011 Nothing on ground yet	
Design of energy packages for water supply points in 5 urban growth centres selected	Nothing on ground yet	Did not monitor as there was nothing on ground
Maintenance of existing energy packages in post primary schools	Nothing on ground yet.	Did not monitor as there was nothing on ground

Source: MEMD quarterly work plan FY2010/11; discussions with MEMD officials; Fieldwork observations

Planning and overall implementation of the health component is carried out by the Ministry of Health (MoH). Districts to benefit from the scheme are selected by MoH according to set criteria. An interaction with the health department during the Q4 monitoring revealed that they were not satisfied with the works by contractors (See Key Policy Issues).

During Q2 and Q4 monitoring, the team visited solar photovoltaic (Solar PV) installations under the health component of output 030153. In Q2, the team visited health centers in Kibaale district and visited approximately two thirds of the targeted health centres. Of the 27 target health units, 23 were complete (85.2%) at the time of monitoring in Q2 FY 2010/11 (details of the findings are in the Budget Monitoring Q2 FY 2010/11 report). In Q4, the team visited health centres in Mityana district. All of the beneficiary health centres visited reported to be happy with the solar installation.

However, the progress has been very slow as only the health component has commenced implementation of activities on ground and within this component; only 3 out of the 8 districts have been covered. The ICT, water and education components have not yet taken off.

Mityana district has got a total of 55 health units including the hospital. Of these, 32 are government units while 23 are private and not for profit (PNFP). Of these, 14 had been planned to receive solar installation. Work on ground however showed that 78.6% work had been executed.

Health sector officials at the district mentioned that the criteria that was used to receive the solar PVs was; inability of the health centres to access Hydro Electric Power; communities making specific requests for example Namungo showed that there was insecurity; and units with maternity were also given priority.

Table 3.3.3 provides a value for money analysis of the solar PV schemes visited. Of the 14 health units supposed to receive solar panels, 11 had been completed. All installations took place in May 2011. They received equipment ranging from single and double solar panels, bulbs, sockets and fridges.

Table 3.3.3: Value for Money Analysis for Solar PVs in Mityana District

VFM: Efficiency Component		
Component	Score (good/fair/poor)	Comments
Allocative Efficiency	N/A	Allocative efficiency is the proportion of expenditure on high and low priority areas. It was not possible to obtain data on the proportion of expenditure spent on low and high priority areas
Operational efficiency	N/A	Operational Efficiency refers to delivery at the lowest possible unit cost. According to the ERT 11 Operational Manual (2009), the cost for HC 11, 111 and IV was US$ 9,331, US$ 22,889, US$ 75,614 respectively. On average, a health centre should cost US$ 35,945 It was not possible to obtain the cost of the installation from the contractor.
VFM: Effectiveness Component		
Project Planning	Fair	This establishes whether the intervention was well designed to meet objectives. The overall goal of the health component is to improve delivery of health services in rural health centres through increased access to modern energy services and ICTs The number of mothers coming for deliveries is increasing as midwives are in position to handle emergencies at night due to provision of lighting

		The provision of fridges has enabled immunization to take place Solar has attracted patients to go to health centres for treatment. However, the District Health Office are not happy with the works as they were not consulted and this resulted into contractors not putting some relevant equipment in some health units. Also, 81% of health centres reported that they do not know how they were chosen to receive the solar panels. This shows that the needs assessment was not consultative.
Service Delivery / Beneficiary Satisfaction	Fairly Good	81.8% respondents at health centres visited said they were "satisfied" with the package from MoH, and 18.1% were "very satisfied". The benefits that respondents reported included: • The lighting has provided security • Ability to charge phones • Ability to handle emergencies at any time eg deliveries at night • Energy is cheaper • Health officers are able to treat their clients late at night • Immunization is no longer a challenge Generally, health officers mentioned that the solar installation has eased their work. The reasons they gave for not being very satisfied were: • They are not using the solar for sterilization therefore they are still spending on paraffin to sterilize • Security lights in some health centres are missing • Some staff quarters did not get the solar installation • Some (5 out of 11) health centers did not get a fridge • Health centres do not have guidelines on how to operate the solar equipment Some of the recommendations included: • Need for a watch man to help with security of the equipment • Need to install security lights in health centres that did not receive the provision • Need to train health workers on operation and maintenance as they are the users of the equipment • Need for powerful solar panels that can also be used for sterilization. • Need to train a technical person at the district level for upport services[25]

[25] Contractors left their contact at the different health centers and asked them to call in case of any problem

Gender and Equity	Good	All the health centres visited reported that they have higher proportion female patients than males (65.5% females). This is a positive trend as recent[26] statistics showed that women stayed home when they are sick due to lack of funds to facilitate their hospital bills Most of the health centres visited were in remote areas although in terms of distance, they were ranging from 10 to 30 kms as Mityana is a fairly small district. This shows that it has targeted people in hard to reach areas.
Operation and Maintenance	Poor	All the health centres reported that they were given very basic training on operation and maintenance. They were not given guidelines on how to manage the equipment.

Source: District Health Office; Field Findings

Challenges

- **Work in 3 health centers has not yet been done**. This is work that has been delayed by a whole financial year. Malangata HC, Kitongo HC and Mwere HC have not yet received the solar equipment

- **The non involvement of the District Health Office (DHO) that limited monitoring**. They were not given the BOQs to establish the package that each unit is supposed to receive. The district took a technical person for training and asked the contractors not to go to the field without their technical person but they hesitated to work with him. The DHO's office therefore found it hard to monitor activities.

- **Delivery of incomplete packages:** Five health centers were not provided with a solar fridge. For those health centers that had gas fridges, the providers would end up taking the new fridges back and yet if they had liaised with the District Health Office, they would have been in position to identify suitable health centers to give the solar fridges. It should be noted that gas fridges are unreliable as they often run out of gas yet transporting a gas cylinder to the district for refilling is costly.

- **Omission of some facilities within health centres**: The health component is supposed to work in lower level health facilities covering both medical buildings and staff houses. Several staff reported that they do not have the solar installations at their facilities.

- **Poor Communication to beneficiary centres**: Some health units were asked to buy sand. However, they did not know whether they were supposed to get the whole package

[26] National Service Delivery Survey, 2008

free or to share the costs. One of the health centres was asked to contribute cement. In case of any pre condition attached to an undertaking, there is need for the contractors to communicate earlier.

b) Project (0331) Rural electrification

Background:

According to the Public Investment Plan (PIP) FY 2010/11-2012/13, the overall objectives for the program are: 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 electricity access from about 1% in 2000 to about 10% ten years later. The outputs include; acquire way-leaves for donor funded rural electrification schemes; extend power to selected mines and PMA agro-processing centres; execute community schemes; and electrify district headquarters[27]

The project started in January 2000 and was expected to end in January 2010. Total budget over 2000 to 2010 was US$ 22 million. Domestic development funding for the project was Ushs 22.66 billion and donor funding for the project was Ush 0.47 billion. GoU budget for this project represents 13.15% of all GoU expenditure in the energy sector.

Much of the expenditure under 0331 is implemented by the Rural Electrification Agency (REA), which also receives off-budget support for its activities from various donors such as The World Bank, Japan International Cooperation Agency (JICA), and Swedish International Development Agency (SIDA)

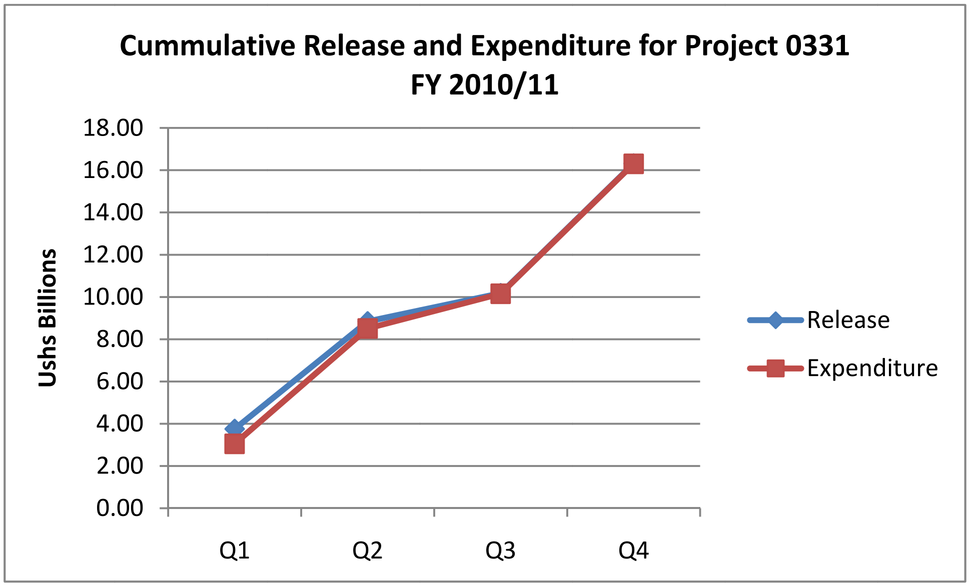
The following outputs were monitored during FY 2010/11

i. ***Output 030104: Increased Rural Electrification: Community Schemes implemented by REA Component (Q1)***
ii. ***Output 030104: Increased Rural Electrification: Small hydroelectric Plants Component (Q1, Q2, Q4)***
iii. ***Output 030104: Increased Rural Electrification: Construction of power lines component (Q2, Q4)***

Financial Performance

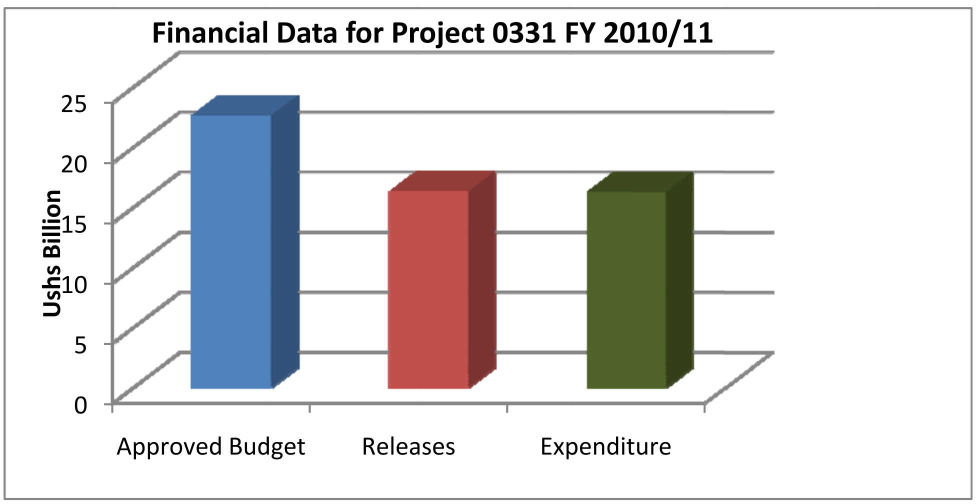
[27] MOFPED Public investment Plan FY 2010/11-2012/13

Figure 3.3.4



Source: IFMS data

Figure 3.3.5



Source: IFMS Data

Figure 3.3.4 and 3.3.5 summarizes the financial performance of Rural Electrification to Q4 FY 2010/11. For FY 2010/11, 72% of approved funds were released from July 2010 to June 2011; of which 99.9% were absorbed during the period.

Physical Performance

i. Output 030104: Increased Rural Electrification: Community Schemes implemented by REA Component (Q1)

"Community Schemes" are small rural electrification schemes (typically 10km or less of high voltage (HV) transmission line), constructed in areas close to the national grid network. Officials at REA provided documentation to show that there are 52 such schemes completed during FY 2009/10

Table 3.3.4 Budget and Expenditure of Community Schemes

Budget	**Scheme Implemented FY 2009/10**
Ushs 450 million (GoU financed projects)	
Ushs 2.2 billion (Donor financed projects)	
Total Ushs 2.65 billion	Total Contract Amount 6.2 billion

Source: REA

Of the 26 schemes visited, 23 had been commissioned during FY 2009/10 as reported by REA. Two had actually been commissioned during FY 2008/09 and one had not yet been commissioned[28]

ii. Output 030104: Increased Rural Electrification: Small hydroelectric Plants Component (Q1, Q2, Q4)

According to the MEMD Ministerial Policy Statement FY 2010/11, there are 4 small hydro power projects to be commissioned by February 2011. These include; Mpanga (18MW), Buseruka (9MW), Ishasha (5.8 MW) and Nyagak (3.5 MW)[29]. Others that have been constructed include; Kakira (22 MW), Kinyara (7.5 MW), Kisiizi (0.3MW), and Bugoye (13 MW). With the planned hydro power plants getting on board, this would bring the total to 8 Hydropower Plants.

Small hydroelectric plants (HEPs) generate up to 20MW of electricity. They are privately funded on a build, own and operate basis. Power is subsequently purchased by UETCL according to a power purchases agreement. During the Q1, Q2 and Q4 FY 2010/11, BMAU monitored the progress of Buseruka (9MW); Mpanga (18MW); Ishasha (5.8MW) and Nyagak (3.5MW)

[28] More details on the community schemes are in the Q1 BMAU report 2010/11.

[29] MEMD Ministerial Policy Statement FY 2010/11 (Kampala 2010)

Table 3.3.5: Physical Performance of Mini Hydro Electric Power Plants

Approved Cost of Works	Planned Works	Summary physical Progress to Q4
Mpanga Hydroelectric Plant (Q1,Q4)		
Initially US$ 21 million but was increased to US$ 27 million and ultimately reduced to US$ 26 million. Funders are FMO, FINFUND and DEG	18MW capacity hydroelectric Plant 34 Km 33KV line and sub-station at Kahunge managed by REA. (February 2008-March 2010) Primary Contractor: South Asia Energy Management Systems (SAEMS)	Project completed on 20th February, 2011 and official commissioning date was 29th April,2011 They were expected to complete by end of December 2010 but the coordinator of the project reported that works were delayed by tunneling activities as originally they were supposed to go round the hill but it was not feasible. The transmission infrastructure is already in place and power is already being sold to the grid
Buseruka hydroelectric Plant		
US$27 million revised to 38 million private finance Funders are ADB and PTA bank.	9 MW capacity hydroelectric plant 46 Km high voltage line (November 2007- January 2010) Primary Contractor: Hydromax Limited	During the Q2 monitoring visit, works were behind schedule. The contractor reported that works had almost completely halted due to funding constraints. The cost overruns were attributed to unexpected amount of hard rock found that consumed a lot of money and time especially on power channel excavation. During the Q4 visit, the BMAU team was informed that by November 2011, they should be complete (although this date may not be achieved). Work is ongoing on site. Progress included; • Resettlement and land compensation- 100% • Power house – 100% • Penstock- 60% • Dam- 50% • Forebay 100% • Turbines and generators- already on site although not yet installed. • Transmission work is already started and some poles are already in place ready for erection. Overall – 70%
Ishasha Hydroelectric Plant		

US$ 10 million, revised to US$ 14 million (hydroelectric plant) US$ 0.4 million (transmission lines) Private finance	5.8MW capacity hydroelectric plant 7 Km high voltage line (June 2008-April 2010) Primary Contractor: Eco Power	During the Q1 monitoring ongoing works were observed on the dam, penstock and electro mechanical installation. Overall, they were 80% complete. During the Q4 monitoring, the BMAU team established that the plant is generating power. The challenge they are facing is the fluctuating water levels brought about by the dry season. As a result, electricity cannot be generated to capacity.
Nyagak hydroelectric Plant		
US$ 14 million, revised to US 20million Government contribution is 10% and the other part is by Kfw	3.5 MW Capacity HEP (November 2006-June 2009) Primary Contractor WENRECO	The plant had had financial difficulties and by FY 2009/10, works were completely halted on site. After solving the issues the 3rd phase started in August 2010 By Q2 FY 2010/11 monitoring, works on site were 50-60% complete. Negotiations were however still ongoing to award a new contract for electro mechanical works. By Q4 monitoring, the electro mechanical contractor was already in place (Hs Hydro) Presently, Spencon is contractor for civil works. The progress of the different works as reported by the resident engineer include; Volume of dam concrete left – 50% Tunnel blasting- 80% Headrace- 70% Penstock- 80% Civil works in powerhouse -80% Electro mechanical works- 0% Overall- 70% The new completion date was July 2011 but they were not able to complete. The reasons for the delay included: The extra amount of rock to be excavated. Geological surveys were carried out but the rock that was anticipated doubled. Delays as a result of compensation of the communities. The locals had refused Spencon to operate within their road. Delays in payment as they have got to go through so many channels. This is a problem with both government and the

		funders (Kfw)

Source: Field Findings

Nyagak HEP: ongoing works on the Penstock; *Crushing of the rock almost complete*

Power house awaiting installation of Electro Mechanical Equipment

Challenges

1. For the Nyagak HPP, there is only one resident engineer in place. The designs may change and may need more technical people on ground.

iii. Output 030104: Increased Rural Electrification- *Construction of power lines component (Q2, Q4)*

The level of rural access to electricity was 6% up from 1% when the program to increase access to modern energy services through rural electrification started in 2001[30]

Table 3.3.6 outlines the planned activities under output 030104 for FY 2010/11. As shown, the MEMD quarterly work plan does not detail all the planned activities. The physical performance observed by BMAU during Q2 monitoring is summarized against the planned activities.

Table 3.3.6: Physical Performance Output 030104: *Increased Rural Electrification*

Planned Outputs for FY 2010/11	Physical Performance observed in FY 2010/11
Construction of power lines in progress and at different stages of completion	Construction for some projects completed and a few others at various stages.

BMAU reviewed progress on some power lines during Q2 monitoring. Lines visited were in the districts of Bugiri, Butaleja, Iganga, Kamuli, Namutumba, Paidha and Pallisa. Overall performance was good. In Q4, the team followed up on those power lines that were not yet complete during the Q2 monitoring visit

Table 3.3.7 Physical Performance of REA power line construction

Approved cost of works	Planned output	Observed physical performance Q2 FY10/11
Electricity Power Networks in Tembo, Bulonge and Kiyunga (Iganga) Q2		
UShs 1.72 billion (GoU funded)	28 Km high voltage (HV) power line 20 Km low voltage (LV) power line (6 x 50) KVA transformers	Works commenced in July 2010 and the contractor expected to complete by the end of January 2011

[30] MEMD Ministerial Policy Statement 2010/11 (Kampala)

	Effective: 21/05/10 – 21/01/11 Spencon Services	
Electricity Power Networks in Nabitende and Itanda (Iganga) Q2		
JICA component provided off-budget. GoU component: UShs 1.81 billion	JICA: 20 Kms HV line (10 x 100 KVA transformers) GoU: 3 Km HV power line 56 Km LV power line (2 x 100) KVA transformers Effective: 18/02/10 – 18/10/10 Ferdsult Engineering Services	Works are complete and ready for commissioning and handover to Umeme.
Electricity Power Networks in Bugeso and Iwemba (Bugiri)		
JICA component provided off-budget. GoU component: UShs 1.17 billion	JICA: 11 Kms HV line (7 x 100 KVA transformers) GoU: 2.3 Km HV power line 34.1 Km LV power line (2 x 50) KVA transformers Effective: 18/02/10 – 18/10/10 Ferdsult Engineering Services	Works are complete and ready for commissioning and handover to UMEME
Electricity Power Networks in Kamuli and Namutumba (Kamuli) Q2, Q4		
UShs 1.90 billion (GoU funded)	27 Km HV power line 23 Km LV power line (2 x 50) (2 x 200) (1 x 100) KVA transformers Effective: 21/05/10 – 21/01/11 Omega Construction Limited	During Q2 monitoring, the contractor reported that the contract amount actually accounts for two separate lines under construction by Omega Construction. Therefore the specifications provided by REA were incorrect. The contract is also effective for 12 rather than 8 months. The two lines are: Namutumba line: 5 transformers (2 x 50 KVA; 2 x 200 KVA; 1 x 100 KVA). 22 Kms HV line and 5 Kms of LV line. Works commenced in June 2010 and were expected

		to complete in May 2011. Works are 60% complete. Poles are in place; line stringing and transformer installation remain. Kamuli line: 2 transformers (2 X 50 KVA). 4 Kms of HV line and 2 Kms of LV line. Works commenced in June 2010 and were expected to complete in May 2011. Works are approximately 45% complete, with most of the poles in place. By Q4 monitoring, no work had progressed at all. On both the Namutumba and the Kamuli lines, only poles were in place during the Q2 monitoring
Electricity Power Networks in Mbale and Budaka (Mbale, Budaka) Q2, Q4		
UShs 0.97 billion (GoU funded)	18 Km HV power line 9 Km LV power line (7 x 50) KVA transformers Effective: 21/05/10 – 21/01/11 Utility Engineering Services	Construction started in July 2010 and was completed On the Mbale stretch of the line (4 load centres) all HV works are complete and transformers are in place. Transformers await wiring and connection to LV network. The contractor estimated that there were 200 potential customers at the load centres. Works are also on target on the Budaka stretch (3 load centres). HV lines are complete and transformers are being connected. A small section of HV line had to be re-routed because of land compensation disputes with project affected persons but this was not a big problem. The contractor estimated that there are around 185 potential customers at these load centres.
Electricity Power Networks in Budusu and Bunawale (Butaleja) Q2		
UShs 0.86 billion (GoU funded)	12.5 Km HV power line 4.1 Km LV power line (4 x 50) (1 x 100) KVA transformers Effective: 18/02/10 – 18/02/11 Ferdsult Engineering Services	Construction started in May 2010 and was completed in August 2010. The line has been commissioned and handed to Umeme.
Electricity Power Networks in Pallisa, Tororo, Mbale (Pallisa) Q2		
UShs 2.1	22.6 Km HV power line	Construction started in July 2010 and works

billion (GoU funded)	13.9 Km LV power line (7 x 50) KVA transformers Effective: 21/05/10 – 21/01/11 Ferdsult Engineering Services	are on target to complete on time.
Electricity Power Networks in Paidha and Nebbi (Paidha, Nebbi) Q2		
UShs 0.10 billion (GoU funded)	1 Km HV power line 2 Km LV power line (1 x 50) KVA transformer Effective: 21/05/10 – 21/01/11 Tetra Technical Services	Works commenced in June 2010 and were commissioned in August 2010. The line is now under operation by WENRECO but as yet there are no customers.

Source: REA; Fieldwork observations

Challenges

The main challenge with the electricity power networks in Budaka and Mbale is power theft. It is commonly known as "hooking".[31] Through this method, people tap power from the main low voltage network illegally. For example, with the 33KV line to Khamoto- Mbale, almost everyone "hooks" and nobody pays for power.[32] This has under several occasions has led to death of many people.

Still in Mbale, it was reported that transmission lines are becoming so many with few customers on ground. As a result, quality of the power reduced. This is brought about by the fact that when REA is coming up with projects, the local operators (UMEME) are not involved.

c) Project 1024: Bujagali Interconnection Project

Background

Bujagali Interconnection project is part of a bigger initiative which also includes Bujagali Hydropower Project (BHP). The project started in July 2008 and was originally expected to complete in June 2011.

[31] Very tiny (almost invisible) wires are tied on the LV network to tap electricity.

[32] This was mentioned by one of the UMEME officers who took the BMAU team to the field

Bujagali Hydropower Station is a 250 MW power generating facility located on the Victoria Nile, 8 Km from Jinja town. Bujagali Energy Limited (BEL) was awarded a concession to build, own and operate Bujagali hydropower project in 2007. BEL is a joint venture between industrial Promotion Services Kenya and SG Bujagali Holding Limited. The total cost of works (Onshore plus off-shore) is estimated at US$ 861 million[33] (which is privately funded).

The Bujagali Interconnection Project (BIP) is financed by the African Development Bank (ADB) and Government of Japan through the Japanese Bank for International Cooperation (JBIC), and sponsored by Government of Uganda. The executing agency is Uganda Electricity Transmission Company Limited (UETCL). The aim of the project is to evacuate power from the Bujagali Hydropower Project to the national power grid. BEL is working closely with UETCL to manage the development of the power transmission line as well as supervision of its construction. Total cost is US$ 74million[34]. Of this, ADB will finance US$ 28.63 million; JBIC US$ 28.63million and GoU US$ 17.45 million. GoU expenditure is earmarked for the Resettlement Action Plan (RAP)

Two aspects are considered here;

1. ***Output 030252: Thermal and Small Hydro Power Generation (UETCL): Bujagali Hydropower Station Component***
2. ***Output 030252: Thermal and Small Hydro power Generation (UETCL): Bujagali Interconnection Project Component***

1. ***Output 030252: Thermal and Small Hydro Power Generation (UETCL): Bujagali Hydropower Station Component***

Financial Performance

Bujagali Hydropower station is privately financed by the concession holder, BEL. Their lenders are; The World Bank, European Investment Bank, ADB. The total cost is US$ 860 million, US$ 612 million of which is Engineering, Procurement and Construction (EPC) contract, and US$ 248 million is contingency fund and interest repayment to lenders

Figure 3.3.6 shows the financial Progress of Bujagali Hydropower Station as at end of FY 2010/11. There are several areas where payments have been made

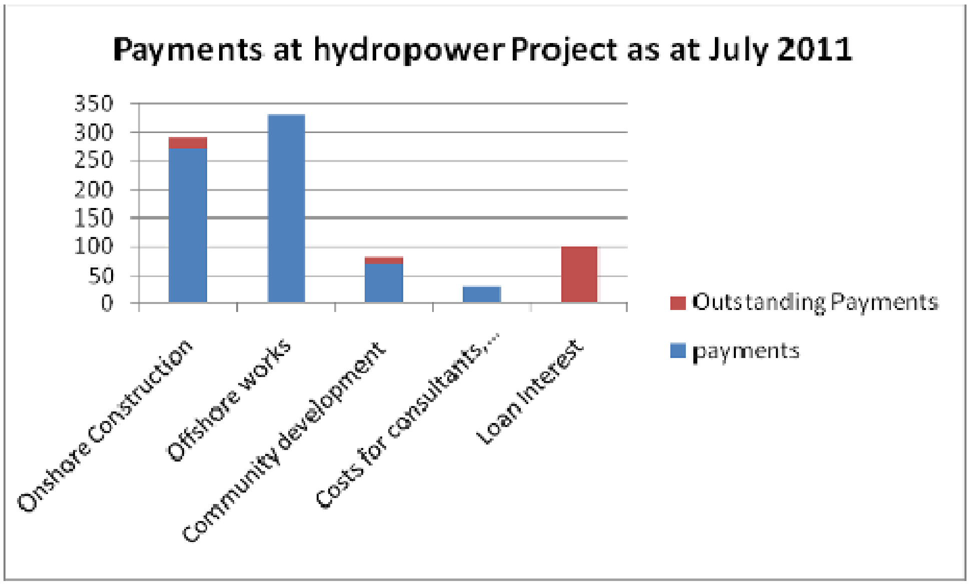
i. Onshore Construction- US$ 270 million

[33] At 2007 exchange rate

[34] ibid

ii. Offshore Activities- US$ 328 million
iii. Money to run the project (constituting community development, livelihood development)- US$ 69 million)
iv. Money going to the lenders- US$ 30 million
v. Interest by the end of the project

Figure 3.3.6 Payments that have been made on the Hydropower Project



Source: Field Findings

Physical Performance

The target commissioning date has been moved to April 2012 although the first unit (50MW) is expected to be produced by October 2011[35].

The primary contractors for the project are Salini Construction and Salini Hydro who were contracted by BEL to construct the dam and turbines. Consultative work is being undertaken by Fitchner and electro mechanical works are being managed by Alstom. Table 3.3.8 summarizes the physical performance as of July 2011.

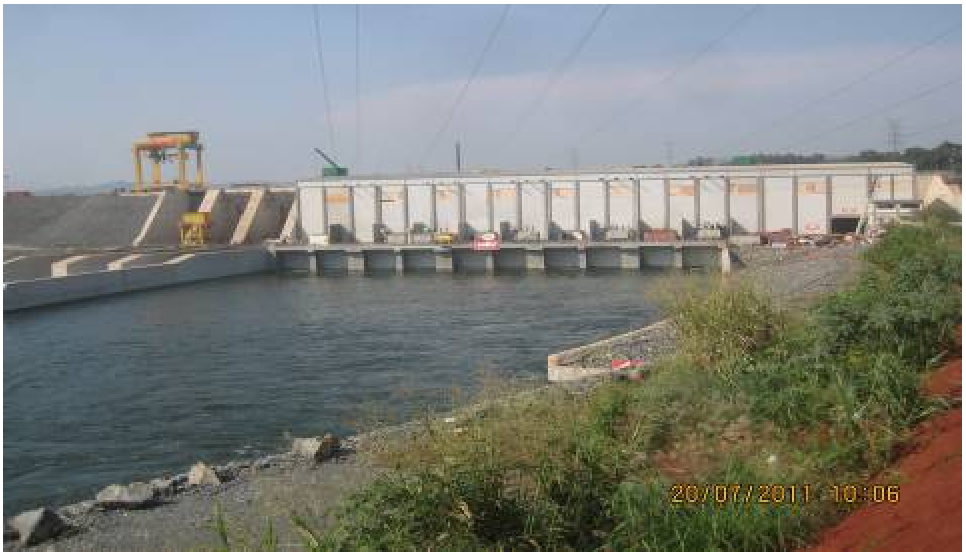
Table 3.3.8 Physical performance of Output 030252: Bujagali Hydropower Component

[35] The Power station will house five 50MW turbines. It is expected that the other 4 units will come on board in April 2012

Approved Cost of Works	**Planned Works**	**Physical Performance to July 2011**
US$ 860 million (of which the EPC Contract is US$ 612 million	River diversion	90%
	Embankment dams	Left- 99%
		Central- 99%
		Right- 20%
	Power House	Civil works- 99% Concrete has been placed
	Electro and mechanical Installation	20%
	Spillways	Gated spillway- 98% Siphon spillway- 98% Tailrace- 100%
	Switchyard	Concrete- 99%
	Reservoir	50%
	Offshore Works	95%
	Gravity dam	100%

Source: Field Findings July 2011

Bujagaali HPP: Power House *Earthworks, right Embankment*



Overview down stream

During December 2009, a "Settlement Agreement" was signed between BEL and the primary Contractor (Salini). This agreement packaged a number of ongoing disputes relating to changes in works, including those related to the gated spillway. The agreement led to cost overruns and a change of completion date by 10 months.

Challenges:

- **Unexpected geological conditions** as the rock on site were bigger than anticipated. This led to cost and time overruns. In addition, some of the equipment was hijacked by sea pirates further increasing the cost and time of the project.

- **Late payments for compensation**; Land identification started in 2006 but compensation started in June 2008. The biggest challenge was that the affected people were being paid a value of December 2006.

- **Disparity in value of land** by the Chief Government Valuer (CGV) and the land owners. Land owners in urban areas rate their land at a higher value due to location and the fact that they pay stamp duty. This had made conclusions of the resettlement action plan (RAP) difficult.

- **Unfair Compensation**: Some people consent to the resettlement package but later reject the money upon advice from the legal personnel. This brings in a question of fairness: what about those who were given less amount but were not able to engage lawyers? Other projects that are running alongside theirs for example; Uganda National Roads

Authority, National Water and Sewerage Corporation rates of compensation have different values.

Recommendations

- There is need for government to conduct proper the geological investigations before handing the project over to the contractors.
- Harmonization of valuation is very important. When land for projects is valued, it should be similar.
- There is need for zero rating VAT

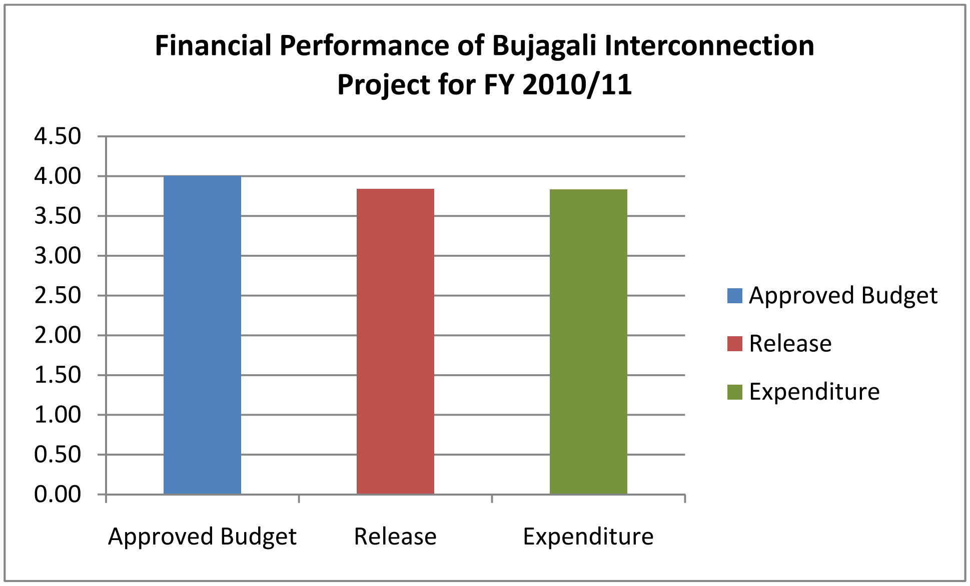
2. ***Output 030252: Thermal and Small Hydro power Generation (UETCL): Bujagali Interconnection Project Component***

The interconnection project is financed as follows;

The total cost for the interconnection project is US$ 74million. Of this, ADB will finance US$ 28.63 million; JBIC US$ 28.63million and GoU US$ 17.45 million. GoU expenditure is earmarked for the Resettlement Action Plan (RAP)

In FY 2010/11, GoU budget for Bujagali Interconnection Project was 4 billion. Of the 4 billion, 96% was released and 99.7% was expended. The project therefore exhibited excellent financial performance. Figure 3.3.7 shows the financial performance of the project.

Figure 3.3.7: Financial Performance of Bujagali Interconnection project.



Source: IFMS data

Physical Performance

The expected outputs of Bujagali Interconnection Project include;

- 75 Km of 220 kV double circuit transmission line from Bujagali substation to Kawanda Substation
- 15 Km of 132 KV double circuit transmission line from Kawanda substation to the existing Mutundwe sub-station
- 5 Km of 132 KV double circuit transmission line from Bujagali substation to Nalubaale sub-station
- Extension of 132 KV Mutundwe substation

Bujagali Energy Limited, the sponsor of the hydropower project, is working closely with UETCL in managing the construction and supervision of the works on the BIP.

Table 3.3.9: Status of Physical Implementation

Approved Cost	Planned Works	Physical Performance
US$ 74 million	15 km of 132 kV double circuit transmission line from Kawanda substation to existing Mutundwe Substation	50% complete. Major reason for the delay were land disputes. Also, considering that the towers were passing through wetlands, laying the foundation for the towers was difficult.
	75 km of 220 kV double transmission line from Bujagali substation to Kawanda Substation	81.2% complete

Approved Cost	Planned Works	Physical Performance
	5 km of 132 kV double circuit transmission line from Bujagali substation to Nalubaale sub-station	96% complete. Only installation of communication equipment is remaining
	Extension of 132 kV Mutundwe substation	55% complete. UETCL is not taking this as a critical part.
	Overall progress	82%

Source: Field Findings; Interaction with UETCL Officials

Bujagali Substation

Challenges

- The land titling process for the acquired areas is taking long. UETCL has tried to acquire a title for the corridor area but the process has delayed. This has got to do with the beaucracy of the land registry office. UETCL had committed to BEL that the process would be concluded in 6 months but it has taken over two and a half years.

- Theft of the towers or their parts delays the process. The main components of the towers are galvanized angle bars. These are on high demand in the construction industry.

- Land disputes intensified by delays in execution of duties by the CGV. A number of people complained that the compensation being offered is not commensurate with the value of the land.

d. Project 1025 Karuma Interconnection Project

The objective of the project is to provide adequate transmission capacity for evacuation of electric power from Karuma Hydropower Station to distribution. The project should have started in July 2008 and end in June 2011. The expected outputs include;

- Karuma- Kawanda 220 kV (Approximately 250 km)
- Karuma- Lira 132 kV (approximately 70 km)
- Karuma- Olwiyo 132 kV
- Olwiyo- Packwach 33 kV
- Olwiyo- Adjumani 33 kV[36]

Financial Performance

No GoU development expenditure for this project was budgeted for FY 2010/11. The donor funding for the project for FY 2010/11 was 0.926 billion.

Physical performance

The feasibility study and Environment Impact Assessment were done. Regarding the Resettlement Action Plan, reports were submitted to the Chief Government Valuer. It is going to be purely government funded project with funds being sourced from the Energy Fund.

3.3.3 VF 0302: Large Hydro power infrastructure

a) Project 1143: Isimba Hydropower project

According to the Public Investment Plan, the start date for the project was July 2010 and is supposed to be completed in June 2014. The medium term objective of the project is the ultimate development of the Isimba Hydropower Plant and its associated transmission line interconnection which will contribute to the power supply in the country and possibly in the East African region. This would lead to the following specific objectives

- Provide electrical power to meet the energy needs for the Uganda population for social and economic development

[36] MOFPED *Public Investment Plan FY 2010/11-2012/13*, Kampala

- Poverty eradication through providing electricity needed for the large medium and small scale industries.
- Mitigate the power deficit within the country
- Provide the power needed to facilitate rural electrification.

The expected outputs include; a 2x 65 MW Isimba Hydro power plant, and a 132kV Isimba – Bujagali, double circuit steel tower power transmission line (approximately 50km). Performance indicators include; Isimba hydro power generation plant constructed, tested, commissioned and fully operational; power transmission line constructed, tested, commissioned and fully operational.[37]

The project involves; a feasibility study of the hydropower site, environment and Social impact assessment and a detailed Resettlement Action Plan (RAP); Feasibility study of the transmission line, environmental and social impact assessment and a detailed RAP; comprehensive preliminary designs, preparation and tender documents; construction of the Isimba Hydropower plant; construction of the transmission line; implementation of the RAPs.

Financial Performance

No GoU development expenditure for this project was budgeted for FY 2010/11. The donor funding for the project for FY 2010/11 was 2.563 billion.

Physical Performance

The feasibility study for the project is complete. An independent Power producer will be sourced to build the hydropower project together with the interconnection.

3.3.4 Petroleum Exploration, Development and Production

The vote function 0303 received 3.1% of total energy sector expenditure (GoU and Donor) in FY 2010/11[38]. Despite the small proportion of GoU expenditure received, petroleum exploration and development has the potential to be critically important to the future of Uganda's economic development. According to the National Development Plan 2010/11-2014/15, the oil and gas sector is relatively new but with large potential. It is estimated that the oil reserves in the country

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[37] MOFPED *Public Investment Plan FY 2010/11-2012/13*, Kampala

[38] MOFPED *Approved Budget Estimates* (Kampala 2010)

are approximately 2 billion barrels. To exploit these resources, large investments will be required for further exploration, development and extraction of oil[39]

a) **Project (0329) Petroleum Exploration and Promotion (Q4)**

With the recent confirmation of the existence of commercially viable petroleum reserves in the country, the Government is continuing to engage private oil companies with strong investment capital bases to further explore and develop this potential with the objective of going into full scale production. The objectives of Petroleum Exploration Promotion are; to arrive at a policy and regulatory framework that ensures optimal creation of value from the petroleum resources in Uganda, and to identify the appropriate institutional setting for key functions of Uganda; strengthen the petroleum and production department (PEPD) to efficiently carry out its roles and functions in petroleum planning and administration; to study key parameters that will decide whether or not a discovery may be commercially developed and establish an understanding of the roles required by the government to make it happen.

Financial Performance

As shown in figure 3.3.8, 99.9% of GoU approved budget had been released by the end of the financial year and 99.9% was absorbed. This indicated very good financial performance.

Figure 3.3.8: Financial Performance of Project 0329

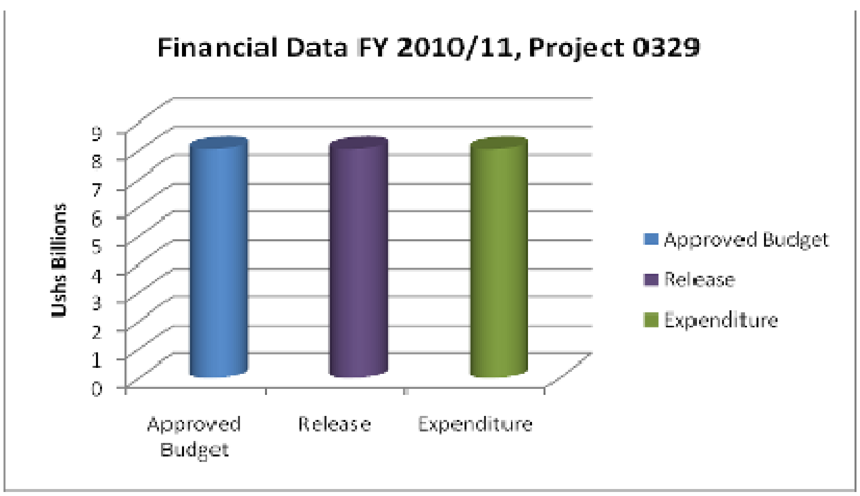
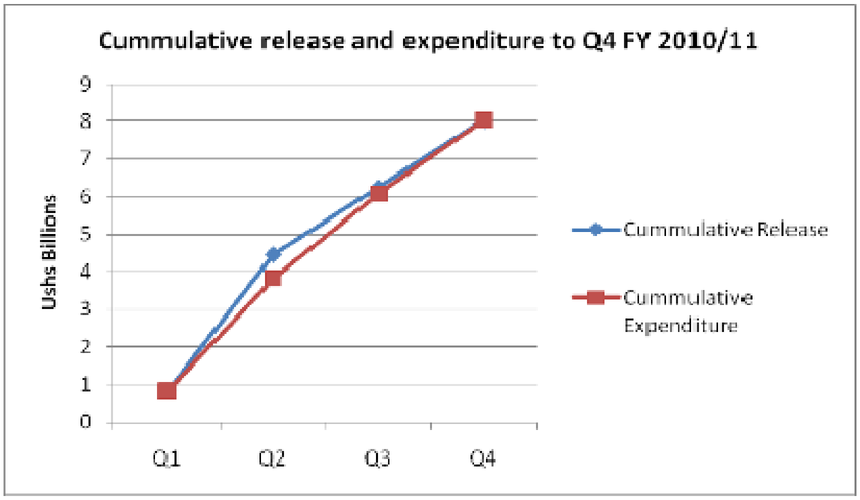


Figure 3.3.9: Cummulative Release of Project 0329 to Q4

[39] Government of Uganda *National Development plan 2010/11-2014/15* (Kampala)



Source: IFMS data

Physical Performance

Table 3.3.10 updates physical performance of the different outputs under Petroleum Exploration Promotion

Table 3.3.10: Physical Performance of outputs under Petroleum Exploration Promotion

Output	Physical Performance
030301: Promotion of the country's petroleum potential and licensing	Government and Tullow Oil concluded a Memorandum of Understanding (MOU) in March 2011. This provided for Tullow's acquisition of Heritage's assets in Exploration Area (EA) 1 and 3A; payment of taxes due on the transaction; consent for Tullow's farm down of part of its assets in the country to TOTAL and CNOOC respectively; payment of taxes due on transaction; the grant of new exploration and production licenses in respect of EA1 and the Kanywataba prospect area in EA 3A for one year and six months respectively[40]
030303: Capacity building for the oil and gas sector	Six officers are currently undertaking Masters and others are taking short courses in areas related to petroleum.
030304: Monitoring upstream petroleum activities	PEPD are now able to receive data on daily operations of all exploration areas following investments in data

[40] PEPD *Quarterly Report for the period, January to March, 2011* (Entebbe 2011)

	collection and storage equipment.
030305: Develop and implement a communication strategy for oil and gas in the country	A final draft of the communications strategy is already in place. MEMD has made efforts to promote the sector for purposes of attracting investments. The recent East African Petroleum Conference played a big role in promoting the sector. The sector has made quarterly reports on developments in the oil and gas sector to other government institutions Presentation of papers and reports on ongoing petroleum development activities Field visits for journalists to the Albertine Graben Participation in monthly radio talk shows in the Albertine Graben[41].
030306: Participate in regional initiatives	The 5th East African Petroleum Conference and Exhibition (EAPCE'11) was hosted by Uganda on behalf of the East African Community Partner States. It attracted 1010 delegates and promoted petroleum activities in Uganda.
030372: Government Buildings and Administrative Infrastructure	The Petroleum building was completed and fully utilized.

Source: Discussions with PEPD Officials; PEPD quarterly report; Field findings

A lot of work is being done in the PEPD. They have a core store where samples from the field are received to test for crude oil. They also have a laboratory for testing the crude oil. They have a section for crushing the rocks into finer states such that they measure the carbon content to show how rich the source rock is.

There is also an IT Section which receives geological information from the field; geosoft software for gravity and magnetic processing and interpretation.

Table 3.3.11: Summary Physical Performance, private sector Petroleum Exploration and Promotion

Exploration Area	Drilling Status
EA 2 (Lake Albert Basin)- Licensed to Tullow	This includes areas of Ngege, Kasamene, Kigongole, Nsoga, and Ngiri. The three structures;

[41] MEMD *A national Communication Strategy for the Oil and Gas Sector in Uganda* (Kampala 2011)

	Ngege, Kasemene, Kigongole are fully appraised for oil production Kasemene 1 was drilled, tested and was very successful. It is the one that challenged the Early Production Scheme (EPS)[42]
EA 1 (Pakwach Basin)- Licensed to Tullow	The oil wells in this area include; Giraffe 1, Jobi 1, Mpyo 1, Ngiri 1, Ngiri 11, Crocodile 3, Gunya 1, Jobi East 1, Jobi East 11. All these wells were successful and encountered oil.
EA 5 (Obongi- Arua)- Licensed to Neptune	At the moment, Neptune is carrying out seismic surveys. Acquisition of data has gone on for the past 2 to 3 weeks. The data is now being analyzed and interpreted. At the end of the year, if the data is positive, drilling of another oil well shall start. Ongoing activities include: • Line clearance • Surveying and • Recording As the company prepares to start the work, sensitization activities take place in local communities. Neptune uses the NGO liaison officers. Compensation for different crops is done as the lines go through fields of some local people. Neptune drilled the first well at Iti 1, Aviv 1. The results were good. Although they did not find oil and gas, the prosperity of the basin was rich.

Source: Field Work Findings

[42] Having done the tests Kasemene 1, Tullow realized that they will get much more crude oil from the oil wells.

EA 1: Oil wells in Packwach Basin

Challenges

- Exploration Area 1 has got some of the oil wells in the national park. It is not allowed to do testing in a game park as flaring destroys the environment. Therefore those oil wells that are in protected areas have not been tested.
- The cost of a rig is very expensive (US$ 4 million per day)

3.3.5 Key Policy Issues and Recommendations

1. During the Q4 monitoring of the installation of solar panels, interaction with the District Health Department revealed that they are not satisfied with activities that took place. They were not consulted when Ministry of Health installed the solar panels and were not given Bills Of Quantities (BOQs) to enable them establish the package that each unit was supposed to receive. The district asked the contractors not to go without their technical person but contractors hesitated to work with him.

In future, there is need for involvement of local government in development programs as they are the people on ground. They know better what the community needs are and therefore in position to plan better for the locals. There was need for the contractor to liaise with the DHO's office and work with them so that they are able to monitor. In addition, a company coming to work with the district health office should accept to work with the local engineer.

2. Implementation of the ERT Project has been very slow as only the health component has commenced implementation of activities on ground. Within the health component, only 3 out of 8 districts have been covered. The ICT, Water and Education components have not yet taken off.

3. Contractors who constructed Mpanga noted that issues of tax were a major challenge to implementation of the project. Suppliers were granted a VAT exemption but the policies were not clearly communicated by URA.

Exemptions should be made known to the suppliers. The contractors had to write several letters to URA informing suppliers that they are VAT exempt for example Hima Cement, Roofings, MAHK

4. Regarding petroleum exploration, the main question asked is; when the production of oil will start. The feasibility study of the oil refinery was completed. Discussions with the technical staff of PEPD suggest that the there is need for a refinery in the country as it is a very economical project and returns to investment are high.

5. According to the Ministerial Policy Statement 2010/11, the main targets for rural electrification are district headquarters, production areas and communities which create nuclei for rural social economic transformation. However, some of the areas where the transmission infrastructure was installed are sparsely populated areas with hardly any activity going on.

If REA is intending to come up with projects, there is need to liaise with the district and involve UMEME as they would be able to advise them on the design. Transformers end up serving very few customers. Transformers consequently get stolen because no one reports. There is therefore need to bring UMEME on board.

6. The automation of the land office should be speeded up to improve its efficiency. The reason why people forge titles is because the system is manual.

3.4 HEALTH

3.4.1 Introduction

Overview of the health sector:

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[43]. 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 115); Uganda Heart Institute (vote 114); 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 (MoFPED) 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 Centres (levels II, III and IV)[44].

In addition to the General Hospitals which are managed at the district level, there are 13 Regional Referral Hospitals (votes 163 – 175) 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 and health research as well as providing all of the services of General and Regional Referral Hospitals[45].

The total approved budget for the health sector (inclusive of donor funding, after tax and arrears adjustments) for FY 2010/11 is UShs 660 billion. This represents a 10% decrease on the previous financial year. Total budget is anticipated to increase to UShs 1,016 billion in FY 2011/12, an increase of 53%, following an inflow of donor funds under the Health Systems Strengthening project.

Of the UShs 660 billion total budget for FY 2010/11, approximately 31% is expended by local authorities; 30.5% by the National Medical Stores; 16% by the Ministry of Health; 17.5% by National and Regional Referral Hospitals and 4% by all other spending agencies[46].

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[43] See *Health Sector Strategic Plan*, page 4

[44] Ibid

[45] Ibid

[46] All figures are calculated after tax and arrears adjustments

Of the UShs 660 billion, domestic development comprises 14.9% (UShs 98 billion), domestic recurrent expenditure comprises 71.5% (UShs 471 billion) and donor on-budget expenditure comprises 13.7% (UShs 90 billion).

Scope of the report:

This report reviews progress achieved in health sector development projects at the close of FY 2010/11. The aims of the report are: (i) to ascertain whether planned outputs as outlined in quarterly work plans for FY 2010/11 have been achieved; and (ii) to assess whether expenditure in the health sector achieves value for money: that is, whether it is efficient and effective.

BMAU monitored progress in the health sector during Q1 and Q2 FY 2010/11. This report updates progress at Q4 FY 2010/11 as well as providing an assessment of annual performance for FY 2010/11 (based on projects monitored over the financial year). Table 3.4.1 summarises the projects monitored during the financial year 2010/11.

Table 3.4.1 Sample frame for BMAU monitoring activities FY 2010/11

Vote	Project	Locations
Q1 FY 2010/11		
014: Ministry of Health	1027: Institutional Support to MoH Programme	Kampala
163 - 175: Regional Referral Hospitals	1004: Rehabilitation Regional Referral Hospitals	Gulu
501 – 850: Local Governments	0422: Primary Health Care Development Grant	Budaka, Kaliro, Kamuli, Kapchorwa, Kayunga, Kumi, Luwero, Manafwa, Mbale, Mukono, Nakasongola,
Q2 FY 2010/11		
163 - 175: Regional Referral Hospitals	1004: Rehabilitation Regional Referral Hospitals	Mbale, Soroti, Fort Portal
501 – 850: Local Governments	0422: Primary Health Care Development Grant	Amuria, Butambala, Gomba, Kabarole, Kulungu, Kasese,

		Kyegegwa, Mpigi
Q3 FY 2010/11		
No monitoring activities during this quarter.		
Q4 FY 2010/11		
014: Ministry of Health	1027: Institutional Support to MoH Programme	Kampala
	1123: Health Systems Strengthening	Kampala
	0224: Imaging and Theatre Equipment	Bukedea, Bugiri, Kabarole, Kanungu, Kapchorwa, Mbale, Yumbe
	0216: District Infrastructure Support Programme	Kapchorwa, Bududa, Kanungu; Yumbe
163 - 175: Regional Referral Hospitals	1004: Rehabilitation Regional Referral Hospitals	Arua, Gulu, Hoima, Jinja, Masaka
501 – 850: Local Governments	0422: Primary Health Care Development Grant	Arua, Hoima, Iganga, Jinja, Kiryandongo, Luuka, Lwengo, Masaka, Masindi, Nebbi, Rakai, Zombo

Source: BMAU monitoring reports

Methodology:

In line with the output based budget structure, this report aims to verify whether planned outputs in health sector quarterly work plans have been achieved.

The report considers financial and physical performance for each of the development projects monitored during the quarter. Financial performance includes release performance and absorptive capacity of GoU expenditure for the projects and specific outputs considered. Where data is available, donor release and expenditure is also reported. Financial data is sourced from MoFPED release data, the Integrated Financial Management System (IFMS) for central government GoU expenditure, and from field observations for local government and hospital expenditure.

Physical performance is the extent to which quarterly work plan planned activities have been achieved on the ground. Quarterly work plans are provided in *Performance Form A* for central government projects and in *Performance Form B* for local government projects. To verify physical performance information is collected during field visits through interviews with officials on site; local government officers; beneficiaries; and by taking photographs.

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

Limitations:

- Time and financial constraints mean that not all outputs in the health sector and districts can be monitored during the financial year. Districts are sampled to ensure regional representation. Outputs are selected so that as much GoU development expenditure as possible is monitored.

- Monitoring of the physical progress of PHC Development Grant was hindered by unavailability of *Performance Form B* 2010/11 work plans for some districts (Arua, Iganga, Kiryandongo, and Rakai). In these circumstances the work plan was obtained from officials at the district during the monitoring visit.

- On a number of occasions district officials failed to keep appointments made with the BMAU team. In these instances, the team interviewed deputy staff in order to obtain the information.

3.4.2 Vote 014: The Ministry of Health

Total approved budget for the Ministry of Health (vote 014) for FY 2010/11 is UShs 106.5 billion[47]. This represents a funding decrease of more than UShs 200 billion from FY 2009/10. However, the funding decrease is explained by the movement of the National Medical Stores from the Ministry of Health remit to its own vote (116). The total budget for all vote functions other than "Pharmaceuticals and Other Supplies" actually increased slightly from 2009/10 to 2010/11[48].

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[47] Including on-budget donor support and after tax and arrears adjustments

[48] Ministerial Policy Statement 2010/11; page 12

The mission of the Ministry of Health 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”[49]. The three target sector outcomes as outlined in the *Ministerial Policy Statement FY 2010/11* are: (i) increased deliveries in health facilities; (ii) children under five years old protected against life threatening diseases; and (iii) health facilities receive adequate stocks of essential medicines and health supplies.

Vote Function: 0802 Health Systems Development

Monitoring activities during FY 2010/11 focused on the Health Systems Development vote function. After ‘Pharmaceuticals and Other Supplies’, Health Systems Development is the largest vote function under vote 014. Total vote function budget for FY 2010/11 was UShs 27.2 billion[50]. This represents approximately 25% of the entire vote expenditure (after taxes and arrears).

The strategic objective of vote function 0802 is to ensure adequate infrastructure and equipment for effective health service delivery[51]. All of the development projects under the vote function were monitored during the financial year, with the exception of project 1094 ‘Energy for Rural Transformation’ which is considered under the Energy section (3.3) of this report.

Development projects under vote function 0802 monitored during FY 2010/11 were:

a) **Project 0216: District Infrastructure Support Programme**
b) **Project 0224: Imaging and Theatre Equipment**
c) **Project 1027: Institutional Support to MoH**
d) **Project 1123: Health Systems Strengthening**

a) **Project 0216: District Infrastructure Support Programme**

Background:

The District Infrastructure Support Programme (0216) started in July 2002 and is expected to run until June 2013. The approved domestic development budget for FY 2010/11 was UShs 6.8 billion, which is an increase from 4.6 billion in 2009/10. The domestic development budget is projected to increase to 15.3 billion in FY 2011/12.

[49] Ibid

[50] after taxes and arrears including donor

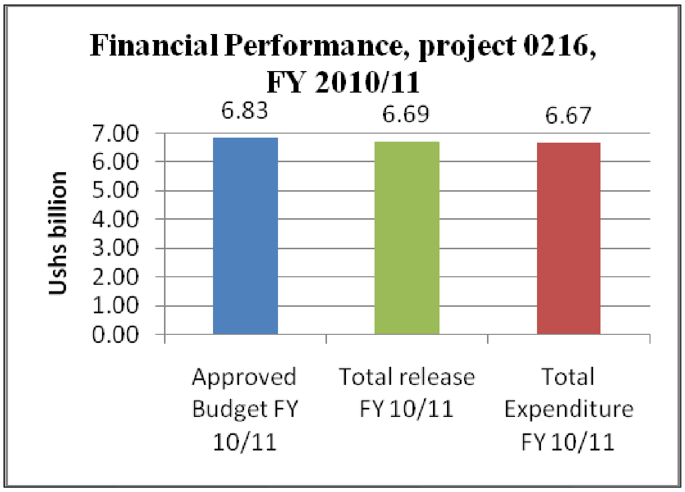
[51] The Public Investment Plan; page 269

The objectives of the project are to improve the infrastructure of the health system by purchasing essential equipment and undertaking rehabilitation of District Health Facilities[52].

Financial Performance:

Total approved budget for FY 2010/11 was UShs 6.8 billion[53]. All of this is GoU development expenditure. This represents about 8% of all development expenditure in the vote.

Figure 3.4.1



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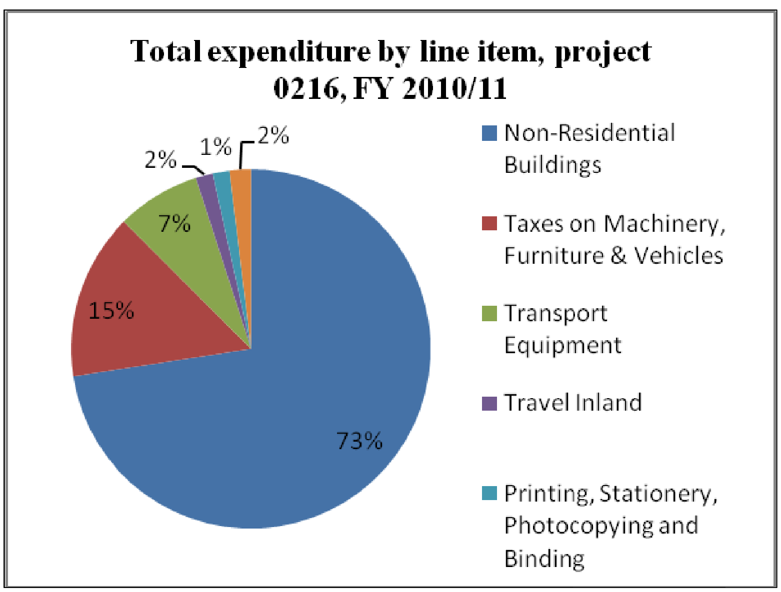
Source: MoFPED, IFMS data

Figure 3.4.2



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[52] The Public Investment Plan; page 269

[53] before taxes and arrears and including donor

Source: MoFPED, IFMS data

Physical Performance:

The Ministry of Health planned to undertake construction works at eight locations during FY 2010/11, as well as completion of four activities rolled over from FY 2009/10. Table 3.4.2 summarises the findings from physical monitoring of the District Infrastructure support Programme, which took place during Q4 2010/11. The team visited four of the planned activities for FY 2010/11: Kapchorwa, Bududa, Kambuga, and Yumbe. Information on the progress of the other activities was obtained from the Project Manager.

Overall physical performance was fairly poor. No work had started at eight of the twelve planned activities. Works were at roofing level at the Kapchorwa and Masafu developments and works had been handed over at Apac hospital.

Table 3.4.2 Physical performance of outputs monitored under Project 0216

Output monitored	Q4 work plan planned outputs	Physical performance observed during Q4 FY 2010/11
80 08 02 **Hospital Construction/** **rehabilitation**	Kapchorwa: Master plan prepared; 2 wards and X-ray department built.	Works between 40% and 50% complete. The x-ray unit is at roofing level while the wards are both at ring beam level. The walk ways have not yet been worked on. Some delays have been caused by poor terrain which has hindered transport of materials.
	Bududa: Pediatric, male wards & administration block rehabilitated.	No work took place during the financial year because of procurement delays. There is no budget for the continuation of this project into FY 2011/12.
	Kambuga: 2 wards rehabilitated.	No work took place during the financial year because of procurement delays. There is no budget for the continuation of this project into FY 2011/12. Phase I of rehabilitation works were completed in the previous financial year and were good quality. However, during the renovation works the water system was disturbed meaning that some wards actually were disconnected from the network (maternity, laboratory, theatre).

	Masafu: New theatre constructed & 2 staff housing units.	Works between 40% and 50% complete. Roofing is taking place.
	Yumbe: Water supply & sewerage	No work took place during the financial year because of procurement delays. All systems in the hospital are in a very poor state including sewage system, plumbing system, staff houses, all wards stores the administration block, and the theatre
	Rushere: Master plan & construction of female ward undertaken.	No work took place during the financial year because of procurement delays.
	Kisozi HC III: Construction and equipping carried out.	No works have taken place. Contracts have been awarded and signed.
	Buyiga HCIII: Construction and equipping carried out.	No works have taken place. Contracts have been awarded and signed.
Projects rolled over from FY 200910		
	Electrical works at Abim hospital	No action has been taken due to insufficient funds in the budget.
	External works at Mbale and Mbarara regional blood banks	No works have taken place. Contracts have been awarded and signed.
	Improvement of water supply and sewerage system at Nebbi Hospital	Water system has been constructed. However, a solar water pump is needed in order for the system to work. This additional component will be included in the 2011/12 work plan.
	Renovation of pediatric ward at Apac	Works completed and handed over.

Source: Ministry of Health Performance Form A Quarterly work plan; field observations; interviews with Project Manager.

Challenges:

- The main delay to implementation of this project has been delayed procurement procedures. No civil works took place at six of the eight activities planned for FY 2010/11 (Bududa, Kambuga Rushere, Yumbe Kisozi and Buyiga) because the Procurement and Disposal Unit failed to award contracts by the end of the financial year. It was reported that procurement officers were under the false impression that all funds had to be available on the bank account (i.e. the sum of all four quarterly releases) before contracts could be awarded.

- Additional procurement delays have been caused by the PPDA law that requires Ministries, Departments and Agencies to apply to the Solicitor General for approval of large procurements (in excess of UShs 50 million). This application process can add additional time onto the procurement process.

- The Project Manager noted that delays in implementation have often occurred under this project because of the poor capacity of building contractors who operate outside of Kampala. Contractors face capacity constraints in terms of: poor project management; poor technical ability of artisans; and lack of financial resources.

- Delays in payments to contractors, and in turn, delays in implementation have occurred following the directive that demanded that all central government capital works be certified by the Ministry of Works and Transport. Once the Ministry of Health engineers certify that works are complete, another team from the Ministry of Works and Transport have to visit the site to make their own assessment. The extra level of assessment is unnecessary given that capacity of engineering staff in the Ministry of Health is very good, and leads to delays in payments to contractors.

b) Project 0224: Imaging and Theatre Equipment

Background:

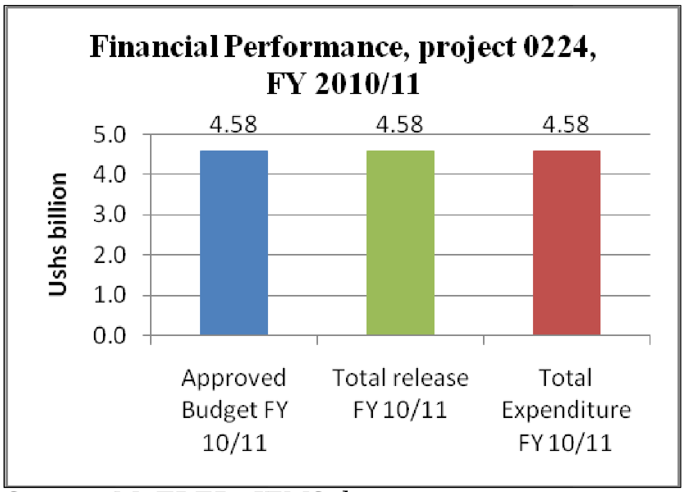
Phase I of the Imaging and Theatre Equipment Project (0224) started in 2003. Phase II of the project started in 2007/08 and is projected to run until the end of the current financial year. This project was originally planned to end in FY 2009/10 but as activities were not fully completed it was extended to 2010/11. Approved annual domestic development budget for FY 2010/11 is UShs 4.5 billion and there is no donor funding for this project.

The objective of this project is to improve the imaging services in hospitals and delivery of emergency obstetric care at health centre IV level[54].

Financial Performance:

Total approved budget (after taxes and arrears) for project 0224 for FY 2010/11 is UShs 4.5 billion, all of which is GoU development expenditure. This project represents about 5% of all development expenditure in vote 014.

Figure 3.4.3



Source: MoFPED, IFMS data

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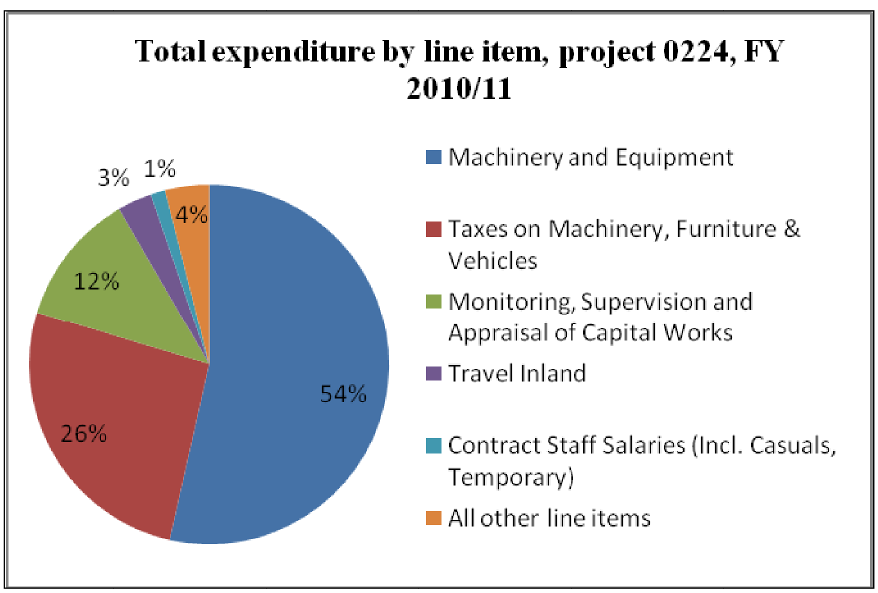

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[54] *Public Investment Plan*, page 269

Source: MoFPED, IFMS data

Physical Performance:

The outputs under this project were: (i) 080201: monitoring, supervision and evaluation of health systems; and (ii) 080277: purchase of specialised machinery and equipment. The machinery and equipment output was monitored. The Ministry of Health planned to install theatre and imaging equipment at fifteen health centre IVs over the course of FY 2010/11. They also planned to install health care waste management facilities (incinerators) in forty hospitals.

BMAU visited two of the health centre IVs that were supposed to receive equipment in FY 2010/11: Bufumbo HC IV in Mbale district and Bukedea HC IV in Bukedea district. Information on progress at the other locations was obtained from the Project Manager. The team also interviewed staff at six locations where equipment was delivered and installed in previous financial years. These were: Fort Portal Regional Referral Hospital; Nankoma HC IV (in Bugiri district); Kambuga general hospital (Kanungu district); Yumbe general hospital; Kapchorwa hospital; and Bugiri general hospital.

Table 3.4.3 summarises the progress on planned work plan activities for the financial year 2010/11. As depicted, physical performance was fairly poor. Of the fifteen health centres which expected to receive equipment, installation was complete at four locations. Shipment and pre-installation works were taking place at six locations; which means that work has not started at five locations. The waste management systems are also yet to be installed.

The equipment was installed and functional at all of the locations sampled from previous financial years except for Kapchorwa hospital, where installation is pending the completion of the x-ray building[55]. Challenges identified by these health units are detailed below.

Table 3.4.3 Physical performance of outputs monitored under Project 0224

Output monitored	Q4 work plan planned outputs	Physical performance observed by BMAU at Q4 FY 2010/11
080377 Purchase of Specialized Machinery and Equipment	Equipment procured & installed in Awac, Bufumbo, Bukedea, Butenga, Kakindo, Kakumiro, Kasanda, Kangulumira, Pajule, Ntwetwe and Rhino Camp, Bukulula, Buwasa, Kapelebyong and Walukuba HCIV theatres to complete full package.	Shipment of theatre and imaging equipment, and pre-installation works started at six HC IVs (Kakindo, Awac, Bukedea, Butenga, Ntwetwe and Rhino Camp) Installation completed at four HCIVs (Buwasa, Bukulula, Bufombo and

[55] This is being constructed under the District Infrastructure Support Programme

		Kasanda) This implies that work has not started at five HCs (Kakumiro, Kangulumira, Pajule, Kapelebyong, Walukuba)
	Health care waste management facilities constructed in hospitals.	Changes in the price means the number of incinerators will be reduced from 40 to 35. MOH is waiting for approval from MOFPED for approval of this adjustment before payments can be finalised.

Source: Ministry of Health Performance Form A Quarterly work plan; field observations

Challenges:

- The Project Manager explained that the reason for delayed physical progress on this project was the shortfall in of GoU counterpart funding during the three years originally planned for implementation (FY 2007/08, 2008/09 and 2009/10). Lack of funds meant that implementation that was supposed to take three years has now taken five years. It is not clear as to why the MOH planning department would have consistently under-budgeted for these activities.

- Health units that had received equipment in previous financial years interviewed by BMAU[56] said that a major challenge to use of the equipment was unreliable supply of electricity.

- Health units that had received equipment in previous financial years all reported that the main challenge to effective use of the equipment is inadequate human resources needed to operate equipment. Although the project does include a component for user training, the experience at Kambuga and Yumbe hospitals was that trained staff had left the hospital leaving a vacuum in the skilled manpower needed to use the equipment. This reflects the more general challenge facing the health sector of low pay and poor staff retention.

c) <u>Project 1027: Institutional Support to Ministry of Health</u>

[56] Fort Portal Regional Referral Hospital; Nankoma HC IV (in Bugiri district); Kambuga hospital; Yumbe hospital; Kapchorwa hospital; and Bugiri hospital

Background:

The Institutional Support to Ministry of Health project (1027) started in July 2008 and is projected to complete at the end of financial year 2011/12. The approved domestic development budget for FY 2010/11 is UShs 1.9 billion, which is an increase from UShs 1.45 billion during FY 2009/10. The budget is further projected to increase to UShs 2.3 billion in FY 2011/12. There is no donor funding for this project.

The objective of project 1027 is to rehabilitate and retool the Ministry of Health head quarters. Planned outputs include rehabilitation of the Ministry of Health headquarters, provision of additional office space, office equipment and furniture and transport equipment.

Financial Performance:

Total approved budget[57] for project 1027 for FY 2010/11 is UShs 1.9 billion, all of which is GoU development expenditure. This project represents about 2.3% of all development expenditure in vote 014.

Figure 3.4.5

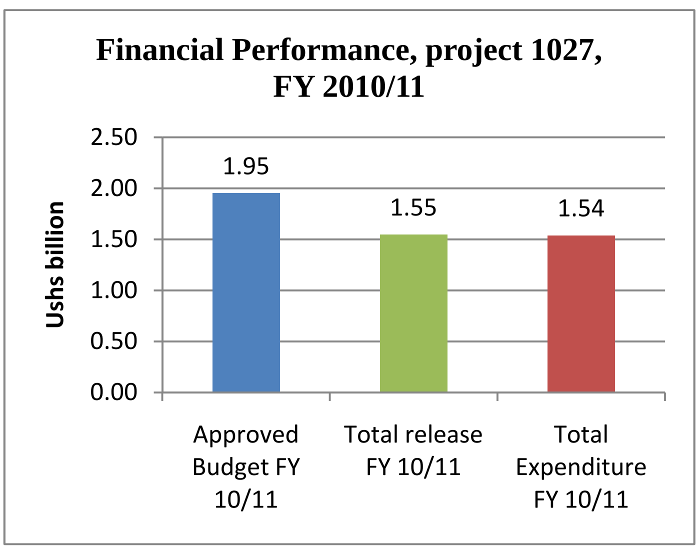
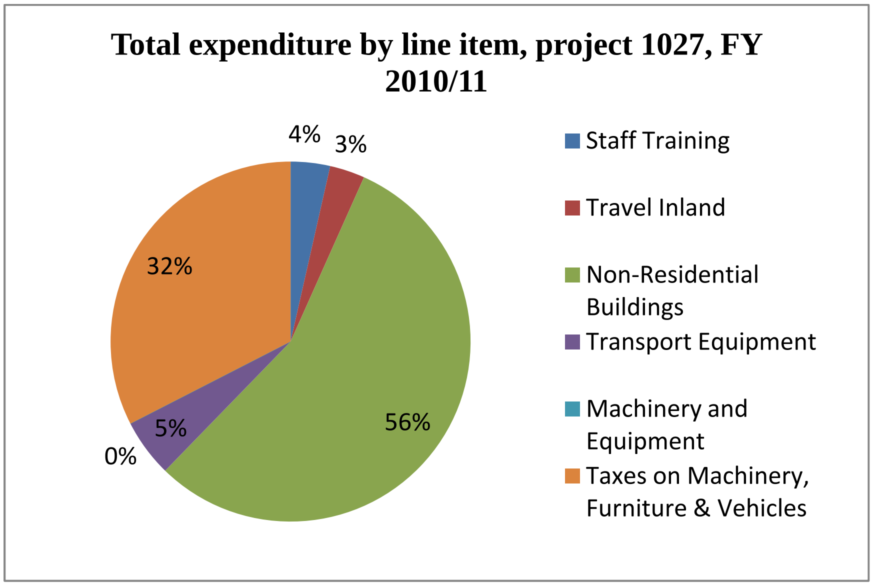


Figure 3.4.5 shows the financial performance of project 1027 to the end of FY 2010/11. As shown, release performance has been fairly poor, with only 79% of funds released by MoFPED to the project by the close of the financial year. However, expenditure performance was excellent, with 99% of the released funds expended by the end of Q4.

Source: MoFPED

(after taxes and arrears and including donor [57]

Figure 3.4.6



Source: MoFPED

Figure 3.4.6 shows the composition of expenditure on line items for project 1027 to for FY 2010/11.

As depicted, allocative efficiency was fairly good, with the bulk of expenditures on machinery, equipment and taxes on that equipment.

Physical Performance:

Table 3.4.4 summarises the findings from physical monitoring of the Institutional Support to Ministry of Health project, which took place during Q4 2010/11.

Table 3.4.4 Physical performance of outputs monitored under Project 1027

Output monitored	Q3 work plan planned outputs	Physical performance observed by BMAU at Q4 FY 2010/11
080272 Government Buildings and Administrative Infrastructure	1 new staff canteen, 1 staff clinic and office extension completed, renovate car park at Wabigalo workshop	Works on the canteen, clinic and office block were nearing completion (90%). Remaining works were the internal fixtures and fittings. The Site Engineer reported that works were originally planned to complete in December, but works had been delayed and an extension had been granted to April 2011. Although by the time of the monitoring visit it had not been completed.

Source: Ministry of Health Performance Form A Quarterly work plan; field observations

Challenges:

- The Site Engineer reported that delays had occurred during the initial stages of construction works due to a dispute between the contractors and Kampala City Council (KCC). KCC denied access to the site from the proposed new entrance on Ysuf Lule Road.


Works on the staff canteen, clinic and office building under Institutional Support to the Ministry of Health

d) **Project 1123: Health Systems Strengthening**

Background:

The Health Systems Strengthening Project (1123) started in July 2009 and is projected to continue until the end of financial year 2015/16. Approved budget for domestic development for FY 2010/11 was UShs 2.3 billion; however domestic development budget was zero in FY 2009/10 and is expected to return to zero in FY 2011/12. The project received donor funding of UShs 10.3 billion in 2009/10; UShs 16 billion in 2010/11; and expects to receive UShs 52.2 billion in FY 2011/12.

The objectives of project 1123 are: (i) to strengthen systems for human resource development and management in the health sector; (ii) to enhance the physical functionality of health facilities by improving infrastructure; and (iii) to strengthen leadership and management in areas of logistics and procurement, and facility management[58].

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[58] *Public Investment Plan*, page 271

Financial Performance:

Total approved budget[59] for project 1123 in FY 2010/11 is UShs 18.37 billion, UShs 2.3 billion of which is funded by GoU development expenditure. This project represents approximately 21% of all development expenditure in vote 014.

Figure 3.4.7

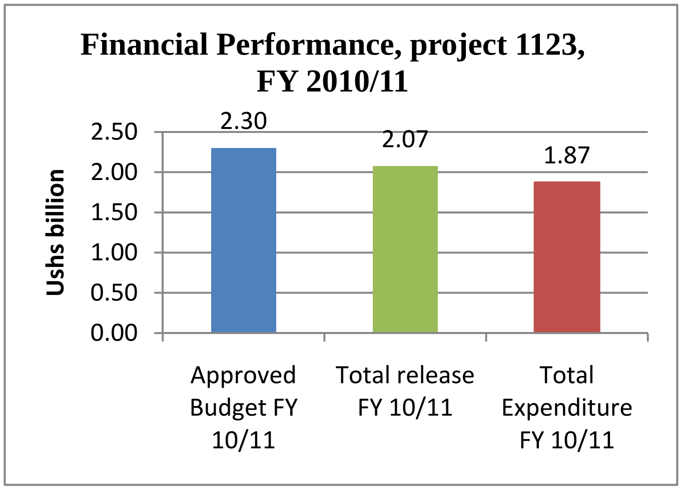


Figure 3.4.7 shows the financial performance of project 1123 at the close FY 2010/11. As shown, 90% of funds were released by MoFPED to the project by the end of Q4. Expenditure performance was fairly good with 90% of the release funds expended over the period.

Source: MoFPED

Figure 3.4.8

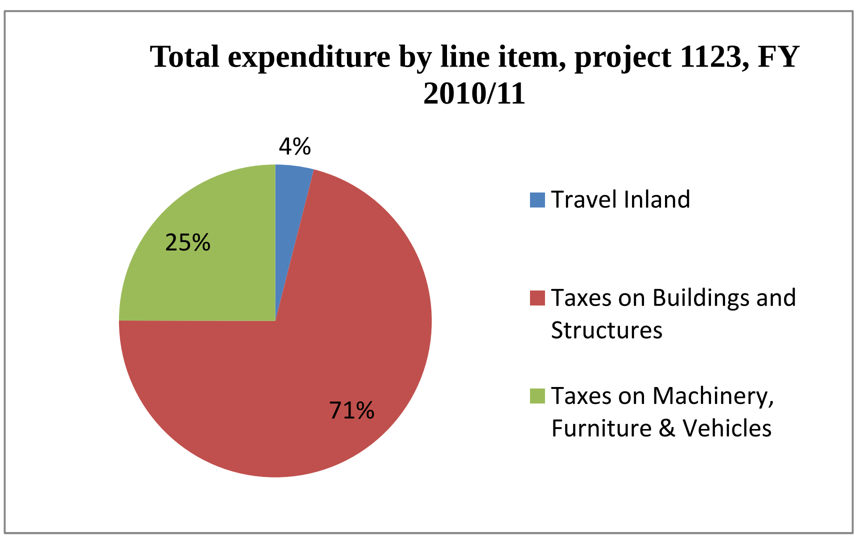


Figure 3.4.8 shows the composition of expenditure on line items for project 1123 to Q4 FY 2010/11.

As depicted, almost all of the counterpart GoU funding for this project is allocated to payment of taxes.

Of the UShs 2.3 billion budget, UShs 300 million was remitted to the project managers for ongoing supervisory and administrative activities, and UShs 2 billion was spent on taxes.

[59] after taxes and arrears and including donor funding

Source: MoFPED

Physical Performance:

Table 3.4.5 summarises the findings from physical monitoring of the Health Systems Strengthening Project, which took place during Q4 2010/11.

Table 3.4.5 Physical performance of outputs monitored under Project 1123

Output monitored	Work plan planned outputs FY 2010/11	Physical performance observed by BMAU at Q4 FY 2010/11
080280 Hospital Construction/rehabilitation	Annual: Detailed designs & tender documents prepared, Short list of Contractors prepared.	Consultants have been contracted and have moved to the field to undertake preparatory works.
	Construction Contracts Signed & works started.	Procurement of equipment such as vehicles has commenced.
	Project Implementation Plan prepared, Project Operation Manual prepared.	Project Implementation plan and operations manual completed. Project work plans have been finalised
	Construction Contracts Signed & works started.	Environmental Impact Assessment is complete and under review by NEMA.

Source: Ministry of Health Performance Form A Quarterly work plan; field observations

Challenges:

- This project has been slow to get off the ground. The project started in FY 2009/10, but by Q4 of FY 2010/11 there are no physical outputs. Project management officials reported that it took a long time to obtain the "project preparatory facility" funds from the MoFPED; one reason given was that an official letter was 'lost' by MoFPED.

- Another reason given for delays was the procurement process for the Environmental Impact Assessment. Only two contractors made bids for the contract which meant that the project had to be re-advertised in order to attract more bidders.

3.4.3 Votes 163 – 175: Regional Referral Hospitals

Background:

The total approved budget for votes 163 – 175 for FY 2010/11 is approximately UShs 50 billion, which is approximately 7.6% of the total health sector budget. The total annual approved budget for Regional Referral Hospitals (RRHs) ranges from UShs 2.2 billion (Moroto RRH) to UShs 5.6 billion (Jinja RRH)[60].

According to the health sector *Ministerial Policy Statement for FY 2010/11*, 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. The target vote outcomes are the same as those outlined under vote 014 (see above).

This section considers progress on outputs at Regional Referral Hospitals under project 1004 at each hospital monitored. Project 1004 refers to the capital development expenditure at each hospital and relates to activities such as rehabilitation of facilities and capital works.

The objectives of project 1004 are: (i) to rehabilitate old and broken infrastructure; (ii) to undertake construction of vital infrastructure including accommodation of staff; (iii) to adequately equip the hospital in terms of medical and office equipment and furniture; (iv) to improve on infrastructural security of the hospital; (v) to provide appropriate transport for the performance of hospital activities; (vi) to improve on internal and external communication; and (vii) to provide alternative/backup power and water sources[61].

Box 3.4.1 summarises the main findings from monitoring of Regional Referral Hospitals during Q2 monitoring,

Box 3.4.1 Regional Referral Hospitals monitored during Q2 FY 2010/11

During Q2 FY 2010/11 BMAU monitored progress on capital development activities (project 1004) at Mbale, Fort Portal and Soroti Regional Referral Hospitals. The main findings are detailed here.

- At Mbale Regional Referral Hospital, implementation of activities had been delayed by the late release of funds in Q2. Senior administrative staff noted that the Procurement Department cannot efficiently manage all of the procurement needs of the hospital with the single member of staff

[60] After tax and arrears adjustments

[61] Objectives sourced from MOH Ministerial Policy Statement FY 2010/11. These objectives are the same for Arua, Hoima, Masaka and Gulu hsoptials. Those for Jinja differ slightly in wording.

that it has at present.

- At Soroti Regional Referral Hospital, none of the activities scheduled for FY 2010/11 had commenced. The Hospital Administration reported to have been occupied with investigations into abuse of funds conducted by the Medicine and Health Monitoring Unit from the Office of the President. However, works on activities rolled over from FY 2009/10 were ongoing.
- At Fort Portal Regional Referral Hospital, works were ongoing on various capital development activities rolled over from FY 2009/10. Construction of the doctors' mess started in FY 2009/10. Substantial time was lost during the procurement of a new contractor and in the transition from one contractor to another. Construction of the private ward contracted to Armpass Technical Services Limited was in advanced stages. The contractor was well mobilized and the quality of work was good.

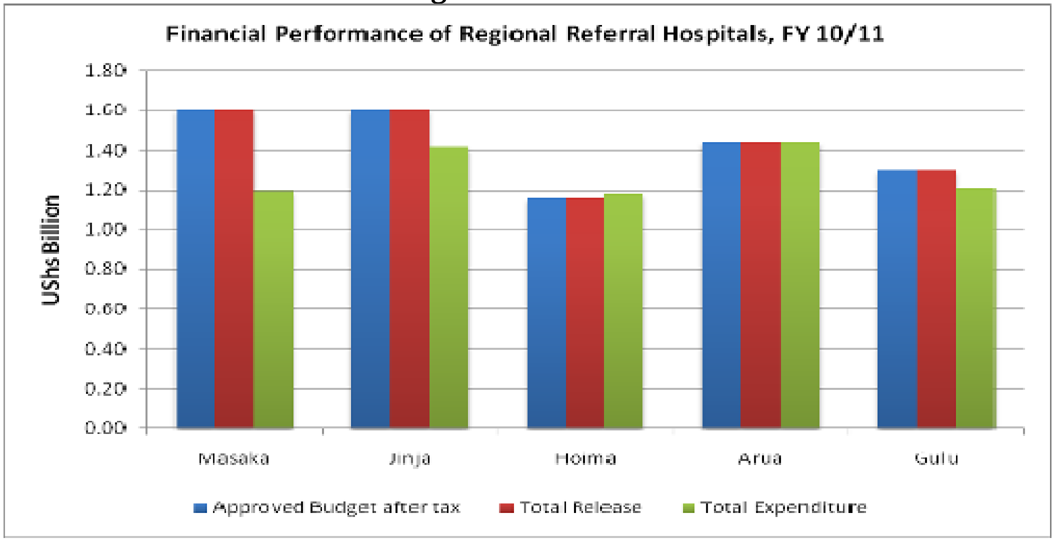
Source: Field work findings Q2 FY 2010/11

Financial Performance:

Figure 3.4.9 summarises the financial performance of the five regional referral hospitals monitored during Q4 FY 2010/11. As shown, the annual approved budgets for capital development works ranged from UShs 1.165 billion at Hoima hospital to UShs 1.6 billion at Masaka and Jinja hospitals. All of the hospitals received 100% of their approved budget in quarterly releases.

Expenditure performance ranged across the hospitals sampled. Arua was the best performer with 100% of available funds expended, followed by Gulu (93%), Jinja (89%), Masaka (75%). Hoima hospital reported expenditure of UShs 1.18 billion compared to releases of UShs 1.16 billion (101%) suggesting that funds were either diverted from other activities or rolled over from FY 2009/10.

Figure 3.4.9



Source: MoFPED: Field work observation

Table 3.4.6 shows the dates that each hospital reported they had received the capital development funds on their bank account for each quarter of the financial year. Ideally, funds should be released towards the start of each quarter (so in July, October, January and April).

In quarter one all hospitals received a timely release before the end of the first month of the quarter. In quarter two, releases were delayed as all of the hospitals except Hoima failed to receive funds until the last month of the quarter. In quarter three all hospitals received funds in the second month of the quarter (with the exception of Gulu where financial investigations were taking place). In quarter four Hoima received the release early (before the quarter started), while the other hospitals received funds in the second month.

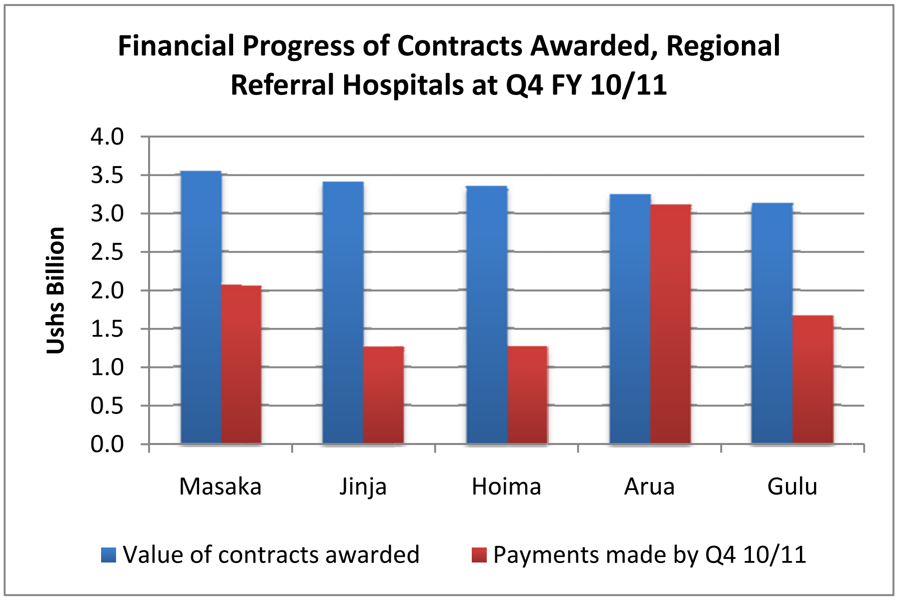
Table 3.4.6

	Q1	**Q2**	**Q3**	**Q4**
Masaka	23/07/2010	10/12/2010	15/02/2011	30/05/2011
Jinja	23/07/2010	10/12/2010	15/02/2011	30/05/2011
Hoima	13/07/2010	29/09/2010	02/02/2011	29/03/2011
Arua	29/07/2010	11/11/2010	17/02/2011	23/05/2011
Gulu	29/07/2010	2010/11/2010	None	10/05/2011

Figure 3.4.10 shows the financial progress at each hospital on the contracts that have been awarded and are currently still under implementation. Activities that were started in previous financial years that are still ongoing are included here.

As shown, Arua hospital is nearing financial completion on its current capital development projects – this reflects the three storey general and maternity ward building that was started in FY 2008/10. In Masaka, only 58% of the staff house construction has been paid even though the activity was supposed to be completed by the end of the financial year. In Jinja, the remaining payments refer to a large multi-year project to extend the private patents wing that will continue into 2011/12. In Gulu, outstanding payments refer to activities from FY 2008/10 that have still not been paid for (see Gulu hospital special report below).

Figure 3.4.10



Source: Field work observations

Physical Performance:

At each of the Regional Referral Hospitals visited, the team considered the physical performance of planned outputs as outlined in the *Performance Form A* annual work plans. The findings are detailed below.

a) <u>Arua Regional Referral Hospital</u>

Over the course of the financial years 2008/10, 2009/10 and 2010/11 the bulk of the capital development fund at Arua hospital has been allocated to the construction of a new multi-storey medical ward. The new development, which is 95% complete, has three floors and will house general wards as well as a private patents wing.

Other capital development activities planned for FY 2010/11 include the hospital development plan and rehabilitation of the back-up water system. Overall physical and financial performance is good however some challenges are outlined below. Physical and financial progress observed during Q4 monitoring is summarised in table 3.4.7.

Table 3.4.7 Physical performance of outputs monitored at Arua Regional Referral Hospital

Output monitored	Annual work plan planned outputs	Financial performance (% of contract amount paid)	Physical performance Q4 FY 2010/11

085672 Government Buildings and Administrative Infrastructure	Completion of payment for medical ward. Drawing five year development plan for the hospital.	95% of medical ward (spread over F7 2008/10 – 2010/11) 100% for development plan	Works on the medical building itself are complete and of a good quality. However, the building cannot be used until the sanitation system is constructed on land that is pending legal dispute. Final draft of development plan was expected to be ready by August 2011.
085677: Purchase of Specialized Machinery & Equipment	Rehabilitation of the alternative water system (3 water pumps)	100%	Works are complete.

Source: Regional Referral Hospitals Quarterly Work Plans FY 2010/11; field work observations

Challenges:

- The medical ward building cannot be put into operation until the sanitation system is in place. Construction of the system has been continually delayed owing to a land dispute between the hospital and residents of the adjoining land. Progress of the project will depend on the outcome of a court hearing on the land dispute. It is not clear as to when such a decision will be taken as the ruling has been postponed several times.

Arua Regional Referral Hospital: external works on the new ward building (left); disabled access ramp in the new ward building (centre); corridor inside new ward building (right)

b) <u>Jinja Regional Referral Hospital</u>

At Jinja hospital capital development works were taking place on the private patients ward, renovation of a theatre and on an incinerator. Renovation of the staff quarters was complete. Overall physical performance was fairly good. Some minor delays had occurred on the private patients ward because of additional excavation works that had not been foreseen. Progress is summarised in table 3.4.8.

Table 3.4.8 Physical performance of outputs monitored at Jinja Regional Referral Hospital

Output monitored	Annual work plan planned outputs	Financial performance (% of contract amount paid)	Physical performance Q4 FY 2010/11
085683: OPD and other ward construction and rehabilitation	Extension of the private patients ward to add 20 self contained rooms	28%	20% complete, the first floor of the structures is complete. Works are behind schedule by four weeks.
085681: Staff houses construction and rehabilitation	Renovate three blocks of staff quarters.	100%	100% complete
085680: Hospital Construction/rehabilitation	Annual: Fence the hospital and its land; incinerator house.	Fencing – 0% Incinerator – 51%	Fencing not implemented due to land dispute. Incinerator is 70% complete. Civil works are complete but the incinerator is yet to be delivered
08 56 84: Theatre construction and rehabilitation	Annual: Renovation of old theatre	95%	98% complete. Drainage systems needs to be altered

Source: Regional Referral Hospitals Quarterly Work Plans FY 2010/11; field work observations

Challenges:

- Works have not taken place on the hospital fencing due to a land dispute with local residents.
- Hospital administrative staff expressed concern that projects that run over multiple years (such as the private patients ward extension) are likely to face increasingly high costs as contractors experience rising costs of materials.

Jinja Regional Referral Hospital: renovated theatre (top left); new incinerator house (top right); works on staff accommodation (bottom left and right)

c) <u>Hoima Regional Referral Hospital</u>

At Hoima hospital works were taking place on the renovation of the private patients' wing and phase one of construction of a very large staff accommodation block. Progress is summarised in table 3.4.9. Overall progress was fair, the private wing renovation was nearing completion but hospital staff noted that the contractor was slow and works should have been fully completed by the close of the financial year. The staff accommodation block was progressing according to schedule.

Table 3.4.9 Physical performance of outputs monitored at Hoima Regional Referral Hospital

Output monitored	Annual work plan planned outputs	Financial performance (% of contract amount paid)	Physical performance Q4 FY 2010/11
085680: Hospital Construction/rehabilitation	Ongoing construction of residential building. Rehabilitation of non residential buildings. Engineering and design studies.	100%	Renovation of the private wing is 90% complete. Final finishing works remain. Works had also taken place on the walk way.
085681: Staff houses construction and rehabilitation	Construct multi-storied staff accommodation building	40%	Works are around 50% complete. Remaining works are to build another floor higher as currently doing walling works on second floor

Source: Regional Referral Hospitals Quarterly Work Plans FY 2010/11; field work observations

Challenges:

- The structures housing the offices and general wards are very old (they were constructed in 1905) and are not in good condition. The hospital has a heavy patient load but limited capacity in terms of infrastructure. An increase in funding for the capital development activities would have a large impact at this hospital.
- Some of the capital development funds were diverted away from construction works to emergency fuel costs for the generator and ambulance. Hospital staff reported that the diversion of funds had been agreed verbally with the MOH. Where possible, diversion of funds should not be repeated in future financial years.
- Contractors on site reported that the staff house could have been constructed more quickly if more funds were available. Contractors said that if larger sums of money were paid up front, the works could have been finished in one rather than two financial years. This would also have made the project cheaper as it would have reduced the impact of inflation.

- Hospital staff recommended that increases in the number of wards and other buildings constructed should correspond to increases in recurrent budgets; for example additional funds are necessary for maintenance, cleaning and for utility bills.
- Accounts staff did not have financial records at hand and were not forthcoming in providing information.

d) Masaka Regional Referral Hospital

Planned activities at Masaka Regional Referral Hospital were clearing of a site ready for construction works being implemented by JICA and construction of a large staff accommodation block. Physical performance was fair: site clearing had been completed during Q1; however the staff house is now expected to complete in December 2011 – six months after the close of the financial year.

Table 3.4.10 Physical performance of outputs monitored at Masaka Regional Referral Hospital

Output monitored	Annual work plan planned outputs	Financial performance (% of contract amount paid)	Physical performance observed by BMAU at Q4 FY 2010/11
085679 Acquisition of other capital assets	Drawing a master plan and strategic plan	54%	Inception report received and hospital was waiting for the final report.
085680: Hospital Construction/ rehabilitation	Structures demolished	92%	Completed in Q1 FY 2010/11 and JICA started construction works on this site in February 2011.
085681: Staff houses construction and rehabilitation	Staff hostel 100% completed	58%	70% complete. Remaining works include roof cover, external plastering and painting. Expected completion date is 02/12/11

Source: Regional Referral Hospitals Quarterly Work Plans FY 2010/11

Challenges:

- Hospital staff noted that contractors working on the staff house have been complaining of cost escalation due to inflation. Officials recommended that releases are frontloaded to the start of the financial year so that contractors could be paid a lump sum, allowing them to purchase the materials early.

Masaka Regional Referral Hospital: works on the staff accommodation building

e) <u>Special in-depth report: Gulu Regional Referral Hospital</u>

In Q1 the BMAU was asked to investigate allegations that there was poor value for money of the physical implementation of planned activities under hospital rehabilitation at Gulu Regional Referral Hospital. The main findings are summarised in box 3.4.2.

Box 3.4.2 BMAU findings at Gulu Regional Referral Hospital, Q1 FY 2010/11

- The hospital did not undertake any substantial new projects for FY 2010/11. Largely, works were a continuation of projects undertaken in FY 2008/09. Over the period FY 2008/09 and 2009/10 MOFPED released UShs 3.5 billion for rehabilitation of the hospital. These funds would be adequate to complete the scheduled works. However, out of the planned works, only the surgical ward, medical ward, walkway and toilets had been completed. The staff house, administration and stores block which were allocated half of the capital development funds were far from completion by 27 October 2010, four months after the end of FY 2009/10. All the UShs 3.5 billion allocated had been spent and by 30 June 2010, the hospital had a bank balance of only UShs 4,300 on the capital development account.

- In January 2011, the Hospital Director wrote to MOFPED to request an advance release of Q3 and Q4 funds. The request was honoured, and funds were expended however works were still not completed.

- On the surgical ward the amount paid to contractor was above the contract amount;
- The staff van was procured but the contractor was never paid. The money had however been spent without record;
- On the staff house, all the allocated funds were spent yet the contractor was only paid approximately half the of money owed;
- Several of the service providers are intending take legal action against the hospital over accumulated debts. Given the fact that Government allocated a budget adequate to cover all activities scheduled for the last two FYs, there would be no justification for arrears.
- The accounts department displayed poor record keeping practices and failed to avail several key documents.
- Inconsistent keeping of financial records was observed, including receipts for payments that appeared to be forged.

BMAU recommended that the following action take place:

- Disbursements to the hospital be suspended for the remainder of the financial year;
- The Auditor General to do a value for money audit at the hospital;
- The IGG to investigate accounting anomalies further;
- The Hospital Accountant to be disciplined for poor book keeping.

Source: Field work observations Q1 FY 2010/11

Following the BMAU findings in October of 2011, a full investigation was carried out by the Office of the Auditor General[62]. The Auditor General's report found a number of irregularities in the management of financial affairs at the hospital. An investigation is also taking place by the Presidential Monitoring Team, who will identify which officers are to be held responsible for the financial mismanagement observed and take appropriate action.

The hospital received no release of funds during Q3 following the investigations, however in Q4 all outstanding funds were released, meaning that the hospital received UShs 1.37 billion (86%) of the UShs 1.42 billion approved budget by the end of the financial year.

[62] Office of the Auditor General *Annual Report to Parliament Volume 2, Central Government*

The BMAU visit in Q4 of FY 2010/11 aimed to update on progress since the Q1 visit. The main findings were as follows:

- Despite complaints from administrative staff relating to lack of funds for activities, only 93% (UShs 1.2 billion) of the released funds were expended by the close of the financial year.

- No further action had been taken on the three big halted projects rolled over from financial years 2008/09 and 2009/10: the staff house; the administration and storage block; and the staff van. Hospital staff reported that there were no funds to continue these activities due to the previous financial mismanagement. A total of UShs 1.36 billion would be needed to pay the outstanding amounts on these contracts[63].

- On the administration and stores block, works were around 90% complete yet the contractor has only been paid 40% of the invoices owed. This contractor is likely to take legal action against the hospital unless the payments are made soon.

- Some works had taken place during the financial year 2010/11 and were complete. These were the incinerator, theatre renovation, private wing renovation, completion of the maternity ward renovation (2009/10 project), purchase of medical equipment, and purchase of office furniture and equipment.

- The 2010/11 work plan was poorly written and not reflective of the actual progress of projects. For example, under the maternity ward rehabilitation activity, the work plan stated “Availability of BOQs” as the planned activity. However, the maternity ward was implemented during FY 2009/10 and the plan should have been to complete works during 2010/11.

- Funds had also been expended and works completed on engineering services, renovation of toilets on the children’s ward, and renovation of walkways. Although good work was observed, these activities had not been included in the annual work plan and it was not clear that authority was sought to divert funds from planned activities.

- Some activities planned for FY 2010/11 had not been implemented at all. These were work on power and water lines and road grading.

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[63] Staff house = UShs 634 million outstanding; Administration block = UShs 517 million outstanding; Staff van = UShs 214 million outstanding.

- It was not evident from the BMAU visit that financial records keeping practices had been significantly improved. Although BMAU did not attempt to replicate the detailed audit activities undertaken by the Office of the Auditor General, members of staff in general did not have figures readily to hand. This was surprising given the number of monitoring teams that have already visited this hospital.

Table 3.4.11 summarises the progress on the annual work plan targets under capital development for Gulu hospital for the financial year 2010/11. Table 3.4.12 updates progress on ongoing projects from previous financial years that were not included in the FY 2010/11 work plan.

Table 3.4.11 Physical performance of outputs monitored at Gulu Regional Referral Hospital

Output monitored	Annual work plan planned outputs 2010/11	Financial performance (% of contract amount paid)	Physical performance observed by BMAU at Q4 FY 2010/11
085681: Staff houses construction and rehabilitation	Start on foundation and ground floor for staff house and renovate old houses	29% (UShs 261 million of UShs 895 million) No payments made in 2010/11.	Walls on the ground floor have been constructed. The contractor has left the site due to non-payment and no works have taken place for two years.
085680: Hospital construction/ rehabilitation	Renovate wards and private wing and water and power lines	Private wing 91% Other activities not implemented	Private wing is 99% complete. Works had also taken place and were complete on toilets of children's ward and on walkways; these activities could be placed under this output although they were not explicitly planned for.
08 56 84: Theatre construction and rehabilitation	Complete the renovation of theatre	92%	Works were complete and ready for commissioning
085683: OPD and other ward construction and Rehabilitation	Construct an incinerator 80 m, emergency unit 170m	100%	Incinerator was complete.
08 56 78 Purchase of Office and	Avail office and ward furniture	100%	Equipment delivered

Residential Furniture and Fittings			
08 56 73 Roads, streets and highways	Grade the roads, and compound	NA	Not implemented
085677: Purchase of Specialized Machinery & Equipment	Purchase assorted equipment for Wards, clinics, and theatre. Procure and avail 5 laptops and 5 desk tops computers; a photocopier; repair and extend intercom; 1 printer; internet system server and connectivity	100%	Equipment delivered.
Purchase of Motor Vehicles and Other Transport Equipment	Procure staff van	0%	Van has not been delivered and no payments have been made
08 56 82 Maternity ward construction and rehabilitation	Availability of BOQS	100%	The maternity ward rehabilitation is complete and the contractor has been paid. The project was implemented in partnership with Italian Aid.

Source: Field Work Findings

Table 3.4.12: Activities outstanding from previous financial years but not included in the 2010/11 work plan

Activity	Financial performance	Physical performance observed by BMAU at Q4 FY 2010/11
Construction of administration and medical stores block	41%	Approximately 90% of the works have been completed by the contractor but the hospital has failed to pay outstanding invoices. The contractor has left the site and no works have taken place for over a year.

Development of master plan	60%	Hospital staff are awaiting delivery of the final document.

Recommendations relating to Gulu Regional Referral Hospital:

- No further activities should take place at this hospital until existing contracts are honoured. Funds to pay the outstanding amounts on these contracts: particularly on the administration block where the works have already been implemented must be found.

- The FY 2011/12 *Performance Form A* work plan needs to better reflect the situation on the ground. This will improve planning and make it easier to monitor progress in the future.

- Organisation of financial records could be improved further so that staff can confidently report financial figures to monitoring teams. The accounts staff and PDU of the hospital need further training in records management.

Gulu Regional Referral Hospital: completed theatre (top left); rehabilitation of toilets (top right); staff accommodation (bottom left); administration and stores block (bottom right).

3.4.4 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 Centres (levels II, III and IV)[64].

According to the health sector *Ministerial Policy Statement for FY 2010.11*, 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[65]. The total annual approved budget for health sector transfers to districts and municipal councils for FY 2010/11 is UShs 206.8 billion, representing approximately 31% of the health sector budget. Of this, UShs 44.5 billion is allocated to Primary Health Care Development grants[66].

The objective of Primary Health Care Development grants (project 0422) is to improve the quality and quantity of health infrastructure in all districts 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[67].

During Q4 FY 2010/11, BMAU monitored progress on project 0422 in the following districts: Arua, Hoima, Iganga, Jinja, Kiryandongo, Luuka, Lwengo, Masaka, Nebbi, Rakai, and Zombo. The main findings from monitoring activities earlier in the financial year are noted in box 3.4.3.

Box 3.4.3 PHC Development activities monitored during Q2 FY 2010/11

In Q1 BMAU reviewed progress of PHC Development grants in 11 districts for the close of FY 2009/10 (Budaka, Kaliro, Kamuli, Kapchorwa, Kayunga, Kumi, Luwero, Manafwa, Mbale, Mokono, and Nakasongola). In Q2, BMAU monitored progress of the PHC Development grant in 8 districts (Amuria, Butambala, Gomba, Kabarole, Kulungu, Kasese, Kyegegwa, and Mpigi) for the period Q1 and Q2 FY 2010/11. The main findings from Q2 monitoring activities in these districts are summarized below.

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[64] *Ministerial Policy Statement*, page 425

[65] Ibid

[66] PHC Development grant to districts and municipal councils, inclusive of PRDP component.

[67] *Ministerial Policy Statement*, page 425

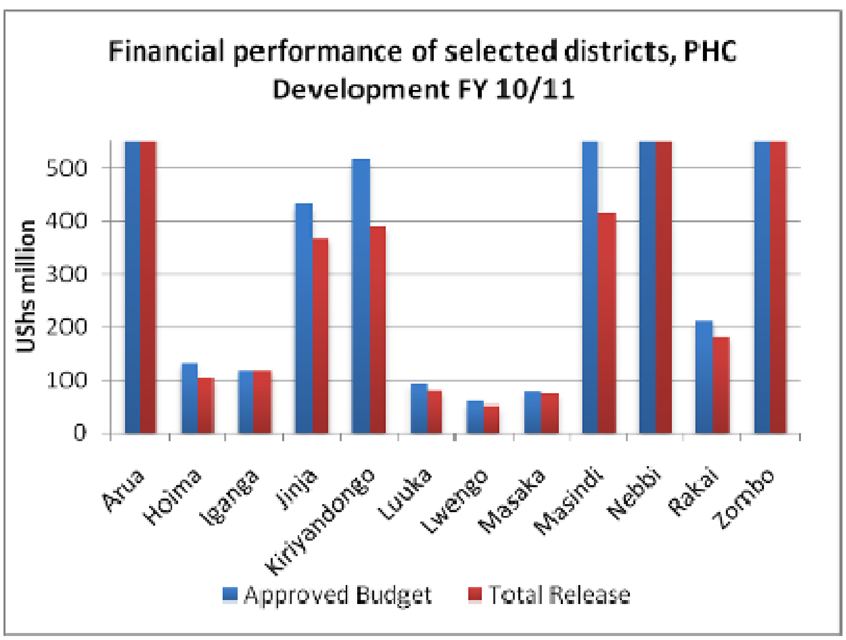
- Procurement procedures for the award of contracts for the FY 2010/11 activities were still ongoing at all of the 8 districts monitored and implementation was yet to commence.
- Works on activities rolled over from the FY 2009/10 were taking place in Amuria, Kabarole, Kasese and Mpigi.
- In Kalungu District, severe delays to implementation occurred after a Member of Parliament had pressured district officials to change work plan activities from an OPD at Bukulula HCIV to construction of an operating theatre at Kyamulibwa HCIII; a project which would offer very poor value for money and divert funds from other pressing needs in the district.
- In Mpigi District, the designs of staff houses were inappropriate. Rooms were too small, doors posed a security risk and latrine facilities were inadequate.
- Poor quality procurement management by the PDU was reported by district health officials in Kyegegwa and Kabarole districts.

Source: Field work findings Q2 FY 2010/11

Financial Performance:

The approved budgets for PHC Development in the twelve districts monitored ranged from UShs 61 million in Lwengo district to UShs 1.2 billion in Nebbi. The West Nile districts of Arua, Nebbi and Zombo receive an additional component to their PHC Development Grant under the Peace, Recovery and Development Programme (PRDP), which is why their budgets are much higher than others.

Figure 3.4.11



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Source: MoFPED

Table 3.4.13 shows the dates that district health officers reported that the quarterly releases of PHC Development funds were credited to the district health account[68]. Ideally, funds should be available towards the start of the quarter to allow sufficient time for absorption (in July, October, January and April).

As shown in table 3.4.13, Q1 funds tended to arrive around the middle of August in most districts monitored. In Q2 releases were very late all districts except Masaka: eight of the twelve received funds during the second half of November, one received in December and one received in January. In Q3 districts received funds towards the end of February or at the beginning of March.

In Q4 the release dates are of particular concern. Only Iganga district received a timely release in April, but this district had received no funds during Q3. Six of the twelve districts received their release in May and five received in June. It is difficult to see how districts can be expected to absorb funds before the end of the financial year when they are not credited to the account until the 24th June (Luuka), 25th June (Zombo) or 27th June (Kiryandongo).

3.4.13 Release dates for selected districts, PHC Development grant

	Q1	Q2	Q3	Q4
Arua	10/08/2010	23/11/2010	25/02/2011	19/05/2011
Hoima	11/08/2010	17/11/2010	22/02/2011	13/06/2011
Iganga	12/08/2010	None	25/02/2011	06/04/2011
Jinja	13/08/2010	11/11/2010	04/03/2011	11/05/2011
Kiryandongo	26/08/2010	06/12/2010	31/03/2011	27/06/2011
Luuka	17/08/2010	15/11/2010	04/03/2011	24/06/2011
Lwengo	05/08/2010	19/11/2010	04/03/2011	25/05/2011
Masaka	03/08/2010	05/09/2010	01/02/2011	04/05/2011
Masindi	26/08/2010	18/11/2010	03/03/2011	08/06/2011
Nebbi	19/08/2010	31/01/2011	22/02/2011	16/05/2011

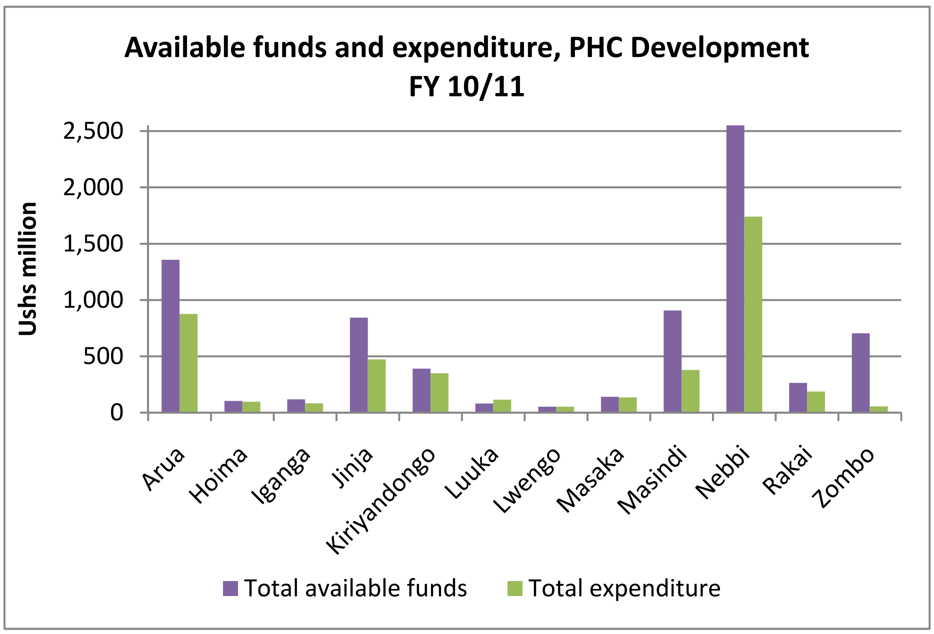
[68] Zombo district did not have financial records sufficient to provide release dates for Q1, Q2 and Q3.

Rakai	13/08/2010	18/11/2010	25/02/2011	13/05/2011
Zombo	Don't know	Don't know	Don't know	25/06/2011

Source: field work observations

Figure 3.4.12 shows the proportion of available funds expended by each district sampled. Available funds are defined as the total releases received during FY 2010/11 plus any funds that were rolled over from FY 2009/10. Total expenditure is all payments made during the financial year (including those made on activities from previous financial years).

Figure 3.4.12



Source: MoFPED

As shown in figure 3.4.12, financial performance varied.

Nebbi had a very large available balance because UShs 1.3 billion was rolled over from 2009/10 in addition to the UShs 1.2 billion in releases in 2010/11. Other districts that rolled over funds from 2009/10 were Arua, Jinja, Masaka, Masindi and Rakai.

The best performer was Lwengo district, which spent 100% of the UShs 52 million budget. Luuka district spent 142% of its budget because additional funding was provided from the district unconditional grant for some of the activities. Masaka also performed well (96% of funds expended) as did Kiryandongo (90% expended).

The worst performer was Zombo district, which only spent 8% of available funds. This was largely due to procurement issues (see analysis later). Masindi district only expended 42% of available funds Arua 65% and Nebbi 68%.

Physical Performance:

During the monitoring visits data was collected on financial and physical progress on all of the planned activities in the *Performance Form B* work plans for the financial year. The key findings are detailed here.

Each is scored on physical and financial performance using the following criteria:

Figure 3.4.13 Criteria for analysis of financial and physical performance of PHC Development

	Physical performance (given the funds available)	Financial performance (% of received funds expended)
Very good	All work plan targets were met	90 – 100%
Good	Most work plan targets were met	80 – 90%
Fair	Some work plan targets met	60 – 80%
Below average	Few work plan targets met	50 – 60%
Poor	No work plan targets fully met	Less than 50%

Source: BMAU

a) <u>Arua District</u>

Financial performance: Fair

Physical performance:Poor

During financial year 2010/11 Arua district planned to implement six activities under the PHC development grant. These were: construction of staff houses in four health units, an OPD at Burua health centre and completion of a theatre at Omugu health centre. Nineteen activities were planned under the PRDP component of the grant, these included construction of staff accommodation in nine health facilities; a maternity ward at Cilio health centre; renovation of a fire damaged maternity ward at Offaka health centre; construction of medical waste pits at four health units; and procurement of bicycles and motorcycles for health centres.

In addition to the planned works for FY 2010/11, Arua district also planned to finish projects rolled over from FY 2009/10. These included maternity wards at Orivu and Pawor health centres, OPD at Akino health centre; borehole construction at Adumi health centre; procurement of motorcycles for eight health centres and purchase of medical equipment. During Q4 monitoring the team visited seven of the activities implemented[69].

Physical performance was poor. Of the projects rolled over from FY 2009/10 all were complete and at retention stage. However, not all of the medical equipment procured had been delivered as some was still being engraved.

None of the planned activities for FY 2010/11 had been completed. Progress is summarised as follows:

- Roofing works were complete and finishing works were ongoing at: the OPD at Burua health centre; the maternity ward at Cilio health centre; the staff houses at Orivu health centre, Ombidriondrea health centre, Opia health centre, Rhino camp health centre, Ullepi health centre, and Oreku health centre; and on renovation of the maternity ward at Offaka health centre.

- Walling works were still taking place at the staff houses at Ewanga health centre and Adumi health centre but walling had finished and roofing works were ready to commence at the staff houses at Olivu health centre, Pawor health centre and Pajulu health centre.

- Foundation excavation was still taking place at the staff house at Lazebu and the staff house at Tuku health centre. There was no progress on site at the staff house Logiri health centre.

- The contracts had been signed but works had not yet started on medical waste pits at Pajulu, Orivu, Vurra and Pawor HCs. Contracts were not awarded for procurement of bicycles and motorcycles as expenditure priorities changed during the financial year.

[69] Maternity ward at Orivu; Staff house at Orivu health centre; MWP at Orivu; Staff house at Adumi; Borehole at Adumi; Staff house at Pajulu; Staff house at Oreku;

Financial performance was fair. Of the approved budget for the financial year, 86% was released to the district (UShs 942 million of UShs 1.097 billion). In addition, UShs 415 million was rolled over from FY 2009/10 as committed funds. This implies that the total available balance was UShs 1.356 billion.

Total expenditure reported by the district health office was UShs 875 million. These figures imply that a total of UShs 481 million was unspent by the end of the financial year. Expenditure performance was therefore only 65%.

Challenges:

- The district health office is implementing a lot of activities each financial year. For this reason it is not surprising that implementation of those activities has been fairly slow, given that the size of the health office staff is no larger than those districts that are not implementing PRDP activities.

- The contract amounts awarded are consistently higher than the amounts budgeted for in the annual work plan. The district health office noted that the cause of high contract amounts is the high cost of materials in the West Nile region and because of poor quality soil structure at some sites.

Arua PHC Development: Staff house at Oreku HC II (left); Borehole at Adumi HC II (right)

b) <u>Hoima District</u>

Financial performance: Very Good	Physical performance: Good

In FY 2010/11, the district planned to implement six activities. These included: pit latrine constriction at two health centres, rehabilitation of Kibiiro health centre III, and construction of staff accommodation at three health centres. Works also took place to complete two activities that were rolled over from FY 2009/10: construction of a doctor's house and a new theatre at Kigorobya health centre IV. The team visited works at five of the six activities implemented[70].

Physical performance was good given the amount of funds received. Financial performance was very good, of the UShs 103 million received, 93% was expended.

The two activities rolled over from FY 2009/10 were completed and of the six planned activities for FY 2010/11, three were complete (latrine at Kitoole, staff houses at Kigorobya health centre IV and staff house at Toonya health centre). Two of the planned activities were not awarded contracts due to insufficient funds (rehabilitation of Kibiiro health centre III and staff house at Kisabagwa). The other activity (pit latrine at Kigorobya health centre IV) was around 50% complete.

Challenges:

- Insufficient funds were allocated to allow for completion of the two activities rolled over from 2009/10 and all of the 2010/11 planned activities. As a result, contracts were not awarded for two of the planned activities for 2010/11.
- At the theatre constructed at Kigorobya health centre IV, the team visit found that the works were complete but that there was no equipment provided to fit the facility. Medical staff on site also reported that there are not sufficient numbers of staff available at the health facility to perform operations.
- The Doctor's house, also at Kigorobya health centre IV, was complete but the finishing works were of poor quality. The District Health Office should ensure that the contractor rectifies the problems.

c) <u>Iganga District</u>

[70] Four stance pit latrine at Kigorobya health centre IV; Two stance pit latrine constructed at Kitoole health centre II; Two staff houses at Kirobya health centre IV; Theatre construction at Kigorobya; Doctor's house at Kigorobya health centre IV

Financial performance: Fair	Physical performance: Poor

There were four planned activities in Iganga District under PHC Development for the financial year. These were: renovation of the OPD at Igombe health centre; construction of a staff house at Bubenge health centre; a medical waste pits at Igombe and Namungalwe health centres; and a pit latrine at Igombe health centre. The team visited all of the implemented activities.

Physical performance was poor as none of the work plan activities had been completed by the end of Q4. Two activities had been awarded but not implemented (pit latrine at Igombe health centre and medical waste pits Namungalwe and Igombe). Of the implemented activities, renovation of Igombe health centre OPD was nearing completion, and the staff house at Bubenge was approximately 50% complete.

Financial performance was fair as 70% of the received funds had been expended by the end of the financial year.

Challenge:

- At the staff house at Bubenge health centre, the contractor had left the site due to a dispute over rising cost of materials. The DHO expressed concern that the contractor lacked capacity and had made an unrealistic bid for the works.

d) Jinja District

Financial performance: Below average	Physical performance: Below average

Jinja District planned to use the PHC Development grant for FY 2010/11 to continue works on the upgrade of Buwenge health centre IV to hospital status at Kagoma. Two projects were also rolled over from FY 2009/10 as there were insufficient funds that year for implementation (see challenges section below). These were construction of maternity ward at Lukolo health centre III and phase I of construction of maternity ward at Butagaya health centre III. The taem visited all of the implemented activities.

Financial performance was below average as of the available funds (UShs 367 million in releases and UShs 477 million rolled over from FY 2009/10) only 56% was expended in payments to contractors during FY 2010/11.

Physical performance was also below average; however good progress was observed at the Kagoma hospital construction site. The two projects that were rolled over from FY 2009/10 were not complete (Lokolo was at 70% and Butagaya was at 80%) although both were to be complete by August 2011.

At the Kagoma hospital, a new contractor had taken over the finishing works of phase II of the project in June 2010 and had been tasked with completion of phase III of the project. By Q4 monitoring, finishing works were complete on phase II and phase III was expected to be complete by the end of August 2011.

Challenge:

- District health officials reported that the upgrade of Buwenge health centre IV to hospital status at Kagoma was initially a Presidential Pledge. However, as no funds have ever been sent for this purpose, the District Health Office has been forced to divert almost all PHC Development funds towards this activity. In 2009/10 all PHC development funds were diverted away from planned activities towards the hospital. This means that there is no budget for the renovation or extension of existing health facilities in the district.




Jinja district PHC Development: completed phase II at Kagoma hospital (top left and right);

On-going phase III at Kagoma hospital (bottom left);

maternity ward at Butagaya HC III (bottom right)

e) Kiryandongo District

Financial performance: Very good	Physical performance: Good

Kiryandongo was created as a new district at the start of FY 2010/11 from Masindi district. The PHC Development work plan included ten activities: construction of the district health office; OPD construction at three health centres; staff house construction at three health centres; latrine construction at Kiryandongo hospital; fencing at Kaduku health centre III; and maternity ward construction at Dima health centre II. The team visited six of the ten activities.

Physical performance was impressive given the capacity constraints faced by the district health team. There are currently only two members of staff (the district health officer and the health sub-accountant) who are working from a small temporary office within Kiryandongo hospital.

Although only two out of the nine health centre projects were 100% complete, six were at the stage of final finishing works and were to be completed by August 2011. The remaining activity (fencing Kaduku health centre II) was however only 40% complete. The district office construction is part of a large development which will house all of the departments of the new district. Works were going well on this site and the contractor estimated that phase I would be complete by November 2011.

Financial performance was very good as 90% of the UShs 390 million released was expended by the end of Q4 on payments to contractors.

f) Luuka District

Financial performance: Fair	Physical performance: Fair

Luuka district is a new district for FY 2010/11 and was previously part of Iganga district. The *Performance Form B* work plan outlined four planned activities for the financial year. These were: completion of an OPD ward at Ikumbya health centre III and construction of pit latrines at three health centres. However, following the wishes of the District Council, an additional activity was added later in the financial year: construction of a new health centre II at Itakaibolu[71]. The team visited all of the implemented activities.

The physical performance was fairly good considering the resources available, although neither of the outputs implemented were fully completed by the end of the financial year. The OPD at Ikumbya health centre III was nearing completion as the contractors expected to finish at the end of July 2011. At Itakaibolu health centre II, the structure of the building was in place but all finishing works remained – no contractors were visible on site. The three pit latrines were not implemented due to insufficient budget allocation.

The financial performance of PHC Development in Luuka was fair. UShs 80 million had been released for PHC Development, all of which had been expended. However, the district health office had awarded contracts to the value of UShs 137 million; UShs 42 million more than the total PHC Development budget. As a result, UShs 33 million had to be diverted from the District General Fund in order to cover the shortfall in funds available to pay outstanding invoices to contractors.

Challenge:

- There was a Presidential Pledge to complete the OPD at Ikumbya health centre III of UShs 96 million, but the funds were never sent. This meant that PHC Development funds had to be diverted from other planned activities (the construction of pit latrines) in order to fulfil the Presidential Pledge.

g) Lwengo District

Financial performance: Very good	Physical performance: Good

Lwengo is also a new district, created from Masaka. Three activities were planned under the PHC Development grant for the financial year: renovation of maternity and general wards at

[71] The Chief Administrative Officer sought authority from Ministry of Health to change the work plan.

Kinoni health centre III; installation of a water system at Kiwangala health centre; and installation of a water system at Kyazanga health centre IV. The team visited all of the activities.

Physical performance would have been very good; as works were completed for all three of the activities by the end of the financial year.However there was shoddy work at Kinoni health centre III. Financial performance was very good; as all of the UShs 52 million released had been expended on payments to the contractors.

Challenges:

- The works have been completed in good time at Kinoni health centre III yet there were already cracks appearing in the new flooring. The district health office should inspect the facility before paying the retention fee to the contractor.
- Kinoni health centre III has been provided with renovated maternity and general wards but they do not have any beds or mattresses so they are not in use.

h) Masaka District

Financial performance: Very good	Physical performance: Below average

Masaka district planned to implement four activities under the PHC Development grant during FY 2010/11. There were: renovation of the OPD at Bukeeri health centre III; renovation of the operating theatre are Kiyumba health centre IV; and construction of staff houses at Bukeeri health centre III and Buwunga health centre III. The team visited activities at Buwunga and Kiyumba health centres.

Financial performance was very good, out of the available funds (UShs 75 million in releases and UShs 65 million of committed funds from FY 2009/10), 95% was expended by the end of the financial year. All payments were made to one contractor, who was implementing all of the planned activities.

Physical performance was below average and did not seem to be commensurate with the financial performance. One activity (renovation of the operating theatre are Kiyumba health centre) was not awarded a contract due to insufficient budget allocation. Works were complete on the staff house at Bukeeri health centre but works were only 70% complete on the OPD renovation. The staff house at Buwunga did not appear to have started and no contractors were visible on site.

i) Masindi District

Financial performance: Very good	Physical performance: Fair

Masindi district planned to implement seventeen activities during FY 2010/11. These included OPD construction at two health centres; staff house construction at three health centres; laboratory upgrade at four health centres; latrine construction at seven health centres; and reconstruction of the DHO stores roof. The team visited seven of these activities[72].

Physical progress was fair. Works were complete at four of the seventeen activities (OPD at Pakanyi health centre III, latrine at Budongo health centre II, latrine at Kilanyi, DHO stores roof). Works were more than 70% complete at five activities (OPD at Kitanyata health centre II, staff house at Kyamaiso health centre II, latrine at Kyamaiso health centre II, staff houses at Bwijanga health centre IV, and latrines at Bwijanga health centre IV). However, three latrine constructions and the four laboratory rehabilitations were not implemented.

Financial performance was very good as 91% of the UShs 481 million released during FY 2010/11 were expended on the activities implemented during the financial year.

Challenges:

- District health officials reported that implementation delays often occur because the contractors do not have the financial capacity to start work. These contractors would prefer to be paid in advance as they do not have sufficient working capital to purchase materials. As a result, works take place in short phases as the contractor waits for payment before proceeding to the next phase.
- Release performance was only 70% (UShs 418 million received of UShs 582 million approved budget). The district health office delayed award of some contracts because they were concerned they would not receive 100% of releases. These contracts were eventually awarded but the released funds were not sufficient to cover all payments.

j) Nebbi District

[72] Pakanyi health centre III; Kitanyata health centre II; Kyamaiso health centre II; Bwijanga health centre IV; DHO stores.

Financial performance: Fair

Physical performance: Fair

Nebbi district planned to implement 42 activities under the PHC Development and PRDP health grants during FY 2010/11. Implementation of ten activities was rolled over from FY 2009/10, making a total of 52 activities. In addition, committed funds were used to make final payments on a further 21 activities from FY 2009/10.

The planned activities for 2010/11 included (amongst others) construction of staff houses at twelve health centres; construction of OPDs at Pacego and Pagwata health centres; construction of maternity wards at Theruru and Abongo health centres; latrine construction at seven health centres; and construction of bathing facilities for maternity wards at twelve health centres.

Physical performance was fair considering the very large number of activities under implementation. Of the activities rolled over from 2009/10, five of the ten were complete and four were awaiting finishing touches before commissioning. However, the maternity ward at Abongo health centre was still only 90% complete and the contractor has fled from the site.

Of the 2010/11 activities:

- Six of twelve bathing shelters were complete; others were awarded contracts in June 2011.
- Completed projects were: solar installations at Nebbi hospital; rehabilitation of general ward at Paromo health centre; construction of the incinerator at Nebbi hospital; latrine construction at Akworo health centre; and installation of rain water harvest system at Kikobe health centre.
- A number of construction (staff house/maternity ward/OPD) works were not yet complete, but were progressing and were at ring beam, roofing or finishing level. These included: staff house at Panyigoro health centre; staff house ay Kalowang health centre; staff house at Orussi health centre; staff house at Pakwach health centre; Doctor’s house at Pakwach health centre; staff house at Panyimur health centre; staff house at Kucwiny health centre; rehabilitation of staff house at Paroketo health centre; OPD at Pacego health centre; maternity ward at Goli health centre; and the DHO stores.

- Contracts only awarded in June and contractors just beginning to mobilize at: latrine construction at Goli health centre; at Oweko health centre; at Paroketo health centre; incinerator shade at Nebbi hospital; waste pit for incinerator at Nebbi hospital; solar power for 2009/10 construction projects; and separation power metres for staff at Nebbi hospital.
- Activities not implemented were: electricity meter installation at DHO office staff houses; latrine construction at Pokwero health centre; and at Pachora health centre; and acquisition of land titles for Mukale and Pagwata HCs.

Financial performance was fair as only 68% of the available funds were expended. Of the UShs 2.6 billion available (UShs 1.38 billion rolled over from 2009/10 plus UShs 1.23 billion in releases in 2010/11), UShs 1.7 billion was paid out to contractors. Of all payments made during the financial year 2010/11, 80% were to contracts rolled over from financial year 2009/10, meaning that only UShs 360 million was paid to current contracts (which have a value of UShs 1.23 billion). This means that next financial year the same scenario will occur – a significant amount of money will be retained as committed funds and most payments will be made to contracts from the preceding financial year.

Challenges:

- There are such a large number of work plan activities in this district that district health officials noted that is difficult for the Procurement and Disposal Unit (PDU) to cope. As the costs of advertising so many contracts are very high, the PDU advertises in lots as and when funds from local revenue are available. In addition, the evaluation of so many bids is time consuming and evaluation committee members already have heavy workloads.
- District health officials noted that many of the contractors in Nebbi district lack capacity to estimate accurate bills of quantities. This has led in some cases to contractors underestimating the costs of works, leading to delays during implementation. Many contractors also lack financial capacity which means they are forced to work in phases.
- There are limited funds available for monitoring and supervision of all of the PRDP activities. The district is currently using some funds rolled over from 2009/10 for this purpose but these are likely to be diminished soon. The PRDP grant should have a component say between 1-3 % of the total grant to cater for the procurement costs, and monitoring and supervision of the PRDP projects.

k) <u>Rakai District</u>

Financial performance:
Fair

Physical performance:
Fair

During financial year 2010/11 Rakai district planned to implement ten activities and to complete two activities rolled over from financial year 2009/10. The team visited three of the construction sites where work was taking place[73].

Planned activities for 2010/11 included: construction of staff accommodation at two health centres; latrine construction at two health centres; maternity ward renovation at two health centres; solar water pump at Kukuuto health centre; construction of water basement tanks; modelling of laboratory and OPD at Kimuli health centre III; and phase II of OPD at Kyempewo health centre II. Rolled over activities from 2009/10 were the maternity ward at Kalisozo health centre and completion of Kyalulangira health centre III.

Physical performance was fair. The two projects rolled over from FY 2009/10 were completed. Of the 2010/11 projects, five out of ten had been completed (solar water pump at Kakuuto; latrines at Nabigasa and Kasensero health centres; staff house at Kayonza health centre II; water basement tanks). Works were 60% complete and at roofing stage at the OPD at Kyempewo health centre.

Works had just commenced on renovation of the maternity ward at Minziiro health centre II and modelling of the laboratory and OPD at Kimuli health centre III. Construction of the staff house at Namagoma health centre II was not implemented due to insufficient budget once other contracts had been awarded.

Financial performance was also fair. Of the available funds (UShs 180 million in releases and UShs 83 million rolled over from 2009/10), 70% was expended on payments to the contractors during FY 2010/11.

Challenges:

- Only 85% of the approved budget was released to the district health office which meant that one of the planned activities (staff house at Nangoma health centre II) was not awarded. This activity was postponed until FY 2011/12.
- The rising cost of materials has meant that the contracts that were awarded were at a higher price than originally planned.

[73] Kyempewo health centre II; Kifamba health centre III; Kayonza health centre II.

l) Zombo District

Financial performance: Poor	Physical performance: Poor

Zombo was created as a new district at the start of FY 2010/11 from Nebbi district. Sixteen activities were planned under the PHC Development and PRDP grants for the financial year. These included: construction of the DHO store block; construction of staff houses at four health centres; OPDs at three health centres; medical waste pit at three facilities; latrine construction at two health centres; a kitchen shade at Warr health centre III; maternity ward at Otheko health centre II; and a bath shelter at Zeu health centre. In addition to the work plan, a staff house was constructed at Pamitu health centre II[74]. The team visited five of the implemented activities[75].

Physical performance was poor as none of the planned activities were completed by the close of the financial year.

Roofing works were taking place at the DHO store block and at the maternity block at Otheko health centre II. Wall building was taking place but not yet reaching ring beam level at the staff houses at Pamitu health centre II and Agiermach health centre III; and at the OPD at Papoga health centre II. Works were still at foundation level at the OPDs at Jangokoro and Mundhel health centres; the latrine at Otheko health centre II; and the staff house at Kango health centre III. Contracts had been awarded but not yet commenced at the latrine at Pamitu health centre II and on medical waste pits at Jangokoro, Agiermach and Zeu health centres. Procurement was still ongoing for the kitchen shade at Warr health centre III and bath shelter at Zeu health centre III.

The district planned to finish a staff housing block that had been started by a donor several years previously at Nyapea NGO hospital. Although the contract had been awarded, works are yet to commence. This project should be prioritised as the hospital is a large facility and members of staff are currently residing in mud and grass accommodation.

Financial performance was very poor as payments had only been made to three contractors out of the fourteen contracts awarded. Financial performance was not commensurate with physical progress. Of the UShs 705 million released, only UShs 56 million (8%) had been expended by the close of the financial year.

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[74] Additional funds were available as the funding for the staff house at Otheko health centre was provided by a donor. The district health office sought authority from the Ministry of Health to implement the extra project with the extra funds.

[75] DHO stores; staff house at Nyapea; staff house at Pamitu; maternity block at Otheko health centre; staff house at Otheko health centre.

Challenge:

- The district did not have a functioning Procurement and Disposal Unit until January 2011 when a procurement officer was recruited. Because of the late start, no contracts were awarded until May 2011 which meant that by the end of the financial year implementation had only just started on most activities.

Zombo district PHC Development:

staff house at Pamitu HC II (top left);

DHO stores (top right);

staff house at Nyapea hospital (bottom left);

current staff accommodation at Nyapea hospital (bottom right).

3.4.5 Key Policy Issues and Recommendations

i. **The funding for capital development at regional referral hospitals is falling although infrastructure is still old and dilapidated at almost all hospitals**

As shown in figure 3.4.13, the total amount of funds available for the twelve regional referral hospitals for capital development activities is projected to decrease in FY 2011/12. The level of funding will fall back to its FY 09/10 level, although prices have risen considerably over this period and two new hospitals have come on board (Moroto and Mubende). Figure 3.4.14 depicts the distribution of hospital rehabilitation funds in FY 2011/12. Whilst there will be funding increases at Fort Portal, Hoima and Mbale; all other hospitals will see a decline in their development budget in the coming financial year.

BMAU monitoring has found that despite demanding patient loads, the regional referral hospitals visited tend to have very old and dilapidated infrastructure and facilities. For example, the administration and general ward buildings at Hoima hospital were constructed in 1905. It is therefore disappointing that this project has not been given high priority in the health sector budget.

Figure 3.4.13

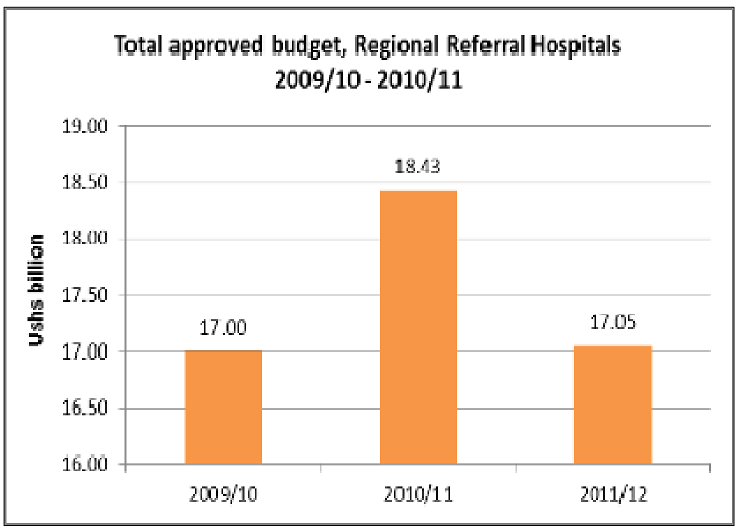
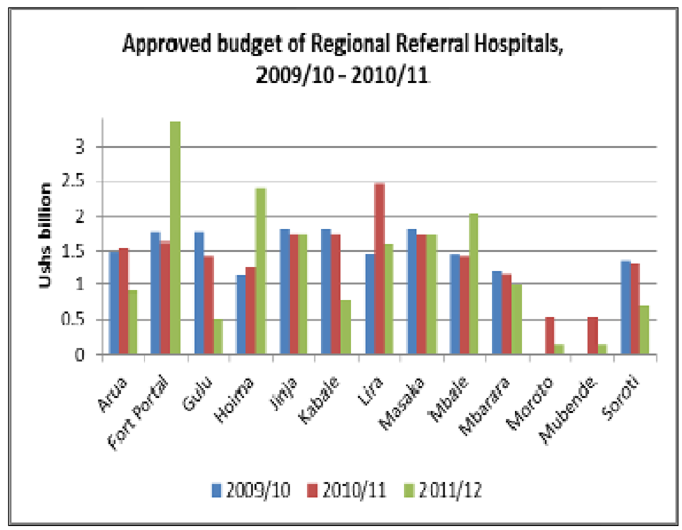


Figure 3.4.14



Source: Approved Budget Estimates FY 2009/10; 2010/11; and Draft Budget Estimates FY 2011/12

Recommendation: Greater budget should be allocated to regional referral hospital rehabilitation in future financial years as these facilities are offering frontline medical services to the population who reside outside of Kampala. Alternatively, Regional Referral Hospitals could be considered as well as District Hospitals under the World Bank funded Health Systems Strengthening Project.

ii. **Outstanding contracts at Gulu Regional Referral Hospital are likely to lead to costly legal disputes**

As highlighted in monitoring reports on Gulu hospital during Q2 and Q4, the financial expenditure during financial years 2008/09 and 2009/10 was not commensurate with the limited physical progress that was achieved.

In 2010/11 no further action had been taken on the three big projects still outstanding from financial years 2008/09 and 2009/10: the staff house; the administration and storage block; and the staff van. Hospital staff reported that there are no funds to continue these activities due to the previous financial mismanagement. A total of UShs 1.36 billion would be needed pay the outstanding amounts on these contracts[76].

However, as shown in figure 3.3.14 above, the draft budget estimate for capital development at Gulu hospital for FY 2011/12 is UShs 500 million. Given that there are new contracts under implementation from FY 2010/11 still under implementation, it is unlikely that the outstanding arrears will be cleared using the capital development budget. It is likely that the contractors will take the hospital to court if arrears are not cleared soon.

Recommendation: The Government of Uganda should find funds to clear the arrears on these projects as failure to do so will only lead to increased costs in the future in interest payments and legal disputes.

iii. **New districts can improve performance of the PHC Development grant in their first year of operation if their procurements are managed by the mother district**

During Q4 monitoring BMAU considered the performance of the PHC development grant at four newly created districts. These were: Luuka; Lwengo; Kiryandongo and Zombo districts. Lwengo district scored "very good" according to the BMAU criteria on both financial and physical performance, but it should be highlighted that contracts to the value of UShs 52 million were awarded in contrast to UShs 683 million in Zombo.

Kiryandongo district managed to successfully implement a substantial number of its work plan activities, largely because the procurement process was managed by the Procurement and Disposal Unit in mother district, Masindi. By contrast, Luuka and Zombo districts struggled to implement activities because the Procurement and Disposal Units were not in operation until half way through the financial year.

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[76] Staff house = UShs 634 million outstanding; Administration block = UShs 517 million outstanding; Staff van = UShs 214 million outstanding.

Recommendation: When new districts are created the mother district should manage procurement of contractors for PHC Development activities during the first year of operation, until a fully functional PDU and procurement committee has been put in place.

iv. **There is no provision for monitoring and evaluation or for procurement costs in the Peace, Recovery and Development Programme component of the PHC Development grant.**

The Peace, Recovery and Development Programme (PRDP) provides supplementary funding for the development of health infrastructure in districts formerly affected by conflict and insecurity. The extra component of the grant is received by 59 of 139 higher local governments[77].

The extra amount of funds provided is substantial. For instance, in 2010/11 Nebbi district had an approved budget of UShs 1.23 billion in comparison to just UShs 215 million in Iganga. The number of projects implemented is therefore significantly greater than in the non-PRDP districts. For example, Nebbi district planned to implement 41 activities in FY 2010/11 in whereas in Iganga only four activities were planned.

Implementation of such an ambitious number of activities comes with significant challenges. In particular:

- There is no component within the PRDP grant to finance costs of procurement for these activities. These costs can be large as each contract has to be advertised. In Nebbi district during FY 2010/11 the Procurement and Disposal Unit was forced to advertise the contracts in phases, as and when funds from locally generated revenue became available.

- In 2010/11 there was no component within the PRDP grant for supervision and evaluation of the activities. Ideally each activity should be monitored several times during implementation to discourage pour quality work by contractors. Delays in commissioning activities can also occur when funds are not available for inspection and certification.

[77] Received by: Adjumani, Apac, Arua, Busia, Gulu, Kabaramaido, Kapchorwa, Katakwi, Kitgum, Kotido, Kumi, Lira, Masindi, Mbale, Moroto, Moyo, Nakapiripirit, Nebbi, Pader, Pallisa, Sironko, Soroti, Tororo, Yumbe, Butaleja, Kaabong, Koboko, Amolatar, Amuria, Manafwa, Bukwa, Amuru, Budaka, Oyam, Dokolo, Bullisa, Maracha, Buekdea, Bududa, Amudat, Lamwo, Otuke, Zombo, Albetong, Bulambuli, Kiryandongo, Serere, Ngora, Napak, Kubuku, Nwoya, Kole, Agago, Kween, Arua Municipal Council, Gulu Municipal Council, Lira Municipal Council, Moroto Municipal Council, Soroti Muncipal Council.

Recommendation: The PRPD health grant should include an additional component to facilitate speedy procurement, supervision of works and certification. Government could consider a provision of between 1-3% of the grant for this purpose.

v. **The District Infrastructure Support Programme displayed very poor physical performance because of delays during the procurement process.**

The main delay to implementation of the District Infrastructure and Support Programme (project 0126) during FY 2010/11 was delayed procurement procedures which meant that contracts for activities were not awarded until the end of the financial year. No action was taken at six of the eight activities planned for FY 2010/11 (Bududa, Kambuga, Rushere, Yumbe, Kisozi and Buyiga) because the Procurement and Disposal Unit failed to award contracts by the end of the financial year.

It was reported that the delayed procurement was caused by the refusal of procurement officers to initiate procurement of contractors until all funds have been received on the account. This is misguided as procurements can be initiated and only the contract awards have to wait for availability of funds.

Recommendation: The Public Procurement and Disposal of Assets Agency (PPDA) should work with the Procurement and Disposal Unit in Ministry of Health in order to build capacity of its procurement officers.

3.5 INDUSTRIALIZATION

3.51: Introduction

Industrial development is an important part of the government's overall development strategy to transform Uganda into a modern and industrial country. Focus is on value addition and processing to reduce post-harvest losses and increase high value export products, especially from agricultural and mineral resources.

Industrialization offers greater prospects for increased employment, more export earnings, wider tax base, increased purchasing power, increased integration with agriculture, product diversification, greater efficiency, and technical skills for modernization and higher productivity throughout the whole economy[78].

Scope

The aim of this report is to assess whether the level of reported expenditure is commensurate with the physical outputs monitored. Physical and financial monitoring during quarter four focused on annual development activities FY 2010/11 undertaken by the Ministry of Finance, Planning and Economic Development(MFPED), Uganda Investment Authority (UIA), the Uganda Industrial Research Institute (UIRI) and Uganda National Bureau of Standards (UNBS).

Under the MFPED, monitoring covered construction of a banana processing plant in Bushenyi under the auspice of the Presidential Initiate on Banana Industrial Development (PIBID) and the construction of Buhweju Tea Factory; Under UIA, monitoring focused on development of industrial parks in Bweyogerere, Luzira, Jinja, Kasese and Soroti; Under the Uganda Industrial Research Institute (UIRI), attention was paid to the Mushroom Training Centre, Newcastle vaccine; potatoes and bamboo processing plants; Under UNBS, the team monitored the construction of the agency headquarters and analytical laboratories.

The sampled outputs were randomly selected from the information provided in the Ministerial Policy Statements and progress reports of those departments and the National Budget Framework Paper FY2010/11-FY2014/15.

Priority was given to monitoring outputs that were physically verifiable. The geographical range of projects and districts monitored covered the central, south western and eastern regions.

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[78] National Industrial Policy, 2008

Methodology

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.

Financial data was sourced from the Integrated Financial Management System (IFMS) and progress reports (Performance Form A).

Prior to the field visit, literature was reviewed on the reported progress on projects and outputs with reference to previous Monitoring reports. Data collection methods in the field included site observations and interviews with key informants.

Limitations

Information inadequacies; for some projects, financial data was not readily available making financial analysis difficult.

Majority of projects under industrialization are subventions with separate accounting mechanisms off the IFMS. This makes analysis of planned versus actual expenditure and absorptive capacity difficult to assess.

3.5.2 Uganda Investment Authority (UIA)

Development of Industrial Parks: Project code 0994:

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 2018/19[79]. This strategy will ensure that 22 industrial parks are created across the country. The process started with the set up of the Kampala based industrial parks at Namanve, Bweyogerere and Luzira, spreading to up country towns in strategic locations. It was anticipated that the Kampala parks would be fully operational by FY 2010/11.

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 will 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.

Scope of the project;

Industrial Parks are being set up to maximize benefits of Industry to the population of Uganda. It is planned that in each park there will be special provision for Small and Medium Enterprise (SME) factories, Information, Communication and Technology (ICT) zones, and social service amenities such as hospitals, schools, recreation centre's, housing and meeting halls. Some of the

[79] UIA project profile-Development of Industrial Parks

parks will be specialized for example the proposed Cotton Park at Busitema University whose aim is to promote research based education, a Leather Tannery Park in eastern Uganda. These industrial parks are being developed on a self sustaining model with the creation of shared common user facilities such as water supply network, sewerage treatment plants, solid waste disposal facilities and power supply.

At the end of the project duration, Uganda is expected to realize specific outcomes which will include among others;

- Increase in jobs created in the country with a planned 77,600 direct and 255,000 indirect employment opportunities created making a total of 332,600 jobs to be created within Uganda.
- There will be an increase in the acquisition of technical knowledge among the working population
- Improvement of manufacturing skills will be realized with introduction of innovative and research based technologies.
- Growth in overall industrial performance is expected to be realized.
- Introduction of cleaner and environmentally sensitive technologies for production.
- Increase in value addition for raw materials produced in Uganda especially within the agro based sector.

Improvement in the overall infrastructure network within the country as these parks will have all the relevant utilities.

The planned activities in FY 2010/11 included operationalization of Luzira Industrial Park (70 acres), Mbarara SME Park (12) and Bweyogerere Industrial Park (50); allocation of land to deserving investors, construction of infrastructure and industries in the aforesaid parks; Completion of Soroti master-plan (219 acres), Preparation of Kasese master-plan (217 acres); Land procurement in:- Jinja (360 acres), Moroto (400 acres), Gulu (500 acres) , Masaka (350 acres) and (400 acres) for the leather Park in the corridor of Jinja to Busia.

Financing

The total project cost is approximately UShs.20 billion per annum and total planned expenditure over 10 years is UShs.200billion. By June 2011, a total of UShs.28.7 billion had been expended on procurement of land, park master plans, and environmental impact assessments, construction of roads and extension of utilities in different parks.

The approved budget for FY 2010/11 was Ushs. 7.36 billion, of which UShs 5.81 biliion was released representing a release performance of 78.9%.

Physical Performance

1. Kampala Industrial and Business Park (KIBP);

The KIBP is located 11km east of Kampala adjacent to the Kampala-Jinja road and is planned to be a modern industrial park for the rest of the country. The park is approximately 896ha in size and comprises four estates namely; Namanve north (100.1ha), South A (126.9ha), South B (294.5ha), and South C (375.2ha) estates. A number of clusters have been planned. These include; agro-processing, beverage, grain milling, light industrial, heavy industrial, industrial rail served, printing and publishing, ICT park, commercial/leisure, country club, SME Park, in-land container depot, warehousing, residential, common services, open green space, road reserve, roundabout, sewage and effluent plant, solid waste and wetland.

In terms of progress, Two hundred and seventy two investors (272 investors) had been allocated land and Roofing's (U) Ltd is already operational. The team noted delays in installation of water and power lines onsite as well as contract award for sealing of the road works in the park.

Financial and physical progress

Table 3.5.1: Summary contract details and progress

Project Title	Second Private Sector Competitiveness Project Execution of Earthworks for Kampala Industrial and Business Park (KIBP)
Client	Uganda Investment Authority
Supervision Contract No	UIA/SERVICES/KIBP/01/08/09
Design Review Consultant	Tecnica Y Proyectos SA (TYPSA) in Association with PROME consultants, BEC Engineers and Multi Konsults
Design contract Amount	Euro 328,800 (Excl taxes)
Design Contract sign date	January 11, 2007
Supervising Consultants	TYPSA in Association with PROME consultants, BEC Engineers and Multi Konsults
Supervision contract amount	Euro 458,500 (Excl taxes)
Supervision contract sign date	August 19, 2008
Works Contracts No	UIA/WORKS/ICB/PSCPII/01/07/08
Works contractor	SPENCON Services Ltd
Contract award date	June 02, 2008
Contract sign date	June 04, 2008
Commencement date	June 06, 2008
Contract duration	10 Months
Initial Completion date	April 06, 2009
Revised Completion Date	April 30, 2010
Initial Works Estimated Cost	Shs.9,724,046,539
Revised Works estimated cost	Shs.12,580,353,453 (from Addendum No.1, though not yet approved by time of monitoring)
Amount certified/paid to-date	Shs.9,135,046,271, including 50% retention (up to IPC 13 Dec 09, 2009)
% financial Progress reported	Not conclusively stated in the most recent report

Source: UIA

Field Findings

a) Completion of earthworks and construction of UIA office blocks at Namanve

M/S Spencon Services Ltd was contracted on 4th June 2008 to execute the "Earthworks" contract in the KIBP. As part of the contract, Spencon Services Ltd was to construct offices to accommodate the resident engineer, laboratory and the Uganda Investment Authority/KIBP team at the park.

During the implementation of the contract, Uganda Investment Authority identified the need to modify the office design. Consequently, the modifications led to an increase in the contract price. In February 2010, the World Bank/International Development Agency indicated that they were unable to pay for the office block. Following a review of the contract addendum in August 2010, the World Bank raised some queries and comments indicating the following;

- There might have been inappropriate change of site by UIA;
- Benefits to the site change do not seem to justify the costs;
- Additional areas which did not seem to relate to the increase in cost;
- There seemed to have been non-compliance with environment framework;
- There was non-compliance with the Credit Agreement; Uganda Investment Authority did not follow pre-approved procedures as required.

In view of these concerns, the Permanent Secretary/Secretary to Treasury, in his letter of 19th October 2010 requested the Auditor General to conduct a Value for Money (VFM) audit, to ascertain, whether there was value for money in the variations for the construction of the Uganda Investment Authority office blocks at Namanve.

The audit report[80] raised a number of issues, including; inadequate project design and compromise on quality as a result of un professional handling of the project by TYPSA the project consultant; price escalation by three and half times of the original contract price excluding VAT without approvals from World Bank; inadequate procedures and record management; use of UIA office premises before formal handover by contractor making it difficult to ascertain defects attributable to the contractor; a number of defects were noted under the contract, in this view AG recommended that defects liability period be extended for three years; failure to undertake an Environmental Impact Assessment (EIA) as advised by NEMA in a letter dated 16th February 2010 hence breeching the environmental law among others.

The report was forwarded to the Solicitor General for review and as a result, the following recommendations were made: The need for proper and systematic records keeping as key; government to seek for alternative sources of revenue to pay for the construction of the office

[80] Value for money audit report on the construction of UIA office building at Namanve

block; UIA was advised to comply with NEMA guideline in future projects in order to mitigate environmental impacts; amend the contract and work out modalities of payment for defects under the contract; UIA was advised that the contractor shall not be liable for defects identified from the time of occupation onwards. This is because (UIA) occupation of the premises was acknowledgement of completion and it would also be very difficult to ascertain liability for any defects by the contractor.

As of end of FY 2010/11, payment of the contractor was still pending.

b) Major works:

During the second quarter monitoring of this project (December 2010), it was noted that bids for major works had been forwarded to the evaluation committee. During the fourth quarter monitoring visit (12 July 2011), it was reported that M/s Spencon Services had emerged the best evaluated bidder and the contract details had been forwarded to The World Bank for a "**no objection**". On 1st June 2011, The World Bank sent an objection to the award with reservations related to environmental safe guards, poor supervision of the first contract by the consulting firm and scoping of the major works as one package.

They recommended that works should be split into four different lots namely: 1) Paving of park roads and construction of a flyover across Jinja road, 2) Extension of Power supply to the park, 3) Water supply and sanitation facilities, and 4) Telecommunications infrastructure.

UIA was asked to recruit a new supervising consultant and re-tender the works under the above packages. By the time of the monitoring visit, UIA had advertised for the prequalification of contractors for water and sewage treatment plant. It was anticipated that the solid affluent plant will take off together with major works in mid 2012.


A new play ground and tap water given to affected communities in Kirinnya

c) Environmental Safe guards:

The team further noted that environmental safe guards had been addressed as required by The World Bank, for instance, burial sites around the park had been relocated; 11 alternative water sources were established for local communities around the park; UIA procured 2.2 acres of land outside the park (Kirinnya) and was establishing a community play ground with sanitation facilities.

d) **Wetland management**:

It was reported that UIA was working hand in hand with the Wetlands Division of the Ministry of Water and Environment to erect wetland pillars in areas already demarcated as wetlands and avoid any further encroachment on such areas within the park.

e) **Boarder makers**:

The evaluation report for a contractor to erect boarder makers around the park had been finalized and submitted to the World Bank for a no objection.

Implementation challenges;

- A number of variations in the project design have been accommodated especially those related to environment and social safety guards yet they were originally not planned for in the work plan, this will increase the project costs.
- Most of the road works under phase one (earthworks) had heavily deteriorated and needed to be redone, this will cause cost overruns to the project.
- Lengthy procurement process and change of scope for major works will automatically cause delayed physical progress and lead to extension of project period by over three years.
- Funding gap; this project was supposed to be funded under the loan agreement between the Government of Uganda and the World Bank, however contributions have solely been done by World Bank leading to funding gaps in implementation of works.
- Some communities rejected the alternative water sources (Tap water) claiming that they were not affordable and attracted a cost unlike the spring and shallow wells they had been accustomed to.

Recommendations

- Alternative sources of funding should be sought well in time to take care of the increasing project costs.
- The procurement process should be fast tracked by UIA and her stakeholders to avoid further delays in project implementation as most investors will have to wait for the park to be serviced before they take up their plots.
- In line with the Solicitor General's recommendations, UIA needs to work closely with the Occupational Safety and Health Department as part of its current environmental management activities. That way occupational safety and health aspects are likely to be better mainstreamed in its interventions at KIBP and other planned industrial parks.

- The Environmental Impact Assessment that was conducted for the KIBP by GIBB East Africa in 2002 needs to have its Environmental and Social Management Plan updated in line with changes in environmental and other legislation that have taken place since then.
- Arrangements for UIA to collect Non Tax Revenue (NTR) from investors' allocated land in the park should be finalized. The agency should be permitted to spend part of this revenue to bridge the funding gap stalling progress of works at Namanve.
- UIA should develop a change management strategy and engage the communities to ensure that the new water sources are acceptable to all.

2. Luzira Industrial Park (70 acres);

The park is located 5Km East of Kampala and is operational with functional basic infrastructure such as water, power and roads, however due to a number of power distribution challenges procurement of a dedicated power provider was still in progress. Fifteen Investors had been allocated land of which seven are operational. These include; Quality Chemicals, Graphic Systems, BlueWave Beverages, Transpaper Uganda, MasterWood Industries, Basere (U) Ltd, and Pipeline (U) Ltd.

At the time of the monitoring visit, July 12th 2011, no progress had been made on extension of road works. The electricity substation which was supposed to be installed together with way leaves for a transmission line from Namanve to Luzira was still under procurement.

3. Bweyogerere Industrial Park;

The park is located 10 km North East of Kampala. The land was allocated to seven investors including Bweyogerere Hospital and Uganda National Bureau of Standards (UNBS).

M/s Omega Construction Company was awarded a contract at a contract sum of Ushs.3, 591,396,840 and supervised by M/s Gauff consultants at a contract sum of Ushs.338, 982,000. Civil works commenced on 12th May 2010 and expected to be completed by 12th October 2010, however due to a number of delays related to land acquisition; re-designing and service relocations completion was extended to 30th July 2011.

Scope of works included; re- processing the existing pavements tracks; provision of new material to form a new sub-grade; construction of a new pavement layer, lime stabilization and surface dressing/sealing; rock filling in swamps; construction of new pavement layers across localized swamp sections involving use of geo-textile and rock fill; drainage works involving installation of new culverts, stone pitched drains, head walls and wing walls; auxiliary works involving installation of guard rails, signage and road marking.

Financial Performance

A total of Ushs.720m was paid as advance on signing the contract. As of June 2011, seven interim payment certificates totaling to Ushs.1, 338,053,632 had been paid to the contractor.

Physical Performance

Incomplete By pass link, parked trucks (out of fuel), and primed Kyaliwajala road with stone pitched side drains below

Table 3.5.2: Road name, length and percentage progress

Road name	**Road Length**	**Financial Progress**	**Physical Progress**	**Outstanding/Remarks**
Kyaliwajala road	580m	Ushs.1.9 bn	80%	Double surface dressing of 1& 2 seal, drainage works inclusive of stone pitching.
By-pass link	895m		55%	Sub base compete. Base, lime stabilization, priming, filling, drainage works and land acquisition were outstanding.
First Street	278m		80%	Double surface dressing of 2nd seal and drainage works are outstanding
Second Street	172m		80%	Double surface dressing of 2nd seal and drainage works are outstanding
Total	**1.925Km**	**65%**	**73%**	**Project behind schedule with several time extensions, some related to contractor weakness'**

Source: Guaff Consultants

Implementation challenge;

The project has experienced a lot of delays ranging from land acquisition along the By pass link from private owners to design variations and internal contractor weaknesses, for example, during the monitoring visit, equipment operators had suspended works due to inadequate fuel supply by the contractor. Surprisingly, there was no unpaid interim certificate.

Recommendations

- The UIA should apprehend the contractor for damages related to his internal weaknesses.
- UIA should ensure that the park is fully serviced with water and electricity and is operationalised as soon as possible.

4. Kasese Industrial Park (217 acres)

The park is located 430 Km south west of Kampala near the border with the Democratic Republic of the Congo (DRC). The industrial business park (IBP) location is intended to stimulate agricultural products value addition and mineral beneficiation in the region. During the monitoring visit, it was reported that the IBP master-plan including environmental impact assessment report preparation had begun. By June 2011, a total of Ushs.140 million had been spent representing 56% of FY 2010/11 budget allocation to the park (Ushs.250 million)

5. Soroti Industrial Park (219 acres)

The park is 350 Km North East of Kampala and is 219 acres in size. The master-plan and cadastral survey of the plots were completed and advertisements for prospective investors were put in press on 13th May 2011. Demarcation of land was done on 14th June 2011. The land had also been cleared of all squatters. Five acres of land in the IBP were allocated to the Teso Fruit Farmers Association to tap the large fruit potential in the region. By June 2011, a total of Ushs.113 million had been spent on park activities representing 16.2% of FY 2010/11 budget allocation (Ushs.695 million)[81]

***6.* Mbarara SME Park**

It is a 12 acre facility built up to cater for small scale enterprises adjacent to Mbarara Municipality 280 km southwest of Kampala. It is comprised of 5 buildings housing 41 workspaces of approximately 60m^2 each including verandah working area. The SME Park infrastructure (road network and sanitation) which was planned to be upgraded was still pending as required resources had not been realized during the financial year. By end of June 2011, a

[81] UIA industrial parks report, June 2011.

total of Ushs.60 million had been spent on the park representing 17.1 % of FY 2010/11 budget allocation of Ushs.350 million.

7. Mbale Industrial Park

It is located in Mbale Municipality 250 Km East of Kampala. Cadastral and topo-surveys as well as the Special Economic Zone (SEZ) master-plan had been completed however; compensation of over 200 squatters on the 619 acre facility is yet to be undertaken since 2008. Delayed compensation was attributed to inadequate funding and delayed final valuation report from the Chief Government Valuer.

8. Jinja Industrial Park

Established on 182 acres located 80 Km east of Kampala, UIA is expecting to acquire additional land in the near future to expand the park. Jinja is being re-activated as a major industrial town that it once was. FY 2010/11, the park was allocated a total of Ushs.1.2billion, however by June 2011; a total of 1.3 billion had been spent on procurement of land.

9. Moroto Industrial Park

Mineral beneficiation activities are being targeted for employment generation in the aforesaid area. 417 acres of land had been identified for acquisition. FY 2010/11, a total of Ushs.500 million had been budgeted to procure land for the park; however due to budget suppression, resources were not adequate to undertake the said output by close of the FY.

3.5.3 Value Addition Tea (Buhweju Tea Factory)

Value Addition Tea project is aimed at building a tea processing plant at Burere, Buhweju District. Its establishment is premised on the enormous production potential from Buhweju as a result of available land, new planting over the years; government's intervention in the sector and planting of high yielding colonal varieties of tea.

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 its operation. 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. On completion, the factory is expected to directly employ 250 people in managerial, technical and general operations.

M/s Trust Builders and Civil Engineering was awarded a Ushs 6.4 billion contract for civil works of this project and commenced works on 9th September 2009, and was expected to be completed by July 2012 (within four years). Ms. Habitat Consultants was awarded a supervision contract worth Ushs.141 million.

Project Objectives

1. Establish a tea factory for processing the green tea leaf produced by farmers from Buhweju.
2. To 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 is US$ 7.44million. The project is 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 its grant to the project on an annual basis amounting to Ushs.1, 601,000,000/= per year.

The total approved budget for FY 2010/11 was Ushs.1, 901,058,090 of which, a total of Ushs.1, 520,846,765 and a total of 1,399,576,110 had been released and spent by end of June 2011. Expenditures were mainly on payment of supervising consultant (6.7% of total expenditure) and contractor (93.2% of total expenditure).

Physical Performance

Works were divided into 8 components namely;

Section 1 Main plant
Section 2 Administration block
Section 3 Boiler House
Section 4 Generator House
Section 5 Motor Vehicle garage
Section 6 Input House
Section 7 Firewood house
Section 8 External works

Construction of sections 1-6 had been completed, with physical progress at 100%. Machine installation was ongoing with one line of tea processing machinery installed and was expected to be completed as of 21st July 2011. Electrical installations were also ongoing. Section 7 and 8 had outstanding works as shown in the table below;

Table 3.5.3: Progress of works in section 7 and 8 of Buhweju Tea factory

Section	Scope of works	% Progress	Outstanding/Remarks
Section 7 Firewood	-Setting out, foundation excavation, concrete blinding 2 bases, concrete blinding 2 strip bases, steel rebase to foundation, concrete footing	95%	At substantial completion with outstanding works on structure

House	columns, foundation walls, back fill, hardcore and sand blinding, steel to ground beam and raft cages and over concrete bid. -Construction of the super structure with steel mash wall, cladding, iron sheets cladding, stanchion erections, roof steel structure, roofing shed works, electrical installations, finishes, shed and painting		painting
Section 8 External works	-Site clearance and earth moving, drive and park ways, leveling, road paving/finishes, paved walk ways, kerbs, gardening, underwater tank, suspended water tank, drainage works, site clearing and handover works.	40%	-Fencing of the factory was pending -External works designs were incomplete.

Source: Field findings

The team followed up issues that had been identified in quarter two FY 2010/11 and noted the following;

- Igara Tea Limited was registered as an investor by UIA and received a Value Added Tax (VAT) certificate from Uganda Revenue Authority (URA). This certificate is expected to boost the factory's cash flow accruing from VAT refunds.
- The promoter is still experiencing exchanges losses on the loan from DFCU amounting to over Ushs.90 million as of June2011.
- The state of the road from Bushenyi to Buhweju (approximately 30 km) remains poor, in spite periodic maintenance done by UNRA, some sections are not motorable.

Near complete administration block, back view of the main factory and below; front view with installed equipment at Buhweju-Burere

Implementation challenges

- Late release of funds constraining contractor's cash flows;
- Failure by the client to avail the contractor with revised drawings for section 7 and 8 causing implementation delays;
- Bad weather leading to introduction of new designs for example louvers were introduced to windows and doors as well as in originally designed open spaces to control air circulation and rain water from entering the factory plant;
- The initial proposed water pumping system was found inadequate and could not pump water from the valley to the hill where the site is located. New designs have been made with over an anticipated price variation of Ushs.500 million.

Recommendations

- There is great need for UNRA to upgrade the road to industrial bitumen standards. This will not only ease transportation of raw materials and finished products to and from the factory rather it will reduce on travel time and reduce dust emission to the factory.
- The client should finalise the designs of auxiliary works and submit them to the contractor to enable timely completion of the project.
- The Ministry of Finance should ensure timely release of funds to avoid any delays in project implementation.

3.5.4 Uganda Development Corporation (UDC):

The two projects under UDC (Soroti Fruit Factory and Luweero Fruit Drying Factory) poorly performed during the financial year, the entity registered poor absorption of funds for both projects (figures 3.5.1 and 3.5.2 respectively). Efforts to get reasons for this poor performance were all futile as managemet of UDC denied the monitoring team an avenue for discussion.

Figure 3.5.1

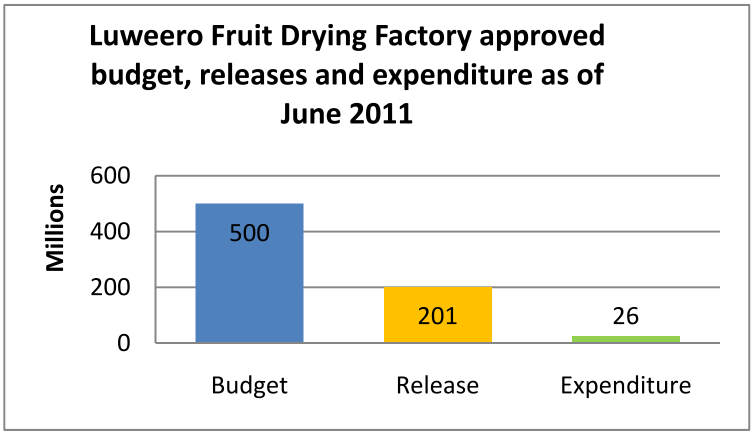
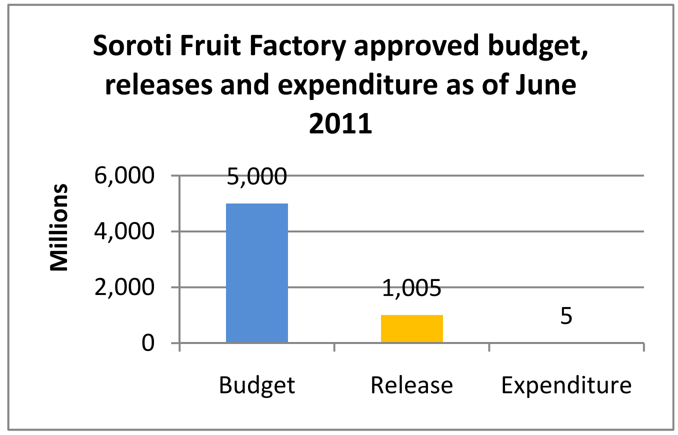


Figure 3.5.2



Source: IFMS

The total approved budget for Luweero fruit drying factory for the FY 2010/11 was Ushs 500,015,279 of which Ushs 201,267,000 was released and only Ushs 26,092,000 was expended during the period under review. Similary, the total approved budget for Soroti Fruit factory was UShs 5,000,152,788 of which Ushs 1,004,966,000 was released and only Ushs 5,400,000 was expended during the financial year.

3.5.5 Presidential Initiative on Banana Industrial Development (PIBID)

Project 0978: 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; 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 favorable 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).

The project expected outputs

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.

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, security lighting and construction of a conference and resource centre at Nyaruzinga-Bushenyi on one hand and contraction of an irrigation scheme 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, where as implementation of the irrigation scheme was awarded to M/s Vambeco Limited at a contract price of UShs. 2.5 billion. The main construction which was originally phased into two was merged and is undertaken concurrently with revised completion date of October 2011.

Financial Performance

The total approved budget for FY 2010/11 was UShs10.20 billion[82]. An additional UShs.475 million was released to PIBID from the Ministry of Education and Sports for construction of a hostel[83]. As of 30th June 2011, a total of UShs.8.7 billion had been released representing 86.2% release performance.

Table 3.5.4: TBI expenditures on associated infrastructure development as of May 2011

Ministry/Agency	Description	Cost estimate	Expenditure	Balance required
Ministry of Finance Planning and Economic Development	Design of pilot plant and associated works	204,000,000	204,000,000	0
	Construction of pilot plant and associated works	23,326,246,255	11,286,232,894	12,040,013,361
	Construction supervision	818,011,400	490,806,400	327,205,500

[82] MFPED: Performance contract Form A, July 2010

[83] MoES: Quarter four Progress Report July 2010

	Irrigation scheme	2,500,000,000	1,500,000,000	1000000000
Total		**26,848,257,655**	**13,481,039,294**	**13,367,218,361**
Ministry of Education and Sports	Construction of Phase I hostels for research fellows, students and professors Phase I	2,600,000,000	0	2,124,930,000
	Construction of Phase II hostels for research fellows, students and professors	10,060,235,809	0	10,060,235,809
Total		**12,660,235,809**	**0**	**12,185,165,809**

Source: PIBID

Physical Performance

At the time of the monitoring visit (27 June 2011), the overall physical progress was estimated at 53% from 40% reported in second quarter, against a revised time progress of 72%.

Table 3.5.5: Status of PIBID main contract outputs as of June 2011

Item	Progress	Outstanding works/Remarks
Processing plant (production, milling and confectionary blocks)	80%	At substantial completion. With outstanding painting works, electrical and water fittings. Installation of equipment was ongoing ie. Dryers, Silos and bakery line
Administration block	80%	General finishing, electrical and water fittings on going.
Upgrading existing DFI structures	30%	At roofing, general finishing, electrical water and door and window fittings
Conference/Resource centre block	60%	At roofing, general finishing, electrical and water fittings as well as shuttering.
Internal road works	20%	Completion of earth works, construction of a pavement layer using pavers was outstanding.
Quality control laboratory	35%	Construction of the subsequent floor, roofing, general finishing and closing.
Construction of a 100,000 water tank reservoir	70%	Water stand is complete and awaiting tank installation. Works expected to be completed by end of July 2011.
Mechanical maintenance	*80%*	General finishing, electrical and water fittings.

workshop		
Shipment and installation of Machinery	*On going*	Installation of delivered equipments ongoing
Biogas		Site for biogas cleared
Fencing	0%	
Security lighting	0%	
Overall physical progress	53%	

Source: PIBID


Factory complex and complete mechanical workshop


Road works and construction of the conference block at PIBID Bushenyi


Installed Silo and completed confectionary block at PIBID Bushenyi

Irrigation Scheme

Construction of the irrigation scheme remained at 80% as the case was during the December 2010 monitoring visit. This was due to suspension of works by the contractor owing to failure by the client (PIBID) to pay cleared certificates. Workers and equipment were withdrawn from site by the contractor. This project was 8 months behind schedule. It was however noted that the contractor agreed to settle the case of nonpayment out of court and would only resume normal business once the client cleared all outstanding payments.

Implementation challenges

- Inadequate funds led to some activities to be re-scheduled such as marketing of the banana products.
- Heavy rains during the month of April affected work progress.
- Scarcity of local materials like aggregates coupled with inflation and rising prices of materials such as cement and steel which will in the long run affect the project costs.
- Lack of a clear plan for management of the facility once it becomes operational;
- Delays to start the hostel project: Although some funds were transferred at the end of last financial year from MoES to PIBID, the activity did not take off during the financial year.

Conclusions

The cash flow of the projects under PIBID is worrying. By the time of the monitoring visit, the main plant contractor had two unpaid certificates on top of the irrigation plant contractor having suspended works for over eight months. Further delays to pay cleared certificates were likely to attract interest which will lead to cost overruns.

Recommendations

- Additional funds to meet the contractual obligations of the client should be budgeted, alternatively the contractor should be asked to revise the work schedule so that some outputs are phased into the medium term expenditure framework.
- The board of PIBID should invest in the development of a ground plan for management of the facility post the implementation phase.
- Other sector ministries/agencies such as MEMD, MAAIF, MWE and UNRA should speed up implementation of the work plans related to PIBID.

3.5.6 Uganda Industrial Research Institute (UIRI)

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, to assure the deployment of appropriate technologies; and to encourage and promote the use of good manufacturing practices[84] .

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.

Financing

The total GoU approved budget for the Uganda Industrial Research Institute (UIRI) for FY2010/11 was UShs.14.063 billion[85] including taxes of which Ushs.8.23 billion was development budget.

During the period under review, a total of UShs 6.442 of the development budget was released to the entity and UShs 6.433 was spent as of end of financial year

The following outputs were monitored under Research and Development (R&D) during the FY 2010/11;

i) Potatoes Processing Plant- Kabale

This plant commenced trial processing operations in December 2010 with 400kg daily processing capacity. The specific potato varieties being piloted include; *Katchpot* and *Rwangume*. During the monitoring visit, it was observed that potato products are already on market packaged as *Emondi* African Potato crisps. Processing and research are done in partnership with Kachwekano Zonal Agricultural Research and Development Institute (KAZARDI). The plant directly employs 10 people and over 20 farmers operating on supply contracts. Contracts are signed between local farmers and the processing unit upon fulfillment of a number of conditions such as;

- Production of the aforesaid potato varieties
- Production of potatoes that can be freezed for a minimum of 80 days

[84] UIRI: Ministerial Policy Statement FY2010/11
[85] Approved Estimates of Revenue and Expenditure FY2010/11

- Production of potatoes with “shallow eyes” and a minimum diameter of 45mm

Payments are made upon delivery and weighing on a daily basis. By the time of monitoring visit (June 2011), the plant was operating and maintaining a variety of potatoes. Farmers were reported to have been given seeds and training with expectation of growing potatoes, harvesting and continuing the production cycle by passing on seeds to other famers.

Packaged potatoes -Emondi and workers processing crisps in Kabale

Benefits;

- The price of potatoes had tremendously gone up hence benefiting a number of farmers in the region.
- Employment opportunities to the plant workers and supply contract farmers.
- Creation of field tour site for prospective farmers/processors and students;
- Research ground for KAZARDI in food processing and plans are underway to make this plant a center for technology transfer.
- Increased technology transfer to local communities specifically for those that express interest to replicate the venture elsewhere.

Implementation challenges;

- Most of the farmers trained sale or eat raw materials meant for production;
- Frequent power shortages and blackouts translating into high operational and maintenance costs as the generator was too expensive to run.
- Seasonality of potatoes affecting full production for example in May 2011, the plant closed down for 3 weeks due to limited and expensive raw potatoes.

Recommendations

- Plans to install a transformer to provide stable and reliable power supply should be finalized.

- The need to sensitize farmers to appreciate value addition and commitment to supply raw materials is paramount.
- UIRI together with KAZARDI should promote small holder irrigation systems to ensure availability of raw materials throughout the year.
- UIRI should encourage more farmers to grow the required potato variety to curb low production as a result of limited raw materials.

ii) Mushroom Training and Research Center (MTRC)-Kabale;

The cultivation of oyster mushroom in Uganda as an income generating activity for rural farmers gained prominence in 1990s. The oyster mushroom is by far the easiest and least expensive mushroom. The uniqueness of mushroom growing is that it can be done with less capital investment, it requires minimal space and it is a home based activity which favors women. The agricultural wastes of sorghum, millet, wheat, saw dust and maize work as base material (substrate) to grow mushrooms. The use of locally available materials ensures the ecological sustainability. The prevalent cool climate in Southwestern Uganda is especially conducive for justification.

It is against this background that rural farmers in Kabale, Kisoro and Kanungu districts in collaboration with Uganda Industrial Research Institute (UIRI) in view of value addition established MTRC as a regional reference center for farmers. Its' operations commenced on 31st May 2008 after signing a three year Memorandum of Understanding (MOU) with the Uganda Industrial Research Institute.

Vision: Enhance quality of life of present and future generation with in the rural communities of Kabale, Kisoro and Kanungu through increased production and productivity that contributes to improved livelihoods and poverty eradication.

Mission: Support economically viable, socially acceptable, ecologically sustainable, technically sound rural farmers especially women and youths owned mushroom growing enterprises in Kabale, Kisoro and Kanungu.

Objectives

The main objectives of this project are;

- Add value to fresh mushrooms through further processing
- Train farmers in Kabale, Kisoro and Kanungu in mushroom growing and business skills development, provision of extension services
- To equip farmers with required skills needed to make successful mushroom enterprises and be able to diversify their sources of income
- To produce fresh and dried mushrooms which can be delivered to MTRC through organised farmer groups
- To explore new market opportunities for products

- To link farmers to rural micro finance institutions
- To establish linkage and partnerships at each level of the value chain.
- To collect fresh and dried mushrooms for quality control
- To dry mushrooms, pack and supply customers with mushrooms.
- To provide farmers with starter spawn; on cash, credit and in kind arrangements (in terms of real mushrooms upon harvest).

Main activities include production and provision of mushroom seeds (*Spawn)* to farmers; Training of farmers in mushroom growing and business skills development; Provision of extension services; Collection centre for fresh and dried mushrooms; Quality control. Mushroom drying, packaging and supplying.




Mushroom growing at MTRC, completed buildings and furnished conference hall offered by UIRI and packaged oyster Mushroom in Kabale

The Uganda Industrial Research Institute has supported MTRC in construction of offices and training centre, provision of equipment including a desktop computer, scanner, projector, furniture, blast freezer for storing mushroom spawn, autoclave machine for sterilizing substrate spawn. Fencing and compound leveling, grading of the road from Kabale main road to MTRC (300m) and provision of a lamina floor in the laboratory for spawn culture maintenance.

Achievements

- A demonstration center was established; a total of 2957 farmers have been trained at this center. An average of 500 farmers is trained per year, of which 74 are senior two students from Kyanamira Secondary School and Kabale Universal Secondary Schools.
- MTRC produces an average of 224Kgs of fresh mushroom per month exclusive of farmer’s contribution. Farmers alone produce and sale to MTRC an average of 12,000Kgs per month; this excludes consumption and direct sales to other customers.
- Employment opportunities; approximately 3000 farmers are registered to supply MTRC with both fresh and dried mushrooms. These are paid daily upon delivery of mushrooms at the center.
- Stable supply of mushrooms in and around Kabale; mushrooms are sold in towns of Kabale, Ntungamo, Mbarara and Masaka. The center also sells spawn in Rwanda. Plans to sell mushrooms in hotels, Kampala City and across borders are under way upon certification from UNBS and brand repackaging.
- At household level, a number of benefits have been registered; these include; improved standards of living. The fact that mushroom growing doesn’t require much land, capital and uses locally available materials, has attracted a number of people to the business. “Children of widows can now go to good schools; farmers can afford to buy paraffin as well as food” Director MTRC.
- Developed a marketing plan with a number of strategies like repackaging and branding using high standard materials.
- Chemical tests for dried mushrooms and a clinical examination for food handlers were carried out at UNBS headquarters and the project was certified; however the MTRC was informed that there were no national standards for dried oyster mushrooms in Uganda.
- MTRC wrote to the executive director UNBS inquiring about procedure and process of setting standards for oyster mushrooms. By the time of the monitoring visit (26th June 2011) samples for microbiology laboratory test had further been submitted to UNBS for further analysis.
- New mushroom farmer groups were trained in Record keeping, mushroom growing management, post harvest handling, marketing and quality control in Kabale, Kisoro and Kanungu districts. A total of 168 new farmers in the districts, of Kabale (79), Kanungu (55) and Kisoro (34) were introduced to mushroom growing in addition to existing farmers. MTRC has been able to reach a total of 684 farmers of which 321, 217, 146 farmers are for Kabale, Kisoro and Kanungu, respectively as shown below;

A total of 4,240 packets of spawn were produced and given to existing and new farmers in Kabale, Kisoro and Kanungu districts during the financial year as illustrated below;

Table 3.5.6: Distribution of spawn during the FY

District	Cash	Credit	Startup	Total
Kabale	280	450	1760	2490
Kisoro	40	60	800	900
Kanungu	35	115	150	300
Total	**355**	**625**	**2710**	**3690**

SOURCE: MTRC PROGRESS REPORT

A total of 11 solar driers were constructed and distributed to 3 districts as follows;

Table 3.5.7: Solar driers constructed by district

District	Sub county	No of Driers
Kabale	Bukinda	2
	Ikumba	2
	Ikamiro	2
Kanungu	Kirima	2
	Kanungu Town Council	1
Kisoro	Kirundo	2
	Nyabwishenya	1

Source: MTRC

With support from Swiss Contact, MTRC developed a working mushroom production curriculum for schools and tertiary institutions. Kabale University had already taken it up as part of its vocational training program.

Implementation challenges;

- The lack of laid down standards for certification of dried mushrooms in Uganda was reportedly costing MTRC export revenue and revenues from rated hotels and supermarkets in Uganda;

- High maintenance and operational costs as a result of inflation. This was reported to have affected MTRC budget lines and expenditures;
- Bureaucratic procedures involved in re-packaging and branding of oyster mushrooms;
- Limited transport facilities to carry out extension services;
- Failure to pay back mushroom credit by some farmers making operations difficult.

Recommendations:

- Follow up should be done with UNBS to ensure that standards procedures for dried oyster mushrooms in Uganda are set.
- MTRC should expeditiously work hand in hand with TIC plastic to ensure that repackaging and branding is timely to facilitate project implementation.

iii) Peanut Research and Processing Centre - Lira

Groundnuts are a high value crop that can be marketed with little processing and are extremely versatile and can be used in a wide range of products. The oil can be used for cooking, as a shortening or as a base for confectioneries; for making peanut butter, and peanut flour among others. In Uganda, Agago, Alebtong, Otuke, Lira, Pader and Dokolo are high producing ground nut districts.

During FY 2009/10, Uganda Industrial Research Institute embarked on establishing a peanut research and processing centre in Lira for ground nuts value addition and research. Land was secured at Lira industrial area adjacent to the airfield. By June 2011, the center was reported to have embarked on full operations with improved trial samples of peanut butter. During the monitoring visit, it was reported that M/s Akiba farm limited had been contracted to run peanut butter production with assistance from UIRI.

Shelled nuts and peanut filling machine at Lira

Implementation challenges;

- Delays attributed to bureaucracies in access to funds,
- Inadequate guidelines on procurement of raw materials for research and development. This translated into extra financial and time expenses that would have been avoided;
- The private sector and the general public have not well appreciated value addition as such, adoption of new innovations is low;
- Inconsistent supply of raw material during off season periods leading to unscheduled plant closures resulting into revenue losses.
- Inadequate extension services to ensure increased production and multiplication of grounds in the region.

Recommendations

- There is need to review procurement procedures for raw materials under Research and Development to avoid delays in project implementation.
- Uganda National Bureau of Standards together with the manufacturers association should encourage private sector businesses to conform to quality standards and take up outcomes of R&D for quality assurance.
- A standard quality mark should be encouraged and enforced by UNBS on all products made in Uganda. Provision of nutritional information on each product should also be compulsory.
- The need to strengthen institutional linkages along the value chain is important. Institutions like NAADs, NARO and the private sector should be encouraged to actively participate in this process.

iv) Development of Newcastle vaccine

The monitoring team noted that this project had been funded to a stage where vaccines for poultry could be produced. The vaccine had been approved by National Drug Authority (NDA) upon inspection of the facilities at UIRI. UIRI was however advised to recruit a pharmacist, apply for a manufacturing license and finally submit trial drugs to the same authority for approval. This project was scheduled for commissioning in August 2011.

Conclusions

Although UIRI has made significant progress in the area of research and development, inadequate funding and appreciation of this field in Uganda is still a challenge. Entrepreneurs willing to implement research findings are still few which is stretching the agency into project management of innovations/research. A holistic approach to address this challenge needs to be developed if the country is to benefit from the enormous potential of quality research in the area of value addition and industrialization.

3.5.7 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.

During FY 2010/11, the agency was expected to commence the construction of UNBS head quarters under different phases as well as construction of the calibration rig.

The annual approved development budget for UNBS FY 2010/11 was Ushs. 2.44 billion of which Ushs 1.02 billion was released as of December 2010.

Physical Progress

Construction of UNBS headquarters

Procurement of a contractor to construct UNBS headquarters and laboratories had been finalized with M/S Metallurgical Construction Company emerging as the best evaluated bidder at contract sum of Ushs.16, 241,286,948. The contractor had not yet signed the contract at the time of the monitoring visit (19th July 2011). The agency reported that it could not commit the contractor before the Medium Term Expenditure Framework (MTEF) guaranteed them availability of the said amount. The agency had requested the MFPED to let them borrow from a financial institution as an alternative funding source which was yet to be considered.

Calibration Rig

M/s Pioneer Construction Ltd was contracted to undertake this project at a contract price of Ushs.569, 353,975. The contractor took possession of site on 18th January 2011 and was expected to complete this project within 3 months (in 90 days). Scope of works involved; construction of sub structure, walling and frame, roof construction and finishes, window and door installations, internal finishes, mechanical installations, construction of septic tank and sock pit, water supply, treatment of tanks, steel structure and parking. The project had been handed over on 30th June 2011. Physical progress was therefore at 100% against 100% revised time progress and 67% financial progress. One certificate worth Ushs.280 million was pending and yet to be paid to contractor.

Completed calibration rig, fence and water system at Bweyogerere

Implementation challenges

Increased project costs: A number of variations as a result of introduction of new items in the BOQs increased the project cost , these included; construction of a driver's shed, electrical installation and submersible pump, fencing of the rig, installation of a 10000 liter tank and stand, lightening arrestor and water filtration. A total of Ushs.76, 653,519 inclusive of VAT had been approved to undertake the aforesaid variations. An additional 8,277,166 was yet to be approved for planting grass along the concrete kerbs.

3.6 INFORMATION AND COMMUNICATION TECHNOLOGY

3.6.1 Introduction

Information Communication Technologies (ICT) can broadly be defined as technologies that provide an enabling environment for physical infrastructure and services development of applications for generation, transmission, processing, storing and dissemination of information in all forms which include; voice, text, data, graphics and video.

The Ministry of ICT was established in 2006 to address ICT development in a well organized, regulated and monitored way of operation through adopting the emerging new technologies in the governance processes, a practice commonly known as e-governance. Current applications of e-governance cover areas such as e-health, e-commerce and e-learning among others.

The Ministry's mandate is to provide strategic and technical leadership, overall coordination, support and advocacy on all matters of policy, laws, regulations and strategy; sustainable, effective and efficient development, harnessing and utilization of Information and Communications Technology in all spheres of life to enable the country achieve its national development goals.

Strategic Objectives:

- 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
- To develop information technology services such that they can significantly contribute to national development

Scope of monitoring:

The fourth quarter FY 2010/2011 monitoring covered the National Transmission Backbone Infrastructure under the National Information Technology Authority- Uganda (NITA-U). Monitoring covered installation and testing of transmission sites in eight districts of Amuru, Gulu, Kabarole, Kyenjojo, Luweero, Masindi, Mbarara and Nakasongola.

Methodology

The projects were randomly selected; attention was paid to projects that were not visited in the previous quarters. Progress on implementation was assessed by observations and interviews with implementers and other stakeholders.

Limitations

For some of the projects monitored, financial information was not readily available and all projects in the sector were not covered.

Sector Financing

During FY 2010/11, the sector was allocated a total budget of UShs 11.089 billion less of taxes, of which UShs 3.829 billion is recurrent and UShs 7.260 billion is development budget[86]. Additional funds were appropriated under a supplementary budget for Business Process Outsourcing (BPO) and a concessional loan for the National Backbone Infrastructure (NBI).

3.6.2 National Backbone Infrastructure Project

Background:

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 all major towns within the country onto an Optic Fiber Cable based Network and to connect 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 all citizens.

The main objectives of the project are; establish a National backbone infrastructure (high bandwidth data connection) in major towns of Uganda; connect all Ministries in a single wide area network; establish a Government Data Centre; establish District Information Centers.

The following outputs are expected at completion of the project; all government ministries connected; e-government implemented; an optic fiber backbone transmission cable set up across the country; district information centers 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 is co-funded through a concessional loan from the Government of the People's Republic of China, under a commercial contract between the Ministry of Information and Communications Technology (ICT) Uganda and Ms. Huawei Technologies Co. Ltd of the Peoples Republic of China. The value of contract works for the overall project including all contractors' equipment, imported plant and materials, civil works and all services is USD 106,590,305 (One hundred and six million, five hundred ninety thousand, three hundred and five United States dollars only).[87]

This project is divided into 3 phases namely;

<u>Phase I (168.5 Km)</u>

This phase covered Kampala, Entebbe, Bombo and Jinja where the headquarters of Government Ministries and Agencies are located. A total cost of US$30.1 was paid for this phase.

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[86] MFPED: National Budget Framework paper FY2010/11 -2014/2015

Phase II (1.542.33Km)

Phase II of this project had three key components i.e (1) trenching and laying of 1542km of Optic Fiber Cables (OFC) across the country (2) Installation of 17 transmission sites and (3) setting up a primary data centre, all at a contract price of US$ 61.1m.

This phase had two links: Link one was to cover Luweero Nakasongola, Masindi through Hoima, Kagadi, Kyenjojo, Kabarole, Kasese, Bushenyi, Mbarara up to Katuna.

Link two was to cover the districts in the east and northern Uganda starting from Busia, Tororo, Mbale, Kumi, and Soroti through Lira, Gulu and Eregu (Uganda-Sudan boarder).

Implementation of this phase had started in 2009; however, Parliament halted implementation of the project as the Auditor General undertook a forensic audit. Project works resumed in November 2010 and were expected to last 9 months.

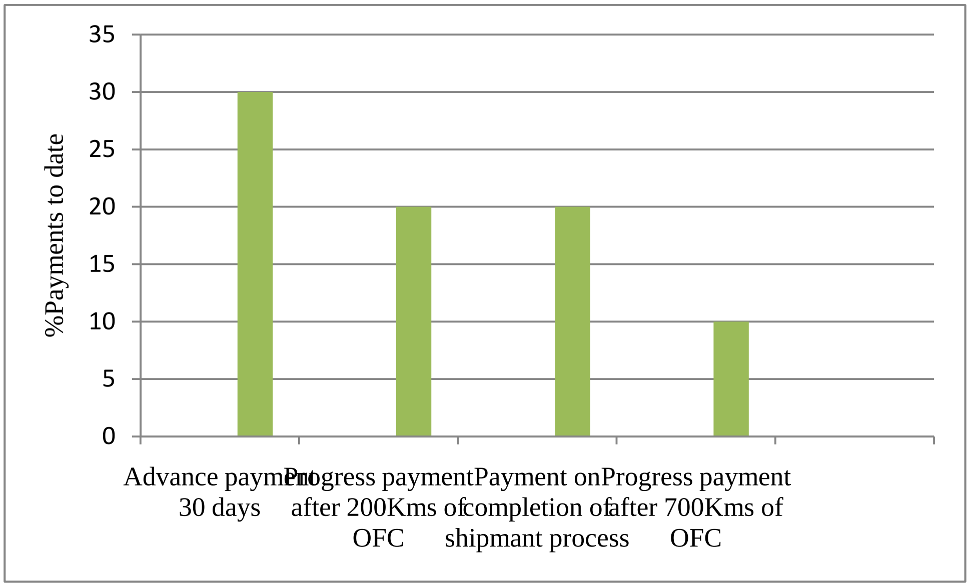
Phase 111(407.8 Km)

This phase will cover the links; (1) Kampala to Mbarara, (2) Jinja-Busia (3) Masindi through Hoima-Kagadi-Kyenjojo. It is estimated to cost $15.4m. Implementation was expected to commence in August 2011 and would last for nine months.

Financial Performance

By 30th June 2011, a total of US$ 47.6 million (77.9%) had been spent in form of advance payment, completion of equipment shipment, progress payment after 200km of trenching and laying of cable, and progress payment after 700km of OFC cable laying under phase two. The outstanding payment will be due on issuance of a final acceptance certificate.

Figure 3.6.1 Payment details of Phase II



Source: NITA-U

Physical Performance

Phase two of the project was substantially complete as indicated below;

Table 3.6.1: Overall progress of NBI as of end of June 2011

Activity	Progress	Outstanding/Remarks
Trenching and laying of 1542km of Optical Fiber Cables (OFC	100%	Complete
Setting up a primary data centre	100%	It was due for piloting in 3 centralized sites for unified communication system and mail system. These sites are; Statehouse, Ministry of ICT and NITA-U.
Installation of transmission sites	95%	Civil works completed, equipment installed and power connected. Remedial civil works on Nimule prefabricated structure were ongoing. Electrical installation was pending in Gulu.
Configuration and testing of all transmission sites	ongoing	Ongoing at all sites
Extension of OFCs to District Local Governments	ongoing	Sites prepared in Bushenyi, Mbale and Nakasongola. The rest of Local Government's are yet to be connected.

Source: NITA-U

Field findings

Civil works and equipment installations were complete at fifteen transmission sites with only two sites having pending works, that is; Eregu along Uganda -Southern Sudan boarder and Gulu. Pending works on the two sites included: completion of civil works (upgrade metallic site to concrete structure at Eregu), connection of grid power to transmission site in Gulu and configuration and testing of equipment.

Installations covered construction of a server room and installation of servers, installation of alternative source of power that is; a generator with a fuel tank and installation of an air conditioning system. All sites were enclosed with a fence and laser wire, in addition to deployment of full time security guards.

Table 3.6.2: Installation of Transmission sites Status as of end of June 2011

TRANSMISSION SITE	CIVIL WORKS	EQUIPMENT INSTALLATION	POWER ACCESS	CONFIGURATION AND TESTING	SITE SECURITY	STATUS/ REMARKS
Eregu-(Nimule) TS – Located at Eregu border market- 2Kms from Nimule Town	Site had been relocated, raised and reconstructed from steel to brick structure to control effects of flooding during rainy seasons.	Done	Construction of Power house ongoing. Fuel tank, 20 KVA generators and an automatic transfer switch awaiting Transfer to the new site.	Awaiting completion of the structure.	Done	Outstanding works included casting of the roof slab, window and door fittings Expected to be complete by end of July 2011
Gulu TS- Located at Mega Fm	Done	Done	Power house complete with 1000 liter fuel tank, 20 KVA generators and an automatic transfer switch in place	Configuration complete. Testing ongoing.	Provided by Mega FM.	Installations had been complete with a generator, fuel tank, change over switch, meter box and air conditioning systems
Luwero TS- Located at Luwero Post office	Done	Optical switching nodes, routers and integrated access devices for voice fully installed. Environmental alarm chest installed.	Power house complete with 1000 liter fuel tank, 20 KVA generators and an automatic transfer switch in place.	Configuration complete. Testing ongoing.	Done	At substantial completion awaiting final testing. Structure had visible cracks that needed attention.

		Batteries and AC system fully installed.				
Masindi TS- Located at Masindi district head quarters	Done	Optical switching nodes, routers and integrated access devices for voice fully installed. Environmental alarm chest installed. Batteries and AC system fully installed.	Power house complete with 1000 liter fuel tank, 20 KVA generators and an automatic transfer switch in place	Configuration complete. Testing ongoing.	No security personnel found at site	Substantially completed awaiting configuration and testing.
Mbarara TS- Located at UNRA station	Done	Done	Power house complete with 1000 liter fuel tank, 20 KVA generators and an automatic transfer switch in place	Configuration complete. Testing ongoing.	Done	Substantially completed awaiting configuration and testing.
Nakasongola TS-Located at Nakasongola District head quarters	Done	Optical switching notes, routers and integrated access devices for voice fully installed. Environmental alarm chest installed. Batteries and AC distribution boxes fully installed.	Power house complete with 1000 liter fuel tank, 20 KVA generators and an automatic transfer switch in place	Configuration complete. Testing ongoing.	Done	Substantially completed awaiting configuration and testing.
Kyenjojo TS- Located at Kyenjojo Post office	Done	Done	Power house complete with 1000 liter fuel tank, 20 KVA generators and an automatic transfer switch in place	Configuration complete. Testing ongoing.	Done	Substantially completed awaiting configuration and testing.

Source: Field findings

Challenges

New Transmission Site under construction at Eregu

Vandalism: The contractor reported that the optic fiber cable had been damaged at several points along the Kamdin – Gulu route. Preliminary investigations had related the vandals to adventure and a general rumor that the cable is made of an expensive precious material which could be sold on the black market.

Flooding: The site at Eregu which had been completed had to be redone due to flooding.

Land acquisition and way leaves specifically along all railway crossings hindered completion of trenching works on different fronts along the eastern route. The pricing structure for leasing way leaves from Uganda Railways was not approved by Solicitor General. It was recommended that further negotiations be held to finalize the lease agreements.

Recommendations

- Sensitization of communities along the NBI route on the importance of this infrastructure will mitigate the challenge of cable vandalism.
- Finalization of land acquisition/way leaves from land owners along the backbone routes should be fast tracked to avoid any further delays.

3.6.3 Uganda Communications Commission (UCC)

DIGITAL SCIENCE PROJECT

The Uganda Communications Commission (UCC) through the Rural Communication Development Fund (RCDF) in conjunction with MoES is supporting establishment of ICT labaratories in selected government schools to improve the learning environment. During FY 2010/11, UCC planned to extend digital science services in approximately 300-400 secondary schools in Uganda.

The commission contracted several suppliers to deliver and install computer laboratories in selected secondary schools during the FY.

During the fourth quarter budget monitoring exercise (June – July 2011), a total of six schools were sampled to assess implementation progress. These included; Kibibi SSS, Kinyasano Girl's

High School, Bishop SS Mukono, Wanyange Girls, St. Mary's College Rushorooza, and Rock High school Tororo. It was observed that between October and December 2010, each of these schools had received a total of 41 monitors, 41 keyboards, 41 mice, and 6 central processing units. The schools were expecting a one year Internet subscription from UCC.

Since the delivery and installation of the equipment, schools visited reported an increase in computer literacy classes, computer lessons were compulsory for S1 and S2 in all schools visited; Improved student to computer ratio per class from 5:1 to 2:1 apart from Rock High school which reported a ratio of 3:1 per stream. It was noted that students were divided into streams of 40-100 students in all schools visited, thus making access and use of equipment provided easy. "This project has enabled students and teachers carry out research with so much ease" said the Headmistress of Wanyange Girls; Computers were also used as teaching aids in a number of schools.

Equipped Computer labaratories in Kibibi SS and Rock High School Tororo

Table 3.6.3: Summary of supplied Units and challenges

School		No of Equipments delivered				Challenges/remarks
	Student Computer ratio per class	**Monitors**	**Key boards**	**Mice**	**CPUs**	
Bishop SS Mukono	2:1	41	41	41	6	Frequent breakdown, incomplete Local Area Network (LAN) and delayed supply of Internet bandwidth
Kibibi SSS	2:1	41	41	41	6	Frequent breakdowns with high operational and maintenance costs Incomplete LAN hence internet connection was impossible
Kinyasano Girl's High school	15:1	41	41	41	6	Inadequate human resource to conduct computer lessons Inadequate space for streaming of classes for easy access and use of computers
Rock High school Tororo	3:1	41	41	41	6	Lightening struck the internet modem disrupting computer usage.
St. Mary's College Rushorooza	2:1	41	41	41	6	Breakdown of one CPU stays use of 10 computers.
Wanyange Girls-Jinja	1:1	41	41	41	6	Frequent breakdowns caused by intermittent power supply.

Source: Field findings

3.6.4 Establishment of ICT Laboratories in Secondary Schools

(Vote 013: Vote Function 0702: Development of Secondary Education; Output 070202)

The Ministry of Education and Sports (MoES) work plan for FY 2010/11 provided for the establishment of a two unit fully furnished and equipped ICT laboratories in eight government aided secondary schools, during the course of the year, the work plan was revised to cover nine schools namely; Bishop SS Mukono, Wanyange Girls SS Jinja, Kibibi SS Butambala, Sacred Heart SS Gulu, Rock High School Tororo, St. Mary's College Rushoroza Kabale, Kinyansano Girls' SS Rukungiri, Nyarilo SS Koboko and Mwererwe SS Wakiso.

Scope of Works:

The general scope of works for all schools included; site clearance, mobilization, site setting out and excavation, building of substructure and casting of ground slab, building of superstructure, roof works, plaster and cement screeds, general finishes and painting, and furnishing of ICT laboratories with tables and chairs.

Financing

According to the Annual Education Work plan FY 2010/11 (Performance Form A) a total budget of UShs 2 billion was allocated to this output. This project was planned to run throughout the four quarters of the FY and each school was on average expected to receive UShs.220 million.

Field Findings

A total of seven schools were sampled during the end of FY2010/11 budget monitoring.

Financial performance:

During quarter four monitoring visits (June – July 2011) it was established that the MoES had transferred a total of UShs 1,467,000,000 equally to nine schools (Ushs 163,000,000 per school) in two tranches. It was observed that although the Ministry of Education received the first release of UShs 726,485,219 on 5th November 2010, the actual transfer of funds to the respective schools started between end of February to April 2011, leading to a time delay of four to five months.

Physical Performance

i) Kibibi Secondary School

The school is located in Butambala district with a total population of 1,300 students, M/S Protech Property services was contracted to undertake the aforesaid project at a contract price of Ushs.158 million. Works commenced on 6th June 2011 and was expected to be completed by 30th October 2011(5 months). At the time of the monitoring visit (20th June 2011), the school had

Excavation works at Kibibi SS ICT lab site

received a total of Ushs.71 million and had not expended any funds. It was noted that the contractor had requested for 20% advance payment which was awaiting approval from the school contracts committee.

In terms of physical progress; General site clearance was at 100%, mobilization 100%, site setting out and excavation was at 50%.

Challenges

This project was behind schedule since it was originally supposed to end by 30th June 2011. Management of the school reported that the causes of the delays were partly related to late release of funds, inadequate knowledge about procurement procedures and lengthy procurement process. They further expressed fear that the rising inflation at the time would compromise the contractor's cash flow and affect the quality of work.

ii) Sacred Heart Gulu

The school is located in Gulu district off Gulu-Lacor road. On 18th October 2010, M/S Kwite Ber Construction Company and services was awarded a contract to undertake the project at a contract price of UShs.176, 077,650. Works commenced on 15th March 2011 and was expected to be completed by 17th June 2011 (within 3months).

By 2nd June 2011, the school had received a total of Ushs.163 million and expended Ushs.89, 916,230 (55% of the total receipts against certified works). Physical progress was estimated at 57% with outstanding works on general furnishing, painting, door and window fittings, and furnishing of the ICT lab. The contractor had requested for one month time extension (up to 15th July2011 as the revised completion date for the project) which was awaiting approval from the

ICT Laboratory structure at substantial completion and open ceiling at Sacred Heart Gulu

School Contracts Committee.

Challenges:

Late release of funds delayed commencement of works. Much as the award letter was issued on 18th October 2010, the contract was signed on 13th March 2011.

A number of **scoping variations** were likely to arise, for example the design did not provide for a ceiling yet the school felt that it was necessary for an ICT laboratory, in addition, the initial proposed site was changed to a site which required relocation of a sock pit and electrical pipes that had not been included in the original bills of quantities.

Communication gap: It was not clear whether MoES will equip the laboratory with relevant ICT facilities such as computers and accessories upon completion of the structure. The total project budget allocation was not communicated to the schools hence constraining planning at school level, for example, the contract price for the construction of the laboratory was UShs 12 million higher than the funds received.

iii) Mukono Bishop SS

The school is located in Mukono district. M/S Civil Tech Company Ltd had been awarded a contract to undertake the project at a sum of Ushs.175, 901,400.

By 2nd June 2011, the school had received a total of Ushs.163million and had not expended any funds. Physical and financial progress was at 0%. At the time of the monitoring visit (23/06/2011). The contract agreement had not been signed and works had not commenced. The Head teacher reported that the architectural designs had not been approved by the Municipal Council and the contracts committee was not conversant with the public procurement and disposal of public assets procedures.

Implementation challenges;

Ignorance of PPDA procedure stayed commencement of works as the contracts committee was not aware that all contracts above fifty million have to be approved by the Solicitor General. The draft agreement lacked key contract clauses such as termination of contract, variation and defects liability among others.

The need to sensitize school contracts committees on procurement procedures and requirements is paramount for effective project implementation.

iv) Wanyange Girls SS Jinja

The school is located in Jinja district with a total population of 1,242 students. M/S Pegasus General Holdings Limited was awarded a contract to construct a 2 unit ICT block at a contract sum of Ushs.168, 000,000 within a period of 3 months. Works commenced on 5th May 2011 with the expected completion date set on 5th August 2011.

During the monitoring visit (23rd June 2011), it was noted that the school had received a total of Ushs.163, 000,000, of which, Ushs.49, 700,000 (29.5% of the contract value) inclusive of 20% advance payment had been expended.

Physical progress was estimated at 25%, the contractor was laying the final layer on the sub structure.

Implementation challenges;

Inflation had caused the escalation of prices for raw materials such as steel and cement which was affecting the cash flow of the contractor. Given the short period of implementation, there was no provision for price variation, however the contractor was demanding for these variations. Inadequate water supply at Wanyange hill was reportedly delaying progress of works as the contractor had to collect water several kilometers away.

v) Kinyasano Girls High School Rukungiri

The school is located in Rukungiri district with a total population of 820 Students. M/S Tigakanya Engineering Contractors was awarded a contract to construct a 2 unit ICT block at a contract sum of Ushs.186, 950,400 within a period of 6 months. Works commenced on 26th May 2011 and were expected to be completed by 30th November 2011.

ICT lab at substructure level- Kinyasano Girls

Between 19th April 2011 and 1st June 2011, the school had received a total of Ushs.163, 000,000, of which Ushs.46, 500,000 (25% of the contract value paid as advance) had been expended. Physical progress was estimated at 25%, with actual works done at sub- structure level.

Implementation challenges included: Ignorance of procurement procedure since MoES did not issue guidelines in relation to managing procurements; Inflation prices for raw materials such as steel and cement may affect the cash flow of the contractor and lead to project implementation delays.

vi) St Mary's College Rushorooza

The school is located along Katuna road in Kabale district with a total population of 820 Students. M/S Vidas Engineering Services Limited was awarded a contract to construct a 2 unit ICT block at a contract sum of Ushs.189, 000,000 within a period of one year. By the time of the monitoring visit (28 June 2011), works had not commenced. The contract agreement was reportedly awaiting approval from the Solicitor General.

The monitoring team was informed that the school delayed to receive funds from the MoES because of some complexities with the Electronic Funds Transfer (EFT) system data that pointed to the wrong bank account. A total of UShs. 163,000,000 were received in two tranches between

20th May and 8th June 2011. The Head teacher reported that before then, it was not possible to commit the school in any form of contractual obligation.

Physical and financial progress was at 0%.

Implementation challenges included; untimely issuance of project guidelines by MoES and late receipt of allocated funds which in turn delayed commencement of works.

vii) Rock High School-Tororo

The school is located in Tororo district with a total population of 3564 students. M/s Jopens Enterprises Limited was awarded the contract to construct a 2 unit ICT block at a contract sum of Ushs.169, 979,198 within a period of four months with effect from 21st April 2011 to 30th August 2011.

Between 19th March 2011 and 1st June 2011, the school received a total of Ushs.163,000,000, of which Ushs.78,660,000 (46.2% of the contract sum) had been spent as of June 2011. Overall physical progress was estimated at 65%; sub structure, super structure and roofing were all at 100% completion; electrical as well as ceiling installation was on going. Outstanding works included plastering, plumbing and furnishing. It was noted that without approval from MoES, the school went ahead to cast the ceiling at a total cost of Ushs.22, 780,350 in anticipation for an approval and reimbursement by MOES.

Implementation challenges included; the ceiling had not been included in the original BOQ, however, the school approved a variation to include the ceiling at a cost of Ushs.22, 780,350 hence increasing the overall contract sum.

Implementers were not certain about additional funding to complete the project in the subsequent financial year, there was no communication to implementers on when the lab would be equipped with computers and accessories.

ICT laboratory at substantial completion and Ceiling installation at Rock High school-Tororo

Conclusions and Recommendations

- The team noted the **funding gap** to the project; a number of schools signed contracts that went beyond the actual transfers yet this project was not budgeted for in FY 2011-12. This implies that most projects will stall before they are completed or furnished. There is a likely hood of most of this structures becoming “white elephants” if remedial action on alternative financing is not sought.

- In most of the schools visited, contract committees were set up for the first time to enable implementation of this project; there was **inadequate knowledge on procurement management** among most members on one hand as well as limited guidance from the MoES on the other hand leading to further delays. The need to sensitize spending entities on issues related to contract management is crucial. MoES should always identify user requirements and provide short term skills enhancement to members of these committees. Indeed, PPDA conducts such trainings on request.

- **Delayed transfer of funds**; although funds had been released to MoES in quarter two, most schools received the first tranche of funds in quarter four. According to the project cash book, funds were reallocated to other priorities (internal borrowing) and later returned to this project.

- A number of contractors were asking for **price variations** due to inflation and delayed signing of contracts (after the bid validity period). The team noted that price variations were not applicable given the duration of the contracts making such demands inappropriate. Given that most school contracts committees had knowledge gaps in procurement procedures, contractors were continuously submitting requests for price variations citing clauses that were not applicable.

- **Misreporting**: Although the MoES contribution to the budget speech for FY 2011/12 highlighted that nine traditional secondary schools had received fully equipped ICT laboratories (a statement which was later carried into the Budget Speech). The above findings present a different status of implementation[88]. A number of schools were surprised and embarrassed by the budget speech on the status of implementation. This kind of embarrassment is avoidable if submissions are based on accurate data.

- **Inadequate supervision**: The projects were hardly supervised by engineers from MoES, it was reported that the MoES had assigned supervision work to Assistant Regional Engineers who were at the same time supervising other projects under SFG. In a period of three months, the engineer would visit the school once yet some of these projects had a total time period of three months.

- The Ministry should in future ensure that there is enough staff to supervise projects.

[88] Budget speech 2010/11

3.7 ROADS

3.7.1 Introduction

Road is the dominant mode of transport in Uganda carrying about 95% of the country's goods traffic and about 99% of passenger traffic. The mode offers great advantages of flexibility, ability to move many small groups of passengers and goods consignments between different origins and destinations.[89]

Roads is one of the three sub-sectors[90] 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.

Strategic objectives of the Sector include:

i) Develop policy, set standards, regulate and ensure compliance and monitor transport infrastructure and buildings to meet the needs of users and promote social and economic development;
ii) Plan, design and ensure construction and maintenance of well co-ordinated and efficient transport infrastructure and buildings which meet the needs of users and promote social and economic development;
iii) Develop the capacity of the local construction industry;
iv) Ensure safe and environmentally friendly transport and physical infrastructure;
v) Ensure the mainstreaming of cross-cutting issues namely: Environment, HIV/AIDS, Gender and Occupational Health and Safety (OHS) into the policies, programmes and activities of the Sector.

Key institutions involved in the implementation of planned activities within the Roads sub-sector include: 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), the Ministry of Agriculture Animal Industry and Fisheries (MAAIF) and the Ministry of Local Government (MoLG).

Scope of Monitoring

The report covers input – output monitoring of selected road development projects and road maintenance programmes for the FY 2010/11. 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 2010/11 as outlined in Table 3.7.1. They were selected on the basis of regional representation,

[89] The 6th Annual Joint Transport Sector Review

[90] The three sub-sectors under the Ministry of Works and Transport are: 1. Transport Services; 2. Roads; and 3. Construction Standards and Quality Assurance

level of capital investment, planned quarterly outputs, and value of releases during the first, second and third quarters of the FY.

The methodologies adopted during the monitoring included: literature review mainly of annual work plans and other government documents, quarterly progress reports for the first, second and third quarter, and IFMS data showing release, payments and commitments; interviews with the respective responsible officers or representatives; and observations on site.

The Table 3.7.1: Project/ Programmes Monitored[91] in the Fourth Quarter, FY 2010/11

Implementing Institution	Project/ Programme Monitored in Fourth quarter FY 2010/11
Uganda National Roads Authority	• National Roads Maintenance Programme - Luwero, Arua, Tororo, Mbale and Kasese stations.
Ministry of Works and Transport	• Interconnectivity Project in Iganga/Namutumba, Kaliro, Kamuli and Koboko districts • Urban resealing project in Kaliro, Koboko, Lukaya and Lyantonde Town Councils.

Source: Author's Compilation

3.7.2 Uganda National Roads Authority

UNRA was established by an Act of Parliament: The UNRA Act No. 15 of 2006 and became operational two years later. UNRA's mandate is to develop and maintain the 20,000Kms national road network, manage ferries linking the national roads, control axle overloading and advise government on national roads. It is with this background that BMAU in FY2010/11 monitored two of its programme areas of national road development and maintenance in various parts of the country as presented below.

3.7.2.1 National Roads Maintenance Programme

Project Background

The programme involves activities for maintenance and management of roads on the national roads network totalling 20,970Kms and comprised of a network of roads totalling 10,970Kms which were classified prior to FY 2009/10 and an additional network of roads totalling approximately 10,000Kms, classified as national roads with effect from July 2009. The programme is recurrent in nature and aims at improving and maintaining interconnectivity across the country by reducing the rate of deterioration of the national roads network, lowering vehicle operating costs and travel time as well as ensuring safety of road users and ferry services.

In FY 2010/11, the programme had a preliminary annual budget allocation of UShs 184.295 billion under the URF budget. Planned activities under the programme included manual routine

[91] The scope was very limited because the monitoring staff are all new.

maintenance of 20,200 Kms; mechanized routine maintenance of 12,500 Kms; mechanized periodic maintenance of 1,612 Kms of unpaved roads; resealing of 127 Kms of paved roads; rehabilitation of 13 bridges; maintenance of 225 bridges; operation and maintenance of 9 ferries; operation and maintenance of 6 axle road control weighbridges; and road safety works including road safety awareness campaigns, installation of road signs (1000no.), Road marking (200Kms) and demarcation of road reserves (900Kms).

During the fourth quarter, the programme was monitored at five UNRA stations namely; Luwero, Arua, Tororo, Kasese and Mbale with a combined road network of 4051.32kms which is approximately 20% of the total national road network.

Table 3.7.2: Financial Performance

Station	Implementation by Force account			Implementation by Contract		
	Receipts ***(UShs Million)***	**Expenditure** ***as at end of*** **May 2011** ***(UShs Million)***	**%**	**Contract Name**	**Financial Progress** ***(UShs Million)***	**Remarks**
Luwero	2,281.9	1.111		Periodic maintenance Kalule -Bamunanika Road (12 Kms)	297.964	Substantially complete with 95% of the contract sum certified and paid to the Contractors.
				Periodic maintenance of Ngoma-Bulyamusenyu road (32Kms)	587.269	Gravelling works were still ongoing in sections 25+200 – 30+100 and three IPCs had been issued and paid (79.8% of the contract sum) at the time of inspection
				Peridic mainteance of Zirobwe- Wobulenzi road (24Kms)	1.098	Works were substantially complete and 97.4% of the contract sum had been certified and due to the contractor in 3 IPCs.
Arua				Periodic maintenance of Koboko Yumbe Road (37Kms)	1,022	The financial progress is 90.8% and works are complete. The works are under defects correction period and contractor is attending to the snags.
				Routine mechanised maintenance of Paidha - Zombo-Anyavu Road (70Kms)	275.614	The overall physical Progress is 80.59% Complete and Time Progress: 84.67% Planned expenditure at end of reporting period was UShs: 349,248,300/= but actual expenditure at end of reporting period:

Station	Implementation by Force account			Implementation by Contract		
	Receipts ***(UShs Million)***	**Expenditure** ***as at end of*** **May 2011** ***(UShs Million)***	**%**	**Contract Name**	**Financial Progress** ***(UShs Million)***	**Remarks**
						UShs: 275,614,600/= (66.8%), a variance of Ushs 73,633,700
				Urgent repairs Lodonga-Ifi-OtumbariRoad (23Kms)	0	The overall physical progress was 35.84 % against an overall Time progress: 50.67 % of Contract duration
				Urgent repairs of Vurra Customs - Odramacaku, Katrini - Nyadri, Keri - Lima -Midigo - kerila road (120.7Kms)	474.568	The overall physical progress is 80.2% against a financial progress of 57.6%
				Urgent repairs Eruba-Logiri-Bondo Road (41.4Kms)	236.324	The works are substantially complete with certified works amounting to 80.4% of the contract sum.
				Urgent repairs Owaffa-Kubala-Omugo Road (23Kms)	68.4	Physical progress is 85.7% complete and time progress: 44.7% of of Contract duration. Planned Expenditure at end of reporting period was UShs 72,963,326 but actual expenditure at end of reporting period was UShs 68,400,000 (41.9%)
Tororo	**1,134**	**228.21** **(Expenditure** ***as at end of*** **December 2010)**	**20.12**	Pe riodic maintenance of Magodes-Busumbu-Munamba Road (22Kms)	669.052	
				Consultancy services for Periodic Maintenance of Tororo-Nagongera Road (20Kms), Tororo-Busia Road (27Km)s, Munamba-Magale Road (8Kms), Magodes-	469.407	Certified payments exceed the total contract value

Station	Implementation by Force account			Implementation by Contract		
	Receipts ***(UShs Million)***	**Expenditure** ***as at end of*** **May 2011** ***(UShs Million)***	**%**	**Contract Name**	**Financial Progress** ***(UShs Million)***	**Remarks**
				Busumbu-Munamba Road (22Kms). (Package 11)		
				Periodic maintenance of Tororo - Nagongera Road (20Kms)	690.702	
				Periodic maintenance of Munamba-Magale Road (8Kms)	160.888	
				Periodic maintenance of Tororo - Busia Road (27Kms)	622.913	
				Routine mechanised maintenance of Namayingo-Bumeru Road (32Kms)	131.447	
				Urgent repair works on Leresi-Bunghaji - Budaka (17Kms) & Bubada-Busabi-Budumba-Namutamba (27Kms)	164.094	
Kasese	**728.912**	**127.435** **(Expenditure** ***as at end of*** **March 2011)**	**17.5**			
Mbale	**1,447.060**	**711.928** **(Expenditure** ***as at end of*** **March 2011)**	**49.2**	Kadoto- Butebo-Kabwangasi (42Kms) and Kachumbala-Kidongole (15Kms)	258.583	Contractor had completed all works and preparing to handover site.
				Kamonkoli-Kabwangasi-Nakaloke (13Kms) and Nabiganda-Naboa (10kms)	156.389	Contractor has substantially completed works.
				Malera- Kumi (6kms), Korir-Sironko (14Kms), Bugema army Barracks Access (0.2Km)s, Buyaga-Buluganya (1Kkms), Mbale Railway Crossing Access (0.2Kms)	Nil	The contractor reported late to commence works due to delayed advance payment.
				Mbale Bufumbo	23.804	

Station	Implementation by Force account			Implementation by Contract		
	Receipts ***(UShs Million)***	**Expenditure** ***as at end of*** **May 2011** ***(UShs Million)***	**%**	**Contract Name**	**Financial Progress** ***(UShs Million)***	**Remarks**
				(14Kms), Bugusege- Buteza (9Kms), Kufu- Magale (17Kms)		
				Buginyanya Agriculture Research Station (6Kms), Spur- Buginyanya (6Kms), Bulugeni- Siyiyi- Bumwambu- Bulaago (15Kms), Nalugugu- Elgon (19Kms)	Nil	The contractor's progress of work is very slow. However he experiences difficulty in grading on the mountainous terrain
				Kapenguria- Kwot (10kms and Kachumbala- Korir (20Kms)	75.335	The contractor has graded 20km of the road and works still ongoing.
				Bukwa- Kapnandi- Suam (16Kms) and Girik River- Bukwa (30Kms)	155.78	The contractor's progress of work is so far good.
				Emergency repairs of Chepsikunya- Girik River Road (26.1Kms)	1,207.618	The contractor has substantially completed works.
				Emergency repairs of Muyembe- Namalu Road (65Kms)	Nil	Works are in progress and the contractor has graded 22Kms so far.
				Periodic maintenance of Kapchorwa- Kapkwata Road (39Kms)	2,824.201	The contractor has substantially completed works. The contract period was extended for 11 months
				Periodic Maintenance of Kapkwata- Suam Road (38Kms)	742.938	The contractor has substantially completed works. The contract period was extended for 13 months to 19th January 2011.

Source: UNRA Station Engineers; IFMS Data.

Physical Performance

A. Luwero Station

The station had a total road network of 1006.5Kms of which 239Kms were paved and 770Kms were gravel roads. The planned maintenance activities during FY 2010/11 included; maintenance using contracts on 509Kms (50.6%); and maintenance using force account on 476.5Kms (47.3%). Gayaza –Zirobwe (32Kms) upgraded and Matugga –Semuto – Kapeka (42Kms) have not been handed over yet but have been upgraded to paved status. An additional network of 509kms formerly of district roads are being graded and spot gravelled under urgent repairs programme which were contracts at the centre. Old network is 497.5kms.

(i) Maintenance using contracts

Ngoma-Bulyamusenyu Road (32 Kms)

The periodic maintenance of 32Kms of the road from Ngoma to Bulyamusenyu was a spill over activity from the previous financial year and the contract for works was awarded to M/s MML Road Construction and Prome Consultants Limited as the supervising consultant.

The scope of works for this contract included; drainage improvements, reshaping of the road by heavy grading and re-gravelling at a contract price of UShs. 841,757,500/=. However, the contract for MML Road construction was revised to Ushs 741,757,500 after the provision for purchase of a new vehicle for the station engineer was removed from the contract.

Contract agreement was signed on 16th August 2010 and civil works were expected to commence fourteen days after signing the agreement with duration of six months. There was no commencement order issued to the contractor by the Consultant in time because the Contractors were not available and had other engagements. Further delays were however brought about by lack of water during the dry spell of January- February 2011 where the contractor had to fetch water from abnormally long distances and a variation in the contract time was issued to the contractor by the Consultant.

During the site visit on June 16th 2011, the monitoring team observed that gravelling works were still ongoing between sections 25+600 and 30+100 amounting to 14.1% of the incomplete works. However, 11Kms (34.4%) were complete with no remedial works required, the rest of the section required some cleaning up of the drains in the gravelled sections, reinstatement of borrow pits was not done and generally works were being affected by unfavourable weather.

FIGURE 1 COMPLETED GRAVEL WORKS AT 25+200, DUMPING AND SPREADING OF GRAVEL AT 27+000 AND GRADED SECTION AT 29+500

(ii) Maintenance using Force account

In FY 2010/11 Force account interventions were planned to be done on 544.5Kms of which 476.5 Kms were planned to be maintained by both Force account and contracted works at different times of the FY. The scope of works under Force account included spot regravelling, grading, culvert installations and bridge works.

At the time of the monitoring field visit, the station had received a total of UShs 2,281,903,210 and had planned to carry out maintenance activities on 62Kms of paved roads, and 414.5Kms of unpaved roads; and routine maintenance activities across the entire road network.

Expenditures on Force account operations were at Ushs 1,110,964,755 up to the end of the third quarter, 49% of funds released.

(iii) Constraints

- Breakdown of equipment
- Late release of funds from road fund
- Delays in procurement affected work plans on contracts leading to roads being maintained under Force accounts due priority nature of roads.

B. Arua Station

The station had a total road network of 993Kms of which 132.9Kms were paved and 863Kms were gravel roads. The planned maintenance activities during FY 2010/11 included maintenance using contracts on 306Kms (30.8%) and maintenance using force account on 886Kms (89.2%).

(i) Maintenance using contracts

Periodic maintenance of Koboko- Yumbe road (37 kms)

The Koboko-Yumbe Roads (37Kms) is gravel Class B located in Koboko and Yumbe Districts of West Nile region. It is situated on the Eastern Part of Koboko town and traverses through a relatively flat terrain in most sections and carries substantial traffic volumes.

The periodic maintenance of Koboko- Yumbe road (37Kms) was awarded to Universal Engineering (U) Ltd at a contract sum of 1,125,570,000 and Trio Consults Limited were appointed Project managers on behalf of UNRA.

The scope of works includes:

- Site Clearance
- Drainage Improvement
- Heavy grading
- Regravelling of the entire road length

The major work items in the contract included accommodation of traffic passing through or around the works, heavy grading to camber and cross fall of road surface including side drains, compaction of total width of road surface to at least 95% MOD.AASHTO, clearing and reshaping mitre drains, excavation for side drains, catch water drains, toe drains off shoots, installation and extension of new culverts including construction of headwalls and wing walls, gravelling of total carriage way in layers up to maximum of 150 mms thickness and correction of defects during the 4 months defects liability period.

During the site visit, the monitoring team observed that the works were generally 100% complete save for the installation of culverts which was ongoing with several lines installed lacking headwalls. The contract is under a defects liability period however, the quality was generally good. The actual length of road was 35.9Kms as opposed to 37km contracted out.

The planned expenditure at end of reporting period was UShs 1,125,570,000 but the actual expenditure at end of reporting period was UShs 1,022,337,657, a variance of UShs 103,232,343/= of total contract price.

FIGURE 2 COMPLETED SECTION AT 0+000 (KOBOKO TOWN), STONE PITCHED DRAINS AT 7+400 AND INCOMPLETE ACCESS CULVERT INSTALLATION AT 28+300 (KURU TC)

Routine Mechanised Maintenance of Phaida –Zombo - Anyavu Road (70Kms)

Paidha-Zombo-Zeu-Warr-Anyavu Road is part of the additional network for Arua station which has been recently upgraded from Zombo/Arua District local Governments to a class C National road. It is part of the Panyimur-Vurra Custom road which runs from Panyimur Landing site in Nebbi District on the banks of Lake Albert to Vurra Custom in Arua District. The road is located in Zombo/Arua Districts of West Nile region and it runs almost parallel to the boarder with Democratic Republic of Congo. It traverses through a relatively steep terrain in most sections and flat in some sections and carries relatively high traffic volumes.

The contract for routine mechanised maintenance of Phaida Zombo-Anyavu road was awarded to Ms Mamboleo Engineering Works Ltd at a contract price of 412,627,957 for a period of five months.

The scope of works includes:

- Site Clearance
- Drainage Improvement
- Heavy grading
- Spot gravelling

The overall Physical Progress is over 80% complete however; section 2+200 to 2+800 was not properly shaped and according to the UNRA Assistant Engineer, the contractor has been instructed to make good. Section 5+200 to 11+200 still lack gravel, borrow pits have been left open which is not environmentally desirable and several culvert crossings lack headwalls.

FIGURE 3 AYAVU BRIDGE AT 0+000, POORLY CONSTRUCTED SECTION AT 2+700 AND COMPLETED GRAVEL SECTION AT 25+300

Urgent Repairs of Katrini - Nyadri road (23Kms)

Katrini-Nyadri (23Kms) runs from Katrini in Arua District to Nyadri, the headquarters of the new District of Maracha and traverses through a relatively steep terrain in most sections and flat in some sections and carries relatively high traffic volumes.

The scope of works includes:

- Site Clearance
- Drainage Improvement
- Heavy grading
- Spot gravelling

The Monitoring team observed that the actual road length was 22Kms as opposed to the contracted 23Kms, the road is heavily corrugated for the first 2.2Kms from Katrini and in section 17+500 to 18+600. The road is very wide as you approach Nyadri town council (section 18+600 to 21+800) which creates maintenance problems with several rocky sections along the road.

FIGURE 4 HEAVILY CORRUGATED SECTION AT 0+100 (KATRINI), COMPLETED GRADED SECTIONS OF THE ROAD AT 5+400 AND WIDE SECTION OF THE ROAD AT 19+500 ON THE APPROACH TO NYADRI

(ii) Constraints

- The equipment at the UNRA station is old and frequently breaking down
- Late release of funds from road fund like fourth quarter funds were released at the end of May 2011, this makes implementation by Force accounts difficult. Funds had to be sent back to the centre to pay off contracts as they could not be consumed within the quarter.
- Delays in the procurement of fuel and insufficient quantities have constrained Force accounts operations.

- Contractors lack capacity especially when it comes to equipment hence delayed commencement of contracts. There is need for performance reviews for contractors at procurement.
-

C. Tororo Station

The station had a total road network of 744.7Kms, of which 112.4Kms (16.4%) were paved and 607.8Kms (83.6%) were gravel roads. The network included 382.5Kms of roads from the additional network that was upgraded to national roads in FY 2009/10. Planned maintenance activities during FY 2010/11 included: maintenance using contracts on 219.9Kms (39.2%); maintenance using both contracts and Force account at different times of the year on 106.1Kms (14.24%); and maintenance using Force account on 314.7Kms (45.88%).

At the time of monitoring, it was noted that most of the contracts for the maintenance activities on the additional network had be awarded but the contractors had not yet commenced with the works.

(i) Maintenance using contracts

Among works planned for maintenance using contracts, only works on seven roads totalling 219.9Kms (29.2%) had commenced and were still in progress at the time of monitoring done on 13th July 2011. The following were the field findings during the monitoring:

Nagongera – Merikit – Kidoko – Busiu – Isikhoye (33.6Kms)

This is part of the additional network roads contracted out at UNRA for the following scope of works;

- Site Clearance
- Drainage Improvement
- Heavy grading
- Spot gravelling

The road has been largely opened up by the contractor but the intervention is temporary as there are many swamp crossings as shown in the captions below that are likely to create bottlenecks if periodic maintenance is not considered.


FIGURE 5 ROAD OPENNED UP AT NAGONGERA (0+000) AND SWAMP CROSSING AT 3+600 LIKELY TO IMPEDE TRAFFIC IF DRAINAGE STRUCTURES ARE NOT PROPERLY INSTALLED AND SWAMP FILLED TO OVERCOME FLOOD SITUATIONS.

Periodic Maintenance of Magodes-Busumbu-Munamba road (22Kms)

This road link was contracted out under package II Periodic maintenance to Ms Excel Construction Ltd at a contract value of Ushs 839, 717,560 on 4th August 2010 for a contract period of 4months. Substantial completion was achieved on 3rd December 2010 at a contract cost of Ushs 836,995,958.

The Monitoring team's observations were that the road was satisfactorily completed but there are failures of the road due to erosion by run off at Kms 20+400 and the installed stone pitching is being eroded as well. Corrugations were also observed in sections 1+900 to 7+100 and 12+900 to 14+400 at Butiru. However all these defects are a result of the road usage which is out of the defects maintenance period.



FIGURE 6 GRAVELLED SECTION AT 12+500, GULLEY EROSION AT 20+400 AND ERODED STONE PITCHING AT 20+600

(ii) Maintenance using Force account

In FY 2010/11 Force account interventions were planned to be done on 420.8Kms (56.5%) of which 106.1Kms were planned to be maintained by both force account and contracted works at different times of the FY. The scope of works under force account included: grading, spot gravelling, patching (using gravel/ Asphalt/surface dressing), emergency repairs of roads and bridges and limited drainage improvement.

At the time of the monitoring field visit, the station had received a total of UShs 891.25million on force accounts and had planned to carry out maintenance activities on 112.4.9Kms[92] of paved roads, and 308Kms of unpaved roads; and routine maintenance activities across the entire road network. Expenditures on Force account operations was at UShs 1,032.15 billion (115.72% of the funds received). This was brought about by the spill over from the previous financial year. Works done included mainly patching, grading, spot gravelling, regravelling and minor drainage works.

(iii)Constraints

All in all implementation challenges at the station included:

- Insufficient equipment to handle the maintenance needs of the increased road network;
- Old road construction equipment which was very unreliable with frequent breakdowns and high maintenance costs;
- Delays in procurement of works planned to be contracted out, which led to unplanned emergency interventions on the roads and thus a waste of time and money;

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[92] Tororo-Magodes road (24Km); Malaba-Tororo-Namutere-Busia (60.1Km); and Namutere-Bugiri road s(28.3Km)

- Capacity weaknesses of the contractors and consultants, which led to delays in completion of contracted works;
- Land acquisition issues along the additional road network; and
- The scarcity of gravel in some areas which had delayed works in one of the contracts under the station.

D. Mbale Station

The station had a total road network of 959.12 Kms, of which 62.2Kms (6.5%) are paved and 896.92Kms (93.5%) were gravel roads. The network included 56.72Kms of roads from the additional network that was upgraded to national roads in FY 2009/10. The planned maintenance activities during FY 2010/11 included; maintenance using contracts on 482.5Kms (50.31%) and maintenance using Force account on 476.2Kms (49.69%).

(i) Maintenance using contracts

Works on only eleven road links totalling 488.5Kms (50.93%) planned for maintenance using contracts, had commenced and most of them were still in progress at the time of monitoring on 14th July 2011. The following were the field findings during the monitoring:

Muyembe – Namalu (65Kms)

This project involving the periodic maintenance of 65Kms of the road from Muyembe through Chepsikunya trading centre up to Namalu was awarded to M/s Engineers Ltd and involved grading of 65Kms and re-gravelling of 35Kms with 150mms gravel wearing course, at a total contract price of UShs 2.327.5 billion. Civil works commenced on 15th June 2010 and were expected to be complete within 6 months (by 15th December 2011). The works are being supervised by Mbale UNRA station.

FIGURE 7 GRADING TO THE REQUIRED SLOPE ALONG MUYEMBE-NAMALU ROAD AND APPLYING OF STONE AGGREGATE ALONG MUYEMBE- NAMALU ROAD SO AS TO ACHIEVE A FIRM SURFACE.

At the time of monitoring, works were in progress and the contractor has graded 22Kms so far. The contractor deployed two sets of road unit, one working from Namalu towards Chepsikunya and another from Muyembe to Chepsikunya Centes. The contractor had opened up a borrow area at 51+400 but there were a general lack of gravel in this area and the road was very slippery when it rained, hence gravelling of the entire section was urgently required otherwise the stretch would be rendered impassable.

Urgent Repairs of Kadoto –Butebo – Kabwangasi (42Kms)

This is a road link under the additional network commenced on 1st June 2011 and was awarded to Jami Construction company Ltd at a contract sum of Ushs 390,957,908 for a total of length of 57Kms on two stretches. The road works have been satisfactorily completed on this stretch save for the back sloping on section between Kms 0+000 and 4+000 and there is generally need to improve on all the approaches to the culverts.

Two payments of Ushs 78,195,182 (advance payment) and Ushs 257,383,904 (IPC No. 1) had been honoured against a physical progress of 86% and contract time of 60%.

FIGURE 8 ROAD IS EXTREMELY WIDE AT KADOTO (KM 0+000), COMPLETED SECTIONS WITH RAISED CULVERT APPROACHES IN THE BACKGROUND AT KM 25+800 AND 31+800

(ii) Maintenance using Force account

In FY 2010/11 Force account interventions were planned to be done on 476.2Kms (49.69%) all of which were planned to be maintained by force account at different times of the FY. The scope of works under Force account included: grading, spot gravelling, patching (using gravel/ asphalt/surface dressing), emergency repairs of roads and bridges and limited drainage improvement. The roads maintained by force account interventions were monitored on 14th July 2011.

At the time of the monitoring field visit, the station had received a total of UShs 2.826.4 billion and had planned to carry out maintenance activities on 62.2Kms[93] of paved roads, and 414.37.6Kms of unpaved roads; and routine maintenance activities across the entire road network. Expenditures on Force account operations were at UShs 1.447. 06 billion (51.2% of the funds received).

(iii)Constraints

- The procedures put in place limit the ability of the station to execute work. A case in point was the funds from the Force account were released but no fuel had been allocated.
- The equipment does not match the work load as it's old and unreliable. It has exceeded its life span and there is no plan to replace it yet they are not efficient.

[93] Mbale Railway Access road (0.12Km); Namunsi-Sironko road (18.5Km); Sironko-Muyembe-Kapchorwa (43.6Km)

- The procurement procedures also bog down progress like of the works and equipment to be boarded off. They do not respect the time value of money and hence contractors often find themselves in trouble.
- The road network has increased but the same fiscal resources are being allocated to the stations.

E. Kasese Station

The station has a total road network of 426.8 Kms, 94.1% of which was planned to be maintained using Force account. The rest was to be contracted out for mechanized routine/periodic maintenance. The scope of works under Force account included shoulder grading, spot gravelling, patching (using concrete/ gravel/ Asphalt), and limited drainage improvement.

At the time of the monitoring field visit, the station had received 501.1 million under Force Account, 76.2% of releases received (381.9 million) had been spent. Works that had been done included periodic maintenance of Katungulu – Ishasha road (87 Kms). The scope of works on the aforesaid road includes regravelling of 87Kms (45,500m^3) with 100mm thickness, medium grading of the entire section and drainage improvement.

Rehabilitation of Nchwera Bridge, this was done by Eastern Builders and Muloowoza and brothers Limited. Muloowoza established a diversion bridge at the same river. This was done at a cost of Ushs 1,520,144,000; this was revised due to unforeseen variations hence making the contract price Ushs1,707,824,000. This bridge is still under defects liability period, as a number of defects were identified. Physical progress at this bridge is 100% and financial progress is 99%.

Katwe – Katojo – Lundongo– Bwera 24.5Kms was done under force accounts. This was in a very poor condition mainly because its topmost layer is made of clay soils and there is scarcity of gravel being in a protected area. This road had been tendered out for emergency works however; much of the work previously done is not visible for the first 8Kms. The road has deteriorated with lots of potholes as no compaction was done at the time of maintenance and no offsoots were provided to drain off runoff. Compaction was not done because the station vibro roller is broken down.

Figure 9 Lack of compaction has compromised the value of the maintenance interventions on this Katwe – Katojo – Bwera road

Grading, spot gravelling, pothole filling and asphalt patching of Katungulu –Rugazi (18 Kms) was assessed. The team noted that the road had severely deteriorated as seen from heavy patches made on the road; Lake George – Rwentale – Katwe 38.7 Kms, This was not compacted well and the station attributed this to frequent breakdowns of the roller, and there was no gravel on some sections of the road and potholes were observed on the road; Kisinga – Kyarumba – Kabirizi 28.0 Kms; Kinyamasake – Kisinga 12.0 Kms and Nsenyi – Kisinga – Kibulala

Implementation challenges included;

- Scarcity of construction materials
- Heavy trucks from Congo that have greatly contributed to the deterioration of roads in the region.

3.7.3 Ministry of Works and Transport

3.7.3.1 Urban Roads Resealing

The Urban Roads Resealing Project formerly JICA II Urban Roads has been operational since 1992. To-date the project has covered 44 Urban Centres/Towns in Uganda bituminizing a total road length totaling of 147Kms. nearly 50% of this length has been new road constructions.

The annual funding for road construction activities for this project is between 1.8 – 2.5 billions in four selected towns with an average rehabilitated length of road of 1 to 1.5Kms. This financial year however, an additional Ushs 2.5 Billion for the improvement of selected roads (7.5Kms) in Kampala City was availed under this vote.

Under this vote, each beneficiary Urban Council is allocated a maximum of Shs. 200m by MoWT for the cost of civil works contracts and the councils are expected to provide counterpart equivalent to about 25% (Shs. 50m) for the operating cost of the machinery from their local revenue.

The project is implemented using a Force Account mode of operation with the equipment and skilled staff mobilized to the Urban Council from the JICA unit for the execution of the works. The project implementation inputs like construction materials, fuel supply are procured by the Urban Council authority before the equipment and personnel are mobilized to site. This is to forestall the likely plant and personnel idle time which could result from the lengthy procurement processes.

Objectives

The basic project objectives / outputs are:

- To reduce vehicle operating costs and transport charges to commuters
- To rehabilitate/construct new urban roads to bitumen standard
- To improve traffic movement and circulation within urban areas.
- To improve and/or reconstruct the drainage channels on the rehabilitated roads within the Town Councils.
- To provide training (in collaboration with Bugembe Mechanical Workshop) for mechanical personnel and plant operators to support the road construction and maintenance subsector.

Planned Outputs

Implementation of the project in FY2010/11 was in eight Urban Councils and the planned funding from the Ministry of Works against the progress that was achieved on the urbans roads is shown in the table 3.7.3 below;

Table 3.7.3: Urban Resealing Project Planned output against Progress

No	TOWN COUNCIL / STATION	PLANNED OUTPUT	PROJECT COST	ACTUAL OUTPUT	PROGRESS %	REMARKS
A	**WORKS ON MINISTRY'S WORK PLAN – FY2010/11**					
1	Lukaya Town Council	0.8Kms	295,600,000	0.8Kms	90%	Construction materials procured. Physical works progress is at completion of the 1st bituminous seal. - (overall completion at 90%)
2	Gulu Municipal Council	2.0Kms	615,000,000	2.0Kms	90%	1st Bituminous surface dressing executed. All materials on site. Physical works in progress at 90% completion..
3	Bwanda Covent road	2.50Kms	840,000,000	1.20Kms	45.2%	Single Bituminous surface dressing on lime stabilized based. Works in progress - at lime stabilized base construction. Progress at 45% completion.
4	Lyantonde Town Council	0.70Kms	102,540,000	0.70Kms	100%	Application of second bituminous seal. All construction materials mobilized on site.
5	Kyenjojo Town Council	1.50Kms	476,292,236	-	-	Funds allocation from MoWT was not released due to the budget cut experienced in Qtr3 FY2010/11.
	Totals	**7.50 Kms**		**5.5Kms**	**73.3%**	
	WORKS EXECUTED WHICH SPILLED OVER FROM FY 2009/10					
6	Kaliro Town Council	0.8Kms	230,000,000	0.8Kms	100%	100% complete. Single bituminous surfacing on lime stabilized gravel base
7	Koboko	0.5Kms	155,000,000	0.5Kms	100%	100% complete. Double

No	TOWN COUNCIL / STATION	PLANNED OUTPUT	PROJECT COST	ACTUAL OUTPUT	PROGRESS %	REMARKS
	Town Council					bituminous surfacing on lime stabilized gravel base
8	Kapchorwa Town Council	1.15Kms	312,450,000	1.0Kms	95%	Double surface dressing 95% completed.
	Totals	**2.45Kms**		**2.30Kms**	**94%**	

Source: IFMS data and Field observations

Financial Performance

The monitoring team visited four urban councils out of the eight that implemented this project and the financial performance is listed in table 3.7.4 below;

Table 3.7.4: Financial Performance of Selected Urban Roads Resealing Projects as of July 30th 2011

Local Government	Funding Source	Indicative Planning Figure (IPF) *(UShs Millions)*	Receipts *(UShs Millions)*	Expenditure *(UShs Millions)*	% of IPF Received	% of Receipts Spent
Lyatonde Town Council	URRP*	99.33	100.00	98.691	100.1%	98.7%
	Totals	99.33	**100.00**	**98.691**	**100.0%**	**98.7%**
Lukaya Town Council	URRP	200.000	199.998	200.082	99.9%	100.04%
	Local Revenue	122.564	98.154	62.160	80.1%	63.3%
	Totals	**322.564**	**298.152**	**262.242**	**92.4%**	**88%**
Koboko Town council**	URRP	439.745	249.319	250	56.7%	
	Local Revenue			50		
	PAF			160		
	Totals	**439.745**	**249.319**	**460**	**56.7%**	

**Funding source was substituted with a Presidential Pledge fulfilled in the 2nd Quarter of FY2010/11for Lyantode Town council*

***The actual operation budget for Koboko Town Council was Ushs. 460,000,000 against a work plan budget of Ushs.439, 745,580, reflecting a variation of Ushs.20,254,420. This was brought about by equipment breakdowns leading to increased project time and extra pieces of culvert pipes installed.*

Source: Respective Town Council Engineers

Kaliro Town Council

The rehabilitation of roads in Kaliro Town council under the urban resealing project targeted a total road length of 1.0Km spread across four road stretches of Kisira road (600ms), Muloki road (200ms), Wako road (100ms) and Nabeta road (100ms) with a carriageway width of 8.0ms.Tthis project started in March 2010 with an operational budget of Ushs 297, 022,750

- The town council had received funds for roads rehabilitation and intended to use it for the second seal on the roads constructed earlier on.
- The procurement process for the materials to be used for the road construction was on-going and was expected to be completed before the end of June 2011.
- There were audit queries after URA closed the District account over failure to remit PAYE and this affected the releases to the Town Council from the district general account. The outstanding payments to council road funds are Ushs. 27,000,000.
- The Town council is facing challenges due to variation of price (VOP) especially with the Bitumen which has lead to high costs of operations.

There were no major expenditures at the time of the visit and the town council was preparing to procure inputs for the assignment, however the town council had received funds up to Ushs 92,026,046

Koboko Town Council

The total length of road that were constructed under the urban roads resealing project in Koboko town council was 0.9Km with a carriageway width of 7ms on the following stretches;

- Samuel Baba road(600ms)
- Amiji road(100ms)
- Fadimula (100ms)
- Sinyani road(100ms)

Physical works on ground started late June 2010 with the mobilisation of equipment and personnel on site. The implementation has been by urban roads resealing unit using Force account. The ministry had to provide equipment and personnel and financial contribution on top of the council's co-funding.

The actual operational total project cost was Ushs 460,000,000 against the work plan budget of Ushs 439,745,580/= reflecting a variation of Ushs 20,254,420/=. This was brought about by frequent breakdown of machines and extra pieces of culvert pipes purchased. The breakdown of the expenses encountered on the project are reflected in the table 3.7.5 below

Table 3.7.5: Project Expenses

Item	**Planned (Ushs)**	**Actual Spent Ushs**	**Remarks**

Item	Planned (Ushs)	Actual Spent Ushs	Remarks
Construction materials	250,085,457/=	257,115,768/=	Variations in rates of materials
Drainage construction	14,890,000/=	15,415,640/=	Extra pieces of culverts procured
Fuel and Lubricants	74,278,500/=	74,818,500/=	
Labour costs	23,175,000/=	26,685,000/=	Delays caused by break down of equipment
Administrative expenses	15,610,000/=	15,427,600/=	
Disturbance allowance	5,922,000/=	5,922,000/=	
Quality control	6,915,000/=	6,915,000/=	
	12,808,124	6,791,418	
Total(s)	439,745,581	458,368,189/=	

Source: MoWT officials

Physical Performance

The first seal coat and second seal coat for the Samuel Baba road was completed. However, the application of the second seal was not satisfactorily done with stripping and bleeding evident in several sections of the road. Works on the other urban council roads were satisfactory though only one seal has been worked upon, while the second coat had not been worked on due to the loss of bitumen which got burnt by fire during pre-heating.

Lukaya Town Council

In FY2010/11, the planned activities included resealing of 0.8Kms under the urban roads resealing project in Lukaya town council. These roads were; Sempijja-Bulingo road (400ms), Church road (200ms) and Market road (200ms) road. This covers a total of 0.8 Kms with a carriage way width of 7 meters. For the roads sector, the council had a total budget of UShs 322.56 million, expected to be funded by the Urban Roads Resealing Project under the Ministry of Works and transport with UShs 200 million (62%) and local revenue of UShs 122.56 million (38%). Initially, the town council wanted to cover 1 Km in total for the roads but the finances were not enough. From the two seals that were supposed to be covered, one seal was achieved as the bitumen was not enough.

Physical works on ground started late January 2010 with the mobilisation of equipment and personnel on site. The implementation has been by urban roads resealing unit using Force account. The ministry had to provide equipment and personnel and financial contribution on top of the council's co-funding.

The funds that were received and accounted for by March 2011 were UShs 298.15 million (92.4% of the approved budget).

There were variations that cropped up during the implementation resulting from changes in the rates of the construction materials and in some cases quantities. A case in point was the intended use of existing culverts but in critical analysis during construction, these were found to be in poor condition.

At the time of physical inspection that is on 27th July 2011 all the three roads were at a stage of substantial completion. Works had stopped in May 2011 due to limitations in funding and the district officials anticipated completion within two weeks when the money is obtained.

FIGURE 10 A RESEALED SECTION OF MARKET ROAD (LEFT); A RESEALED SECTION OF SEMPIJJA-BULINGO ROAD.(RIGHT) WITH ONE SEAL AND UNPROTECTED SIDE DRAINS.

Challenges

- The project stalled resulting in an increase in duration to seven months from three months. This was due to Ministry of Works (MoW) demanding for a salaries amounting to UShs 4.2million per month for a unit (machines and personnel).
- The project had originally relied on MoWT equipment that was provided Under the JICA project but this unit is heavily depreciated and unreliable due to run down through aged equipment. They had to hire because MoW does not have machines which they were supposed to provide under the JICA.
- Increase in prices leading to variation in prices of the inputs like the 9mms culverts, stones, bitumen, lime, lubricants, diesel and petrol.
- The road was last worked on in May 2011 and completion was projected within two weeks from the time the money will be obtained.
- No side drains were put on the road.

Lyantode Town council

Lyantonde town council executed the urban resealing project along Market Street for a length of 0.7Kms and width of 7ms in the FY2010/11. Three sources of funding had been indentified for the road to be covered in the FY 2009-10. They were a Presidential pledge, JICA, and the Local Government contribution. This money was used for the procurement of materials like bitumen, chip stones, aggregate and premix in the first phase of this project.

The first seal done in the first phase, FY 2008-09, was 0.7 Kms. The Presidential pledge of UShs 100 million was not received in FY2009-10. The money was received in the 2nd Quarter of FY2010-11 to finance the works of phase two though it was advanced to the project engineer in the last week of June 2011.

The works involved constriction a second bituminous surface dressing with 10/14mms stone pitching on existing sealed surface. A total budget of UShs 99,330,012 was approved in the FY 2010/11 for the above project.

The council hired machines to complete the work when the contractor failed to execute the works. Rains and the improper use of the road by motorists during construction have affected the quality of the final product.

At the time of the visit, accountability for the funds was not yet complete since works were still ongoing.

FIGURE 11.1A RESEALED SECTION OF MARKET STREET WITH THE SECOND BITUMINOUS LAYER (LEFT); ADDITIONAL CHIP STONE AND BITUMEN WAS ALSO SEEN AT THE TOWN COUNCIL YARD

3.8 WATER AND SANITATION

3.8.1 Introduction

Government of Uganda, in its National Development Plan attaches great importance to the Water and Environment sector. This is because the sector has a direct health and socio-economic bearing on the population (rural and urban alike) and is very critical for the overall national productivity. The sector is however currently faced with a number of strategic and operational challenges that threaten its ability to meet the MDG targets and many of these challenges cut across other sectors of the national economy. To address these challenges, government initiated reforms in the water sector in 1997 to ensure that water services are provided and managed with increased efficiency and cost effectiveness.

The Government of Uganda currently provides four core conditional grants to the sector, and these include:

i) The District Water and Sanitation Conditional Grant (DWSCG) disbursed on a quarterly basis to districts for the development of water and sanitation service infrastructure in the rural areas. Under this grant, the procurement process, as well as the contract management, is carried out solely by the districts.

ii) The Water for Production Conditional Grant. For the development of facilities for sustained provision of water for livestock particularly within the cattle corridor.

iii) The Urban Water Supply and Sanitation Conditional grant. For the development of water and sanitation facilities to provide sustained services to people living in urban, peri-urban areas and upcoming Rural Growth Centers (RGCs).

iv) The Water Resources Management Conditional Grant. For the development and management of water resources including regulation and quality control of the resources.

In the course of the FY2010/11 both financial and physical performance were monitored under each of the four conditional grants above. Under the DWSCG, a total of 12 district local grants (DLGs) were monitored, with Q4 monitoring focusing on 9 DLGs. In the FY being reported on, the districts monitored for progress under the DWSCG included: Kaliro, Nakaseke, Masaka, Sembabule, Kumi, Soroti, Kisoro, Kabale, Kiboga, Rakai, Ibanda, and Pallisa). During Q4, monitoring focused on Ibanda, Kumi, Soroti, Kasese, Rakai, Kisoro, Kabale, Kiboga and Pallisa DLGs for the DWSCG while the DWD/centrally managed outputs that were monitored included:

- Rain Water Harvesting Tanks
- Construction of Tororo-Manafa gravity flow scheme (GFS)
- Completion of piped water systems in Kamdini, Anaka and Kuru
- Construction of piped water system in Oyam Town Council (TC)
- Additional Works on Soroti-Dhakabella pipeline for Amuria water supply and sanitation (WSS)
- Construction of piped water systems in the RGCs and small towns of Wakiso, Wobulenzi, Luwero, Magale (Manafwa), Masafu (Busia), Kachumbala (Bukedea)
- Additional works on Gulu Town Water Supply
- Construction of Tirinyi-Kibuku piped water system

- Completion of piped water systems in the RGCs of Kicucu, Kibiito, (both in Kabarole) and Rugendabara (Kasese)
- Construction of new piped water system in Bwera/Mpondwe TC
- Construction of Lutunku and Kisozi Valle Tanks
- Extension of Lutunku piped water system
- Construction of Akwera Valley dam (Otuke)
- Construction of Obwengyerero, Kagamba and Kagango Valley Tanks (Isingiro)

Financial performance was monitored using IFMS data for centralized projects to analyze the absorption rate and whether funds for development projects were being used for high or low priority areas for operational efficiency. High priority expenditure is defined as ‘installation of physical infrastructure” as this reflects investment in capital outputs. Low priority expenditures are those which are re-current in nature, including: allowances, workshops and seminars, travel inland, fuel and vehicle maintenance.

Whilst these re-current expenditures are required in all development projects, their composition should not exceed more than 10% of the total budget. For the DWSCG, data on financial performance was taken from the Q3 progress reports submitted by districts to the Ministry of Water and Environment (MWE) with a copy to MFPED. This was further backed up by data directly taken from the DLG sector account books as of third week of the June 2011.

Physical performance was monitored by assessing progress in the completion of outputs which had been planned and budgeted for at the start of FY2010/11. For centralized projects the Q3 Progress Report (‘Performance Form A’) which is submitted by MWE on a quarterly basis was used for monitoring. Physical spot visits to selected projects were conducted to verify reported progress, both volume and quality of works.

Criteria for sampling projects and districts to monitor

- Expected physical progress in Q4 for both centralized projects and the DWSCG according to the Q3 progress report and Q4 work plans.

- There were two criteria for selecting districts to monitor the DWSCG. Firstly, districts with safe water coverage at 40% or below were sampled to assess implementation in these underserved areas. These include Mubende, Mayuge, Bugiri, Abim, Isingiro, Kisoro and Kiruhura districts[94].

- Follow-up visits for projects and districts monitored during previous quarters. Priority was given to areas where remediable challenges had been identified during previous monitoring visits to assess whether progress had been made. For the DWSCG follow up visits were made in four districts including Kamuli, Apac, Kitgum and Abim.

[94] Water and Environment Sector Performance Report 2008, Ministry of Water and Environment, pp. 153-5

3.8.2. Rural Water Supply and Sanitation (RWSS) Vote Function

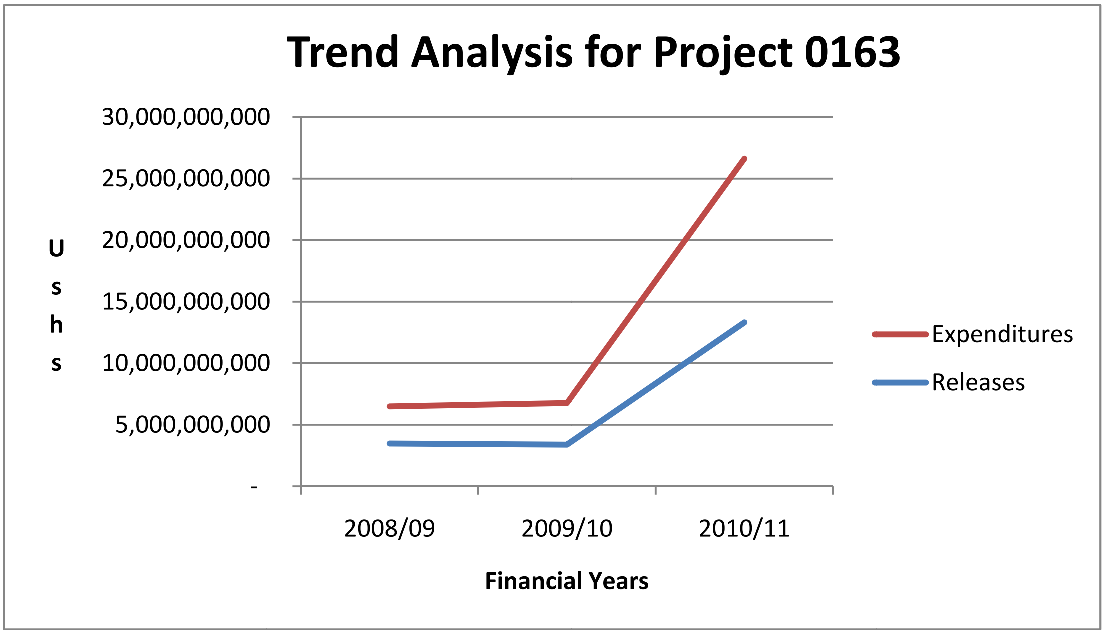
Under the RWSS program the team monitored the Support to rural wter supply (RW) (Project 0163) focusing on the DWSCG, Tororo-Manafa GFS (which is centrally managed by DWD and the Domestic Rain Water Harvesting (DRWH) projects. The RWSS program is decentralized through the DWSCG and is implemented by respective recipient DLGs. The DWSCG receives 35% of the sector budget[95] and this is channeled from MoFPED directly to the DLG General Fund Accounts on a quarterly basis. The disbursements are on the basis of work plans and budgets approved by the MWE which prepares the necessary payment schedules against which MoFPED effects transfers.

All districts monitored reported the same financial information as that held on the IFMS. Eleven of the twelve districts sampled stated that they relied on the national press for accurate information on releases made under the conditional grant. This was used to cross-check release information supplied by the Chief Financial Officer and verified against bank statements. A general comment made by District Water Officers is that though the timeliness of releases had improved in FYs 2008/09 and 2009/10, there was a drawback (with no releases in Q3 and in some cases Q4 releases coming in as late as mid June 2011) in the FY 2010/11 and that budget shortfalls in the FY were more severe than ever before.

All districts monitored suffered budget cuts in the FY 2010/11 ranging between 70 million and 90 million shillings. All district water officers (DWOs) interviewed complained of lack of communication from the centre regarding the budget cuts, which left them with implementation planning problems including non-payment of contractors who had already been engaged and undertaken works.

Figure 3.8.1. Trend Analysis of financial performance for project 0163 FYs 2008/09 to 2010/11

[95] National Budget Framework Paper FY09/10-FY13/14, Ministry of Finance, Planning and Economic Development, pg. 178

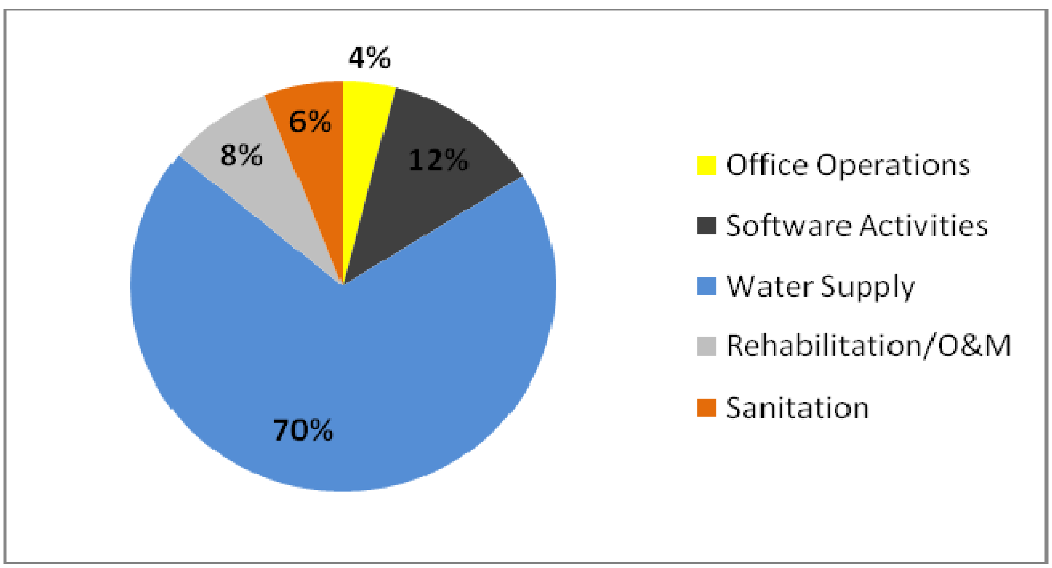


Source: Integrated Financial Management System (IFMS)

DWSCG Expenditure for the 2010/11

The figure below provides an overview of the DWSCG expenditure allocation as per the Water and Sanitation Sector Guidelines for the FY 2010/11:

FIGURE 3.8.12: EXPENDITURE CATEGORISATION OF THE DWSCG IN FY 2010/11



Source: MWE Annual Report and MoFPED ISMS

At the time of Q4 monitoring, all districts monitored had implemented close to 80% of their planned activities, particularly the construction of physical outputs. However, just as in past years, the greatest challenge to timely service delivery remained procurement, and inadequate staffing which when combined, delayed works for 10 of the 14 districts sampled. Three of the four districts that did not start late, had their procurement process kick-started early and the forth district actually never followed the guidelines.

During the monitoring an attempt was made to analyze the outcome performance for the DWSCG FY 07/08 to FY 2010/11 by way of new populations served that can directly be linked to the DWSCG releases over the four FYs. The findings are outlined in the table 3.8.1below.

Table 3.8.1: Outcome analysis for 3 FYs as linked to financial performance

FY	Approved Budget (Bn) U shs	Budget Realized (Bn) Ushs	New Population served	Budget utilization Ushs			
				Priority expenditure (Bn)	Recurrent non wage (Bn)	Total spent (Bn)	Unspent balance (Bn)
2007/08	46,077	41,448	671,973	28,244	3,713	36,378	5,070
2008/09	45,963	44,119	567,736	31,285	4,112	40,639	3,480
2009/10	55,502	52,606	670,910	36,087	3,737	45,539	7,067
2010/11	56,583	51,443		30,157	2,156	35,546	15,897
Total	**204,125**	**189,616**	**1,910,619**	**125,773**	**13,718**	**158,102**	**31,514**

Source: MWE Annual report and individual DLGs reports for FY 2010/11

NB:

1. *By the time of reporting it was not possible to accurately calculate the overall new total population served for the FY 2010/11.*
2. *Whereas over ¾ of the DLGs complained of having experienced "huge" budget cuts in the FY 2010/11 (and said it was the worst in the last three FYs), it was noted that for the same period, they had the highest unspent balance on their accounts. One should have expected that with budget cuts the DLGs should have spent all their monies since they got less than they had anticipated.*

The trend in new population served was found not to be commensurate with the budget realization because of the following reasons.

- Increase in number of districts – with increasing number of districts, substantial funds are spent on administrative costs; new vehicles, new water offices and overhead costs which do not add to coverage.
- The rising costs of consumer commodities especially fuel automatically forces the unit costs of the water supply technologies to go up thereby reducing on the number of facilities achieved.
- Potential for low cost technology options (springs & shallow wells, small GFS) is getting depleted/ exhausted; investments are now focused on the expensive options. This point was earlier highlighted in the BMAU Water and Sanitation Policy Brief of 2010/11 and it contributes to a strong case for increased attention and funding towards research into new/appropriate technologies.
- According to sector guidelines, district should spend at least 70 % of their budget on new physical water supply facilities which should lead to increased number of persons served. In some districts this is violated citing factors stated above.

Whereas much of the focus under the DWSCG is on point water sources, findings during monitoring show that in some districts, funds are used to construct piped networked) water systems. It has been noted that piped systems (bulk water supply/ production wells/ GFS etc) are much cheaper (in the long run) easier to manage and maintain, serve more people than point water sources. Further analysis shows that this is because:

- Scattered settlement patterns do present a big challenge to be served with piped water supplies because of the high costs involved.
- Additionally the funding levels from central government to the sector/ DWSCG are low and are not sufficient to implement piped water supply systems that require on average a minimum of 350million per scheme.
- For the gravity flow schemes development, application is limited due to unfavorable topography e.g. Central region

Interviews with MWE officials responsible for Rural Water Supply revealed that the Ministry has developed some strategies for gradually phasing out point water sources and concentrating on piped systems.

- The ministry developed a Rural Growth Centre strategy – all settlements with population exceeding 500 persons, as a matter of policy, the Ministry discourages development of point water sources. Districts have embraced this policy and a number of upcoming centers are planned for piped water systems. Designs have been developed and in some cases implementation undertaken in phases.
- For areas with potential for gravity flow schemes, districts are encouraged to develop the piped water supplies and the centre implements the large GFS that span across districts e.g. Tororo –Manafa gravity flow scheme.

Cross-cutting challenges in implementing the DWSCG

Core cross-cutting challenges that affect nearly all DLGs were noted at two critical levels:

(a) At the Local Government level

- Gaps in the way software activities for water activities are implemented – communities are usually not well prepared to demand and receive the water facilities
- Political intervention – Involvement of politicians in implementation of water programmes has to a large extent yielded positive results regarding performance of water facilities however in some cases politicians convey conflicting messages on water user fees contrary to the guidelines.
- Quality of water facilities: A number of Contractors/ consultants have technical gaps greatly affecting the quality services/ facilities delivered. The quality of materials on the market is not very good.
- Staffing at both district level and the lower local governments – Much as the sector is trying to identify and fill up all the existing positions in the district structures with qualified staff, the efforts are constrained by creation of many districts. Low staffing levels in districts results in inadequate supervision and monitoring of water activities.
- Coordination mechanism- Under decentralization arrangement, water activities are supposed to be implemented by districts through the sub-counties. Additionally a number of NGOs, CBOs are also implementing water activities at district and sub-county level. The coordination mechanism for all these players is still weak especially at sub-county level.

(b) At Central level

- Quality and availability of spare parts: the sector is working closely with the UNBS to ensure quality spare parts are available on the market and continues to encourage suppliers to open up spares outlets at all levels because accessibility affects functionality.
- Backup support mechanism (institutional) at the central level: the rural water supply and sanitation Department that is charged with ensuring proper use of the facilities currently lacks an institutional arrangement to address O&M. The concern has been presented to the public service restructuring team for consideration.
- Community based maintenance system (CBMS): from 1986, the sector has been using the CBMS; that requires the communities to take full responsibility for the operation and management of the rural facilities. Over the time it has been realized that the system has gaps to be addressed. The sector is currently reviewing the O&M framework and carrying out capacity building of community based artisans like hand pump mechanics to assist in ensuring functionality; the key challenge of the sub sector.
- Obsolete point sources: Sources that have outlived their design horizon continue to be reflected in the sector data base; giving a distorted picture of what is happening in the field.

The rural sub sector has now embarked on the process of decommissioning all the obsolete facilities through JSR undertaking.

In spite of the shortfalls under the DWSCG, especially in respect of point water sources and the attendant challenges faced, the monitoring team observed that the grant not only needs to be continued but actually increased in size. This is on the basis of:

- The MWE has a comprehensive institutional framework and policies which are in-line with the decentralization and liberalization policies of government. The institutional framework is also well detailed with clear roles and responsibilities at National, District and community levels
- Currently 80% of the population lives in rural areas characterized by scattered settlement which can be best served through point sources; the transition from the scattered settlements. to concentrated modes is moving gradually. This calls for continuation of the DWSCDG.
- Ministry has strengthened the de-concentrated regional structures to ensure close monitoring and supervision of the DWSCG. The technical support units (TSUs) have the necessary qualified and competent staff to support districts in the implementation of water programmes.

Domestic Rain Water harvesting project

Findings from monitoring during the FY 2010/11 show that domestic rainwater harvesting tanks are still on promotion level. But the current selection criteria favor well to do families. The monitoring team examined why MWE was not promoting communal rainwater harvesting and the following were the findings.

- Rain water harvesting requires strict regulation and management which is hard to enforce with communities unlike at household level. Water supply from rainwater harvesting tanks is seasonal (unreliable) – it is not possible to have water supply throughout the year using rain water tanks; this affects community involvement and the management arrangements. Therefore Rainwater harvesting is mostly promoted at household level.
- Communal rainwater harvesting requires presence of institutional/ extensive roof catchments e.g. schools or hospitals which are not available in most communities.
- For rainwater harvesting, there is need for appropriate roof catchment which is harder to mobilize at communal level than at household level.

There have been several studies on domestic rain water harvesting - to do it at communal or household level! One important finding is that domestic rain water harvesting technology (DRWHT) has most advantages at Household level. The sector has developed a rain water harvesting strategy.

Below is an outline of the performance of selected districts that were monitored in Q4 of the FY 2010/11 under the DWSCG:

(i) Ibanda District

The bulk of the district is water stressed and the demand for water both potable and water for production is overwhelming. There are areas within the district which have very critical water shortages, especially Nyamarebe Sub-County. It is for this reason that the district local council (DLC) decided to undertake a multi-year networked pumped water scheme. Over 4/5 of the funds realized in FY 2010/11 were allocated to continuation of construction work at the scheme.

Financial performance

The FY2010/11 approved budget was UShs 546,660,000/=. By June 2011, UShs.464, 661,300 was released, representing 85% of the budget and a 15% (Ug Shs. 81,998,700/=) shortfall. By end of June 2011 UShs. 464,150,567/= (99.9%) of funds released were absorbed.

Physical performance

As mentioned earlier, due to the acute water shortage in Nyamarebe S/C and considering the potential for network systems to supply larger numbers of people, the DLC voted for focusing of efforts and budgets for the FY 2010/11 on Nyamarebe pumped water system. In addition a few other hardware and software activities were undertaken as outlined below;

Table 3.8.2: Status on Capital Outputs and Expenditure in Ibanda District

Output	Annual Planned Output	Outputs Completed (June 11)	Comments on progress
Software activities including sanitation and hygiene promotion, advocacy meetings and O&M trainings			All (100%) planned software activities were undertaken fully. However budget spent (Ug Shs. 16,932,227) was over and above planned (Ug Shs. 30,409,500/=). This was due to decommissioning exercise carried out and new activity for pipe relocation along Kazo-Kamwenge Rd. due to road works being carried out. Parts of the funds needed were reallocated from salaries vote.
Shallow well construction	8	13	162% completion performance. More than the planned number (6 additional wells) was constructed due to surplus funds coming in from community contribution. Annual budget was Ug Shs. 40,000,000/= while actual expenditure was Ug Shs.47,756,929/=
Construction of Nyamarebe piped water system	1	55% done	A multi-year project. Detailed component progress outline in text below this table.
Construction of deep boreholes	6	6	100% completion. With funding from EU grant @ Ug Shs.20 million each
Rehabilitation of water facilities at Kigunga/Kanyansheko	1	2	180% achievement reported

Output	Annual Planned Output	Outputs Completed (June 11)	Comments on progress
Water Quality testing activities	28 sites	28 sites	3 new sources/sites and 25 old sources/sites were tested
Supervision and inspection visits	19	19	100% achievement/completion. Inspection of constructed water facilities constructed for the release of retention fees and preparation of payment certificates
Specific surveys	4	5	125% achievement/completion. Increased due to decommissioning exercise carried out and new activity for pipe re-location along Kazo/Kamwenge Rd due to road works being carried out.

Source: Ibanda District DWSCG Q3 Progress Report and Field Findings

Construction of Nyamarebe piped water system

The Nyamarebe multi-year system had 9 core components and each was at differing level of completion as indicated in table 3.8.3.below. The contract sum of the system was UShs. 1.13 billion.

Table 3.8.3: Completion sttaus of Nyamarebe piped water System Ibanda District

SN	Component	Completion status as of monitoring date (30/06/2011)
1	Intake works	100% completed
2	Treatment plant	20% completed
3	Construction of a 2-in one concrete reservoir tank (total capacity of 90 cubic meters)	65% completed
4	2.9km Transmission line from source to reservoir tank	100% completed
5	20km distribution line	9 km (%) done
6	Construction of public tapstands	0% completed (works not started yet)
7	Construction of pump house	100% completed
8	Procurement and installation of pump	0% completed

SN	Component	Completion status as of monitoring date (30/06/2011)
9	Procurement and installation of generator	100% completed

Source: Direct observation/findings during monitoring visit to the site.

Photos 1&2: On-going construction works for The twin 90 cubic meters Reserviour Tank (on the left) at Nyamarebe piped water system and two Sand Filters (on the right) as part of the treatment plant. (taken on 30/06/2011)

In the FY 2010/11 UShs.382,736,200/= was budgetd for the piped system, but by end of June 2011, due to budget cuts experienced only UShs 232,736,200/= had been realised and spent on the project. The project needs more funds to complete the remaining works.

Overall the allocative efficiency of Ibanda DWO was not in line with national guidelines. Expenditure on non-priority activities of a re-current totalled to 23.5% against the recommended ceilling of 16%.

Sanitation and community ownership

Ibanda was found to one of the very few districts in the country where software activities were being implemented with reasonable results registered. The vigorous social mobilization by the DWO has resulted into positive attitude change by communities towards local contribution. For each shallow well allocated to a community they are required to make a local contribution of Ug Shs.100, 000/=. This money was collected in record time and was used by the DWO to construct 5 additional wells over and above the number planned for the FY 2010/11.

Of the water user committees (WUCs) formed and trained, 90% of them were found functional at the time of Q4 monitoring, this is record high compared to districts like Kumi and Soroti where only about 25% of the trained WUCs were found functional. The success in Ibanda is attributed to the very closely regular post-training contact through supervision and inspection visits the DWO makes with the committees and communities in general.

These gains are however under threat following recent political pronouncements in the district to the effect that water provided to communities by GoU was free and nobody should charge local communities to access such water facilities. To counter this negative development however, the DWO is planning to experiment with the "private-operator-O&M system starting with piped systems and if successful it will be cascaded down to point sources.

Key challenges in implementation:

The district faces a number of challenges in its effort to provide water especially in water stressed areas:

- **Lowering water table.** This is causing a number of constructed shallow wells to register permanent low or even nil yields especially in the dry season. Those that completely dried up have had to be de-commissioned hence contributing to either a very small growth in coverage or even reduction at worst.
- **Negative political pronouncement.** As explained above this has a negative effect on functionality of the water facilities as some communities then tend to sit back and wait for the DWO to undertake repairs however minor in case of a break down.

(ii) Kabale District

Financial performance

The FY2010/11 approved budget was UShs 303,690,000/=. By end of June 2011, UShs. 258,937,000/= was released, representing a realization of 85% of the approved annual budget and a shortfall of UShs 45,553,000/= (15%). By June 30th, 2011 UShs.247, 319,827/= (96%) of released funds was absorbed giving an unspent balance of UShs. 11,617,173/= (4%). This was a good absorption rate.

Physical performance

Table 3.8.4: Status on Capital Outputs and Expenditure in Kabale District

Output	Annual Planned Output	Outputs Completed (June 11)	Budget U shs		Comments on progress
			Planned	Paid out by Jun 30th	
Construction of Protected Springs in the S/Cs of Kyanamira, Kitumba, Muko, Maziba, Rubaya, Kashanbya and	10	10	16,128,870	13,311,540	All completed and under defects liability period (DLP). That accounts for the difference between planned and actual budget spent so far

Output	Annual Planned Output	Outputs Completed (June 11)	Budget U shs		Comments on progress
			Planned	Paid out by Jun 30th	
Bukinda					
Domestic Rain Water Tanks in S/Cs of Buhara, Hamurwa, Maziba and Kamuganguzi	60	40	79,200,000	49,104,000	40 tanks have been completed and payment made. Another twenty are on-going but DLG is not in position to pay due to the budget shortfall and effects of inflation.
Completion of DRWTs in Maziba and Kamuganguzi S/C	20	20	24,006,000	24,006,000	All completed and fully paid for
Completion of Kigarama gfs	1	1	37,570,598	29,579,684	100% completed but under O&M
Borehole rehabilitation at Kinyamozi, Rwanyakiju and Kakanyoro in Kamwezi S/C	3	3	10,700,000	9,607,950	All 100% completed and still under defects liability period. Retention fee payable only after expiry of DLP
Replacement of solar panels and security house for Nyakasiru and Kirorwa in Bukinda S/C			50,300,000	50,300,000	Still on-going as of June 30th 2011
Rehabilitation of Ngasire gfs	1	1	10,765,573	10,765,573	100% completed and all retention paid

Source: Kabale District DWSCG Q3 Progress Report and Field Findings

Trend in Outcome Performance

As part of the Q4's monitoring, an analysis of the trend in total number served using allocated budgets for a financial year was made for the past three financial years and the results are indicated in the table below

Table 3.8.5: Trend analysis of outcome performance between FY 2008/09 and FY 2010/11

Year	Total Budget realized Ushs	New people served	Remarks
2008/09	203,941,480	5,753	Reduced funding from 781million to 203millon resulted into serving few people
2009/10	399,871,000	57,527	More funds results into serving more people
2010/11	258,137,000	11,505	Funds further reduced affected people served

Source: District reports

General observations

1. The defects liability periods are not well defined and documented raising the possibility of paying the contractors before expiry and correction of defects.
2. The selection criteria for beneficiaries of the DRWTs are either, not followed or are unfair and do not enhance chances for the poor benefiting. A number of tanks were found constructed in households of well-off to do families yet their immediate neighbors who should have been targeted did not get. In Maziba S/C in Kabale district one female community member bitterly complained about the way beneficiaries were selected in her area. She had applied but was “denied” a tank yet her neighbor who could afford one on his own got allocated.
3. An attempt to promote and or research on the possibility of communal DRWHTs was conducted by DWD in the parishes. The research was stopped and no conclusive and convincing results have been published. Many community members are convinced communal tanks would sort out the “bias” in allocation towards “rich” families at the expense of the poor vulnerable ones.
4. At the time of contracting, the cost of a 5 cubic meter DRWHT was 1.24 million. A short while later the cost increased by over 30%. In practical terms the contractor will not be in a position to deliver the contracted numbers at that cost even when the 15% legally allowed variation is applied. At the time of monitoring, the DWO did not have a concrete idea of what the way forward would be.
5. The 15% budget shortfall means that some outputs had to be shelved and all retention fees will not be paid. These will have to be catered from the FY 2011/12 budget. It was not clear to the monitoring team whether this was clearly reflected in the FY 2011/12 presented to Council for approval. Since it has to be paid anyway, it is possible that it will again have a negative effect on the execution of the FY 2011/12 budget/work plans.
6. Settlements for four different retention fees (i. retention on Ecosan Toilets at Kigarama and Kyobugome rural growth centres (RGCs); ii. retention on 10 springs done in 2009/10 at Butambi, Muruvoko, Mukirwa, Migyesi, Omukahita, Mumba, Kajabura; iii. retention on Ibumba/Ibugwe GFS extension and; iv. retention on boreholes rehabilitated in 2009/10 at Muko S/C HQs, Kacwamuhoro and Nyakibitare) carried forward from FY 2009/10 were

effected in FY 2010/11, and amounted to UShs 6,987,400/=. This money could not be paid out in the rightful FY for the following reasons:

a. There was a shortfall of UShs. 24 million in budget realization in the FY 2009/10, the year the outputs were undertaken, and one of the effects of this shortfall was inadequate funds to finance all obligations planned.

b. Weaknesses in the district procurement process which led to late commencement of works. Late commencement subsequently led to late completion (works could not be completed within the planned June 30th FY time limit) and this pushed the defects liability period into the following FY. So even if funds had been available, retention fees could be settled within the FY2009/10.

The net effect of having settlement of retention fees carried forward into the subsequent FY, is that volume of outputs deliverable that FY are reduced since IPFs/approved budgets do not cater (by upward rise) for such cases. The DLG settles debts incurred in the previous year on a budget allocation of the next year, when that money could have been used for delivering new outputs.

(iii) Kasese District

Financial performance

The FY2010/11 approved budget was UShs 636,352,805/=. By June 2011, UShs. 505,666,000/= was released, representing 79.5% of the expected budget and a shortfall (budget cut") of Ug Shs. 130,686,805/= (20.5%). By end June 2011 only UShs. 346,241,183/= (68.5% of funds released were absorbed. This left a bank balance of 159,424,817, the bulk of which the DWO claimed were committed funds resulting from late contracting due to delays in the procurement process.

The budget shortfall in FY 2010/11 was nearly five times what the district experienced in FY 2009/10 (when it was only UShs. 28,238,354/=). This shortfall culminated into scaling down of activity implementation (subsequently these have had to be re-budgeted for in the FY 2011/12 work plans) and non-payment for some works already undertaken against contract agreements reached with contractors.

Overall budget execution by the DWO followed the set guidelines; 86% went on priority expenditure (development activities) while only 14% was spent on non-priority expenses of a re-current nature.

Physical performance

The DWO planned to deliver a number of outputs in the FY 2010/11 and table 3.8.6 below highlights the status of achievements as of 30th June 2011.

Table 3.7.6: Status on Capital Outputs and Expenditure in Kasese District

Outputs	Pop to be served	Budget/ Contract price Ushs	Status of completion	
			%age	Remarks
9 springs for protection in the S/Cs of Kisinga, Kukunyu and Muhokya	2,700	19,653,500	100	The works are now complete but not yet paid
Completion of Karalike GFS phase 2 in Nyakiyumbu and Bwera S/Cs	3,000	106,403,434	100	Works complete and payments done
Construction of at least 1 mini GFS in water stressed area-Kangwangyi in Maliba SC	4,945	45,000,000	31% out of the 14 million	Decided to first hire a design consultant to prepare design documents and they are now ready to be forwarded to DWD for approval An amount of Ushs 14,000,000 was set aside for that. Out of the Ushs14m only Ushs 4.3m has been paid
Design and construction of Kithengere GFS in Kyabarungira SC	1,500	40,000,000	0	Procurement process delayed. To be done FY 2011/12
Construction of phase 1 Hamukungu Water Supply in the S/C of L.Katwe	1,500	228,376,100	0	Procurement process delayed. To be done FY 2011/12. Change in design from use of the lake to a production well
Borehole rehabilitation in the S/Cs of Kitswamba, Hima TC, Mukunyu, Nyakiyumba and L.Katwe	4,200	55,623,480	100	Works complete but payments not yet completed.
Construction of 2 public latrines at RGCs of Kyarumba and Kanyampara		25,283,400	0	This activity was changed from public latrines to the redesign of the Bwera GFS intake .Procurement process to hire a design consultant has delayed. To be done FY 2011/12.

Source: Kasese DWO Q3 Progress Report and field monitoring findings

Some of the key Outputs affected by the budget shortfall included (were not undertaken therefore affecting :

- Protection of 6 springs in the Sub counties of Munkunyu and Kisinga,
- Design and construction of Kithengere GFS in Buhuhira SC,

- Construction of Hamukungu Water Supply in L.Katwe SC,
- Borehole rehabilitation in the Sub counties of Munkunyu, L.Katwe and Maliba and
- Design and construction of Kangwangi GFS in Maliba SC

Implementation challenges in FY 2010/11

The district sited two core challenges faced in the course of implementing FY 2010/11 work plans and budgets:

Understaffing

The FY was started with a total of 2 engineers one as the DWO and the other as the ADWO supported with 2 others, one for sanitation and the other for mobilization both seconded from their mother departments. The DWO was at the same time the Acting district engineer (DE). Towards the close of Q2, the DWO got another job in Kampala and left the district. This left the ADWO acting as both DWO and DE up to the close of the FY. It is now at the start of the FY-2011/12, that 2 other engineering assistants have joined the Department.

Delayed procurement

Most of the activities meant to be handled during the FY were not handled mainly due to the delays in the procurement process of the district. These activities have been rolled over to the FY 2011/12.

Trend in Service Coverage

Coverage grew tremendously between 2008/09 and 2009/10 (when it grew by 3.6%) compared to the period between 2009/10 and 2010/11 when it grew by only 0.5%. There were two main reasons to this:

1. Workplan implementation had greater problems between FYs 2009/10 and 2010/11 compared the preceding period. These arose from weaknesses in the procurement process and understaffing in the water office.
2. Budget shortfall. In the last three years, it is in FY 2010/11 that the district had the highest budget shortfall. This meant that a number of planned outputs could not be delivered.

(iv) Kiboga District

Financial performance

The FY2010/11 approved budget was Ug Shs 353,541,750/=. By June 2011, Ug Shs. 300,489,000/= was released, representing 85% of the budget and a shortfall of Ug. Shs.53, 052,750/=, which was 15%. By end June 2011 nearly budget released had been absorbed leaving a bank balance of only Ug. Shs 50,000/= which was to be absorbed into bank charges.

Like in the case of Kasese, budget execution did follow established guidelines, with 86% going on priority development activities and 14% on non-priority expenses of a re-current nature.

Physical performance

Table 3.8.7: Status on Capital Outputs and Expenditure in Kiboga District

Output	Annual Planned Output	Outputs Completed (June 11)	Comments on progress
Spring protection	4 in the S/Cs of Kibiga, Lwamata,, Bukomero and Muwanga	4 (at Ug Shs. 9,712,800/=)	100% achievement
Spring rehabilitation	10 in the S/Cs of Kibige and Lwamata,	9 (at Ug Shs. 21,853,300/=)	The large numbers of springs requiring rehabilitation is largely a function of poor O&M systems in place and lack of strict and enforceable environmental conservation measures. There was no evidence that the district attaches great importance to these two aspects yet they are vital in the sustainability of protected springs. Large sums of money are being spent on rehabilitating old systems yet there is still high demand in unserved areas for new water points.
Shallow well construction	12 in the S/Cs of Kibige, Kapeke, Muwanga, Bukomero and Lwamata	12 (at Ug Shs. 66,013,495/=)	100% achievement
Deep well construction	8 in the S/Cs of Kapeke, Lwamata, Bukomero, Dwaniro and Muwanga	8 (at Ug shs.124,682,873/=)	100% achievement (but limited to drilling, hand pump installation is yet to be completed due to financial constraints.
Water Quality Testing	55 sites	55 (at Ug Shs. 3,005,200/=)	100% achievement. However this crucial activity was limited to only new completed and or proposed sites. Routine water quality testing was not being done for existing sites which makes it difficult to guarantee that communities continue to get safe water.
Formation and first level training of WUCs	34	34	100% achievement
Sanitation/hygiene Baseline Survey (BLS)	34	34	100% achievement. However limited to areas proposed for new water points. This does not give a good picture of what the overall sanitation and hygiene situation is in an area

Output	Annual Planned Output	Outputs Completed (June 11)	Comments on progress
			including non-served areas.
Sanitation week	1	1	100% achievement. However these are a one-time-off event that does not go far in sustaining behavioral change among communities
Theatre for sanitation/hygiene (Drama Shows)	2	1	50% achievement. Avery good innovation but insufficiently community-led and therefore difficult to secure continuity and sustainability
Radio Talk Shows	2	2	100% achievement. Avery good innovation but insufficiently community-led and therefore difficult to secure continuity and sustainability
Extension workers review meetings	1	Nil	0% achievement. A lost opportunity considering the vital role extension workers play in mobilizing communities, training them and monitoring progress
Advocacy meeting at DLG level	1	Nil	0% achievement. A lost opportunity considering the fact that local leaders need to own up sanitation/hygiene promotion among their subjects and to mobilize for community-based O&M. Part of the O&M problem nation-wide stems from the negative message carried by politicians especially during electioneering. So advocacy meetings targeting such people would make a good positive contribution to behavioral change.

Source: Kiboga District DWSCG Q3 Progress Report and Field Findings

The budget shortfall experienced had a toll on planned activities:

- 15 Rain Water Harvesting Tanks planned were not constructed
- 10 protected springs had been planned for rehabilitation but only 9 were achieved
- 8 deep wells (boreholes) were drilled but hand pumps for 4 of the wells could not be installed due to lack of money to pay for the costs. The total cost for installing the 8 wells is UShs. 34,000,000/= at Ushs 4.25 million per well.

A contractor had been hired to install hand pumps for the other 4 wells and a down payment of UShs 10,150,000/=. Overall the district will have to find the remaining UShs 24 million to complete all the installations.

Sanitation and community ownership

Of the total budget released only Ushs49,955,240/= (barely 1% in comparison to the recommended 8%) was allocated and spent on soft water activities (including WUC trainings, sanitation and hygiene promotional campaigns). Only about 30% of the planned software activities were implemented. Only WUC formation (with their training being limited to first level training) and baseline surveys at new water points were conducted.

Considering the social complexities of getting communities to change their bad sanitation and hygiene practices, coupled with the difficulties in securing high levels of community ownership for installed facilities, such budget levels cannot help an already bad situation.

This explains the poor state of sanitation and hygiene and the low functionality rates in the district. Sanitation/hygiene and O&M do not rank high on the priority list of interventions of the district.

Trend in Outcome Performance

As part of the Q4's monitoring, an analysis of the trend in total number served using allocated budgets for a financial year was made for the past three financial years and the results are indicated in the table below:

Table 3.8.8: Trend Analysis of Outcome Performance between FY 2008/09 and FY 2010/11

Year	Total Budget realized Ushs	New people served	Remarks
2008/09	512,234,300	10,300	Reduced funding from Ushs527 million in 2009/10 to Ushs300 million in 2010/11. However, this cannot be used as an excuse for serving fewer people since this was largely due to the fact that a new district (Kyankwanzi) had been curved out of Kiboga. This took a total population of 140,000. To the contrary the Ushs 300 million budget realized should lead to higher service levels since the geographical scope and unnerved population was now less.
2009/10	527,567,363	12,200	
2010/11	300,489,000	6,800	

Source: District reports

Key challenges in implementation:

Planning

Though planning is increasingly following the bottom-up principles and practices, implementation of such plans is also haphazard especially by lower local governments (LLGs). These arbitrarily change plans. It is possible, also according to interviews with local community leaders that the level and quality of engaging local communities in the "bottom-up" planning process is still low and many grassroots leaders feel left out. This forces LLGs to change plans at implementation time yet they have been ratified and approved by the HLG.

The sparse distribution nature of the population makes planning for effective service delivery difficult. It means that for the same number of people but who are sparsely distributed more water points have to be provided if the access target is to be achieved.

Implementation

The most profound challenge the DWO has faced over a long period of time is the high failure rate for deep wells. There are not many alternative technological options feasible in many parts of the district. This challenge was at its worst when the district used the Turn-Key contracting method. Because of the failure rate, competent contractors were giving above normal quotations and the district nearly failed to engage any successfully. Many areas remain unserved due to lack of appropriate technologies that are feasible in such areas.

As a way out, the district abandoned the Turn-Key contracting method, with its core advantages, and now uses competent surveyors/supervisors (SCANWATER and AQUATEC based in Kampala) for siting to guarantee high success rates.

Community ownership

The level of community ownership of installed facilities in the district is very low. Maintenance of facilities is especially low in areas with other sources even when these are unsafe sources. This is an indication of a very low level of community awareness of the health importance of safe water and good sanitation. When a water source breaks down in such areas, communities simply revert back to the traditional unsafe sources thereby making the core objective of providing water unattainable.

(v) Kisoro District

Financial performance

The FY2010/11 approved budget was UShs 613,689,949/= By June 2011, UShs. 521,637,000/= was released, representing 85% of the budget and a shortfall of UShs. 92,053,000/= which is 15% of the expected budget. By end June 2011 UShs 359,309,575/= which is 67% of the total annual release had been absorbed, leaving an unspent bank balance of UShs 162,327,425/= (33%). According to the DWO, the budget shortfall experienced means that works at the Kyuho/Bunagana water works contracted out at UShs. 178,272,000/= would not be fully paid for.

The unspent balance was largely due to two factors:

1. Bottlenecks in the procurement process. This caused delays in contracting and subsequently works could not be completed and be paid for in time.

2. Manpower shortage at the DWO. The office has only two technical officers and none of them is a qualified water officer. They are strained and cannot cope with work demands especially when it comes to field supervision and monitoring, further leading to delays in works.

Physical performance

The DWO planned and executed a number of development activities. Below is an indication of the physical performance of the DWO for FY 2010/11 as offend June 2011.

Table 3.8.9: Status on Capital Outputs and Expenditure in Kisoro District

Output	Annual Planned Output	Outputs Completed (June 2011)	Comments on progress
Chuho pumped Water Supply from Burere to Bunagana Town Board(Phase II)	1	90% completion	- 5 kiosks were reported as completed, but in reality non had been 100% complete by time of Q4 monitoring - 8.5 Km pipe laying is 80% complete - No connections made yet
Extension of Gitebe GFS from Gatabo to Rwabara and Rukoro			One $50m^3$ reservoir tank and 7 tap stands completed.
Extension of Rugeshi Gravity Flow Scheme to Biizi			One stand pipe at Biizi trading centre.
Extension of Chuho pumped water supply from Gase A (Kisoro Town Council) to Gase B (Nyakinama sub county) Villages			One Kiosk erected
Extension of Chuho pumped water supply from Nyarubara village(Muramba sub county) to Gatete Village (Nyakinama sub county)			Construction of one Kiosk
Rehabilitation of 4 GFS schemes	4	3	75% completion. One GFS had not been completed due to land conflicts at the source. Negotiations by the S/C authorities with the land for total handover of the needed land were inconclusive
Extension of Chuho Pumped Water Supply from Mubuga trading centre to Gapfurizo health unit			Two Kiosks are erected
Construction of medium protected springs	10	10	100% completion and technical commissioning took place
Construction of 6 cubic meter capacity DRWTs in the S/Cs of Kanaba and Bukimbiri	10 at Ug Shs 1.9 million each	13	An over performance by 3 tanks was reported, made possible using funds collected as community contribution (Ug Shs. 400,000/= per tank). This however does not tally well with the DWO's claim that inflation in the last quarter of the year had led to a need for additional Ug Shs. 7.5 million in order to complete the planned number of tanks.

Source: Kisoro District DWSCG Q3 Progress Report and Field Findings

Extension of Kyuho-Bunagana Piped Water system

In the Q3 progress report, it was indicated that 90% of the works had been achieved. However Q4 monitoring visit to the site observed a lower level of progress (75% completion. Five water kiosks had been planned and were all under construction at 65% level of completion. 8.5Kms of pipeline had been planned and laying was at 95% completion, but only 70% back-filling had been accomplished. None of the planned connections had yet been made.

Photos 3&4: Water Kiosk (left) in the Kisoro Chuho-Bunagana project under construction and pipe- laying (right) partially back-filled in progress (Taken on 28/06/2011)

The DWO faced a number of critical challenges during FY 2010/11, which have a bearing on performance and subsequent sustainability of investments:

- **Poor Community participation and ownership**. In spite of increased funds allocation to software activities which include social mobilization and sensitization the attitude of communities was not up the expected standards that promote effective participation and ownership of facilities installed. This is demonstrated in the poor maintenance of facilities to the extent that when there is a break down, instead of mobilization for repairs, communities revert to their original unsafe sources. During FY 2010/11 a total of Ug Shs. 36, 658, 000/= was spent on software activities but there is little results to show for this.

- For community mobilization and training in software activities, the DWO depends on staff from sister departments of health (HAs) and community-based services. (CDOs). However the input of these staff went down considerably as they demanded for allowances which according to the DWO were not provided for in the budget.

  This was exacerbated by the fact that the DWO had only two technical staff to cover the whole district. The net effect was that the volume and quality of software activity implementation was low. This in part can explain the persistent negative attitude of communities towards local participation and ownership.

- The continued mixing up of water funds with those of works on the works account. The DWO not being the VOTE controller for water funds meant that he had inadequate control and track of flow of funds, to the extent that on a number of occasions water funds were misappropriated by the DLG through the works department without his knowledge and subsequently water activities were affected.

(vi) Kumi District

Financial performance

The FY2010/11 approved budget was UShs 536,066,000/=. From two sources: PRDP – UShs. 226,000,000 and DWSCG (or PAF) – UShs. 310,066,000/=. By June 2011, UShs. 484,066,000/= was released, representing 90% of the budget. By June 26th 2011 which was the day of monitoring, 90% of the total funds released were absorbed. All PRDP funds had been absorbed and the district had an unspent balance of Ushs58,000,000/= which was from PAF funds. These funds were to cover unpaid for activities of 8 constructed protected springs at UShs, 24,000,000/= and 8 deep wells rehabilitated at UShs. 34,000,000/=. The DWO demonstrated that payments would have been effected by June 30th 2010 leaving a bank balance of nil and 100% funds absorption for the FY.

Physical performance

Table 3.8.10: Status on Capital Outputs and Expenditure in Kumi District

Output achieved (describe)	**Sub-county**	**Budget Ushs**		**Status of completion as of 30/06/11**	**Remarks**
		Budget	Actual paid out as of 30/06/11		
Drilling of 16 boreholes. This includes borehole siting, drilling and installation.	Atutur, Kumi, Nyero, Kanyum, Mukongoro, and Ongino	296,000,000	210,218,000	completed	3 boreholes were found dry and the consultant who was contracted to site and supervise the drilling was fined the equivalent of the Cost of siting and drilling supervision of the 3 wells. Some payments could not be completed in time especially for casting and installation of boreholes
Protection of 10 hand dug wells	Ongino, Nyero and Kumi,	40,000,000	39,450,000	Complete	
Protection of 6 Springs	Atutur, Mukongoro, Kayum and	24,000,000	6,500,000	Complete	

Output achieved (describe)	**Sub-county**	**Budget Ushs**		**Status of completion as of 30/06/11**	**Remarks**
		Budget	Actual paid out as of 30/06/11		
	Kumi				
Rehabilitation of 8 boreholes	Ongino, Kumi and Mukongoro	36,000,000	22,200,000	Complete	There was budget shortfall so one contractor was not paid. Project rolled over to FY2011/12

Source: Kumi District DWSCG Q3 Progress Report and Field Findings

Trend in Outcome Performance

Table 3.8.11: Simple outcome performance analysis

Year	**Total Budget realized**	**New people served**	**Remarks**
2008/09		6,600	
2009/10		10,500	
2010/11	536,066,000/=	6,600	

Source: District records

The explanation provided for the drop in number of new persons served from 10,500 in FY 2009/10 to 6,600 in FY 2010/11 was that the district experienced a budget shortfall of UShs. 52,000,000/=. This explanation is however unconvincing considering that in FY 2008/09 the district had a budget shortfall of UShs. 13,265,000/= and served 6,600 new people. The following FY 2009/10 when it had an even bigger shortfall of UShs. 38,610,000/= it served a bigger new population of 10,500 people.

Allocative efficiency

The district had a compliant allocative efficiency. 85% went on development activities and 15% on non-priority re-current expenditure.

Key challenges in implementation:

The district faced a number of challenges that may have had a negative impact in ability to achieve 100% planned activities and affect the future sustainability of investments.

- Environmental degradation. Rice growing in wetlands is causing serious problems with the water table and a number of protected springs have become seasonal due to lowered water table in the dry seasons.

Photos 5&6: Protected spring in Kumi.it is yielding at less than 50% of design capacity due to degradation of the catchment area on the left.(photo taken 21/06/2011

In respect of deep wells (Boreholes), changing water levels subsequently cause, up and down variations in water levels in the borehole columns. This variation promotes bacterial growth which is a health hazard and renders the water from such a source unsafe.

- Low social mobilization and training in software, especially for PRDP funded facilities. The PRDP funds have no % for software. Therefore the required software activities for installed facilities cannot be undertaken to the level required.
- Uncertainty about level of budget realization. The DWO complained of lack of communication from MoFPED regarding anticipated total budget realization and or any cuts for the FY. This has often caused the DWO to re-allocate retention fees on construction works of a FY and re-budget for the same in the subsequent FY. The net effect of this is that the volume of new activities budgeted for in that subsequent year gets negatively affected, and subsequently the number of new people to be served gets less.
- Procurement delays. There were weaknesses in the procurement processes to the extent that some contracts had to be awarded late. The net effect of this is that works could not be completed within the planned time and subsequently payments could not be made within the stipulated time. This is demonstrated in the table 3.8.10 on outputs performance where work was complete and less money had been paid out implying that the payment requests came in late as the FY was closing.

(vii) Pallisa District

Financial performance

The FY2010/11 approved budget was UShs 733,846,000/=. Of the total funds realized, UShs. 167,158,000/= were from PRDP and UShs. 566,688,000/= were from the DWSCG. By June 2011, UShs. 730,335,000/= had been released, representing 99.5% of the budget and in effect all funds were realized between Q1 and Q3 as there was no release to the district in Q4. However despite the early realization of nearly all funds expected, by end of June 2011 only UShs. 371,969,648/= (50%) of funds released had been absorbed indicating a poor financial performance with an unspent balance of UShs. 356,427,250/=.

Physical performance

Table 3.8.12: Status on Capital Outputs and Expenditure in Pallisa District

Output	Annual Planned Output	Outputs Completed (June 11)	Comments on progress
Borehole construction under DWSCG funding	21 units at Ug Shs.357,000,000/=	Nil but 44,770,000/= Ug Shs was paid out in advance	There was an advance payment made to the contractor. No work was undertaken in the FY as the contractor had not reported to the sites by the time of monitoring
Borehole construction under the PRDP funding	9 units at Ug Shs. 153,000,000/=	6 units, Ug Shs 97,014,000/= paid out	67% completion
Borehole rehabilitation	15 units at Ug Shs. 39.6 million	Nil	Owing to delay by DWD, LG awarded contract late (29/06/1011) hence zero work progress by end of FY. The only work done was verification which cost 1.1 million shillings, the rest of the budgeted funds remain unused
Latrine construction	2 units of 3 stances each at Ug Shs. 13,600,000/=	Nil	Late contracting due to internal delays and incompetence of the contracts committee. Contract awarded on 29/06/2011.

Source: Pallisa District DWSCG Q3 Progress Report and Field Findings

The breakdown for the unspent balance is as follows:

a) Work not undertaken yet

- Drilling of boreholes under the DWSCG. This amounts to a total of UShs. 222,562,800/=
- Drilling boreholes under PRDP funding. This amounts to UShs. 49,506,000/=.

The drilling contract was awarded to E-Plus Contractor who did not show up in the specified time. The contractor negotiated and was awarded a contract extension to September 30th, 2011 without a penalty for delay, yet ideally the contractor breached the contract and should have been penalized. His delays have a consequence of presenting contract management problems, timing of full accountability submission by the LG and subsequent delay in providing services to the local community yet funds were availed in time.

b) Work undertaken

- Three boreholes drilled but not paid. Reason for withheld payment is shoddy work done by the contractor

Key challenges in implementation:

a) Capacity issues with contractors.

- Local contractors lack the requisite capacity to undertake large drilling contracts as they are short of equipment and are financially weak. On the other hand, non-compliance by large/international contractors with all provisions in the contracts after award is a persistent problem. These large contractors often have many other contracts elsewhere and are not willing to move their equipment to new sites after winning contracts till the old sites are concluded. Hence Pallisa district suffered delays on this account, the contractor was awarded the contract at a time when he had outstanding work elsewhere.

  Recommendation: LGs should be very strict on timing management by contractors and not budge in to large powerful contractors who fail to report for work in time. Deliberate effort o build capacity of local contractors should be undertaken by GoU through MWE.

b) **Procurement delays**

- The contracts committee had unexplainable delays in procuring contractors. According to the DWO the performance of the Pallisa Contracts Committee is a lot worse than that of the earlier and disbanded District Tender Board.

c) Financial indiscipline by the DLG

- Some of the funds (totaling UShs.191, 000,000/=) actually never got to the Water account. It was withdrawn from the General Fund Account of the district by URA to settle various remittance arrears the DLG owed URA ranging as far back as FY 2005/06. Although at the time of monitoring the administration was paying back the money to the sector, it was in bits and already the sector had been made to suffer and subsequently communities missed timely service delivery on account of financial indiscipline by the LG administration.

  On one hand, the water account should become independent of the works account to enable the water officer become a vote controller and take full responsibility for the flow of funds onto sector account. On the other hand LGs should desist from practices of diverting funds meant for remittance to URA. This will eliminate cases of URA pouncing on funds meant for development activities to settle tax remittance issues.

d) Increasing need for and high cost of borehole rehabilitation

The cost of rehabilitation was over and above what had been budgeted in the submitted work plans. Delays in securing funds for rehabilitation coupled with inadequate supervision/inspections (forced by lack of necessary funds) leads to increased costs. When a borehole remains under disuse for a long time, local children vandalize it and or drop solids down the columns turning what would have been a simple rehabilitation into a major one costing millions of shillings.

On the other hand the cost of rehabilitation is denying new communities new services as funds are spent on old systems rehabilitation. In Pallisa alone and in a space of just three years, 85 boreholes (30 in FY 2007/08, 33 in FY 2008/09, 7 in FY 2009/10 and 15 were to be done in FY 2010/11) have been rehabilitated at an approximate cost of UShs 255,000,000/=. When put on new sources, this money would have delivered 15 new boreholes, and subsequently served new population of about 45,000 people.

e) Unfulfilled promise by the DWD for rehabilitation of boreholes

Part of the delays to undertake borehole rehabilitation was caused by DWD's failure to make good its promise to rehabilitate all broken down boreholes from its own budget. The DLG only embarked on the work when they realized the DWD was not going to do it in the planned/expected time of the FY.

f) High frequency of Hitting "dry wells"

Environmental degradation coupled with poor siting of deep wells has been leading to cases of 'dry wells", but a loss burden on the district and subsequently denying communities services as the LG still has to pay for drilling costs.

As a measure of circumventing this challenge the district reverted to the TURN-KEY approach in contracting. The downside of this is the tendency for contractors to quote over and above the Engineer's estimates. In some cases competent engineers were reported to shy away from TURN-KEY contracting due to perceived losses should they hit dry wells unless the unit costs are revised upwards from the normal rates.

(viii) Rakai District

Financial performance

The FY2010/11 approved budget was UShs 613,149,954/=. By June 2011, UShs. 521,637,000/= was released, representing 85% of the budget and short fall of UShs. 92,012,954/= (15% of the expected release). By end June 2011 100% of funds released were absorbed.

In addition to the FY 2010/11 releases to the DWO, the department also had the following funds at its disposal: UShs. 59,900,000/= as unspent balance brought forward from FY 2009/10 and U Shs. 26,262,079/= being refund of sector funds borrowed by the DLG administration in the FY 2009/10. Therefore overall the department had a total of UShs. 607,799,070/=.

The unspent balance brought forward was however for retentions and outstanding balances on works not completed and therefore fully paid for in the FY 2009/10. These funds were therefore not available for new projects in FY 201/11. Funds that were refunded by the administration were still not properly accounted for in terms of projects they were allocated to. The practice of internal borrowing by districts amounts to financial indiscipline. It not only denies communities timely service delivery but also refunded moneys are hard to track and the practice is therefore a recipe for misappropriation of public funds.

Physical performance

Table 3.7.13: Status on Capital Outputs and Expenditure in Rakai District

Output	Annual Planned Output	Outputs Completed (June 11)	Comments on progress
10 Cubic meters Ferro cement tank	90	98	Over 100% achievement at a cost of UShs. 190,530,754/=
6 Cubic meters Ferro cement tank	14	27	Over 100% achievement at a cost of UShs. 17,528,000/=
Shallow well hand dug	7	8	Over 100% achievements, at a cost of UShs. 30,243,190/=
Public latrine	3	3	100% achievement at a cost of Ushs 41614198/=
Bore hole rehabilitation /repair	19	21	Over 100% achievement at a cost of UShs. 65,095000/=
Bore hole drilling	3	0	Not undertaken due to the budget shortfall experienced in the FY
District water and sanitation coordination meetings	3	4	75% completion
Sanitation week	1	1	100% completion. The week was a climax of a number of advocacy and sensitization events ;like: exchange visits to model villages, collection of before and after campaign data, advocacy campaigns, awarding of rewards to best performing households
District level advocacy meetings	1	1	100% completion. Meeting geared towards assigning political responsibility for social mobilization for behavioral change and community ownership of installed facilities
Training of WUCs	31	31	100% completion
Training of primary schools sanitation committees in health and hygiene promotion	41	31	Performance exceeded plan
Training of Water Boards of Mutukula and Sanje RGCs	2	2	100% completion
Post construction support sessions/visits to reactivate old WUCs	20	20	
Sanitation baseline survey	1	1	100% completion
Drama shows	5	4	Performance exceeded planned

Output	Annual Planned Output	Outputs Completed (June 11)	Comments on progress
Radio talk shows	1	2	50% completion

Source: Rakai District DWSCG Q3 Progress Report and Field Findings

The budget shortfall had the following effect on output delivery:

- 3 deep wells planned were left out
- 1 motor cycle was left out hence affecting field monitoring and supervision activities as staff mobility which had been a limiting factor in the past was not improved
- Lwamaggwa RGC design consultant was not paid fully yet he had accomplished all the tasks assigned to him. He got only Ug Shs.40, 000,000/= out of the total contract sum of Ug Shs. 68,000,000/= for designing the water system.

At the time of monitoring (27/06/2011), there were still outstanding outputs on-going but which according to progress observed would be completed within 4 weeks of the monitoring date:

- Construction of 29 ferro cement water tanks of 10 cubic meters each.
- Construction of 27 RWHTs of 6 cubic meters each in Kasankala Parish.
- Construction of 5 shallow wells. Their sinking had been completed and what was left was installation of hand pumps.
- Borehole rehabilitation (4 of them); 1 in Lwamaggwa S/C at Kafufu; 1 in Kakuuto S/C at Nkoni Primary School; 1 in Kyebe S/C at Nalubega and the forth in Kasali S/C at Bikira Gayaza.

Looking at the software outputs described in the table 3.8.13, the DWO invested substantial time and resources in the activities and according to past reports of the district this has been the trend for the last three FYs. One would therefore expect positive results on the ground with respect to sanitation and hygiene status and functional of WUCs and subsequently of installed facilities.

However the situation on the ground depicts a different picture by way of outcomes. Only about 35% of the trained WUCs were found functional and the functionality rate of the installed facilities was lower than expected (standing at less than 70%) and the sanitation/hygiene status of most households was very poor. To demonstrate this point, of the 21 boreholes rehabilitated/repaired, 18 were due to inadequacy of preventive O&M measures which is an indication that the WUCs are not functioning properly or have ceased to exist.

Photos7&8: Poor hygiene at water collection box and inadequate safe sanitation an example of failed software interventions are demonstrated by the photos to the left and to the right respectively in Kakuuto S/C (photo taken on 27/06/2011).

Therefore the investments in software activities had not been effective and a new approach is required. The communities are a result denied new water sources. Money spent on rehabilitation is enough to build about thirty 6 cubic meter DRWHTs or 10 shallow wells. Whereas the DWO served 21,334 new people in FY 2009/10, this figure dropped drastically to just 9,396 new people served in the FY 2010/11. This drop cannot be entirely blamed on the budget cut in FY 2010/11, but rather money spent on rehabilitation instead of building new facilities makes a huge contribution to the drop.

(ix) Soroti District

Financial performance

The FY2010/11 approved budget was UShs 371,923,000/=. By end of June 2011, UShs. 334,692,000/= was released, representing 90% of the budget and a corresponding shortfall of 10% of the budget. By end June 2011 UShs. 281,333,487/= which is 84% of funds released were absorbed giving an unspent balance of 16% of the realized budget. Although there were two sources of funds; DWSCG and PRDP, the DWO was not in position to indicate of the total amount, how much was from each source.

This again is partly caused by the fact that the water officer just like in all other districts is not a VOTE controller of the sector funds and has very limited knowledge of financial flows on his account. DWSCG and PRDP are mixed up when they come in and withdrawals do not make an attempt to distinguish making monitoring of both funds hard.

This money however, according to the DWO will meet the costs of some of the on-going projects (due for completion in the next three weeks of the monitoring date). Meanwhile the FY's budget shortfall translated itself into non-payment for some of the shallow wells constructed, 1 (in Katine S/C) out of the 11 deep wells planned being left out and no of the retention fees was paid.

Physical performance

Table 3.7.14: Status on Capital Outputs and Expenditure in Soroti District

Output	Annual Planned Output	Outputs Completed (June 11)	Comments on progress
Borehole drilling in Asuret, Gweri, Arapai, Soroti and Tubur S/Cs	11	10	At a cost of UShs. 15,000,000/= each 100% completion and functional. One deep well not done due to budget shortfall
Completion of design of piped water supply system in Geri S/C	1		At a cost of UShs. 69,000,000/=, on-going, not complete by the time of monitoring. This money covers feasibility study and detailed design (both of which UShs. 24,000,000/= had been paid out and a balance of UShs was yet to be paid. It also covers drilling of the production wells and for this UShs 33, 000,000/= had been processed as part payment but had not effected by the time of monitoring
Shallow well construction in Asuret, Katine, Geri, and Kamuda S/Cs	8	6	At a cost of UShs. 4,000,000/= 6 completed and functional while 2 were on-going at the time of monitoring.
Borehole rehabilitation	5	5	At a cost of UShs. 5,000,000/= each, 100% completion. However only 4 were successful and 1 failed (does not yield water) even after the rehabilitation works were done.
Construction of DRWHTs in Katine, Arapai and Geri S/Cs	4	4	At a cost of UShs. 400,000/= each, 100% completion and all functional

Source: Soroti District DWSCG Q3 Progress Report and Field Findings

Soroti DWO Outcomes of Budget Utilization

This is detailed out in table 3.8.15 below.

Table 3.8.15: Trend in Outcome Performance

Year	Total Budget realized Ushs	New people served	Remarks
2008/09	612,503,000	20,316	Budget shortfall of 5% There was focus on piped systems and less on point sources
2009/10	717,183,510	11,736	Budget shortfall of 3% There was less focus on piped systems (just

Year	Total Budget realized Ushs	New people served	Remarks
			completion of those carried forward) and more on point sources
2010/11	**334,531,000=**	**12,924**	Budget shortfall of 10%

Source: District records

In FY 2009/10 the DWO focused more on developing piped water systems and less on point water sources, while in FY 2010/11 emphasis and more allocations went to point water sources. When a comparison is made of the number of new people served for the two FYs, the indication is that when focus is on piped sources more numbers are served compared to point sources.

It can therefore be recommended that piped water systems, where the settlement pattern and total populations allow should be the preferred technological option for providing water to rural communities.

Tororo-Manafa GFS project

The project is a multi-year project and on-going. It is being implemented VAMBECO Enterprises as the Contractor and Alliance Consultants Ltd/Infra-Consult Ltd as the Supervising Consultants.

Financial performance

Total approved contract sum is UShs.7, 591,236,901/= (exclusive of VAT). The total amount certified as of June 30th, 2011 was UShs.4, 893,501,996/= representing 64.5% (including 7.3% advance paid to the contractor that has to be refunded).

Payment schedules

On average the Consultant has been prompt in certifying the certificates submitted by the contractor for payment (taking an average of 7 days only). It has however taken the client (DWD) a little longer (on average 35 days) to effect payment upon receipt of the certified certificate instead of the stipulated maximum of 30 days (See Table 3.8.16). None-the-less the consultant did not feel this slight delay has substantially affected his ability to perform on schedule. In conclusion, payments were timely.

Table 3.8.16: Payment schedules for Tororo-Manafa GFS works

Payment certificate	Amount certified Ushs	Timing/Date				
		Submission	Certified for payment	Due date for payment	Actual payment	Time taken
Advance	1,518,809,225	18th Dec. 2009	N/A	16th Feb. 2010	02nd Feb. 2010	-14 days
Cert. No. 1	319,422,720	26th Feb. 2010	04th Mar. 2010	04th Apr. 2010	26th Apr. 2010	20 days
Cert .No. 2	72,700,276	10th May 2010	19th May 2010	19th Jun. 2010	25th Aug. 2010	60 days
Cert .No. 3	211,393,204	20th Jul.2010	29th Jul. 2010	28th Aug. 2010	15th Sept. 2010	20 days
Cert .No. 4	482,825,046	08th Sept. 2010	09th Sept. 2010	09th Oct. 2010	18th Nov. 2010	36 days
Cert .No. 5	1,105,125,490	12th Sept. 2010	13th Oct. 2010	12th Nov. 2010	18th Nov. 2010	06 days
Cert .No. 6	481,768,256	24th Nov. 2010	29th Nov. 2010	29th Dec. 2010	23rd Dec. 2010	24 days
Cert .No. 7	268,814,444	15th Feb. 2011	25th Feb. 2011	27th Mar. 2011	09th May 2010	65 days
Cert .No. 8	465,147,452	04th May 2011	11th May 2011	10th Jun. 2011		
Total	**4,926,006,113**					

Source: Field findings

It was not clear how and why the advance payment was made to the contractor 2 weeks before the actual due date for payment.

The cash flow experienced by the consultant was however a little below expectations as shown in table 3.8.17 below:

Table 3.8.17: Cash flow for Tororo-Manafa GFS Project

Period	Certificate No.	Anticipated cash flow Ushs		Actual cash flow Ushs	
		Monthly	Cumulative	Monthly	Cumulative
January 2010	Advance	1,518,247,380	1,518,247,380	1,518,247,380	1,518,247,380
March 2010	1	584,525,241	2,102,772,621	287,480,448	1,805,727,828
May 2010	2	690,802,558	2,793,575,179	72,700,276	1,878,428,104
July 2010	3	664,233,229	3,457,808,408	211,393,204	2,089,821,308

Period	Certificate No.	Anticipated cash flow Ushs		Actual cash flow Ushs	
		Monthly	Cumulative	Monthly	Cumulative
September 2010	4	717,371,887	4,175,180,296	482,825,046	2,572,646,354
October 2010	5			1,105,125,490	3,677,771,845
November 2010	6	611,094,571	5,237,953,462	481,768,256	4,159,540,100
January 2011	7	451,678,596	5,237,953,462	268,814,444	4,428,354,544
March 2011		425,109,266	5,663,062,729	-	4,428,354,544
May 2011	8	318,831,950	5,981,894,678	465,147,452	**4,893,501,996**

Source: DWD Quarterly and Alliance Consultant's Progress Report FY 2010/11

The variance between the total certified value of works and amount realized by the contractor is: UShs 4,926,006,113-UShs 4,893,501,996 **(UShs 32,504,117/=).** At the time of monitoring it was not clear what caused the variance (and whether or not the DWD intends to make good the variance since there is no record of DWD disputing the certification by the Consultant) and since then the accounts staff have not been available to provide an official explanation.

Between February and April 2011, the Consultant did not receive any payments although according to his planning he had anticipated a payment of UShs. 425,109,266/= in March. This could have contributed to the decline in physical progress registered between May and the time of Q4 monitoring. According to records reviewed however, there was no certified certificate against which the Consultant was anticipating the 425,109,266 million shillings.

Physical performance

Status of Works

- River Weir – Completed.
- Intake Structure – Concrete and pipe work completed; fencing outstanding
- Raw Water Gravity Main – Pipe work and support pedestals completed.

Soono Treatment Works

- Sedimentation Tanks – Concrete and pipe work completed. Rapid Gravity Filters – Concrete and pipe work completed. Fitting of filter floor nozzles in progress.
- Clear Water Tank – Concrete works and pipe work completed.
- Backwash Pump house – Structure and painting completed. Pumps, solar panel and switchgear installed.
- Chemical Building and Office – Structure and painting completed.

- Backwash Tank – installation of tank and structure completed. Chemical Waste Chamber – Concrete completed. Installation of filter media completed.
- Site Pipe work – Installation of interconnection pipe work continued.
- Fencing – chain-link fencing around treatment plant completed.

Treated Water Main (Transmission Main 1):

- OD250 Pipeline – Completed and pressure tested to BPT2.
- Break-Pressure Tanks – BPT1 (Soono) and BPT2 (Kongoli) completed. Excavation for BPT3 (Butsemayi) completed.
- OD125 Pipeline – Pipes installed to Ch.21+000 except stream crossing at Ch.15+900 (95% installed). Pipe pressure tested to Ch.10+853 (26% tested).

Bubutu Supply:

- Transmission Main 2 – Pipe laying commenced from Bubutu at end of June.
- Bubutu Tank – 100m^3 pressed steel tank and fencing completed. No further activity.
- Distribution pipe work – Work not yet commenced.
- Kalait Distribution – Work not yet commenced.

Water Office Blocks:

- At Bubutu for Manafa District – Buildings completed; painting in progress.
- At Kalait for Tororo District – Block work walling in progress. Fencing completed

Existing steel pipeline:

- Testing of Soono to BPT2 abandoned as new pipeline is of sufficient capacity. Testing has continued downstream of BPT2. Pipeline Ch. 7+200 to Ch.11+900 successfully repaired. Testing at 16+400 with some sections to be repaired but no activity this month.

Compared to the preceding period, progress declined during May 2011 with only pipe laying to Kalait and some building works being carried out. However, overall work progress is on schedule and there is high likelihood that, cash flow and other factors remaining favorable, the contractor will be in a position to complete and hand over the project within the agreed to period, by 28th January 2012.

Quality of works is also high and up to expected standards. This is attributed to the close and good supervision by both the Supervising Consultant and the DWD Engineer in-charge of the project. The Tororo DWO staff and local leaders have also demonstrated a high degree of enthusiasm and support for the project. They participate in all site progress meetings and assist in sorting out social issues related to compensation claims, negotiating for and securing land rights as needed by the project.

Summary of challenges and recommendations for the DWSCG

- **Procurement:** This is by far the greatest challenge to timely service delivery and is largely due to lack of capacity and inefficiencies within district procurement units. It is recommended that CAO's prioritize procurement, ensuring that there are adequate procurement staff members and that the Contracts Committee meets and awards contracts early in the financial year. PPDA should also consider investing in further training for district procurement units.

  A number of DLGs reported loss of funds in cases of drilling contractors hitting "dry wells". A cost-benefit analysis study of the TURN-KEY contracting approach as opposed to other approaches should be conducted with a view of establishing the best way minimizing losses due to dry-wells.

- **Ineffective Approaches to Community Mobilization and O&M:** One-time-off trainings and advocacy meetings are not yielding much towards securing strong community ownership and Community-Based O&M. This is compelling LGs to rely too much on curative rather than preventive O&M a factor that has bogged down growth of functionality rates.

  Recommendations:

  i. Software activities should be continuous and emphasis put on supporting strong preventive O&M measures to save on need for rehabilitation and instead spent more money on new sources.
  ii. Leaders should be challenged at various fora to take full political responsibility for social mobilization and desist from making pronouncements that imply that communities do not have to contribute towards the cost of maintaining faculties.
  iii. Where break downs and subsequent rehabilitation costs outstrip the ability of WUCs, the centre should institute measures to ensure immediate rehabilitation especially of boreholes as delays tend to compound the problem and costs grow with time as more damages are caused by irresponsible community members (children).

- **Low budget for effective sanitation and hygiene promotion.** Experience in some DLGs showed that where sanitation and hygiene by-laws are enacted and strictly enforced by leaders, there is evidence of improvement in latrine coverage, which is only possible with political support. It is recommended that all political leaders should take full responsibility for sanitation promotion and that this 'stick' approach of penalizing households without latrines is adopted.

- **Environmental degradation and dropping water tables:** This was the most commonly stated reason dry well drilling, installed wells/springs drying up and for general poor performance for districts with safe water coverage below 40%. This means that more expensive technologies such as borehole drilling are used instead of shallow wells and springs, which have lower unit costs.

Recommendations

i. DLGs enforce strict environmental by-laws regarding protection of wetlands and catchment areas;
ii. The centre embarks on vigorous research and development activities into appropriate technologies in water stress regions and those prone to environmental degradation; and
iii. Domestic rainwater harvesting is promoted in wter stressed areas.

- **Water column variation in boreholes** due to dropping water tables was cited as a growing health hazard in a number of districts.

Recommendation: The centre should at least allow a budget allocation every five years for complete flushing of such water points.

- **Understaffing in district water offices:** Staff members are either on study leave or have not been recruited due to delays in district recruitment procedures. This is exacerbated by the increase in the number of new districts which places human resource constraints, particularly in hard to reach areas.

  Recommendation: Where there are gaps in staff, the district water offices recruit short term contract staff as suggested by MWE.

Recommendations for DWSCG financing channels and technology for rural water supply

Considering the challenges on the one hand and the advantages on the other, of adequately providing for rural water and sanitation service needs, there is need to embrace all approaches; that is,

- Conditional grant for point sources
- Central level financing for large piped systems cutting across districts and capacity building, monitoring and supervision by central government
- Area based/special projects, say for difficult areas.
- With respect to technology, it is same as above i.e. embrace all technologies concurrently as appropriate.

3.8. 3. Urban Water Supply and Sanitation Vote Function

UWSS receives 38% of sector funding, which includes DWD managed projects, operation and maintenance (O&M) grant to districts and support to National Water and Sewerage Corporation (NWSC).

a) Support to Small Towns Water Supply and Sanitation (SSTWSP) -Project 0164

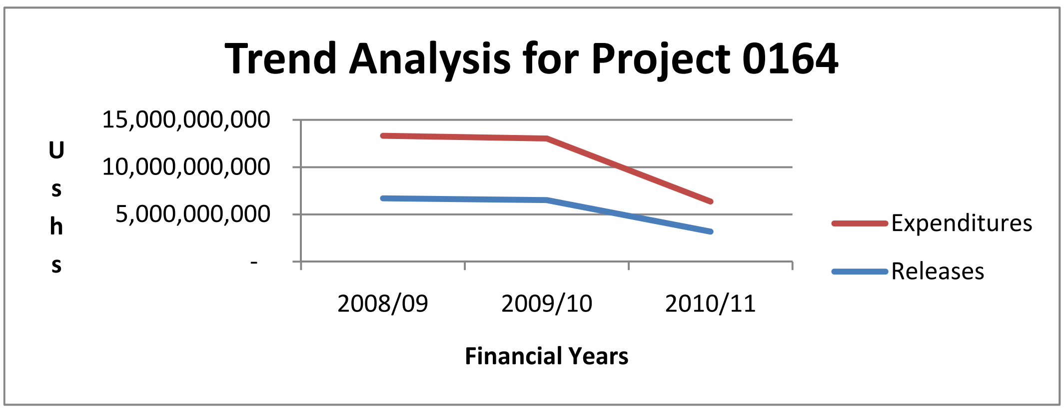
Introduction

The SSTWSP is implementing projects in small towns of Butaleja, Busolwe, Tirinyi-Kibuku, Pallisa, Lukaya and Katovu.

Financial performance of SSTWSP

The financial performance of the SSTWSP over the last three FYs was analyzed and is shown in figure 3.8.3 below.

FIGURE 13.8.3: TREND ANALYSIS OF FINANCIAL PERFORMANCE FOR PROJECT 0164 FOR FYS 2008/09 TO 2010/11



Source: Integrated Financial Management System (IFMS)

Funding to the project has been declining for the past two FYs and it significantly declined in the last financial year 2010/11. This was not in line with the increasing need to provide water to communities living in small towns and growth centers through piped systems given their economic nature and ease of management and O&M (enormous advantages of network systems over point sources).

Physical performance

Tirinyi-Kibuku Town Water Supply Project

Under this project one town water supply and sanitation system – the Kibuku-Tirinyi system was monitored. The Kibuku-Tirinyi system is on-going and is being implemented by KOL Services Ltd under the supervision of M&E Associates, the Consultants.

The contract between the Contractor and DWD was signed on May 24th, 2010. Effective commencement of the works was June 1st, 2010, the day the site was handed over to the contractor. Contract period is 365 days. The original completion date was set at May 31st 2011. However due to delays by the contractor, and upon request by the very contractor, the completion date was pushed to July 31st 2011 and a period of 1 year has been allowed for defects liability. The total contract sum was Ug Shs. 2,281,578,058/= excluding VAT.

The physical performance of this project as of the time of monitoring was as in table 3.8.18 below:

Table 3.8.18: Works progress at Tirinyi-Kibuku town Water Supply Project

SN	Project component	Progress on component at time of monitoring	Outstanding works on component at time of monitoring	General remarks
1	Borehole 1 (BH1-DWD 27891-6.0m3/hr borehole	• Construction work at the pump house at 70% completion • Fencing works at 80% completion	• Electromechanical installation • Internal painting • Plumbing works • Fitting of the door	*Work was behind schedule at the time of monitoring*
2	Borehole 2 (BH2-DWD 27890 14.6m3/hr.	• Construction work at the pump house at 60% completion • Fencing works at 70% completion • Bush clearing of access road 95% complete	• Electromechanical installation • Internal painting • Plumbing works • Fitting of the door • Gravelling of access road	Work was behind schedule at the time of monitoring
3	Raw Water Pumping Mains	• Pipe laying at 75% completion though the Consultant/DWD reported 88.3% completion • Casting of Anchor Blocks 100% completed • Pressure testing in progress 2Kms done	• 20% pipe laying • Installation of air valves and washouts • Pressure testing, flushing and disinfection of pumping mains	Work on schedule and quality of works up to recommended standards
4	Chlorine Dosing House (Tirinyi)	• 70% construction works complete • Other works not yet started	• Roofing • Installation of dozers, plumbing and works, mixing tanks	Work behind schedule, but quality of works good

SN	Project component	Progress on component at time of monitoring	Outstanding works on component at time of monitoring	General remarks
5	Tirinyi Reservior (150m3)	• Installation works at 65% completion	• 40% of tank works • Pipe works and associated fittings • Water tightness testing • Flushing and disinfection of tank when complete	Work behind schedule but quality of works good
6	Chlorine Dosing House (Kibuku)	• 70% construction works complete • Other works not yet started	• Roofing • Installation of dozers, plumbing and works, mixing tanks	Work behind schedule, but quality of works good
7	Kibuku Reservior (100m3)	• Installation works at 75% completion	• 20% of tank works • Pipe works and associated fittings • Water tightness testing • Flushing and disinfection of tank when complete	Work behind schedule but quality of works good
8	Tirinyi Distribution Mains	• Pipe laying at 80% completion though the Consultant/DWD reported 95.5% completion • Only fixing of couplings was at 100% completion	• 20% of pipe laying • Pressure testing of the distribution network • Installation of air valves and washouts • Fixing node fittings and construction of valve and washout chambers • Flushing and disinfection of the distribution network	Work behind schedule
9	Kibuku Distribution Mains	• Same level of completion as in Tirinyi	As in Tirinyi	As in Tirinyi
10	Water Office	• 70% construction work including roofing complete	• Plastering and painting • Installation of internal fittings (doors and windows) • Furnishing • Fencing	Quality of works is good. Work is behind schedule
11	Mechanical and Electrical Installations	• 30% completion (electric poles erected up to BH2,transformer erected)	• Completion of power extension to pump houses • Installation of BH pumps	

SN	Project component	Progress on component at time of monitoring	Outstanding works on component at time of monitoring	General remarks
			• Wiring and lighting protection of buildings)	

Source: Q4 Field Monitoring Findings

Local people interviewed during monitoring gave an indication of the heavy demand for the services despite the fact that works had stalled for some time and were behind schedule. By early June 2011 private connection applicants from Kibuku alone were totaling 195 and those from Tirinyi were 185. Of these 33 from Kibuku and 87 from Tirinyi had fully paid up their connection fees. *A rapid **"willingness-to-pay" survey** conducted by the monitoring team returned 90% YES of the 35 adults interviewed.*

Photos 9&10: Tirinyi-Kibuku Piped Water System under construction. Tirinyi Reservior Tank and Chlorine Dozing House (to the Left) and Water Office at Kibuku District HQs (to the Right) Photos Taken on

Challenges

Inspite of the overwhelming support for the project by the local community and the high demand for water, the system may not have the capacity to deliver satisfactory services in the short run:

1. Intensification lines are required at both the Tirinyi and Kibuku sub-systems in order to connect the remaining numbers of application. For the Tirinyi sub-system the cost of the intensification lines is UShs. 50,000,000/= then the remaining 93 applicants can be connected. For the Kibuku sub-system UShs. 34,000,000/= then the remaining 60 applicants can be connected.

b) National Water and Sewerage Corporation Support to Gulu Water Supply and Sanitation Project – Emergency Works

This project aims to rehabilitate and expand water supply and sanitation systems in the Gulu area to meet the projected demand up to the year 2025. The project was implemented in phases as the full cost of the project at US$22.5 million. Phase I – Stage I started in December 2007 and was substantially completed in November 2008 at a cost of 3.04bn which covered 6% of the full scope of works. Phase 1 Stage II was recently concluded. The works for the two phases have been reported on the last Annual report. In the FY 201/11 reporting is focused on final financial performance and outputs achieved during the financial year.

Financial performance

FY 2010/11 Approved Budget UShs 2,499,980,000/=. The total releases was UShs 2,459,981,000/= giving a budget shortfall UShs 39,999,000/=. Actual expenditure as of June 30th, 2011 UShs2, 459,977,000/= representing close to 100% of the budget realized.

Physical performance

Table below shows the progress on the FY 2010/11 planned outputs for Gulu Water Supply project.

Table 3.8.19: Gulu Water Works – Summary Performance Data FY 2010/11

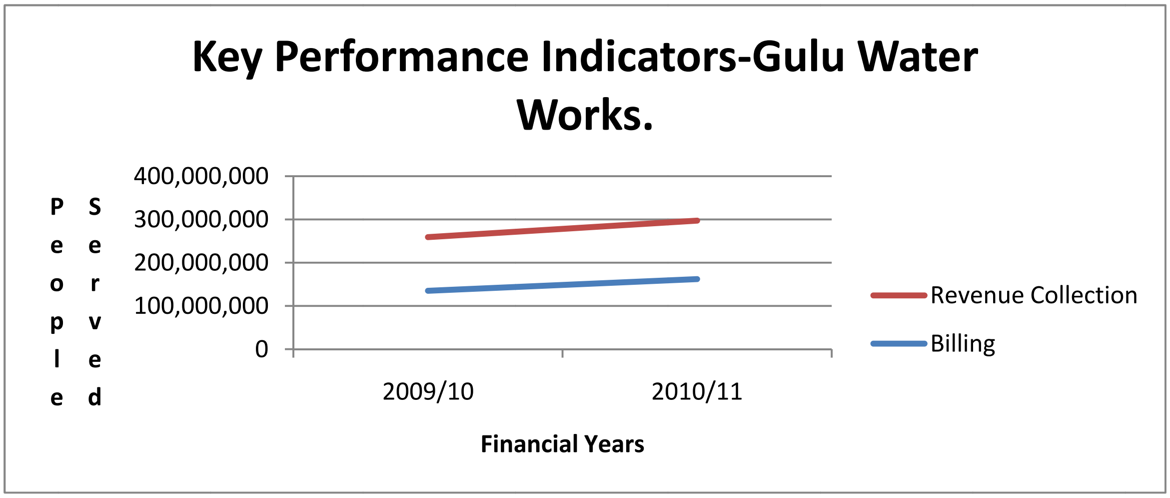
Output component (works funded from Goo component)	**Planned budget in Billion - Ushs**	**Actual expenditure in Billion - Ushs**	**Status of completion**
Training and bench marking of the project supervision team.	***0.030000***	0.0279969	Funds diverted to extension of Buloba supply scheme this activity had been excluded from the project scope due to limitations in financing and the funds used for extension of Buloba water supply scheme.
Compensation along the pipeline route	***0.050000***	0.0499995	Done
Increased production of treated water to the municipality. Reducing on the dry zones. Reliable supply of safe water in the municipality.	***1.719983***	1.681982704	Attendance to snags for the completed works at the Water treatment plant, storage tank and pipe network was undertaken. The Variation order for additional electromechanical works was signed in 16th March 2011 and procurement of the equipment was underway during quarter 4. Completed works technically commissioned Critical snags under the Defects liability period addressed

Output component (works funded from Goo component)	**Planned budget in Billion - Ushs**	**Actual expenditure in Billion - Ushs**	**Status of completion**
			The 5,300m3 concrete reservoir at Customs corner was completed and handed over to NWSC Gulu office. The road works and drainage at the water treatment works were completed and handed over to NWSC Gulu office. Contractor mobilization in preparation to start works on expanding distribution network
Expansion and replacement of the primary sewer lines within the municipality. Electro-mechanical works for the booster and civil works for sewerage pump house.	***0.199998***	0.199998	Scope of additional works determined Variation Order No 1 & 2 drafted .The finances from GoU component were not sufficient to enable this component to be implemented in FY 2010/11. The activities were excluded from the project scope due to limitations of financing received for the previous work done.

The rehabilitation works have resulted into the following:

- The rehabilitation of the treatment plant has resulted into increased capacity of the plant to handle more water per month. Total monthly treated water production has gone up from 64,600 m^3 in FY 2009/10 to 81,000 m^3 in FY 2010/11.
- Monthly new connections have gone up from 32 in FY 2009/10 to 34.
- Increased performance on key performance indicators:
    - Monthly Billing has grown from UShs 135,000,000/= in FY 09/10 to UShs 162,000,000/= in FY 2010/11.
    - Monthly Revenue collections have increased from UShs 124,000,000/= in FY 2009/10 to UShs. 135, 000,000/= in FY 2010/11.

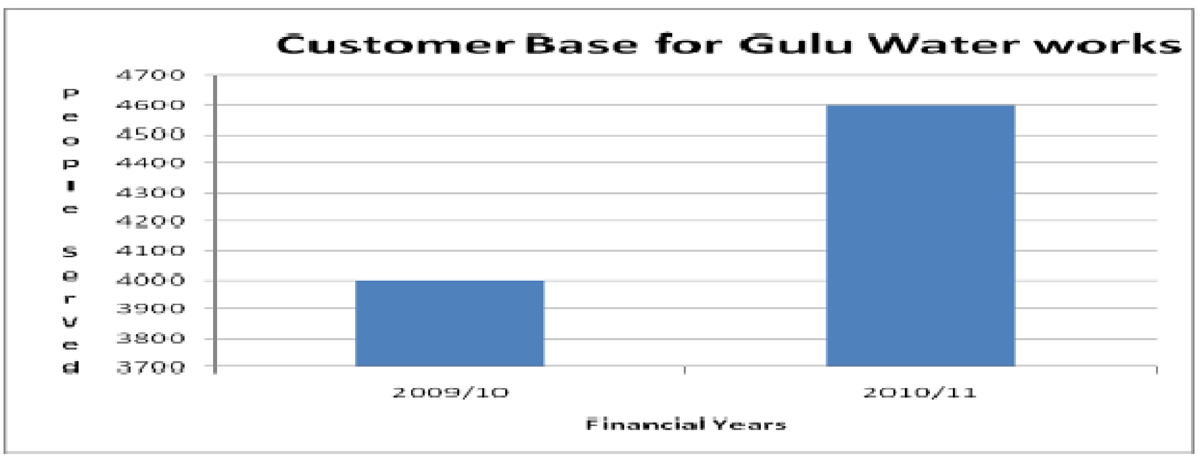
FIGURE 3.8 14: TREND FOR FINANCIAL PERFORMANCE OF GULU TOWN WATER PROJECT FOR FYS 2009/10 - 2010/11



Source: Gulu Town Water Project Annual Report and MWE Annual Report FY 2010/11

- Customer base has grown from 4003 in FY 2009/10 to 4,600 in FY 2010/11 (see Figure 3.8.5 below

Figure 3.8.5: Trend in Customer base Fy 209/10-Fy 2010/11



Source: FY 2010/11 Q4 Monitoring Findings

Challenges

There is however fundamental challenges that remain unresolved

- Non-revenue water (NRW). Following the rehabilitation the volume of NRW registered has gone up form monthly figure of 5000m^3 in FY 2009/10 to 15,000m^3 in towards the end of FY 2010/11. Currently real losses stand at 40% and apparent losses stand at 60%. This is a big threat to the economic viability of the town water supply.
- Constant power outages. These remain a big challenge as the standby generator cannot provide the power needed to run the system without interruption. Long power outages mean

long periods of no pumping and this forces management to ration water supplied to customers.

- The current source of raw water does not have the capacity to cope with the increased capacity of the treatment plant.
- The rehabilitation works included installing of an additional line from the in-take. There was however, no provision for a second pump for the second line and the existing pump cannot manage the two lines.

3.8.4. Water for Production

Introduction

Under this Vote Function, five outputs were monitored which include Akwera Dam in Otuke District, Obwengyerero Valley Tank, Kagamba and Kagango Valley Tanks in Isingiro District and Lutunku & Kisozi Valley Tanks in Sembabule/Gomba Districts.

Financial performance

The FY 20010/11 UShs 22,299,782,085/= by end of June 2011 UShs 20,234,786,576/= had been released to MWE and UShs.20, 228,372,147/= had been spent representing a 91% absorption rate. Out of what had been released UShs 6,122,973/= was committed as of end of June 2011 which was 0.3% of the total release. In terms of operational efficiency, 75% of expenditure was on high priority areas of a capital development nature and 7% was on low priority areas of a re-current nature.

Physical performance

Table 3.8.20: Progress under Water for Production

Output	Progress as of June 2011
Akwera Valley Dam	The dam was completed on schedule and technical commissioning had been done. The dam is currently in the defects and liability period. A User/Management Committee had been installed but at the time of monitoring was found non-functional. The northern flanks of the reservoir were showing signs of serious erosion and silt getting into the reservoir. Something will have to be done about it to prevent serious silting which potentially can render the tank un-usable within a very short time. The contract sum was UShs. 6,999,404,500/= and by the time of monitoring UShs. 5,069,034,209/= had been paid out tot eh contractor.

Output	Progress as of June 2011
Lutunku and Kisozi Valley Tanks	The two tanks were contracted out to a single contractor in one lot. The works were 100% complete and technical commissioning had been done by the time of monitoring. Both were in their defect liability periods. The contract sum was UShs. 867,994,490/= and by the time of monitoring, UShs. 570,270,344/= had been paid out.
Obwengyerero Valley Tank and Kagamba Valley Tank	These two were under one contract. Construction was around 100% complete. Technical commissioning had been done and the tank handed over to the Sub-County management. A user/management committee had been installed at each of the tanks but at the time of monitoring was found non-functional. Contracts amount for both was U Shs. 4,234,908,480/= and by the time of monitoring, UShs. 3,457,902,670/= had been paid out. In the case of Obwengyerero, though the tank was supposed to be in full use there were no signs of recent use/activity. Both treadle pumps were down (and this had been so for over three months), the inlets and 1/3 of the reservoir were choking with growing vegetation. No water could be pumped into the cattle troughs.
Extension of a piped water supply in Sembabule district	Works at the extension were 100% by the time of monitoring. Scheme management committee and tapstands/user committees had been installed and were found functional. Good social mobilization had been done and users were undertaking positive sanitation/hygiene activities. However attitude towards user fee is not yet very positive and this has been attributed to negative political pronouncements which tend to undo social campaigns by the user committees. All transmission and distribution lines were complete and public tapstands/kiosks. Contract sum UShs. 978,462,583/= and by the time of monitoring, UShs. 927,543,159/=.
Kagango Valley Tank	At the time of monitoring, works were reportedly 100% complete. However the monitoring team observed poorly done work with very poor finishing. The tank might not be able to hold the volume of water it was designed to hold. The outstanding work far goes beyond defects. The excavated soil was already falling back into the tank less than 6 months after completion and there were signs that in case of heavy rains, more soil will fall back into the tank and considerably reduce its carrying capacity. The contract sum was UShs. 1,394,945,753/= and by the time of monitoring, U Shs. 1,281,383,230/= had been paid out.

Source: Fied findings

Summary of challenges and recommendations for Water for Production

Water for production in its current implementation approaches faces a number of challenges that threaten the sustainability of investments. These range from basic technical skills issues, to complex socio-economic and management considerations:

- Large communal dams and tanks are not being properly managed and their utilization is sub-optimal. The user committees are not functional and are ill-trained. They only get first level training with no follow up-trainings to strengthen their mobilization and management capabilities.

  As a result most of them have not been able to effect the collection of user fees. Consequent to this is the fact that the dams like Obwengyerero are ill-maintained, they are overgrowing with vegetation and when simple break downs as occurred with the Treadle Pumps no maintenance is effected.

  With the pumps not working, there is no way water will be drawn from the reservoir into the cattle trough rendering the whole system useless. This was the case at Obwengyerero and there are many in this state of affairs.

- The above describe scenario is a typical demonstration of failure to secure/promote a spirit of local ownership. No communal facility will last and deliver the designed economic rate of returns (ERRs) in the anticipated time without user feeling and acting responsibly and voluntarily.
- Another challenge emanating from the communal management approach is that of spread of disease. It is very easy for communicable diseases to spread between herds at communal facilities since no control measures have been put in place by the users or their committees.

  Consequently well-to-do-farmers opt to collect water from the dams/ranks using their trucks rather than drive their herds to the communal troughs. Such farmers cannot be convinced to contribute funds for the maintenance of the dams.

- During the rainy season, there are other options for watering animals. Farmers have small ponds dotted around their grazing grounds and these will not walk the extra distance to water their animals at the communal troughs

- There are a number of cases of dams and valley tanks that require rehabilitation but little is being done. The user committees installed simply are failing to undertake their responsibility. Embarking on construction of new dams/tanks when old ones are getting disused does not have any economic justification.

  The challenges above make large communal dams/tanks unjustifiable unless the management aspects are put right.

Photos 1&12: A broken down and unmaintained Triddle pump at Obwengerero Valley Tank, to the right is an empty cattle trough (Photo taken on 27/06/2011)

Recommendations

- Considering the above challenges, it is recommended that focus be put on smaller "individual" facilities which can be used by smaller number of farmers or even individual farmers. These stand higher chances of being effectively used and maintained.

- Emphasis should be put on training user committees and providing them with start-off means of transport (bicycles) which they can use in mobilizing fellow farmers.

3.8. 5. Water and Sanitation Developemnt Facility (WSDF)-North Project 1074

The Water and Sanitation Development Facility is a project under the Joint Water and Sanitation program support implemented and managed from the centre by DWD. Under the WSDF there are four projects; WSDF-North, WSDF-South West, WSDF-Central and WSDF-East. The WSDF-N is implemented in the northern and West Nile regions of Uganda.

Financial performance

The Facility received funds from both GoU and JPF as indicated in the table below:

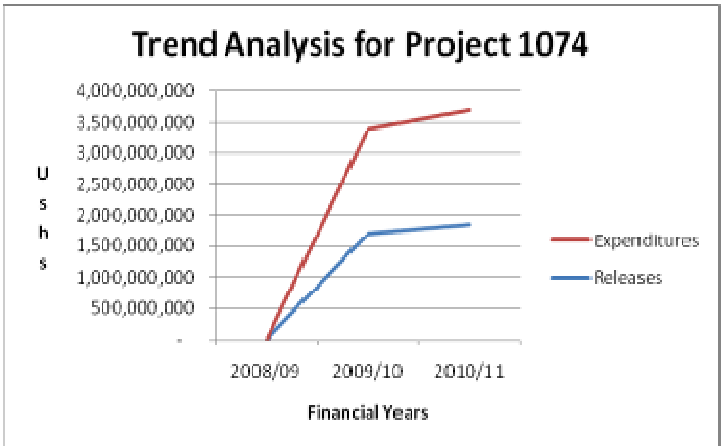
TABLE 3.8.21: FY 2010/11 APPROVED BUDGET

Funding Sources	Approved budget	Received funds	QI - UShs. Million		Q2 - UShs. Million		Q3 - UShs. Million		Q4 - UShs. Million		% received against annual budget
			Approved	Received	Approved	Received	Approved	Received	Approved	Received	
Donor	4,300	4,332.97	1,704.55	1,727.50	1,159.95	580.00	760.77	1,340.72	674.75	674.75	100.5
GoU	2,000	1,697.98	659.84	473.12	511.64	521.28	433.46	475.31	395.05	228.27	84.90
Total	**6,300**	**6,020.95**	**2,364.39**	**2,200.62**	**1,671.59**	**1,101.28**	**1,194.23**	**1,816.03**	**1,069.80**	**903.02**	**95.57**

Source: IFMS

While funds that were received enabled the Facility to implement most of the planned activities, the funding gaps under GoU negatively affected the full achievement of some planned targets. A number of construction works were affected due to the funding gap.

FIGURE 3.8.15: TREND ANALYSIS FOR FINANCIAL PERFORMANCE OF PROJECT 1074 IN FYS 2008/09 - 2010/11



Source: MoFPED, IFMS and WSDF-N Annual Report FY 2010/11

Project 1074		
Financial Year	**Releases**	**Expenditures**
2008/09	-	-
2009/10	1,706,174,771	1,694,268,873
2010/11	1,849,983,000	1,849,983,000

The facility had a number of financial commitments unsettled at the time of Q4 monitoring. There was UShs 8,561,486,253/= which was the total money committed that must be paid this financial year (FY 2011/12) and it covers:

- Works already done but could not be paid,
- Works not yet done but contract signed, and
- Retentions.

There was also UShs. 930,447,680/= which was the sum of money that should have been paid in the FY2010/11, but was carried to FY2011/12 either due to budget shortfalls or delayed contracting and subsequent delayed completion of works. It covers:

- Certificates ready for payment, and
- Certificates not prepared but their requests have been received.

The facility had over expenditure on a number of budget lines and all were on low-priority areas of a recurrent nature. These included: Allowances, Vehicle maintenance, Maintenance others (against the Goo funding component) ; Workshop and Seminars, Printing, stationery and bidding, Finance related Costs,: Vehicle Fuel, Lubricants and Oils,: General supplies, goods and services,: Maintenance – Vehicles. Over expenditure of this nature on low-priority areas gives an indication of weak financial management systems that must be strengthened so that re-current expenditure remains within the stipulated limits.

The only over expenditure of high priority nature was on construction, which on vote 312104: Other structures. The over expenditure on constructions was due to signed contracts for large towns: Amolatar, Adjumani and Oyam, and the extension to Kamdini system. While these large towns were planned for in this financial year, they are multi-year projects whose payments were based on certified works during the financial year, that were well above the approved item budget.

Physical performance

Table 3.8.22 below shows progress on a number of outputs/projects that were monitored in the course of FY 2010/11

Table 3.8.22: Progress on WSDF-N Outputs for FY 2010/11

Outputs planned	Progress as of June 2011
Extension of Kamdini piped water supply	By the time of Q4 monitoring, the system had been constructed to completion and handed-over to the local authorities. The works included: transmission of 1.5Kms - OD63 HDPE PN16, distribution of 1.0Km OD50 HDPE PN 10, and 50 service connections. The extension works that have been done will boost the existing system to adequately serve a population of 4,444 a year in the initial year. The system had been handed over the local Water Board for supervision of the private operator who was contracted to rum it.
Construction of Oyam piped water Supply System	By the time of Q4 monitoring **Oyam** construction works had reached 60% completion: transmission of 3Kms and distribution of 8KmS. The Water office block had been roofed and other finishes/fittings being handled, 2No. Pump stations had been constructed to completion, and a 300m³ capacity Reservoir tank footings had been completed, and the fabrication of the tower is in the progress. Other works that have been started on include: water kiosks, public toilet, service connections. The system will serve a population of 16,887 in the initial year 16,887. Work at the scheme was on progress and quality met expected standards.
Completion of Construction of Anaka piped water supply system	By the time of Q 4 monitoring, **Anaka** was 100% completed and technically commissioned and handed over to the Private Operator (JOWA Ltd) for operation and maintenance on behalf of Nwoya district. The scheme was however still in the defects liability period. However considering the good quality of works done, there were no major expected defects.

Outputs planned	Progress as of June 2011
	The system has 57 connections: of which 50 are domestic, 03 institutions and 04 public stand taps, and a reservoir tank of $100m^3$. The transmission main is 4.4Kms in HDPE OD 90 PN16 and distribution lines of 4,119m in HDPE OD 90, 75, 63, 50 and 40 all PN10. The yield of the production well is $72m^3/hr$ installed with a submersible pump of $18.2m^3/hr$ powered by 63KVA GENSET Diesel engine water cooled. The system is to serve a population of 7,000 in the initial and 26,553 in the year 2025. The contract period was extended by 2(two) months during which test running was done; an ECOSAN toilet has been constructed at the source.
Construction of water-borne toilets	By the time of monitoring, **Flash toilets** (02) were constructed to completion in the towns of Kamdini and Oyam. Whereas the Kamdini unit is fully functional under the Private operator, the Oyam unit awaits plumbing and painting works.
Completion of Kuru piped water supply system	By the time of Q4 Kuru water supply system had been completed and fully operational by the private operator. There were however socio-economic issues that need to be sorted out. A number of households just next to a public tapstands were found drawing domestic water not from the kiosk but from an unsafe source 0.5 Km away. Their problem was that they could not afford the tariffs of the Kuru system.

Challenges faced by WSDF-N and recommendations

The facility faces a number of challenges some of which are socio-political and others are technical:

Socio-political, and economic

- This was mostly related to land acquisition. Whereas it is the responsibility of the local authorities for the beneficiary communities to acquire uncontested piece of the land upon which investments are to be made, they do not do this in time and properly. On a number of occasions construction works have either unduly delayed or been interrupted due to land conflicts with former land owners.
- Operation and maintenance (O&M) of installed facilities is still a problem. The operators interviewed complain that at the set tariffs, and while using generators as the source of power for pumping, they simply cannot break-even. On the other hand, poor households have demonstrated that they cannot afford the water at the set tariffs. This defeats the very reason these schemes are constructed.

Technical

- The most outstanding technical challenge faced by the facility is source of power for the schemes being built. The high cost of running generators is pitting the operators on the verge of failure to run the systems and making the water unaffordable.

Recommendations

- The facility with support from MWE, under took an initiative towards finding a lasting solution to the O&M challenge. It established the Northern Umbrella of Water and Sanitation. It is recommended that this body be given all the financial and technical support it needs to provide close on-site support to the Water Boards in sorting out mobilization and management issues as they arise, and keep the water tariffs within reach of the poor households.
- Continued use of generators will not bring down the cost of running such schemes to the levels where water is affordable. MWE should accelerate efforts to get ERT to provide appropriate energy (Solar but with the correct type of panels) for pumping the water.

  Research should be conducted into other forms of energy appropriate for rural areas to provide power for the pumps. MWE should do this by beefing up and capacity of the Mukono–based Appropriate Technology Center and increase its mandate to cover research into energy sources.

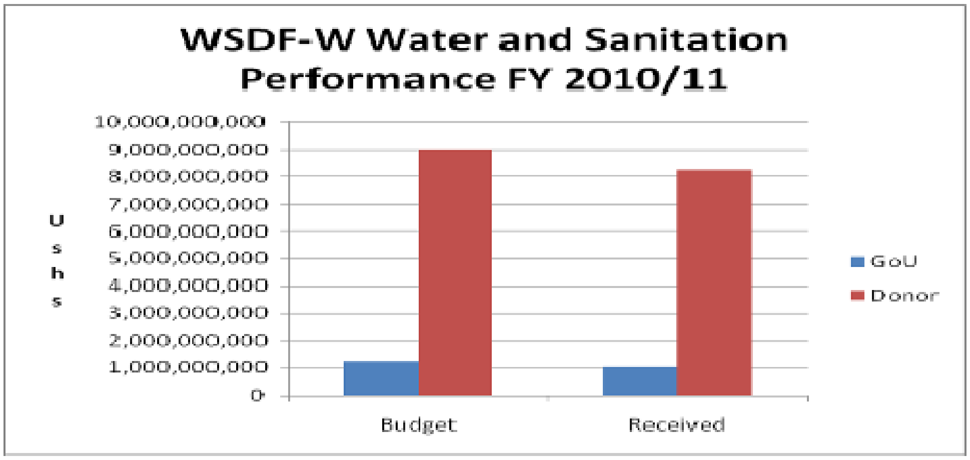
3.8.6. WSDF-West (Project 160)

Like WSDF-N, WSDF-W too is under the Joint Water and Sanitation Program Support. This one is being implemented in the western and south-western region of Uganda. It is developing both small-scale and medium sized piped water systems in small towns and RGCs. The sanitation component is emphasizing promotion of Ecological Sanitation facilities (ECOSAN).

Financial performance

The facility received both Goo and donor funds for the FY 2010/11. It had an approved budget of GoU UShs. 1,240,000,000/= and a donor component of UShs. 9,000,000,000/=. Releases for the FY 2010/11 from the two sources/components to the facility were Ushs.1, 041,950,221/= and U Shs.8, 221,450,000/= respectively. This is shown in the fig. below. The facility had a budget short fall on both funding components of Ushs.198, 049,779/= and UShs.778, 550,000/= respectively.

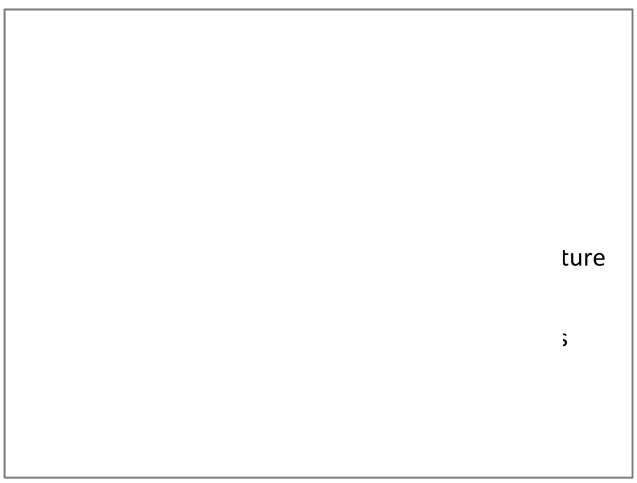
FIGURE 3.8.16: ABSORPTIVE CAPACITY OF WSDF-W IN FY 2010/11



Source: MoFPED IFMS and WSDF-W Annual report

As shown in the figure 3.8.6, of the GoU approved budget, only 84% was realized while realization from the donor component was 91%. A trend analysis for the GoU releases to the facility is presented in the figure 3.8.7.below:

FIGURE 3.8.17: TREND IN FINANCIAL; PERFORMANCE OF PROJECT 0160 FOR FYS 2008/09 - 2010/11



Project 0160	Budget Ushs	
Financial Year	**Releases**	**Expenditures**
2008/09	1,184,265,591	1,179,275,479
2009/10	1,376,878,000	1,373,803,951
2010/11	1,153,990,000	1,153,990,000

Source: MoFPED Intergrated Financial Management System(IFMS)

Physical performance

The WSDF-W undertook a number of small and medium sized town water supply and sanitation systems in the region and a selection of both categories were monitored during FY 2010/11.

Table: 3.7.23: WSDF-W Outputs Performance Progress for FY 2010/11

Output	Progress as of June 30th 2011
Extension of Ibanda Town Water Supply in Ibanda District	By the time of Q4 monitoring, the extension works were completed and technical commissioning done. The scheme was in the defects liability period. • All the planned 1.Km of transmission line had been laid • All the planned 26.8Kms distribution and service lines had been laid • 125 connections had been planned. However by the time of monitoring, 206 connections had been made (182 private HH connections, 6 public kiosks constructed and connected, and18 institutions), representing 165% performance. • A twin 80m^3 re-enforced concrete reservoir tank (40m^3 each) was 100% completed. • All 7 planned household level ECOSANs had been 100% completed
Construction of medium, sized piped water supply scheme at Bwera-Mpondwe Township – Lot 1	All works under Lot 1 were 100% complete and the scheme was in the defects liability period • 11.42Kms of transmission pipeline had been supplied and laid to 100% completion • All tanks had been 100% constructed and as planned: 1 30m3 Re-enforced Concrete Tank; 1 Pre-Filter Tank; 1 rapid sand Filter Tank; 1 20m3 Re-enforced Concrete Sed Tank and 1 Chlorine house with dozing facility. • All source development works (Intake works) were 100% done. • All 9 planned ECOSANs and been built and were 100% complete.
Construction of medium, sized piped water supply scheme at Bwera-Mpondwe Township – Lot 2	At the time of Q 4 monitoring, all major construction works were 100% complete: • All planned 36.2Kms of distribution and service lines had been laid. • 62% of (442 out of 718) planned connections had been made (402 private HHs connections; 18 public kiosks; and 22 institutional connections) • All planned tank construction had been done 100% (1 250m3 Elevated Steel Tank and 1 30m3 Elevated Steel Tank
Construction of Office Block	1 office block complete with sanitation facility had been 100% completed with fencing and access gates
Construction of ECOSANs	All 14 planned ECOSANs had been 100% completed

Source: Field Findings

The Ibanda Town Water supply was a 1-year project with a contract sum of UShs. 802,735,559/=.

The Bwera-Mpondwe scheme was in two Lots (Lot 1 & Lot 2). Both lots were 1-year projects each. Lot 1 was of contract sum contract sum of UShs. 2,025,250,540/= while Lot two was of contract sum UShs. 1,592,394,808/=.

Photos 13&14: Completed Twin re-inforced Concrete Water Tank (left) at Ibanda and completed Water Office (right) for the Bwera-Mpondwe Water scheme

3.8.7 Key Conclusions

i). Rural Water Supply and Sanitation (District Water and Sanitation Conditional Grant)

Findings from the monitoring exercises indicate that performance of DWOs is curtailed by procurement constraints, late releases of funds from the center and inadequate staffing at the district levels. On the other hand the high demand from communites and increasing political supervision at the district levels has served to motivate the staff to perform.

Therefore for any further improvement in sector performance at the LGs levels the sector must address itself first to these core constraints. In addition to this, it was clear that environmental degradation and low levels of local ownership were a growing threat to sustainability of facilities. For any future improvements in sector performance the sector needs to address itself these factors as well.

ii). Urban Water Supply and Sanitation

Findings from monitoring visits point to the fact that piped water systems are more cost effective than point water sources. The scattered nature of Ugandan settlements however poses a challenge to using piped systems as a major technology for supplying water to rural communities.

It is therefore more prudent to promote piped systems wherever economies of scale and social factors like settlement patterns and density allow while still providing point sources where they are the only option possible. With this approach effectives and efficiency will be enhanced.

iii). Water for Production

This Vote Function is focusing on a very critical aspect of the economy which is availing water for livestock in the cattle corridor. This corridor is over 60% water stressed and so the activities of MWE under the Water for Production project need all the support they deserve.

However there are a number of critical issues that need to be addressed in order to enhance sustainability of investments and impact on the ground. These include local ownership by the farmers/cattle keepers so that they undertake effective O&M. another issue that need attention is that disease spread which makes some farmers, especially the well-to-do ones “shy” away from using the facilities. Both issues are complicated and aggravated by the communal nature of the utilization and management of the facilities.

If these issues are not addressed then the facilities installed will not be effectively used and there will be no impact in the long run.

Key Recommendations

i). Rural Water Supply and Sanitation (District Water and Sanitation Conditional Grant)

- **Environment by-laws:** These should be passed by local authorities to curb the rapid rate of degradation that is leading to lower water tables in many rice growing regions thus reducing the lifespan of facilities especially point water sources.
- **Contain Increase in unit costs:** In an effort to curb costs, districts should encourage competitive pricing, review designs for improvement and consider appropriate alternative low cost technology options, such as rainwater harvesting particularly in areas with low groundwater potential. CAO's should increase their supervisory function to ensure that funds intended for capital expenditure are not used on overheads.
- **Community Based Maintenance System:** This must be strengthened to increase functionality through improved sensitization and follow-up training, which should be closely monitored by the TSU's. Increased budget for all software activities, especially social mobilization and advocacy to make them continuous and enhanced support from district officials and political leaders for CBMS is essential.
- **Understaffing in District Water Officers:** The issues of staffing in the DWO and Works department should be addressed urgently to avoid situations where the DWOs are sitting in for District Engineers and consequently water activities suffering low attention. Where this is due to delays in district's recruitment procedures, contract staff should be recruited as advised by MWE.
- **Sanitation By-Laws:** These should be passed in districts with political support as evidence suggests that the 'stick' approach of penalizing households without latrines is the most effective way of increasing coverage.

ii). *Urban Water Supply and Sanitation:*

- **Improve Procurement:** Procedures should be improved to ensure that only competent firms are used and are adequately supervised. Firms producing low quality works should be blacklisted.
- **Alternative energy sources:** Solar panels should be included in the design of piped water supply systems where there is irregular power supply. Locations without connection to the grid should be prioritized for ERT Phase II – Water Component.

iii). Water for Production:

- **Communal ownership and effective O&M:** Change focus from large communal facilities to smaller ones that are managed either at household level or under smaller communities where local ownership can easily be guaranteed.

- **Land acquisition:** This should be resolved by local authorities prior to construction to prevent delays in works and prolonged compensation periods, which may help to increase community ownership once an intervention has been handed over.
- **Rehabilitation of existing dams and valley tanks:** This should be prioritized as a more cost effective way of delivering services, instead of constructing new ones.
- **Environmental Impact Assessment:** This is generally neglected and should be undertaken on a more comprehensive basis by water for production programme prior to the start of construction.

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Annex 1: **List of Persons interviewed**

List of Persons met During WES Field Work.

Name	**District**	**Designation**	**Contact**
Angella Okurut	Kumi	ACAO	
Opio Harrison	Kumi	DWO	
Apio Christine	Kumi	Health Inspector-in charge of sanitation	
Thomas Epet	Soroti	DWO	
Anthony Ojok	Gulu	Manager-NWSC	0717-315470
Wilfred Basigirenda	Gulu	Senior Accounts-NWSC	0717-315432
Kirumira	Rakai	ADWO	
Twinamatsiko Emmanuel	Kisoro	District Engineer	
Nkumbuje Christopher	Kisoro	ADWO	0772454554
Anatoli Nkusi	Kisoro	CFO	
Turyahunura A	Ibanda	DWO	
Mwesigwa Elias	Ibanda	Asst DWO- Health	
Kadara	Pallisa	Asst DWO	
Mutema Charles	Kibuku	Asst CAO	0772353794
Bagamuhunda	Kabale	ADWO	0772463689

Benjamin Okurut	Tororo-Molukebu Parish	L.C 2	
Agidew	Tororo	Vambecco Enterprises Foreman -Plumbing	0772339054
Rogers Nsambu	Tororo	Vambecco Enterprises-Supervising Consultant	0772635092
Ravi Rudi	Tororo	Vambecco Enterprises-Project Engineer	0776095111
Rev Enoch Kawuma	Isingiro	L.C 3 Ndiinzi S/C	
Matua Richard	WSDF-N	Manager	0782397860
Nawoya Bruno	Kibuku Town Council	Manager	0775654618
Pande Sulaiman	Kibuku	ADWO	
Mutema Charles	Kibuku	ACAO	0772353794/0701353794
Gloria Namajja	M&E	Consultant	0787280080
Hannington Ssekyanzi	Sembabule	C/M- WSS	0772907387
Emmanuel Katongole	Sembabule	Operator-Lutunku WSS	0754024258
Katabira Grace	Kasese	SAA	0782654230
Muhindo Asha	Kasese	ADWO	0782885592
Kahangwa Joshua	Kasese	Asst.C/M Kalalike GFS	0775316802