**THE REPUBLIC OF UGANDA**

# Budget Monitoring Report
# October -December 2009

**March 2010**

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## ABBREVIATIONS AND ACRONYMS

| | |
|---|---|
| ACE | Area Cooperative Enterprise |
| ADB | African Development Bank |
| ADF | African Development Fund |
| BBW | Banana Bacterial Wilt |
| BMAU | Budget Monitoring and Accountability Unit |
| BOQs | Bills of Quantities |
| CAIIP | Community Agricultural Infrastructure Improvement Programme |
| CAO | Chief Administrative Officer |
| CBF | Community Based Facilitator |
| CFO | Chief administrative Officer |
| DAO | District Agricultural Officer |
| DATIC | District Agricultural Training and Information Centres |
| DEO | District Education Officer |
| DHO | District Health Office/Officer |
| DISO | District Internal Security Officers |
| DISP | District Infrastructure Support Program |
| DLSP | Districts Livelihood Support Programme |
| DRC | Democratic Republic of Congo |
| DSC | District Service Commission |
| 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 |
| DWSCG | District Water and Sanitation Conditional Grant |
| ECOSAN | Ecological Sanitation |
| EFT | Electronic Funds Transfer |
| ERT | Energy for Rural Transformation |
| FGD | Focus Group Discussion |
| FIEFOC | Farm Income Enhancement and Forest Conservation Project |
| FY | Financial Year |
| GoU | Government of Uganda |
| H/M | Head Master |
| HC | Health Center |
| HSD | Health Sub District |
| ICT | Information, Communication Technologies |
| IDA | International Development Association |
| IDP | Internally Displaced Person |
| IFAD | International Fund for Agricultural Development |

| | |
|---|---|
| IFMS | Integrated Financial Management System |
| IPC | Interim Payment Certificate |
| IPFs | Indicative Planning Figures |
| JICA | Japan International Cooperation Agency |
| JMS | Joint Medical Stores |
| KCC | Kampala City Council |
| KIBP | Kampala Industrial & Business Park |
| KIIDP | Kampala Institutional and Infrastructure Development Programme |
| Km | Kilometre |
| KTB | Kenya Top Bar |
| LG | Local Government |
| LGDP | Local Governments Development Programme |
| LGMSDP | Local Government Managerial and Service Delivery Programme |
| LRDP | Luwero – Rwenzori Development Programme |
| MAAIF | Ministry of Agriculture, Animal Industry and Fisheries |
| MFPED | Ministry of Finance, Planning and Economic Development |
| MoES | Ministry of Education and Sports |
| MoFPED | Ministry of Finance, Planning and Economic Development |
| MoH | Ministry of Health |
| MOLG | Ministry of Local Government |
| MoWT | Ministry of Works and Transport |
| MTEF | Medium Term Expenditure Framework |
| MTTI | Ministry of Tourism, Trade and Industry |
| MWE | Ministry of Water and Environment |
| NAADS | National Agriculture Advisory Services |
| NCR | Northern Corridor Route |
| NEMA | National Environment Management Authority |
| NLPIP | National Livestock Productivity Improvement Project |
| NMS | National Medical Stores |
| NSCG | Non-Sectoral Conditional Grant |
| NTC | National Teachers College |
| NUREP | Northern Uganda Rehabilitation Programme |
| OBA | Output Based Aid |
| OHS | Occupational Health and Safety |
| OPD | Outpatient Department |
| OPM | Office of the Prime Minister |
| PCMU | Project Coordination and Management Unit |
| PD | Product Development |
| PDU | Procurement and Disposal Unit |
| PHC | Primary Health Care |

| | |
|---|---|
| PMA | Plan for Modernisation of Agriculture |
| PMA | Plan for Modernization of Agriculture |
| PO | Private Operator |
| PPDA | Public Procurement and Disposal of Public Assets Authority |
| PRDP | Peace Recovery and Development Plan |
| PS/ST | Permanent Secretary/ Secretary to Treasury |
| PTC | Primary Teachers' College |
| PWSS | Piped Water Supply System |
| Q | Quarter |
| RDC | Resident District Administrators |
| RFSP | Rural financial services programme |
| RGC | Rural Growth Centre |
| RRP | Rural Roads Programme |
| RSSP | Road Sector Support Programme |
| RWSS | Rural Water Supply and Sanitation |
| SACCO | Savings, Credit and Cooperative Organization |
| SFG | School Facilitation Grant |
| SHSSP | Support to the Health Sector Strategic Plan |
| STP | Straight Through Process |
| UShs | Uganda Shillings |
| TCD | Technology Development Center |
| TDS | Technology Development Site |
| TSU | Technical Support Unit |
| TVET | Technical Vocational Education and Training |
| UA | Units of Account |
| UCA | Uganda Cooperative Alliance |
| UCSCU | Uganda Co-operative Savings and Credit Union |
| UIA | Uganda Investment Authority |
| UIRI | Uganda Industrial Research Institute |
| UNRA | Uganda National Roads Authority |
| UPE | Universal Primary Education |
| UPPET | Universal Post Primary Education and Training |
| URF | Uganda Road Fund |
| USD | United States Dollars |
| USE | Universal Secondary Education |
| UShs | Uganda Shillings |
| UTGC | Uganda Tea Growers Corporation |
| UVQF | Uganda Vocation Qualifications Framework |
| UWSS | Urban Water Supply and Sanitation |

| | |
|---|---|
| VAT | Value Added Tax |
| VIP | Ventilated Improved Pit |
| VTI | Vocational Training Institute |
| 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.

Keith Muhakanizi

**For Permanent Secretary/ Secretary to the Treasury**

## Executive Summary

### Background

Government 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 have been followed throughout the second quarter of FY 2009/10. Selection was based on significance of budget allocations to the votes within the sector budgets; focus being on large expenditure programmes, preference has been given to development expenditures except in the cases of education, road maintenance and health where some recurrent costs are tracked.

## Findings

## Financial Performance

### Low cash releases

The cash releases to the sectors was generally low: This was attributed to tightened accountability measures for the MDA's to access quarterly releases whereby the sectors are required to timely submit the performance form A and the quarterly progress reports. There was evidence of timely releases (development grant) by the MFPED to the district save for PHC development and SFG for Q2 of FY 2009/10 which was released late in December 2009. However, there were instances of delayed remition of funds to user departments at district level.

Feedback from sectors and districts indicated a problem of filling the performance forms A and B respectively.

### Poor Absorption

The absorption of the funds received, was generally low for both central and local governments. At the centre, the lowest spenders were UNRA; Ministry of Agrculture, animal industry and fisheries; and Ministry of Health. In the districts, this was largely attributed to late approval of the budgets as most districts councils approved the budgets in the month of September to November 2009; late submission of procurement plans by the departments to the procurement officers which led to late commencement of the procurement of the contractors. For the case of SFG, the sluggish expenditure was attributed to the difference between the work plans of the MOES and those of the districts where the latter had planned to construct class rooms while the former advised them to construct latrines. Many districts objected to the idea and had sought for permission from the MOES to use the funds for classrooms construction. To the extreme, Kamwenge district received funds for the presidential pledge to construct Katagendwa Technical Institute yet it had not put systems in place to manage the project. It had not procured land and nominated the board to oversee the project and neither had the MOES appointed a Principal to oversee the Institute. In the process all the funds received were lying idle.

### Financial data inconsistencies between IFMS and Sectors

There is still evidence of inconsistencies between the IFMS and sector financial data. For example, in Ministry of water and environment, there was a project 1080 reported on the IFMS that was non existent within the sector records.

### Non –remittance of unspent conditional grants to the consolidated fund

The case of non- remittance of un-spent conditional grants as at end of the financial year is still prevalent in all the districts sampled.It was noted that all the districts monitored had unspent balances at year end FY2008/09 but had sought for authority from the Secretary to Treasury MFPED to start spending. However, Kamwenge district effected payments against the retained unspent balance amounting to UShs 73,919,129 on PHC development account without authority from the Secretary to the Treasury/ Accountant General. In-effect the district violated the financial regulations.

### Lack of timely information on adjustment in the IPF figures

Some districts complained that changes in the IPF are not timely communicated to enable them effect changes in the budget and therefore stay hoping that releases will be made against the IPF, only to be ambushed with releases based on different figures. A case in point was Mityana local government who complained that the final IPF for rural and urban roads was different from the draft estimates and that the changes were not communicated to them.

## Agriculture

Overall, the apiculture sub-component of the Farm Income Enhancement and Forest Conservation Project (FIEFOC) project is on course and has delivered the intended outputs at district level. The project however is likely to have limited outreach due to the design that provides demonstration equipment and training to only two groups per district.

The project also had implementation issues of limited staff in production departments across districts with many lacking entomologists; poor consultative process between MAAIF and districts on implementation; and poor design with the assumed uniformity of district needs and hence similar interventions.

## Education

**Emergency Construction and Rehabilitation of Primary Schools project** findings indicated that while MoES planned to renovate and complete 5 primary schools in Q1 FY 09/10, 3 of the 5 schools did not receive the reported funds for construction as at the end of the first quarter. It follows that no construction took place in the three schools during the same period. This clearly indicates that the quarterly planned output target under the Emergency Construction and Rehabilitation of Primary schools project were not achieved.

Secondly there is still evidence of sector operations outside the agreed on workplans within the performance contract.The Quarterly Progress Report indicates that MoES released funds to four schools- Bukobero P/S (Wakiso); Iyanyi P/S (Oyam); Nabugizi P/S (Namutumba); and Gyaviira P/S (Wakiso); schools that do not appear in the work-plan/performance contract for quarter one.

**Development of Secondary Education: the ADB III Post Primary Education project** findings indicate that the planned output targets for Q1 were achieved. The three schools that were planned to be completed were indeed completed. Findings from the monitoring visits further showed that four schools under the Universal Secondary Education (USE) received the USE grants. Funds remitted to Rubaale S.S were very well utilized and there is value for money at this school. Civil works at Nyero Rock S.S. were also completed and the quality of civil works was good. However, civil works at Mpenja S.S. compared to funds remitted to the school left a lot to be desired.

**Development of Primary and Secondary Teachers' Colleges** planned output targets for Q1 were actually achieved. They are consistent with the planned spending outputs as they appear in the work-plan. However, Bwera PTC and Bundibugyo PTC did not receive the funds budgeted for them during the FY 2008/09 and no buildings were constructed in those institutions during that period.

**During FY 2008/09, School Facilities Grant (SFG)** funds were sent to districts for construction of classrooms, pit latrines, teachers' houses and procurement and distribution of desks. Findings indicated that many districts received SFG funds and used it to construct classrooms, pit latrines, teachers' houses and to procure furniture as per their approved work-plans. Generally, there was good quality construction work on schools and colleges during the review period. However, there was shoddy work at Nyakiju P/S (Rukungiri) ;; Bukalagi Technical Institute (Mpigi); Buwunga C/S; Nsumba C/S; and Kyegaliro C/U P/S all in Mpigi; Kyakacunda P/S (Sembabule); Kangalaba P/S; Bunawale P/S and Bubalya P/S all in Butaleja district. On the other hand, there were instances where schools changed the scope of civil works. This was noted mainly in the SFG activities in Mpigi; Bukedea and Kabarole districts.

Findings also indicated that some districts implemented activities outside the approved SFG work-plans.

There is still poor communication between MOES and the districts. During the FY 2009/10, the SFG guideliens from MOES recommended construction of latrines only. However, this was opposed by a number of districts who deemed this directive unjustified. This led to delays in implementation of SFG activities.

**Inspections Grant**: A number of districts did not receive their Q1 and Q2 Inspection grants. Because of this, they did not carry out school inspection for terms II and III. This is of great concern given the fact that poor quality education is largely a result of weak supervision.

## Energy

**The financial standing of the concession holder** is critical to the success of large hydro-power projects

Both Nyagak hydro-electric plant and Bugoye hydro-electric plant have experienced problems during their construction. However, the Bugoye project has managed to complete to schedule whereas works at Nyagak were stationary for several months and target commissioning date has moved from December 2007 to June 2010. The main difference between the two experiences has been the availability of funding. WENRECO - who have overall responsibility for Nyagak - faced financial insolvency during 2009, whereas Tronder at Bugoye had a full financial package ready before works began.

**The level of experience** of the Norwegian contractor at Bugoye hydro plant clearly facilitated the high quality and timely completion of the project. It is recommended that future projects of a similar nature should ensure that sufficient attention is paid to choice of contractor.

**Energy saving stoves, gasifier technology and solar power** in schools all promote environmentally friendly energy production. It is clear, for example, that gasifier technologies are much more expensive than solar technologies. They also have less positive impact on beneficiaries. Energy saving stoves offer excellent value for money because local people can continue to profitably sell stoves after the initial intervention has taken place.

**Improving access to the electricity grid in rural areas** can stimulate the local economy. The subsidy given to private grid operation companies to connect new customers is a simple and effective way of increasing access to electricity in rural areas. Kilembe Investments report that small and medium enterprises at local trading centres have increased in number (including photo-studios, salons, workshops and bars).

### Health

Many health units continued with construction activities rolled over from FY 2008/09, as hardly any money for the current FY was spent. The slow uptake of FY 2009/10 activities was attributed to slow procurement as well as instances of over contracting of some firms. For instance the construction of 39 health units under the Support to the Health Sector Strategic Plan Project were awarded to only two companies namely Multiplex Ltd and a joint venture between Creative Construction Company Ltd and Krish Developers and Consultants. This has caused delays and instances where the latter sub contracted works to weak companies.

**Reduced operational funds for LGs due double deductions**: On 17 September 2009 the MoH recommended a reallocation of UShs 12.4 billion from Primary Health Care nonwage and District Hospitals to National Medical Stores. Whereas the appropriated allocations at a local government vote level were correct, the deductions for both the Local Government and District Hospitals were inadvertently made off the Local Government PHC account (item level). This left the District Health Offices in the affected districts with hardly any funds to run their operations while there was over allocation to the District Hospitals.

**Poor Procurement planning for medical equipment:** During FY 09/10, Government allocated funds for procurement of medical equipment at the district level. However it was established that no procurement plans were prepared to guide procurement of medical equipment. That lack of procurement plans is delaying the acquisition of medical equipment. Secondly most districts visited expressed concern that the releases do not provide a breakdown of how much of the funds disbursed should be spent on construction of health facilities and which funds should be spent on procurement of medical equipment.

**Poor Drug management:** The new Government policy to centralize procurement of drugs has been met with some short term challenges especially with regard to the efficiency of drug ordering and delivery. There are still reported discrepancies between orders and receipts with some health units being over supplied while others suffer deficits. Since drug financing has been centralized, it is pertinent that timeliness and accuracy is maintained in the ordering and delivery of drugs since health centres will solely be relying on NMS without any leeway. Cases of late deliveries were reported in all the 12 districts visited.

**Inadequate communication:** Whereas the policy to centralize procurement of medicines and health supplies was implemented starting FY 2009/10 (July 2009), all the 12 districts monitored during the quarter had not received any official communication regarding the policy change

**Low staffing** of health units continues to be abig probem**.**

## Industrialization

The programmes under this very important sector have suffered delays for varying reasons ranging from: difficulty in obtaining funds (Buhweju tea factory for an EADB loan); ownership wrangles (Soroti fresh fruit facatory); lengthy procedures for land acquisistion by investors (development of industrial parks) to mention but afew. These problems are rendering this critical sector ineffective yet it has a key role to play in today's development as the country invests along the value supply chains.

The Ministry of Tourism , Trade and Industry is underfunded and therefore keeps on re-allocating funds meant for key programmes like the Jua-Kali Common Facilities Centre.

## Information Communications Technology

In a bid to provide access to basic communications services within a reasonable distance to all the people in Uganda by the ICT sector, a lot of procurements and delivery of equipment were made except in Barahiija Rural Development Organization, Kyenjojo district.

In most of the districts visited (Kyenjojo, Kasese, Lira, Nakasongola, Rukungiri, Luwero, Kabarole, and Nakaseke), there was little evidence of use of these technologies especially in Postal telecentres. The failure to outsource management of telecentres in time and procurement of bandwidth for both Postal telecentres and District Business Information Centres respectively generally affected the performance of the projects. The delays have rendered some supplies defective as they had expired.

It was of concern that the communication institutions had failed to communicate to the beneficiaries. Inadequate information shared among the key stakeholders was a major concern especially from the recipients of the equipment. Most of them were not aware of project life cycle, budgets, ownership and documentation. Embracing new technology requires change management strategies and none of the projects visited addressed this critical requirement.

There was a general concern of poor records keeping at most projects under the UCC, In addition a ghost MCT was noted in Kyenjojo.

The level of e-Readiness in most rural areas of Uganda is still low; the current approach of taking e-services to districts is a forward step in increasing readiness in rural communities. However, implementers should go beyond computers and connections. They should be mindful that the state of readiness varies from location to location, and the strategies appropriate to one level of readiness will not be appropriate for another.

## Roads

The strengthening and **upgrading of Kampala-Gayaza-Zirobwe road**; and the rehabilitation of the **Busega-Mityana road projects**, that were monitored, were generally on course with reasonably matched financial/ physical performances, contractors well mobilised on site, and works prudently in progress. However, the projects were experiencing generic challenges ranging from issues of relocation of utilities, land acquisition, design changes and cost overruns.

The **National Roads Maintenance Programme** was monitored in the first and second quarters at eight UNRA stations (Kabale, Luwero, Masaka, Mbale, Soroti, Tororo, Mubende and Fort Portal) with a total road network of 3,821.5Km (35.1% coverage). It was observed that the programme had been rolled out across all stations visited with planned activities in progress both by contract and force account interventions. The programme however had moderately low financial performance at the time of monitoring as absorption of funds released in FY 2009/10 stood at 57.5% as at end of November. Financial progresses of the contracts under the programme were generally less than the physical progress of works and within less than 20% difference, indicating reasonably good financial performance. The programme however had issues relating to the poor condition of the more than 10,000Km not planned to be maintained during the FY2009/10 **because the districts were not informed about funding from the Uganda Road Fund**, under scoping of routine maintenance contracts, insufficient equipment, and challenges from microprocurement limitations in procuring spares and construction materials for force account operations, which include pothole patching.

**District roads maintenance programmes** was monitored in six districts (Kanungu, Kisoro, Kyenjojo, Lyantonde and Rukungiri) where planned maintenance activities in all the districts had only commenced within the second quarter with manual routine maintenance. All major maintenance works had not commenced due to either delayed commencement or lengthy procurement processes. Ongoing works were mainly for contracts that spilled over from FY 2008/09 or rehabilitation works coordinated by MoWT. Financial performance of the programmes was generally poor with all the districts having absorption levels less than 50%. In addition districts had generic issues like absence of planned activities for funds expected in the third and fourth quarters through URF, understaffed works departments, lack of equipment, poor condition of equipment, delays in the procurement process, and a case of shoddy works/ misreporting in Ntungamo district.
**Urban Roads Resealing programme** was monitored (Mpigi, Kampala, Koboko, Kaliro) in the second quarter, where planned activities had not commenced mainly due to delays in completion

of works planned for FY 2008/09, which were still ongoing at the time of monitoring. These had to be completed before equipment could be available for works in the town councils planned for FY 2009/10. While funds had been disbursed to the town councils and regional workshops indicating expenditure against the project (which stood at 52.5% of releases), works on the ground had not commenced. The project had issues of undisclosed outputs which the monitoring team found were under procurement; indirect multiple funding arising from funds diverted from the conditional road maintenance grants; a constrained equipment base that had very old equipment; and obsolete unit rates causing inadvertent underfunding issues downloaded to the urban councils.

**Community Agricultural Infrastructure Improvement Programme** was monitored (Masaka, Kayunga, and Lyantonde) in the second quarter with particular emphasis on the subcomponent for improvement of community access roads. Works contracts monitored had financial performances that were generally less and within 25% difference when compared to physical progress of works. The works contracts were therefore performing reasonably well financially, and in resonance with physical progress of works on the ground. The project however had issues relating to limitations of the subcounty model failing to meet project objectives in cases where road works were terminated at subcounty boundaries rather than linking market centres. There was also shoddy work in Lyantonde.

## Water and Sanitation

### Rural Water Supply and Sanitation

A follow up monitoring visit on the extension of Bunyaraguru piped water system showed that minimal progress has been made and users are dissatisfied with the service provided. The underlying concern is that there were inadequate beneficiary consultations which led to costly adjustments later.

As substantial construction works for the School and Community IDPs project were due to begin in September 2009, further assessment is required on how expenditure of funds under this project in FY08/09 contributed towards this service delivery.

Local governments are planning and budgeting for the construction of water points in Q1 and Q2 even though it cannot be achieved due to procurement processes. This leads to unutilised funds and a perception of underperformance as work plan targets are not met.

### Urban Water Supply and Sanitation

Good progress has been made under Water and Sanitation Development Facility – South West. Ongoing monitoring efforts have demonstrated that this regionalised project approach is successfully delivering services, where there is a clear link between funds spent and physically verifiable outputs. This sets a good precedent as the regionalised approach will be scaled up with branches in the northern and eastern regions.

So far the results under the Output Based Aid component of Support to Small Towns Water Supply and Sanitation have been mixed. Results show that local private operators have had limited success in accessing credit to pre-finance investments particularly for new water systems. In general, there was irregular water provision from the extensions of piped water systems due to low water production capacity. There is limited evidence on how the pilot project is specifically targeting the poor.

**Water for Production**

There has been minimal progress in the completion of the water for production facilities monitored. Works have been delayed as the contractors have abandoned sites to implement more lucrative contracts, even though they had proven capacity through successfully completing projects before. The Client (DWD) may charge for liquidated damages.

**Sanitation**

Q1 FY09/10 expenditure in sanitation had positive results. Beneficiaries from the social marketing sanitation campaigns have used the training to improve their livelihoods through selling sanitation facilities. The promotion of ECOSANS is having positive effects although further sensitisation is needed in this area.

## Micro Finance

Overall UCSCU is behind schedule in the implementation of the key deliverables and this was attributed to late commencement of the program funding by over six months and delays in the procurement of the basic kit items. However, it had enabled a number of SACCOs to rent office premises, acquire staff, transport and stationary. This is boosting the growth of the SACCOs. Unfortunately, there was generally lack of information and data management devices like computers, type writers, printers and photocopiers; as well as basic furniture in most of the SACCOs visited.

Most of the SACCOs visited which fall under the existing but weak SACCOs received the basic kit which included a safe; filing cabinet; stationery; salaries for the manager, cashier and security guard; bicycles and rent for the premises. However, some SACCOs did not receive salaries for the staff whereas they fall under the strengthened SACCOs-Kikyusa, Zirobwe, Makulubiita and Luwero Town council SACCO all in Luwero district; Nakitooma SACCO in Nakasongola; Panyango SACCO in Nebbi district; South Mawokota and Buwama village bank in Mpigi district; Ofaka in Arua district and Midia SACCO in Koboko district. Some SACCOs did not receive funds for rent from UCSCU. They include Ofaka SACCO in Arua district; Pakwach and Panyango SACCO in Nebbi district; South Mawokota in Mpigi and all the SACCOs.

There were also incidences of poor quality items delivered. The filing cabinets given to the Busitema and Buteba SACCOs in Busia district; Kigumba SACCO in Masindi and Lobule SACCO in Nebbi district were not locking. It was noted that the filing cabinet were delivered un-assembled and some of them lacked the locks.

The assumption that rental fees are uniform across the country was also wrong. A number of SACCOs visited were paying less amounts for rent than amount received. In some instances the premises hired were of poor standard and did not cost the SACCOs a total of UShs 150,000 remitted by UCSCU but the SACCO were paying the “agreed price” .

It was confirmed that most SACCOs were faced with stiff competition from other microfinance institutions such as FINCA, Post Bank, UWESO, Hunger project, Centenary Bank, Brac, and village savings and loan associations largely formed by women, that give out instant loans. Most of the sub-county SACCOs give out loans at a higher interest rate than the competitors and this discourages a number of potential members. Most SACCOs were not paying any additional funds to the staff as salaries and are only relying on the amounts remitted by UCSCU. This means that the moment UCSCU withdraws from paying the salaries to SACCO staff, the SACCOs will not stand on their own to support its activities.

Other key findings included political interference by the local leaders; conflict of interest by the board members who borrow funds and refuse to pay back; multiple borrowers who borrow from more than one microfinance institution and fail to pay back; Some borrowers believe that the money is free funds donated by the government which should not be paid back and poor mobilisation of members by most SACCOs which has resulted into little savings and share capital portfolio. This has led to lack of funds to be given out as loans.

The requirements from Microfinance Support Centre to access the loans are complex to fulfill for some SACCOs which include coming up with business plans, reasonable office space and excellent loan recovery rate of 95%**.** Most SACCOs complained that they do not have the capacity to prepare strategic plans.

## RECOMMENDATIONS

### Financial Performance

- The good practice of sending funds to the sectors which have demonstrated "readiness' to spend and have submitted quarterly performance reports in time should be upheld.
- There is need for enhanced capacity building for filling the performance forms.
- MFPED and sectors should ensure consistency of IFMS and sector financial data.
- As a matter of urgency, government should harmonize The Public Finance Act with the Local government Act to resolve issues of Local government's handling of unspent balances.
- Disciplinary action should be taken against ditrict accounting officers (CAO and CFO of Kamwenge district in this instance) for utilizing the unspent balances without authority from the Secretary to the Treasury or Accountant General.
- Sectors should consult and agree with local governments on workplans and budgets to avoid issues like those between MOES and districts.
- Procurement process in local governments should be speeded up to avoid low absorption of funds. The Public Procurement and Disposal Unit should provide more support to this effect.

### Agriculture

- The FIEFOC – apiculture project should be redesigned to cater for a larger number of groups per sub-county in order to create impact.
- Staffing of district production units should be reviewed.
- Communication between MAAIF and districts must improve.
- Demonstrations should not be incomplete as is the case now with only one aspect – production - being demonstrated in the FIEFOC project. They should be comprehensive covering the value chain and showing farmers the viability of engaging in an enterprise considering the production, processing and marketing cycle.

### Education

- MoES should clarify on funds which were reported as released to a number of institutions but the latter had not received these funds by November 2009.
- The Auditor general should conduct indepth value for money audits for Nyakiju P/S (Rukungiri) and Mpenja S.S in Mpigi district.
- MoES should always stick to the approved work-plan/performance contract against which funds were released for the activities of the FY. In the same breath, MoES should restrain districts from diverting from the approved SFG work-plans while implement SFG activities.

  Otherwise in case of any changes MoES ought to apply for virement addressed to the Secretary to the Treasury and copied to the Accountant General and Auditor General as per Section 39, (3), a, b, c. of the Public Finance and Accountability Regulations 2003. This will save MoES from future accountability problems.

- Under the Emergency Construction and Rehabilitation of Primary Schools project, MoES has been sending funds for classroom construction directly to schools accounts without communicating to the district authorities. It is highly recommended that MoES informs the beneficiary districts officially in writing clearly indicating the amount of funds and purpose for which it has been released. It will also improve on monitoring of implementation by the local governments.
- MOES should follow up on contractors where shoddy civil works have been noted, as well as in instances where scope of work had been altered.

## Energy

- Increase supervision of privately financed hydropower projects. Public-private partnerships are a common feature of the energy sector, particularly where large power generation projects are concerned. At present, it is unclear where the responsibility for supervision of these projects lies.

  Produce a 'value for money' analysis of energy-efficient technologies, focussing on gasifiers. The 'Proposal to Parliament on ERT II' states that MEMD will review progress on the gasification project as part of ERT Phase II. This review should carry out a full 'value for money' assessment against other energy-efficient technologies in order to substantiate the findings of this report.This technology should not be rolled out more widely as part of Phase II of ERT unless a full value for money assessment takes place. Monitoring findings suggest that funds could be more efficiently directed towards other outputs;
- Consider replication of pre-pay electricity meter scheme in other districts. The experience at Ferdsult in Kyenjojo and Kilembe Investments in Kasese shows that subsidisation of grid connections can improve access to electricity for low-income households and for small and medium sized enterprises. This has the potential to increase local employment and access to services. REA should consider whether these schemes could be replicated in other districts under ERT Phase II or as part of other future projects.

## Health

- **Ordering of drugs:** A lot of time is lost in preparation of orders for drugs at NMS every month. The MoH and NMS should explore annual quantification of drug needs by health facilities. NMS would then schedule monthly deliveries of standard orders of essential drugs. Districts should however be left some lee way (about 15% of drugs budget) to make disease specific orders taking into account of epidemics and other outbreaks.
- **Comprehensive release information**: MoFPED should always breakdown schedules of releases. For instance districts receiving PRDP funds should be furnished with information on the breakdown for PRDP and PHC capital Development.
- **Communication of policy information**: MoH should regularly communicate any policy changes to Local Governments to avoid over commitments.
- **Health staffing** isues ought to be given serious consideration.

### Industrial Development

- There is need for government to strengthen technical support and adequately facilitate units for this important sector.

### Information Communications Technology

- The Ministry of ICT should conclude the process of signing the MoU for District Business Information Centers with the partners and provide details on the project costs to stakeholders. Defective items should be immediately replaced.

- The Ministry of ICT and her agencies should identify local project champions[1] who should play a key role in communicating with communities on the potential benefits of the technology. At the moment, there is no stakeholder buy in and thus technology is not embraced by intended audiences.

- It is a government requirement for speeding agencies to properly account for all monies received. UCC should account for the ghost tele-centre (Birahiija) in Kyenjojo District. Other MCT and tele-centre host institutions should prepare financial statements in line with the Treasury Accounting Instructions 2003. It is further recommended that the office of Auditor General, audits this project with a view of establishing value for money.

- In future, MoICT/UCC should review the level of readiness for each proposed DBIC/Tele-centre given the unique needs of each place. Appropriate implementation strategies should be based on the unique requirements of each location.

### Roads

- Generic challenges that cut across all development projects like land acquisition issues, delays and the expansive costs due to relocation of utilities, design changes and cost overruns need to be addressed in order to control the ever rising construction unit rates and reduce the generic delays in completion of the projects.
- Maintenance needs of the 10,000Km of roads upgraded from district to national roads need to be addressed through a contingency plan, as a stop gap measure, for which funding could be sought.
- Issues of under scoping of routine mechanised maintenance works, procurement ceilings for microprocurements and low equipment stock at the UNRA stations need to be addressed so as to make the operations of the programme more efficient and cost effective.
- District local governments need to be guided on the funds to expect from URF so as to enable effective planning and programming for the works. There is also need to improve information flow on projects centrally coordinated by MoWT so as to improve transparency and accountability to people at the grass root.
- There is need for a framework to improve the availability and maintenance of equipment at district works departments in order to improve effectiveness of the district roads maintenance programmes.

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[1] Brigdes.org: (2006): *The real access/impact framework for improving the way that ICT is used in development*.
A local champion is someone who understands and embraces the objectives and the big picture, supports technology-based solutions, is trusted by community served, and shares a vision for the future.

- A value for money audit of the road maintenance programme in Ntungamo district would be prudent.

## Water and Sanitation

- **Rural Water Supply and Sanitation**

  Further investments should be made in feasibility studies and beneficiary consultations prior to implementation of new piped water systems. There should be greater emphasis on whether there are sufficient water resources. This should be carried out on an ongoing basis.

  The disbursement schedules for the District Water and Sanitation Conditional Grant should be reviewed by MWE and MFPED. A possibility is to release the bulk of funds to district accounts in Q3 and Q4 which is when construction works begin to avoid the under utilisation of funds and risk of diversion. Local governments should be requested to establish separate accounts for the DWSCG within the current financial year.

- **Urban Water Supply and Sanitation**

  If the Output Based Aid pilot project is considered for scaling up, the project design should be reviewed to ensure private operators are able to pre-finance the investments. Emphasis is needed on improving water production capacity of existing schemes. The strategy for specifically targeting the poor should be reviewed by all stakeholders.

- **Water for Production**

  Where contractors have produced unsatisfactory works they should be blacklisted. Efforts should be made to improve due diligence procedures to incorporate performance of bidders undertaking civil works in other sectors. This should happen on an ongoing basis.

- **Sanitation**

  The unspent balance for ECOSAN construction should be directed at improving the facilities in Kasensero and Kayanga sub-counties in Rakai district where there was poor contracting. This should be prioritised in Q3 FY09/10.

## Micro Finance

- UCSCU should speed up the implementation of the government programme of providing the basic kit to the weak but existing SACCOs. This should not be done secretively. Ofaka SACCO staff should be paid the salaries just like other SACCOS in Arua and other SACCOs which have not received salaries.
- UCSCU should continue sensitizing the staff and the board members on the activities of the SACCO so that the same people could in turn educate the community and encourage them to join and support the SACCOs.
- UCSCU should ensure proper use of support. To that effect, SACCOs that received defective items should be assisted to rectify the damages immediately. In addition SACCOs should be encouraged to acquire adequate and a good office space.
- UCSCU should continue to sensitize the board members to pay a top up allowance to its staff other than merely relying on funds from UCSCU for salaries for the staff. The

SACCOs need to support themselves in terms of meeting the operation costs. They should cushion themselves incase UCSCU withdraws support.

- SACCOs should be guided on the range of interest rate as the rates range from 2% to 15% per month. The interest rate charged by some SACCOs is rather too high for the borrowers and therefore discourages them to borrow.

# 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 of these reports. Budget monitoring is concerned with tracking implementation of selected government programs or projects with **observing how values of different indicators against stated goals and targets change over time**. The monitoring is confined to the levels of inputs- outputs in the following areas:

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

## *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 one in FY 2009/10 were followed up for verification as they had specified outputs achievements for the quarter.
- Programmes that had been monitored during the last quarter of FY 2008/09, and Q1 of 2009/10 especially if they had major implementation issues were also revisited.
- Programmes with planned activities in Q2 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 three chapters. The second chapter reviews the financial performance while chapter three focuses on the physical performance of the selected programmes.

# CHAPTER 2: FINANCIAL PERFORMANCE

**2.0 Introduction.**

The analysis consists of two components namely;

- The general budget performance by the selected sectors.
- A review of the flow of development funds to the selected 10 districts.

**2.1 Sector financial performance**

This section reports on government of Uganda (GoU) domestic development approved annual budget, releases and absorptions for the period July 2009- Dec 2009 to the Ministries of Agriculture, Ministry of Education and Sports; Mineral of Energy and Mineral Development; Ministry of Health; Ministry of Works and Transport; Ministry of Water and Sanitation; Ministry of Finance, Planning and Economic Development (development of Industrial parks, Presidential initiative on bananas, Value addition tea, and Soroti fruit factory). It further makes a comparison of the budget trend in the two financial years of 2008/2009 and 2009/2010.

**2.1.1 Objectives**

- To provide analysis of the funds released to the sectors against the approved budget, and what was absorbed

- To establish the budget trends of the approved budget of FY 2008/2009 and FY 2009/2010

**2.1.2 Scope and methodology**

The period under review was the first and second quarter of the FY 2009/2010 in respect to the GoU annual approved budget, releases and expenditures. For the trend analysis of the budget growth, the period under review was FY 2008/2009 and FY 2009/2010.

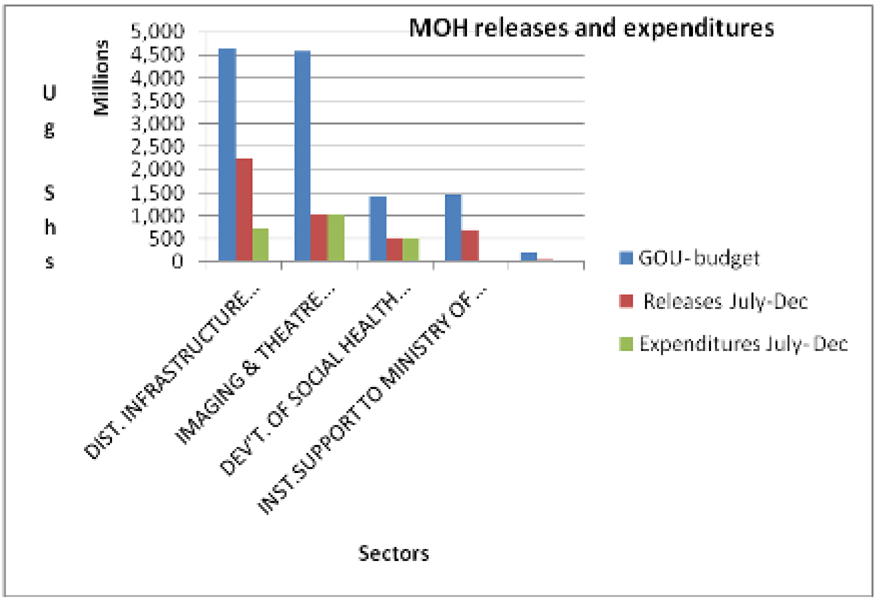
The analysis largely used the integrated financial management system (IFMS) data and the legacy.

**2.2 Vote Analysis**

**1) Vote 014: Ministry of Health**

There was a slight decrease in the approved annual GoU development budget from UShs 12.880 billion in the FY 2008/2009 to UShs 12.263 billion (0.5%) excluding taxes. By the end of December 2009, the total release to the Ministry of Health was UShs 4.56 billion (37 %) out of the approved GoU development budget of UShs 12.26 billion. The range of the receipts was 23% to 49% with some projects receiving less than 25% for the semi-annual period. The poorly funded projects are: project 0224- Imaging and theatre equipment receiving UShs 1.34 billion (23%), and project 1094-Energy for rural transformation programme receiving UShs 0 .51 billion (26%). The overall absorption rate of the funds received was 50% with project 0216- District Infrastructure Support Programme spending 32% of the funds received while some projects did not spend any of the funds received. The unspending projects include: 1027-Institutional support to Ministry of Health received UShs 0.703 billion (49% of the budget) and project 1094 Energy for rural transformation programme that received UShs 0.051.

**Figure 2.1 Projects, amounts released and spent for the period July- Dec 2009**




*Source: IFMS data*

Overall there was low release of funds on one hand and poor absorption by the projecats on the other.

2) **Vote 013-Ministry of Education and Sports**

The total domestic development budget for the financial year 2009/2010 amounts to UShs 44.24 billion excluding taxes. There was a 10% increase in the GOU development annual approved budget which moved from UShs 39.74 billion in the FY 2008/09 to UShs 44.24 billion in FY 2009/2010. For the period July 09- December 2009, a total of UShs 20.45 billion was released representing 47% of the total approved budget. The overall absorption rate was 89%.

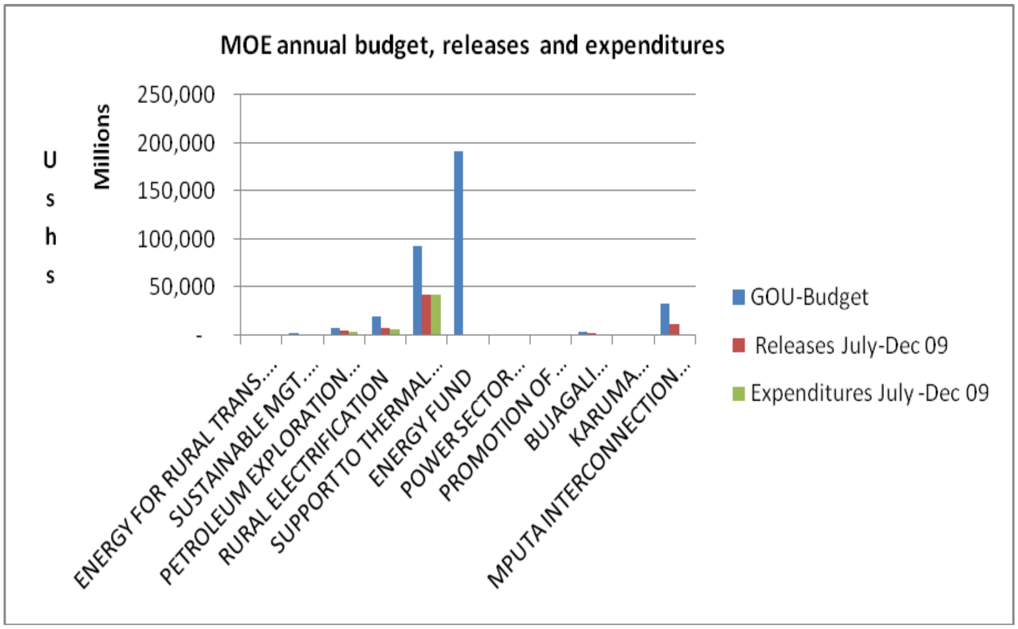
Overall there is all indication of spending the funds received from the MFPED.

3) **Vote 017 -Ministry of Energy and Mineral Development**

A total of UShs 346.2 billion was the approved GoU development annual budget (excluding taxes and arrears) for FY 2009/2010 as compared to UShs 218.7 billion for FY 2008/09 representing an increase of 58.2% in the approved budget. There was underperformance in the releases for the period July –Dec 2009 which was UShs 64.82 billion (19 %) of the approved budget. Releases ranged from 15% to 49% with the worst being Project 0985- Energy fund which has a budget of UShs 191.2 billion with no release, project 0328- Sustainable management mineral resources that received 0.241 billion (15% of approved budget of UShs 1.638 billion), Project 0325- Energy for rural transformation with 38% and project 1026 -Mputa interconnection project with 32%.

The overall absorption rate of the funds received was 77% of the total release of UShs 64.8 billion.

**Figure 2.2: Projects, amounts released and spent for the period July- Dec 2009**




*Source: IFMS*

The overall release performance was poor at 19% of the approved budget.

### 4) Vote 019- Ministry of Water and Environment

The total domestic development budget for the financial year 2009/2010 amounts to UShs 52.6 billion excluding arrears and taxes as compared to UShs 38 billion (excluding taxes) for FY 2009/2010. This represents a 38% increase in the GoU development annual approved budget. By the end of December 2009, UShs 24.5 billion (47 %) of the approved GoU development budget was released of which UShs 20 billion was spent giving 81.8% absorption rate.

The following projects registered low releases of less than 40 % of the annual approved budget;

- Project 0140 Meteorological Support for PMA, release performance of 32%
- Project 0151 Policy and Management Support, 38%
- Project 0947 Farm Income enhancement project, 21%
- Project 1015 Gulu Water and Sewerage Rehabilitation, 37%
- Project 1102 Climate change group, 34%
- Project 0140 Meteorological support for PMA ,32%

On the other hand, the following projects had generally low absorption rates/ capacity;

- 1015 Gulu water and sewerage, 23.7%
- 1102 Climate change group, 21.2%

However, according to the IFMS system there is project 1080 which has an annual approved budget of UShs 2.3 billion but it is not included in the approved estimates of revenue and expenditure for the FY 2009/2010. Besides it is not included in the PIP book. Apparently there is no release made.

5) **Vote 008: Ministry of Finance Planning and Economic Development (Selected projects**)

**Project 0978: Presidential Initiative on Banana Industry Development.**

There was an increase of 64.5% of the approved GoU annual approved budget for the FY 2009/2010 that moved from UShs 6.2 billion in the FY 2008/2009 to UShs 10.2 billion. By the end of December, 81.8% of the approved budget had been released.

**Project 0994: Development of Industrial Parks**

The total approved GOU development budget for the financial year 2009/2010 amounts to UShs 7.4 billion as compared to UShs 19.7 billion for FY 2009/2010. This represents a decrease of 62% in the approved annual GOU budget. It was however established that whereas the budget for the previous FY 2008/2009 was UShs 19.7 billion, the total release for the financial year was UShs 29.6 billion representing a release performance of 150%. The over release performance by 50% perhaps explains the decline in the approved annual budget for the FY 2009/2010 to UShs 7.4 billion.

**Project 1059: Value Addition Tea**

The total approved GOU development budget for the FY2008/2009 and 2009/2010 remained the same at UShs 1.6 billion. The entire approved annual budget of UShs 1.6 billion was released in the second quarter of the FY 2009/2010.

**Project 1111: Soroti Fruit Factory**

The annual approved budget for the FY 2009/2010 is UShs 5.0 billion. There has been no release for the period July – December 2009.

**6) Vote 016: Ministry of Works and Transport**

The total approved GOU development budget for the FY 2009/2010 amounts to UShs 89.2 billion (excluding arrears and taxes). This is a movement of 45.5% from the FY 2008/2009 approved budget that was UShs 61.3 billion. By the end of December , a total of UShs 34.5 billion (39%) had been released, an indication of low release performance on the part of MFPED. The absorption rate as at end of December was 73% of the funds received. As indicated before, there was generally low release of funds notably on project 1061 –construction of governement office block that received UShs 0.921 billion (7%) of the approved budget of UShs 12.96 billion.

There was low absorption of funds noted in the following projects ;

**Table2.1: Projects that absorbed less than 50% of the funds received for the period July – Dec 2009**

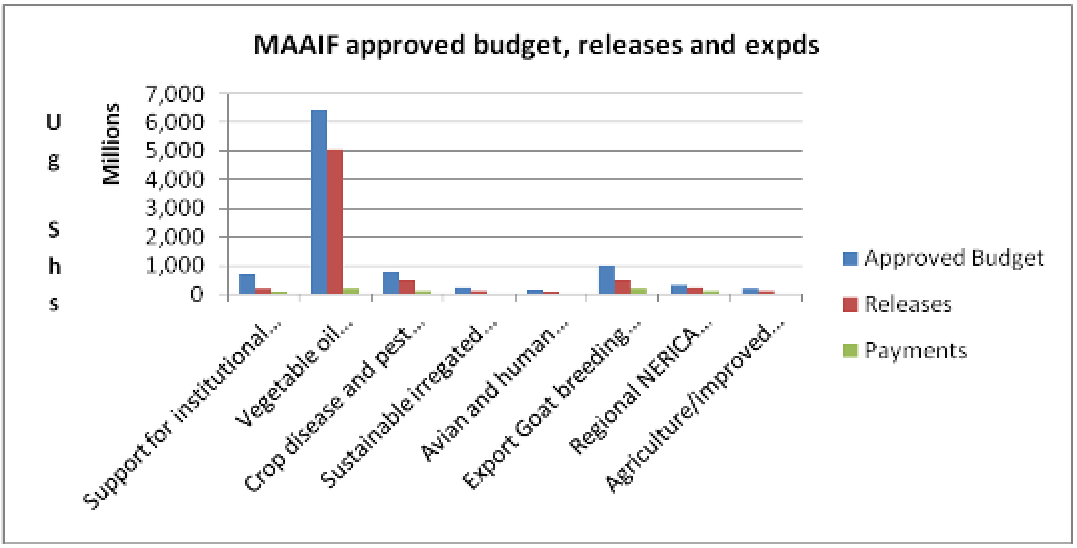
| Pro | Project name | Approved Budget | Releases | Payments | Release performance % | Absorption % |
|---|---|---|---|---|---|---|
| 308 | Road equipment for district Units | 3,000,000,000 | 1,133,493,000 | 0 | 38% | 0% |
| 515 | Rehabilitation of Bugembe workshop | 700,000,000 | 264,482,000 | 29,872,000 | 38% | 11% |
| 965 | Redevelopment of kyabazinga's palace at igenge | 2,000,000,000 | 1,000,000,000 | 369,328,030 | 50% | 37% |
| 966 | Late Gen.Tito Okello's residence | 400,000,000 | 200,000,000 | 21,925,000 | 50% | 11% |
| 967 | General Constrn & Rehab works | 2,000,000,000 | 1,000,000,000 | 281,934,594 | 50% | 28% |
| 1046 | Kasensero-Kabango bay link study | 200,000,000 | 75,566,000 | 1680000 | 38% | 2% |
| 1049 | Kampala-Kasese Railway feasibilty project | 1,000,000,000 | 500,000,000 | 79,859,855 | 50% | 16% |
| 1061 | Construction of government office blocks | 12,960,001,812 | 921,907,000 | 13,313,460 | 7% | 1% |
| 1062 | Karamoja roads development programme | 200,000,000 | 95,000,000 | 18,915,856 | 48% | 20% |
| 1096 | Support for computerised driving permits | 900,000,000 | 340,048,000 | 90,153,748 | 38% | 27% |
| 1098 | Roads of oil prospecting areas | 1,000,000,000 | 370,414,032 | 151,135,323 | 37% | 41% |
| 1101 | Building infra.for growth-MoWT Change programme | 200,000,000 | 75,566,000 | 0 | 38% | 0% |
| 1105 | Strengthening Sector coord,planning & ICT | 903,000,000 | 451,500,000 | 256,273,619 | 50% | 57% |

*Source : IFMS data*

### 7) Vote 010: Ministry of Agriculture, Animal Industries and Fisheries

There was a budget increment of 131% in the development GOU approved budget from Shs 9.49 billion (excluding taxes) in the FY 2008/2009 to UShs 22.822 billion (excluding taxes) in the FY 2009/2010. The amounts released for the period amounted to UShs 13.823 billion representing 52% while the total amount spent of the released amount was 46%. There was generally poor absorption of the funds received for the period under review.

**Figure 2.3**: **Project total annual budget, releases and expenditures with absorption rate below 51%.**




*Source: IFMS*

The projects with very low absorption of funds included;

76- Support for institutional development with an absorption rate of 51%
106 -Vegetable oil development project, 4%
970-Crop disease and pest control, 25%
1084-Avian and human influenza preparedness and response, 0%
1117-Export Goat breeding and production, 47%
1118-Regional NERICA Research and training centre 51%

**8) Vote 113: UNRA**

There was an increment in the budget of the FY 2009/2010 which moved from UShs 411.2 billion in FY 2008/2009 to UShs 481.2 billion representing an increase of 17%. The total release for the period under review was UShs 20.67 billion (38.7 %) of the approved budget of UShs 481.7 billion. The total expenditure for the period was UShs 20.67 that is 11% of the amount received reflecting very poor absorption of the funds for the period under review. The absorption rate is generally very low at a rate 11%.

## 2.3 Financial Performance of Selected Districts for the Period Oct- Dec FY 2009/2010.

### 2.3.1 Introduction/Background

This section provides financial analysis of selected districts monitored. A total of nine districts[2] were monitored and the purpose of the monitoring was to assess the efficiency of the cash flow management at district. The analysis was focused on the GOU development grant for the sectors of: health (PHC development); education (SFG); agriculture (NAADS), water and environment and works (rural water and rural roads) and LGDP

### 2.3.2 Objectives

- To establish the budget trends of the approved budget of FY 2008/2009 and FY 2009/2010 and identify whether there has been growth/stagnation in the annual district development budget.
- Track the development grant funds released by the MFPED to the districts for the first and second quarter FY 2009/2010 and ascertain whether the funds are promptly remitted to the sectors of health, education, agriculture, Water and sanitation and Works for proper execution of their programs.
- Ascertain whether there were any balances on the sector accounts as at close of the financial year (end of June 2009), and if permission was sought to retain the balances if any and whether there have been efforts to return the unspent balances on the consolidated account as required by the Public Financial Act and regulations.
- Establish the absorption of the funds released by the MFPED

### 2.3.3 Scope and methodology

The period under review was the first and second quarter of the F/Y 2009/2010 in respect to the funds released and the absorption of those funds. For the trend analysis of the budget growth, the period under review was FY 2008/2009 and FY 2009/2010.

The methodology used included; physical visits to the district, reviewing of relevant official documents and records that is, the general operational account cash books, sector cash books and the bank statements; interviewing key personnel of the local governments, the Chief Administrative Officer (CAO) , Chief Finance Officer (CFO) and some heads of departments.

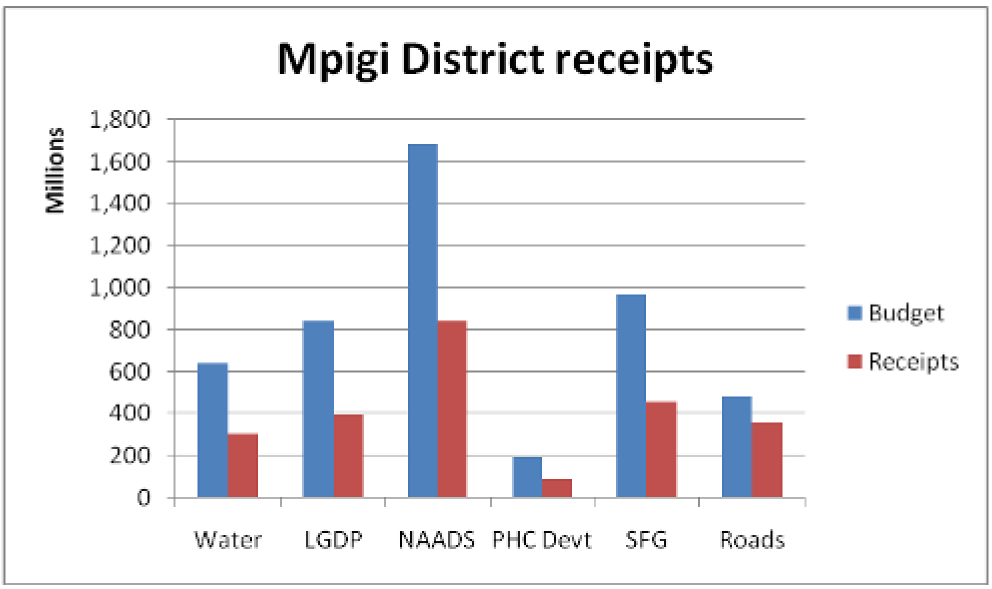
[2] Mpigi, Ibanda, kamwenge,Mityana, Butaleja, Namutumba, kaliro, kamuli and kayunga

### 2.3.4 Findings

**1) Mpigi Local Government**

The district received funds for both the first and second quarter for the sectors under review which were promptly remitted to the respective sectors. At the time of monitoring, all the funds received were not yet utilized because of the procurement process that was still on-going. According to the Procurement Officer, the process of procuring goods, services and works was in the final stage.

**Figure 2.4 shows the approved development grant budget and the total receipts**




*Source: Mpigi District Accounts*

From figure 2.4 above, it is clear that most of the sectors had not yet received 50% of the approved budget on prorata basis except NAADS. All other sectors were below 50% of the receipts against the budget. This is an indicator of sluggish remittances on the part of Ministry of Finance.

It was established that, there were no funds that had been spent because of the slow procurement process. At the time of the monitoring, prequalification was said to have been completed in September, selective bidding had ended and signing of some contracts was awaiting the last week of November 2009.

According to the Head procurement at the district, some sectors delay to hand in their procurement plans to the procurement department, and this was the main cause of the delayed process. Besides, the council approved the budget late on 26th August 2009 which meant that the district started the process of procurement rather late.

Some of the sectors had unspent balances from the previous financial year 2008/2009. The affected programmes were school facilities grant (SFG) and rural water. The unspent balances of the SFG were meant to cater for the presidential pledge of constructing buildings at Katonga technical institute. However, at the time of monitoring, the district had not yet obtained authority to spend the funds from the office of the Accountant General. A request to spend had been submitted but no follow up the approval had been done. It was confirmed from the Accountant General's office that authority to spend was granted to them but they had not followed it up.

**2) Namutumba Local Government**

Namutumba local government received the GoU development funds for the selected sectors of; NAADS, SFG, primary health care (PHC) development, roads and rural water for the 1st and 2nd quarter FY 2009/10.The total receipts compared to the approved budget on prorata basis are relatively low considering that it is semi-annual releases.

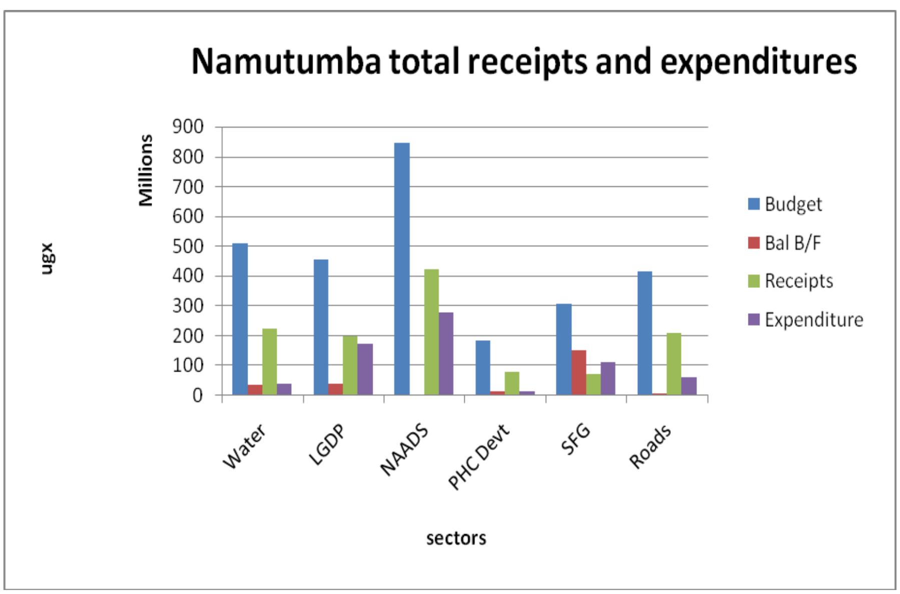
Most of the above sectors/ programmes received less than 50% of the approved budget apart from NAADS and roads which received 50% and 51% respectively as shown in table 2.2 below.

**Table 2.2: The annual approved budget, releases and payments**

| Item | Annual approved Budget | Receipts | Expenditure | Release performance |
|---|---|---|---|---|
| Water | 509,724,426 | 224,692,000 | 39,094,295 | 44% |
| LGDP | 456,628,977 | 197,212,000 | 174,969,531 | 43% |
| NAADS | 845,966,085 | 422,983,000 | 279,542,228 | 50% |
| PHC Dev't | 182,987,007 | 79,925,000 | 13,743,314 | 44% |
| SFG | 305,612,900 | 73,615,000 | 111,838,111 | 24% |
| Roads | 415,235,581 | 210,695,000 | 62,985,860 | 51% |

*Source: District General Fund Account*

**Figure 2.5: Absorption of the funds including the unspent balances brought forward from FY 2008/09**



*Source: The district general account and sector cashbooks*

At the time the monitoring was carried out; there were no expenditures incurred in respect of the funds received for the period July- Dec 2009 apart from costs towards the works that had not been completed during the FY 2008/2009. The expenditures incurred were from the balances of last financial year 2008/2009 of which the district sought authority from the Accountant Generals office and had been granted.

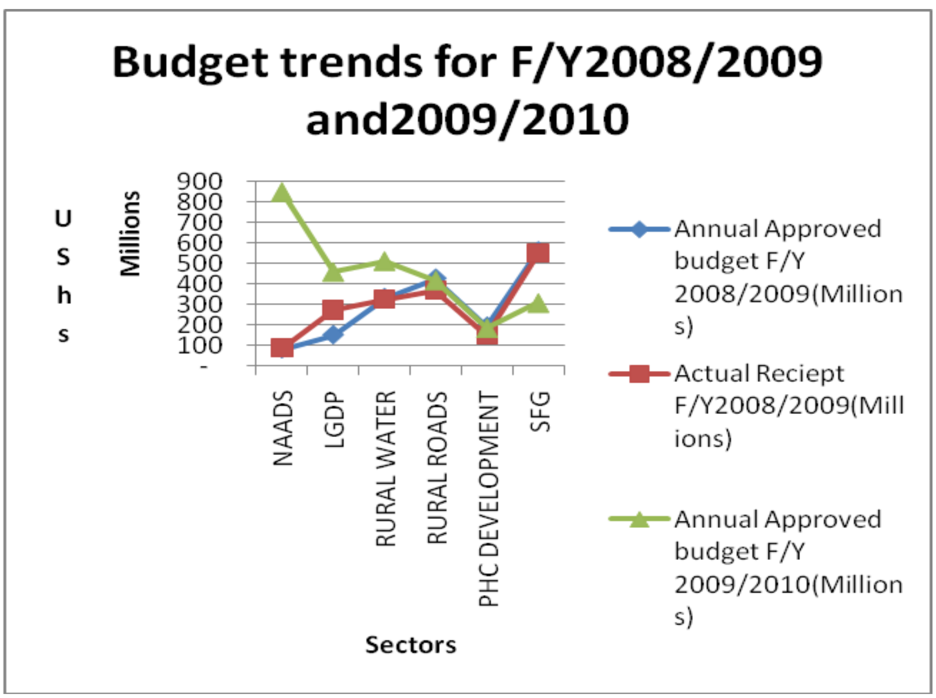
The expenditures for the FY2009/2010 was said to have been delayed by the procurement process which was on going. The bids for rural water were opened on the 25th of November and the evaluation process was underway then.

The district run an advert for maintenance of the roads in the print media in the month of November 2009 but the delay was due to the delayed submission of the bills of quantities from the Ministry of Works and Transport.

The delay to spend the SFG was because of conflicting instructions from the Ministry of Education and Sports (MOES) to spend the monies remitted on latrine construction instead of classrooms as planned for in the workplan. The district later received authority to spend the funds on constructing classrooms instead of latrines as earlier advised by the MOES.

Regarding funds for the PHC development and the rural water, the procurement for services, goods and works was ongoingin November. The adverts were placed in the print media and were to be opened in the first week of December 2009.

**FIGURE 2.6 BUDGET TRENDS FOR APPROVED BUDGET FOR FY 2008/09 AND FY 2009/2010 NAMUTUMBA DISTRICT**




*SOURCE: NAMUTUMBA DISTRICT*

From figure 2.6, the release performance for the FY 2008/09 by the MFPED against the approved budget was poor. The programmes of rural water, rural roads and PHC development received less funds in comparison to the annual approved budget for the FY 2008/09 with the exception of NAADS and the local government development programme (LGDP).

There was improvement in trends for some programmes in terms of approved budgtes, while others registered a significant decline in the FY2009/2010. Major declines were registered in SFG budget, PHC development, rural roads while a remarkable increases were in the sectors of NAADs, LGDP and rural water.

**3) Kayunga Local Government**

Kayunga local government received the development grant funds released by the MFPED for the first two quarters of financial year 2009/10 and these were promptly remitted to the sectors of health, education, agriculture, water and sanitation; and works.

The majority of the sectors had not yet received 50% of the approved budget apart from NAADs and rural roads which had received 50% and 100% respectively.

**Table 2.3 Receipts as compared to the approved budget**

| Item | Budget | Receipts | %age receipts |
|---|---:|---:|---:|
| Water | 552,995,424 | 262,673,000 | 48% |
| LGDP | 610,060,097 | 295,864,000 | 48% |
| NAADS | 1,117,673,053 | 558,837,000 | 50% |
| PHC Devt | 229,355,733 | 93,938,000 | 41% |
| SFG | 232,468,000 | 110,422,000 | 47% |
| Roads | 261,188,000 | 261,189,000 | 100% |

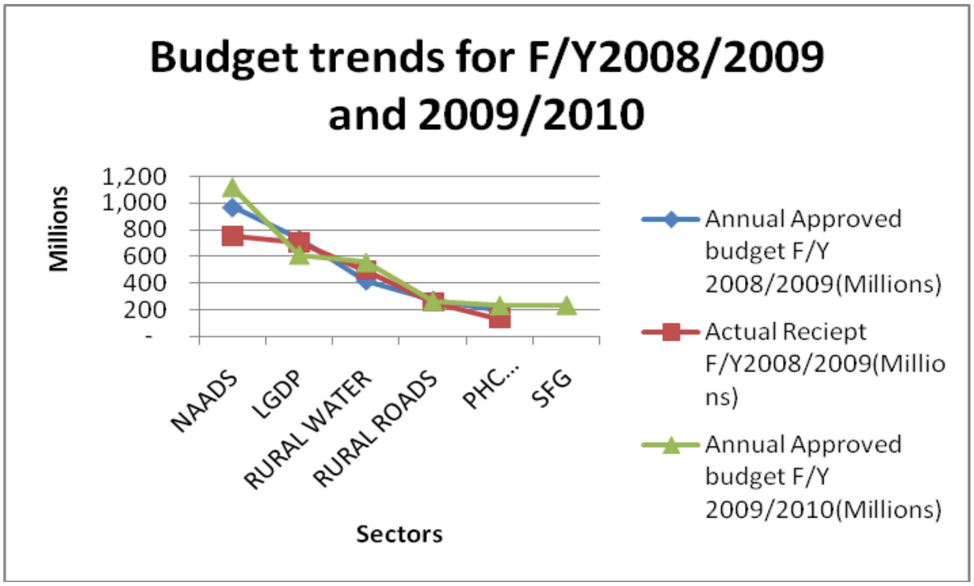
*Source: District General Fund Account*

It was established that the absorption of funds was low. The district had not spent the funds they received in the first quarter FY 2009/2010. For instance there were no expenditures for PHC development funds received. According to the district health officer (DHO), the delay was caused by wrong architectural plan for a staff house which was stopped. The district is supposed to build a theatre and a staff house.

Regarding SFG; the procurement process was still on-going in December and for works; roads and water, the contracts were signed on 1$^{st}$ December 2009 and work was to start soon.

All the sectors had unspent balances at the close of FY 2008/09 and authority to spend was sought from the Accountant General which was granted. Most of the funds were either for retention or already committed.

**Figure 2.7: Trend of approved budget for FY 2008/09 and 2009/2010 for Kayunga District**




*Source: Kayunga District approved budget*

SFG had no trend to observe as the local government did not receive the funds for the F/Y2008/09 while receiptsfor the FY2009/2010 for the first two quarters was 47% of the approved budget.

There was a general increase in the approved budget for the period under review as seen in figure 2.7 for the programmes of NAADS, rural water, PHC development and a down ward trend in LGDP and rural roads.

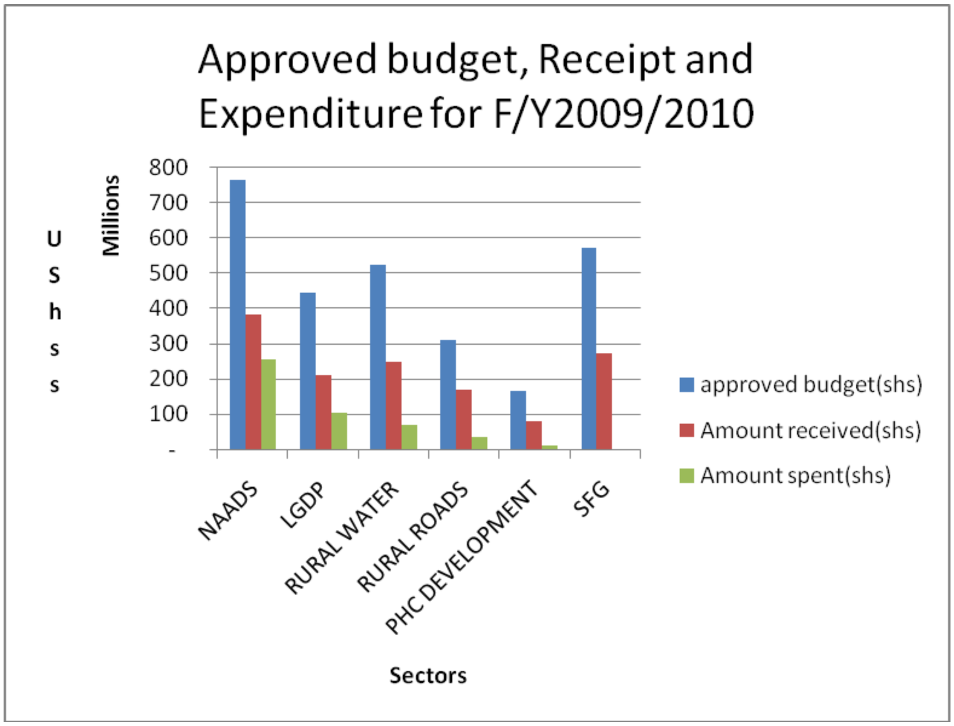
The release performance for the FY2008/09 by the MFPED was generally good save for PHC development which was at 67%.

**4) Kaliro Local Government**

The district received funds from MFPED for the first two quarters on time,and quickly remitted them to the sectors of agriculture, LGDP, rural water, PHC development, SFG, and rural roads.

It is also worth noting that the absorption of funds by the district was good for the FY 2008/09 with minimum balances brought forward. The authority to utilize the un-spent balances had already been sought and granted (see graph 2.8).

**FIGURE 2.8: APPROVE BUDGET, RECEIPTS AND EXPENDITURES FOR QI AND Q2 OF FY 2009/2010**




*SOURCE: KALIRO DISTRICT GENERAL FUND ACCOUNT AND SECTOR CASHBOOKS*

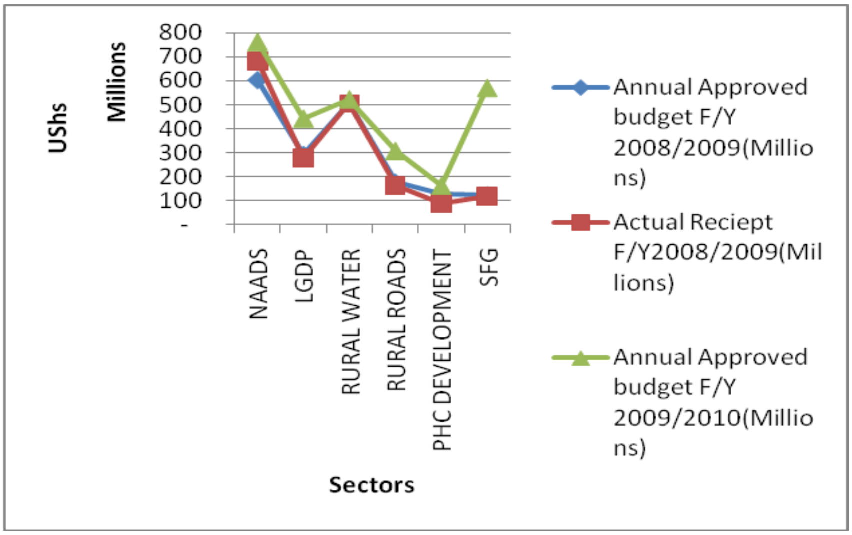
By the end of December 2009, most of the sectors had received an average of 47% of the approved development budget funds.

However, NAADS and roads sector had received 50% and 54% respectively of the approved GoU development budget as expected by the end of the second quarter on prorata basis. The absorption rates were still very low which was attributed to the slow procurement process.

There was a general upward trend in the annual approved budget of the FY 2009/2010 compared to FY 2008/09 for all the sectors under consideration as indicated in the figure 2.9.

It's also noted that the receipts against the annual approved budget for FY 2008/09 was commendable as per figure 2.9

**FIGURE 2.9: BUDGET TRENDS FOR FY2008/09 AND 2009/2010**




*Source: Kaliro District Accounts*

**5) Kamuli Local Governmnet**

The district received the funds for the first and second quarter for the FY 2009/2010 for all the sectors. Rural water, PHC development and SFG are the sectors that received an average of 48% while other sectors had received over 50% of the development budget. The received funds were timely remitted to the sectors for utilization.

There was low absorption of funds received during the first and second quarter of the FY 2009/2010. This was attributed to the delayed procurement process. Most of the activities/ expenditures were in respect to unspent balances as at end of the FY 2008/09.

The district had run adverts for the education sector on the 3rd December 2009 calling for the contractors to bid for the works. The delay to advertise was attributed to the change in the workplans. The district had planned to set up class room blocks while the MOES advised that latrines be built instead of classrooms.

The health sector had not yet submitted the work plans to the Procurement Officer and this caused a delay in advertising for the projects. This matter was brought to the attention of the chief administrative officer (CAO) who promised to follow up with the head of the department and the procurement officer. There was also a general complaint that the projects reflected in the approved budget estimates differed from those indicated in indicative planning figures (IPF) and no plausible explanation had been offered to explain the variance. According to the CAO, the projects indicated in the first indicative planning figures were arrived at after careful consideration of a number of factors and were more realistic unlike those that were later sent by the MFPED together with Ministry of Health (MOH).

The CAO also noted that the funds for the agricultural extension conditional grants were not sent for the period July- December 2009 and this has affected efficient service delivery in the sector.

There was a huge balance as at end of the FY 2008/09 on the health sector account for PHC development of UShs 89, 153,480/= and SFG of UShs 173,605,768. The CAO communicated to the Accountant General seeking for permission to spend the money because it was already committed and authority was duly granted. Most of the projects had rolled over from last FY 2008/09.

**Table 2.4 The unspent balances brought forward as at end of FY 2008/09**

| **SECTOR** | **Unspent Balances 30/06/2009** |
|---|---:|
| NAADS | 32,059 |
| LGDP | 75,064,628 |
| RURAL WATER | 867,144 |
| RURAL ROADS | 112,630 |
| PHC DEVELOPMENT | 89,153,480 |
| SFG | 173,605,768 |

*SOURCE: KAMULI DISTRICT GENERAL FUND ACCOUNT*

**Table 2.5: Approved budget, receipts, expenditure and percentage release for QI and Q2 of the FY 2009/2010**

| **SECTOR** | **Approved annual budget(UShs)** | **Receipts** | **Expenditure** | **Release performance** | **Absorption %** |
|---|---|---|---|---:|---:|
| NAADS | 2,148,665,407 | 1,074,331,000 | 1,031,224,078 | 50% | 96% |
| LGDP | 1,454,175,644 | 801,248,178 | 459,957,067 | 55% | 57% |
| RURAL WATER | 1,042,157,201 | 495,025,000 | 114,235,524 | 48% | 23% |
| RURAL ROADS | 555,783,276 | 555,782,000 | 150,407,099 | 100% | 27% |
| PHC DEVELOPMENT | 240,289,891 | 114,138,000 | 54,862,036 | 48% | 48% |
| SFG | 542,425,000 | 257,652,000 | 117,135,767 | 48% | 45% |

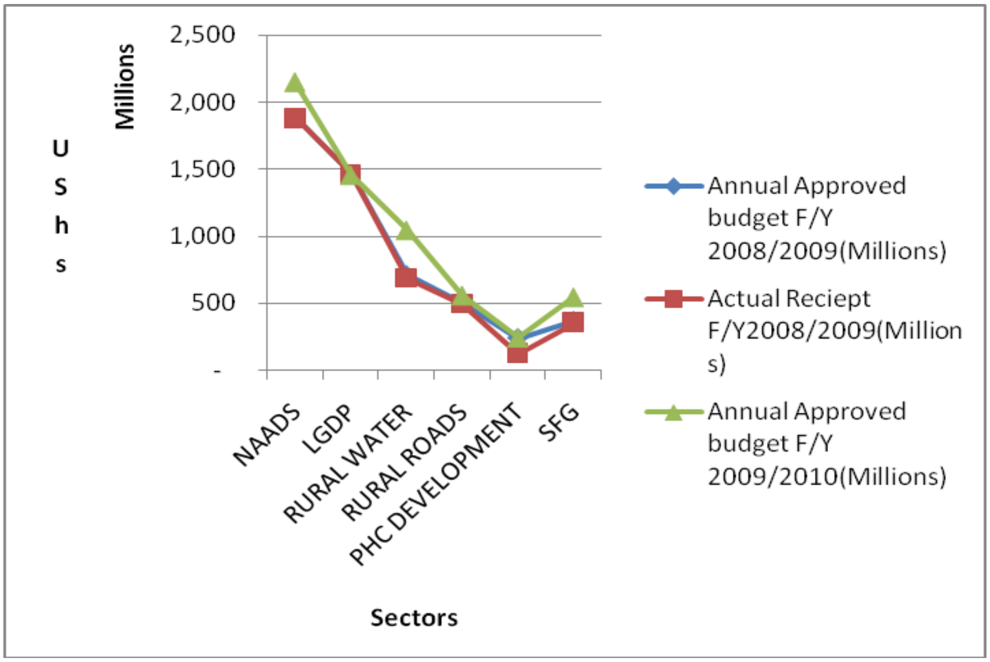
*SOURCE: KAMULI DISTRICT CASHBOOK AND SECTOR CASH BOOK*

The absorption rates were low across all sectors. The PHC development and the SFG expenditures included the amount brought forward from the FY 2008/09.

It was also established that the road sector obtained all the annual approved budget funds totaling to UShs 555,782,000 in the first and second quarter. This was expected to enable proper and timely allocation of funds and reduce on the issues of unspent balances.

It was established that there was a general upward trend in the annual approved budget of the FY 2009/2010 compared to FY 2008/09 for all the sectors.

**FIGURE 2.10: TRENDS OF ANNUAL APPROVED BUDGET FOR FY2008/09 AND 2009/2010**




*Source: Kamuli District General Fund Accounts*

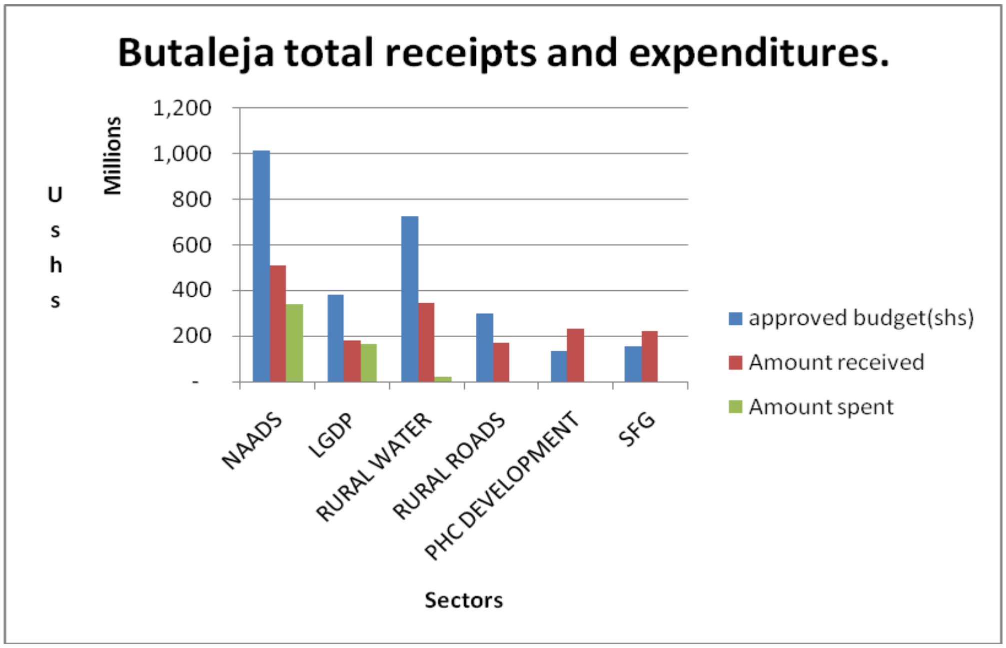
**6) Butaleja Local Government**

The district received all the funds for the first two quarters for the FY 2009/2010 for all the sectors. The funds for PHC development and SFG programmes delayed and were released in the last month of quarter two.

Utilization of funds had not yet commenced for both quarters with the exception of the recurrent expenditure on PHC. The major cause of the delay was as a result of the new contracts committee which was approved in September 2009.

The adverts were run on the 18th December, 2009 and the contracts would be awarded late probably in the third quarter. This in a way will affect the timely completion of the projects.

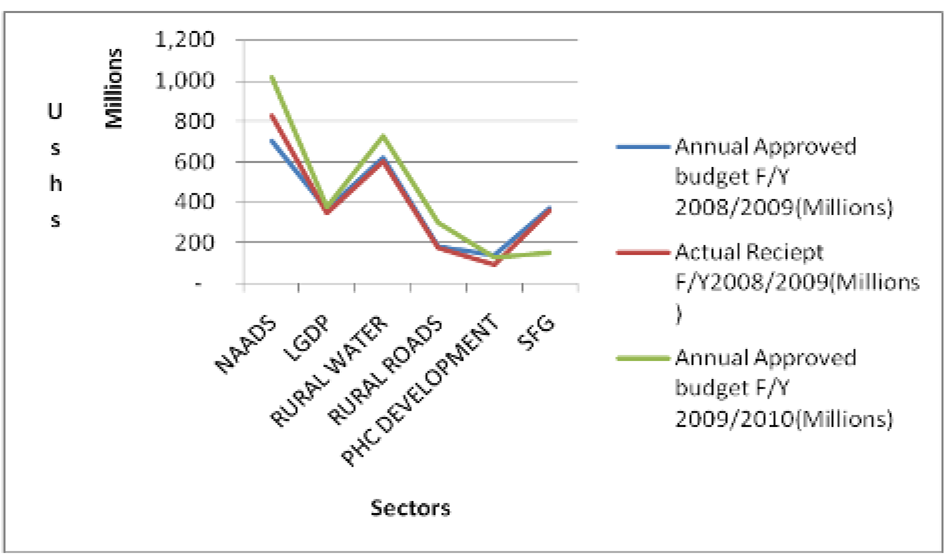
**Figure 2.11 Approved Budget, Receipt and Expenditure for QI and Q2 of FY 2009/2010**




*Source: Butaleja District General Fund Account and Sector Cashbook*

Figure 2.11 clearly shows low absorption funds by all the sectors/ departments.
The annual budget performance for the two financial years, shows a general upward trend in the approved budgets for the sectors with the exception of SFG and PHC development that had a down ward trend as shown in in figure 2.12

**Figure 2.12 Budget trends for FY2008/09 and 2009/2010**




*Source: Butaleja District General Fund and Sector Accounts*

**7) Mityana Local Government**

The district duly received funds for the first and second quarter for all the sectors. The health and education sectors had not received the funds by the time of the monitoring but received it later. All the received funds were timely remitted to the sectors for utilization.

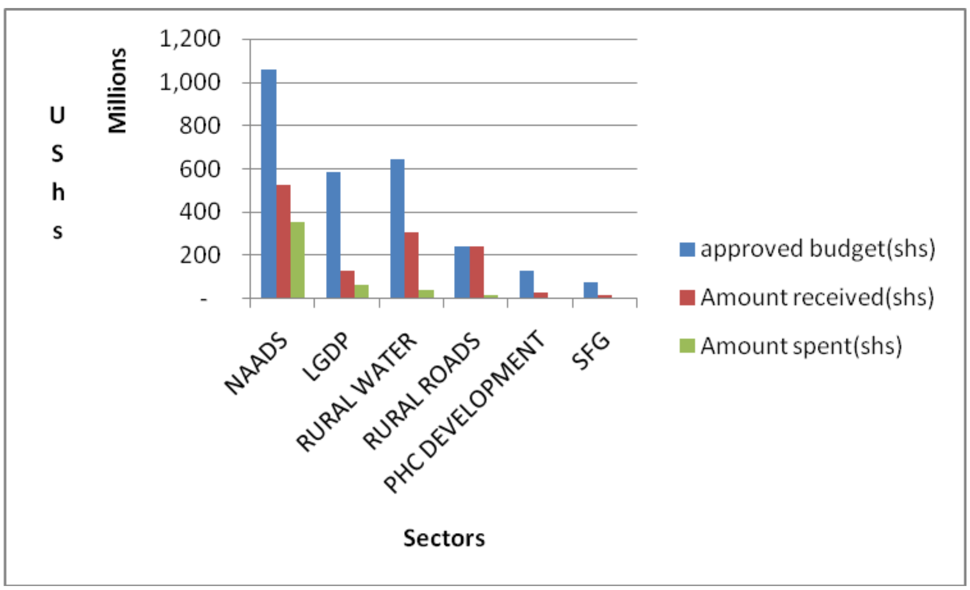
The un-spent balances as at close of the FY2008/09 comprised of:

| Sector | Balance as at 30th June 2009(UShs) |
|---|---|
| Rural water | 51,524,383 |
| Rural roads | 16,889,183 |
| PHC development | 24,424,823 |

The unspent balances were committed funds and authority to spend had been obtained from the Accountant General.

Absorption was low in all sectors save for the NAADS and LGDP which are primarily transfers to the sub-counties. The low absorption was attributed to procurement hurdles for instance the contracts committee had just advertised for the contracts.

**Figure 2.13: Approved Budget, Receipt and Expenditure for Q1 and Q2 of FY 2009/2010**




*Source: District General Funds and Sector Cash Books*

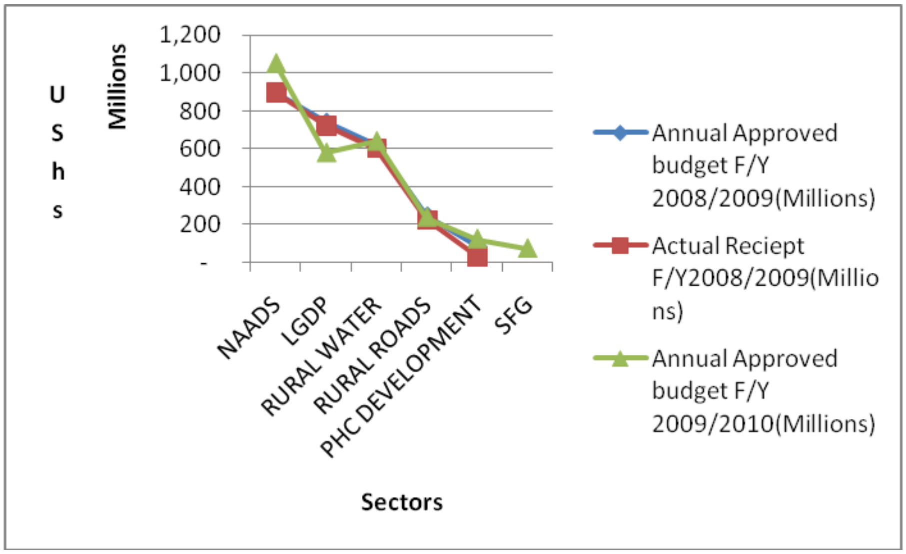
It was established that the Road sector received 100% of the entire annual budget.

NAADS received the required 50% of the annual approved budget, while roads received 100% with the exception of LGDP, rural water, PHC development and SFG that received 22%, 47%, 48%, and 48% respectively.

In the trend analysis of FY 2008/09 and FY2009/2010 annual approved budget, it was established that there was no significant upward change for FY 2009/2010. The figures remained more less the same with those of the previous FY 2008/09. There had been no budget for SFG in the FY 2008/09 but a total of UShs 77,000,000 for the FY 2009/2010 was budgeted for.

From figure 2.14 it's evident that MFPED performed well in terms of the fund releases for the F/Y2008/2009.

**FIGURE 2.14 BUDGET TRENDS FOR FY2008/09 AND 2009/2010**




*Source: Mityana district general funds account and cash book*

**8) Ibanda Local Government**

The district fully received funds for the first quarter for the sectors of agriculture (NAADS), LGDP, rural water, PHC development, SFG, and rural roads and the funds were promptly remitted to the sectors by the CFOs office.

There were no expenditures incurred on the funds received because contractors had not been procured as the procurement process was still under way.

**Table 2.6: Approved budget, receipts and expenditure for Q1 and Q2 of FY 2009/2010.**

| SECTOR | Approved annual budget (UShs) | Amount received (UShs) | Amount spent (UShs) | % Release |
|---|---|---|---|---|
| NAADS | 1,319,817,730 | 659,909,000 | 431,893,535 | 50.00001 |
| LGDP | 487,543,985 | 231,583,393 | 57,346,214 | 47.5 |
| RURAL WATER | 755,834,053 | 359,021,175 | 280,406,654 | 47.5 |
| RURAL ROADS | 185,063,000 | 185,063,000 | 42,269,274 | 100 |
| PHC | 177,769,529 | 84,441,000 | 44,702,400 | 48% |

| | | | | |
|---|---|---|---|---|
| DEVELOPMENT | | | | |
| SFG | 77,490,000 | 63,808,000 | - | 48% |

*Source: Ibanda district accounts*

It's clear from table 2.6 that the releases for the first two quarters are commendable. The un-spent balances as at close of the financial year 2008/09 comprised of:

| **Sector** | **Balance as at 30th June 2009 (UShs)** |
|---|---|
| Rural roads | 32,741,093 |
| PHC development | 6,976,377 |

There was generally low absorption of the funds across all the sectors largely because the contracts for the F/Y2009/10 had just been awarded on the 16th, November, 2009. The expenditures reflected was majorly as a result of the rolled over projects from the F/Y 2008/09.

**9) Kamwenge Local Government**

The district received the funds for Q1 and Q2 of FY 2009/10 for all the sectors which were timely remitted to all the sectors. The received funds were timely remitted to the sectors.

The expenditures specifically for the first quarter had commenced with the exception of education sector where there were changes in the initial work plans. The Ministry of Education and Sports advised the district to construct latrines as opposed to the district earlier workplan to construct class room blocks. The matter had not yet been resolved as the district was awaiting a final decision of the MOES.

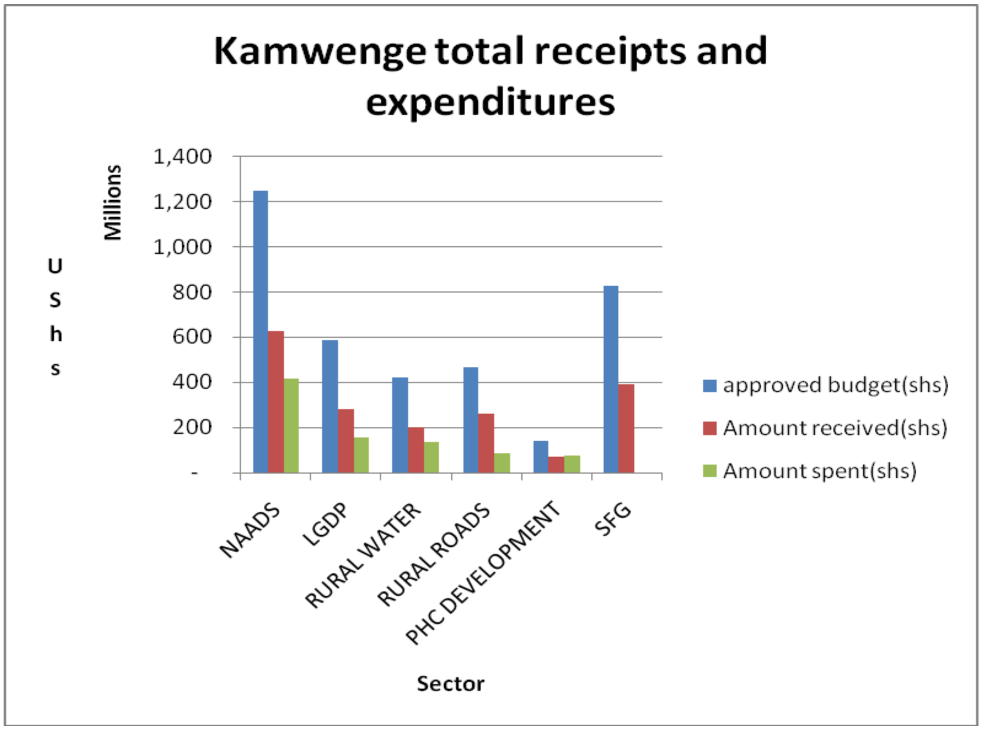
The district had also received funds for the presidential pledge to construct Katagendwa Technical Institute. By the time the district received the funds, it had not put systems in place to manage the project. For instance it had not procured land and nominated the board to oversee the project and neither had the MOES appointed a Principal to oversee the activities of the Institute.

The un-spent balances as at close of the FY 2008/09 comprised of:

| **Sector** | **Balance as at 30th June 2009(UShs)** |
|---|---|
| SFG | 284,765 |
| PHC development | 73,919,129 |
| LGDP | 31,771,144 |

It was established that the unspent balances of PHC development were being spent without the permission from the Accountant General. The reason provided was that the contractor was already executing the duties and so needed payment as the authority was being sought.

**FIGURE 2.15 APPROVED BUDGET, RECEIPT AND EXPENDITURE FOR Q1 AND Q2 OF FY 2009/2010**



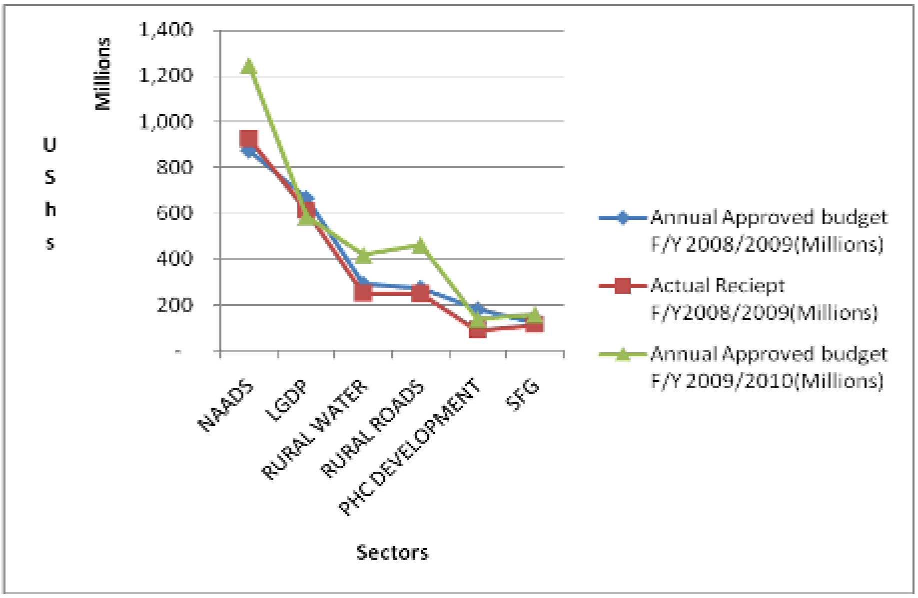

*Source: Kamwenge District General Funds Account and Sector Accounts*

From figure 2.15, it's noticeable that most of the sectors received 50% of the approved budget.

The reflected higher expenditure of the PHC sector was because of the balance brought forward from FY2008/09.

It's clear from figure 2.16 that there was general upward increment in the approved annual budgets for the FY 2009/2010 compared to FY 2008/09 with the exception of PHC development and LGDP.

**FIGURE 2.16: BUDGET TRENDS FOR FY2008/09 AND 2009/2010**




**Source:** *Kamwenge District General Funds Account and Cash Book*

## 2.4. Conclusions

### A) Central Government/Ministries

The cash releases to the sectors was generally low: This was attributed to tightened accountability measures for the MDA's to access quarterly releases whereby the sectors are required to timely submit the performance form A and the quarterly progress reports.

The absorption of the funds received, was generally low with the highest culprit being UNRA; Ministry of Agrculture, animal industry and fisheries (MAAIF); and Ministry of Health.

On the approved budget, most of the sectors registered an increment over the two financial years of 2008/09 and 2009/2010. The sectors which recorded an increment were: MAAIF; Ministry of water and environment; Ministry of energy and mineral resources; Presidential initiative on bananas; while the development of industrial parks had a decrease to offset funds that had been front loaded during the previous FY.

There is still evidence of inconsistencies between the IFMS and sector financial data. For example, in Ministry of water and environment, there was a project 1080 reported on the IFMS that was non existent within the sector records.

## B) DISTRICTS

### Releases

There was generally no significant upward change in the annual approved budgets for the FY 2009/2010 as compared to FY 2008/2009. Some of the districts visited had a slight increment while others experienced a downward trend.

However, there was evidence of timely releases (development grant) by the MFPED to the district save for PHC development and SFG for Q2 of FY 2009/10 which was released late in December 2009. In some cases, for example rural roads releases were at 100% by Q2. However, there were cases of low release below 50% mainly the SFG and the PHC development funds.

### Absorption of funds

There was generally low absorption of funds received for Q1 and Q2 of FY 2009/10 in all the sectors. This was largely attributed to late approval of the budgets as most districts councils approved the budgets in the month of September to November 2009; late submission of procurement plans by the departments to the procurement officers which led to late commencement of the procurement of the contractors.

For the case of SFG, the sluggish expenditure was attributed to the difference between the work plans of the MOES and those of the districts where the latter had planned to construct class rooms while the former advised them to construct latrines. Many districts objected to the idea and had sought for permission from the MOES to use the funds for classrooms construction.

To the extreme, Kamwenge district received funds for the presidential pledge to construct Katagendwa Technical Institute yet it had not put systems in place to manage the project. It had not procured land and nominated the board to oversee the project and neither had the MOES appointed a Principal to oversee the Institute. In the process all the funds received were lying idle.

### Non –remittance of unspent conditional grants to the consolidated fund

The case of non- remittance of un-spent conditional grants as at end of the financial year is still prevalent in all the districts sampled. The district claimed that the funds were committed and therefore sought for authority from the Secretary to the Treasury / Accountant General MoFPED to retain the funds. The risk of the retained money being spent on unauthorized activities is high.

### Utilisation of the unspent conditional grants without authority

It was noted that all the districts monitored had unspent balances at year end FY2008/09 and had sought for authority from the Secretary to Treasury MFPED to start spending. However, Kamwenge district effected payments against the retained unspent balance amounting to UShs 73,919,129 on PHC development account without authority from the Secretary to the Treasury/ Accountant General. In-effect the district violated the financial regulations.

### Lack of timely information on adjustment in the IPF figures

Some districts complained that changes in the IPF are not timely communicated to enable them effect changes in the budget and therefore stay hoping that releases will be made against the IPF, only to be ambushed with releases based on different figures. A case in point was Mityana local government who complained that the final IPF for rural and urban roads was different from the draft estimates and that the changes were not communicated to them. **Budget trend analysis**

### 2.5 Recommendations

- The good practice of sending funds to the sectors which have demonstrated "readiness' to spend and have submitted quarterly performance reports in time should be upheld.
- MFPED and sectors should ensure consistency of IFMS and sector financial data.
- As a matter of urgency, government should harmonize The Public Finance Act with the Local government Act to resolve issues of Local government's handling of unspent balances.
- Disciplinary action should be taken against ditrict accounting officers (CAO and CFO of Kamwenge district in this instance) for utilizing the unspent balance for PHC development amounting to UShs 73,919,129 without authority from the Secretary to the Treasury or Accountant General.
- Sectors should consult and agree with local governments on workplans and budgets. For example the conflicting guidelines from MOES instructing districts to construct latrines instead of classrooms using SFG funds cuased delays in many districts that were justifiably opposed to that directive.
- Procurement process in local governments should be speeded up to avoid low absorption of funds. The Public Procurement and Disposal Unit should provide more support to this effect.

# CHAPTER 3: PHYSICAL PERFORMANCE

## 3.1 AGRICULTURE

### 3.1.1 Introduction

**Main aims and objectives of the sector**

The overall objective of the agricultural sector policy is to promote food and nutrition security and household incomes through coordinated interventions that focus on enhancing productivity and value addition, providing employment opportunities, and promoting domestic and international trade[3].

- During FY 2008/09, the sector budget priorities focused on expanding the National Agricultural Advisory Services (NAADS), investing in agro-processing and marketing, physical infrastructure, agricultural development and Northern Uganda[4].

- Building on the gains achieved during FY 2008/09, the budget strategy for FY 2009/10 prioritized agricultural production and value addition as key to enhancing economic growth, food security, income enhancement and employment.

- The following are the national agricultural sector priorities for FY 2009/10[5]:
    - Provision of improved seeds, planting materials and animal breeding stock;
    - Water for Agricultural Production
    - Epidemic diseases, parasites and pest control
    - Quality assurance and regulatory services
    - Primary and middle-level agricultural processing and marketing
    - Agricultural research and technology development
    - Strengthening Agricultural Advisory Services
    - Provision of physical agricultural infrastructure
    - Institutional development for agricultural sector institutions and local governments.

**Scope of monitoring work**

Two projects were monitored in addition to tracking progress in implementation of Performance Contract Form B in the Production Sector in selected districts. Monitoring was conducted within national level institutions as well as in 11 districts as indicated in Table 3.1. However, information gathered on the Tsetse and Trypanomiasis project was insufficient, necessitating BMAU to make further inquires in the next round of monitoring. The findings on this project will therefore be presented in the January – March quarterly report

[3] MAAIF, 2009.
[4] MFPED, 2009.
[5] MAAIF, 2009a

**Table 3.1: Projects monitored in Agricultural Sector**

| Projects/programmes monitored | Sampling frame |
|---|---|
| Farm Income Enhancement and Forest Conservation Project – Apiculture Component | National (MAAIF), Kabarole, Kamwenge, Kyenjojo, Luwero, Bududa, Manafwa, Kumi |
| Creation of Sustainable Tsetse and Trypanosomiasis Free Areas in East and West Africa | National (MAAIF) |
| Performance Contract Form B – Production Sector Implementation | Tororo, Mubende, Mityana, Kayunga |

*Source: Author*

Four main criteria guided the choice of areas of monitoring and sampling frame:

- Their importance in contributing to the overall sector priorities through input provision and the control of pests and diseases;
- Both projects have over the years received substantial GoU and Donor financing for development expenditure.
- While the Creation of Sustainable Tsetse and Trypanosomiasis Free Areas in East and West Africa project is recorded as operating in 6 districts, in reality, implementation was found not to have started at district level. Hence monitoring of this project was only conducted at the national level.
- Progress and challenges being faced in the piloting of Performance Contract Form B in the Production sector to inform its improvement before it becomes a conditionality for release of funds in FY 2010/11.

**Methodology**

Data collection methods included documentary reviews and key informant interviews both at the central and local government level, focus group discussions with the project beneficiaries, observations and photography. Among the categories of officials met at the national and local government level were:

- National Project Coordinators
- MAAIF Commissioners
- Chief Administrative Officers (CAO)
- Assistant Chief Administrative Officers (ACAO)
- Principal Personnel Officers (PPO)
- District Entomologists
- District Production Coordinators
- District NAADS Coordinators
- Other District Production Sector Staff
- Sub-Accountants

**Limitations**

i. Three weeks allocated for field work due to the resource constraint limited the scope of the sampling frame and ultimately the conclusiveness of the findings.

ii. The rain season reduced the time available for field interviews and observations.

iii. It was difficult accessing detailed financial and physical performance data on MAAIF programmes and projects from the relevant offices. Hence it was not possible to assess performance of the project components that are implemented directly by MAAIF.

### 3.1.2 Farm Income Enhancement and Forest Conservation Project

**Project Background**

***Introduction***

The Farm Income Enhancement and Forest Conservation Project (FIEFOC), that commenced in 2005 and is scheduled to end in 2010[6], aims at improving incomes, rural livelihoods and food security through sustainable natural resources management and agricultural enterprise development. The project has two components: i) Agricultural Enterprise Development Component coordinated by the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) ii) Forestry Support Component coordinated by the Ministry of Water and Environment (MWE). The total project cost for the five-year period is estimated at UA51.15m funded by ADB/ADF and GoU[7]. Monitoring work during this quarter focused on the Agricultural Enterprise Development Component.

***Agricultural Enterprise Development Component***

At project inception in 2005, the Agricultural Enterprise Development Component which was estimated to cost UA 22.11m had 4 sub-components: i) Soil Fertility Management Sub-component ii) Small-Scale Irrigation and Crop Development Component iii) Apiculture Marketing Sub-Component iv) Agricultural Marketing Sub-Component. The mid-term review conducted in April 2009[8] reported very slow progress in implementation of the Agricultural Enterprise Development Component overall, with the exception of the Apiculture component that was on course. The small scale irrigation component had high operational and maintenance costs leading to a slow down in the other two sub-components of agricultural marketing and soil fertility that were linked to it. The Agricultural Enterprise Development Component was therefore restructured in April 2009 to focus on two sub-components: i) Irrigation Sub-component ii) Apiculture Sub-Component. The other two sub-components on soil fertility and agricultural marketing were halted and the remaining funds allocated to the Irrigation sub-component.

[6] The mid-term review in 2009 recommended an extension of 2 years.
[7] GoU and ADF, 2004.
[8] GoU and ADF, 2009.

***Irrigation sub-component***
After restructuring, the Irrigation Sub-component focuses on rehabilitation of four existing large scale irrigation schemes namely: Mubuku Irrigation Settlement Scheme in Kasese District, Doho Rice Irrigation Scheme in Butaleja District, Olweny Swamp Rice irrigation Scheme in Dokolo district and Agoro Irrigation Scheme in Kitgum district. In the initial proposal, it had been planned that Labori/Odina irrigation scheme in Soroti district would also be rehabilitated. The mid-term review mission found this scheme not suitable for rehabilitation as it was too dilapidated and instead required reconstruction. As the available funds were not sufficient, this scheme was left out.

***Apiculture sub-component***
Apiculture is the deliberate rearing of honeybees for production of honey and other bee products. It was estimated in 2003 that there are about 20,000 beekeepers in Uganda with 700,000 beehives producing about 3,000 tons of honey and bees wax mixture annually. These are largely small-scale producers and mainly use traditional hives and indigenous management practices. Most beekeepers are not organized and produce, process and market poor quality honey and by-products individually[9].

The Apiculture sub-component that originally operated in 21 districts but has extended to cover 33 districts (as a result of redistricting), aims at enabling beekeeping groups to increase the tonnage and quality of honey production from 700mt per annum to 1,000mt per annum. This is to be achieved through two main strategies:

i. Building capacity of beekeepers and entomological staff in better practices of apiary management and product processing;
ii. Setting up demonstration sites, initially two per district, for learning purposes where sample equipments and tools would be provided.

***Progress update***

This FIEFOC project was evaluated in April 2009 and a mid-term review report[10] prepared from which this update is drawn. The irrigation sub-component was restructured in mid 2009 and hence there was no progress update in this area. The Apiculture sub-component was noted to be on course although the delivery of outputs had not happened yet. Table 3.2 summarizes the performance of the apiculture sub-component at mid term review. By mid 2009, progress had been made in capacity building of district extension staff and honey processors in apiary management, improved harvesting techniques and quality control. The sub-component was in advanced stages of procuring demonstration materials.

**Table 3.2: Performance of Apiculture sub-component at mid-term review (April 2009)**

[9] MAAIF, 2003.
[10] GoU and ADF, 2009.

| Project Performance Indicator | Expected achievements by mid-term | Concrete achievements by mid-term | Shortfall/surplus |
|---|---|---|---|
| Honey production increased from 700mt to 1000mt per annum | 150mt | 0 | 150mt |
| 120 beekeepers groups formed and strengthened | 60 | 25 | 35 |
| 40 modern demonstrations for honey production and wax set up in 40 districts | 40 | 0 | 40 |
| 2400 beekeepers adopt modern beehives and market through associations | 1200 | 0 | 1200 |
| 100 beekeepers from 20 districts participate in national and regional study tours | 50 | 1 | 49 |
| 2 studies on cost-benefit analysis and marketing of bee products | 2 | 0 | 2 |
| 40 extension staff trained in improved apiculture practices | 40 | 28 | 12 |
| 40 marketers and honey processors trained on quality honey needs, handling and marketing | 40 | 56 | 16 |
| 2 vehicles procured | 2 | 2 | 0 |
| 40 sets of apiculture equipment received | 40 | 40 (in procurement) | 0 |

*Source: GoU and ADF, 2009.*

## Findings

**Financial performance**

MAAIF has received the following disbursements from ADF/ADB for the FIEFOC Agricultural Enterprise Development Component since inception in 2005:

- US$263,000 disbursed on 25th July 2006
- US$1,038,000 disbursed on 2nd July 2007
- US$3,860,000 disbursed on 27th October 2008

Table 3.3 shows the development funds that were secured by MAAIF for this component during FY 2008/09:

**Table 3.3: Budget for FIEFOC Agricultural Enterprise Component for FY 2008/09**

| Funds Secured by Source | Donor (US$m) | Local UShs (bn) | Total UShs (bn) |
|---|---|---|---|
| ADB | 4.508 | - | 7.217 |
| GOU | | 0.157 | 0.157 |
| Total | 4.508 | 0.157 | 7.374 |

*Source: MFPED, 2009b.*

Districts started accessing funds for the FIEFOC agriculture component during FY 2008/09. Table 3.4 summarizes the funds received by the sampled districts up to date. No funds had been released to the districts in FY 2009/10 by the time of the monitoring visit in November 2009. Manafwa district had not received funding although it had been programmed to receive funds starting FY 2008/09 due to a communication gap between the MAAIF and the district. The first installment was for startup activities in the four sub-components namely soil fertility, small scale irrigation, apiculture and agriculture marketing.

**Table 3.4: Funds received by sample districts for FIEFOC Agriculture Component in FY 2008/09**

| District | 1st Installment - Startup | 2nd Installment | | | Total received UShs |
|---|---|---|---|---|---|
| | | Soil Fertility Management | Apiculture | Agricultural Marketing | |
| Kabarole | 25,000,000 | - | 9,863,000 | 9,490,000 | 44,353,000 |
| Kyenjojo | 25,000,000 | - | 9,863,000 | 9,490,000 | 44,353,000 |
| Kamwenge | 25,000,000 | 12,462,500 | 9,863,000 | 9,490,000 | 56,815,500 |
| Luwero | 25,000,000 | 12,462,500 | 9,863,000 | 9,490,000 | 56,815,500 |
| Bududa | - | 16,962,500 | 10,183,000 | 7,490,000 | 34,635,500 |
| Kumi | - | 16,962,500 | 10,183,000 | 9,490,000 | 36,635,500 |
| Manafwa | 0 | 0 | 0 | 0 | 0 |

*Source: MAAIF Agriculture component*

**Physical performance**

***FIEFOC Agriculture Component***

Before the suspension of the subcomponents on soil fertility management, small scale irrigation and agriculture marketing in April 2009, all the sampled districts apart from Manafwa had implemented some activities in these areas:

- In the irrigation sub-component, potential small scale irrigation sites had been identified and leaders and stakeholders sensitized about the programme;
- In the soil fertility sub-component, district staff were trained in improved water and soil fertility management practices and demonstration units were established in some sub-counties; for example, in Kamwenge district, 6 demos on crop rotation and soil conservation structures were established in Nyabani and Kahunge sub-counties

- In the agriculture marketing sub-component, fruit and vegetable demonstration sites were established by farmer groups. For example, in Kyenjojo district, 15,200 pineapple cuttings worth Ushs 7.6 million were distributed to farmers in Kyarusozi and Kyegegwa sub-counties. In Bududa, Bumatanda Women's Group was given spray pumps, herbicides, fertilizer and vegetable seeds.

All these efforts however came to a halt with the suspension of the three subcomponents at the midterm review in April 2009 and only the apiculture subcomponent has continued to be implemented up to date. The district officials and beneficiaries who had accessed funds for the sub-components that were suspended expressed concern about the waste of Government resources in projects that are halted abruptly without putting in place sustenance measures. The monitoring team was informed that the affected farmers had lost trust in Government as they did not have alternative resources to inject in the halted projects, most of which were in infant stages.

In a few areas such as Kamwenge District, attempts are being made by district officials to link the suspended projects in the agriculture marketing sub-component to NAADS as this intervention area was highly appreciated. Attempts to link the halted projects in the irrigation and soil fertility sub-components to NAADS or other existing agricultural projects has proved futile as these are areas that are not ordinarily covered under these programmes. **Given the large start up capital injected in the halted projects countrywide, it can be concluded that there was no value for money for the three suspended sub-components (soil fertility, agricultural marketing and small scale irrigation)[11]**.

**FIEFOC Agriculture Component 2nd Disbursement to all 49 districts in 2008/09**

- Soil Fertility Management – UShs 587.4m
- Apiculture – UShs 309.6m
- Agricultural Marketing – UShs 400m

The rest of the progress report focuses on the apiculture sub-component that is still ongoing.

***FIEFOC Apiculture sub-component***

The districts that are implementing the FIEFOC Apiculture component are provided funds to implement the same activities throughout the country, following the MAAIF annual project work plan and in line with the GoU-ADB Agreement. Table 3.5 summarizes the observed progress on the key output indicators in the sampled districts.

[11] As indicated above, all implementing districts had received 25m as start up capital in the first disbursement for the 4 sub-components.

**Table 3.5: Physical performance for apiculture sub-component in FY 2008/09**

| Key planned activities/outputs | Actual observed physical progress | | |
|---|---|---|---|
| | **Kabarole** | **Kyenjojo** | **Kamwenge** |
| Survey on colonization levels and honey production levels | Done in Busoro & Mugusu sub-counties | Done in Kyegegwa, Nyankwanzi, and Kyarusozi sub-counties | Done in Busiriba and Nkoma sub-counties |
| Workshop on strategies to increase most colonized bee hive type | Done – 55 beekeepers participated | Done | Done |
| Training of farmers hosting demos and establishment of demos | Done – farmers trained and 2 demos established at Nyabata & Nyabuswa villages; 4 Langstroth hives, 4 pairs of harvesting kits and building materials given to each of the demos | Done – farmers trained; 4 demo sites established involving 4 beekeeper groups which were provided with 75 KTB Hives | Done – 10 trainings for 10 farmer groups; 18 smokers and 10 veils distributed to 2 demo sites which were yet to be set up. |
| Procurement of forage planting materials and other inputs | Forage materials provided | Information not provided | 100kg of sunflower and 6kg Calliandra seeds procured and distributed in Busiriba & Nkoma Subcounties |
| **Key planned activities/outputs** | **Luwero** | **Bududa** | **Kumi** |
| Survey on colonization levels and honey production levels | Done in Bamunanika, Luwero and Butuntumula sub-counties | Done in Bukigai sub-county | Done in Nyero and Kobwin sub-counties |
| Workshop on strategies to increase most colonized bee hive type | Done – 4 workshops | Done – 2 groups farmer trained; 120 participants trained in total (69 females and 51 males) | Done in Nyero and Kalapata parishes – 46 farmers trained |
| Training of farmers hosting demos and establishment of demos | Done – on farm training and establishment of 2 demos in Luwero and Bamunanika sub-counties. Each group given 9 KTB hives | Done – 2 demos established in Bunakuti and Lukhonje villages. Each group was given 12 KTB hives using PMA funds. | Done – on-farm training and 2 demos established one in each of the sub-counties |
| Procurement of forage planting materials and other inputs | One group given 30 trees of improved mango varieties while | 2000 seedlings of Calliandra were procured & | No done as funds were insufficient |

| | | | |
|---|---|---|---|
| | the other got 30 improved varieties of avocado | distributed equally among the 2 demo groups | |

*Source: Field Findings*

In addition, the monitoring team confirmed the delivery by MAAIF of honey processing equipment in some districts including Kamwenge, Kyenjojo, Luwero and Kumi. Every set of the honey processing equipment that was delivered included 1 honey press and 2 items of each of the following: honey refractometres, solar wax extractors, honey press, honey tanks with a stainless strainer, overalls, bee gloves, bee veils, gumboots, hive tools, knives, bee brushes, weighing scales, airtight buckets and bee smokers.

**Demonstration Site in Kamwenge district**

**Harvesting equipment for Kyenjojo**

The equipment was either awaiting distribution at the district headquarters or had already been distributed to the farmers although none of the farmer groups had started using them. The beneficiaries were still waiting for further training and instructions on how to use the equipment.

**Beneficiary satisfaction**

There were mixed feelings among the beneficiary farmers on the usefulness of the apiculture project. In general, they appreciated Government's effort of increasing the farmers' knowledge and skills in apiary management through the various trainings and demonstrations. On the other hand, the farmers were dissatisfied with too much training under the project without provision of inputs, except for demonstration purpose. Box 3.1 gives highlights of the effects/outcomes and level of satisfaction with the project among some of the benefiting farmers/farmer groups.

**Box 3.1: Beneficiary satisfaction with the Apiculture project**

"I belong to Kwerwanaho Beekeepers Group that has 18 members – 10 males and 8 females. We participated in a FIEFOC five-day training workshop on improved apiary management in April 2009 and have also benefited from training by Kabarole BeeKeepers Cooperative Society. The information gained has helped us improve apiary management and honey production is slowly increasing at individual farm level. For example, as a result of the knowledge gained through various trainings, colonization levels on my farm have increased - 18 out of 30 beehives are now colonized. However, we lack key inputs such as protective gear which makes harvesting inefficient. The inputs provided by FIEFOC for demonstration create very little impact because very few people ever go to the demonstration site. The few people who visit the demonstration site lack skills and appreciation of the enterprise and hence do not adopt the improved practices" ***Mr. Saulo Kisembo, Rugonjo village, Kahunge Sub-county, Kamwenge District***.

"Our group started 15 years ago with 7 members – 2 females and 5 males – and we have not had any member growth up to date. We have a total of 30 hives, 11 having been given to us by the PMA programme, I contributed by a member and 18 KTB hives given by FIEFOC in 2009. Our group was trained twice in 2009 by FIEFOC. The training was relevant to our needs. Our group which had become inactive became rejuvenated after gaining skills in improved bee keeping. After the FIEFOC training, our enterprises are more profitable due to improved management and better use of the by-products. One member John Komunjala who had 2 hives bought an additional 16 hives (6 local, 10 KTB) after training and 11 are colonized. Another village mate who is not a member of our group Micheal Mugisa bought 3 hives to start bee keeping after visiting our project". With the 12 hives got earlier from the PMA and locally, we have been producing 50 to 80 kg of honey per season. But with the additional 18 hives from FIEFOC, we expect to get between 150 to 200 kg of honey in each of the coming seasons. However, 7 out of the 18 KTB hives given to us by FIEFOC were of poor quality, with many holes in the joints resulting in bees being blown out by the wind. Women have not joined our group in large numbers because they are overburdened by home responsibilities, they are not aware of the benefits of working in groups and their attitude and skills towards engaging in development activities are under-developed" ***Male FGD, Kyebanja BeeKeepers, Nyankwazi Sub-county, Kyenjojo district***.

**Best practices**

Best practices were noted in the districts of Kyenjojo and Luwero where the beekeepers groups had received support from FIEFOC and other programmes and had raised their income profile in line with the project objectives. The best practices are given in Box 3.2 and Box 3.3.

**Box 3.2: Best practices in FIEFOC supported apiary project in Kyenjojo district**

"Rwamasaaju Tweyimukye Apiary Group has 16 members – 6 females and 10 males. The group started the apiary project in 2005 with the main aim of income generation through use of proceeds from the apiary project to buy land and operate businesses. Each member contributed 5 local hives totalling to 80 hives and we received support from NAADS in 2006 in form of 19 KTB hives. The FIEFOC project in 2008 trained our farmers in approved apiary management and gave us KTB 25 hives, a bicycle, 1 bee suit, 7 buckets and 1 smoker. We were promised a honey processing machine (centrifuge) from MAAIF which we have been told to collect from the district headquarters next week. We formed a savings, credit and cooperative organization (SACCO) to manage the proceeds from our project. Each of our members also have individual hives at their homes ranging between 3 and 30.

Many of the group local hives have got spoilt over the years due to rains, pests and insects and we now have 46 hives. Our production has steadily increased with the improved management from 300kg per season of unrefined honey in the last season to 460kg in this season. The training by FIEFOC helped us in improving our management practices both in the group and individual farms. We sold each kg of honey at 4,000/=. In our SACCO, we now have UShs 3,620,000 arising from our project. We lend out the money to members at an interest rate of 3% and non-members at 10% interest rate for 6 months. We have bought a commercial plot from the profits while we intend to construct a rental house. Our member Mr. Augustine Tibesigwa bought a maize mill after borrowing UShs 350,000 from our revolving fund. Our chairman has donated a room where we are going to house the honey processing machine, pack and sell honey in bulk after buying from all the neighbouring villages. We have progressed very well because of the lessons all our bee keepers got when they undertook a study tour to Bushenyi in 2005 to understudy the progressive farmers. What we need from Government is to help us access the modern beehives Langstroth at subsidized prices and better markets for our products"

**Rwamasaaju Tweyimukye Apiary Group FGD,**
**Nsinde A village Kyarusozi sub-county, Kyenjojo District**

**Box 3.3: Best practices of Public Private Partnerships in FIEFOC supported apiary project in Luwero district – Butuntumula Cluster**

In Luwero district, the honey processing equipment from FIEFOC was given to clusters of apiary farming groups rather than individual groups to promote bulk processing and sales. This included Butuntumula Cluster made of 4 groups with 120 beekeepers and Kikyusa Cluster composed of 3 groups with 90 beekeepers. The Chairperson for Butuntumula Cluster explained thus: "Our group which started as Kayonza Farmers Group in 2005 expanded to encompass 5 other groups that had apiary as the major enterprise. In 2007, the district production department linked as to Uganda Cooperative Alliance (UCA) which supported us during 2007-2009. UCA encouraged bulk selling, provided us with packing materials, trained us and enabled as to undertake study tours to progressive farmers as well as forming a SACCO. NAADS also supported us with 10 hives for demonstration. Sulma Foods, a private company that buys organic honey provided us with 20 hives for demonstration purposes and helped us create a directory of all our farmers. We have signed a renewable contract with Malayika Honey Company that leases KTB hives to farmers at UShs 60,000 each payable in 5 years. We have got 35 hives and other assorted harvesting equipment from this company and we repay the loans at every sale. The hives given by this company have a higher colonization level than those provided by MAAIF to some of our farmers. Before distributing the hives, the company waxes them such that the colonization level is above 80% compared to 50% for the MAAIF hives. We have developed capacity to make our own hives which we also sell to other bee keepers in the district (see picture below).

To date, our cluster has 600 hives owned by members, the majority being KTB hive type. Recently, one other member has joined us with 150 langstroth hives. I have provided for free a room to our cluster to work as a honey collecting centre for bulking and this is where we shall place the honey processing equipment provided by MAAIF. Currently, we get 10 to 15 tonnes of honey per season and we expect this to increase to 30 tonnes per season in the coming years. Our main concerns relate to investments which we have made on our land that is under threat of encroachment by investors, lack of tractors to open up more land and lack of honey processing equipment with adequate capacity. The equipment given to us by MAAIF is of low capacity compared to our production levels.

**Mr. Chaudia Adam, Chairperson of Butuntumula Area Cooperative Enterprise, Kayonza village, Luwero District.**



**Butuntumula Cluster Luwero District: Left: Hives given by NAADS; Middle: Hives made by the group; Right: Demonstration garden for the group**

### Challenges

#### *Implementation related challenges*

1. **Irregular funds flow**: Although the project started in 2007, there was delay in disbursement of funds from MAAIF which resulted in delayed implementation of the project. While some districts managed to access the first installment in March 2008, others received the first disbursements in December 2008 and January 2009. All districts had not received the 2009/10 funding by December 2009, resulting in non-implementation of activities planned for this FY.

2. **Difficulties in changing signatories**: Following the mid-term review of the FIEFOC project in April 2009 that recommended a change of signatories for the Apiculture sub-component, many districts have not complied with this directive which has led to delayed disbursement of funds for FY 2009/10. Non-compliance with the directive is partly due to the long bureaucratic processes in the districts and some districts overlooking District Entomologists as juniors who shouldn't be project signatories as directed.

3. **Limited staff in production department**: Across all districts, the problem of lack of staff to implement and monitor this project as well as all the other agricultural initiatives was echoed. Most of the sampled districts lacked Entomologists and had resorted to District Veterinary officers to implement apiary activities! The problem is compounded by the loss of staff due to retirement and death and the split of districts without any new recruitment. As a coping strategy, districts sub-contract NGOs and private firms/individuals to reach more farmer groups.

As one officer commented: *Why is Central Government so concerned with monitoring outputs and impacts in the agricultural sector when it has failed to facilitate the implementation process at district level? The contact between the farmers and extension is very minimal due to limited staffing to expect any tangible outputs. It is like going to the frontline without soldiers!"* DAO, Kabarole District.

4. **Lack of consultative process**: Between MAAIF and the implementing districts was noted to have negatively affected the pace of project implementation. Districts complained of being handed workplans by MAAIF to implement without their input. Although the districts had developed workplans that are suitable to their needs, these have been abandoned as they had to do what MAAIF directed in order to receive funds.

5. **Corruption in FIEFOC Forestry component**: Whereas the Forestry Component within FIEFOC was not within the scope of the monitoring work, there were indications in the sample districts that effective implementation is hampered by corrupt tendencies. For example, in Bududa, there were complaints that many people who were not among the intended beneficiaries were benefiting from tree seedlings; contractors deliver substandard seedlings at night which makes it difficult to sub-county officials to verify the quantity and quality of seedlings delivered. The monitoring team was shown the substandard seedlings that had been rejected by the farmers and hence abandoned at Bukigai sub-county headquarters.

6. **Unfavourable environment**: the project faces challenges of an unfavourable environment caused by both humans and climatic conditions in most districts. In the banana growing areas, farmers have a misconception that bees transmit the banana wilt disease and hence spread chemicals that kill the bees and reduce the colonization levels. In beer brewing areas, such as in Kyenjojo bees feed on the brew and die. The rapid deforestation in many parts of the country has left no forage for cross pollination resulting in reduced honey production.

7. **Poor choice of participating areas**: In Luwero district, the initial selection of the benefiting apiary groups was in areas that have low potential for honey production due to low colonization levels. This implied that the honey processing equipment provided by MAAIF would not be optimally used due to low production levels. This challenge was overcome by re-allocating the equipment to other apiary groups that were more organized in areas of high production potential (see Box 3.3 for best practice).

***Project-design related challenges***

**Limited potential impact of the Apiculture sub-component:** The project is designed in such a way that almost all the activities and expected outputs revolve around workshops and training with limited funds earmarked for concrete development activities. The training targets very few farmer groups and districts reported that few farmers visit the 2 demonstrations allocated per district which results in limited outreach.

**Project assumption of uniformity in district needs**: All districts are expected to implement the same activities yet their needs in the apiculture sector vary depending on location. This limits the usefulness of the project in some areas. For example, most districts already had farmer groups that had been sensitized on improved apiary management by NAADS and what is needed is equipment rather than further training. In Luwero, one of the groups was very advanced and needed to focus on improved bulk marketing techniques rather than being trained in agronomy.

**Suspension of project sub-components**: the districts were not informed clearly why the three sub-components were halted yet in their view, they would have had large potential impact on farmer production and productivity. The abrupt suspension has led to loss of trust among farmers in Government's capacity to implement agricultural programmes successfully and reluctance to engage in other similar projects.

***Other farm level challenges***

Most farmer groups still use the local bee hives as the improved modern hives are expensive and lack protective gear. The adoption rate for modern bee hives was noted to be very low in all the sampled districts. This has led to low honey production levels. In many areas, farmers were only aware of KTB as the improved hive type, having never seen or heard about the Langstroth.

Farmers expressed lack of knowledge and skills in apiary, especially in the area of processing and marketing.

**Gender inequality**: Women in general were noted to lack money and land to start apiary on their own. The few that had this enterprise largely used resources from their spouses. One female member of Good Samaritan Evangelistic Mission in Bududa district that had benefited from FIEFOC had this to say: *"I earn UShs 1,000 per day, how can I buy a hive of UShs 25,000 when I have so many other pressing needs?"*

**Conclusion**

Overall, the apiculture sub-component of the FIEFOC project is on course and has delivered the intended outputs at district level. It was not possible to access performance of the centrally implemented components of this project that are implemented by MAAIF as financial and physical performance data was not availed by the ministry. The project however is likely to have limited outreach due to the design that provides demonstration equipment and training to only two groups per district.

**Recommendations**

The farmers made the following recommendations for improving apiary management and production in the country:

i. Demos should not be incomplete as is the case now with only one aspect – production - being demonstrated in the FIEFOC project. They should be comprehensive covering the value chain and showing farmers the viability of engaging in an enterprise considering the production, processing and marketing cycle. *"For a more viable and optimal demonstration, FIEFOC should provide at least 10 Langstroth and 20 KTB hives in addition to value addition equipment"* Kumi District Entomologist.

ii. GoU to consider selling the modern hives at subsidized levels or provide affordable loans that can enable the farmers acquire them.

iii. Government should establish a breeding centre especially for Queen bees in order to ensure sufficient production of honey throughout the year.

iv. Increased publicity and awareness on queen production and management could help in improving production. This could be achieved through training workshops, radio programmes.

v. Facilitating study tours between the progressive and less progressive farmers in the country.

vi. The FIEFOC Forestry component needs to be closely monitored to ensure that corrupt tendencies are eliminated.

For further improvement of the apiculture sub-component of the FIEFOC project, the monitoring team in addition recommends that:

i. The project is redesigned to cater for a larger number of groups per sub-county in order to create impact.

### 3.1.3 Performance Contract Form B: Implementation by District Production Sector

**Background**

**Performance Contracts**

In FY 2009/10, Government introduced the Performance Contract as a measure to link the output performance to the expenditure in various Ministries, Agencies and Local Governments. Central and Local Government Accounting Officers sign Performance Contract Form A and B respectively with MFPED Permanent Secretary/Secretary to the Treasury. The performance contracts clearly articulate the activities, inputs and outputs under each Vote for the resources appropriated in the financial year.

The Performance Contract Form B has been developed to ensure that: each local government reports on the quarterly performance targets against their annual work plans; and relate the financial performance and physical outputs by specifying the geographical location of outputs. During this quarter, the BMAU sampled 4 districts – Tororo, Mubende, Kayunga and Mityana - to assess progress in implementation of the Performance Contract Form B and the challenges that are being faced in using this tool.

***Conversion of Local Government Agriculture Extension Staff to NAADS***

Government in the April 2009 Budget Call Circular for the FY 2009/10, sent to all Accounting Officers indicated its plans to convert the Traditional Agricultural Extension workers at sub-counties into the NAADS function. Accordingly, the resources for the Agricultural Extension Services were transferred to Ministry of Public Service for payment of severance package to the staff affected during conversion; some resources were allocated to MFPED for activities relating to the conversion of staff.

***New Changes in PMA Non Sectoral Conditional Grant***

In the Budget Speech for FY 2009/10, no funds were allocated for Agricultural Extension Conditional Grant by MFPED. It became necessary to review the PMA Non Sectoral Conditional Grant (PMA NSCG) use. The PMA NSCG grant has traditionally been used to finance development expenditures. Effective FY 2009/10, the PMA NSCG was to be used to support both development and recurrent expenditures for activities relating to regulatory services, quality assurance services and agricultural statistics and information functions in local governments. The grant is to be utilized as follows: 65% for Development Expenditure and 35% for Recurrent Expenditure[12].

## Findings

### Financial performance

Based on the Performance Contract Form B signed between the districts and MFPED, the sampled districts had planned for and expected central government transfers to the production sector in at least five budget lines including Conditional Grants for NAADS, PMA-NSCG, Agriculture Extension Salaries, Agriculture Extension, and Agriculture Development Centres during FY 2009/10. This would supplement the locally raised revenues to support production activities at the district level.

During the monitoring visit in November – December 2009, it was noted that the sample districts had received Q1 and Q2 releases for two of the five expected grants as the other three grants had been suspended. Table 3.6 summarizes the budgeted vs released funds for the production sector in Q1 and Q2 of FY 2009/10 in the sample districts. Mubende and Mityana districts had additional funds from other sources.

**Table 3.6: Budgeted and released funds for Key Activities in the Production Sector in sample districts July-December 2009**

| District/Grant | Q1 & Q2 Budget UShs | Q1 & Q2 Release UShs | Q1 & Q2 Shortfall/surplus UShs |
|---|---|---|---|
| **TORORO** | | | |
| PMA-NSCG | 34,500,000 | 29,804,893 | -4,695,107 |
| NAADS | 937,456,000 | 1,032,082,000 | 94,626,000 |
| Agric Extension Salaries | 30,080,000 | 0 | -30,080,000 |

[12] MAAIF, 2009a.

| | | | |
|---|---|---|---|
| Agriculture Extension | 21,342,000 | 0 | -21,342,000 |
| Agric Development Centres | 5,628,000 | 0 | -5,628,000 |
| Locally raised revenue | 36,328,000 | 0 | -36,328,000 |
| **Total** | **1,065,334,000** | **1,061,886,893** | **3,447,107** |
| **MUBENDE** | | | |
| PMA-NSCG | 41,308,000 | 39,183,637 | -2,124,363 |
| NAADS | 922,000,000 | 872,474,000 | -49,526,000 |
| Agriculture Extension | 27,648,000 | 0 | -27,648,000 |
| Other Transfers (NLPIP, Restocking by OPM) | 0 | 119,163,000 | 119,163,000 |
| Locally raised revenue | 4,500,000 | 3,404,000 | -1,096,000 |
| **Total** | **995,456,000** | **1,034,224,637** | **38,768,637** |
| **KAYUNGA** | | | |
| PMA-NSCG | 58,498,000 | 24,177,161 | -34,320,839 |
| NAADS | 574,112,000 | 558,837,000 | -15,275,000 |
| Agric Extension Salaries | 22,060,000 | 0 | -22,060,000 |
| Agriculture Extension | 21,500,000 | 0 | -21,500,000 |
| Locally raised revenue | 14,470,000 | 0 | -14,470,000 |
| **Total** | **690,640,000** | **583,014,161** | **-107,625,839** |
| **MITYANA** | | | |
| PMA-NSCG | 39,678,000 | 38,090,344 | -1,587,656 |
| NAADS | 526,390,000 | 526,390,000 | 0 |
| Agriculture Extension | 17,462,000 | 0 | -17,462,000 |
| Agric Development Centres | 4,140,000 | 0 | -4,140,000 |
| Locally raised revenue | 9,234,000 | 0 | -9,234,000 |
| Other Transfers (NLPIP) | 11,300,000 | 37,330,000 | 26,030,000 |
| **Total** | **608,204,000** | **601,810,344** | **-6,393,656** |

*Source: District Performance Contract Form B; Field findings*

The key findings on financial performance were that:

i. Performance Contracts for all the districts were honoured as far as the NAADS and PMA-NSCG Grants were concerned but not for the other grants which were abruptly suspended. This greatly affected the operations of the district as some planned activities could not be funded.
ii. Two districts (Tororo and Mubende) out of four had more funds in the production sector than had been planned for except that these funds could not be re-allocated as they were earmarked to NAADS and donor projects.
iii. The Q2 funds were released late resulting in delayed procurement processes and programme implementation.

**Physical performance**

Tables 3.7 – 3.10 summarize the actual outputs that were realized in the four sample districts against the planned outputs in the performance contracts.

**Table 3.7: Summary of physical performance in Tororo district July – Dec 2009**

| Output | Planned output (Q1 &Q2) | Actual output | Remarks |
|---|---|---|---|
| NAADS | Develop 10 marketing groups, farmer demonstration workshops, install rice agro- processing facilities, farmers to receive agricultural inputs, 7 simple irrigation systems established | In preparatory stages of forming groups; inputs in procurement stages. | Most activities still in procurement stages. There is need to harmonize procurement and budget plans to ensure adequacy of funds when needed. |
| Production | Field supervision &monitoring, market inspection, review & planning meeting, payment of sub-county ext. workers salaries, vehicle & equipment maintenance. | Nil | No funds received as grants were scrapped. |
| Crop | 7 sets of protective gear procured, fruitfly &striga management training conducted, simple soil testing kits procured agro-input dealers' inspection, agricultural data collected. | Nil | No funds received as Agric. extension. grant scrapped. |
| Livestock | 30,000 Livestock vaccinated, 2 foot bucket spray pumps procured, 2 community cattle crushes constructed, 1322 cattle examined & treated against trypanosomiasis; veterinary drugs procured and administered. | Nil | Dept. was allocated Ushs 1million under PMA NSCG in Q1; requisitions were made 2 months before but no disbursement from district. Almost all activities will not be implemented due to scrapping of Agric extension grant. |
| Fisheries | Construction of a 1000 sq meter fish pond, inspection of fish markets and fish fingerlings hatcheries in all sub-counties. | Nil | No funds received. |
| Entomolo gy | 9 sets of protective gear & 6 Langstroth beehives procured, 1600 tsetse traps deployed & maintained, tsetse fly surveys conducted. | Nil | - Dept allocated Ushs 5.5 million in Q1 from PMA-NSCG; requisitions were made 2 months before but no disbursement from district.<br>- 2700 tsetse traps were procured in FY 2008/9 and remain in store as there are no funds to deploy them. |
| DATIC | 200 farmers training in crop farming practices | Nil | No funds allocated |

*Source: Tororo Performance Contract Form B; Field findings.*

**Table 3.8: Summary of physical performance in Mubende district July – Dec 2009**

| Output | Planned output (Q1 &Q2) | Actual output | Remarks |
|---|---|---|---|
| NAADS | 480 complete technology packages distributed, 1,440 farmers accessing advisory services, conduct farmer advisory demonstration workshops, trainings | Distributed crop technology and food security items- banana, coffee, cassava plantings & sweet potato vines, technical & political monitoring in sub-counties, | Implementation on course using Q1 funds; Sub-counties acknowledged receipt of Q2 funds although late and hence money still on account |
| Production | Supervision, coordination& technical backstopping visits, planning meetings, capacity building trainings, consultation visits to ministries | Planning meetings held | Received less funds than what was planned |
| Crop | Procurement of cassava cuttings for multiplication, procurement & distribution of 30,000 coffee seedlings, technical backup visits, farmer trainings &community sensitizations in BBW, field inspection of crop nurseries, quality assurance of inputs supplied to farmers | Supplied 15,625 seedlings of coffee seedlings to 2 sub-counties, field for cassava multiplication prepared though cuttings in procurement process; trained stakeholders in combating BBW | - Activities done using PMA-NSCG and OPM funds;<br>- Other activities will not be implemented as grant was suspended |
| Livestock | Construction of slaughter slab, vaccination of 25,000 livestock, 18 meat inspection supervisory visits, drugs & farm supply shop inspections, technical backstopping visits, collection of livestock data | Procurement for slaughter slab is ongoing; other activities not done | - Will complete procurement for slab when funds are released<br>to Dept by district<br>- No funds for other activities |
| Fisheries | Inspection of fish landing sites, backup visits, ponds harvested, demo ponds constructed | -Demo ponds - processing contracts; to tender them<br>-Other activities not implemented | Grant scrapped |
| Entomology | Demo on apiary, setting of modern bee keeping site, | Training & apiary demo set up; | No funds |

| | | | |
|---|---|---|---|
| | purchase of 200 tsetse traps, procurement of 2sets of honey processing equipment | Other activities not implemented | |
| Vermin control | Community sensitization, vermin damage assessments | Nil | Grant scrapped |
| Commercial services | Inspection of weights &measures, sensitizations &audits for SACCOs, collection of data on lodges & hotels | Nil | Expected to receive local funding but receipts were insufficient |
| Restocking programme | No prior planned or budgeted activities | Support given to Boda-Boda SACCO, livestock and farming groups and communities to purchase farm implements and dig watering points | UShs 112 million was received from OPM for these activities |

*Source: Mubende Performance Contract Form B; 2009/10; Field findings*

**Table 3.9: Summary of physical performance in Kayunga district July-Dec 2009**

| Output | Planned output (Q1&Q2) | Actual output | Remarks |
|---|---|---|---|
| NAADS | 7 acres of fruit demonstration gardens; procure pineapple processing equipment; conduct NAADS review meetings; capacity building trainings; procure 2 walking tractors, training o operation & maintenance of walking tractors, 360 farmers receiving agricultural inputs; 466 farmer groups receiving advisory services | Walking tractors and pineapple processing equipment under procurement; Mini review meetings held; inputs being procured | -Very long procurement processes such that only 60% of Q1 funds used;<br>- Q2 funds received late and advice note came late |
| Production | Community sensitization on coffee quality standards, field supervision, constitute an agricultural statistics district task force, capacity building on agricultural statistics, motor cycles & vehicle maintenance | Nil | No funds<br>New guidelines to use PMA-NSCG for recurrent came late |
| Crop | Banana- coffee TDS established, 31 agro-chemical premises inspected, 31 agro dealers trained, 18 pest & disease surveillance visits made, 5farmers markets inspected, planning 7 review | Nil | No funds |

| | | | |
|---|---|---|---|
| | meetings held, supervision 7 monitoring visits | | |
| Veterinary | 12,500 livestock vaccinated, 18 disease surveillance visits, 450 meat inspections, 2 animal check points, licensing livestock traders | Nil | No funds in Q1; allocated 600,000/= in Q2 but not sufficient to do these activities |
| Fisheries | Inspection of 14 fish landing sites, monitoring no. of cases of violation of fish regulations, inspect 14 fish markets; meetings on L.Kyoga; Monitor beach management units (BMUs) | Inter district meetings held; attended workshop in Nakasongola | Underfunding of activities |
| Entomology | Trainings on apiary, demonstration for honey harvesting, fixed monitoring sites for tsetse surveillance, tsetse traps servicing, bee farmer exchange visits | Nil | In process of acquiring fuel to start some activities |
| Vermin control | Fumigate buildings, conduct meetings on vermin, motor vehicle maintenance | Nil | Dept. not active as there is no officer in charge |
| Commercial services | Support to pineapple processing industry, local economic assessment consultancy, provision of economic infrastructure, entrepreneurship & business skills development, start up activities for local economic development LED | 90 economic actors profiled & communication linkages established, training & sensitization, key enterprises identified, consultancy contracted out under MOLG | |

*Source: Kayunga Performance Contract Form B 2009/10; Field findings.*

**Table 3.10: Summary of physical performance in Mityana district July-Dec 2009**

| Output | Planned output (Q1 &Q2) | Actual output | Remarks |
|---|---|---|---|
| NAADS | Technologies distributed; capacity development for Community Based Facilitators (CBFs); farmer advisory demonstration workshops; procurement meetings; monitoring visits; training & farmer exchange visits; SACCO inspection & auditing; | -SACCO inspection & NAADS auditing under implementation;<br>-Distributed exotic poultry, dairy & coffee; planted coffee in TDS;<br>-capacity development for CBFs ongoing, tractor repair ongoing, accumulating funds for maize mill | 87m received instead of 118 m hence less activities undertaken<br>To repair tractor instead of procuring egg incubator |
| Production | Data collection & information generation, operation & maintenance, monitoring, general management & community mobilization; capacity building of staff | Nil | No funds received |
| Crop | Banana bacterial wilt control activities, crop extension services, quality control, liaison trips to regulatory centers | Nil | Just started in Q2 |
| Veterinary | 50,000 livestock vaccinated; construction of piggery slaughter slab; inspection of extension workers; livestock inputs & products | Vaccination done | |
| Fisheries | 12 Fish landing sites inspected, cases of violation of fish regulations reported, fish inspection in markets &along roadways, establishment of beach management units | Nil | Grant was scrapped |
| Entomolo gy | Surveillance visits, setting & removal of tsetse fly traps, liaison trips to regulatory centers | Nil | No funds |
| Vermin control | Scaring away vermin | Nil | No funds |
| Commerci al services | Community Agricultural Infrastructure Improvement Program (CAIIP) management activities; SACCO inspection | Nil | No funds |
| DATIC | Seed production and multiplication (1 acre of cassava and 2 acres of banana) | Nil | No funds |

*Source: Mityana Performance Contract Form B 2009/10; Field Findings.*

The findings in Tables 3.7 to 3.10 show that during the first six months of FY 2009/10, NAADS was the main programme under implementation in the production sector with all the other departments having come to a standstill due to lack of funds as a result of scrapping of the two grants. The district officials expressed concern that they did not get proper and timely information about the suspension of the grants before the start of the financial year and hence had prepared the Performance Contract B with the expectation of these grants.

The new guideline on PMA-NSCG that allowed use of the grant partly for recurrent expenditures was received late in October when the funds had already been used in Q1 for development expenditures only. The districts had started operationalising the guideline in Q2 but the funds for recurrent expenditures were too little to have meaningful implementation of activities in other production departments other than NAADS.

Even NAADS was largely in the procurement phases in the four districts. The monitoring team nevertheless found evidence of farmers in the four districts who had received NAADS technologies during the July-Dec 2009 period as shown below.

*Left - 14 months heifer given to Noah Kantusimbi, Kabunzi village Mityana and Right -Mrs. Costa used UShs 1.1m from NAADS to buy 3 pigs and construct housing in Kide village Miyana district*

**Challenges**

***General implementation related challenges***

i. Many of the agricultural sector priorities for FY 2009/10 that are supposed to be implemented at district level have not or may not be implemented in this financial year due to lack of or inadequate funding as a result of scrapping some grants. Among the most affected services are: control of epidemic pests and diseases, quality assurance and regulatory services, District Agricultural Training and Information Centres (DATICS) and capacity building for staff.

Allocation of 35% of the PMA NSCG to recurrent expenditures has not alleviated this problem and implies much less funding for development expenditures and less impact.

ii. Delayed remittance of funds from the district accounts to the user departments was found to be negatively affecting implementation. In Tororo district for example, funds were allocated to departments in early September 2009 and requisitions made then but no funds had been released by November 2009. Reasons given for this delay included: lack of quorum in procurement committee meetings, lengthy procurement processes and late advertisement for suppliers.

iii. There are wide spread reported failures in enterprise production because of the NAADS approach which allows farmers to chose enterprises they prefer, which are not necessarily suited to the soil and climate type and are sometimes difficult to sustain.

iv. Understaffing within the District Accounts Department: the work of managing district accounts has expanded tremendously especially with the NAADS programme that requires a lot of book keeping. With increased funds flow in the district, it is more necessary than ever to closely monitor the funds and improve book keeping especially at the sub-county level. More qualified staff are needed in the Accounts Department especially at the sub-county level.

v. Releases for centrally managed projects such as NLPIP, Luwero Rwenzori Project and Restocking Programme often do not come with guidelines for expenditure which makes implementation difficult. The guidelines are sent late and are often changed without notice. Planning and implementation is further complicated by the lack of indicative planning figures for these projects. Large amounts of funds are abruptly sent to the districts and immediate accountability is expected resulting in non-transparent use of project funds to beat the deadlines.

vi. The uniform allocation of NAADS funds to districts irrespective of the size of sub-counties is a problem that has been echoed repeatedly by the district officials. Some sub-counties have more parishes than others yet they are allocated the same amount of funds.

***Form B Challenges***

i. All the four districts expressed difficulties in fully understanding the purpose of the Performance Contract and using them. Although they had attempted to fill the forms as required, they hardly referred to them during implementation as they had more detailed workplans which they were following.

ii. Specific challenges were experienced in filling the relevant information in the Performance Contract because of the structure:

- District NAADS Offices have a detailed workplan and reporting format from the NAADS Secretariat which must be adhered to in order to access funds. Districts have found it very difficult to fully reflect these detailed workplans in Form B. Although they provided information for Form B for FY 2009/10, they continue using the format from NAADS Secretariat to guide implementation. For example, there were difficulties in separating the activities to be implemented at higher and lower local government levels.

- There is no specific output and budget line for DATICS which play an important role of providing agricultural training, information and education services to low income female and male farmers, especially out of school youth. Hence DATIC activities were wrongly included among the NAADS activities.
- Farmer institutional development is done jointly by NAADS and the District Production Services. Hence, this should be an output under both departments.
- Differentiating between standard and non-standard outputs. Many of the outputs classified as non-standard were noted to be standard in the opinion of the district officials.
- Misplacement of outputs: NAADS activities being placed under crop department and vis versa; commercial services having no output and hence integrated in NAADS activities
- Need for other relevant indicators: Under crop services: seed germination tests, number of quality control visits, certified inputs – number of certificates. Under fisheries: No. of fish markets inspection, lake patrols for regulation and control.

***Other challenges***

- Districts expressed concern regarding the inequitable distribution of MAAIF donor financed projects such as NLPIP and FIEFOC. It was noted that most projects were benefiting the western parts of the country yet they have similar weather and soil conditions like other parts of the country.
- Projectizing of agricultural programmes has brought divisions among staff at MAAIF which are negatively affecting implementation at district level. There is need to consolidate agricultural programmes and implement them within the sectorwide approach rather than discrete projects.
- Growing uncertainty about the link between NAADS, MAAIF and the production sector is causing laxity among the district staff.
- As noted by one district production staff in Mityana district *"The District Production Department and MAAIF are challenged by the introduction of NAADS. NAADS is a project with a time frame, objectives and specialized people. Agriculture Extension under MAAIF and the Production Dept. is a system. Why is Government killing a system in favour of a project? The NAADS project should be integrated in the National Agriculture Extension System for sustainability*".

**Conclusion**

Funds flow from the Centre to the districts was noted to have improved in all the districts. Adequate and timely funds were noted to have been received by the NAADS programme in time for the first rains. However, there were concerns of delayed remition of funds to user departments.

The four sampled districts had adapted the Performance Contract Form B though with a lot of difficulties. All the districts were using other detailed workplans for implementation rather than the performance contracts. Other than NAADS, all the other activities in the production sector were not implemented in the first and second quarter of FY 2009/10 due to lack of funding. The scrapping of the agricultural extension grants has had a major negative impact in terms of realization of the national priorities in the sector. This undermines the entrenchment of performance contracts when central government breaches some parts of the contract – not providing funds as agreed.

**Recommendations**

i. As partners in implementing Performance Contracts, districts unanimously recommended that they should be consulted before grants are scrapped or suspended as this negatively affects their operations. They felt that Central Government had breached the contract by suspending the grants which made the performance contract no longer valid.
ii. More funds should be channeled into the PMA-NSCG to enable adequate funding of the recurrent expenditures at district level.
iii. Enterprise selection under the NAADS programme should be informed by scientific proof of the suitability of the soil and climatic conditions in each geographical area. This will require closer collaboration between NAADS and NARO.
iv. Further training of local government officials in the purpose and how to fill the performance contracts; this should also include amending Form B so that outputs are posted to the relevant sections.
v. Districts should be closely monitored to ensure that funds that are transferred to the district account are immediately transferred to the user departments, after receipt of requisitions.
vi. Given their important role, DATICS should be mainstreamed into either NAADS or NARO to access funding and should be staffed with relevant professionals. Presently, they are managed by officers from the Districts such as District Veterinary Officers yet they cover a wide spectrum of agricultural issues.
vii. Further strengthening the District and Sub-county Accounts Departments is critical for proper book keeping and monitoring the funds flow within the higher and lower local governments.

## 3.2 EDUCATION

### *3.2.1* Introduction:

The sector objectives which guide medium term outputs and resource allocations are:

Increasing and improving equitable access to quality education at all levels and improving effectiveness and efficiency in delivery of the education services.

During the period July-September 2009, MoES implemented a number of development projects under the approved work-plan/performance contract. A progress report on the status of these projects was submitted to MFPED in October 2009. Based on this progress report, a team of officers from the Budget Monitoring and Accountability Unit (BMAU) visited the reported activities in order to verify the reported status and to establish the achievement of quarterly planned outputs targets.

The monitoring team sampled activities reported in the July-September 2009/10 Progress Report and visited development projects in 14 districts.[13] These projects included projects reported under Emergency Construction and Rehabilitation of Primary Schools construction of schools, Institutions under the Presidential Pledge, construction of additional facilities in universal secondary education (USE) schools, construction of classrooms and workshops in technical vocational education and training (TVET) Graduate enrolling Institutions and Uganda vocational qualifications frameworprk (UVQF) and expansion of infrastructural facilities for primary teacher colleges (PTCs). This report therefore gives the verified status and progress of implementation as at the time of the monitoring visit during the month of November/December 2009.

The team reviewed a number of documents in preparation for the fieldwork and during the process of compiling this report. Focus Group Discussions (FGD) and Key Informant Interviews were also held with various Government officials at Central and District levels regarding the physical status of reported activities in the Progress Report.

Part of this fieldwork however was conducted at a time when schools had closed for the end of year holidays. This posed some difficulties in getting information from head-teachers who were not at their schools. In addition, some head-teachers do not share information regarding finances with their deputies. However, the team endeavoured to contact them on phone.

### 3.2.2 Emergency Construction and Rehabilitation of Primary Schools:

The MoES Q1 progress report indicates that 97% of the planned development expenditure was received. The report also indicates that 65.2% of that development release was spent on various development activities during the quarter.

The Q1 2009/10 planned expenditure for the Emergency Construction and Rehabilitation of Primary Schools project was UShs 388,000,000/=. Out of this UShs 387,592,000/= (99,89%)

[13] Kamuli, Namutumba, Kumi, Sironko, Busia, Kabarole, Bundibugyo, Kasese, Rukungiri, Ntungamo, Isingiro, Rakai, Mpigi andWakiso.

was released to MoES.  These funds were meant for renovation and completion of works of five primary schools namely; Nawanyago P.S (Kamuli Distrcit), Namukunyu P.S.(Kamuli District), Sanga P.S. (Wakiso District), Nyakiju P.S (Rukungiri District) and construction of a teachers' houses in Busunga-Bogo Primary School in Mukono District.

The MoES Consolidated Quarterly Progress Report for Q1 of 2009/10 further reports that the actual quarterly expenditure on this project was UShs 34,201,000/= (8.81%) leaving unspent balances as at the end of the quarter of UShs 353,391,000/=

Out of the 5 schools, the monitoring team sampled three schools[14] to verify the reported progress of planned activities. Findings indicated that all the three schools that were visited did not receive the reported funds.

The Q1 consolidated Progress Report also indicates that eight schools[15] under the Emergency Construction and Rehabilitation of Primary Schools project received funds for construction and renovation of buildings. However analysis and comparison with the planned activities in the work-plan/performance contract for FY 09/2010 indicates that these eight schools reported in the progress report were outside the planned activities for quarter one.

Findings from monitoring further revealed that 4 out of the 8 primary schools reported received the reported funds. (i.e. Kalera P/S,  Bujwanga P/S, Nabuguzi P/S and Iyanyi P/S). However three of them had not started construction as at the time of the monitoring visit.  The details of each school follow in the following sections.

**a) Kalera P/S:**


Kalera P/S is located in Bundikuyari parish in Bundibugyo Town Council, Bundibugyo district.  The MoES Consolidated Quarterly Progress Report for 1st Quarter, FY 2009/10 reported that this school received UShs 30,000,000/= for classroom construction. The school administration confirmed receipt of UShs 30,000,000/='. However, by the time of monitoring, all the money was still on the school account and construction had not started.

The district education officer (DEO) Bundibugyo district observed that no formal communication had been received by his office regarding civil works to be undertaken in the three primary schools of Bundimbere, Bundikahungu and Kalera. He therefore requested MoES to officially inform the district to enable them know what is expected of them during this process.

**b) Bujwanga Primary School:**

[14] i. e. Namukunyu P/S and Nawanyago P/S in Kamuli District and Nyakiju P/S in Rukungi District
[15] Kalera P/S (Bundibugyo), Bujwanga P/S (Busia),  Bukobero P/S (Wakiso), Iyanyi P/S (Oyam), Nabugizi P/S (Namutumba),Gyaviira P/S (Wakiso), Sanga P/S (Wakiso), Busunga-Bogo P/S (Mukono)


Bujwanga Primary school is located in Masaba Parish, in Masaba Sub county in Busia District. According to MoES Q1 Consolidated Quarterly Progress Report, the school received UShs 70,000,000/= for renovation of infrastructure. Findings from the monitoring visit verified this reporting as true. The school received UShs 70 million. These funds were meant for rehabilitation of 2 old classroom blocks,[16] construction of 5 stances of VIP pit latrines and provision of 108 desks. By the time of the monitoring, construction had not started and all the funds were still on the school account.

***The old buildings at Bujwanga P/S which are to be renovated***

### c) Nabuguzi P/S

Nabuguzi P/S is located in Nalweyo Parish, Kibaale Sub-county in Namutumba District. According to MoES Consolidated Quarterly Progress Report for QI, the school received UShs 28,000,000/=. Findings from the monitoring visit verified this reporting as correct. The funds were meant for construction of a 2-classroom block. By the time of the monitoring visit civil works had been awarded to Akko Investments Company limited and works had reached roofing level. The works were being supervised closely by the head teacher assisted by members of the procurement committee, School Management Committee and the office of District Engineer.

### d) Iyanyi Primary School:


Iyanyi Primary School is located in Acanpii parish, Loro sub county in Oyam District. The MoES Consolidated Quarterly Progress Report for Quarter I, reported that Iyanyi Primary School received UShs 43,500,000/=. Findings from the monitoring visit confirmed that this reporting was correct. These funds were intended to be used for construction of a 2-classroom block, provision of 36 pieces of 3-seater desks, construction of a 5-stance lined pit latrine block and construction of a 2- stance lined pit latrine block with a urinal. By the time of the monitoring[17], all the funds were still on the school account and construction had not started. The head teacher informed the team that they were still awaiting guidance from the district.

[16] One block with 2 classrooms and another block with 4 classrooms with an office.
[17] This school was monitored on 2nd December 2009,

**(e) Nyakiju Primary School:**


Nyakiju Primary School is located in Bujera parish, Buyanja Sub-county in Rukungiri District. The Q1 09/2010 Consolidated Quarterly Progress Report, showed that the school received UShs 14,185,000/= for construction works at the school. However, findings from the monitoring indicated that as at 25th November 2009, the school had not received the reported funds. Therefore this was a mis-reporting.

Findings further revealed that this school formally started by parents had been taken over by Government. MoES was reported to have started construction at the school in November 2007 after a pledge for infrastructural development by H.E the President of Uganda. Kadala construction was contracted to undertake the civil works. A 2-classroom block with offices and another block of 3 classrooms were constructed at the time. These were handed over to the school administration in November 2008. Each of these 2 blocks has a 10,000-liter water harvesting tank. The quality of these first 2 structures is fairly good.

Kadala Construction was awarded another contract to construct another block of 2 classrooms with 10 stances of VIP pit latrines. Construction of a 2 classroom block started in November 2008. This structure was roofed and abandoned without being completed. The structure lacked the internal and external finishing that included plastering, flooring and painting. The furniture for the two classes was never supplied. Two pits of 5 stances each were excavated. One of the pit-latrine was lined from below and was left at damp proof-course level while no civil works were done on the second one. These pits are also dangerous to the community that uses the place because they were left uncovered. It was also reported that Kadala construction had gone beyond the contract period for this assignment yet the civil works are incomplete.

***Picture showing the external and internal appearance of a classroom block that was left incomplete at Nyakiju P/S in 2008***

***The two pit-latrines which were left incomplete at Nyakiju P/S in 2008.***

According to a source from the District education office, the contract sum for all the civil works at this school was UShs 374,000,000/=. By the time of our monitoring it was not clear how much of this had been released for the work. However, this is a lot of money that should have resulted into tangible outputs at the school.

Therefore, given the current unit cost for classroom construction, it is clear that there are issues of value for money at this school regarding the approved funds for the earlier works.

**(f) Namukunyu P/S:**

Namukunyu P/S is located in Bugaya S/C, Namusikizi parish, in Bususwa-Bukiika LCI Kamuli District. The Consolidated Quarterly Progress Report from MoES for Q1[18], reports that this school received UShs 49,029,000/= for constructions of classrooms. Findings from the monitoring visit indicated that this reporting was not correct. Both the head teacher and his deputy confirmed that as at 1st December 2009 the date of monitoring, the reported funds had not been received by the school from MoES. No construction had taken place at the school.

**(g) Nawanyago P/S:**

Nawanyago P/S is located in Nawanyago Sub-county in Kamuli District. According to the Consolidated Quarterly Progress Report from MoES for Q1, the school received UShs 16,116,000/= for construction works. Findings from the monitoring visit indicated that this reporting was not correct. The head teacher confirmed that as at 1st December 2009, the said funds had not been received by the school. Therefore no construction had taken place.

**Conclusion:**

[18] The Consolidated Progress Report covering the period 1st July – 30th Sept, 2009, p. 68

Findings about the Emergency Construction and Rehabilitation of Primary Schools project indicated that while MoES planned to renovate and complete 5 primary schools in Q1 FY 09/10, 3 of the 5 schools that were visited did not receive the reported funds for construction as at the time of the monitoring visit in November/December 2009. This clearly indicates that the quarterly planned output targets under the Emergency Construction and Rehabilitation of Primary schools project were not achieved. Secondly, the Quarterly Progress Report indicates that MoES released funds to four schools that do not appear in the work-plan/performance contract for Q1[19]. Diversion of funds to activities outside the agreed upon performance contract contravenes section 39 of the Public Finance and Accountability Regulations 2003.

**Recommendations:**

a) MoES should clarify on the UShs 14,185,000/= which was reported as released to Nyakiju P/S during Q1, but was not received by the school as at end of November 09.
b) MoES should clarify on the funds that were reported as released during Q1 to Namukunyu P/S (UShs 49,029,000/=) and Nawanyago P/S (UShs 16,116,000/=) in Kamuli District, but had not been received by the two schools as at the end of November 09.
c) MoES has to penalise Kadala Construction for not completing the civil works at Nyakiju P/S since 2008. The defects liability period has also expired.
d) The Auditor general should take up the issue of construction at Nyakiju P/S to assess the value for money of UShs 374,000,000/= that was supposed to be used.
e) MoES should endeavour to stick to approved work-plan/performance contract against which funds were released for the activities of the FY. Otherwise in case of any changes, MoES ought to apply for virement addressed to the Secretary to the Treasury and copied to the Accountant General and Auditor General as per Section 39, (3), a, b, c. of the Public Finance and Accountability Regulations 2003. This will save MoES from future accountability problems.
**f)** Under the Emergency Construction and Rehabilitation of Primary Schools project, MoES has been sending funds for classroom construction directly to schools accounts without communicating to the district authorities. It is highly recommended that MoES informs the beneficiary districts in writing clearly indicating the amount of funds and purpose for which it has been released. This will promote better monitoring of implementation.

### 3.2.3 Development of Secondary Education:

Under Development of Secondary Education, the Q1 Quarterly Progress Report 2009/10 reported on four projects: (ADB III Post Primary Education and Training, ADB IV Support to USE, Support to UPPET (IDA), and Development of Secondary Education project 000897) Findings indicated that the ADB III Post Primary Education project (000949) achieved the Q1 planned output targets. These outputs were monitored and the details follow below. The rest of the projects were not monitored because their achieved planned output targets were not indicated.

[19] Bukobero P/S (Wakiso), Iyanyi P/S (Oyam), Nabugizi P/S (Namutumba) and Gyaviira P/S (Wakiso)

### 1. *ADB III Post Primary Education and Training:*

The Q1 2009/10 planned quarterly expenditure for the Development of Secondary Education was UShs 1,485,000,000/=. Out of this UShs 1,385,686,000/=. (93.31%) was released to MoES. The consolidated Progress Report reported that construction of 3 seed schools Kiziba S.S. in Rakai District, Koome S.S. in Mukono and Bubandi S.S. in Bundibugyo District had been completed. The monitoring team sampled two of them and findings are detailed below:

#### (a) Bubandi Seed Secondary School:


Bubandi Seed Secondary School is located in Bubandi S/C in Bundibugyo District. This school is one of the 25 seed schools constructed with funding from African Development Bank (ADB). While all the other ADB funded seed schools were completed in 2009, construction of Bubandi delayed due to disagreements on location of the school within the sub county.

Construction started in July 2008. Civil works were done by Excel Construction limited. Completed structures include 2 classroom blocks of 2 classes each, a two-in-one laboratory science block for physics and chemistry, an administration block (with offices for Headmaster, deputy headmaster, bursar, general staff room and a documents centre/library). They also constructed VIP pit latrines (3 stances for boys, 5 stances for girls and 2 stances for staff), an under-ground water tank, one staff house accommodating 2 teachers, installed 3 plastic tanks on the laboratory block. Inside the compound are neatly done walk ways connecting the different buildings. A natural hedge was planted around the school as well as a metal gate at the entrance. A play ground was levelled and by the time of monitoring grass had just been planted.

All structures are of fairly good quality. However, the school administration raised a few concerns that need to be addressed. It was reported that the administration block is leaking at two points. One of the classroom block is also leaking at one point. The handles for the flush toilets for teachers broke soon after installation. Office furniture for the administration block and especially the offices was inadequate. Some cracks are developing and need to be fixed before the expiry of the defects liability period.

***The administration & classroom blocks with neat walkways at Bubandi S.S***

**(b) Kiziba Senior Secondary:**

Kiziba Senior Secondary is an ADB funded Seed school found in Mwerula parish, Kyarulangira sub-parish in Kooki county of Rakai District. The MoES annual progress report for FY 2008/09 reported that construction of Kiziba S.S. had been completed. Findings from the monitoring visit indicated that the science laboratory is completed. It is fitted with all the science equipment and connected to the water system. Civil works on the administration block and electrical installation for all the buildings were also completed. A natural hedge was planted around the school and a gate installed at the main entrance of the school. However, by the time of monitoring, the football pitch had not been levelled.

***A completed laboratory, administration and classroom blocks in the background at Kiziba S.S.***

The Progress report further noted that 50% of the text books had been delivered to the seed schools. The monitoring established that Kiziba secondary school had received a number of text books for various subjects that included english language, mathematics, science (physics, biology and chemistry), history, religious education and geography. The delivery notes upon which all the text books were delivered were available.

The Progress report further reported that MoES had supplied and delivered 100% assorted laboratory reagents and equipment to all the 25 seed secondary schools. The head teacher of Kiziba also confirmed receipt of the assorted laboratory reagents for his school.

The Progress report also noted that MoES had supplied and delivered furniture (for library, classroom and administration buildings and multipurpose building) for the 25 seed schools. With respect to this reporting, the head teacher of Kiziba S.S. reported that by October 2008, the school had received 200 student chairs and 100 two-seater desks for the classes. It was established that the school received 100 stools and 10 desks for the science laboratory. However, the contractor has not yet delivered the furniture for the library and administration blocks. The school also does not have a multi-purpose block and its furniture has not been supplied yet.

***2. Universal Secondary Education:***

Four schools under the Universal Secondary Education (USE) were monitored to verify the reported progress of implementation. Findings from the monitoring visits showed that all the four schools received the USE grants and civil works were at different stages of completion. Findings indicated that funds remitted to Rubaale S.S were very well utilized and there is value for money at this school. Civil works at Nyero Rock S.S. were also completed and the quality of civil works was good. However, civil works at Mpenja S.S. compared to funds remitted to the school left a lot to be desired. The details follow in the following section.

**(a) Mpanga Secondary School:**

Mpanga Senior Secondary School is located in Fort portal municipality Kabarole District. The school has a student population of 1800 students and it is one of those USE schools that are operating a double-shift system. The school received the initial UShs 75m towards the end of 2007 to put up additional classrooms to cater for the high student population. Using the Force on Account modality, 2 blocks of 2 classrooms each were constructed. Being in an earthquake-prone area, the school administration thought it wise to include an earthquake-proof beam in the foundation although this was not in the original Bills of Quantities (BoQs). This coupled with other factors, increased the costs of construction which made the initial funds inadequate for its completion. The structures are however, of good quality.

The MoES annual Progress Report for FY 2008/09 reported that UShs 20,000,000/= was released to the school for completion of the 4 classrooms. Findings from the monitoring visit confirmed that the school actually received the reported funds during the month of June 2009. The school authorities noted that they used these funds to undertake the finishing touches on the 4 classrooms that included plastering, flooring, putting the shutters and glasses in all the windows. A hundred 3-seater desks were also procured. It is clear that all the USE funds remitted to this school were well utilised.

**(b) Rubaale Secondary School:**

Rubaale Secondary School is a USE school in Ntungamo District. The school received UShs 130 million in September 2008. These funds were meant for construction of a science laboratory block, a library block, 2 blocks each with 2 classrooms and provision of furniture. The school sought clearance to use Force on Account to undertake this activity.

The head teacher was assisted by a procurement committee composed of teachers, a contracts committee, members of the board and a clerk of works. Findings indicated that that construction started on 7$^{th}$ March 2009 and civil works on all the five structures (i.e. science laboratory block, a library block, 2 blocks each with 2 classrooms) went on simultaneously and by 24$^{th}$ April 2009 all the structures had been roofed. All this work was done with initial instalment of UShs 130,000,000/=.

It was reported that the school administration applied for additional funds of UShs 116,973,557/=. The funds were meant to offset the outstanding balances (debts) to suppliers and also for completion of the above structures. Out of that total requisition, MoES only released UShs 38,652,088/= to the school. The funds were credited on the school account on May 6$^{th}$, 2009. By the time of the monitoring visit, all the debts from suppliers that amounted to UShs 11,000,000/= had been paid off. One of the 2 classroom blocks had been completed and furniture for 2 classrooms provided. The library had also been completed however due to insufficient funds furniture for the library was not provided.

Structures that are still incomplete due to insufficient funds include the science laboratory block which was roofed, and a 2 classroom block that requires finishing and furnishing. Furniture for the library also needs to be budgeted for and provided.

In all, UShs 168,652,088/= was advanced to the school. The number of structures and the quality, it is clear that funds have been well utilised at this school and that there is value for money. The head teacher and the entire school administration must be commended for the good work done.

***A library in the background and a 2-classroom block which have been completed at Rubaale S.S.***

***A 2-classroom block and a science laboratory which are yet to be completed***

**(c) Nyero Rock Secondary School:**

Nyero Rock Secondary school is located in Nyero Parish, in Nyero Sub-county in Kumi District. This is one of the over-enrolled USE schools that has benefited from funding for construction of additional classrooms. The approved budget for civil works at this school was UShs 148,833,210/=. The school received the initial release of UShs 75million in 2007 and put up 4 classrooms with 6 stances of pit latrine. However, the initial release was inadequate and the structures were left incomplete.

On 1st July 2009, the school received an additional UShs 73,833,210/=, which was the balance of their approved budget. They were meant for the completion of the 4 classrooms and the VIP pit latrines and provision of furniture.

By the time of the monitoring visit, the 4 classrooms and the VIP latrines were complete and were in use.  The desks were being made at the school. Civil works at the school were undertaken by BAP Engineering Company Uganda Limited. This contractor was commended for the good quality of work at this school.



***A carpenter making desks, 2 blocks of 2 classrooms each, and the VIP pit latrines  which were completed at Nyero Rock S.S.***

**(d) Mpenja S.S.**


Mpenja S.S. is a USE school found in Kirili parish, Mpenja Sub-County, Mpigi District. The school received UShs140,000,000/= in September 2008.

Findings revealed that Force on Account modality was used. Kayaga Stephen was hired to carry out the civil works. However; it appears that the school administration did not follow the guidelines from MoES regarding the scope of works to be undertaken at the school. This is because the funds were spread on many activities many of which were left incomplete, creating little impact on the ground and raising issues of value for money.

Findings indicated that part of the money was used to start on a six classroom block which stalled at damp proof-course level. Part of it was used to complete a three semi-detached teachers' house that had earlier-on been started. Each unit has a sitting room, dining room, 2 bedrooms and a bathroom. Only one unit was completed. The rest of the units are incomplete. The internal and external plastering for other two units was not done, they were not floored, not painted and have no ceilings. The units also lack electrical installations. Part of the same money was used to construct a girls' dormitory that had been started by parents and stalled.  A six stance VIP latrines with a bathroom for girls was also put up.  It is in a usable state although not fully complete especially the bathroom side. A six-stance pit latrine for boys was roofed and not plastered and is incomplete. Another six-stance VIP latrine for teachers was left at slab level. Part of the funds was used to procure a generator and to put up a power house.

On a quick analysis, the question is: What was the scope of works from MoES for which these funds were released?

***The 6-classroom block which stalled at foundation level at Mpenja S.S***

***A 3-semi detached teachers' house which ii still incomplete at Mpenja S.S***

***Part of the money was used to work on this girls' dormitory***

***The generator procured using part of the money***

***The boys' pit latrines and another six-stance pit latrine for teachers that stalled at slab*** level.

MoES usually gives clear guidelines to schools on the use of USE funds. It is surprising that school authorities did not use these guidelines while executing this activity!

**Conclusion:**

Under Development of Secondary Schools, most of the planned activities for FY 2009/2010 under the different projects are still in their initial stages of implementation. However, findings indicated that the ADB III Post Primary Education project (000949) achieved the Q1 planned output targets.

**Recommendations:**

a) Given that the defects liability period has not expired for Bubandi Secondary School, the contractor should be required to rectify the few identified defects at the school.
b) The contractor for Kiziba S.S. should be required to supply all the furniture for the library and the administration block that had not been supplied as at the time of the monitoring.
c) MoES should follow up on the use of the 140,000,000/= at Mpenja S.S. to establish whether there was no diversion from the stipulated scope of works as per the guidelines from MoES on the use of funds. The necessary actions should be taken.
d) The Auditor General should establish whether there was value for money at Mpenja S.S.

### 3.2.4 Development of Primary and Secondary Teachers' Colleges

Under the quarterly Progress Report, a number of planned output targets for Q1 2009/10 were indicated. These included construction of a library block at Kabwangasi TC, a library block at Butiti PTC, a semi detached house at Ibanda PTC and Ngora PTC, a dormitory block at Paidha PTC, a library block at Kotido PTC, a library block at Buhungiro PTC, a library block at Butiti PTC, a dormitory block at Kapchorwa PTC, a classroom block at Jinja and Busikho PTCs, a classroom block at Christ the King, Gulu and Kamurasi PTCs, and classroom blocks at Rakai and Kabukunge PTCs.

It has to be noted that whereas these activities appear in this progress report as Q1 planned output targets, they are activities carried forward from last FY 2008/09. They appear both in the approved work-plan for FY 2008/09 and in MoES Annual Progress Report FY 2008/09. They were implemented as part of the approved budget of UShs 5,701,000,000/= for development of Primary and Secondary Teachers' Colleges.

It has also to be noted that all these Q1 output planned targets mentioned above and in quarter one Progress report (FY2009/10), were completed. The MoES Annual Progress Report for FY 2008/09 on p.9 reports most of them as being under the defects liability period. The monitoring team from MFPED consequently monitored them in September 2009 and the findings are detailed with pictures in the BMAU report of November 2009. They are also consistent with the planned spending outputs as they appear in the work-plan.

### 3.2.5 Activities for the Previous FY 2008/09

According to the MoES Annual Progress Report FY 2008/09 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 for construction of 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.

During the monitoring for Q2, 2 more were selected institutions (Bwera and Bundibugyo PTCs) on top of those that were monitored in the previous quarter. Findings indicated that both institutions did not receive the funds budgeted during the financial year and no work was done in those institutions. The findings are detailed below:

**(a) Bwera PTC.**

The MoES approved work plan for FY 08/09 indicates that Bwera PTC was supposed to receive UShs 60,000,000 for completion of a library block. Findings further indicated that the existing library was constructed in 1999 by parents. Later on in 2003 the library was furnished with support from the Belgium Technical Cooperation.

During the FY 08/09 MoES planned for the renovation and completion of this library and the funds were approved and released from MFPED. Findings from the monitoring visits indicated that no funds were disbursed to the college for completion of the library during FY 08/09. By the time of the monitoring on 24$^{th}$ November, 2009, no works had been done on the library.

**(b) Bundibugyo PTC:**

The MoES approved work plan for FY 08/09 indicates that Bundibugyo PTC was supposed to receive UShs 120,000,000/= The funds were meant for construction of 2 classroom blocks of 3 classrooms. These funds were released from MFPED to MoES. However, findings from the monitoring visit indicated that these funds were not received by the by institution and no work was done.

**Conclusions:**

Two institutions under Development of Primary and Secondary Teachers' Colleges in the 2008/09 work-plan/performance contract did not receive their planned budget allocations and therefore did not implement activities despite the release of funds to MoES.

**Recommendation:**

MoES should explain and account for these funds that were released for Bwera PTC and Bundibugyo PTC but were not received by these institutions during the FY 08/09.

### 3.2.6 Development of TVET P7 Graduate

The Q1 2009/10 planned expenditure for the Development of TVET P7 Graduate was UShs 668,000,000/=. The report indicates that the quarterly expenditure was 234,457,000/= (35.10%) leaving an unspent balance of UShs 433,063,000/=

The Q1 planned output targets were construction /renovation of 2 classrooms and 3 workshops in 4 sites (i.e. Bukalagi T/S, Ngugo T/S, Barinyanga T/S and Omugo T/S.) Findings indicated that the reported expenditures were consistent with the planned activities in the work-plan.

During Q1, the monitoring team sampled out one institute where works were reported to have been done.

**(a) Bukalagi Techinical Institute:**


Bukalagi Technical Institute is located in Gomba County, Mpigi District. Findings from the monitoring visit indicated that the institute received UShs 36,000,000/= in October 2008. The funds were meant for construction of a 2 classroom block. By the time of the monitoring visit, the block had been completed. The civil works were done by a local mason, M/S Sembatya. It was however reported that the electrical installations on the block as well as installation of a water tank were not done. There were also concerns about the quality of civil works.

***The new 2-classroom block at Bukalagi TI. The photo also shows the poor quality of civil works at the windows***

**Conclusions:**

MoES should follow up on the complaints regarding the quality of works on the 2-classroom block and ensure that any defects are rectified before the expiry of the defects liability period and payment of the retention fees.

### 3.2.7 School Facilitation Grant

During the FY 08/09 Government continued to release funds for School Facilitation Grant (SFG) to districts. These funds are used to construct classrooms, pit latrines and to procure desks for schools identified by the districts. In some cases the funds are used to construct staff houses in order to attract and retain teachers in particular schools in addition to improving teaching and learning environments. Districts that received SFG funds had to indicate their SFG activities in their work-plans which they submitted to MoES and to MoFPED.  It is against these approved work-plans that Government released the funds.

During this monitoring, Ten (10) districts[20] were sampled to access the utilisation of SFG funds that were received. The details about the utilisation of SFG funds in the nine districts that were monitored follow in the following sections.

Mpigi District planned to implement SFG activities in 10 schools at a cost of UShs 129, 513,000/=. They planned to construct 5-stance pit latrines in nine primary schools[21] and to construct a block of 2 classrooms in each of the three primary schools[22]. Findings from the monitoring indicated that the district received the SFG release and implemented the planned activities. It was noted that 5-stance pit latrines were constructed in all the nine primary schools as planned. However, construction of classrooms was done in only 2 schools. Nkozi Demo and St Kizito Ggolo did not receive the planned 2-classroom blocks. It was also reported that instead classrooms were constructed at Nakatooke P/S and Kakubansiri P/S. However, these two primary schools were outside the approved work-plan. It was not established whether these changes were approved by council and MoES.

There were a number of complaints from the community and schools administrators in several schools regarding the quality of civil works. Cases regarding poor quality of works were cited in Buwunga C/S, Nsumba CS and Kyegaliro C/U primary schools.

Masaka District planned to implement SFG activities in 9 schools at a cost of UShs 245,044,999/=. They planned to procure furniture for all the 9 schools[23]. They also planned to construct 2-classroom blocks in six primary schools.[24] Findings from the monitoring visit indicated that all the furniture for the nine schools was procured and distributed to the schools. Findings further revealed that all the 2-classroom blocks in the six primary schools were constructed as planned. The resident district commissioner (RDC) and the district internal security officer (DISO) noted that all the classrooms were of good quality.

Ssembabule District planned to implement SFG activities in 5 primary schools at a cost of UShs 245,014,999/=. They planned to construct 2-stance pit latrines for all the five primary schools[25] and also construct two staff houses for three of the five primary schools.[26] Findings from the monitoring visit indicated that all the planned pit latrines and teachers' houses were constructed as per the work-plan. However reports indicated that there were concerns of quality of civil works on the teachers' houses in Kyakacunda primary school. According to the beneficiaries the structures was not well done.

Butaleja district planned to implement SFG activities in eleven (11) primary schools at a cost of UShs 367,537,878/=. They planned to construct 2 classrooms and procure furniture for each of

[20] Mpigi, Masaka, Sembabule, Tororo, Manafwa, Mbale, Busia, Bukedea, Butaleja and Kabarole
[21] Kalwanga P/S, St Kizito Ggolo, Wamala Foundation, Nsumba CS, Nkozi Demo, Lwamasaka UMEA, Kyeggaliro C/U, Mavugera P/S, Bettaniya C/S
[22] St Kizito Ggolo, Buwungu C/S and Nkozi Demo
[23] Ggavu P/S, Budda Bulwadda P/S, Nakiyaga P/S, Namwanzi P/S, Kasana SDA, St Noah Lugazi P/S Mulema P/S, Namisunga P/S and Kayunga Parents
[24] Ggavu P/S, Budda Bulwadda P/S, Nakiyaga P/S, Namwanzi P/S, Kasana SDA, St Noah Lugazi P/S and Mulema P/S
[25] Lwentale P/S, Kyangabatayi P/S Kiteredde Bapt P/S, Kyakacunda P/S and Kabukongoote P/S
[26] Lwentale P/S, Kyangabatayi P/S and Kyakacunda P/S

the eleven primary schools[27]. Findings from the monitoring visit indicated that the district received the release for SFG. Findings further indicated the 2 classrooms for each of the eleven primary schools were constructed and desks were procured and distributed as planned. However, there were issues of poor quality of civil works in Kangalaba P/S, Bunawale P/S and Bubalya P/S.

Busia District planned to implement SFG activities in eleven (11) primary schools.[28] Information from the monitoring visit indicated that construction in all the primary schools was completed as planned.

Bukedea District planned to implement SFG activities in 4 primary schools[29] at a cost of UShs 367,538,000/=. According to the approved work-plan the funds were meant for construction of 20 classrooms, 10 pit latrines and procurement of 132 desks for the above primary schools. Findings from the monitoring visits indicated that the classrooms for Kakere, Kachoboi-Mukura and Koena were constructed as per the approved work-plan. However, the classrooms for Tajar Primary school were diverted to another school. It was reported that these funds were used to construct classrooms at Mirio rock primary which was not in the approved work-plan. It is not clear whether this diversion was approved by Council or by MoES.

Tororo District planned to implement SFG activities in nineteen (19) primary schools[30] at a cost of UShs 376,538,000/=. The funds were meant for construction of pit latrines in 3 primary schools[31], construction of classrooms in eleven (11) primary schools,[32] procurement and provision of furniture to 5 primary schools[33]. Findings indicated that the district received the SFG release. Findings further indicated that changes were made on the first approved work-plan against which funds were released to the district. It was noted that the district sought permission from MoES to effect these changes in the original work-plan. Findings indicated that all funds that had been planned for procurement and provision of furniture to the five schools and construction of pit-latrines to the 3 three schools, were re-allocated to classroom renovation of three schools (i.e. Magodes P/S, Morukebu P/S and Pomede P/S) that had been hit by rainstorm. It was reported that renovation of these schools was completed. Findings further indicated that construction of the classrooms in the eleven primary schools was completed.

Mbale District planned to implement SFG activities in seven (7) primary schools[34] at a cost of UShs 368,759,451/= The funds were meant for procurement and distribution of furniture to four schools[35], construction of 6-stance pit latrines in all the seven primary schools and construction

[27] Bwirya P/S, Nahangulu P/S, Kangalaba P/S, Habiga P/S, Kachekere P/S, Bunawale P/S.Leresi P/S, Bubalya P/S, Busibira P/S, Manafa P/S, Muhula P/S

[28] Busiabala P/S, Namala P/S, Kubo P/S, Daban Boys P/S, Mawero Islamic, Ajuket P/S, Buyanga P/S, Buwemba P/S, Madibira BTC, Majanji P/S

[29] Tajar P/S, Kakere P/S, Kacoboi -Mukura P/S and Koena P/S

[30] Maliri P/S, UCI, SiwaP/S, Magola P/S, Pagoya P/S, Morukebu P/S, Amon COU, Osia P/S, Rugot P/S, Akworot P/S,Tokokidwe P/S, Kisoko Girls, Mbula Machar P/S, Patewo P/S, Nawire P/S, Namwendya P/S, Kipangor P/S, Mogodes P/S, Orogo P/S,

[31] Kipangor P/S, Patewo P/S and Akworot P/S

[32] Maliri P/S, UCI, SiwaP/S, Magola P/S, Pagoya P/S, Morukebu P/S, Amon COU, Osia P/S, Rugot, Kisoko Girls, Mbula Machar P/S

[33] Nawire P/S, Namwendya P/S, P/S, Mogodes P/S, Orogo P/S, and Tokokidwe P/S

[34] Namwenula P/S, Namalogo P/S, Shitulwa, Biraha, Mukhuwa, Bunawire P/S, Magada P/S

[35] Namalogo P/S, Namwenula P/S, Magada P/S, and Bunawire P/S

of classrooms in four primary schools[36]. Findings from the monitoring visit indicated that the district received the SFG release. It was also found that pit latrines were constructed in all the primary schools. However the scope of works on pit latrines was reduced in Biraha P/S and Shitulwa P/S where they constructed 5-stances of pit latrines instead of the planned 6-stances. It was not clear whether this change in scope of civil works was approved. Findings further indicated that construction of new classrooms in the four primary schools and provision of furniture was and complete as at the time of the monitoring visit.

Kabarole District planned to implement SFG activities in seven (7) primary schools[37] at a cost of UShs 242,025,500/=. The funds were meant for construction of classrooms and procurement and distribution of furniture in all the seven primary schools, and construction of 5-stance pit latrines in four primary schools[38]. Findings from the monitoring visit indicated that a total of 15 new classrooms were constructed in the district. However, it was also established that changes were made in approved work-plan. The 2-classrooms, furniture and 5-stance pit latrine that were planned for Ntanda P/S were instead constructed at Bwanika P/S. It was reported that this change was made by the political leadership of the district without approval of council. It was not clear whether MoES approved of this change in the approved work-plan.

**Conclusion:**

During the FY 2008/09 Government released SFG funds to 54 benefitting districts. A number of districts that received SFG funds used it to construct classrooms, pit latrines, teachers' houses and to procure furniture as per their approved work-plans. However, there are concerns of poor quality of civil works on a number of SFG projects in several districts. There were also cases where the approved scope of works for SFG projects were reduced despite receipt of the full approved budget. It is also true that there were districts that implemented activities outside the approved SFG work-plans.

**Recommendation:**

a) Districts authorities should follow up cases where projects beneficiaries have issues with quality of civil works on the constructed SFG projects. The contractors of those projects should be required to rectify all the identified defects before the expiry of the defects liability period before receipt of their final payments.
b) MoES should follow up on Accounting officers in districts that have cases where the scope of civil works on SFG projects were reduced to account for the total funds remitted to them. They should clearly explain the circumstances that led to reduction in scope of works, show evidence of approval of such changes and account for all the funds.
c) MoES should restrain Districts from diverting from the approved SFG work-plans while implement SFG activities.

[36] Namalogo P/S, Namwenula P/S, Magada P/S, and Bunawire P/S
[37] Rwankenzi P/S, Kyamiyaga P/S, Ntanda P/S, Kitonzi P/S, St Kizito, Butyoka P/S, St. Emmanuel Bubandi P/S
[38] Kyamiyaga P/S, Ntanda P/S, Kitonzi P/S, St Kizito, Butyoka P/S

### 3.2.8 School Inspection Grant

A number of districts complained that they did not receive their full entitlements of the Inspection Grant for the FY 2008/2009. Bundibugyo district reported that they did not receive their Quarter four grant. They further reported that out of the UShs 19,582,636/= approved budget, the district received only 10.4 m.

Further more, other districts reported not receiving grants for Q1 and Q2 despite having accounted for their earlier releases and having letters of acknowledgement of their accountability from MoES. A case in point is Kabarole District that missed those two releases despite having letters of acknowledgement of receipt of their accountability from MoES. This also means that the district did not carry out school inspections for second and third terms. There are also other districts where school inspections were not carried out during term II and III due to missing inspection funds.

## 3.3 ENERGY

### 3.3.1 Introduction

The Ministerial Policy Statement for the Ministry of Energy and Mineral Development (MEMD) (FY09/10) identifies four key priorities for the sector over the medium term. These are:

- Increase electricity **generation capacity** and expansion of the transmission line network;
- Increase **access to modern energy** through rural electrification and renewable energy development;
- Promotion and monitoring of **petroleum exploration** and development in order to achieve local production; and
- **Mineral investment** promotion through the acquisition of geo-scientific data and capacity building[39].

The total approved budget for the Energy and Mineral Development sector (inclusive of donor project funding) is UShs 699 billion[40] for financial year 2009/10. This is a 51% increase in total budget on the previous financial year[41].

**Scope of the report:**

The aim of this report is to assess whether expenditure in the energy sector is used in the most efficient and effective manner possible. It identified examples of best practice, key issues for policy, and makes recommendations based on its findings.

The majority of funding for energy projects is sourced from donors or from private sector investors. Government of Uganda only funds a small proportion of developmental spending (see limitations section for further discussion).

Priority is given to outputs under vote function 0301 (Energy planning, management and infrastructure development) since around two thirds of total budget (66.6%) for financial year 2009/10 is allocated to this vote function[42]. Within this vote function, projects 0331 (Rural Electrification) and 0325 (Energy for Rural Transformation) are considered.

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[39] Oneck, H *Ministry of Energy and Mineral Development, FY 2009/10 Ministerial Policy Statement (*Ministry of Energy and Mineral Development, Kampala) 2

[40] Total excluding taxes, arrears and NTR

[41] Ministry of Finance, Planning and Economic Development *Medium Term Economic Framework (*Kampala 2009)

[42] Ibid.

Outputs sampled in Q2 FY09/10 are listed in figure 3.3.1. The analysis in the report will monitor progress achieved during Q1 FY09/10**.**

**Figure 3.3.1: Outputs sampled in Q2 FY09/10**

| **Project** | **Output(s) Monitored** |
|---|---|
| **Vote function 0301: Energy Planning, Management and Infrastructure Development** | |
| **Rural Electrification (0331)** | Operations of WENRECO in the West Nile region (grid operations) |
| | Operations of WENRECO in the West Nile region (Nyagak hydro-electric plant) |
| | Bugoye hydro-electric plant |
| | Generator purchase for UEDCL off-grid stations |
| | Subsidy for grid connections<br>(Ferdsult energy company)<br>(Kilembe Investment energy company) |
| **Energy for Rural Trasformation (0325)** | Gasifier technology |
| | Solar technology in rural schools |
| | Promotion of energy saving stoves in households |

*Source: Author.*

**Methodology:**

Performance of outputs is assessed though comparison of reported financial and physical progress with that observed during field observations.

Prior to fieldwork, potential outputs are identified using the Ministerial Policy Statement, Quarterly Workplans[43], the Public Investment Plan[44] and Approved Budget Estimates[45]. Detailed project contracts and progress documents are obtained from various sources including Ministry of Energy, and Mineral Development (MEMD); Ministry of Finance, Planning and Economic Development; and Rural Electrification Authority (REA) colleagues.

During field visits information is gathered through interviews with officials on site, local government, and beneficiaries. Observations are made of physical progress and compared with that of previous monitoring visits.

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[43] MEMD *Central Government Performance Contract Form A* (Kampala 2009)
[44] MEMD *Public Investment Plan FY 2009/10-2011/12* (Kampala 2009)
[45] MoFPED *Approved Budget Estimates* (Kampala 2009)

**Limitations:**

The Government of Uganda funds a small proportion of total energy sector spending. The majority of the sectors development expenditure is financed by donors and private sector investors. Many projects take the form of public-private partnerships.

For example, Phase I of project 0325 'Energy for Rural Transformation' (ERT), as reported in the project evaluation document was US$200 million[46]. Phase II of ERT is expected to cost US$100 million between June 2009 and June 2013[47].The Approved Budget Estimates[48] for financial year 2009/10 allocate approximately UShs 11.5 billion towards ERT (around $4.5 million).

The prevalence of public-private and public-donor partnerships in the sector has a number of implications for project monitoring:

- Most spending on outputs is not visible on the IFMS accounting system[49] because it is donor or privately funded. This makes it difficult to accurately report and analyse planned versus actual expenditure, absorptive capacity and operational efficiency;
- Donors and private firms may be unwilling to share financial information or do not collect information in a useable format;
- Private actors may be unwilling to give accurate information about physical progress for fear of losing their contracts with government;
- Where projects are not implemented by government there may be limited scope for action when challenges and recommendations are identified;
- Lack of consistent information about private contractors makes it difficult to make generalizations and to identify trends across the sector.

## 3.3.2 Projects Monitored in Q2 FY09/10

### a) Project (0331) Rural Electrification

**Background:**

The objective of this project is*: "[to] improve the rural quality of life and facilitate significant rural non- farm income by accelerating main grid extension based rural electrification with a*

[46] MEMD *Energy for Rural Transformation Phase I Implementation Completion Report* (Kampala August 2009)
[47] MEMD *Public Investment Plan FY 2009/10-2011/12* (Kampala 2009)
[48] MoFPED *Approved Budget Estimates* (Kampala 2009)
[49] MoFPED *Integrated Financial Management System*

*tentative target of contributing to increasing rural electricity access from about 1% in 2000 to about 10% ten years later"*[50].

The project started in 2000 and is expected to complete in 2010. Total budget over 2000-2010 is US$ 22 million[51]. Much of the spending under 0331 is implemented by the Rural Electrification Authority, which receives funding from donors including the World Bank, JICA and Sida. Total GoU development budget for FY 09/10 FOR PROJECT 0331 is UShs 25.2 billion[52].

**Findings:**

**i. Output: WENRECO grid operations**

The West Nile Rural Electrification Company (WENRECO) was awarded the concession to operate the electricity grid in the West Nile region in April 2003. The company supplies to the towns of Nebbi, Paidha, Arua and Koboko. WENRECO was required to connect 4000 new customers to the grid by December 2007.

BMAU team previously visited the WENRECO grid operations in Q2 FY08/09[53] and in Q4 FY 08/09[54]. At Q4 FY08/09 **the 4000 customers had not been connected** and WENRECO had ceased power generation and distribution entirely. **At that time the West Nile towns had been totally without power since March 2009.**

Previous field visits found that the key issues were:

- WENRECO had planned to supply power using an (expensive) 'Heavy Fuel Oil' (HFO) 1.5MW generator for four years until the completion of Nyagak 3.5MW hydro-power dam in December 2007. WENRECO also has overall responsibility for construction of Nyagak. Delays in completion of Nyagak hydro plant meant that WENRECO was forced to continue to supply power using the generator, which was costly. This led to financial insolvency of WENRECO.
- WENRECO was given an emergency financial package by REA in February 2009 to enable them purchase HFO for one month, but subsequent attempts by the company to access loans from commercial banks failed. Consequently power supply to the region ceased in March 2009 and construction work on Nyagak HEP also ceased.

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[50] MoFPED *Public Investment Plan FY 2009/10-2011/12* (Kampala 2009)
[51] Ibid
[52] MoFPED *Approved Budget Estimates* (Kampala 2009)
[53] MoFPED Development *Budget Monitoring Report, Quarter 2 2008/9* (BMAU, Kampala 2008)
[54] MoFPED *Budget Monitoring Report, Quarter 4 2008/9* (BMAU, Kampala 2009)

Discussions with officials from MEMD, REA and WENRECO Kampala office found that REA subsidised operation of the HFO generator over the period July to November 2009 in order to restore power supply to the West Nile towns[55]. There has been no further subsidy provided to WENRECO since this time.

BMAU team visited WENRECO in Arua in Q2. At the time of visiting, WENRECO was generating power using the HFO generator.

***Financial performance:***

The WENRECO office in Arua reported that average daily income from electricity bills, connection, and membership fees is around UShs 5 million. The cost of running the HFO generator for 18 hours per day is approximately UShs 7 million; meaning that the company makes a daily loss of approximately UShs 2 million.

***Physical performance:***

**Figure 3.3.2 Observed physical performance of WENRECO grid operations**

| | **Q2 FY08/09** | **Q4 FY 08/09** | **Q2 FY09/10** |
|---|---|---|---|
| **Planned progress on outputs** | HFO generated power to Paidha, Nebbi, Arua, Koboko<br>Connection of 4000 customers | As Q2 FY 08/09 | As Q2 FY 08/09<br>Generator overhaul complete |
| **Actual observed progress on outputs** | Power supplied.<br>3000kms transmission lines installed.<br>Connection of 1800 customers | No power being supplied | Power supplied.<br>Overhaul complete.<br>Connection of 3000 customers |

*Source: Fieldwork findings.*

***Challenges:***

Power generation using the HFO generator is not profitable and it is unlikely that WENRECO will be able to sustain operations indefinitely. Nyagak hydro-electric plant needs to be completed as quickly as possible in order to minimise the amount of time spent using the HFO generator.

[55] Discussions with officials at WENRECO Kampala; also see
The Republic of Uganda *Rural Electrification Subsidy Agreement between the Government of the Republic of Uganda and West Nile Rural Electrification Company* (DRAFT COPY) (Kampala 2009)

### ii. Output: Nyagak hydro-electric plant

Construction of Nyagak hydro-electric plant (HEP) concession was also awarded to WENRECO in April 2003. The 3.5MW plant will supply electricity to the towns of Paidha, Nebbi, Arua and Koboko (currently being supplied by HFO generator). Works on the dam commenced in November 2006 and the plant was due to be commissioned in December 2007. Completion date was subsequently revised to December 2008 and then to June 2009.

BMAU team previously visited Nyagak HEP in Q2 FY 08/09[56] and Q4 FY08/09[57]. Progress was behind schedule at both visits.

On 4th September 2009 the Electricity Regulatory Authority (ERA) wrote to WENRECO with intention to revoke the company's license to build, own and operate the Nyagak HEP. ERA demanded that WENRECO show cause within 45 days why its license should not be revoked: providing evidence to show that, 1) the company can sustain its power supply obligations in the West Nile region, and 2) complete Nyagak HEP in reasonable time.

WENRECO's response on 22nd October 2009[58] showed evidence of new financial backing; justifications for the company's difficulties (including rising input prices, misleading geographical evidence, and indecision and late payment on the part of MEMD); agreement with new contractors to carry out the consultation and construction work; and a revised project assessment and plan produced by new consultants.

It is currently unclear what the official response from ERA will be. However, (as documented below) work has resumed on site, indicating that WENRECO will be continuing to manage works at Nyagak at least in the short run.

[56] MoFPED *Budget Monitoring Report, Q2 FY 08/09* (BMAU, Kampala 2008)
[57] MoFPED *Budget Monitoring Report, Q4 FY 08/09* (BMAU, Kampala 2008)
[58] WENRECO *Letter from Lutaf Kassam, director of to Dr Frank Sebbowa, CEO of Electricity Regulatory Authority* (Kampala, dated 22nd October 2009)

***Financial performance:***

**Figure 3.3.3 Observed financial performance of Nyagak HEP**

| Total costs | Funding | Planned Outputs | Progress monitored (Q4 FY 08/09, Q2 FY 09/10) |
|---|---|---|---|
| **$14m** | $5.5m (World Bank Loan)<br>$8.2m (REA subsidy) | Completion of Nyagak 3.5 MW HEP by December 2007 | Severe delays, works halted as of April 2009 due to financial insolvency of WENRECO |
| **Revised to $20m (as of 22/10/09)** | $1.5m (Parent company (IPS) shareholder loan funding)<br><br>$4.5m (Agence Francise de Developpement, African Development Bank, KfW Bankengruppe and IFC) | Completion of Nyagak 3.5MW HEP by June 2009 | Work recommenced November 2009 |

*Source: MoFPED, Budget Monitoring Report, Quarter 4 2008/9; fieldwork findings.*

***Physical Progress:***

**Figure 3.3.4 Observed physical performance of Nyagak HEP**

| | Q2 FY08/09 | Q4 FY 08/09 | Q2 FY 09/10 |
|---|---|---|---|
| **Planned progress on outputs** | 100%<br>Commissioning due Dec 2007 | Commissioning postponed to Dec 2008 then to June 2009 | Commissioning due June 2010 |
| **Actual observed progress on outputs** | 48% Contractors on site | No activities on site or further progress | 60%[59]<br>Works on dam wall and on civil works have recently recommenced operations |

*Source: Fieldwork findings.*

WENRECO have employed a new consultancy and supervisory firm (Fichner, Germany) in order to speed construction. Work was visibly taking place on both areas of the site.

Site staff reported that a third contractor, Marvel, would manage the electrical and turbine installation; however, Marvel was not visible on site. They had however already delivered some equipment to site and it has been in storage for over 3 years.

[59] Fichner *Amendment – Nyagak Hydroelectric Project Technical Proposal* (West Nile Rural Electrification Company, 2009)

**Figure 3.3.5 Detailed physical progress of Nyagak HEP**

| Component | Contractor | Progress monitored |
|---|---|---|
| **Consultancy/supervision** | Fichner | Production of detailed technical progress report and workplan |
| **Dam wall** | Reincon | Started preliminary works e.g. breaking rocks |
| **Civil works** | Sobetra | Headrace (70%)<br>Excavation (27%)<br>Penstock Pipes (64%)<br>Powerhouse (90%)<br>Staff noted that work had been slowed by the need excavate the hill (see image 3.3.1) |
| **Electric components** | Marvel | Not visible on site; hydro mechanical and electrical equipment is however on site and awaits installation. (It has been on site for 3 years). |

*Source: Fieldwork findings.*

***Rock-breaking by Reincon (left), hill excavation by Sobetra (right)***

***Challenges:***

Until construction of Nyagak HEP is complete, WENRECO will continue to supply power to the West Nile region using the expensive HFO generator. This practice is costly and there is a danger than REA will be forced to provide additional subsidy in order to maintain power generation. MEMD needs to monitor the progress of Nyagak closely to ensure its timely completion.

### iii. Output: Bugoye hydro-electric plant

Bugoye HEP will generate 13MW from the river Mobuku in Kasese district to the main electricity grid. Works began in January 2008 with a view to commission in December 2009. The plant was officially commissioned in October 2009.

BMAU team previously visited Bugoye HEP in Q2 FY 08/09[60], Q4 FY 08/09[61] and in Q1 FY09/10[62]. Construction work had been behind schedule at Q2 and Q4 FY 08/09, but had caught up to just one month behind schedule by the Q1 FY 09/10 visit.

***Financial performance:***

**Figure 3.3.6 Observed financial performance of Bugoye HEP**

| Total costs | Funding | | Planned Outputs | Progress monitored Q2 FY 09/10 |
|---|---|---|---|---|
| **$55m** | $5.5m<br><br>$49.5m | Granted to GOU from Government of Norway to use as subsidy<br><br>Loaned to contractor (Tronder) by Emerging Africa Infrastructure Fund UK | Completion of Bugoye 13MW<br><br>Construction of 6Km transmission line from Bugoye to Nkenda to be transferred to UEDCL | Works complete as of monitoring visit Q2 FY 09/10 |

*Source: MoFPED, Budget Monitoring Report, Quarter 1 2009/10; fieldwork findings.*

***Physical performance:***

Bugoye HEP was commissioned on 9th October 2009 by the President of Uganda. The plant was undertaking an initial 'assessment period' at the time of visiting, but is now running at full capacity[63] (two turbines each generating 6.5MW). Construction of the 6Km transmission line is complete and it is functioning.

[60] MoFPED *Budget Monitoring Report, Q2 FY 08/09* (BMAU, Kampala 2008)
[61] MoFPED *Budget Monitoring Report, Q4 FY 08/09* (BMAU, Kampala 2008)
[62] MoFPED *Budget Monitoring Report, Q1 FY 00/10* (BMAU, Kampala 2008)
[63] Information provided by Tronder Power, Kampala

**Figure 3.3.7 Observed physical performance for Bugoye HEP**

| | Q2 FY 08/09 | Q4 FY 08/09 | Q1 FY 09/10 | Q2 FY 09/10 |
|---|---|---|---|---|
| Planned progress on outputs | Plan to commission August 2010 | Plan to commission December 2009 | Plan to commission December 2009 | Commissioned in October 2009 |
| Actual observed progress outputs | Works 50% complete, but 4 months behind schedule | 90% of works completed, only 1 month behind revised schedule | 96% of works complete | 98% of works complete |

*Source: Fieldwork findings.*

### iv. Output: generator purchase for UEDCL 'off-grids', Moyo and Adjumani

Uganda Electricity Distribution Company (UEDCL) previously supplied electricity to areas outside of the electricity grid in Adjumani, Moyo and Moroto using 350KVA diesel generators. These were old and often broke down. ERA prohibited UEDCL from making new capital purchases on the off-grids in an effort to keep tariffs low. UEDCL therefore approached REA who agreed to finance new generators.

BMAU team previously visited the UEDCL offices in Moyo and Adjumani in Q4 FY 08/09[64]. Interviews with staff noted that the new generators had arrived, but officers were unhappy about using the new equipment because the fuel consumption is double that of the old machines. The cost of generation exceeds revenue from collection in these areas and so the company is only able to supply electricity for a limited number of hours.

BMAU team visited Adjumani and Moyo in Q2 fieldwork.

***Financial performance:***

**Figure 3.3.8 Observed financial performance of UEDCL generator installations**

| Planned expenditure | Actual expenditure | Planned outputs | Progress monitored |
|---|---|---|---|
| 986.2 bn UShs for three generators (subsidy agreement between GOU Rural Electrification Board and supplier)[65] | Not available | Installation of new 750KVA generators at UEDCL in Moyo, Adjumani and Moroto | 750KVA Generators have been installed in sample areas (Moyo and Adjumani) |

*Source: Rural Electrification Authority; fieldwork findings.*

[64] MoFPED *Budget Monitoring Report, Q4 FY 08/09* (BMAU, Kampala 2008)
[65] Data supplied by officials at Rural Electrification Authority

***Physical performance:***

**Figure 3.3.9 Observed physical performance of UEDCL generator installations**

| | **Q4 FY 08/09** | **Q2 FY 09/10** |
|---|---|---|
| **UEDCL Moyo** | | |
| Planned progress on outputs | 100% | 100% |
| Actual observed progress on outputs | 100%<br>Technology installed and in use since May 09. UEDCL is expected to supply for 4 hours daily. This was not always possible due to financial constraints | 100%<br>Technology installed and in use since May 09. Financial problems persist |
| **UEDCL Adjumani** | | |
| Planned progress on outputs | 100% | 100% |
| Actual observed progress on outputs | 100%<br>Technology installed but not in use | 100%<br>Technology used in September 2009 for 16 days before technical fault occurred. UEDCL are waiting for contractor to repair |

*Source: Fieldwork findings*

***Challenges:***

Staff at both UEDCL stations report that there is demand from customers to extend the hours of operation, but it is not currently profitable for the company to do so, given the cost of fuel consumption. UEDCL suggest that REA subsidise fuel in order to make operations profitable.

There is demand for electricity from businesses and residential customers not currently connected to the off-grid in Moyo. The new generator has capacity to provide for this increase in demand[66], but it is not profitable for UEDCL to fund the connection fees. UEDCL suggest REA subside connection fees.

Both stations noted that a reliable energy supply requires two generators (in case one breaks down). The old 350 KVA generators require service and upgrade if they are to be used in the future for back-up purposes.

[66] The current load at UECDL Moyo is 280 amps, where the new generator has capacity to provide 3,000 amps

 

***New generator at UEDCL, Moyo Town (left), grid connections, Moyo Town (right)***

### v. Output: subsidy for connection of customers to the grid in rural areas

REA provided a subsidy to private energy companies to build new electricity transmission networks, with a view to increase the number of people connected to the electricity grid in rural areas. Funds provided included a subsidy for the purchase and installation of 'pre-pay' electricity meters, and connection fees for new customers.

In Q2 FY 09/10 BMAU team monitored progress of meter installation and new connections at Ferdsult in Kyenjojo and Kilembe Investments in Kasese.

Ferdsult received a subsidy for construction of electricity transmission infrastructure in the areas of: Fort Portal – Bundibugyo – Nyahuka; Rugombe-Kyenjojo; Namayemba – Namuntere and Pader – Patong. The subsidy included funds to purchase pre-pay electricity metres and subsidise connection fee for 1500 customers in Fort Portal – Bundibugyo – Nyahuka, and 500 customers in Rugombe-Kyenjojo.

Kilembe Investments received subsidy for construction of transmission infrastructure and electricity transformers in the Kasese area. The project included funds for pre-pay metres and connection subsidy of 2,500 customers.

***Financial performance:***

**Figure 3.3.10 Observed financial performance of subsidised meters and grid connections**

| **Planned expenditure** | **Actual expenditure** | **Planned outputs** | **Progress monitored Q2 09/10** |
|---|---|---|---|
| **Ferdsult [Fort Portal – Bundibugyo – Nyahuka] and [Rugombe-Kyenjojo]** | | | |
| US$454,407[67] | Not available | 1500 'pre-pay' meters installed and connected in [Fort Portal – Bundibugyo – Nyahuka]<br><br>500 'pre-pay' meters installed and connected in [Rugombe-Kyenjojo] | 147 new customers connected[68]<br><br>530 new customers connected since April 2009 |
| **Kilembe Investments [Kasese area]** | | | |
| US$100 per connection, up to a maximum of US$408,013[69] | Not available | 2,000 'pre-pay' meters installed and connected | 1725 customers paid connection fee, 730 of which have been connected since May 2009 |

*Source: REA, 2008; REA, 2007; fieldwork findings.*

According to Ferdsult staff, a standard connection fee is UShs 318,600 (including inspection, meter, connection and VAT). The first 500 customers, subsidised by REA, have paid UShs 52,000.

In Kasese, staff reported that REA had initially agreed to pay Kilembe $100 for each new connection. The agreement with REA stipulated that new customers should pay a maximum of 40% of their connection fee.

[67] Rural Electrification Agency *Disbursement Projection, SIDA Contribution Number 7150011* (Kampala 2008)
[68] BMAU visited Kyenjojo in Q2, the [Fort Portal-Bundibugyo-Nyahuka] figure was provided by REA officials.
[69] The Republic of Uganda *Rural Electrification Subsidy Agreement between the Government of the Republic of Uganda and Kilembe Investments Limited* (Kampala 2007)

***Physical performance:***

**Figure 3.3.11 Observed physical performance of subsidised meters and grid connections**

| | **Q2 FY 09/10 observed progress** |
|---|---|
| **Ferdsult [Fort Portal – Bundibugyo – Nyahuka] and [Rugombe-Kyenjojo]** | |
| Planned progress on outputs | 100% (2000 connections) |
| Actual observed progress on outputs | 33.85% (677 connections) |
| **Kilembe Investments [Kasese area]** | |
| Planned progress on outputs | 100% (2000 connections) |
| Actual observed progress on outputs | 36% (760 connections complete) |

*Source: Fieldwork findings.*

***Challenges:***

The Ferdsult office in Kyenjojo visited by BMAU team has managed to exceed the target of 500 new connections. However, the [Fort Portal – Bundibugyo – Nyahuka] line has only connected 147 of 1500 customers. REA should investigate as to why this is the case.

Kilembe Investments identified the main obstacle to increasing new connections as the geographical location of new customers. A number of customers have paid connection fee and wired their houses, only to be told that they are outside of the distribution network (1725 customer have paid but only 760 have been connected so far). Kilembe have written to REA to ask for additional funds to facilitate the connection of these customers to the electricity grid.

**a) Project (0325) Energy for Rural Transformation**

Energy for Rural Transformation (ERT) is a two phase project designed to develop Uganda's rural energy and information/communication technology sector, so that they make a significant contribution to bringing about rural transformation[70].

Phase I of ERT took place from 2002 to 2009, with a total expenditure of approximately $200 million[71]. Phase II of ERT is due to commence in December 2009. GOU development expenditure for project 0325 is UShs 2.1 billion for FY 09/10[72].

[70] MoFPED *Public Investment Plan FY 2009/10-2011/12* (Kampala 2009)
[71] MEMD *Energy for Rural Transformation Phase I Implementation Completion Report* (Kampala August 2009) 47
[72] MoFPED *Approved Budget Estimates* (Kampala 2009)

**Findings:**

### i. Output: gasifier technology installation in Kyambogo University and Kings College Buddo

Gasifier generators have been installed at three government institutions (Kyambogo University, Kings' College Buddo and Nyabyeya College) as part of the 'Energy for Rural Transformation' (ERT) project. In Q2 FY 09/10 BMAU visited Kyambogo University and Kings College Buddo.

The previous field visit in Q1 FY09/10[73] to Kyambogo and Kings College found that **the gasifier installations were nearing completion but were behind schedule by three years.** Reasons for the delay were identified as follows:

- Procurement issues arising from inexperience in the new technology and splitting of the contract between supply of electrical-mechanical equipment and construction of shelters;
- Poor planning: the equipment was delivered to the site 2 years before the shelters to house them were constructed – meaning that the institutions were forced to find alternative storage for the equipment. This has led to damages and lost parts.

***Financial performance:***

MEMD were unable to provide a detailed breakdown of the financial progress of this project. Officials from MEMD reported that the total cost of electro-mechanical equipment and the gasifiers themselves was $250,000. The cost of the shelters was quoted at UShs 45 million for Kyambogo and Buddo and UShs 190 million for Nyabyeya.

Given the physical findings from BMAU monitoring visits (see below) it seems unlikely that the benefits of gasifier technology will outweigh these substantial costs. It is not clear that this project provides good value for money.

[73] MoFPED *Budget Monitoring Report, Q1 FY 00/10* (BMAU, Kampala 2008)

***Physical performance:***

**Figure 3.3.12 Observed physical performance of gasifier technology installations (Kyambogo University and Kings College)**

| | **Q1 FY 09/10** | **Q2 FY 09/10** |
|---|---|---|
| **Kyambogo University** | | |
| Planned progress on outputs | 100% | 100% |
| Actual observed progress outputs | Civil works and installation 90% complete | 100% complete but not functioning correctly |
| **Kings College, Buddo** | | |
| Planned progress on outputs | 100% | 100% |
| Actual observed progress outputs | Civil works and installation 70% complete | 99% complete but final connections to battery not finished. Need for school to provide '3 phase line' connection. |

*Source: Fieldwork findings.*

Figure 3.3.13 provides the views of beneficiaries interviewed at Kyambogo University and Kings' College, Buddo.

**Figure 3.3.13 Views of beneficiaries at gasifier institutions**

***Kyambogo University:***

The staff of the Mechanical Department at Kyambogo had attempted to use the gasifier on one occasion but it failed to work correctly and so they have not used it again. They await support supervision from MEMD. Members of staff have not received any training on operation and maintenance of the technology.

The gasifier at Kyambogo does not provide sufficient energy for the workshop in the Mechanical Department: if working at full capacity, it can only power a maximum of 2 machines. This means that the gasifier will not have a practical use for electricity generation. However, it will be used for educational purposes as a teaching aid.

Kyambogo University staff also expressed concern that the fuel used to power the generator (firewood) is expensive locally.

***Kings College, Buddo:***

The Head Teacher of Kings College reported that MEMD staff had returned on a number of occasions to work on the technology, but that they had failed to make significant progress. He expressed a general apathy with the project. He was not sure how the school had been selected as a beneficiary.

The Head Teacher is unwilling to install the expensive three- phase electricity line needed to complete installation because it is not clear how great the benefits of the technology will be.

If the installation is completed successfully, the school will be able to boil water more quickly; however, it will not be powerful enough to cook beans. It is not clear to the Head Teacher that the benefits will outweigh the expensive costs of installing the three-phase line and purchasing and preparing firewood for fuel.

***Challenges:***

Monitoring visits to these gasifier installations have identified the following:

- The technology is imported from India, which means that it is expensive and difficult to repair because parts need to be imported. There is limited local knowledge on how to install, maintain or operate the technology;
- It is not clear that the gasifiers are powerful enough to be a sufficient source of energy for an institution, and the firewood needed to power the machines may be expensive;
- The gasifiers have taken more than three years to be installed and they are still not functional– this has left the institutions involved feeling disillusioned with the project.

Overall, monitoring visits suggest that gasifier technology does not offer good value for money. Section 3.3.5 below offers some recommendations on how this scheme can be improved in the future.

### ii. Output: solar technology in schools

Installation of solar technology in rural secondary schools is part of ‘Energy for Rural Transformation’ (ERT) scheme. According to the ERT appraisal document (2001), its objective is “[T]o improve the quality of education in ten districts by providing access to energy and ICT through the private sector to post-primary education facilities including the staff houses.”[74].

[74] World Bank *Project Appraisal Document, Energy for Rural Transformation”* (World Bank Africa Energy Unit (AFTEG) 2001)

The scheme has been implemented as part of ERT Phase I, which ran from 1st July 2002 to 28th February 2009[75]. During Q2 FY 2009/10, BMAU visited thirty five schools in three districts.

***Financial performance:***

**Figure 3.3.14 Observed financial performance of solar technology in schools**

| Planned expenditure | Actual expenditure | Planned outputs | Progress monitored Q2 09/10 |
|---|---|---|---|
| Planned total expenditure for 'cross sectoral energy' under ERT phase I = $12.44m (as of 2001)[76]<br><br>Planned expenditure on capital costs of education component of solar PV systems = $2-2.5m[77] | This information was not available from either MEMD or MOES | Installation of technology in 129 schools[78] | 1 of the 35 schools sampled had not had the technology installed[79] |

*Source: World Bank Project Appraisal Document, Energy for Rural Transformation" (World Bank Africa Energy Unit (AFTEG) 2001); fieldwork observations*

***Physical performance:***

The majority of schools visited reported a positive experience with the project. Schools received between one and thirteen solar panels; plus batteries, wiring, light bulbs, and sockets. Installation took place between February and October 2009.

**Figure 3.3.15 Observed Physical Performance of Solar Technology in Schools**

| | Schools visited | Equipment installed | Equipment functioning |
|---|---|---|---|
| **Kamuli District** | 11 | 11 | 10 |
| **Luweero District** | 8 | 7 | 5 |
| **Bushenyi District** | 17 | 17 | 17 |

*Source: Fieldwork findings*

Figure 3.3.16 gives the views of beneficiaries of the solar technology.

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[75] Ibid.
[76] Ibid.
[77] Ibid.
[78] MEMD *Energy for Rural Transformation Phase I Implementation Completion Report* (Kampala August 2009)
[79] Kkubo SS, Luwero

**Figure 3.3.16 Views of beneficiaries of solar panels in schools**

***Benefits:***

**Increased hours of study (i.e. potential to improve academic performance):** All of the schools with working equipment reported that the main benefit of the technology is that students can now continue their ‘preps’ (study outside of teaching hours) into the evening. Several schools said that they expect that student’s academic performance would improve as a direct result of the additional time spent studying.

**Electrical equipment (phones, computers and televisions):** Most schools cited that the second benefit from the technology is the ability to charge mobile phones. Previously teachers working in remote areas would have to pay to charge their phone at a trading centre.

Six schools are using the solar power for computers and four are using it for television. Several schools are now looking for ways that they can obtain a computer.

**Fuel saving:** Six schools (all in the Bushenyi area) said that they previously used a generator to produce electricity. These schools are now saving money on fuel. For example, Kabwohe SS in Bushenyi previously spent 80,000 UShs per week on fuel for the generator, which they no longer use.

**Improved security:** Almost all of the schools were given security lighting as part of their package. This means that it is easier to keep schools secure at night.

***Challenges:***

**Equipment maintenance:** Schools reported that when the solar panels were installed they were not given training on how to maintain or repair the equipment. The Ministry of Education and Sports (MOES) staff that made the installations left contact details and asked schools to telephone in case of breakdown.

Table 3.3.12 gives the number of schools that have experienced technical problems and the status of those problems.

The main technical problems reported were: 1) that panels were “weak”: either unable to sustain lights for more than one or two hours, or unable to power televisions or computers; 2) bulbs constantly blowing; and 3) batteries being unable to store energy.

Some complained that solar panels do not work when the weather is cloudy. This is not a technical fault that can be fixed by MoES staff but a problem with solar technology generally.

**Selection criteria and planning:** It was not possible to establish by which criteria the beneficiary schools were chosen. Schools reported that MOES officials made a survey of schools in 2005 and 2006 and selected the schools at this time. Interviewees complained that the equipment provided was often relative to school size at this point in time (student numbers have since increased).

Chart 3.3.1 (below) shows that generally larger schools had received a larger package of equipment. However, this was not always the case with some large schools complaining that two or three panels were insufficient for their needs. Interviewees commonly said that lighting is needed in staff lodgings, but that this was not permitted under the solar installation project.

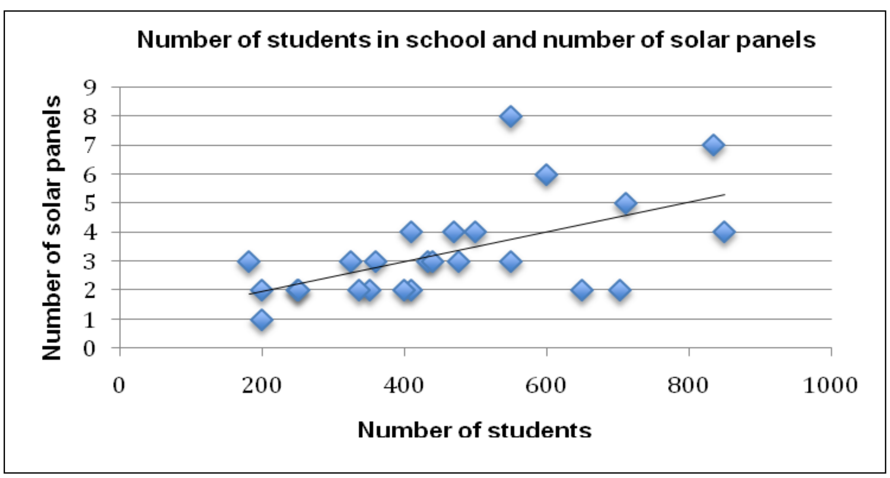
**Security issues:** The solar packages did not include any additional funds to improve school security. Most of the smaller and more remote schools reported that they were concerned that the equipment would be stolen. Three schools had experienced thefts of some or all of the equipment.

**Figure 3.3.17 Technical issues experienced with solar technology in schools**

| Reported problem- fixed | Reported problem – not fixed | Problem - not reported | Total number of schools |
|---|---|---|---|
| 4 | 4 | 4 | 35 |

*Source: Fieldwork observations.*

**Figure 3.3.18 Comparison of solar equipment provided and school size**




*Source: Fieldwork findings*

***Challenges:***

The original objectives of this project state that lighting should be provided for staff housing. This had not been implemented in any of the schools visited.

The evaluation report for Phase I of ERT states, "The institutions are willing to meet the maintenance costs such as replacement of broken bulbs"[80]. This is not consistent with the BMAU interview findings: most schools find it difficult or impossible to cover maintenance costs themselves. The schools sampled were remote and raised very few funds from school fees.

**iii. Output: energy saving stoves for households**

Energy saving stoves are made from locally available products such as mud and grasses. Households are able to cook food using less fuel than they would use with traditional 'three stones' cooking stoves. This reduces deforestation in rural areas.

The German Development Corporation, GTZ, (which works alongside MEMD through the 'Promotion of Renewable Energy and Energy Efficiency Programme' (PREEEP)) manages the stoves scheme. GTZ provide funding for NGOs to: 1) train local people to make stoves for sale in the community; 2) subsidise the production of an initial batch of stoves; and 3) raise awareness in the community about the benefits of energy saving stoves.

The scheme operates in 14 districts. In Q4 FY08/09 BMAU team visited Wakiso, Kayunga Mokono, Kamuli and Bushenyi districts[81]. During the current visit BMAU visited Yumbe and Arua districts.

In Yumbe district, 'Yumbe Farmers Association' piloted the stoves project in November 2008 in one sub-county and rolled out the scheme across the district in January 2009. The NGO chairperson said that the organisation was chosen by GTZ because of its existing capacity and strong working relationship with the local community. Yumbe Farmers Association already carries out a number of other community projects on behalf of the Danish International Development Agency (DANIDA).

In Arua district, 'Participatory Rural Initiative to Save Environment and Energy' (PRISEE) piloted the GTZ scheme in Oluku Sub County in June 2006 and rolled out to two additional sub-counties in early 2007.

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[80] MEMD *Energy for Rural Transformation Phase I Implementation Completion Report* (Kampala August 2009) XV

[81] MoFPED *Budget Monitoring Report, Q4 FY 08/09* (BMAU, Kampala 2008)

*Financial performance:*

**Figure 3.3.20 Observed financial performance of household energy saving stoves**

| | Planned expenditure FY 09/10 | Actual expenditure FY 09/10 | Planned outputs FY 09/10 | Progress monitored in sample areas Q2 FY 09/10 |
|---|---|---|---|---|
| **GOU component:** | UShs 2.299 bn[82]<br><br>For 200,000 household stoves, 200 institutional stoves, 200 solar PV and 100 solar water heaters is | This information was not available from GTZ at this time. | Distribute 200,000 household stoves and 200 institutional stoves to reduce fuel wood requirement by 30%[83] | 20,000 stoves disseminated in Yumbe district; 5,000 in Arua district. |
| **GTZ component:** | Not available. | | | |

Source: *MEMD, 2009; fieldwork observations.*

*Physical performance:*

**Figure 3.3.21 Observed physical performance of household energy saving stoves**

| | Actual performance Q2 FY 09/10 |
|---|---|
| **Yumbe District** | |
| **Planned progress on outputs** | 100% |
| **Actual observed progress on outputs** | 100%<br>Over 20,000 household stoves in use in Yumbe district;<br>Trainers received from GTZ who spent two weeks training local people to build stoves;<br>Additional funds received plus bicycles to enable "mobilizers" to disseminate information throughout the district;<br>Those that were initially trained by GTZ are now paid by Yumbe Farmers Association to pass on these skills to others. |
| **Arua District** | |
| **Planned progress on outputs** | 100% |
| **Actual observed progress on outputs** | 100%<br>Around 5,000 households using energy saving stoves in Arua district; |

[82] Onek, H *MEMD FY 2009/10 Ministerial Policy Statement* (Ministry of Energy and Mineral Development, Kampala) 38

[83] Ibid.

| | |
|---|---|
| | Support received from GTZ included funds for eight days of training, bicycles, and t-shirts.<br>The NGO funds training in the beneficiary sub-counties, as well as selling the stoves themselves. |

*Source: Fieldwork findings.*

Figure 3.3.22 identifies the impact of energy saving stoves as reported by beneficiaries interviewed in Arua and Yumbe districts.

**Figure 3.3.22: Fieldwork findings: impact of energy saving stoves**

| | Users | Trainers | Builders |
|---|---|---|---|
| **Benefits** | Food cooks quickly;<br>Less fuel is used;<br>Kitchen remains clean; | Can make money from training; | Can make additional income from building and selling stoves;<br>Some making large profits from selling in Sudan and Democratic Republic of Congo; |
| **Challenges** | None identified; | None identified; | Sometimes find it hard to make a profit in remote areas as people are so poor;<br>In Yumbe demand was high initially but now has reduced. |

*Source: Fieldwork findings.*

***'Rocket Lorena' style household stove in Arua district (left); household stoves in Yumbe district (right)***

### 3.3.3 Conclusions

***Hydro-electric power:***

- The previous BMAU visit to WENRECO operations in the West Nile region found that the company had become financially insolvent. This meant that electricity generation to the towns of Nebbi, Paidha, Arua and Koboko had ceased entirely, as had construction of Nyagak HEP. Subsequently, REA agreed to provide a subsidy to WENRECO to resume grid operations over the period July – November 2009 (1.3 billion UShs)[84].

- ERA issued a notice to revoke WENRECO's licence to operate in October 2009[85]. However, WENRECO has since recommenced both grid operations and construction of Nyagak HEP. MEMD needs to monitor progress at Nyagak closely to ensure that the need to provide further subsidy of West Nile grid operations is minimised.

- Bugoye HEP has now been commissioned and is generating 13MW of electricity at full capacity.

***Renewable energy promotion:***

- BMAU team visited three types of environmentally friendly technology during field visits in Q2. These were: the gasifier installations at Kyambogo University and Kings College in Buddo; solar technology installations in rural secondary schools; and energy saving stoves in Yumbe and Arua districts.

- All of the above outputs fall under Phase I of project (0325) 'Energy for Rural Transformation' (ERT) which ran from 1st July 2002 to 28th February 2009. The total costs of ERT Phase I was approximately $200 million[86]. Annex 1 gives a breakdown of Government contribution to ERT in FY 09/10.

Figure 3.3.23 gives a comparison of the technologies visited in Q2 FY 09/10. MEMD could replicate this analysis in more detail as part of ERT Phase II.

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[84] The Republic of Uganda *Rural Electrification Subsidy Agreement between the Government of the Republic of Uganda and West Nile Rural Electrification Company* (DRAFT COPY) (Kampala 2009)
[85] WENRECO *Letter from Lutaf Kassam, director of to Dr Frank Sebbowa, CEO of Electricity Regulatory Authority* (Kampala, dated 22nd October 2009)
[86] MEMD *Energy for Rural Transformation Phase I Implementation Completion Report* (Kampala August 2009)

**Figure 3.3.23 Comparison of different renewable energy technology projects**

| | Gasifiers in institutions | Solar technology in schools | Energy saving stoves for households |
|---|---|---|---|
| **Technology** | Gasifiers are large generators, sourced from India that use bio-fuels such as wood to create high pressure gas that is turned into electricity | Solar panels are installed in rural schools in order to generate power for lighting, phone charging, computers and televisions | Energy savings stoves can be made inexpensively from locally found natural materials. They use less firewood than traditional stoves |
| **Value for money** | Poor – equipment is expensive and it is not powerful enough to be used effectively | Good – installation of this equipment has a substantial positive impact on beneficiary rural schools | Good – funds are provided to NGOs for training, enabling local people to build and sell stoves themselves |

*Source: Author.*

***Increased rural electrification:***

- REA has financed the purchase of new 750KW generators for the UEDCL stations in Moyo, Adjumai and Moroto districts. These replace the old 350KW generators previously in use. The new generators have the capacity to provide electricity for a significantly larger number of customers than are currently connected.

- BMAU visited two private electricity companies: Ferdsult in Kyenjojo and Kilembe Investments in Kasese district. REA provided a subsidy for electricity meters and connection fee of new customers. The subsidy has enabled small businesses and low-income households to access electricity for the first time – this has had a positive impact on the local economy in both districts.

## 3.3.5 Recommendations

***Increase supervision of privately financed hydropower projects:***

Public-private partnerships are a common feature of the energy sector, particularly where large power generation projects are concerned. REA officials in Kampala reported to the monitoring team that privately financed construction projects are not supervised by Government. Given the strategic importance of energy generation for Uganda's future development, REA should review this policy.

***Produce a 'value for money' analysis of energy-efficient technologies, focussing on gasifiers:***

The 'Proposal to Parliament on ERT II' states that MEMD will review progress on the gasification project as part of ERT Phase II[87]. This review should carry out a full 'value for money' assessment against other energy-efficient technologies in order to substantiate the findings of this report.

Findings of this monitoring suggest that the gasifier projects piloted at Kyambogo University and Kings' College Buddo have not been successful so far. As discussed in section 3.3.4, 'value for money' has been questioned and completion is three years behind schedule.

The main challenges identified so far are as follows: 1) local staff have limited capacity to install and maintain gasifier technology; 2) the technology is expensive to purchase and install; 3) the technology is complicated to install and use; and 4) it is not clear that when complete, it will be a useful asset to the beneficiary institutions.

The pilot project has been useful in that it has identified the challenges associated with gasifier technology. It is recommended that:

- This technology should not be rolled out more widely as part of Phase II of ERT unless a full value for money assessment takes place. Monitoring findings suggest that funds could be more efficiently directed towards other outputs;
- MEMD should ensure that the existing gasifier projects are completed;

***Consider replication of pre-pay electricity meter scheme in other districts:***

The experience at Ferdsult in Kyenjojo and Kilembe Investments in Kasese shows that subsidisation of grid connections can improve access to electricity for low-income households and for small and medium sized enterprises. This has the potential to increase local employment and access to services. REA should consider whether these schemes could be replicated in other districts under ERT Phase II or as part of other future projects.

[87] Hon. Minister of Finance, Planning and Economic Development *Brief to Parliament on the proposal to borrow 49.5 million from the International Development Association (IDA) for financing the Energy for Rural Transformation Project II* (Ministry of Finance, Planning and Economic Development 2009)

## 3.4 HEALTH

### *3.4.1* Introduction

The medium term health sector policy objective is to reduce morbidity and mortality from the major causes of ill health and premature death and reduce disparities therein. The key policy implementation issues to be addressed in the medium term include: inadequate essential medicines and health supplies in health centres, underequipped health facilities, poor functionality and low coverage of village health teams and low staffing levels[88] The total approved allocation to the health sector in FY 09/10 was UShs 735.67 billion out of which UShs 434.17 billion was GOU contribution and UShs 301.50 billion was donor funding. This was an increase of UShs 107.21 billion from last (08/09) FY's allocation of UShs 628.46 billion. It should be noted that substantial resources continue to flow to the sector through off the budget support.

**Methodology**

During the second quarter of FY 2009/10 (October – December 2009), the health sector team of the Budget Monitoring and Accountability Unit (BMAU) monitored the performance of Primary Health Care grants in 12 districts and the status of implementation of the Support to the Health Sector Strategic Plan II Project. The 12 districts visited to monitor PHC grants include: Mukono, Kayunga, Nakaseke, Nakasongola, Nebbi, Arua, Maracha-Terego, Yumbe, Isingiro, Rukungiri and Kabale. The team monitored the construction of health facilities in Isingiro, Kabale and Bushenyi Districts of South Western Uganda under SHSSP. The districts were purposively selected taking into consideration regional representation. The monitoring exercise focused on the inputs, processes and outputs of disbursements to projects and programs within the health sector.

### 3.4.2 Support to the Health Sector Strategic Plan Project II (SHSSP)

The Government of Uganda acquired a loan amounting to UA 20 million[89] from the African Development Bank for the implementation of the Support to the Health Sector Strategic Plan II Project (SHSSP) with a counterpart funding of UA 2.2 million (10%). The general objective of the project is to contribute to the reduction of maternal mortality in selected districts in Uganda; and to contribute to the reduction of mental health disorders in Uganda. The two specific objectives of the project are to: (a) strengthen mental health through construction of mental health units at 7 Regional Referral Hospitals namely: Mbale, Mbarara, Lira, Moroto, Jinja, Masaka and Mubende and (b) strengthen reproductive health services which involves the rehabilitation/remodeling and equipping of Mbarara Regional Referral Hospital and the rehabilitation/remodeling of 39 Health Centres in the Districts of Mbarara, Kiruhura, Isingiro, Ibanda, Ntungamo, Kabale, Rukungiri, Kanungu and Bushenyi. The project started in 2007 and is expected to be completed in 2013. The project is financed by the African Development Fund

[88] Republic of Uganda. MoH. 2009. Health sector budget framework paper.
[89] 1 UA= US$ 1.47106, 1 UA= UShs 2627.40

which partly finances goods, civil works, services and operational costs. The Government contribution representing 10% of the total project cost is utilized to cover part of the operating costs, civil works, and some logistical equipment and support staff salary. Below is a summary of the approved budgets, releases and expenditure over the last 4 financial years.

**Table 3.4.1: SHSSP Releases and Expenditure between FY 06/07 and 09/10.**

| Financial Year | Approved budget (UShs '000') | | Releases (UShs '000') | | Expenditures |
|---|---|---|---|---|---|
| | **GOU** | **Donor** | **GOU** | **DONOR** | |
| 2006/07 | 400,000 | - | 356,000 | - | 356,000 |
| 2007/08 | 5,458,000 | 2,499,128.60 | 4,957,042 | 2,499,128.60 | 7,456,170.60 |
| 2008/09 | 5,860,000 | 13,259,939 | 5,690,256 | 13,259,939.79 | 18,950,204.79 |
| 2009/10 | 7,160,000 | 36,123,730 | 4,741,760 | 9,445,450 | 13,528,780 |
| **Total** | **18,878,000** | **51,882,797.6** | **15,745,058** | **25,204,518.39** | **40,291,155.39** |

Source: SHSSP Project Progress Reports

The contracts for the rehabilitation of the 39 Health Centres were awarded to Multiplex Ltd which was contracted to rehabilitate/remodel 9 HCIVs and 18 HCIIIs under Lot 2 and 3; and Creative Construction Company Ltd and Krish Developers and Consultants (joint venture) which was hired to remodel 4 HCIVs and 8 HCIIIs. Contracts for the above works were signed on 15 August 2008. Each facility had varying dates of completion ranging from 15 May 2009 and 15 June 2010. However none of the facilities has been completed on schedule. The budget monitoring team visited Isingiro, Kabale and Bushenyi districts to establish the physical progress of rehabilitation/remodeling of health centres between November and December 2009 as described below.

### a) ISINGIRO DISTRICT

Under the Support to the Health Sector Strategic Plan II project, the following facilities were to be constructed in Isingiro District under Lot 2: construction of health facilities at Nyarubungo HCIII, Endinzi HCIII, Rwenkubo HCIV and Nyamuyanja HCIV. Works were expected to start on 15th August 2008 at Nyarubungo and end on 15 May 2009. Works at the other three health centres were expected to commence on 15 October 2008 and end on 15 July 2009. The contract for the rehabilitation and remodeling of health facilities in Isingiro District was awarded to Multiplex Limited with El-Arch Partnership as the Consultants. The Budget monitoring team monitored the progress of work at Rwenkubo HCIV and Nyamujanja HCIII on 30 November 2009 and below is a progress update:

### Rwenkubo HCIV

At Rwenkubo HCIV, the following structures were to be constructed: an Out Patient Department, operating theatre, maternity ward and staff houses. At the time of the monitoring visit on 30 November 2009, the OPD was at foundation stage, the operating theatre was at lintel level and the maternity ward was at excavation stage. Construction of the general ward, attendant shelter and VIP latrines had not commenced. Below is the illustration of the physical progress.

OPD at foundation stage

Theatre at lintel level

Maternity ward excavated

Instead of having begun works in August 2008, actual works commenced on 18 March 2009 and stalled after only two months of work in May 2009. Work resumed in August 2009 but at the time of the monitoring visit on 30 November 2009, works had stalled again. The main reason was said to be lack of capacity on the side of the sub contractor—Kananura Contract Works—to undertake the works. Workers had not been paid any money since 6 September 2009 as reflected below:

*We are here stranded….we were only given money for food….Kananura has failed to pay…the Engineer abandoned the site….Multiplex claims they are coming to take over the site.* Group Discussions with workers at Rwenkubo HCIV

It is evident that Multiplex engaged incompetent sub contractors leading to stalling of works and nonpayment of workers. The Sub Contractor failed to mobilize resources to undertake the scheduled works and it is clear that supervision on the side of the contractor and other stakeholders has been rather weak. It is clear that too much work was lumped on to a few contractors outright resulting into delays to complete the works.

**Nyarubungo HCIII**

At the time of the monitoring visit on 30 November 2009, the works at Nyarubungo HCIII were at advanced stages although still behind schedule given the fact that the site was due for hand over on 15 May 2009. The OPD, general ward and maternity ward had been roofed, external plastering had been completed, doors and window frames fitted and ceiling blundering had been completed. The single and double staff houses had been roofed, external plastering completed, and window and door frames fitted. The attendant shelter was at ring beam level while the laundry, double VIP latrine, Single VIP latrine, and the Public VIP latrine were all at linton level.


Outpatient Department


Maternity ward


Staff houses


Attendant shelter


Kitchen

**b) KABALE DISTRICT**

Under the Support to the Health Sector Strategic Plan Project II, Bukinda HCIII, Hamurwa HCIV, Kamuganguzi HCIII, Bahara HCIII, Bufundi HCIII and Butanda HCIII were to be rehabilitated and developed under Lot 3. The contract for works at the above 6 health centres was awarded to Multiplex Limited. Works at Bukinda HCIII, were expected to commence on 15th November 2008 and end on 15 August 2009. Works at Hamurwa HCIV, Kamugunguzi HCIII and Buhara HCIII were expected to have commenced on 15th June 2009 and end on 15 March 2010 while the remodeling of Bufundi HCIII and Butanda HCIII was expected to start on 15 September 2009 and 15 June 2010. The contract for the upgrading of the above health centres was also awarded to Multiplex Limited and the Consultant is Infrastructure Design Forum. The budget monitoring team visited Hamurwa and Bukinda HCIV to establish the progress of the rehabilitation and remodeling of these two health centres. The progress is highlighted below.

**Hamurwa HCIV**

At Hamurwa HCIV, the following works were scheduled: renovation of the operating theatre, the OPD, a semi detached staff house, the maternity ward, construction of a general/maternity ward, a single and double staff houses, a laundry, attendant shelter and 2 pit latrines. At the time of the monitoring visit on 1st December 2009, construction of the general ward was at wall plate level while construction of the two semi detached staff houses was at roofing stage. Renovation of the maternity ward was in its early stages. Construction of the laundry, attendant shelter, and the two VIP latrines had not commenced.


General ward


Staff houses


Maternity ward

**Bukinda HCIV**

The following works were scheduled at Bukinda HCIV: rehabilitation of existing maternity


General ward


New maternity ward


Attendant shelter


Staff houses

**c) BUSHENYI DISTRICT**

Under the Support to the Health Sector Strategic Plan II project, 6 health centres were to be remodeled and reconstructed in Bushenyi District which include: Shuku HCIV, Katunguru HCIII and Kihunda HCIII under Lot 3; and Kakanju HCIII, Kyabugimbi HCIV and Kyeizoba HCIII under lot 4. The budget monitoring team visited Kyabugimbi HCIV and Shuku HCIV to establish the progress of the works.

**Kyabugimbi HCIV**

Works at Kyabugimbi HCIV were contracted to Creative Constructions Limited and Helen Patel Constructions. The following facilities were planned at the health centre: renovation of an operating theatre, construction of a general/maternity ward, a single and double staff houses, an attendant shelter, doctor's house, laundry and VIP latrines. At the time of the monitoring visit, on 3 December 2009, the general ward/maternity ward had been roofed, outside plastering done, and shuttering completed. The three staff houses had been roofed, and outside plastering was ongoing. The two laundries were at ring beam level while the attendant shelter had been roofed and outside plastering was ongoing. The VIP latrines had been roofed. The attendant shelter and VIP latrines had been roofed and outside plastering completed.


General ward


Single staff house


Double staff houses


Doctor's house

**Shuku HCIV**

Whereas works were according to the contract expected to have commenced on 15 August 2008 and terminate on 15 May 2009, construction actually started as late as January 2009. The contract for the construction of facilities at Shuku HCIV was awarded to Multiplex Limited.

The following facilities were scheduled to be undertaken at this health centre: construction of an operating theatre; a general ward and a maternity ward, a doctor's house, semi detached staff houses, attendant shelter, laundries and VIP latrines.

At the time of the monitoring visit on 3 December 2009, the operating theatre had been roofed, plastered and plumbing was ongoing. The general ward had been roofed, shuttering and outside plastering had been completed. The maternity ward and the three staff houses had been roofed; plastered, and shuttering had been completed. The attendant shelter, single and double laundries were all at ring beam and outside plastering had been completed. The slab had been cast for one of the VIP latrines.


General ward


Maternity ward


Doctor's house


Staff house

### 3.4.3 Primary Health Care and PRDP in Districts

**Overview on Peace Recovery and Development Plan (PRDP)**

Government of Uganda launched the Peace Recovery and Development Plan (PRDP) as the broad framework for recovery in North West, North and North Eastern Uganda in late 2007. In the health sector, the overall objective of the PRDP strategy is *to ensure equitable access by people (in conflict and) post conflict situations to the Uganda National Minimum Health Care Package.* The overall objective is to be achieved through: strengthening health systems and revamping health services that collapsed during the conflict and by gradually expanding coverage in areas where access has been limited. It is anticipated that progress in these areas should contribute to stabilizing peace and security and supporting people in restoring their livelihoods[90]. During the second quarter ended December 31 2009, the health sector team of the BMAU team monitored implementation of PRDP activities in Nebbi, Yumbe, Arua and Maracha Terego.

**Overview on Primary Health Care Grants**

Government of Uganda provides non wage recurrent expenditure and capital development grants to Local Governments. 50% of the funds allocated for non wage expenditure must be spent on procurement of drugs. Starting FY 09/10, the National Medical Stores was made a self accounting entity (vote) and mandated to procure drugs for public health facilities. Consequently all funds for PHC drugs will now be disbursed through NMS. During the first quarter of FY 09/10, districts and hospitals received 30% of the allocation for PHC drugs. Starting the second quarter all funds for drugs were disbursed through the NMS. Districts and Hospitals were required to place orders for both credit line and PHC drugs. The health sector team of the BMAU visited 12 districts to monitor procurement of PHC drugs, placement of orders to NMS for second quarter funding and implementation of capital development grants. The districts visited include: Mukono, Kayunga, Nakaseke, Nakasongola, Nebbi, Maracha-Terego, Arua, Yube, Isingiro, Kabale, Rukungiri and Bushenyi. The progress update is highlighted below.

**a) MUKONO DISTRICT**

The district received a total of UShs 234,982,000 from July-November for PHC non wage recurrent expenditure and UShs 57,000,000 for capital development during the first quarter. At the time of the monitoring visit on 15 November, quarter 2 funds had not been received by the district.

**Planned activities 2009/10**

The district planned to undertake the following activities: construction of a 4-in-1 staff house at Mukono HCIV (UShs 35million); a 4-in-1 staff house at Nantabulirwa HCII (UShs 35 million) and an OPD at Mpunge HCIII (UShs 70 million).

**Financial Performance**

[90] Republic of Uganda. MoH. 2008. Health sector component of the peace, recovery and development plan. Recovery strategy and plan. September 2008.

No contracts had been awarded for works scheduled for FY 09/10 and consequently funds disbursed had not been spent. The district paid UShs 39,339,761 towards the completion of the staff house in at Mukono HCIV which were funds retained from FY 08/09

Under the non wage recurrent expenditure, the district had procured drugs worth UShs 52,199,458 from NMS corresponding to a utilization level of 62%. In addition the district procured drugs worth UShs 20,000,000 on credit. Having procured drugs on credit implies that the balance of UShs 31,777,307 meant for procurement of drugs was re-allocated to other non wage recurrent expenditure activities. It is therefore apparent that the policy change will limit tendencies of internal lending and under expenditure/re-allocation of funds meant for drugs.

The district officials however decried the gap in communication as they were not aware of the change in the procurement of medicines. As a result of the gap in communication, the District had not placed any orders to NMS against the second quarter disbursement. Similarly no information had been availed by MoFPED on how much funds had been disbursed to NMS.

**Physical Performance**

By the time of the monitoring visit on 15 December 2009, the District Health Office had submitted its procurement requirements to the Procurement and Disposal Unit. However bids for the works had not been invited. The main challenge to procurement was the reported lack of quorum on the contracts committee. It was reported that MoFPED had not provided any feedback on a request submitted by the district on 28 May 2009 nominating candidates to the contracts committee. Due to the absence of quorum on the procurement committee it was not possible to award any contracts for a period of over 6 months.

The monitoring team visited Mukono HCIV to establish the progress of construction of the staff house—a project carried forward from last FY 08/09. The staff house had been completed, in use and the quality of work was good.

Staff house at Mukono HCIV

**Challenges to Health Care Delivery in the District**

**Absence of a procurement committee:** The District nominated candidates for consideration for the procurement committee in a letter to the Ministry of Finance Planning and Economic Development on 28 May 2009 but reported not to have received a response/action by the time of the monitoring visit on 16 November 2009.

**Poor Communication:** The District health officials decried the lack of communication by MoH on the new policy on drug management. By the time of the monitoring visit on 16 November 2009, the District Health Management Team was not aware that funds for PHC drugs would no longer be disbursed to the District.

**Poor Performance of NMS:** The District health officials complained about the delays by NMS to deliver drugs as well as under deliveries. It was indicated that on several occasions NMS does not follow its distribution schedule and does not indicate against which orders deliveries were being made under the credit line. There was a concern therefore that since all funds for credit line and Primary Health Care drugs will be going through NMS the need for efficiency could not be over emphasized. The District reported to have ordered for credit line drugs on 30th June, 25th

August and 6th October 2009 but no delivery had been made against these orders by 16 November 2009.

### b) KAYUNGA DISTRICT

The district received UShs 98,474,605 for non wage recurrent expenditure for the period July-December 2009 and UShs 42,000,000 for capital development for the first quarter of FY 09/10. By the time of the monitoring visit on 17 November 2009 the district had not received the second quarter release for capital development. The district carried forward UShs 35, 509,006 for capital development from FY 08/09.

**Planned activities 2009/10**

The district planned to undertake the following capital development activities during FY 09/10: construction of a staff house (UShs 65 million) and completion of an operating theatre (UShs 50 million) at Nkokonjeru HCIII; renovation of Kachika HCII (UShs 25 million), renovation of the OPD at Lugasa HCIII (UShs 15 million) and construction of a 5 stance pit latrine and three bathrooms at selected health centres.

**Financial Performance**

The district carried forward UShs 35,509,046 from FY 08/09 which was meant for the completion of the District Health Office (UShs 21, 349,399) and completion of the OPD at Buyebe HCII (UShs 17, 812,593). A total of UShs 21,349,399 was paid towards the completion of the District Health Office during the first quarter of FY 09/10 as well as the UShs 17,812,593 which was paid upon completion of the OPD at Buyobe HCII.

Under recurrent non wage expenditure, the district procured drugs worth UShs 31, 722,888 out of the first quarter release corresponding to a utilization rate of 78.5%.

**Physical Performance**

Bills of Quantities had been finalized and the District Health Office was preparing to invite bids from contractors for works to be undertaken during FY 09/10. The funds disbursed for capital development had therefore not been spent by the time of the monitoring visit on 17 November 2009. The team monitored the construction of Buyobe HCII whose construction was carried forward from last FY 08/09. As shown in picture across the OPD was completed in early in FY 09/10 but had not been operationalised.

OPD at Buyobe HCII

**Challenges in health care delivery in the district**

**Delay in delivery of drugs**: It was reported by the District Health Officials that delays in delivery of drugs and loss of orders continue to characterize drug supplies by the National Medical Stores. It was established that orders for credit line drugs submitted on 23rd October 2009 had not been delivered at the time of the monitoring visit on 18 November 2009. It was also reported that preparation of proforma invoices by NMS takes over 7 days a period considered long especially as compared to other suppliers of pharmaceuticals.

**Under releases:** The district's total recurrent non wage expenditure budget for FY 09/10 was UShs 356,352,000 out of which UShs 80,771,242 was released during the first quarter. Taking the average allocation per quarter to be UShs 89,088,000, the district received only UShs 17,592,000 for the second quarter. Having off set the funds for drugs (50%) which were transferred directly to the NMS, the district expected to receive UShs 44,544,000. The actual release had a shortfall of amounting to UShs 26,952,000. The District Health Officials were concerned that no explanations are provided for such under releases yet such funds are critical for management of health care delivery in the district.

### c) NAKASEKE DISTRICT

The district received UShs 43, 039,633 for PHC non wage recurrent expenditure for the first quarter and UShs 79,952,000 for capital development for the first and second quarters. No release was made for non wage expenditure for the second quarter.

**Planned activities**

The district planned to undertake the following activities for FY 09/10: construction of a staff house at Semuto HCIII and minor renovations to existing facilities (UShs 43 million) and commence on the construction of the District Health Office (UShs 100 million).

**Financial Performance**

At the time of the monitoring visit on 19 November 2009, the district had procured drugs worth UShs 16,541,701 from the recurrent non-wage funds received during the first quarter corresponding to a utilisation level of 76.8%. Under capital development, preparation of bids had not been finalized and therefore capital development funds disbursed during the first quarter of FY 09/10 had not been spent.

**Physical Performance**

At the time of the monitoring visit on 19 November 2009, Bills of Quantities (BOQs) for works scheduled for FY 09/10 had been prepared and bids had been invited from contractors. No expenditure had been made out of the funds disbursed during the first quarter. Note that by the time of our monitoring visit, second quarter funds had not been released. During FY 2008/09 the district undertook activities which were carried forward into FY 09/10 including: renovation of the OPD and staff house at Semuto HCIII. Actual works on the staff house included fixing windows, cascading the floor, painting the house and replacement of some iron sheets. Walkways to the theatre, maternity and children's ward were also constructed.

Staff house at Semuto HCIII

**Challenges in health care delivery in the district**

**Inadequate funding**: several priorities have been identified in the district but with little funds allocated to undertake them. For instance although construction of the District Health Office was estimated to cost UShs 400 million, in FY 09/10, the district was allocated only UShs 100 million towards this activity. If the current level of funding is sustained, it implies that the district would construct the District Health Office over a period of 4 years without undertaking any other capital development activities at health facilities. Similarly, the construction of staff houses at Semuto HCIV was estimated to cost UShs 100 million yet only UShs 40 million was allocated towards the same in FY 09/10.

**Dilapidated structures**: The existing stock of health units in the district is in dire need of repairs. Several of the health facilities were reported to be having leaking roofs. Nakaseke General Hospital for example urgently requires refurbishment. Most of the structures at the hospital have leaking roofs and the plumbing system is completely worn out. The Hospital was identified as one of the facilities to be rehabilitated under the District Infrastructure Support Project. However no repairs have been made. It was reported that MoH Engineers visited the Hospital and made assessments in 2007 but no works have been undertaken since then.

**Low staffing level**: Staffing levels are estimated at 58% of the establishment. Additional recruitment has been limited by the wage bill allocation of only UShs 1.5 billion which caters for 321 staff only.

### d) NAKASONGOLA DISTRICT

The district received UShs 71,820,935 for PHC non wage recurrent expenditure and UShs 86,685,000 for capital development between July and December 2009. The second quarter release for capital development had not been received by the time of the monitoring visit on 19 November 2009.

#### Planned activities

The district planned to undertake the following capital development activities for FY 09/10: procurement of furniture for the District Health Office (UShs 26 million), completion of an OPD at Nakasongola HCIV (UShs 100 million), and renovation of Mulonzi HCIII, Kisalizi HCII and Lwampanga HCII (UShs 46 million).

#### Financial Performance

Out of the first quarter release for non wage recurrent expenditure, the district procured drugs worth UShs 35 million translating into a utilization level of 158%. The district procured some of the drugs on credit and it had been anticipated that the suppliers would be paid out of the second quarter disbursement. The district over spent their allocation because they had not received any communication about the Government policy to centralize procurement of drugs under the National Medical Stores starting FY 09/10. Second quarter funds for PHC drugs and there after will be disbursed through NMS. At the time of the monitoring visit, it was not clear how the District would pay the money they owed suppliers.

#### Physical Performance

At the time of the monitoring visit on 19 November 2009 bidding documents had been prepared and preparations were underway to invite bids. The first quarter capital development funds had been committed to the procurement of furniture.

**Challenges to Health Care Delivery in the District**

**Inadequate funding**: The funding to the district has not improved despite the increase in the number of health facilities. The number of health centers in the district increased from 8 in 1997 to 27 health facilities in 2009. Despite the increase in the number of health centres, there has been no substantial increase in health financing. The drug prices have also increased reducing the real value of money over the same period.

**Stock outs**: At the time of the monitoring visit, the district was experiencing a stock out of anti-malarials. The District placed an order for credit line drugs in August 2009 but no delivery had been made by mid November 2009.

**Inadequate staff**: several of the new health facilities created in the recent years are without health workers to run them.

**e) NEBBI DISTRICT**

The district had received UShs 147,084,285 for non wage recurrent expenditure and UShs 116,582,105 for PHC capital development between July and December 2009. The district further received UShs 208,705,895 for PRDP. At the time of the monitoring visit on 24 November 2009 the district had not yet received the PHC capital development and PRDP funding for the second quarter of FY 09/10.

**Planned activities 2009/10**

Under PHC capital development, the district planned to undertake the following capital development activities: construction of an OPD at Pagwata HCIII (UShs 65 million), completion of staff houses at Therur (UShs 28 million) and Abong HCIII (UShs 28 million) and construction of a kitchen at Pakwarch HCIV. Under PRDP, the district planned to undertake the following activities: construction of a maternity ward in Therur HCII, a maternity ward at Abong HC III, renovation of Phaida HCIII by construction of an OPD and a general ward and renovation of the maternity ward; and construction of medical waste pits at Mukulu, Pagwata, Therur and Abong HCIII. Additional funds were allocated for the acquisition of land titles for all government health units (save for Parombo and Zeru HCs) and Nebbi Hospital (UShs 110 million). The district further intends to spend PRDP funds to procure a standby generator and to set up a rain water harvesting system for Nebbi Hospital. Three health centres will also be fenced namely: Warr Health Centre III, Parombo HCIII and Wadrai HCIII.

**Financial Performance**

By the time of the monitoring visit at the end of November 2009, the district had procured drugs worth UShs 53,420,069 from JMS for the lower level facilities during the first quarter. This corresponds to a utilization level of 96%. Capital development and PRDP funds had not been spent because the procurement process for the associated works was in its initial stages.

**Physical Performance**

The district was in the processing of preparing bidding documents for both PHC capital development and PRDP projects. There were however activities undertaken in FY 08/09 but carried forward into FY 09/10. The monitoring team visited Abong HCIII where a staff house, kitchen and toilet were under construction as shown in the pictures below.

Staff house at Abong HCIII

Toilet at Abong HCIII

Kitchen at Abong HCIII

**Challenges to health care delivery in the district**

**Communication gap:** by the time of the monitoring visit on 24 November 2009, the district had not officially received any information about the new policy on financing of medicines and health supplies. Similarly the District Health Officer reported not to have received any information about credit line allocations for FY 09/10 and had therefore not placed any orders for the credit line drugs in FY 09/10.

**Low staffing levels:** The staffing levels are estimated to be 30% of the establishment. It was reported that it is increasingly difficult to attract some staff in some specializations especially medical doctors and laboratory personnel. The districts placed adverts for 11 positions of Medical Officers and were not able to attract a single applicant. In instances where applications are received, the District Service Commission was reported to be grossly underfunded. It takes quite a long time from placing of adverts, shortlisting, interviewing and appointment usually due to lack of funding. By the time candidates are appointed for jobs—most of them have actually been offered jobs by other employers.

**Inadequate Staff houses:** There are very few staff houses at lower level health centres. Some health workers resign after being posted to health centres without accommodation. Other health workers stay far away from the health facilities and travel long distances to the units resulting into late coming and absenteeism.

**Double deductions**: Funds for PHC drugs for Health Sub Districts and General Hospitals were both deducted off the district's recurrent non wage expenditure. This left the District Health Office with hardly any funds to run its operations. The district was still expecting official communication from the MoFPED on how to resolve the anomaly.

**Lack of Uniforms**: The nurses in the district do not have uniforms, nurses' uniforms are supposed to be provided by Ministry of Health.

### f) MARACHA – TEREGO DISTRICT

The district received UShs 126,854,119 for non wage recurrent expenditure between July and December 2009 for PHC, UShs 77,438,857 for capital development and UShs 153,793,149 for PRDP. By the end of November 2009, the district had not received capital development funds for the second quarter.

The total PRDP budget for FY 09/10 was UShs 320,402,000. The district planned to undertake the following capital development activities in the health sector: construction of a mortuary in Omugo HCIV (UShs 30 million), solar pumped water for Omugo HCIV, a semi detached staff house in Elinya HCII (UShs 60 million), a maternity ward in Kamaka HCII (UShs 80 million), a semi detached staff house at Ajikoro HCII (UShs 25,402,000), a semi detached staff house at Etie HCII (UShs 60 million), and a 3 placenta pits at Ogupi HCII, Tara HCII and Nicu HCII each at a cost of UShs 10 million. The District Health Office was scheduled to receive funds from the LGSIP and the following projects were ear marked: construction of a maternity ward in Tara (UShs 80 million), a staff house at Chilo HCIII (UShs 60 million), and a staff house at Andelizu HCII (UShs 45 million).

**Financial performance**

The district had not spent any of the funds disbursed since the start of FY 09/10.

**Physical Performance:**

Contracts for PHC capital development projects had been awarded and were due for signing at the time of the monitoring visit on 25 November 2009. Bids for PRDP and LGSIP projects had not been solicited. Construction was ongoing for activities rolled over from FY 2008/09 including: completion of a theatre at Omugo HCIV, a maternity ward at Nyadri HCIII, construction of a staff house in Tara HCII and completion of a staff house at Kamaka HCII. The monitoring team visited Omugo HCIV and besides is a picture of the theatre. The quality of work was poor. The theatre had developed cracks before use. The poor workmanship was partly attributed to the fact that the several contractors had been hired to carry out piece meal works on the theatre over several years due to protracted funding. It was therefore not possible to attribute the poor workmanship to a single contractor.

Theatre at Omugo HCIV

**Challenges in health care delivery in the district**

**Poor Communication:** the district reported to have received the first quarter funds on its account without a schedule/breakdown of which funds were for capital development or PRDP. The funds could not be spent without clarifying the purpose for which it had been disbursed. This led to delays to spend the money.

**Low staffing levels**: The district has inadequate staff with staffing levels estimated at only 32.4% of the staff establishment. For example Itia HCII has a large catchment area of 4 Parishes but is manned by a single Health Worker (a nurse). There were equally other political and administrative challenges to the recruitment process. In FY 07/08, whereas the district had over UShs 50 million for managing the recruitment process, the exercise was suspended by the MoH in its final stages—after the Maracha Terego District Council objected to the use of Arua District Service Commission from recruiting on behalf of Maracha-Terego. Similarly it was reported that staff of Arua District continue to exist on the Maracha-Terego pay roll which limits the wage bill available for the district. It should be noted that Maracha-Terego was curved out of Arua district and pay roll inconsistencies have not been ironed out.

**Poor Drug Management:** Order forms are not readily available. NMS claims that order cannot be availed all year through due to price fluctuations. The funds allocated for drug management have continued to be far too low compared to the OPD attendance leading to persistent drug shortages. Similarly, the district lacks staff with adequate skills to record and maintain drug records. This situation results into poor quantification of drug needs and consequently under ordering for drugs by health centres. Staff often learns on the job and due to staff shortages there is very minimal supervision from the District level.

### g) ARUA DISTRICT

The district received UShs 147,045,685 for PHC non wage recurrent expenditure from July-December 2009, UShs 48, 4571,296 for PHC capital development and UShs 138,599,704 for PRDP during the quarter ended September 2009. The district had not received money for PHC capital development for quarter two.

The district planned to undertake the following capital development activities during FY 09/10: completion of a staff houses at Gbulukuatani HCIII (UShs 13,829,091), construction of staff house at Ajia HCII (UShs 25,559,397), and a staff house at Ovisoni HCII (UShs 14,640,982). Under PRDP, the district planned to procure two motorcycles (UShs 17 million), and procure 6 desktops and 1 computer (UShs 19.2 million). The district was yet to agree on the complete schedule of activities to be undertaken using PRDP funds. It was however iterated that most of PRDP funds in the health sector would be spent on construction of staff houses at lower level health centres to improve on staff retention at the health units.

#### Financial Performance

Out of the funds disbursed in the first quarter, the district procured drugs worth UShs 40,626,289. The district spent UShs 25,559,397 on the completion of Ajia HC III and UShs 13,829,091 for the completion of a staff house at Gbukuatuni HCIII. The district also spent Ushs 14,640,982 for the construction of a maternity ward at Orivuson HCII. The UShs 138,599,704 disbursed during the first quarter had not been spent by the time of the monitoring visit on 25 November 2009.

#### Physical Performance

For the PHC capital development activities scheduled for FY 09/10, the health department had submitted their procurement requirements to the Procurement Department. Preparation of BOQs had however not been completed by the time of the monitoring visit on 25 November 2009.

Staff house at Ajia HCIII

Pit latrine at Ajia HCIII

Staff house at Ajia HCIII

Construction was ongoing for activities undertaken during FY 08/09 but carried forward into FY 09/10. At Ajia HCIII the staff house and pit latrine had been roofed and plastered. At Vura HCIII, the staff house had been completed and was being occupied by health workers.

**Challenges in the health care delivery in the district**

**Late releases**: The district officials decried the delays to disburse funds from MoFPED. At the time of our monitoring visit on 24 November 2009, PHC capital development funds for the second quarter had not been received by the district. It was iterated that with such delays the district was reluctant to invite bids and to enter into any contracts.

**Low staffing levels**: Staffing levels in the district are estimated at 47% of the establishment. Due to the lengthy recruitment processes it was noted that in a recent exercise a sizeable number of applicants turned down job offers because they had already secured employment in other districts and private health providers. Some other health workers turned down appointment due to lack of accommodation at the health facilities.

### h) YUMBE DISTRICT

The district received UShs 82,150,623 for PHC non wage recurrent expenditure, UShs 80,071,026 for capital development and UShs 204,014,364. Under PHC capital development, the district planned to undertake the following capital development activities during FY 09/10: completion of a staff house at Abong HCII (UShs 50 million), a staff house at Ther HCII (UShs 50 million) and construction of an OPD at Mukale HCII (UShs 65 million).

Under the PRDP, the district planned to undertake the following projects in FY 09/10: construction of an OPD block at Mocha HCII (UShs 75,754,000), a staff house in Kelwa HCII (UShs 75 million), a staff house at Lope HCII (UShs 75 million), a maternity ward in Apo HCII (UShs 75 million) and an HIV clinic in Yumbe Hospital (UShs 100 million).

**Financial Performance**

By the time of the monitoring visit on 26 November 2009, the district had procured drugs worth UShs 20 million for the lower health facilities. The district had not spent the capital development funds for FY 09/10. For projects rolled over from FY 08/09, the district had paid UShs 8 million towards the completion of Mungoyo HCII against a contract sum of UShs 25,972,000. Solar panels had also been procured at UShs 2,500,000.

**Physical Performance**

At the time of the monitoring visit on 26 November 2009, the district had invited bids for both PHC capital development and PRDP activities. It was acknowledged that there was a delay to prepare Bills of Quantities which protracted the procurement process. The following projects were rolled over from FY 08/09: completion of a maternity ward at Matumwa HCIII at Ushs 8,000,000, completion of an OPD at Mungoyo HCII, at UShs 25,975,000 and procurement of solar computer backups at

Maternity ward at Matumwa HCIII

OPD at Mungoyo

UShs 2,500,000. At the time of the monitoring visit on 26 November 2009, the OPD at Mungoyo HCII had been completed while at the maternity ward at Matumwa HCIII had been roofed and plastered—awaiting painting. The quality of works was good and the ward was already in use.

**Challenges to health care delivery in the district**

**Limited Human resource**: The current staffing levels stand at 67% of the establishment but with a high staff turnover. It was reported that it is becoming increasingly difficult to attract skilled and critical health workers. Although the District secured funds to top up salaries for health workers, it had in the recent past advertised for Medical Doctors but failed to attract any applicants. The other affected cadres include: radiographers, and laboratory technicians. The district received an x-ray machine from Ministry of Health but have no Radiographer to operate it. The district had no Orthopedist, Psychotherapists and Laboratory staff.

**Inadequate funding**: The district has a high population growth of 7.9% per annum which has led to a fast growing catchment area. However PHC funding has not increased for over 8 years. Related to population growth, the administrative area was reported to have increased from 42 Parishes in the 1990s to 101 Parishes in 2009 with an additional 5 Sub Counties. The number of health facilities has however not increased to match the growing population and administrative area. There are only 17 health Centres in the District. Yumbe Hospital with only 100 bed capacity serves this entire population but is funding has not increased over the last 8 years. The hospital continues to receive only UShs 21 million per month amidst rising inflation, a rapid growing population and increase in prices of inputs.

### i) ISINGIRO DISTRICT

The district received UShs 134,992,500 for non wage recurrent expenditure and UShs 107,925,000 for capital development for the first and second quarter of FY 09/10. By the time of the monitoring visit on 30 November 2009, the district had not received capital development funds for the second quarter ended 31 December 2009.

**Planned Activities**

The district planned to undertake the following capital development activities for FY 09/10: construction of an operating theatre at Rugagga HCIIII (UShs 120 million), a junior staff house at Ruborogota HCII (UShs 19 million) and a maternity ward at Kabingo HCIII (UShs 41 million).

**Financial and Physical Performance**

Out of the non wage recurrent expenditure funds disbursed for the first quarter, the district had spent UShs 41,542,000 for the procurement of drugs translating into a utilization level of 100% for the quarter one release for procurement of PHC drugs.

For the works scheduled for FY 09/10, by the time of the monitoring visit on 30 November 2009, preparation of Bills of Quantities had been finalized and plans were under way to submit procurement requirements to the Procurement Department. As a result the funds disbursed had not been spent. The District carried forward UShs 28 million from the previous FY 08/09. The funds were to be spent on: construction of a maternity ward with placenta pit at Ruborogota

HCIII, a junior staff house at Kyalugaza HCII, and payment of retentions for junior staff house at Kyamusoni HCII. Out of the funds retained from last FY (08/09), a certificate of UShs 8 million was paid towards the completion of the maternity ward at Ruborogota HCIII. The staff house had been completed. The balance of the funds amounting to UShs 20 million had not been spent at the time of the monitoring visit on 30 November 2009.

Regarding procurement of medical equipment, the District Health Officer reported to have received an instruction from the Permanent Secretary of the MoH to spend the first quarter capital development funds on procurement of medical equipment. At the time of the monitoring visit on 30 November 2009, a meeting had been held with in-charges of health centres to agree on a list of medical equipment to be procured following which an order would be placed with suppliers. The challenge is that where as the funds for medical equipment were reflected in the annual transfers and the budget, they are not reflected in the procurement plans of local governments. As a result it is not surprising that piece meal solutions are being devised. It would have been appropriate that a circular is sent to all districts so that the action taken by all districts is sanctioned.

**Challenges in health care service delivery in the district**

**Poor Drug management:** The new Government policy to centralize procurement of drugs has been met with some short term challenges especially with regard to the efficiency of drug ordering and delivery. The orders placed at NMS for credit line supplies for the period May and June 2009 and deliveries against these orders 3 months later on 3$^{rd}$ and 7$^{th}$ September 2009, had several discrepancies. For instance 48 out of the 49 health facilities placed orders for drugs. Out of these, 20 health facilities did not receive any drugs for the same period. Similarly 25 out of the 48 health centres received more drugs than were requisitioned. Less than 15 health facilities received actual amounts of drugs requisitioned. It was noted that since drug financing has been consolidated, it is no longer feasible to allow such inefficiencies because health facilities do not have lee way as they will be relying solely on NMS. Any prolonged drug shortages might result into outcries by the community. These issues can be avoided by improved efficiency on the side of NMS.

**Upgrading of health facilities without matching funds:** With the increasing capital investments in the health sector, several facilities are being upgraded. For example Rugaaga HCIII had been upgraded to a HCIV and Nyamukanga HCIII to HCIV. However it was reported that it takes long to have these records updated and as such health facilities with increased responsibility continue to receive funds for facilities at a lower level for several months.

**Low Staffing levels**: The staffing levels in the district were estimated at only 35% of the staff establishment as at 30 November 2009. During the month of November 2009 alone, 3 health facilities temporarily closed due to lack of staff including: Rushasha HCII, Kihihi HCII and Kakambu HCII. The in-charges of these health centres had gone for maternity leave. These facilities are located in a hard to reach and stay areas and it is very difficult to attract new staff to these areas.

## j) KABALE DISTRICT

The district had received UShs 190,006,201 for PHC non wage recurrent expenditure and UShs 102,395,000 between July and December 2009. The district carried forward all the capital development funds received last FY 08/09 amounting to UShs 123, 794,000.

**Planned activities FY 2009/10**

The district planned to undertake the following capital development activities: completion of a staff house at Kiyebe HCII, an OPD at Shebeya HCII and an OPD at Kakama HCII.

**Financial Performance**

By the time of the monitoring visit on 1 December 2009, the district had not spent any of the UShs 102,395,000 disbursed during FY 09/10. For the funds retained from last FY 08/09 amounting to UShs 123,794,000, the following expenses were made: UShs 10,270,720 was paid towards the completion of Shebeya HCII, UShs 14,238,606 was for the completion of the OPD at Kiyebe HCII while UShs 1,368,240 was spent on the installation of solar panels at Rubaya HCIV. In total only 25,877,566 (25%) out of the funds retained from last FY 2008/09 had been spent representing a low absorption capacity.

**Physical Performance**

At Shebeya HCII, the staff house had been completed while the OPD at Kiyebe HCII was at roofing stage as illustrated in pictures below.

Staff house at Shebeya HCII

OPD at Shebeya HCII

Staff house at Kiyebe

**Challenges in health care delivery in the district**

**Low absorption capacity:** the absorption capacity of funds disbursed has remained too low. By the time of the monitoring visit on 1 December 2009, the district had spent only 25,877,566 (25%) out of the UShs 123,794,000 disbursed during FY 08/09 and retained in FY 09/10. The funds disbursed for the first half of FY 09/10 had not been spent.

**Poor planning:** The funds retained are rather adequate to complete the ongoing works with only 25% spent as at 1 December 2009. The challenge is that the district intends to spend an additional UShs 140 million allocated in FY 09/10 on the same facilities which would far exceed the contract sums for the facilities. this anomaly should be rectified and some of the funds should be re-allocated to other capital development works in the district.

### k) RUKUNGIRI DISTRICT

The district had received UShs 130,825,957 for PHC non wage recurrent expenditure and UShs 91,174,000 for PHC capital development expenditure between July and December 2009. The District retained capital development funds amounting to UShs 105,130,685 from FY 08/09 for works at Kikarara HCII, Kitimba HCII and Buhandagazi HCII.

**Planned activities FY 2009/10**

The district planned to undertake the following capital development activities during FY 09/10: completion of OPD at Ngoma HCII, construction of an OPD, kitchen, staff house, placenta pit, medical waste pit and 2 stance VIP latrines at Buwanda HCII; a staff house and pit latrine at Katwekamwe HCII and a staff house, 2 stance VIP latrine and a Kitchen at Katonya HCII.

**Financial Performance**

Out of the funds retained from FY 08/09, UShs 28,455,771 was paid to Kalungi Construction Company for the construction of OPD at Kitimba HCII while UShs 71,547,004 out of a contract sum of 75,312,636 was paid to Pakalain construction services for the construction of OPD at Buhandagazi HCII. In addition to the above payments, the district had prepared a cheque worth UShs 15,969,047 to Tesira Engineering and Supplies Limited for the completion of OPD at Ngoma HCII. Katungi Construction Limited was paid UShs 22 million out of the contract sum of UShs 29,953,444 for the construction of Kitimba HCII.

For works planned for FY 09/10; the district had awarded a contract to the sum of UShs 31,017,952 to Kyebeka Agencies for completion of the OPD at Katwekamwe HCII. At the time of the monitoring visit on 2 November 2009 no expenditure had been out of the capital development funds disbursed during the first quarter of FY 09/10. Under the non wage recurrent expenditure, the district procured drugs worth UShs 40,235,246 out of the funds disbursed during the first quarter of FY 09/10 corresponding to a utilization level of 100%.

**Physical Performance**

For works scheduled from FY 08/09, construction the OPD at Buhandagazi had been completed and was in use. Its construction commenced in April 2009 and was officially opened on 17 November 2009. The quality of work was generally of good quality. The OPD at Ngoma HCII was at roofing stage and plastering was ongoing.

OPD at Buhandagazi HCII

OPD at Ngoma HCII

## l) BUSHENYI DISTRICT

The district had received UShs 232,790,864 for PHC non wage recurrent expenditure and UShs 123,154,000 for capital development expenditure for the first two quarters of FY 09/10.

### Planned activities for FY 2009/10

The district planned to undertake the following capital development activities: completion of the OPD at Karungi HCIII (UShs 47,020,000); a general ward at Kabushaho HCIII (UShs 54,980,000); construction of an OPD at Kabushaho HCIII (UShs 90,000,000) and installation of water tanks at several health facilities (UShs 5,400,000); and procurement of medical beds (UShs 12,270,000).

### Financial Performance

Out of the non wage expenditure disbursement for the first quarter of the FY 09/10, the district procured drugs worth UShs 74,111,062 corresponding to a utilization level of 90.7%. Under the funds retained from FY 08/09, the district spent UShs 9,333,586 towards the completion of the OPD at Karungu HCIII and UShs 10,944,099 on the completion of the general ward at Kabushaho HCIII.

### Physical Performance

No contracts had been awarded for works scheduled in FY 09/10. Invitation of bids for the scheduled works was planned for the week starting 7 December 2009. Construction was ongoing for works which commenced in FY 08/09 and carried forward into FY 09/10.

General ward at Kabushaho HCIII

### Challenges to health care delivery in the district

**Absence of a Contracts Committee:** The District did not have a fully constituted contracts committee. Whereas nominations were submitted to the Permanent Secretary/ Secretary to the Treasury for consideration, the district had received no feedback for a period of over 5 months.

**Late releases:** Until 2 December 2009, the district had not received PHC capital development funds for the second quarter ending 31 December 2009. The delayed disbursement outright affects the implementation of PHC activities.

## 3.5 INDUSTRIALIZATION

### *3.5.1 Introduction:*

Industrial development is an integral and important part of the Government's overall development strategy. This development strategy is to be achieved through transforming Uganda into a modern and industrial country, focus is on value addition and processing to reduce post-harvest losses and increase high value export products, especially from agricultural and mineral resources. Industrialisation offers greater prospects for increased employment, more export earnings, wider tax base, increased purchasing power, increased integration with agriculture, product diversification, greater efficiency, and technical skills for modernization and higher productivity throughout the whole economy.[91]

**Scope**

Physical and financial monitoring during the second quarter 2009/10 focused on development activities undertaken by the Ministry of Finance, Planning and Economic Development(MFPED), Ministry of Tourism, Trade and Industry (MTTI), Uganda Investment Authority (UIA), and the Uganda Industrial Research Institute (UIRI).

Under the Ministry of Finance, Planning and Economic Development (MoFPED), monitoring covered establishment of Soroti Fruit Factory and the Value Addition Tea Industry (Buhweju Tea Factory) in Bushenyi district; Ministry of Tourism, Trade and Industry (MTTI), monitoring focused on the *Jua Kali* Park in Makindye. Under UIA, development of industrial parks was monitored in Luzira, Bweyogerere, and Soroti while for Uganda Industrial Research Institute (UIRI), establishment of the fruit processing plant in Mpigi was selected.

**Methodology**

Projects were selected on the basis of capital investment, planned outputs and releases made in the first two quarters of the financial year. The IFMS and progress reports were the major sources of both physical and financial information. The variables monitored are the inputs and outputs of each programme/project. The methods used included observations, interviews with key project officials, photography and review of quarterly progress reports and work plans.

**Limitations**

Information inadequacies; for some projects, financial data was not readily available making financial analysis difficult.

[91] National Industrial Policy (Jan.2008)

### 3.5.2 Ministry of Finance, Planning and Economic Development (MFPED)

## Value Addition Industries

**(a) Buhweju Tea Factory**

Igara Growers Tea Factory is the promoter of Buhweju Tea Factory, Igara Tea factory limited was established in 1969 by the government of Uganda as part of Small holder Tea Development Programme, having earlier established Uganda Tea Growers Corporation (UTGC) in 1969 by an Act of Parliament. It's mandate was to promote tea production by the smallerholder farmers, establish tea factories and ultimately hand them over to the smaller holder tea farmers' group. As a result of the formation of UTGC, the tea sub-sector showed tremendous progress but political turmoil, insecurity and economic decline characterized the period 1974-1987 resulting in a decline in tea production in the region and among the smallholder tea farmers.[92]

Igara Growers Tea Factory was privatized in 1995 and is 100% owned by smallholder tea farmers numbering over 2,900 as shareholders. The factory has a processing capacity of 56,000kg green leaf per day. In 2007, the average leaf delivered was 60,000kg, with some days recording 120,000kg (on peak days), 45% of the leaf is from Buhweju, therefore, supply of green leaf is beyond the factory processing capacity.

The establishment of the new tea factory is premised on the enormous production potential from Buhweju as a result of available land, new planting over the last six years, government's intervention in the sector and planting of high yielding colonal varieties of tea.[93]

The Buhweju Tea Factory is a four year project (July 2008 to July 2012) aimed at building a tea factory at Burere, Buhweju County, Bushenyi District.

Newely planted tea at Burere- Buhweju

Government of Uganda through the Ministry of Finance, Planning and Economic Development has committed funds to the building of the factory complex and additional buildings to facilitate its operation.

A memorandum of understanding to this effect has been signed between GOU and the promoter (Igara Growers Tea Factory).

The objectives of the project are to:

[92] Public Investment Plan (PIP) FY 2009/10-2011/12

[93] Progress report Igara growers Tea Factory(Sept. 09)

- Establish a tea factory for processing the green tea leaf produced by farmers from Bushenyi (Buhweju),
- To increase and sustain the benefits to farmers in the area from tea growing and reduce poverty by improving household incomes.

**Planned outputs**

A new factory building built, new offices and staff houses built, processing machinery including grading, packaging and storage procured and installed, power and water infrastructure developed, high quality green leaf collected and processed.

**Financial Performance**

The total project cost is US$ 7.44million. The project is expected to be jointly financed as follows; GoU Grant of US$3.2 million[94], Bank loan of US$2.805 million and residential building and working capital by Igara Growers Tea Factory of US$ 1.43 million.

With effect from FY 2008/09, GoU undertook to disburse its grant to the project on an annual basis amounting to UShs. 1,601,000,000/= per year. In FY2009/10 a total of UShs. 1,601,000,000/= were budgeted. It was reported that as of November 2009, all the funds budgeted for by GoU for the two financial years had been disbursed and received, reflecting a 50% of GoU grant release to the project (UShs. 3,202,000,000) and 100% release of the annual budget for FY 2009/10.

The outstanding project commitments as of November 2009 stood at UShs 6,410,915,652 of which UShs. 1,412,398,270 had been expended. The table below shows the project commitments and expenditures as of November 2009

**Table 3.5.1 Project Commitments and Expenditures**

| **Contractor** | **Description of contract** | **Contract Sum (Commitment)** | **Amount Paid As of 30.10.09** |
|---|---|---|---|
| Habitat Consultants | Architectural Designs | 185,732,000 | 167,158,800 |
| Prudence Construction | Works: Kitchen & Dinning | 56,874,000 | 28,437,000 |
| Trust Builders | Works: Factory Contractor | 6,027,178,752 | 1,205,435,750 |
| Habitat Consultants | Supervision Consultant | 141,139,800 | - |
| **TOTAL** | | **6,410,924,552** | **1,401,031,550** |

*Source: Igara Growers Tea Factory Progress Report*

[94] Public Investment Plan (PIP) FY 2009/10-2011/12

**Findings:**

**Physical Performance**

The Contract for the factory civil works was awarded to M/s Trust Builders and Civil Engineering and the agreement was signed on 20th August 2008. Ms. Habitat consultants were awarded a contract to supervise works. Civil works include; the construction of the main factory, administration block, boiler house, generator house, motor vehicle garage, input store and firewood shed. The contractor took possession of the site on 9th September 2009, mobilization of labour and equipment; leveling, grading and excavation were completed in October 2009.


*Ongoing casting of the foundation beams and delivered steel panels at site*

It was reported that variations in design of the foundation had to be made due to the different soil formation (vegetable soils on one end and rocky soils on another).

During the monitoring visit, it was observed that, brick and concrete casting, laying of pillars in the foundation and introduction of re-enforcement beams were on going. These activities were to continue up to December 2009.

The site engineer reported that delivery of structural steel which forms a critical component of the works had started.


*Electricity termination in the background and kitchen and dining room*

Power was extended to the factory site under the Energy for Rural Transformation Programme.

It was reported that an omission made by the designer on water infrastructure had been rectified.

The water source was identified (approximately 800 meters from the site) and construction of water harvest tanks was ongoing.

**Kitchen and Dinning**

Construction of the kitchen and dining room was near completion. Generally the project is on schedule

**Challenges**

- Negotiations for counterpart financing in form of a bank loan are behind schedule, a factor attributed to internal restructuring of East African Development Bank (promoters' bankers). This is likely to affect the schedule for project implementation, especially financing procurement of tea processing machinery and installation.
- The state of roads from Bushenyi to Buhweju (approximately 45 km) continues to get worse by day, a situation exacerbated by heavy rains in the month of November and December 2009. This has made transportation of materials and equipment to site very difficult.
- Absence of extension services and materials such as plantlets and fertilizers from NAADs to tea growers affect the quality of yields from smallholder farmers. Although, over UShs 400 million was remitted to Bushenyi district under the NAADs programme, it was reported that the tea growing community did not in any way benefit from the funds.
- Design variations for both re-enforcement of foundation and water infrastructure automatically increased the project costs.

**Recommendations**

- The project management team should fast track negotiation for the bank loan to avail additional funds for implementation. Management should further expedite Value Added Tax (VAT) registration of the factory to improve the project cash flow through VAT refunds from Uganda Revenue Authority.

- The promoter and MoFPED should liaise with Uganda National Roads Authority to urgently re-gravel the Bushenyi – Buhweju road to ease transportation of materials and equipment.

- The district NAADs work plan and budget for the subsequent financial year(s) should capture and address the needs of tea growers. The NAADs office should work with tea growing entities in the district.

### (b) Soroti Fresh Fruit Processing Industry

**Background**

Fruit production (citrus) is one of the success stories of National Agriculture Advisory Services (NAADS) programme in Teso, according to the Chairman, Teso Fruit Farmers Association. The region is estimated to have over 1.5 million fruit trees. Given the new planting, the number is estimated to triple by 2012. Fortunately the demand for exotic tropical and subtropical fruits, natural and organically certified products by consumers in developed countries is on the increase, Teso region records significant post harvest losses due to the lack of value addition.[95]

Fruit processing in Uganda has been limited to extraction of fresh juice which is sold on the local market. The current demand for fruits exceeds production and this is met through import of fruit concentrates. The project intends to provide a stable market for fresh fruits from Uganda whose fertile soils permit to grow organic fruits and vegetables which earn a premium price in international markets.

The project will establish a modern nucleus export village farm, open commercial farms for fruit growing, set up a network of over 1000 out growers throughout Teso sub-region, lay a high-tech irrigation facility for sustainable supply, construct a fresh foods processing plant for value addition through production of high quality fresh fruit juice, the factory will be involved in a wide range of fruits covering; mangoes, pineapples, passion, pawpaw, watermelon, avocado, apple, orange, lemon, pear, tangerine and banana.

The project is spearheaded by a task force composed of MoFPED, Uganda Development Corporation, NAADs Secretariat, Uganda Investments Authority, district local governments in Teso sub-region and Teso Fruit Farmers' Association. It is expected to run for a period of five years starting from FY 2009/10 to FY 2014/15.

**Project Objectives**

- Establish Soroti Fresh Fruit processing industry brand as one synonymous with quality, reliability and product perfection.
- Create alliance with the best in the industry from supply to product sale and distribution
- Establish a wide distribution network across the country and open new markets for Uganda's fresh food products in other regions
- Set and maintain new standards in quality product and service delivery
- Be an icon of business integrity in the region, and
- Create loyal consumer fans.

**Expected Outputs**

- Factory for value addition to quality graded fruits and vegetables
- Fresh juice for local market

[95] Retrieved from: www.freshplaza.com/news_details.asp?id=53536 on 11/12/2009

- Special fruit cocktail for school going children 7-18 years in secondary and tertiary institutions
- Farmers trained in modern farming skills
- Nucleus rural irrigation scheme
- Rural demonstration farms

**Field Findings**

**Financial Performance**

The total estimated project grant is US$ 6.1 million of which the secured funds for capitalization (GoU Grant) for FY 2009/10 is US$ 2.5 million, while a further US$ 3.5 million will be injected from internal equity as fixed assets.

This FY 2009/10, a total of five billion shillings was appropriated for capitalization and construction of the factory. By the time of the monitoring visit, this money had not been disbursed from MoFPED due to project ownership and implementation complexities. Therefore, the project was financially performing at 0%.

**Physical Performance**

Soroti district local government has identified land to host the fruit factory. NAADs coordinators in the sub-region together with Teso Tropical Fruit Farmers Association were conducting a fruit tree census in order to establish the production capacity in the region. According to the Chairperson of the Fruit Farmers Association, two companies, that is, House of Dawda (Britania) and Century Bottling Company (Coca-Cola) had expressed interest in a joint venture with the farmers.

Most of the activities under this project have not taken off. There are delays in establishing a legally binding implementation entity and getting stakeholder buy in. During the monitoring visit, disagreements on ownership and location of the factory among the districts of Teso were reported.

**Challenges**

Delays in resolving the issue of project ownership has resulted in delayed project kick-off and significantly affected the disbursement and absorption of resources.

**Recommendation**

The MoFPED should urgently resolve the issue of project ownership and implementing agency. All stakeholders in the districts of Teso should be brought on board through a stakeholders meeting to clarify roles and responsibilities and devise a strategy for counterpart funding.

### 3.5.3 Uganda Investment Authority (UIA)

**Industrial Parks Development**

The Government of Uganda committed itself to a national industrial parks development program funded from budgetary provisions and donor support. During FY 2007/08, Kampala Industrial and Business Park, Namanve; Bweyogerere Industrial Park and Luzira industrial estate were established. The process is spreading to up country towns with a total target of 22 parks in all the regions of the country[96]. It is anticipated that the Kampala parks should be fully operational by FY 2010/2011.

The importance of establishing parks is to provide serviced areas (with roads and utilities) for home manufacturing, value addition to Ugandan made goods and creation of employment. Industrial parks will strengthen the Ugandan private sector to enable it play its expected role as the engine of Uganda economic growth and boost foreign investment.

**Financing**

The government of Uganda has taken up the initiative to kick start the park development process. While World Bank is providing an initial US$ 26m for the Kampala Industrial and Business Park (KIBP) at Namanve, GoU has funded the infrastructure activities in the Luzira and Bweyogerere industrial parks as well as purchased 619 acres of land in Mbale at UShs.3.1billion, 219 acres in Soroti at UShs 985 million and a built up 12 acre park at Mbarara at UShs.2.6 billion.

**Planned Outputs**

- Recruit contractors for the construction of park roads at Luzira, Bweyogerere and Soroti.
- Coordinate the provision of electricity and water in the parks.
- Carry out Environmental Impact Assessments (EIA) and planning requirements.
- Allocate land to deserving investors.

**Field Findings**

**Progress on recommendations of past monitoring reports:**

In the last monitoring report, the issue of inadequate staff in the Land Development Division of UIA was raised. This has been addressed with recruitment of a Physical Planner, Inspector of Works, and two Park Managers (for Eastern and Western regions). The agency has also procured two vehicles to ease transport.

**(a) Luzira Industrial Park**

The 65 acre Luzira Industrial Park is already operational. The park has been allocated to 13 projects, of which, M/s Quality Chemicals is operational and five are settling in, while another 7 are either at the start-phase or have not yet started.

[96] Public Investment Plan FY 2009/10-2011/12

UIA planned to finish road construction of the remaining 2 Km road from gravel to paved surface, extend a 5km industrial power line from Namanve to Luzira and install a 33 Kv sub-station. [97] M/s Spencon Services Limited was awarded the contracted at a contract price of UShs 2,043,528,689.

**Physical Progress**

*Primed shoulders and finished stone lined drains*

At the time of the monitoring visit (26th November 2009), it was observed that ceiling of the remaining 2 Km road had been substantially completed. Drainage works were ongoing at different fronts and planting of grass on the side drain slopes was near completion.

The contractor was priming the shoulders of the road connecting to side drains. The contractor reported that fabrication of signage was complete and awaiting installation.

Maintenance works are being done on the road constructed by M/s Sobetra. On the whole, the physical progress was at 95%. Although work was slightly behind schedule.

**Financial Progress**

The table below shows payments made to the contractor as of December 2009

**Table 3.5.2 Payments to Spencon Services Limited**

| Item | Contract Price | Payments |
|---|---:|---:|
| Advance payment | | 408,705,787 |
| Certificate 1 | | 617,944,661 |
| Certificate 2 | | 487,248,371 |
| Certificate 3 | | 324,801,867 |
| Certificate 4 | | Not yet paid |
| Total | 2,043,528,689 | 1,838,700,656 |

*Source: UIA Finance and Administration Department.*

Advance payment and certificates 1, 2, and 3 were raised and paid. Certificate No. 4 had been raised cleared and submitted to UIA for payment. The outstanding payments were at UShs. 204, 828,033million including the retention for defects liability period. The financial performance was at 90%.

[97] UIA progress report 2009

**Power line and Sub-station construction.**

Bids for the installation of the 33kv power line were expected on 30th November 2009 and M/s Umeme is progressing with the shipment of the transformers for the sub-station. By November 2009, the final valuation report for the power line way leaves was not yet ready.

**Challenges**

Wet weather in the month of October and November caused a delay in completion of drainage works and the entire project as earlier scheduled.

**(b) Bweyogerere Industrial Park**

The 50 acre Bweyogerere Industrial Park for light and clean businesses is in advanced stages of implementation with the major investor, Bweyogere Hospital planning to begin construction soon[98].

**Expected Outputs**

The Government of Uganda allocated funds to Uganda Investment Authority to be used for construction of access roads in Bweyogerere Industrial Estate, boundary opening and construction of the following roads; Bypass link (895m), Kyaliwajjala road (580m), First street (278m) and Second street (172m).

**Findings:**

At the time of the monitoring visit, boundaries had been opened and all plots (8) allocated to investors. The design of the estates roads were completed by Gauff Consultants (Uganda) limited. It was reported that most of the investor's allocated plots in this park had just started to get the land titles from UIA a factor that has constrained the project take off.

**Note:** Information on expenditure was not readily available by the time of compiling this report.

**Challenges:**

Although plots were allocated to investors in 2007 and funds released last financial year, there has been slow progress in acquisition of land titles and construction of roads in this park. The project is two years behind schedule.

**(c) Soroti Industrial Park**

219 acres of land were purchased at Temere, Arapai, 2 km North of Soroti Municipality, adjacent to Soroti Flying School for establishment of an Industrial Park at a total of UShs 984,500,000.

**Expected Outputs**

Acquisition and occupation of the land, topo-surveys, and subdividing of plots. It was projected that 30 to 60 investors will be allocated land and set up factories in this park.

[98] Industrial Parks Update: Retrieved from: http://www.ugandainvest.com/admin/docs/kibp2.pdf

**Findings:**

At the time of purchasing, the land was said to be free from encumbrances and squatters, however during the monitoring visit, it was observed that the land had squatters who claim to own plots on the land. UIA reported that the seller had agreed with the families claiming ownership to vacate the land. Physical planning was yet to take off.

*The two families with claims on the land*

*Bricks owned by a squatter on the land.*

**Industrial Parks Development Challenges**

- Delays in release of valuation reports from the Chief Government Valuer hinder timely implementation of planned activities and achievement of overall ouputs.
- Land acquisition and development is tedious and requires very clear work plans and action plans which are generally lacking at Uganda Investments Authority.

**Recommendation**

- The Chief Government Valuer's office should be strengthened and facilitated with human and financial resources to enable timely disposal of pending valuation reports. Where possible a valuation desk officer should be attached to UIA to support the on going land procurements around the country.
- Most of the projects under development of industrial parks have spanned from one financial year to another with unspent balances expended without clearance from the Secretary to the Treasury, as required by the Public Finance and Accountability Act 2003. In the absence of unit costs for land, a value for money audit should be undertaken.
- Excessive government regulation of business and bureaucracy affect investments in the country. Government should review legislations that affect investment and reduce on the red tape in opening businesses in the country to attract domestic and foreign investment. It is a clear demotivator for an investor to spend more than twelve months to acquire a land title.

### 3.5.4 Ministry of Tourism, Trade and Industry (MTTI)

The sector strategic objectives are to develop a competitive and export-oriented industrial sector by encouraging and fostering innovation, entrepreneurship development and adoption of best management practices. Create support systems for sustainable micro, small and medium industrial development for value addition and jobs creation. Support the growth and development of a skilled and productive labour force. Promote safe workplace practices and environmentally sustainable technologies in all industries.

***(a) Jua-Kali Parks***

To promote a high standard of improved work safety and skills enhancement for the local artisans, the Ministry of Tourism, Trade and Industry (MTTI) planned to set up industrial common facilities centres. The project was to run for a period of five years with effect from FY2006/07 to 2009/10. In the last three years, MTTI acquired two pieces of land in Luzira Industrial Estate and at Bukejje-Luwafu, Makindye Division along Salama-Munyonyo road for these centres.

The project specific objectives are to create permanent working sites; enhance skills in appropriate technologies and business management; create marketing avenues for artisan products and develop quality products which are competitive in local and international markets.

The project is to be implemented in phases with phase one covering construction of a three floor structure including a basement; fence the plot with a chain link and re-channel the flow of the stream in Luwafu-Makindye.

**Financing**

This financial year (2009/10), a total of UShs 1.6 billion was approved of which UShs 1.0 billion was to be used for the construction of the sub-structure and basement for the *Jua-kali* centre in Makindye. It should be noted that industrial development allocation is shared between construction of common facility centres (1.0bn, 62.38%), industrial development programs (0.427bn, 26.6%) and wages (0.176bn, 10.97%).[99]

The project has a time frame of five years and will be fully funded by the Government of Uganda.

**Field Findings**

**Physical Performance**

4.2 acres of land were acquired at Luwafu-Makindye along Salama-Munyonyo road. The land acquired is on block No.262 subdivided into five plots. Plots 411, 412, 581, 582, 580 all acquired last financial year.  A sixth plot, no. 579 whose owner had not finalized the transfer of title was yet to be acquired.

**Contractors:** M/s Coil Limited was contracted to underke civil works of this project with M/S Plan Systems, Architects and Planning Consultants as the project managers; Survecon

[99] Ministerial Policy Statement, 2009/10, MTTI

Associates Limited as the quantity surveyor; Kaburu Okello Partners, the civil structural engineers; Multi-konsults limited the electrical and mechanical engineers.

Structural and engineering designs for the artisan premises were approved in financial year 2008/09. M/s Coil Limited took possession of the site in June 2009 and carried out site clearance, mobilization of equipment and leveling in September 2009.

At the time of the monitoring visit, it was observed that no major works were going on and most of the required equipment was not on site. In an interview with the foreman, it was confirmed that some equipment had been de-mobilized due to the clients'(MTTI) failure to fund the project.


*Site signage, leveled ground and some of the mobilised equipment*

**Financial Performance**

This financial year (2009/10), one billion shillings was approved for this project and a contract awarded to M/s Coil Limited. The resources released for quarter one and two were re-allocated to finance another contract within the vote (for architectural drawings and bills of quantities for the proposed MTTI headquarters and Uganda Museum). This has greatly affected implementation of this project.

**Challenges and Recommandation:**

The contractor is likely to submit a claim for additional payments of lost time and re-mobilisation of equipment to this site.

Construction of common facilities has been and remains an unfunded priority in the last three financial years. Allocations to this item should be increased and the ministry should commit to undertake this project. Meanwhile, the land allocated to the ministry in Luzira industrial estate has remained idle for the last three years.

### 3.5.5 Uganda Industrial Research Institute

The Uganda Industrial Research Institute (UIRI) was established as a government parastatal by an Act of Parliament in 2002, the institute is mandated to engage in activities that will result in Uganda's rapid industrialization. In order to fulfill this mandate, UIRI's core activities focus on identifying affordable technologies and applied research, business incubation, analytical laboratory services, business advisory, prototyping, industrial engineering design and development to result in the creation of new products and value-addition.

The Institute (UIRI) operates under four main departments, three of which are technical viz Technology Development Center (TCD), Production and Industrial Processes Systems (PIPS), and Product Development (PD).

The departments operate towards achieving technology transfer and adoption, rural industrialization through targeted value addition, research, development and new innovations for new marketable products.

Efforts at supporting rural industrialization are undertaken by the department of Product Development in order to establish model processing units country wide focusing on value addition.

**Nabusanke Fruit Factory**

The initiation of this project was a result of the President of Uganda's pledge to support a group of women in Mpigi district who were processing juice using basic methods in early 2006. The institute was therefore tasked to assist in setting up a modern facility with the requisite technologies and transfer of skills appropriate for juice processing in partnership with Central Buganda Diocese Mothers Union found in Kanoni-Gomba, Mpigi district**.**[100] The plant is located in Nabusanke, 70km along Kampala- Masaka highway

**Expected outputs**

Construct factory premises, procure machines and set up a fruit processing pilot plant, develop skills and core competencies in industrial processing, set up a model unit that can be used to demonstrate the potential for value addition to fruits in the country. It is also an opportunity to enhance the product value chain through product research and development and transfer of practical skills to Ugandans.

**Field Findings**

**Financial Performance**

This project is funded by Government of Uganda. The project expenditures[101] so far, less funds for operations and government taxes on machinery importation are as follows:

[100] UIRI Status Report on Value Addition, November 2009
[101] It was difficult to ascertain receipts from government so far as the ED was out of the country.

**Table 3.5.3 Facility Expenditures**

| Item | Description | Cost (UShs) |
|---|---|---|
| Civil works | Construction of factory complete with processing floor area, washrooms, administration offices, gatehouse, fence and drainage | 199,421,100 |
| | Drilling of borehole and construction of submersible water pump. | 61,631,000 |
| Power supply | Extension of UMEME three phase power including installation of transformer | 35,706,328 |
| Machinery & equipment | Purchase and transportation of machinery including freight charges | 111,632,880 |
| Installation and Commissioning (December 2009) | Engineer charges and materials for test running | 6,500,000 |
| | **TOTAL** | **414,891,308** |

*Source: UIRI Status Report on Value Addition*

**Physical Performance**

During the monitoring visit, it was established that the building to house the plant is near completion with power and water (a borehole drilled and two 5000litre tanks installed) already connected. A chain link fence and a gate house were completed. Machinery was shipped and delivered to the site in December 2009. All machinery is in stainless steel body make operated using electrical power (single and three phase) and compressed air.

This plant will have an installed capacity of 200litres of bottled juice per hour, equal to a daily output of 1000litres per day. The processing facility will need a minimum of 1000Kg of raw materials (fruits) per day in order to meet the installed capacity.

Once opened, fruits (mainly pineapple and passion fruits) will be received and taken through several unit operations which include peeling, slicing, coring, juice extraction, homogenization, pasteurization and packaging of ready to drink fruit juice.

This processing of fruits into health juice products will increase the marketing of the hitherto perishable fruits. The initial planned output will translate into at least 200 farmers each being able to supply between 1 – 2 tons of fruits per month.

The facility will as a result directly employ at least 25 skilled personnel in specialized areas of, food processing, electrical and mechanical engineering, marketing and finance[102].

[102] UIRI Status Report on Value Addition, November 2009

*Installed water tanks*

*Factory building with three phase power*

**Challenges**

- Lack of financial capital for the operations of the facility on a sustainable basis. Initial cost is required to invest in unique state of the art packaging for this factory.
- Limited farmer capacity to produce and supply raw materials in the quantities and qualities desired to sustain the plant after commissioning.

**Conclusion**

This facility has been set up as a model unit that can be used to demonstrate the potential for value addition to fruits in the country. It is also an opportunity to enhance the product value chain through product research and development and transfer of practical skills to Ugandans.

It is therefore expected to create a stimulus in terms of capacity building (human resource), increased farmer productivity through adoption of better agricultural practices and product competitiveness.

**Recommendations**

- UIRI should be supported to set up similar models elsewhere in the country for agro-processing and extend value addition to fruits in other major growing areas of Luwero (mangoes) and Kayunga (pineapples).
- Linkages and collaborations should be established and supported to ensure an effective promotion of value chains from farmer to consumer.
- More focused agricultural extension support shall be needed for the success of this particular project especially in areas of improved fruit varieties.
- In future, medium scale processing facilities should be set up elsewhere in the country aimed at increasing the processing output, product value and profitability whilst poverty reduction.

# 3.6 INFORMATION AND COMMUNICATIONS TECHNOLOGY

## 3.6.1 Introduction

The government of Uganda recognized the important role played by Information and Communications Technologies (ICT) as a tool for social and economic development. The Poverty Eradication Action Plan (PEAP) 2004/2005-2007/08, recognized access to information as a necessary condition for the well being of a population and human development.[103]

The Ministry of ICT was established in 2006 to address ICT development in a well organized, regulated and monitored way of operation through adopting the emerging new technologies in the governance processes, a practice commonly known as e-governance. Current applications of e-governance cover areas such as e-health, e-commerce, e-learning among others.

The Information and Communications Technology sector is divided into three levels namely; Policy, Regulatory and Operational. The Ministry of Information and Communications Technology (MoICT) leads the sector. The Regulatory level is composed of Uganda Communications Commission (UCC), Broadcasting Council (BC) and National Information Technology Authority-Uganda (NITA-U). The operational level is composed of telecommunications companies, postal, Information Technology (IT) and broadcasting operators.

The Ministry's mandate is to provide strategic and technical leadership, overall coordination, support and advocacy on all matters of policy, laws, regulations and strategy; sustainable, effective and efficient development, harnessing and utilization of Information and Communications Technology in all spheres of life to enable the country achieve its national development goals.

Strategic objectives of the ministry include:

- To develop information technology services such that they can significantly contribute to national development
- To promote use of information technologies in all spheres of life to enhance efficiency and effectiveness
- To increase teledensity and geographical coverage of telecommunications services with a high quality of service.
- To promote affordable rural communications
- To have in place a balanced and coordinated national and regional communications infrastructure.

**Scope**

The second quarter of FY 2009/10 monitoring covered development projects implemented by Uganda Communications Commission and Ministry of Information and Communications Technology. The districts of Nakasongola, Kyenjojo, Kasese Luweero, Nakaseke, Apac, Kabarole, Lira and Rukungiri were visited to assess the implementation of the various projects.

[103] Poverty Eradication Action Plan; 2005

**Methodology**

The following projects were randomly selected and visited under Uganda Communications Commission; Multipurpose Community Tele-centers and Postal Telecentres. Under the Ministry of Information and Communications Technology; District Business Information Centers and Nakaseke wireless project were monitored.

Projects were selected on the basis of capital investment, reported outputs as per the sector progress report and value of releases made. Financial data for the projects visited was sourced from the Integrated Financial Management System (IFMS), Implementing Agencies, and the FY annual progress reports. Progress on implementation was assessed by observations, interviews and focus group discussions with implementers and stakeholders.

**Limitations**

For some of the projects monitored, financial information was not readily available and all projects in the sector were not covered.

### 3.6.2 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.[104]

#### 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. [105]

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

[104] Ministerial Policy Statement(MoICT 2009/10)
[105] Uganda Communications commission Report 2008

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.

### (1) Multipurpose Community Tele-centers

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 ICT training for neighbouring communities. Telecentres serve as a connecting node, linking local communities with other communities and organizations both within and outside the country.

Second quarter (FY 2009/10) monitoring under this component covered two community organizations i.e. Nakasongola District Farmers Association and Barahiija Rural Development Organization and two schools i.e. Rwenzori High School and Aduku Secondary School, Apac.

#### (a) Nakasongola District Farmers Association MCT: Code-RCDF/WB/MCT/10/0508

**Expected Outputs**

An operational tele- center with a minimum of five networked computers connected to Internet furnished with computer desks and chairs; printer, fax machine, telephony, Internet subscription for three years and a stand by generator.

**Field Findings**

UCC disbursed a total of US$ 27000 (UShs 51891000) to Nakasongola District Farmers Association, for the establishment of a multipurpose tele-centre in November 2008. M/s Nile Computers Limited was contracted to deliver the equipment and install a Local Area Network (LAN) on behalf of the association. M/s. East African Institute of Management Science was contracted to train the association staff and centre manager in three Microsoft application packages that is Ms Word, Ms Excel, and Ms Power point at a cost of UShs 3,395,000.

Six computers of various specifications and six UPS'; one printer, one 2kva stabilizer, one photocopier, one fax machine, two public pay phones, one scanner, one digital camera, one 4 kva petrol generator, 305 meters of network cables and network accessories, and a 16 port network switch with a rack were delivered and installed at the tele-centre. The association procured four tables, nine chairs and Internet bandwidth subscription for one year from Ms/ Warid Telecom (U) Limited.

The facility provides Internet services and ICT training to farmers and the community at large. Internet services are said to be very fast and efficient by the users. During the monitoring visit (20/11/2009), the facility was closed because the in-charge (a district councilor) was attending to other administrative programmes in her electoral area. It was observed that records pertaining to this project were poorly kept and could not be easily retrieved for cross checking for instance, the contract and invoices for installing the network and supply of equipment could not be traced.

**Challenges**

Lack of full time dedicated staff to manage the tele-centre leads to low utilization of the facility whilst loss of income.

Although the telecentres is located in a distance less than 100 meters from the district headquarters, some district staff members were not aware of its existence!

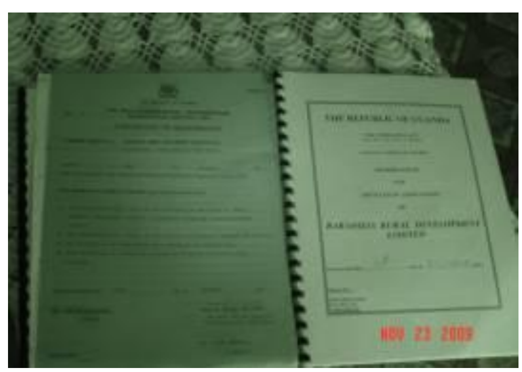
**Recommendations**

The public should be sensitized on the existence of the telecentre in order to expand the client base and generate income for sustainability. The Association should consider recruiting a full time staff for the centre to avoid inconveniencing patrons as the case is, under the current arrangements.

Proper records keeping for this project is very vital for accountability purposes

**(b) Barahiija Rural Development Organization Telecentre: Code-RCDF/WB/MCT/11/0608**

The organization was started in 1994 and registered as an Non Government Organisation (NGO). It was incorporated on 25th October 2001 under the Companies Act as limited by shares. The organization is located in Barahiija village, Kyarusozi Sub County, Kyenjojo district; The main objective of the organization was to carry out activities in the field of rural community development, support vulnerable groups and income generating projects in the districts of Kyenjojo, Kamwenge and Kabarole.


*Former office block, Articles of Association & Certificate of registration of Barahiija*

**Expected outputs**

An operational tele- center with a minimum of five networked computers connected to Internet, furnished with computer desks, chairs; printer, fax machine and a stand by generator.

**Field findings**

During the monitoring visit, 23/11/09, the Founder Director/Coordinator of Barahiija Development Organization reported that operations of the organization were poised for close to one year due to his (Director) ill health. Accordingly, it was confirmed that the registration of the organization expired on November 15th 2006 and since then it had not been renewed.

The Director reported that his organization had not received any funds or equipment for setting up a multi-purpose telecentres in Kyenjojo district as reported by Uganda Communication Commission. Efforts to trace this telecentres in Kyenjojo Town council were fruitless as Town Council administrators and the district information office were not aware of this facility. The monitoring team was guided to three organizations with Internet services in Kyenjojo Town council and non of them was funded by UCC. It was thus concluded that the tele-centre did not exist in Kyenjojo district as reported.

***Former Barahiija Development Organisation Offices***

**Recommendations**

UCC should account for this missing telecentre in Kyenjojo district.

**(c) Rwenzori High School MCT**

Rwenzori High School is a government aided USE school located in Ibanda Parish, Bugoye sub county, Kasese District. With a student population of 1,119 (November, 2009), the school runs two shifts (double) a day to accommodate the numbers.

UCC disbursed a total of US$ 27,000 in four installments to the school for the procurement and installation of equipment for a School ICT laboratory including Internet subscription for two years, servicing and maintenance of equipment and ICT training for teachers. The funds were further to cover procurement of furniture for the laboratory.

**Findings:**
**Physical Performance**

M/s. Service and Computer Industries Uganda Limited trading as NCR was contracted to supply and install the equipment at the school.

Five computers of various specifications including a server, one photocopier, a scanner, two public access phones, one 16 port switch, a white board and a lesser printer were procured. Although cabling was completed, trunking was partially done.

Owing to the absence of broadband Internet in the area, the school procured three Internet Modems, that is General Packet Radio Service (GPRS cards) from MTN Uganda and activated two for purposes of training and accessing Internet. According to the Head-teacher of the school, Internet subscription is paid on a monthly basis. Two members of staff were trained including one ICT laboratory administrator. The tele-center became operational in August 2008.

An ICT training time table was designed and implemented at the school. The beneficiaries include students in senior three and four (Optional subject) and all students in A-Level. In 2008, three candidates sat for ICT studies, while in 2009 five candidates sat for the UNEB ICT examination.


*Multipurpose Lab*


*16 Port switch*

The surrounding community and some tourists use the facility for training and sending e-mails. Photocopying has the highest demand from the community.

**Financial Performance**

Remittances for the procurement of the equipment was made in phases (See Table below)

**Table 3.6.1: Releases made to Rwenzori High school**

| Date | Amount received | Amount Spent |
|---|---|---|
| 15th May 2008 | 31,611,000 | 19,477,400 |
| 31st October 2008 | 12,944,480 | |

| | | |
|---|---|---|
| 8th February 2009 | 8,746,000 | |
| 25th June 2009 | 2,142,855 | |
| **Total** | **55,444,335** | **19,477,400** |

*Source: Rwenzori High School Receipts*

Although the only confirmed expenditure as per receipts presented by the school bursar was UShs 19,477,400 (*being payment of computers and accessories to NCR*), it was reported that the unspent balance was at UShs 13,940,231, there was no corresponding receipts to this effect. The unspent balance was to be used for Internet bandwidth subscription for the remaining two years.

It was further noted that the school did not follow proper procurement procedures while undertaking this project, for example, the supplier was directly sourced and was not subjected to any form of competition.

**Challenges**

**Intermittent Internet connectivity**

The Internet is too slow and often goes off. There is only one service provider in the area (MTN), the school has no option rather to continue with the poor services.

**Inadequate computers**

The computers are not sufficient for the students. The school has about 1,119 students and eight computers. Given the student numbers these computers are hardly enough.

**Inadequate Computer Lab space**

The room housing the ICT laboratory can only accommodate thirty students with a ratio of one computer to six users.

**Limited sensitization and managing change**

Although ICT training is open to all students in upper secondary, for unknown reasons, most A-level students have no interest in the subject. Teachers have hardly used the facilities as teaching aids in delivering the core subjects which clearly a lost opportunity.

**Recommendations**

- The school should acquire additional computers to reduce on the student computer ratio and plan for expansion of the laboratory.
- There is need to sensitize the teachers and students of the benefits of ICTs and demonstrate how the lab facilities can be used as teaching aids. Alliances with Ministry of Education ICT programmes such as Schoolnet and cyberspace should be made to make the ICT lab more useful.

**(d) Aduku Secondary School ICT Laboratory**

The school is a government aided mixed boarding school located in Aduku Township, Aduku sub-county, Apac district with a population of about 950 students. UCC disbursed a total of US$ 27,000 for establishment of an ICT laboratory and the full grant amount was reportedly received.

**Expected Outputs**

An operational ICT laboratory with a minimum of five networked computers with accessories, a television set, a standby generator and furniture.

**Field Findings**

**Physical Performance**

*Aduku S.S ICT Laboratory*

The ICT teacher reported that the items were delivered in two installments and they include; seven computers with UPS' supplied by M/s Dot-Com computer services, a 29 inch color Television, a DVD/CD player, a printer, a fax, a photocopier , a stabilizer, 10 tables with metal stands and 50 chairs.

Dial up internet connection (24kbps) was installed by MTN and two public phones although the internet is slow and can only be used by three people at ago.

Beneficiaries of the project include students, teachers and the community. Students are examined in Microsoft word, excel, access, Ms-Power point, internet and classes are compulsory for S.1 and S.2.

The community uses the facility to make calls, photocopying services and internet although sometimes they are discouraged by the student population. The teachers use the computers as teaching aids for literature and science students.

**Financial Performance**

The head teacher reported that the total grant was received in three phases. First batch was received in September 2008 amounting to US$10800, then US$7000 and US$9200. Expenditure details were not readily available at the time of monitoring as the school bursar was off for holidays.

**Challenges**

- The school has a total population of 950 students and 15 computers. With classes of 50-60 students each computer is used by 3-4 students.
- Lack of training materials; the teachers lack training manuals in terms of soft ware and text books.
- The capacity of the procured printer is low with only 15 pages per minute. This is quite a challenge since students are expected to print out a hard copy of their UNEB practical exams.

- Intermittent Power surges and blackouts in the area yet the capacity of the procured generator cannot supply all the equipment in the lab.
- Inadequate manpower; there are only two computer teachers who are supposed to attend to all classes.
- The Internet connection is too slow and costly: the school uses a dial up connection with a capacity of 24kbps.

**Recommendations**

- The school should mobilize additional resources for more computers to effectively conduct the training programmes.
- The school should acquire training manuals, text books and soft ware to supplement on the teaching aids.
- A network printer should be budgeted for and procured to support printing of practical examinations in time.
- A higher voltage generator should be acquired so that all computers can be powered during load shading.
- Additional staff be recruited/trained in ICT so as to provide better services to the students.
- The school should consider procuring broad band internet which provides better speeds at lower costs.

### (2) Internet Point of Presence (POPs)

UCC reported that out of the planned 30 Internet PoP, 32 district headquarters were connected. The POPs offer Internet connectivity of up to 527 kbps. This Internet connectivity is delivered through a terrestrial backhaul from Kampala and therefore Internet charges are supposed to be comparable to those in Kampala. In Q1 FY 2009/10 four districts were visited, this quarter; the team visited the districts of Nakasongola and Rukungiri to assess project implementation.

**Field Findings**

**(i)Nakasongola District**

The project was implemented in FY 2005/06 with the objective of establishing an Internet Point of Presence at the district. Installations were made and one computer in the Office of the CAO was connected. At the time of the visit, the computer had ceased to work. However, the district used the line to expand the LAN to at least twenty offices at the district using LGDP funds.
It was reported that the major challenge was intermittent Internet services and general lack of documentation for the POP project.

(ii)**Rukungiri District**

The Internet POP was initially installed to one computer in the office of the Chief Administrative Officer; the district later extended the network to eight computers within the main administration block. It was reported that the connection is very unstable and Internet is always on and off.

*Internet transmission equipment outside the admin. block and poorly done cabling in Rukungiri*

### (3) Postal Tele-centers

Realizing a decline in traditional paper mail and the resultant revenue base, Posta Uganda sought out ways of modernizing her operations through automation. This would enable the company offer Internet services to the clients and thereby earn additional revenue. In conjunction with Uganda Communications Commission, Posta Uganda asked for, and obtained a grant of USD 300,000 from the World Bank to create 20 fully fledged tele-centres all over the country, as an e-backbone for the Post Office.

The objective was to secure an added source of revenue, but also a step towards automation of postal processes. Q1 monitoring covered 10 postal telecentres. During second quarter monitoring visit, four post offices were visited to assess implementation status and services.

#### (i) Luweero Postal Telecenter

**Physical Performance**

In October 2008, five computers, five UPS', one multipurpose printer (fax, copier, and scanner) five desks and five chairs, one 24 port switch and a rack, and two extension cables were delivered and installed at the post office. Internet has not been installed since delivery of the items. Since installation, the computers are not in use and have gathered dust in the tele-centre.

In an interview with the Mail runner, it was reported that the community has constantly sought the services and will be glad to have the centre opened to the public.

#### (ii) Kabarole Postal Telecenter

The counter officer reported that equipment was delivered in December 2008 including; five computers, four chairs, a multipurpose printer, one 24 port switch, a rack, a data transmission unit and power stabilizer. Since installation, the computers are not in use awaiting contracting management.

*Equipment installed at Kabarole Postal Tele-centre*

**(iii) Kasese Postal Telecenter**

Equipment for establishing a telecentre in Kasese was delivered in the last quarter of 2008 consisting of; five computers, five UPS’(760 VA), one multipurpose printer (including a fax, scanner and copier), 24 port data link switch, three extension cables, a generator, five chairs and tables.
The generator and change over switch were installed on 6th October 2008 by M/s Car and General (Uganda) Ltd. The network was laid by M/s Technology Associates in December 2008 and the Internet connection by Uganda Telecom Ltd. The service has not been launched, the equipment is not engraved and the tele-centre was not in use by the time of the monitoring visit.

*Kasese Post office  with un used equipment in the postal tele-center*

**(iv)Lira Postal Telecenter**

In November 2008, the post office received equipment for the establishment of a Postal Telecentre consisting of: five computers, five UPS’, one network printer/fax/copier, five computer desks and five chairs, one 24 port switch and a rack.

At the time of the visit, the centre was not operational awaiting tendering of management. It was observed that the Internet was connected; however, the facilities were too dusty and not engraved.

**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 centers were supposed to generate funds for sustainability during the initial years of free subscription from the project budget. At the moment, they are not generating any revenue.
- The project was affected by undue time overruns, while implementation started in 2005, most of the activities under this project were done in 2008 and 2009, and commissioning has not been effected as Posta Uganda had not finalized outsourcing telecentres management.
- The objective of postal telecentres was to secure an added source of revenue and a step towards automation of postal processes. However Posta Uganda argues that the five computers were not economically viable, outsourcing management implied that the opportunity to automate postal processes is lost.

**Recommendations:**

- Posta Uganda management should expedite the process of commissioning the projects to avoid further loss on both equipment warrants and revenue. The equipment procured by government should be engraved and recorded in the assets register.

### 3.6.3 Ministry of Information and Communications Technology

### 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 Business Information Centers in selected 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 Small and Medium Enterprises(SMEs) in the surrounding areas to exploit the significant potentials of ICTs towards the creation of employment.[106]

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

[106] First Quarter FY 2009/10 Progress Report, MoICT

Leadership and the identified local partner are to take charge of the facilities once the initial support from the MoICT ends.

DBICs are meant to provide demand and supply driven services. The demand driven services include among others: Business 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. telephony, fax, Voice Over Internet Protocol (VOIP), secretarial services and advisory services.

The supply driven services 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.

Implementation was phased into four stages with the first phase entailing revitalization of old tele-centres based on DBICs model and setting up seven new DBICs sites. Ten DBICs sites are expected to be established in each subsequent phase.

**Planned Activities**

- Establishment of information centers in 30 districts.
- Integration of District web-portal with District Business Information Centre.
- Strengthening ICT infrastructure and networking with local governments and the ministry of ICT.
- Establishment and promotion of Municipal ICT forum.

**Financial Performance**

This project is wholly funded by the Government of Uganda. It started operations in FY 2008/09 with a budget of UShs 200 million, an additional UShs 230 million was approved for this project for FY 2009/10.[107]

In the first quarter, UShs 45 million was released, of which UShs 4 million (8.9%) was expended on this project.

**Field Findings**

**Physical Performance**

**(a) Lira District Business Information Center**

Lira NGO Forum was selected to host the District Business Information Center. On 9th July 2009, the MoICT delivered five desk top computers, one network printer, a standard printer, a fax machine, one 24 port switch with network accessories, two wireless phones, two data terminals, one generator with a battery(3.8Kva), one manager's table and five surfing tables. On 3rd August 2009, more items were delivered; two managers' chairs, two waiting chairs, a desk for IT assistant, two filing cabinets and an adapter for data terminal unit. M/s Elite Technologies Limited was contracted to undertake installation of the items at the centre.

[107] Approved Estimates of Revenue and Expenditure FY 2009/10, MoFPED

The project coordinator reported that some items had defects for example; one key board and one power cable were defective, one of the desks had no drawers and screws, one phone could not be powered and the standard printer had no cable. On notification, the contractor replaced only the key board.

*Some of the items delivered to Lira DBIC*

The centre is not commissioned and Internet connection is still pending.  In the mean time, the centre is open to the public offering secretarial and training services.
It was reported that comments on the draft Memorandum of Understanding had been sent to MOICT for consideration.

**Challenges**

- The delay in commissioning the center has affected its operations. Most people are not aware of the centre and services provided.
- Delays by MoICT to avail Internet connection affect implementation of internet based services.

**Recommendations**

- The Ministry should commission the DBIC and together with the partners sensitize the public on the existence and relevance of the DBIC.
- The Ministry of ICT should ensure that their suppliers deliver the missing equipment and fix or replace the defective items.

**(b) Rukungiri District Business Information Center**

M/s Miranda Computer Center in Rukungiri town was selected to host the District Business Information Center. On 30th July 2009, 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 phones, four surfing tables with chairs, one table for the manager ,one generator and one battery, and one Data Transmission Unit (DTU).

The equipment was installed save for Internet connection. It is hoped that once the center is fully operational, the community will benefit from the services at subsidized prices.

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 equipment delivered had not been installed and the center was yet to be commissioned.

In a group discussion with the district officials, the administrators expressed skepticism on the realization of the DBIC concept under a private partner. They expressed dissatisfaction with the role given to the district under the MoU and the way the process of establishing these centres was conducted.

"*We were not involved in the conceptualization of this initiative, MoICT simply asked us to identify a private partner. May be this facility would have served the purpose better if it was housed at the district*" said one of the administrators.

*Miranda Computers services*

*Delivered Equipment*

**Recommendations**

- The Ministry of ICT should ensure that the concept is clearly understood by the partners.
- The Ministry should conclude the process of signing the MoU with the partners.
- The Ministry of ICT should ensure that the missing equipment is delivered and the center commissioned.
- The Ministry should urgently supply the bandwidth to the DBICs and ensure that sustainability plans for DBICs are developed.

### 3.6.4 Nakaseke Wireless IP Project

The Istanbul Action Plan recognized the importance of rural connectivity as a cross cutting activity and an important element of Universal Service and Access. As such, the World Telecommunications Development Conference (WTDC, 1998) established the Focus Group 7 (FG7) to study new technologies for rural applications. Among the recommendations outlined in the final report of FG7, is a proposal for the conduct of packet-based wireless access infrastructure pilot projects in rural areas. It was suggested that packet-based wireless technology be installed in conjunction with existing or on-going Multi-purpose Community Telecentres[108].

Government of Uganda, through the then Ministry of Works, Housing and Communications took the offer from International Telecommunication Union (ITU) to test the packet-based wireless access infrastructure in a pilot project at an on-going Multi-purpose Community Telecenter (MCT) project based in Nakaseke[109]. Following restructuring of the Ministries, the project is now being implemented by Ministry of Information and Communications Technology.

The project was to receive funding both in cash and in kind from the following institutions:

**Table 3.6.2: Project Budget and Source of Funding in Cash and Kind**

| **Name** | **Purpose** | **Funding in US$** |
|---|---|---|
| International Telecommunication Union (ITU) | Coordination and core equipment. | 113,200 |
| Uganda Telecoms Limited | Base station E1 link, technical team, bandwidth and elevation of mast. | 142,960 |
| Ministry of Works (now MoICT) | Six months bandwidth and project evaluation. | 19,500 |
| Ministry of Education and Sports | User training, office space, tele-education expert and vehicle. | 71,598 |
| Ministry of Tourism, Trade & Ind | User training, office space, e-commerce expert and vehicle. | 55,020 |
| Mulago Hospital & Nakaseke Hospital | Tele-medicine equipment, laboratory space, user training, experts and vehicle. | 87,000 |
| UNESCO, National Commission | Project building, security, training | 66,000 |
| Uganda Communication Commission | Monitor implementation, travel inland and staff | 15,000 |
| **Total** | | **570,278** |

*Source: ITU Project Document*

**Project Objectives**

The overall objective of the pilot project was application of wireless IP based systems in a typical rural area of Uganda, which, if successful, was to be used as a model for future full-scale

[108] International Telecommunication Union: Project Document on Wireless IP based System for Rural Communication, March 2004

[109] Briefing notes for the minister of Information and Communications Technology

implementation of the access technology in other rural areas of the country and elsewhere in the world.

The specific objectives were to:-

i. Provide easy access to data and voice services in Nakaseke and hence to increase access to business, educational and medical information;
ii. Evaluate and affirm the suitability of packet-based wireless access infrastructure for delivering multi-media applications such as long distance education and telemedicine;
iii. Serve as a case study under the Rural Communications Development Scheme (RCDS) of the deployment of IP technology in rural areas of Uganda not covered by telecommunications operators;
iv. Develop ICT skills among local population of Nakaseke.

**Expected outputs**

i. Ten sites connected with Packet-based Wireless IP technology within a radius of up to 10Km;
ii. Application of packet based wireless IP technology in rural areas tested;
iii. Voice and data services provided to the 10 connected sites with a capacity of 128kbps.

**Field Findings**

M/s Technology Associates was contracted to deploy this technology at nine sites in Nakaseke. They include; Nakaseke hospital, Nakaseke International College, Mazzolidi College, Nakaseke SDA School, Nakaseke sub-county, Kasagombe S.S, Nakaseke Multi Purpose Tele-centre, Nakaseke Primary Teachers' College and Nakaseke Parents school. The farmers association was left out as there was/is no defined office for this association within the radius.

Monitoring visits were made to Nakaseke International College, Mazzolidi College, Nakaseke PTC, Nakaseke sub- county and Nakaseke MCT.

It was noted that execution of the project delayed following the re-structuring of the implementing agency from Ministry of Works to MoICT.

*Nakaseke MCT building*

*Trainees at Nakaseke MCT*

On 11th June 2008, items were delivered to Nakaseke Telecentre by officials from MoICT.

**Table 3.6.3: Items Delivered to Nakaseke Telecenter**

| Item | Description | Quantities/units |
|---|---|---|
| Monitor | HP | 11 |
| Printers | HP | 10 |
| UPS | APC | 10 |
| Racks | | 10 |
| Dishes | | 9 |
| Cables | coaxial | 9 |
| Switches (Cisco) | | 12 |
| Laptop jackets | | 7 |
| Regulators | | 8 |
| Distribution boxes | | 8 |
| Outdoor Radios | | 7 |
| Connectors | | 9 |
| IP phones | | 15 pieces |
| CPU | | 2 |
| Radios(Internet) | | 2 |
| Router | | 1 |

*Source: MoICT Delivery Note*

All the sites received a computer, a network switch and rack, an Internet connection; the MCT received a motorcycle from MOICT to ease transport of the MCT Manager to the different centres on the network.

It was reported that most of the core equipment was contributed by ITU and partners in kind. On installation, it was observed that four UPS batteries and tonner were expired, having stayed in a ware house for close to 3 years. It was reported that due to technological changes in Cisco equipment the initial technology delivered had significantly changed to cope with the current trends in wireless network requirements.

During testing, two out of the nine sites i.e, Kasangombe sub-county and Nakaseke SDA failed to pick the wireless signal due to topographic barriers. (On the lee ward side of the hill). According to the MCT Manager, the contractor recommended that external antennas for the two sites be purchased, by the time of monitoring, the antennas had not been procured.

**Nakaseke International College**

It was observed that the signal had been lost and what is needed is signal alignment and reconfiguration. It was further observed that the room housing the equipment had not been cleaned for some time.

***Wireless installation at Nakaseke International College***

**Mazzolidi College**

It was observed that, earthing for the installation of the radio box was incomplete, at the same time, the box was open ***(see picture)***. It could not be confirmed if the computer was in use because the administrators were away for the December school holidays.

**Nakaseke, Primary Teachers College (PTC)**

The college has a population of 380 pre-service students. The College Principal, reported that Internet was connected and is used by both students and tutors in areas of research, communication, and as a teaching aid. "All students learn basic computing, research and communication through scheduled classes".

Students pay a computer development fee once a term and the community accesses the facility in holidays at a fee, these resources assist the institution to sustain the project and enable the school buy additional computers.

*PTC Lab*

*Computer room*

**Challenges**

- The Internet connection was reported to be very slow and often goes off. At the PTC, the computer room is small and cannot accommodate large numbers at ago. The college should be supported to construct a bigger ICT laboratory.
- The telecentre has no monitoring software to verify the supplied bandwidth, and network management training has not been done yet this is a core component of the project.
- The initial project duration was eight months, however, the project experienced delays, since the Ministry of ICT took over implementation, it has exceeded two years and still incomplete. Installation of the voice component at all centres is still pending.
- It was reported that the delays in implementation led to most of the initial participating agencies to pull out from the project; for example, Mulago hospital, Ministry of Education and Sports and Ministry of Tourism Trade and Industry were unable to fulfill their contributions due to time lapses and changed priorities.

# 3.7 ROADS

## 3.7.1 Introduction

Roads is one of the three subsectors[110] under the Ministry of Works and Transport (MoWT) whose mandate is to plan, develop, and maintain an economic, efficient, and effective transport infrastructure and transport services by road, rail, water and air; manage public works including government structures; and promote standards in the construction industry.

The sector strategic objectives include:

i) Develop policy, set standards, regulate and ensure compliance and monitor transport infrastructure and buildings to meet the needs of users and promote social and economic development;
ii) Plan, design and ensure construction and maintenance of well coordinated and efficient transport infrastructure and buildings which meet the needs of users and promote social and economic development;
iii) Develop the capacity of the local construction industry;
iv) Ensure safe and environmentally friendly transport and physical infrastructure;
v) Ensure the mainstreaming of crosscutting issues namely: Environment, HIV/AIDS, Gender and Occupational Health and Safety (OHS) into the policies, programmes and activities of the Sector.

Key institutions involved in the implementation of planned activities within the Roads subsector include: MoWT; the Uganda National Roads Authority (UNRA); the Uganda Road Fund (URF); district local governments, lower local governments (subcounties) and urban councils. Other institutions outside the works and transport sector that have projects with roads subcomponents include the Office of the Prime Minister (OPM) and the Ministry of Local Government (MoLG).

The report covers input – output monitoring of selected road development projects and road maintenance programmes for the first and second quarters of FY 2009/10. It highlights the progress made on key planned activities as well as the financial performance of the Projects/ Programmes, and outlines implementation challenges identified, any arising policy issues, and recommendations.

The report specifically covers Projects/Programmes monitored for performance during the second quarter of FY 2009/10 as outlined in Table 3.7.1. They were selected on the basis of regional representation, level of capital investment, planned quarterly output, and value of releases during the first and second quarter of the FY, but excluding those that were monitored during the first quarter. The methodologies adopted during the monitoring included: literature review mainly of annual work plans and other government documents, quarterly progress reports for the first quarter, and IFMS data showing release, payments and commitments; interviews with the respective responsible officers or representatives; and observations on site.

[110] The three sub-sectors under the Ministry of Works and Transport are: 1. Transport Services; 2. Roads; and 3. Construction Standards and Quality Assurance

**The Table 3.7.1: Project/ Programmes Monitored in the Second Quarter, FY 2009/10**

| Implementing Institution | Project/ Programme Monitored in second quarter FY 2009/10 |
|---|---|
| Ministry of Works and Transport | • Urban Roads Resealing Programme<br>• Community Agricultural Infrastructure Improvement Programme |
| Uganda National Roads Authority | • Reconstruction and Rehabilitation of Busega – Mityana road;<br>• Strengthening and Upgrading of Kampala – Gayaza – Zirobwe road;<br>• National Roads Maintenance Programme<br>- Mubende and Kabarole stations |
| Ministry of Local Government | • Community Agricultural Infrastructure Improvement Programme<br>- Lyantonde, Masaka and Kayunga districts |
| District Local Governments | • District Roads Maintenance Programme<br>- Ntungamo, Rukungiri, Kanungu, Kisoro, Kyenjojo and Lyantonde districts |

Source: Author's Compilation

The monitoring effort however had the following limitations:

- Designated time for field trips of one calendar month limited the scope of sampling both in geographical spread and extent of coverage;
- Some monitored projects like the rehabilitation of Busega – Mityana road, which is a subcomponent of the Transport Corridor Project had no specific annual budget, releases, and no targeted quarterly outputs and therefore presented unique challenges in benchmarking performance, and linking inputs to outputs achieved in the field.
- Financial information on expenditures for road maintenance activities obtained at districts and UNRA stations may not be reliable due to absence of a reliable financial management tool at the districts/ stations.

### 3.7.2 Strengthening and Upgrading of Kampala – Gayaza – Zirobwe Road

#### 3.7.2.1. Project Background

The Government of Uganda received a credit from the International Development Association (IDA) with the intention of applying a portion of the proceeds of the credit towards the upgrading and strengthening of 44.4Km of the road from Kampala to Gayaza, and from Gayaza to Zirobwe. The originally existing Kampala – Gayaza section was a paved road starting at Kalerwe roundabout on Bombo road traversing through the urban fringes of Kampala and then through a rural setting in rolling terrain to Gayaza, covering a distance of 13.6Km. The existing Gayaza – Zirobwe section was a gravel/earth road covering 30.8Km starting at Gayaza and traversing fertile agricultural countryside in a rolling terrain to Zirobwe. Initial engineering studies and economic evaluations were undertaken in 1993, and feasibility studies/detailed engineering designs undertaken from 2001 to June 2003. Procurement of a contractor for the works was done from December 2006 to February 2008, and construction works officially commenced on 30th March 2008.

The construction works generally involve the strengthening and upgrading of the road to various classifications as follows: Kalerwe roundabout, where the project starts, to the Kampala Northern bypass to be upgraded from the existing 6m wide paved single carriageway road to a dual carriageway; Kampala Northern bypass to Gayaza to be upgraded from a 6m wide paved road to a 10m wide road; and Gayaza to Zirobwe to be upgraded from a 6m wide gravel road to a 10m wide paved road.

The works include construction of a road pavement with 200mm thick graded crushed stone base, on a lime stabilised subbase 200mm thick, on compacted gravel subgrade 275mm thick, including swamp fills, earthworks, rockfills, construction of new cross and longitudinal drainage systems, and ancillary works including installation of traffic road signs, guardrails and road markings. The urban section of the road from Kampala to Mpererwe is planned to have an asphaltic concrete carriageway with surface dressed shoulders, while the rest of the road is planned to have a double surface bituminous dressing across the carriageway and the shoulders. The Table 3.7.2 shows a summary of the key details of the construction works on the road.

**The Table 3.7.2: Kampala – Gayaza – Zirobwe Project Summary**

| | |
|---|---|
| Contract Number | RDP/HW/CS 014 |
| Funding Agency | International Development Association (IDA) Credit 3796UG Grant No. H122UG |
| Supervision Consultant | Norconsult International A.S. |
| Contractor | Energoprojekt Niskogradnja |
| Length of Road | 44.4 Km |
| Works Contract Price (Original) | UShs 69,499,914,926 (US$39,499,136.09) |
| Commencement Date | 30th March 2008 |
| Supervision Contract Price | EUR 756,270 |
| Original Completion Period | 20 Months |
| Completion Date | 30th November 2009 |
| Contract Time Elapsed | 580 Days (95.1% Progress) |
| Works Payments Certified | UShs 39,827,417,154 (57.3% of original contract price) |
| Works Actual Payments | UShs 36,518,518,353 (52.5% of original contract price) |
| Payments to the Supervising Consultant | EUR 582,768.94 (77.1% of original contract price) |
| Weighted Physical Progress | 50.1% |

Source: Supervising Consultants' Resident Engineer.

The project had last been monitored in the second quarter of FY 2008/09, at which time progress of works was estimated at 3.2% against a financial progress of 15.56% and a contract time progress of 35.1%. In FY 2008/09, the project had an annual budget of UShs 17.584 billion and achieved a total progress of works of 23% surpassing the annual targeted output of 20%, though the project was still behind contract time progress. In FY 2009/10 the project has an annual budget of UShs 36 billion funded jointly by the GoU (6 billion representing 16.7%) and the World Bank (30 billion representing 83.3%). Targeted outputs included an annual progress of 50% with quarterly progress of 12.5% for each of the four quarters.

At the time of monitoring done on 20th November 2009, the following were the findings:

### 3.7.2.2. Findings

#### i). Financial Performance

**Table 3.7.3: Financial Performance of the Project for Upgrading of Kampala – Gayaza – Zirobwe road**

| | **Approved Estimates *(UShs Millions)*** | **Releases *(UShs Millions)*** | **Expenditure *(UShs Millions)*** | **% of Budget Released** | **% of Releases Spent** | **Contracts Contract Sum *(UShs Millions)*** | **% Payment to the Contractor** | **Consultant's Contract Sum *(Euro)*** | **% Payment to the Consultant** |
|---|---|---|---|---|---|---|---|---|---|
| FY 2008/09 | 17,583.65 | n/a* | n/a* | n/a* | n/a* | 69,499.93 | 36.0% | 756,270.0 | 71.6% |
| FY 2009/10 (as at 31st Oct 2009) | 6,000.00 *(GoU Component)*<br>30,000.00 | 3,000.00<br>n/a* | 0.0<br>n/a* | 50.0%<br>n/a* | 0.0%<br>n/a* | 69,499.93 | 57.3% | 756,270.0 | 77.1% |

n/a*: Information not available Source: MoWT MPS, 2009/10; Supervising Consultant's Resident Engineer

At the time of monitoring, UShs 3.0 billion had been released (representing 50% of the GoU component of the annual budget), of which there was no expenditure as at end of November 2009. Expenditure off the donor component during quarter 1&2 included payments to the contractor totalling UShs 22.675 billion, and to the consultant totalling EUR 41,464.86.

Total cumulative payments to the contractor stood at 57.3% of the original contract price as at end of October 2009 (including advance payment), while cumulative payments to the supervising consultant were at 77.1% of the original contract price. Cost overruns were however projected from increased quantities especially on earthworks; design changes for the duelling of the section from Mulago roundabout to Kalerwe roundabout; relocation of utilities; and new costs related with acquiring land for drainage channels. The project was at the time of monitoring projected to have a final cost overrun of 29.5% but which was expected to increase further upon completion of the designs for the section to be duelled.

#### ii). Physical Performance

The following were the field findings on physical performance of the project:

- Progress of works was estimated at 50.1%, representing a total progress of 27.1% against the 25% planned output for the first two quarters and against a contract time progress of 95%. Therefore the planned output for the first two quarters was surpassed though the project still lagged behind contract time progress. The contractor still had no revised work programme in place though the monitoring team was informed that it was in the process of being updated. The designing for the duelling of the section between Mulago roundabout and Kalerwe roundabout which was still underway was however expected to have further contract time requirements that could not be immediately ascertained. Current projection for substantial completion of works was however at end of October 2010, and the contractor had applied for extension of time.
- Ongoing works included: drainage works; earthworks involving roadbed preparation, cutting to spoil/fill, borrowing to fill using selected material, and the subgrade layer; construction of the subbase and base layers in some sections; and surfacing works at priming stage in some sections and first seal bitumen treatment in other sections.

Pictures show ongoing gabion works at newly constructed box culvert (left) and surfacing works (right) on Kampala – Gayaza – Zirobwe road

- There was a major change in materials specifications for the subbase from lime stabilized gravel to crushed stone motivated by associated difficulties of procuring good quality lime and process challenges of stabilizing with lime. The monitoring team was however informed that the crushed stone subbase is a superior material to the lime stabilized gravel and therefore would give a stronger pavement at no additional cost to the project.
- The contractor was adequately mobilized for the works with all the necessary personnel and equipment either on site or at the Contractor's yard on Bombo road, near the project area.
- The health and safety component of the project was ongoing with a clinic established at the camp site for free voluntary HIV testing targeting workers and the communities in the project surrounding areas.
- The contractor had put in place a deliberate effort in the employment of women in different positions on site but especially in offices, laboratories, and as flagmen for traffic control.
- The project had an environmental management plan in place, with an environmental officer on the supervising consultant's team though there were difficulties in its implementation that required support from the relevant district authorities. An environmental audit of the stone quarry used by the project was carried out and a report submitted to NEMA (National Environmental Management Authority), who issued a general approval of the quarry.

**iii). Challenges and Setbacks Experienced by the Project**

- The project was affected by delays in all initiation processes like contract signing, advance payment, commencement order and acquisition of right of way. The Contractor's mobilization process of key equipment and personnel also delayed by about 3 months.
- The section from Mulago roundabout to Kalerwe roundabout and an additional 6Km between Gayaza and Zirobwe had never been handed over to the Contractor due to unresolved land acquisition issues. This was likely to cause further delays in completion of works and also to introduce claims for prolonged partial handover of the site.
- The project had no approved revised work programme, thus constraining supervision and monitoring activities.
- Utility service companies (National Water & Sewerage Corporation and UMEME) that were supposed to relocate utility lines away from the road were very slow and reluctant thus causing unnecessary delays. In addition, costs for the activity could not be ascertained as

quotations were open ended and contingent on what would be found in the field thus making financial projects difficult to ascertain.

### iv). Conclusion and Recommendations

- Land acquisition issues need to be handled expeditiously so as to avail the entire site to the contractor and thus avoid further delays and associated claims.
- Presence of an uptodate work programme as per the terms of contract should be ardently enforced as a way of enabling effective supervision, planning and monitoring of the project.
- Support of the authorities within the districts of the project area should be sought to enable the project team implement their environmental management plan and the resettlement action plan.
- Relocation of utilities should be coordinated at the high level to underline the importance and ensure swift action from the service providers.

### 3.7.3 Rehabilitation and Reconstruction of Busega – Mityana Road

#### 3.7.3.1 Project Background

Reconstruction of Busega – Muduuma – Mityana project is one of the projects implemented under the Transport Corridor Project, which was created primarily to address the deteriorating condition of the Northern Corridor Route (NCR: Malaba/ Busia – Kampala – Katuna road) and other major export/import highways and their spurs with a goal of facilitating intra and international trade[111]. The project is part of the Transport Corridor Project subcomponent of "Roads for Reconstruction/ Rehabilitation" and the project road is part of the road connecting Kampala to Fort Portal and to the western Democratic Republic of Congo. The road was a class II bitumen road that was in poor condition with urgent need for rehabilitation in restoring the link to the neighbouring DRC.

Construction works on the project road were tendered out in two separate contracts with the first one covering 26.6Km starting at the Kampala Northern Bypass roundabout at Busega to Muduuma trading centre (Lot 1); and the second contract covering 30.18Km starting at Muduuma trading centre to Mityana (Lot 2). The works involve widening the existing 6m paved carriageway to a 7m carriageway with a 50mm asphalt concrete surfacing and 1.5m single surface dressed shoulders on either side. The works also include construction of a road pavement with 300mm thick graded crushed stone base; on a lime stabilised subbase 275mm thick; on compacted gravel subgrade 300mm thick; fills, earthworks, rockfills; construction of new cross and longitudinal drainage systems; provision of climbing lanes at steep slopes; installation of utility ducts (300mm diameter); provision of 1.0m footpaths on either side of the road beyond the regular shoulders in trading centres and villages; and ancillary works including installation of traffic road signs, guardrails, humps, rumble strips, and road markings. The Table 3.7.4 shows a summary of the project details for the two sections of the works.

[111] Ministry of Finance, Planning & Economic Development, (2009). Public Investment Plan FY 2009/10 – 2011/12

**Table 3.7.4: Busega – Mityana Road Project Summary**

| Contract | Busega – Muduuma 26.6Km | Muduuma – Busega 30.18Km |
|---|---|---|
| Funding Agency | The Government of Uganda | The Government of Uganda |
| Supervision Consultant | LEA International Ltd. Canada JV with LEA Associates South Asia Pvt. Ltd. India | LEA International Ltd. Canada JV with LEA Associates South Asia Pvt. Ltd. India |
| Contractor | Spencon Services Ltd JV with Sterling Civil Engineers Ltd | Dott Services Ltd. |
| Length of Road | 26.6Km | 30.18Km |
| Works Contract Price (Original) | UShs 49,556,328,810 | UShs 34,874,876,268 |
| Commencement Date | 9th July 2009 | 24th June 2009 |
| Supervision Contract Price | | |
| Original Completion Period | 548 days | 548 days |
| Completion Date | 8th January 2011 | 23 December 2010 |
| Contract Time Elapsed | 148 days (27.0%) | 133 days (24.3%) |
| Works Payments Certified | UShs 2,122,771,874 (4.3% of original contract price) | UShs 1,995,616,500 (5.7% of original contract price) |
| Actual Payments to Contractor | UShs 9,556,221,196 (19.3% of original contract price) | UShs 7,226,847,940 (20.7% of original contract price) |
| Weighted Physical Progress | 7.5% | 6.7% |

Source: Supervising Consultants' Resident Engineer.

In FY 2008/09, the project had an annual budget of UShs 18.026 billion and an annual targeted output of 30% physical progress, which was not achieved as construction works only commenced within the last week of the FY. In FY 2009/10 the project was moved to the Transport Corridor project, which has an approved annual budget of UShs 400.266 billion earmarked for several selected projects on the national roads network. The project has no specific budget allocation but is targeted to achieve 35% physical progress of works in FY 2009/10. Monitoring of the project was undertaken on 19th November 2009 and the following were the findings:

## 4 Findings

### i) Financial Performance

Civil works on the project were contracted out in two lots at a combined cost of UShs 84.431 billion and at the time of monitoring, total cumulative payments to the contractors were at UShs 16.783 billion representing a combined financial progress of 19.9% inclusive of 15% advance payment to the contractors.

It was however difficult to assess the overall financial performance of the project given that it is only a subcomponent of the Transport Corridor project, which has no disaggregated budget allocations, releases and expenditures for the subprojects. Nevertheless cost overruns were projected from new items that include installation of utility ducts at 500m intervals in built up areas, and control of anthills with pesticides. The final projected cost overrun had however not been ascertained.

### ii) Physical Performance

The following were the field findings on physical performance of the project:

- Progress of works on the project was estimated at 7.0% representing the total progress during the first two quarters of the FY, which when compared to the targeted annual output of 35% clearly indicates that the physical progress of works was behind schedule, and behind the average contract time progress of the two lots estimated at 22.5%. The works were however still projected to complete within the contract period.
- Ongoing works on both sections of the project included: earthworks involving roadbed preparation, cutting to spoil/fill, and borrowing to fill using selected material; quarry production works including stock piling of rocks, graded crushed stone aggregates, stone chippings and stone dust; and material sourcing and testing.
- The contractors in both sections had sufficiently established themselves on site with adequate equipment and personnel.



Pictures show ongoing earthworks on Busega – Muduuma and Muduma – Mityana road sections respectively.

- The health and safety component of the project was ongoing with clinics established in each of the two sections mainly undertaking free voluntary HIV testing targeting workers and the communities within the project areas.
- The contractors had made deliberate effort in the employment of women in different positions on site but especially in offices, laboratories, and as flagmen for traffic control.
- The project had an environmental management plan in each of the sections mainly dealing with control of diseases like malaria through removal of areas with stagnant water, which are incubation grounds for anopheles mosquitoes; control of dust nuisance through routine sprinkling of water on dusty sections; and putting in place speed control measures along dusty and populated sections.

### iii) Challenges and Setbacks Experienced by the Project

- Progress of works had been affected by delays due to bureaucracies involved in engaging of service companies (National Water & Sewerage Corporation and UMEME) for relocation of utility lines. This was seen as an issue likely to delay completion of the project.
- Progress of works had also been affected by inclement weather from the above normal rainfall experienced in the project area in the months of November and December 2009.

### iv) Conclusion and Recommendations

- Relocation of utilities needs to be coordinated at a high level to underline its importance in the execution of the project and to ensure swift action from the service providers.

### 3.7.4 National Roads Maintenance Programme

### 3.7.4.1. Project Background

The programme involves several activities for maintenance of 10,970Km on the national roads network, ferry services or inland water transport services and axle load control across the network. The programme however excludes the estimated 10,300Km of roads that were upgraded from district and community access roads at the beginning of FY 2009/10. It is a recurrent programme which aims at improving and maintaining interconnectivity across the country by reducing the rate of deterioration of the national roads network, lowering vehicle operating costs and travel time as well as ensuring safety of road users and ferry services.

In FY 2009/10, the programme was allocated a total annual budget of UShs 161.721 billion comprising of UShs 95.024 billion on the UNRA budget and UShs 67.697 million on the Uganda Road Fund (URF) budget. Planned activities under the programme included manual routine maintenance of 10,900 Km; mechanized routine 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 the first quarter of FY 2009/10, the programme was monitored at 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. These included: Kabale, Luwero, Masaka, Mbale, Soroti and Tororo. At the time of the first quarter monitoring, the programme had received a total of UShs 24.513 billion, and had expended UShs 15.909 billion. In the second quarter, the programme was monitored at two UNRA stations namely, Mubende and Fort Portal, with a combined network of 964 Km, and below were the findings

### 3.7.4.2. Findings

i) Financial Performance

**Table 3.7.5: Financial Performance of the National Roads Maintenance Programme**

| Station | Implementation by Force account | | | Implementation by Contract | | |
|---|---|---|---|---|---|---|
| | **Receipts** ***(UShs Million)*** | **Expenditure** ***as at end of*** **Nov 2009** ***(UShs Million)*** | **% of Receipts Spent** | **Contract Name** | **Financial Progress** ***(UShs Million)*** | **Remarks** |
| Fort Portal | 562.4 | 306.3 | 54.5% | Fort Portal – Bundibugyo road 74Km | 97.5% | Under defects liability period |
| | | | | Fort Portal – Kamwenge road 68Km | 87.8% | Under defects liability period |
| | | | | Kyegegwa – Hapuyo – Kibale, 37Km | 29.4% | 92% Physical progress |
| | | | | Kakabara – Katooke road, 46Km | 32.3% | 50% Physical Progress |
| | | | | Katooke – Muzizi – Kagadi, 36Km | 0.0% | 10% Physical Progress |
| | | | | Fort Portal – Kyenjojo/Access roads | 46.8% | 50.4% Physical Progress |
| Mubende | 284.19 | 238.5 | 83.9% | Mubende – Kakumiro –Kibale, 65Km | 97.5% | Under defects liability period |
| | | | | Kakumiro – Kikwaya – Kafu, 78Km | 97.2% | Under defects liability period |
| | | | | Myanzi – Kassenda – Zanyiro, 45Km | 95.5% | Under defects liability period |
| Approved Budget Estimates UShs 161.721 billion<br>Releases as at end of December 2009 UShs 69.599 billion (43.0% of annual budget)<br>Expenditure as at end of December 2009 (IFMS Data), UShs 40.01 billion (57.5% of releases) | | | | | | |

*Source: UNRA Station Engineers; IFMS Data.*

As shown in Table 3.7.5, at the time of monitoring (November 2009), the programme had received a total of UShs 69.599 billion (43.0% of annual budget) of which UShs 40.01 billion (57.5% of releases) had been spent on various maintenance activities (IFMS data). The table also shows financial performance of selected maintenance works contracts and UNRA maintenance stations that implement some activities directly by force account. Compared to the respective physical progress of works, the financial performance of most contracts monitored were within less than 20% difference, indicating reasonably good financial performance. The contract for Kyegegwa – Hapuyo – Kibale road was however financially under performing with payments lagging behind physical progress by more than 60%. The monitoring team was however informed that the low financial performance was so because the contractor had not yet requested for payments. Financial performance of the force account activities was also reasonably good considering that the expenditures shown were as at end of November, with a month to the end of the quarter.

### ii) Physical Performance

### A) Fort Portal Station

The station has a total road network of 550Km, of which 161.0Km (29.1%) is paved and 389.0Km (69.9%) are gravel roads. An additional 400Km of roads upgraded from district to national roads in FY 2009/10 were under the station but had no planned road maintenance activities in the FY. The road network is comprised of roads in 5 districts that include Bundibugyo, Kabarole, Kamwenge, Kibale, and Kyenjojo. Planned maintenance activities during the FY included: maintenance using contracts on 272.5Km (49.5%); and maintenance using force account on 457.0Km (82.9%) of which 178.5Km 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 roads which were maintained using contracts were monitored on 3rd and 4th December 2009 and below were the respective findings:

1) **Fort Portal – Bundibugyo road (74Km**)

This project involving the periodic maintenance of 74Km of the road from Fort Portal town to Bundibugyo town was awarded to M/s Kasese Nail and Wood Ltd and involved reshaping of the road by heavy grading, drainage improvement, and regravelling of the entire section with 100mm gravel wearing course, at a total contract price of UShs 1.42 billion. Civil works commenced on 27th February 2009 and were expected to be complete within 9 months (by 26th November 2009). The works were supervised by the UNRA Station Engineer Fort Portal and were substantially completed on 23rd September 2009, 2 months ahead of schedule.

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 in some sections and fair surface in other sections where course stones in the gravel material were exposed. Construction works for upgrading of the road to paved standards were expected to commence later in the FY. 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) Fort Portal – Kamwenge road (68Km)**

This project involving the periodic mechanised maintenance of 68Km of the road from Fort Portal town to Kamwenge town was awarded to M/s Kato Investments Ltd and involved reshaping of the road by heavy grading, drainage improvement, and regravelling of the entire section with 100mm gravel wearing course, at a total contract price of UShs 1.617 billion. Civil works commenced on 13th February 2009 and were expected to be complete within 9 months (by 12th November 2009). The works were supervised by the UNRA Station Engineer Fort Portal and were substantially completed on 24th October 2009, 3 weeks ahead of schedule.

During the site visit, the monitoring team observed that the works had been substantially completed though some minor works on culvert crossings remained outstanding. The team observed that a section of the road in the first 12Km from Fort Portal town had already failed with potholes across the carriageway and galleys along slopes of hills. Sections of the road beyond the 12Km was however still in good condition partly due to better quality gravel used. Physical progress was estimated at 98% against a contract time progress of 100% and a financial progress of 87.7% (Further payments were stayed pending completion of the outstanding works). The road was still under defects liability period.

**3) Kyegegwa – Hapuyo – Kibale road (37Km)**

This project involving the routine mechanised maintenance of 37Km of the road from Kyegegwa in Kyenjojo district through Hapuyo to Kibale town was awarded to M/s Pekasa Enterprises Ltd and involved reshaping of the road by medium grading, drainage improvement, and spot gravelling of selected sections totalling 4Km, with 100mm thick gravel wearing course. The works were contracted out at a total cost of UShs 373.3 million, commencing on 8th June 2009 and expected to complete within 5 months (by 8th November 2009). The works were supervised by the UNRA Station Engineer Fort Portal.

During the site visit, the monitoring team observed that the contractor graded the entire road, gravelled all the sections instructed, and installed all the culverts instructed. However the team also observed that the works were greatly under scoped as the road remained largely impassable with low laying swamps where more than 0.5m depth of water was crossing, and most length of the road had never had any gravel. Outstanding works included reshaping and compaction of several skid sections, addition and compaction of backfill material on several culverts, and construction of culvert end structures. Physical progress was estimated at 92% against a contract time progress of 116.3% and a financial progress of 29.4%. Financial progress remained low because the contractor had not yet requested for further payments.

**4) Kakabara – Katooke road (46Km)**

This project involving the routine mechanised maintenance of 46Km of the road linking Kakabara and Katooke towns in Kyenjojo district was awarded to M/s Mugulusi Enterprises Ltd and involved reshaping of the road by medium grading, drainage improvement, and spot gravelling of selected sections totalling 5Km, with 100mm thick gravel wearing course, at a total contract price of UShs 187.96 million. Civil works commenced on 30th July 2009 and were expected to be complete within 4 months ending 30th November 2009. The works are supervised by the UNRA Station Engineer Fort Portal.

During the site visit, the monitoring team observed that grading of the road was ongoing with 38Km graded, and one culvert crossing out of the four planned had been installed. The graded sections were generally still in good condition but the contractor was yet to commence gravel works despite expiry of the original contract period. The team was however informed that consideration of the contractor's request for extension of time was underway. In addition the team observed that the works were underscoped with respect to number of culvert crossings and gravel length required on the road. Physical progress was estimated at 50% against a contract time progress of 100% and a financial progress of 32.3%.

5) **Katooke – Muzizi – Kagadi road (36Km**)

This project involving the periodic mechanised maintenance of 36Km of the road from Katooke town in Kyenjojo district to Kagadi town in Kibale district was awarded to M/s Rukooge Enterprises Ltd and involved reshaping of the road by heavy grading, drainage improvement, and regravelling of the entire section with 150mm gravel wearing course, at a total contract price of UShs 1.180 billion. Civil works commenced on 30th July 2009 and were expected to complete within 6 months ending 30th January 2010. The works were being supervised by the Techo Consults Ltd.

Swamp raising on Katooke –Kagadi –Muzizi road

During the site visit, the monitoring team observed that the road was actually less than the

36Km, the contractor had graded the entire road and delivered some culverts on site. Ongoing works included swamp raising, and gravelling with gravel damped and spread on about 2.5Km of the road. The team however observed that the contractor had blocked several drains in the process of grading which had not been reopened and thus exposing the graded sections to heavy runoff that was crossing the road in some sections and making water ponds in others. Physical progress was estimated at 10% against a contract time progress of 68.9% and a financial progress of 0%.

**6) Fort Portal – Kyenjojo and Access Roads (10Km)**

This project involves the widening and resealing of shoulders on a stretch of 10Km of the road from Fort Portal to Kyenjojo; and the construction/sealing of 4 access roads and 2 parking areas within Fort Portal town. The contract was awarded to M/s Zimmwe Construction Ltd at a cost of UShs 3.610 billion and involves site clearing, drainage improvement, pavement construction on the access roads and parking areas, gravelling and sealing of the shoulders with a single surface bitumen treatment, and lining of selected drains in stone masonry. Civil works commenced on 17th April 2008 and were expected to complete within 12 months (by 21st April 2009). The works were being supervised by the UNRA Station Engineer Fort Portal.

During the site visit, the monitoring team made the following observations:

- **Fort Portal – Kyenjojo road**: the contractor had completed clearing and gravelling of the shoulders but the level of the shoulders was not flushing with the carriageway in some places; sealing of the shoulders had been done haphazardly in some sections and was left incomplete; the contractor used smaller size stone chippings than specified for the single surface seal; shoulder repair did not include edge repair and as such there were potholes and irregularities between the completed shoulder and the carriageway in many places. In addition, the contractor was not on site and some works already done like the primed surfaces were already getting spoilt due to prolonged exposure to rains and traffic.

- **Kakiza road (1.7Km):** this is an access road in a residential area in Fort Portal town the contractor had cleared the site, installed culverts, and done pavement construction to base level but had deserted the works before completion. Some of the constructed headwalls had already collapsed and the compacted base course was getting eroded in some sections due to prolonged exposure to rains and traffic.

- **Njara road (1.3Km):** this is an access road providing an alternative getaway to the presidential lodge in Fort Portal town the contractor had cleared the site, installed culverts, and done pavement construction to base level and primed but had deserted the works before completion. Some of the constructed headwalls had already collapsed and the compacted base course was getting eroded in some sections due to prolonged exposure to rains and traffic.

- **Kamwenge road extension (0.6Km):** this is an extension of the existing paved section of Fort Portal – Kamwenge road – the contractor had cleared the site and done pavement construction to subbase level on 500m and to base level on 300m. The works were also deserted and were deteriorating fast.

- **Mpanga market parking area** and Mpanga access road/parking at containers – these are market areas and business areas around the starting point of Fort Portal – Kyenjojo road. The contractor had not done any works on these areas.

The team observed that the works apart from having a contractor who seemingly had lost interest and was not committed to the completion of the works, most of the works under the contract were not on national roads and therefore were outside the mandate of UNRA. The importance of some of the works like the Kamwenge road extension was very difficult to appreciate in terms of value addition. The contract for the works needed to be revived with a revised work plan, updated performance security, and possible review of the scope of works. Physical progress was estimated at 50.4% against a contract time progress of 162.6% and a financial progress of 46.8%.

**b) Maintenance using Force account**

In FY 2009/10 force account interventions were planned to be done on 457.0Km (82.9%) including 178.5Km that would additionally be contracted out during the FY. The scope of works under force account included: grading, spot gravelling, patching (using gravel/ Asphalt/surface dressing), emergency repairs of roads and bridges and limited drainage improvement. The roads maintained by force account interventions were monitored on 3$^{rd}$ and 4$^{th}$ December 2009.

At the time of the monitoring field visit, the station had received a total of UShs 562.4 million earmarked for the maintenance of the following roads: Karugutu – Ntoroko, Kyenjojo – Mubende boarder, Fort Portal – Kyenjojo, Kyenjojo – Katooke, Rugombe – Katooke, Fort Portal – Rwimi, repair of Kabambiro Timber Bridge, and for mechanical repairs of the road construction equipment. Expenditures on force account operations was at UShs 306.3 million (54.5% of the funds received). Works done included mainly grading, spot gravelling and minor drainage works on Karugutu – Ntoroko road (50Km); Kyenjojo – Katooke road (18Km); Rugombe – Katooke road (37Km); and spot improvement of sections of Fort Portal – Kijura road (40Km). In addition, pothole patching had been done on Fort Portal – Kyenjojo (50Km), and Kyenjojo – Mubende boarder (64Km).

The monitoring team visited Fort Portal – Kyenjojo and Kyenjojo – Mubende boarder roads and observed that pothole patching had been done in most of the sections of the roads however several potholes along the shoulder/carriageway interface were seen in the first 10Km of Fort Portal – Kyenjojo road. The team also visited Karugutu – Ntoroko road, and Rugombe – Katooke road and observed that grading and spot gravelling of the roads had been done to completion, and that the roads were generally still in good condition. On Fort Portal – Kijura road, the team observed that emergency repairs were on going in selected sections of the road, mainly within the first 15Km of the road. On Kyenjojo – Katooke road, the team observed that while grading and spot gravelling had been done on the road (done in July 2009), some sections had already developed potholes and corrugations.

Implementation challenges at the station included: constraints from the limitation of maximum expenditure of two million shillings on microprocurements, which was considered too low especially in the procurement of construction materials like bitumen (where it buys only 4 drums), and spares for repair of the equipment; and growing general outcry from the local government leadership for the maintenance of some of the key roads recently upgraded to the national roads network.

The monitoring team was informed that the station attempts to mainstream gender and other cross cutting issues in maintenance works mainly by asking maintenance contractors to maintain HIV awareness programmes on site specifically for the workers and surrounding communities and to allow their employees time to see their families routinely. The team was additionally informed that the station directed contractors on proper management of storm water, reinstatement of gravel borrow pits and on avoiding practices like channelling storm water to people's homes, properties or water points. The station had also adopted a practice of issuing environmental compliance certificates to contractors that satisfy environmental requirements.

### B) Mubende Station

The station has a total road network of 414Km, of which 117.7Km (28.4%) is paved and 296.3Km (71.6%) are gravel roads. An additional 356Km of roads upgraded from district to national roads in FY 2009/10 were under the station but had no planned road maintenance activities in the FY. The road network is comprised of roads in 3 districts that include Mityana, Mubende, and Kibale. Planned maintenance activities during the FY included: maintenance using contracts on 264.8Km (63.8%); and maintenance using force account on 394.7Km (95.4%) of which 245Km 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 roads which were maintained by contract were monitored on 30th November 2009 and below were the findings:

**1. Mubende – Kakumiro – Kibale Road (65Km)**

This project involving the routine mechanized maintenance of 65Km of the road from Mubende through Kakumiro to Kibale district was awarded to M/s Kato Investments Ltd and involved reshaping of the road by medium grading, drainage works including installation of some culverts, and spot gravelling in selected areas totalling 6.5Km, at a total contract price of UShs 334.142 million. Civil works commenced on 8th June 2009 and were substantially completed on 9th November 2009. The works were supervised by the UNRA Station Engineer Mubende and the road was still under defects liability period expiring on 9th March 2010.

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 some sections had overgrown grass across the shoulders and side drains. Labour based contractors were however clearing the grass in some sections. In addition the team observed that the works had been substantially under scoped and the road required more gravel than provided for in the contract due to the low laying rolling terrain and the predominantly poor soils. Physical progress was at 100% and the financial progress was at 97.5% against a time progress of 100%.

**2. Kakumiro – Kikwaya – Kafu (78Km)**

This project involving the routine mechanised maintenance of 78Km of the road from Kakumiro through Kikwaya to Kabale swamp at Kafu was awarded to M/s Tegeka Enterprises Ltd and involved reshaping of the road by heavy/ medium grading, drainage works including installation of some culverts, and spot gravelling in selected areas totalling 7.5Km, at a total contract price of UShs 443.325 million. Civil works commenced on 10th June 2009 and were completed on 24th November 2009, 1½ months ahead of schedule. The works were supervised by the UNRA Station Engineer Mubende and the road was still under defects liability period expiring on 23rd January 2010.

During the site visit, the monitoring team observed that the works had been substantially completed and the road was generally in fair condition with a good running surface in most sections of the road though some sections had overgrown grass across the shoulders and side drains, potholes, and uncompleted works mainly on culvert crossings. Labour based contractors were however clearing the grass in some sections. It was additionally observed that the works had also been seriously underscoped forcing the station to supplement the works with force account operations that mainly included culvert installation, swamp raising, and reshaping of selected sections previously spoilt by rains. The road generally required more gravel than provided for in the contract. Physical progress was at 99% and the financial progress was at 97.2% against a time progress of 100%.

**3. Myanzi – Kassanda – Bukuya Zanyiro Road (45Km)**

This project involving the periodic maintenance of 45Km of the road from Myanzi through Kasanda to Zanyiro was awarded to M/s Kato Investments Ltd and involved reshaping of the road by medium grading; drainage improvement including installation of some culverts and cleaning of open drains; and regravelling of the entire road with 100mm gravel wearing course, at a total contract price of UShs 1.09 billion. Civil works commenced on 19th December 2008 and were substantially completed on 13th September 2009, 6 days after expiry of the expected completion date. The Contractor was thus charged with liquidated damages and the road was still under defects liability period expiring on 14th January 2010.The works were supervised by the UNRA Station Engineer Mubende.

During the site visit, the monitoring team observed that though the works had been substantially completed, there were some outstanding works that included minor drainage works, but which were ongoing. The road was generally still in good condition with a good running surface on most sections of the road though some sections were showing early signs of failure as a result of poor gravel material used. Some sections also had overgrown grass on the shoulders and side drains with communities blocking sections of the side drains to create access to their homes. Physical progress was at 99% against 100% time progress and 95.45% financial progress.

Headwalls construction on Myanzi – Zanyiro road

**b) Maintenance using Force account**

In FY 2009/10 force account interventions were planned to be done on 394.7Km (95.4%) of the road network under the station with a scope of works that included: grading, spot gravelling, patching (using gravel/ Asphalt/surface dressing), emergency repairs of roads and bridges and limited drainage improvement. The roads maintained by force account interventions were monitored on 1st December 2009.

At the time of the monitoring field visit, the station had received a total of UShs 284.19 million earmarked for the maintenance of Mityana – Mubende road (85Km), Lusarira – Kasambya – Nkonge road (39Km), Mubende – Kakumiro township road (1.7Km), weighbridge axle load control operations, and the renovation of the station office block. Total expenditure at the time of monitoring was at UShs 238.5 million (83.9% of the funds received). Works that had been done included pothole patching of Mubende – Kakumiro township road, which was still ongoing; patching of Mubende – Mityana road; reshaping and spot gravelling of Lusarira – Nkonge road; renovation of the office block; and construction of a concrete weighbridge platform within the road reserve near Mubende town. Road shaping of Zanyiro – Kiboga road (18Km) was ongoing while works on Kasambya – Nabingola (16Km) had commenced but were suspended pending repair of the wheel loader, which had a major mechanical breakdown.

The monitoring team visited Mubende – Mityana road (85Km) and observed that pothole patching was ongoing, but also observed that the road urgently needed cleaning of side drains which had been blocked, in some cases by collapsing side slopes, and in others by communities creating accesses to their homes. On Lusalira – Kasambya – Nkonge road the team observed that grading, spot gravelling and drainage improvements had been done on the road but the section from Lusalira – Kasambya had sections with potholes and other surface failures on the shoulders with water crossing at one point with a blocked culvert. The section from Kasambya to Nkonge was however still in good shape partly due to lighter traffic but also due to better prevailing soils. The team was however informed that periodic maintenance works on the road were under procurement and were expected to commence within 3 months. The team visited Zanyiro – Kiboga road and observed that shaping of the road was ongoing at an estimated 50% progress and with gravel stockpiled at one borrow pit. On Mubende – Kakumiro township road, the team observed that pothole patching had commenced with most of the road covered though new potholes were also seen in areas already covered.

Implementation challenges at the station included: insufficient stock of equipment (mainly lacking was the gravel excavator and a reliable grader); old equipment with extensive breakdowns and high maintenance costs; scarcity of gravel material in some sections of the road network; underscoping of some contracted works leading to multiple interventions and recurrence of unplanned emergency works; and the lengthy procurement procedures that lead to a distortion of the scoping of contracted works.

The team was informed that the station undertakes mainstreaming of gender and crosscutting issues through deliberate attempts in achieving gender balancing in the recruitment of labour based contractors, though there were still challenges in attracting female workers. Minimum environmental protection measures like gravel borrow pits reinstatement and workers' safety and traffic safety controls on sites were being observed.

### 3.7.5 District, Urban and Community Access Roads Maintenance Programmes

#### 3.7.5.1. Programme Background

District, Urban and Community Access roads (DUCAR) make up 57,500Km which represents 73.2% of the entire road network in Uganda, broken down as 22,750Km of district roads, 4,800Km of Urban roads, and 30,000Km of Community Access roads. They are maintained by the respective local governments using central government conditional grants for road maintenance and to a limited extent using locally generated revenue. More than 40% of the DUCAR network is however beyond maintenance level and necessitates rehabilitation, which is carried out through a concerted effort of donor supported programmes like CAIIP, LRDP, KIIDP, DLSP, PRDP, NUREP, RSPS and RRP[112]; and GoU supported programmes coordinated by the MoWT, MoLG, and OPM. The districts, to a limited extent, also utilise the non conditional grants from the central government under the LGMSD Programme. MoWT provides the collective technical support and supervision to the local governments under the DUCAR department.

In FY 2009/10, planned activities on the DUCAR roads included maintenance of 22,000Km and rehabilitation of 150Km of district roads; maintenance of 42Km and resealing/ reconstruction of 7.5Km of KCC roads; and resealing/ reconstruction of 75Km of other urban roads. The programme was allocated an annual budget of UShs 123.16 billion including grants under the URF, PRDP, RRP, and the conditional grant for road maintenance to the districts. As at the end of the second quarter, UShs 56.291 billion (45.7% of total budget) had been released to the districts. The programme was monitored in the second quarter in six districts including: Kanungu, Kisoro, Kyenjojo, Lyantonde, Ntungamo and Rukungiri. The following were the findings:

**Findings**

**i) Financial Performance**

At the time of monitoring, done in November/December 2009, financial performance of the selected district roads maintenance programmes was as shown in Table 3.7.6, where it can be seen that while releases to the districts under PAF were at 100%, although absorption was very low across the board (below 50%). It emerged however that the funds for the conditional grant for road maintenance that were planned to be disbursed through the URF in the 3rd and 4th quarters were generally unknown to the districts and therefore not planned for. Reasons given for the poor financial performance mainly included the lengthy procurement procedures and the low releases received in the first quarter.

[112] **CAIIP:** Community Agricultural Infrastructure Improvement Programme; **LRDP:** Luwero Rwenzori Development Programme; **KIIDP**: Kampala Institutional and Infrastructure Development Programme; **DLSP:** District Livelihood Support Programme; **PRDP:** Peace Recovery and Development Programme; **NUREP**: Northern Uganda Rehabilitation Programme; **RSSP:** Road Sector Support Programme; **RRP**: Rural Roads Programme; **LGMSDP**: Local Government Management and Service Delivery Programme.

**Table 3.7.6: Financial Performance of Selected District Roads Maintenance Programmes**

| District | Funding Source[113] | Indicative Planning Figure *(UShs Millions)* | Receipts *(UShs Millions)* | Expenditure *(UShs Millions)* | % of IPF Received | % of Receipts Spent |
|---|---|---|---|---|---|---|
| Kanungu | PAF | 202.099 | 202.100 | 98.297 | 100.0% | 48.6% |
| | MoWT, 0307 | 400.000 | 200.000 | 0.000 | 0.0% | 0.0% |
| | MoWT, 1018 | 220.000 | 0.000 | 0.000 | 0.0% | 0.0% |
| | **Totals** | **822.099** | **402.100** | **98.297** | **48.9%** | **12.0%** |
| Kisoro | PAF | 205.783 | 205.782 | 3.558 | 100.0% | 1.7% |
| | LGMSD | 33.369 | 0.000 | 0.000 | 0.0% | |
| | MoWT, 0307 | 125.000 | 125.000 | 12.512 | 100.0% | 10.0% |
| | Local Revenue | 1.054 | 0.000 | 0.000 | 0.0% | |
| | **Totals** | **365.206** | **330.782** | **16.070** | **90.6%** | **4.9%** |
| Kyenjojo | PAF | 453.940 | 453.754 | 50.737 | 100.0% | 11.2% |
| | MoWT, 1018 | 220.000 | 220.000 | 44.806 | 100.0% | 20.4% |
| | LRDP | 109.500 | 0.000 | 0.000 | 0.0% | |
| | LGMSD | 127.450 | 0.000 | 0.000 | 0.0% | |
| | Local Revenue | 294.810 | 43.148 | 42.914 | 14.6% | 99.5% |
| | **Totals** | **1,205.700** | **716.902** | **138.457** | **59.5%** | **19.3%** |
| Lyantonde | PAF | **102.000** | **102.020** | **36.221** | **100.0%** | **35.5%** |
| Ntungamo | PAF | 342.150 | 342.695 | 27.345 | 100.2% | 8.0% |
| | Local Revenue | 4.868 | 4.868 | 4.868 | 100.0% | 100.0% |
| | **Totals** | **347.018** | **347.563** | **32.213** | **100.2%** | **9.3%** |
| Rukungiri | PAF | 247.147 | 247.167 | 11.864 | 100.0% | 4.8% |
| | MoWT, 0307 | 220.000 | 0.000 | 0.000 | 0.0% | |
| | MoWT, 1018 | 180.000 | 90.000 | 0.000 | 50.0% | 0.0% |
| | **Totals** | **647.147** | **337.167** | **11.864** | **52.1%** | **3.5%** |

Source: Respective District Engineers

## Physical Performance

### (i) Kanungu District

The district had a total road network of 309.8Km on which planned maintenance activities were based in FY 2009/10 with a total annual budget of UShs 360.83 million[114] for the road maintenance activities, expected to be fully funded by conditional grants from the central government. In addition, the district expects to obtain a total of UShs 620 million from MoWT for the rehabilitation of 3 roads and 1 bridge, of which funds UShs 350 million is for rehabilitation of one road of 15Km and UShs 50 million for the spot improvement of 1 bridge, under the District Roads Rehabilitation Programme; and UShs 220 million for the rehabilitation of 10Km on 2 selected roads as trial contracts under the Rural Roads Programme – Support to MELTEC. Maintenance activities planned to be done under PAF during the FY included

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113 IPF under PAF is 50% of total; it excludes the extra funding expected in quarters 3&4 through the Uganda Road Fund.

114 IPF given by Ministry of Works and Transport to Kanungu District (Official IPF not yet communicated)

periodic maintenance of 20.6Km, and manual routine maintenance of 127.8Km. All works were planned to be contracted out with no works to be implemented using force account.

At the time of the monitoring field visit, the district had received a total of UShs 202.1 million (100% of IPF) of the PAF funds, of which UShs 98.3 million (48.6% of releases) had been spent. Expenditures were mainly on operational expenses (UShs 17.9 million), routine maintenance works (UShs 13.9 million), and settlement of debts accrued in FY 2008/09, following receipt of only 74.4% of the Indicative Planning Figure (IPF) during the FY (UShs 66.5 million).

Works done at the time of monitoring included manual routine maintenance on about 25Km only, however works on an extra 25Km were ongoing. Procurement for the periodic maintenance of one road, Kambuga – Rugyeyo (11Km), and the works under the District Roads Rehabilitation Programme namely, rehabilitation of Itembezo – Ishaya – Mpungu road (15Km) and spot improvement of Kibale bridge, were at contract award stage and construction works were expected to commence at the beginning of the third quarter at the latest. Procurement of the rest of the periodic maintenance works were expected to commence before the end of the second quarter, and construction to commence during the third quarter.

The monitoring team visited Bugongi – Nyamirama road (14.6Km), on which periodic maintenance was done in FY 2008/09 but all payments were made using the FY 2009/10 releases. The team observed that works had been completed and the road was largely still in good condition. Works done on the road included road shaping by grading, gravelling of selected sections of the road, culverts installation, and excavation of open drains.

Part of the finished section of Bugongi – Nyamirama road

The team however, observed that several sections of the road were overgrown with grass on the shoulders, side drains and across the carriageway in a few sections. Manual routine maintenance which included grass cutting and cleaning of the drains was however ongoing in some sections. The team also visited Nyamirama – Nyakinoni road (13Km) and observed that manual routine maintenance was ongoing in some sections but that the overall effect of the activity on the condition of the road was very limited and difficult to appreciate.

Unfinished Kibale Bridge on Bugongi – Nyamirama road

The monitoring team was informed that the works department enforces mainstreaming of gender and crosscutting issues in the roads maintenance operations by community mobilisation through the district gender officer whose involvement is sought at the beginning of projects to encourage the employment of people living with HIV, and women especially for specific roles like grass grabbing. The department also facilitated some key district officials including the gender officer, health officer, environmental officer, and labour officer to attend a1month training on the mainstreaming of crosscutting issues held in Mbale. The knowledge acquired was expected to be helpful in the implementation of the trial contracts under Rural Roads Programme – Support to MELTEC.

Implementation challenges in the district included: understaffing in the works department due to challenges the district was facing in attracting qualified people to work at the district; poor condition of the district equipment which spend lengthy periods before they are repaired by the regional mechanical workshop; and communication gaps on MoWT centrally coordinated projects, which presents supervision, monitoring and management challenges during construction.

**(ii) Kisoro District**

In FY 2009/10, Kisoro district was given an IPF of UShs 345.28 million[115] for the maintenance of its road network totalling 257Km, with the funds expected to come from the PAF conditional grants from the central government. The district additionally planned to utilise UShs 33.37 million of LGDP funds, and UShs 1.05 million from local revenue on the maintenance activities of the road network. Planned activities included manual routine maintenance of all the 257Km, and spot improvements of selected sections of 3 roads with a total length of 49Km. All works were planned to be contracted out. The team however observed that planned activities were only based on the 50% conditional grant expected in the 1$^{st}$ and 2$^{nd}$ quarters without any knowledge of the other 50% expected in the 3$^{rd}$ and 4$^{th}$ quarters through URF. There was therefore a gap in planning for the funds expected through the URF.


Routine Manual Maintenance on Kisoro – Kamenankuri rd

Furthermore, the district expected to obtain a total of UShs 125 million from MoWT for the periodic maintenance of 3 selected roads totalling 53Km under the District Roads Rehabilitation Programme. The works were planned to be implemented directly by force account operations.

At the time of the monitoring field visit, the district had received a total of UShs 205.78 million (100% of IPF) of the conditional grant for road maintenance, of which UShs 3.56 million (1.7% of releases) had been spent. All the UShs 125.0 million expected from MoWT had been received with expenditures standing at UShs 12.512 million (10.0% received funds), mainly spent on payment of casual labourers, allowances, fuel and lubricants.

Works done at the time of monitoring included manual routine maintenance only, with the first and second cycles (out of the seven planned) concurrently ongoing on all the roads. Procurement for the planned spot gravelling works was however put on hold pending clarification of the discrepancy between the IPF given by MoWT and the PAF funds in the district work plan. Periodic maintenance works under the District Roads Rehabilitation Programme had commenced on 3 roads namely: Mgahinga – Ntebeko road (6.5Km), Nyakabande – Kabindi – Muramba – Bunagana road (22.5Km), and Kisoro – Kamenankuri road (24Km).

[115] IPF given by Ministry of Works and Transport to Kisoro District (Official IPF not yet communicated)

The monitoring team visited Mgahinga – Ntebeko, Nyakabande – Kabindi – Muramba – Bunagana, and Kisoro – Kamenankuri roads where it was observed that ongoing activities included bush clearing, road shaping and cleaning of side drains and offshoots all being done manually due to limitations from the stony and rocky grounds encountered in several sections of the roads. Road shaping by a motor grader and gravelling had also been done in some sections of Nyakabande – Bunagana road and Mgahinga – Ntebeko road. The team also visited Nyakabande – Matinza, Iryaruhuri – Chahafi, Iryaruhuri – Gatete, and Iryaruhuri – Kyanika roads on which manual routine maintenance was ongoing with works on Iryaruhuri – Chahafi substantially completed. The team observed that although works had been done in some sections, the roads largely remained rough due to the predominant stony/rocky ground with insufficient fine material cover. Drainage of the roads was also ineffective due to the peculiar ground conditions and the common land use practice of planting crops right up to the edge of the side drains, thus leaving no provision for offshoots.


Routine Manual Maintenance on Nyakabande – Bunagana rd

The monitoring team was informed that the works department enforces mainstreaming of gender and crosscutting issues in roads maintenance operations by community mobilisation to ensure gender balancing in the works. It was however noted that the efforts had yielded little success in attracting men for the casual works on the roads (women took up between 60 – 70% of the manual routine maintenance employment opportunities). Environmental concerns were also being addressed by incorporating in the bills of quantities specific items like restoration of gravel borrow pits, planting of trees, and construction of scour checks to help control soil erosion.

Implementation challenges in the district included: Communication gaps of the official planning figure for FY 2009/10, which led to gaps in the scope of planned activities; old and poor condition of the district equipment, which have a high maintenance cost yet with an ever decreasing productivity; challenging terrain and poor soils, for which the district has no solution; absence of good gravel material in most areas of the district leading to the use of volcanic ash which is loose and is easily eroded; and difficulties in moving chain equipment on the stony/rocky road surfaces between sites.

**(iii)Kyenjojo District**

The district had a total road network of 474.8Km on which planned maintenance activities were based in FY 2009/10 with a total budget of UShs 995.7 million for the road maintenance activities, expected to be funded by conditional grants from the central government of UShs 453.94 million[116]; local revenue of UShs 294.81 million; Local Government Management Service Delivery Programme (LGMSD) of UShs 127.45 million; and Luwero Rwenzori Development Programme of UShs 109.5 million. In addition, the district expects to obtain a total of UShs 220 million from MoWT for the rehabilitation of 5Km on one selected road with trial

[116] Conditional grant for Roads Maintenance in the MoWT Ministerial Policy Statement was used as IPF (Official IPF not communicated)

contracts under the Rural Roads Programme – Support to MELTEC. Planned maintenance activities during the FY included rehabilitation of 22.5Km, periodic maintenance of 203.3Km, and manual routine maintenance of 433.3 Km. The works were planned to be implemented by a combination of both force account and contracting. The team however observed that planned activities were only based on the 50% conditional grant expected in the 1st and 2nd quarters without any knowledge of the other 50% expected in the 3rd and 4th quarters through URF. There was therefore a gap in planning for the funds expected through the URF.

At the time of the monitoring field visit, the district had received a total of UShs 453.94 million (100% of IPF)[117] of the conditional grant for road maintenance, of which UShs 50.74 million (11.2% of releases) had been spent. The district had also received UShs 220 (100% of expected funds) million from MoWT of which UShs 44.81 million (20.4% of funds received) had been spent on advance payments and site meetings. From the local revenue, UShs 43.15 million (14.6% of expected funds) had been received and UShs 42.91 (99.5% of local funds received) had been spent.

Works done at the time of monitoring on 2nd December 2009, included rehabilitation of 5Km of Nyakisi – Rubango – Haikona road and emergency works on Rwakazinga river crossing along Nyamukana – Kyakatwire road. Routine maintenance works were expected to commence during the following week, and procurement for the periodic maintenance and rehabilitation works was underway using the Fort Portal Municipal Council Contracts Committee (which was also serving 5 other Local Governments within the region, following expiry of their respective committees in FY 2008/09).

The monitoring team visited Nyakisi – Rubango – Haikona road and observed that works were in progress using labour based techniques with two contractors working from either end of the 5Km stretch. In the first section, the contractor had bush cleared 1.9Km, shaped 1.5Km, gravelled 400m, and installed 5 lines of culverts – progress of works in this section was estimated at 40%. In the second section, the contractor had cleared and done earthworks on 1.4Km, shaped 1.2Km, and stock piled gravel – progress of works in this section was estimated at 25%.

Gravelling by labour based techniques on Nyakisi – Haikona rd

The team also visited the emergency works done on Rwakazinga River crossing, and observed that two lines of 900mm diameter culverts had been installed and end structures constructed however the end structures were already showing signs of failure like scouring and cracking.

Shaped section of Nyakisi – Haikona road

The monitoring team was informed that the works department enforces mainstreaming of gender and crosscutting issues in roads maintenance operations by community mobilisation through the community

[117] IPF in the district work plan, Form B. This excludes funds expected through URF

development officer, the health inspector, the district environment officer, and the district gender officer whose involvement is sought at the beginning of projects to encourage the employment of women, sensitise communities on HIV, and environmental issues related with road works. In addition, contractors of the trial labour based contracts had been trained in mainstreaming of gender, environment and crosscutting issues as prerequisite.

Implementation challenges in the district included: Communication gaps of the official planning figure for FY 2009/10, which led to gaps in the scope of planned activities; understaffing in the works department; lack of reliable vehicle for supervision purposes, old equipment with high maintenance costs and low productivity, lack of a resident contracts committee which delayed the procurement of works; and challenges in planning for development activities like procurement of vehicles due to limitations from the Output Budgeting Tool (OBT).

**(iv) Lyantonde District**

The district had a total road network of 355Km on which planned maintenance activities in FY 2009/10 were based with a total budget of UShs 204 million[118] for the road maintenance activities, expected to be fully funded by conditional grants from the central government. Planned maintenance activities during the FY included routine maintenance of 95Km, rehabilitation of 5Km of Kyewanula – Nakinombe road, Spot improvement of Kabula – Kinuka – Kaliiro road, and culverts installations on Nakinombe – Buyanja and Kalagala – Kabatema – Nakaseta roads. All works were planned to be contracted out with no works to be implemented by force account. The team however observed that planned activities were only based on the 50% conditional grant expected in the 1st and 2nd quarters without any knowledge of the other 50% expected in the 3rd and 4th quarters through the URF. There was therefore a gap in planning for the funds expected through the URF.

At the time of the monitoring field visit, the district had received a total of UShs 102.02 million (100% of IPF) of which UShs 36.2 million (35.5% of funds received) had been spent mainly on operational expenses and on the first cycle of manual routine maintenance on the roads.

At the time of monitoring done on 14th December 2009, works done included the first phase of manual routine maintenance on the 95Km only (out of the 3 phases planned for the FY). The contract for the rehabilitation of Kyewanula – Nakinombe road had been signed and works were expected to commence during the week. The rest of the works were planned to commence and complete within the 3rd quarter.

The monitoring team visited Mpumudde – Kalyamenvu road (9.8Km), on which manual routine maintenance was done and observed that clearing of grass on shoulders and side drains had been done in some sections but works had not covered the entire length of the road. The condition of the road had only been marginally improved and therefore effectiveness of the intervention was difficult to appreciate. The team observed that a huge section of the district road network was beyond maintenance and as such required full rehabilitation before maintenance interventions could be meaningful.

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[118] IPF given by Ministry of Works and Transport to Lyantonde District (Official IPF not yet communicated)

The monitoring team was informed that the works department enforced mainstreaming of gender and crosscutting issues in road maintenance operations through favouring female involvement in manual routine maintenance activities in line with the MoWT guidelines; environmental screening and inclusion of environmental protection items in the bills of quantities of road construction projects; and involvement of the district environment officer during and after road construction projects to advise on mitigation measures and to ensure compliance with environmental guidelines and standards.

Implementation challenges in the district included: Communication gaps of the official planning figure for FY 2009/10, which led to gaps in the scope of planned activities; understaffing in the works department (department has only 1 staff) due to financial constraints partly originating from the fact that the MoWT formula used in earlier years in determining IPFs did not favour sparsely populated districts like Lyantonde. Other challenges included: lack of district equipment necessary for emergency works and force account interventions; and low releases received in the first quarter (UShs 21.9 million representing 10.8% of annual budget), which was too little to enable commencement of planned activities.

### (v) Ntungamo District

The district had a total road network of 562Km of which planned activities in FY 2009/10 were only on 172.9Km and no intervention on the rest of the network. During the FY, the district had an IPF of UShs 572.152 million[119] for maintenance of the road network, which is to be fully funded by the central government conditional grant. Planned works during the FY included mechanised routine maintenance of the 172.9Km, which was planned to be implemented directly by force account operations; and the repair of structural bottlenecks by culvert installation on 8 selected roads.

At the time of the monitoring visit, the district had received UShs 342.7 million (100% of IPF), of which UShs 27.345 million (36.7% of funds received) had been spent. Works done included: Using force account:

- Installation of culvert crossings on Nyarutuntu – Nyakyera (2 lines); Kabagyenda – Rwera (2 lines); and Rwashamaire – Orugyera (7 lines).
- Routine mechanised maintenance of Kabagyenda – Rwera (9.2 Km) – 40% progress; and backlog of works from FY 2008/9 on Nyamukana – Kashoro (19.6 Km) – completed; and Kagarama – Rwamabondo (13.4 Km) – 25% progress.


Culvert installed on impassable Kabagyenda – Rwera road

The monitoring team visited all the works above, where the following were observed:

**Nyamukana – Kashoro road**, shaping had been completed on 19.6Km but some sections of the road had overgrown grass in the side drains and shoulders, and other failures like a collapsed culvert, potholes, loose stone, local silting of drains and carriageway were observed. It was also observed that the road had

[119] IPF given by Ministry of Works and Transport to Ntungamo District (Official IPF not yet communicated)

a high traffic of cattle, which in addition to runoff from the adjacent hills were causing fast deterioration of the road. On Kagarama – Rwamabondo road, the team observed that **while the district engineer had reported that works on the road were complete, site inspection revealed that only 3.5Km of the road had been shaped** but without compaction. The works had stalled due to breakdown of the grader, which had not yet been repaired. While the road was a backlog from FY 2008/09, works had not been completed yet the funds purportedly committed by the end of the FY had been expended. The graded section, which had not been compacted, was very slippery and effectively impassable. On Kabagyenda – Rwera, the team observed that grading of the road had commenced with about 4Km graded without compaction and 2 culvert lines installed, with the headwalls already constructed but with the backfill on the culverts not compacted. Works had however stalled due to breakdown of the grader which was also yet to be repaired. On Rwashamaire – Orugyera and Nyarutuntu – Nyakyera roads, 7 and 2 culvert crossings had been installed respectively, with the headwalls constructed but the gravel backfill on the culverts had not been compacted.

Implementation challenges in the district included: late release of funds for first quarter, which were released in September 2009; old equipment which had frequent breakdowns, low productivity and high maintenance costs; and delays in procurement of some key construction inputs like spare parts, tyres and cutting edges.

**(vi) Rukungiri District**

The district had a total road network of 228.1Km, all of which were planned to be maintained during FY 2009/10 with a total budget of UShs 298.983 million[120], expected to be fully funded by conditional grants from the central government. In addition, the district expected to obtain a total of UShs 400 million from MoWT for the rehabilitation of 2 roads, of which UShs 180 million was for rehabilitation of one road of 15Km under the District Roads Rehabilitation Programme, and UShs 220 million for the rehabilitation of 9.3Km as trial contract under the Rural Roads Programme – Support to MELTEC. Planned maintenance activities during the FY 2009/10 included mechanised routine maintenance of 88.7Km, manual routine maintenance of 115.1 Km and repair works on Kashenkye Bridge on Kyomera – Ihindiro – Nyabukumba road. All works were planned to be contracted out but with a requirement for some contractors to utilise the district equipment as a way of bringing down costs and maximising outputs. The team however observed that planned activities were only based on the 50% conditional grant expected in the 1st and 2nd quarters without any knowledge of the other 50% expected in the 3rd and 4th quarters through the URF. There was therefore a gap in planning for the funds expected through the URF.

At the time of the monitoring field visit, the district had received a total of UShs 247.167 million (100% of IPF), of which UShs 11.864 (4.8% of receipts) had been spent, mainly on operational expenses and payment of retention moneys for one contract completed in FY 2008/09. Additionally, the district had received UShs 90.0 million for the works under the Rural Roads Programme from which there were no expenditures yet.

[120] Conditional grant for Roads Maintenance in the district work plan was used as IPF (Official IPF not communicated)

At the time of monitoring, planned activities had not commenced and procurement of contractors for the works was still underway. Works were expected to commence in late December 2009.

In line with the MoWT guidelines for gender mainstreaming and crosscutting issues, the team was informed that the district endeavoured to empower women by favouring contractors with a gender balanced proposed work force and as such had observed increased participation of women in the district road maintenance programme over the years.

The monitoring team was also informed that the district addressed environmental concerns, mainly on road rehabilitation contracts, by incorporating specific items in the bills of quantities like items for restoration of gravel borrow pits, planting of trees or hedges, and site meetings involving special interest groups. Other methods used included: involvement of the district environment officer to undertake baselines surveys at the beginning of the projects and reviews at the end of the projects; and design considerations like the use of many offshoots, rather than a few, in controlling soil erosion downstream the road.

Implementation challenges identified included: Communication gaps of the official planning figure for FY 2009/10, which led to gaps in the scope of planned activities; the lengthy procurement procedures that in effect delayed commencement of the planned activities; and delays in procurement due to internal delays in approval of procurement plans.

### 3.7.6 Urban Roads Resealing Programme

#### 3.7.6.1. Project Background

The Urban Roads Resealing Programme commenced in 1991 as a follow up on an earlier programme funded by JICA (Japan International Cooperation Agency) that started in 1987 and ended in 1989. The project makes use of the equipment base left by the JICA project in the rehabilitation/construction of new urban roads to bitumen standards, thereby improving the traffic movement and drainage systems on roads within urban areas. The project is funded by GoU and targets urban councils which meet the criteria of securing and setting aside locally raised counterpart funding amounting UShs 50 million (equivalent to 25% of UShs 250 million which is the current minimum budget for each urban council), for maintenance of the equipment. Each year the project selects at least one town in each of the four regions of Northern, Eastern, Central and Western Uganda to which the project avails UShs 200m towards the works as GoU counterpart funding.

By the end of FY 2008/9, the project had rehabilitated/constructed 101.9Km in 34 urban areas across the country. In FY 2009/10 the project had a total budget allocation of UShs 4.28 billion, of which UShs 1.58 billion was planned for drainage works and resealing of 10Km in urban centres in Kaliro, Koboko, Kumi, Masaka (Lukaya) and Kyenjojo districts[121]. Additional activities planned to be implemented under the project included the rehabilitation of selected roads in Kampala city totalling 14Km using a budget of UShs 2.7 billion. Details of the planned

[121] Kyenjojo district was however later replaced with Kapchorwa district.

activities for FY 2008/09 and FY 2009/10 and their respective statuses of implementation were as shown in the Table 3.7.7

**Table 3.7.7: Planned Activities and Status of Implementation under the Urban Roads Resealing Programme**

| FY 2008/09 | | | | FY 2009/10 | | | |
|---|---|---|---|---|---|---|---|
| **Urban Council/ District** | **Length (Km)** | **Road Names** | **Status of Implementation** | **Urban Council/ District** | **Length (Km)** | **Road Names** | **Status of Implementation** |
| Kyotera (Rakai) | 25 | | Completed | Kaliro | 2 | | Funds disbursed but awaiting equipment |
| Kalisizo (Rakai) | 12 | | Completed | Koboko | 2 | | Funds disbursed but awaiting equipment |
| Ibanda | 12 | | Completed | Kapchorwa | 2 | | Not started |
| Mpigi | 2.3 | Mbale road (260m)<br>Kirunda road (850m)<br>Link I road (130m)<br>Bukakala road (150m)<br>Lufuka road (320m) | In Progress at 50% progress | Tororo | 2 | | Not started |
| Kihihi (Kanungu) | 1.0 | Kawere Street (225m)<br>Nzabandora St (347m)<br>Baragaine St (348m)<br>Kinyangwe St (80m)<br>Rusika St (100m) | In Progress at 85% progress | Kumi | 2 | | Not started |
| | | | | Kampala | 14 | Naguru Hill Lane (400m); Upper Naguru Hill Lane (300m); Balikudembe Rd. & Lane (100m); Lower Naguru East RdNtinda View Crescent (800m); Naguru East Rd (900m); Lower Naguru East Rd (1Km); Ntinda 2 Road (1.6Km); Wampewo Close (100m); Naguru Summit view Road (900m); Kome Crescent (700m); Kabalega Drive (900m); Portbell Chorley Link (500m); Mutungo Ring Road (1.1Km); Namirembe Nursery – Nakulabye (200m); Makamba Loop – Rubaga (1.6Km); Mutungo Tank Road (1.5Km); Luzira Lake Drive (1.4Km). | Construction works were under procurement |
| **TOTALS** | **50** | | | | **24** | | |

Source: Ministry of Works and Transport DUCAR department/ Respective Town Councils

### 3.7.6.2. Findings

#### i) Financial Performance

**Table 3.7.8: Financial Performance of the Urban Roads Resealing Programme**

| | Approved Estimates *(UShs Millions)* | Releases *(UShs Millions)* | Expenditure *(UShs Millions)* | % of Budget Released | % of Releases Spent |
|---|---|---|---|---|---|
| FY 2008/09 | 1,532.0 | 1,472.553 | 1,472.553 | 96.1% | 100% |
| FY 2009/10 (as at 31st Dec 2009) | 4,280.0 | 1,995.0 | 1,048.0 | 46.6 % | 52.5% |

Source: IFMS Data

At the time of monitoring, the programme had received a total release of UShs 1.995 billion (representing 46.6% of the annual budget), of which UShs 1.048 billion (52.5% of releases) had been expended (IFMS data).

The monitoring team noted however that across the board, urban councils were in the practice of diverting funds from the conditional grant for road maintenance to works under this project partly as a way of maximising length of urban roads resealed and partly as a coping mechanism for the rising cost of construction inputs, which more than doubled over the years yet the project had never revised unit costs for the works. It was therefore noted that outputs seen in the field could not be fully attributed to the project as funds from other sources were as high as 50% in some urban councils like Mpigi town council.

#### ii) Physical Performance

At the time of monitoring done in November 2009, all activities planned for implementation in FY 2009/10 had not commenced. Procurement of contractors for the works on the selected roads in Kampala was still underway and funds had been disbursed to Kaliro and Koboko town councils, which were awaiting arrival of the project equipment to commence the works. Ongoing works included completion of activities planned for FY 2008/09 in Mpigi and Kihihi town councils. The monitoring team visited the two town councils from where the following observations were made:

**Mpigi Town Council**

**Road Names:** Mbale road (260m); Kirunda road (850m); Link I road (130m); Bukakala road (150m); Lufuka road (320m)

Widened section of Lufuka street, Mpigi

Planned activities included construction and paving of selected streets totalling 3.05Km using a budget of UShs 498.4 million. Secured funds however amounted to UShs 487.6 million composed of UShs 237.3 million (48.7% of total) of funds diverted from the conditional grant for road maintenance of FY 2007/08 and 2008/09; grant from the Urban Roads Resealing Project amounting to UShs 200.0 million (41.0% of total); and counterpart funding using local funds amounting to UShs 50.3 million (10.3% of total). Scope of works was however reduced to 5 streets totalling 1.7Km.

The team observed that works had commenced with setting out, clearing, and culvert installation complete; and earthworks that included fills and gravelling at approximately 90% progress. Base construction using lime stabilized gravel had also commenced but works had stalled due to equipment breakdown. The team however noted that the works had no provision for installation of service ducts to avoid breaking up of newly

| | |
|---|---|
| | constructed roads, no access culverts and low provisions for lining of side drains along steep slopes. The 3 omissions were likely to collectively affect the functionality and durability of the roads if not attended to in time. Physical progress of works was estimated at 60% completion. |
| **Kihihi Town Council**<br><br>**Road Names:** Kawere Street (225m); Nzabandora St (347m); Baragaine St (348m); Kinyangwe St (80m); Rusika St (100m)<br>Applying a second seal on Nzabandora street<br> | Planned activities included construction and paving of selected streets totalling 1.1Km using a budget of UShs 441.3 million. Secured funds however amounted to UShs 326.0 million composed of UShs 76.0 million (23.3% of total) of funds diverted from the conditional grant for road maintenance of FY 2008/09; grant from the Urban Roads Resealing Project amounting to UShs 200.0 million (61.3% of total); and counterpart funding using local funds amounting to UShs 50.0 million (15.3% of total). The council had planned to utilize 90% of the conditional grant for road maintenance of FY 2009/10 on the project to cover unfunded items like stone lining of open drains and installation of access and cross culverts.<br><br>The team observed that construction works on the roads was nearing completion with the first surface seal applied on all the roads and applying of the second seal in progress. Sealing of the shoulders, stone lining of open drains and construction of culvert end structures had however not commenced. The team additionally observed that the works had covered more than the planned 1.1Km and the construction unit was sufficiently mobilized on site but the design for the works had no provision for installation of service ducts to avoid breaking up of newly constructed roads, and it had low provisions for lining of side drains along steep slopes. Progress of works was estimated at 85% completion and major construction works on the carriageway were expected to complete within 2 weeks. |

Implementation challenges identified included:

- It was clear that the component of the project for urban councils is greatly underfunded forcing urban councils to divert funds meant for road maintenance over several financial years, to the planned works under the project. In addition, it was apparent that due to funding constraints, emphasis had been put on maximizing total length of roads sealed while ignoring drainage aspects and other important design considerations. This scenario, if not well managed with timely supplementary programmes was likely to result in weak roads with rapid failure rates.
- Increase in costs of construction inputs like bitumen, fuel, lime, stone aggregates, cement, stone dust and labour had increased the unit cost for the works rendering the targeted output of 2Km per urban council unattainable within the UShs 250 million budget allocations that the project had continued to use since inception in 1991.
- The project equipment utilized in the construction works had aged over the years and therefore experienced frequent breakdowns with high maintenance costs and low productivity. This also caused delays in the completion of works in some urban councils and delayed commencement of works in other urban councils.
- Implementation of the planned activities for FY 2008/09 was affected by slow release of funds as some of the urban councils received the project grants in May 2009, making it impossible to complete the works within the FY.

### Conclusions and Recommendations

- During scoping of works, there is need for strict adherence to design standards especially with respect to the drainage aspects of the roads and there is also a need for a design policy requiring mandatory inclusion of service ducts in the design of urban roads so as to avoid the rampant break up of newly constructed roads during installation of service cables and lines.
- The unit cost for the works needs to be revised in view of the increase in cost of construction inputs, so as to make targeted outputs realistic and reasonably aligned with the financial plans and so as to discourage the use of conditional grants for road maintenance on the project, which otherwise disrupts the rationale of output based budgeting and leads to the neglect of urban roads not covered by the project.
- Funding for the urban councils' component of the project (outside KCC) needs to be revised in view of the financial strain that the councils are currently faced with during implementation, which force them to omit important drainage components, and lead them to failure in meeting targeted outputs.
- There is also need for replacement and strengthening of the project's equipment base so as to improve the effective equipment availability during the year and the cost effectiveness of the project.

## 3.7.7 Community Agricultural Infrastructure Improvement Programme (CAIIP)

### 3.7.7.1. Project Background

The Community Agricultural Infrastructure Improvement Programme (CAIIP) is a government of Uganda project that was launched in October 2007 and was designed to contribute to the 7$^{th}$ pillar of the Plan for Modernisation of Agriculture[122] (PMA) i.e. Physical Infrastructure, with particular focus on improvement of rural roads and markets in 26 districts[123]. The rural roads improvement subcomponent will be contributing to the implementation of the country's 10year District, Urban and Community Roads Investment Plan (DUCARIP), which is to enable the movement of agricultural produce from rural areas to the trading centres and onwards to further urban markets, as well as providing access to social services for rural population. The project seeks to improve rural agriculture through rehabilitation of district feeder and community access roads which link farmers to functional markets equipped with adequate facilities thereby attracting competitive prices and increased incomes for the farmers.

The project was planned to be implemented within a period of five years in two phases, with the first phase (CAIIP1) covering three subcounties in each of the 26 districts, and the second phase (CAIIP2), which commenced in 2009, taking on an additional 15 districts[124] and rolling out to 97 new subcounties, 65 of them in the new 15 districts and 32 in 15 CAIIP1 districts.

[122] **The 7 pillars of PMA are**: 1. Research and Technology Development; 2. National Agricultural Advisory Services; 3. Agricultural Education; 4. Rural Finance; 5. Marketing and Agro-processing; 6. Sustainable use and Management of Natural Resources; 7. Physical Infrastructure

[123] Districts covered by CAIIP I include: Rakai, Lyantonde, Masaka, Sembabule, Mpigi, Mubende, Mityana, Kiboga, Nakasongola, Kibaale, Mukono, Kayunga, Iganga, Namutumba, Butaleja, Tororo, Kamuli, Kaliro, Pallisa, Budaka, Mbale, Sironko, Manafwa, Bududa, Kapchorwa, and Bukwa.

[124] Districts covered by CAIIP-2 include: Gulu, Amuru, Kitgum, Pader, Lira, Dokolo, Amolator, Soroti, Katakwi, Kumi, Kaberamaido, Amuria, Bukedea, Jinja and Wakiso.

The project is coordinated by the MoLG, in association with MoWT and MAAIF and is financed to the tune of US$ 66.3 million for CAIIP1, with ADB and IFAD loans amounting to US$ 45 million and US$ 15 million respectively and GoU counterpart funding of US$ 6.3 million. CAIIP2 is financed to the tune of approximately UA 50.92 million, with ADB loan amounting to UA 45.0 million, GoU counterpart funding of UA 5.11 million, and recipient communities UA 0.81 million.

CAIIP1 of the project was planned to have the following outputs: rehabilitation of 4,682Km of community access roads and 522Km of feeder roads; construction of 118 markets, 486 agroprocessing facilities and 2 microhydro dams; and rural electrification of 118 markets using solar facilities and generators.

At the time of monitoring done in November 2009 (40% project time progress), the project had received total cumulative disbursements from ADB amounting to 31.82% (equivalent to UA 9.55 million), of which 38% had been expended/committed. Progress of the planned activities under the project included: civil works on 1,602Km of community access road at 90% progress; completion of a baseline survey, environmental impact assessment (draft report submitted to NEMA); completion of designs of an additional 1,600Km of community access roads, and 77 markets; designs of 522Km of feeder roads and agroprocessing factories at final stages; and selection of sites for 4 microhydro power dams.

#### 3.7.7.2. Findings

##### i) Financial Performance

In FY 2009/10 the project was allocated funds under MoLG and MoWT with a budget of UShs 52.012 billion (composed of UShs 49.292 billion donor funding and UShs 2.720 billion GoU funding) under the MoLG, and UShs 1.040 billion under the MoWT budget. The project thus had a total annual budget of UShs 53.052 billion.

At the time of monitoring, done at the end of November 2009, the project had received approximately UShs 20.0 billion of the donor component (equivalent to UA 15.516 million – 40.6% of the budgeted donor component), and UShs 596.7 million of the GoU funding (composed of UShs 102.7 million under MoLG and UShs 494.0 million under MoWT making 15.9% of budgeted GoU component). At the time of monitoring, the project had thus collectively received approximately UShs 20.597 billion (representing 38.8% of annual budget).

Expenditure of the GoU component (IFMS data) was at UShs 46.2 million under the MoLG budget (45.0% absorption), and at UShs 452.3 million under the MoWT budget (91.6% absorption). Collectively therefore expenditure of the GoU component during the first half of the FY was at UShs 498.5 million representing 83.5% absorption of the funds.

##### ii) Physical Performance

The monitoring team sampled out and visited three districts namely, Masaka, Kayunga and Lyantonde, out of the 26 districts under CAIIP1, from where the following respective observations were made:

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|---|---|
| 1.1. **Masaka District: Bukulula Subcounty**<br>Contractor: M/s SEK B Services | The team observed that works had been substantially completed and the roads were generally still in good condition. On Mukoko – Kikonda road however, the team observed that |

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| Mukoko – Kikonda road (6.5Km)<br>Mayangayanga – Kabale – Niwo road (12Km) | 4.5Km of the road were rapidly deteriorating due to the heavily loaded trucks from a stone quarry used for construction works on the adjoining Busega – Masaka road. The works were substantially completed on 7th October 2009, 3 months ahead of schedule, and the roads were under defects liability period. Financial progress for the contract was at 95%. |
| 1.2. **Masaka District: Lwengo Subcounty**<br>Contractor: M/s Dembe Construction & Building Contractors<br>Kyalutwaka – Kalisizo road (6.15Km)<br>Misenyi – Busalana road (5.35Km)<br>Kisinde – Mbirizi road (3.9Km)<br>Luti – Buswaga road (3.5Km) | The team visited the four roads and observed that gravelling had been completed on Bulusana – Misenyi and Kisinde – Mbirizi roads and drainage works including culvert installation were ongoing. On Luti – Buswaga road, grading, swamp filling and culverts installation had been completed but only 500m of the road had been gravelled. The team however noted that works on the road only covered the section of the road in Lwengo subcounty leaving out the adjoining section in Ndagwe subcounty and thus only partially improving the road link. On Kyalutwaka – Kalisizo road, the team observed that the entire road had been reshaped but was already overgrown with grass. The contractor had completely no equipment on site indicating deliberate delay of the progress of major activities. Physical progress of works was estimated at 60%, against 90.2% time progress, and 54.3% financial progress. |
| 1.3. **Masaka District: Kyanamukaka Subcounty**<br>Contractor: M/s LTM Services<br>Kabanda – Kyatokolo road (9.8Km)<br>Kamuzinda – Bulegeya road (8.35Km)<br>Manzi – Bukunda road (2.7Km) | The monitoring team visited all the three roads and observed that works had been substantially completed on Bukunda – Manzi and Kamuzinda – Bulegeya roads and the roads were still in good condition. The team again noted that works on Bukunda – Manzi only improved the road link partially with the works stopping at the subcounty boundary rather than terminating at the next trading centre. On Kabanda – Kyatokolo road, most of the works had been completed with only completion of a bridge and gravelling of 100m approaches outstanding. Physical progress of works was estimated at 96% against 90.2% time progress and 70.3% financial progress. |
| **2.1. Kayunga District: Baale Subcounty**<br>Contractor: M/s Jerusalem Engineering Contractors<br>Kabaku – Mpungwe – Gayaza road (22Km) | The team observed that the road had been cleared and shaped to completion, and culvert installation and gravel excavation were in progress. Shaping of the road was however defective as some graded and other gravelled sections were bumpy and uneven; and patches without gravel were seen on the gravelled sections. In addition, most of the culverts installed were not properly laid/ positioned and shoulders in several sections of the road were overgrown with grass. Physical progress of works was estimated at 75% against 90.2% time progress and 75.2% financial progress. |
| **2.2. Kayunga District: Kayonza Subcounty**<br>Contractor: Remy Enterprises Ltd<br>Nakyesanja – Balisanga Namatala road (20Km) | The team observed that works on the road had been substantially completed though with several defects that required to be rectified. The observed defects included uneven gravelled surface in several sections, insufficient backfill on installed culvert crossings leaving a hump effect, shoulders with overgrown grass in several sections, and four points at which storm water would cross the road surface. The works were substantially completed on 29th October 2009, 2 months ahead of schedule, and the road was under defects liability period. Financial progress for the contract was at 75.2%. |

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|---|---|
| **2.3. Kayunga District: Nazigo Subcounty**<br>Contractor: M/s Savannah Engineering Contractors<br>Kiremezi – Wabirongo road (5.7Km)<br>Natteta – Busagazi – Kimenya road (5.1Km)<br>Kisiramu – Katikanyonyi – Kireku road (3.0Km)<br>Busagazi – Kisoga road (5.0Km)<br>Kirindi – Kisiga – Budoode (5.5Km) | The team visited all the 5 roads and observed that the works had been substantially completed and the roads generally still had good riding surfaces. It was however observed that the roads had shoulders with overgrown grass and several culverts installed on Busagazi – Kisoga road were not sufficiently backfilled leaving a hump back effect. The works were substantially completed on 30th October 2009, 2 months ahead of schedule, and the roads were under defects liability period. Financial progress for the contract was at 95.0%. |
| **3.1. Lyantonde District: Kinuka Subcounty**<br>Contractor: M/s JAK Engineering Construction Co. Ltd.<br>Kinuka – Kamusenene – Kirindimula road (21.5Km)<br><br>Gravelled section of Kinuka – Kirindimula road | The monitoring team observed that clearing of the road, shaping, culvert installation and gravelling had been completed in other sections outside a 700m stretch which had flooded as a result of a backflow from a nearby dam. This stretch was impassable though the rest of the road was still in good condition. The contract period was extended from 6 months to 10 months as a result of difficult field conditions like prolonged drought with no source of water for construction, and flooding in the 700m section. Progress of works was estimated at 95% against a contract time progress of 90.2% and a financial progress of 65.8%. |
| **3.2. Lyantonde District: Kasagama Subcounty**<br>Contractor: M/s Assured Engineering Services Ltd.<br>Kabutetera – Bugoobe – Kabingo road (18.8Km)<br><br>Poorly installed culvert crossing typical on the road | The monitoring team observed that although the contractor had completed clearing, shaping and gravelling, progress on drainage works was very low to the extent that it was undermining completed works in some sections. Drainage defects observed included: no offshoots in most section of the road, installed culverts had insufficient backfill material on top, some installed culverts were not functional, and there was a collapsed culvert observed. Other defects observed included: storm water ponds and crossings at several points of the road, wearing off newly placed gravel; insufficient compaction of the gravel wearing course in some sections and on the shoulders; poor quality gravel material used in some sections making them slippery; and several gravel borrow pits not reinstated. The team observed that the contractor's organisation on site was poor and as such works were slow and of poor quality. Physical progress of works was estimated at 75% against a contract time progress of 90.2% and a financial progress of 57.7%. |
| **3.3. Lyantonde District: Mpumudde Subcounty**<br>Contractor: M/s Assured Engineering Services Ltd.<br>Mpumudde – Buyaga – Kabingo road (24.7Km) | The monitoring team observed that while the road had been bush cleared and shaped to completion, half of the road (12Km) had shoulders and side drains overgrown with grass, and the road was not shaped to uniform cross section in some sections, with a few sections remaining impassable. The rest of the road (12.5Km) had been gravelled and was in good surface condition though with no offshoots provided. Progress on drainage was very low and the road was quickly getting undermined by runoff as there were no offshoots/culverts provided in most sections of the road. Physical progress of works was estimated at 68% against a contract time progress of 90.2% and a financial progress of 54.8%. |

Impassable section along the road, 200m long

The monitoring team was informed that the project hired a consultant to undertake an environmental audit and impact assessment on all infrastructure subcomponents under the project and the consultant's report had been submitted to NEMA for clearance. In addition the project was facilitating the involvement of respective district environment officers in project implementation and monitoring to ensure compliance to set environmental protection requirements.

The project had no specific HIV awareness programme but had adopted a standard design for the project sign boards, installed at either ends of the project roads, that carried HIV awareness messages as a way of streamlining HIV awareness issues in the project activities.

In addition, the project had no specific interventions yet for mainstreaming gender issues but had plans of taking up the issues in the design of the programme for the maintenance of the roads. The team was informed however, that the project ensured community involvement in the identification of project roads and in the execution of works, including a requirement for local committee representatives to sign on payment certificates and completion certificates.

**Implementation challenges identified included:**

- Limitations of the subcounty model where works were limited to selected subcounties yet market centres grossed over subcounty boundaries, thereby having works on some roads stopping midway and short of the market centres and hence failing the primary objective of the project;
- Limited capacity and over commitment of the local contractors, which had led to delays in completion of works. This had been aggravated by the difference in unit rates for similar work when compared to projects under UNRA (UNRA unit rates are more than twice on average when compared to contracts under CAIIP1), leading to a tendency of contractors attaching a low priority on the works under CAIIP1 and hence delays in completion of works;
- Continued increase of cost of construction inputs like cement, fuel and labour, which had affected the performance of contractors and distorted planning figures to an extent that while planned outputs had been based on a unit rate of UShs 7 million per Km in FY 2005/06, the current contracts were awarded at UShs 14 million per Km, and the next batch of roads was expected to be procured at UShs 19 million per Km. The monitoring team was informed that this was likely to force the project to scale down the targeted output of rehabilitating 4,682Km of community access roads by 1,600Km, and to review the other components of the programme, so as to fit within the available funding;

- Difficult terrain on some roads that had led to increased scope and cost escalation especially due to bridges. This in turn was also likely to affect the project targeted outputs;
- Delayed release of funds by ADB, especially at the beginning of FY 2009/10, which led to delays in the execution of works; and
- Inclement weather due to heavy rains experienced in the project area, and extended dry spells within districts of the cattle corridor, which made it difficult to obtain water for construction. These collectively affected the progress of works under the project.

**Conclusions and Recommendations**

- The subcounty model used by the project whereby works were limited to selected subcounties yet market centres gross over subcounty boundaries needs to be revised to allow for flexibility as to ensure that project roads effectively interconnect market centres and communities, in line with the project objectives.
- Unit rates for similar civil works should be fairly independent of the identity of the procuring entity so as to ensure prudency and to avoid the unfortunate imbalance of the attention private contractors give to works procured under different entities. This issue requires to be closely studied for solutions and to inform policy makers on how such procurement pitfalls can be avoided across the board. It is important that MFPED jointly with MoWT take interest in the issue.

### 3.7.8 Key Policy Issues

Key cross cutting issues identified on projects monitored in the second quarter included the following:

i). Road development projects under UNRA:
  - design changes that were likely to increase construction costs;
  - cost overruns due to increase in quantities and prices of construction inputs like fuel, cement, bitumen, labour and steel;
  - red tape tendencies in the relocation of water and electricity service lines; and
  - land acquisition issues which were leading to delayed handover of sections of sites to contractors.

  These need to be addressed in order to control the ever rising construction unit rates and reduce the generic delays in completion of the projects.

ii). National Roads Maintenance Programme under UNRA:
  - General outcry on the poor state of some of the roads that were upgraded to national roads at the beginning of the FY, but which were not included in the UNRA annual work plan. Exclusion of the roads from the UNRA annual work plan effectively meant that 50% of the national roads network would not be maintained during the FY. This needs to be addressed with a contingency plan, as a stop gap measure, for which funding could be sought;
  - Improper scoping of maintenance contracts leading to ineffective contracts, where the works required to be supplemented with force on account interventions. This was mainly observed on routine mechanised maintenance contracts, especially with respect to gravel quantities and drainage components;

- The ceiling of UShs 2.0 million on micro procurements was seen as too constraining to enable efficient operation of force account activities. For example it could buy only four drums of bitumen yet a truck would have to be dispatched from the upcountry stations to the supplier's stores in Kampala for only the four drums;
- Insufficient stock of equipment at some stations and old equipment at other stations with extensive breakdowns, low effective availability and high maintenance costs;
- Lengthy procurement processes leading to delayed commencement of planned activities;

iii). District Urban and Community Access Roads Maintenance: only district roads were monitored and the cross cutting issues identified included:

- Lack of sufficient guidance on the official IPFs for conditional grants of FY 2009/10, which led to gaps in the scope of planned activities, whereby funds expected from the URF in the third and fourth quarters were not planned for in all the districts monitored;
- Understaffing of works departments partly due to failure of some local governments to attract staff of specified qualifications, but also lack of financial capacity to fill all the positions within the departments. Lyantonde district which had only one person, the district engineer, in the entire department was the worst affected;
- Lack of equipment in some districts, poor condition of the available equipment in other districts, and lengthy repair times for equipment taken to regional mechanical workshops were constraining to the maintenance programmes in districts;
- Information vacuum on MoWT centrally coordinated projects on district roads, which presented challenges in planning, supervision and monitoring of the works in the districts; and
- Procurement delays and lengthy procurement processes that were leading to delayed commencement of planned activities on the roads.

iv). Urban Roads Resealing Programme implemented by MoWT:

- Urban councils were diverting conditional grants for road maintenance to activities under the project, partly as a way of maximising total length of roads covered but also as a coping mechanism for the increased cost of construction inputs, which had more than doubled over the years, yet grants from the project had remained at UShs 200 million since inception in 1991;
- Outputs indicated in the work plans could not be reasonably linked to the funding under the project due to substantial indirect supplementary funding which was as high as 50% in some cases like Mpigi town council;
- Works on Kampala roads totalling 14Km that were found under procurement were not disclosed in the ministerial policy statement, annual work plan or quarterly progress reports and therefore appeared mysterious;
- Several of the equipment under the project were too old, with extensive breakdowns and high maintenance costs;
- Works in the urban councils outside the KCC roads were generally underfunded partly because unit rates for the roads had never been revised since inception in 1991.

v). Community Agricultural Infrastructure Improvement Programme implemented by MoLG in association with MoWT and MAAIF:

- Limitations of the subcounty model used by the project whereby works on roads were limited to targeted subcounties yet some roads linking market centres grossed over the subcounty boundaries. The road links were only partially improved, thereby failing the objectives of the project; and

- Some contracts procured under the project were experiencing delays due to differences in unit rates as compared to works of similar nature contracted out by UNRA. Contractors were attaching low priority to the project in favour of UNRA works which were more than twice the unit rate for works under the project.

- Unit rates for works under the Urban Roads Resealing Programme need to be revised so as to realistically link funding levels to the project outputs and thereby curb the rampant diversion of road maintenance funds to the project outputs.
- MoWT should clearly reveal and progressively report on all planned outputs of the Urban Roads Resealing Programme, especially the Kampala roads component.
- The Urban Roads Resealing Programme needs to be supported with extra and better condition equipment so as to improve on its efficiency and cost effectiveness.

For the case of road infrastructure, the CAIIP programme needs to have more flexibility with the subcounty model to extend works beyond subcounty boundaries to market centres, in line with the project objectives.

## 3.8 WATER AND SANITATION

### 3.8.1 Introduction

The overall vision statement for the water and environment sector is *Sound management and sustainable utilisation of water and environment resources for the betterment of the population of Uganda;* and the mission statement is *To promote and ensure the rational and sustainable utilisation, development and effective management of water and environment resources for socio-economic development of the country.* The policy objectives for the sector have been developed in line with the Poverty Eradication Action Plan (2004). In brief this includes:

(i) To manage and develop the water resources of Uganda in an integrated and sustainable manner;

(ii) To achieve sustainable provision of safe water within easy reach and hygienic sanitation facilities;

(iii) To develop and efficiently use water supply for production[125].

**Scope of the report:**

The aim of the report is to assess to the extent possible if the level of reported expenditure is commensurate with the achievement of physical outputs monitored. Priority has been given to the water and sanitation sub sector since it accounts for 74% of the FY09/10 sector budget,[126] where three vote functions (Rural Water Supply and Sanitation, Urban Water Supply and Sewerage and Water for Production) have been prioritised for quarterly budget monitoring. Under Rural Water Supply and Sanitation two projects were monitored: *School and Community IDP Project* and *Support to Rural Water Supply and Sanitation.* Progress under the District Water Supply and Sanitation Conditional Grant (DWSCG) was monitored in Nakaseke, Kaberamaido and Gulu districts. Under Urban Water Supply and Sewerage two projects were monitored: *Water and Sanitation Development Facility – South West* and *Support to Small Towns Water Supply (Output Based Aid component*). Under Water for Production the completion of Kawomeri dam in Abim district, and Olelpec and Olamia valley tanks in Apac district were monitored. Water Resources Management was not monitored this quarter as the majority of outputs reported were intangible, such as the operation of monitoring stations and could not be physically verified.

The projects and outputs sampled for monitoring were selected from the information provided in the Ministry of Water and Environment's (MWE) Q1 progress report (Performance Form A) and district work plans (Performance Form B's). The period under review is Q1 FY09/10. Priority was given to monitoring outputs that are physically verifiable and had a significant level of

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[125] Adapted from 'Strategic Investment Plan for the Water and Sanitation Sub-Sector,' August 2009, *Ministry of Water and Environment*, pg. i

[126] Ministry of Water and Environment, *Ministerial Policy Statement for Water and Environment FY09/10*, summarised financial data excluding taxes and arrears

expenditure. The geographical range of projects and districts monitored covered the central, south western, northern and eastern regions.

**Methodology:**

Physical performance of projects and outputs was assessed through monitoring a range of variables and linking the progress to reported expenditure. The types of variables monitored depend on whether an output is complete or ongoing and if implementation is centralised (through the Directorate of Water Development) or decentralised (through the District Water and Sanitation Conditional Grant). Variables for centralised projects can include: if implementation is according to budget and schedule; the number and type of beneficiaries; functionality; accessibility; water quality; existence of a trained board / committee and availability and use of sanitation facilities. For the DWSCG the variables monitored include: consistency of district financial records with MFPED data; implementation status of planned outputs compared with expenditure data and status of water and sanitation committees (formed, trained and functioning). Cross cutting challenges and gender and equity concerns were considered for both centralised projects and the DWSCG.

Financial data was sourced from the Integrated Financial Management System (IFMS) for GoU project data, MWE Q1 Progress Report (Performance Form A) for donor development data and interviews with District Water Officers for the DWSCG. The absorption of funds and operational efficiency were considered, particularly whether funds were used for low or high priority areas. 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.

Prior to the field visits literature was reviewed on the reported progress on projects and outputs, where key sources included the MWE Q1 Progress Report (Performance Form A) and Performance Form B's for selected districts. Data collection methods in the field included site observations, interviews with officials from the Directorate of Water Development (DWD), local government and private operators (PO), as well as beneficiary interviews and site photographs.

**Limitations:**

**Small sample size of districts due to varying quality of Performance Form B submissions:** Only three districts were sampled, as the majority of districts did not adhere to the reporting guidelines; hence progress could not be monitored according to planned outputs and budgets. It is recommended that further training is provided to districts on how to complete these forms.

**Validity of donor financial data:** Donor expenditure data by project and output has been submitted by MWE. However, the reliability of the data cannot be verified by MFPED as bank receipts are not readily available from the donor accounts in the Bank of Uganda.

**Lack of financial data for the Output Based Aid component of the Small Towns Water Supply and Sanitation Project:** This component was monitored even though it is operating outside the MTEF ceiling, as DWD is the implementing agency, the outputs achieved contribute towards sector targets and as a pilot project there are implications for scaling up the approach.

### 3.8.2. Rural Water Supply and Sanitation Vote Function

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[127]. Of this 86% of resources are decentralised through the DWSCG.

#### (a) Support to Rural Water Supply and Sanitation Project (0163)

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 initially started in FY01/02 and is due to be completed in FY15/16. Expenditure to date has been UShs 28.6bn[128]. Expected outputs from this project include the construction of water supply and sanitation facilities in selected rural growth centres and the piloting of appropriate technologies. During this monitoring period two outputs were monitored:

(i) Implementation of sanitation campaigns in Mbarara and Kamuli districts;

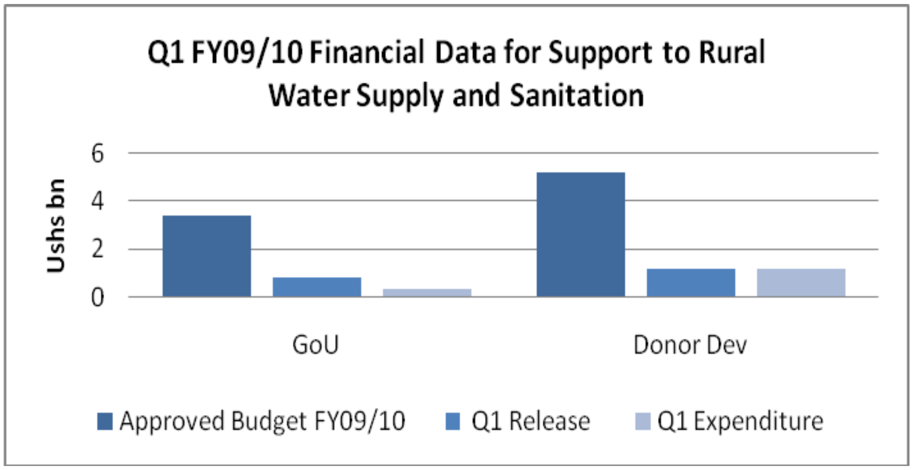
(ii) Completion of rehabilitation and extension of the gravity flow scheme in Bunyaruguru sub-county in Bushenyi district (multi year project and follow up from Q3 FY08/09).

***Financial performance:***

Q1 expenditure of donor funds was 100% compared with GoU expenditure at only 43%. Of the Q1 FY09/10 GoU expenditure, 39% was on low priority items and only 34% was on high priority items[129], which means a disproportionate amount of funds is going towards low priority areas. Overall financial performance for the project is illustrated below:

[127] Ministry of Water and Environment, *Ministerial Policy Statement for Water and Environment FY09/10* summarised financial data excluding taxes and arrears, pp.30 and 163
[128] Ministry of Finance Planning and Economic Development *Public Investment Plan FY2009/10 – 2011/11*, pg. 973
[129] Ministry of Finance Planning and Economic Development *Integrated Financial Management System*

**Figure 3.8.1**




*Source: MFPED and MWE*

***Physical performance:***

**(i) Implementation of sanitation campaigns in Mbarara and Kamuli districts**

The table below sets out the financial and physical performance monitored under this output.

**Table 3.8.1: Financial and physical performance for output 090103: promotion of hygiene and sanitation education (sanitation campaigns in Mbarara and Kamuli districts)**

| Approved budget FY09/10 | Release Q1 FY09/10 | Expenditure Q1 FY09/10 | Link between expenditure and physical performance monitored |
|---|---|---|---|
| **Q1 approved budget: 0.021bn**[130] Annual budget: 0.399bn (GoU: 0.064bn Donor Dev: 0.335)[131] | **GoU rel: 0.021bn**[132] Donor release data by output is not available | **Total exp: 0.239bn** (GoU exp: 0.019bn[133] Donor exp: 0.22[134]) | The campaigns were carried out successfully in Mbarara and Kamuli districts. Expenditure of 0.23bn for campaigns in only two districts seemed excessive and was queried with MWE. The response was that campaigns were also undertaken in Mukono, Pallisa and Rakai districts but this was not reported in the Q1 Progress Report and was therefore not monitored. |

*Source: MFPED, MWE and Field Findings*

130 Ministry of Finance Planning and Economic Development *Integrated Financial Management System*
131 Performance Contract FY09/10, pg. 76
132 Ministry of Finance Planning and Economic Development *Integrated Financial Management System*
133 ibid
134 Ministry of Water and Environment *Q1 FY09/10 Progress Report on Performance Form A*, pg.28

The campaigns focused on social marketing of sanitation facilities. Masons were trained on how to construct different latrines facilities, which could be sold to community members. This had the intended dual effect of promoting the use of sanitation facilities within the selected districts and providing an income generating activity for the beneficiaries.

**Box: 3.8.1 Beneficiary's perceptions on the sanitation campaigns in Mbarara and Kamuli districts, with a focus on gender and equity**

Overwhelmingly, the beneficiaries found the campaigns useful. Participants gained skills in how to make modern latrines such as ECOSANS and how to market the sanitation products to potential customers. Benefits from the training were viewed in both monetary and non-monetary terms. At least one member in each group of masons interviewed had already sold latrine facilities such as sanitation platforms at a profit. In Mbarara the non-monetary benefits were emphasised such as increasing social capital through improving existing networks to learn of other job opportunities. However, one of the challenges expressed in regards to equity is that as the masons are petty contractors they are unable to access district tenders. This is due to having insufficient knowledge on how to start small companies and acquire capital to buy materials.

In terms of gender, only male participants benefited from the campaigns, which was due to a lack of trained female masons in the benefiting districts. It was expressed that females face challenges in entering the occupation due to perceptions that the work is 'dirty' and requires a level of physical strength that is 'unsuitable' for women. However, participants expressed that females could do masonry work if sufficient training was provided, and that they may even do a better job due to being more willing and trustworthy if responsible for project funds. Overall, there was a degree of openness to accepting females into the occupation, although it was recognised that special efforts would have to be made to target women to train as masons.

*Source: Field Findings*

***Members of a focus group discussion on the sanitation campaign, Mbarara district***

***Sanitation platform constructed after the sanitation campaign by a beneficiary mason, Mbarara district***

**(ii) Completion of the extension of the piped water system in Bunyaruguru county to Ryeru and Kichwamba sub counties in Bushenyi district (follow up from Q3 FY08/09)**

The table below sets out the financial and physical performance monitored under this output.

**Table 3.8.2 Financial and physical performance for output: completion of rehabilitation and extension of Bunyaraguru piped water system (multi-year):**

| Approved budget FY09/10 | Release Q1 FY09/10 | Expenditure Q1 FY09/10 | Link between expenditure and physical performance monitored |
|---|---|---|---|
| Annual budget for this output was not reported<br><br>Contract sum is 868,372,738 (VAT exclusive)[135] | Release for this output was not reported<br><br>FY08/09 release for construction of piped water in 5 RGCs inc. Bunyaraguru was 1.28bn[136] | Expenditure for this output was not reported<br><br>FY08/09 expenditure for construction of piped water in 5 RGCs inc. Bunyaraguru was 1.09bn[137] | Accurate expenditure data could not be obtained and so the analysis is limited. However, the monitoring visit raised concerns over the lack of progress in service delivery as beneficiaries expressed dissatisfaction with the quality of works. |

*Source: MFPED, MWE and Field Findings*

**Initial monitoring visit in Q3 FY08/09:** It was observed that due to a design fault / lack of community consultations, some locations were not included. This led to two separate contracts being issued and this contributed to delays in completing the project. The second contract was signed on 26th May 2008. This deadline was surpassed and extended. Water was flowing in some areas, where around 70% of the tap stands were observed to be functional in Ryeru but water was intermittent in Kichwamba.

**Current monitoring visit in Q2 FY09/10:** Nearly eight months later minimal progress has been made. Even though works are stated to be complete with 120 public tap stands and 280 private connections there are several challenges with the system. These include irregular water supply, insufficient water production to meet the demand and ineffective management of water as there are high levels of wasted water. Hence, beneficiaries are dissatisfied with the quality of service delivery and are unwilling to pay for the water. DWD are making efforts to contract a private operator to improve the management of the system.

**Lessons learnt:** The delays and adjustments to the project have led to additional costs and prolonged the delivery of piped water to the community. The underlying concern expressed by the beneficiaries is over the lack of consultations prior to implementation. The lesson learnt from

[135] Ministry of Water and Environment Contract for Construction of Bunyaraguru Gravity Flow Scheme in Bushenyi District, Contract Number MWE/WRKS/07-08/00037, Kampala, April 2008, pg. 4
[136] Ministry of Water and Environment *Q4 FY08/09 Progress Report*, pg. 16
[137] ibid

monitoring this project is the need to conduct sufficient feasibility studies and consult beneficiaries and local leaders during project design stages to avoid costly adjustments later.

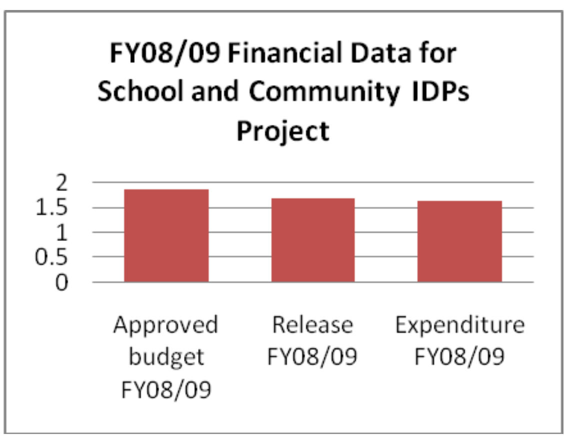
### (b) School and Community Water and Sanitation IDPs Project (0158)

This project is fully funded by GoU and aims to improve water supply and sanitation facilities in areas affected by the conflict in northern Uganda. The project started in FY04/05 and is expected to be complete in FY16/17. Total planned expenditure is UShs 6.348bn[138]. In FY08/09 the planned output was construction of eight motorised water supply schemes, but this was rolled over to FY09/10 due to prolonged procurement procedures. In Q1 FY09/10 three piped water systems were monitored: Northern Uganda Youth Development Centre and Lugore sub-county in Gulu district, and Minakulu sub-county in Oyam district, where it was observed that **despite expenditure of UShs 1.64bn in FY08/09 (97% of the FY08/09 budget released) substantial construction works had not begun.** During Q2 five piped water systems were monitored: Ayara RGC in Apac, Adwari and Orum RGCs in Lira, Madi Opei RGC in Kitgum and Magoro RGC in Katakwi.

***Financial performance:***

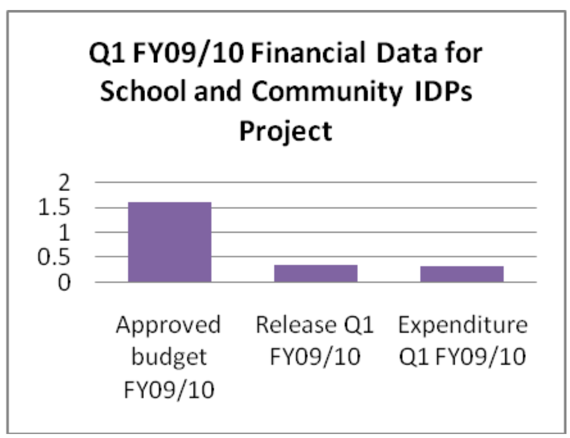
As this is a multi-year project, financial performance for FY08/09 and Q1 FY09/10 is illustrated below. Analysis of Q1 FY09/10 expenditure showed that 19% was on low priority items and 50% was on high priority items.

**Figure 3.8.2**




*Source: IFMS*

**Figure 3.8.3**




*Source: IFMS*

[138] Ministry of Finance Planning and Economic Development *Public Investment Plan FY2009/10 – 2011/11*, pg. 965

***Physical performance:***

The link between financial data and physical performance monitored is outlined in the table below:

**Table 3.8.3: Financial and physical performance for output 090172 government buildings and other structures (continuation of construction of 8 piped water schemes):**

| **Approved budget FY09/10** | **Release Q1 FY09/10** | **Expenditure Q1 FY09/10** | **Link between expenditure and physical performance monitored** |
|---|---|---|---|
| **Q1 budget: 0.2bn** Annual budget: 1.02bn[139] | **GoU rel: 0.16bn**[140] (47% of annual budget was released) | **Gou exp: 0.157bn**[141] (98% of funds released were absorbed) | The high level of expenditure in Q1 reflects the start of construction works in 4 of the 5 locations monitored. However, there is no clear link between expenditure of 1.64bn on this output in FY08/09 and physical progress since the sites were handed over to contractors in Q1 FY09/10. |

*Source: MFPED, MWE and Field Findings*

The status of construction of the piped water systems is outlined in the table below:

**Table 3.8.4: Status of piped water systems under School and Community IDPs Project:**

| **Expected output: ongoing construction of piped water system in Ayara RGC, Apac district** |
|---|
| Works started in September 2009 and the estimated completion date is February 2010. Achievements to date include protection of the source, laying the foundations of the pump house and installation of the distribution and transmission line. |
| **Expected output: ongoing construction of piped water system in Adwari RGC, Lira district** |
| Works are ongoing with an estimated 60% completion and a target end date of March 2010. Achievements to date include the drilling of two production wells, construction of the pump house and pipe laying works. However, the acquisition of land is still an issue as the landowners are awaiting compensation. |
| **Expected output: ongoing construction of piped water system in Orum RGC, Lira district** |
| Works started in September 2009 and are ongoing. Progress so far has been rated at 70% and the expected completion date is March 2010. Achievements to date include ongoing construction of the water office, protection of the water source, installation of a pump and pipe laying works for 1.646km of the transmission line and 3.556km of distribution line. |
| **Expected output: ongoing construction of piped water system in Madi Opei RGC, Kitgum district** |
| The total cost is UShs 572,732,890 and the site was handed over to the contractor in September 2009[142]. |

[139] Ministry of Water and Environment *Performance Form A, FY09/10*, pg. 72
[140] Ministry of Finance Planning and Economic Development *Integrated Financial Management System*
[141] ibid

Works have started with an estimated completion date of April 2010. However, the sub-county has expressed concerns that the contractor is not engaging local staff members in the construction work, which would help to promote ownership and sustainability as local personnel can be trained in the technicalities of the system.

**Expected output: ongoing construction of piped water system in Magoro RGC, Katakwi district**

The total cost is UShs 571,838,650 and the site was handed over in September 2009[143]. The contractor made a preliminary visit to the sub-county to sign a Memorandum of Understanding and left some materials on site in November 2009. Since then the contractor has not returned, no works are ongoing, and the local leaders have received no communication regarding the delays.

*Source: MWE and Field Findings*

***Ongoing construction of the pump house, Ayara RGC, Apac district***


***Signpost for construction of piped water system, Orum RGC, Lira district***

### (c) District Water and Sanitation Conditional Grant

Progress during Q1 and Q2 of FY09/10 was monitored in the districts of Gulu, Nakaseke and Kaberamaido districts. The findings are summarised below:

**Table 3.8.5: Summary of financial and physical performance for the sampled districts**

| District | Financial Data (UShs) Jul to Sept '08 | Physical Performance from Jul to Dec '09 |
|---|---|---|
| Gulu | Annual budget: 1,177,878,670<br>(Peace Reconstruction and Development Plan component: 930,556,000)<br>Q1 rel: 253,600,000 | No water points have been constructed. Q1 expenditure was used to pay for 6 boreholes constructed in FY08/09 at UShs 62,041,666. |

[142] Hydraulic and Sanitation Consult Ltd. *Progress report for Madi Opei Water Supply, Contract Number MWE/WRKS/08-09/00391(4)*, pg. iii
[143] Hydraulic and Sanitation Consult Ltd. *Progress report for Magoro Water Supply, Contract Number MWE/WRKS/08-09/00391(5)* pg. iii

| District | Financial Data (UShs) Jul to Sept '08 | Physical Performance from Jul to Dec '09 |
|---|---|---|
| | Q1 exp: 79,624,666<br>(District financial data is consistent with MFPED records.) | Contracts for 40 boreholes and 4 permanent wells have been awarded and construction should start in Q3, as the district followed open bidding. |
| Nakaseke | Annual budget: 443,880,319<br>Q1 rel: 95,000,000<br>Q1 exp: 10,781,190<br>(District financial data is consistent with MFPED records.) | No water points have been constructed due to ongoing procurement procedures. |
| Kaberamaido | Annual budget: 415,753,828<br>Q1 rel: 88,000,000<br>Q1 exp: 25,232,293<br>(District financial records are inconsistent with MFPED records as the district was informed the budget is 409,094,713.) | No water points have been constructed.<br>Funds were used to purchase a vehicle at 24million, which is a rolled over expense from FY08/09 and had been under budgeted.<br>Planned outputs have not been achieved as the procurement procedures are still ongoing. |

*Source: MFPED and Field Findings*

**Challenges under the District Water and Sanitation Conditional Grant:**

**General works account:** As the District Water Officer is not the vote controller there is a risk that funds for the DWSCG will not be used as planned. It is recommended that a separate account should be set up for DWSCG funds within the current financial year.

**Unattainable work plan targets:** The sampled districts had planned for the construction of water points in Q1 and Q2 even though it is known there will be no physical implementation due to procurement processes. It is recommended that improvements are made to work plans and budgets to avoid the perception of underperformance and underutilisation of funds.

**Duplication of reporting:** Due to various information needs, districts are required to complete the Poverty Action Fund reporting format for MWE as well as Performance Form B's. Improvements need to be made to Performance Form B's to satisfy the various information requests and reduce the demands on LGs.

### 3.8.3. Urban Water Supply and Sanitation Vote Function

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 this vote function was allocated only 16% of sector funding[144].

[144] Ministry of Water and Environment, *Ministerial Policy Statement for Water and Environment FY09/10* summarised financial data excluding taxes and arrears, pp.39 and 173

### (a) Water and Sanitation Development Facility – South West (0160)

This project aims to improve the water and sanitation facilities in the south western region through supplying clean, manageable and affordable water, and through promoting ECOSAN latrines. The project began in FY95/96 and is due for completion in FY13/14. Overall, the total planned expenditure is 17.5m Euros and the funds secured are 15.75m Euros[145].

The number of planned outputs under this project is considerably greater than other projects within this vote function and includes the construction of 14 piped water systems, design of 22 piped water systems and construction of 77 ECOSAN facilities. The regionalised project approach is being replicated for the northern and eastern regions with the recent introduction of Water and Sanitation Development Facility branches in these areas. This project has been monitored on a quarterly basis as outputs are completed each quarter. During Q1 FY09/10 completion of 3 piped water systems was monitored as a follow up from Q3 FY08/09, where the systems were either functioning or construction works were coming to end.

This quarter's monitoring efforts focused on two outputs:

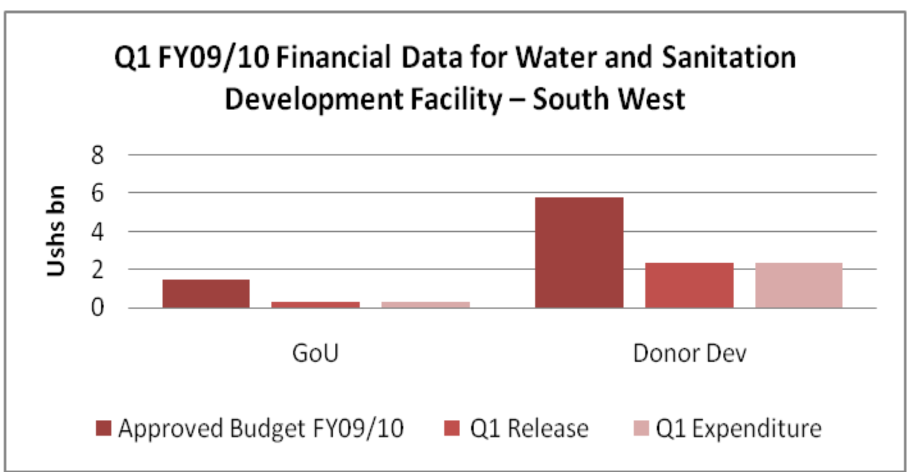
(i) **Completion and use of ECOSAN facilities in Rakai district** (Kakuto and Kasensero sub counties), Kyotera district (Kayanga/Kirumba and Buyamba sub counties), and in Kabarole district (Nyakigumba and Kibiito sub counties);

(ii) **The completion of piped water systems in Bushenyi district** (Kabira, Mutara and Kyeibare sub counties).

*Financial performance:*

Financial analysis of this project shows that 100% of Q1 releases (GoU and donor) have been spent. Of the Q1 FY09/10 GoU expenditure, 6% was on low priority and 93% was on high priority items[146].

**Figure 3.8.4**




*Source: MFPED and MWE*

145 Ministry of Finance Planning and Economic Development *Public Investment Plan FY2009/10 – 2011/11*, pg. 969
146 Ministry of Finance Planning and Economic Development *Integrated Financial Management System*

*Physical Performance:*

**(i) Completion and use of ECOSAN facilities:**

The link between financial data and physical performance monitored is outlined in the table below:

**Table 3.8.6: Financial and physical performance for output 090205 improved sanitation services and hygiene (construction of 61 ECOSAN toilets):**

| Approved budget FY09/10 | Release Q1 FY09/10 | Expenditure Q1 FY09/10 | Link between expenditure and physical performance monitored |
|---|---|---|---|
| **Q1 GoU approved budget is 0.06bn**[147]<br>Annual budget: 0.9bn<br>(Gou: 0.2bn<br>Donor dev: 0.7bn)[148] | **GoU rel: 0.004bn**[149]<br>Donor release data by output is not available | **Total exp: 0.028bn**<br>GoU exp: 0.003bn[150]<br>Donor dev expenditure: 0.025bn[151] | In 2 of the 6 sub counties the ECOSANS monitored were of poor quality. As Q1 total expenditure is less than Q1 approved budget, further spending is required to complete the works and ensure there is value for money. |

*Source: MFPED, MWE and Field Findings*

Seven ECOSAN facilities were planned for each rural growth centre that is benefiting from the construction of a piped water system. ECOSAN facilities are placed as demonstration sites at the household level, as experience has shown that they are not effectively used in public places.

**Table 3.8.7: Status of ECOSAN facilities reported as complete by DWD**

| **Expected output: ECOSANS constructed and utilised in Kakuto SC, Rakai district** |
|---|
| Construction was finished in September 2009 and training has been provided twice. An ECOSAN committee was established to determine the beneficiaries, who expressed satisfaction with the technology. |
| **Expected output: ECOSANS constructed and utilised in Kasensero SC, Rakai district** |
| Construction is of poor quality, no training has been provided and the beneficiaries are not satisfied. There are cracks on the steps and there are no doors, as these were originally constructed with low quality timber and still need to be replaced. For one beneficiary, an ECOSAN was constructed on his property even though he did not request for it, as it is a permanent structure that is less likely to be affected by floods from Lake Victoria. Works need to be completed to a satisfactory standard to ensure value for |

[147] Ministry of Finance Planning and Economic Development *Integrated Financial Management System*
[148] Ministry of Water and Environment *Performance Form A, FY09/10,* pg. 81
[149] Ministry of Finance Planning and Economic Development *Integrated Financial Management System*
[150] ibid
[151] Ministry of Water and Environment *Q1 FY09/10 Progress Report on Performance Form A,* pg. 44

| |
|---|
| money. |
| **Expected output: ECOSANS constructed and utilised in Kayanga SC, Kyotera district** |
| Construction is of poor quality and so the ECOSANS are not being used. This includes roofs that are leaking and failure to meet all of the specifications, such as lack of a urine bucket. Works need to be completed to a satisfactory standard to ensure value for money. |
| **Expected output: ECOSANS constructed and utilised in Buyamba SC, Kyotera district** |
| The ECOSANS have been constructed to a good standard (with ash available) and are in use. |
| **Expected output: ECOSANS constructed and utilised in Nyakigumba SC, Kabarole district** |
| An estimated 60% progress has been achieved. Beneficiaries require further training on how to use the ECOSANS. |
| **Expected output: ECOSANS constructed and utilised in Kibiito SC, Kabarole district** |
| An estimated 80% progress has been achieved. A training workshop had been held for beneficiaries on the use of ECOSANS, where recipients were either part of the Water and Sanitation Board, local politicians or widows. |

*Source: Field Findings*

***ECOSAN constructed and in use, Buyamba SC, Rakai district***

***Poor quality of ECOSAN construction, where works had to be finished by the beneficiary due to slow response by the contractor, Kasensero SC Rakai district***

**Box 3.8.2 Potential for scaling-up ecological sanitation (ECOSAN)**

The concept behind ECOSAN technology is that human waste (excreta and wastewater) can be used as a resource that can be recovered and treated where necessary to be reused for agricultural purposes. It is therefore seen as closing the gap between sanitation and agriculture, where waste can be used to help preserve soil fertility, whilst minimising the consumption and pollution of water resources[152]. Other benefits include no smell (unlike traditional pit latrines) and construction being a lifelong investment. Given these advantages, ECOSANS are one of the sanitation facilities being promoted by the MWE.

[152] Introduction to ECOSAN ecological sanitation, http://www.gtz.de/en/themen/8524.htm, viewed on 14.12.2009

If ECOSANS are scaled up, evidence collected suggests that further sensitisation is needed and that the selection process for who will receive an ECOSAN should be transparent and demand driven. Some of the local leaders interviewed who are responsible for sensitising others about ECOSANS explained how they are uncomfortable using the technology themselves and some potential users had misconceptions about recycling human waste. As ECOSANS have been unsuccessful in public places they are being constructed at household level as demonstration sites. With the exception of Kasensero SC, Rakai district, where works were of a poor quality and a user received an ECOSAN without requesting for it, the evidence collected did suggest that the selection process is transparent as beneficiaries were satisfied. However, installation of hand washing facilities is an area that requires improvement as none of the ECOSAN facilities monitored had this.

*Source: Field Findings*

**(ii) Expected output: the completion of piped water systems in Bushenyi district (Kabira, Mutara and Kyeibare sub counties)**

The link between financial data and physical performance monitored is outlined in the table below:

**Table 3.8.8: Financial and physical performance for output 090272 government buildings and service delivery infrastructure** (construction of piped water schemes in Mutara/Kyeibare and Kabira):

| **Approved budget FY09/10** | **Release Q1 FY09/10** | **Expenditure Q1 FY09/10** | **Link between expenditure and physical performance monitored** |
|---|---|---|---|
| **Q1 GoU approved budget: 0.333bn**[153]<br>Annual budget: 5.257bn<br>(GoU: 1bn<br>Donor dev: 4.257bn)[154] | **GoU rel: 0.247bn**[155]<br>Donor release data by output is not available | **Total exp: 2.353bn**<br>GoU exp: 0.245bn[156]<br>Donor dev exp: 2.108bn[157] | As the piped water systems monitored are complete and functional, funds have been used to effectively deliver services. The investment cost for the two systems at 2.36bn[158] corresponds with Q1 expenditure. |

*Source: MFPED, MWE and Field Findings*

[153] Ministry of Finance Planning and Economic Development *Integrated Financial Management System*
[154] Performance Contract FY09/10, pg. 80
[155] Ministry of Finance Planning and Economic Development *Integrated Financial Management System*
[156] ibid
[157] Ministry of Water and Environment *Q1 FY09/10 Progress Report on Performance Form A,* pg.44
[158] Water and Environment Sector Progress Report, Ministry of Water and Environment, October 2009, pg. 90

The findings on completion of piped water systems in Bushenyi district (Kabira, Mutara and Kyeibare sub counties) is outlined below:

**Table 3.8.9: Status of piped water systems under Water and Sanitation Development Facility – South West**

| |
|---|
| **Expected output: completion of piped water system in Kabira SC, Bushenyi district** |
| The piped water system was completed in October 2009 and is functioning. In total there are 87 private connections and 6 public kiosks. There have been some initial management issues which include the scheme operators lacking training/knowledge in engineering, theft of metres and faulty metres. ECOSANS have been constructed but they are not being used correctly, as further sensitisation is needed on how to use this type of technology. A water and sanitation board has been formed and has 10 members, of which 4 are female, to manage both the systems in Kabira and Mutara. |
| **Expected output: completion of piped water system in Mutara/ Kyeibare SC, Bushenyi district** |
| This piped water system is an extension of the system in Kabira sub-county and is managed by the same private operator. The system was completed in October 2009 and is functional. In total there are 70 private connections and 6 public kiosks. The system has also been extended to Kyeibare Girls Secondary School which is within Mutara sub-county. |

*Source: Field Findings*

***Demonstration of flowing piped water by the private operator for the scheme, Mutara SC, Bushenyi district***

**(b) Output Based Aid Component of the Support to Small Towns Water Supply and Sanitation Project (0164)**

Output based aid (OBA) is regarded as an innovative approach to increasing access to basic services and specifically targets the poor living in selected small towns and rural growth centres. Under OBA the payment of aid is linked to the delivery of basic services or outputs such as connections to piped water in poor households. The agency responsible is DWD, although service delivery is contracted to private operators (PO), who receive a subsidy to replace or complement connection fees to piped water systems. The PO is expected to pre-finance the project until the outputs have been delivered. Design Build Operate contracts were signed with local PO's in October 2008. The project is being funded by the International Bank for

Reconstruction and Development and the total cost is US$3,614,000, of which the technical assistance component is US$414,000 and the grant for subsidy co-financing is US$3,200,000[159].

Specific outputs under this component include the extension of existing water supply systems in six small towns (Rukungiri, Wakiso, Wobulenzi, Luweero, Kachumbala and Kalisizo) and construction of water supply systems in four rural growth centres (Namatumba, Magale, Masafu, and Sipi). Monitoring efforts focused on progress in each of these towns and rural growth centres, where it was expected that works would be ongoing. This is with the exception of Kalisizo as no progress was reported in the Q1 MWE Progress Report (Performance Form A) and Namatumba, which was monitored in Q1 FY09/10, where construction was observed to be ongoing.

A limitation of monitoring the OBA component is that it is operating outside of the MTEF, and therefore financial data is not captured in standard reporting formats, even though achievements of physical outputs are being reported and contribute towards sector targets. Given the implications for scaling up this approach over the medium to long term, monitoring efforts sought to identify examples of best practice and if the early stages of implementation have been in line with the objective of OBA projects of targeting the poor.

***Physical performance***

Information on the construction of new piped water systems in rural growth centres is below:

**Table 3.8.10 (a): Status of construction of piped water systems in rural growth centres under the OBA component of Support to Small Towns Water Supply and Sanitation**

| **Expected output: construction of piped water system in Magale RGC, Manafwa district** |
|---|
| Works began in May 2009 and were due to be completed in December 2009. Works are expected to be completed in February 2010, although there was no contractor on site during the monitoring visit in December 2009. Delays have been due to prolonged compensation for construction on private land. A Water and Sanitation Board (WSB) has been formed with five members, of which two are female. |
| **Expected output: construction of piped water system in Masafu RGC, Busia district** |
| Works began in August 2009 and were expected to be completeD in October 2009, but were delayed as the contractor has been experiencing cash flow problems. Construction works so far include the installation of pipes. The proposed water source is a community borehole which is being actively used, although the sub-county has granted permission for it to be used for the piped water system. |
| **Expected output: construction of piped water system in Sipi Town Council, Kapchorwa district** |
| Works started in June 2009 and the initial completion date was November 2009. However, works have been delayed and were estimated to be 50% complete, with a revised end date for February 2010. Delays have been due to heavy rains and inability to attract and retain sufficient manpower, as the construction |

[159] 'Output Based Aid Factsheet,' can be viewed on: http://www.gpoba.org/gpoba/sites/gpoba.org/files/GPOBA_fact_sheet_english_0.pdf
'Output Based Aid in Water Supply in Uganda's Small Towns and Rural Growth Centres,' can be viewed on: http://www.gpoba.org/gpoba/node/207

| |
|---|
| period coincided with the coffee harvesting season. At present contractors are working on the water treatment tanks and the distribution line from Mt. Elgon to Sipi Town. |

*Source: Field Findings*

***Construction of the pump house in Masafu SC, Busia district***

***Construction of the piped water system, Sipi Town, Kapchorwa district***

The table below provides information on the status of extensions of existing piped water systems:

**Table 3.8.10 (b): Status of extension of piped water systems in small towns under the OBA component of Support to Small Towns Water Supply and Sanitation**

| **Expected output: extension of piped water system in Rukungiri Town Council, Rukungiri district** |
|---|
| The piped water scheme was constructed in 1998. The OBA component started in April 2009 and is being managed by WSS Services Ltd. Under OBA an additional pump should be installed from the existing water point and connected to the reservoir tank, although no progress has been made due to low water production capacity. The PO and the Town Council are in disagreement over who is responsible for constructing an additional borehole. Only 30 additional customers have been connected out of a target 200. The delays have been due to a lack of connection fee payments and introduction of a new WSB, which needs to approve additional connections. Water is only supplied for 40% of the time (which is attributed to low levels of water production) and so customers are dissatisfied with the service. |
| **Expected output: extension of piped water system in Wakiso Town Council, Wakiso district** |
| The piped water system was constructed in 2003 and the OBA component started in April 2009 under the PO, Jobat Joint Venture. The water production capacity is inadequate, where an estimated 30% of customers do not receive water at all or only once a week. The specific components under OBA have all been completed and include extension of water mains by 5.5km, installation of a generator and connection of an additional 300 customers. As a result of continuous lobbying with DWD (which included a visit by the Minister of State) there have been efforts to increase the production capacity, where a third production well will be in operation soon. Certain users have been exempted from paying connection fees. |
| **Expected output: extension of piped water system in Wobulenzi Town Council, Luweero district** |
| The piped water system was constructed in 1998 and the current private operator, Trandint Ltd. started operation in November 2008. The existing system is experiencing several challenges including: regular breakdowns, inconsistent water supply due to unreliable power and insufficient supply of water as the |

| |
|---|
| production wells are low yielding. On average, there is no water for 2 days each week. The specific components under OBA include connection of 200 additional customers, of which 60 are complete, and extension of the distribution line by 4km, of which 2km are complete. Progress has been halted as people have been unable to pay the connection fee which is UShs 59,000 including VAT. |
| **Expected output: extension of piped water system in Luweero Town Council, Luweero district** |
| The piped water system was constructed in 2001. The OBA contract began in March 2009 and included connection of 250 additional customers, of which 121 are complete and completion of 6km extension line, of which 2km are finished. There are concerns that the process for choosing new customers is not transparent and the poor are not being targeted, as politicians are leveraging their influence to gain political capital. A Water and Sanitation Board is operational, although they have a limited role in approving new connections due to political interference. The recommendation by the WSB was for DWD to conduct another training session on the roles and responsibilities of various stakeholders in deciding who should benefit to promote harmonisation in operations. |
| **Expected output: extension of piped water system in Kachumbala SC, Bukedea district** |
| The system was constructed in 2005 and during the handover the community was dissatisfied with the quality of works. There are concerns that the water is unsafe for consumption and no water testing kit has been provided. The PO responsible for the components under OBA is Trandint Ltd. All OBA specifications are complete and include 151 private and 5 public connections, extension of the distribution line by 7.5km and installation of 2 additional pumps (1 was a replacement for an existing pump and the other was a new connection). However, these additions have had limited impact on the quality of service delivery for four reasons:<br>(i) The OBA component did not include measures to improve the quality of water;<br>(ii) The increased demand through new connections cannot be sustained as the water production capacity is insufficient given that the additional pump is low yielding;<br>(iii) Despite the identification of another source, the PO claims to have insufficient resources to make the connection. The PO has also been unable to pay electricity bills to UMEME and so there had been no piped water for over two weeks prior to the monitoring visit. This raises questions on the capacity of the PO.<br>(iv) Two private contractors (Net Construction Ltd. and the other company withheld the name) had damaged the distribution line during road works and the construction of a fibre optic cable and have not rectified damages despite having promised to do so. Out of 228 connections 133 are inactive, of which 96 were made under OBA. |

*Source: Field Findings*

***Destruction of a water pipe by contractors for another project, Kachumbala, Bukedea district***

***Water flowing in a beneficiary's household Wobulenzi Town Council, LuweerodDistrict***

### Potential for scaling up the OBA approach

One of the important benefits of the OBA approach is that outputs delivered by the POs are independently verified before payments are made, as this promotes transparency and should help ensure quality service delivery. However, POs have had limited success in accessing the levels of finance needed, which has resulted in cash flow problems and has therefore contributed to delays in the construction of new piped water systems. In contrast, POs that have received a subsidy have made greater progress in completing works on time. This suggests that further capacity development and clear communication on expectations of pre-financing are needed for the local POs if OBA is considered for mainstreaming.

Regarding the extension of piped water systems one of the main challenges identified is inadequate water production capacity to meet the increased demand from the new connections made under OBA. This has left many of the beneficiaries dissatisfied with the quality of service delivery. As the piped water systems were initially constructed between six and twelve years ago some of the current challenges are due to inadequate investment in operations and maintenance, which is not prioritised. This suggests that potential scale up of OBA for extensions of piped water systems should place greater emphasis on the 'design and build' elements to rectify existing defects and ensure there is sufficient water production capacity.

A clear strategy for specifically targeting the poor was not evident as the PO's require a connection fee at UShs 59,000 including VAT. Exceptions to connection fees were only implemented in two small towns, Wobulenzi and Wakiso at their discretion. By the nature of the project design, PO's expect to make a profit and so are only willing to make a connection to customers who can afford the connection fee and regular payment of water bills, thus excluding the poorest. Public tap stands have been included in the OBA design and should contribute to increasing access. Specifically targeting the poor requires further review and may involve strategies such as subsidisation of water supply from public tap stands. The suggestion is that further discussion by various stakeholders is needed in this area.

**Box 3.8.3 Selected beneficiary's perceptions on accessing piped water**

*"I sell the water at UShs 100 a jerry can. We get water once or twice in a week but have a tank for storage which I sell later when there is no water in the tap."* (Beneficiary, Wakiso Town Water Supply)

*"We only have water once every four days and sometimes we get water at night so I end up using a spring. Since we have paid for the connection, we would like water at least once every 2 days."* (Beneficiary, Rukungiri Town Council)

*"Before the connection at home I used to spend three hours collecting water from a nearby spring on a daily basis. As I am a market vendor, I use this saving on my time to reach the market early and serve customers."* (Beneficiary and market vendor, Wobulenzi Town Council)

*Source: Field Findings*

### 3.8.4. Water for Production Vote Function

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 at UShs 23.24bn.

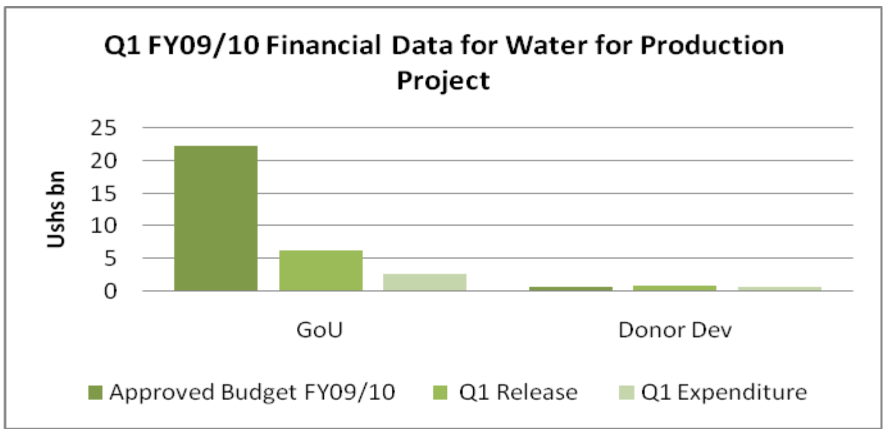
**Water for Production Project (0169)**

The project began in 1999 and is expected to be complete in 2015. The total planned expenditure is US$ 232 million and the expenditure to date is US$ 16.06 million[160]. The outputs monitored this quarter included the completion of Olelpec Valley Tank and Olamia Valley tanks in Apac district; and Kawomeeri dam in Abim district. These were all follow up visits from Q4 FY08/09.

***Financial performance:***

As the water for production facilities monitored are follow-up visits from FY08/09 it is worth mentioning that the FY08/09 GoU approved budget was UShs 7.46bn, which was fully released and absorbed. Of the Q1 FY09/10 GoU expenditure, 6% was on low priority items and 73% was on high priority items. Details on financial performance for Q1 FY09/10 are illustrated below:

**Figure 3.8.5**




*Source: MFPED and MWE FY2009/2010*

***Physical performance:***

The link between financial data and physical progress monitored is outlined in the table below:

**Table 3.8.11: Financial and physical performance for output 090372 government buildings service delivery infrastructure** (completion of construction of water for production facilities):

| Approved budget FY09/10 | Release Q1 FY09/10 | Expenditure Q1 FY09/10 | Link between expenditure and physical performance monitored |
|---|---|---|---|
| **Q1 approved** | **GoU rel:** | **Total exp:** | The 3 water for production facilities were not complete as reported in the Q1 Progress |

160 Ministry of Finance Planning and Economic Development *Public Investment Plan FY2009/10 – 2011/11*, pg. 989

| | | | |
|---|---|---|---|
| **budget: 5.38bn**[161]<br><br>Annual budget: 16.796bn<br>(GoU: 16.136bn<br>Donor dev: 0.66bn)[162] | **5.38bn**[163]<br><br>Donor release data by output is not available | **2.67bn**<br><br>Donor exp: 0.72bn[164]<br><br>GoU exp: 1.95bn[165] | Report.<br><br>Total expenditure is less than the GoU release which reflects the incomplete works. |

*Source: MFPED, MWE and Field Findings*

The status of water for production facilities monitored is outlined below:

**Table 3.8.13: Status of Water for Production Facilities Monitored**

| **Expected output: completion of Olelpec Valley Tank, Apac SC, Apac district** |
|---|
| This is a follow up visit from Q4 FY08/09 where works were found to be 70% complete and were already behind schedule. The contract was awarded to Ms. Mulowooza Brothers Ltd. for both Olelpec Valley Tank and Olamia Valley Tank in Aduku sub-county, Apac district at a cost of UShs 2,759,598,000 to construct a 40,000m³ tank[166]. Works officially began on 28th July 2008 under the supervision of Ms. BEC Engineers with Seka Associates Consulting Engineers. The contract duration is 12 months with a 6 months defects and liability period. A time extension was approved and works were expected to be complete by 28th October 2009. Despite the extended deadline being surpassed, works are approximately 85% complete and the Client (DWD) may charge for liquidated damages. At the time of the monitoring visit no works were ongoing. Works were reported to be delayed due to the contractor abandoning site and implementing more lucrative contracts. |
| **Expected output: completion of Olamia Valley Tank, Aduku SC, Apac district** |
| This is a follow up visit from Q4 FY08/09 where works were observed to be approximately 70% complete. The contract details are the same as for Olelpec and the client has also submitted for liquidated damages due to incomplete works despite a time extension[167]. At the time of the monitoring visit no works were ongoing. Works were estimated to be 75% complete by local government water officers interviewed, although DWD approximated progress to be 85%. Challenges again were due to the contractor abandoning site. |
| **Expected output: completion of Kawomeeri Dam, Alerek SC, Abim district** |
| This is a follow up visit from Q4 FY08/09 where works were observed to be approximately 25% complete, despite the completion date being 24th September 2009. The contract for the construction of the dam with a storage capacity of 1,200,000m was awarded to Ms. Liberty Construction Company at a cost |

[161] Ministry of Finance Planning and Economic Development *Integrated Financial Management System*
[162] Ministry of Water and Environment *Performance Form A, FY09/10,* pg.81
[163] Ministry of Finance Planning and Economic Development *Integrated Financial Management System*
[164] Ministry of Water and Environment *Q1 FY09/10 Progress Report on Performance Form A,* pg.44
[165] Ministry of Finance Planning and Economic Development *Integrated Financial Management System*
[166] Directorate of Water Development *Brief on Olelpec and Olamia Valley Tanks in Apac, Kailong Dam in Kotido and Kawomeeri Dam in Abim District,* October 2009
[167] ibid

of UShs 3,531,705,100³. Works began in September 2008 and the contract duration is 12 months with a 6 month defect and liability period[168]. At the time of the monitoring visit works were estimated to be 90% complete[169]. As the contractor has not requested for a time extension the Client (DWD) may charge for liquidated damages[170]. The delays have been attributed to heavy rains, delayed payments and changes to the initial design, where it is estimated that works will be complete by the end of January 2010[171].

*Source: MWE and Field Findings*

***Construction works on Olelpec Valley Tank, Apac District***

***Incomplete cattle troughs for Olelpec Valley Tank, Apac District***

***Ongoing Construction for Kawomeeri dam, Abim District***

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[168] ibid
[169] Interview with representative of the BEC Engineers Ltd., consultant supervising works held on 10.12.2009
[170] 'Directorate of Water Development *Brief on Olelpec and Olamia Valley Tanks in Apac, Kailong Dam in Kotido and Kawomeeri Dam in Abim District*, October 2009
[171] Interview with the Site Supervisor, Ms. Liberty Construction Company, held on 10.12.09

### 3.8.5 Key Policy Issues

A number of key issues have been identified. These have been categorised as financial issues, processes related, institutional, technical, land related, physical, political and cultural.

i. There is a risk that funds for the District Water and Sanitation Conditional Grant are not used as planned, as funds are released to a general works account and District Water Officers are not vote controllers. It is recommended that a separate account for receipt of DWSCG funds is established within this financial year.

ii. Operational efficiency for projects under Rural Water Supply and Sanitation needs improvement. Analysis of Q1 FY09/10 expenditure composition showed that spending on low priority items such as allowances, workshops and seminars, travel inland, fuel and vehicle maintenance was high for School and Community IDPs at 19% and Support to Rural Water Supply and Sanitation at 39%.

iii. Evidence of poor quality works and delayed implementation suggests that procurement procedures need to be strengthened and that follow up is necessary (for example to penalise incompetent contractors) to ensure there is value for money. Examples of poor works were evident in the construction of ECOSAN latrines in Rakai district and the delayed completion of water for production facilities where the Client (DWD) may charge for liquidated damages.

iv. There is over centralisation of certain projects administered by the centre, such as School and Community IDPs, where despite requests from District Water Officers and sub-county officials, project documents are not shared. This limits the monitoring role of the end users and can have long term implications for the sustainability of a system once it has been handed over. (Certain projects such as Water for Production and Water and Sanitation Development Facility – South West should be commended for sharing information.)

v. Local governments are submitting unrealistic work plans. All districts sampled indicated that water facilities will be constructed in Q1 and Q2 even though it is known there will be no physical implementation due to procurement processes. This results in a perception of underperformance by the district with underutilised funds.

vi. There is a lack of institutional compensatory mechanisms. For example, in Kachumbala sub-county in Bukedea district, connections made under Output Based Aid were damaged by contractors engaged in other works and no compensation has been provided.

vii. Improvements need to be made to feasibility studies / community consultations to ensure project adjustments are limited. This would have improved the delivery of services for the extension and rehabilitation of Bunyaraguru piped water system in Bushenyi district.

viii. Compensation of construction on private land should be resolved prior to implementation as this contributes to project delays, such as in Adwari RGC in Lira district and Magale RGC in Manafwa district under the School and Community IDPs project.

ix. Despite the advantages of ECOSAN facilities, uptake has been slow in some areas as further sensitisation is needed on how to use this technology.

x. Females did not benefit from the sanitation campaigns as all participating masons were male. Masons interviewed discussed the perception that the occupation is regarded unsuitable for women, and that special efforts need to be made to encourage female participation in future campaigns.

xi. There is a risk that political leaders can exploit their positions to influence the location of water points or beneficiaries of a new water connection point to gain political capital. This was the case for the extension of the piped water system in Luweero Town Council, where the role of the Water and Sanitation Board is being undermined by political leaders.

## 3.9 MICRO FINANCE

### 3.9.1 Introduction

In order to operationalise the rural financial service strategy, the government of Uganda is closely working with Uganda Cooperative Savings and Credit Union (UCSCU) in the drive of extending financial services to the rural Uganda through the SACCOs. The Ministry of Finance, Planning and Economic Development therefore, through the Uganda Cooperative Savings and Credit Union (UCSCU) and Rural Financial Services provides funds to the Savings Credit Cooperative Organizations in the government's program of Prosperity for all. UCSCU supports SACCO development by supporting their formation in sub-counties where they do not exist, strengthening the existing but weak SACCOs through giving them the capacity building support including training and other facilities and strengthening the capacity of UCSCU to undertake this mandate.

A total of fifteen districts (43 sub-counties) were monitored during Q2.

**Objectives**

- To establish whether UCSCU is on track and timely implementing the key deliverables
- To ascertain whether the SACCOS which are existing but weak received the SACCO basic kit which includes safes; filing cabinet, desks, chairs, tables, computer accessories, generators, motorcycles and stationery.
- To ascertain whether the SACCOS under formation and are weak received the staff salaries and the rent for the office premises from UCSCU as reported in the annual performance report of UCSCU.

**Scope and Methodology**

The period under review was FY2008/09 and the following methodology was used in the monitoring of the UCSCU activities to the SACCOS:

- Literature revew of relevant reports
- The UCSCU head and regional offices of Mbale, Iganga, Arua and Hoima were visited; and various SACCO premises; interviews of the key personnel and photography.

**FINDINGS**

The performance of UCSCU activities with regards to the selected SACCOs per district,

### (i) Tororo District

The following SACCOs were visited in Tororo district: PAFOD; and Aminanara

(a) PAFOD

The SACCO was registered in 2007 and had 515 fully registered members. The total savings portfolio as at end of September 09 was UShs 18,761,234, share capital of shs 20,000,000 while loan portfolio stood at 100,234,100. The SACCO had received a total of Ushs 40,000,000 from the Microfinance Support Centre and all the funds received were lent out to members.

The SACCO lends out mainly business loans, small scale agriculture loans and education loans an interest rate of 17% per annum for a period of four to 12 months.

The following items as reported by the Uganda Cooperative Savings and Credit Union (UCSCU) annual report were found to have been delivered: two calculators; two bicycles; a safe, stationery and salaries for the Manager, Cashier and security guard of UShs 150,000, 100,000 and 50,000 per month respectively. UCSCU also pays rent of shs 150,000 per month. Both the governing council members and staff have been trained in basic courses of bookkeeping, customer care and mobilisation of resources.

***A safe given to the PAFOD SACCO.***

**(b) Aminanara SACCO**

The SACCO was registered in 2003 and had 716 fully registered members. At the time of monitoring, the SACCO had a savings portfolio of UShs 14,510,000, total share capital of UShs 22,610,000 while the loan portfolio was UShs 19,950,000. The SACCO lends out mainly commercial loans for a period of six months at an interest rate of 3% per month.

The SACCO had received the following items from UCSCU: filing cabinet; a safe and two bicycles. However, the filing cabinet was not in use as it was not assembled at the time of delivery.


The SACCO had not yet received the following items at the time of the monitoring; Stationery, Calculators, Salaries for staff and funds for rent.

It was established that the SACCO received a total of UShs 30,000,000 from microfinance centre of which Ushs 10,000,000 was received in 2006 while Ushs 20,000,000 was received in the year 2008. All the funds received were lent out to members as loans.

***Office premises of Aminanara SACCO.***

The SACCO occupies one room and claims to be paying UShs 150,000= which is far above the current rates for similar building space in the trading centre.

### (ii) Mpigi District

A total of two SACCOs were visited in Mpigi district namely South Mawokota and Nkozi sub-county SACCO.

**(a) Nkozi Sub-County SACCO**

The SACCO was registered in 2008 but was still on probation and had not been permanently registered. The staff members comprises of a manager, cashier and a security guard.

The performance of the SACCO is still poor in respect to membership, savings and loan portfolio. The SACCO has a total of 130 members. At the time of monitoring the SACCO had savings portfolio of UShs 1,076,700, share capital of UShs 2,600,000 and a loan portfolio of UShs 2,082,000. The SACCO gives out both agriculture and commercial loans at an interest rate of 10% per annum for a period not exceeding six monthS. The loan recovery rate is still very poor at a rate of 40% per month.

The composition of the members is mainly the traders and civil servants (teachers) including local politicians.

UCSCU had provided some items of the basic kit which included: a filing cabinet; a safe; and training for the chairperson of the board and the manager. The Cashier for instance has not been trained

The SACCO has not received the bicycle(s), calculators and stationery. The staff had not yet received the salaries from UCSCU and rent for the office premises had not been paid.

**(b) Buwama Village Bank (South Mawokota SACCO –Mpigi)**

The SACCO was registered in the month of April 2006 and currently employs six members of staff comprising of manager; three field officers; cashier and public relations officer. There are 846 members of whom 624 are fully registered while 222 are partially registered.

The SACCO was performing fairly well with a savings portfolio of UShs 174,000,000 and a loan portfolio of UShs 232,100,000. The SACCO gives out four types of loans at differing interest rates: business loans for a period ranging from 6 month to one year at an interest rate of 3 % per month; agricultural loans for one year at an interest rate of 1.2 % per year; school fees loans for a maximum period of six month at an interest rate of 3% per month and emergency loans for one month at an interest rate of 10% per month. Most of the members are small scale traders, businessmen and civil servants comprising mainly of teachers.

The SACCO has received support from Microfinance Support Centre to a tune of UShs 80,000,000. At the time of monitoring, the recovery rate was 83% per month.

The SACCO had so far received some assistance from UCSCU comprising of: safe, filing cabinet and stationery including the ledger cards and the share capital register. In addition staff slaries and office rental fees for 2009 were paid , although the funds were remitted without informing the SACCO about the purpose of those funds.

### (iii) Maracha- Terego District

**(a) Kijomoro Farmers SACCO**

The SACCO was registered in Feb 2007 and had registered 163 fully registered members. The savings portfolio stands at UShs 13,407,550; share capital of UShs 2,940,000 and loan portfolio of UShs 8,757,000.

The SACCO gives out emergency loans at an interest rate of 10% per month, commercial loans at 5% per month and business loan at 3%.

The performance of the SACCO in terms of mobilisation of funds is still poor. The total savings, share capital and loan capital is still low. The SACCO had not been very vigilant in mobilising the community to join as members. The Manager attributed this laxity to lack of transport and lack of interest by the community to join the SACCO as many people fear to join SACCOs because they still believe that SACCOs are full of conmen.

The SACCO has received staff salaries for the manager, cashier and security guard; as well as office rent for 2009. In addition they received a filing cabinet, stationery and two calculators but missed the bicycles and safe. The staff and the members of the board were trained in module I and II.

### (iv) Arua District

The following SACCOs were visited in Arua District: Vurra farmers SACCO; Uleppi farmers SACCO and Ofaka SACCO.

#### (a) Vurra Farmers SACCO

Vurra SACCO was registered in Aug 2007, but had started operations in 2006. It had three members of staff who include a manager, cashier and security guard. At the time of monitoring the SACCO had 590 fully registered members comprising of 333 males and 257 females.

The SACCO had accumulated savings of UShs16,811,750 share capital of UShs 6,400,000 and loans portfolio of UShs 8,062,800. The SACCO gives out the commercial loans, emergency loans and agricultural loans at 3% per month. The loan period is normally between four to seven months and the loan recovery rate was 50%.

The SACCO received the basic kit comprising of: a safe, filing cabinet, two bicycles, two calculators, stationery and training of the manager in module 1 and 11. UCSCU also paid the rent and salaries for three staff: the manager: cashier and the security guard for 2009.

It was established that the actual rent paid by the SACCO to the landlord is UShs 50,000 but not the entire UShs 150,000 received. According to the manager the balance on the funds received is given out as loans to members and UShs 130,000 is paid to board members as allowances.

#### (b) Uleppi Farmers SACCO

The SACCO was registered in 2006 but started operations way back in 2005. The SACCO has three staff; the Ag manager; the loans officer and the security guard.

At the time of the monitoring, the cumulative savings was UShs 23,985,420; share capital of UShs 3,990,000 and loan portfolio of UShs 19,496,000. The SACCO gives out commercial loans, emergency loans and school fees loans at an interest rate of 4% per month. These funds are given out for a period of one to four months. It was established that the manager had not yet applied for funding from the Microfinance Support Centre and therefore no funds had been released by the centre.

The recovery rate for the funds loaned out was 85%. The SACCO received assistance from UCSCU comprising of: training of board members and staffing in module I and II course; provision of a safe and filing cabinet; some stationery which includes savings passbooks and ledger cards and two calculators; salaries for the manager, cashier and the security guard. It was established that the Ag .manager is substantively the cashier and therefore is paid UShs 100,000 meant for the cashier. The extra amount received for the manager is used up for loans.

The SACCO also receives rent amount totaling to UShs 150,000 per month which it uses for renting a four roomed house. However, only one room is used as office space leaving other three rooms idle.

The challenges faced are lack of transport since they have not yet received a bicycle or any form of transport; and failure by the community to join the SACCO because of the poor attitude of the people.

**(c) Ofaka SACCO**

The SACCO was registered in June 2007 and had 250 fully registered members. It has three staff: the manager; cashier and the security guard. The SACCO had a cumulated savings of UShs 9,725, 400; share capital of UShs 2,370,000 and a loan portfolio of UShs 8,114,000. The SACCO gives out commercial loans for a period of three month at an interest rate of 7% per month. The recovery rate of the funds loaned out was 74 % by the time of monitoring.

The SACCO apparently utilises its own accumulated savings to give out as loans and has not been supported by the Microfinance Support Centre. According to the manager, he stated that they applied for the start up loan of UShs 10,000,000 which has not been received.

The SACCO received support from UCSCU comprising of:a safe; filing cabinet; two calculators; stationery and training for the staff and the board members. The filing cabinet was not fixed and was not operational. The SACCO had not received bicycles.

*It was found out that the SACCO had not received funds for salaries for its staff including the manager, cashier and security guard. The Manager stated that their efforts to know why they had not been paid when other SACCO staff members were receiving salaries were futile. Further, the SACCO has not received rent for the office premises. Apparently, the SACCO rents a small office using the little savings they had made.*

### (v) Luweero District

A total of four SACCOs were visited namely: Luweero Town Council SACCO; Kikyusa sub county SACCO; Zirobwe development SACCO; and Makulubita Sub –county SACCO.

**(a) Luweero Town Council SACCO**.

Luweero Town Council SACCO was registered on the 16th of October 2007 and had2 50 fully registered and 355 partially registered members. The SACCO is run by two staff: a manager who and a cashier. There is no security guard employed as yet.

Membership is composed mainly of boda boda cyclists, market vendors, town council employees and civil servants.

The manager was not able to furnish information about the SACCO's portfolio in terms of loans, savings and share capital. The SACCO offer loans at an interest rate of 3% per month.

**Support from UCSCU**

The SACCO received a fire resistant safe, a filing cabinet and stationary that included membership application cards; passbooks; savings cards; cash inflow statement; cash outflow; receipt books and payment vouchers

Members of staff and board members received on savings mobilization, financial management, business planning, budgeting and strategic planning. Rent of UShs 150,000 per month was remitted by UCSCU to the SACCO. *However there were no salaries paid to the Manager, cashier and the security guard.*

**(b) Kikyusa sub- county SACCO**

The SACCO was registered in April 2008and had 372 fully registered members. It is run by three staff members: the manager; cashier and a security guard. The staff members are supported by a team of board members.

The SACCO members are mainly traders, farmers and sub-county employees. Information regarding the savings and share capital portfolio was not readily available. The loan portfolio as at the end of September was UShs 1,344,000.

**Support from UCSCU**

The SACCO received staff salaries and office rental fees for 2009. However, it was established that the SACCO pays UShs 50,000 out of shs 150,000 as rent to the landlord and the balance is paid out as loans to members.

The management received training on office management, book keeping and financial management.

The SACCO received physical assets including: filing cabinet; fire resistant safe; two bicycles; two calculators and stationary. Only one bicycle was found on site, and it was reported that the second bicycle got a mechanical problem and was in the garage.

(c) **Zirobwe farmers development SACCO**

The SACCO was registered in April 2008 and had 450 fully registered members. It is run by three members of staff and a team of board members. The staff members include a manager, a cashier and a security guard.

The SACCO members are mainly farmers and business community and a few civil servants.

The SACCO cumulative savings as at Sept 2009 was UShs 28,000,000 while loan portfolio was UShs 10,000,000. At the time of the monitoring, the SACCO had not received any support from Microfinance Support Center though they had applied for funds.

**Support from UCSCU**

A number of training has been conducted by UCSCU. Both board and staff members have been trained on SACCO formation, roles of the management and the board and budgeting.

They had also received two calculators, 2 bicycles, a safe, a filing cabinet and assorted stationary which include payment vouchers, application forms, receipts, ledger cards, pass books and cash flow sheets.

The SACCO had not received support in terms of salaries and rent as the cheque was still held up at the time of monitoring. The SACCO held discussions with UCSCU officers who had promised to remit the salaries and rent.

The SACCO was supported by the sub-county which gave them a motor cycle that has helped in the day-to-day transport/ running of the business.

**( d) Makulubita sub-county SACCO**

The SACCO was registered on the 22nd of April 2008 and had 351 fully registered members.

Its run by the manager, cashier and a security guard. The management staff is being supported by a team of board members who play an oversight role.

The SACCOs savings portfolio was UShs 19,000,000 while loans portfolio as at end of September was UShs 28,000,000. The SACCO offer loans at an interest rate of 3% per month.

**Support from UCSCU**.

- The Staff members had been trained twice about savings mobilization and financial management.
- A number of items were received including; a filing cabinet, a fire resistant safe and assorted stationary, but missed the bicycles and calculators.

The SACCO has not received any other support in terms of salaries and rent. According to the manager, they were told that the salary and rent funds had been deposited on their account but, there was no deposit made.UCSCU had also promised to renovate and furnish the premise which was not done.

## VI) Busia District

In Busia, three SACCOs were visited.

**a) Lumino sub -county SACCO**

The SACCO started operations in September 2006 but was later permanently registered on the 19th of January 2007 and had 570 fully registered members.

The SACCO had four staff members comprised of the manager, cashier, loans assistant and a security guard and a team of nine board members who play an oversight role.

The portfolio of the SACCO as at October 2009 was; loans UShs 50,000,000; savings UShs 20,000,000; and share capital UShs 15,000,000. It offers different types of loans that are; commercial loans, school fees loans and emergency loans. Commercial loans and school fees loans are offered at an interest rate of 3.5% per month whereas emergency loans are offered at 10% per month.

The SACCO has so far received UShs 20,000,000 from Microfinance Support Centre.

The performance of the SACCO was generally good with a loan recovery rate of 85% as at October 27th and was promising to hit 100% by the end of the year 2009.

**Support from UCSCU**

Starting January 2009, the SACCO received staff salaries. The SACCO tops up with allowances for transport and lunch expenses (shs 30,000 for manager and shs20,000 each for the others). It was noted that this is very little money given the fact that the staff handle a lot of money and they make a monthly profit of approximately 1.5million shillings.

The SAACO received a fire resistant safe; a filing cabinet, stationary comprising of share certificate cards, pass books and membership forms; two bicycles and two calculators. The board and staff members had been trained in module I (governance of SACCOs) and II (financial management)

**c) Buteba sub -county SACCO.**

Buteba SACCO was registered on the 16th of March 2007 and had 388 members of which 226 are fully registered and 162 are partially registered. It has three staff members; a manager, cashier and a security guard. There is a team of board members who guide the staff members on how the SACCO should be managed.

The SACCO's portfolio as at end of September 09 was: Savings portfolio of UShs 10,327,000; loan portfolio UShs 27,804,000 and share capital of UShs 5,970,000. The SACCO offers commercial, agricultural, school fees and emergency loans. The loans range from one to six months at an interest rate of 3% per month apart from the emergency loan which is issued at an interest rate of 5% per month. The loan recovery rate is 80%.

Buteba SACCO received ten million shillings from Microfinance Support Centre in June 2009 as a start up loan. They further applied for more funds to a tune of UShs 20,000,000 which they had not yet received.

**Support from UCSCU**

A number of items were received including: a fire resistant safe; a filing cabinet; two bicycles; two calculators and assorted stationary.

Buteba SACCO also received staff salaries and office rent for 2009. However, of shs 150,000 for rent only shs 30,000 is actual rent and the rest is apportioned out among the staff members.

This was agreed upon by board members since the SACCO is not able to pay them a salary.

Staff members and board members have been trained by UCSCU.

*Part of the office of Buteba and a damaged filing cabinet*

**c) Busitema SACCO**

The SACCO was started in the year 2009 and has 275 fully registered members. It is run by; a manager; cashier and a security guard assisted by the board members who play an oversight role.

The SACCOs performance was generally poor with a savings portfolio of UShs 2,946,000; share capital of UShs 3,102,000 and a loan portfolio of UShs 1, 200,000. The SACCO lends out commercial, agriculture, school fees, salaries loans and emergency loans at an interest rate of 3.3 % per month. The recovery rate of the funds loaned out was 40% and because of the poor recovery rate the SACCO had never received funds from the Microfinance Support Centre to be lent out to members.

All the items reported in the UCSCU annual report as delivered were indeed found to have been delivered. The items include: filing cabinet; a safe; two bicycles; stationery; calculators; training of the board members and the staff in module 1 and 11 courses and payment of salaries to three staff that is the manager, cashier and the security guard. However, the cabinet was found with a faulty lock.


*Busitema SACCO*

*Faulty cabinet at Busitema*

According to the manager, the poor performance was as a result of:

- Poor culture of savings and lack of interest into the activities of SACCO resulting into low savings mobilisation.
- Loss of faith in the initial board members who exhibited a high level of conflict of interest in respect to awards of loans.
- Lack of transport to ease the savings mobilisation work.
- Political interference in the activities of the SACCO by those entrusted with the political offices. It was revealed that the politicians took loans and failed to pay back while at the same time they had not offered security.

### vii) Mbale District

A total of two SACCOs were visited in Mbale district.

**a) Bungokho Mutoto SACCO**

The SACCO was registered on the 18th December 2006 and had 565 fully registered members. The SACCO was manned by the manager, cashier and security guard.

The SACCOs had a cumulative savings of UShs 17,000,000; loan portfolio of UShs 21,400,000 and share capital of UShs 11,300,000. The SACCO offers a number of loans for instance school fees, agricultural and business loans at an interest rate of 2.5% per month.

It was noted that the recovery rate was at 45% by the time of the monitoring exercise .The manager attributed this to the political interference by the local leaders who borrow money and fail to pay back.

The SACCO received a start-up loan from Microfinance Support Centre of five million shillings yet the start-up loan is supposed to be ten million shillings. They have not yet received any further support from the Microfinance Support Cente yet they were promised more money immediately.

**Support from UCSCU**

UCSCU has trained both the board members and staff members in module I and II.

As reported in the UCSCU annual report, the SACCO received a basic kit comprising of a fire resistant safe, filing cabinet, two bicycles, two calculators and assorted stationary. It further received rent and salaries for three staff for 2009. Staff members are only given transport and lunch allowances in addition to the salaries paid by UCSCU.

**b) Busoba SACCO**

The SACCO was registered on the 26th of august 2009 but it started operations way back in 2005, and had 494 fully registered and 501 partially registered members.

 *Busoba office*

There are three staff members, the manager, cashier and a security guard. The SACCOs performance was still low with a cumulative savings of UShs 5,337,000, a loan portfolio of UShs 405,000 and share capital of UShs 5,155,000. The SACCO lends out commercial loans at an interest rate of 3% per month and emergency loans at 10% per month.

It was established that the SACCO had briefly stopped lending out money because of the financial impropriety committed by the former management. As a result an investigative audit was carried out and it was found out that a total of UShs 4,500,000 was misappropriated by the manager, chairperson and treasurer of the board. The trio accepted to pay back but this affected the operations of the SACCO.

**Support from UCSCU**

The SACCO received the basic kit from UCSCU which included a fire resistant safe, filing cabinet, two bicycles and one calculator. It was said that the second calculator was not received because it was misplaced before delivery. The bicycles were in good condition, one is used by the manager while the other is used by the security guard.

The SACCO also received stationary,that included payment vouchers, receipt books, savings ledger cards; staff salaries and office rent for 2009.

### viii). Manafwa District

A total of three SACCOs were visited: Bupoto SACCO; Bumwoni SACCO and Namisindwa.

**a)Bupoto SACCO**

The SACCO was registered on the 19th of December 2006, started operations in 2007 and had 298 fully registered and 172 partially registered members. It is managed by three staff members and a team of board members who play an oversight role. The SACCO members are mainly farmers and business people with a few teachers.

The SACCO's portfolio as at end of September 09 was: loan portfolio shs 8,972,000; share capital shs5,877,000; and cumulative Savings shs4,682,650.

The SACCO offers commercial loans, school fees loans, at 5% interest rate; and emergency loans at 13% per month. The recovery rate of the loans was established to be 86% as at end of September 09.

The SACCO received ten million shillings from Microfinance Support Centre in October which was disbursed out to members.

**Support from UCSCU**

Bupoto received a fire resistant safe, filing cabinet, two bicycles, two calculators and assorted stationary from UCSCU.

Staff salaries and rent for 2009 was paid. Whereas the rent received per month is UShs 150,000, the actual rent that is paid to the landlord is 100,000 per month leaving a balance that is absorbed into other funds.

**b) Bumwoni SACCO**

The SACCO was registered on the 4th of January 2006 and had 529 fully registered members who compromise individual and groups.  It has four staff members managing the operations of the SACCO: a manager, cashier and two security guards. These are assisted by a team of board members.

The SACCOs portfolio as at end of September was; Cumulatrive savings UShs 11,634,300; loans portfolio UShs 14,839,550; share capital 6,071,500.

In March 2009, Bumwoni SACCO received ten million shillings (10m) from the Microfinance Support Center and by the time of monitoring, all the money had already been disbursed out. The SACCO gives out agricultural loans and commercial loans at an interest rate of 3% per month. The recovery rate of the loans given out was 59%.

**Support from UCSCU**

The SACCO has received both financial support and physical assets from UCSCU.

The SACCO received salaries for three staff members and rent for the office premises for the year 2009. The amount of money received for rent is UShs 150,000 per month whereas the SACCO actually pays rent of Ushs 50,000 per month. The balance is used to contribute to the construction of the office premises as the SACCO is constructing its own.

The construction work is ongoing and the building is at the roofing level below.

*Bumwoni SACCO offices under construction*

The physical assets received include: a filing cabinet; two bicycles; two calculators; a fire resistant safe; and assorted stationary. In addition, staff and board members  were trained.

## ix) Iganga District

A total of three SACCOs were visited.

**a) Buyanga Agali Awamu SACCO**

Buyanga Agali Awamu SACCO was registered on the 22nd of March 2003 and had 300 fully registered members. It is managed by three staff members: the manager, cashier and a security guard, supported by a team of board members.

The SACOO's portfolio is: cumulative savings UShs 4,000,000; loan portfolio 5,775,500; share capital 2,730,000. Buyanga offers commercial loans and school fees loans at an interest rate of 3%; while agricultural loans are offered at 2.5%.

Agricultural loans are given for a period of six months while commercial loans are for four months and school fees loans range between two to three months. The recovery rate as at September 30th was established to be 72%.

**Support from UCSCU**

The SACCO received; a safe, a filing cabinet, two bicycles, two calculators and stationary.

The items were in good condition at the time the monitoring although the team was not able to see the bicycles because they were being used then

Salaries for three members of staff, and office rent were also received for 2009. The office rent received and actually paid is UShs 150,000 per month but from observations the premises was not worth the value. There was also conflict of interest since the building rented by the SACCO belongs to the chairperson of the SACCO.

Staff members and board members have been trained in a number of courses including cash analysis, performance monthly tool, mobilisation and sensitization.

The SACCO received UShs 500,000 as audit fees in October from UCSCU which was used for auditing the activities of the SACCO.

The SACCO‘s performance is still poor with low savings and loan portfolio.

**b) Nakalama Integrated SACCO**

Nakalema integrated SACCO was registered on the 27th of April and had 270 fully registered and 133 partially registered members. It is run by three staff members; the manager, cashier and a security guard. It has constituted a board which offers an oversight role.

The majority of members are business people.

The SACCO is having a share capital of UShs 2,700,000, members saving of 2,959,700 and loan portfolio UShs 2,521,800. The SACCO offers commercial loans at an interest rate of 3% per month for a period of four months.

The performance of the SACCO was generally poor with low cumulative savings and loan portfolio.

**Support from UCSCU**

Nakalama SACCO had received salaries for its staff on aquartely basis; as well as office rent for 2009. The following items were also received:a fire resistant safe; a filing cabinet; two bicycles; two calculators; and stationary which included pass books and application forms.

The staff and board members have received training module I and II.

The assets were engraved and in good condition.

c) **Tweyambe Youth and Women SACCO**

Tweyambe youth & women SACCO was registered on the 13th of July 2001and had 225 fully registered members. It is run by a manager assisted with a cashier and a security guard.

The total members' savings of the SACCO was UShs 625,900, share capital of 2,488,800 and the loan portfolio of UShs 3,361,500. The loans are offered at an interest rate of 3% per month. The SACCO offers commercial loans only for a period of four months. Overall the SACCO performance was still poor.

**Support from UCSCU**.

The SACCO received a filing cabinet; 2 calculators; 2 bicycles; a fire resistant safe; and stationary.

Other assistance included salary payments for three staff members and office rent for the whole year 2009.The SACCO staff and board members have been trained in module I and II.

The items were all[172] engraved and in good condition.

## x) Nakaseke District

Three SACCOS were visited which included Kasagombe, Ngoma and Kinyogoga. **a) Kasagombe SACCO**

[172] Bicycles were not seen asthey were not on site.

The SACCO was duly registered on the 16th September, 2006 and had sixty four (64) fully registered members of whom 19 are female and the rest are men. It also has 270 partially registered members of which 162 are male and 108 female. It was manned by three members of staff who include the manager, cashier and the security guard.

The SACCO has loan portfolio of UShs 8,925,800/= and a cumulative saving portfolio of UShs 2,843,050/=. The SACCO issues out loans to farmers, business people and to individuals at an interest rate of 15%, 17%, and 15% respectively per annum.

It was also established that UShs 1,500,000/= was received from Micro Finance Support Centre in March 2009 primarily for lending out to the members and this has encouraged many new members to join.

**Support from UCSCU**

The SACCO received assistance from UCSCU in form of salaries for the manager, cashier, security guard, and for rent. The salary receipt however stopped in June 2009 something that UCSCU disputed when the matter was brought to their attention. There is therefore need to settle the issue to enable smooth running of all the SACCO activities.

The SACCO further received: two bicycles; two calculators; a filing cabinet; a safe; and stationery which included pass books, saving cards, share cards, receipt books, membership application forms, payment vouchers. The loan cards however were not sent but the SACCO purchased their own to enable smooth running of activities. The items of the basic kit were in very good condition, engraved and under proper use at the time of monitoring.

The SACCO also received two trainings, the first in July 2008 where the Chairperson, Treasurer and Manager were trained in financial mobilization, savings mobilization, book keeping, and duties of a manager, treasurer, and chair person while the second training was in June 2009 where five board members and two members of staff were trained in savings mobilization, management of Finances and budgeting.

b) **Ngoma SACCO**

The SACCO was fully registered on 12th October 2006 and it had 663 fully registered members of whom 377 are male and 186 female. It was manned by has two members of staff the manager and the cashier. There was no security guard employed as yet.

The SACCO, s savings portfolio was UShs5, 963,400/= and loan portfolio of UShs 7,320,000/= as at the end of September 09.

Microfinance Support Centre provided UShs 10,000,000/= as start up loan funds on 31st July 2009 and this has served to attract more members into the SACCO. The SACCO issues out two types of loans; the emergency loan and school fees at an interest rate of 4% and 2% per month respectively. The loan recovery rate is low at a rate of 46%.

**Support from UCSCU**

Ngoma SACCO received the basic kit of; a safe; two bicycles; a filing cabinet; two calculators; and stationary which included; payment vouchers, receipt books, pass books, ledger cards, cash flow statements.

The items received in the basic kit were all in good conditions except for the bicycle that had been stolen and the case had been reported to police. The SACCO also received salaries forof the manager, cashier, security guard and rent for the year 2009.

The SACCO members were trained twice in the month of July 2009 by UCSCU and in September by Microfinance Support Centre.

**c) Kinyogoga SACCO**

The SACCO was fully registered on 11th October 2006 and had 400 fully registered members with 150 members who are partially registered.It wasmanned by three staff members; the manager, cashier and security guard and nine board members. The SACCO has a saving portfolio of UShs 4,250,000/=and a loan portfolio of UShs 10,200,000/= as at end of September. It issues out commercial loans at an interest rate of 4% interest rate per week translating into 16% per month. The interest rate is so high compared to other SACCOs.

**Support from UCSCU**

The SACCO received the basic kit that included: a safe; two bicycles; a filing cabinet and two calculators. It further received stationary, which included ;( payment vouchers, receipt books, pass books, ledger cards, cash flow statements, membership cards) which were all in good use and conditions.

The SACCO has been receiving rent for the office premises and salary for the manager and cashier since January, 2009 but not for the security guard as it had been agreed upon in the memorandum of understanding. The security guard salary issue had been officially communicated to UCSCU but no response had been received.

The SACCO also received module I and II training and this has enhanced the management of the SACCO.

## xi) Masindi District

Three SACCOS were visited which included Kigumba, Mirrya and Masindi Trading Centre SACCO.

**a) Kigumba Sub County SACCO**

The SACCO was provisionally registered in March 2007 but started operation in 2006, and had 220 fully registered members. It was run by two members of staff, who include the manager and cashier with no security guard. The SACCO has a cumulative savings portfolio of UShs2, 500,000/= without any loan portfolio since there are no loans given because of poor savings. The SACCO has not yet received money from Micro Finance Support centre as a loan grant and its own capital base is low. They applied for six million from the Micro finance Support Centre as start up loan but it has not yet been granted.

**Support from the UCSCU**

The SACCO received salaries of the manager, cashier, security guard, and for rent for 2009. The SACCO has also received module I and II training and this has improved on the performance of the staff. Additionally the SACCO received a basic kit which included a safe and the filing cabinet but filing cabinet received was not functioning. The SACCO has not yet received the bicycles and calculators.

 

*The photo shows the filing cabinet and the stationary supplied.*

**c) Masindi Town Council SACCO**

The SACCO was duly registered on 12th August 2009, and had 198 fully registered members of whom 111 are female and 87 male. It was run by four staff members, who include; the manager, loan officer, cashier and the security guard together with nine board members.

The SACCO had a cumulative saving portfolio of UShs7, 470,800/= with a loan portfolio of UShs 14,764,800/=. The SACCO gives out business loans at an interest rate of 2% per month up to a maximum of five months. The SACCO plans to give out salary and school fees loans in the near future.

**Support from UCSCU**

The SACCO received the basic kit from UCSCU on 24th August 2008 which included a safe and a filing cabinet. It also received stationary which included ;( payment vouchers, receipt books, pass books, ledger cards, cash flow statements, membership cards) which were all under good use and conditions.The SACCO did not receive furniture, bicycles, and calculators as it had been promised.

The salary for the manager, cashier and security guard was received on quarterly basis. The SACCO received capacity building training in July 2009 organized by UCSCU and another training in September 2009 organized by Microfinance Support Centre which have largely improved the management of the SACCO activities

**d) Mirrya SACCO**

The SACCO was registered on 16th August, 2009 and had 307 fully registered members of whom 132 are male while 170 are female, three youth groups with 40 partially registered members. It had three staff members the manager, cashier and security guard.

The SACCO had a loan portfolio of UShs 17,450,000/= and a savings portfolio of UShs 12,090,000/= as at the end of September 2009. The SACCO issues out one type of loan apparently to farmers at an interest rate of 10% for a period of four to six months payable at the end of the loan period.

The SACCO received UShs 20,000,000/= from Micro Finance Support Centre primarily for lending out to membersin October 2009. This has in a way attracted many new members to the SACCO.

**Support from UCSCU**

The SACCO received a basic kit in January 2009, which included a filing cabinet, and safe with the exception of the two bicycles and calculators that have never been received. This has made transport difficult let alone the computation of funds with reference to the calculators. The stationary however was received in September 2009, which included ;( payment vouchers, receipt books, pass books, ledger cards, cash flow statements, membership cards) The SACCO also received an operation grant to cover for the salary of the manager, cashier, and the security guard, in addition to rent for their premises.

The SACCO received training in July organized by UCSCU and other two trainings organized by Micro finance support centre in July and in September 2009.

### xii) Nakasongola District

Three SACCOS were visited, which included Kalungi Rural SACCO, Lwampanga, and Nakitoma Mukama Mwesigwa.

**a) Kalungi Rural SACCO**

The SACCO was registered on 19$^{th}$ march, 2008 and had 144 fully registered members and five groups with 195 partially registered members. It was manned by two members of staff; the manager and cashier.

The SACCO had a loan portfolio of UShs 10,000,000/= and cumulative savings totaling to UShs 6,000,000/= as at end of September 2009. The SACCO issues out commercial loans for a maximum period of three months at an interest rate of 10% per month.

**Support from UCSCU**

The basic kit was received with a safe ; a filing cabinet; stationary which included ;( payment vouchers, receipt books, pass books, ledger cards, cash flow statements, membership cards) and furniture ( two chairs and a table).

The SACCO also received AN operation grant to cater for the salaries of the manager, cashier and security guard and rent. The amount received as salaries has not yet been paid to staff because they had not yet received appointment letters.

**b) Lwampanga SACCO**

It was fully registered on 20$^{th}$ July 2007 and had 573 fully registered and 10 partially registered members. It was run by two members of staff; the manager and the cashier. It had nine board members. The SACCO had a savings portfolio of UShs 30,700,000/= and loan portfolio of UShs

64,000,000/=. The SACCO issued loans with varying interst rates raning from 2.5% for business loan; school loan; and agriculture loan to 10% for emergency loans.

**Support from UCSCU**

The SACCO received a basic kit with; a safe; a filing cabinet; two calculators but no bicycles. In addition the SACCO received stationary, which included ;( payment vouchers, receipt books, pass books, ledger cards, cash flow statements, membership cards) which were all in good use and conditions.

Training module I and II were offered to the staff and board members. Salaries of the manager, cashier, security guard, and rent for the office premises for 2009 were also paid.

**e) Nakitoma Mukama Mwesigwa**

The SACCO was temporarily registered on 14$^{th}$ Feb. 2006 and had 258 fully registered members of whom 87 are female while 171 are male.

It was established that the registration documents were sent to the District Commercial Officer for full registration but it had not yet been effected for reasons unknown to the SACCO.

The SACCO had a loan portfolio of UShs3, 877,000/= and a saving portfolio of UShs3, 216,000/= as at end of September.

At the time of monitoring, the SACCO had stopped lending to members because of the poor capital base. The SACCO was proposing in future to lend out both agriculture and business loans which will be offered at 20% per month for a period of one to three month.

The SACCO had not received funding from Micro Finance Support Centre as an interest free loan. Generally the performance of the SACCO was poor with little capital base.

**Support from UCSCU**

The SACCO received a basic kit with; a safe; a filing cabinet; and stationary which included ;( payment vouchers, receipt books, pass books, ledger cards, cash flow statements, membership cards) which were all under use and in good conditions.

However, the SACCO missed the bicycles, calculators, and the operation grant to cater for the salary of the manager, cashier and security guard in addition to the rent of the premises.

Training module I and II were also offered to the staff and board members.

### xiii) Nebbi District

Two SACCOS were visited, which included Packwach Town Council Saving Cooperative and Credit Organization and Panyango SACCO limited.

## a) Pakwach Town Council SACCCO

The SACCO was registered in 2004 and had 751 fully registered members.The organization structure is composed of six staff including a manager, cashier, two credit officers and two security guards. Most of the members are business people, farmers and civil servants. The membership ratio of men to women is 3:2.

The SACCO had mobilized a total savings of UShs 59,501,000; share capital of UShs 19,280,000 and a loan portfolio of UShs 77,798,950. The SACCO lends out money for business loans, agriculture loans and school fees loans at an interest rate of 3% per month with a loan period of 4 to 12 months.

The SACCO received UShs15, 000,000/= from Microfinance Support Centre in July 2007 as interest free loan and the SACCO was expecting to receive additional UShs50, 000,000/= by the end of 2009.

The loan performance was poor at a recovery rate of 25% per month.

**Support from UCSCU**

The SACCO received a basic kit with: two bicycles; a safe;  a filing cabinet; two calculators and stationary which included ;( payment vouchers, receipt books, pass books, ledger cards, cash flow statements, and membership cards). All the received items were under good use and conditions.

Training module I and II were also offered to the staff and board members

It was established that the SACCO had not yet received the money from UCSCU to cover for rent and salaries of the management staff. The staff complained that lack of rent and salary facilitation had slowed down the SACCO activities due to inadequate motivation.


*Office premises of Pakwach Town council SACCO*

## b) Panyango SACCO

The SACCO was permanently registered on the 19th January, 2007 and had 463 fully registered members. The SACCO had five members of staff; the manager, cashier, loans officer, security guard and nine board members. The SACCO had a loan portfolio of UShs72, 988,000/=, Share capital of UShs15, 269,000/= and a saving portfolio of UShs26, 916,000/=. The SACCO received UShs15, 000,000/= in April 2009 from Microfinance Support Centre primarily for lending out to the members. The loan recovery rate was 82% as at September 2009.

The SACCO gives out five types of loans namely; agriculture, commercial, transport loan for goods, education loan and health loan with a uniform interest rate of 3% per month for the period of four to twelve months with a maximum loan amount of UShs2, 500,000/=.

**Support from UCSCU**

The SACCO in January, 2009 received a basic kit with two bicycles; a safe; a filing cabinet; two calculators; and stationary which included ;( payment vouchers, receipt books, pass books, ledger cards, cash flow statements, membership cards). Some of the items received were not in good working condition for instance the safe does not open while the filing cabinet did not lock right from the time of receipt.

Training module I and II were also offered to the staff and board members.

Furthermore the SACCO had not yet received the operation grant to cater for the rent and salaries of the management staff. It was established that on the 24th, September, 2009 a total of UShs5, 400,000/= was received by the Stanbic bank in the names of Packwach town council SACCO while the account number belonged to Panyango SACCO. Consequently, the bank bounced the cheque because of the different bank title and account. As a result the SACCO had not yet received any funds for rent and salaries for staff.

## xiv) Koboko District

Three SACCOS were visited, which included Koboko town council, Midia, and lobule SACCO.

**a) Koboko town council SACCO**

The SACCO was permanently registered on 13th, July, 2007 and had 696 fully registered members of whom 311 are male, 356 are female with 29 institutions and groups. It had five members of staff the manager, cashier, loans officer and two security guards assisted by nine board members who play an oversight role. The groups include; the farmers groups, youth groups, schools and parents with joint accounts.

The SACCO had a loan portfolio of UShs90, 116,500/=, a savings portfolio of UShs81, 789,700/= and share capital of UShs 22,229,000/=as at end of September. The large loan portfolio was attributed to the share capital, savings and the profits internally generated from the SACCO activities.

The SACCO received UShs20, 000,000/= on 18th, April, 2009 from Micro finance Support Centre as interest free loan to enable issuance of loans to the clients. All the funds received were given out to members as loans.

The SACCO issues out four types of loans as shown in the following table 3.9.1 with their respective interest rate and duration of the loan.

**Table 3.9.1: Types of loans and their terms, issued by Koboko SACCO**

| Loan type | Interest rate | Loan period(months) |
|---|---|---|
| Business loan | 3% | 6-12 |
| Agriculture loan | 3% | 8-12 |
| School fees loan | 3% | 6-9 |
| Emergency loan | 10% | 0-1 |

*Source: SACCO records*

The loan recovery rate was 75% as at end of September 2009 and the staff were aiming at 100% by end of the year. They expected to achieve the recovery rate of 100% through thorough appraisal of the loan applicant which had already started in addition to the independent recommendation from the local council authorities.

**Support from UCSCU**

The SACCO acknowledged receipt of the basic kit with two bicycles; one safe; one filing cabinet and two calculators. It also received stationary which included ;( payment vouchers, receipt books, pass books, ledger cards, cash flow statements, membership cards). The members of staff and the board received module I and II training which has largely enhanced performance.

Further, the SACCO received furniture from Micro finance Support Centre which composed of; six chairs and two desks which were all under good use and condition except the filing cabinet that could not lock and hence not fully useful for storage of financial information.

**b) Midia SACCO**

The SACCO was fully registered on the 13th, February, 2007 and had 520 fully registered members with 370 male, 97 female and 54 groups. Most of the members are farmers, business people and some civil servants mainly teachers.

It however, started operations in June 2006 with four staff members who include; the manager, cashier, loans officer and a security guard with a board of nine members who play an oversight role. In addition the SACCO has an auditor, and a supervisory committee of two people.

The SACCO had a loan portfolio of UShs40, 914,370, a savings portfolio of UShs30, 418,757/= and a share capital of UShs17, 640,000/=. The SACCO issues out four types of loan at different interest rates per month as shown in the table **3.9.2.**

A total of UShs20, 000,000/= was received from Microfinance Support Centre primarily for loan issuance to the members. All the funds received were issued out to members. The rate of loan recovery was 85% as at the time of monitoring.

**Table 3.9.2: Types of loans and their terms, issued by Midia SACCO**

| Loan type | Interest rate | Loan period(months) |
|---|---|---|

| | | |
|---|---|---|
| Business loan | 4% | 1-6 |
| Agriculture loan | 3% | 8-12 |
| Salary loan | 2% | 1-4 |
| Emergency loan | 5% | 0-1 |

*Source: SACCO Records*

**Support from UCSCU**

The SACCO received the basic kitwith: two bicycles; a safe; a filing cabinet and two calculators. The received items were in use and good conditions with the exception of the filing cabinet that could not lock. It also received stationary which included: ( payment vouchers, receipt books, pass books, ledger cards, cash flow statements, membership cards). The SACCO staff and board members were trained in module I and IItraining in March, 2009.

The SACCO received UShs2, 000,000/= in March 2008 from Uganda Cooperative Alliance which was used to cover the operational costs.

It was established that the operation grant from UCSCU to cater for the salaries of the management staff and rent for the premises has never been received and this has affected the morale of the staff and also constrained the SACCO in terms of rent costs.

**c) Lobule farmers' SACCO**

The SACCO was registered on 10th July, 2006 and had 379 fully registered members with 30 groups; and 32 non members who get services of savings primarily as an incentive for them to join the SACCO.. It had three members of staff the manager, cashier, and loans officer.

The SACCO had a saving portfolio of UShs17, 535,006/=, a share capital of UShs10, 180,000/=.and a loan portfolio of UShs21, 291,594/=. It gives out agriculture and business loans charged at 3% and 3.5% interest rate per month respectively. The loan performance was poor at a recovery rate of 14%.

The SACCO received UShs15, 000,000/=in July 2009 from Microfinance Support Centre for lending out. This boosted their capacity to attract more members.

The SACCO received a basic kit with: two bicycles; one safe; one filing cabinet and two calculators. It also received stationary which included ;( payment vouchers, receipt books, pass books, ledger cards, cash flow statements, membership cards)

The received items were in use and good conditions with the exception of the filing cabinet that could not lock as shown **in the photo**.

The SACCO received the operation grant to cater for salary of the manager, cashier, the security guard and rent. The money sent for rent is Ushs100, 000/= which is less than the UShs150, 000/= agreed upon in the memorandum of understanding.

### 3.9.2 Challenges

#### General challenges

The following challenges cut across most of the SACCOs monitored.

- Most of the SACCOs monitored were faced with stiff competition from other microfinance institutions and village savings and loan associations largely formed by women that give out instant loans. Other competitors such as FINCA, Post bank, UWESO, Hunger project, Centenary Bank, Brac, and local village SACCOs such as Weikembe SACCO have a variety of products to offer to its customers and therefore have captured a large market share as compared to the Sub county SACCOs. Some of them give out instant loans at a lower interest rate and therefore are able to out-compete the sub -county SACCOs. People run to other SACCOs that can readily provide them with money.
- According to a number of the SACCO Managers interviewed, it has become increasingly difficult to mobilize members because some of them lost money through other SACCOs which cheated people. It is now difficult to convince people to join the SACCOs because of their past experiences.
- Government's failure to supply items through UCSCU as agreed upon in the memorandum of understanding such as the motorcycles, furniture, calculators and stationery is abig issue.
- Conflict of interest by the board members who borrow money and fail to pay back. The same applies to politicians who borrow money and fail to pay back. Loans are at times given to the board members without going through the loans committee and most of the loans are not secured which makes it difficult to recover the said loans. It ha also become increasingly difficult for the staff members to recover the money from the board members and politicians for fear of loss of their jobs.
- Recovery rate is a big challenge. Failure by those who borrow to repay the loans in time or at all. Some borrowers think that the money is free money which should not be paid back. Some members are multiple borrowers who borrow from different financial institutions presenting the same security. In the long run, when it's time to pay back, it becomes very hard to do so because they are unable to raise the money at the same time. There are also incidences of deaths of loanees.
- Lack of furniture. Most offices visited do not have furniture or those who have possess one to three chairs only and therefore cannot host visitors nor do a few training sessions at the premises because they would not find where to sit.
- Most of the SACCOs do not have enough funds to give out as loans. They have failed to mobilize enough savings to build on their capital base/ loan funds and as such there are several loan applications pending processing. These delays de-motivate members from saving more and others from joining as they see no immediate benefits.
- There is lack of adequate means of transport which they can use to reach out to the community. Those who have received the bicycles are slow and therefore it takes them long time to move from one place to another and hence there is need for motor cycle for those SACCCOs that have proven good performance.

- Interference by some politicians who have misled the community by telling them to go for free money at the SACCOs and therefore some people join the SACCOs thinking that they will get free money from government. This has also hindered the growth of the SACCOs.
- The youth in some areas have a wrong mentality that they will grow rich when they grow old, therefore they are not involved in any development activities and are not willing to save with the SACCOs
- Cost of printing and photocopying is quite high. This has become an extra expense for the SACCOs yet they do not have adequate funds for such expenses.
- Some SACCOs do not receive salary top up from UCSCU and the amount they afford to pay to the staff is so meager. This in a way has affected the morale of the staff.
- The requirements from Microfinance Support Centre to access the loans are complex to fulfill for some SACCOs which include coming up with a business plans, reasonable office space and excellent loan recovery of 95%**.** Most SACCOs complained that they do not have the capacity to prepare strategic plans.
- Lack of information and data management devices like computers, type writers, printers, photocopiers to meet customer needs.
- High level of theft of members saving by the SACCO managers.
- Poor record keeping by most SACCOs. Some employees lack the skills to handle SACCO activities.

### Specific challenges

These are challenges which are peculiar to specific SACCOS

**Aminanara SACCO in Tororo District**

The staff together with the board members have not been trained in the basic training conducted by UCSCU and therefore lack the skills to manage SACCO affairs. The filing cabinet was not assembled.

**Buwama Village Bank in Mpigi District.**

Lack of salary for staff and rent from UCSCU.

**Vurra SACCO in Arua District**

- Failure by the Microfinance Support Centre to give SACCO funds. This combined with poor savings culture has led to little funds available for loans. Efforts to get the funds have proved futile.
- The poor agriculture harvest which left people with little funds for saving and therefore affected people’s ability to save.

**Ofaka SACCO**

- Lack of salaries and rent from UCSCU which has demoralized the staff members because the salaries they receive from the SACCO are small.

**Zirobwe SACCO in Luwero District**

- Lack of salaries for staff from UCSCU and neither does the SACCO pay them anything. They are given lunch and transport allowances which is very little.

- The SACCO does not have furniture in the office. What was found at the office was borrowed from the sub county.

**Makulubita sub county SACCO in Luwero District**

The SACCO is not receiving salaries and rent from UCSCU

Lacks of transport .They do have neither a bicycle nor a motor cycle. This has limited their movement and mobilization given that the area coverage is big.

**Lumino Sub County SACCO – Busia District**

- Staff members were of the view that earnings were very little yet they handle a lot of money The SACCO does not pay them any salary in addition to what UCSCU pays them apart from a small transport allowance.
- The area was hit by famine because of the virus that attacked the main agricultural crops such as cassava and thereafter people started borrowing money to buy food in their homes which they could not pay back.
- The saving culture is very poor in the area. Most people do not save and those who have tried to save do so for luxury purposes not development purposes for example one saves money the whole year to spend on food and clothing during Christmas period.
- Lack of an armed security guard. Savers think their money is not safe and therefore fear to continue saving.

**Busitema SACCO- Busia District**

The community members had lost interest in this particular SACCO because of the old board members who mis-appropriated the SACCO funds. It has therefore become difficult for the new board and staff members to convince the community that sanity has been restored.

**Bungokho Mutoto SACCO- Mbale District**

The area is hilly and therefore it is hard to reach out to all the clients given that they do not have favorable transport means. The SACCO was given bicycles which cannot be used to move uphill. There is need for a motorcycle

**Busoba SACCO- Mbale District**

The current staff and board members have not received any training from UCSCU. This was brought about by the high staff turnover that had earlier on been trained. Those who had been trained were implicated in financial misappropriation and were dismissed from the organization.

**Bupoto SACCO- Manafwa District**

- The area is mountainous which makes it hard for staff to mobilize and reach all the community members. There is need for favorable transport means preferably a motorcycle.
- Lack of furniture and good office premises. The current outlook of the office is not impressive.
- Lack of funds to carry out an audit as requested by the Microfinance support centre to be able to access the loan funds was a problem.

**Ngoma SACCO – Nakaseke District**

- Inadequate funds for loans especially due to the fact that majority are cattle farmers who require huge amounts of money to purchase the cattle.

- Low loan recovery rate at a rate of 46% as at the end of September and this was attributed to the long dry spell.

**Kigumba Sub County SACCO – Masindi District**

- Lack of transport since the SACCO did not receive the bicycles.
- The requirements for full registration still challenging the SACCO

**Lwampanga SACCO- Nakasongola District**

Members complained that the initial deposit of UShs 50,000 for one to become a member is rather high.

**Kalungi Rural SACCO- Nakasongola District**

The membership fee of UShs 32,500/= is high for locals in comparison with the UShs 10,000/= required for the legibility to receive loans from post bank. As a result most people have joined Post bank which they find easy to get money from.

**Nakitoma Mukama Mwesigwa -Nakasongola District**

UCSCU has not supported the SACCO with salary payments for staff.

**Pakwach Town Council SACCCO**

UCSCU has not supported the SACCO with salary payments for staff and rent for the office premises.

**Panyango SACCO- Nebbi District**

UCSCU has not supported the SACCO with salary payments for staff and rent for the office premises.

**Koboko town council SACCO**

- Lack of computers, printers, scanners, photocopies that would otherwise hasten up the information handling and the overall SACCO activities.
- Loan defaulters especially those who get loans and flee to Sudan.

**Midia SACCO –Koboko District**

- Lack of salary for the management staff from UCSCU. This has affected the morale of staff since the salary paid by the SACCO is so meager. The SACCO pays a salary of UShs80,000; 60,000/= and 65,000/= for the Manager, Cashier and loans officer respectively.
- The premises are not strong enough to house a village bank(SACCO

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