THE REPUBLIC OF UGANDA

Budget Monitoring Report

July -September 2009

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Ministry of Finance, Planning and Economic Development
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TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS

AAMP	Area Based Agricultural Modernization Programme
ADB	African Development Bank
AFDB	African Development Bank
AG	Administrator General
B.O.Qs	Bills of Quantities
BCP	Brick laying and Concrete Practice
BEL	Bujagali Energy Limited
BHP	Bujagali Hydro Electric Power Dam
BIP	Bujagali Interconnection Project
BIRDC	Banana Industrial Research and Development Center
BIU	Bujagali Interconnection Unit
BMAU	Budget Monitoring and Accountability Unit
BoG	Board of Governors
BOOT	Build Own Operate Transfer
BOQ	Bills of Quantities
BoQs	Bills of Quantities
BTVET	Business Technical and Vocational Education and Training
CAO	Chief Administrative Officer
CBMS	Community Based Maintenance System
CFO	Chief Finance Officer
CGV	Chief Government Valuer
CJ	Capentry and Joinery
CMU	Construction Management Unit
CP	Community Polytechnic
CSOs	Civil Society Organisations
D&L	Defects and Liability
DANIDA	Danish Development Agency
DBICs	District Business Information Centers
DEO	District Education Officer
DHO	District Health Officer
DISP	District Infrastructure Support Programme
DRC	Democratic Republic of Congo
DUCAR	District, Urban and Community Access Roads
DUCARIP	District, Urban and Community Access Roads Investment Plan
DWD	Directorate of Water Development
DWO	District Water Office

DWRM	Directorate of Water Resources Management
DWSCG	District Water and Sanitation Conditional Grant
ECOSAN	Ecological Sanitation
EFT	Electronic Funds Transfer
EIA	Environmental Impact Assessments
ERA	Electricity Regulatory Authority
ERT	Energy for Rural Transformation
ESM	Environment and Social Mitigation
FY	Financial Year
GOU	Government of Uganda
GTZ	German Technical Services
HC	Health Center
HEP	Hydro Electricity Power
HFO	Heavy Fuel Oil
HSD	Health Sub District
IDA	International Development Agency
IDP	Internally Displaced Person
IFMS	Integrated Financial Management System
IPC	Interim Payment Certificate
ITP	Industrial Technology Park
JMS	Joint Medical Stores
KCC	Kampala City Council
KIBP	Kampala Industrial Business Park-Namanve
Km	Kilometre
KSL	Kinyara Sugar Limited
KV	Kilo Volts
LAN	Local Area Network
LG	Local Government
LGDP	Local Government Development Programme
LGFAR	Local Government financial and Accounting Regulations
MCTs	Multipurpose Community Tele Centers
MEMD	Ministry of Energy and Mineral Development
MFPED	Ministry of Finance, Planning and Economic Development
MoES	Ministry of Education
MOGLSD	Ministry of Gender Labour and Social Development
MOH	Ministry of Health
MoICT	Ministry of Information and Communications Technology
MOLG	Ministry of local Government

MoU	Memorandum of Understanding
MoWT	Ministry of Works and Transport
MTTI	Ministry of Tourism, Trade and Industry
MV	Motor Vehicle
MW	Mega Watts
MWE	Ministry of Water and Environment
NMS	National Medical Stores
NTC	National Teachers' College
O&M	Operations and Maintenance
OHS	Occupational Health and Safety
OPD	Out Patient Department
OVOP	One Village One Product
PAPSCA	Program for Alleviation of Poverty and Social Costs of Adjustment
PFAA	Public Finance and Accountability Act
PHC	Primary Health Care
PIBID	Presidential Initiative on Banana Industrial Development
PoP	Internet Point of Presence
PPA	Power Purchase Agreement
PPDA	Public Procurement and Disposal of Public Assets Authority/Act
PPP	Public Private Partnership
PRDP	Peace Recovery Development Programme
PTC	Primary Teachers' College
PWSS	Piped Water Supply System
RAFU	Road Agency Formation Unit
RAP	Resettlement Action Plan
REA	Rural Electrification Authority
RGC	Rural Growth Centre
RHS	Right Hand Side
RRH	Regional Referral Hospital
RWHT	RainWater Harvest Tank
RWSS	Rural Water Supply and Sanitation
SFG	School Facilitation Grant
SMC	School Management Committee
TBI	Technology Business Incubator
TSU	Technical Support Unit
TVET	Technical Vocational Education and Training
UBIN	Uganda Business Information Network
UCC	Uganda Communications Commission

UCC	Uganda College of Commerce
UETCL	Uganda Electricity Transmission Company
UGX	Uganda Shillings
UIA	Uganda Investment Authority
UIRI	Uganda Industrial Research Institute
ULC	Uganda Land Commission
UMI	Uganda Management Institute
UNBS	Uganda National Bureau of Standards
UNICEF	United Nations International Children's Emergency Fund
UNRA	Uganda National Roads Authority
UPE	Universal Primary Education
UPPET	Universal Post Primary Education and Training
UPS	Uninterruptible Power Supply
UPS	Uganda Prisons Services
URA	Uganda Revenue Authority
USD	United States Dollars
USE	Universal Secondary Education
UShs	Uganda Shillings
UTC	Uganda Technical College
UTL	Uganda Telecom Limited
UVQF	Uganda Vocation Qualifications Framework.
UWSS	Urban Water Supply and Sanitation
VAT	Value Added Tax
VIP	Ventilated Improved Pit latrine
VOA	Vote on Account
VOIP	Voice Over Internet Protocol
WB	World Bank
WFP	Water for Production
WSB	Water and Sanitation Board
WSC	Water and Sanitation Committee

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. 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 and health 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.

C.M. Kassami

Permanent Secretary/ Secretary to the Treasury

Executive Summary

Background

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

This report is based on selected key programmes that were partly monitored during FY 2008/09 and the first quarter of FY 2009/10. 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 and health where some recurrent costs are tracked.

Findings

Financial Performance

Although there was evidence of improvements of releases from treasury, a number of concerns were noted.

- Non –remittance of unspent conditional grants to the consolidated fund which was eminent in all the 17[1] districts visited.
- Utilisation of the unspent conditional grants without authority, which was found in Sironko district.
- Diversion of conditional funds to other activities, that was prominent in Sironko, Kasese and Kabarole districts.
- Low Absorption of funds where none of the 17 districts had spent any of the FY 2009/10 funds while others still had funds rolling over from other FYs.

Agriculture

(a) The sector had made some achievements under the Agriculture and Marketing Support project as well as the Support for Tea Cocoa Seedlings Project.

However it was noted that there was **poor value for money** under the Agriculture and Marketing Support project due to poor service delivery as well as poor management style by the implementing agency the World Food Programme.

[1] Kapchorwa, Sironko, Bududa, Budaka, Pallisa,Tororo,Bugiri, Iganga, Mayuge, Kasese,Kabarole, Kyenjojo, Mubende, Rakai, Lyantonde, Sembabule and Masaka

False reporting was also noted. For example, in West Nile, the Agriculture and Market Support project activities in many instances had ceased some years ago. However, the Ministry of Agriculture continued to draw funds for these activities up-todate.

On the other hand, the Support for Tea Cocoa Seedlings Project experienced spells of **poor management.** This was in the form of delayed supply orders, over-centralization of the project, limited supervision and guidance to farmers from the Coordination Unit and the high prevalence of pests and diseases.

(b) The NAADS programme was reviewed in Kiboga district to ascertain the beneficiary complaints of non compliancy with the guidelines. The complaints and concerns raised by beneficiaries about NAADS were generally found to be true although the reasons for deviance from the NAADS guidelines were also justifiable. The negative publicity and political patronage around NAADS is gradually depopularising this Government programme thus slowing the pace of implementation.

Education

The sector is commended for achieving the Annual Planned Output Targets for FY 2008/09 under four programs that included ADB III; Development of TVET P.7 Graduate Enrolling Institutions and UVQF, Rehabilitation of National Health and Departmental Training Institutions and Development of Primary and Secondary Teachers' Colleges. In all these the planned development projects were completed.

However, the sector performance seemed to be faced with many issues of concern.

- Inconsistencies in financial information

  A number of institutions had received less funds than what was reported in the Annual progress report of FY 2008/09. For example 42% of the institutions under the Emergency Construction and Rehabilitation of Primary Schools received less funds than their approved budgets.

- Overvalued construction work and procurements were noted at St Kizito Ttikalu P/S, where a 2-classroom block with offices was constructed at the cost of Ushs 97,225,700/=; Kakere P/S (Kaberamaido District), and Namasale Technical Institute (Amolatar District). There was also the purchase of land at Karungu S.S. where a 1.167 hectares (approximately 2.88 acres) piece of land with poor structures was procured at Ushs 326,910,000/=.

- Re-allocation of funds between votes

A total of shs 1.34bn meant for the development of secondary education were used to pay for construction activities under other vote functions. As a result the annual planned output targets under USE were not achieved.

- Implementing activities outside the workplan

The sector continues to implement activities outside the agreed on workplan. Under USE for example, shs 1.16 bn was spent on schools that were not in the approved workplan.

Energy

The sector had fair progress in some programmes. However, the sector was faced with many issues that threaten the achievement of its objectives. These include:

1. Tremendous slackness of works on Bujagali Hydropower Projects (HEP) due to several reasons; including slow work on concrete placement of the dam wall; and the need to design alternatives for power/house gated spillway because the rock structure is not firm.
2. Many energy projects still face issues of land ownership. Bujagali interconnection project had acquired only 74% of required land.
3. The issue of VAT waivers and exemptions is yet to be resolved on Bujagali HEP; Mpanga, Bugoye and Buseruka Mini Hydro Power (MPH) Stations. This issue was raised consistently during last FY but action seems to be slow in being taken.
4. In Bwindi MHP, the contractors are not skilled in HEP dam construction as it is a first time project.
5. Ishasha MHP had suffered a number of thefts of project construction material especially cement and fuel.
6. Some Energy Saving Institutional Stoves in Prisons had been poorly constructed and have already begun disintegrating.
7. Kinyara Sugar Limited (KSL) whose power generation capacity was too much for the island grid. They need a 132KV line to feed onto the main grid. However, KSL power line frequently trips due to failure to synchronize with the Uganda Electricity Transmision Company Limited (UETCL) transformer.
8. The ERT1 Gasifyer project in Kyambogo, Buddo and Nyabyeya is 3 years behind schedule. This was mainly due to procurement issues stemming from inexperience in this new technology.

Health

The sector registerd varied successes in its development programmes. However, there are many issues of concern.

1. Low absorption of funds: There had been low expenditure for projects within the health sector.
2. Poor prioritization*:* During FY 08/09, new projects were embarked on while over 5 old (ongoing) projects were not completed.
3. Lack of adequate staff housing*:* During the monitoring visit it was noted that some health workers at HCIIs who had no staff houses—choose to sleep within the Outpatient Departments.
4. Poor Ordering and distribution of drugs*:* Counter accusations between National Medical Stores and health facilities have continued each accusing the other of lacking capacity to perform its role.

Industrialization

Progress in the programmes under industrialization varied between institutions. There were key issues that need to be addressed to enhance performance of these programmes.

1. Cost Overruns: Kampala Industrial and Business Park-Namanve experienced variations in design of the buildings. Additional work is required downstream the Namanve river implying additional project costs.
2. Delayed land acquisition: The delay in securing the land title caused a setback in implementation of the construction of Uganda National Bureau of Standards (UNBS) headquarters.
3. Poor Planning: Most of the equipment for the main processing plant under the Presidential Initiative on Banana Industry (PIBID) was purchased during FYs 2007/08 and 2008/09 but it is still locked in the delivery containers due to absence of a factory. The equipment may run out of warrants and become obsolete before it is used.
4. Inadequate funding: Good African Tea Industry project had generally stalled due to inadequate funds.

Information Communications Technology (ICT)

A lot of procurements and deliveries were made by the sector in a bid to enhance ICT application within the population countrywide. However there was very little evidence of use of these technologies, except in the schools and a few local governments. The telecentres in the post offices showed total disuse and neglect. The main reasons were:

1. Absence of Service Level Agreements for Internet point of Presence and Telecentres**:**
2. Failure to commission the postal telecentres , and
3. The Memorandum of Understanding (MoU) for District Business Information Centres is not substantively signed by all partners.

Roads

First quarter road sector monitoring covered the National Roads Maintenance Programme and 5 road construction projects under UNRA namely: Soroti – Dokolo, Dokolo – Lira, Busega – Masaka, Masaka – Mbarara, and the National Paved Roads Maintenance Backlog project; and 2 programmes under the MoWT namely: Support to Tourism Infrastructure Development Programme, and the District Roads Rehabilitation Programme. The programmes registered varied successesses but had constraints. The key issues included:

1. Loss of value for money in the packaging of works contracts:-
   The Busega – Masaka road was defragmented into four sections, two of which have been contracted out leaving the others. Defragmentation obviates the potential gains from better competitive rates expected from bigger projects.

2. Imminent dispute on cost and quality of asphalt specified for Backlog projects – Package 2 (Kampala roads). While the contractor's rate for the specified quality of asphalt was apparently low, there were attempts of lowering the specifications of the asphalt but which option would additionally cost the government UShs 2.0 billion.

3. Disproportionate unit rates: The several road maintenance contracts monitored had the unit rates for periodic maintenance of gravel roads typically between 23 to 29.2 million per Km. However, the contract for periodic maintenance of Masaka – Bukakata road was 50.2 million per Km, which was twice as high.

4. Project cost overruns exceeding contractual limits on variations were anticipated on all the 5 projects monitored (Soroti – Dokolo, Dokolo – Lira, Busega – Masaka, Masaka – Mbarara, and the National Paved Roads Maintenance Backlog project) with cross cutting causes that included: claims from price adjustment clauses following increases in cost of construction inputs like fuel, bitumen, oils, expatriate labour etc; post contract award design changes; additional works; land acquisition related issues like the relocation of adjacent boundary fences; and interest accruing from late payment of interim certificates.

5. Interest accruing from late payments to the contractor was noted on Dokolo – Lira road, where UShs 173 million had already accrued and had been paid to the contractor on certificates 1 to 10.

Water and Sanitation

The sector had achieved varied successes but had some issues of concern.

- Inflated programme performance in a given FY: Under the *Support to Rural Water Supply and Sanitation Projet*, for example piped water systems had been completed and were functional in Nakifuma rural growth centre (RGC) in Mukono district, Nankoma

RGC in Bugiri district, Kasambira RGC in Kamuli district and Buliisa town in Buliisa district. However, the bulk of construction work was actually undertaken in FY07/08, although outputs were stated in FY 08/09.

- Diversion of funds: This was common under the District Water and Sanitation Conditional Grant, where funds were allocated to other activities.
- Political interference: There was evidenece of political influences in allocation of water points. In Rakai district for example the water harvesting tanks were at the residences of the political leaders.
- False reporting: The FY08/09 progress report stated that construction was underway and funds were accounted for under the School and Community IDPs Project. However, it was clear from the field findings that works had not been done and were due to begin in Q1 of FY09/10.
- High operational costs: In many instances where piped water systems had been installed, they suffered high operational costs especially where generators are used for pumping the water.
- Poor Water Resources Management: Groundwater maps were supplied to Nebbi district in 2007, for example, but were not being utilised as they were incomplete. Completion and use of maps was given low priority by the district, aphenomena that needs to be investigated in other local governments.

RECOMMENDATIONS

Financial Performance

- Unspent balances should be returned to the consolidated account as per regulations, by October, at the end of each FY.
- The CAO and CFO Sironko district are cautioned for utilizing the unspent balance without authority from the Secretary to the Treasury.
- The CAOs and CFOs, in local governments where conditional grants were diverted are cautioned. These include Sironko; Kabarole and Kasese districts.
- The district contracts committees and the procurement departments should speed up the whole process of prequalifying contractors, awarding contracts and the approval of the contracts.

Agriculture

1. Government needs to institute a formal channel for investigating and redressing genuine concerns at source, under NAADS, to avoid wastage of resources through duplication as several central agencies monitor the same issues.

2. The Agriculture and Marketing Support project is scheduled to end in 2010. As GoU and WFP enter a new agreement for another programme ‘Purchase for progress”, lessons should be drawn from this evaluation to address the gaps in design and implementation.

3. The Ministry of Agriculture needs to account for all funds supposedly spent on activities under the Agriculture and Marketing Support project.

4. GoU should step up the supply orders to meet the large demand for cocoa seedlings in the country.

Education

- MoES should adhere to the performance contract/work plan as agreed upon at the beginning of the Financial Year. However if changes are made, they should be communicated to the Secretary to the Treasury.
- MoES should explain the use of the funds that were not received by the schools as per the approved budget, for both UPE and USE.
- MoES should supervise schools that receive funds for construction to ensure that the scope of works agreed upon is adhered to.
- The issue of shoddy work on the classroom block at Namasale Technical School should be followed up.
- Overvalued construction works and procurements in Kakere Primary School in Kaberamaido District, St Kizito Ttikalu Primary school in Wakiso District and the compensation of land at Karungu S.S. should be investigated.

Energy

- There is need to hold high level talks between the Ministry of Energy and Mineral Development (MEMD); Ministry of Finance (MFPED); BEL and Jyoti on issues concerning the delayed works on the Bujagali-Kawanda transmission line. Action needs to be taken early to avoid precarious situations and VAT issues.

- There is need for high level talks between UETCL, MEMD, MFPED, Ministry of Lands, Administrator General’s office to ensure that all the required land for the **Bujagali Interconnection Project** is acquired.

- Improved institutional energy saving stoves should be rolled out to all Uganda Prisons nationwide. GoU and other development partners should participate in the national roll out.

- **Kinyara Sugar Limited** should be encouraged to increase its power generation. The power should be evacuated to the main grid and not the ‘island’ grid. UETCL should expedite the construction of the 132KV line from Kafu to Nkenda, in order to evacuate power from Kinyara to the main grid.

Health

1. Consolidate capital development investments*:* The districts should be guided to concentrate on completing ongoing works before embarking on new ones.

2. Provide Staff housing*:* There should be a consideration on increasing staff houses as a strategy for operationalising health centres and encouraging retention of health workers especially in hard to reach areas.

3. Training on drug management*:* Ministry of Health should consider providing refresher courses to the in-charges of health facilities to enable them estimate drug requirements for their facilities and to encourage them submit drug deliveries in time.

Industrial Development

- Expediate Kampala Industrial Business Park-Namanve works: Arrangements should be made to include additional works downstream the Namanve River to allow a clear river flow.The contractor should expeditiously complete the remaining work to avoid further financial claims from the consultants and contractor.
- Timely release of funds, in adequate volumes and in line with the seasons, is required to reduce on operational costs and avoid unnecessary losses under value addition industries.
- Uganda National Bureau of Standards should speed up the procurement process for the construction of her headquarters.
- The Presidentail Initiative on Banana Industrial Development management should expedite the construction of the processing plant to avoid losses from expiry and obsolescence of the equipment.

Information Communications Technology

1. The Ministry of ICT should expeditiously conclude the process of signing the MoU for District Business Information Centres with the partners. Missing equipment and defective components should be delivered and fixed respectively.
2. MoICT, Uganda Communications Commission (UCC) and the partners should arrange for service level agreements for the procured equipment to minimize costs of repair and breakdown risks.
3. UCC and Posta Uganda should endeavour to have all project assets assigned unique codes and engraved for easy identification to minimize the risk of loss in case of theft or any eventuality.

Roads

a) Contracting of road works should consider minimizing costs through proper packaging of jobs.

b) The unit costs of asphalt should be reviewed to ensure that the works are delivered as specified without financial loss to the government and without much loss of time for the completion of the construction works.
c) This Public Procurement and Disposal of Assets Unit should advise on unit costs for similar activities, within geographical confines.
d) Deliberate steps should be taken to mitigate the effects of generic causes that result in cost overruns some of which are within the control of the sector.
e) Payment processes need to be streamlined to avoid the delays as a way of controlling road construction costs, resulting from accrued interest payments.

Water and Sanitation

- Rollout of IFMS within MWE should be expedited to ensure Vote Controllers have access to financial information, which will help guide operations and promote transparency.
- Funds should be released to projects once there is proof of readiness to spend, e.g. if procurement procedures have been finalised. This will help prevent diversion of funds to other activities and will aid tracking of public funds.
- Chief Administrative Officers should be cautioned in an effort to reduce internal diversion of water funds.
- The software activities such as training Water User Committees, should be critically reviewed as there are limited achievements against the funds invested in this area.
- Furthermore, transparency in the allocation of water points should be promoted through public display of all water and sanitation points constructed.

Conclusion

There were some improvements in implementation of programmes in the monitored sectors. However there are many issues that continue to persist in these sectors as slow action is taken to have them effectively resolved. There are two pertinent cross cutting issues that government must take seriously:

1. Poor coordination between government programmes that is limiting overall effectiveness. A case in point is the Agriculture and Marketing support project that has been investing in fish farming with no related extension service provider as NAADS does not cover fish activities.

2. Poor communication to the general public about government programmes. The ministry of ICT, for example, had spent billions of shillings setting up telecentres that people are not aware of. These are not being used and are collecting dust in the post offices countrywide.

In the future, the monitoring reports will include sections of indepth research in key areas that will clearly illustrate trends in implementation for the varying sectors.

CHAPTER 1: INTRODUCTION

Government stepped up its monitoring efforts for enhanced programme implementation. To this effect, the Budget Monitoring and Accountability Unit (BMAU) prepares quarterly monitoring reports, and this is the second financial year. 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 was 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 was given to development expenditure except in health and education sectors where some recurrent costs were tracked.
- The programmes that had submitted progress reports by the end of quarter four in FY 2008/09 were followed for verification as they had specified outputs achievements for the quarter.
- Programmes that had been monitored during the first three quarters of FY 2008/09, especially if they had major implementation issues were also revisited.
- Programmes with planned activities in Q1 of FY 2009/10 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 all programmes and hence financial performance may have been underestimated.

1.3 Structure of the report

The report has four chapters. The second chapter reviews the financial performance while chapter three focuses on the physical performance of the selected programmes. Chapter 4 concludes and gives recommendations**.**

CHAPTER 2: FINANCIAL PERFORMANCE

2.0 Introduction

This section reports on domestic development grant in terms of the Vote on account (VOA), releases and expenditures for the period July- September 2009 (FY 2009/2010). The releases and expenditures cover the following sectors: Ministry of Education and Sports; Ministry of Energy and Mineral development; Ministry of Health; Ministry of Water and Environment; Ministry of Agriculture, Animals and Fisheries; Ministry of Works and Transport; Development of Industrial Parks; and Uganda National Road Authority(UNRA).

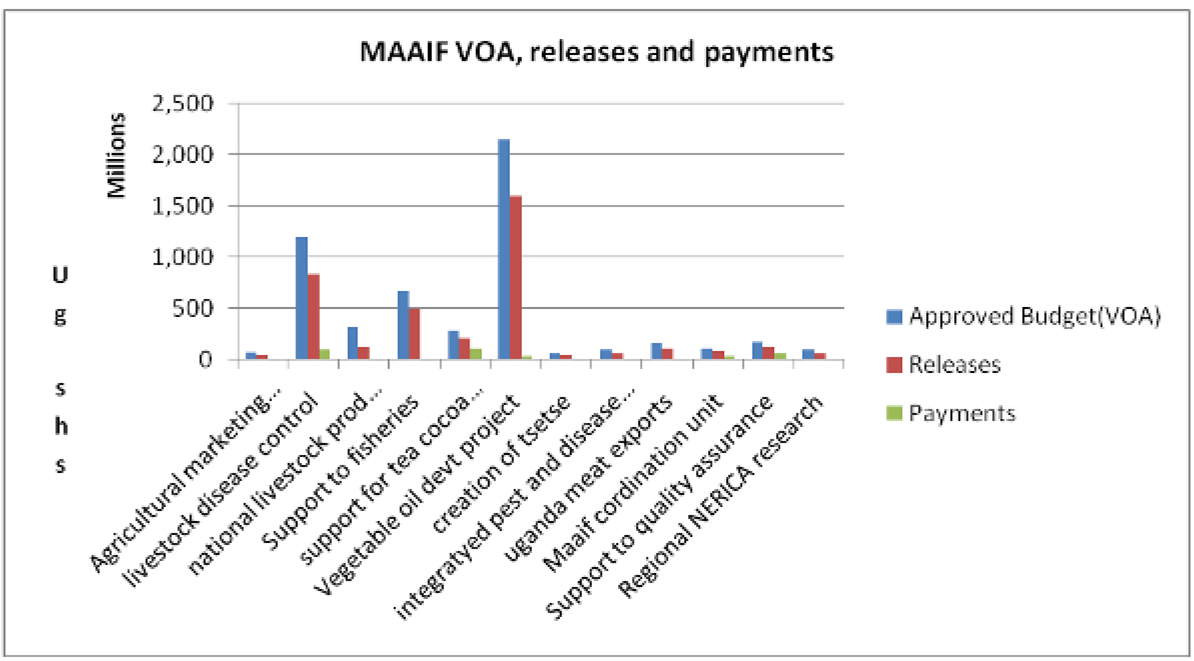
2.1 Sectoral Financial Performance

Vote 010 Ministry of Agriculture, Animal Industries and Fisheries

The total VOA for the domestic development grant amounted to UShs 6.920 billion excluding taxes and arrears and a total of Ushs 4.615 billion was released representing 66% release of the VOA budget. Of the amount released, the total expenditure amounted to UShs0.773 billion representing 16.7 % absorption rate, which was very low indeed.

The graph below shows the projects with poor absorption capacity for the first quarter.

Figure 2.1: Projects with poor financial performance in the sector, July –Sept 2009



Source: IFMS data

The following projects had a poor expenditure outturn of the funds received as shown;

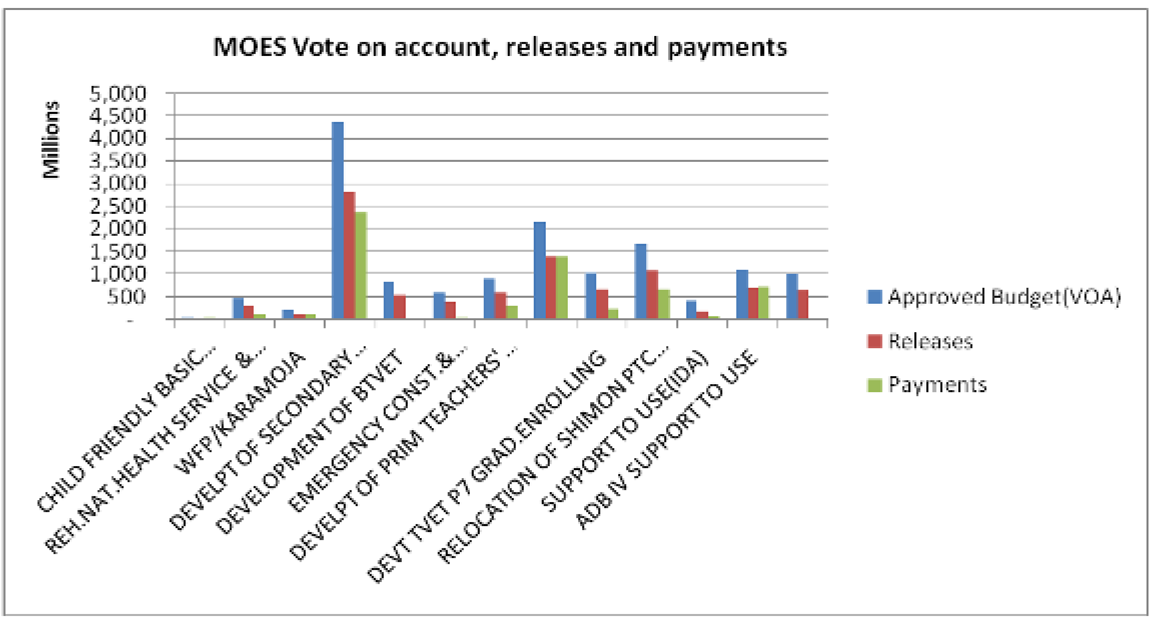
- Project 90- Livestock disease control 12.5%
- Project 91- National livestock production improvement 8.8%
- Project 97- Support to fisheries 4%
- Project 106- Vegetable oil development project 2%
- Project 1012- Integrated pest and disease management 4.6%
- Project 1083- Uganda meat exports 1.4%

The details of all the projects VOA budget, releases and expenditures for the first quarter of the FY 2009/2010 is attached- **Annex 1a**

Vote 013- Ministry of Education and Sports

The total VOA for the FY 2009/2010 amounted to UShs 14.748 billion excluding taxes and arrears of which UShs 9.457 billion was released representing 65% performance rate. The total amount spent of the money released was Ushs 6.050 billion, representing 63% expenditure rate of the total release.

Figurer 2.2: Details of the projects and the amounts released and paid for the period July – Sept 2009



Source: IFMS

The following projects performed poorly in terms of expenditures; project 942-development of BTVT spent 3.4% of the funds received; Project 943- emergency construction for primary schools 9%; 1093-Nakawa Vocational Training Institute that spent nothing although it received a total of UShs 645,987,000 for the period under review.

The details of the projects and amounts spent is attached in **Annex 1(b)**

Vote 017- Ministry of Energy and Mineral Development

The Ministry of Energy and Mineral Development VOA was UShs 110.3 billion (excluding taxes and arrears) of which a total of Ushs 32.9 billion was released representing 29.8% release of the VOA, while payments stood at 13.2% of the amount released, which was a low absorption rate.

Table 2.1: Releases and expenditures for the period July- Sept 2009

Project code	Project name	Approved Budget(VOA)	Releases	Payments	% of release to budget	% of payments to release
325	ENERGY FOR RURAL TRANSFORMATION	66,332,332	49,750,000	29,060,000	75.001132	58.4
328	SUSTAINABLE MGT.MINERAL RESOURCES	546,333,331	143,775,000	60,921,505	26.316352	42.4
329	PETROLEUM EXPLORATION PROMOTION	1,200,000,006	912,500,199	577,451,574	76.041683	63.3
331	RURAL ELECTRIFICATION	6,387,333,331	4,790,500,000	3,612,461,588	75	75.4
940	SUPPORT TO THERMAL POWER GENERATION	30,666,666,667	18,400,000,000	-	60	0
985	Energy investment fund	58,760,000,000	-	-	0	
999	POWER SECTOR DEVELOPMENT PROGRAMME	34,732,106	22,444,001	15,725,760	64.620329	70.1
1023	PROMOTION OF RENEWABLE ENERGY	70,000,001	47,250,000	35,423,500	67.499999	74.97
1024	BUJAGALI INTERCONNECTION PROJECT	1,000,000,000	675,000,000	-	67.5	0
1026	MPUTA INTERCONNECTION PROJECT	11,666,666,667	7,875,999,800	-	67.50857	0
Total		**110,398,064,441**	**32,917,219,000**	**4,331,043,927**	29.816844	13.16

Source: IFMS

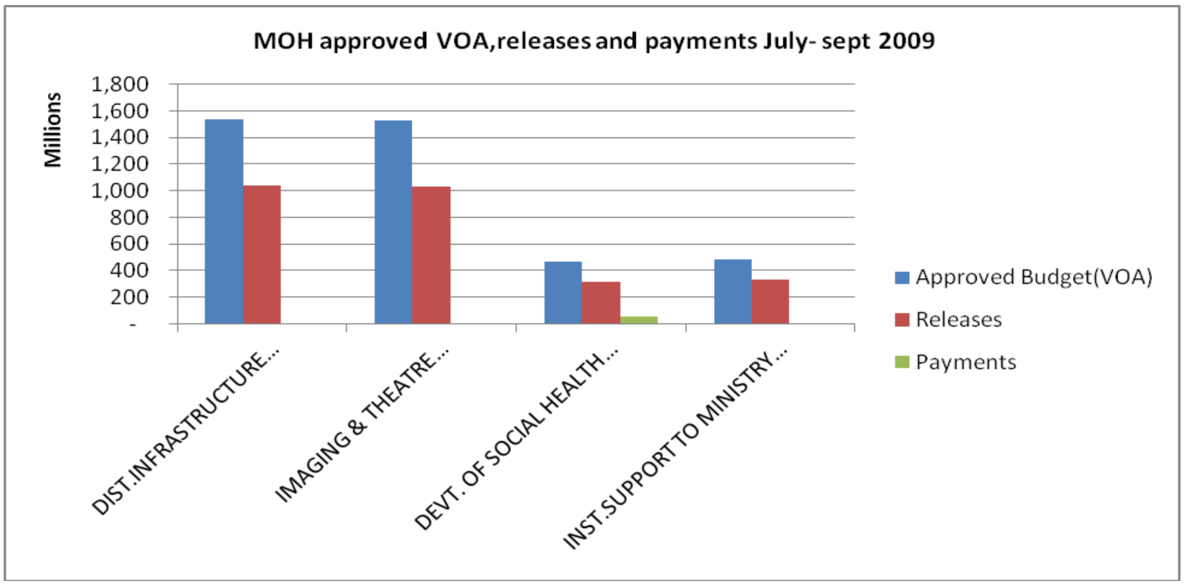
In terms of releases most of the projects received above 65% of the total VOA for the period July-Sept 2009 except project 985- Energy Investment Fund which got nothing; while project 328- Sustainable Management Mineral Resources received 26 % of the VOA.

Regarding payments, the following projects received funds but did not spend any money at all; *Project 940-Support to thermal power generation received UShs 18.4 billion and Project 1024 Bujagali interconnection project received UShs 675 Million while Project 1026- Mputa interconnection project received UShs 7.875 billion.* (Details **of VOA, Releases and expenditures are attached on annex 1c**)

Vote014 Ministry of Health

The Ministry of health total VOA was UShs 4.021 billion of which a total of UShs 2.718 billion (61%) was received for the first quarter on the domestic development grant excluding taxes and arrears. The total expenditure for the period was UShs 48,608,250 which is 1.7% of the amount received reflecting very poor absorption of funds for the period under review.

Figure 2.3: Approved VOA, amount released and amount spent under health.



Source: IFMS data

As shown in fifure 2.3, the following projects did not spend any of the funds received. The projects include; *Project 216 District Infrastructure Support Programme received UShs 1.042billion; Project 224 Imaging and Theatre Equipment Ushs 1.034 billion and Project 1027 Institutional Support to MOH Ushs 0.326 billion.*

There was only one project which spent part of the money received that is project 980-Development of Social Health initiatives that received UShs 315,000,000 and spent UShs 48,608,250 (15.4 %).

Overall there was poor absorption of funds by the sector as detailed in **Annex 1d**

Vote 019- Ministry of Water and Environment

The total VOA for GOU domestic development excluding taxes and arrears totals to UShs 15.4 billion of which UShs 12 billion was released representing 78% performance rate. Of the amount released, a total of UShs 6.3 billion was expended representing 52%. A number of projects had generally low absorption capacity.

The following table shows the projects that registered poor absorption capacity.

Table 2.2: Projects with poor financial performance in the water sector, July –Sept 2009

Project	Project name	Approved Budget(VOA) excl.taxes and arrears	Releases July-Sept 09	Payments July	% of release to budget	% of payments to amount released
140	Meteorological support for PMA	553,333,333	562,500,000	196,045,962	101.65663	34.9
146	National wetland project	159,000,002	107,665,000	37,160,478	67.713836	34.5
169	Water for production	6,433,333,331	6,372,599,666	2,668,087,698	99.055953	41.9
947	FIEFOC	200,000,001	-	-	0	0
1021	Mapping of ground water	83,239,998	35,843,999	8,252,743	43.061028	23.02
1022	Strengthening capacity on concessions	33,333,333	25,000,000	1,120,230	75.000001	4.5
1030	Sector investment plan	156,666,666	105,750,000	38,819,378	67.5	36.7
1074	Water and Sanitation Devt	766,666,666	449,990,000	76,115,000	58.694348	16.9
1102	Climate chane project	46,666,668	25,000,000	10,220,727	53.571427	40.9

Source: IFMS data

The details of all the projects VOA budget, releases and expenditures for the first quarter of the FY 2009/2010 is attached- **Annex 1e.**

Vote 008: 0994 Development of Industrial Parks.

The VOA amounted to UShs 2.816 billion on line item 263106 (other current grants) of which a total of UShs 2.112 billion was released to Uganda Investment Authority. This represents 75 % release performance of the VOA. Details regarding expenditure were not readily available.

0978: Presidential Initiative on Banana Industry

The VOA for the period July – September was Ushs. 3.40bn of which a total of Ushs. 2.55bn was released representing a percentage release of 75%

Vote 16 Ministry of Works and Transport

The total VOA amount was UShs 27.591 billion excluding. taxes and arrears of which UShs 17.826 billion was released translating into 64% releases of the approved VOA. The overall expenditure performance for the period was 55.6% whereby a total of UShs 9.919 billion was paid out of the funds received.

Table 2.3: Projects which absorbed less than 15% of the funds received.

	Approved Budget(VOA)	**Releases**	**Payments**	**% of release to budget**	**% of payments to release**
Road Equipment for District Units	1,000,000,000	675,000,000	-	67.5	0
Rehabilitation of Bugembe Workshop	233,333,334	157,500,000	9,520,000	67.5	6.04
Redevelopment of of Kyabazinga's palace Iganga	666,666,667	500,000,000	35,522,890	75	7.1
Late Gen.Tito Okello's residence	133,333,334	100,000,000	5,275,000	75	5.3
General Construction & Rehab Works	666,666,666	500,000,000	36,852,100	75	7.4
Kasensero-Kabango Bay Link Study	66,666,667	45,000,000	1,680,000	67.5	3.7
Jampala-Kasese Railway Feasibility project	333,333,334	250,000,000	15,229,003	75	6.09
New Ferry to replace kabalega-Opening Southern R	1,133,333,334	787,500,000	35,304,002	69.485294	4.5
Construction of Government Office Blocks	2,000,000,000	549,000,000	12,640,000	27.45	2.3

Karamoja Roads Development Programme	66,666,666	43,066,000	6,365,552	64.599001	14.8
Support to Computersed Driving Permits	266,666,667	202,500,000	23,127,000	75.9375	11.4
Roads in Oil Prospecting Areas	860,000,002	217,583,032	12,870,000	25.300352	5.9
Building infra. For Growth-MoWT Change Programme	66,666,667	45,000,000	-	67.5	0
Strengthening Sector Coord,Planning & ICT	300,999,999	225,750,000	36,899,023	75	16.34

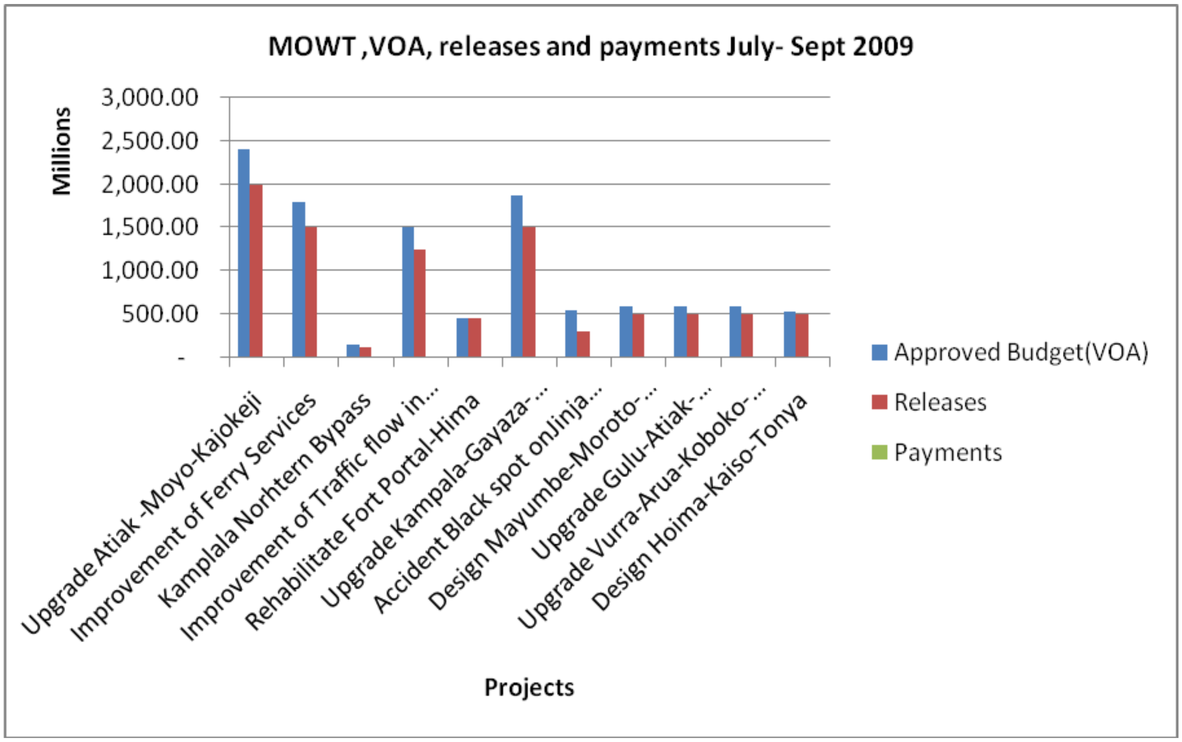
As shown above, it is clear that there was poor absorption of the funds in a number of projects.

The details of all the projects releases and expenditures is attached in **Annex 1 f**

(i) Vote 113- Uganda National Roads Authority.

The overall VOA for the period under review was UShs 145.79 billion of which a total of UShs 83.490 was released and the total payments were Ushs 2.474 billion representing an expenditure rate of 2.96%. There was generally low absorption of the funds for all the projects.

Figure 2.4: Projects which received money but spent nothing:



A total of 11 projects as shown above received money but did not use any of it

The projects which spent some of the money received include:

- Project 278 -Upgrading Kabale- Kisoro road spent 85% of the funds received,
- Project 299- Upgrading Soroti - Dokolo road, 3.24%
- Project 321- Upgrading Fort Portal road, 1.72%
- Project 955 -Upgrading Nyakahita -Ibanda road, 16.8%
- 1056 The Transport Corridor Project received Ushs 64 billion and spent UShs 521 million showing a utilization capacity of only 0.82 %.

Conclusions

The Cash releases to the sectors were generally good for the period July- September 2009. However a number of the Ministries did not adequately absorb the funds notably Ministries of Health; Energy and Environment; Agriculture; Works and Transport and UNRA. Failure to absorb the funds will affect the timely implementation of programmes and projects.

2.2 Financial Performance of selected districts

2.2.1 Introduction

A total of seventeen (17) districts [2] were visited mainly to track the domestic development funds released by treasury to verify; whether the funds sent were promptly remitted to the spending departments, and the extent of use.The overall fund absorption for the period July 2008- June 2009 and the first quarter of 2009/2010 (July-Sept 2009) were analysed for the fsectors of; health, education, agriculture (NAADS), Water and sanitation and Works (Rural water and rural roads) and LGDP.

The period under review was the FY 2008/09 and the first quarter of FY 2009/10 (July-Sept 2010).

The methodology used entailed;

- Physical visits to the districts.
- Reviewing of relevant official documents and records (General account cashbooks and sector cash books, bank statements and bank reconciliations); and
- Interviewing of key personnel of the local governments who included Chief Administrative Officers (CAOs), Chief Finance Officers (CFOs) and some sector heads.

2.2.2 Findings

(1) Sironko Local Government

The district received the funds for rural water and sanitation, SFG, NAADs, PHC development, LGDP and for the district rural roads for the FY 2008/09 and the first quarter of the FY 2009/10. The funds to the sectors were promptly remitted save for the school facilities grant (SFG) where the funds were diverted to finance other activities. The diversion during the financial year totaled to UShs 49,814,000. The diversion contravened the local government financial and accounting regulations (LGFAR) section 37(2), which states that conditional grants from central government shall be planned for, recorded and accounted for according to the grant conditions and grant guidelines.

It was established that the above funds were diverted/borrowed and not paid back which contravenes the Public Finance Act and the LGFAR section 37(2). The funds are ring fenced and were supposed to be used for the purpose for which they were meant for.

It was also established that the LGDP account had a total of UShs 8,169,190= as closing balance at end of the financial year 2008/09. The district embarked on spending these funds without obtaining authority to use the funds from the office of the Accountant General. According to the CFO, they were planning to write to the accountant General to seek for the authority to spend the money.

[2] Kapchorwa, Sironko, Bududa, Budaka, Pallisa,Tororo,Bugiri, Iganga, Mayuge, Kasese,Kabarole, Kyenjojo, Mubende, Rakai, Lyantonde, Sembabule and Masaka

Regarding absorption of the funds, the following sectors had adequately absorbed the funds received;

- PHC development; Rural water and NAADS ; all absorbed 100%
- Rural roads spent 99.8%

The funds for the first quarter of the FY 2009 /10 were promptly received and remitted to the spending departments. There were no expenditures made at the time of monitoring due to the procurement process which were still underway.

(2) Bududa Local Government

The amounts sent for the FY 2008/09 and the first quarter for the FY 2009/10 were promptly received by the District and also timely remitted to the spending departments.

Table 2.4: Budget, Releases and Expenditure in Bududa LG

Activity	Annual budget	Amount received	% of releases to approved budget	Amount spent	% of amount spent to releases.
SFG	300,000,000	291,311,000	97.1	286,761,933	98.4
RURAL WATER	737,250,445	715,896,000=	97.1	696,778,332	96.9
ROADS	239,133,000	227,176,799	95	379,806,576	167.2
PHC DEVT	134,755,000	88,424,000	65.6	82,960,754	93.8
NAADS	581,578,000	662,924,449	113.9	662,916,100	99.9
LGDP	283,634,000	272,997,000	96.2	254,405,839	93.2

Source: General fund and Sector Cashbook

All the sectors received more than 95% of the annual approved budget save for PHC development which received 65.6%. Expenditures also recorded more than 90% of the funds received. The expenditure for the rural roads was UShs 379,806,576 compared to UShs 227,176,799 received. The over expenditure was as a result of the UShs 162,245,176 being the balance brought forward from financial year FY 2008/09 (closing balance as at 30th june 2008) which was spent during the running financial year).

It was established that the district had substantial un-spent balances after the end of FY 2008/09 (table 2.6) which was not returned to the consolidated fund as required by the Public finance Act 2003, section 19(1). The district however sought for permission from the Secretary to the Treasury to spend the untilised funds but had not been granted the permission.

Table 2.5: Unspent balances at end of FY 2008/09 in Bududa

Sector	Balance as at 30/06/2009 (shs)
PHC development	33,364,185
LDGP	24,096,202
SFG	8,736,181
Rural water	18,117,668
Rural roads	9,615,399
NAADS	38,526

The existence of un-spent funds at the end of the financial year was attributed to late releases of the funds for the fourth quarter of the financial year by Treasury.

(3) Pallisa Local Government

The district received the funds for rural water and sanitation, SFG, NAADs, PHC development and for the district rural roads which were timely remitted to the sectors for the FY 2008/9. The funds for the first quarter of the FY 2009/10 were received but were not yet remitted to the sectors because the district had not yet received guidance on how to apportion the PRDP funds which was a component of the first quarter release.

The unspent balance at year end of the FY 2008/09 totalled to UShs 245,739,579 compromising of:

Sector	Balance as at 30th June 2009 (shs)
Works (Roads and water)	200,485,866
SFG grant	28,010,655
NAADS	2,520,000
LDGP	11,262,579
Hospital Account	3,460,328

According to the CFO, these were committed funds as the district had already entered into agreement with the contractors. The district had sought for permission from the Secretary to Treasury to retain the unspent funds but at the time of monitoring, there had been no response to that effect.

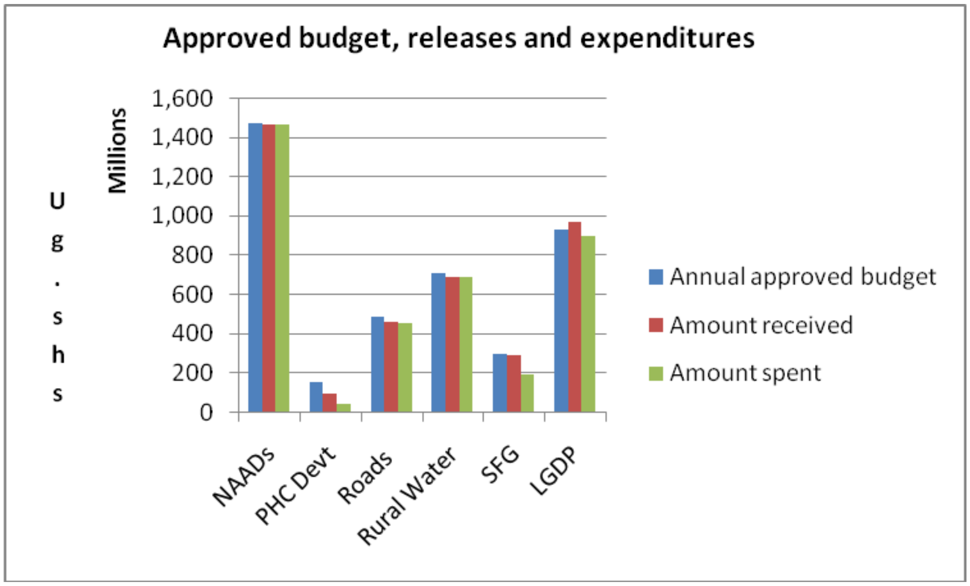
Most of the sectors had un-utilized funds at the end of the financial year which was attributed to late releases on the part of MoFPED. It was further established that the unspent funds were committed funds and authority to spend the money was sought from the MoFPED. The projects on which the funds were committed were availed to the monitoring team as a proof.

(4) Mubende local Governemnt

The district received the funds for rural water and sanitation, SFG, NAADs, PHC development, LGDP and for the district rural roads for the FY 2008/09. It was established that all the funds received by the district were remitted to the sectors.

Below is a graph which shows the releases against the annual approved budget and expenditures against the budget for the FY 2008/2009 of the development grant funds including funds received by the district for the maintenance of the roads.

Figure 2.5: Budget, Releases and Expenditures during FY 2008/9 in Mubende



Source: District cashbook

The releases performed at over 95% of the budget for most of the sectors save for the PHC development which performed at 61.5%. In addition, there was poor expenditure outturn of PHC development at 45.2% against the releases which was attributed to late award of the contracts. The SFG also registered a low absorption of funds received (67.2%), remaining with UShs 95,434,330 as unspent balance at the end of the financial year.

The unspent funds at close of the financial year 2008/2009 compromised of:

Sector	**Balance as at 30th June 2009 (shs)**
Works (Roads and water)	99,137
NAADS	nil
LDGP	96,011,488
SFG grant	95,434,330

PHC development 53,350,086

The unspent balances were said to be committed funds and therefore the district sought for permission to retain the funds from the Accountant General. The permission to retain the funds was granted. A list of committed projects was availed for scrutiny.

Regarding the funds for the first quarter of FY 2009/10, it was established that the district received funds and promptly remitted it the sectors. The district has not registered any absorption of funds because contracts have not yet been awarded. There was a delay in appointing the contracts committee which delayed the whole contracts process.

(5) Mayuge Local Government

During the FY 2008/09, the district received all the development grants funds released by MoFPED in time and it was remitted to the sectors promptly.

Table 2.6: Approved budget, releases and expenditures were as follows:

Activity	**Annual approved budget**	**Amount received**	**% of release against budget**	**Amount spent**	**% of amount spent to releases.**
SFG	726,613,932	697,633,780 B/F 49,642,646	96	626,645,130	89.8
RURAL WATER	710,024,829	710,024,834	100	710,910,612	100
ROADS	320,383,000	301,694,949	94.2	315,985,686	104.7
PHC DEVT	229,511,000	141,000,000	61.4	141,479,000	100
NAADS	863,838,000	858,204,574	99.3	858,521,901	100
LGDP	829,565,000	815,487,000	98.3	790,194,728	96.8

Source: Mayuge LG

It was only PHC that suffered alow release. The absorption of funds for all the sectors was generally good save for the sectors of SFG and LGDP which had unspent balances on the account totaling to UShs 120,631,296 and 27,978,873 respectively.

Table 2.7: Unspent balances in Mayuge LG as at end of the FY 2008/09

Sector	**Amount**
SFG	120,631,296
LGDP	27,978,873

NAADS	26.061
Rural water	137,860
Rural Roads	111,036

Source: Mayuge LG

The big balance on the SFG account includes part of the payment for the presidential pledge to Nkoko technical institute of UShs 65,125,178.

The LGDP balance of UShs 27,978,873 was meant to cater for the following projects:

- Installation of internet
- Busaala health centre
- Busuyi- Busalamu-Wairasa road

According to the CFO, the district had written to the MoFPED seeking for permission to retain the funds as they were already committed.

The funds for the first quarter of the FY 2009/10 were promptly received and remitted to the sectors.

Table 2.8: Funds received for the Q1 of FY 2009/10 against the approved budget:

Sector	**Approved annual budget**	**releases**	**% of release against budget**
NAADS	732,559,000	322,944,000	44
LGDP	805,843,000	201,000,000	25
Rural water	710,024,000	173,000,000	25
Rural roads	340,412,000	72,582,630	21.3
SFG	309,000,000	66,000,000	21.3
PHC devt	229,511,000	42,000,000	18.2

Source: Mayuge LG

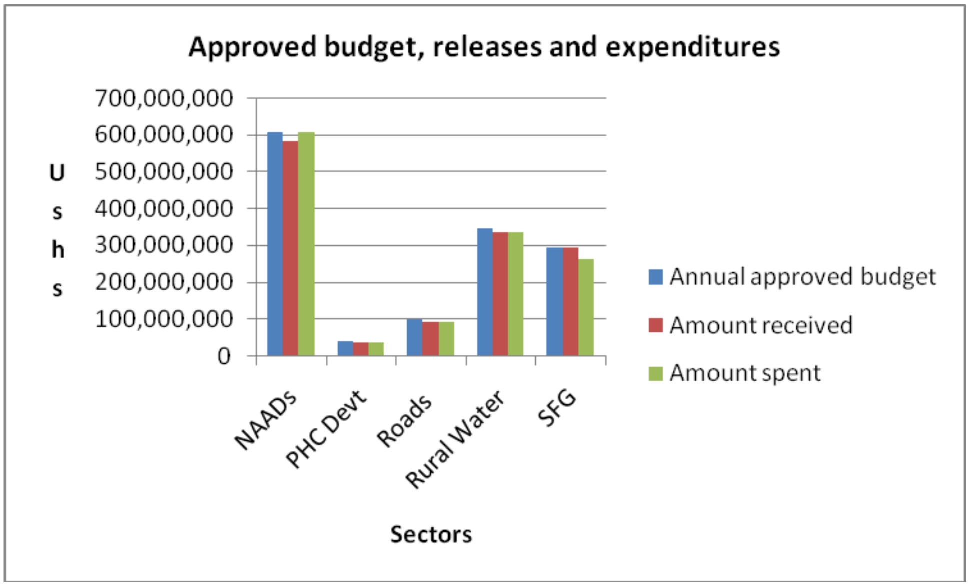
All the funds received were promptly remitted to the sectors. It was noted that the district had not utilised the funds received since the contracts for the various projects had not been awarded. However, prequalifications of the tenders had been done.

(6) Lyantonde Local Government

During FY 2008/09, the funds received by the district for the domestic development budget were promptly remitted to the sectors. The funds include the SFG, NAADS, and PHC development, Rural Water, Roads and LGDP.

Below is a graph showing the approved budget, releases and absorption capacity of development grant funds received for the period July 2008 –June 2009.

Figure 2.6: Budget, Releases and expenditures in Lyantonde. FY 2008/09



Source: Lyantonde LG

The release against the budget ranged between 92% for rural roads and 100% for SFG. Similarly, the absorption of funds was generally good for all the sectors as it exceeded 90%.

Table 2.9: Unspent balances in Lyantonde, FY2008/09

Sector	Amount
SFG	28,842,757
LGDP	28,494,058
NAADS	4,761,533
Rural water	26,166
Rural Roads	-
PHC	1,047,510

Source: Lyantonde LG

At the end of the financial year 2008/09, there were significant balances on SFG and LGDP accounts. According to the CAO, the balance on SFG account was meant to partly cater for retentions payments and payments for uncompleted works of various projects. On the other hand, the LGDP balances were meant to complete; the construction of DHO's office and drug store; an X-ray at lyantonde district hospital; and retention on completion of Buyanja-Nakinombe-Kyewanula road.

Therefore, the district requested the Secretary Treasury for permission to retain the unspent balances since there were already committed. At the time of monitoring, there had been no response.

The district received funds for the first quarter of the FY 2009/10 and remitted it to the sectors as shown in table 2.10.

Table 2.10: Budget and releases to Lyantonde, FY 2009/10

Sector	**Approved annual budget**	**releases**	**% of release against budget**
NAADS	574,867,000	230,225,000	40
LGDP	189,211,000	42,000,000	22.2
Rural water	441,470,000	95,000,000	21.5
Rural roads	152,109,000	21,947,000	14.4
SFG	152,657,000	32,000,000	20.9
PHC devt	164,000,000	35,000,000	21.3

Source: Lyantonde LG

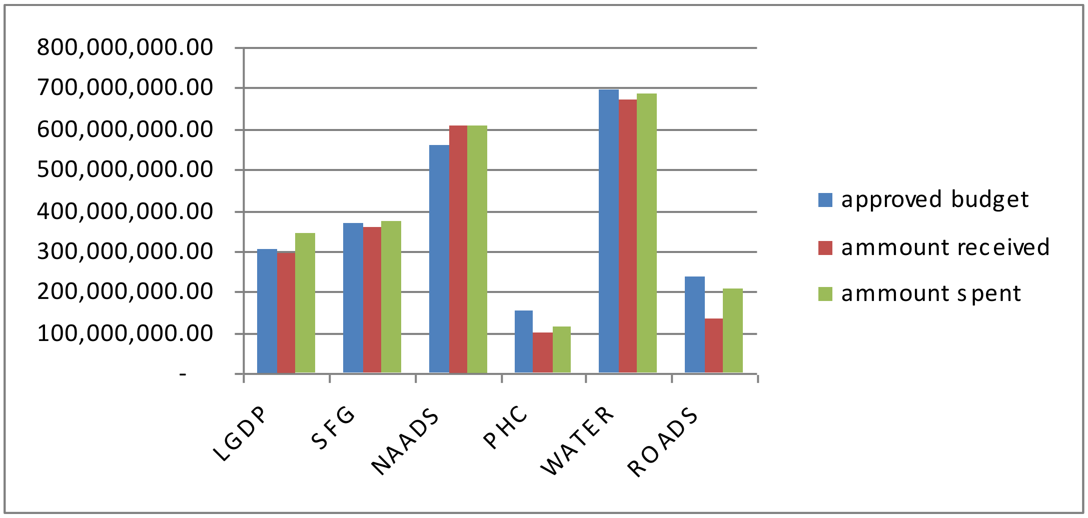
Although all the funds were sent to the sectors, there was no absorption of the money. It was established that the district had prequalified the contractors but contracts had not been signed as yet for the works to be started.

(7) BUDAKA LOCAL GOVERNMENT

During FY 2008/09, the district received the funds for rural Water and Sanitation, School Facilitation Grant (SFG), National Agricultural Advisory Services (NAADS), Primary Health Care (PHC) development and for the district rural roads. The funds were timely remitted to the sectors.

The graph below shows the approved budget, releases and absorption capacity of development grant funds received for the period July 2008 –June 2009.

FIGURE 2.7: BUDGET, RELEASES, AND EXPENDITURES IN BUDAKA, FY 2008/09



SOURCE: BUDAKA DISTRICT

It is clear that all the sectors spent more than the received funds largely because of the balances brought forward from the financial year 2007/2008 save for LGDP and works. Fund absorption was good except in some sectors like LGDP and works which had unspent balances. The LGDP and rural works had balances of UShs 11, 821,309 and 11, 773,135 respectively.

There was an over expenditure of UShs 17,627,665/= on PHC development. The sector received a total of UShs 97,266,000 against the budget of Ushs 150,000,000 representing a release of 64.4% while the expenditure was UShs 114,893,665 over and above the amount received by UShs 17,627,665. According to the CFO the over expenditure amount was borrowed from the DHOs account to meet the development expenditures.

It was established that the balances as at the close of the financial year on the LGDP account was due to the late completion of work particularly supply of furniture to the schools and to the district council. The furniture to the council was however later supplied but payments had not yet been effected.

The CFO pointed out that, at times funds are credited on the collection account without corresponding release letter from the concerned ministries especially for the monies which is released by other ministries other than MoFPED. He cited example of Ministry of Agriculture, Animal Industry and Fisheries, where UShs of 10 million and 51million from the NAADs secretariat was credited to the account with no release letter. The district took sometime to establish the source of the funds.

Although the CFO attributed the unspent balances to the late release by the MoFPED, it was found out that the last release to the district for the financial year under review was received in May 2009 and therefore the district had ample time in which to plan for the execution of the works.

It was established that authority to use the unspent balances had been sought and granted from the Accountant General and payments to the contractors were being effected.

It was also established that the MoFPED releases for the first quarter of 2009/10 were sent to the district and promptly remitted to the sectors. Utilisation of the funds had not commenced which was attributed to the length procurement process.

The district received a total of UShs706,020,000 for the first quarter as shown in the breakdown below.

Table 2.11: Budget and Releases to BudakaLG, Q1 FY 2009/10

Sector	**Approved annual budget**	**releases**	**% of release against budget**
NAADS	837,061,973	279,020,000	33.3
LGDP	326,891,288	73,000,000	22.3
Rural water	672,712,505	159,000,000	23.6
SFG	183,653,000	101,000,000	54.9
PHC devt	173,044,565	94,000,000	54.3

Source: Budaka LG

(8) IGANGA LOCAL GOVERNMENT

During FY 2008/09, the district received the funds for Rural Water and Sanitation, School Facilitation Grant (SFG), National Agricultural Advisory Services (NAADS), Primary Health Care (PHC) development and for the district rural roads which were FULLY remitted to the sectors. However, there was a case of delayed remittance of UShs 59,910,000 which was sent to the district in September 2008 for the SFG activities but remitted to the sector nine month later in the month of June 2009. Water and roads sectors fully absorbed the received funds; PHC performed well with 99% in fund absorption; Schools' Facilitation Grant had shs16, 025,437/= as unspent balance . This amount was to cater for retentions as required by the law that the 5% is paid after the performance appraisal of the project is carried out.

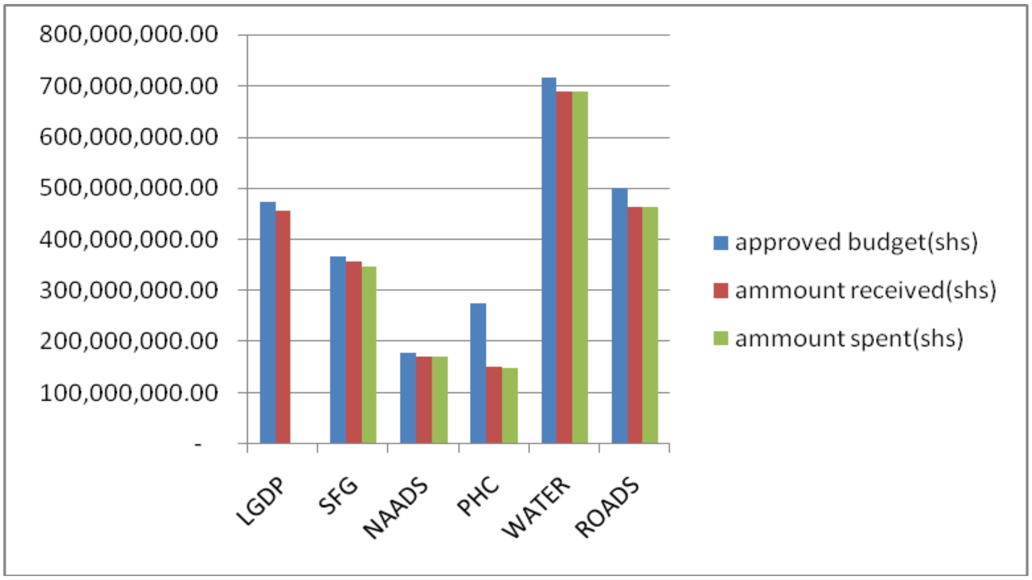
The funds for the NAADS sector were fully transferred to the sub counties, and there was 2,416,985/= unspent balance as at the end of financial year of 2008/2009. The unspent balance was meant to cater for operational district expenses.

LGDP had unspent balance of UShs82, 539,322/= at the close of the financial year of which a total of UShs20, 000,000/= was retention funds and UShs 62,539,322 was committed funds for works and supply of hospital generator.

Authority to spend the balances had been sought but the permission had not yet been granted.

The following graph shows budget performance for the financial year 2008/2009 in regard to the approved budget, releases and expenditures.

FIGURE2.8: APPROVED BUDGET, RELEASE & EXPENDITURE FOR FY 2008/09



SOURCE: IGANGA DISTRICT

PHC sector received a total of UShs 150,321,000 (54.8%) against the approved budget of UShs 274,266,000 for the F/Y 2008/09. This indicates poor funding from the MoFPED which undermines effective performance of the sector.

The MoFPED releases for the first quarter of 2009/10 were timely disbursed to the district and also to the spending departments. There were no expenditures incurred as yet as the procurement process had not been finalized.

The table below shows the funds received for the first quarter of the FY 2009/10 and remitted to the sectors

Table 2.12: Budget and releases to Iganga, for Q1, FY 2009/10

Sector	Approved annual budget	releases	% of release against budget
NAADS	2,395,302,668	798,434,000	33.3
LGDP	1,366,275,077	307,000,000	22.5
Rural water	804,169,084	173,000,000	21.5

Rural roads	650,020,305	147,318,000	22.6
SFG	542,425,000	116,000,000	29.4
PHC dev't	245,014,854	52,700,000	21.5

Source: Iganga LG

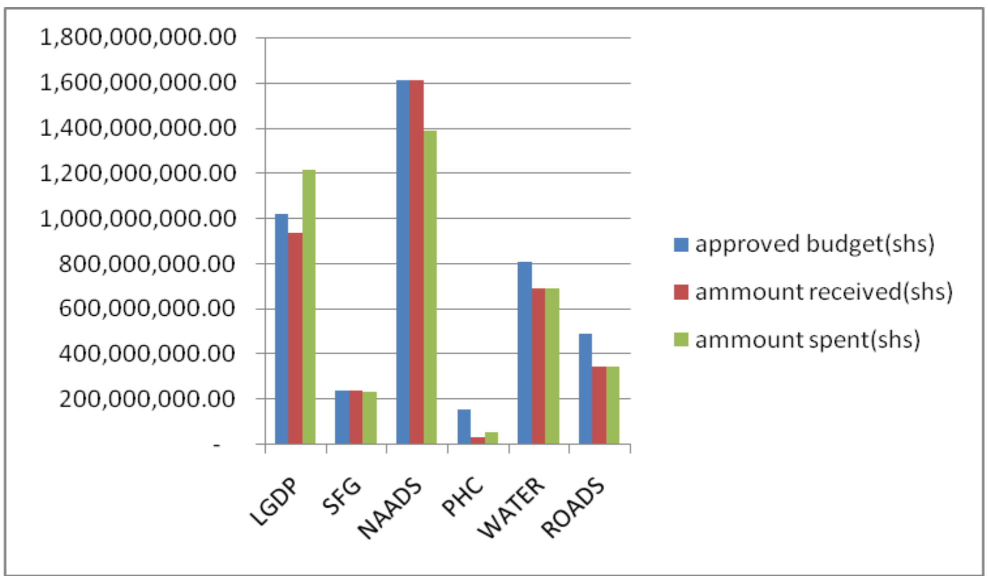
A number of sectors received less than 25% for the first quarter save for SFG and NAADs.

(9) BUGIRI LOCAL GOVERNMENT

The funds for rural Water and Sanitation, School Facilitation Grant (SFG), National Agricultural Advisory Services (NAADS), Primary Health Care (PHC) development and for the district rural roads were timely remitted to the sectors for the period July 2008-June 2009.

The MoFPED in general did not meet the approved budget of the district for the different sectors. The graph below shows the releases against the budget whereby NAADS and SFG each received 99%; PHC development 22.1%; Rural roads 70%; rural water 85% and LGDP 95%

FIGURE 2.9: APPROVED BUDGET, RELEASE & EXPENDITURE F/Y 2008/2009



Source:Bugiri cash books

Regarding absorption of funds by the district, it was generally good for the entire sectors as they spent beyond 87%.

The reflected over expenditure by LGDP was due to co-funding from other sources that totaled to Ushs 30,530,596 in addition to the balance of Ushs 66, 107,653 brought forward from the previous FY 2007/08. The over expenditure of PHC development and the balance of shs5, 532,928/= as at the close of FY2008/09 was not convincingly justified.

It was noted that the funds disbursed for roads sector were not all remitted to the department. For instance, of the amount disbursed during the month of July 2008 totalling to Ushs 33,335,287 only Ushs 30,001,758 was remitted to the district roads maintenance account leaving a shortfall of UShs 3,333,529. The CFO stated that the shortfall was as a result of the flexibility condition that is used to reallocate some money to the other priority sectors and in this case the money was allocated to health. He further stated that the council approved a 10% flexibility fund to cater for projects which were lagging behind. Normally 10% of funds for the road sector contribute to the flexibility funds. It was stated that all the priority areas benefit from the flexibility funds each financial year depending on the decision by the council per quarter.

The development grant releases for the first quarter of the financial year 2009/2010 underperformed as most of the sectors received less than 25% of the approved budget apart from NAADS that received 33% of the development grants releases.

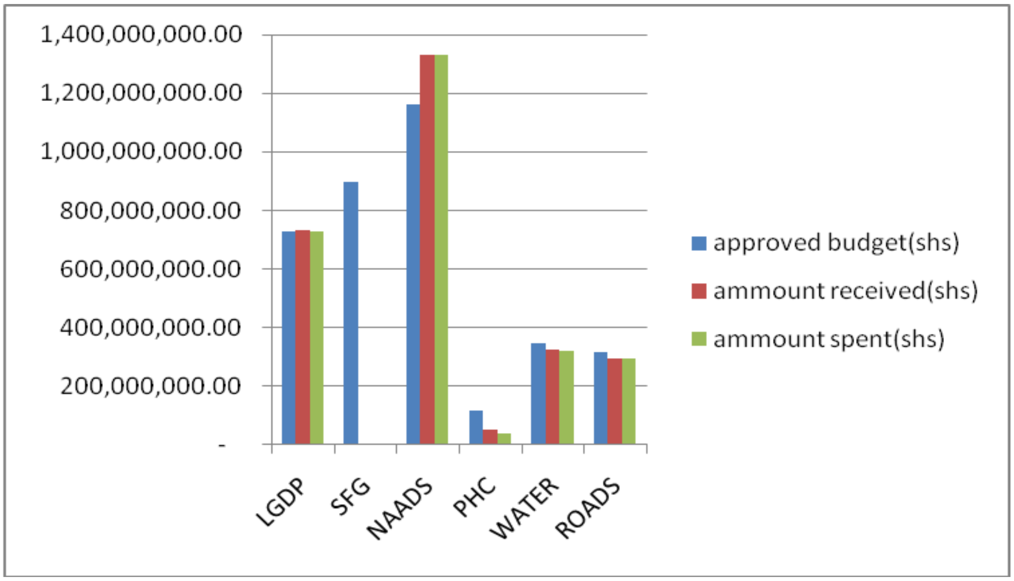
The funds received from the centre were timely remitted to the sectors. Utilization of funds had however not yet started but formation of contract committee and the procurement process was under way.

(10) KABALORE LOCAL GOVERNMENT

During FY 2008/09, the district received the funds for rural Water and Sanitation, School Facilitation Grant (SFG), National Agricultural Advisory Services (NAADS), Primary Health Care (PHC) development and for the district rural roads.

The following graph shows budget performance for the financial year 2008/09.

FIGURE 2.10: APPROVED BUDGET, RELEASE AND EXPENDITURE FY2008/09



Source: Kabalore cash books

All the funds received were not remitted to the sectors. A case in point is UShs 56,171,000 received for Rural Water on 25th Sept 2008 but transferred UShs 45,171,000= only. A total of UShs 63,509,883 was received on 30th April 2009 for rural roads but transferred UShs 55,509,883 only. In all, a total of UShs 19,000,000 milllion was borrowed/ diverted to cater for other district activities including payment for salaries and allowances therefore jeopardizing the activities of PHC development and roads. Whereas the funds diverted were ring-fenced and supposed to be paid back, no action had been taken in that direction. According to the CFO, the reimbursements were to be made from the local revenue which was too meager to cater for the sum borrowed.

The MoFPED performed well in its remittance to the district for all the sectors which received above 90% of the budget with the exception of health that received only 45% of the approved budget. The absorption of the funds received was also commendable as it exceeded 90% except for PHC where it was 76%.

The higher receipt and expenditure in NAADs was due to cofounding totaling to UShs 3,300,000 and Ushs 170,550,000 received from the NAADs secretariat relating to the previous financial year 2007/08.

The development grant releases for the financial year 2009/10 performed well except for roads which received 14 % of approved funds.

The district timely remitted all the funds received to the sectors but utilization had not yet started for the first quarter as the contract process was still under way.

(11) Kapchorwa Lower government

The District received the domestic development funds for the financial year 2008/09 on timely basis and they commended the MoFPED for the prompt release.

Most of the funds received were spent apart from PHC development, water and LGDP which had big balances of UShs,81,060,284; 61,778,044,and Ushs 13,020,757 respectively.

The table below shows the annual approved budget, releases and expenditures for the the FY 2008/2009

Table 2.13: Receipts and expenditures for Kapchorwa LG for the FY 2008/09

	Approved Budget	Amount Received	% of release against budget	Amount Spent	Balance as at 30/6/02009
NAADS	1,068,103,000	1,256,945,669	117	1,262,998,823	(6,053,154)
SFG	217,393,000	206,522,500	95	206,522,254	246
PHC	183,718,000	106,109,000	57.7	66,422,605	81,060,284
LGDP	432,116,000	429,286,000	99.3	416,265,243	13,020,757
WATER	477,104,000	231,139,000	48.4	169,360,956	61,778,044
ROADS		99,561,000		130,061,134	22,099,246

Source: Kapchorwa LG

The over expenditure in respect to roads was as a result of balance brought forward from the previous financial year 2006/07.

The CFO stated that the unspent balances were brought about by the fact that they did not have a contracts committee in time since the approval of the members was delayed by MoFPED. There were also complaints by the contractors during the award process which stalled the process as there was need to investigate the allegations. The district therefore had to re-advertise and prequalify the contractors in the month of January 2009 and awarded the contracts in April 2009. These definitely affected early start of the project implementation and therefore resulted into unspent balances at the end of the financial year. The District therefore submitted a request to the MoFPED to utilise the unspent funds since the funds were already committed but at the time of monitoring the authority had not been granted.

Regarding receipt of the funds, most of the sectors performed well with exception of the PHC development and water which received 57.7% and 48.4% respectively of the total approved annual budget. For PHC development, the district received UShs 106 million and utilised UShs 25 Million only remaining with a balance of 81million at the end of the financial year. It was established that this money was already committed for Kaseren HC 3 maternity ward and the OPD. The project was estimated to cost about 115million, and so far 23 million had been paid to the contractor. Authority to spend the money had therefore been sought from MoFPED and the district was still awaiting a response.

There was a general complaint that the unconditional grant is normally remitted late for instance during the mid month of the subsequent month and this affects timely service delivery. The CAO further stated that it takes about three weeks to get some of these funds. In addition, it wasreported that they do not get information in time regarding releases made by MoFPED.

By the time of monitoring the district had not received the domestic development grant for the first quarter of the FY 2009/10 and therefore no activities had been initiated.

(12) Tororo Local Government

During the financial year 2008/09, the district received domestic development grant funds in time which were remitted to the respective sectors promptly. The Treasury released most of the funds at least 90% apart from roads and water which received 77% and 84% respectively of their approved budgets.

Table 2.14: Budget, receipts and expenditures for Tororo LG for the FY 2008/09

	Approved Budget	**Amount Received**	**Amount Spent**	**%age received against budget**
NAADS	1,760,038,078	1,678,137,336	1,684,842,165	95%
SFG	367,538,000	356,892,000	286,796,063	97%
PHC	167,500,000	159,163,000	87,867,610	95%
LGDP	936,248,041	782,531,286	687,591,741	84%
WATER	770,252,000	702,427,000	702,710,212	91%
ROADS	450,370,278	345,364,071	306,155,671	77%

Source: District cashbooks

The district had the following balances as at end of the financial year;

Table 2.15: Unspent balances for Tororo, FY 2008/09

Sector	Amount (shs)
SFG	70,095,937=
LGDP	171,768,731
NAADS	17,491,030
Rural water	(283,212)=
Rural Roads	39,208,400=
PHC	135,887,790

Source: Tororo LG

At close of the financial year 2008/09, there were significant balances on all sector accounts for the domestic development. PHC development which had a balance of UShs 135,887,790 = included a balance brought forward from the previous financial year 2006/07 of UShs 64,692,402 which clearly shows that there was lack of capacity to absorb the funds. This was attributed to a sloppy procurement process. It was stated that procurement started late in August 2008 with a new procurement unit that took some time to plan and initiate the projects. The contracts committee was also instituted late while the user departments delayed to initiate the procurement processes. The contractors also did not take over the sites immediately after being awarded the contracts. This was because most of the contractors had a low capacity as they demanded for advance payments before starting on the job yet they were not able to give advance guarantees.

Most of the works contracts were awarded in the second quarter but actual work began in May-June 2009 which was very late. This resulted in unspent balance at the end of FY 2008/09 amounting to UShs 39,208,400. It was stated that some of the contractors had on-going contracts and did not have the capacity to handle more than one project.

The district had sought for permission to spend the money from the Accountant General but had not yet received the consent.

For the first quarter of the financial year 2009/10, the district received the domestic development funds apart from SFG. No funds have been spent this financial year since they were still in the initial stages of the procurement process

(13) Kasese Local Government

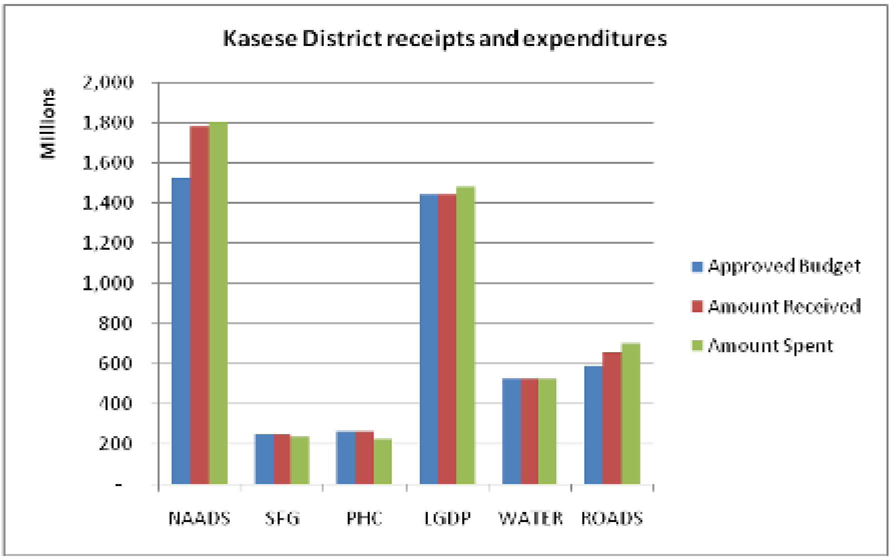
Kasese District received all the funds for the PAF for the period under review which was promptly remitted to the sectors.

The funds received by the sectors were absorbed apart from the health sector (PHC development) which diverted a total of Ushs 23,000,000. Instead of transferring a total of shs 41,000,000 which was the unspent funds at the end of the FY 2008/09, the district only transferred UShs17,000,000 vide a cheque number 005867 dated 30th June 2009. This tantamounts to diversion of funds which contravenes the financial regulations regarding utilization of ring fenced funds. According to the DHO, the funds were utilised for the recurrent expenditure on PHC non wage; district hospital and DHO's office.

Further the DHO, stated that the district health department had an IPF of UShs.556,798,370 for PHC non wage but received UShs.528,948,584 only, leaving a shortfall of sh.27,849,786. Therefore the department spent in anticipation that the whole budget would be realized which never happened; hence the encroachment on the PHC development funds to a tune of UShs 23,000,000 to cater for non wage expenses.

The department acknowledged the diversion of funds and has treated it as a borrowing which they intend to pay back from the DHO'S account. Regarding LGDP, it was noted that some sub counties delay to submit their accountability to the centre which also delays submission of the final accountability to MFPED. This is likely to delay the release of funds from the centre as a result of failure to account on time.

Figure 2.11: Approved budget, releases and expenditures in Kasese, FY 2008/09



Source: Kasese LG

The unspent funds at close of the financial year 2008/09 compromised of:

Sector	**Balance as at 30th June 2009 (shs)**
Roads	(43,303,128)
Water	1,244,469
NAADS	110,000
LDGP	29,327,117
SFG grant	10,580,477
PHC development	(23,927,810)

There was also diversion of funds from the water vote to the roads vote to a tune of UShs 43,303,128= giving an over expenditure under roads.

At the time of monitoring, the district had received some funds for the PAF sectors for the first quarter of the FY 2009/10. The receipts compared to the budget were all above 20% except PHC development which had 19% of its budget for the financial year. SFG received the highest percentage of release of 74% against the budget of the FY 2009/10.

Table 2.16: Approved budget, releases and expenditures in Kasese, Q1FY 2009/10

	Approved Budget	Amount Received	Amount Spent	%age received
NAADS	2,686,556,000	775,256,000	-	29%
SFG	245,025,000	182,000,000	-	74%
PHC	260,852,000	50,000,000	43,363,204	19%
LGDP	1,436,613,000	305,000,000	6,957,660	21%
WATER	523,375,000	129,000,000	-	25%
ROADS	520,610,000	104,946,000	-	20%

Source: Kasese local government cashbooks

Most of the sectors which received the money had not yet spent except the PHC Development and LGDP. The expenditures were in respect to the rolled over projects from the last financial FY 2008/2009.

As far as progress for this financial year is concerned, it was noted that the contracts committee is not yet in place. The names were submitted to MoFPED for appointment and had not yet been approved according to the CAO.

(14) Sembabule Local Government

The funds remitted to the district by the MoFPED for sectors under review were promptly remitted to the departments by the CFOs office. It was established that most of the sectors absorbed the funds and remained with insignificant balances.

This financial year, low expenditures had ben made of the funds received. The PAF sectors had received the funds and some of it had just been spent on running adverts for provision of goods, services and works. The delay was attributed to the procurement process which was said to be very lengthy. It was established that the district completed the bid documents and advertised for prequalification of the contractors.

The CAO pointed out that it may be a challenge to beat the deadline of submission of the quarterly reports before the 25th date of the following month. This may not be realistic since they have to advertise, bid, give 10 days notice and wait for the Solicitor General's consent where the contracts are big. Accordingly there is need to shorten the current procurement process if districts are to accomplish the implementation of projects.

(15) Masaka Local Government

During the financial year 2008/2009, contracts were awarded late during the month of December 2008. This created a delay in absorption of funds which led to unspent balances on PHC and SFG accounts of UShs 79,297,657 and10, 800,240 respectively. However, the unspent funds were committed and therefore the district sought for authority from the office of the Accountant General to spend but had not received the reply. The balance on SFG was mainly for retention because the contractors had finished work by the end of the financial year. For PHC development, the accumulation of the unspent funds was as a result of delayed contract award which was done in the month of December 2008 and therefore the contractors did not have ample time in which to complete the works. They however completed the work during early FY 2009/10 and are awaiting payment which cannot be done before the district is granted authority to spend funds that were rolled over.

The table shows the approved annual budget, releases and the amount spent. Overall the release performance ranged from 88.4% for PHC development to 122% for NAADS. NAADs release performance at 122% included amount which was unremitted in the previous financial year of 2007/08 and now released in the FY under review.

Table 2.17: Budget, receipts and expenditures in Masaka, for FY 2008/09

	Approved Budget	Amount Received	%age received against budget	Amount Spent	Balances
NAADS	1,829,453,000	2,234,233,620	122	2,231,850,999	2,382,621
SFG	245,000,000	237,928,060	97	227,127,800	10,800,260
PHC	171,000,000	151,205,000	88.4	88,836,682	62,368,318
LGDP	1,486,756,000	1,431,000,000	96	1,430,995,468	4,532
WATER	359,925,140	349,500,000	97.2	349,297,018	202,982
ROADS					

Source: Masaka LG

For the FY 2009/10, the district received funds which were promptly transferred to the respective sectors. It was noted that funds received were not yet spent because contracts had not yet been awarded. This was attributed to failure to have a contracts committee in place as the term of the old committee expired in the year 2008. The district submitted the names of the proposed new committee members to MoFPED in July but by the time the monitoring exercise (September 2009), they had not yet received a response. The CAO stated that they intend to use the contracts committee of Masaka hospital to award the contracts. He however observed that the hospital contracts committee is composed of doctors who are normally very busy which may delay the whole process.

Table 2.18: Releases for Masaka, Q 1 for FY 2009/10

	Approved Budget	Amount Received	%age received
SFG	542,425,000	116,000,000	21%
PHC	234,469,093	50,000,000	21%
LGDP	1,328,519,688	298,000,000	22%
WATER	437,726,529	94,000,000	21%
ROADS	661,281,125	149,871,000	23%

Source: Masaka LG

Of the releases so far, only UShs 4,108,950 was utilised on the SFG for field monitoring. The rest of the money was unspent as was noted above.

(16) Rakai Local Governement

The district received the funds for rural water and sanitation, National Agricultural Advisory Services (NAADS), Primary Health Care (PHC) development and for the district rural roads which were timely remitted to the sectors for the FY 2008/09. There was no IPF figure for SFG and therefore the district did not receive funds for it. All the funds received were not absorbed by the end of the financial year as shown in the table below.

Table 2.19: Unspent balances in Rakai at the year end June 2009

Sector	**Amount**
SFG	-
LGDP	0
NAADS	1,252,426
Rural water	961,168
Rural Roads	(301,497)
PHC	136,502,312

There was substantial balance on the PHC development and the explanation given was that; PHC development received a late release of UShs 117,000,000 on the 20th May 2008 and by the end of the financial year it had not been spent . However, it was established that UShs 117,000,000 received in May 2008 was remitted on the last day of the financial year(30th June 2009) in two installments of UShs 50,000,000 and UShs 87,477,000=. This definitely delayed the timely execution of the projects. These funds were already committed to the construction of a maternity ward at Kalisizo Hospital contracted at

UShs.72,977,707; procurement of medical equipment at UShs 61,664,900 and construction of staff house at Bakka health centre II at UShs 1,859,705.

It was established that permission to retain the funds had been sought from the Secretary to the Treasury and the district was waiting a response.

Table 2.20: Approved budget, receipts and expenditures for Rakai FY 2008/09

ITEM	Approved Budget	Amount Received	% of release to budget	Amount Spent	% of payments against the release
NAADS	1,443,313,000	1,689,732,302	117	1,695,062,456	100.3
SFG	-	-		-	-
PHC devt	214,266,376	214,266,000	100	110,652,823	51.6
LGDP		982,385,492		982,385,492	100
WATER	710,025,000	710,410,075	100.1	709,448,907	99.8
ROADS	354,997,000	352,996,170	99	353,297,649	100.1

Source: Rakai LG

NAADs release performance against the approved budget was 117% due to the fact that UShs 235,270,000 received from NAADs secretariat was relating to the previous financial year.

There was an over expenditure on rural roads by UShs 323,000. This amount was defrayed from the water sector .At the time the district was visited, the Court had frozen the general fund account due to the district failure to clear SFG debts. The contractors were not fully paid for the work done the previous financial year 2007/08. In the subsequent financial year of 2008/09 the district did not receive SFG funds and therefore was not able to pay the debts.

Regarding the current financial year 2009/10, funds for the PAF sectors were released to the district on quarterly basis and no amounts were spent so far. The funds released ranged from 21% to 23%.

Table 2.21: Receipts in Rakai in Q1, for FY 2009/10

	Approved Budget	Amount Received	Amount Spent	%age received
NAADS	2,175,162,000	725,054,000	-	33%
SFG	309,958,000	66,000,000	-	21%

PHC	225,019,000	48,000,000	-	21%
LGDP	899,090,000	202,000,000	-	22%
WATER	783,474,000	168,000,000	-	21%
ROADS	378,819,000	85,930,798	-	23%

Source: Rakai LG

It was noted that failure to spend the first quarter release was as a result of delayed procurement process.

(17)Kyenjojo Local government

The funds remitted to the district by the MoFPED for PAF for the FY 2008/09 were promptly remitted to the departments. It was established that most of the sectors absorbed the funds and remained with insignificant balances apart from PHC development and SFG..

Table 2.22: Budget, receipts and expenditures for Kyenjojo, FY 2008/09

	Approved Budget	**Amount Received**	**% of releases against budget**	**Amount Spent**
NAADS	1,341,073,000	1,341,462,406	100	1,355,322,914
SFG	300,000,000	291,311,000	97	295,556,104
PHC	167,540,225	159,163,000	95	149,250,075
LGDP	1,028,541,000	989,969,000	96.2	,025,659,214
WATER	598,721,000	598,720,560	100	598,547,048
ROADS	445,955,000	423,657,392	98	423,194,223

Source: Kyenjojo LG

It was noted that SFG had a closing balance of UShs 26,721,579 at the end of the FY **2**008/09 while the balance brought forward from the previous financial year of 2007/08 was UShs 30 million. According to the CFO, these funds were committed to the construction of a classroom, staff houses and latrines. The balance for PHC development was committed to the completion of Kyenjojo health centre IV and installation of power in the same health unit. The work on the construction and installation started late and it’s ongoing.

Authority to spend the retention funds was sought and it had not been granted by the time of monitoring.

The district received funds for the first quarter of the financial year 2009/10 but had not yet spent it. This was attributed to lack of a contracts committee in place. The term of the old contract committee expired and names of the new committee members were submitted for approval. At the time of monitoring, the names of the new contracts committee had not yet been approved. In the meantime they had been advised to use the neighboring District committee. This had greatly affected timely award of contracts and therefore execution of the projects

Table 2.23: Funds received in Kyenjojo for Q1, FY 2009/10.

ITEM	**Approved Budget**	**Amount Received**	**Amount Spent**	**%age received**
NAADS	1,640,960,619	546,986,000	-	33%
SFG	416,120,000	89,000,000	-	21%
PHC	222,115,862	47,000,000	-	21%
LGDP	950,447,947	213,000,000	-	22%
WATER	730,230,900	157,000,000	-	22%
ROADS	528,484,626	119,774,411	-	23%

SOURCE: Kyenjojo LG

The receipts for the first quarter were relatively good, although there was no expenditure incurred in the first quarter.

CHAPTER 3: Physical Performance

3.1 AGRICULTURE

3.1.1 Introduction

The budget strategy for financial years 2008/09 and 2009/10 prioritized agricultural production and value addition as key to enhancing economic growth, food security, income enhancement and employment. Emphasis is being placed, as evidenced with increased investments, on provision of inputs, good breeds and stocks to farmers through NAADS and other core programmes, control of pests and diseases and mechanization among other areas[3].

It is within this context that the BMAU monitored the performance of three programmes in this quarter namely: **Agriculture and Marketing Support Project**, **Support for Tea Cocoa Seedlings Project** and the **National Agricultural Advisory Services (NAADS)**. Monitoring on NAADS was limited to Kiboga district where complaints had been raised by project beneficiaries about misuse of resources. Discussions were held with political and technical officials at district and sub-county level; key informant interviews were held with NAADS project beneficiaries and other community members and records were reviewed.

The monitoring work in the agricultural sector was conducted in 12 sample districts as summarized in Table 3.1.1 below. Monitoring mainly focused on the disbursements and physical performance of the programmes during the FY 2008/09 as releases for FY 2009/10 to the agricultural sector were delayed.

Table 3.1.1: Sampling frame for agriculture sector monitoring in Q1 FY 2009/10

Programme	Monitored districts
Agriculture and Marketing Support Project	Yumbe, Arua, Koboko, Soroti, Amuria, Katakwi
Support for Tea Cocoa Seedlings Project	Bundibugyo, Mukono, Luwero, Kibaale, Mayuge
National Agricultural Advisory Services	Kiboga

Source: Author

[3] MFPED, 2009.

3.1.2 National Agricultural Advisory Services

Background

The strategic objectives of NAADS are to increase the effectiveness and efficiency of agricultural advisory/extension delivery to farmers for enhanced agricultural productivity, food security and commercialization. The programme was restructured in 2008 to take on board additional responsibilities of primary processing, support to model farmers to act as demonstration and learning centres and community procurement. The selection of farmers and community procurement in every parish and sub-county has to be in accordance with the New NAADS Guidelines of August 2008.

Kiboga district is a new entrant in the NAADS program. The NAADS was introduced in Kiboga in FY 2007/08 on a pilot basis in five sub-counties: Nsambya, Mulagi, Butemba, Kibiga, and Muwanga. It was rolled out to all the 14 sub-counties[4] in the district in FY 2008/09. However when the program had just been introduced in the district, it was suspended in September that year following the countrywide suspension of NAADS. So in that FY it was implemented for a period of less than six months.

The BMAU was requested to investigate specific complaints (Table 3.1.2) by beneficiaries in Kiboga district on flaunting the NAADS guidelines resulting into misappropriation of resources during FY 2008/09.

Table 3.1.2: Concerns raised by beneficiaries on NAADS in Kiboga District

Sub-county	**Concern**
Kyankwanzi sub-county	• Concerns were raised that the LCIII Chairman and the Chairman Farmer Fora had changed/ignored NAADS guidelines and instead supplied different enterprises. Apiary was supplied instead of diary cows. • Overpriced technologies – a cow costing Shs 1.8m.
Mulagi sub-county	• Fake/sub-standard spray pumps had been distributed to farmers • Decampaigning of the NAADS programme by sub-county officials
Bukomero sub-county	• There was undersupply of some technologies

Source: Kiboga district beneficiaries

[4] Additional sub-counties: Lwamata, Kapeke, Watuba, Kyankwanzi, Ntwetwe, Gayaza, Ddwaniro, Bukomero, Kiboga Town Council.

Financial Performance

A 100% release for the NAADS programme was made to Kiboga district in FY08/09 totaling Shs. 1,023,748,000, including 93% from GoU (958,892,000/=) and 7% co-funding from the benefitting communities (648,560,000/=). Each of the three sub-counties that were monitored received the full GoU contribution in FY 2008/09 as follows:

- Kyankwanzi sub-county – 52,606,000/=
- Mulagi sub-county – 75,922,000/=
- Bukomero sub-county – 52,606,000/=

Findings

General performance of NAADS in Kiboga District

Implementation of the NAADS programme was reported to have started off well in Kiboga district with farmers starting to adopt some of the approved technologies and practices. During the monitoring visit, there was evidence of farmers in the sampled/affected sub-counties having received improved in-calf heifers and goat breeds, apiary, building materials for livestock shades, injectors, anti-biotics, equipment like spray pumps, coffee, banana and cassava seedlings and cuttings, crop seeds and cuttings and advisory services which were highly appreciated by the beneficiaries.

However, the programme is facing numerous challenges due to its infancy in the district and the fact that the NAADS guidelines are yet to be fully appreciated and understood by the implementers. Some of these structural problems explain some of the anomalies seen in the sampled sub-counties.

i. The NAADS guidelines are not in line with the PPDA Act which is creating accounting problems at the district and sub-county level. NAADS is being handled outside the standard procurement committees by persons who lack training on the technicalities of procurement. Even the indicative price list that has been circulated by the NAADS Secretariat is not helping in solving these problems;

ii. While the CAO is the District Accounting Officer, he/she doesn't have a direct link for managing and streamlining the NAADS procurement process because the role was decentralized to a non-Government structure. This has led to lack of standardization in the procurement processes, inflated pricing and limited programme sustenance as some of the people on the community procurement committees often migrate or die. **It is recommended that the NAADS procurement guidelines and procedures should be standardized in line with the PPDA Act**.

iii. Hybrid seed supply is very low compared to the high demand in the district which leads to high price fluctuations within a short period. NAADS funds are consequently consumed in purchasing high cost inputs and transportation. **It is recommended that the NAADS Secretariat should work closely with NARO to invest heavily in seed supply.**

iv. Many policy directives on NAADS are not officially communicated to the districts and instead are found in workshop proceedings at national level and media. Officials in Kiboga district reported that they and many other districts tend to ignore some of these directives as they are not sure whether they are accurate and final. This ultimately results in uneven implementation of the programme. **MAAIF and the NAADS Secretariat should communicate officially to the districts whenever there are changes in the NAADS policy or the guidelines to ensure compliance and consistence in implementation**.

v. The negative publicity of the NAADS programme countrywide is negatively affecting the pace of involvement of farmers and group formation in Kiboga district. *"The NAADS programme is being projected as a programme for thieves by the Government. Even where progress has been made, little positive things are reported. It is like the NRM Government wants to paint a picture that it has failed to manage its own programmes. So why would people be interested in participating in such a highly politicized programme and why should Government expect positive results? Even we the few implementers now fear to implement NAADS especially when we hear that our colleagues in many districts are being interdicted without sufficient evidence of wrongdoing. Eventually, we may be forced to just return the funds back to the Treasury at the end of the financial year without implementing this programme to avoid these problems"* anonymous official of Kiboga District.

Specific findings on the complaints and concerns

<u>Kyankwanzi sub-county</u>

The concerns raised about the change in NAADS guidelines by the LCIII Chairman and Chairman Farmer Fora while procuring and distributing technologies were found to be true though with justifiable reasons. Of the Shs 52m received by Kyankwanzi Sub-county in FY 2008/09, Shs 21 m was earmarked for technology procurement. The farmer groups, before receipt of funds, had agreed as per NAADS guidelines to procure 3 enterprises for income generation - dairy, goats and apiary – and 1 enterprise for food security - cassava.

At the time when the farmer selection process was initiated in the sub-county, a presidential directive was passed for the selection to follow PFA guidelines which was construed to imply that elected leaders were to manage the whole process, hence the heavy involved of the LC III

Chairman. The PFA guidelines also indicated that the technologies would have to be repaid back by the beneficiaries as this was a revolving fund. This became a point of contention as farmers had expected the technologies to be given free.

The farmers were informed that a Friesian cow with all the necessary requirements to build a shade plus a medical kit would cost 1.8m; a goat would cost 450,000/=; a boar goat for the technology development site (TDS) would cost 900,000/=. Due to the limited funds disbursed to the Sub County for technology development (Shs 21m), the LCIII Chairman was against the idea of providing just one farmer with 1 cow and a few goats to other beneficiaries. He was of the view that all funds should be earmarked to one of the selected enterprises apiary, instead of the recommended 3 as per the NAADS guidelines, in order to ensure that the benefits are spread over many people.

However when he met resistance from the NAADS officials both at Sub County and District level, who were aware of the fact that it was procedurally wrong, he mobilized farmers and managed to convince them that it was in everyone's best interests to divert all the limited funds into Apiary in order to create an impact. As a result farmers in their farmer fora agreed that the animals are too expensive and resolved Apiary should be the sole enterprise in that season. The NAADS officials had no choice but to adhere to the farmers' resolution. They did not, however communicate this anomaly to the NAADS Secretariat as in their view, the farmers, although they had not followed the NAADS guidelines, had earmarked the funds to one of the 3 selected enterprises.

An expert in apiary trained the farmers and 24 farmers benefited from apiary each getting 13 hives. Out of the 312 beehives distributed, 17 were found to be colonised by the time of the monitoring visit indicating the viability of this enterprise. The monitoring team visited the apiary beneficiaries and all of them expressed enthusiasm about bee keeping. One farmer who was the intended beneficiary of the diary cow but had instead got beehives was satisfied with the apiary enterprise and had this to say:

"I was ready to take the diary cow and repay the 70%. However, it would mean I would be the main beneficiary of the small funds and all other farmers would not benefit. I took the 13 bee hives as I had no other option. I have found out that they are low cost and very easy to manage. This enterprise promises to be profitable and viable. I now have plans to upgrade to 100 beehives in the near future through my own resources" Mr.Batarinngaya Charles, Nalukonge village, Kyankwanzi Parish.

Apiary beneficiary Mrs. Victor Mpola **Apiary beneficiary Mr. Joseph Byampaka**

In their workplan for FY 2009/10, the farmers have agreed to focus resources on the three enterprises – diary, goats and apiary but with less emphasis on apiary which was funded in FY 2008/09. They planned to purchase 24 diary animals, 22 goats and 60 hives for 4 technology development sites (TDS). They would also purchase 455 sacks of cassava cuttings to plant for food security. By doing this, they would fulfill their shelved plans for the FY 2008/09.

Conclusion: The NAADS guidelines were not followed in the selection of enterprises Kyankwanzi sub-county but for justifiable reasons. The enterprise that was selected – apiary – was one of those that were originally chosen by the farmer groups and is widely appreciated by the farmers who are showing signs of increased adoption in the future. The NAADS Staff at district and sub-county level should however notify the Secretariat in future when changes occur in implementation of the NAADS guidelines for further guidance.

Mulagi sub-county

Information gathered during the monitoring visits showed that the allergations that fake/sub-standard spray pumps had been distributed to farmers were baseless and unsubstantiated. Farmers however acknowledged that their LCIII Chairman was decampaigning the NAADS programme for unknown reasons.

Regarding the spray pumps, the farmers and other key informants in the sub-county indicated that these allegations arose from a one disgruntled Mr. James Kajeruka whose tender to supply pumps was rejected in the procurement process. The tender was awarded to another firm which bought and supplied to farmer groups 32 Knapsacks sprayers of the model CP15 bought from container village and distributed to farmers groups. The District Agricultural Officer (DAO) and District NAADS Coordinator verified the pumps as genuine before distribution. The pumps were delivered at a cost price of 250,000/= each. Recently, the price has gone up to 320,000/= each in Kampala.

In our group discussions with farmers they expressed satisfaction with the spray pumps distributed. Samples of the spray pumps were seen and there was no evidence to show that they were fake (See picture).

Sample of knapsack sprayer

Farmers however reported that their LC III Chairman was decampaigning the NAADS programme, an allegation the Chairman vehemently denied. One female farmer who preferred anonymity reported *"Banana suckers were distributed to some members in my group during this season. I got 445 suckers in a addition to one incalf heifer and spray pump. I was also given cow dung though I have animals that provide me with the same. The bananas were given to us in a dry season, hence we had to water them if they were to survive. Because of politics, our LCIII Chairman told us to reject the items that we were being given by NAADS. He told us that we should not water the suckers so that they die out. Some of my colleagues listened and their banana plantations are no more. I watered mine but most dried and others were affected by the wilt. I have 100 suckers remaining."* Female farmer, Ssekamalya village, Mulagi Sub-county.

Conclusion: There was no evidence to support the allegation regarding the spray pumps being fake. There were however voices of leaders decampaigning the NAADS programme although conclusive evidence could not be found.

Bukomero Sub-county

Of the funds received for technology development by the sub-county, Shs 21m was for technological development. A total of 75 groups had registered for the NAADS programme in the sub-county and had provided co-funding of Shs 2,810,000/=. All the 75 groups expected to benefit from technology development. However, the limited funds could not purchase technologies to cover all the 75 groups. The technologies purchased were shared out among 26 groups, with a promise that other groups would benefit in the next FY. This was the source of controversy as the remaining 49 groups that did not benefit and yet had co-funded did not understand why they were never given technologies.

They alleged that there had been intentional undersupply of technologies. This was found not to be true as receipts were available at the sub-county to show the input purchases made out of the 21m and distribution lists were available to show that the inputs were shared among the selected farmers 26 host farmers from 26 groups. The inputs that were distributed to these farmers included 90 trips of organic manure, 2183 Banana Suckers, 3200 Coffee Seedlings, 45.3 Kg of maize, 26 Knapsack sprayers, 44 Litres of Agrosate, 20 Litres of Dimethioate, 20 Kg of Furadan,18 Watering cans,18 Wheel Burrows,18 spades, 4 Taurpalins,80 KG of Urea, 40 KG of DAP and 26 Sign Posts

In the middle of the year, PFA guidelines were issued that required each of the 6 farmers per parish should be given 3 enterprises. The limited funds could not allow for this guideline to be effected and hence farmers accused the NAADS Coordinators of undersupplying technologies. In a related event, the sub-county had distributed 100 banana suckers and 311 coffee seedlings for each of the 6 Technology Development Sites (TDS) as per workplan. The TDS were given free of charge to the selected farmers.

On his visit to the district, the President directed that each farmer operating a TDS should be given 445 banana suckers and 445 coffee seedlings. It was no longer possible to alter the earlier allocations as all the funds had been already spent. The NAADS Secretariat did not authorize re-allocation of funds hence farmers were given 100 suckers and 311 coffee seedlings which resulted in unrest and allegations of under-supply of technologies.

Conclusion: The reported undersupply of technologies was found to be true but for justifiable reasons. The frequent changes in guidelines are the main cause of this problem. Insufficient funds for technology development could not allow for technology supplies to cover all the farmer groups.

3.1.3 Agriculture and Marketing Support Project

Background

The Agriculture and Marketing Support Project is a GoU project that is World Food Programme (WFP) supported and commenced in 2002. Whereas the project was intended to end in December 2005, it was extended to 2010 to complete unfinished tasks. The project targets displaced people and vulnerable groups. Its main objective is to enable poor small-scale farmers to increase their incomes and food security so as to make a shift to more sustainable livelihoods. The project has two components: 1) Food for Assets (FFA) component and 2) Market Support Component. *The monitoring work in this quarter focused on the FFA component.*

The FFA component uses food incentives to facilitate the creation or rehabilitation of community assets so as to promote food security and self-reliance among the poor and food insecure. Community assets that have been formed through this approach include fish farming, small scale irrigation, water reservoir/dam construction, agro-forestry, agricultural demonstration plots and farm roads. *The monitoring work focused on fish farming and water reservoir/dam construction which were reflected in the MAAIF workplan for 2008/09 and 2009/10.*

MAAIF has the overall responsibility of project implementation including monitoring and evaluation. The Agreement between GoU and WFP in 2006 mandates WFP to implement the operations while MAAIF which is an overseer monitors and builds capacity where needed in the project areas.

In FY 2008/09, MAAIF planned to implement the sub-county Food for Assets (FFA) Community projects in Teso, Lango, West Nile, Acholi region and Karamoja. The ministry reported deliverables in FY 2008/09 in the West Nile region including 200 fish ponds excavated and stocked with fish, over 10,000 acres of tree planted among other outputs. The BMAU monitored the fish farming component in the West Nile region as well as the Teso region to assess physical performance of this project.

The integrated fish farming project, a sub-project activity under the WFP FFA programme was introduced in the West Nile in October 2004. The overall purpose was to promote and enhance commercial farming in Arua, Yumbe and Koboko. The project which started with the establishment of 60 community based commercial size fish ponds ($1000m^2$) each, expanded to a total of 120 ponds in the three districts. WFP entered into a partnership with NUSAF to extend the project in the Teso and Lango regions with the establishment of a further 120 ponds. A fisheries consultant was hired by WFP to coordinate the implementation in collaboration with the District Fisheries Offices and sub-county fish farming technical staff[5].

Financial performance

Disbursements

During FY 2008/09, donors injected Shs 1bn in the project while Government provided counterpart funding of Shs 60 million to MAAIF to run the project all totaling to Shs 1,661,000,000/=. In the previous year 2007/08, Government released Shs 200 million to MAAIF as counterpart funding[6]. In FY 2009/10, Government has provided Shs 370 million for MAAIF for this project[7].

Budget coding

Documentary reviews of the MAAIF Policy Statement of 2009 indicated an anomaly in the coding of this project. Whereas the project code for the Agriculture and Marketing Support Project is 0077 in the MFPED budget documentation, in MAAIF Policy Statement the code 0077 was allocated to a different project 'Agricultural Marketing Promotion and Regional Inte' whose actual budget code is 1010. As a consequence, the Agricultural and Marketing Support Project is not listed in the Vote Summary of MAAIF and the planned and actual outputs of this project are wrongly posted to the Agricultural Marketing Promotion and Regional Inte. This anomaly should

[5] Records at WFP Arua Regional Office.
[6] MFPED, 2009a.
[7] MFPED, 2009b.

be cleared as it can cause wrong posting of funds and misreporting of results. MAAIF officials were aware of this anomaly and promised to rectify it.

Field Findings

Overall, the component of fish farming in the West Nile and the Eastern Region, under the Agriculture and Marketing Support Project, was found to have been completed in the FY 2007/08, although the Agriculture Ministerial Policy Statement (MPS) reported outputs in FY 2008/09. Whereas the Agriculture MPS 2009/10 reports actual outputs of 200 fish ponds excavated and stocked with fish in the West Nile region during 2008/09[8], the fish farming activities that were WFP funded were reported to have been completed in June 2007 indicating a misreporting of outputs. The findings are presented by region as the implementation approach differed in the West Nile as opposed to the Eastern region.

West Nile Region

Yumbe

It was reported that the WFP fish farming project in Yumbe district was implemented in the period 2004-2007. It was reported that all activities were concluded in the FY 2006/07. Of the 33 planned fish ponds, 24 were completed while 9 were built but not completed. Only 22 out of the 33 ponds were stocked with fish. Most of the ponds have dried up because of poor silting and lack of fish seed. About 10 ponds belonging to 3 groups were reported to be functional having received further support from the ADB Fisheries Project starting 2005. Field visits confirmed these findings:

Dry fish pond in Yumbe

- For Kuru Mixed Farm in Loloronga village, 2 of the planned 3 ponds were constructed in 2004 and stocked by WFP. The fish was harvested and the ponds dried up due to drought. Due to poor silting, the water source also dried up. By the time of the monitoring visit, the two ponds were in bush.

- For Drodro fish farmers in Chakia Village, Kei sub-county, 5 ponds were constructed with WFP support and stocked in FY 2006/07. But the tilapia type given by WFP was reported by farmers to be of poor quality yielding very small size even at maturity. After harvest, the group got support from ADB in terms of renovation of ponds and restocking. The catfish type given by the ADB project was reported to be of very good quality. The field visit indicated that 4 of the ponds were functional and stocked with fish and only one was dry as the source of water had been tampered with by BAT that was raising tobacco nurseries nearby.

[8] MAAIF, 2009. Pg. 59

- For Ajoka Women fish farmers, 3 ponds were excavated in 2006 but were never stocked. *'We were promised fish but it has never been brought. We were told that the WFP project is over. We would have restocked the ponds ourselves but we do not have food for the fish"* Chairperson, Ajoka Women Fish Farmers.

Koboko

The District Officials reported that the WFP supported fish farming activities in Koboko district up to the FY 2006/07. The project wound up in June 2007. In FY 2007/08, support was obtained through MAAIF from the ADB financed Fisheries Development Project to sustain all the ponds started by WFP plus several others. Under the WFP support, a total of 50 ponds were excavated: 26 were stocked with fish while 24 were not stocked. Those that were never stocked were abandoned by the farmers until they got support from ADB. The ADB worked directly with farmers supplying fish feeds, fingerlings and assorted equipment. The District Fisheries Officer was supposed to supervise implementation but he complained of lack of funds to facilitate monitoring and hence the farmers are not adequately guided. Support from ADB also phased out by the end of 2008.

Field visits indicated that most of the ponds started under the WFP programme were functional largely because they had been taken over by the district and additional support was obtained from ADB.

Completed hatchery in Koboko

WFP ponds taken over by ADB

The group formation dynamics were also stronger in Koboko whereby some groups had core families who had started the projects. Even when support from WFP and ADB phased out, the core families sustained the projects through own income. Sustenance also was high in Koboko because of the ready market and good prices for fish. Each Kg of catfish costs 5000/= yet one fish can weigh 6Kg implying a return of 30,000/= per fish. One large scale fish farmer in Koboko Town Council had secured funding from NAADS for constructing a hatchery which was near completion. The farmer, Mr. Yangu Charles in Ajinjini village reported that in the good season, he gets not less than 100,000/= per day out of fish sales.

Arua

When asked about the fish farming project in Arua, this is what one senior official had to say*"That WFP project, didn't it end 3 years ago? It promoted fish faming and was headed by Pius of WFP. We have limited knowledge about that project as information was never shared with us and we were not involved. MAAIF did not even have the courtesy to share with us the agreements and workplans regarding this project which was being implemented in our district"* Assistant Chief Administrative Officer – Production, Arua District.

Records at the WFP Arua Regional Office showed that 40 ponds were excavated in Arua district but more than half were not properly done or even stocked. Some were abandoned in 2007 before completion as there was nor more food for work. The groups that owned the ponds were too large and hence the food was not sufficient. In some cases, food was not delivered when expected which demoralized the communities.

It was reported that about 60% of the completed ponds were functional but there was no evidence to back up this information. Neither the District Fisheries Officer nor any other official in the district could trace a single functioning pond. They indicated that WFP had not involved the district and hence they had not given any technical support to farmers under this project. Evidently, the project had very low sustenance in Arua district. A valley dam was constructed using some WFP support but also funding from LGDP. This dam was the only evidence that was seen as still functional although not easily accessible.

Suru Valley Dam in Arua

Challenges to fish farming in West Nile

1. Apart from District Fisheries Officers, the other technical and political heads in the districts were not fully aware of or involved in this project. WFP worked directly with the communities and in a few cases with the sub-county officials. Hence, there was limited support to the WFP fish farming projects in terms of supervision and guidance from the district.

2. Low community participation in the project because some of the food earmarked for work by WFP was reported to have been diverted and not delivered.

3. Most farmers lack knowledge about sourcing, feeding and managing fish. The WFP community facilitators who were trained to pass on the knowledge did not do so due to logistical problems. As a consequence, high mortality of the fish immediately after stocking was reported.

4. Poor silting of ponds which was largely supervised by the WFP Fisheries Consultant. The District Fisheries Officers who were involved after the ponds had been excavated expressed dissatisfaction regarding the qualifications of WFP Consultant in supervising fisheries work.

5. Fingerlings delivered directly to farmers by WFP officials without notification to the districts to verify quality. Fears were expressed by the district officials that the ponds may be stocked with dangerous alien species as they never have chance to verify the species.

6. Farmers were not provided with sample and harvesting nets yet they had no technical knowledge of how to access them and the types. This led to high post harvest losses and harvesting was done in a rudimentary manner.

Eastern Region

The fish farming activities in the Eastern region were implemented in a partnership between WFP and NUSAF, with WFP providing food and non-food items for excavation of the ponds and NUSAF providing the funds to communities to purchase the fingerlings and feeds. An agreement was made for the Teso sub-region to construct 240 ponds (100 ponds for Soroti, 100 in Amuria and 40 in Katakwi) during July 2007 to June 2009 (project completion date). WFP was to provide food, tools, allowances for district officials worth Shs 599,220,000. NUSAF was to provide seed, fish feeds and skills to farmers for an amount equivalent to Shs 1,339,180,000 while the community would provide land and labour.

Soroti District

Two groups in Soroti district benefited from the NUSAF-WFP project: Ogwolo-Abilipin IDP Fish Farming group in Katine Sub-county excavated 6 ponds and Ogolai Elders and Foster Parents Fish Farming project in Tubar Sub-county excavated 5 ponds making a total of 11 ponds of 1000m^3 each. The monitoring team was informed that it was only possible to organize two groups to excavate the 11 ponds and hence the target of 100 ponds in Soroti was never reached.

Field visits indicated that 6 out of 11 ponds were operational and stocked with fish. The other ponds were drying up and full of weeds. Both groups used the funds given to them by NUSAF to pay WFP to purchase fingerlings for them: one group paid Shs 5m while the other paid Shs

4.5m. Both groups expressed dissatisfaction with the quantity and quality of fish delivered by the WFP officials and reported corrupt tendencies within that organization as explained in the case study below (Box 2):

Box 1: Case study of poor service delivery by WFP

"Our group which had 60 members initially but which has gone down to 40 started a small fish in 2007. As we did not have enough capital, we wrote a proposal to NUSAF to help us expand our enterprise. We got support from NUSAF which gave us money for purchasing fingerlings and WFP gave us food for work to dig the ponds. We excavated 5 ponds. We selected the firm that would provide us with the fingerlings – GATU Fish Farm in Kampala. We paid 4.5m to WFP official in December 2006 with an agreement to buy specifically from GATU Fish farm an amount of 25,000 fingerlings.

The fingerlings were not delivered until 7 months later in July 2007 and purchased from a different firm UMOJA Fish Farm Kampala. No explanation was given to us as to why the fish was delivered late and from a different firm from the one we had selected. We were not given ample notice to prepare to receive the fingerlings. The WFP officials gave us 2 small buckets (500gm NOMI Washing Powder buckets) worth of fingerlings which we estimated with our DFO to contain less than 6,000 fingerlings. The fish variety was not good as by the next morning after delivery many were dead. They did not grow to a reasonable size. When mature, we harvested all the fish and sold it. It only fetched 500,000/= which we used to buy 2 bulls as a better enterprise". **LCIII Chairman/Member of Ogola Elders & Foster Parents Fish Farming Project, Tubar Sub-county, Soroti**.

The above case study shows that there was no value for money as the food given to excavate the ponds plus 4.5m paid out by the group to purchase fingerlings got them a very small quantity of seed and a net return of Shs 500,000/=.

The District Officials did not have any knowledge of MAAIF being the implementer of this project. They knew the project as a NUSAF project with input from WFP. They felt that as the implementers, they should have been officially notified about the project and guided on monitoring aspects. The District Officials pointed out the following as having been major challenges to implementation:

- The WFP officials that delivered the fish were unprofessional and hence the high mortality rates. Fish were delivered at mid-day when it is too hot and when the communities had not been notified. The unit of measurement for the fingerlings were wrong, resulting in very low stocking rates.

- WFP favoured formation of large groups of over 100 people. These groups were so heterogenous (boys, women, elders, chronically ill) whereby many members dodged work although they collected the food. The interest was on getting food rather than creating the assets. Once the food got finished, the groups disintegrated.

- *"MAAIF are the authority in fisheries. How can they allow WFP to stock fish ponds on behalf of GoU? The WFP Consultant who claimed to know fish farming lacked the necessary technical competence. Our communities selected through the recommended procurement processes proven firms that would supply good quality fingerlings. Other firms who did not pass through proper procurement procedures, selected by WFP, supplied poor quality fingerlings. This project is a link between 1 or 2 people in MAAIF, WFP and NUSAF to share the food and profits, otherwise why where we not informed officially by MAAIF about this project?* District Official, Soroti District.

Katakwi District

Only two groups in Katakwi district benefited from NUSAF-WFP support to construct a total of 8 ponds out of the expected 10 ponds. This was far below the target of 40 ponds in Katakwi district as per the NUSAF-WFP project proposal. Each of the two groups - Aparisia Fish Farming Group and Akasim Fish Farmers – excavated 4 ponds in the FY 2007/08. Although the earlier estimate was for each of the ponds to measure 1000m^3, officials from NEMA advised the farmers to reduce the ponds to 300m^3 each as the environment could not support large ponds which was done.

All the ponds have not been stocked and their major accusations about WFP having taken money from the communities in an illegal manner and never delivering the fish fingerlings. Petitions have been made to the CAO officially on this matter by the groups (evidence of letters seen by monitoring team) but no action has been taken so far. The case study below illustrates the nature of problem that needs to be urgently addressed.

Box 2: WFP and NUSAF petitioned by Aparisia Fish Farming Project

"We planned to establish 5 ponds and submitted a proposal to NUSAF for support. NUSAF provided us with Shs 12 million in 2008 to purchase fingerlings, fish feeds and help us in the construction. NUSAF trained us in community procurement processes and guided us in forming a procurement committee that would source the fish fry. In our project proposal to NUSAF and workplan, we indicated that the fry would be sourced from Kajjansi and all we needed was 5000 fingerlings that would cost 900.000/=. This was on the advice of the District Fisheries Officer who noted that we needed less fry as the ponds had been reduced from 1000m^3 to 300m^3 each.

WFP provided us food for excavating the ponds which was highly appreciated. However, while we were informed and expected 22 metric tones of food, we only received 3 metric tones of food and this led to stalment in the excavation work. The NUSAF District Technical Officer (NTDO) together with the WFP Officer came one morning with three invoices from 3 separate firms from Kampala directing us to choose one so that we pay from NUSAF funds and the fingerlings are delivered. Each of the invoices was over Shs 11m to supply us 50,000 fingerlings yet our budget was 900,000/= for 5000 fingerlings. These officials threatened that our account would be closed unless we paid. Indeed our bank account was blocked without reason and we could not access the NUSAF Funds. They threatened that all future payments from NUSAF would be blocked off unless we accepted their own workplan and endorsed the invoices. Without any choice left, we rubber stamped the WFP/NDTO workplan which had not been approved by Northern Uganda Management Unit (NUMU) and a cheque was written in the amount given to us of over 11million in September 2008. The same problem also happened to the other group Akasim Fish Farmers.

Since then, no fingerlings were delivered up to date without any explanation. Our money is being held in the bank accounts of WFP which is illegal. We even do not have ponds that can use 50,000 fingerlings which we were forced to sign against. The money meant to buy fingerlings and also feed fish was taken by the WFP/NUSAF officials. We have petitioned our district LCV, CAO and NUMU but no body is bothered. We have decided to restock the ponds by ourselves and hence what we need is a refund of our money". ***Ipoot Samson Malinga, founder member of Aparisia Fish Farming Project, Katakwi District.***

Katakwi district leadership was fully aware of the problem but no action had been taken yet. WFP Regional Office in Soroti also expressed awareness of the problem but were reluctant to disclose any further information about the whereabouts of the missing fish farmers money. This case needs to be followed by Katakwi District Leadership and IGG to establish the true facts and take appropriate action to address the farmers' concerns.

Amuria District

40 ponds were excavated in Amuria district with support from WFP and NUSAF. A total of 8 groups benefited from the project. The team sampled 4 out of the 8 groups namely and found the following results:

- ***Akeriau Fish Farming project*** located in Orungo Sub County was the pilot project with 5 ponds constructed in 2006. Field visits indicated that all the 5 ponds had dried up attributed to the dried water source. Further efforts by RED CROSS in 2008 to renovate the water source did not bear any results. WFP promised the group to rectify the situation in 2009 but no action has been taken.

- ***Ajokosidi fish farming project*** is located in Murungatuny Sub County. Four ponds were excavated but currently only 3 are working. NUSAF provided Shs 7.5 m for the acquisition of fingerlings while WFP provided food for excavating ponds and implements for digging ponds. However at first stocking the fingerlings were delivered late in the night and the ponds were stocked without the knowledge of the District Fisheries Officer and as a result, there is lack of accurate information on the stocking rates. On the second stocking, the project was expected to receive 20,000 Claris while Tilapia were expected to be 15,000. However the Tilapia arrived late and it did not mature due to lack of feeds and the officials were not able to verify the quantities of the fingerlings received.

- ***Alirakuju Fish Farming Project*** located in Amuria Town Council started in 2006 with 10 ponds which have all dried. At commencement of the project the group received 15,000 Tilapia, 35,000 Cat Fish and 10,000 brood stock. The group harvested twice in 2007. Since then, the project has been negatively affected by floods, prolonged droughts and land wrangles.

- ***Omule Youth Fish Fry Production Centre:*** This project is located in Amasuk Sub-County and the group has been producing fish fry in three ponds that were found to be functional during the monitoring visit. WFP has commenced processes of building a hatchery at this centre, though the work had stalled by the time of the field visit.

The main challenges faced by farmers in Amuria district include lack of seed for restocking, nets being too expensive, extreme weather conditions, fish feed is unavailable and lack of farmer training since fish farming is not included under NAADS. Project sustenance has been highest where the groups are small and least for large groups of over 100 members. Officials in this district also emphasized that purchase of seed should be by GoU and not partner institutions that lack the technical expertise in fish farming. District officials in Amuria expressed surprise that MAAIF had anything to do with this project as they had not received any formal communication from the ministry.

Summary Key Issues and Recommendations

Key Issues

1) This project helped poor communities to excavate ponds while enhancing food security during the early stages of implementation. However, the goal of self-reliance and sustainability of the project has not been realized as the majority of ponds are no longer functional and the groups disintegrated as soon as the food run out.

2) Although the GoU-WFP agreement shows that the Agriculture and Market Support Project is scheduled to end in 2010, for the WestNile districts, this project ended in 2006/7 and only parts of it are visible where ADB has taken over. Hence the reporting of outputs of ‘200 ponds excavated in West Nile in FY 2008/09’ is not a valid output. This

raises questions about the funds provided to MAAIF to monitor and build capacity for a project which seems to have phased out in some districts. None of the districts acknowledged having seen MAAIF monitoring this project in its entire duration.

3) Although the resources and inputs from WFP and NUSAF are highly appreciated, there were indications of corrupt tendencies in these organizations which led to low transparency and accountability and poor service delivery in some areas.

Recommendations

1) In future, Government should not abdicate its core roles of providing seed to farmers as alien species may be introduced into the system if the partner organizations are not faithful or are not properly monitored. The siting of ponds, stocking of fish ponds and the associated extension service should have been provided directly by MAAIF and its agencies and not left to WFP that lacked technical competence in many of these areas.

2) WFP in collaboration with MAAIF should handover the finished and unfinished projects to the Districts so that they are included in their District Development Programme for sustainability.

3) The Fisheries Department should enable district fisheries officers to develop and implement a skills and knowledge enhancement training programme among current and potential fish farmers. Key information needs among fish farmers include: site selection for ponds, seed quality and stocking, management of fish in the pond, harvesting and post harvest handling of fish in ponds.

4) Future projects should be conceived with an inbuilt sustenance element. While FFA was a timely intervention for the poor displaced communities, it should not be replicated elsewhere as it brings dependency among communities and wastage of resources.

3.1.4 Support for Tea Cocoa Seedlings Project

Background

The Support for Tea Cocoa Seedlings Project started in 2001 under the strategic interventions focusing initially on revitalizing the cocoa industry through distribution of cocoa seedlings to farmers. The Tea Unit which was doing similar work of distributing tea seedlings but based in MAAIF Entebbe was phased out and its activities subsumed under this project in 2004. However, the Tea Unit had incurred a debt of 2.9bn by 2003 and hence the activities of distributing seedlings were suspended. Up to date, the funds earmarked for the tea component under the Tea Cocoa Project are paying off these debts. The Cocoa Component is the functional part of the project and is the one that was monitored in this quarter. The project is implemented directly by a Coordination Unit based in Kampala on behalf of MAAIF.

The Government contracts private nursery operators who produce quality cocoa seedlings that are distributed free to farmers, after sensitization and mobilization with the help of district officials. The private operators in turn are paid Shs 300/= per seedling in line with supply orders issued by Government every season. MAAIF reported that during FY 2008/09, the ministry established 4 cocoa demonstration nurseries and 4 demonstration plots in Mukono, Kibaale, Jinja and Mpigi and also issued out 300,000 cocoa seedlings to farmers from the private nursery operators. The Ministry also reported having inspected the quality of cocoa beans for export in warehouses in Bundibugyo and Kampala owned by Esco U Ltd, Olam U Ltd, Ugacof U Ltd, Outspan U LTD and Multi-trade U Ltd[9].

The monitoring team visited 5 out of the 10 districts in which these seedlings were issued out to verify that farmers had received the seedlings. The team also visited the warehouses in Bundibugyo to ascertain MAAIF's role in ensuring quality assurance in the cocoa industry.

Financial Performance

During FY 2008/09 a total of Shs 888,893,000 was disbursed to the Support for Tea Cocoa Seedlings project. Of this, Shs 619,000,000 was used to pay off arrears in the tea industry and the balance Shs 269,000,000 was used to pay for cocoa seedlings, inspections and other activities implemented by MAAIF in the cocoa industry.

Field Findings

Overall, the project was found to be fully functional with private cocoa nurseries having distributed cocoa seedlings during FY 2008/09 as per the supply orders received from the Project Coordination Unit. The main limitation is that the project is so centralized that all records showing distribution of seedlings to farmers are sent to the Coordination Unit in Kampala for verification and further to MAAIF Accountants for final payments.

Beneficiary list in Bundibugyo

[9] MAAIF, 2009b; MAAIF 2009.

Hence it was not possible to access lists of farmers that had benefited from the seedlings except in a few cases where photocopies had been kept such as in Bundibugyo.

Distribution of Seedlings by Nurseries

The monitoring team visited nurseries in 5 out of the 10 districts that were reported by MAAIF to have distributed the 300,000 seedlings during FY 2008/09. All the nurseries were found to be in existence and preparing seedlings for the next season. However, some of the seedlings in some nurseries had been affected by drought.

Busaru Nursery in Bundibugyo **Kakindo Nursery in Kibaale**

The private operators had a record of the total number of seedlings that they had given out to farmers as shown in Table 3.1.4. Field findings show that more seedlings were supplied by the private nursery operators in the five districts (310,000 seedlings) than what was captured in the MAAIF records (205,453 seedlings). Large nurseries such as that in Kasawo sub-county supply seedlings to farmers as well as other small cocoa nurseries and later bill the ministry for the seedlings supplied in excess.

Table 3.1.4: Reported versus actual distribution of cocoa seedlings by private nursery operators in FY 2008/09

District	Nursery location – sub-county	No. of cocoa seedlings distributed		Variance (a) – (b)
		Reported by MAAIF (b)	Actual by private nursery operator (a)	
Mukono	Seeta	14,630	40,000	25,370

	Namuganga			
	Kasawo	20,816	100,000	79,184
	Nkonkonjeru	21,000	21,000	0
Bundibugyo	Kasitu	18,946	18,946	0
	Busaru	20,000	20,000	0
	Bubukwanga	20,000	20,000	0
Luwero	Katikamu	18,430	18,300	-130
	Zirobwe	11,135	11,350	0
Kibaale	Kakindo	20,000	20,000	0
Mayuge	Imanyiro	7,843	7,843	0
	Kityerera	18,000	18,000	0
	Bayitambogwe	14,653	14,653	0
Total		**205,453**	**310,092**	**104,639**

Source: Cocoa Coordination Unit; Field findings

The nursery operators in all the sampled districts complained of the low price paid by Government at Shs 300 per seedling yet the cost of inputs has risen. For example due to the ban on polythene, a kg of polythene bags has risen from 4000/= to 8000/= in some places. The nursery operators recommended that the price of a seedling should be raised to Shs 500 each. The monitoring team made a case study to verify the cost-benefit analysis of producing cocoa seedlings on a typical cocoa nursery in Uganda (Box 3).

Box 3: Cost-Benefit Analysis of producing cocoa seedlings on Ikulwe Nursery Mayuge District

This cocoa nursery has been in operation since 1965. We started operating the nursery in a private capacity in 2001 when MAAIF took over the cocoa programme and we were awarded a contract. Every season, MAAIF issues supply orders against which we distribute seedlings to farmers for free and we are in turn paid by the ministry at a rate of 300/= per seedling. During the last FY, I distributed 18,000 seedlings but have not been paid yet. Right now, I have 24,000 seedlings ready for distribution but we have not received the supply order from MAAIF. The cost of production is too high and we propose that Government raises the price per seedling to at least 500/= each.

The following are the main costs that I have incurred to raise the 24,000 seedlings. I will also have to incur some transport costs to distribute them to farmers:

- 40kg of polythene each at 8,000/= = 320,000/=
- 8 trips of black soil each at 80,000/= 640,000/=
- 8 trips of manure each at 100,000/= = 800,000/=
- Labour for filling the 24,000 polypots with soil = 48,000/=
- Labour for moving polypots to shade = 72,000/=
- Labour for planting the seedlings = 10,000/=
- Labour for watering and maintaining the seedlings by 4 porters for 4 months at 50,000 each = 800,000/=
- Pesticides for the 4 months duration = 20,000/=
- Shade repair during season = 30,000/=
- Transportation of seedlings to farmers = 200,000/=
- Miscellaneous costs 10% = 294,000/=
- **Total Costs = 3,234,000/=**
- **Expected return from 24,000 seedlings each at 300/= = 7,200,000/=**
- **Net return on 24,000 seedlings = 3,966,000/=**
- **If GoU orders only 10,000 seedlings at 300/= each, expected return = 3,000,000/=**

Source: Key informant interview with Ikulwe Nursery Operator Mr. Tibita Sam

With the main costs considered, the casetudy above suggests that nursery operators still make profit when Government pays 300/= per seedling. It is only when the Government gives very small supply orders of less than 10,000 seedlings when the operators make a loss given that they often produce seedlings in excess of 20,000.

Cocoa growing

The monitoring team visited farmers who were listed as having benefitted from the cocoa seedlings from the various nurseries during FY 2008/09. It was confirmed that farmers had received the seedlings free of charge except in one instance in Bundibugyo when the major cocoa buyers Esco Uganda Ltd and Olam indicated that they had paid 500/= for the seedlings from Busaru Nursery. The nursery operator of Busaru denied the allegation. The cocoa buyers noted that the quality of cocoa seedlings issued by the nurseries is poor and hence farmers had resorted to use own seeds for planting.

Large cocoa plantations were found in Bundibugyo, Mayuge and parts of Mukono district. The climatic conditions and soil type did not seem to favour cocoa growing in Luwero district. Production was found to be very low in districts like Kibaale and Luwero due to very small acreages of about 1 acre, very poor agronomic practices, high prevalence of pests and diseases, drought and high post harvest handling losses. Many farmers are unable to bulk due to the small quantities and most feeder roads are in bad condition making it difficult for the buyers to reach the producers. Drying the cocoa beans on the ground was found to be a common practice in all the sampled districts leading to low quality. Due to poverty, farmers are forced to sell the cocoa in small quantities after fermenting the beans for less days than expected.

Diseased plantation in Mukono **Drying beans on ground** **Seedlings drying in Luwero**

In all districts visited, the farmers acknowledged the low supply of seedlings by Government given the demand. Only about ¼ of the demand at farm level is always satisfied with the supply orders given by Government. In Mayuge district, fights were reported to be common on the day of distributing the seedlings as one or two farmers want to take all the seedlings yet over 100 farmers need seedlings.

Cocoa warehouses

The monitoring team visited the two warehouses in Bundibugyo district owned by Esco (U) Ltd and Olam (U) Ltd. Both companies had cocoa beans ready for export stored in their warehouses. The quality of beans was varying from poor to good quality. The companies explained that some of the beans where of low quality because of the poor post-handling practices at farm level. The companies have provided drying tables for the farmers to dry their beans free of charge.

Farmers cocoa drying at Esco

The companies noted that farmers lack knowledge of raising cocoa seedlings and managing them after harvest. They do not have access to Government extension advice. The companies provide extension advice to their farmers who are registered under the organic farming scheme: Esco (U) Ltd has 7,000 registered organic farmers while OLAM has about 9,000. The companies were paying up to 4,450/= per kg of organic cocoa and slightly below 4,000/= for the conventional type. The companies complained of the very low volumes of cocoa production in Bundibugyo and all the neighbouring districts mainly because of the low support government gives to the sector. Bundibugyo, the largest cocoa growing districts, produces about 10,000 metric tones of cocoa per year which is the amount required by one company.

Implementation Challenges

1. Supply orders from GoU are never done in a timely manner and in consistent amounts which causes a slump in nursery production activities. Nursery operators are not informed prior to production how many seedlings will be required for distribution to farmers in each season. This results in under or oversupply of seedlings. For example, the Nkokonjeru Cocoa Nursery had produced 60,000 seedlings in FY 2008/09 and received an order to supply only 30,000 seedlings to farmers.

2. There is a loose link between MAAIF and the district production office in the management of this project which causes supervision problems. Money is disbursed directly to the nursery operators without informing the district how many seedlings have been paid for and how many farmers are expected to benefit. The districts are expected to validate the lists of farmers who have benefited before they are sent to the Kampala office:

   "We are being asked by MAAIF to rubber stamp the beneficiary lists which we do since we do not want to be seen as sabotaging government programmes. But in reality, we are not facilitated to monitor and see which farmers have benefited. We trust that since the LCIII Chairman signs the lists before us, we assume the farmers have benefited. In any case, there is no budget line for cocoa activities at the district level and it is not a priority of NAADS. To strengthen the link between the district and MAAIF, the supply orders should pass through the district as is the case with coffee activities. The cocoa nursery operators should be seconded to MAAIF by the district" **Agricultural Officer in Charge of Cocoa Activities, Mukono District.**

4. All extension workers in the districts visited acknowledged that they lack up to date knowledge about cocoa growing having last learnt about this crop when still at school. They expressed ignorance of the pests and diseases that affect cocoa and the methods used to control them.

5. Cocoa pests and diseases were rampant in some districts sometimes wiping out whole plantations. There is no research station in the country that is undertaking research on cocoa pests and diseases.

6. The Cocoa Coordination Unit was reported by some districts and the major cocoa buyers in Bundibugyo as not being very active in guiding farmers on cocoa growing and proper management of pests and diseases.

Recommendations

1. Training and retooling extension workers on the agronomy of cocoa growing as well as other aspects such as post-harvest handling, processing and marketing. Cocoa should be prioritized as an important commodity for export under the NAADS programme.

2. Prioritise cocoa research at one of the NARO research stations to undertake research on cocoa pests and diseases and breed more resistant varieties.

3. Strengthening the linkage between MAAIF and the district in the implementation of the cocoa programme. Districts should be made aware of the transactions between the ministry and the nursery operators and facilitated to monitor and supervise the programme.

4. The Government needs to step up the supply orders of cocoa seedlings to satisfy the overwhelming demand among farmers to plant cocoa.

3.2 Education

*3.2.1*Introduction:

The annual total domestic development budget for the financial year 2008/2009 amounted to UShs 39.7 billion. For the period July 08- June 09, a total of UShs 39.4 billion was released representing 99% performance of the total approved budget. These funds were to meet development priorities in the areas of primary education, secondary education, skills development and higher education.

Implementation of UPE and USE programmes to achieve the target of universal primary and secondary schooling by 2015 remained Government's key priority for the education sector. During the FY 2008/09, an additional Ush Shs 59 billion was provided to the education sector to support UPE, USE, Business Technical and Vocational Education and Training (BTVET) and to honour Presidential pledges in the sector. Ushs. 2.5 billion was provided to strengthen school inspection.

The team monitored education activities reported in the Annual Progress Report for the Ministry of Education and Sports for FY 2008/2009 that covered the period 1st July 2008- 30th June 2009. This Report was submitted to MFPED in July 2009. It reported the progress made in achieving the broad sector objectives of access, equity, quality and efficiency to which they had committed themselves in the performance contract signed with MFPED at the beginning of the Financial Year.

From the Annual Progress Reports, the monitoring team sampled and visited development projects in 27 districts.[10] These projects included construction projects reported under Emergency Construction and Rehabilitation of Primary Schools construction of schools, Institutions constructed under the Presidential Pledge, construction of additional facilities in USE schools, construction of classrooms and workshops in TVET Graduate enrolling Institutions and UVQF, expansion of infrastructural facilities for PTCs and NTCs and Infrastructural development at the new site in Kira for Shimoni Core PTC. This report therefore gives the progress and status of implementation as at the time of the monitoring visit during the month of September 2009.

3.2.2 Pre-Primary and Primary

The Pre-Primary and Primary vote function has three projects: a) The emergency construction and Rehabilitation of Primary Schools, b) World Food Program-Karamoja , c) Child friendly

[10] Kabale, Kanungu, Bushenyi, Ntungamo, Mbarara, Ibanda, Kaberamaido, Kumi, Kapchorwa, Sironko, Butaleja, Manafa, Pallisa, Busia, Yumbe, Arua, Paidha, Kitgum, Amolatar, Kyenjojo, Mityana, Mpigi, Wakiso, Ssembabule, Masaka, Jinja and Kampala.

Basic education-TRACE. For purpose of monitoring, the first project was covered; i.e. The Emergency Construction and Rehabilitation of Primary Schools.

Emergency Construction and rehabilitation of Primary School:

According to the performance Contract 2008/2009, the approved budget for Non Residential buildings under the Emergency Construction and Rehabilitation of Primary Schools was Ushs 1,800,000,000. Out of this, Ushs 1,787,804,322 (i.e 99.32%) was released to MoES. It was meant to cover the following schools: Sekanyonyi P/S-Mityana District, (195,000,000), Kamuri P/S-Isingiro District (300,000,000), Rwenyerere P/s-Kanungu District (260,000,000), Bongova P/S-Arua District (100,000,000), Buddo Junior-Wakiso (154,000,000), Kachung P/S-Dokolo District (195,000,000), Mpigi District-Several Schools (200,000,000), Soroti District-Several Schools (200,000,000), Busolwe P/S-Butaleja District (196,000,000).

Findings from the monitoring visits indicated that some of the above schools received less funds(table 3.2.10 than what was budgeted for them. (i.e. Sekanyonyi P/S, Rwenyerere P/S, Several Schools in Mpigi District, Busolwe P/S). No funds were received by Soroti District for emergency construction and rehabilitation of primary schools during the financial year. Kamuri P/S in Isingiro district did not receive any funds.

Table 3.2.1: Releases of funds for emergency construction of primary schools in 2008/09

School	Approved Budget 2008/09	Actual received by the schools	Balance Not Received
Sekanyonyi P/S-Mityana District	195,000,000	105,860,000/=	89,140,000/=
Rwenyerere P/S-Kanungu District	260,000,000	109,925,852/=	150,074,148/=
Bongova P/S- Arua District	100,000,000	100,000,000/=	0
Buddo Junior-Wakiso District	154,000,000	154,000,000/=	0
Mpigi Distrit-Several Schools	200,000,000	Kitagobwa P/S 44,700,000/= Wamatovu P/S 55,000,000/= Muduuma P/S 21,000,000= Nakiju Umea P/S 61,000,000/= Total 181,700,000	18,300,000/=
Soroti District-Several Schools	200,000,000	0/=	200,000,000/=

BUSOLWE P/S-BUTALEJA DISTRICT	196,000,000	65,200,000	130,800,000/=
KAMURI P/S-ISINGIRO DISTRICT	300,000,000	0	300,000,000/=
KACHUNG P/S-DOKOLO DISTRICT	195,000,000	NOT MONITORED	-
TOTAL	**1,800,000,000**		**888,314,148/=**

While MoES received 99.32% of the budget under the Emergency Construction and Rehabilitation of Primary Schools, it is clear that compared to the approved budget close to Ushs. 900,000,000/= was not received by the schools under the Emergency Component.

For the Q4 report in particular, there were **Cases of mis-reporting. Although the MOES report mentions 24 primary schools as having received funds during the last quarter of FY 2008/09,** findings from our monitoring visits to these schools indicated that at **least 10** out of the 24 reported schools **did not receive** the said funds. The progress report did not indicate how much these schools received.

The following table summarizes the list of schools that did not receive funds in fourth quarter as reported in the Annual Progress Report of FY 2008/2009.

Table 3.2.2: Primary schools that did not receive funds in Q4 as reported by MOES

SCHOOL	**DISTRICT**	**FUNDS RECEIVED –Q4**	**COMMENT**
ST. PETER CLAVER NAKASUWA P/S	MAYUGE	N/A	NOT MONITORED
ST. KIZITO TTIKALU P/S	WAKISO	0	NO FUNDS RECEIVED IN Q4 AS REPORTED
NABANEKWA P/S	SIRONKO	0	NO FUNDS RECEIVED IN Q4 AS REPORTED
KAPCHORWA P/S	KAPCHORWA	0	NO FUNDS RECEIVED IN Q4 AS REPORTED
BUDDO P/S	WAKISO	0	NO FUNDS RECEIVED IN Q4 AS REPORTED
BUSUNGA P/S	MUKONO	N/A	NOT MONITORED
SSEKANYONYI P/S	MITYANA	0	NO FUNDS RECEIVED IN Q4 AS REPORTED
ST. CHARLES LWANGA MUDUUMA P/S	MPIGI	0	NO FUNDS RECEIVED IN Q4 AS REPORTED
MABONWA CATHOLIC P/S	IBANDA	0	NO FUNDS RECEIVED IN Q4 AS

			REPORTED
BUBIRO P/S BOMBO	MUKONO	N/A	NOT MONITORED
KASUDDE P/S	WAKISO	0	NO FUNDS RECEIVED IN Q4 AS REPORTED
ST. ARCHILLES MWERERWE CATHOLIC	WAKISO	0	NO FUNDS RECEIVED IN Q4 AS REPORTED
NADDANGIRA-KAKIRI	WAKISO	N/A	NOT MONITORED
ST JOSEPH BUSUKUMA P/S	WAKISO	0	NO FUNDS RECEIVED IN Q4 AS REPORTED

Source: Firld visits

Recommendations:

1. The MoES needs to account for the balances that were not received by the schools as per the approved budget. There is also need to explain why approved funds for schools in Soroti District and Kamuri P/S in Isingiro District were not released to the beneficiary schools and how they were used.
2. The sector should also trace the funds that were reported as disbursed to schools in Q4, yet by September 2009, these schools had not received the said monies.

(I) Progress of construction under the Emergency Construction and Rehabilitation of Primary Schools:

(a) Sekanyonyi Primary School:

Sekanyonyi Primary School received Ushs 105,860,000/= in February 2009. The funds were meant to construct 2 blocks of 2 classrooms each, one block of 2 classrooms with a headmaster's office and a store and construction of 2 blocks of latrines each with 5 stances. All the classrooms were to be furnished with desks. Civil works were awarded to Kabbo Moses of M.K. Construction. Works started on 22nd April 2009. Construction is almost complete.

However, Ssekanyonyi P/S did not receive any funds from MoES in fourth quarter of 2008/2009 as reported in the Annual Progress Report.

(b) Rwenyerere P/S – Kanungu District:

The school received Ushs 109,925,852/=. The funds were credited on the school account in June 2009. These funds were meant for construction of a seven-classroom block and 10 stances of pit latrines. Findings indicated that civil works were awarded to Chriat Contractors Company limited at a contract price of Ushs106,535,600/= .

Works started on 5th August 2009. By the time of the monitoring visit on 6th September 2009, the classroom block and the staffroom were at roofing level.

Classroom block under construction at Rwenyerere P/S

The drawings from the District engineer indicated 40 windows for the classroom block (i.e. 3 windows at the back side of each classroom block.) However the contractor put 4 windows at the back side of each classroom. This brought about an additional cost for 12 metallic windows. According to the head teacher, this cost reduced funds for the construction of the pit latrines. The SMC had therefore recommended that they construct 5 stances of pit latrines instead of 10. However, it was not clear whether they had gotten clearance to effect this change.

(c) Bongova P/S – Arua District:

The school received Ushs 100,000,000/=. The funds were credited on the school account in August 2009. These funds were meant for construction of a VIP latrine of 5 stances, renovation of a four-classroom block which was destroyed by rains in 2007, extension of a three-classroom block and construction of one teacher's house.

By the time of the monitoring visit on the 15th September 2009, the VIP pit latrine was at excavation level. The teachers' house was at walling level. The renovation of a four-classroom block had not started. Part of the renovations on this block had partly been done by the parents' contribution. With their contributions, the block had been re-roofed. The structure required roofing repairs, fittings, plastering, floor repairs, putting verandahs, painting and paying for the labour. This work was still pending by the time of the monitoring visit.


A 3 classroom block and a teacher's under construction

(d)Buddo Junior:

Funds for constructions of Buddo Junior (Ushs 154,000,000/=) were channeled through Wakiso District during the first quarter of FY 2008/2009. By 30th of June 2009 civil works had been completed. The dining hall was re-roofed, the head master's house was renovated and pupils' dormitories were re-roofed.

However, Buddo Junior school did not receive any funds from MoES in fourth quarter of 2008/09 as reported in the Annual Progress Report. The District authorities also denied receipt of funds for rehabilitation and construction of Buddo Junior in the fourth quarter.

(e)Mpigi District-Several schools:

- *Kitagobwa Umea P/S* received Ushs 44,700,000/= in July 2009. The funds were credited direct into the school account in Stanbic Bank-Mpigi branch. The funds were meant for construction of a 3 classroom block. The work was contracted to Rusina Investments. By the time of the monitoring visit on 29th September 2009, the building was at roofing level.

- *Wamatovu Umea P/S* found in Kiringente Sub county received UShs 55,000,000/= in June 2009 which was directly credited on to the school account in Stanbic Bank –Mpigi branch. The funds were meant for construction of a four-classroom block. The schools also received drawings from the Construction Management Unit (CMU) of MoES, and BoQs from Mpigi District Engineering department. Findings revealed that civil works started in late July 2009. The contract was awarded to Kimeze Technical Services limited at a contract sum of Ushs 54,923,100/= . By the time of the monitoring visit on the 29th September 2009, the four-classroom block had been roofed and the fixtures and fittings had been done. Finishing works that included flooring and plastering of the inside was going on. Findings further indicated that the contractor had hitherto been paid in two installments of Ushs 12,069,090/= for the slab stage and Ushs 11,298,500/= for the walling stage. Certificates No.1 and No. 2 were available. The beneficiaries were happy with the quality of civil works. /= for the walling stage. The works have been closely supervised by the District Engineer.

- *Nakiju Umea P/S*, found in Kyegonza sub county, Nakiju parish received Ush 61,000,000/= on EFT No 1501470 of 12th June 2009 credited directly on school account. The funds were meant for construction of a four-classroom block and provision of 100 pieces of desks. The school wrote a letter of acknowledgement of receipt of these funds dated 17th July 2009. Lugaaga Technical Services was awarded the contract for the civil works. The works started on 10th July 2009. By the time of the monitoring visit on 29th September 2009, the structure had been roofed and finishing works were going on. These included putting shutters, plastering and flooring. The contractor expected to complete all the civil works by the end of October 2009. Findings also indicated that certificates for completion of 2 stages had been endorsed by the CAO. The contractor had been paid Ushs 18,040,000/= for the foundation stage and Ushs 16,700,000/= for the walling stage. The works have been closely supervised by the District Engineer.

- *Muduuma St Charles Lwanga P/S* received Ush 21,000,000/=. The funds were credited on the school account in February 2009. These funds were meant for a renovation of a four-classroom block whose roof had been blown off by the wind the previous year. By the time of the monitoring visit, the structure had been re-roofed using gauge 28 iron sheets from Roofings. It had also been plastered, floored and a new verandah had been done. New blackboards were worked on and the building had also been connected to the electricity grid.

- *Busolwe P/S – Butaleja District:*

Busolwe P/S received Ushs 65,200,000/= credited on the school account on 24th July 2009. The funds were meant for construction of a 4-classroom block. However, the SMC reduced it to a three-classroom block. The contract was awarded to Snimco Investments, a pre-qualified firm from the district, to put up a 3-classroom block at a contract price of Ushs 45,000,000/=. A 2-stance pit latrine for the staff was put up at a cost of Ushs 4,000,000/= and sixty (60) three-seater desks were procured at a cost of Ushs 85,000/= each (i.e Ushs 5,100,000/=). Part of the funds were used to put up a fence of angle-bars with barbed wires around a six-acre piece of land at a cost of Ushs 9,800,000/=. By the time of the monitoring visit all these works had been completed.

A 3 classroom block at Busolwe P/S

It was reported that the school did not receive drawings and BoQs from CMU/MoES. There was no evidence that the school management committee (SMC) had sought and received permission from MoES to change from construction of a four-classroom block to a three-classroom block. There was no evidence that they got clearance to use these funds to put up a fence. Since these are conditional grants, this would be tantamount to diversion of funds. MoES should follow up this and discipline all school authorities who operate outside the given instructions for the conditional grant without due permission.

a) Kakere P/S:

Kakere P/S in Kaberamaido District received Ushs 45,000,000/=. The funds were directly deposited on the school account in Stanbic Bank-Soroti branch on 19th June 2009. The funds were intended for completion of a 5-classroom structure initially put up by PAPSCA project several years ago. This was a roofed structure standing on pillars with no walls and windows in the sides and the structure was not floored.

The civil works were awarded to CANPWONYI construction company at a contract price of Ushs 45,000,000/=. It was reported that civil works started on 28th June 2009 and was completed in early August.

The monitoring team has 3 concerns:

1. There was no evidence that the bidding process was properly done as required under the PPDA Act.
2. By the time of the monitoring visit on 21st September 20009, the contractor had been paid 100%. The retention fee of 5% for defects liability period was not retained which also contravened the PPDA guidelines.
3. Thirdly there were issues of value for money at this site. The structure still has its old iron sheets. This means no roofing costs were incurred. There is need to establish whether putting walls on the 5-classroom structure, plastering it, painting and flooring can cost government Ushs 45 million.

The classroom block that were walled at Kakere P/S at 45m

The office of Auditor General should undertake an indepth value for money audit at this school.

b) Nyamiyaga P/S:

In fulfillment of the Presidential Pledge Nyamiyaga P/S in Mbarara District received Ushs 104,120,000/= which was credited on their account in Centenary Rural Development Bank-Mbarara Branch on 24th June 2009. The funds were meant for construction of a 2-classroom block with headmaster's office, a teacher's house with four units, 2 stances of VIP pit latrines and procurement of a water harvesting tank.

By the time on the monitoring visit on 9th September 2009, work had not started. It was reported that the school authorities were trying to get a waiver from PPDA to use the force account modality.

c) *St. Kizito Ttikalu P/S:*

St. Kizito Ttikalu Primary School in Wakiso District did not receive funds from MoES during fourth quarter of 2008/2009 for rehabilitation and construction of school infrastructure as reported in the Annual Progress Report.

Findings from the school indicated that the last release the school received from MoES was Ushs 183, 565,935/= through Wakiso District on EFT Number 1034664 of 10th January 2008. (i.e. FY 2007/2008).

The instruction from MoES indicated that these funds were to be used to

- put up a 2-classrooms block with offices,
- put one semi-detached teachers' house,
- put up a fire wood kithen,
- put up 2 block of 2-stance VIP latrines
- procure three plastic tanks to harvest water from the classroom block and teachers' house
- to renovate 2 blocks of classrooms.

Findings further revealed that the district authorities scaled down the scope of works to:

- A 2-classroom block with offices that was put up at a cost of Ushs 97,225,700/=
- A five-stance VIP pit latrine was put up at a cost of Ushs 26,417,000/=
- One block of 2 classrooms was renovated at a cost of Ushs 23,417,000/=

This contract was awarded to a Busenvi Enterprises by the District Contracts Committee. Works started in June 2008 and had completed in December 2008. Complaints were however raised regarding the quality of civil works done by this contractor. The floor of the 2-classroom block with offices and some parts of the walls are cracked. The floor of the renovated block also has cracks.

There are also issues of value for money at this site. The unit cost of construction per classroom today is at 18million. With this unit cost, there are concerns about value for money when one compares the costs that are quoted for the structures at this school.

Therefore investigations have to be made as to how a 2-classroom block with offices could cost government Ushs 97,225,700/=. There is need to establish whether there is value for money in the quality of civil works done at this site. In addition it should also be investigated whether a five-stance VIP pit latrine could have costed government Ushs 26,417,000/=.

The office of Auditor General should undertake an indepth value for money audit at this school.

Nabanekwa P/S

Nabanekwa P/S in Sironko District did not receive any funds from MoES in fourth quarter of 2008/09 as reported in the Annual Progress Report.

It was established that the last release for capital development from MoES was received on 12th March 2008 (i.e. FY 2007/2008). That time they received Ushs 126,500,000/= meant for construction of 2 classroom blocks. One block with 2 classrooms and the other block with three classrooms with a staffroom and head teacher's office and a store. They were also supposed to build 14 stances of VIP pit latrines and also procure a water harvesting tank.

Findings further indicated that construction for these infrastructures was done between April and November 2008 by Mudebo Jomi of Mown Construction Company. By the time of the monitoring visit, all construction had been completed. There quality of civil works was good. Since then no other funds for capital development have been received by the school.

d) *Kapchorwa P/S*

Kapchorwa Primary School in Kapchorwa District did not receive any funds from MoES in fourth quarter of 2008/2009 as reported in the Annual Progress Report.

It was established that the last time the school received funds from MoES for capital development was in FY 2007/2008. That time they received Ushs 153,000,000/= meant for re-roofing the school after roofs of 2 classroom block were brown off during the rains of 2006. These funds were channeled through Kapchorwa Town Council to the school. All contracting process were also handled by the Town Council. That work was completed. Since then no other funds for capital development have been received by the school.

e) *Mahempe P/S:*

Mahempe P/S in Sironko District received Ushs 17,200,000/= credited directly into the school account on 1st July 2009. The funds were meant for completion of a classroom block which had been started earlier-on. The funds were also to be used to put a 10-stances VIP pit latrines and to procure a water tank. By the time of the monitoring visit work was going on.

f) *Mabonwa Catholic P/S:*

Mabonwa P/S Primary School did not receive any funds from MoES in fourth quarter of 2008/2009 as reported in the Annual Progress Report.

It was also established that the last release the school received from MoES to the school was Ushs 20,000,000/= received on EFT number 1174534 dated 5th June 2008. The funds were meant for completion of a 4-classroom block that was started by parents in 2007. The funds were used to roof the structure, do the internal and external plastering, flooring, putting a verandah, putting shutters, doors and windows and some painting. Ms Mugume contractors was awarded the contract at a contract price of 19,645,230/=. Civil works were completed in November 2008. The school started using the classroom block at the beginning of first term 2009. Since then, the school has not received any additional funds for capital development as reported in the annual report.

g) *St. Archilles Mwererwe Catholic:*

St Archilles Mwererwe Catholic did not receive any funds from MoES in fourth quarter of 2008/2009 for rehabilitation and construction as reported. Findings revealed that the last release the school got from MoES was of Ushs 57,837,500/= on EFT No. 1174534 of 5th June 2008. This money was paid directly into the school account. The funds were used to construct a head master's house.

h) *St Thereza Nampunge P/S:*

St Thereza Nampunge P/S received Ushs 10,002,000/= on EFT number 14901330 dated 7th April 2009. These funds were meant to complete the VIP pit latrines, install electricity in the new teachers' house, curtain boxes and water gutters and also procure an additional water tank. By the time of the monitoring visit all these works had been completed.


A staff house and a classroom block that was completed at Nampunge P/S

The school further received Ushs 30,678,750/= on 15th June 2009. These funds were meant for completion of 3 classroom block that had been started by the parents. These funds were used to do the internal and external plastering, flooring, painting, putting the ramps and the verandah, shutters as well as doors and windows. 60 three-seater desks as well as 10 tables for teachers were also procured. Part of the same funds was also used to procure an additional water tank to harvest water. Beneficiaries were happy with the quality work done at this site.

i) St Joseph Busukuma P/S:

This school did not receive any funds from MoES in fourth quarter of 2008/2009 meant for construction and rehabilitation of school infrastructure as reported. This is a new church founded school with very good infrastructure. Findings revealed that the only release the school received from MoES was of Ushs 3,000,000/= in June 2008. This was used to buy a water of 15,000 litres and hand washing facilities.

Conclusion:

The annual planned output target under the Emergency Construction and Rehabilitation of Primary schools was to construct/rehabilitate 18 primary schools. However, it is clear that this target was not achieved by the end of the financial year.

Recommendations:

- MoES should check for the accuracy of the reports before submitting them to MoFPED as accountability for further funding. .
- MoES should put measures in place to ensure that schools that receive funds for construction do not deviate from the given instructions regarding the scope of works to be undertaken.
- MoES should follow up on schools such as Busolwe PS in Butaleja where the scope of works were reduced from a 4- classroom block to a 3-classroom block and some of the funds used to put up a fence around the school. This is tantamount to diversion of funds.

3.2.3 Secondary Education:

The approved budged for development of secondary education, secondary science and Mathematics and Rehabilitation of Sir Samuel Baker was for FY 2008/09 was Ushs 12,607,886,358/= According to the annual progress report 100% of that approved budget was released while the actual expenditure was 12,597,134,031/=

(a) Seed Schools:

During the financial year, MoES planned to complete construction of 39 seed schools with funding from Government of Uganda. The approved budget for completion of these seed schools was Ushs 8.932 bn. Out of that Ushs 2.7bn was to cater for outstanding arrears of 2007/08. By the end of the FY 2008/2009 four classrooms were reported to have been constructed in each of the 39 GoU funded seed schools. Also an administration block had been constructed.

The monitoring team visisted eighteen of these seed schools during the course of the year.[11] While good work was done for a number of them, there were issues of poor quality of

[11] Lefori Seed (Moyo), Jangkoro Seed (Nebbi), Lalogi Seed (Gulu), Kobwin Seed (Kumi), Chemanga Seed (Kapchorwa0, Muramba Seed (Kisoro0, Kagunga Seed (Rukungiri), Kikatsi Seed (Kiruhura), Rwemikoona Seed

construction and value for money in others[12]. MoES however, terminated a number of contractors for doing shoddy work during the course of the financial year.

Although 100% of the approved budget was released, it was reported that there is an outstanding commitment of Ushs 920,000,000/= arising from 2008/09 transactions which is hitherto not paid. Some of the certificates for the different sites have not been tendered in for payment and yet the reported expenditure for development of secondary education 100% as at June 30th 2008. **Probably MoES may need to make some clarifications as to what was paid for.**

Universal Secondary Education (USE):

During the FY 08/09, Government continued its commitment to implement the USE program to achieve the target of universal completion of secondary schooling by 2015. It was one of the key expenditure drivers in the sector. Government provided funds to expand facilities in existing schools (classrooms, laboratories and libraries) and construction of new schools in selected sub-counties where Government Secondary schools do not exist.

The approved budget for construction of classrooms in over enrolled USE schools was Ushs 0.680 bn. The Annual Planned Output target was disbursement of funds to 57 USE schools carried forward from FY 2007/2008 as outstanding commitments. Findings indicate that MoES disbursed funds to only 17 USE schools during the second quarter 2008/09 and since then no other school received funds[13].

The monitoring team visited seven of these schools during the course of the financial year and construction was at different stages[14]. In Soroti S.S. (Soroti District), Lubani S.S. (Jinja District) and Kasenyi S.S. (Mubende District) there was good quality civil works done by the respective contractors. In Kabale S.S (Kabale District) the school administration requested for changes in drawings and have now put up a 9-classroom block of 2 stories instead of a 4-classroom block due to scarcity of land. They used the Ushs. 75m to put the structure up to linto level.

Kyamate S.S:

Kyamate S.S. received Ushs 200,000,000/= which was credited on the school into the school account on 30th January 2008. Construction of the Phase I started in October 2008 and was completed in early April 2009. 12-stances of VIP pit latrines (5 stances for boys, 5 stance for

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(Kiruhura), Shitumi Seed (Buduuda), Bumasifa Seed (Sironko), Bukedi Seed (Tororo), Kisiita Seed (Kibaale), Kalungo Seed (Nakasongola), Kinuuka Seed (Lyantonde), Nyamarebe Seed (Ibanda), Omot Seed (Pader), Lagwai Seed (Pader)

[12] Chemanga Seed S.S. (Kapchorwa District), Kikatsi Seed S.S. (Kiruhura Distrcit)

[13] The schools are: St. Kizito Kisuule Katikamu (Luwero District), Soroti S.S., Rwenzori High School (Kasese), Nkoma S.S. (Mbale), Mpanga S.S. (Kabarole), Lubani S.S. (Jinja), Kitebi S.S. (Kampala), Kitala S.S. (Hoima), Kisiki College (Namutumba), Kasenyi S.S. (Mubende), Kabale S.S. (Kabale), Busia S.S., Busaana S.S. (Kayunga), Bulucheke S.S. (Buduuda), Buhimba S.S. (Hoima). Buheesi S.S. (Kabarole).

[14] Mpanga S.S., Soroti S.S, Lubani S.S., Kasenyi S.S, Kabale S.S., Busaana S.S. Bulucheke S.S.

girls and 2 stances for staff). 150 twin desks were also procured. 2-classroom blocks of 3 classrooms each were completed and are in use.

Phase II that included construction of an administration block and a 4-stance VIP pit latrine started on 5th June 2009. By the time of the monitoring visit on 8th September 2009, the administration block was roofed. The latrine was at roofing level. There quality of structures is good there was value for money.

The administration block and the classroom blocks at Kyamate S.S

Mwererwe S.S.

Mwererwe S.S. received Ushs 22,532,242/= for completion of a 3-classroom block. The classroom block was started by parents. The funds were paid directly into the school account in July 2009. By the time of the monitoring visit, the structure was at finishing stage. The civil works were done by Mbogo Construction and General Enterprises limited. The beneficiaries were happy with the quality of civil works.

A 3-classroom block completed at Mwererwe S.S

Busaana S.S.(Kayunga District):

MoES disbursed funds to Busaana S.S. for construction of a 4-classroom block, a four-stance VIP pit latrine and a water harvesting tank. Findings indicated that Busaana Senior Secondary

School, received Ushs 75,000,000/= on 25th November 2008. The funds were credited by EFT into the school account.[15] These funds were misused.

According to the bank statement, findings indicated that between 2nd – 10th December 2008, Ushs 45,000,000/= was withdrawn in three cash withdraws of Ushs 15,000,000/= each. On 13th December 2008 another withdrawal of Ushs. 25,000,000/= was made leaving a balance of only Ushs. 4,644,192/= on the account. The transactions for which these withdraw were made are not clear.

Findings further indicated that the head teacher started on the constructions on 2nd May 2009. Members of the Board of Governors only got to know about receipt of development funds from MoES after seeing the commencement of the new structures. One of the two classroom blocks stalled at window level and the other is almost at ring bim level. Although the BoGs intervened, the head teacher failed to account for the funds.

The stalled classroom blocks at Busaana S.S

The issue of misuse of USE funds in Busaana Senior Secondary school must be investigated by the relevant organs of government.

(b) Schools outside the work plan:

Findings further indicated that funds for development of secondary education were disbursed to some schools that were not in the 2008/09 approved work plan (table 3.2.3).

Table 3.2.3: List of schools funded outside the approved workplan

SCHOOL	**FUNDS RECEIVED**	**COMMENTS**
LAYIBI COLLEGE (GULU)	141,000,000	FOR REHABILITATION
KOLOLO HIGH SCHOOL (KAMPALA)	384,442,848	FOR CONSTRUCTION OF A STORIED STRUCTURE FOR CLASSROOMS

[15] Account number 014002370101 Stanbic Bank Mukono Branch

MPENJA S.S. (MPIGI)	140,000,000	FOR CONSTRUCTION OF CLASSROOMS
RUBAALE S.S (NTUNGAMO)	130,000,000	FOR CONSTRUCTION OF CLASSROOMS
MWERERWE S.S. (WAKISO)	22,532,242	FOR CONSTRUCTION OF CLASSROOMS RECEIVED IN Q4
KITEBI S.S. (KAMPALA	11,288,500	FOR COMPLETION OF PIT LATRINES RECEIVED IN Q4
MPANGA S.S. (KABAROLE)	206,000,000	ADDITIONAL FUNDS FOR COMPLETION OF FACILITIES RECEIVED IN Q4
MUKURA MEMORIAL (KUMI)	5,865,200	FOR REHABILITATION
NYERO ROCK S.S. (KUMI)	73,833,210	FOR COMPLETION OF CLASSROOMS
OKWANGA S.S. (LIRA)	50,477,681	FOR EXTRA WORKS RECEIVED IN Q4.

The issue of releasing funds to institutions outside the approved performance contract to which MoES committed itself at the beginning of the Financial Year is not acceptable. MoES should find other innovative ways of handling such institutions as they arise without diverting from the planned activities.

(c) ***Re allocation of funds to other vote functions:***

It was found that some funds under development of secondary education were used to pay for construction activities under other vote functions (i.e. pre-primary and Primary, BTVET, ADB III) and also to pay for VAT, the digital science project and World Bank activities. This re-allocation was done without clearance from the Minister of Finance as required under section 39 of the Public Finance and Accountability Regulations, 2003.

The following matrix summarizes funds for development of secondary education that were used to pay for activities in other vote functions: (i.e. pre-primary and Primary, BTVET, ADB III) and also to pay for VAT and the digital science project.

Table 3.2.4: Re-aloacted [16]funds from secondary education vote

AMOUNT(SHS)	VOTE FUNCTION	INSTITUTION WHERE FUNDS WERE SPENT.
60,000,000	BTVET	NAKAWA VOCATION TRAINING INSTITUTE
25,642,960		USED TO PAY FOR MOTOR BOAT FOR SIGULU S.S. IN THE ISLANDA
14,722,153	BTVET	BUKOTO TECHNICAL INSTITUTE FOR RENOVATION OF DORMITORIES. FUNDS DISBURSED IN QUARTER 4

[16] This list is not exhaustive

109,925,852/=	Pre-Primary and Primary (Project –Emergency construction and Rehabilitation of Primary Schools.)	Construction of classrooms.
9,544,322	Pre-Primary and Primary	Busunga Primary School. Received in Q4 for completion of facilities.
63,125,000/=	BTVET	Pajule Technical Institute
63,125,000/=	BTVET	Namasale Technical Institute
767,302,719	Remitted to ADB III in Q1	Counterpart funding
243,432,000/=	Remitted to ADB III in Q1	To support post primary education
250,000,000/=	Remitted to ADB III in Q1	To support post primary education
139,711,400/=	Transferred in December 2008	Alot of funds for digital science project were charged under non residential buildings under development of secondary education.
405,840,000=/	Transferred in November 2008	To pay for digital science project
331,558,425/=		To pay for digital science project
471,600,000		MoES contribution to……?
291,714,567/=		Contribution to pay VAT to suppliers in Q1
482,468,760/=		Contribution to VAT charged from secondary education in Q2
29,537,273		Remitted in Q2 to pay Mubya Engineering Contractors for conference tables in Q2

Source: MoES, and Field reports

MoES should therefore give a clear accountability of Ushs 0.680 bn for construction of classrooms in over enrolled USE schools. From the above, it is clear that re-allocation of funds for secondary education to other projects and re-allocation of funds to activities outside the performance contract/work plan affected the achievement of the planned output targets under the sub component. MoES should also as much as possible desist from the practice of re-allocation of funds within a vote as it contravenes section 39 of Public Finance and Accounting Regulations, 2003.

(d) ADB III Education Project

The MoES Annual Progress Report indicates that the approved budget for ADB III projects was Ushs 6,468,000,000/=. Of this Government released Ushs 6,368,000,000/= (98.45%). The planned output target was construction of 25 seed schools. By the end of the FY, construction of 23 of these seed schools had been completed. Findings further indicated that construction of 2 ADB funded seed schools including Koome Seed S.S on the Islands and Bubandi S.S delayed. All these schools were commissioned in a ceremony held in Bukwo district.

MoES must be commended for achieving the annual planned output targets under ADB III for FY 2008/09.

(e) ***Rehabilitation of schools hit by storm:***

MoES planned to have eleven (11) schools hit by a storm rehabilitated. According to the Annual Progress report 2 schools were rehabilitated. Mwererwe S.S. in Wakiso District and Mukura Memorial S.S. in Kumi District are the two schools that were reported to have benefitted under the component. This means that the planned output target of rehabilitation of schools hit by storm was not achieved.

(f) Compensation of Land Lord for Karungu S.S.

MoES planned to compensate the land lord of Karungu S.S. The land belonged to 8 proprietors: Kamukama Lawrence, Byaruhanga Leo, Rukundo Expedito, Rubafumya Isaac, Abanaitwe Augustus, Kyosiimire Hope, Katsigazi Evadio and Gumisiriza Vincent. The land is located on plot 7, block 27 in Buhweju, Rugongo parish, Karungu S/C, Bushenyi District. This land measured 1.167 hectares (approximately 2.88 acres) in size. The monitoring team confirmed that the landlords had been compensated for this piece of land at a cost of Ushs 326,910,000/=. The sellers of the land received their payment by EFT in early July 2009. However, by the time of the monitoring visit on 9th September 2009, the land title had not yet been transferred into the names of the purchaser (MoES) and was being kept by the head teacher in his office. There was an official handover of the land title and all school property to the new Headmaster of the school Mr. Tinkabeirwe Wilson on 10th July 2009. The handover was witnessed by DEO Bushenyi and was also witnessed by the LC III chairperson.

The structures on the land at Karungu S.S. procured at Ushs 326,910,000/=

Under this sub component of development of secondary education, the annual planned output target of compensating the land lord for Karungu S.S was achieved.

However, whereas there is a Government Valuer's Report, there are issues of Value for money in this transaction. There is need to establish whether a 1.167 hectares (approximately 2.88 acres) in Rugongo parish, Karungu S/C, Bushenyi District, with the three structures shown above can cost government Ushs 326,910,000/= **It is recommended that the Auditor General takes up this issue with a view of establishing value for money**.

Conclusion:

Under USE, MoES did not achieve the annual planned output target for USE. Probably MoES may have to explain why the provided resources were not disbursed to the identified schools. It is also clear that re-allocation of funds meant for development of secondary education affected the achievement of annual planned output targets for FY 2008/09. It has caused delays in implementation of the USE program and also impacted on the overall sector objectives of increasing access and improving the quality of secondary education.

Recommendations:

- MoES should ensure that the land title for Karungu S.S. is transferred into the names of the buyer. The school must also maintain an asset register.
- However, it is recommended that the Auditor General conducts a value for money audit for that land procurement.
- MoES should give a clear accountability of Ushs 0.680 bn for construction of classrooms in over enrolled USE schools for the FY 2008/2009 since only 17 schools received those funds.
- It is therefore recommended that MoES sticks to the performance contract as agreed upon at the beginning of the Financial Year.
- The issue of misuse of USE funds in Busaana S.S. should be investigated and brought to its logical conclusion.

3.2.4 Skills Development:

Development of TVET P.7 Graduate Enrolling Institutions and UVQF

According the MoES Annual Progress Report (2008) the approved budget for development of TVET P.7 Graduate Enrolling Institutions and UVQF was Ushs. 2,300,000,000/=. All the approved budget was released to MoES. The report also indicates that the actual expenditure for this project was 100% .

The annual planned output target under this component was to construct 18 workshops and 18 classrooms in nine (9) institutions. (i.e. DIT, Kitagata Farm School, Namasale Technical School, Pajule Technical School, Gombe CP, Rwampara F/S, Kapchorwa T/S, Namisindwa T/S, Rutunku CP and Rwentanga Farm School.)

According to the Annual Performance Contract for FY 2008/2009 each of the nine institutions was budgeted to receive Ushs 180,250,000/= for construction of 2 workshops and 2 classes to respond to increased numbers of UPPET. However, the institutions received less funds than the approved budget. At least Ushs 235,044,418/= was not received by the institutions (table 3.2.5).[17]

Table 3.2.5: Receipt of funds by TVET institutions, FY 2008/09

INSTITUTION	**APPROVED BUDGET**	**FUNDS RECEIVED**	**BALANCE NOT RECEIVED**
DIT	111,750,000	NOT MONITORED	
KITAGATA FARM SCHOOL	180,250,000	135,600,000	44,650,000
NAMASALE TECHNICAL SCHOOL	180,250,000	168,975,000	11,275,000
PAJULE TECHNICAL SCHOOL	180,250,000	NOT MONITORED	-
GOMBE CP	180,250,000	180,250,000	0
RWAMPARA F/S	180,250,000	NOT MONITORED	-
KAPCHORWA T/S	180,250,000	135,600,000	44,650,000
NAMISINDWA T/S	180,250,000	135,600,000	44,650,000
RUTUNKU CP	180,250,000	135,600,000	44,650,000
RWENTANGA FARM SCHOOL	180,250,000	135,080,582	45,169,418
TOTAL	**1,734,000,000/=**		**235,044,418/=**

Source: MoES and field reports

The following section summarizes the progress of construction in those institutions as at the time of the monitoring visit:

a) *In Kitagata Farm school:*

[17] Without Pajule Technical School and Rwampara Farm School.

Kitagata Farm school received Ushs 135,600,000 for construction of a 2 classroom block and a twin workshop for Brick laying and Concrete Practice; and Carpentry and Joinery. Civil works were awarded to Byaruhanda and Mbaine Contractors. By the time of the monitoring visit, the two classroom blockS had been completed. Solar panels had also been installed on the structure. The twin workshop block was also at finishing level- of plastering. They were remaining with flooring, painting and putting glasses and finishing on the electrical installations. The quality of civil works was good.

A completed classroom block and BCP & C J workshop at Kitagata

b) *Namasale Technical School:*

Namasale Technical School received Ushs 168,975,000/= paid directly into the institution's account. The funds were released on EFT numbers 1501379, 1311399, 1310138 and 1501379 respectively. These funds were meant for construction of a 2 classroom block and a twin workshop for Bricklaying and Concrete Practice (BCP) and Capentry and Joinery (CJ). The contract for the classroom block was awarded to Oryem Construction Company limited at a contract price of Ushs 36,000,000/=. Construction for this block started in June 2008 but delayed. As at 21st September 2009, the classroom block had been roofed, plastered and painted. The glasses were yet to be fixed.

However, beneficiaries were unhappy with the quality of civil works on this structure. They complained that the contractor had not fixed the BRCs at the slab level and DPC at the foundation level as per the drawings. They also complained that the prescribed 12mm iron bars were not used but 8mm. The windows were 2.5ft instead of 3ft as per the drawings. The batch box for the cement and concrete mixtures as per the guidelines from CMU/MoES was never used. Plaster peals off when touched by mere hands indicating use of little cement in the mixtures. The lightening conductor had not been installed as at the time of the monitoring visit. Generally, there was evidence of shoddy work on this structure, as well as supervision gaps.

The funds for the twin workshop (Ushs 132,975,000/=) were received in February 2009. By the time of the monitoring visit (21st September 2009), all the funds for construction of the twin workshop were still on the school account in Stanbic bank and construction had not started. It was reported that disagreements between the Principal and Chairman Board of Governors had affected the award of the contract.

Namasale Technical School

Furthermore by the end of the FY these funds had not been committed and no contract had been awarded. There was also no evidence that authority had been sought to retain these funds. This contravenes the finance and accounting regulations as they should have submitted the funds to Treasury.

c) *Gombe CP*

The school received Ushs 180,250,000 on their account. Construction started in October 2008. The school administration under the supervision of the Board of Governors was doing the implementation. The school administration buys all the building materials and hired local labour to put up the buildings. A block of three classrooms and another block of 2 workshops were put up. Impressive structures showing value for money have been put up in Gombe CP.

d) *Rwentanga Farm School:*

Rwentanga Farm School received Ushs 135,080,582/= for construction of 2 classrooms and 2 workshops. Civil works were undertaken by Ainaitwe and Musisi enterprises at a contract price of Ushs 135,080,582/=. Civil works started on 26th June 2009. By the time of the monitoring visit on 8th September 2009, a two-classroom block was being roofed. The workshop block for Block laying and Concrete Practice (BCP) and Carpentry and Joinery (CJ was at roofing level. The beneficiaries were happy with the quality of work done by the contractors.

The challenge is that the drawings indicated two water tanks one for each of the classroom and workshop blocks and the classroom block had to have ceilings. However, these were missing in the BoQs. The stakeholders did not know how to resolve this.

e) *Namisindwa Technical School:*

Namisindwa Technical School received Ushs 135,600,000/= for construction of a two-classroom block and a twin workshop. Funds were received in May 2009. The contract for the civil works was awarded to Kabati Grain Millers limited at a contract price of 135,210,800/= Construction started in July 2009. As at 22nd September 20009, the classroom block and workshop block were at ring bim level. It was reported that the District Engineer has closely supervised the work and the beneficiaries were satisfied with the quality of civil works.

f) Rutunku Community Polytechic

Rutunku Community Polytechic received funds 135,600,000/= credited on their school account on May 26th 2009. The funds were meant to construct 2 classrooms and 2 workshops .The contract for the works was award to Mwijuka HR Services at a contract price of 135,566,000/= . By the time of the monitoring visit the two structures were at ring bim level. The contractor was ahead of schedule. Findings also indicated that the district engineer together with the members of the BoG closely supervised the works. It was also reported that they were happy with the quality of the works.

Workshop block at Lutunku

Conclusion:

From the above, the annual planned output targets for Graduate Enrolling institutions and UVQF for FY 2008/09 were achieved. It is clear from the above sub section that the planned output targets for the Graduate Enrolling Institutions and UVQF was achieved. The plan was to construct 18 classrooms and 18 workshops under the component and were all constructed.

Recommendation:

- Ushs. 2.3bn was approved and released. According to the annual Progress Report, the actual expenditure was 2.3 bn (i.e. 100%) yet these institutions received less than the approved budgets. There is need for MoES to account for the balances that were not received by the institutions and how they were utilized.
- MoES should ensure that whatever is reflected in the drawings is incorporated in the BoQs before they are sent down to the institutions.

- The issue of shoddy work on the classroom block at Namasale Technical School should be followed up. Oryem Construction Company limited should be blacklisted.
- Funds amounting to Ushs. 132,975,000/= received by Namasale Technicla school that were not utilized by the end of the FY 08/09 should have been returned to Treasury since authority to retain these funds after the end of the FY was not sought. Up to September , 2009 these funds had not been committed.

3.2.5 Rehabilitation of National Health and Departmental Training Institutions

According to the MoES Annual Progress Report, the approved development budget for Rehabilitation of Health Service Institutions was Ushs 2,600,000,000/=. All of this approved budget was released to MoES. According to the progress report, the actual expenditure for this project was 100%.

Of that Ushs, 1.6 bn was planned for the completion of phase one of the construction of the hostel block at Mulago Paramedical and starting on phase 2, and also for non residential buildings/construction and renovation of laboratories, workshops, classroom blocks and hostels in 15 BTVET health training institutions of Lira, Masaka, Kabale, Mulago, Jinja, Arua, Kuruva, Ibanda, Virika, Rubaga, Mengo, Ngora, Nsambya, Kiwoko and Kibuli.

All the 15 BTVET health training institutions were completed. The inauguration ceremony to mark their completion and hand-over to the Government of Uganda was presided over by H.E in Jinja. The monitoring team visited seven of these institutions during the course of the FY.[18] The quality of civil works is very high.

It is therefore clear that the planned output target for completion of 15 BTVET health training institutions was achieved.

Ushs 944,000,000/= was planned to procure transport equipment for different health training institutions. These included 3 15-seater mini-buses for 3 examination boards (UNMED, UAHEB and UBTEB), procure 2 double-cabin pick-ups for Butabika school of Nursing and Kabale school of Nursing, procure 3 thirty-seater buses for 3 health and departmental training institutions of Masaka, Fort Portal and Gulu, and to procure 6 sixty-seater buses for four health training institutions (Jinja School of Nursing and Midwifery, Mbale School of Clinical Officers, Arua School of Comprehensive Nursing and Soroti School of Comprehensive Nursing and Bukalasa and Arapai Agricultural Colleges.

Findings indicated that six 62-seater buses were procured. These buses were given to six institutions that included Jinja School of Nursing, Soroti School of Comprehensive Nursing, Arapai Agricultural Colleges, Mbale School of Nursing, Bukalasa Agricultural College and Arua

[18] Kabale, Mulago, Virika, Rubaga, Mengo, Ngora, Nsambya

School of Nursing. It was also reported that three 30-seater mini buses planned for 3 health and departmental training institutions (Masaka, Fortportal and Gulu) were procured under the European union project.

It was reported that the three 15-seater mini-buses that were planned for the three examination boards (NMEB, UAHED and UBTEB) that were budgeted at Ush 150,000,000/=, were not procured. Findings further indicated that the two double cabin pick-ups planned for Butabika and Kabale Schools of Nursing budgeted at Ushs 184,000,000/= were not procured.

Findings indicated that part of the reason for not procuring the above vehicles was the late release of funds from MFPED.

(a) Nyabyeya Forestry College:

The approved budget for construction of a laboratory, library and girls' dormitory at Nyabyeya Forestry College was Ushs 400,000,000/= . Findings indicated that the college received funds for construction of a library block. Construction started and is in progress.

(b) Renovation of Kigumba Coorperative College:

The approved budget for renovation of Kigumba Cooperative College was Ushs 120,000,000/=. These funds were meant for removal of asbestos and replacement with iron sheets on a number of buildings. During the course of the financial year, the college was turned into a proposed Petroleum Training Institute and the initial plans of renovating it were halted. However, it is not clear how the approved budget of Ushs 120,000,000/= was utilized.

Conclusion:

Apart from the three 15-seater mini-buses for the three examination boards (NMEB, UAHED and UBTEB) which were not procured and Kigumba Coorperative College which was turned into proposed Petroleum Institute, the rest of the annual planned output targets under this project were achieved.

3.2.6 Development of BTVET

According to the MoES Annual Progress Report the approved development budget BTVET was 3,430,000,000. Out of that Ushs 3,230,000,000/= (94.17%) was released to MoES. The report indicates that the actual expenditure under this project was Ushs 3,229,996,215/=.

That budget was meant for non-residential buildings in 9 BTVET institutions. (i.e. Rehabilitation of Nakawa VTI, Mubende Techinical Institute, Nalwire Technical Institute, Iganga Technical

Institute, UTC Elgon, Kiryandongo Technical Institute, Ahmed Seguya Memorial Technical institute, Kibatsi Technical Institute and Oral Technical Institute.

Findings indicate that out of the 9 institutions, only three (3) institutions received funds for non residential buildings during the financial year. (i.e. Nakawa VTI Ushs 60,000,000/=, Kibatsi Technical Institute Ushs 250,000,000/= and UTC Elgon). Findings further indicate the rest of the institutions did not receive any funds and there was no construction.

a) *Kibatsi Tehchnical Institute:*

The approved budget for Kibatsi Technical Institute was Ushs. 250,000,000/= . It was meant for construction of a motor vehicle (MV) and Carpentry and Joinery (CJ) workshop at (100,000,000), a 4-classroom block at (45,000,000/=), construction of a girls' dormitory (90,000,000/=) construction of a kitchen with a store (15,000,000/=).

Findings revealed that the institute received Ushs 250,000,000/= in two installments on 17th February and 20th May 2009 respectively. Bamutu contractors was awarded the contract for the civil works at 103,766,250/= to put up the 2-classroom block and Carpentry and Joinery workshop. By the time of the monitoring visit these two blocks were at finishing level. Internal and external plastering had been completed. Remaining works included painting and working on the verandahs. The same contractor undertook the civil works of the second 2-classroom block at Ushs 34,884,570/=. By the time of the monitoring the classroom block was at roofing level.

Civil works for dormitory block were contracted to Biben Engineering works at Ushs 59,304,000/= while the motor vehicle workshop was contracted to Asibe Contractors at a contract price of Ushs 51,124,975/=. By the time of the monitoring the motor vehicle workshop and the dormitory block were at ring beam level. The quality of civil works was good.

BCP & CJ workshop and MV workshop at Kibatsi TI

Classroom block and dormitory block at Kibatsi

However, there was a problem of inconsistencies between the drawings and BoQs. There were a number of items that appeared in the drawings that did not appear in the BoQs. These included the ceilings and electrical fittings for the classroom blocks, pompy grills, translucent sheets for the carpentry and joinery (CJ) workshops, one window for the CJ workshop, 24 columns for the dormitory block, electricity fittings for the dormitory block. The iron bars for the dormitory and MV workshop in the BoQs were less than those that were in the drawings. The drawing for the MV workshop indicated 3 beams yet the BoQs had calculations for one beam. Casement vents as well as the pompy grills for the MV workshop did not appear in the BoQs.

MoES should therefore endeavor to ensure that the drawings and BoQs are consistent before sending them down to institutions.

(c) UTC Elgon:

The approved budget for UTC Elgon UShs 820,000,000/=. These funds were meant for completion of a library block, construction of a gravity flow water scheme, renovation of a 10-classroom block and workshops with provision of furniture, and construction of a medical centre with 6 beds.

By the time of the monitoring visit civil works on the library block were going on. The quality of civil works by the contractor was appreciated by the beneficiaries. However, renovation of classroom blocks and workshops had not started. It has been established that this activity was not done as by the end of the financial year. Furniture had not been provided as at that time. Construction of the gravity flow water scheme and renovation of the medical centre with 6 beds was also not done.

Finding indicated that the college received Ushs 15,000,000/= during the fourth quarter.

(c) Funds not received by the institutions:

A number of technical instirutes never received their approved budgets (table 3.2.6)

Table 3.2.6: Technical Insitutes that never received approved funds.

INSTITUTION	APPROVED BUDGET	FUNDS RECEIVED	BALANCE NOT RECEIVED
NAKAVA VTI	198,000,000	60,000,000	138,000,000/=
KIBATSI TI	250,000,000	250,000,000	0
MUBENDE TI	173,000,000	0	173,000,000/=
NALWIRE TI	482,000,000	0	482,000,000/=
IGANGA TI	250,000,000	0	250,000,000/=
UTC ELGON	820,000,000	NOT KNOWN AS PER TIME OF REPORT WRITING	
KIRYANDONGO TI	250,000,000	0	250,000,000/=
AHMED SEGUYA MEMORIAL INSTITUTE	175,000,000	0	175,000,000/=
ORAL TECHNICAL INSTITUE	250,000,000	0	250,000,000/=
TOTAL			**1,718,000,000/=**

Source: Firld reports

The above table shows that at least Ushs 1,718,000,000/= of the approved budget under 0942 Development of BTVET was not received by the beneficiary institutions as planned. These institutions did not implement their planned infrastructural developments. It therefore follows that the annual planned output targets under project 0942 Development of BTVET were not achieved. This eventually impacts on the achievement of access and equity to BTVET.

Conclusion:

From the above it is clear that the annual planned output targets under development of BTVET for FY 2008/09 were not achieved.

Recommendation:

The Annual Progress Report is clear that Ushs 3,230,000,000/= (94.17% of the approved budget) was released to MoES. The report also indicates that the actual expenditure was Ushs 3,229,996,215/=. However, evidence on the ground indicates the beneficiary institutions for which that money has been accounted did not receive those funds. There is therefore need for MoES to show proper accountability of funds under 0942 that were released to them as per the performance contract.

3.2.7 Development of Primary and Secondary Teachers' Colleges.

According to the MoES Annual Progress Report the approved development budget of Primary and Secondary Teachers' Colleges was 5,701,000,000/=. Of that 5,501,000,000/= (96.49%) was released to MoES. According to the report the actual expenditure was 5,500,991,354/= (99.9%).

These funds were budgeted to construct dormitory blocks, classroom blocks, semi detached houses in PTCs that include Paidha PTC, Jinja PTC, Kabale Bukinda Core PTC, Londonga and Ngora PTC, Bushenyi Core PTC, Butiti Core PTC, Kapchorwa, Bwera PTC, Kabale NTC, and to provide sanitation facilities at Unyama, Mubende, Muni and Kaliro NTCs as well as constructing science laboratories at Kabale NTC.

Findings from the monitoring visits indicated that a lot of civil works were undertaken in different PTCs during the course of the financial year. The details are summarized below:

a) *Kabale Bukinda:*

Ushs.2bn was budgeted for infrastructural development in Kabale Bukinda PTC. By the time of the monitoring visit on 8th September, 2009, most of the civil works had been done. The principle's house was at finishing level. They were left with plumbing works, electrical fittings, installing shutter fittings and grazings, flooring, and working on the drainage. A sick bay with capacity of accommodating 16 students had been completed and was in use. Renovation of the library, and laboratory had also been completed.

Civil works on the water born toilets were at roofing level. However works on the sceptic tank for the staff houses had not started. Renovation of block 'B' girls' dormitory was remaining with fixing shutters and painting.

Other civil works that were yet to be finalized included leveling the play ground, working on the kitchen, working on Block' A' of the girl's dormitory, walk ways, parking yard and installing the water pump and water supply system. Works on an old structure to accommodate staffroom and other offices was in progress.

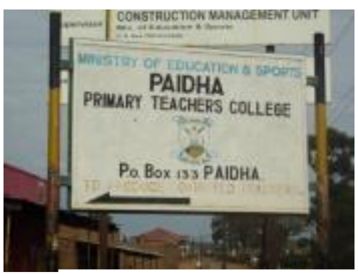
b) *Ibanda PTC:*

Ushs 141,000,000/= was budgeted for construction of a semi-detached house for teachers. A contractor, Kenvin co. (U) limited, was procured by MoES at a contract price of Ushs 139,903,664/=. By the time of the monitoring, the house had been completed but had not been handed over pending the contractor working on some defects that had been identified.

Tutors' house at Ibanda PTC

c) *Paidha PTC:*

Ushs 200,000,000/= was budgeted for construction of a dormitory block with wash rooms. Findings indicated that Ushs. 278,096,122/= was released for the civil works. The contract was awarded to Technical masters. A dormitory with capacity to house 68 students has been constructed. By the time of the monitoring they were finishing works that included plastering both internally and externally, fitting glasses and painting. The wash rooms were also at finishing stage. The works was commendable and there seems to be value for money.



Dormitory block at Paidha PTC

d) *Lodonga PTC:*

Ushs 141,000,000/= was budgeted for construction of a semi-detached house for teachers. Civil works on the semi detached house started in April 2009 by Spider Construction Company limited. By the time of the monitoring, the house was at roofing level. The college administration complained about the internal partitioning walls which were 100mm in thickness whereas the drawings indicated 150mm. Also the contractor had not put up stores and was using college facilities for storage.

Tutors’ house at Lodonga PTC

Civil Works for FY 2007/2008 at Lodonga PTC:

During the FY 2007/2008 the college received a grant for construction of two dormitories, a wood fuel kitchen and a 2-classroom and an administration block. The civil works were undertaken by Zebra Associates limited. Civil works started in 2007. The college administration has a lot of complaints regarding the quality of civil works done by the contractor. The contractor did not complete some of the works and the defects liability period has expired.

It was reported that the administration block was poorly done and has big cracks in the floor. The toilet in the principle’s office was never fixed. The doors in the administration block do not lock due to the poor quality of locks used. Some doors are warped and need to be replaced. The roof is leaking and needs to be fixed.

The two classroom block was finished. It was observed that the furniture that was supplied is of poor quality and that there was no value for money. However, this is the only building that is in use.

The two dormitory blocks are also in poor shape. The floors have big cracks rendering them unusable. Doors are not locking. The college administration could not let students occupy these dormitories before the contractor fixes these defects. Up to now they are not occupied.

It was reported that the wood fuel kitchen was never completed. The storves for cooking were badly done and have been condemned. No doors were put on the kitchen. The sink which was put in the kitchen is of a very poor quality and was poorly fixed and needs to be replaced.

There is evidence of poor quality work on all these structures and definitely there is no value for money. It was also reported that the district engineer made a technical report about the civil works to MoES dated 25th July 2008. It was not clear whether MoES had taken any disciplinary measures against the contractor.

e) Ngora PTC:

Ushs 141,000,000/= was budgeted for construction of a semi-detached staff house. BAP Engineering Company limited was contracted by the centre to undertake the civil works. By the time of the monitoring visit the building was at finishing stage. They were doing internal and external plastering, fixing shutters, windows and doors. The beneficiaries appreciated the quality of works done by the contractor. The works have been closely supervised by the college administration and Board members.

It was reported that the drawings and BoQs however, did not indicate electrical installations, wardrops and curtain boxes.

Tutors' house at Ngora PTC

f) Wanyange PTC:

The performance contract indicated that Wanyange PTC was to receive Ushs 70,000,000/= for completion of a classroom block. By the time of the monitoring visit, the block had been completed and furnished. However, it had not yet been connected to the power grid.

g) Kabwangasi PTC:

Construction of library block at Kabwangasi PTC was almost complete. The building had also been furnished. Findings revealed that civil works were undertaken by Broadways Engineering Company limited.

However, there were defects that had not been addressed as at the time of the monitoring visit. It was reported that the storm gutter was poorly done and the run-off was not flowing, some windows did not have window fasteners, the swing door was not completed, the indoor locks were very weak, and the painting on the book shelves was one coating instead of two and cannot offer enough protection and that the building had not been connected to the electricity grid. It is recommended that MoES ensures that the contractor addresses the identified defects before the expiry of the defects liability period.

h) Bushiko PTC:

Bushiko PTC received a 2 classroom block. It was reported that the civil works were undertaken by Broadways Engineering Company limited and were completed in November 2008. Furniture of 120 chairs, 120 lockers, 2 tutors' tables and 2 tables was supplied. The quality of civil works was good.

A 2 classroom block at Bushiko PTC

i) Busubizi PTC:

Findings indicated that a library block had been constructed at Busubizi PTC. A semi detached tutors' house had also been completed. An underground water tank with capacity of 80,000 litres had also been constructed.

The underground water and tutors' house at Busuubizi PTC

Conclusion:

Civil works for FY 2008/2009 in most of the visited PTCs was good. It is also clear that the annual planned output targets under this project were achieved.

Recommendation:

It is recommended MoES takes up administrative measures against Zebra Associates Limited for the shoddy work done at Lodonga Core PTC during FY 2007/2008. To prevent waste of government resources so far spent on the structures, particularly the dormitories, MoES should send additional resources to the college to correct the identified defects so that the structures can be put under use.

3.2.8 Relocation of Shimoni PTC and Primary School:

Ushs 3,538,000,000/= was budgeted for the relocation of Shimoni PTC and Shimoni Demonstration School. Out of that approved budget Ushs 3,213,991,643 (90.84%) was released. The actual expenditure for this activity was Ushs 3,213,991,643 (100%).

Findings indicated that a 25-acre piece of land for the relocation of the college was procured and fenced with a chain link. By the time of the monitoring visit, a lot of civil works by Adams Engineering Services were going on at the site.

The administration and library blocks had been roofed. The block was being plastered internally and externally. Fittings for ceilings and windows were going on at the time of our visit. The 2-stance water-born toilets for the administration block were at slab level.

Five classroom blocks each with two classes had been roofed. Installation works on shutters and windows as well as internal and external plastering was going on at the time of the monitoring visit.The water-born toilets for five stances for the classroom block was at plinth wall level.

A science block with 2 classrooms, a detergent room and a mixture room had been roofed. A multi-purpose hall had also been roofed. A plinth wall for the kitchen was being raised. Eight (8) dormitories (4 for males and 4 for females) had also been roofed. Each of the dormitories was designed to accommodate 68 students. Works for water-born toilets for each of the dormitory blocks had not commenced. Civil works on the principal's house were at foundation level.

It was reported that the excavation works for each of the dormitory block had increased the cost of the project. Also the football pitch had to be raised by about 3 meters by filling it with soils. Other additional costs included putting ceilings on verandahs of the administration block and library block. The ceiling for the serving room in the multi-purpose hall was changed from soft boards to concrete. Drawings for the six semi detached staff quarters were also re-designed. A three-storied house will instead be put up. These had not been part of the original BoQs. This means that BoQs and eventually the costs for all these structures have to change.

According to the findings, the contractor seems to be ahead of schedule. The quality of works is also commendable.

Dormitories, multipurpose hall and classrooms at Shimoni PTC

3.2.9 Presidential Pledges FY 2008/2009:

MoES made a provision of Ush 10,000,000,000/= for the pledges. The funds were released directly by Treasury in four equal installments to the Accounting Officers. In primary schools, the funds were meant for construction of 9 classrooms with an office and store, teachers' houses, 7 stances of pit latrines and one unit of water harvesting systems. In the secondary schools, they were meant for construction of classrooms, labaratories, administrative blocks and pit latrines. The technical Institutes were on the other hand supposed to use the funds for construction of classrooms, dormitories, workshops and equipment for the workshops.

A list of (19) institutions that benefitted in the respective local governments for FY 2008/09, is shown in the table below.

Table 3.2.7: Receipts of Presidential Pledge funds

INSTITUTION	DISTRICT	AMOUNT (SHS)
BITSYA PRIMARY SCHOOL	BUSHENYI	165,400.000/=
BUHWEJU SECONDARY SECONDARY SCHOOL	BUSHENYI	208,000,000/=
KIROLO UMEA PRIMARY SCHOOL	WAKISO	151,400,000/=
GALAMBA SECONDARY SCHOOL	WAKISO	208,000,000/=
MASULITA SECONDARY SCHOOL	WAKISO	208,000,000/=
NKOKO TECHNICAL INSTITUTE	MAYUGE	445,600,000/=
KATONGA TECHNICAL INSTITUTE	MPIGI	445,600,000/=
BIREMBO TECHNICAL INSTITUTE	KIBAALE	222,000,000/=
MOROTO TECHNICAL INSTITUTE	MOROTO	334,500,000/=
NAKAPIRIPIRIT TECHNICAL INSTITUTE	NAKAPIRIPIRIT	334,500,000
KAABONG TECHNICAL INSTITUTE	KAABONG	334,500,000/=

ABIM TECHNICAL INSTITUTE	ABIM	334,500,000/=
BUSEDDE SECONDARY SCHOOL	JINJA	208,000,000/=
KYEIZIMBIRE SECONDARY SCHOOL	ISINGIRO	410,000,000/=
NGARAMA SECONDARY SCHOOL	ISINGIRO	397,000,000/=
KICHWAMBA TECHNICAL COLLEGE	KABAROLE	655,000,000/=
BISHOP ILLUKOR GIRLS S.S.	KUMI	208,000,000/=
BUSITEMA UNIVERSITY	BUGIRI	1,793,000,000/=
NAMASAGALI COLLEGE-PROVISION	KAMULI	2,937,000,000/=
TOTAL		**10,000,000,000=**

The monitoring team visited thirteen (13) of the above institutions to monitor progress of implementation during the course of the financial year.[19] The status of construction was at different stages. Construction had been completed in some (e.g. Kirolo Umea, Galamba, Masuulita Secondary, Bishop Illukor Girls S.S,) while it was on-going in others.

[19] Ass Buhweju Secondary Secondary School, Kirolo Umea Primary School, Galamba Secondary School, Masulita Secondary School, Nkoko Technical institute, Birembo Technical Institute, Nakapiripirit Technical Institute, Abim Technical Institute, Busedde Secondary School, Kyeizimbire Secondary School, Ngarama Secondary School, Kichwamba Technical College, Bishop Illukor Girls S.S.

3.3 ENERGY

3.3.1 Introduction

The team monitored Projects that had planned activities for the first quarter FY 2009/10. In addition, Projects with spill over activities from last FY (FY 2008/9); as well as the recently completed and about to be handed over to GOU were also covered. The projects visited included:

- Bujagali hydro electrical power (HEP) dam
- Bujagali Interconnection Transmission Lines
- Mpanga HEP
- Bugoye HEP
- Ishasha HEP
- Buseruka HEP
- Kinyara Co-generation power station
- GTZ Institutional stoves in Luzira and Mukono Prisons. And
- ERT1 Gasifyer projects in Kyambogo, Buddo and Nyabyeya.

Shortcomings of the Report

1. Officials of projects visited were willing to share progress reports but not financial reports. Therefore the team could not verify financial information.
2. The majority of projects visited were either under construction or recently completed. Consequently, it was difficult to analyse the impact of the project on the beneficiaries.

3.3.2 Progress on Bujagali HEP Dam

Background

The Bujagali Hydropower Project (BHP) is a future 250 megawatt power-generating hydro electric power generating facility presently under construction. The BHP's objective is to increase the electricity generation capacity to enable Uganda meet its electricity demand with least-cost power generation.

In 2005 Bujagali Energy Limited (BEL) was awarded the concession to construct and operate a 250MW HEP dam to supply the main Uganda grid. This was under a public private partnership (PPP) it is a Build-Own Operate and Transfer (BOOT) arrangement. The estimated project cost for the Dam is US $850 million.

Salini Construction and Salini Hydro both Italian construction companies were contracted by BEL to construct the dam walls and provide the hydraulic and electrical mechanical respectively. The main element of the project is to construct a 850m dam wall and install 5 turbines with an installed capacity of 50MW each. Construction works on the dam began in July 2007 and the project is due to be commissioned in June 2011. Bujagali generated power shall be evacuated to the main grid on an associated independent transmission system from that of Kirra and Nalubale.

Field Findings

Construction work continued to expand and progress during the 1st quarter of 2009/10. This report summarises and augments MEMD/ BEL's report and the BMAU's field visit. As of June 30, 2009 the projects Guaranteed Completion Date remains at June 8, 2011. During the quarter BEL continued to supervise the works of the EPC contractors and Jyoti works on the transmission line. They also continued to implement their environment and social mitigation plan.

Presently works have slowed down tremendously, mainly due to negotiations around the gated spillway. Government and AES handed to BEL an erroneous geological survey that implied the rock on which the spillway was to be located as being sufficiently stable. However during excavations it was proved wrong. The rock is too weak to support the spill way and shall require a reinforced concrete foundation. This is estimated to cost approximately US $25million and put the project behind schedule by at least 10 months. Furthermore, according to BEL the planned cumulative concrete works by end of June was 183,122m3 versus an actual cumulative placed at 87,277m3. This implies concreting work is behind schedule by over 50%.

The overall construction works is behind schedule due to several reasons including slow work on concrete placement of the dam wall and the need to design alternatives for power/house gated spillway because rock structure is not firm. To date 64.51% of the total contract cost has been paid to the contractor. This payment is in line with works completed and invoiced.

Procurement of hydromechanical equipment is under way. Its performance stands at 79% which is ahead of schedule. The major procurement hurdle has been the delay in delivery of some materials (stopway), this was due to piracy of the ship transporting the parts. These parts have been reordered.

Funds of US$ 367 million have been paid out of the total contract cost of US$ 569 by June 2009. Whereas procurement works are ahead of schedule, construction works are behind schedule. Funds are received on schedule from the financiers therefore construction works are not impeded by financial constraints.

Bujagali Environment and Social Mitigations

BEL has an elaborate Environment and Social Mitigation (ESM) programme. The US$8million to implement the ESM fund was received in one tranche in February 2008. BEL has over 5 staff dedicated to implementing the ESMF. This quarter, the team implemented a number of programmes including, providing improved housing for the resettled persons, relocation of tourism activities down-stream from the falls, health care provision, tree planting and maintenance along the banks of the river Nile and life skills training. BEL is still in the process of procuring a firm to implement the micro-credit/finance component of the ESM.

Challenges to the Bujagali Dam Implementation

1. GOU and AES handed to BEL an erroneous geological survey that implied the rock on which the spillway was to be located was sufficiently stable. However during excavations it was proved wrong. The rock is too weak to support the spill way and shall require a reinforced concrete foundation.

At the end of April, the planned cumulative concrete placed was 136,488 m^3, versus an actual cumulative placed of 58,815 m^3. BEL continues to be very concerned as this deficit grows wider, the long-term impact on the project schedule could be adverse. As the concrete placements rise vertically in the structures, their geometry becomes more complex, adding to the concern for this issue. Salini has promised to improve with time.

2. The contractor has advised the total quantity of rock that is available on the project site will not meet all project needs. The initial estimate was that approximately 250,000 m^3 of additional rock required, and then back to over 200,000$m.^3$. BEL and Salini continue to explore locations within project boundaries that will yield the necessary rock for construction as well as operating quarry 12 km north of the project on private land.

3. In May, the Ministry of Finance issued letters to the four subcontractors who had been negatively impacted on by the exemption of the project from VAT to the effect that no refunds will be made for any VAT paid by these subcontractors between July 2007 and June 2008. This is a reversal of the expectation that the GOU would provide refunds to these subcontractors. The GOU has since confirmed their position of not providing funds.

Recommendations

1. There is need to hold talks with BEL and Salini to review the issue of time lag in completion of concreting works.

2. There is need to hold high level talks with MEMD, MFPED, BEL and Jyoti on issues concerning the delayed works on the Bujagali-Kawanda transmission line. Action needs to be taken early to avoid precarious situations.

3. Hold high level meetings with BEL, MFPED, MEMD, URA and subcontractors to resolve VAT issues.

4. The construction of the transmission lines to evacuate power from a privately owned plant should be undertaken by the developer, in-order to avoid delays.

3.3.3 Progress on Bujagali Interconnection.

Background

Bujagali Interconnection is a component of Bujagali HEP dam. It constitutes 95 Kms of transmission lines to evacuate electricity generated from Bujagali HEP to the main grid and a substation at Kawanda. The Uganda Electricity Transimission Company (UETCL), is the lead client of the transmission line and AfDB is the lead project lender. UETCL contracted Jyoti an Indian firm to construct the transmission line and step down substations at Kawanda and Mutundwe. UETCL was responsible for the resettlement action plan (RAP) that would provide vacant possession of the land required for the transmission lines by June 2008. The RAP was funded by GOU. In the FY 2008/9 all the shs 35bn for the RAP was released by MFPED to UETCL. By June 2009 only 64% of the land was obtained. This was due to delay by the Chief Government Valuer (CGV) and NEMA to approve the project Valuation report and a number of land disputes and technicalities surrounding compensation and acquisition of land titles. Jyoti as per contract commenced work in June 2008. It adjusted its works schedule to operate in areas which were vacant.

Field Findings

Bujagali Interconnection Unit (BIU) has continued to secure vacant possession of land for the project. To date 74% of the land has been acquired compared to 64% in June 2009. It has acquired vacant possession of the 5kms Bujagali-Tororo lines. Compensations and land acquisition are ongoing. Discussions with various government offices in charge of land (Ministry of Lands, Chief Government Valuer, Administrator Generals office, etc) have continued for the remaining land.

BIU has acquired 8 acres of land to resettle some project displaced households. The majority of households however preferred to build new houses close to their former houses. The main challenge is lack of documentation to establish true owners of land, absentee landlords and the large estates (Lugazi Sugar and Tea) who have rejected the compensation.

The implementation of activities is grossly behind schedule. Only about 50% of the expected amount of work has been undertaken. There have been several rescheduling of works to fit within the land acquired. Works in Kawanda substation have commenced but have been hindered by sub-contractor and labourers disputes. The works are behind schedule. Works on Mutundwe substation had not began to date (September 2009), although they were to have commenced June 2008.

There have been variations to the original project works contract by UETCL. The works have been revised to include, rehabilitation of 3Kms of the Jinja-Tororo transmission line, a retention wall and 5km access road at Kawanda substation. GoU has approved the revisions and released the shs1.5bn required for the additional RAP as a supplementary release in the FY 2008/9. This is a questionable release considering the UETCL has a very low absorptive capacity on the Bujagali line RAP. It is yet to spend 50% of the shs35bn released over 2 years ago for the Bujagali-Kawanda line RAP, despite the project end due date being over a year ago (June 2008). These RAP funds have been released despite AfDB the main lenders reluctance to approve the revision.

Challenges

1. The main challenge is delayed completion of the transmission line that will delay the commissioning of Bujagali HEP station. Furthermore, BEL the concession owner of Bujagali has a large performance bond on UETCL that guarantees timely completion of the transmission line.
2. Delays in land acquisition have led to delays in activity implementation. Jyoti has had to implement works only in areas to which they have been given vacant possession of the land. This has necessitated working in scattered phases instead of a continuous line. This has led to time delays and cost overruns.
3. Jyoti has poor labour management as well as environment and social mitigation policy. This has led to a lot of conflicts with its hired local staff and subcontractors. Jyoti does not implement a number of key environmental and social mitigations that it is required to.

Recommendations

1. MEMD, UETCL, BEL and Jyoti should map a way forward to ensure that the project is completed on time.

2. There is need for high level talks between UETCL, MEMD, MoF, Ministry of Lands, Administrator General's office to ensure that all the required land is acquired timely. The Land Laws should be revised to prioritise land acquisition for public infrastructure. Land for public infrastructure is a priority and individual land owners should not hold the government projects at ransom.

3. The Chief Government Valuer's office should be strengthened and facilitated with human and financial resources to enable timely disposal of pending valuation reports.

4. Ministry of Gender, Labour and Social Development, UETCL, BEL and Jyoti should hold meeting and discuss the way forward to ensure that Jyoti implements its ESMF as spelled out.

3.3.4 Progress on Mpanga Dam Construction

Background

Mpanga HEP is a future 18MW station. The Electriciy Regulatory Authority (ERA) granted the concession to South Asia Energy Management Systems Inc (SAEMS), a US firm. It is situated on Mpanga river in Kamwenge district. Mpanga HEP construction commenced in February 2008, with a target commissioning date of March 2010. By December 2008 works were proceeding on schedule, approximately 50% of the works had been completed.

Field Findings

VS Hydro the main contractor has implemented a number of works. (See table 3.3.1below). These works were undertaken between December 2008 and June 2009. Works are proceeding well but are behind schedule. This was mainly due to a change of design that required tunneling works of 108 meters. In February 2009 SAEMS wrote to ERA and were granted an extension on their completion date from March 2010 to June 2010. To date 50% of the total works have been completed.

Table 3.3.1: Progress on Mpanga HEP as at September 2009

	Activity	Actual (%)	Comments
1	Dam wall/ Weir	50%	Works on the dam is proceeding however it is grossly behind schedule. Furthermore the onset of the rain season shall slow down work further. The Equipment used is substandard as does not enable work to proceed rapidly.
2	Canal/Headrace	75%	1 km of the 1.3km channel wall is completed. The main challenge is the 103meters channel that shall require specialist skills.
3	Penstock	60%	Penstock pipes are on location awaiting completion of the anchors.
4	Power House	10%	Works on excavation are still ongoing
5	Electrical Mechanical	40%	All purchases are on schedule awaiting completion of civil works.
6	Auxiliary	50%	Staff quarters are almost complete. Replanting of cycas, trees and grass are on-going. Project access roads are complete but require continuous maintenance.
	Total	50%	Considering all the works remaining to be done. It is highly unlikely that the project will be completed by June 2010

Construction works on Dam/Weir and channel on aquaduct at Mpanga HEP.

Channel (intake)on Mpanga HEP dam *Rock that is to be tunnelled for the channel.*

Challenges

1. There is need for tunneling for the channel of about 103 meters. The orginal plan was for the channel to circumvate the hill. NEMA objected to this. This is an unanticipated expense on the company which wills lead cost overruns as well as delays by over 4 months.
2. The issue of VAT waivers and exemptions is yet to be resolved. A number of suppliers are not honouring the letter from URA granting tax waivers on purchases by VS Hydro.

Recommendations

1. There is need for high level talks with MFPED, URA and SEAM to resolve the issue of tax waivers.
2. Mpanga developers should ensure that substantial equipment and workforce is purchased and works are speeded up in order to keep to time schedule.

3.3.5 Progress on Bugoye Dam Construction

Background.

Bugoye HEP is a future 13MW dam situated on the Mobuku River in Kasese district. It is the 2^{nd} in a series of 3 dam sites along River Mobuku. Tronde Energie a Norwegian engineering firm was awarded the concession to develop Bugoye HEP in November 2007. Construction works began on 15^{th} January 2008 was commissioned in September 2009. By June 2009, 90 % of the works were completed. Construction works were 1 month behind schedule. The company had mapped a way forward to speed up works and get back on schedule.

Field Findings.

The Norwegian Government in March 2009 advanced Tronde, 10million dollars as a grant to GoU to be offset the total project cost of the HEP station. Tronde reached financial closure with its main lender, Emerging Africa Infrastructure Fund UK in May 2009. Tronde implemented its action plan to get back on schedule which included contractors purchasing more robust equipment and recruited more teams working simultaneously. Works had been on going in the last 6 months despite a number of challenges (listed below).

Table 3.3.2: Progress on Bugoye HEP by September 2009

	Activity	Target (%)	Actual (%)	Comments
1	Weir wall	100%	98%	Majority of Civil works completed await a few completions.
2	Channel/Headrace	100%	95%	Main Channel complete. Await connection construction of tail race from Mobuku 1. Under filling testing along various sites.
3	Tunnel	100%	100%	This was completed satisfactorily.
4	Penstock	100%	98%	Civil works completed but a number of leakages identified.
5	Power House	100%	97%	Specialists were in place installing equipment. One component was damaged in transit and a replacement was to be airlifted.
6	Auxillary	100%	98%	Grass and tree planting still on going. A number of Corporate Social Responsibility projects such as pedestrian crossing are yet to be completed.
	Total	**100%**	**96%**	Project almost completed but some small but crucial components yet to be completed.

Channel entrance into the tunnel

Aerial view of Penstock and Powerhouse

Completion of Civil Works at Bugoye HEP on the Tail Race and Dam/Wier (intake)

Challenges

1. VAT issues still persisted. Tronde was given a tax waiver but the subcontractors were not. Therefore, the subcontractors present their bills VAT inclusive. Tronde's attempts to get VAT refunds from URA have been futile and time consuming.

2. The Power station was due to be commissioned on 9th October by the President. There are however leakages in the head race channel and a component of the switch that was damaged during transit.

3. Tronde has to date failed to secure the land title for the project land. Lack of the title led to Tronde's delay to reach financial closure as it was a prerequisite by the lenders. The lenders have given Tronde a period of grace in which to acquire the title. The title is currently in the names of Kilembe Mines but they are not willing to surrender it. The district land board was not meeting as promised to resolve this stand-off.

Recommendations

1. Tronde should expedite the repairs of leakages in the channel and have the switch component replaced. There should be testing of all the equipment before the commissioning.

2. The issue of VAT should be resolved in high level talks with the concerned ministries, URA and Tronde.

3.3.6 Bwindi Mini HEP

Background to Bwindi mini-HEP.

Bwindi MHP is a future renewable HEP station with an installed capacity of 64 kW (0.64MW) situated on Munyangwa River. It is designed to be an independent network that will supply Buhoma village near Bwindi Impenetrable National Park in Kanungu district with electricity.

This includes approximately 60 households, a number of small, medium enterprises (SMEs), a health centre and a school. In the second phase, the grid may be extended to connect more households. The power plant will be operated by a community-based company called Bwindi Community Micro Hydro Power Ltd, with an elected management committee.

GTZ assisted the community in setting up the committee and registering the company, and will build its capacity to operate the MHP in a sustainable manner. The households that will be connected will pay a connection fee of shs 350,000 each, and Bwindi hospital committed to contribute shs 10 million.

Civil works began in October 2008 by SAMKA a Ugandan based firm. A consultant from GTZ was assigned to closely follow the construction process. It was planned that the MHP would become operational by May 2009.

Field Findings

Works on the civil works have continued over the past 6 months although at a very slow speed. The project was due to be commissioned in May 2009. However, by September only 80% of the works were completed.

Tble 3.3.3: Progress of Works on Bwindi HEP

No	**Description of Works**	**Percentage of Total Works**	**Target Sept 2009**	**Actual to Date September 2009**	**Comments**
1	Preliminary Surveys	1%	100%	90%	There is continual redesign required due to the topography and water table.
2	Dam, Intake and Weir	10%	100%	95%	It is progressing well
3	Channel and Forebay	62%	100%	90%	Works progressing well.
4	Procurement of Turbines and other electrical mechanical equipment.	18%	100%	100%	All procurement completed. Equipment in stores in Uganda only awaits civil works completion.
5	Penstock	4%	100%	5%	Penstock pipes in storage. Await civil works
6	Power House	4%	100%	90%	Civil works completed awaits finishings. Turbine in place but not installed

					awaits penstock
7	Transmission and distribution lines	3%	100%	3%	Surveys complete and all project land acquired.
	Total	100%	100%	80%	Behind schedule

Challenges to Bwindi HEP Implementation

1. The major challenge to this project is that the contractors are not skilled in HEP dam construction. This is a first time project. It has therefore required a lot of close supervision by GTZ.
2. Furthermore due to the location of the project in an environmentally sensitive area, it has required using of minimal mechanization. This has slowed the project immensely.

3.3.7 Ishasha Hydro Power Project

Background

Ishasha Small Hydro Power Project is a renewable Energy Project located on River Ishasha in Kanungu district. The scheme is a run off the river project planned to generate 5.8MW of electricity to the Kanugu and Kahoma grid. The project will also construct 7KM of 33KV transmission line which shall feed the HEP generated electricity to the Kanugu grid. The project consists of a dam (reservoir dam) across the river, a 1.5 Km power canal along the contour, a 100 meter drop penstock and a generation power house. It includes some infrastructure such as offices, housing estate for staff and a 2.1km project access road network. The project aims to increase the level of electrification in Kanungu. Rukungiri and Kabale districts and thus accelerate the economic development in the area. It is hoped that the investment will encourage rural development by energising rural enterprise and the service sector. It is intended to reduce the areas dependence on biomass energy and thus reduce environment degradation.

Field Findings

At the time of report, all procurement and works were under way and progressing simultaneously. Works was proceeding and only slightly behind schedule (one month behind schedule). The works so far executed was approximately 40%. There are five sections of the civil works. The access road network, dam (reservoir), power channel, penstock and the power house, infrastructure. (***See table 3.3.4below***).

Table 3.3.4: Progress of Ishasha small hydro power project as at September 2009

No	Planned Activity	Works Description	Percentage of Total Works	Annual Target	Actual
1	Preliminary Surveys and land acquisition	Survey of project land and aquistion of project land for HEP power station.	5	100	60
2	Procurements of Hydro-mechanics	Specifications, tendering and shipping of turbines, penstock, gates and values.	10	100	50
3	Power House	Construction works of power house and tail race.	10	10	1%
5	Penstock	Installation and civil works	20	20%	2%
6	Cannal and Head Race (Cannal)	Excavation, blasting, construction of concrete walls	30	70%	10%
7	Dam (reservoir)	Construction works	10	70	2%.
8	Transmission lines	7KMs of 33KV transmission line.	1%	0	0%
9	Infrastructure	Project access roads and housing estate.	1%	100%	70%
10	Auxillary works.	Grass and tree planting etc	0.5%	0%	05%
	Total		***100%***	***65%***	***40%***

Penstock Anchors at Ishasha HEP

Challenges

1. There have been a number of thefts of project construction material especially cement and fuel. Most of the thefts are from employees of the company and community.
2. Stone for aggregates in not available locally and has to be purchased from Kasese and Mbarara a distance of over 130kms away. This is expensive and is prone to price escalations due to unstable fuel prices.
3. Heavy rains had began and they disrupt construction works and distabilise the soils. Due to excavation works there are landslides and stones can harm workers.

Recommendations

1. Eco Power and NEMA should ensure that theenvironmnet and social mitigation programme is followed and labourers and environment are protected.
2. Eco Power, Police and the subcounty Local Government should work together to improve the site security.

3.3.8 Progress on Buseruka Dam Construction

Background

Buseruka Hydro Power Project is a renewable energy project located on River Wambabya in Buseruka Subcounty, Hoima district. The scheme is a run off the river project planned to generate 9MW of electricity. 8 MW of which be fed onto the main grid along a 46km, 33KV transmission line. An independent network shall be established along the transmission line and fed 1MW of the generated energy.

Construction works began in March 2008 and the plant is scheduled to be commissioned in January 2010. Hydromax has sub-contracted five contractors to execute the work. All contractors have commenced work, and works are running concurrently. By June 2009, 16% of the total project was completed, instead of 15% project and was a month behind schedule. Hydromax was yet to reach financial closure with its financers.

Field Findings

The works on the HEP station are on-going see table 3.3.5 below. To date 50% of the works are completed so they are still behind schedule by at least 3 months. Hydromax however have implemented an action plan to ensure they get back on schedule and commission in January 2010 as planned. They have hired more labourers so that they can have two teams that work two shifts and work 24 hours a day. All the excavation works have concurrently been undertaken and are now 80% completed. This was the area of major challenge because a lot more rock than was anticipated was encountered.

The company reached financial closure with its financers during the month of September 2009. This it is anticipated shall enable works to improve tremendously.

Table 3.3.5: Progress on Buseruka HEP, as at September 2009

No	Planned Activity	Works Description	Actual works done By June 09	Actual Works Done By Sept 09
1	Procurements of Hydro-mechanics	Specifications, tendering and shipping of turbines, penstock, gates and values.	50%	70%
2	Power House	Construction works	10%	30%
3	Penstock	Assembling and Installation	20%	70%
4	Head Race (Channel)	Blasting of channel path and construction of concrete channel walls	20%	70%
5	Dam (reservoir)	Excavation and Construction works	40%	45%
6	Infrastructure.	Housing estates and roads	20%	70%
	Total		**10%**	**50%**


River Diversion and batching plant at Buseruka HEP

Construction works at Forebay and Penstock pipes at Buseruka HEP.

Challenges

1. The main challenge faced is that a lot more rock than anticipated has been encountered. This has necessitated more rock blasting and clearing. This is costly and time consuming therefore has led to time and cost overruns.
2. VAT issues with URA are yet to be resolved. Hydromax appealed to MFPED to intervene but received no favourable response. They are therefore appealing again.
3. The company has a commissioning due date of January 2010. They are however grossly behind schedule. Gauging from progress seen during this field trip it is highly unlikely that it will be commissioned in January 2010.
4. To date UETCL has not commenced construction of the 132KV line to evacuate power from Buseruka to the main grid. If Buseruka completes construction of the HEP by January 2010, as planned, there will be no means to evacuate the power to the main grid. UETCL will therefore be penalized.

Recommendations

1. There is need for close supervision of Buseruka HEP construction by MEMD and REA to ensure that the dam is completed on time.
2. There is need for high level talks with MFPED, URA and Hydromax to resolve tax issues.
3. UETCL should expedite the construction of the 132KV line to evacuate power from Buseruka line.

3.3.9 Energy Saving Institutional Stoves in Prisons

Background

The Uganda Prisons Service (UPS) stove project began in 2006 and was implemented as a pilot joint venture between MEMD/GTZ and UPS for the following objectives:

- To increase efficiency in firewood use in the institutions and to reduce environmental degradation through the adoption and optimum utilisation of the firewood institutional rocket stoves.
- To improve the working conditions of the kitchen staffs that were initially exposed to the hazardous smoke and intense heat emission from the traditional 3-stone stoves.
- To enable the institutions to prepare and serve meals on time.
- Equip UPS with the technical capacity/skills for subsequent maintenance of the firewood saving institutional rocket stoves and further construction of firewood saving stoves in the various institutions.

Field Findings

The program disseminated 6 institutional energy saving stoves to Luzira and Mukono Prisons, with each receiving 3 stoves. The recipient institutions were found to be utilising the stoves. The stoves have proved to be relevant and efficient to the institutions. They have met most of the above mentioned objectives. They use 50% less firewood and cook very fast. They save cooking time by 60%. There is also less smoke and they are clean compared to the traditional three stones.

Box 1: Views on Stoves from Prison Staff in Mukono and Luzira Prisons

"Before we got the stoves, we were using about 2 Lorries per week but now we use one lorry per week"

"Before these stoves, we were using one lorry but now we are using one small tipper"

"Water is boiled very fast. The timing is perfect"

"Now we are able to keep the kitchen environment clean"

Challenge

The stoves constructed in Luzira and Mukono prison were some of the pilot stoves constructed. They were poorly constructed and have already begun disintegrating. The contract for the construction of the stove was terminated (not fully paid) due to poor workmanship and the works retendered. The disintergration of the stoves has led to the institutions not achieving utmost benefits from the stoves. In Luzira Prison, out of the three stoves constructed, only one is functional. In Kauga Prison, Mukono, there are cracks on the stoves. The prison staff do not have the technical capacity to repair them.

Recommendations

1. Improved institutional energy saving stoves should be rolled out to all UPS prisons nationwide. GoU and other development partners should participate in the national roll out.

2. Repairing the energy saving stoves is very critical. MEMD/GTZ should expedite the retendering of the construction of the stoves.
3. Energy saving stoves should be allocated to UPS after a thorough needs assessment and not arbitrary. In both Luzira and Mukono there is need to provide more energy saving stoves. Currently the number availed by MEMD are insufficient for the inmates cooking requirements.
4. MEMD, LGs and NEMA should continuously monitor beneficiary institutions and sensitise them on proper use of the stoves.
5. MEMD should constantly re-train trainers and new trainers to enable dissemination of new techniques learnt in the field. These forums shall also enable cross-fertilisation of ideas and techniques.
6. MEMD should ensure that contracts bind the contractors to build the capacity of staff, students and inmates of the institutions so that they can repair the stoves. The heads of these institutions should ensure that those trained complete the training period and put their newly acquired skills to use soon after the training.

3.3.10 Kinyara Sugar Limited Cogeneration

Background to Kinyara Cogeneration

Kinyara Sugar Limited (KSL) is located 20kms from Masindi town. KSL's main product is sugar of which it produces over 60,000 tonnes per year. The major raw material for sugar production is sugar cane. The fibrous residue left after the sugar cane is crushed is known as 'bagasse'. Previously this bagasse was taken to the sugarcane fields to be burned or used as fertilizer or as animal feeds. The factory produces over 1200 tonnes of bagasse daily.

The new management inherited two, 1MW electrical generators, which are utilized for its own operations, machinery operations, street lighting and staff housing. In the 2007 the factory purchased a 7.5 MW electrical generator to boost its electrical generation. This was however beyond its own 4MW requirement. Kinyara Suga Works (KSW) therefore engaged UETCL and UMEME to purchase its excess supply. However UETCL only desired to purchase 2MW for the towns of Hoima and Masindi.

Field Findings

KSL has three electrical power generators with a total installed capacity of 9.5 MW. It utilizes 4MW for its own operation and exports between 1.5MW and 2 MW to an "Island grid" consisting of Hoima and Masindi towns. With its current equipment it can export up to 4MW. It is however limited to exporting 2MW because of the low consumption rate of the 'Island grid". Supply to the grid began March 2009 and since then KSL has supplied 3909 MW to the grid. KSL however is yet to be paid by UMEME and UETCL for its power generation. This is because it has not yet signed a Power Purchase Agreement (PPA).

KSL has a lot of bagasse that is wasted and anticipates with improved electrical mechanical equipment it can produce up to 30MW of power. Therefore supply to the grid 22MW to 23MW. At the current electricity tarrifs offered by UETCL for power generation, if KSL supplied the main grid with 23MW of electrical power, power generation will supersede sugar production in income generation for KSL. However before KSL can invest in increased power generation it needs to sign a PPA with UETCL. It also needs to be able to supply its power to the main grid and not to an island grid. This will require a 132KV line.

UETCL was supposed to have constructed a 132KV line from Kafu, through to Nkenda in 2008/9. To date works on this line have not commenced.

Electromechanical equipment in Kinyara Sugar Limited

Challenges to the Kinyara Cogeneration

1. KSL claim that they are able to provide the main grid with up to 22MW. KSL however, are concerned that this is too much power for the island grid. They would need a 132KV line to feed onto the main grid.

2. KSL power line frequently trips. This is attributed to failure to synchronise with UETCL transformer. This is despite having paid UETCL to upgrade transformer and the transmission lines so that they would rhyme with the voltage of KSL's plant. UETCL claims that KSL power supply is unstable. In a day KSL dispatch electricity at fluctuating levels ranging from 1.2MW to 2.50MW averaging 2MW yet their agreement stipulates that they are to dispatch a constant 2MW. The fluctuating dispatch makes system planning by UETCL difficult.

3. KSL and UETCL or UMEME are yet to sign a Power Purchase agreement. KSL has supplied power since March but to date has not been paid because there is no contract.

4. The MEMD energy workplan indicates that a 132 KV line from Kafu, through Hoima to Nkenda to evacuate power from Buseruka and Kinyara to the main grid should have commenced in 2008/9. The line is yet to commence.

Recommendations

1. KSL should be encouraged to increase its power generation. The power should be evacuated to the main grid and not the 'island' grid. UETCL should expedite the construction of the 132KV line from Kafu to Nkenda, in order to evacuate power from KSL to the main grid. KSL, UETCL, UMEME, rural electrification authority (REA) and ERA should hold discussions on increased dispatch from KSL since bagasse energy is cheaper than thermal. There is need for UETCL and KSL to sign a PPA, for transparency in electricity generation and purchase.
2. There is need for coordinated strategic planning by UETCL to ensure that power evacuation transmission lines are constructed in synch with power generation projects.
3. KSL should be penalised for dispatch fluctuations whenever they happen.
4. KSL, NEMA and MEMD should carry out an Energy Audit to determine ways in which KSL can save on factory electricity use and have more available to supply the main grid.

3.3.11 ERT1 Gasifyer projects in Kyambogo, Buddo and Nyabyeya.

Background

The Ministry of Energy, under the ERT1 programme planned to install biomass gasifiers in three government institutions: Kyambogo University; Kings College Buddo and Nyabyeya Forestry College. The works consist of construction of the housing shelter for the gasifyer and installation of a gasifyer plant. The objective of the project was to reduce energy consumption by at least 30%, and to reduce environmental degradation.

Field Findings.

The three gasifiers are biomass (firewood) fed and are of varying installed capacities. They also serve other purposes in each institution. In Kings College Buddo, the gasifier has an installed capacity of 25,000 kcal/hr, it is to be used for cooking purposes. In Kyambogo University the installed capacity is 10KW, it is to be used by the Mechanical Engineering and Production Department for welding and as a teaching aid. In Nyabyeya two units will be installed with 100KW and 50KW capacities respectively. They are to be used for generating electricity for the college and three neighbouring towns.

The gasifiers were purchased from Ankur Scientific Technologies of India. The contract included purchase and installations of electrical mechanical equipment. The electrical mechanical components were purchased and delivered in November 2007 to the three sites.

Since the shelters were not yet completed the equipment was handed over to the institutions to store until such a time as the shelters were ready for the installation. Contacts for civil works were awarded in January 2009 to two companies Uganda Kwegata Construction Company and

Eureka Contractors Limited. Civil works commenced in February 2009. It was anticipated that works would be commissioned in September 2009.

The gasifiers were at various stages of completion. In Kyambogo University civil works and installation of gasifierwere 90% complete awaiting electrical installation, clearing the site of construction debris and painting. In Buddo the civil works were 70% complete awaiting building of pedestal stands, clearing site of construction debris, painting and electrical installation. In Nyabyeya the civil works were 70% complete awaiting construction of upper walls, doors and vents.

By the time of the monitoring visit none of the gasifyers were functional, and were behind schedule by over 30 months.

This technology is much cheaper to install (per KW produced) quicker to install (6 months on average), and more versatile (can be installed at any site) than hydro electricity. It is however not as clean (pollutes air) and requires very cautious management of firewood. In the case of Buddo the school was already using firewood to cook in an efficient manner. In Nyabyeya the plant uses waste material from the saw-mill, which is in abundant supply.

Gasifyers in Kyambogo and Nyabyeya

Challenges

1. This project was behind schedule mainly due to procurement issues stemming from inexperience in this new technology. Furthermore, the first contract issued was terminated because the bidder presented a forged bank guarantee. The second contract issued contracted Ankur Scientific Technologies (India) for all the works for both civil works and electrical installations. This was rejected on the grounds that it did not build local capacities. It was agreed that the contract be split into electrical installations and civil works. All the electrical installations were awarded to Ankur and the civil works to local construction firms. Ankur was to provide the civil works design specifications to ensure they were compatible with the electrical installations.

2. The equipment was delivered to the three sites 2 years before the shelters were completed. The institutions were therefore given the burden of safe custody of the equipment until such a time as the shelters were completed. In the case of Nyabyeya some parts have been declared missing. It is now difficult to establish when and where the parts were lost.

3. In the case of Nyabyeya upon completion of civil works, the electrical mechanical contractors claimed that the buildings were not compatible with the electrical mechanical fittings. The building was too small and did not conform to the specifications that were issued. Therefore the electrical mechanical equipment would not fit into the building.

4. In the case of Kings College Buddo. The gasifier equipment requires 3 phase electricity to enable motors to operate. It requires a standby generator in case of power outage. The requirement for electricity raises the managements concern over electricity bills. Futhermore at present there is only one fire point. This requires that only one dish at a time is cooked.

Recommendations

1. Contracts of such a nature with a civil works and electrical components should be awarded in lumpsum and not piecemeal. This will avert delays arising from disputes between the two sets of contractors.
2. The shelter at Nyabyeya should be enlarged to accommodate the gasifier and ensure conformity with the specifications. The shelter should be completed as soon as possible to protect the equipment from elements of weather and vandalism. Since the contractor did not follow the design specifications handed to them by the Ministry of Energy, they should be penalized.
3. There is need to ensure that staff of the institutions are trained in the operations and maintenance of these gasifyers.
4. There is need for a cost benefit analysis of these gasifyers although their main source of energy is firewood. They require some diesel to start and electricity to chop the wood and run motors. Diesel and electricity are not only expensive but their supply is also eratic especially in upcountry stations.

3.4 HEALTH

3.4.1 Introduction

The Budget Monitoring and Accountability Unit (BMAU) monitored the performance of the National Medical Stores (NMS), the implementation of the District Infrastructure Support Programme (DISP) and Primary Health Care grants to 15 districts. Under DISP, the team monitored the rehabilitation of Tororo, Bududa and Masafu General Hospitals. Under Primary Health Care (PHC), the team monitored purchase of PHC drugs and expenditure of capital development grants in the following districts: Masaka, Rakai, Lyantonde, Kiruhura, Mityana, Mubende, Hoima, Buliisa, Bududa, Kapchorwa, Bukwo, Pallisa, Tororo, Busia, Bugiri and Kumi. The monitoring focused on activities financed last FY whose implementation rolled over into FY 09/10 save for NMS. At the NMS the monitoring focused on understanding existing capacity to operate as a vote that will be managing 70% of the total public funding for medicines.

3.4.2 National Medical Stores

NMS is an autonomous public corporation established by the National Medical Stores Statute, Statute No. 12 of 1993. The statute mandated NMS to procure, store and distribute pharmaceutical products to health facilities in the public sector in Uganda. Starting FY 09/10, NMS was granted vote status (Vote 116) and was in the draft estimates allocated UShs 7.69 billion for the procurement and distribution of medicines. For the quarter ended September 2009, NMS was allocated UShs 1.85 billion as vote on account. The funds were however not received by the entity during the period following an error on the bank account that was opened at the Bank of Uganda. By the time of the monitoring visit on 8 October 2009, the anomaly had been brought to the attention of the Accountant General and correcting of the account name was in advanced stages.

NMS was however able to supply drugs to hospitals using own resources. The institution supplied drugs worth UShs 125,850,571to Butabika National Referral Hospital and drugs worth UShs 856,664,522.94 to Mulago National Referral Hospital. No drugs were distributed to health facilities and general hospitals during the quarter owing to the limited finances allocated and unintended not received by NMS.

Under the approved estimates, Parliament ruled that 70% of drugs allocated to the health sector should be disbursed through the National Medical Stores. Consequently, NMS' budget was increased from UShs 7.69 billion in the draft estimates to a total of UShs 75.7 billion. Only 30% (approximately UShs 34 billion) of the national medicines budget will be disbursed directly to hospitals and health facilities to take into account potential supply delays by the National Medical Stores.

Challenges to drug procurement and distribution

Debt owed by the MoH: Prior to FY 09/10, NMS had a memorandum of understanding with the MoH under which, the ministry would order NMS to supply drugs to health facilities following which they would invoice for payment. Over the years, there has been an accumulation of debt. A total of UShs 1,213,388,252 was incurred between November 2006 and March 2008 and US$ 113,775 was incurred between February 2008 and November 2008. Such debts affect the ability of NMS to hold adequate stock.

Counterpart funding for the credit line drugs: It was reported that the issue of which institution should receive the counterpart funding from DANIDA under the credit line for essential medicines program has not been resolved. The MoH proposes that whereas GOU funding to the credit-line is to be received by NMS, DANIDA’s funds should be managed by MoH. NMS has rejected this proposition and insists that all funds should be managed under a single account for consistency and ease of accountability. It is important that a way forward is charted and the impasse resolved.

Forging of proforma invoices by health facilities: There were cases where District Health Officers have altered documents to make sure that less drugs are procured from NMS. During the monitoring visit, a specific case was noted where the District Health Officer of Ntungamo District made an order of drugs worth UShs 77 million. A proforma invoice was supplied for drugs worth approximately UShs 72 million with only drugs worth UShs 5 million not available—against which a certificate of non availability was supplied. The DHO took the initiative to alter the proforma invoice authored by the NMS and resubmitted a proforma that indicated that only drugs worth 44 million were available with drugs worth UShs 33 million not available. The case has been handed over to the Police for further investigation. There could be many reasons for this practice. One possible one is that the DHO preferred to procure less drugs from NMS and use the balance of funds to either procure drugs from a private pharmacy and possibly over invoice. Secondly since two invoices were available, it could be possible to create an impression that drugs worth UShs 77 million had been actually bought. It was learnt that with the increasing stock levels in NMS such cases are on the increase.

Ordering and distribution of drugs: Counter accusations between NMS and health facilities have continued each accusing the other of lacking capacity to perform its role. From the discussions with the NMS it was reported that stock levels have over the last one year substantially improved. The challenge has however been the lack of adequate staff at health facility level to quantify medicine requirements and to prepare and submit orders on time. Health centres are required to submit their orders to HCIVs which aggregate requirements for a Health Sub District

(HSD) and submit to the District Health Office where a district order is prepared and submitted to NMS. According to NMS, quite often the orders submitted are incomplete—with health centres that have not submitted orders or those that submit after the district order has been submitted to NMS. NMS has a schedule of distribution per region and once orders of some districts or health centres are not submitted—they are skipped during distribution.

The NMS delivers drugs to district drug stores. It has emerged that some districts lack capacity and others are simply reluctant to distribute drugs on time to all health facilities. For example during a recent review of drug distribution by NMS, Soroti District had by July 2009 not distributed drugs delivered for the months of March, April, May and June 2009. The above developments are the basis of counter accusations between health facilities and NMS. From the monitoring visits in Districts and health facilities, we noted growing consensus that there has been improvement in the performance of NMS over the last one year.

3.4.3 District Infrastructure Support Program

The District Infrastructure Support Programme is a Government of Uganda infrastructure development programme in the health sector focusing on the rehabilitation, provision of ambulances and medical equipment to General Hospitals. The Programme started in FY 03/04 and is currently ongoing. Between FY 07/08 todate, rehabilitation works have been ongoing for the following General Hospitals: Nakaseke, Abim, Nebbi, Moyo, Masafu, Kambuga, Itojo, Rushere, Bududa and Tororo. The above contracts have rolled over the last three FYs due to limited funding and most importantly, the delayed payments to contractors by the MoH.

During the third week of September 2009, monitoring was done of 3 (out of the 10) hospitals where rehabilitation is ongoing namely: Bududa, Tororo and Masafu. All the scheduled works were behind schedule as reported below. These findings were collaborated with discussions held with staff at the Engineering Division of MoH.

Rehabilitation of Bududa Hospital

During FY 08/09, the MoH planned to rehabilitate the male and female wards at Bududa Hospital. The contract for the renovation of the above facilities was awarded to Lubmarks Construction Company and works commenced in November 2008. The contractor worked for a period of 6 months and works stalled between April 2009 todate due to delayed payments. Renovations were partially carried out on the female war while renovation of the male ward had not been undertaken by the time of the monitoring visit.

Female ward under

To pave way for the renovation, patients were shifted to an old building without proper sanitary facilities and this has continued to be an inconvenience. It had been anticipated that renovation would take only a few months following which patients would reoccupy the then renovated wards.

Rehabilitation of Tororo Hospital

Under the District Infrastructure Support Program, the Ministry of Health undertook to renovate the old Outpatient Department and convert it into an administrative block; paving the parking lot and the drive way to the new OPD constructed by Japanese Agency for International Development (JICA) under the Rehabilitation of health facilities in Eastern Uganda Project. The contract for the above works was awarded to Pancon Engineers Limited and works commenced in January 2009.

At the time of the monitoring visit during the third week of September 2009, the remodeling of the old OPD into an administrative block was nearing completion. The works undertaken included: replacing of the asbestos roof with iron sheets, replacing the soft board ceiling with wood; painting, plumbing and electrical installation. Plans were underway to pave the parking lot and drive way to the new OPD.

OPD remodeled into Administrative Building

Rehabilitation of Masafu Hospital

At Masafu Hospital the MoH planned to rehabilitate the male ward and to construct three semi detached (two in one) staff houses during FY 08/09. Procurement of these works was delayed until late into FY 08/09. The site was only handed over to the contractor for commencement of works during FY 09/10 on 15 July 2009. By the time of the monitoring visit on 23rd September 2009, excavation was on ongoing for the staff houses and remodeling of the male ward had just commenced with demolition of parts of the ward.

Male ward at Masafu *Excavation fot the staff houses*

Challenges to the implementation of the District Infrastructure Support Programme

Delayed payments: It was reported that most of the payment certificates submitted by Contractors between July 2008 to-date had not been paid. This has resulted into stalling of works at most of 10 hospitals where rehabilitation work has been ongoing during the last 3 FYs. Associated with this has been the incessant extension of contracts and letters of credit along with the associated increase in costs arising from: interest charged by the contractors and the rising costs of construction materials. The main reason for the delay of payments has been an internal misunderstanding within the MoH—where the internal audit department insists that payments to contractors should be preceded by inspection of works done by the MoWT or its representatives. It should be noted that the Infrastructure Division is responsible for procurement planning for the rehabilitation works under DISP, preparation of bidding documents and supervision of contracts. During the last over one year of the above impasse—no effort has been made to either get into a memorandum of understanding with the MoWT (District Engineers), or to seek authorization from the MoWT to allow the Engineering Division of the MoH to certify the payment certificates. There is need for a quick and immediate solution to this impasse.

Under funding: It was reported by the Infrastructure Division that due to uncertainty about financing—the Division usually contract out services towards the end of a FY when they are certain of how much funds have been disbursed by the MoFPED. This practice explains why most of the projects earmarked for implementation in FY 08/09 actually begun late within the FY or early the following FY 09/10. Whereas less funds could have been disbursed by the MoFPED than was committed over the last two years, it could also be true that there have been internal delays within the MoH to make available funds disbursed for the DISP early enough to enable procurements to start on time. Secondly, many works were embarked on than could be completed within the available resources. In addition the delays to procure contractors and to pay for work done have resulted into extensions of contracts and consequently increases in the cost of project implementation.

3.4.4 Primary Health Care Grants

MASAKA DISTRICT

The district received UShs 687,812,000 for non wage expenditure and UShs 151,205,000 for capital development during FY 08/09. During FY 08/09 the district planned to undertake the following capital development activities: construction of staff houses at Lwengo HCIV (UShs 34,788,028), construction of staff house at Nabutongwa HC II (31,900,000), construction of OPD at Kinoni HC III (UShs 29,002,512); and completion of maternity ward at Katovu HCIII (41,900,000).

At the time of the monitoring visit in the first week of September 2009, construction of the general ward at Katovu HCIII, the staff house at Lwengo HCIV and Kiyumba HCII had been completed during the FY 08/09. Construction of the two in one staff house at Nabutongwa had been roofed while the OPD at Kinoni HCIII was at wall plate level. The quality of work at Lwengo HCIV and Nabutongwa HCII were satisfactory while construction of the OPD at Kinoni was poor. Cracks were evident in a structure that had been constructed in less than 6 months.

By 30 June 2009, the district had spent UShs 65,522,891 (43%) out of the UShs 151,205,000 disbursed to the district during FY 08/09. The breakdown is as follows: SMM General Services was paid UShs 37,710,000 for the construction of the general ward at Katovu HCIII, Litho Enterprises was paid UShs 4,086,196 as retention fees for the construction of Kiragga Health Centre. A total of UShs 22,225,523 was paid to P&D Traders and Contractors for the construction of staff house at Lengo HCIV. The outstanding commitments for works initiated during FY 08/09 was UShs 106,131,905. The district retained UShs 85,682,109 and was awaiting authorization to spend the funds from MoFPED. The physical progress of works at health facilities is shown below:

Staff house at Lwengo HCIV

OPD at Kinoni HCIII

Staff House at Nabutongwa HC II

Under the non recurrent expenditure, the district received UShs 361,974,052 for procurement of drugs out of which drugs worth UShs 344,138,649 was procured corresponding to a utilization level of 95%.

During FY 2009/10 the district plans to undertake the following activities: completion of OPD at Kinoni HCIII at a cost of UShs 68,000,000, completion of staff house at Nabutongwa HCII at a cost of UShs 23,000,000, and rehabilitation of the maternity ward at Kalungu HCIII at a cost of UShs 95,000,000.

Challenges in implementing PHC activities in the district

- *Shortage of medical equipment:* the DHO reported a shortage of medical equipment at health facilities. He noted that there has been a reduction in funding for medical equipment over the years especially following the withdrawal of support by UNICEF. For FY 08/09 the shortage of medical equipment at health facilities was attributed to the re-allocation of funds earlier appropriated for procurement of medical equipment to payment of allowances to health workers. In FY 09/10, Government has allocated funds for procurement of medical equipment.

- *Staffing:* staffing levels are estimated at only 34% of the establishment—a situation that has made delivery of health services difficult.

- *Poor infrastructure:* There are several old Health Centers within the district that hat have never been renovated since they were constructed in the 1930s for example Kalungu HCIII, Bukeli HCIII and Kitanda HCIII. There are facilities at different health facilities that have broken down due to lack of funds to repair them. For example at Kinoni HCIII, the former in-patient ward leaks and as a result no more admissions are made. All patients requiring hospitalization are referred to Masaka Regional Referral Hospital.

RAKAI DISTRICT

The district received UShs 397,468,000 for non wage recurrent expenditure and UShs 214,266,000 for capital development during FY 08/09. The district planned to undertake the following capital development activities: construction of an OPD at Bbaka HCII and construction of a maternity ward at Kalisizo Hospital.

At the time of the visit in the first week of September 2009, construction of the OPD at Bbaka HCII had been completed and was in use. The Contractor had been paid a total of UShs 35,334,395 against a contract sum of UShs 37,194,000. Construction of the maternity ward by Solumu Contractors started as late as June 2009 and was at foundation level. The contractor had been paid an advance of UShs 11,417,200 (10%) against a contract sum of UShs 114,172,000. The quality of work was poor at Bbaka HCIV—with doors that do not lock and a cracked verandah—within months of completion. The monitoring team communicated to the District Health Officer (DHO) and are hopeful that the defects identified at the newly constructed OPD at Bbaka HCII will be rectified.

OPD at Bbaka HCII

Maternity ward at Kalisizo Hospital

Under PHC non wage, the district procured drugs worth UShs 140,455,176 during FY 08/09 corresponding to a utilization level of 70.7%.

Challenges to the implementation of PHC activities in the district

- ***Late disbursements:*** There were excessive internal delays to transfer PHC funds from the District Account to the health department account. It was established that the Health Department received a total of UShs 137,447,000 (64%) of the total PHC funds released to the district (UShs 214,266,000) on 30 June 2009. On the same date, a request for permission to retain the funds was submitted to the MoFPED. The perception of the health department was that finance released the funds late which in actual sense was not the case. By the time of the visit during the first week of September 2009, the MoFPED had not yet approved expenditure of the above funds. This partly explains the delays to procure capital development works in the district during FY 08/09.

- *Under funding:* Kalisizo Hospital has been receiving UShs 225,000,000 for the last 7 years. In the wake of inflation and increasing patient numbers the funds are increasingly inadequate to manage the hospital. Equally so the staff numbers have increased from 80 staff members in 2002 to 150 to-date. The DHO noted that there had not been a substantial increase in the PHC grant allocations to the district over the last 8 years. Owing to the rise in the population and inflation it has become difficult to efficiently provide Primary Health Care services to the public.

- *Maintenance of transport fleet:* The PHC allocation for maintenance of vehicles and motor cycles is too low to enable the district repair its fleet. For instance the ambulance at Kalisizo Hospital is not in use due to failure for the district to mobilize funds for repairs. The motor cycles at HC IIIs are over 8 years old, regularly breakdown and have turned out to be very expensive to maintain.

- *Staff housing:* The district has a dire shortage of staff houses. At some Health Centre IIs, health workers reside within the Outpatient Departments. This was the case at Bbaka HCII and the team learnt that the practice is widespread within the district.

- *Bank accounts for HCIIs:* HCs are required to run own bank accounts. Whereas this was an initiative to improve accountability, there are high transaction costs associated. HC IIs have very few staff and yet loose substantial amounts of their time is lost tracing signatories as well as travelling to banks located in towns to withdraw funds.

LYANTONDE DISTRICT

The district received UShs 35,369,000 for capital development and UShs 133,086,000 for non wage recurrent expenditure for FY 08/09. The district planned to spend its capital development grant on the construction of Kabayanda HCII (Outpatient Department). The HCII is currently operating in rented premises and are expected to shift on completion of the OPD. At the time of the monitoring visit during the first week of September 2009, the OPD had been constructed up to roofing level as shown in the picture below. The contractor had been paid UShs 35,265,537. During FY 09/10, the district intends to undertake the following activities: completion of

Kabayanda HCII; installation of solar panels on to staff houses at selected health centres, and to procure an X-ray at Lyantonde Hospital.

OPD at Kabayanda HCII

Under non wage recurrent expenditure, the district procured drugs worth UShs 66,206,785 in FY08/09 which corresponds to a 99.5% utilization level of the funds allocated for drugs.

Challenges to the implementation of PHC activities in the district

Limited funding: The DHO's office was allocated only UShs 7 million for FY 08/09 which was far inadequate to run the office; supervise health facilities and carry out health promotion campaigns. Similarly there has not been substantial increase in PHC funds allocated over the years yet the costs of health care provision are on the rise.

Inadequate transport facilities: The DHO's office has one vehicle which doubles as an administrative vehicle and as an ambulance.

Medical equipment: Based on the fact that during FY 08/09, no medical equipment were procured for health facilities, the district experienced a severe shortage of medical equipment.

Staffing levels: Staffing levels stand at 50% of the staff establishment. The district has only three doctors. The District Council approved a top up allowance of UShs 200,000 but it has still remained difficult to retain Doctors in the district. District Service Commission has no funds to run adverts and to hold interviews. Departments are requested to find funds to run adverts which strain the limited allocations.

KIRIHURA DISTRICT

The district received UShs 251,052,000 for non wage recurrent expenditure and UShs 53,054,000 for capital development during FY 08/09. The district planned to undertake the following capital development activities: installation of solar panels at the DHO's office and construction of a two in one staff house at Kazo HCIV. The solar panels were installed at the DHO's office. Construction of the staff house at Kazo HCIV commenced in May 2009 and had been completed by the time of the visit during the first week of September 2009. The district spent UShs 30,733,964 on capital development out of the UShs 53,054,000 that was disbursed.

Staff house at Kazo HCIV

Under PHC non wage, the district procured drugs worth UShs 116,061,343 for Nyabusozi and Kazo HCIVs corresponding to a utilization level of 108%.

Challenges to the implementation of PHC activities in the district

Infrastructure: The district continues to experience a shortage of staff housing. Cases where health workers reside within health facilities were reported. Most of the health facilities in the district do not have access to electricity. It was reported that only 3 out of the 36 health centres in the district have access to power (solar/hydro electricity).

Staffing levels: Staffing levels are estimated at only 32% of the establishment. Attraction and retention of staff has been very poor partly due to remoteness.

Medical equipment: Health facilities have limited stock of medical equipment.

MITYANA DISTRICT

The district received UShs 277,500,000 for non wage recurrent expenditure and UShs 35,369,000 for capital development for FY 08/09. The district planned to spend its capital development grant on: construction of a staff house, pit latrine, water tank and fencing of Namungo HCII. At the time of the monitoring visit in the second week of September 2009, the staff house had been roofed but works had stalled. At the end of the FY 08/09, the contractor had been paid UShs 11 million. A total of UShs 24 million was retained by the District and was pending authorization by MoFPED to spend the funds. Approval to spend the funds had not been received by 7 September 2009.

Staff house at Namungo HC II

Under the non wage recurrent expenditure, the district had procured drugs worth UShs 98,411,354 which corresponds to a utilization level of 70.9%.

Challenges to the implementation of PHC activities in the

district

Staffing: Staffing levels are estimated at 35% of the establishment. The few health workers in the district are as a result overworked. Similarly due to budget constraints—there is limited promotion of staff resulting into demoralization.

Staff houses: There are few staff units that are far inadequate for the staff population. Several of the existing staff houses are in dire need of rehabilitation. For instance staff houses at Mityana Hospital have not been renovated for over 20 years.

Inadequate funding: the District Hospital has been receiving a constant budget of UShs 283,000,000 for a period of over 5 years. This has continued in the midst of a fast growing population and rising inflation.

Land disputes: The land for Mityana Hospital and other health centres is being encroached upon. Most of the land is not surveyed and titled. For example the Leprosy centre had a total of 100 acres. On surveying the land, over 60 acres had been encroached upon. The District hospital managed to survey only 40 titles and titling was ongoing at the time of the visit.

MUBENDE DISTRICT

The district received UShs 366,669,000 for non wage recurrent expenditure and UShs 97,266,000 for capital development for FY 08/09. The district planned to construct a staff house at Kibalinga HCIII and an OPD at Kiganda HCIV. By the time of the monitoring visit during the second week of September 2009, construction of the two in one staff house at Kibalinga HCIII had been completed. Kiyinda Carpentry Workshop—the contractor had been paid UShs 20,253,440 out of a contract sum of UShs 45,000,000. Construction of the OPD at Kiganda HCIV was at roofing stage and the contractor had been paid UShs 23,000,000. The district had carried forward a total of UShs 53,000,000 into FY 09/10. At the time of the monitoring visit , the district had not yet received approval by the MoFPED to spend the funds retained from FY 08/09. Works had stalled at Kiganda HCIV as the contractor was awaiting payment of additional funds. The quality of work for both facilities was commendable.

Staff house at Kibalinga HCIV

Maternity ward out of use at Kibalinga HCIV

Maternity ward at Kiganda HCIV

At Kibalinga HCIII, a maternity ward constructed in 2004 was not in use due to poor workmanship. The facility had degenerated with visible cracks. No funds had been allocated for repairs over the same period.

Under PHC non wage, the district had procured drugs worth UShs 98,411,354 during the FY 08/09 corresponding to a utilization level of only 53.6%.

HOIMA DISTRICT

The district received UShs 356,595,183 for PHC for non wage recurrent expenditure and UShs 70,334,500 for capital development during FY 08/09. The capital development grant was spent on the construction of an operating theatre and a Doctor's house at Kigorobya HCIV (UShs 80 million) as a means of upgrading the facility to a HCIV status.

At the time of the monitoring visit during the second week of September 2009, the theatre was nearing completion while the staff house was at roofing stage. The quality of work for the theatre was poor while construction of the doctor's house was commendable. Bakt trading company had been paid UShs 34 million for the construction of the Doctor's house at Kigorobya HCIII against a budget of UShs 40 million. A total of UShs 15 million had been spent on the construction of the theatre while UShs 4 million was paid out as retention fees for the construction of a water pump at Kikube HCII.

Theatre at Kigorobya HCIII

Staff house at Kigorobya HCIII

Maternity ward not in use

The maternity ward pictured on the right above was opened in 1992 but had not been repaired since its commissioning. There were eminent cracks in the building, broken doors and windows. Such an expensive facility was out of use due to poor maintenance. New facilities are being constructed at the health centre without maintaining existing facilities.

Under PHC non wage, the district procured drugs worth UShs 63,545,753 corresponding to a utilization level of only 35.6% of the funds allocated for medicines in FY 08/09.

Challenges to the implementation of PHC activities in the District

Procurement delays: Most works planned for FY 08/09 were carried forward into FY 09/10. The user department delayed to submit its requirements and consequently the procurement unit delayed to invite bids, evaluate and award contracts.

Staffing levels: Staffing levels have remained low in the district for several years. Several Health Centres are managed by Nursing Assistants.

BULISA DISTRICT

The district received UShs 136,580,000 for non wage recurrent expenditure and UShs 99,920,000 for capital development for FY 08/09. The district planned to spend its capital development grant on: construction of a Doctor's house and an OPD at Bulisa HCIV. At the time of the monitoring visit in Mid September 2009, construction of the Doctor's house had been roofed and internal works including plumbing, ceiling, and electrical works were ongoing. Little work was carried out on the OPD during the FY—most of the civil works were undertaken during FY 07/08. Out of the UShs 99,920,000 disbursed for capital development, UShs 90 million was spent on the construction of the Doctor's house.

OPD at Bulisa HCIV

Staff house at Bulisa HCIV

Under the non wage recurrent expenditure, the district procured drugs worth UShs 55,526473 corresponding to a utilization level of 81% of the allocation for FY 08/09.

During FY 09/10, the district plans to undertake the following activities: completion of the Doctor' house, staff house and OPD at Bulisa HCIV; construction of staff houses at Kihuja HCII and Butiaba HCII and construction of VIP latrines at Butiaba and Bulisa HCIV.

Challenges of implementing PHC activities in the District

Staff accommodation: the District is faced with a dire shortage of staff accommodation. For example at Bulisa HCIV, there are only 3 housing units for the 24 staff at this health centre.

Staffing levels: The theatre at Bulisa HCIV is non operational because the district has no Anesthesist and no Medical Officer to run the theatre. Similarly the entire district has only 3 midwives and only 10 nurses in the district.

Transport: The District Health Office does not have own vehicle. The Office often borrows vehicles from other departments to collect drugs from NMS and JMS and to carry out other administrative duties.

Population pressure: The district officials intimated that funds are allocated based on old population estimates of 70,000. Actual population is estimated to be over 100,000. This is partly attested to by the high turn up for the recently concluded polio immunization campaign where the district registered a turn up of 140%. The rapid growing population is attributed to: the influx of pastoralists, oil prospecting and immigrants from neighboring districts and the Democratic Republic of Congo.

PALLISA DISTRICT

The district received UShs 384,629,000 for recurrent expenditure and UShs 168,006,000 for capital development for FY 08/09. The district planned to undertake the following capital development works: construction of a staff house at Kanyumu HCII at UShs 37,487,326; construction of a staff house at Kaukura HCII at UShs 37,487,160 and construction of a staff house at Rwatama HCII at UShs 38,908,416. Other works carried forward from previous FY include: construction of 2 staff houses at Butebo HCIV; completion of OPD at Kachuru HCII; completion of OPD at Kamuge HCII and maternity ward at Kakoro HCIII.

At the time of the monitoring visit in mid September 2009, the staff house at Kaukura HCII whose construction started in April 2009 had been completed and was due for handover to the district. Namac Contractors had been paid UShs 20,313,478 against the contract sum of UShs 37,487,160 (54%). At Kanyum HCII, the staff house had been roofed and shuttered. Painting was ongoing but the quality of work was rather poor. The contractor (African Limited) had been paid UShs 16,709,000 out of the contract sum of UShs 37,487,326.

An OPD constructed in 06/07 at this facility had not been operationalised due to lack of staff accommodation. The community expressed disappointment and anxiety about the development. At Rwatama HCII, Falasiko Baluka had been paid UShs 18,130,090 for the construction of the staff house against a sum of UShs 38,908,416. The two staff houses at Butebo HCIV whose funding was carried forward from FY 07/08 had both been completed. The contractors were rectifying defects before the staff house could be handed over to the district.

Staff House at Kaukura HCII

Staff house at Kanyumu HCII

Staff house 1 at Butebo HCIV

Staff house 2 at Butebo HCIV

OPD at Kacuru HCII

OPD at Kakoro HCII

Challenges of implementing PHC activities in the District

1. *Flouting regulations:* Substantial delays have characterized procurement of works resulting from allegations of flouting procurement regulations. For instance in FY 08/09, procurement was delayed for 6 months following complaints to the PPDA that regulations had not been followed. Similarly the District Executive halted works at Kakoro HCII during FY 07/08 until the PPDA ruled on the case.
2. *Drug deliveries:* Drug requisition and delivery by NMS is characterized by delays. It was reported that the district ordered (and paid) for PHC drugs at NMS in May 2009 but these were received three months later in August 2009. It was further reported that certificates of non availability take long to be supplied which leaves the districts unable to source drugs (not available at NMS) from other suppliers.

BUKWO DISTRICT

The district received UShs 309,200,000 PHC capital development and UShs 129,431,000 for PHC non wage recurrent expenditure for FY 08/09. The district planned to construct a maternity ward at a sum of UShs 305,000,000 at Bukwo Hospital.

Maternity ward at Bukwo Hospital

At the time of the monitoring visit in the third week of September 2009, construction of the maternity ward was near completion with wiring, shuttering and painting ongoing. The Contractor—Daniel Wek & Co Ltd—had been paid a total of UShs 275,000,000 with only UShs 30 million pending completion of all scheduled works. For FY 09/10, the District plans to construct an OPD at Bukwo Hospital.

The District procured drugs worth UShs 65,028,500 during FY 08/09 corresponding to a utilisation rate of 100%.

Challenges to the implementation of PHC activities in the district

- *Health Infrastructure:* Of the 8 HCIIIs, only 2 have been constructed to meet the MoH standards. Most of the HCIIIs have no maternity units for example Kortek and

Kapkoloswa HCIIIs. Other facilities lack solar power and rely on kerosene lamps—which complicates attending to emergencies like deliveries at night.

- *Lack of medical equipment.* Health facilities in the district were reported to be experiencing an acute shortage of assorted medical equipment especially following the re-allocation of funds meant for equipment to the payment of health workers' allowances.

- *Staffing:* the staffing levels are estimated at 67% of the establishment half of which are support staff. The biggest challenge to the district has been failure to attract and retain health workers. At present the district has no substantive DHO, has only 2 Medical Doctors one of which is pursuing postgraduate studies, there are no laboratory technicians and have only 3 enrolled nurses against an establishment of 20.

- *Staff housing:* The district has only 15 staff housing units for a staff establishment of 120.
- *Lack of Hardship allowance:* The district is hard to live in and stay. Because of remoteness, the cost of service delivery and yet PHC allocations are not sensitive to distance from Kampala. No hardship allowance is allocated to the district.

KAPCHORWA DISTRICT

The district received UShs 175,548,000 for recurrent expenditure and UShs 106, 109,000 for capital development for FY 08/09. The district planned to spend its capital development grant for FY 08/09 on the construction of a maternity ward at Kaserem HCIII. Civil works started in late June 2009 and by the time of the monitoring visit during the third week of September 2009, the ward was at window level as shown in the picture below.

Maternity ward at Kaserem HCIII

Under the non-wage component, the district procured drugs worth UShs 87,774,000 corresponding to a utilization level of 100%. Most of the drugs were procured from National Medical Stores and Joint Medical Stores. Only drugs worth UShs 3 million were procured from a private pharmacy.

During FY 09/10 the district plans to carry out the following activities: completion of the maternity ward at Kaserem HCIII, construction of a staff house at Kyeptuya HCIII, partial contribution to the construction of a Doctor's House at Kapchorwa Hospital, renovation of the District Health Office, and renovation of a staff house at Gamogo HCII.

Challenges to the implementation of PHC activities in the district

- *Staffing:* Whereas staffing levels stand at 48% of the establishment, the district has a shortage of high cadre staff. The district has only one Medical Officer—the Medical

Superintendent of Kapchorwa General Hospital, three of his Medical Doctors having resigned last year alone. The District Health Officer has had to stop-gap by taking on patient diagnosis and treatment at Kapchorwa General Hospital. This has meant that the DHO has limited time to dedicate to health planning and administration in the district.

- *Procurement delays:* Construction of the maternity ward at Kaserem HCIII started as late as June 2009 due to protracted delays in procurement. It was further noted that the contractor lacks the capacity to complete work on time. The same contractor is running contracts for several other civil works contracts within other sectors in the district.

BUDUDA DISTRICT

The district received UShs 179,821,000 for recurrent expenditure and UShs 88,424,000 for capital development for FY 08/09. The district planned to complete the construction of maternity wards at Bushiyi (UShs 99,578,557) and Bukhalasi (UShs 98,513,932) HCIIIs whose construction started in FY 08/09. At the time of the monitoring visit in September 2009, the construction of the maternity ward at Bushiyi had been completed and the contractor had been paid UShs 91 million.

At Bukhalashi HCIII, major works had been completed and the contractor was rectifying defects following which the final payment would be effected. The District retained over UShs 30 million from FY 07/08.

Maternity ward at Bushiyi HCIII

Maternity ward at Bukhalasi HCIII

Under the non wage recurrent expenditure, the district procured drugs and medical supplies worth UShs 104, 296,180 during the financial year 2008/09 corresponding to a utilization level of 116%.

Challenges to the implementation of PHC activities in the district

1. *Under staffing:* It was reported that the staffing levels for health stand at only 46% of the establishment. There is one hospital in the district, 7 HCIIIs and 4 HCIIs. Staffing levels were reported to be far too low at lower level health facilities. Remoteness complicates staffing levels as health workers are reluctant to work in remote areas.

2. *Stock outs and delays in delivery of drugs:* The District Health Officer reported long delays by NMS to deliver both PHC and credit line drugs.

KUMI DISTRICT

The district received UShs 271,190,000 for non wage recurrent expenditure and UShs 97,266,000 for capital development for FY 08/09. Under capital development, the district planned to: construct an OPD and staff house at Opot HC II. At the time of the monitoring visit during the third week of September 2009, construction of the staff house at Opot HCII was at roofing stage. Construction of the OPD had not commenced.

Opot HCII

Under the non wage recurrent expenditure the district procured drugs worth UShs 99,902,432 during FY 08/09, corresponding to a utilization level of only 74%.

Challenge to the implementation of PHC activities in the district

Low absorption capacity. Contracts were awarded towards the end of the FY and consequently no payments were made as of the end of FY 08/09. All the funds disbursed for capital development were retained for spending in FY 09/10 (97,266,000). Similarly most of the capital development funds disbursed during FY 07/08 amounting to UShs 59,105,134 were carried forward into FY 08/09. The funds were meant for the construction of an OPD at Agaria HCII. The facility was built and the contractor paid.

TORORO DISTRICT

The district received UShs 367,348,000 for non wage recurrent expenditure and UShs 159,163,000 for capital development for FY 08/09. The district planned to undertake the following capital development activities: construction of a staff house at Nyamera HCII (UShs 57,254,000); an OPD at Chawulo HCII (UShs 95,467,192); and a staff house at Kayolo HCII (UShs 57,934,092). There were other running contracts which were carried forward from FY 07/08 including: construction of an OPD at Ligingi HCII; a staff house at Namwaya HCII (UShs 57,536,992), a staff house at Kayolo HCII, and completion of the upgrading of Atangi HCII to a HCIII, completion of a staff house and latrine at Namwaya HCII, as well as upgrading of Lyowa HCIII.

At the time of the monitoring visit during the third week of September 2009, the staff house at Kayolo HCII had reached the ring beam and the quality of civil works was satisfactory. An OPD had been completed earlier but the opening of the health centre was pending the completion of the staff house. At Nyamera HCII the staff house was at roofing stage. At Chawulo HCII construction of the OPD was at window level.

Staff house at Kayolo HCII

Staff house at Nyamera HCII

OPD at Chawulo HCII

Challenges to the implementation of PHC activities in the district

Non completion of projects and low absorption: The district carried forward UShs 64 million from FY 07/08. These funds were not spent during FY 08/09 and were re-carried forward into FY 09/10. Similarly half of the funds disbursed for FY 08/09 amounting to UShs 71 million were carried forward into FY 09/10. The funds carried forward from 07/08 have not been spent due to contractors abandoning work and in other cases the contractors that were hired were not competent to carry out the works. The funds were for constructing of unspecified facilities at Namwaya, Lilingi and Atanyi Health Centers.

Lack of prioritization: During FY 08/09, new projects were embarked on while over 5 old (ongoing) projects were not completed. This is partly attributed to the influence of politics in the selection of projects. The pressure from Politicians who are preoccupied with having facilities built for their electorate overrides the need to consolidate existing investments (ongoing works) in the district. The allocation of works is approved by the MoH which unfortunately has not been able to exercise restraint and make sure that investments in the health infrastructure are efficient and effective.

BUSIA DISTRICT

The district received UShs 280,646,000 for recurrent expenditure and UShs 150,321,000 for capital development for FY 08/09. A total of UShs 33,919,198 was carried forward from FY 07/08. During FY 08/09, the district planned to undertake the following capital development activities: construction of a laboratory at Busia HCIV (UShs 58,232,500), an OPD at Tiira Ajuket HCII (UShs 50 million) and an OPD at Mawero HCII.

At the time of the monitoring visit in late September 2009, construction of the laboratory at Busia HCIV was at beam level. Plastering was ongoing for the OPD at Mawero HCII while construction of the OPD at Tiira Ajuket was in its final stages as shown in the pictures below.

Laboratory at Busia HCIV

OPD at Mawero HCII

OPD at Tira Ajuket HCII

By the time of the monitoring visit on 23 September 2009, the district had cumulatively paid UShs 45,495,106 to BBK General Contractors for the construction of Laboratory at Busia HCIV (out of a contract sum of 58,232,500). Raph Contractors had been paid 22,952,383 for the construction of the OPD at Mawero HCII against a contract sum of UShs 50 million. Pentagon contractors was paid UShs 20,118,735 for construction of the OPD at Tira Ajuket out of a contract sum of UShs 50 million. Cumulatively, the district spent a total of UShs 88,566,224 (84%) out of the UShs 150,321,000. Of the funds spent, only UShs 46,111,218 (52%) was spent within the FY (by 30 June 2009). The rest of the funds (42,455,006) were spent during this FY in September 2009 after MoFPED granted the district permission to spend the funds carried forward from FY 08/09.

Under PHC non wage recurrent expenditure, the district procured drugs worth UShs 126,906,236 during FY 08/09 corresponding to a utilization rate of UShs 90.4%.

3.5 INDUSTRIALIZATION

3.5.1 Introduction:

The monitoring during the quarter focused on development activities undertaken by the Ministry of Tourism, Trade and Industry (MTTI), Uganda Investment Authority (UIA), Uganda Industrial Research Institute (UIRI) and Uganda Bureau of Standards (UNBS). This report highlights the implementation status of planned activities as of end of first quarter of FY 2009/10.

3.5.2 Uganda Investments Authority

Government continues to provide funds for the development of 22 industrial parks country wide. Industrial parks are expected to improve on physical infrastructure, provide work space to investors, provide opportunities for outsourcing of business services, allow export oriented manufacturing, and enhance employment. Construction of these parks commenced in 2007 in a phased manner.

(i) Luzira Industrial Park

UIA planned to finish road construction of the remaining 2km road from gravel to surface dressing and provision of electricity including construction of a 5km industrial power line from Namanve-Kiwanga to Luzira as well as installation of a 33 KV substation at Luzira.

Financial progress

Three certificates worth U$ 536,178.31 and Ushs.588,913,361 have so far been raised and paid.

Physical progress

M/s Spencon Services commenced work on 1st July 2009. By the time of monitoring, earthworks were completed and laying of culverts and drainage was ongoing. The contractor extended roads to entrances of plots in the park, approximately 300m had been primed. Sealing of the road was to start after completing the drainage (October 2009). The physical progress for road construction was estimated to be at 75% and the project was on schedule. The project completion date is 31st October 2009.

Graveled section of the road and drainage works at Luzira

Installation of the 33kv power line was at tendering stage. M/s UMEME Ltd was reportedly progressing with shipping of the transformers for the sub station.

Challenges

Signs of defects on some sections of the earlier completed road were evident. Grass was growing on surfaced shoulders of the road constructed by M/s Sobetra Ltd. This is an indication of gaps in the surface and poor compaction.

(ii) Kampala Industrial Business Park-Namanve (KIBP)

The Government of Uganda received credit worth US$ 39m from the International Development Agency (IDA) for development and servicing of the Kampala Industrial and Business Park (KIBP) at Namanve. The KIBP development is the project Component 1 of the Second Private Sector Competitiveness Project (PSCPII) and is being implemented by Uganda Investment Authority.

The Government de-gazetted 894 hactares of land, and conducted pertinent studies (feasibility, detailed engineering designs, environmental impact assessment and business plan) with assistance from UNIDO, UNDP, EIB and the World Bank. The park is divided into three estates; South A, South B and South C with phase one covering only South A which has a surface area of 127 hactares.

Following the issuance of the letter of commencement and signing of contract (4th June 2008) by UIA, the contractor (M/s Spencon Services Limited) took possession of the site on 5th June 2008.

Planned Activities:

Phase 1 of the contract included: execution of earth works in south A, that is clearing and grubbing, drainage, removal and stock piling of top soil as well as construction of new road embankments using gravel material. The total road network length is 15km consisting of 6 km of primary roads, 5.61 km of secondary roads and 3.39 km of pedestrian distributors and upgrading of Old Jinja road.

Field Findings

Financial

Six Certificates were fully cleared and partial payment made on certificates three as a result of using different exchange rates. Two Certifictes were raised and were yet to be cleared by the time of monitoring. Financial progress of this project was at 92%.

Physical Progress

Road works; earthworks shaping and grading along different roads, maintenance of road side drains, top soiling along the back slopes of Namanve River, and borrow pit reinstatement were completed.

Construction of the Engineer's Laboratory is currently at roofing stage, the Engineer's office block is at ring beam level and blinding concrete was placed for the ground floor slab of the KIBP office building. Works on these buildings delayed because the client modified the designs.

Engineers' office and construction of the floor slab for KIBP offices-Namanve

Technical approval for the revised designs was received from UIA on 12th July 2009. It is estimated that work will be completed by 30th November 2009. The new designs require additional funds. By the time of monitoring, the consultants were making the final document to request for additional funds.

Block works along the Namanve river was completed, the contractor was protecting the top soil along the River with grass to avoid surface run off.

Extra Works

The contractor prepared and submitted estimates to UIA for consideration of additional works which were not initially part of the contract but are deemed necessary including:

- Maintenance works downstream the Namanve River to avoid backlog washing. It's vital to have the downstream bend cleared to allow proper flow of water and toxic materials in future.
- Some plots in South C estate were allocated to developers who have started construction works, there was need to extend the access road to South C.

Blocked downstream of Namanve River causing backlog washing

The initial project contract expired on 30th April 2009. The contractor requested for four months extension having lost 6o days due to inclement weather which UIA granted. The Contractor submitted a financial claim worth Ushs.1.4bn for which he was asked to substantiate as well as the cause of the delay. In effect the delay has an additional effect on the side of the consulting firm whose contract is time based.

Works were not much affected by inclement weather in the first quarter of this FY and generally works have been substantially completed.

Challenges

1. The project has delayed and has experienced variations in design of the buildings as well as additional work downstream the river implying additional project costs.
2. Failure of Ministry of ICT to re-locate the fiber optic cable located 17m inside UIA land: During the construction of one of the road links in South A estate, an optic fiber cable belonging to MoICT was accidentally damaged by earthmoving equipment. Although the MoICT was contacted to relocate the cable to a safer place outside of the road's right of way. The ministry did not respond to the requests for three months and the cable was removed by the contractor to allow progress of works on the affected area.

Recommendations

- Adjustments should be made to include additional works downstream the Namanve River to allow a clear river flow.
- The contractor should expeditiously complete the remaining work to avoid further financial claims from the consultants and contractor.
- The MoICT should be persuaded to re-locate the fiber optic cable to a more safe area to avoid damaging an already constructed road in future.

3.5.3 Ministry of Tourism Trade and Industry

(i) One Village One product Programme (OVOP)

Background

One Village One Product Programme (OVOP) is a community -centered, and demand-driven local economic development approach initiated by Oita Prefecture in Japan in the 1970s. The uniqueness of the approach is the intention to achieve regional economic development by adding value to products using locally available resources through processing, quality control and marketing.

There have been exchange visits to Oita by government officials from Uganda and by various OVOP delegations from Japan with the support of Japan International Cooperation Agency (JICA). These interactions generated a lot of expectations in Uganda.

Major Objectives of OVOP Programme

- To promote OVOP concept approach of economic development at community level
- To promote value adding technologies, such as agro-processing, quality control and packaging, at the community level
- To facilitate small-scale business skill development at the community level
- To promote market linkages between products and services from communities and domestic/international markets

Three districts were selected for the pilot phase of this programme that is Bushenyi, Masaka and Soroti. With support from JICA a baseline survey was conducted by Japanese volunteers in the selected districts to assess the potential of the products. The MTTI opened an OVOP secretariat to coordinate the proagramme.

Participants (groups) are expected to write proposals on specific products including the value chain of the product. The proposals will be screened and the best proposal(s) selected. Funding will take care of equipment and training.

This FY 2009/10, Ushs. 89 million was budgeted for technical support in the OVOP districts. The project was launched and the pilot phase formally commenced. This quarter, the monitoring team visited the districts of Bushenyi and Masaka to assess implementation progress of the project.

Field Findings

Bushenyi District

The district selected three sub-counties where the concept will be piloted. The selected Sub Counties (S/C) and products are: Kitagata S/C; banana wine processing and bottling, Kyamuhunga S/C, honey and fruit processing; and Kiyanga S/C, rice milling and packaging.

OVOP secretariat conducted a sensitization workshop and training of leaders and stakeholders on the project.

By the time of monitoring, the district was in the process of setting up OVOP committees at district and sub county levels.

Challenges

- Proposal writing is difficult for many farmers/participants in rural areas who are either illiterate or semi-illiterate.
- It is a unique concept targeting rural villages and requires time to conceptualise. The project may therefore take long to take off.
- The selected sub counties almost have similar products.

- The project emphasizes value addition and makes products more marketable locally and internationally, however, most of the selected sub counties do not have access to national grid electricity which may affect local processing of products.

Masaka District

Two sub counties (Lwabenge and Bigasa) were selected for piloting the OVOP programme in Masaka district. The district identified fruit processing (pineapple) and coffee processing (sorting, grading) for piloting in the sub counties.

The district instituted an OVOP steering committee chaired by the Chief Administrative Officer. Sub county committees were expected to be constituted in the Month of October 2009. A Focal Officer at district level was appointed to spearhead implementation. JICA attached a Japanese volunteer who is working with the focal officer to streamline the project in the district.

Stakeholder training at sub county level was conducted. The training covered three major areas i.e. project proposal writing, value addition and business management skills.

The OVOP secretariat developed a proposal format to ease translation of ideas into fundable proposals.

Challenges

- The district did not have operational funds for coordinating the activities at the district and sub counties.
- Community development officers and agriculture extension workers are not involved in the project although their input is critical.
- The selected sub counties do not have stable water sources to support processing plants.
- The volunteer attached to the district hardly speaks English on the other hand majority of the population in Bigasa and Lwabenge speak their local language. There is therefore a communication gap between the volunteer, district official and the communities.

Recommendations

- MTTI should carry out further sensitization and training workshops to ensure that the project is clearly understood by the stakeholders. Participants/farmers should be empowered with knowledge to gain valuable information in agro-processing, quality control, packaging and marketing to create strong branding for their products.
- Support should be extended in project proposal writing to most of the rural communities.
- MTTI and JICA should find modalities of getting interpreters for the volunteers in all districts if their services are to effectively benefit the communities.
- MTTI and pilot local governments should set aside funds for operational costs of project implementation.
- This being a pilot project it is important to start with a few products before diversifying. Once the concept is understood more products can be brought on board.

- Community Development Officers and Agriculture Extension workers should be involved in the project implementation since most of the products are agri-based and these officers have regular contact with communities.

3.5.4 UGANDA NATIONAL BUREAU OF STANDARDS

UNBS was established as a semi autonomous body by an Act of parliament in 1983. UNBS mandate is provided through the act of Parliament that established it and is given 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.

Expected Outputs

The Agency was expected to deliver on the following development outputs by the end of FY 2008/09. Securing a land title for the plot, start construction of UNBS head quarters, and procurement of five vehicles and other transport equipment

Financial Progress

Ushs. 2.594bn was released last FY for construction of UNBS headquarters from which only nine million shillings was used for processing of the land title. This financial year, an additional Ushs2.6bn was approved for construction of the headquarters of which Ushs.537,002,000 was released.

Physical Progress

The land title was secured form Uganda Investments Authority. The Accountant General cleared UNBS to open letters of credit and use the Ushs.2.58bn released last financial year for construction of UNBS headquarters. At the time of the monitoring visit, evaluation of bids for a project consultant was on going. The planned five vehicles for UNBS were reportedly procured and delivered to the agency.

Challenges

The delay in securing the land title caused a setback in implementation of the construction of UNBS headquarters at the same time, UNBS delayed to start the procurement process for both the consultant and contractor leading to time overruns in project implementation and low absorption of resources.

Recommendations

UNBS should speed up the procurement process for the construction of her headquarters so that funds do not accumulate on the accounts unutilized.

3.5.5 Value Addition Industries

(i) Presidential Initiative on Banana Industry

Background

Commissioned in 2005, 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.

The project objectives

They include: to 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

A state of the art rural based banana processing industry at Bushenyi and Sanga- Kiruhura District 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.

Physical progress

- PIBID secretariat was fully established and members of staff recruited and trained. Renovation of the Technology Business Incubator (TBI) was completed, laboratory equipment was procured and installed; two laboratories are currently operational that is micro biology laboratory and a psychics-chemistry laboratory. These laboratories are used to test samples from Matooke products at all stages of processing for micro bacteria and to analyse moisture content and determine the acidity and alkalinity of the products. They also support further research and experiments on “tooke” products.
- Baking equipment was procured, delivered and installed.
- Procurement of a tractor with accessories was finalized and delivered to Bushenyi TBI.
- Most of the equipment for the main factory including a biscuit making line was delivered.
- M/S Dott Services was awarded a contract worth Ushs.23.5bn for construction of the main processing plant and was to start work on 20th September 2009.

- A demonstration plantation at TBI and a mother garden (model plantation) covering 15 acres of land with over 43 Matooke varieties was established.
- A mini drip irrigation system was installed using water from National Water and Sewerage Corporation grid. The irrigated plot ($^{1}/_{2}$ acre) had good yields as compared to the un-irrigated mother garden. The yields from the irrigated garden weighed between 70 kg to 90 kg while those from the mother garden weighed between 15kg to 30kg having been affected by the long drought without irrigation.
- Most of the equipment for the main irrigation scheme, water reservoir and fertigation house (fertilizers and soil amendment centre) had been procured and a contractor; M/s Vambeco had already started work at a contract price of Ushs. 1.8bn. The intention is to irrigate the

An Irrigation tank, mother garden and equipped laboratory at TBI

entire model plantation which hosts approximately 7,300 Matooke plants.

- Equipment for construction of a weather station had been procured awaiting installation at the site. The station will serve both PIBID and the district.
- The green house was constructed and equipped. Water extension to the green house is awaiting installation. Nurseries will be set up in the second quarter.

Green House and processing plant equipment in containers at Bushenyi TBI

- PIBID products were branded “Tooke” and promoted in Kampala, COMESA region, Germany, France, and United States of America; the promotion targeted both Ugandans and non Ugandans. The agency profiled potential demand for “Tooke” products in Kampala, Bushenyi and Mukono and identified competing flour products such as maize, soya beans, millet and cassava.

- In FY08/09, PIBID established a community training and information centre. Five computers were procured and installed. Plans to create linkages with Uganda Export Promotions Board were at advanced stage to allow information/ database sharing.
- A training manual on growing of matooke, as well as starting small businesses was developed; the marketing department of PIBID was working on improving farmer access to credit.
- Acquisition of a land title for the TBI was progressing although it has experienced delays. It was reported that procurement of surveyors to conduct mapping and design a master plan for Sanga industrial park was at advanced stage.

Challenges and Recommandation

- The model plantation is located on the slope of a hill with no wind breakers.
- Most of the equipment for the main processing plant was purchased during FYs 2007/08 and 2008/09 and it is locked in the delivery containers. The equipment may run out of warrants and become obsolete before the intended purpose.
- Although the district agreed to provide land to PIBID and renovation of the former District Farm Institute (DFI) was undertaken, the Land Title for TBI is yet to be transferred in favour of PIBID.
- By September 2009, the agency did not have an approved procurement plan to guide procurements

Recommendations

- Management should plant trees on the outer fence of the plantation to avoid loss of plants associated with wind.
- Management of the project should expedite the construction of the processing plant without further delays to avoid losses from expiry and obsolescence of the equipment.
- The process of acquiring a land title for the project should be fast tracked to avoid any future possible claims on the land.
- PIBID should urgently engage local farmers to start planting/maintain banana plantations that will guarantee constant supply of required raw materials to the factory.

(ii) Good African Tea - Kabale

Background

Good African Tea project is a sister project to Good African Coffee and is located in Kachwekano, Kitumba sub-county, Kabale district. It was started in April, 2008 with the aim of setting up tea nurseries, and mother gardens; mobilizing farmers to take up tea farming in six sub-counties of Kitumba, Kamuganguzi, Bufundi, Rubaya, Butanda and Bubaale. The project intends to put up a factory to facilitate processing of the crop (value addition). The project was officially launched by his Excellency the President of Uganda in September, 2008.

In July 2009 a Memorandum of Understanding (MoU) between Good African Tea, NAADs Secretariat and Kabale District Local Government was signed. The MoU spelt out the duties and responsibilities of each partner that included the following:

Good African Coffee Ltd (trading as Good African Tea) has some of the following duties:

- Together with district and sub-county Local Governments identify all farmers prepared to invest in tea production and organize them into farmers' groups
- Mobilize and register sufficient numbers of farmers to establish at least 1,000 Acres of quality planted tea in 6 sub counties.
- Organize farmers in their groups for their development into higher level institutions capable of product and input marketing.
- Support the registration of the Farmers' Cooperative/Association
- Contribute towards the financing of partnership activities as spelt out in the memorandum of Understanding.
- Establish a central Nucleus Facility for production of good quality planting materials from clonal cuttings procured by the Kabale District NAADs program.

NAADS Secretariat

- Contribute funds towards financing advisory services by Good African Tea Ltd
- Provide funds through Kabale Local Government to procure materials to establish a mother garden, nucleus nursery and demonstration gardens
- Contribute funds towards meeting operational costs of the District pertaining to the partnership.

Kabale District Local Government

- Together with the partner identify all farmers promoting tea and organize them into farmers' groups.
- Together with the farmers and the partner identify lead farmers to participate in the partnership activities.
- To source for and procure 1,980,000 clonal cuttings for the nucleus nursery
- Participate in monitoring and evaluation.

Expected Outputs

The expected out puts from this project were: A Memorandum of Understanding with partners and their roles spelt out; plantlets secured and distributed; farmers trained; procurement of equipment; civil works and installation of equipment for the factory and jobs created.

This quarter, the monitoring team visited the project to assess implementation progress.

Progress

Financial performance

In FY 2008/09, Good African Tea received a total sum of Ushs.422,000,000/= for advisory services through Kabale District Local Government. Under the signed Memorandum of Understanding July 2009, Good African Tea through NAADS is to receive Ushs.201, 432, 000/= for FY 2009/10.

Physical performance

Since inception, the following activities were accomplished:

Good African Tea sign post and Tea Nursery with over 1.5m plantlets

- Land preparation, shed construction and planting of cuttings in nursery bed.
- Over one million eight hundred thousand plantlets /tea cuttings were procured.
- Sensitized farmers on tea growing and registered 5,017 farmers in six sub counties. A data base of the registered farmers and acreage of plots is regularly updated and maintained at Good African Tea headquarters. So far, close to 12,000 acres of land in the six sub counties had been measured.
- Land for the tea factory was secured. At the time of monitoring, there were no civil works going on. Procurement and installation of equipment had not started due to financial constraints. The company is privately sourcing for funds to construct the factory.
- Training of district officials and extension workers on tea planting was conducted. Pre-planting training was scheduled in the last week of September and early October and all plantlets were expected to be distributed during the month of October 2009.

Implementation Challenges

There are a number of challenges hindering physical performance of the project:

1) Delays in signing the MoU affected implementation progress as partners' were not aware of their roles.
2) The concept of tea was warmly received by many farmers in Kabale, however, inadequate funding and untimely releases stifled implementation. For example, Igara Tea Factory at one time stopped supplying tea cuttings because Good African Tea was procuring them on credit yet other companies were paying for the same with cash.
3) Lengthy procurement procedures lead to increased operational costs and losses. For example planting was planned during the first rain season i.e. February/March however, the plantlets were not procured in time and had to be kept in the nursery until the September/October season. It should be noted however that over 300,000 plantlets were lost due to planting during the dry season.
4) When it started off, Good African Tea had a labor force of about 50 workers; however, currently there are only 7 workers due to irregular flow of funds. The ideal labour force for the project is approximately 200 workers. The project plans to recruit six extension workers with specific training in tea before the end of the year.
5) According to the MoU both parties i.e government and the private partner will contribute a total of Ushs.430, 000,000 million shillings this financial year yet the required amount to set up a tea factory alone is over two billion shillings. There is a possible failure by all parties to setup the factory in time which will de-motivate and demoralize the farmers.
6) Lack of legislation on public private partnership further constrains the partnership. For example, government cannot entrust public funds with the partner directly and therefore resources are disbursed to NAADs secretariat and thereafter to the Local Government. This causes unnecessary bureaucracies in transferring funds from one entity to another.
7) Formation of the Cooperative Union was still pending.

Recommendations

1. Timely release of funds in adequate volumes and in line with the seasons is required to reduce on operational costs and avoid unnecessary losses.
2. Access to Information: It was noted that Good African Tea is not given timely and adequate information in regards to release of funds. For proper planning, project implementation and transparency the partner should be furnished with information regarding releases and budgets.
3. Consolidation of project in six sub counties: Although Kabale District Local Government wishes to spread the project to 20 sub counties, it is important to consolidate activities in the initial six sub counties given the limited resource allocation.
4. Efforts by all the partners should be made to ensure that the tea factory is in place before the first harvesting season (April 2011) to avoid demoralizing the farmers with post harvest losses.
5. Additional resources should be sought to ensure that the nursery bed is not empty after the first distribution. Government has already injected over Ushs.180 million in setting up

the nursery with a life span of four years. The required Ushs.150 million for seeds should be allocated to avoid a one off scenario and ensure value for money.

6. A comprehensive plan for tea inputs such as fertilizers, herbicides, pruning knives, protective clothing, construction of tea shades and transportation of leaves should be expeditiously finished and implemented.
7. A stake holders' meeting including all partners, MoFPED and MAAIF be arranged to put the project back on course.
8. The District Local Government, NAADS and Uganda Cooperative Alliance should work closely to kick start the process of formation of cooperative unions.
9. The MoFPED should urgently put in place a legal framework for Public Private Partnership.

3.6 I NFORMATION AND COMMUNICATIONS TECHNOLOGY

3.6.1 Uganda Communication Commission

The Uganda Communications Commission (UCC) was established to implement the provisions of the Communications Act, Cap 106 and the Telecommunications Policy of 1996 with a principal goal of developing a modern communications sector and infrastructure in Uganda. The commission has a range of functions that include; licensing and standards, spectrum management, tariff regulation, research and development, consumer empowerment, policy advice and implementation, rural communication development and capacity building.

(i) ICT Component -ERT project

Background and scope

In 2001, Cycle 1 of the Energy for Rural Transformation (ERT) programme funded by the World Bank through the Ministry of Energy and Mineral Development with counterpart funding from the 1% service levy on the gross earnings of telecommunications sector, allocated resources for implementation of the Universal Access Projects. The component comprised of an investment subsidy and technical assistance.

The investment subsidy sub-component was meant to finance private operators willing to take on service obligations in commercially non–viable rural areas including universal access to voice telephony to ensure full national coverage for 154 sub counties; Internet access at district headquarters in 56 districts (Internet Point of Presence) and a public Internet facility; creation of rural Multi-Purpose Community Tele-centres (MTCs) at vanguard institutions outside of district headquarters (schools, hospitals, farmers associations), capacity building for the use of ICTs, promotion of ICT content creation and creation of a domestic Internet Exchange Point.

On the side of technical assistance, UCC was to recruit consultants to provide technical assistance in the areas of specification and implementation, monitoring and verification, rural ICT, and impact assessment.

This quarter, activities implemetated under the investment subsidy were randomly sampled and monitored. They include: Internet Point of Presence (PoP) in five districts, Multipurpose Community Tele-centres and Postal Telecentres in Eastern, Central and Western Uganda.

Field Findings

(a) Internet Point of Presence (POP)

UCC reported that out of the planned 30 Internet PoP, 32 district headquarters were connected to Internet. During the monitoring exercise, five districts were visited to ascertain project implementation.

(1)Kabale District Headquarters

The Internet POP was installed and one computer in the office of the Chief Administrative Officer (CAO) is connected to Internet. District officials are allowed to use the facility during lunch breaks and when the secretary to CAO is not so busy with her daily schedule.

In case of any failure, a technician from the firm contracted to implement the project is always on call for support at negotiated rates. The district did not receive the documentation on the connectivity.

(2)Ntungamo District Headquarters

Installations were made and one computer in the Office of the CAO was connected. The district availed additional resources to extend the network to the entire administration building using wireless technology. In November 2008, the main POP was struck by lightening and is currently out of service. It was reported that the implementing agency did not provide information/documentation of the facility installed nor did they provide guidelines on insurance of the equipment.

(3)Bushenyi District Headquarters

An Internet point of presence was extended to one computer in the Office of the CAO. The implementing agency did not provide the district with documentation of the facility installed nor did they conduct any technical or user training.

(4)Iganga District Headquarters

A broadband Internet point of presence was extended to the office of the District Information Officer. The implementing agency supplied radio equipment for the service and the district expanded the Local Area Network (LAN) to cover 22 additional offices. By the time of monitoring one computer could access Internet using the installed infrastructure. It was noted that the Internet Service Provider (ISP) was charging the district service costs for airtime which was said to be very expensive to sustain. The implementing agency did not avail the district with documentation of the system installed and user guide.

(5)Bugiri District Headquarters

Radio communication equipment was procured and installed at the district headquarters in the office of the Chief Administrative Officer (CAO) in 2006. The District extended the Local Area Network (LAN) to 28 additional offices. During the first two years, the network worked with minimum failures apart from interruptions whenever it rained.

The installed POP equipment was however burnt last financial year due to power fluctuation. The district did not have any documentation of the system installed and relied on the system supplier's technicians.

Generally, the Internet speed was said to be fast since it only covered one computer in most districts, however, there was no evidence of 527 kbps as per project document.

Challenge and Recommendation

Service Level Agreements

The project did not provide for maintenance contracts (Service Level Agreements) for the equipment specifying the service provider's performance obligation. This increases the risk of loss of equipment through breakdowns and high maintaince and replacement cost. It is recommended that districts should procure SLAs for the equipment.

(b)Multipurpose Community Tele-Centres (MCT)

UCC implemented 16 MCTs in schools, health facilities, associations of farmers and business communities. School based MCTs are used for all ICT services especially Internet based services, computer studies as a curriculum subject and general training for nearby communities. This quarter, monitoring covered three schools and one farmers' association in the districts of Bushenyi, Bugiri, Soroti and Busia respectively.

Field Findings

(1) ST. Kaggwa High School –ICT Laboratory, Bushenyi

Located 1.5km along Bushenyi- Ishaka road, St Kaggwa High School is a government aided secondary school with a population of 675 students.

A total of Ushs 48,068,218 was disbursed to the school for the procurement and installation of equipment for an ICT laboratory, Internet subscription for two years, servicing and maintenance of equipment and ICT training for teachers. A total of Ushs36,183,515 was spent on the following:

Eight computers of various specifications ***(see picture of equipped ICT lab. on left***), one photocopier, one fax machine, a Local Area Network (LAN) with one 24 port switch and rack, one Video Cassette Recorder/DVD player, one 29" TV set, one power stabilizer, one Hp printer (2015 series) and Internet subscription for 64kbps bandwidth (for 1 year) were purchased and installed.

The school extended the LAN to five more computers in the ICT laboratory and administration block.

The school recruited a technician on top of an ICT teacher for maintenance of the equipment and has institutionalized the facility. The laboratory was functional and operational; students were able to demonstrate ICT skills at this school.

By the time of monitoring, the school was yet to pay for the second year bandwidth subscription and had not conducted teacher training. Resources for this activity (Ushs. 17m) were still on the school bank account. The neighbouring community was yet to benefit from the facility due to limited awareness of the project.

The fax machine is the least used equipment although it remains relevant to the school as it is the UNEB district coordination centre.

The school plans to increase the number of computers to fill all the 24 ports with an additional 8 machines through student contributions and procure a projector and other ICT teaching aides to facilitate teaching of other subjects using the ICT laboratory.

Challenges

The cost of bandwidth is too high (Ushs. 600,000 per month for 64 kbps). With an increase in the number of Computers connected there is a likely need of increasing the bandwidth which will increase operational expenses.

(2) Alliance High School- Soroti

Located 2km from Soroti Town, Alliance High School is privately owned secondary school with a student population of 615 students (September 2009).

A total of US$ 27,000 was disbursed to the school for the procurement and installation of equipment for an ICT labaratory, Internet subscription for two years, servicing and maintenance of equipment and ICT training for teachers.

From the proceeds, the school procured 10 computers, one four in one colour printer (HP laser 1522n series), one 21” TV set, one DVD player, a Local Area network (LAN) with one 24 port switch, one fax machine, 64kbps dedicated Internet bandwidth subscription for one year.

The school contributed furniture and shelves for this project and will sustain the project through students’ contribution as a charge on school fees.

Traces of poorly done work were evident at this school with cables running on the floor of the laboratory without trunks and the switch was mounted on the desk instead of a rack (***see picture above***).

The school administration reported that the community was benefiting from the facility through evening computer classes although no schedule was available to substantiate this activity. Training of 20 members of staff was said to have been conducted; the training covered application software, Internet and network management. Signs of limited guidance on the kind of training suitable for teachers were vivid for example it was not necessary for all teachers to be trained in networking.

Recommendation

The school administration did not have all accountability documents relating to this project. The school should account for all resources received and implement the project as planned to ensure value for money.

(3) Manchester Secondary School, Bugiri

The school is located 500m from Bugiri Town along Bugiri-Malaba Higway, with a population of about 500 students. UCC disbursed a total of US$ 27,000 for establishment of an ICT laboratory and the full grant amount was received.

The Deputy Headteacher reported that 6 computers with UPS', one printer, one photocopier and two TV sets were procured. A Local Area Network was installed except Internet bandwidth subscription which was still pending.

During the monitoring visit (Wednesday 16th September 2009), neither the computer laboratory nor the accountability documentation were accessible for verification. The team was informed that the laboratory was to remain closed until the teacher in charge returned to the school the following week.

Recommendation:

ICT facilities are meant to serve the school with or without the presence of the Head teacher or teacher in charge. Arrangements should be made to make the facility accessible to students and other teachers as and when required.

The school should implement the project as planned and account for all the funds disbursed.

(4) Busia Farmers' Association MCT

In June 2008, UCC disbursed US$ 27000 to Busia farmers Association for the establishment of a multipurpose telecentre. The MCT is located at the Farmers Association headquarters 100m away from the District Local Government headquarters.

The Association procured six computers with UPS' of various specifications; one colour printer, one generator, one scanner, one fax machine one 29" colour television set, one DVD player, one spiral binder, five computer desks and chairs, a 24 port network switch with a rack and subscription for 128kbps of bandwidth for one year.

The facility provides internet services to farmers and other users at a cost of Ushs.30 per minute, other services include: ICT training, information repackaging and dissemination. Through this centre, farmers are able to access market information.

Challenges

- Limited awareness about the existence of this MTC in Busia leads to low utilization of the centre.
- There is stiff competition from other internet cafes which are strategically located in Busia town.
- Most of the targeted users (Farmers) wish to have the services at no cost.

Recommendations

The facility should be formally commissioned and the public should be sensitized on the existence of the centre as well as the sustainability plan for the project.

(c) Postal Tele-centres

Twenty post offices in the country were remodeled to accommodate ICT facilities in form of a postal telecentre (Internet café). The centres were to offer instant and online data oriented services in the 20 post offices. The project was implemented by UCC and Uganda Posts Limited (UPL).

During the monitoring visit, 10 of the 20 post offices were visited to assess implementation status and services. Below are the field findings:

(1) Kabale Postal Telecentre

Uncovered Equipment at Kabale

In November 2008, five computers, five UPS', one network colour printer/fax/copier, five desks and five chairs, one 24 port switch and a rack, one power stabilizer, one generator were delivered and a local area network was installed at the post office with an Internet link from Uganda Telecom Limited (UTL).

Since installation, the computers are not in use and have gathered dust in the proposed tele-centre room. The equipment is not engraved; there is a risk of losing some of the components.

It was reported that Management of UPL was processing a management strategy for the postal tele-centres including a sustainability strategy.

(2) Soroti Postal Telecentre

In November 2008, five computers , five UPS', one network colour printer/fax/copier, five desks and five chairs, one 24 port switch and a rack, one power stabilizer, one 5.4 kv generator were delivered and a local area network was installed at the post office with internet connection (128 kbps) from Uganda Telecom Limited (UTL).

All the equipment is in good working condition however, the telecentre is not operational as UPL had not issued operational guidelines. The equipment is not engraved for easy identification.

(3)**Mbale Postal Telecentre**

In October 2008, five computers, five UPS', one network colour printer/fax/copier, five computer desks and five chairs, one 28 port switch and a rack, one power stabilizer, one generator, were delivered and a local area network was installed at the post office. By the time of monitoring, Internet connection was still pending. The equipment is not engraved.

(4) Tororo Postal Telecentre

On 1st November 2008, delivery was made to Tororo Post office for the establishment of a Postal Telecentre: five computers, five UPS', one network colour printer/fax/copier, five computer desks and five chairs, one 24 port switch and a rack, one power stabilizer, one generator of 5.4 Kv, a local area network with Internet connection were installed at the centre.

The equipment is not engraved and the centre is not operational awaiting tendering of management.

(5) Busia Postal Telecentre

Unused facility at Busia Post Office

Equipment for establishing a telecentre in Busia was delivered in September 2008 consisting of: five computers, five UPS', one network colour printer/fax/copier, five computer desks and five office chairs, one 24 port switch and a rack, one power stabilizer, one generator 5.4kv, cable trunks and a local area network with Internet connectivity was installed at the post office.

All the equipment is not engraved and the centre is not operational pending tendering of management.

(6) Iganga Postal Telecentre

On 1st November 2008, delivery was made for the establishment of a Postal telecentre in Iganga of: five computers, five UPS', one network colour printer/fax/copier, five computer desks and five office chairs, one 24 port switch and a rack, one power stabilizer, one generator 5.4kv, 2 extension cables, cable trunks and a local area network were installed at the post office.

The centre is not yet operational awaiting outsourcing of management and the equipment is not engraved.

(7)Jinja Postal Telecentre

Equipment to establish a Postal Telecentre was delivered in October 2008 to Jinja Post office consisting of: five computers, five UPS', one network colour printer/fax/copier, five computer desks and five office chairs, one 24 port switch and a rack, one power stabilizer, one generator 5.4kv, cable trunks and a Local Area Network were installed. All the equipment was not engraved and the centre was not operational.

(8) Mukono Postal Telecentre

Installed equipment in a small area at Mukono Post Office

The Post Office received the following equipment to establish a postal telecentre in November 2008. Five computers each with a UPS, five office chairs and five computer desks, one power stabilizer, two extension cables, one generator, of 5.4 kv and generator change over switch, one 28 port switch , one switch rack mounted on the wall with trunking and network cabling.

The equipment is installed in the front area of the post office where it is very squeezed for the purpose. All the equipment delivered was not engraved with unique codes for ease of identification. Although the equipment was delivered and installed, it is not yet commissioned and operational.

(9) Mbarara Postal Telecentre

The post office received assorted equipment for setting up a postal telecentre consisting of:

five computers of various specifications, five UPS', one network colour printer/fax/copier, five computer desks and five office chairs, one 24 port switch and a rack, one power stabilizer, one generator 5.4kv, cable trunks and a Local Area Network.

The equipment was not engraved and the centre was not operational as the procurement of private managers was ongoing. Although the computers were positioned in the front foyer of the post office, the equipment had gathered a lot of dust.

(10) Masaka Postal Telecentre

M/S Technology Associates was contracted to deliver install and setup a postal telecentre. Five computers each with a UPS, five computer tables and five computer chairs were delivered, one power stabilizer, two extension cables, one generator of 5.4 kv and generator change over switch, one colour printer, one 28 port switch , one switch rack mounted on the wall with trunking and network cabling were installed at the centre.

The computers were installed with Ms/office application software and Internet café management software. One of the keyboards was not functioning however the supplier had not been informed about the malfunction. The equipment was not engraved with unique codes.

It was reported that the room in which the telecentre was set is available for let and this will require an alternative room/space for the centre.

Challenges

- It should be noted that the delivered equipment have between one to two years warrant on manufacturer defects which may elapse before the equipment is practically used. The centres were supposed to generate funds for sustainability during the initial years of free subscription from the project budget. At the moment, they are generating zero revenue since they are not in use. One can therefore argue that there is no value for money.
- In some centres, the computers had various specifications; details of specifications were not captured on the delivery notes. It was therefore impossible to verify whether the right computers were delivered.
- It was observed that the conditions under which ICT equipment were kept were inappropriate for the purpose for which they were to be subsequently used. In all places visited, save for Iganga Post office, the computers had gathered a lot of dust in some cases without dust covers and where dust covers were found, they only covered computer monitors.
- Review of implementation progress revealed that the project was affected by undue time overruns, while implementation started in 2005, most of the activities under this project were done in 2008, to date, and commissioning has not been effected.
- It was noted that all the assets procured for the postal telecentres are not engraved with unique codes other than removable stickers with a UCC imprint. This exposes these assets to a risk of not being easily identified in case of theft or change of office.

Recommendations:

- UPL management should expedite the process of securing postal telecentre managers to avoid further loss on both equipment warrants and revenue.
- Computer specifications should be provided to recipients to ensure that the right computers were delivered.
- Engraving of government fixed assets is a requirement underregulation 101 of the Public Finance and Accountability Regulations 2003 and Treasury Accounting Instructions. UCC and UPL should endeavour to have all project assets assigned unique codes and engraved for easy identification and minimize the risk of loss in case of theft or any eventuality.

3.6.2 Ministry of Information and Communications Technology

(1) District Business Information Centres (DBICs) Project

Background

Last Financial Year (2008/09) the Ministry of Information and Communications Technology MoICT) started implementing the concept of District Businees Information Centres in all districts of Uganda. This was to ensure equitable access for all people to seize the new Information and Communications Technology (ICT) opportunities. District Business Information Centers (DBIC) are meant to address the challenge of enhancing productivity and fighting digital marginalization of the rural and sub-urban areas, by bringing ICTs to the rural communities thus enabling individuals as well as SMEs in the surrounding areas to exploit the significant potentials of ICTs towards the creation of employment.

The DBICs project aims at promoting, among others:

- Affordable and timely access to ICT services in rural areas.
- Enhancing the exchange of information and experience among government officials and their communities.

Through this project, the MoICT supported the establishment and operation of the DBICs to serve the districts and the Local business community by introducing both supply and demand driven services through a partnership with the districts and a local partner. The District Local Leadership and the identified local partner are to take charge of the facilities once the initial support from the MoICT ends.

DBICs provide demand and supply driven services. The demand driven services include among others:

- Business information and The information services include web-to-SMS tools for market information; business training in ICT skills, management and entrepreneurship; access to quality and reliable Internet; affordable computers and software solutions; communication services e.g. telephone, fax, Voice Over Internet Protocol (VOIP) and secretarial services;
- Advisory services.

The supply driven services shall include: E-government services e.g. policies, Acts, regulations, application forms, tax related forms; distance learning; entertainment information; SMS Portal Services with Uganda Business Information Network (UBIN); Other Information services to the community e.g. checking utility bills for water and electricity.

Field Findings

Six DBICs were established in the districts of Busia, Iganga, Mityana, Rukungiri, Kamwenge and Lira. MoICT procured and delivered the first consignment of equipment to DBICS in July 2009.

(1) Busia District Business Information Centre

Located in Busia Town council along Majanji road, M/s South Eastern Private Sector Promotion Enterprise Limited (SEPSPEL) is a non governmental organization operating in ten districts of Eastern Uganda with headquarters in Busia. The organization promotes private sector development through provision of capacity building to micro entrepreneurs. The organization was selected to host the District Business Information Centre given her experience in implementing a similar project in Jinja under UNIDO.

On 7th July 2009, the Ministry of Information and Communications Technology (MoICT) delivered five computers each with a UPS, one network printer, one standard printer, one scanner, one fax machine, one 24 port switch with network accessories and cables, two wireless telephones (Huawei ETS 2026), five surfing tables with chairs, two tables for managers and two chairs, one generator and one battery, and one Data Transmission Unit (DTU) Alcatel 27 series. The equipment was installed except Internet bandwidth and it was reported to be in good working conditions.

The DBIC offers demand driven services including: Internet services, secretarial services, ICT training, telephony and fax services.

Challenges

- Bandwidth costs are relatively high. The Business information provision component is still missing yet it is a core function for SMEs.
- The MoU is not substantively signed by all partners.
- Staffing of DBICs was not considered in the plan yet it is important to have full time staff on this assignment.

(2) Mityana District Business Information Centre

M/s. Mityana Community Development Foundation was selected to host the DBIC. The MoICT delivered five computers each with a UPS, one network printer, one standard printer, one scanner, one fax machine, one 24 port switch with network accessories and cables, two wireless telephones (Huawei ETS 2026), five surfing tables with chairs, one table for the manager and one chair, two waiting chairs, one generator and one battery, and one Data Transmission Unit (DTU) Alcatel 27 series.

The DBIC offers secretarial services and ICT training. Other services were not yet operational at the time of monitoring.

Challenges

- The equipment was installed except Internet bandwidth subscription. Management of the centre reported that they were still waiting for MoICT to pay for the bandwidth subscription as per the draft MoU. They had no plans of securing the service like the case was in Busia and Iganga districts.
- One UPS was found to be defective.

(3) Iganga DBIC

Using a Public Private Partnership (PPP) model, M/s Eminfotech Consultants Limited a local bureau dealing in media, research and information and communications technology among others was identified by Iganga District Local Government to host the DBIC. The DBIC is located in Iganga Town Council near Iganga Post Office.

A generator with a battery at Iganga DBIC

On 6th July 2009, MoICT delivered five computers of various specifications each with a UPS, one network printer, one standard printer, one scanner, one fax machine, one 24 port switch with network accessories and cables, two wireless telephones (Huawei ETS 2026), five surfing tables with chairs, two tables for managers and two chairs, one generator and one battery, and one Data Transmission Unit (DTU) Alcatel 27 series.

The equipment was installed save for Internet bandwidth subscription.

During the installation process, some of the equipment was found to be defective while some parts were missing; for example the UPS ePRO 600 power supply blew, drawers for the managers table were missing, one of the managers' chair was not adjustable, the fax machine cartridge was defective, keyboard rails for the work stations and printer USB cables were missing.

The private partner engaged Uganda telecoms to supply 128 kbps of bandwidth at a monthly cost of Ushs.391,170, the Ministry was finalising arrangements to supply bandwidth for one year to the centre. It should be noted that UTL leases DTUs to all her subscribers thus, the DTU supplied by the MoICT was not used, instead an extra Ushs.487,500 leasing costs was charged.

The DBIC became operational on 25th July 2009. It largely offers demand driven services including: Internet services, secretarial services, basic ICT training and computer hardware and software repair, telephony and fax services.

By the time of monitoring, there was no formal Memorandum of Understanding (MoU) signed between the Ministry of ICT, Local Government and the private partner.

The centre had not been formally commissioned and there was limited awareness among the public including some district officials on the existence of the DBIC.

It was observed that the DBIC is housed in a small room without air conditioning. The conditions in this room are inappropriate for the purpose.

The centre lacks a heavy duty photocopier.

The Internet services are interrupted whenever it rains making the service unreliable.

Recommendations

- The Ministry should expeditiously conclude the process of signing the MoU with the partners.
- Management of the centres should procure heavy duty photocopiers to complement the demand driven services.
- The Ministry of ICT should ensure that their suppliers deliver the missing equipment and fix or replace the defective items.
- The Ministry should urgently supply the bandwidth to the DBICs and ensure that sustainability plans for DBICs are developed.
- The Ministry should consider insuring the equipment in the hands of the private partner against possible risks.
- The Ministry should commission the DBIC and together with the partners sensitize the public on the existence and importance of the DBIC.
- Supply driven services should be packaged and offered in the centres.

- This being a relatively new concept in Uganda, there is need for training of managers and owners of the host institutions on sustaining the centres among others.
- MoICT and the partners should arrange for a service level agreement for the procured equipment to minimize costs of repair and breakdown risks.
- The local government in Iganga and the private partner should consider expansion of the premises or seek accommodation in a spacious room.

3.7 ROADS

3.7.1 Introduction

Projects/Programmes monitored for performance during the 1st quarter included: the National Roads Maintenance Programme, National Paved Roads Maintenance Backlog, Up-grading of Soroti – Dokolo – Lira, Rehabilitation of Kampala – Masaka, and Masaka – Mbarara roads under UNRA. Others included the Districts Roads Rehabilitation Programme, and the Support to Tourism Infrastructure Rehabilitation Programme under the Ministry of Works and Transport (MoWT). These were selected on the basis of level of capital investment, planned quarterly outputs, and value of releases during the quarter.

3.7.2 Upgrading of Soroti – Dokolo Road

i). Project Background

The project essentially comprises of works for upgrading to paved standard of 62.6Km of the existing road from Soroti town to Dokolo town. The road is intended to be constructed to a carriageway width of 6.0m and shoulder width of 1.5m either side. The works include construction of double surface bituminous treatment on a graded crushed stone base 250mm thick, on a cement stabilized sub-grade 250mm thick, on a selected sub-grade layer, rock-fills in swamps, construction of new cross and longitudinal drainage systems, and ancillary works including installation of traffic road signs, guardrails and road markings. Project details are as shown in the Table 3.6.1 below:

Table 3.6.1: Soroti – Dokolo Project Summary

Contract Number	RDP/HW/C010
Funding Agency	World Bank
Supervision Consultant	J Burrow Ltd
Contractor	China Road and Bridge Corporation
Length	62.6 Km
Works Contract Price	UGX 70,642,241,162 (Original Contract Price) UGX 73,863,487,692 (Revised Contract Price) UGX 96,121,176,530 (Projected Contract Price*)
Supervision Contract Price	USD 1,235,264 (Inclusive of taxes)
Commencement Date	1st November 2007
Construction Period	30 Months
Original Completion Period	30th April 2010
Contract Time Elapsed	673 days (73.9% Time Progress)
Works Payments Certified	UGX 66,899,473,780 (90.6% of Revised Contract Price)
Works Actual Payments	UGX 66,899,473,780 (90.6% of Revised Contract Price)
Weighted Physical Progress	90.4% (against 76.1% Planned cumulative physical progress)

Source: Supervising Consultant's Resident Engineer

ii). Financial Progress

Financial progress of the project was estimated at 49.2% of the original contract price however price overruns were expected arising from the following areas:

- Price adjustments following increase in costs of construction inputs like fuel, bitumen, steel reinforcement bars, cement, and local/expatriate labour. Payments in respect of this were at UShs 17.5 billion compared to the UShs 3.1 billion provided for in the contract.
- Design changes requiring the change from single surface treatment to double surface treatment of the shoulders along the entire road, and increase in number of access culverts.
- Land acquisition issues originally not foreseen during inception and design of the project mainly for culvert outflow channels and some junctions with minor roads.
- Claims for interest on delayed payments of IPC 5 & 6 totaling UShs 667,766,758 (USD 262,849.12 and UShs 187,473,075). This had however improved in the subsequent certificates as there hadn't been any more interest levied on delayed payments since the issue was reported in the quarter 1 monitoring report of FY 2008/09.

Final projected cost overruns were estimated at 25.5 billion above the original contract price, which represents a 36.1% increase.

iii). Field Findings

The following observations were made during the site visit held on 4th September 2009:

- Ongoing works included surfacing works on the road, shoulders and accesses at different levels of completion; access culvert installation, headwalls construction and stone lining of drains; gravel borrow pits reinstatement; and construction of the graded crushed stone base which had less than 500m to completion.

Soroti – Dokolo road: Placing of the last 500m of base layer (Left) and a section of the primed surface (right)

- Progress of works was estimated at 90.4%, representing a 29.6% progress during 1st quarter against the 8% projected in the work plans, and 73.9% contract time progress. Therefore the project was ahead of schedule and was projected to complete 4 months ahead of schedule. Progress on the major activities was as shown in Table 3.6.2 below:

Table 3.6.2: Progress on major activities on Soroti – Dokolo road

#	Activity	% Progress
1.	Clearing & grabbing	100.0%
2.	Earthworks – cut/borrow to fill	100.0%
3.	Culvert Installation	94.3%
4.	Sub-base	100.0%
5.	Crushed Stone Base	98.0%
6.	Bituminous Surfacing	74.7%
7.	Ancillary Works	0.0%
Estimated Physical Progress of Works		**90.4%**

Source: Author's compilaiion

The project is one of such that has demonstrated the achievements of good planning, a good project team (Contractor with sufficient experience and resources, and a good supervising consultant), effective project management and timely payments. Success of this project can also be attributed to the readily available construction materials like gravel, rocks and stones within the project area.

iv). Implementation Challenges and Recommendations

Challenges faced by the project mainly comprised of the yet to be resolved land acquisition issues which have caused delays in the extension of culvert outlet channels and some junctions with minor roads. The monitoring team was however informed that a valuation consultant had been hired and was on the ground but still on the Dokolo – Lira side. Settlement of these outstanding land acquisition issues needs to be fast tracked so as to avoid unnecessary delays and possible claims in the late stages of the project.

3.7.3 Upgrading of Dokolo – Lira Road

i). Project Background

The project essentially comprises of works for upgrading to paved standard of 60.4Km of the existing road from Dokolo town to Lira town. The road is intended to be constructed to a carriageway width of 6.0m and shoulder width of 1.5m either side. The works include construction of double surface bituminous treatment on a graded crushed stone base 250mm thick, on a cement stabilized sub-grade 250mm thick, on a selected sub-grade layer, rock-fills in swamps, construction of new cross and longitudinal drainage systems, and ancillary works including installation of traffic road signs, guardrails and road markings. Project details are as shown in the Table 3.6.3 below:

Table 3.6.3: Dokolo – Lira Project Summary

Contract Number	RDP/HW/C011
Supervision Consultant	COMPTRAN Engineering and Planning Associates
Contractor	China Road and Bridge Corporation
Length	60.4Km
Works Contract Price	UGX 82,068,227,664
Commencement Date	1st June 2008
Construction Period	30 Months
Original Completion Period	30th November 2010
Contract Time Elapsed	460 days (50.5% Time Progress)
Works Payments Certified	UGX 54,519,475,645/-
Works Actual Payments	UGX 564,302,551
Weighted Physical Progress	61.9%
Cumulative Financial Progress	64.8% (Inclusive of payment of claims under the price adjustment clause)

Source: Supervising Consultant's Resident Engineer

ii). Financial Progress

The project's financial progress was estimated at 64.8% of the original contract price (inclusive of payments for claims under the price adjustment clause) however a contract price overrun was anticipated from: further claims under the price adjustment clause following increase in costs of construction inputs like bitumen, fuel, steel, cement and expatriate labor; land acquisition issues for culvert outflow channels especially in sections through urban areas; costs for relocation of utilities; accrual of interest for late payments to the contractor; and additional works from design changes. It was however too early to reasonably project the extent of the cost overruns with certainty.

iii). Field Findings

The following observations were made during the site visit held on 4th September 2009:

- Ongoing works included construction of the sub-base layer using cement stabilised gravel, construction of the sub-grade layer, earthworks, and production works at the stone quarry.


Dokolo – Lira road: Mixing of gravel with cement for the Sub-base layer (Left) and a section of the compacted sub-base (right)

- Progress of works was estimated at 61.9%, representing a 16.9% progress during 1st quarter, against the 11.3% projected in the work plans, and 50.4% contract time progress. Therefore the project output for the 1st quarter was achieved, and the project is ahead of contract time progress.

  Progress on the major activities was as shown in Table 3.6.4 below:

Table 3.6.4: Progress on major activities on Dokolo – Lira road

#	Activity	% Progress
1.	Clearing & grabbing	100.0%
2.	Earthworks – cut/borrow to fill	90.0%
3.	Culvert Installation	90.0%
4.	Sub-base	5.6%
5.	Crushed Stone Base	0.0% (production works were however at 45%)
6.	Bituminous Surfacing	0.0%
7.	Ancillary Works	0.0%
Estimated Physical Progress of Works		**61.9%**

Source: Author's compilation

iv). Implementation Challenges and Recommendations

- The supervising consultant was not sufficiently facilitated with supervision vehicles to handle the spread of the contractor's activities along the entire stretch of the road. While the contractor has 3 major camps and 2 groups working from each end of the road, the consultant has 1 camp at one end of the road. The supervising consultant thus needs to be well facilitated with supervision vehicles to enable them effectively handle the supervision task of the project.
- Land acquisition issues related with compensation of affected people that were yet to be resolved was holding up works like provision of culvert outflow channels, offshoots and road

widening in some areas. The monitoring team was however informed that a valuation consultant was on the ground, picking up the issues along the road. These efforts need to be fast tracked to enable the contractor acquire complete access to the site and as such avoid further delays to the progress of works and to pre-empt any claims in respect of late acquisition of the site.

- Delayed payment to the contractor was causing accrual of interest, which stood at an estimated UShs 173m for Interim Payment Certificates (IPCs) 1 to 10. This was as such increasing the project cost and affecting the contractor's cash flow projections. The payment chain therefore needs to be proactively streamlined with a view of minimizing delays in settlement of IPCs as a way of enabling the contractor to perform and pre-empting claims from delayed payments.

3.7.4 Reconstruction of Busega - Masaka Road

i). Project Background

Construction works on Busega – Masaka road covers two sections of the road totaling 63.1Km with one section that starts at Busega roundabout to Nsangi (11.5Km), and another starting at Kamengo to Lukaya (51.6Km). The scope of works essentially comprises of the following activities:

- Site clearance; earthworks including widening and realigning of the road to Class I road specifications, reconstruction of 63.1Km of road pavement with a graded crushed stone sub-base and base, construction of a dense bitumen macadam course, an asphalt wearing course across the carriageway, and double bituminous surface treatment across the shoulders.
- Modification of one existing bridge to incorporate pedestrian walkways;
- Drainage works including: new culverts installation, extension of selected existing culverts, replacement of damaged culverts; construction of headwalls, lined and unlined ditches, and drainage at junctions consisting of pipes and gully systems; and
- Ancillary works including: retaining structures, traffic signs, guardrails, road markings and reflectorised road studs, kerbing and footpaths, street lighting at junctions and interchanges, landscaping and environmental mitigation works.

Project details are as shown in the Table 3.6.5 below:

Table 3.6.5: Busega – Masaka Project Summary

Supervision Consultant	AIC Progetti S.p.A in Association with TECHNITAL & SABA Engineering Plc
Contractor	Reynolds Construction Company (RCC)
Length	63.1 Km
Works Contract Price	EUR 45,184,817
Supervision Contract Price	EUR 2,028,989
Commencement Date	5th January 2009
Construction Period	24 Months

Original Completion Period	4th January 2011
Contract Time Elapsed	260 Days (35.7% Time Progress)
Works Payments Certified	EUR 1,033,093 (2.6% of Contract Price)
Works Actual Payments	EUR 1,033,093
Supervision Payments Certified	EUR 638,472 (31.5% of original price)
Supervision Actual Payments	EUR 638,472
Estimated Physical Progress	14.5%

Source: Supervising Consultant's Resident Engineer

ii). Financial Progress

The project's financial progress was estimated at 32.6% of the original contract price, which is inclusive of 30% advance payment on works, materials and equipment. However the contract price was expected to rise following a design review by the supervising consultants, mainly from increased quantities especially on culverts, changes in design to incorporate climbing lanes, and an addendum to the contract for the maintenance of sections not yet handed over to the contractor. It was however too early to reasonably project the total cost overruns as the design review was still underway.

iii). Field Findings

The following observations were made during the site visit held on 22nd September 2009:

- Ongoing works included clearing, grabbing and removal of top soils; cutting of slopes and fills for creation of climbing lanes; swamp widening and filling using geo-textiles, rocks, and course crushed stone material; pothole patching in sections yet to be worked; earthworks for widening of the existing road by 3.6m on one side; and rock blasting and stone production works in the quarry.

Busega – Masaka Road: Section widened for a climbing lane (left) and earthworks for widening of swamp areas (right)

- Progress of works was estimated at 14.5%, representing a total progress of 9.5% during 1st quarter, against the 8.5% projected in the work plans. Contract time progress at the time of monitoring was at 35.7%. Therefore though the project output for the 1st quarter was achieved, the project still lags behind contract time progress. Physical progress of works was however slightly ahead of the contractor's approved work programme when time for mobilisation is taken into account. Progress on the major activities was as shown in Table 3.6.6 below:

Table 3.6.6: Progress on major activities on Busega – Masaka road

#	Activity	% Progress
1.	Earthworks	40%
2.	Drainage works	0.0%
3.	Sub Base Layer	0.0%
4.	Base Layer	0.0%
5.	Bituminous Layers and Seals	0.0%
6.	Ancillary Works	0.0%
Estimated Physical Progress of Works		**14.5%**

Source: Author's compilation

- The contractor had mobilized all necessary equipment and personnel and was fully established on site.
- The HIV awareness programme was also on-going with a treatment clinic established on site and other activities like the outreach programme, distribution of condoms, radio programmes on HIV and road safety/awareness campaigns, counselling and voluntary testing were in progress.

iv). Implementation Challenges and Recommendations

- Land acquisition issues in sections not yet handed over to the contractor was presenting challenges in the Contractor's scheduling of works as landlords stop the contractor from accessing the sections of the site before compensation. These need to be urgently addressed to enable the contractor acquire complete access to the site and as such avoid further delays to the progress of works and to pre-empt any claims in respect of late acquisition of the site.
- The Contractor had internal challenges with the key staff on site, leading to exceptionally long periods without submission of payment certificates and hence the low financial progress. This had however been rectified as at the time of monitoring and the Contractor was in the process of quantifying works for payments.

3.7.5 Reconstruction of Masaka – Mbarara Road

i). Project Background

Construction works on Masaka – Mbarara road cover a package of roads totaling 154.5Km comprising of a section that starts 2.4Km north of Masaka bypass junction and ends approximately 6.5Km west of Mbarara town, and a separate 5.5Km section of Masaka – Kyotera road. The scope essentially comprises of the following activities:

- Site clearance; earthworks including widening and realigning of the road to Class I road specifications, reconstruction of 154.5Km of road pavement with a cement stabilized sub-base and a graded crushed stone base, construction of a dense bitumen macadam course, and double bituminous surface treatment across the carriageway and shoulders.
- Drainage works including: new culverts installation, extension of existing culverts, construction of headwalls, lined and unlined ditches, and drainage at junctions consisting of pipes and gully systems; and
- Ancillary works including: retaining structures, traffic signs, guardrails, road markings and reflectorised road studs, kerbing and footpaths, street lighting at junctions and interchanges, landscaping and environmental mitigation works.

Project details are as shown in the Table 3.6.7 below:

Table 3.6.7: Masaka – Mbarara Project Summary

Contract Number	EU/HW/C004
Supervision Consultant	AIC Progetti S.p.A in Association with TECHNITAL & SABA Engineering Plc
Contractor	Reynolds Construction Company (RCC)
Length	154.4 Km
Works Contract Price	EUR 79,014,151.02
Supervision Contract Price	EUR 2,632,488
Commencement Date	7th January 2008
Construction Period	36 Months
Original Completion Period	6th January 2011
Contract Time Elapsed	989 Days (67.7% Time Progress)
Works Payments Certified	EUR 29,732,000 (37.6% of Contract Price)
Works Actual Payments	EUR 29,732,000
Supervision Payments Certified	EUR 1,182,000 (46.6% of original price)
Supervision Actual Payments	EUR 1,182,000
Weighted Physical Progress	20.0%

Source: Supervising Consultant's Resident Engineer

ii). Financial Progress

The project's financial progress was estimated at 37.6% of the original contract price. However the contractor was also paid 30% advance payment on works, materials and equipment, but part of which had been recovered. Contract price overruns were projected from claims for price adjustment following increase in contract inputs like steel, cement, fuel, bitumen, and expatriate labor. Other likely sources of cost overruns included changes in quantities following a design review by the supervising consultants; items related to land acquisition like extension of fences; and additional works like the introduction of climbing lanes. It was however too early to reasonably project the total cost overruns as the design reviews were still underway.

iii). Observations During the Site Visit

The following observations were made during the site visit held on 22nd September 2009:

- Ongoing works included site clearance and earthworks for widening of the existing road by 3.6m on one side, installation of new corrugated metal culvert crossings, placing of gravel material for the sub-grade; placing of the sub-base and base in graded crushed stone material; placing of the dense bitumen macadam; rock blasting and stone production works in the quarry; and construction of culvert end structures.


Masaka – Mbarara road: Section with a dense bitumen macadam layer (Left) and a section of graded crushed stone base (right)

- Progress of works was estimated at 20%, representing a total progress of 7%during 1st quarter, against the 9% projected in the work plans. Contract time progress at the time of monitoring was at 67.7%. Therefore the project output for the 1st quarter was not achieved, and the project far lags behind contract time progress. The contractor had already indicated an intention for request of extension of time of 3 months. Progress on the major activities was as shown in Table 3.6.8 below:

Table 3.6.8: Progress on major activities on Masaka – Mbarara road

#	Activity	% Progress
1.	Earthworks	40.0%
2.	Drainage works	38.7%
3.	Sub Base Layer	20.6%
4.	Base Layer	16.1%
5.	Bituminous Layers and Seals	10.0%
6.	Ancillary Works	0.0%
Estimated Physical Progress of Works		**20.0%**

Source: Author's compilation

- The contractor had mobilized all necessary equipment and personnel and was fully established on site.
- The HIV awareness programme was also on-going with a treatment clinic established on site and other activities like the outreach programme, distribution of condoms, radio programmes

on HIV and road safety/awareness campaigns, counselling and voluntary testing were in progress.

iv). Implementation Challenges and Recommendations

- While financial projections for the works exceed the contract sum, there were still uncertainties on the availability of the extra funds required, and therefore there were supervision challenges with respect to the scoping and issuance of instructions for works. The design review, which had also been extended to the sections of the road not contracted out, should be expedited to pave way for discussions on the source of funding for the projected cost overruns.
- One of the Contractor's stone crusher had been down for 1½ months causing a slow down in the production of the graded crushed stone material used on the sub-base and base layers. If not corrected soon, this is likely to slow down the rate of progress of works.
- The Contractor reported rampant thefts on site to the extent of an incident when one machine disappeared on site but was later recovered many kilometres away. Security on site should therefore be tightened to avoid thefts which may ultimately affect the contractor's cash flow and progress of works.

3.7.6 National Paved Road Maintenance Backlog

The programme entails the periodic maintenance of sections of selected paved national roads, which have with time deteriorated and are in need of repairs to improve their functionality. In FY 2009/10, 200Km of the paved national roads network were planned to be rehabilitated/resealed under the programme, and were contracted out in the last FY in 6 packages as follows: Package 1 – Lira & Gulu Roads; Package 2 – Kampala roads; Package 3 – Masaka roads; Package 4 – Bushenyi roads; Package 5 – Mbarara – Ntungamo road; Package 6 – Ntungamo – Kabale – Katuna road. The Programme is jointly funded by Government of Uganda under the National Roads Maintenance Programme and by a grant from the European Development Fund with a total budget allocation of UShs 17.48 billion (Donor Component).

Package 2 – Kampala roads and Package 3 – Masaka roads were selected for monitoring in the 1st quarter and below are the field findings:

Field Findings: Backlog Projects Package 2 – Kampala Roads

The Project for Package 2 roads involves the stage maintenance of 23.3Km divided into two sections measuring 6Km along Bombo road; and five sections measuring 17.8Km along Jinja road. The two sections along Bombo road include: Kalerwe roundabout – Northern Bypass (1.7Km), and Northern Bypass – Kawempe (4.3Km). The five sections along Jinja road include Kampala (Nakawa) – Kyambogo Junction (1.6Km); Kyambogo Junction – Kireka (2.9km);

Kireka – Kireka (Namugongo junction) (0.4Km); Kireka (Namugongo Junction) – Bweyogerere (1.6Km); and Bweyogerere – Mukono (10.8Km).

The works were contracted to Dott Services Ltd at a sum of UGX 10.401billion and the contract is fully funded by the European Union. Planned works under the contract included cleaning of drains and culverts; replacement of some missing culverts; repair of shoulders and resealing of short sections with a single seal; spot rehabilitation of severely distressed areas; pothole patching and edge repair; overlay of the carriageway to a width of 7.2m with 30mm thick layer of EVA modified asphalt wearing course. Civil works commenced on 15 July 2008 and were expected to be complete within 18 months (by 14th January 2010). Works are supervised by Egis Bceom International, who also supervises works under the rest of the packages.

During the site visit, the monitoring team found the contractor adequately mobilized on site for the current activities, and works done on site included stone lining of drains in selected sections; spot repair of selected sections, which were temporarily sealed off with a single seal; pothole patching on the carriageway, and cleaning of drains and culverts. Construction of the asphalt overlay, shoulder/edge repairs had however not commenced. All activities were behind schedule and the contract was at the time projected to complete beyond the original completion time. Physical progress was estimated at 35% against a contract time progress of 77.6% and a financial progress of 18.3%. Contract cost overrun projected as at the time of monitoring was estimated at either 6.3% (using the asphalt specified in the contract) or 23.8% (using an inferior asphalt design proposed by the contractor). The overrun is mainly from increased quantities of the different items in the contract, and changes in design. Progress of works was thus far behind contract time progress and the contractor had already applied for extension of time, which was yet to be approved.

The monitoring team was informed that the delay in the progress of works was partly because the contractor was having financial and technical challenges in providing the quality of asphalt specified in the contract and was instead going ahead with plans to place an inferior asphalt specification despite objections from the supervising consultant basing on the view that the inferior asphalt the contractor intends to use is prone to rutting yet the specified type has enhanced rut resistance capabilities that are needed on the heavily trafficked roads in the contract. Moreover, the inferior mix proposed by the contractor would be comparatively more costly to government by an estimated UShs. 2.0 billion.

Kampala – Mukono road: A defective resealed section with excessive bleeding (left) and a new stone lined drain (right)

i). Field Findings: Backlog Projects Package 3 – Masaka roads

The Project for Package 3 roads involves the stage maintenance of 48.7Km divided into two roads within Masaka district namely: Masaka – Kyotera (38.3Km) starting at approximately 5Km outside Masaka to Kyotera; and Villa Maria – Nyendo (10.4Km). The works were contracted to Dott Services Ltd at a sum of UGX 9.229billion and the contract is fully funded by the Government of Uganda. Planned works under the contract included cleaning of drains and culverts; replacement of some missing and broken culverts; repair of shoulders and resealing of short sections with a single seal; spot rehabilitation of severely distressed areas; pothole patching and edge repair; and carriageway resealing to a width of 6.0m. Civil works commenced on 15 July 2008 and were expected to be complete within 18 months (by 14th January 2010). Works are supervised by Egis Bceom International.

During the site visit, the monitoring team found the contractor adequately mobilized on site for the current activities, and on-going works included clearing of grass from the shoulders; pothole patching on the carriageway and edge repair with stabilised gravel and a course slurry seal; cleaning of drains and culverts; shoulder recharging with gravel material; and replacing of culverts in selected areas. All activities were behind schedule partly due to the time lost when the EU suspended funding of the project and while matters relating to the funding of the project were being resolved. Physical progress was estimated at 45% against a contract time progress of 77.6% and a financial progress of 8.3%. At the time of monitoring, a contract cost saving of approximately UShs. 2.0 billion (21.9% saving of original contract value) was projected, arising mainly from design changes from the use of a single seal surfacing to slurry seal on Masaka – Kyotera road. Progress of works was thus far behind contract time progress but the contractor had not yet indicated any requirement for extension of time.

Masaka – Kyotera Road: Edge repair with a bitumen slurry seal

Nyendo – Villa Maria Road: Shoulder repair with a borrowed gravel material

Backlog Projects: Implementation Challenges and Recommendations

Implementation issues and challenges identified included:

a) The Contractor for Packages 2&3 reported loss of 2 road construction equipment which were torched during the September 10/11 chaos in Kampala. This was likely to in the short run affect the contractor's cash flow and capacity to sustain the works on site in a consistent manner, which will inadvertently slow the progress of works.

b) Delays in payments to the contractor on package 2 (reported on IPC2 and claim no.2 submitted in June 2009) were affecting the contractor's cash flow and hence slowing the progress of works. The delay was reportedly originating from the donor/ National Authorising Officers side but what was causing it was not clear. The payment procedure for contracts under the programme needs to be streamlined in order to avoid delays in effecting payments to the Contractors.

c) Issues relating to cost and quality of asphalt to be used on the Package 2 roads remained contentious because the contractor apparently quoted lower than market rates for the quality of asphalt specified in the contract and was as such adamant and bent on using an inferior quality asphalt but which would cost the government more by an estimated UShs. 2 billion. This requires prudent action to ensure that the contract is enforced without financial loss to the government, and without much loss of time for the completion of the construction works.

3.7.7 National Roads Maintenance Programme

The programme involves all activities for maintenance of the national roads network totalling 10,970Km (excluding the 10,300Km of district roads upgraded to national roads this FY but which were not included in the work plans) including inland water transport services and axle load control across the network.

Planned activities under the programme included manual maintenance of 10,970 Km; mechanized maintenance of 15,258 Km; rehabilitation of 100Km of paved roads; resealing of 220 Km of paved roads; gravelling of 1500 Km of unpaved roads; rehabilitation of 8 bridges; maintenance of 239 bridges; ferry services and axle load control on the national roads network.

In FY 2009/10, the programme has a total annual budget of UGX 81.586 billion (6.9% of sector budget) of which UGX 24.513 billion (30.0% of annual budget) had been released by the end of the 1st quarter and UGX 15.909 billion (64.9% of releases) spent on the different maintenance activities (IFMS data).

In the 1st quarter, six UNRA stations with maintenance programmes covering a total road network of 2,857.5Km and with interventions done by both force account and contracts supervised by the stations were monitored. These included: Kabale, Luwero, Masaka, Mbale, Soroti and Tororo. Below were the field findings:

A) Field Findings: Kabale Station

The station has a total road network of 410Km, of which 156Km (38.0%) is paved and 254Km (62.0%) are gravel roads. The road network is comprised of roads in 5 districts that include Bushenyi, Kabale, Kisoro, Ntungamo and Rukungiri. This FY the station is taking on an extra 864Km of district roads that are to be upgraded to national roads status, which will extend the network under the station to Kanungu district. Planned maintenance activities on the network under the station included: maintenance using contracts on 84.5Km (20.6%); and maintenance using force account on 164.8Km (40.2%). 210Km (51.2%) of the road network under the station are undergoing development interventions (including upgrading of 108.5Km from gravel to paved, and 101.5Km undergoing periodic maintenance under national paved roads maintenance backlog programme). 49.3Km of the road network were planned to be maintained by both force account and contracted works at different times of the year. The station handles all maintenance activities on the networks including supervision of the maintenance contracts.

a) Maintenance using contracts

The following road which was maintained by contract was monitored on 24th September 2009 and below was the findings:

1) Ntungamo – Kafunjo – Kakitumba (Mirama Hills) Road (37.3Km)

This project involving the periodic maintenance of 37.3Km of the road from Ntungamo to the international border post in Kakitumba (Mirama Hills) was awarded to M/s Valley Technical Services Ltd and involved reshaping of the road by medium grading, drainage improvement including installation of some culverts and cleaning of open drains, and re-gravelling of a section of 32Km with 100mm gravel wearing course, at a total contract price of UGX 516.2 million. Civil works commenced on 27th February 2009 and were expected to be complete within 6½ months (by 15th September 2009). The works were however substantially completed on 31st July 2009, 1½ months ahead of time and the road is under defects liability period.

During the site visit, the monitoring team observed that the works had been substantially completed and the road was generally still in good condition with a good running surface. Physical progress was at 100% and the financial progress was at 97.5% (with the 2.5% retention still outstanding).

b) Maintenance using Force Account

In FY 2009/10 force account interventions were planned to be done on 164.8Km (40.2%) of the road network under the station with a scope of works that includes: 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 also monitored on 24th September 2009.

New Rwamwire Bridge on tin quarry access road, off Ntungamo – Kakitumba road.

Kabale town roads: Failed drainage system that characterizes the road.

At the time of the monitoring field visit, the station had received a total of UShs 206.0 million earmarked for the maintenance of Ntungamo – Kabale – Katuna (101.5Km), Kabale town road (2.3Km), Kakukuru – Rubare (5.4Km) and Muhanga – Kebisoni (61Km), of which total expenditure was at UShs 38.6 million (18.8% of the funds received). Works done included pothole patching of Kabale town road, which was still on-going; and shaping of 3 sections totalling 5.4Km on Kakukuru – Rubare road (opening of mitre drains and spot gravelling of the sections was expected to commence soon). Mobilisation of equipment to Muhanga – Kebisoni road was also on-going. Force account operations that spilled over to this FY included emergency repairs on Rwamwire tin quarry access road and bridge.

Kabale town roads: Pothole patching in progress but highly ineffective without a drainage system in place

The monitoring team visited Kabale town road (2.3Km) and observed that pothole patching was on-going, but also observed that the road was heavily distressed with multiple patches and a failed drainage system. The road is as such past its maintainable state and requires rehabilitation to attain serviceable state. It was also noted that despite the deplorable state of the road, it was left out of the adjacent Kabale – Kisoro upgrading project on one end and the Ntungamo – Kabale – Katuna maintenance backlog project on the other end. Moreover, the section was also left out of the design for the upcoming rehabilitation project on Ntungamo – Kabale – Kisoro road expected in 2 years! It therefore presents a huge maintenance gap that requires urgent attention. On Kakukuru – Rubare road, the team observed that grading had been done in 3 separate sections of the road with slippery soils but cleaning of mitre drains and placing of the gravel wearing course which was yet to be done required urgent attention before the onset of the rainy season expected soon. On Rwamwire tin quarry access road (off Ntungamo – Kakitumba road), 1.1Km of the access road had been reshaped and gravelled; 240m of river training; and a bridge with 2 lines of 1200mm, and 1 line of 1500mm diameter culverts with reinforced concrete end structures, gabion walls, and gravel fill had been done. The works were still in good condition.

Implementation challenges at the station included: old equipment with extensive breakdowns and high maintenance costs; scarcity of gravel material in some sections of the road network; insufficient transport for supervision and field operations; scarcity of materials like stone dust used in pothole patching; and the limitation of UShs 2million on micro-procurements which was considered too low and thus constraining especially for the procurement of bitumen and spares for the road construction equipment.

B) Field Findings: Luwero Station

The station has a total road network of 494Km, of which 159Km (32.2%) is paved and 335Km (67.8%) are gravel roads. This FY the station is taking on an extra 410Km of district roads that are to be upgraded to national roads status. Planned maintenance activities on the road network under the station included: maintenance using contracts on 105Km (21.3%); and maintenance using force account on 156Km (31.6%). 213Km (43.1%) of the road network under the station are undergoing development interventions, and 20Km (4%) with no planned activity during the FY but expected to be rehabilitated in the medium term. The station handles all maintenance activities including supervision of the maintenance contracts.

a) Maintenance using contracts

The following roads which were maintained using contracts were monitored on 9th September 2009 and below were the respective findings:

Butalangu – Ngoma road: example of heavily loaded trucks in a completed section of the road

1) Butalangu – Ngoma Road (54Km)

This project involving the routine mechanized maintenance of 54Km of the road from Butalangu to Ngoma in Nakaseke district was awarded to M/s LB Construction Ltd and involved reshaping of the road by medium grading, drainage works including installation of some culverts, and spot gravelling of approximately 5Km, at a total contract price of UGX 251.2 million. Civil works commenced on 1st June 2009 and were expected to be complete within 4 months (by 28th September 2009). The works were supervised by the UNRA Station Engineer Luwero.

During the site visit, the monitoring team observed that the works had been substantially completed and the road was generally still in good condition with a good running surface though corrugations had developed in a section of about 1Km. The team also observed however that the road required more gravel than provided for in the contract. Physical progress was estimated at 98% and the financial progress was at 51% against a time progress of 84%. The project was thus expected to complete ahead of the contract time and was expected to go under defects liability period within the week.

2) Kisule – Nakaseke – Busunju (51Km)

This project involving the routine mechanised maintenance of 51Km of the road from Kisule through Nakaseke to Busunju was awarded to M/s EDPET Construction Ltd and involved reshaping of the road by heavy/ medium grading, drainage works including installation of some culverts, and spot gravelling of approximately 5Km, at a total contract price of UGX 260.258 million. Civil works commenced on 12th June 2009 and were expected to be complete within 4 months (by 10th October 2009). The works were supervised by the UNRA Station Engineer Luwero.

During the site visit, the monitoring team observed that the contractor had completed reshaping of the road and commenced the cleaning of offshoots and culvert installation. The few culverts installed were wrongly installed and the contractor had been instructed to have them reinstalled. Spot gravelling was yet to commence and progress on drainage improvement was negligible. The monitoring team also observed that the road required more gravel and culverts than was provided for in the contract. Physical progress was estimated at 60% and the financial progress was at 42% against a time progress of 74%. Progress of works was thus behind contract time progress yet the contractor was reportedly having cash flow and equipment capacity constraints.

b) Maintenance using Force Account

In FY 2009/10 force account interventions were planned to be done on 156Km (31.6%) of the road network under the station with a scope of works that includes: 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 10th September 2009.

Kalule – Bamunanika: A section of the road recently graded using force account

At the time of the monitoring field visit, the station had received a total of UShs 34.904 million earmarked for the maintenance of Wobulenzi – Zirobwe road (24km), of which total expenditure was at UShs 3.998million (11.5% of the funds received). Works done, included road shaping of Wobulenzi – Zirobwe road, and Kalule – Bamunanika road.

The monitoring team visited Wobulenzi - Zirobwe and Kalulu – Bamunanika roads and observed that both roads had been graded but some sections had been spoilt by the rains before completion, and there were no on-going activities on site due to breakdown of the bulldozer and the grader. Opening of offshoots and cleaning of drains had commenced in some sections but at a very low scale. Both roads required several new offshoots and installation of culvert crossings that could not be provided within the received funds.

Implementation challenges at the station included: old equipment with extensive breakdowns and high maintenance costs; scarcity of gravel material in some sections of the road network; insufficient transport for supervision and field operations; under scoping of the mechanised routine maintenance works and uncontrolled overloaded traffic on some of the roads within the network leading to quicker failure of the roads; and the low unit rate for manual routine maintenance, which was recently increased from UShs 60,000 to 70,000 per Km per month which is still low, and hence still presents contractors with cash flow problems and difficulties in finding willing workers.

C) Field Findings: Masaka Station

The station has a total road network of 561Km, of which 231Km (41.2%) is paved and 330Km (58.8%) are gravel roads. This FY the station is taking on an extra 503Km of district roads that are to be upgraded to national roads status, including 41Km of Kyapa – Kasensero road which had already been contracted out for maintenance in FY 2008/09. Planned maintenance activities on the network under the station included: maintenance using contracts on 299Km (53.3%); 48Km under maintenance backlog projects; and maintenance using force account on 267Km (47.6%) including 2 roads of 93Km of contracted works that are additionally planned to be maintained by force account during the 4th quarter. 90Km of the road network under the station are undergoing development interventions, of which 40Km have been taken over by the contractors and 50Km still under the station. The station handles all maintenance activities including supervision of the maintenance contracts.

a) Maintenance using contracts

The following roads which were maintained using contracts were monitored on 8th September 2009 and below were the respective findings:

1) Rakai – Mbarara Boarder road (50Km)

This project involving the periodic maintenance of 50Km of the road linking Rakai and Isingiro districts was awarded to M/s Assured Engineering Services Ltd and involved reshaping of the road by heavy grading, drainage works including installation of some culverts, and re-gravelling of the entire section with 150mm gravel wearing course, at a total contract price of UGX 1.125 billion. Civil works commenced on 9th February 2009 and were expected to be complete within 6 months (by 8th August 2009). The works were substantially completed on 15th June 2009, two months ahead of time and the road is under defects liability period. A newly appointed supervision consultant M/s Kagga & Partners was set to take over supervision of the road but was not yet on site.

During the site visit, the monitoring team observed that while the road was under defects liability period, several failures had developed in several sections along the road including: gravel stripping, corrugations, potholes, un-compacted gravel wearing course, and loss of road shape due to rutting and/or silting of side drains. Several culvert crossings required more backfill material to remove the hump effect, while other culvert crossings had broken culverts. The Contractor had been notified of most of the defects and was expected back on site within the week to attend to the defects. Physical progress was at 100% and the financial progress was at 97.5% (with the 2.5% retention still outstanding).

2) Masaka – Bukakata road (43Km)

The project involving the periodic maintenance of 43Km of the road from Masaka to the three landing sites on Lake Victoria at Bukakata, Kakyanda and Lambu was awarded to M/s Multiplex (U) Ltd and involved reshaping of the road by heavy grading, drainage improvement, and full gravelling of the road with 150mm thick gravel wearing course, at a total contract price of UShs 2.159 billion. Civil works commenced on 26th February 2009 and were expected to be complete within 6 months (by 26th August 2009). The works were supervised by the station engineer Masaka but were set to be taken over by a newly appointed supervising consultant M/s Kagga & Partners, who was not yet on site. However, the works were substantially completed on time.

During the site visit, the monitoring team observed that the unit rate for the works was way too abnormal high compared to similar contracts within the same locality an issue that is elaborated further in chapter 4. However, works had been substantially completed and the road was generally still in good condition with a good running surface. Physical progress was at 100% and the financial progress was at 97.5% (with the 2.5% retention still outstanding). The road was still under defects liability period.

3) Kyapa – Kasensero road (41Km)

This project involving the periodic maintenance of 41Km of the road from Kyapa to landing site on Lake Victoria at Kasensero was awarded to M/s Otada Construction Co. Ltd and involved reshaping of the road by heavy grading, drainage works including installation of some culverts, and re-gravelling of the entire section with 150mm gravel wearing course, at a total contract price of UGX 1.197 billion. Civil works commenced on 6th March 2009 and were expected to be complete within 6 months (by 6th September 2009).The works are supervised by the station engineer Masaka but were set to be taken over by a newly appointed supervising consultant M/s Kagga & Partners, who were not yet on site.

Kyapa – Kasensero road: swamp filling along a 1.2Km swamp done by contract

During the site visit, the monitoring team observed that the contractor had graded about 33.4Km, gravelled 27Km, and was swamp filling to widen and raise a section of the road through a swamp of 1.2Km. In addition, a total of 47 culvert crossings had been installed. The contractor was fully mobilised with works in progress, and the completed sections were generally in good condition. Physical progress was estimated at 72% against a contract time progress of 100% and a financial progress of 71.8%. Physical progress of works was thus lagging behind the contract time progress but the contractor had applied for extension of time in respect of added works that included the 1.2Km swamp filling, correction of several bottlenecks and drainage works.

4) Kyotera – Mutukula Road (45Km)

This project involves the periodic maintenance of the 45Km paved road from Kyotera to the international boarder with Tanzania at Mutukula. The contract was awarded to M/s Nicontra (U) Ltd at a cost of UShs 810.5 million and involved pothole patching, base reconstruction/resealing in some areas, and the construction of stone lined drains on steep slopes. Civil works commenced on 22nd July 2009 and were expected to be complete within 6 months (by 22nd January 2010). The works are supervised by the station engineer Masaka but were set to be taken over by a newly appointed supervising consultant M/s Kagga & Partners, who were not yet on site.

Villa Maria – Kyamulibwa: grading of the road in progress by force account

During the site visit, the monitoring team observed that the contractor had not yet mobilised any equipment but had started, setting out and chaining of the road. Physical progress was estimated at 0% against a contract time progress of 25.5% and a financial progress of 20% (representing the advance payment). The progress of works was as such far behind contract time progress, with the contractor's equipment not yet mobilised on site.

b) Maintenance using Force Account

In FY 2009/10 force account interventions were planned to be done on 267Km (47.6%) of the road network under the station including 93Km of roads that will additionally be contracted out during the FY. The scope of works under force account includes: 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 7th September 2009.

At the time of the monitoring field visit, the station had received a total of UShs 105.8 million earmarked for the maintenance of Masaka – Lwera (25Km), Masaka – Nyendo (4Km), and Villa Maria – Kyamulimbwa (18Km), of which total expenditure was at UShs 42.1 million (39.8% of the funds received). Works done included mainly pothole patching of Masaka – Lwera road, and reshaping of Villa Maria – Kyamulibwa road, which was still on-going.

The monitoring team visited Masaka – Lwera road and observed that while pothole patching using asphalt had been done to completion, new isolated potholes had developed, and shoulder repair works planned to be done in several sections of the road had not commenced. The road was however in a fair condition. The team also visited Villa Maria – Kyamulibwa road and observed that road shaping was on-going with 13.4Km completed, but no other works planned to be done along the road had commenced.

Implementation challenges at the station included: scarcity of appropriate gravel material along some roads in the network, and absence of a funded work plan for the maintenance of the district roads that were recently upgraded to national roads, which was leading to growing political pressure from the local government leaders within the area covered by the station.

D) Field Findings: Mbale Station

The station has a total road network of 565.4Km, of which 218.6Km (38.7%) is paved and 346.8Km (61.3%) are gravel roads. This FY the station is taking on an extra 369.9Km of district roads that are to be upgraded to national roads status. Planned maintenance activities on the network under the station included: maintenance using contracts on 396.9Km (70.2%) including a road of 20.5Km planned to have both force account and contract interventions; and maintenance using force account on 189Km (33.4%). The station handles all maintenance activities including supervision of the maintenance contracts.

a) Maintenance using contracts

The following roads which were maintained using contracts were monitored on 2nd September 2009 and below were the respective findings:

1) Namagumba – Budadiri road (20Km)

This project involving the periodic maintenance of 20Km of the road from Namagumba to Budadiri was awarded to M/s Progressive Building and Civil Engineering Contractors Ltd and involved reshaping of the road by medium grading, drainage improvement, and re-gravelling of the entire section with 150mm gravel wearing course, at a total contract price of Ushs.480.756 million. Civil works commenced on 19th February 2009 and were expected to be complete within 4 months (by 18th June 2009). Works were however substantially completed on 31st July 2009 and a total of 13 days of liquidated damages were charged against the contractor. The works were supervised by the UNRA Station Engineer Mbale.

Namagumba – Budadiri: Section of the completed road

During the site visit, the monitoring team observed that the works had been substantially completed and the road was generally still in good condition with a good running surface. Physical progress was at 100% and the financial progress was at 97.5% (with the 2.5% retention still outstanding). The road was still under defects liability period.

2) Muyembe – Moroto boarder road (65Km)

This project involving the routine mechanised maintenance of 65Km of the road from Muyembe to Namalu in Nakapiripirit district was awarded to M/s Allied Tech Engineers Ltd and involved reshaping of the road by medium grading, drainage improvement, and spot gravelling of 6.9Km, at a total contract price of UShs 458.956 million. Civil works commenced on 8th May 2009 and were expected to be complete within 5 months (by 12th October 2009). The works were however substantially completed on 28th August 2009. Works were supervised by the UNRA Station Engineer Mbale.

During the site visit, the monitoring team observed that the works had been substantially completed but the road was deteriorating fast due to heavy traffic with several over loaded trucks ferrying limestone from Moroto to the cement factory in Tororo. Several failures were observed in some sections including corrugations, rutting, gravel stripping and potholes. Axle loading ought to be controlled on this road so as to prudently preserve any investment in the maintenance of this road. Physical progress was at 100% against a contract time progress of 74.5% and a financial progress of 97.5% (with 2.5% retention still outstanding). The road was still under defects liability period.

Muyembe – Namalu road: example of the several overloaded trucks on the road.

3) Bumbobi – Bubulo – Bududa Circular road (44.6Km)

This project involving the periodic mechanised maintenance of 44.6Km of the road from Bumbobi through Bubulo to Bududa including the Bududa circular road was awarded to M/s Rocktrust (U) Ltd and involved reshaping of the road by medium grading, drainage improvement, and re-gravelling of the entire roads with 150mm thick gravel wearing course. The works were contracted out at a total cost of UShs. 1.207 billion, commencing on 9th March 2009 and expected to complete within 6 months (by 16th September 2009). The works were supervised by the UNRA Station Engineer Mbale however a supervising consultant M/s Arch Design in association with Odongo Othieno officially took over supervision of the works with effect from 2nd September 2009.

During the site visit, the monitoring team observed that the contractor had graded about 36Km, gravelled 33Km, and installed a number of cross and access culverts. The contractor had however suspended works owing to cash flow challenges connected to delayed payment of certified works. As such there were no on-going works on site and the contractor’s equipment was all parked at the site office. The team also observed that some finished section had already developed early failures like corrugations, rutting and gravel stripping attributed to the inferior quality of available gravel used on the road. Physical progress was estimated at 72% against a contract time progress of 91.2% and a financial progress of 62.7%. Physical progress of works was thus lagging behind the contract time progress.

4) Tirinyi – Pallisa – Ladot (42Km)

This project involving the routine mechanised maintenance of 42Km of the road from Tirinyi through Pallisa to Ladot was awarded to M/s Higstan Technical Services Ltd and involved reshaping of the road by medium grading, drainage improvement, stone lining of open drains, and spot gravelling of 4.2Km at a total contract price of UShs 555.96 million. Civil works commenced on 1st June 2009 and were expected to be complete within 4 months ending 30th September 2009. The works are supervised by the UNRA Station Engineer Mbale.

During the site visit, the monitoring team observed that grading of the entire road had been completed though up to 10Km of the road was not well graded and had been rejected for non-compliance to specifications. On-going works on the road included only stone lining of open drains in heavily scoured sections. The team also observed that due to the predominant sandy soils in the area, the shape of the road was quickly disintegrating with gullies forming across the shoulders in several sections of the road and hence narrowing the effective width of the road. The road thus requires special attention in the scoping of works particularly with respect to the treatment of the predominant sandy soils. Physical progress was estimated at 30% against a contract time progress of 76.9% and a financial progress of 26.8%.

5) Urgent Repairs on Mbale Town Access Roads (12.1Km)

This project involves the repair of the dilapidated sections of Mbale town access roads starting at 3Km on Mbale – Tororo road, and 9Km of Mbale – Namunsi road including the section through the town. The contract was awarded to M/s Cementers (U) Ltd at a cost of UShs 2.822 billion and involves site clearing, drainage improvement, base reconstruction in some areas, pothole patching, shoulder and edge repair, and some ancillary works. Civil works commenced on 10th August 2009 and were expected to be complete within 6 months (by 10th February 2010). The works are supervised by the UNRA Station Engineer Mbale.

During the site visit, the monitoring team observed that the contractor had mobilised all the necessary equipment for the on-going works, and had commenced site clearing, setting out, chaining and surveying of the road. Physical progress was estimated at 1% against a contract time progress of 12.5% and a financial progress of 0% (the Contractor had however applied for advance payment, which had not yet been effected).

b) Maintenance using Force Account

In FY 2009/10 force account interventions were planned to be done on 189Km (33.4%) of the road network under the station including 20.5Km of a road that will additionally be contracted out during the FY. The scope of works under force account includes: 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 2nd September 2009.

Mbale (Namunsi) – Kumi road: Heavily distressed section with temporary gravel patches

At the time of the monitoring field visit, the station had received a total of UShs 222.3 million earmarked for the maintenance of Mbale – Tororo road, supervision costs and painting of the station offices, of which total expenditure was at UShs 39.0 million (17.5% of the funds received). Works done included mainly spot improvement of sections of Mbale – Tororo road (22Km), which was still on-going; and limited works on the following roads: Nalugugu – Mutufu – Budadiri road (16Km) where emergency grading was done in a few sections; Namunsi – Sironko road (18.5Km) where patching of potholes was on-going; and Mbale (Namunsi) – Kumi road (39Km) where temporally patching works were done in a section of about 10Km.

Namunsi – Sironko road: ongoing pothole patching with asphalt

The monitoring team visited Namunsi – Sironko road and observed that pothole patching using asphalt was on-going but that the road required a wider intervention to repair the edges, shoulders and reconstruct some sections of the road. The team also visited Nalugugu – Mutufu – Budadiri and observed that the works done were only of emergency nature and would require a more substantive maintenance intervention as planned. On Mbale – Tororo road, the team observed that several sections of the road had been scarified and were undergoing base reconstruction, but also observed that the road was generally dilapidated with eminent failures in the un-worked sections, and hence the procurement of a contractor for its full reconstruction, planned this FY, ought to be fast tracked. The same applied to Mbale – Kumi road where the impact of the temporally works done was even hard to appreciate due to the fast recurrence of the potholes filled with gravel.

Implementation challenges at the station included: a big section of the road network that is dilapidated and therefore due for full rehabilitation; scarcity of appropriate gravel material for roads in the mountainous areas; low financial and managerial capacities of the contractors; and changing uses of land, which introduced challenges in draining the roads, higher cost of construction materials, and less willingness to allow access to prospective gravel sources.

E) Field Findings: Soroti Station

The station has a total road network of 454Km, of which 127Km (28.0%) is paved and 327Km (72.0%) are gravel roads. This FY the station is taking on an extra 460Km of district roads that are to be upgraded to national roads status. Planned maintenance activities under the station included maintenance using contracts on 228Km (50.2%), and maintenance using force account on 370Km (81.5%). Four roads totalling 144Km were planned to be maintained by both contract and force account at different times of the year. 65Km of the road network comprise of the newly upgraded Soroti – Dokolo road, which is nearing completion and is expected to have minimal maintenance during the FY. The station handles all maintenance activities including supervision of the maintenance contracts.

a) Maintenance using contracts

The following roads which were maintained using contracts were monitored on 17th September 2009 and below are the respective findings:

1) Kumi – Soroti road (48Km)

This project involving the periodic maintenance of 48Km of the road from Soroti to Kumi was awarded to M/s Spencon Services Ltd at a cost of UGX 2.772 billion but was later revised to UGX 3.167 billion due to a variation issued in respect of a change of design of the culverts from 4 lines of 1200mm diameter pipes, to 24 lines of

Soroti – Kumi road: Surfacing of the last 600m of Awaja swamp

900mm diameter pipes with a reinforced concrete surround. The scope of works included swamp raising and pavement reconstruction of 3Km across Awoja swamp; culverts installation in Awoja swamp; pothole patching, edge repairs and shoulder recharging along 45Km of the road. Civil works commenced on 11th September 2008 and were expected to be complete within 4 months (by 10th January 2009) but the completion date was revised to 21st September 2009. The works were expected to complete on time.

Soroti – Kumi road: section heavily patched on one side of the road showing differential loading on the road.

During the site visit, the monitoring team observed that the road was heavily patched and works in Awoja swamp were near completion with the surfacing of the remaining section of about 600m on-going. Filling and patching of the several new potholes was also on-going in other sections. The team observed however that the scope of works under the contract was not sufficient to reinstate the road to good condition as other failures on the edges, shoulders and the undulating surface in some sections were outside the scope. It was also observed that the newly resealed section across Awoja swamp had surfacing defects like excessive bleeding, and minute potholes that required urgent repair. Other outstanding works observed included opening of inlet/ outlet channels at the newly installed culverts in Awoja swamp. Physical progress was estimated at 95% against a time progress of 98.7%, and a financial progress of 81.6%.

2) Kumi – Ladot road (28Km)

This project involving the routine mechanized maintenance of 28Km of the road from Kumi to Ladot was awarded to M/s JB United Civil Engineering Ltd and involved reshaping of the road by medium grading, drainage works including installation of some culverts, and spot gravelling of approximately 10Km, at a total contract price of UGX 224.5 million. Civil works commenced on 15th June 2009 and were expected to be complete within 4 months (by 14th October 2009). The works are supervised by the UNRA Station Engineer Soroti.

During the site visit, the monitoring team observed that grading, spot gravelling and opening of drains had been completed. The works had been substantially completed with only installation of a few more culverts, addition/compaction of backfill material on the new culverts, and construction of headwalls still outstanding. The team also observed that while the road was generally in good condition, it had a relatively high traffic and was deteriorating fast especially in the sections without gravel, where corrugations had already developed in some sections. It was also observed that the road had some vented drifts that had failed but which were outside the scope of the contract. Physical progress was estimated at 95% against a time progress of 76.9%, and a financial progress of 40.2%.

3) Arapai – Katakwi road (44Km)

This project involving the routine mechanized maintenance of 44Km of the road from Arapai in Soroti to Katakwi was awarded to M/s Excel Construction Ltd and involved reshaping of the road by medium grading, drainage works including installation of some culverts, and spot gravelling of approximately 5Km, at a total contract price of UGX 467.9 million. Civil works commenced on 22nd June 2009 and were expected to be complete within 4 months (by 21st October 2009). The works are supervised by the UNRA Station Engineer Soroti.

During the site visit, the monitoring team observed that the works had been substantially completed and the road was generally still in good condition with a good running surface but high traffic, silty soils in some sections, and the terrain with a high predisposal to flooding were likely to quickly undermine the road. The contractor was repairing some sections that had silted drains and galleys across the shoulders observed within the first 5Km. Physical progress was estimated at 98% against a time progress of 71.1%, and a financial progress was at 52.7%.

4) Katakwi – Akisim (Iriri) Road (40Km)

This project involves the periodic maintenance of 37Km of the gravel road from Katakwi to Akisim. The contract was awarded to M/s Eclipse Edilsoil JVC at a cost of UShs 951.5 million and involved reshaping of the road by heavy grading, drainage works including installation of some culverts, and re-gravelling of the entire section with 100mm gravel wearing course. Civil works commenced on 9th February 2009 and were expected to be complete within 6 months (by 6th June 2009) however the completion date was extended to 8th August 2009.The works were substantially competed on 15th August 2009 and were supervised by the Station Engineer Soroti.

During the site visit, the monitoring team observed that the contractor had completed grading and gravelling of the 37Km contracted, leaving out 3Km that were not included in the contract and which were in a poor state. Outstanding works included installation of some culverts; addition/compaction of gravel backfill material on the new culverts; cleaning of open drains/desilting of existing culverts; construction of headwalls; and clearing the site of stones left in the side drains. Physical progress was estimated at 95% against a contract time progress of 100% and a financial progress of 27.9%. The road was however under defects liability period.

5) Katine – Kaberamaido – Ochero Road (71Km)

This project involving the periodic maintenance of 71Km of the road from Katine through Kaberamaido to Ochero was awarded to M/s Upland Enterprises Ltd and involved reshaping of the road by heavy grading, drainage works including installation of some culverts, and re-gravelling of the entire section with 100mm gravel wearing course, at a total contract price of UGX 1.630 billion. Civil works commenced on 27th July 2009 and were expected to be complete within 8 months (by 26th March 2010).The works were originally supervised by the Station

Engineer Soroti but were later taken over by a newly appointed supervising consultant M/s Arch Design effective 2nd September 2009.

During the site visit, the monitoring team observed that the contractor had graded about 35 Km, and delivered 3 lines of culverts on site. The contractor was however partially mobilised with minimal on-going works. Physical progress was estimated at 10% against a contract time progress of 21.1% and a financial progress of 0%. Physical progress of works was thus lagging behind the contract time progress but the works were still expected to complete within the contract period.

b) Maintenance using Force Account

In FY 2009/10 force account interventions were planned to be done on 370Km (81.5%) of the road network under the station including 144Km of roads that will additionally have contracts during the FY. The scope of works under force account includes: 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 16th September 2009.

At the time of the monitoring field visit, the station had received a total of UShs 137.45 million earmarked for the maintenance of Soroti – Serere (28Km), Arapai – Lira road Junction (9 Km), renovation of the station offices, and equipment repair/ maintenance, of which total expenditure was at UShs 121.8 million (88.6% of the funds received). Works done included renovation of the office blocks, which was still on-going; equipment repairs and maintenance; and road works on Soroti – Serere, and Arapai – Lira Rd junction.

The monitoring team visited Arapai – Lira road and observed that planned activities on the road, which included: reshaping, spot gravelling, culvert installation and cleaning of drains had been completed. The road was generally still in good condition though a few works like compaction of the backfill material on the newly installed culverts remained to be done. The first 2Km of the road were however deteriorating fast as drains had silted up and corrugations and galleys across the shoulders (a section of about 500m) could be seen. On Soroti – Serere road, the team observed that grading and spot gravelling had been done to completion and that the road generally had a good riding surface. However some defects observed included culverts that were left bare without backfill material on top, silted side drains, and corrugations/ galleys across the shoulders within the first 5Km.

Soroti – Serere road: completed section of the road

Implementation challenges at the station included: delays in release of funds for the planned maintenance activities, old equipment which experience extensive breakdowns with a high maintenance cost, and low staffing levels within the lower cadres.

F) Field Findings: Tororo Station

The station has a total road network of 373.1Km, of which 116.3Km (31.2%) is paved and 256.8Km (68.8%) are gravel roads. This FY the station is taking on an extra 427Km of district roads that are to be upgraded to national roads status. Planned activities on the network under the station included: maintenance using force account on 266.1Km (70.6%) including 119.7Km which are planned to additionally have contracts later in the FY; and maintenance using contracts on 226.7Km (60.8%). The station handles all maintenance activities including supervision of the maintenance contracts.

a) Maintenance using contracts

The following roads which were maintained using contracts were monitored on 1st September 2009, and below are the respective findings:

1) Namayingo – Nankoma road (28Km)

This project involving the periodic maintenance of the road from Namayingo to Nankoma was awarded to M/s KENVIN Company Ltd and involved reshaping of the road by heavy grading, drainage improvement, and re-gravelling of the entire section with 150mm gravel wearing course, at a total contract price of Ushs 688.8 million. Civil works commenced on 3rd April 2009 and were expected to be complete within 6 months (by 3rd October 2009). Works are supervised by the UNRA Station Engineer Tororo.

Namayingo – Nankoma road: completed section done by contract

During the site visit, the monitoring team observed that major works on the road had been completed and on-going works included lining of drains and headwalls construction. The road was still in good condition with a good riding surface. Physical progress was estimated at 90% against a contract time progress of 82.5% and a financial progress of 56.3%. Physical progress of works was thus ahead of contract time progress and the contractor was expected to complete the works in time.

Nabumali – Busolwe road: A completed section done by contract

2) Busolwe – Nabumali / Busolwe – Budumba (51.6Km)

This contract involving the routine mechanized maintenance of the road from Nabumali through Busolwe to Budumba was awarded to M/s Nabuna Building Contractors Ltd at a total contract price of UShs 260.67 million and involved reshaping of the entire road by medium grading, minor drainage improvement, and spot gravelling of 3.7Km with 100mm gravel wearing course. Civil works commenced on 6th May 2009 and were expected to be complete within 4 months (by 6th September 2009). Works on the road were actually completed in July 2009 and were supervised by the UNRA Station Engineer Tororo.

The monitoring team visited the road and observed that while the works had been substantially completed, some sections had already developed corrugations while others had lost shape due to silting of the side drains. Low lying swamps not worked on but which required raising to avert local flooding during the rainy seasons were also observed. Progress of works was estimated at 95% against a time progress of 82% and a financial progress of 59.4%.

3) Nagongera – Busolwe – Busaba (24.8Km)

This contract involving the routine mechanized maintenance of the road from Nagongera through Busolwe to Busaba was awarded to M/s SB & Sons General Suppliers Ltd at a total contract price of UShs 134.425 million and involved reshaping of the entire road by medium grading, minor drainage improvement, and spot gravelling of 2.3Km with 100mm gravel wearing course. Civil works commenced on 6th May 2009 and were expected to be complete within 3 months (by 6th August 2009). Works on the road were actually completed in July 2009 and were supervised by the UNRA Station Engineer Tororo.

The monitoring team visited the road and observed that the works had been substantially completed but the road was still only in fair condition, owing to limitations of the scope of works which were not sufficient to restore the road to good condition. Progress of works was estimated at 95% against a time progress of 128.3% and a financial progress of 90.7%.

b) Maintenance using force account

In FY 2009/10 force account interventions were planned to be done on 266.1 Km (70.6%) of the road network under the station including 119.7Km of roads contracted out and completed in the first quarter, and those planned to additionally be contracted out during the fourth quarter. The scope of works under force account includes: grading, spot gravelling, patching (using concrete/ gravel/ Asphalt), emergency repairs of roads and bridges and limited drainage improvement. The roads maintained by force account interventions were monitored on 1st September 2009.

Magodes – Railway station road: on-going works done by Force Account

At the time of the monitoring field visit, the station had received 159.24 million of which 88.31 million (55.5% of funds received) had been spent. Works done included grading and spot gravelling of the following roads: Magodes – Railway Station (3Km), which was still on-going, and Namayingo – Lumino (14.1Km). Other works included monthly manual routine maintenance of the entire road network, and patching of 116.3Km on the following paved roads: Tororo – Mbale (24Km), Malaba – Tororo – Namutere – Busia (64Km), and Namutere – Bugiri (28.3Km).

The monitoring team visited Namayingo – Lumino road and observed that works on the road had been completed and the road was in good condition. The team also visited Tororo – Mbale, Malaba – Tororo – Namutere, and Namutere – Bugiri and observed that while pothole patching had been done along the roads, new potholes including uncovered test pits, failures like heaving, rutting and repeat failure of pothole patches had developed in some sections of the roads.

Implementation challenges at the station included: inadequate equipment for maintenance of the road network, extensive machines breakdown, scarcity of good gravel materials, encroachment on road reserves and drainage challenges including flooding of some areas of the road network during rainy seasons, land issues in positioning of drainages like culvert outlet channels and offshoots.

G) National Roads Maintenance Programme - Implementation Challenges and Recommendations

Implementation challenges identified that were cross cutting on the National Roads Maintenance Programme included:

1. Old and inadequate equipment which have high maintenance costs and low productivity was a challenge identified at 5 out of the 6 stations monitored. This requires urgent attention so as to improve the effectiveness of this programme because they are the equipment used in implementing activities done by force account which typically comprise of over 50% of the programme.
2. Transport constraints for supervision of contract works: this was observed at all the stations monitored and had limited the presence of supervision staff on site during construction.
3. Scarcity of construction materials like gravel, stone dust and bitumen, which are also costly, was observed in Kabale, Luwero, Masaka, Mbale, and Tororo.
4. Road reserves violation and difficulties in accessing land for the construction of drainage facilities was observed as a constraint in Mbale and Tororo.
5. The limitation of UShs 2.0 million on micro procurements which was considered too low and thus constraining especially in the procurement of bitumen for pothole patching, and spares for the road construction equipment.
6. Overloaded traffic was observed on several gravel roads which have no axle load control facilities e.g. on Muyembe – Namalu road in Mbale and on Butalangu – Ngoma road in Nakaseke district.
7. The 10,300Km of roads recently upgraded from district to national roads but were not included in this FY's work plan. Given that this represents about 50% of the entire national roads network, it's an early indication that the planned outcome of having '80% of unpaved network in fair to good condition' will not be achieved.

3.7.8 Support to Tourism Infrastructure Development Programme

The programme entails the maintenance of district roads considered as crucial in supporting the tourism sector across the country. In FY 2008/09 three roads totaling 50Km in the districts of Sironko, Kabale and Kiruhura were planned to be maintained under the programme. Contracts for the roads in Sironko and Kabale districts were however signed towards the end of the FY thereby making the implementation of the projects spill over to FY 2009/10. The contract for the maintenance of Sanga – Lake Mburo road was however still under procurement and had not commenced as at the time of the monitoring field visits. This FY the programme had a total budget of UShs. 1.0billion. Roads planned to be worked on and their respective statuses of implementation are as shown in the Table 3.6.9 below:

Table 3.6.9: Planned Activities and Status of Implementation under the Tourism Infrastructure Development Programme

FY 2008/09 & 2009/10			
Road Name	**Length (Km)**	**District**	**Status of Implementation**
Kabale - Kachwekano - Heisesero	25	Kabale	On-going at 25% completion
Sanga - L.Mburo	12	Kiruhura	Contractor had been procured but the contract was yet to be signed.
Bulusani - Namuselele (Bunaseke)	13	Sironko	On-going at 40% completion
TOTALS	**50**		

Source: Information obtained from MoWT DUCAR department

At the time of monitoring, the programme had received a total release of UShs. 215.3 million (21.5% of annual budget), of which UShs 78.0m (36.2% of funds released) had been spent (IFMS data) on payments for physical works done.

The team visited Kabale – Kachwekano – Heisensero, and Bulusani – Namuselele roads from which the following observations were made:

1. Kabale – Kachwekano - Heisensero road (25Km)

Grading in progress along the road

The works were contracted out to M/s MM Ryad Investments at a contract sum of UShs 462.4 million, with a contract period of 4 months commencing on 22nd July 2009 and ending on 22nd November 2009. The scope of works included reshaping of the entire road, spot gravelling, and drainage improvement.

The monitoring team visited the site on 23rd September 2009 and observed that the entire road had been bush cleared and graded up to 22Km; 25m of reinforced concrete culverts had been delivered to site; and gravel stock piling in one borrow pit was on-going. The contractor was yet to complete mobilization of the required equipment. Physical progress was estimated at 25% against a time progress of 51.2% and a financial progress of 0%. Physical progress of works was thus lagging behind

	contract time progress.
2. Bulusani - Namuselele Road (13 Km)  Graveled section of the road	The works were contracted out to M/s Dasawihi Ltd at a contract sum of UShs 344.7 million, with a contract period of 4 months commencing on 22nd July 2009 and ending on 22nd November 2009. The scope of works included road opening, reshaping of the entire road, spot gravelling, and drainage improvement. The monitoring team visited the site on 18th September 2009 and observed that 9Km of the road had been opened, 7.4Km shaped and 2Km graveled. Works had stalled due to breakdown of the contractor's key equipment, which were reportedly under repair. The road also passes through a hilly sub-terrain with peculiar challenges that affect the rate of progress of works. Physical progress was estimated at 40% against a time progress of 47.2% and a financial progress of 18.3%. Physical progress of works was thus lagging behind contract time progress.

Implementation challenges identified included:

- The roads pass through hilly sub-terrains which have peculiar challenges that slow the rate of progress of works and present a huge requirement for gravel along steep slopes, and of drainage works, in excess of quantities provided for in the contracts.

- Difficulties in sourcing good quality gravel material partly due to the hilly terrain that present accessibility challenges but also due to the scarcity of gravel material within the project areas.

3.7.9 District Roads Rehabilitation Programme

The programme involves the rehabilitation of selected district roads that are beyond maintenance levels and thus fall outside the regular scope of activities done under the conditional grant for district roads maintenance. In FY 2009/10 thirteen roads in twelve districts totaling 181Km, and five bridges in five districts, as shown in the Table 3.6.10 below, were planned to be rehabilitated under the programme with a total budget of UShs. 5.0 billion. Total releases for the programme as at end of the 1st quarter amounted to UShs 1.076 billion (21.5% of annual budget), of which UShs. 847.2 million (78.7% of funds released) had been expended as per IFMS data.

Table 3.6.10: Planned Activities and Status of Implementation under the District Roads Rehabilitation Programme

#	Road Name	Road Length (km)	Estimated budget (UGX)	Location, Implementation by	Status of Implementation
1	Kaberamaido - Alwa road via Amanu	15.0	150,000,000	Kaberamaido, District	Under Procurement
2	Kasisi - Kasenda - Kiyanja	30.0	300,000,000	Kabarole, District	
3	Kirimbe - Katoonya - Omukagana - Nyakisoroza	15.0	180,000,000	Rukungiri, District	
4	P'Ongolojo -Muwayo: including Malaba River	10.0	650,000,000	Tororo, MOWT	

#	Road Name	Road Length (km)	Estimated budget (UGX)	Location, Implementation by	Status of Implementation
	Crossing				
5	Buraba - Buhoba - Bugoma (Sigulu Island)	17.0	450,000,000	Bugiri, District	
6	Saka Swamp Crossing Phase II		600,000,000	Kaliro, MOWT	
7	Kishami - Kafunzo	14.0	220,000,000	Ntungamo, District	
8	Nyakyera - Ngomba	9.0	140,000,000	Ntungamo, District	
9	Itembezo - Mpungu	20.0	350,000,000	Kanungu, District	
10	Buyaga - Bulugayi	15.0	300,000,000	Sironko, District	
11	Selected roads in Kisoro		125,000,000	Kisoro, District	
	BALANCES FROM FY 2008/09				
12	Kidongole - Kachumbala - Kolir road	28.0	317,000,000	Bukedea, MOWT	In Progress
13	Muko - Nyanamo - Wolfram Mines	8.0	320,000,000	Kabale, MOWT	Under procurement
14	Kibaale bridge on Bugongi - Nyamirama		50,000,000	Kanungu, District	Completed
	BRIDGES				
15	Construction of Birara Bridge		850,000,000	Rukungiri/Kanungu, MOWT	In Progress
16	Hamurwa crossing		220,000,000	Kabale/Kanungu, MOWT	In Progress
17	Oguta bridge on Panyimur - Dei road		73,000,000	Nebbi, MOWT	Not Started
18	Alla Bridge - Vurra County		450,000,000	Arua, MOWT	In Progress
	OTHER PROPOSED PROJECTS				
19	Lwengo - Kafuuzi - Nakyenyi	10.0	360,000,000	Masaka, District	
20	Amosing - Okoboi	23.0	330,000,000	Amuria, District	
21	Ngogolo - Kalwanga - Kansiri, Nalongo - Gayaza & Mwendangobe Swamp	22.7	300,000,000	Luwero, District	
	Total		**6,735,000,000**		
	Budget Allocation		**5,000,000,000**		
	Note - Where implementation is by MOWT funds will be retained at Headquarters and the procurement, supervision and payment will be done directly by MOWT Headquarters. For the remaining works funds will be disbursed to the respective Local Governments.				

Source: Ministry of Works and Transport

At the time of monitoring all works planned to commence in FY 2009/10 had not commenced, however some works that commenced in FY 2008/09 were still in progress. These included civil works on Kidongole – Kachumbala – Kolir, rehabilitation of Hamurwa Bridge; construction of Alla Bridge in Vurra County; Kibaale Bridge on Bugongi – Nyamirama road; and Birara Bridge in Rukungiri/Kanungu districts.

The team visited Kidongole – Kachumbala – Kolir road, Hamurwa Bridge and Birara Bridge from where the following observations were made:

1. Kidongole – Kachumbala – Lolir road (28Km)	The works were contracted out to M/s Net construction Ltd at a contract sum of UShs 317.5 million, with a contract period of 5 months commencing on 1st Jun 2009 and ending on 1st November 2009. The scope of works included reshaping of the entire road, re-graveling of the sections with no gravel, and drainage improvement. The road has 2 sections from Kachumbala – Kadongole (15.6Km), and Kachumbala

Gravelling in progress

Graveled section of the road

– Kolir (12.4Km).

The monitoring team visited the site on 18th September 2009 and observed that the section from Kachumbala to Kadongole had been reshaped to completion and gravelling was on-going with about 400m left to completion. The completed stretch was generally in good condition however several of the newly installed culverts had not been sufficiently backfilled, and several sections had few or no mitre drains.

The section from Kachumbala to Kolir had been graded to completion but gravelling had not yet commenced. The larger section of the road however still had a good gravel wearing course and the road was generally in good condition. Physical progress was estimated at 72% against a time progress of 71.2% and a financial progress of 50.0%**.** Works were as such still on schedule

2. Hamurwa bridge

Gravel fill allowed time to settle

The works were contracted out to M/s Sixways Engineering Ltd at a contract sum of UShs 274.1 million, with a contract period of 6 months commencing on 29th April 2009 and ending on 26th October 2009. The scope of works included reconstruction of the bridge with different layers of selected fill materials; drainage improvement; erection of new traffic control gates; and placement of a gravel wearing course along the bridge and on the approaches to the bridge.

The monitoring team visited the site on 23rd September 2009 and observed that a new section of the floating bridge had been opened adjacent to the old existing one, with 3 lines of 900mm diameter culverts installed on the firm grounds at the ends of the bridge. Other completed works on the bridge included excavation of a side drain on the upper side, placement of a fill in volcanic ash material, placement of a geo-textile layer stayed in place with concrete blocks and bollards at the ends, placement of a gravel fill material, placement of a gravel wearing course on the approaches, and construction of the steel end barriers at the entrance and exit to the bridge. Physical progress was estimated at 70% against a time progress of 81.7% and a financial progress of 36.7%.

3. Birara Bridge

Section of access road to the bridge, which required blasting

Excavations for the foundation of the bridge.

The works were contracted out to M/s M&B Engineers Ltd at a contract sum of UShs 1.29 billion, with a contract period of 8 months commencing on 24th March 2009 and ending on 1st November 2009. The scope of works included construction of a new reinforced concrete bridge across river Ishasha, and opening of access roads to the bridge from Kanungu on one end and Rukungiri on the other end.

The monitoring team visited the site on 23rd September 2009, and observed that 6.3Km of the road accessing the bridge from Rukungiri side had been opened through a very difficult terrain that is characterized with very steep slopes, river crossings and rock outcrops that were excavated by blasting. Other works done on site included cross culvert installation along the access road, excavation for the foundation of the bridge and delivery of construction materials on site. Physical progress of works was estimated at 25% against a time progress of 75%, and a financial progress of 20% representing the advance payment.

A contract sum overrun amounting to UShs 490.7 million (38.0% increase) was projected mainly from added works and widened scope in the construction of the access roads. The project is also expected to have an extension of time of about 4 months in respect of the difficult ground conditions that were originally not foreseen.

Implementation challenges identified included:

- Difficult field conditions and terrain that caused delays and projected cost overruns on Birara Bridge.
- The slow construction procedure on Hamurwa bridge, which requires allowing reasonable time for settlement of each layer of fill before progressing to the next set of activities, and the need to import some of the construction materials like geo-textiles rendered the contract period provided unrealistic.

3.8 WATER AND SANITATION

3.8.1 Introduction

Financial and physical performance was monitored for Rural Water Supply and Sanitation (RWSS), Urban Water Supply and Sanitation (UWSS) and Water for Production (WFP). Where possible, aspects of Water Resources Management (WRM) were incorporated such as use of groundwater maps by districts. Projects were selected on the basis of capital investment, planned outputs and value of releases made. In some instances, follow-up monitoring visits were made for rolled over or multi-year projects from FY08/09.

For Rural Water Supply and Sanitation two centralised projects were monitored: *School and Community IDP Project* and *Support to Rural Water Supply and Sanitation.* Implementation of the District Water and Sanitation Conditional Grant (DWSCG) for FY08/09 was monitored in Maracha Terego, Pallisa and Iganga districts. For Urban Water Supply and Sanitation three projects were monitored: *Water and Sanitation Development Facility – South West, Water and Sanitation Development Facility – North* and *Support to Small Towns Water Supply*. For Water for Production the completion of Kagango dam in Isingiro district and Rubaare Valley Tank in Ntungamo district were monitored.

For the projects and districts visited, financial data was sourced from the Integrated Financial Management System (IFMS) and the FY08/09 DWSCG Annual Progress Reports. Absorption of funds and operational efficiency, particularly whether funds were used for low or high priority areas were considered. High priority expenditure is defined as 'building and other structures,' as this reflects investment in capital outputs. Low priority expenditures are those which are recurrent in nature, including: allowances, workshops and seminars, travel inland, fuel and vehicle maintenance, which should not exceed more than 10% of the total budget.

3.8.2 Rural Water Supply and Sanitation

This Vote Function contributes to the sector objective of *"The sustainable provision of safe water within easy reach and hygienic facilities,"* and receives 38% of the sector budget[20]. Of this 86% of resources are decentralised through the DWSCG and the remaining 14% is managed at the centre by the Directorate of Water Development (DWD).

(a) Support to Rural Water Supply and Sanitation Project

This is a centrally managed project which aims to support local governments and civil society organisations to build capacity for effective service delivery, particularly through the Technical Support Unit (TSU) modality. The project also aims to provide water service delivery in Rural Growth Centres (RGCs) which have a population of over 5,000. This quarter four piped water supply schemes were monitored: Nakifuma RGC in Mukono district, Nankoma RGC in Bugiri

[20] Ministerial Policy Statement for Water and Environment FY09/10 excluding taxes and arrears, pp.30 and 163

district, Kasambira RGC in Kamuli district and Buliisa town in Buliisa district. (A fifth piped water system was reported by DWD which is the extension to Ryeru and Kichwamba subcounties in Bunyaruguru County, Bushenyi district. This was monitored in Q3 of FY08/09 where it was found that works are ongoing under a contract extension). Implementation of domestic rainwater harvest tanks (RWHT) were monitored in Bushenyi and Isingiro districts.

Financial performance:

The approved budget for FY09/10 is 8.831bn Ush, of which the GoU component is 3.409bn Ush and the donor component is 5.422bn Ush. The approved budget vote on account (VoA) was 1.136bn of which 0.759bn was released and 0.328 was spent. This represents a 43% absorption rate. As the outputs monitored were completed in FY08/09 the GoU approved budget was 3.477bn, which was fully released but only 87% was absorbed. Of the total spent in FY08/09, 9% was spent on low priority areas while 43% was spent on capital development.

For the output 'construction of 5 piped water systems' the reported FY08/09 release was 1.28bn and the expenditure was 1.09bn in the annual progress report. Release and expenditure data was not reported on for the rainwater harvest tanks. However, the contract price for the RWHTs is Ug. Shs. 381,258,874/=. A request has been made to increase the value to Ug. Shs. 438,458,872/= to account for inflationary pressures on construction materials and transport costs.

Field findings:

(i) Piped water supply schemes:

The table below, details out progress under this component.

Table 3.8.1: Status of completion of piped water schemes

Planned outputs	Progress
Completion of PWSS in Nakifuma RGC, Mukono district	**The total cost of the project (phase I) is Ug. Shs. 435,861,366/= VAT exclusive.** The piped water system had been constructed and is functional. However, the construction works took place in FY07/08 and not FY08/09. In total there are 140 connections which include 4 kiosks with 4 taps each and 3 public stand pipes. The system is being operated by the Town Board and comprises of 3 females and 2 males. The Board is currently acting as a private operator (PO) by collecting fees and maintaining the system, as procurement of a PO has been delayed. There are two main challenges: water is not being tested regularly and electricity is the only source of power, which leaves water supply irregular.

Completion of PWSS in Nankoma RGC, Bugiri district	**The total cost of the project (phase I) is Ug. Shs. 313,427,550/= VAT exclusive.** The piped water scheme was constructed in FY07/08 and not FY08/09, although it was commissioned in October 2008. The system is functional and there are 8 public tap stands and 10 private connections, including community institutions. It is estimated that around 9,000 people are accessing water. As with Nakifuma RGC, the Town Board and sub county are running the piped water system in the absence of a private opertaor. The system is being entirely run by a generator which keeps the operational costs high. Water has never been tested since the system was handed over and the sub county has not been supplied with additional metres expected from DWD for the existing and pending private connections.
Completion of PWSS in Kasambira RGC, Kamuli district	**The total cost of the project (phase I) is Ug. Shs. 398,592,035/= VAT exclusive.** The piped water scheme was constructed in FY07/08 and commissioned in August 2008. The system is functional and there are a total of 97 connections, including 4 tap stands and 3 kiosks. Works carried out in FY08/09 by DWD include an extension of the pipe network by 3.5km, which was implemented by the Eastern Umbrella in June 2008. Water is being tested on a monthly basis by the Eastern Umbrella. A Water and Sanitation Board has been formed which comprises of 3 women and 2 men. A generator is the only power source, which keeps operational costs high. Electricity is available in the Rural Growth Centre (RGC) but needs to be extended by 1km to reach the water source and pump house.
Completion of PWSS in Buliisa town, Buliisa district	**The total cost of the project (phase I) is Ug. Shs. 368,682,180/= VAT exclusive.** The piped water scheme was constructed in FY07/08 and commissioned in November 2008. The system is functional and there are a total of 6 kiosks and 23 private connections. Initially the system was constructed when Buliisa was an RGC under Masindi district. Since the creation of Buliisa district, there is a possibility of extending the piped water system, as the district has been able to access an Urban Water O&M Grant. A Water and Sanitation Board has been formed which comprises of 3 women and 2 men, but has still not been trained. A generator is the only power source, which keeps operational costs high. Due to the limited number of connections and high operational costs, the possibility of attracting a private operator is still being negotiated.

Piped water flowing from a public tap stand in Nankoma RGC, Bugiri district

Record keeping on generator use in Nankoma RGC, Bugiri district

(ii) Demonstration rainwater harvest tanks:

An NGO, ACORD has been awarded the contract to install domestic rainwater harvest tanks (RWHTs) in Isingiro and Bushenyi districts and an agreement was signed in April 2009. In total six sub counties from each district will benefit. Groups are formed in each of the sub counties on the basis of existing NAADS groups, where in-kind contributions such as local materials are expected from the beneficiaries. However, it should be noted that in the initial work plan three districts were due to benefit from this project, with the additional one being Kamuli district, although no works have been reported there.

Field findings:

The table below, details out the progress noted.

Table 3.8.2: Status of demonstration rainwater harvest tanks

Planned output	Progress
RWHTs constructed in Isingiro district	Masha, Kikagate and Mbaare are the selected sub counties, and specific parishes have been identified. Groups in the parishes have been formed although no implementation has started.
RWHTs constructed in Bushenyi district	Kitagata, Bugongi and Shuuku are the selected sub counties. Groups have been formed although no implementation has started.

Source: Field observations

Implementation challenges and recommendations for Support to Rural Water Supply and Sanitation

Inconsistencies between reporting and field findings: In the annual work plan and progress reports, finalisation of 4 piped water schemes in RGCs was reported as achieved outputs for FY08/09 and 1.09bn Ush was accounted for. However, from the field findings it was clear that the bulk of construction had taken place in FY07/08. The explanation provided by DWD is that some payments were made late and retention of 10% was paid after the Defects and Liability period was over.

Delay in implementation of works: The construction of rainwater harvest tanks has been delayed because the contractor was not paid on time. Since groups were formed in May 2008 there has been no progress. It is recommended that clarification is provided by DWD to explain why payments to contractors are delayed (hence halting implementation of works), when releases have been in full and on time by the Treasury.

Restriction to access: The RWHTs will be placed in individual households and so not all group members will benefit. (Only some members fulfil the criteria for acquiring a RWHT such as a good roof catchment area and use of a latrine). It is recommended that in order to increase access and promote inclusion the strategy is reconsidered to place RWHTs in community institutions, such as churches and schools.

(b) School and Community Water and Sanitation IDPs Project

This project is fully funded by GoU and aims to improve water supply and sanitation facilities for former Internally Displaced Peoples (IDP) through the provision of motorised water supply schemes. Since stability has returned to the northern region, the focus has been on resettlement areas. In FY08/09 it was reported that the construction of nine piped water schemes were underway. Three schemes were sampled for monitoring purposes. In Gulu district these include Northern Uganda Youth Development Centre in Labore Sub County and Lugore Prison Farm in Lugore Ward, Palaro Sub County. Minakulu Sub County was selected in Oyam district.

Financial performance:

The approved budget for FY09/10 is 1.6bn Ush, which is entirely GoU funded as there is no donor component. The approved budget (VoA) is 0.533bn Ush of which 0.344bn Ush was released and 0.314bn Ush was spent, which represents a 91% absorption rate. As the outputs monitored were ongoing from FY08/09 the GoU approved budget was 1.848bn Ush, of which 1.689bn Ush was released and 1.638bn Ush was absorbed. Of the total spent in FY08/09, 8% was spent on low priority areas while 69% was spent on capital development.

According to the FY08/09 Annual Progress Report under the output ‘construction of piped water systems’ 1.43bn was released and 1.38bn was spent.

Field findings:

The table below gives progress noted in the field.

Table 3.8.3: Status of construction of piped water systems:

Location	Progress
Northern Uganda Youth Development Centre, Labore Sub County, Gulu district	No works had started in FY08/09 as reported and accounted for in the progress report. However, a citing visit was carried out by DWD in September 09 and construction works should start before the end of Q1 FY09/10. Plans are in place to extend the existing piped water system due to the expected higher demand for water once the youth centre is fully operational.
Lugore Prison Farm, Palaro Sub County, Gulu district	Drilling was completed in the Prison Farm in FY08/09.
Minakulu Sub County, Oyam district	Some initial works had started in Q2 of FY08/09 as a borehole had been drilled. However, substantive works for the piped water scheme had not started in FY08/09 as reported and accounted for in thr progress report, but have now started in Q1 of FY09/10. There was evidence of digging for the pipes to be laid.

Source: Field observations

Implementation challenges and recommendations for School and Community Water and Sanitation IDPs Project:

Inconsistencies between reporting and field findings: Although it was reported that construction had started in FY08/09, it was clear that substantive works were due to begin in Q1 of FY09/10. Since 1.38m has been accounted for under this output, it is recommended that further clarification is provided on this issue.

Lack of harmonisation in regional project implementation: This project has a specific focus on Northern Uganda and is operating in parallel to the recently established Water and Sanitation Development Facility – Northern Branch (WSDF – North). For FY10/11 the recommendation is to merge the activities under the School and Community IDPs project with the WSDF – North in order to benefit from the logistical and technical support that the WSDF approach can provide.

Evidence of pipe laying in Minakulu Subcounty, Oyam district

(c) District Water and Sanitation Conditional Grant

In the districts of Iganga, Pallisa and Rakai monitoring was undertaken jointly with RDCs, GISOs and DISOs.

(i) Maracha Terego district

Financial performance:

The FY08/09 budget is 716,112,000 Ush, of which 712,460,948 was reported as cumulative expenditure, representing a 99% absorption rate.

Field findings:

Monitoring efforts focused on the construction of boreholes, whether they were functional and if a Water User Committee had been formed and trained. Five boreholes were randomly sampled out of the eleven reported by the district, of which all were found to be complete and functional. There was concrete evidence that the boreholes were constructed in FY08/09 using funds under the DWSCG, as the date and number of the borehole had been included as part of the structure, in accordance with MWE issued guidelines. Water User Committees had also been formed for all of the boreholes, although they were not all collecting funds. In most cases further work was required by the Water User Committees to protect the boreholes.

Implementation challenges and recommendations:

The main challenge affecting this district is the lack of administrative and management structures, where the district headquarters are yet to be established and there is a lack of staff members. It is recommended that these administrative issues are resolved as soon as possible which will ensure timely implementation and decision making.

Recently constructed borehole which is clearly marked to indicate source of funds and borehole

Borehole in need of fencing and protection

(ii) Pallisa district

Financial performance:

The FY08/09 budget was 810,025,000 Ush and 601,846,000 Ush was released, representing 74% of the approved annual budget. However, the district reported expenditure of 666,677,861 Ush so spending was over budget.

Field findings:

The table below gives the progress noted in the field.

Table 3.8.4: Status of capital outputs in Pallisa district under the DWSCG

Output	Annual planned output	Outputs completed	Financial information	Comments
Deep borehole drilling	32	31	Budget: 544,443,752 Cumulative expenditure: 417,366,035	8 boreholes sampled for monitoring, of which 1 is incomplete. Water User Committees (WUCs) had been formed and were operational.
Cast and install boreholes drilled FY07/08	23	34	Budget: 55,450,000 Cumulative expenditure: 33,397,356	Outputs completed include those from FY07/08 and FY08/09. District claims this was over budgeted.
Construction of public latrines	4	0	Budget: 22,800,000 Cumulative expenditure: 14,093,366	Works ongoing, no construction is complete.

Source: Pallisa District Water and Sanitation Conditional Grant and Field Findings

Implementation successes, challenges and recommendations:

Good maintenance of water sources: This district should be commended for providing training to Water User Committees. This has resulted in boreholes being well protected which should enhance the operations and maintenance.

Poor water quality: Water from the newly constructed points contains a lot of sand. It is recommended that the district prioritises water quality testing in the work plan, as this was not included in the FY08/09 work plan for new sources.

(iii) Iganga district

Financial performance:

The FY08/09 budget was shs 710,024,829 and shs 689,459,000 was released, representing 97% of the approved annual budget. The district reported 100% expenditure of funds by the end of FY08/09.

Field findings:

The table below summarizes the field findings.

Table 3.8.5: Status of capital outputs in Iganga district under the DWSCG

Output	Annual planned output	Outputs completed	Financial information	Comments
Medium spring protection	4	4	Budget: 10,605,000 Release: 8,666,430 Received: 6,937,980	One spring was monitored as the information on the others was not availed.
Motorized shallow wells	14	14	Budget: 140,00,000 Release: 138,389,613 Received : 122,026,500	Field visits showed these were hand dug and not motorized.
Deep boreholes	16	16	Budget: 240,000,000 Cumulative expenditure: 239,003,937 (release data not availed)	Two were monitored, of which one was not functioning. Information on the other boreholes was not availed.
Retention of boreholes	28	14	Received: 42,103,314	Funds were diverted to purchase a vehicle.
Shallow wells hand dug	20	10	Budget: 18,000,000 Received: 18,000,000	The district used the funds for purchasing spare parts and construction is being

				done by an NGO, Uganda Village Project.
Constructions of public latrines in RGCs	3	3	Budget: 19,500,000 Release: 18,782,725 Received: 17,412,125	Latrines were constructed in Nambale, Kiwanyi and Busiro RGCs. The sites at Nambale and Kiwanyi were monitored and found to be of good standard.
Follow-up training of sanitation committees in RGCs	15	-	Budget: 5,730,000 Release: 5,710000 Received: 5,710000	District reported that all had been achieved. However, interviews with communities at 8 water points and 3 latrines monitored showed that no training had been done.

Source: Iganga District Water and Sanitation Conditional Grant and Field Findings

Implementation challenges and recommendations:

Inconsistencies between reports and field findings: Firstly, the amount reported as 'cumulative expenditure' in the DWSCG report is different from the amount reported as received by the district water office during the field visits. The explanation provided by the District Water Officer was that a proportion of funds from each budget line are diverted for procurement expenses. However, given that a separate budget is provided for procurement related activities under administration this diversion is not justifiable and raises questions about the financial data provided. Secondly, the district reported that sanitation committees had been trained, although the field visits showed that no training had been provided. **It is recommended that an audit of Iganga district works accounts is undertaken.**

Water User Committees not operational: Of the 16 water points sampled, WUCs were only functional for two water points. This was due to lack of training by the District Water Office, even though funds had been provided for this. It is recommended that there is a review of how districts are managing funds intended for software activities.

(i) Rakai district

Financial performance:

The FY08/09 budget was 710,024,829 Ush and the full amount was released. The district reported expenditure of 709,973,759 Ush, which is nearly 100%.

Field findings:

These are summarized in the table below.

Table 3.8.6: Status of capital outputs in Rakai district under the DWSCG

Output	Annual planned output	Outputs completed	Financial information	Comments
Shallow well construction hand dug	10	11	Budget: 37,000,000 Cumulative expenditure: 40,443,726	Funds from latrines were used to construct an additional shallow well.
Medium spring protection	6	0	Budget: 12,900,000 Cumulative expenditure: 0	Funds were reallocated to water tanks and borehole rehabilitation.
Promoting domestic rainwater harvesting	20	20	Budget: 16,520,000 Cumulative expenditure: 15,836,000	1 was constructed in the LC Chairman's compound. Initially access was restricted to the community until a monitoring visit by the DISO where use of public funds was disclosed. The community is now able to access the water source. 1 was constructed in an MP's compound but access is availed to the community.
Borehole rehabilitation	13	21	Budget: 56,830,800 Cumulative expenditure: 84,645,971	Funds for medium springs and latrines used to construct additional boreholes. However, there is a problem of high iron content in the water.
20m Ferro Cement Tank	10	10	Budget: 42,900,000 Cumulative expenditure: 42,900,000	Not monitored
24m HDPE Tank	8	8	Budget: 66,400,000 Cumulative expenditure: 66,351,169	Not monitored
10m HDPE Tank	34	37	Budget: 136,000,000 Cumulative expenditure:	Funds from the springs were used to construct additional

			148,000,000	tanks.
Construction of public latrines in RGC	2	0	Budget: 23,000,000 Cumulative expenditure: 0	Money was reallocated to rehabilitation of boreholes.
Construction of 1 water borne toilet	1	1	Budget: 23,375,800 Cumulative expenditure: 23,438,506	Constructed to good standard at the District Headquarters.

Source: Rakai District Water and Sanitation Conditional Grant and Field Findings

Implementation Challenges and Recommendations:

Political interference: In two instances it was found that water tanks were constructed in political leaders' homes. It is recommended that information on water and sanitation points constructed is publicly displayed to include details on the location and source number to promote transparency.

3.8. 3 Urban Water Supply and Sanitation (UWSS)

This Vote Function contributes to the sector objective of *"Provision of viable urban water supply and sewerage/sanitation systems for domestic, industrial and commercial uses."* In the FY09/10 budget UWSS was allocated only 16% of sector funding, which was 6% less than the previous financial year. This is largely due to the completion of large projects at end of FY08/09.

(a) Water and Sanitation Development Facility – South West

This project started in 1996 and is due for completion in 2011. It is currently in the third phase and is being implemented through a Water and Sanitation Development Facility (WSDF) with a regional office in Mbarara. The Austrian Government and the European Union provide 90% of funding with the remainder from GoU. The project aims to supply piped water and ECOSAN facilities in a total of seventeen districts. The locations monitored included Bikurungu in Rukungiri district, Rugaaga RGC in Isingiro district, Omugyeni RGC, Rwenanura RGC and Kagarama RGC in Ntungamo district. With the exception of Kagarama RGC, all others were follow-up visits from Q3 of FY08/09. For all locations there was evidence of good progress and efforts had been made to overcome challenges identified in the previous monitoring visit.

Financial performance

The total FY09/10 budget is 0.48bn Ush including arrears. So far 0.267bn had been released and 99% was spent. As progress from FY08/09 was being followed the GoU approved budget was 1.22bn, 1.184bn was released and 100% was absorbed. Of the total spent in FY08/09, 25% was spent on low priority areas while 64% was spent on capital development. This indicates that a disproportionate amount of funds is spent on items such as workshops, fuel and vehicle maintenance. For the output 'construction of piped water systems' the reported FY08/09 release was 0.62bn and the expenditure was 0.55bn in the annual progress report.

Field findings:

These are summarized in the table below.

Table 3.8.7: Status of piped water systems under Water and Sanitation Development Facility – South West

Output	Progress
Piped water system in Rugaaga RGC, Isingiro district	During the initial monitoring visit in Q3 of FY08/09 there was no piped water even though the completion date was 27th Sept 2007, as the contractor failed to procure a pump for a period of 18 months. Good progress was evident during the follow up visit. The installation of a pump had been outsourced and water flushing had started, although some initial problems were found and have been reported to the WSDF branch. The solar panels are being utilised with a back-up generator and the water office block is ready for use. Once the pumping works have been finalised all structures will be in place to provide piped water.
Piped water system in Bikurungu RGC, Bwambere Sub County, Rukungiri district	During the initial monitoring visit in Q3 of FY08/09 the findings were the same as those for Rugaaga RGC, where delays in the procurement of a pump had led to the non-functioning of the piped water scheme. Again, significant progress had been made in the follow up visit. The pump has been procured and works are ongoing. Solar panels were installed 3 months ago and there is a back up generator. However, the status of the water office has not improved since Q3 of FY08/09 as it is still covered in bushes and needs to be cleared before use.
Piped water system in Omugyenyi RGC, Ntungamo district	This is a follow up visit from Q3 of FY08/09. Construction is now complete according to schedule and the system was handed over in June 2009. Water is flowing with an estimated 2,500 people benefiting from 23 private and 3 institutional connections. Water supply is regular as the power source is electricity from Rubaare RGC which has a consistent supply.
Piped water system in Rwenanura RGC, Ntungamo district	This is a follow up visit from Q3 of FY08/09 where works were due to be completed in June 2009 but have been delayed with a revised end date for October 2009. Delays were due to late completion of designs, late supply of materials, contentions over the water source and movement of the steel tank, which had all largely been resolved.

	Pressure testing is underway and some plumbing works are remaining for the reservoir tank. Once completed, an estimated 3,000 people will benefit from the piped water system which will have 48 private and 10 institutional connections.
Commencement of works in Kagarama RGC, Ntungamo district	Works started in July 2009 and are expected to be complete in January 2010. So far the source has been protected and trenching works are complete.

BEFORE:

The water office in bushes during first monitoring visit in Q3 of FY08/09, Rugaaga RGC, Isingiro district

AFTER:

Improvements to the water office by Q1 of FY09/10 Rugaaga RGC, Isingiro district

(b) Water and Sanitation Development Facility – North

This is a new project which will build on the best practices from Water and Sanitation Development Facility – South West through increasing coverage of piped water supply systems and ECOSAN facilities. The completion of Koboko water supply system was selected for monitoring as it was reported as completed in FY08/09. The monitoring visit was also a follow up visit from Q2 of FY08/09, when the system was still under construction and had previously been under the Support to Small Towns Water Supply and Sanitation project.

Financial performance

The total FY09/10 budget is 4.75bn Ush of which 2.3bn Ush is the GoU component and 2.45bn Ush is the donor component. The approved budget (VoA) is 0.767bn Ush of which 0.431bn Ush was released and 0.276bn Ush was spent, which represents a 64% absorption rate.

In FY08/09 the completion of Koboko piped water system was under a different project, *Support to Small Towns Water Supply and Sanitation*, and was part of the output 'completion of 17 piped water systems.' This had a reported expenditure of 5.882bn Ush.

Field findings:

During the initial monitoring visit in Q2 of FY08/09, there was no piped water scheme as four of the five boreholes that were drilled were low yielding, damaged existing water sources and were closely constructed to a pit latrine. Since then a new phase of emergency works started in January 2009 and significant works have been completed, including 18 tap stands, a reservoir tank and 3 pump houses with generators. Outstanding works are estimated to take around 6 weeks and include completing the connecting pipe for one borehole, after which the system will be ready for commissioning. A Water and Sanitation Board has been formed and is operational, with one female and four males.

Implementation challenges and recommendations for Water and Sanitation Development Facility – North

Several challenges have been identified.

- Firstly, the demand for water is likely to be greater than the potential supply as the population of the Town Council has not been covered.
- Secondly, the system will be operated using three generators, which will mean that the supply of water will be costly and unaffordable for certain residents.
- Thirdly, the source for the piped water system was previously used as a community borehole. Some of these water users may not be able to afford the water once the Private Operator is on board.
- Fourthly, no water testing kit has been provided. This is a public health concern which requires urgent attention from DWD and the Town Council.

Production well for the piped water system, previously used as a community borehole, Koboko piped

An initial sign of water flowing as the system is being tested, Koboko piped water system

(c) Support to Small Towns Water Supply and Sanitation Project

This is a countrywide programme financed by GoU, DANIDA and GTZ under the Joint Partnership Fund, which started in 1999 and is due to be complete in 2013. The project aims to construct water supply and sanitation facilities, conduct community sensitisation and build the capacity of water authorities and systems operators. As part of the overall project, the strategy of 'Design, Build and Operate' is being piloted in ten towns as part of output based aid approach.

Completion of the piped water system in Namutumba was monitored.

Financial performance

The total FY09/10 approved budget is shs 7.719bn, of which the GoU component is shs 6.719bn and the donor component is shs 1bn. The approved budget (VoA) is shs 2.239bn of which shs 1.598bn was released and shs 0.983bn was spent. This represents a 62% absorption rate of funds. As progress in the completion of Namutumba piped water system is an output from FY08/09, the FY08/09 GoU budget was shs 6.730bn, of which shs 6.729bn was released and shs 6.658bn was spent. This represents a 99% absorption rate. Of the total spent in FY08/09, 6% was spent on low priority areas 77% was spent on capital development.

Field findings:

Works started in July 2009 and are being carried out by Kol Kagulu Joint Venture. An estimated 60% of works are complete as most of the pipe laying is finished. It is estimated that works will be complete by November 2009. The main source of power for pumping the water will be a generator while extension of electricity supply is planned for the long term.

Implementation challenges and recommendations for Small Towns Water Supply and Sanitation:

Disputes over land ownership for the two water points: For one of the water points the Town Council has paid the compensation costs, but for the second, advice is being sought from MWE as to whether it is part of a wetlands area, in which case compensation will not be necessary. It is recommended that issues of land ownership and access are resolved prior to construction to avoid delays to project implementation.

3.8.4 Water for Production

This Vote Function contributes to the sector objective of the *"Provision and effective use of water for production"* and currently receives 13% of the budget allocation. The outputs monitored include the completion of Kagango dam in Isingiro district and Rubaare Valley Tank in Ntungamo district, both of which were follow up visits from Q3 of FY08/09.

Financial performance

The FY09/10 budget is shs 23.10bn, which is more than double of last FY's budget. The bulk of the budget is GoU funded as that component is shs 22.30bn and the donor component is shs 0.800bn. The FY09/10 approved (VoA) is shs 6.433bn of which shs 6.372bn was released and shs 2.688bn was spent. This represents a 42% absorption rate. As progress from FY08/09 is being followed the GoU approved budget was shs 7.461bn, shs7.453bn was released and shs 7.387bn was absorbed. This represents a 99% absorption rate. Of the total spent in FY08/09, 6% was spent on low priority areas while 72% was spent on capital development.

Field Findings:

These are summarized in the table below.

Table 3.8.8: Status of outputs under Water for Production:

Output	Progress
Kagango dam, Isingiro district	The initial completion date was 14th July 2009. However works are currently around 85% complete and are now expected to be finished in November 2009. Outstanding works include construction of two cattle troughs, the inlet structure, an additional 1.5m of soil for the embarkment and works on the spillway. Challenges include change in materials which caused delays and lack of capacity of the contractor, due to being overstretched and working on several projects at the same time.
Rubaare Valley Tank, Ntungamo district	The primary use for this valley tank will be for horticultural purposes, as water will be supplied to the nearby flower factory. This was a follow up monitoring visit from Q3 of FY08/09, where works were initially supposed to be completed in August 2008. In June 2009 the valley tank was finally completed and handed over. However some works are remaining, such as installation of cattle troughs which were requested by the community and fencing of the valley tank. The contractor has submitted quotes to DWD for the additional works which are pending approval. No Water and Sanitation Committee has been formed to manage the valley tank.

Source: Field Findings

Evidence of works ongoing, at Kagango dam, Isingiro district

Cattle troughs that need to be completed and connected to the dam, Kagango dam, Isingiro district

3.8.5 Water Resources Management

Groundwater Resources Mapping

Financial performance:

The FY09/10 approved budget is shs 0.968bn of which the GoU component is shs 0.562bn and the donor component is shs 0.400bn. The approved budget (VoA) is shs 0.189bn of which shs 0.053bn was released and shs 0.008bn was spent. This is only a 15% expenditure rate.

Monitoring was carried out in Nebbi district.

Field findings:

Nebbi District

The district received groundwater maps in 2007, but they are not being used as not all water sources were included in the maps. The district is in the process of collecting data with one GPS, although there have been two main challenges with completing the maps. Firstly, the district has no soft copies of the data as the system crashed and so are manually entering information, which will make it difficult to reconcile with the existing data to produce updated maps. Secondly, the numbers for boreholes are provided by the Directorate of Water Resources Management (DWRM) and are therefore not recorded in the same system being maintained by the district. Only one follow-up visit has been made by the DWRM. Overall, the maps provided were not being effectively used and the completion has been given low priority by the district water office.

CHAPTER 4: CONCLUSIONS and RECOMMENDATIONS

4.1 Conclusions

4.1.1 Financial Performance

Although there was evidence of improvements of releases from treasury, a number of concerns were noted.

- **Non –remittance of unspent conditional grants to the consolidated fund.**

  It was noted in all the districts sampled that they did not remit the unspent balances at the year end of the FY 2008/2009 to the consolidated fund. This contravenes section 19(10) of the Public Finance and Accountability Act 2003 (PFAA) which requires that all the un-spent balances of monies withdrawn from the consolidated fund shall be repaid back to the same account by October at the closure of the financial year.

- **Utilisation of the unspent conditional grants without authority**

  It was noted that all the districts monitored had unspent balances and had sought for authority from the Secretary to Treasury to allow spending. However, Sironko district effected payments against the retained unspent balance on LGDP amounting to UShs 8,169,190 without authority.

- **Diversion of funds**

  There were cases of diversion of funds by some districts in total disregard of local Government financial and accounting regulations section 37(2) which states that conditional grants from central governments shall be planned for, recorded and accounted for according to the grant conditions and guidelines. *The diversion of funds between sectors activities was common in many districts.*For example, Sironko district diverted Ushs 49,814,000; Kabarole district UShs 19,000,000; and Kasese district UShs 23,000,000.

- **Low Absorption of funds**

  The districts did not register full absorption of funds in all sectors during FY 2008/09. Whereas a number of sectors absorption was generally fair, there were cases of low absorption, particularly of the PHC development funds. The reasons ranged from slow procurement processes to late releases by the district CFOs.

  In the same breath, it was noted that all districts had received funds for the first quarter of the FY 2009/ 2010 save for Kapchorwa district which received it late. However, there were no expenditures made by any district as yet which was attributed to lack of signed contracts in place. The districts had commenced on the procurement process that were still at initial stages.

4.1.2 Agriculture

The following key issues emerged from three agricultural programmes – Agriculture and Marketing Support project, Support for Tea Cocoa Seedlings Project and NAADS:

1. **Poor Communication between stakeholders.** The complaints and concerns raised by beneficiaries about NAADS in Kiboga were generally found to be true although the reasons for deviance from the NAADS guidelines were also justifiable. The negative publicity and political patronage around NAADS is gradually depopularising this Government programme thus slowing the pace of implementation.

2. **Poor Value for money of operations.** The Agriculture and Market Support Project had been very helpful in creating assets (fish ponds and valley dams) through the Food for Asset (FFA) Approach. However, the assets created under this programme had had very low sustenance due to the high dependency syndrome and poor service delivery as well as poor management practices by the implementing agency WFP.

3. **False reporting**. It was noted in West Nile, that the Agriculture and Market Support project activities in many instances, had ceased some years ago. However, the Ministry of Agriculture continued to draw funds for these activities uptodate.

3. **Poor Project Management Practices.** The Cocoa Tea Seedlings project is performing as per plan except for challenges of delayed supply orders, over-centralization of the project, limited supervision and guidance to farmers from the Coordination Unit and the high prevalence of pests and diseases. A major issue raised by the nursery operators was the low price of 300/= per seedling paid by GoU. A cost-benefit analysis suggests that farmers make adequate profit with this price as long as the supply orders exceed 10,000 seedlings per nursery.

4.1.3 Education

MoES is commended for achieving the Annual Planned Output Targets for FY 2008/09 under four programs that included ADB III; Development of TVET P.7 Graduate Enrolling Institutions and UVQF, Rehabilitation of National Health and Departmental Training Institutions and Development of Primary and Secondary Teachers' Colleges. In all these the planned development projects were completed.

However, the sector performance seemed to be faced with many issues of concern.

- **Inconsistencies in financial information**

Comparing the Annual Progress Report to the approved Performance Contract/work plan for FY 2008/09, findings indicated that a number of institutions (42%) under the Emergency Construction and Rehabilitation of Primary Schools received less funds than their approved budgets. Schools in Soroti District, as well as Kamuri P/S in Isingiro District did not receive funds as per the approved performance contract. Other Institutions that received less than their approved budgets were under Development of TVET P.7 Graduate Enrolling Institutions and UVQF; and USE. This means that there were a lot of funds that were not used on those projects as reported in the sector progress report.

- **Overvalued construction work and procurements**

There were issues of value for money in a number of sites. These included St Kizito Ttikalu P/S, where a 2-classroom block with offices was constructed at of Ushs 97,225,700/= and a five-stance VIP pit latrine constructed at Ushs 26,417,000/=. Other institutions where there were issues of value for money were Kakere P/S (Kaberamaido District), Namasale TI (Amolatar District).. There was also the issue of purchase of land at Karungu S.S. where 1.167 hectares (approximately 2.88 acres) piece of land with poor structures was procured at Ushs 326,910,000/=.

- **Re-allocation of funds between votes**

It was also found that shs 1.34bn under development of secondary education were used to pay for construction activities under other vote functions. As a result the annual planned output targets under USE were not achieved.

- **Implementing activities outside the workplan**

The sector continues to implement activities outside the agreed on workplan. Under USE for example, shs 1.16 bn was spent on schools that were not in the approved workplan.

4.1.4 Energy

The sector had some fair progress in some programmes. However, the sector was faced with many issues that threaten the achievement of its objectives. These include:

- Works on Bujagali Hydropower Project (BHP) slowed down tremendously and is behind schedule due to several reasons including slow work on concrete placement of the dam wall and the need to design alternatives for power/house gated spillway because the rock structure is not firm.

- Many energy projects still face issues of land ownership. Bujagali interconnection project had acquired only 74% of required land. The implementation of activities is grossly behind schedule. Works on Mutundwe substation had not began by September 2009 yet they were to have commenced in June 2008. This will delay the commissioning of Bujagali HEP station.

- The issue of VAT waivers and exemptions is yet to be resolved on Bujagali HEP; Mpanga, Bugoye and Buseruka Mini Hydro Power Stations. This issue was raised consistently during last FY but action seems to be slow in being taken.

- In Bwindi MHP, the contractors are not skilled in HEP dam construction as it is a first time project. It has therefore required a lot of close supervision by GTZ. Furthermore due to the location of the project in an environmentally sensitive area, it has required using of minimal mechanization which has slowed progress.

- Works on Ishasha MHP were proceeding well but one month behind schedule. There have been a number of thefts of project construction material especially cement and fuel. Most of the thefts are from employees of the company and the surrounding community.
- On Buseruka dam, a lot more rock than anticipated has been encountered. This has necessitated a lot of rock blasting and clearing. This is costly and time consuming therefore has led to time and cost overruns.
- Energy Saving Institutional Stoves in Prisons are being utilized and they are registering a lot of benefits such as improving the working conditions of the kitchen staff, enabling institutions serve meals on time. Some were however poorly constructed and have already begun disintegrating.
- Kinyara Sugar Limited (KSL) Cogeneration claims that they are able to provide the main grid with up to 22MW. They are however concerned that this is too much power for the island grid. They would need a 132KV line to feed onto the main grid. However, KSL power line frequently trips due to failure to synchronize with the UETCL transformer.
- The ERT1 Gasifyer project in Kyambogo, Buddo and Nyabyeya is 3 years behind schedule. This was mainly due to procurement issues stemming from inexperience in this new technology.

4.1.5 Health

The sector registerd varied successes in its development programmes. However, there are many issues of concern.

- **Low absorption of funds:** There has been low expenditure for projects within the health sector. For example by the end of quarter 1 of FY 09/10, no expenditure had been made of the funds disbursed for the District Infrastructure Support Program (UShs 1,042,191,000) and the Imaging and Theatre Equipment project (UShs 1,034,750,000). The monitoring team noted that implementation of the District Infrastructure Support Programme works had stalled at Bududa, Tororo and Masafu Hospitals. The main reason for the stalling of works has been internal delays within the MoH to pay contractors. Similarly, expenditure of capital development grants to districts has remained low. For instance Kumi district did not spend any of the capital development funds (UShs 97,266,000) disbursed during the FY08/09. Tororo district had a balance of UShs 135 million as at 30 June 2009. Out of these UShs 71 million was funds not spent during FY 08/09 while UShs 64 million was funds retained from 07/08 and not spent during FY 08/09.

- **Poor prioritization***:* During FY 08/09, new projects were embarked on while over 5 old (ongoing) projects were not completed. This is partly attributed to the influence of politics in the selection of projects. The pressure from Politicians who are preoccupied with having facilities built for their electorate overrides the need to consolidate existing investments (ongoing works) in the district. The allocation of works is approved by the MoH which unfortunately has not been able to exercise restraint and make sure that investments in the health infrastructure are efficient and effective. Tororo district is the case in point where the district embarked on 3 new projects this FY and no funds were allocated to over 4 ongoing projects within the district.

- **Lack of adequate staff housing***:* During the monitoring visit it was noted that some health workers at HCIIs who had no staff houses—choose to sleep within the Outpatient Departments. This was the case for health centres in Rakai and Lyantonde and it was reported this practice is widespread. There were also cases of HCIIs that had been constructed but not operationalised due to lack of staff houses for example at Kanyumu HCII where an OPD was constructed 3 years.

  In fact, lack of adequate staff housing is one the key factors that are affecting retention of health workers.

- **Poor Ordering and distribution of drugs***:* Counter accusations between NMS and health facilities have continued each accusing the other of lacking capacity to perform its role. Whereas the stock levels at NMS have improved over the last one year, there are still challenges of late orders from health centres. In other instances some in-charges of health facilities lack capacity to accurately quantify their drug requirements. In other instances orders are submitted late. The National Medical Stores follows a distribution schedule and when orders are submitted late, such a District could have to wait for the proceeding distribution visit. There are however instances where districts insist that NMS takes over 3 months to submit orders.

4.1.6 Industrialization

Progress in the programmes under industrialization varied between institutions. There were key issues that need to be addressed to enhance performance of these programmes.

- **Cost Overruns**: Kampala Industrial and Business Park-Namanve experienced variations in design of the buildings and additional work is required downstream the Namanve river implying additional project costs.
- **Delayed land acquisition**: The delay in securing the land title caused a setback in implementation of the construction of Uganda National Bureau of Standards (UNBS)

headquarters. In addition, UNBS delayed to start the procurement process for both the consultant and contractor leading to time overruns in project implementation and low absorption of resources.

- **Poor Planning:** Most of the equipment for the main processing plant under the Presidential Initiative on Banana Industry (PIBID) was purchased with effect from FY 2007/08 and 2008/09 but it is still locked in the delivery containers due to absence of a factory! The equipment may run out of warrants and become obsolete before it is used.
- **Inadequate funding:** Good African Tea Industry project had generally stalled due to inadequate funds. The initial target was to complete planting in the six sub counties by November, 2008 but to date; these sub counties had not been covered. Interestingly, the district wanted 14 more sub counties covered with the two million seedlings.

4.1.7 Information Communications Technology

A lot of procurements and deliveries were made by the sector in a bid to enhance ICT application within the population countrywide. However there was very little evidence of use of these technologies, except in the schools and a few local governments. The telecentres in the post offices showed total disuse and neglect. The main reasons were:

- **Absence of Service Level Agreements for Internet point of Presence and Telecentres:** The project did not provide for maintenance contracts (Service Level Agreements) for the equipment specifying the service provider's performance obligation. This increases the risk of loss of equipment through breakdowns and high maintaince and replacement cost.
- **Failure to commission the postal telecentres** that was leading to loss of revenue.
- The MoU for District Business Information Centres is not substantively signed by all partners.

4.1.8 Roads

First quarter road sector monitoring covered the National Roads Maintenance Programme and 5 road construction projects under UNRA namely: Soroti – Dokolo, Dokolo – Lira, Busega – Masaka, Masaka – Mbarara, and the National Paved Roads Maintenance Backlog project; and 2 programmes under the MoWT namely: Support to Tourism Infrastructure Development Programme, and the District Roads Rehabilitation Programme. The key issues included:

1.Loss of value for money in the packaging of works contracts:- two areas were identified as follows:

f) Busega – Masaka road was defragmented into:

- Busega – Nsangi - Section I
- Nsangi – Kamengo - Section II
- Kamengo – Lukaya - Section III
- Lukaya – Masaka - Section IV

The on-going contract only covers works in sections I&III, implying that sections II&IV are planned to be covered by a separate contract that is not yet tendered out. This represents a potential loss of value for money not only because costs for items like establishment and mobilisation (typically between 5-14% of tender prices) would double with the scenario of procuring two contractors but also because the defragmentation obviates the potential gains from better competitive rates expected from bigger projects. This can be seen from the comparison of the unit rates of the 2 adjacent projects done by the same contractor but packaged differently and procured at different times: Busega – Masaka (63Km) with a unit rate of €716,083 per Km, and Masaka – Mbarara (154.4Km) with a unit rate of €511,750 per Km – a difference of more than €200,000 per Km!

g) Kabale town road (2.3Km) is in a highly distressed state with non existent drainage system and therefore reasonably beyond maintenance levels yet it was excluded from the two on-going adjoining contracts namely: Kabale – Kisoro on one end and Ntungamo – Kabale – Katuna on the other end. This road was however also excluded from the designs for the upcoming rehabilitation project of Ntungamo – Kabale – Katuna road expected to take off in 2 years time. Procurement of a contractor to separately rehabilitate the 2.3Km road is again likely to have very high unit rates for the same reasons in a) above.

2. **Imminent dispute on cost and quality of asphalt specified for Backlog projects** – Package 2 (Kampala roads). While the contractor's rate for the specified quality of asphalt was apparently low, there were attempts of lowering the specifications of the asphalt but which option would additionally cost the government UShs 2.0 billion.

3. **Disproportionate unit rates**: The several road maintenance contracts monitored had the unit rates for periodic maintenance of gravel roads typically between 23 to 29.2 million per Km. However, the contract for periodic maintenance of Masaka – Bukakata road was 50.2 million per Km, which was twice as high.

4. **Project cost overruns exceeding contractual limits** on variations were anticipated on all the 5 projects monitored (Soroti – Dokolo, Dokolo – Lira, Busega – Masaka, Masaka – Mbarara, and the National Paved Roads Maintenance Backlog project) with cross cutting causes that included: claims from price adjustment clauses following increases in cost of construction inputs like fuel, bitumen, oils, expatriate labour etc; post contract award design changes; additional works; land acquisition related issues like the relocation of adjacent boundary fences; and interest accruing from late payment of interim certificates.

5. **Interest accruing from late payments** to the contractor was noted on Dokolo – Lira road, where UShs 173 million had already accrued and had been paid to the contractor on certificates 1 to 10.

4.1.9 Water and Sanitation

The sector had achieved varied successes but had some issues of concern.

- **Inflated programme performance in a given FY.**

Under the *Support to Rural Water Supply and Sanitation Projet,* for example piped water systems had been completed and were functional in Nakifuma RGC in Mukono district, Nankoma RGC in Bugiri district, Kasambira RGC in Kamuli district and Buliisa town in Buliisa district. However, the bulk of construction work was actually undertaken in FY07/08, although outputs were stated in FY 08/09.

- **Diversion of funds**

This was common under the District Water and Sanitation Conditional Grant, where funds were allocated to other activities. In addition, there were variations in reporting on funds received by the district water office and releases made by the Treasury,

- **Political interference**

  There wasevidenece of political influences in allocation of water points. In Rakai district for example the water harvesting tanks were at the residences of the political leaders.

- **False reporting**

The FY08/09 progress report stated that construction was underway and funds were accounted for under the School and Community IDPs Project. However, it was clear from the field findings that works had not been done and were due to begin in Q1 of FY09/10.

- **High operational costs**

In many instances where piped water systems had been installed, they suffered high operational costs especially if they used generators for pumping the water.

- **Poor Water Resources Management**

Groundwater maps were supplied to Nebbi district in 2007, for example, but were not being utilised as they were incomplete. Completion and use of maps was given low priority by the district, aphenomena that needs to be investigated in other local governments.

4.2 RECOMMENDATIONS

4.2.1 Financial Performance

- Unspent balances should be remitted to the consolidated account as per regulations at the end of each FY.
- The CAO and CFO Sironko district are cautioned for utilizing the unspent balance on LGDP amounting to UShs 8,169,190 without authority from the Secretary to the Treasury.
- The CAOs and CFOs, in local governments where conditional grants were diverted are cautioned. These include Sironko; Kabarole and Kasese districts.

- The district contracts committees and the procurement departments should speed up the whole process of prequalifying contractors, awarding contracts and the approval of the contracts. This would allow adequate time for the supervision of the work done by these contractors and also help reduce shoddy work. Ultimately this would curtail on huge unspent balances at the end of each year.

4.2.2 Agriculture

- Government needs to institute a formal channel of investigating and redressing genuine concerns at source, under NAADS, to avoid wastage of resources through duplication as several central agencies monitor the same issues.

- The Agriculture and Marketing Support project is scheduled to end in 2010. As GoU and WFP enter a new agreement for another programme 'Purchase for progress', lessons should be drawn from this evaluation to address the gaps in design and implementation.

- The Ministry of Agriculture needs to account for all funds supposedly spent on activities under the Agriculture and Marketing Support project.

- GoU should step up the supply orders to meet the large demand for cocoa seedlings in the country.

4.2.3 Education

- MoES should adhere to the performance contract/work plan as agreed upon at the beginning of the Financial Year. However if changes are made, they should be communicated to the Secretary to the Treasury.
- MoES needs to account for the funds that were not received by the schools as per the approved budget. There is also need to explain why approved funds for schools in Soroti District and Kamuri P/S in Isingiro District were not released to the beneficiary schools and how they were used.
- MoES should put measures in place to ensure that schools that receive funds for construction keep to the scope of works agreed upon. To that effect, MoES should follow up on schools such as Busolwe PS in Butaleja district where the scope of works were reduced from a 4- classroom block to a 3-classroom block and some of the funds used to put up a fence around the school.
- The issue of shoddy work on the classroom block at Namasale Technical School should be followed up.
- MoES should explain the re-allocation of funds from the USE vote, given the overcrowding in secondary schools.
- The issue of misuse of USE funds in Busaana S.S. should be forwarded to the investigative arms of government to bring this matter to its logical conclusion. MoES should also take administrative measures to recover the Government funds. Measures should also be put in place to prevent re-occurrence of such incidences by school administrators.

- Overvalued construction works and procurements in Kakere Primary School in Kaberamaido District, St Kizito Ttikalu Primary school in Wakiso District and the compensation of land at Karungu S.S. must be investigated.

4.2.4 Energy

- There is need to hold high level talks with MEMD, MFPED, BEL and Jyoti on issues concerning the delayed works on the Bujagali-Kawanda transmission line. Action needs to be taken early to avoid precarious situations and VAT issues.

- There is need for high level talks between UETCL, MEMD, MoF, Ministry of Lands, Administrator General's office to ensure that all the required land for the **Bujagali Interconnection Project** is acquired.

- Improved institutional energy saving stoves should be rolled out to all Uganda Prisons nationwide. GoU and other development partners should participate in the national roll out.

- **Kinyara Sugar Limited** should be encouraged to increase its power generation. The power should be evacuated to the main grid and not the 'island' grid. UETCL should expedite the construction of the 132KV line from Kafu to Nkenda, in order to evacuate power from Kinyara to the main grid.

4.2.5 Health

1. **Consolidate capital development investments***:* The districts should be guided to concentrate on completing ongoing works before embarking on new ones.

2. **Provide Staff housing***:* There should be a consideration on increasing staff houses as a strategy for operationalising health centres and encouraging retention of health workers especially in hard to reach areas.

3. **Training on drug management***:* MoH should consider providing refresher courses to the in-charges of health facilities to enable them estimate drug requirements for their facilities and to encourage them submit drug deliveries in time.

4.2.6 Industrial Development

- Expediate Kampala Industrial Business Park-Namanve works: Arrangements should be made to include additional works downstream the Namanve River to allow a clear river flow.The contractor should expeditiously complete the remaining work to avoid further financial claims from the consultants and contractor.
- Timely release of funds in adequate volumes and in line with the seasons is required to reduce on operational costs and avoid unnecessary losses under value addition industries.

- Uganda National Bureau of Standards should speed up the procurement process for the construction of her headquarters so that funds do not accumulate on the accounts.
- The Presidentail Initiative on Banana Industrial Development management should expedite the construction of the processing plant to avoid losses from expiry and obsolescence of the equipment.

4.2.6 Information Communications Technology

1. The Ministry of ICT should expeditiously conclude the process of signing the MoU for District Business Information Centres with the partners. Missing equipment and defective components should be delivered and fixed respectively.
2. MoICT, Uganda Communications Commission (UCC) and the partners should arrange for service level agreements for the procured equipment to minimize costs of repair and breakdown risks.
3. UCC and Posta Uganda should endeavour to have all project assets assigned unique codes and engraved for easy identification to minimize the risk of loss in case of theft or any eventuality.

4.2.7 Roads

a) Contracting of road works should consider minimizing costs through proper packaging of jobs.
b) The unit costs of asphalt should be reviewed to ensure that the works are delivered as specified without financial loss to the government and without much loss of time for the completion of the construction works.
c) This PPDA should advise on unit costs for similar activities.
d) Deliberate steps should be taken to mitigate the effects of generic causes that result in cost overruns some of which are within the control of the sector.
e) Payment processes need to be streamlined to avoid the delays as a way of controlling road construction costs, resulting from accrued interest payments.

4.2.8 Water and Sanitation

- Rollout of IFMS within MWE should be expedited to ensure Vote Controllers have access to financial information, which will help guide operations and promote transparency.
- Funds should be released to projects once there is proof of readiness to spend, e.g. if procurement procedures have been finalised. This will help prevent diversion of funds to other activities and will aid tracking of public funds.
- Chief Accounting Officers are cautioned in an effort to reduce internal diversion of water funds.

- There should be a review of district management of funds for software activities such as training Water User Committees as there are limited achievements against the funds invested in this area.
- Furthermore, transparency in the allocation of water points should be promoted through public display of all water and sanitation points constructed.

REFERENCES

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6 Ministerial Policy Statement: Ministry of Tourism, Trade and Industry, FY2009/10, June 2009

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8 Progress Report on Execution of earthworks on South A Estate: Kampala Industrial Business Park, August 2009.