THE REPUBLIC OF UGANDA

Budget Monitoring Report

January - March 2010

June 2010

Ministry of Finance, Planning and Economic Development
P.O.Box 8147
Kampala
www.finance.go.ug

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS

ACORD	Agency for Cooperation and Research in Development
ACTs	Artemisinin Combined Therapies
ADB	African Development Bank
ADF	African Development Fund
AfDB	African Development Bank
AI	Artificial Insemination
AIDS	Acquired Immune Deficiency Syndrome
B.O.Qs	Bills of Quantities
BC	Broadcasting Council
BCP	Brick laying and Concrete Practice
BECS	Bundibugyo Energy Cooperative Society
BEL	Bujagali Energy Limited
BFP	Budget Framework Paper
BIDRC	Banana Industrial Research and Development Center
BMAU	Budget Monitoring and Accountability Unit
BoG	Board of Governors
BoQs	Bills of Quantities
BTVET	Business Technical and Vocational Education and Training
CAIIP	Community Agricultural Infrastructure Improvement Programme
CAO	Chief Administrative Officer
CFO	Chief Finance Officer
CJ	Capentry and Joinery
CMG	Critical Mass Group
CMU	Construction Management Unit
CP	Community Polytechnic
DANIDA	Danish International Development Agency
DBICs	District Business Information Centers
DBST	Double Bituminous Surface Treatment
DEO	District Education Officer
DHO	District Health Office/Officer
DISO	District Internal Security Officer
DKK	Danish Kroners
DLSP	Districts Livelihood Support Programme
DRC	Democratic Republic of Congo
DUCAR	District, Urban and Community Access Roads
DWD	Directorate of Water Development
DWO	District Water Office

DWSCG	District Water and Sanitation Conditional Grant
ECOSAN	Ecological Sanitation
EFT	Electronic Funds Transfer
EPC	Engineering, Procurement and Construction
ERA	Energy Regulatory Authority
ERT	Energy for Rural Transformation
FAO	Food and Agriculture Organization
FGD	Focus Group Discussion
FITCA	Farming in Tsetse Controlled Areas
FY	Financial Year
GISO	Gombolola Internal Security Officer
GoU	Government of Uganda
GTZ	German Development Corporation
HC	Health Center
HEP	Hydro-Electric plant
HIV	Human Immunodeficiency Virus
HSD	Health Sub District
IAEA	International Atomic Energy Agency
IDA	International Development Association
IDP	Internally Displaced Person
IFMS	Integrated Financial Management System
IPF	Indicative Planning Figure
ITP	Industrial Technology Park
JBIC	Japanese Bank for International Cooperation
JICA	Japan International Cooperation Agency
JMS	Joint Medical Stores
KCC	Kampala City Council
KIBP	Kampala Industrial and Business Park
KIIDP	Kampala Institutional and Infrastructure Development Programme
Km	Kilometre
LC	Local Council
LCD	Liquid Crystal Display
LG	Local Government
LGDP	Local Government Development Programme
LGMSD	Local Government Management and Service Development Programme
LGMSDP	Local Government Managerial and Service Delivery Programme
LRDP	Luwero – Rwenzori Development Programme
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MCTs	Multi-purpose Community Telecenters

MELTEC	Mt. Elgon LabourBased Training Centre
MEMD	Ministry of Energy and Mineral Development
MFPED	Ministry of Finance, Planning and Economic Development
MFPED	Ministry of Finance, Planning and Economic Development
MoES	Ministry of Education and Sports
MoH	Ministry of Health
MoICT	Ministry of Information and Commutations Technology
MOLG	Ministry of Local Government
MoU	Memorandum of Understanding
MoWT	Ministry of Works and Transport
MTEF	Medium Term Expenditure Framework
MTTI	Ministry of Tourism, Trade and Industry
MV	Motor Vehicle
MWE	Ministry of Water and Environment
NAADS	National Agricultural Advisory Services
NALIRRI	National livestock Research Institute
NDF	Nordic Development Fund
NEMA	National Environmental Management Authority
NGO	Non-Governmental Organisations
NMS	National Medical Stores
NTC	National Teachers' College
NUREP	Northern Uganda Rehabilitation Programme
NWSC	National Water and Sewerage Corporation
OHS	Occupational Health and Safety
OPD	Out patient Department
OPM	Office of the Prime Minister
PACMECS	Pader-Abim Community Multi Purpose Electric Cooperative Society Limited
PAF	Poverty Action Fund
PATTEC	Pan African Tsetse and Trypanosomiasis Eradication Campaign
PCIC	Per Capita Investment Cost
PDP	Pilot Demonstration Project
PDU	Procurement and Disposal Unit
PEAP	Poverty Eradication Action Plan
PHC	Primary Health Care
PIBID	Presidential Initiative on Banana Industrial Development
PMA	Plan for Modernization of Agriculture
PO	Private Operator
PPDA	Public Procurement and Disposal of Public Assets Authority

PRDP	Peace Recovery and Development Plan
PREEP	Promotion of Renewable Energy and Energy Efficiency Programme
PS/ST	Permanent Secretary/ Secretary to Treasury
PSCP11	Second Private Sector Competitiveness Project
PTC	Primary Teachers' College
RAP	Resettlement Action Plan
RDC	Resident District Commissioner
REA	Rural Electrification Authority
RGC	Rural Growth Centre
RRP	Rural Roads Programme
RSSP	Road Sector Support Programme
SFG	School Facilities Grant
SHSSP	Support to the Health Sector Strategic Plan
SIDA	Swedish International Development Cooperation Agency
SMC	School Management Committee
STATFA	Creation of Tsetse & Trypanosomiasis Free Areas
T&T	Tsetse and Trypanosomiasis
T&TC	Tsetse and Trypanosomisis Control
TVET	Technical Vocational Education and Training
UA	Units of Account
UCC	Uganda Communications Commission
UETCL	Uganda Electricity Transmission Company Limited
UIA	Uganda Investment Authority
UNEB	Uganda National Examination Board
UNICEF	United Nations International Children's Emergency Fund
UNRA	Uganda National Roads Authority
UPE	Universal Primary Education
UPPET	Universal Post Primary Education and Training
URF	Uganda Road Fund
US$	United States Dollars
USE	Universal Secondary Education
UShs	Uganda Shillings
UTC	Uganda Technical College
UVQF	Uganda Vocation Qualifications Framework.
VAT	Value Added Tax
VIP	Ventilated Improved Pit
VoIP	Voice over Internet Protocol
WSB	Water and Sanitation Board
WSDF-E	Water and Sanitation Development Facility – East

WSDF-N	Water and Sanitation Development Facility – North
WUC	Water User Committee

FOREWORD

The budget monitoring efforts of government are geared towards enhanced effectiveness of public expenditures. The focus continues to be on the sectors, education, energy, health, industrialization, ICT, micro-finance, and water and sanitation.

This report gives physical performance of selected programmes. Selection is based on levels of funding with priority being given to votes with large budget allocations. Within the sectors development expenditures are prioritizes 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 departmenst will use the findings therein to enhance effectiveness of implementation with a view to achieveing value for money public exependitures.

C.M.Kassami

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 monitored during the third 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

Central Government/Ministries

- Overall, the cash releases by the Ministry of Finance, Planning and Economic Development (MFPED) to the line Ministries were in the range of 75%, on prorata basis for the three quarters July 2009 to March 2010. For instance the releases were: Ministry of Works and Transport (75%); Ministry of Education and Sports (73%); Ministry of Water and Environment (78.3%), and Ministry of Agriculture, Animal industry and Fisheries (MAAIF)74%.

- The overall release performance for the following ministries was below average: Ministry of Health (67.6%); Ministry of Energy and Mineral Development (69%) and UNRA registering the lowest performance of 51%. *This was attributed to tightened accountability measures for the MDA's to access quarterly releases. The MDA are expected to produce timely submisions of the performance form A; and the quarterly progress reports showing satisfactory absorption of the funds earlier released.*

- The absorption levels of the funds received, was good for most ministries save for UNRA which registered the least absorption level of 33%. Other sectors registered the following absorption levels; MAAIF (88.7%); Ministry of Health(78.5%); Ministry of Education and Sports 91%; Ministry of Water and Environment 76.4%; and Ministry of Works and Transport 78.4%.

  There was generally low absorption by most projects in the Ministry of Works and Transport. Under the Ministry of Energy, Project 1024 Bujagali interconnection did not absorb the funds received to a tune of UShs 1.462 billion.

- Atotal of UShs 5.0 billion, the annual approved budget for project 1111- Soroti fruit factory which was later revised to UShs 4.0 billion was not released for the period July 2009- March 2010.

- There were major budget cuts on the annual approved budgets for the referral hospitals to a tune of UShs 1.133 billion during the FY 2009/2010. Overall the release performance stood at 75 %; with Lira, Gulu, and Soroti rehabilitation referral hospital getting 100% ,100% and 98 % respectively.

- The trend for the approved budgets, for most of the sectors registered an increment over the two financial years of 2008/2009 and 2009/2010. The sectors which recorded an increment were: MAAIF (31%); Ministry of Water and Environment (38%); Ministry of Energy and Mineral resources (58.2); Presidential initiative on banana (64.5%) while the development of industrial parks registered a decline of 62% ; and Ministry of Health a decrease of 0.5%

DISTRICTS

- **Release schedules**

It was reported that the MFPED sometimes does not provide release schedules showing the breakdown of the funds released to the districts which should facilitate timely transfer of the funds to the sector accounts. This results into delays in remitting the funds to the sector accounts from the General fund account. An extreme case was the release of UShs 522,931,141 for the second quarter to Amuru district. The district used the information in the New Vision of 24/11/09 to process the transfers. The details provided a total UShs 473,083,656 which was remitted to the sector accounts leaving a balance of 49,847,485 on the General fund account up todate.

- **Releases**

There was evidence of timely releases (development grant) by the MFPED to the districts save for primary health care (PHC) development and the school facilitation grant (SFG) for the third quarter which was released late in the month of March 2010. The reason for the delay given by the MFPED was that the sector ministries delayed to advise on the disbursements as required. It was commendable that the NAADS funds to most districts were released upfront to a tune of 100%.

- **Absorption of funds**

Lack of timely absorption of funds is still recurring in most districts which was largely attributed to late approval of the budgets by most district councils; and late submission of procurement plans by the sectors to the procurement officers.

- **Guidance on PRDP**

District officials complained of lack of proper guidelines regarding PRDP. They complained that whereas they had been informed that the PRDP resources will be over and above the normal medium expenditure framework (MTEF), it was not the case in some instances where no increase in the budget figures were noted. Further, that the management of PRDP funds on separate accounts meant that the sector Officers did not have control over the resources.

- **Approval of the large contracts by the Solicitor General**

There was a general complaint that whereas by law, the Solicitor General is supposed to approve contracts above UShs 50 million, in most cases the Officers take more than one month to approve . This delay leads to late start of the implementation of the projects.

- **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 was a recurring issue. The districts always claim that the unspent funds are committed funds and therefore always seek for permission from the Secretary to the Treasury / Accountant General MoFPED to retain the funds. The act of retaining the unspent balances however, contravenes section 19(10) of the Public Finance and Accountability Act 2003 (PFAA) which requires that all the un-spent balances of monies withdrawn from the consolidated fund be repaid back to the same account at the closure of the financial year. The risk of the retained money being spent on unauthorized activities was high.

- **Budget trends**

There was generally no significant upward change in the annual approved budgets for the FY 2009/2010 as compared to FY 2008/2009 especially in the areas of SFG and PHC development. Most districts visited experienced a downward trend in these areas.

- **Undisbursed funds for Amuru District**

It was noted that a total of UShs 10,741,000 meant for community development – staff salaries under boards and commissions was included in the first quarter release schedule but was never released by MFPED to the District. Efforts to get the funds have proved futile.

Agriculture

The monitoring focused on three programmes: Farming in Tsetse Controlled Areas (FITCA); Creation of Sustainable Tsetse and Trypanosomiasis Free Areas in East and West Africa and Refurbishment of the MAAIF Insectary hosted at the National Livestock Research Institute (NALIRRI).

Overall, the FITCA project has performed fairly well, technically and financially. The project funds have been dispersed to the districts as planned for purposes of implementing the various components and sub-components of the project. Inputs and implements have been provided as planned. But the outputs have been below expectation as some of the facilities have since ceased to exist, indicating low programme sustainability. The twin objectives of controlling tsetefly and sustaining farmer managed interventions have been partially attained. The intervention of pasture development has been least successful as interventions can only be traced in Tororo but not Kayunga, Iganga, Budaka and Kamuli districts. The zero grazing component has provided s good quality heifers to farmers in Tororo, Mayuge, Iganga, Kamuli, Manafwa, Mbale and Budaka districts although farmers face various constraints in keeping the animals.

The Creation of Tsetse and Trypanosomiasis Free Areas programme has performed extremely poorly with only 15% of funds disbursed since 2006. The programme has only had interventions in Kalangala district as opposed to the planned districts of Rakai, Lyantonde, Masaka, Sembabule, Mpigi, Wakiso, Kampala, Kaliro, Iganga, Bugiri, Tororo, Butaleja, Pallisa, Kayunga, Jinja and Mukono. This was a result of government's failure to meet some of the loan prior conditions; coupled with lengthy procurement processes and limited counterpart funding.

Refurbishment of the MAAIF Insectary hosted at NALIRRI stalled in 2007, after the contractor supposedly abandoned construction work (less than 50% done) after receipt of 60% of the contractural sum!

Education

The monitoring team sampled activities reported in the October-December 2009/10 Progress Report and visited development projects in 22 districts. **Emergency Construction and Rehabilitation of Primary Schools**,

Findings indicated that as at end of December 2009, more than half of the total approved budget for this project had been released. Twelve schools under the project were monitored. Eleven of them (Kkonge, Busia Integrated, Kabahesi, Kibira, Bundimbere, Soola, Bulegeni, Mishenyi, Busunga, Bundikahunga and Kalera primary schools) received the reported funds. Funds for Kachung P/S in Dokolo District however, were reportedly sent to a wrong account. Findings further indicated that eight schools had started constructions and civil works as per work plans and were at different stages of the civil works. However there were instances where schools did not follow the MOES guidelines. Three (Kkonge, Busia integrated andMishenyi primary schools) had not yet started on any civil works and funds were still on the school accounts.

In addition some of the financial information reported in the Quarter 2 Consolidated Quarterly Progress Report was inaccurate. While MoES requested St. Anne Kkonge Mixed P/S to acknowledge receipt of UShs 153,450,000/=, the head teacher reported having received only UShs 75,000,000/=. Secondly, the report indicated that St. Kalemba S.S. in Kayunga District received UShs 49,760,000/=, while the actual funds received were UShs 100,000,000/=. The third case was, Ahmed Seguya Technical Institute in Kayunga District that received UShs 10,000,000/= to procure desks from MoES in October 2009, but these funds were not reported in the progress report. **Development of Secondary Education**

Ten secondary schools (Jinja S.S, St Francis Madera, Sir Tito Owiny, Naykasura, St. Edwards S.S, St Charles Lwanga Kalongo, Makobore, Ngora High, St Kalemba S.S and Ngora Girls) were visited to verify the reported status. Findings indicated that all the ten secondary schools received the reported funds. By time of the monitoring visit, seven of them had started rehabilitation/construction works while the remaining three schools (Nyakasura, Makobore, and Ngora Girls) had not started and had the funds on the schools accounts.

There were concerns of value for money at St. Kalemba SS and at Kinyogoga seed secondary school.**Development of BTVET**

Three institutions (Ahmed Seguya TI, UTC Bushenyi, Nalwire TI) were visited. By the time of the monitoring, civil works were going on in the two technical institutions (TIs).The biggest development expenditures during this quarter was in Nalwire Technical Institute which almost took up the entire development release for the quarter. **Development of TVET P7 Graduate**

MoES planned to construct 10 classrooms and 10 workshops in five Technical Schools (Olio community polytechnic, Kitove TS, Wera TS, Omugo TS, and Kakira TS) during quarter 2. Findings showed that all the three Technical Schools (Olio, Kitovu and Wera) visited received the reported funds. Civil works in Wera TS were completed and on going in Olio. It was only in Kitovu TS where works had not started. **Development of PTCs and NTCs**

One PTC was visited. Findings indicated that a 2 classroom block was completed in Kamurasi PTC. However, the block had a number of defects that have not been rectified one year after the expiry of the defects liability period.**SFG**

Eight districts (Buliisa, Bushenyi, Kaberamaido, Kamwenge, Kamuli, Kasese, Katakwi and Oyam) were visited to assess progress with SFG. All the ditricts had received the SFG for FY 2008/09 and civil works had been implemented according to plan except in Kamuli where some civil works were outside the plan. In addition Kamuli had concerns over priced cost of engraving.

Energy

Rural Electrification

Transmission infrastructure extensions had been successfully constructed at [Fort-Portal-Bundibugyo-Nyahuka] and [Corner Kilak – Pader – Abim]. Cooperative organisations in Pader and Bundibugyo are now connecting people to the distribution networks at a subsidised cost. Despite their many achievements, the cooperative organisations face a number of capacity-related constraints.

In energy generation, small-hydropower construction was monitored at Mpanga hydro-electric plant (18MW), Ishasha hydro-electric plant (5.8MW) and Buseruka hydro-electric plant (9MW). All three private developments had been planned to be completed by Q3 FY09/10, however monitoring findings suggest that completion is more likely to take place towards the end of 2010. Delays have largely been attributed to adverse weather conditions that have slowed concrete works.

Micro hydropower (i.e. typically less than 0.1MW) developments were also monitored at Kisiizi hydropower project (300KW) and Bwindi hydropower project (64KW). Works at Kisiizi are complete and members of the local community are connecting to the distribution network. There is no contractor on site at Bwindi as works had halted and a new contractor with requisite capacity was being sought.

Bujagali hydropower project and interconnection

The completion date for Bujagali (250MW) hydropower project had been moved back 10 months, to April 2012. This follows a settlement agreement signed by Bujagali Energy Limited and the contractors that packaged together a number of changes in works and allowed for an increase in project costs of US$ 41.6 million.

Bujagali interconnection project is projected to complete around 9 months behind schedule, by March 2011. Works have been delayed by the ongoing land compensation and acquisition disputes that have hindered construction works on the Bujagali-Kawanda transmission line.

Petroleum Exploration and Promotion

Five of the ten petroleum and gas ‘exploration areas’ are currently licensed as private developers. The additional five areas will be licensed when Parliament of Uganda passes the ‘Petroleum Bill’. Drilling and hydrocarbon appraisal activities are ongoing in those areas that are licensed.

The Petroleum Exploration and Promotion Department (PEPD) was working on feasibility studies that will look at the viability of: (i) commercial utilisation of the oil and gas that will be produced as part of extended well testing; and (ii) construction of an oil refinery.

Substantial funding has been allocated to improving the capacity of PEPD to effectively manage the petroleum sector. Considerable achievements have already been made and these efforts need to continue to ensure that PEPD recruits and retains world-class employees.

Health

Different levels of achievement had been attained for the rehabilitation of referral hospitals. Except in Buhinga hospital where remodeling work was being contracted, rehabilitation of Gulu, Jinja, Lira, Mbarara, Mbale and Soroti hospitals had made satisfactory progress.

Under PHC, districts (Apac, Budaka, Butaleja, Gulu, Iganga, Jinja, Kabarole, Kaberamaido, Kaliro, Kasese, Lira, Masindi, Mbale, Mbarara, Sironko, and Soroti) also had varying achievements in construction of health facilities and procurement of medical equipment and supplies.

However, the sector is still prone to unrelenting challenges namely:

1. **Late Releases:** Funds for Primary Health Care for the third quarter of FY 09/10 were released at the end of the quarter in late March 2010. The late releases affected implementation of capital development activities in some cases delaying award of contracts and payment of contractors for ongoing works. More significantly the delayed release directly affected service delivery in local governments where lower level health centres lacked funds to buy fuel, toiletries and consumables. The lack of operational funds affected community mobilisation including immunisation outreaches. Several Local Governments reported that over the same period, there was no official communication on the actual causes of the delay.

2. **Confusing guidance on PRDP:** Local Governments are receiving instructions on the use of PRDP funds from the Office of the Prime Minister, the MoH and MFPED. In some instances these guidelines are contradictory. The implementation is also complex. For instance although the health department prepares PRDP priority interventions, the implementation and supervision of the same is undertaken by the Finance and Works department. The Office of the Prime Minister approves PRDP activities while MoH approves the traditional PHC capital development activities. MFPED however makes a block release of funds for both PHC capital development and PRDP without breakdown of how much money is for either grants. Districts were required to maintain independent PRDP accounts where all PRDP activities are coordinated. When funds are released they are transferred to sector accounts

after which (on advice of how much money is for PRDP) a transfer is then made to the PRDP account. Considerable time is lost in these transactions. Breakdown schedules are not readily available. These challenges account for delayed implementation of PRDP and PHC capital development activities in the recipient districts. In addition, the fact that funds are managed by the Finance Department, the health department complained of lack of facilitation and involvement in the supervision of the activities.

3. **Varying Unit costs and value for money:** Partly due to the absence of unit costs in budgeting during the previous FYs, resources have been expended without recourse to a standard. It is common to find for example an administrative and medical store of an equal size with a variation in cost exceeding UShs 200 million. There are also several instances where costs for renovation of existing facilities at some facilities exceed the cost of constructing new structures which are larger than those renovated. These findings have associated value for money challenges.

4. **Limited Rehabilitation of General Hospitals:** Over the last two FYs, Government has allocated UShs 33 billion to the renovation of Regional Referral Hospitals. The situation in general hospitals has remained unabated with no funds allocated for capital development. It is common characteristic to find general hospitals across the country with visible cracks in walls, blocked plumbing systems and leaking roofs. Kayunga, Iganga and Kiryandongo General Hospitals are some of the examples. Previous interventions like the District Infrastructure Support Programme have been piece meal, protracted and with few tangible outputs. There is need to mobilise funds and renovate all general hospitals in the country.

5. **Supervision of works:** Both PHC capital development and PRDP grants do not have funds for supervision of works. District Health Officials reported lack of funds for supervision; hence they were not able to supervise progress of works by contractors on a regular basis.

6. **Inadequate drugs and health personnel**

   These issues have persisted over the years and seem to be pervasive.

Industrialization

Uganda Investment Authority

Industrial Parks

The importance of establishing industrial parks is to provide serviced areas (with roads and utilities) for home manufacturing and value addition to Ugandan made goods. However there is limited progress in servicing these parks due to several challenges ranging from compensation of squatters, delays in securing valuation reports, failure to adhere to procurement laws, to slow implementation of work plans and procurement plans leading to low absorption of resources.

UIA Land in Masindi

The 19.2 square miles that were leased to M/S Critical Mass Growth, is yet to be optimally utilized**Presidential Initiave on Banana Industrial Development**

Physical progress has been made in relation to construction of the main banana processing plant and irrigation scheme as noted in the field findings. However, there is a budget gap resulting from contracts over and above the expenditure framework ceilings for this project.

Information Communications Technology

Under ICT, the programmes of Multi-purpose Community Tele-centres had made some achievements. The relevant equipment had been delivered in the monitored districts of Adjumani, Nebbi, Kamuli, Kitgum and Kapchorwa. However, there were instances of sub-standard deliveries. In Kapchorwa, the district administration was not involved in the selection of the host Community based organization (CBO) for a community telecentre project. Field findings revealed that the CBO reported by UCC was not a registered entity in Kapchorwa and the telecentre could not be traced.

Multi Purpose Tele-centre grant: In most of the Multi-purpose telecentres it was noted that beneficiaries were not aware of the services offered and it is highly probable that if this is carried out, more clients would get on board. It is recommended that in the next phase of implementation, the grant should take care of sensitization and awareness. Beneficiaries should be required to develop sustainability plans that work as a part of the requirements.

E-readiness: 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 one place to another, and the strategy appropriate to one level of readiness is not necessarily appropriate for another.

Communication gap: Inadequate information shared among the key stakeholders was a major concern especially from the recipients of the equipment from both the Ministry of ICT and Uganda Communication Commission. 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. The issue of poor communication has persisted over the years.

Internet Point of Presence Model: The Internet point of presence was accessible at the CAOs offices and not the entire distict. As noted in the findings and previous reports, district Internet point of presence in the CAO's office is generally a failure.

There were also reports of lack of guidance and documentation on installations for ease of maintenance.

Roads

During the third quarter, the following projects and programmes were monitored: Rural Roads Programme (Support to MELTEC); the National roads maintenance programme at 3 upcountry UNRA stations namely: Gulu, Mpigi and Lira; the projects for upgrading of Kabale – Kisoro – Bunagana and Matugga – Semuto – Kapeka roads; and the District, Urban and Community Access Roads maintenance programme in 9 districts and 2 municipal councils namely: Amuru, Apac, Bududa, Busia, Kabarole, Kasese, Kumi, and Soroti districts, and Mbale and Tororo Municipal councils.

i). The two road development projects monitored were generally on course with targeted outputs for both projects surpassed as at end of the third quarter, reasonably matched financial/ physical performances, contractors well mobilised on site, and works convincingly in progress. However, the projects were experiencing generic challenges ranging from issues of cost overruns, design changes, and delays in obtaining key decisions.

ii). The National Roads Maintenance Programme was monitored in the first, second and third quarters at 11 UNRA stations with a total road network of 5501Km (51.4% coverage). It was observed during the monitoring 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, absorption of funds released in FY 2009/10 stood at 67.3% as at end of March 2010 (IFMS data), excluding funds released under the Uganda Road Fund (URF). 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 FY, under-scoping of routine maintenance contracts, insufficient equipment, and delays in procurement of works planned for contracting, leading to unplanned emergency interventions which were costly and time consuming.

iii). District and urban roads maintenance programmes were monitored in nine districts and two urban councils, where it was observed that generally most planned activities were either at contract award, signing or had been rolled out. Financial performance of the programmes was generally poor with 8 out of 9 districts having absorption levels less than 50% and some districts having only 4.6% absorption. In addition they 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 capacity weaknesses of local contractors mostly affecting urban councils where shoddy works were observed.

iv). Rural Roads Programme (Support to MELTEC) was monitored in the third quarter, however planned activities had not commenced mainly due to low releases causing delays in completion of works planned for FY 2008/09, which were still ongoing at the time of monitoring, and had to be completed before commencement of procurement for works planned in FY 2009/10. The project still had issues of low releases and inconsistencies in the financial information leading to ambiguities in the financial performance of the project and concern from the development partners as to why releases to the project were still far less than the donor component remitted to the consolidated fund.

Water and Sanitation

Support to Rural Water Supply and Sanitation Project:

Rainwater harvest tanks had positive results: There were high levels of beneficiary satisfaction, and the unit cost of constructing a tank was within sector standards. This suggests that rainwater harvest tanks should be scaled up in areas with suitable conditions.

Value for money of emergency boreholes component should be improved: (i) High unit costs were noted for emergency borehole drilling at UShs 18mil, compared with a target of UShs 15mil in the BFP and UShs 16.3mil as an average under the District Water and Sanitation Conditional Grant (DWSCG). (ii) Not all the boreholes drilled could be physically traced. Of the 40 boreholes reported as drilled in FY09/10, only 32 could be traced, of which 7 were failed sites. (iii) Given the unit cost and the number of boreholes reported to be drilled, the implication is that UShs 0.594bn was unaccounted expenditure on the output, which requires further clarification. (iv) Water User Committees were formed but not trained, and districts had not been supplied with drilling data thereby limiting their ability to effectively rehabilitate boreholes if required. This constrains the long-term functionality of these sources.

Expenditure on sanitation campaigns was not commensurate with the outputs: UShs 254 mil was reported for only two sanitation campaigns.

Discrepancies between reports and actual physical progress monitored: The MWE Q2 (Performance Form A) Progress Report reported rainwater harvest tanks were being constructed in Isingiro, Rakai and Kamuli districts, but nothing had started in Kamuli and Rakai; and implementation was actually ongoing in Bushenyi and Isingiro districts. Likewise, a sanitation campaign was reported in Masaka district, which had not taken place.

District Water and Sanitation Conditional Grant

On average 47.5% of the budget had been released in the districts monitored but progress was minimal due to prolonged procurement procedures, leading to under-utilisation of funds, and a risk of diversion. In some cases, GISO reports contradicted district reports, where the former indicated a lower level of progress.

Water and Sanitation Development Facility – North

Good physical progress is being made, but operations are constrained by lack of receipt of GoU funds. GoU funds have been accounted for on the IFMS and in the progress reports, but are not reaching the project base in Lira. The result has been over-reliance of donor funds. Furthermore, the annual budget for FY2010/11 is projected to decrease, due to a reduction in donor funding, which will severely hinder the scope of works in areas that are under-served.

Water and Sanitation Development Facility – East

Works are delayed for the extension in Amuria and from Kangole to Morulinga in Moroto. In Amuria the delays are due to the scope of works being larger than expected, as the system required an in depth feasibility study prior to implementation, which had not been planned or budgeted for. The high per capita investment cost for the expansion was also noted as a concern. In Moroto, there are procurement delays, where the bids returned so far have been higher than expected due to the insecure environment.

Gulu Town Water Supply and Sanitation (implemented by NWSC)

Works are progressing well, but are constrained by delays in clearing payment certificates and phased funding. By February 2010 UShs 17,576,420 was accrued in interest payments. As the full cost of the project could not be funded at once, it is being implemented in stages. Consequently, additional resources are being utilised for procurement and management, and therefore efficiency of resources are not maximised.

RECOMMENDATIONS

Financial Performance

- MFPED should reallocate funds from UNRA and Ministry of Works and transport since they have demonstrated lack of adequate absorption of funds. This will avoid a situation of unspent funds at year end.

- MFPED should post the release schedules / circulars on the Ministry website as soon as the releases are out to inform the Districts in time. This will enable district officials to timely remit the funds to the sector accounts. Further, it will enable the districts to correctly apportion the funds to the sectors. For this matter, MFPED should advise Amuru District on the balance of UShs 49,847,485 which was sent to the District and are still on the general fund account.

- MFPED should remit a total UShs 10,741,000 meant for community development – staff salaries and boards and commissions for the first quarter which was indicated in the release schedule but was never released by MFPED to Amuru district

- 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 should always ensure that there is a breakdown of PRDP funds showing the different components of the sector funds sent. The sector Heads should be responsible for implementing the sector workplans of the PRDP funds.

- Regarding unspent balances, the district Chief Administrative officers should ensure that unspent balance at the end of the financial year should always be returned to Treasury. The local government 's Financial and Accounting Manual, 2007 section 6.6.5.3 requires all account balances in respect of the conditional or other grants from central government to be returned immediately after the year end which was not adhered to.

- The office of the Solicitor General should always speed up the approval of the contract agreements so as to enable districts to start on project implementation in time.

Agriculture

- The MAAIF should re-assess strategies being used in implementing the programme on Creation of Sustainable Tsetse and Trypanosomiais Free Areas.

- MAAIF should contract another firm to refurbish the insectry at NALIRRI. However, there is need to recover the "overpaid" funds from the initial contractor.

Education

- The MoES should ensure that schools carrying out civil works keep to the guidelines.
- The MoES should improve on its financial reporting within the progress reports. In addition funds that were wrongly sent to a private account instead of Kachung S.S, Dokolo district should be recovered and paid to the school.

- The Auditor General should conduct value for money audits on St. Kalemba S.S in Kayunga district; as well as Kinyogoga Seed S.S in Nakaseke district

- The MoES should provide guiding price lists/unit costs for engraving of school items

Energy

Rural Electrification

- The Rural Electrification Agency (REA) should provide additional assistance to the cooperative organisations in Pader and Bundibugyo to ensure that they have the capacity to connect the target beneficiaries to the distribution network at a subsidised cost, as per the scheme objectives. In particular, REA could consider procurement of a vehicle and/or funding for a second office at each cooperative.

- REA should prioritise works on the transmission infrastructure at Mpanga hydropower project, as there is a real risk that the power generation facility will be complete before the transmission lines are ready.

Bujagali hydropower project and interconnection

- Works on the interconnection project will not be able to progress whilst land compensation disputes persist. MEMD and UETCL need to work alongside the Chief Government Valuer to expedite the resolution of ongoing land disputes.

- Work needs to be done to streamline the compensation and acquisition process for future construction projects.

Petroleum Exploration and Promotion

- The number of skilled personnel within PEPD needs to continue to increase as the industry grows. This will involve continued investment in capacity development as well as recruitment of graduate staff.
- MEMD should work with NEMA in order to develop its capacity to manage the growing environmental management and legal challenges that the industry is presenting.

Health

- Mobilise funds to rehabilitate general hospitals across the country.
- Undertake a value for money audit for major infrastructure undertaken under main projects in the health sector including: Support to the Health Sector Strategic Plan (HSSP), District Infrastructure Strategic Plan (DISP), primary health care conditional grants (capital development) and Peace Recovery and Development Plan (PRDP).
- Revise the wage bill to enable districts recruit additional health workers.
- Incentives should be provided for both hard to reach and hard to stay areas to improve retention of health workers.
- Pilot a push system for the distribution of medicines to health facilities.
- Development grants should have a component on supervision of activities.

Industrialisation

Industrial Parks Development

- The Uganda Investment Autority (UIA) should develop a strategy to interest investors to settle in the parks alongside road construction and further servicing.
- UIA should assess the capacity of investors before allocating plots and agricultural land. In the case of agricultural land, smaller blocks can be allocated to investors with neighbouring blocks reserved for expansion on certifying that investors have effectively occupied the initial block.

Presidential Initiative on Banana Industrial Development

- **Commitment Control:** By the end of the third quarter, the full budget for PIBID had been released and over 80% expended. At the same time, additional interim pay certificates were awaiting payment. This status therefore is constraining the project budget. For proper planning, commitments should be within the approved budget and any payments outside the budget should be phased within the expenditure framework to avoid last minute supplementary requests.

Information Communications Technology

Telecentres

- Intermittent Internet failures and limited connectivity affect the business operations. It is therefore recommended that the bandwidth for postal telecentres and vanguard institutions be upgraded to allow better connections.
- Posta Uganda management should analyse the client base of each of the telecentres established and accordingly increase on the resources (computers) at centres with more potential.
- Management should ensure that all deliveries are checked and undelivered items recorded and suppliers tasked to deliver them before actual payments (missing generator cable).
- In the second ERT project, a budget line for sensitization and awareness about the projects under implementation should be set aside. For areas without stable power supply, comprehensive power solutions with enough capacity to run telecentres should be budgeted for.

Roads

- Generic challenges that cut across the monitored development projects like cost overruns, design changes, and delays in obtaining key decisions need to be streamlined and proactively controlled in order to effectively manage the ever rising construction unit rates and reduce the generic delays in completion of the projects. A trade off of the gains from shorter construction periods, as a result of shorter road length packages, and the losses from over de-fragmentation of road projects, mainly from mobilisation/ establishment costs, and economies of scale, ought to be sought.
- Land acquisition issues and capacity issues at the UNRA upcountry stations arising from the batch of 10,000Km of roads upgraded from district to national roads need to be addressed through a strategic plan for the rehabilitation and maintenance of the roads against the backdrop that funds under the URF are by law limited to maintenance activities.
- Issues of under scoping of routine mechanised maintenance works, procurement ceilings for micro-procurements 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.
- Funds from URF that are disbursed to UNRA and all other agencies on the IFMS system should be promptly captured on the system as a way of improving accountability and efficiency.
- 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 need for a framework to improve the availability and maintenance of equipment at UNRA upcountry stations and district works departments in order to improve effectiveness of the maintenance programmes.
- There is need for a framework that allows for flexibility in minimum qualifications in cases where districts fail to attract key technical personnel as a possible way around understaffing within the works departments.
- There is urgent need for cost effective alternative technologies to the use of gravel as a construction material for areas with scarce and very expensive gravel.

- Poor quality works observed on urban roads resealing contracts need to be examined further and the underlying causes addressed. Contractors for the works need to be brought to book or blacklisted from all public procurements.
- Kasese district, where 36.4% of the funds released for road maintenance were frozen by URA needs to be investigated further and the responsible officers brought to book.
- The inconsistencies in the financial information of the Rural Roads Programme (Support to MELTEC) need to be streamlined so as to avert potential failure of the project and alley concerns by implementing partners on the management of the funds remitted to the consolidated fund.

Water and Sanitation

- Expenditure on outputs for sanitation campaigns and emergency borehole drilling under *Support to Rural Water Supply and Sanitation* should be clarified by MWE, as outputs are not commensurate with expenditure.
- Efforts should be made to improve the value for money of centrally drilled boreholes. In particular, the high unit cost is a concern, given that there should be benefits of economies of scale as the contracts are centrally procured. To improve the long-term functionality of these boreholes, resources need to be allocated to training Water User Committees, and improving coordination with local district water offices.
- Rainwater harvest tanks have shown positive results and should be scaled up in locations with suitable geological conditions.
- MWE needs to take urgent action to ensure GoU funds reach regionalised projects. An audit of GoU funds accounted for under WSDF-North is recommended.
- Given the good physical progress realised so far under WSDF-North, as well as a clear work plan for FY10/11 which focuses on under-served areas, the proposed budget cut in donor funds for FY10/11 should be reconsidered.
- Efforts need to be undertaken to clear payments certificates on a timely basis to avoid accrual of interest payments.
- Based on the good progress to date of *Gulu Town Water Supply and Sanitation Project,* opportunities for securing multi-year funding for the project should be explored.
- Given the relatively new reporting formats, Performance Form A and B, further resources should be invested in strengthening the reporting processes within MWE. This should help to enhance the accuracy of reports submitted to the MFPED.

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 by **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), and
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 two 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 FY 2008/09 and Q1 of 2009/10 especially if they had major implementation issues were also revisited.
- Programmes with planned activities in Q3 of FY 2009/10 were also sampled to assess progress as the FY activities got under way.

1.2 Limitation of the report

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

1.3 Structure of the report

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

CHAPTER 2: FINANCIAL PERFORMANCE

2.0 Introduction.

The financial performance analysis consists of two components namely;

- The development budget performance for the selected sectors.
- A review of the flow and levels of absorption of the development funds to the selected fifteen (15) districts and the approved budget trend analysis for the development grant for the FY 2008/2009 and FY 2009/2010.

2.1 Sector Financial performance

This section reports on government of Uganda (GOU) domestic development approved annual budget, releases and absorption for the period July 2009- March 2010; for the Ministries of Agriculture, Animal Industry and Fisheries; Education and Sports; Energy and Mineral Development; Health; Works and Transport; Water and Environment; and Finance, Planning and Economic development (development of Industrial parks, Presidential initiative on banana, and Soroti fruit factory). It further makes a comparison of the budget trend for the development grant for the two financial years of 2008/2009 and 2009/2010.

2.1.1 Objectives

- To provide performance analysis of the funds released to the sectors and absorbed against the approved budget.
- 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 sector development budget.
- Establish the absorption levels of the funds released by the Ministry of Finance, Planning and Economic Development (MFPED) to the districts.

2.1.2 Scope and methodology

The period under review was July 2009 to March 2010 in respect to the domestic 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. In verifying the information, the team held discussions with the district Chief administrative officers (CAOs), Chief finance officers (CFOs), heads of departments and the finance department staff.

The analysis largely used the IFMS data and the legacy figures.

2.2 Sector Ministries

1)**Vote 010 Ministry of Agriculture, Animal Industries and Fisheries (MAAIF)**

There was an increment of 31% in the development GOU approved annual budget from Shs 9.49 billion (excl. taxes) in the FY 2008/2009 to UShs 22.222 billion (excl taxes) in the FY 2009/2010. The amounts released for the period July 2009 – March 2010 amounted to UShs 16.465 billion representing 74% performance while the absorption rate was 88.7%. The releases to projects ranged from 45% to 90%. Most of the funds received were absorbed and the overall absorption rate stood at 88.7% in the range of 42 %-100% for all the projects.

The following projects registered very low absorption rates of funds;

- 0076- Support for institutional development with an absorption rate of 64.4%
- 0090-Livestock disease control with an absorption rate of 65%
- 0970-Crop disease and pest control with an absorption rate of 56%
- 1008 -Plan for National agric station with an absorption rate of 68%.
- 1084-Avian and Human influenza with an absorption rate of 42.9%.

2).Vote 013-Ministry of Education and Sports

The total domestic development budget for the financial year 2009/2010 was UShs 44.24 billion excluding taxes which eventually increased to UShs 49 billion as a result of re-allocation of UShs 4.76 billion from programme 02, item 0701102- Instructional materials to project 0949- ADB III Post primary education thereby pushing the budget from UShs 6.34 billion to 11.1 billion. There was a 25% increase in the GOU development annual approved budget which moved from UShs 39.74 billion in the FY 2008/2009 to UShs 49 billion in FY 2009/2010. For the period July 09- March 2010, a total of UShs 35.86 billion was released representing a release performance of 73% of the total approved development grant budget while the overall absorption rate stood at 91%. A total of UShs 32.69 billion was the amount absorbed of the UShs 35.86 billion received representing an absorption rate of 91%.

The following two projects received less than 71% unlike other projects which stood at 71% and above. On prorata basis the cash limits for the period ending March were at 71% instead of 75%. The project were; Project 0897 -development of secondary schools performance release of 69% and project 1091- Support post primary education release performance of 65% .

Regarding absorption, the overall absorption rate was 91% of the funds received with project 0984-Relocation of Shimoni Primary School spending the least amounts at an absorption rate of 55% (UShs 1.970 billion) of the entire release of UShs 3.557 billion.

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 2008/2009 representing an increase of 58.2% in the annual approved budget. The total releases for the period were UShs 239.1 billion representing 69% of the approved annual budget. The release underperformance was registered in the following projects; Project 0328- Sustainable management in minerals with a release performance of 49.5%; Project 0331- rural electrification with a release performance of 48.75% while project 1024- Bujagali interconnection received 48.75% of the approved budget.

Regarding absorption of the funds, the overall absorption stood at 98% of the released amount. The following projects had generally low absorption of funds received:

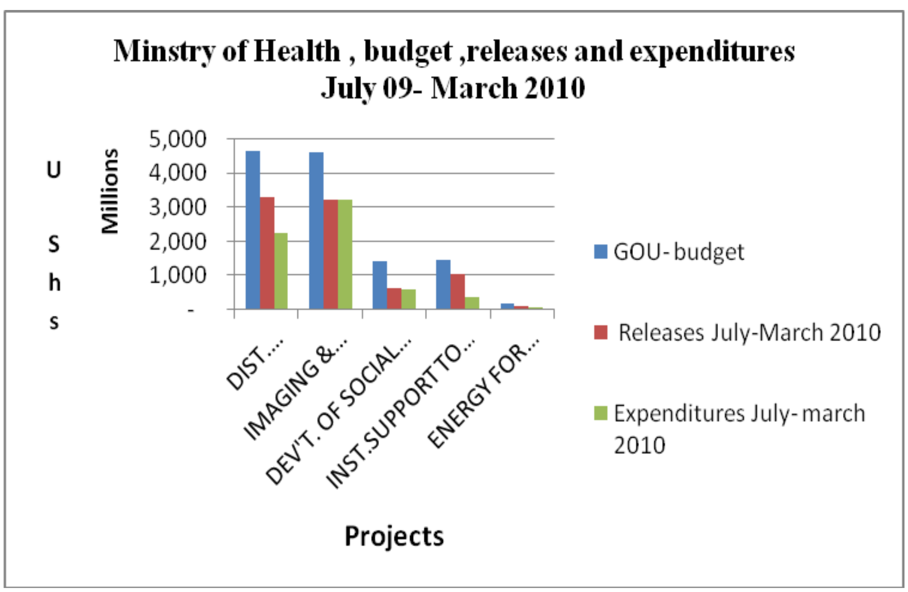
- Project 1024-Bujagali interconnection spent 0% of the entire UShs 1.462 billion received.
- Project 0328-Sustainable management minerals spent 31.2 % (UShs 253 Million) of the UShs 811 million
- Project 0329-Petroleum Exploration spent 74.5% (UShs 3.682 billion) of the funds received totaling to UShs 4.936 billion.

4) Vote 014 Ministry of Health

There was a slight decrease in the approved annual GOU development budget from UShs 12.88 billion in the FY 2008/2009 to UShs 12.263 billion (0.5%) excuding taxes. By the end of March 2010, the total release of the domestic development grant to the Ministry of Health was 67.6% (UShs 8.29 billion) out of the approved GOU development budget of UShs 12.26 billion.

Most of the projects under the vote received above 70% of the approved annual budget save for the following projects: project 0980- Development of social health initiative total release was 46.5%(UShs 650 millions) out of the annual approved budget of UShs 1.4 billion; project 1049 – energy for rural transformation received 49.6 % of the entire budget of UShs 200 million. The overall absorption rate of the funds received stood at 78.5% with project 0216- District Infrastructure Support Programme spending 68.3% of the funds received while project 1027-Institutional support to Ministry of Health spent 37.9% (UShs 391 million) of the total UShs 1.032 billion received, an indication of poor absorption levels.

Figure 2.1 shows the details of the projects annual budgets, amounts released and spent for the period July 2009- March 2010



Source: IFMS data

The details of the projects:

- Project 0216 – District infrastructure support PRG I
- Project 0224- Imaging and theatre equipment.
- Project 0980 –Development of social health initiative.
- Project 1027- Institutional support to ministry of health.
- Project 1094- Energy for rural transformation

5) Referral Hospitals

This section reports on the approved domestic development budget and the amounts released for the period July 2009 to March 2010 based on the legacy system. The data regarding the expenditures is not readily available.

Vote 0161-Mulago Hospital Complex

- The entire development budget for Mulago Hospital for the FY 2009/2010 was UShs 5.020 billion of which a total of UShs 3.573 (71.1%)was released for the period July 2009 to March 2010.

Vote 162- Butabika Hospital

- The development approved budget for the FY 2009/2010 was UShs 8.485 comprising of UShs 1.325 billion for project 0911- Butabika and health centre remodeling and construction; and UShs 7.159 billion for project 0981- Strenghtening reproductive and mental health. A total of UShs 495 million was released for project 0911 and UShs 5.096 for project 0981 representing 39.3% and 75% respectively.

Vote 163 -Arua Rehabilitation Referral Hospital

- The annual development approved budget for the FY 2009/2010 was UShs 1.481 billion but had a cut of UShs 75.3 million leaving a revised budget of UShs 1.405 billion. A total of UShs 1.054 billion (74%) was released.
- A number of referral hospital *experienced budget cuts* in the period as shown in the table 2.1. The table also shows the release performance for the referral hospitalS for the period July 2009- March 2010

Table 2.1: The annual budget, budget cuts and releases for the period July 2009 to March 2010

Vote	Proj	Proj Name	Revised Budget	Budget Cuts	Revised budget after cuts	Releases July-March 2010	Release performance
161	0392	Mulago Hospital Complex	5,020,000,000	-	5,020,000,000	3,573,345,000	71
162	0911	Butabika and health cente remodelling/construction	1,325,140,000	67,455,557	1,257,684,443	495,140,000	39
162	0981	Strengthening reproducive and mental health	7,159,999,654	364,476,028	6,795,523,626	5,096,643,000	75
163	1004	Arua Rehabilitation Referral Hospital	1,481,000,000	75,389,528	1,405,610,472	1,054,175,000	75
164	1004	Fort Portal Rehabilitation Referral Hospital	1,750,000,000	89,082,832	1,660,917,168	1,245,688,000	75
165	1004	Gulu Rehabilitation Referral Hospital	1,750,000,000	-	1,750,000,000	1,750,000,000	100
166	1004	Hoima Rehabilitation Referral Hospital	1,143,000,000	58,183,816	1,084,816,184	813,612,000	75
167	1004	Jinja Rehabilitation Referral Hospital	1,808,000,000	92,035,292	1,715,964,708	1,271,974,000	74
168	1004	Kabale Rehabilitation Referral Hospital	1,800,000,000	91,628,056	1,708,371,944	1,281,279,000	75
169	1004	Masaka Rehabilitation Referral Hospital	1,806,000,000	91,933,483	1,714,066,517	1,285,484,000	75
170	1004	Mbale Rehabilitation Referral Hospital	1,452,000,000	73,913,299	1,378,086,701	1,033,565,000	75
171	1004	Soroti Rehabilitation Referral Hospital	1,350,000,000	68,721,042	1,281,278,958	1,260,959,000	98
172	1004	Lira Rehabilitation Referral Hospital	1,460,000,000	-	1,460,000,000	1,460,000,000	100
173	1004	Mbarara Rehabilitation Referral Hospital	1,200,000,000	61,085,371	1,138,914,629	854,186,000	75

- ***Source: Legacy Data***

- On prorata basis, all the referral hospitals receipts were above 74 % of the entire budget with exception of Vote 162 project 0911- Butabika and Health Centre Remodeling and Construction that received 39% while vote 165-Gulu Rehabilitation Referral Hospital and vote 172 Lira Rehabilitation Referral Hospital received the entire annual approved budget of 100%.

6) VOTE 008 -Ministry of Finance, Planning and Economic Development (Selected projects).

Project 1111: Soroti Fruit Factory

The annual domestic approved budget for the project for the FY 2009/2010 was UShs 5.0 billion. Apparently, there was a budget cut of UShs 1 billion bringing the revised budget to UShs 4.0 billion but no funds had been released as of March 2010.

Project 978: Presidential Initiative on Bananas

There was an increase of 64.5% of the approved GOU annual budget for the FY 2009/2010 that moved from UShs 6.2 billion in the FY 2008/2009 to UShs 10.2 billion. The project received a re-allocation of UShs 1.0 billion that increased the revised budget to UShs 11.2 billion for the FY 2009/2010. By the end of March 2010, all the funds had been released. The data on expenditures is not available on the system; details are discussed in chapter three under 3.5 (Industrialisation).

Project 994: 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 during FY 2008/2009 the budget was UShs 19.7 billion, but the total release for the financial year was UShs 29.6 billion (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. Of the entire annual budget, a total of UShs 3.629 billion had been released representing 48.75% performance as of March 2010.

7) **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 (Excl.taxes) for FY 2008/2009. This represents a 38% increase in the GOU development annual approved budget. The total releases for the period July 2009 – March 2010 were UShs 42.881 billion representing a release of 78.3% of the annual development approved budget of which UShs 32.77 billion was spent representing 76.4% absorption rate.

Eleven (11) projects out of the twenty five (25) projects in the Ministry registered low releases of funds of less than 70 % of the annual approved budget. On prorata basis the release rate was averagely 75%. Notably the following projects registered very low release performance;

- Project 0140 Meteorological Support for PMA, release performance of 48%
- Project 0947 Farm Income enhancement project, release performance of 23%
- Project 0140 Meteorological support for PMA release performance of 48%.
- Project 1074 water and sanitation development facility, release performance of 48%

The following projects had generally low absorption rates/ capacity;

- 0947 Farm income enhancement scheme absorbed 56.8% of the funds received.
- 1021 Mapping of ground water absorbed only 39.5% of the funds received.
- 1022 Strengthening capacity on concessions absorbed 27.5%
- 1030 Sector investment plan coordination absorbed 59.4%

8) Vote 016 -Ministry of Works and Transport (MoWT)

The total approved GOU development budget for the FY 2009/2010 amounts to UShs 78.713 billion (excluding arrears and taxes). This is a movement of 28.4% from the FY 2008/2009 approved budget that was UShs 61.3 billion. The arrears were in respect to project 1052 – Rehabilitation and Re-equipping of the East African Civil Aviation Academy- Soroti totalling to UShs 10 billion which had been released. By the end of March 2010, a total of UShs 59.1 billion(75%) had been released. The overall absorption rate as at end of March 2010 was 78.4%(UShs 46.348billion) of the funds received but a large number of projects did not absorb the funds received for the period as shown in the table 2.2. Funds were adequately released by the MFPED ranging from 71-75% .

Table 2.2: Projects which registered low absorption of funds :

Project	Project name	GOU Budget	Releases	Payments	Release performan ce %	Absorption %
42	Institutional Support to URC	1,000,000,000	749,998,000	377,829,000	74.	50.3
270	Development & Strengthening Quality Management	1,100,000,000	825,000,329	401,121,507	75.	48.6
304	Upcountry stations rehabilitation	400,000,000	300,000,000	102,684,668	75	34.2
306	Urban roads resealing	4,200,000,000	2,989,651,000	1,545,411,877	71.2	52
515	Rehabilitation of Bugembe workshop	700,000,000	525,000,000	40,272,000	75	7.6
902	**Axle load control**	**600,000,000**	**450,000,000**	**213,057,000**	75	47.4
951	East african trade and transportation Facilitation	400,000,000	300,000,000	146,877,780	75	49
966	Late Gen.Tito Okello's residence	400,000,000	300,000,000	43,765,566	75	14.6
967	**General Constrn & Rehab works**	**2,000,000,000**	**1,500,000,000**	**297,689,754**	75	19.8
1019	Rural roads programme-support to MOWT	1,280,000,000	911,132,000	511,382,911	71.2	56.2
1046	Kasensero-Kabango bay link study	200,000,000	150,000,000	2,975,000	75	2
1048	Motor Vehicle inspection service	900,000,000	675,000,090	295,549,045	75.	43.8
1049	Kampala-Kasese Railway feasibilty project	1,000,000,000	750,000,000	165,568,855	75	22.1
1061	Construction of government office blocks	2,440,000,000	1,830,000,000	26,633,460	75	1.5
1062	Karamoja roads development programme	200,000,000	142,364,000	68,567,466	71.182	48.2
1095	National Air transport facilitation project	200,000,000	150,000,000	69,176,518	75	46.1
1096	Support for computerised driving permits	900,000,000	675,000,000	196,297,535	75	29
1101	Building infra.for growth-MoWT Change programme	200,000,000	150,000,000	-	75	0
1105	Strengthening Sector coord,planning & ICT	903,000,000	677,250,000	348,760,342	75	51.5

Source : IFMS

9) Vote 113 - Uganda National Roads Authority (UNRA)

There was a 17% increase in the budget of the FY 2009/2010 which moved from UShs 411.2 billion in FY 2008/2009 to UShs 481.2 billion. The total release for the period under review was at 51 % (UShs 243.5 billion) of the approved budget of UShs 481.2 billion. The total expenditure for the period was UShs 55.5 billion that is 33% of the amount received reflecting very poor absorption. Most of the projects received the entire annual allocation (100%) but had very low absorption, majority with 0% of the funds as shown in table 2.3.

Table 2.3: Project total annual budgets, releases and expenditures

Project code	Project name	Approved Budget	Releases	Payments	Release performance	Expenditures as % of–March 2010
265	Upgrade atiak- Moyo-kajokeji	8,000,000,000	8,000,000,000	-	100	0
267	Improvement of ferry services	6,000,000,000	5,400,000,000	-	90	0
279	Improvement of traffic flow in kampala	5,000,000,000	5,000,000,000	-	100	0
280	Rehabilitate fort portal-hima(55km)	1,900,000,000	1,900,000,000	186,768,487	100	9.8
293	Construction of RD Agency HQs	100,000,000	100,000,000	-	100	0
294	External Audit Services	300,000,000	300,000,000	-	100	0
298	Accident black spots on Jinja-Kampala	1,738,000,000	1,638,000,000	-	94.2	0
954	Design muyembe-moroto-kotido(290km)	2,000,000,000	2,000,000,000	-	100	0
955	Upgrade Nyakahita Ibanda	4,020,000,000	3,618,000,000	326,738,062	90	9
1031	Upgrade Gulu-Atiak-Bibia/Nimule	2,000,000,000	2,000,000,000	-	100	0
1032	Upgrade Vurra-Arua-Koboko-Oraba(92km)	2,071,373,333	2,071,373,333	-	100	0
1033	Design Hoima-Kaiso -Tonya(85km)	2,000,000,000	1,850,000,000	-	92.5	0
1038	Design Ntungamo-Mirama Hills(37km)	100,000,000	100,000,000	-	100	0
1040	Design Kapchorwa-Suam road	100,000,000	100,000,000	-	100	0
1044	Design Ishaka-Kagamba(35km)	100,000,000	100,000,000	-	100	0
1056	transport Corridor project	400,265,675,977	166,350,327,667	43,563,702,625	41.5	26.2
1099	Design for Reconstruction of Toror-Soroti road	100,000,000	100,000,000	-	100	0
1100	Design for reconst of Lira -Kamudini -Gulu road	100,000,000	100,000,000	-	100	0
1103	Feasibility Study of Bus Rapid Transit	500,000,000	500,000,000	-	100	0
1104	Construct Selected Bridges (BADEA)	700,000,000	700,000,000	-	100	0
		481,037,049,310	243,520,501,000	80,000,462,582	51	32.85

Source: IFMS

2.3 Financial Performance of Selected Districts

2.3.1 Introduction/Background

A total of 14[1] districts and one municipal council were visited (between 3rd and 25th March 2010), mainly to track the development grants released by the MFPED for the first three quarters of the F/Y 2009/2010. 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 the local government development programme (LGDP).

2.3.2 Objectives

- To establish whether all the funds released by the MFPED were promptly remitted to the sectors of Education, Health, Agriculture, Rural roads and Water, Local Government Management and Service Delivery (LGMSD) and if not whether there was any diversion of funds.
- To ascertain if there were any unspent balances at the end of FY2008/2009; and if so whether permission was sought and obtained from the Accountant General as required by the financial regulations.
- To assess level of absorption of funds received from the MFPED and if low, the plausible reasons for observed levels.
- To analyze the approved annual budget trends of the FY2008/2009 and FY2009/2010 to ascertain the performance of the MFPED with respect to the budget figures.

2.3.3 Methodology

The methodology used included; physical visits to the district offices and interviewing of CAOs,CFOs, and sector heads of departments; reviewing of relevant official documents and records such as the general operational account cash books, sector cash books and the bank statements.

2.4 FINDINGS

1). ABIM LOCAL GOVERNMENT

At the time of monitoring, the Sector Accounts Assistant of Health department, works and NAADS were not at the station and information was not readily available. However, the team met the Senior Accountant on 11th March 2010 who promised to contact them and avail the information. Attempts were made to get the information in vain. This was followed by a number of phone calls and all the promises were not honored.

---

[1] Wakiso, Kiboga, Nakaseke, Luwero, Amuru, Pader, Abim, Oyam, Kaberamaido, Dokolo, Bukedea, Manafwa, Nakasongola, Busia and Mbale municipal council

Some scanty information was obtained from the Senior Accountant regarding the absorption levels. According to the Senior Accountant, all the funds received on the general fund account were promptly remitted to the sector accounts

It was stated that the district received the PRDP funds for the first and second quarter but did not receive the breakdown showing the different sector components and as a result all the PRDP funds received had not been remitted to the sectors.

2 : AMURU LOCAL GOVERNMENT

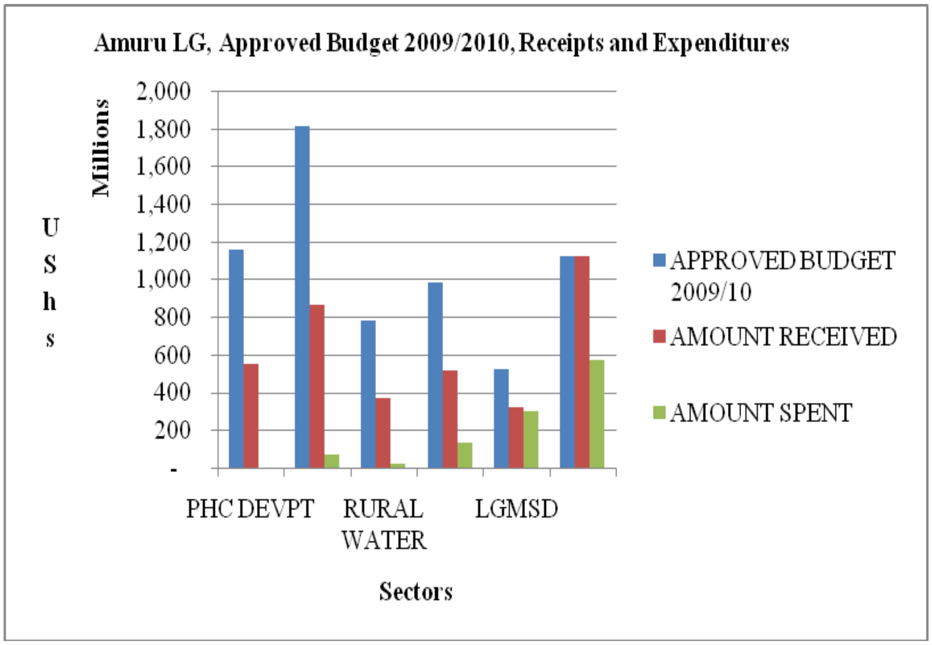
The district received funds for the three quarters of the FY2009/2010 which remitted to the respective sectors in time. At the time of monitoring, all the funds received were not fully utilized. There was a very low absorption of funds, rated at 0%, 7%, 6%, 25%, 60%, and 48% for the sectors of health, education, rural water, and rural roads, LGMSD, and NAADS respectively. This was a result of the lengthy procurement process that had just been completed at the time of monitoring.

The procurement delays were specified as;

- Delay by the user department to send in their initiation plans.
- Lack of knowledge by the user department.
- Lack of facilitation for the evaluation team that caused delays at the evaluation stage.
- The need for approval of contracts of over 50m by the Solicitor General which takes long. This takes more than one month for the contracts to be approved.
- Lack of a complete contracts committee.The MFPED approved five members to serve on the committee for three years but by the end of the FY2008/2009, two had left for further studies. The district then submitted other five names of which three were approved whose induction was on-going.
- Lack of technical input especially in the works sector. There was only one Engineer who is normally too busy to expeditiously handle the assignments.
- There were delays in payments to the contractors brought about by the team of politicians and technocrats who have to verify that the work done is worth paying for. The team takes long to do this verification leading to low absorption of the funds.

The figure 2.2 below shows the total receipts and expenditures as compared to the approved budget.

Figure 2.2: approved budget FY2009/2010, receipts and expenditure for period ending March 2010



Source: Amuru District General fund account and Sector cash books

Most sectors had received les than 50% of the approved budget save for NAADS reflecting, a low release performance on the part of the MFPED.

The SFG had an annual budget of UShs 1.8 billion for the FY 2009/2010 of which UShs 863million (47.9%) had been received by the time of the monitoring. A total of UShs 71 million representing 8.2% was amount spent. The amount spent included a total of UShs 44million being balance brought forward from FY 2008/2009 implying that only UShs 27 million was the actual expenditure on the amount received during the FY2009/2010. The poor absorption was attributed to the lengthy procurement process and the frequent transfers of the CAOs.

There were no funds spent on the PHC Development account as the first contract had been signed but no work had started yet. Two other contracts had just been signed by the time of monitoring and according to the DHO, work was to start soon.

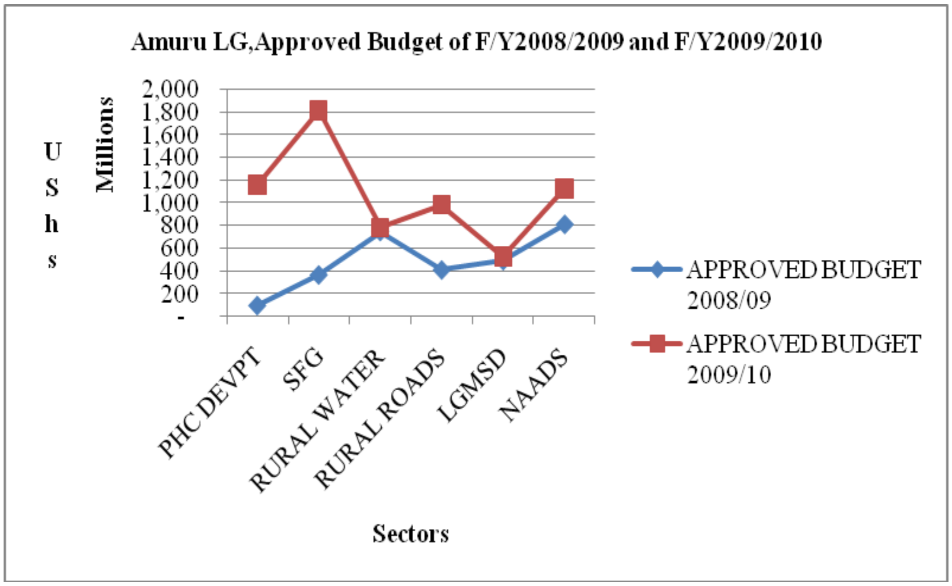
Amuru Budget trend analysis

There was a general increase in the approved budget for the period under review as seen in figure 2.3 for the programs of NAADS, SFG, PHC development and rural roads apart from LGMSD and rural water which nearly remained constant.

The general increase was mainly brought about by the PRDP component that the district is receiving.

The figure 2.3 shows the budget trend for 2008/2009 and 2009/2010.

Figure 2.3: Approved budget trend for FY2008/2009 and FY2009/2010



Source: Amuru District General fund account

During the 1st quarter (July 2009), UShs 10,741,000 was included in the release schedule but never released by MFPED to the District. This was meant for community development – staff salaries under boards and commission.

A cheque of UShs 117,000,000 for transferring LGDP 1st quarter release was misplaced by Stanbic Bank prompting a cheque replacement which was prepared and banked on the 9th, March 2010. This explains why funds delayed to be transferred to lower councils.

During the 2nd quarter (October 2009) UShs 522,931,141 for development release was received but MFPED never provided formal release schedule to facilitate proper transfer of the funds. MFPED later provided a breakdown in the New Vision on the 24/11/09 totaling to UShs 473,083,656 leaving a balance of 49,847,485 on the General fund account which to date has not been transferred to sector accounts. The district therefore used the news paper information and the 2nd quarter release information to process the transfers. The District awaits the MFPED to guide them on how to allocate UShs 49,847,485 which is still on the district general fund account.

Source: Amuru District General fund account and Sector cash book

3) **BUKEDEA LOCAL GOVERNMENT**

Bukedea local government received the development grant funds for the first three quarters of financial year 2009/10 and the funds were promptly remitted to the sectors of health, education, agriculture, water and sanitation and works.

The absorption levels were very low particularly the SFG funds which had received a total of UShs 128.9 million of which the total expenditures at the time of monitoring was only UShs 10 million. It was stated that the award of the tender for the SFG projects had been done but actual implementation had not commenced.

At the time of monitoring, it was also established that the LGMSD had an outstanding balance of UShS 159 million with the unspent balance as at close of the FY 2008/2009 of UShs 105 million. According to the CAO, the unspent balances were funds meant for completion of the health laboratory which was still ongoing. The current balance of UShs 159 million was meant for lower sub-counties but had not been transferred

Efforts to get the sector information for PHC development regarding the absorption levels were futile.

4. BUSIA LOCAL GOVERNMENT

The local government received all the grants for the first three quarters (July – March 2010) for only two sectors of LGMSD and NAADS while the sectors of rural roads, rural water, SFG and PHC development received funds for the first two quarters only by the time of monitoring. The delay by the MFPED to timely remit the funds will eventually escalate the problem of unspent balances at the end of the FY.

The received funds were timely transferred to the respective spending departments by the CFOs office.

Funds absorption was low as reflected by the huge balances in table 2.4

Table 2.4: Unspent Balances as per March 2010

SECTOR	BAL C/F AT FEB/MARCH (UShs)
PHC DEVPT	119,149,888
SFG	151,097,472
RURAL WATER	167,683,027
RURAL ROADS	155,755,424
LGMSD	169,414,339
NAADS	43,107,837

Source: Busia District Sector Cash Books

Table 2.4 shows that it was only the NAADS sector that effectively utilized/ transferred the received funds to lower sub counties.

The balances on the School Facilities Grant were largely attributed to the projects that rolled over from last financial year that included latrine construction in Dabani Secondary School; and supply of furniture to Buyengo and Bulondani primary schools. It was stated that inferior furniture had been supplied which was out rightly rejected by the education committee. The contractor was advised to re-supply but he quit, prompting re-advertisement of the tender.

The water sector projects had commenced which included drilling of four boreholes under PRDP; and eighteen boreholes and shallow well construction under the development grant. The Engineer had not yet submitted the certificate of completion for processing the payment.

Under the health sector for PHC development, works were on going and funds were being absorbed. Projects included construction of two health centres and the laboratory project which was awarded late due to late approval from Solicitor General. The other project which was due to start was the construction of the drug store.

It was ascertained that the funds for the third quarter for PHC development and the PRDP component had not yet been received and this is bound to cause accumulation of the unspent funds because of late receipts.

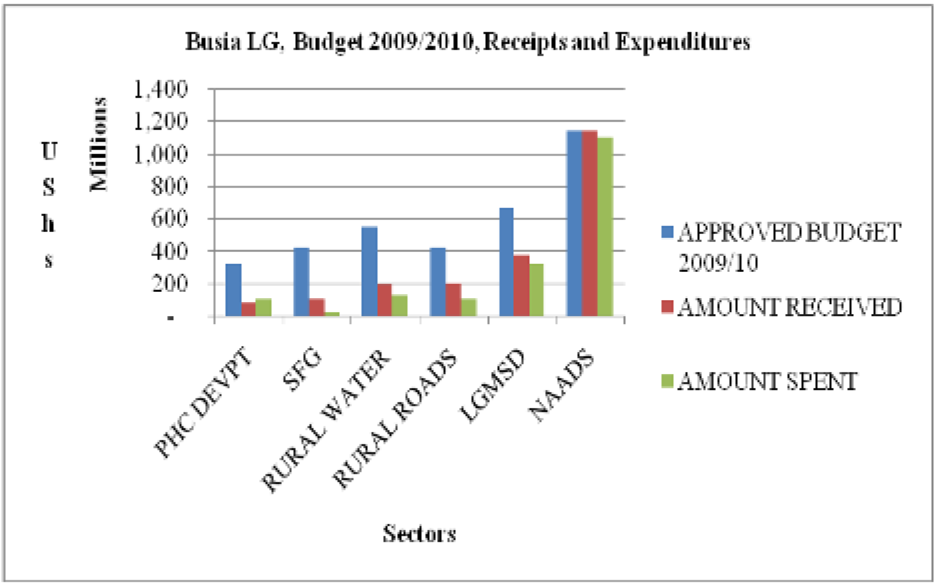
The balances on the LGMSD and NAADS were mainly for construction of a market and two roads with respect to LGMSD. However remittance to lower units had been transferred.

It was established that the delays in execution of the work was attributed to the late approval of the contracts by the Solicitor General for the contracts above UShs 50,000,000/= for works and UShs 30,000,000/= for supplies. It was further attributed to late delivery of the release schedules indicating allocation of funds between sectors and the PRDP component. It was also noted that the districts at times lack local revenue to run the adverts.

On the same note, there was late evaluation of the contracts since this was usually done by the civil servants who were busy, coupled with lack of allowances during the evaluation exercise. In addition, the absence of the district contracts committee that expired in July 2009 and the late approval of the new contracts committee by the MFPED did not help matters. This was worsened by the late initiation of procurement requests by the user departments all causing delays.

The permission to use the unspent balances was sought and granted by the Accountant General in respect to the F/Y2008/2009.

Figure 2.4: Approved budget FY2009/2010, receipts and expenditures for period ending March 2010

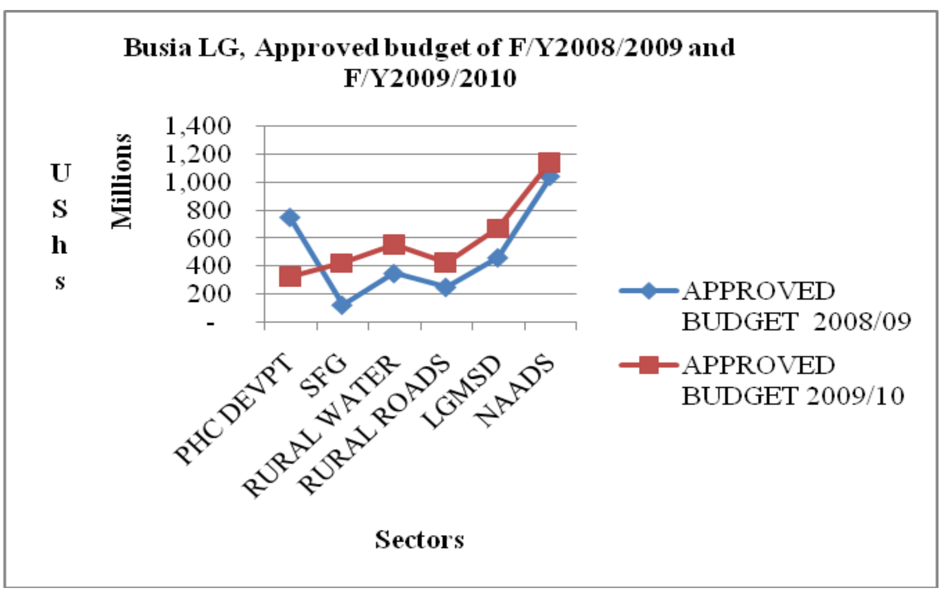


Source: Busia District General Fund Account and Sector Cash books

Figure 2.4 shows poor performance in terms of releases against the budget for the sectors of PHC development, SFG and works sectors.

Busia local government budget trend analysis

Figure 2.5: Approved budget trend for FY2008/2009 and FY2009/2010



Source: Busia District General fund account

Figure 2.5 shows an upward trend in approved budget for all the sectors save for PHC development that had a down ward trend.

Table 2.5: The approved budget, receipts and expenditures

SECTOR	APPROVED BUDGET 2009/10(UShs)	BAL B/F 01/07/09 (UShs)	AMOUNT RECEIVED (UShs)	AMOUNT SPENT(UShs)	BAL C/F AT FEB/MARCH (UShs)
PHC DEVPT	1,138,708,016	-	172,649,617	-	172,649,617
SFG	1,138,708,016	-	150,147,669	-	150,147,669
RURAL WATER	1,138,708,016	17,693,267	29,273,106	5,830,000	41,136,373
RURAL ROADS	1,138,708,016	-	182,685,000	-	182,685,000

SOURCE: BUSIA DISTRICT GENERAL FUND ACCOUNT & SECTOR CASH BOOKS

Table 2.5 shows that releases from the centre were prompt but absorption of the funds was low.

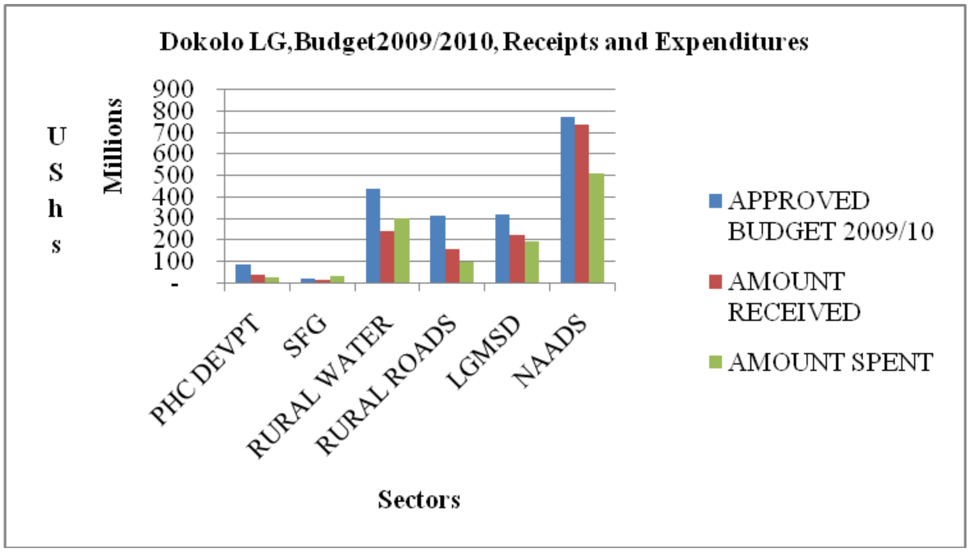
5. DOKOLO LOCAL GOVERNMENT

The local government duly received all the funds for the first three quarters July 2009 –March 2010 for the sectors of LGMSD and NAADS sectors. PHC development, rural water, and rural roads at the time of monitoring had only received funds for the first two quarters. *SFG on the other hand received funds for only the first quarter* and the subsequent releases received were with respect to the PRDP component.

Absorption stood at 67%, 271%, 124%, 62%, 86%, 69% for sectors of PHC development, SFG, rural water, rural roads, LGMSD and NAADS sectors respectively. The SFG and Rural water sector‘s absorption were well above 100% as a result of balances brought forward from FY 2008/2009. The good absorption was attributed to early initiation of the procurement processes.

The subsequent graph shows the budget, receipts and expenditures per sector under review

Figure 2.6: Approved budget FY 2009/2010, receipts and expenditures for period ending March 2010



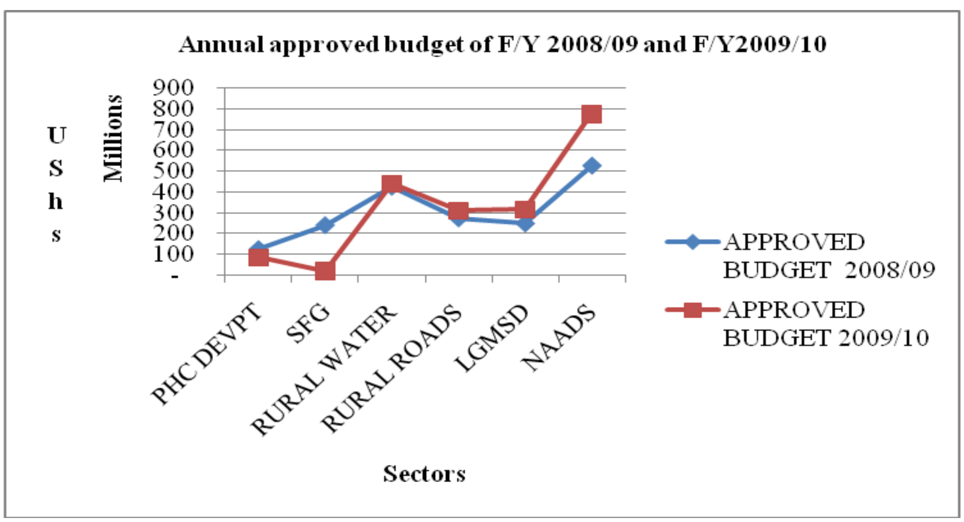
Source: Dokolo District General fund account & sector cash books

Figure 2.6, illustrates that the approved budget, receipts, and expenditure for the sectors of PHC development, SFG, are low. According to the CAO the low absorption was attributed to the PRDP component that was sent to the district for without proper instructions on how it should be utilized.

Dokolo local government budget trend analysis

Figure 2.7 shows a down ward trend in the approved budget for the two financial years under review for the sectors of PHC development and SFG and a gradual upward drift in the approved budgets for all the other sectors. The likely reason for the down ward trend according to the district officials was the funds received under PRDP that were presented as a separate component as shown in table 2.6.

Figure 2.7: Approved Budget trend for FY 208/09 and FY 2010/11



SOURCE: DOKOLO DISTRICT GENERAL FUND ACCOUNT

Table 2.6: Approved annual budget, receipts and expenditures July 2009-March 2010

SECTOR	APPROVED BUDGET 2009/10 (UShs)	BAL B/F 01/07/09(UShs)	AMOUNT RECEIVED (UShs)	AMOUNT SPENT(UShs)	BAL C/F AT FEB/MARCH(UShs)
PHC DEVPT	754,725,000	200,220,384	360,583,624	37,004,497	526,027,371
SFG	1,476,230,000	202,448,244	667,371,000	375,357,245	492,233,755
RURAL ROADS	580,000,000	-	288,049,725	50,256,000	237,793,125

Source: Dokolo District General fund account & sector cash books

It's apparent from table 2.6 that the MFPED releases are commendable with respect to PRDP but funds absorption is still low due to the lengthy procurement processes. To a small extent, some payments have however been made by sectors.

6). KABERAMAIDO LOCAL GOVERNMENT

The local government received all the funds for the first three quarters July 2009 to March 2010 on the general fund account which were timely remitted to the sector accounts.

At the time of monitoring, the funds absorption was still low as it stood at 50%, 14%, 54%, 30%, 88%, and 92% for the sectors of PHC development, SFG, rural water, rural roads, LGMSD and NAADS sectors respectively. It was stated that, absorption of SFG was still low because the release schedule from the MFPED for the second quarter was received late and therefore the remittance to the sector account also delayed. The second quarter SFG funds totaling to UShs 95,829,000 were received on 9th Dec 2009 but transferred two month later on 23rd Feb 2010. This automatically delayed timely absorption of the funds. It was established that contracts were signed in January 2010 and construction work had commenced.

Equally, PHC development funds for the second quarter totaling to UShs 88,863,000 received on the general fund account on 9th Dec 2009 were transferred to the sector account on 23rd February 2010 two month later. This was caused by lack of the release schedule detailing the breakdown of the funds remitted to the district. This resulted into low absorption of funds standing at 50%.

Regarding the water sector, the major works were under PRDP involving the supply of water pipes and drilling of 17 boreholes. Two contractors were engaged with one contractor working on seven bore holes while the other was awarded ten. The contractor who was awarded seven boreholes had commenced on work while his counterpart had not yet started. The absorption rates were 54% at the time of monitoring.

Regarding rural roads, routine maintenance was ongoing under PAF_1 and PAF_2, while the district was expecting a total of UShs 150 million from Ministry of works under $PAF_{3,}$ for rehabilitation works. The overall absorption of funds under rural roads was 30%.

Under the Local Government Management and Service Delivery, the 65% meant for lower councils had been duly transferred to the sub-counties. According to the CAO, the district instituted a team to verify the existence of the projects and the findings showed that the projects were being implemented. The funds were mainly meant to cater for the livelihood projects such as goat rearing, poultry and beehive.

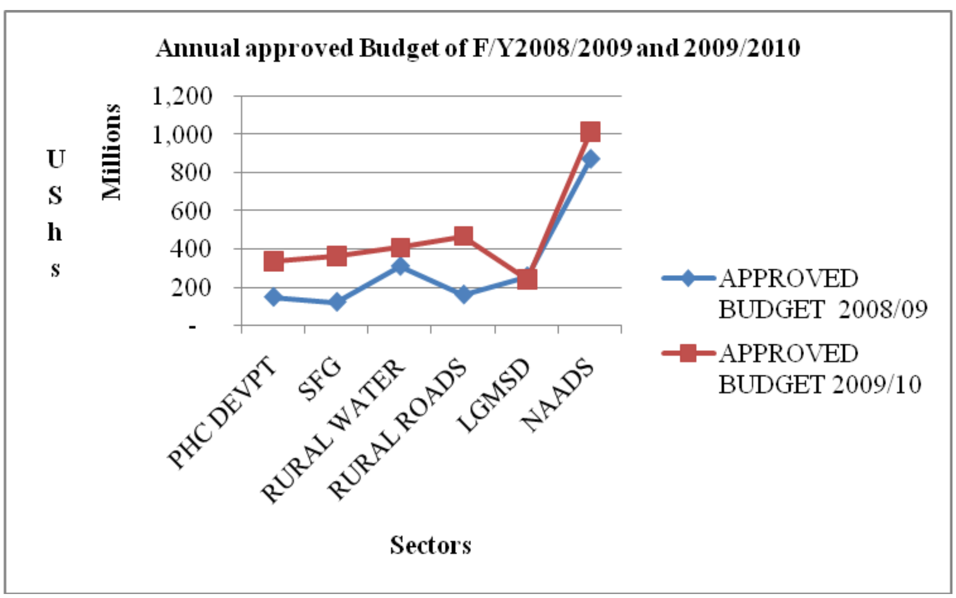
The NAADS sector received upfront 100% of the annual approved budget for the FY2009/2010 and the funds were effectively transferred to the sub-counties.

Overall, absorption as already noted above was still low, largely because of the slow procurement process and this was aggravated by the fact that the Procurement Officer was still new in the office and took time to acquaint himself with the department.

With respect to unspent balances for the FY2008/2009, most sector accounts save for LGDP had negligible balances for which authority to spend had been sought and granted from the Accountant General. The unspent balance on the LGDP account was UShs 108.5 million. At the time of monitoring a total of UShs 83 million had been.

The budget trend analysis

FIGURE 2.8: ANNUAL APPROVED BUDGET TREND ANALYSIS FOR FY2008/2009 AND FY2009/2010



SOURCE: KABERAMAIDO DISTRICT GENERAL FUND ACCOUNT

Figure 2.8 shows a general upward trend in the approved budget of the two financial years under review with the exception of LGMSD sector that had a down turn.

7) KIBOGA LOCAL GOVERNMENT

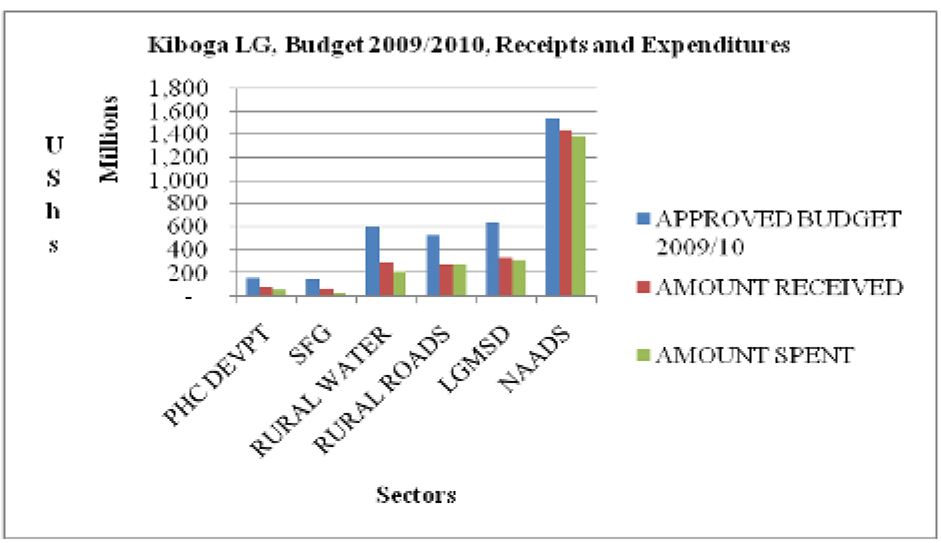
The local government received all the funds for the period July 2009- March 2010 of which only the funds for the first two quarters had been transferred to the spending departments. The funds remitted to the sectors for the FY 2008/2009 were adequately absorbed save for LGMSD and NAADS which had unspent balances UShs12, 000,000/= and UShs2, 000,000/= respectively. Permission to spend the funds was sought and granted by the Accountant General.

Funds absorption for the first three quarters of FY2009/2010 (July 2009- March 2010) on the other hand stood at 77%, 47%, 71%, 100%, 93%, and 96% for the sectors of PHC development, SFG, rural water, rural roads, LGMSD and NAADS sectors respectively.

The low absorption of SFG at 47% was attributed to the lengthy procurement process but tenders had been awarded by the time of monitoring. The district was able to absorb a substantial amount of the funds received in other sectors because it started on the procurement process early enough. The details of the expenditures are shown in the figure 2.9.

Regarding the PHC development, the district had received a total of UShs 76.6 million and had embarked on project implementation with a total of USHs 59.4.

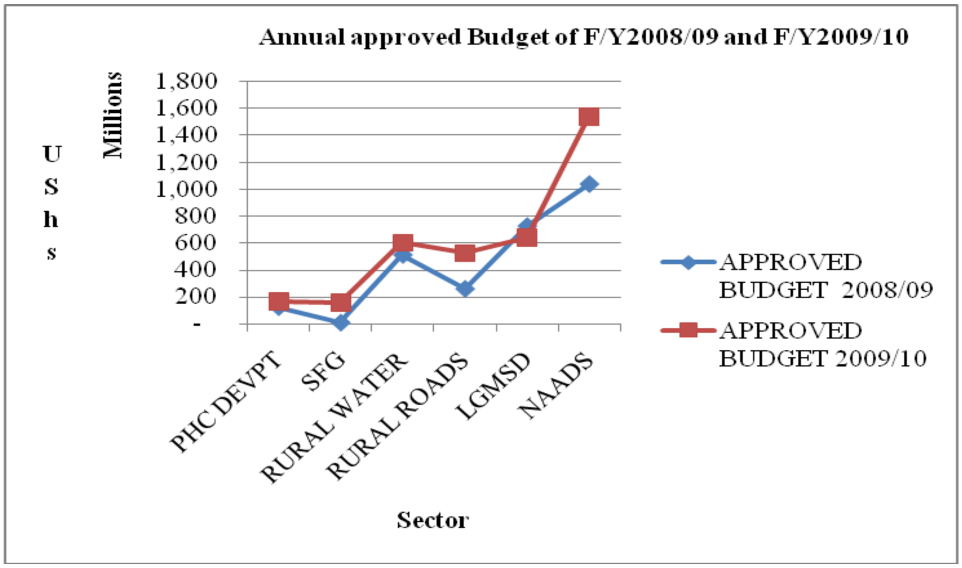
FIGURE 2.9 APPROVED BUDGET FY 2009/2010, RECEIPTS AND EXPENDITURE FOR PERIOD JULY 2009- MARCH 2010



SOURCE: KIBOGA DISTRICT GENERAL FUND ACCOUNT & SECTOR CASH BOOKS

Kiboga budget trend analysis

FIGURE 2.10 ANNUAL APPROVED BUDGET TREND ANALYSIS FOR FY2008/2009 AND FY2009/2010



Source: Kiboga District General fund account

Figure 2.10 shows an upward trend in the approved budget of FY2008/09 to FY2009/2010 for all the sectors with the exception of the approved budget for LGMSD. PHC development registered a small upward budget trend in the FY 2009/2010.

8) LUWERO LOCAL GOVERNMENT

The local government duly received funds for the first three quarters- July 2009 – March 2010 which were remitted timely to the spending sectors of Education, Health, Agriculture, Rural roads and water, Local Government Management and Service Delivery (LGMSD). The NAADS release schedules for the first quarter were received late and this led to late remittance of funds from the general fund to the NAADS sector account. It was however established that all the sub county remittances were disbursed timely to the centers'. At the time of the monitoring, the NAADS account had a balance of UShs 54,694,037 meant for operational activities of the district headquarters.

The percentage remittance from the MFPED for the period under review stood at 43%, 47%, 73%, 83%, 67%, and 101% for the sectors of health, education, rural water, and rural roads, LGMSD, and NAADS respectively. The NAADS approved annual budget funds were all remitted to a tune of 100% while there was no consistency in respect to other sectors which ranged from 43% to 83%.

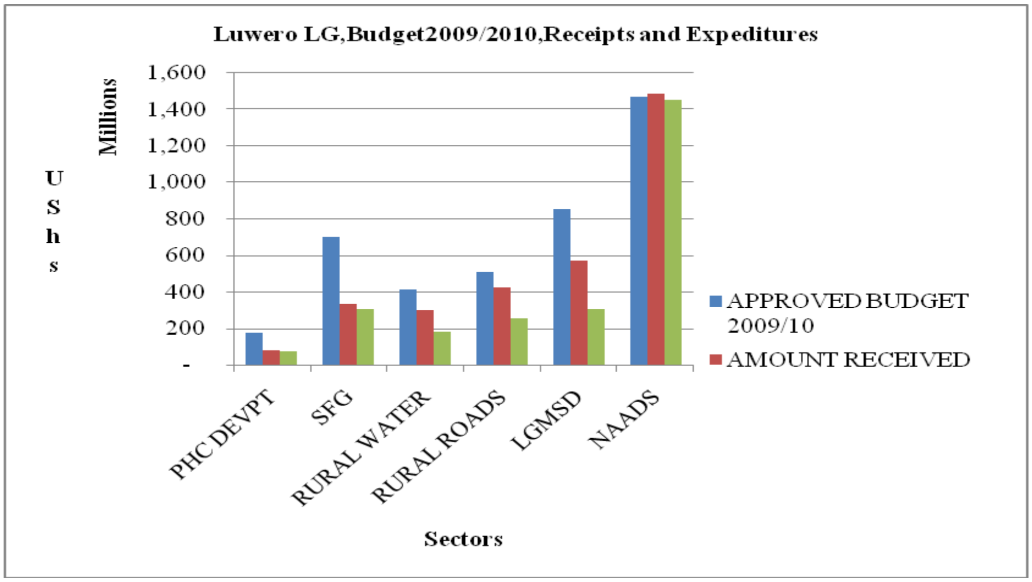
The absorption rates of the sectors for the period under review on the other hand were commendable at 99%, 90%, 60%, 59%, 53% and 99% for the sectors of health, education, rural water, and rural roads, LGMSD, and NAADS respectively. The reflected low absorption rates for rural roads and LGMSD was due to the works which were still ongoing and pending payments.

It was established that most of the works in the district were underway unlike in most districts. The ability to utilize the funds in time was majorly attributed to the fact that the procurement process started before receipt of funds which quickened the process.

The rural water sector had commenced on drilling the bore holes, while payments for rehabilitation of the spoilt bore holes had been made. The contracts for the valley tanks had also been awarded and work was due to start.

Under the schools facilitation grant, works were underway and this was attributed to the fact that contracts were awarded on quarterly basis. For the case of PHC development, expenditures had already been effected for ongoing projects which rolled over from FY2008/2009.

FIGURE 2.11: **THE APPROVED BUDGET** FY2009/2010, **RECEIPTS AND EXPENDITURES FOR PERIOD ENDING** MARCH 2010



SOURCE: LUWERO DISTRICT GENERAL FUND ACCOUNT AND SECTOR CASH BOOKS

It was established that some sector accounts had unspent balances as at the close of FY2008/2009 as shown in the table 2.7.

Table 2.7: Unspent Balances at close of FY 2008/09

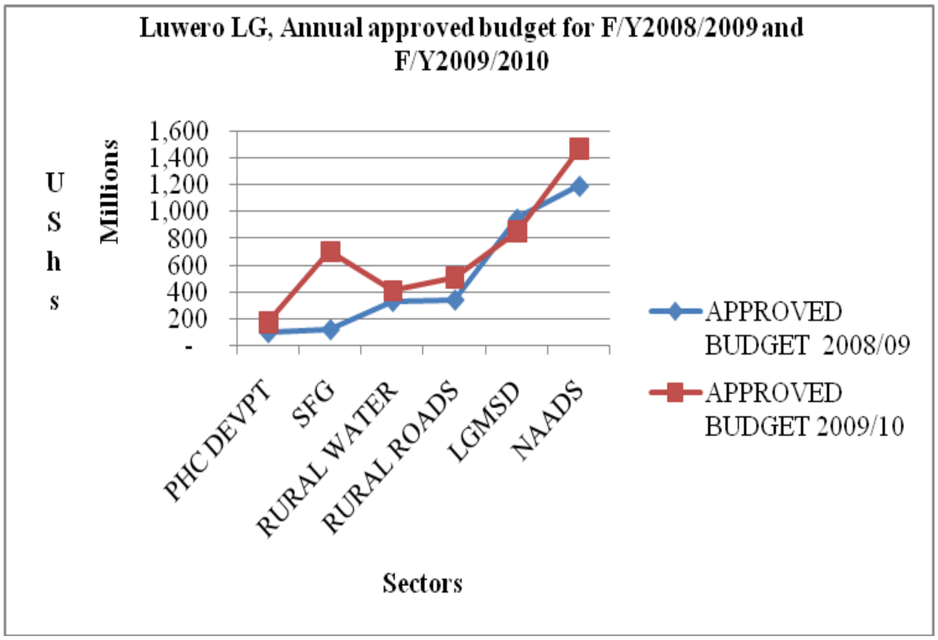
SECTOR	Unspent balances 01/07/09 (UShs)
PHC DEVPT	0
SFG	1,234,530
RURAL WATER	233,433
RURAL ROADS	0
LGMSD	564,8207
NAADS	18,890,674

SOURCE: LUWERO DISTRICT SECTOR CASH BOOKS 1

From the table 2.7 it is clear that most of the sector accounts had negligible unspent balances as at close of the financial year save for NAADS account which had UShs 18,890,674/= largely for district operational activities whose payments had not yet been effected.

The Budget trend analysis for FY2008/2009 and 2009/2010, showed general upward movements in the annual approved budget for the sectors under review save for LGMSD. (See figure 2.12)

FIGURE 12.12 ANNUAL APPROVED BUDGET TREND ANALYSIS FOR FY2008/2009 AND FY2009/2010



SOURCE: LUWERO DISTRICT GENERAL FUND ACCOUNT

9) MANAFWA LOCAL GOVERNMENT

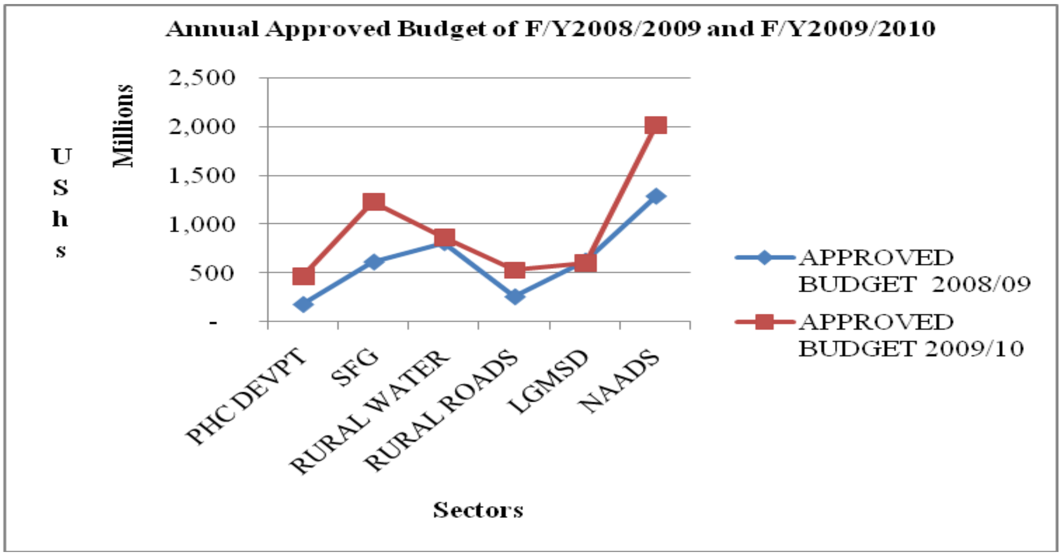
The district received funds for the period July 2009- March 2010 for the sectors under review. However, the district had transferred only the first and second quarter funds to the sector accounts. This was because the third quarter funds included the PRDP component of which they had not yet received the breakdown for each sector.

One of the sectors which had absorbed the funds was the PHC development because the budget for the FY 2009/2010 covered projects which rolled over from FY 2008/2009 and the received funds had been spent on those projects.

Manafwa budget trend analysis

Figure 2.13, shows a slow upward trend of the approved budgets for the financial years under consideration for the different sectors with the exception of LGMSD sector that had a minor down turn.

FIGURE 2.13: ANNUAL APPROVED BUDGET TREND ANALYSIS FOR FY2008/2009 AND FY2009/2010



Source: Manafwa District General fund account

All the information required was not availed to the monitoring team and efforts to get the same proved futile.

Specifically the information included the third quarter releases, sector information on NAADS and the current balances on works.

10) MBALE MUNICIPAL COUNCIL

The council, at the time of monitoring, had received funds for the first three quarters only for the sectors of LGMSD and Urban Roads while other sectors had only received releases for the first two quarters July – December 2009. This was attributed to the sluggish remittance of accountability by the district. The received funds were timely remitted to the sectors for utilization.

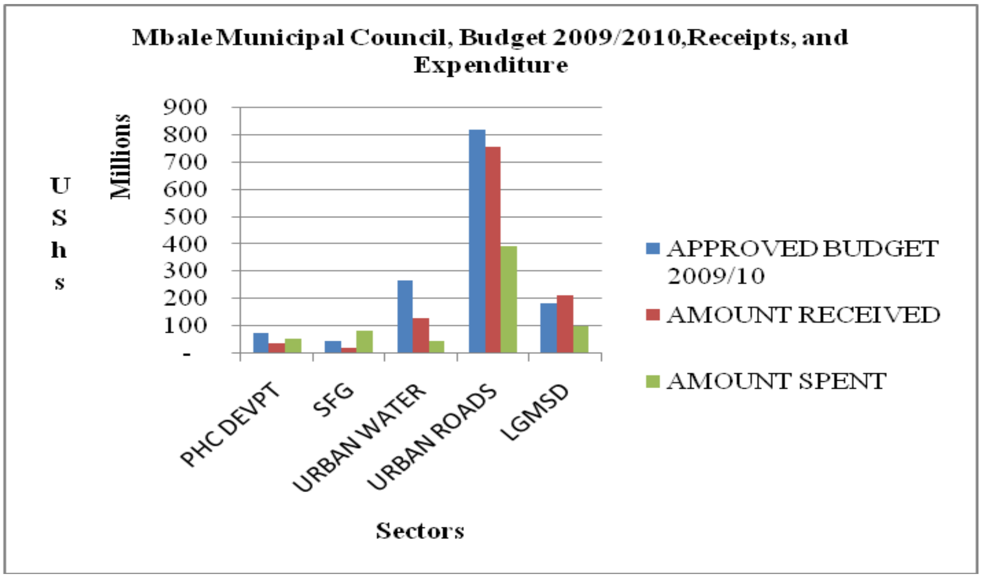
The absorption was generally low with 71%, 78%, 36%, 43%, and 40% for the sectors of PHC development, SFG, Urban water, urban roads and LGMSD respectively. The low absorption reflected on the SFG account was attributed to the balances of retentions money that had not yet been cleared. The health sector delay was due to the payments for the construction of theatre which were being made in installments as per the contract.

The low absorption by the roads sector was attributed to the substandard work on Nabowa road by OMEGA construction whose full payments had been withheld by the council. It was noted that part payments had been made but the contractor absconded from work before finalising.

Under the water sector, there was ongoing work of extending water to Wanaale division but payment had not yet been effected.

Figure 2.14 shows budget, receipt and expenditure for the period under review.

FIGURE 2.14: APPROVED BUDGET, RECEIPTS AND EXPENDITURE FOR PERIOD ENDING MARCH 2010

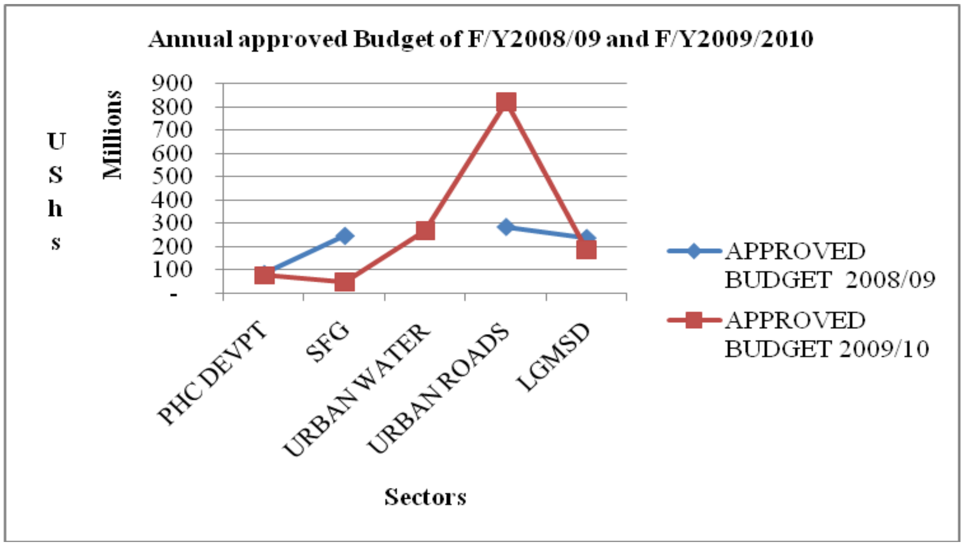


Source: Mbale Municipal Council General fund account & sector cash books

It's clear from figure 2.14that the budget, receipts and expenditure with regards to PHC development, SFG are generally very low yet these are key priority budget areas. There is therefore need to increase the budget of these sectors so as to enhance service delivery to the community.

Mbale Municipal budget trend analysis

FIGURE 3 ANNUAL APPROVED BUDGET TREND ANALYSIS FOR FY2008/2009 AND FY2009/2010



Source: Mbale municipal council General fund account

Figure 2.15 shows a down ward trend in the approved budget of PHC development and SFG sectors. All other sectors had a general increase in the approved budget figures which is commendable.

11) NAKASEKE LOCAL GOVERNMENT

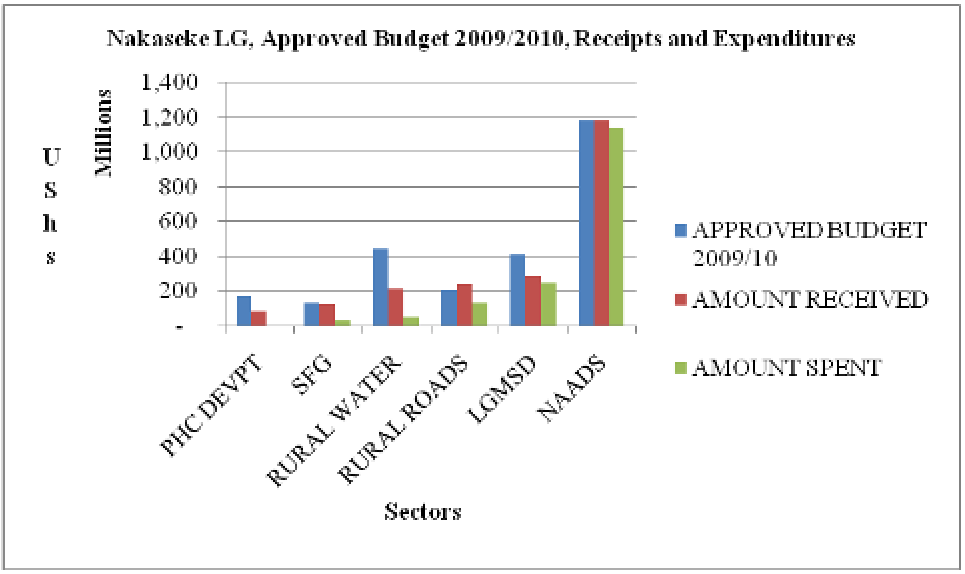
The local government received funds for the first three quarters (July 2009- March 2010) for the sectors of LGMSD and NAADS. The sectors of PHC development, SFG and works had received funds for the first two quarters (July 2009- Dec 2009) only.

The absorption levels with respect to the FY2008/2009 was excellent with no or very negligible balances.

The absorption levels for the period July 2009- March 2010 stood at 0%, 21%, 23%, 55%, 84%, and 94% for the sectors of PHC development, SFG, rural water, rural roads, LGMSD and NAADS sectors respectively.

The low absorption exhibited was due to the ongoing projects that had just commenced and payments had not yet been made with the exception of the rural roads sector where payments had been made. Late start of work was exacerbated by the delayed start of the procurement process.

FIGURE 4 APPROVED BUDGET FY 2009/2010, RECEIPTS AND EXPENDITURE FOR PERIOD JULY 2009- MARCH 2010

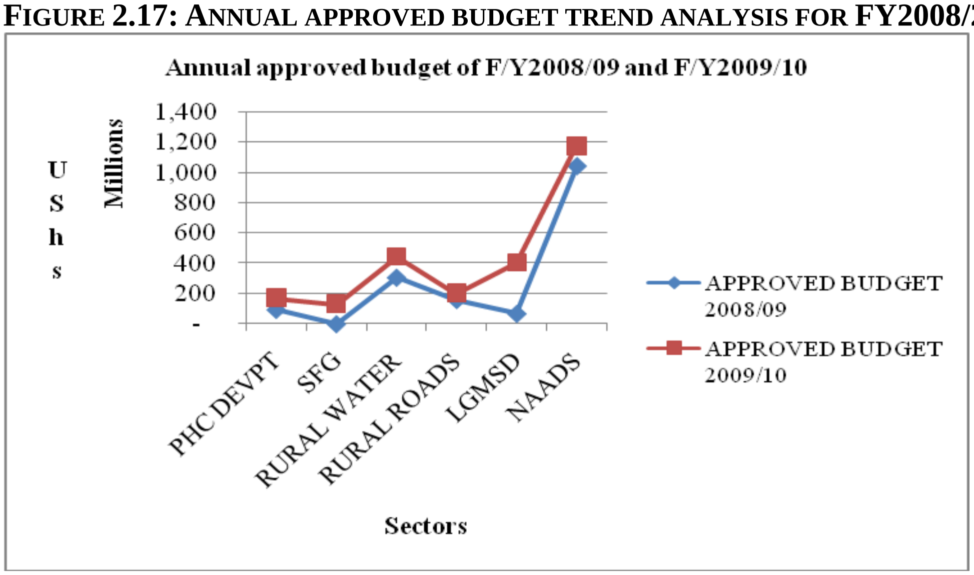


Source: Nakaseke District General fund account & sector cash books

Figure 2.16, shows that the MFPED released 47%, 96%, 47%, 118%, 71%, 100% of the approved budget for the sectors of PHC development, SFG, rural water, rural roads, LGMSD and NAADS sectors respectively.

Nakaseke budget trend analysis

FIGURE 2.17: ANNUAL APPROVED BUDGET TREND ANALYSIS FOR FY2008/2009 AND FY2009/2010



SOURCE: NAKASEKE DISTRICT GENERAL FUND ACCOUNT

There is an upward trend in the annual approved budget for all the sectors in the financial years 2008/2009 and 2009/2010.

12) NAKASONGOLA LOCAL GOVERNMENT

The local government received all the funds for the period under review for the sectors under consideration with the exception of education, and works which had not received the funds for the third quarter at the time of monitoring. The receipts were rated at 71%, 43%, 46%, 50%, 71%, and 99% for the sectors of health, education, rural water, and rural roads, LGMSD, and NAADS respectively. It's clear from the foregoing analysis that the sectors of education, rural water, and rural roads received less than the required 75% for the three quarters (July – March 2010) which affected timely receipt of funds and consequently escalated the problem of unspent balances.

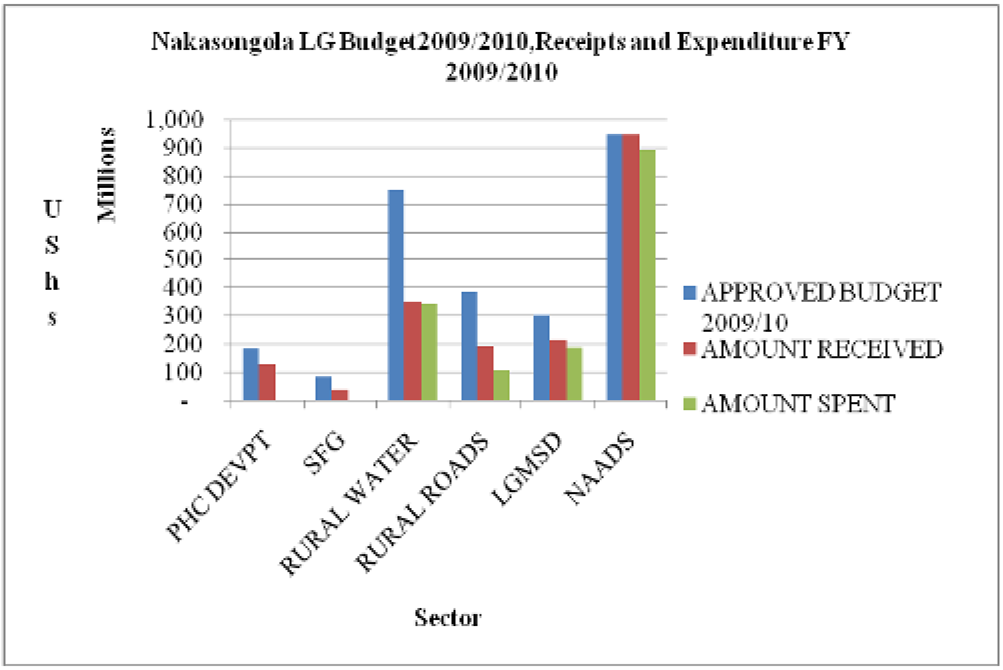
The funds absorption for the period July- March 2010 was still very low for all the sectors with the exception of LGMSD and NAADS which mainly transfer the funds to lower spending agencies. The absorption rates were 1%,4%,58%,53%,87% and 94% for the sectors of health, education, rural water, and rural roads, LGMSD, and NAADS respectively. The low absorption rates were attributed to the delayed procurement process. For the case of SFG, it was attributed to a change in policy from constructing the pit latrines using the plastic panel in the substructure to using the brick lining from the bottom of the structure. The initial option of using plastic panels in substructure for latrine construction was not viable due to the nature of the loose soils in the area. This resulted into delays in starting the procurement process.

Under the health sector, it was established that no payments had been effected. The main ongoing works included supply of furniture to the district health officer's (DHO's) office and completion of Out Patient Department at Nakasongola Health centre IV .The remaining works also included painting and the external works comprising of parking space, and connecting power.Thereafter the certificate of completion would be issued to start processing of the payments.

Other works included renovation of two health centers of Kamunina H/C11 and Kazwama H/C11 that would cost UShs17, 000,000/= each. Though the absorption at the time of monitoring was still poor, there was a high likely hood that all the funds would be absorbed.

Under the works sector, routine maintenance was ongoing but periodic maintenance was to start in the fourth quarter. This was attributed to the delay by the Solicitor General to approve the contract which was done on 18th March, 2010.

FIGURE 2.18: THE APPROVED BUDGET FY2009/2010, RECEIPTS AND EXPENDITURES FOR PERIOD ENDING MARCH 2010.

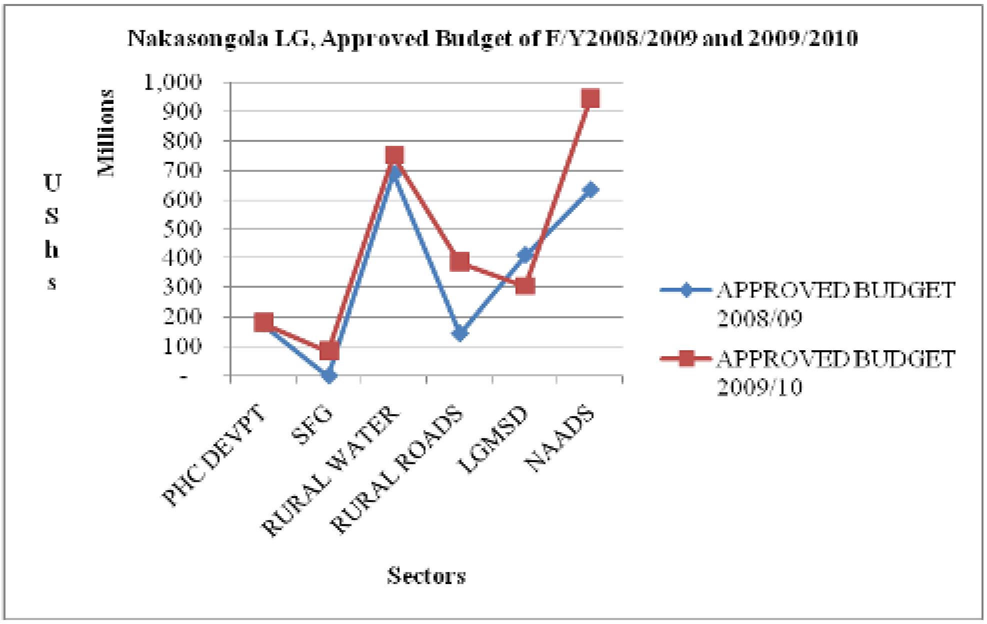


SOURCE: NAKASONGOLA DISTRICT GENERAL FUND ACCOUNT AND SECTOR CASH BOOKS

Figure 2.18 shows that fund absorption was low with the exception of rural water and NAADS sectors. The high absorption under the water sector was mainly due to the large balance brought forward from FY2008/2009 of UShs 239,742,292. The funds were meant for the extension of piped water to Kakonge which project was about to be completed; borehole rehabilitation, digging of new boreholes, and excavating valley tanks. Projects for the FY2009/2010 included; drilling of six boreholes, three valley tanks and one production well for the town; extension of water to Sasira among other projects.

The figure 2.19 shows budget trends for the FY 2008/2009 and 2009/2010

FIGURE 2.19: THE ANNUAL APPROVED BUDGET TREND ANALYSIS FOR FY2008/2009 AND FY2009/2010



Source: Nakasongola District General fund account

Figure 2.19 shows that there was general upward trend in the approved budget of the financial years under review save for LGMSD whose budget was cut.

There was a general complaint that at times the delay to remit the funds to the sector accounts is caused by lack of the schedules from the MFPED giving the breakdown. An example cited was the PHC and SFG funds credited on the general fund account on 9th Nov 2009 but remitted to the sectors on 24th Feb 2009.

13). OYAM LOCAL GOVERNMENT

The local government received all the development grants for the period July 2009- March 2010 for the sectors under review with the exception of funds for third quarter for road maintenance and PHC development. It is worth noting that the funds for rural water with respect to the PRDP component had been received for the first two quarters. All the funds received were timely remitted to the sectors.

The funds absorption was average with 83%, 159%, 63%, 24%, 78%, 100% for the sectors of PHC development, SFG, rural water, rural roads, LGMSD and NAADS sectors respectively.

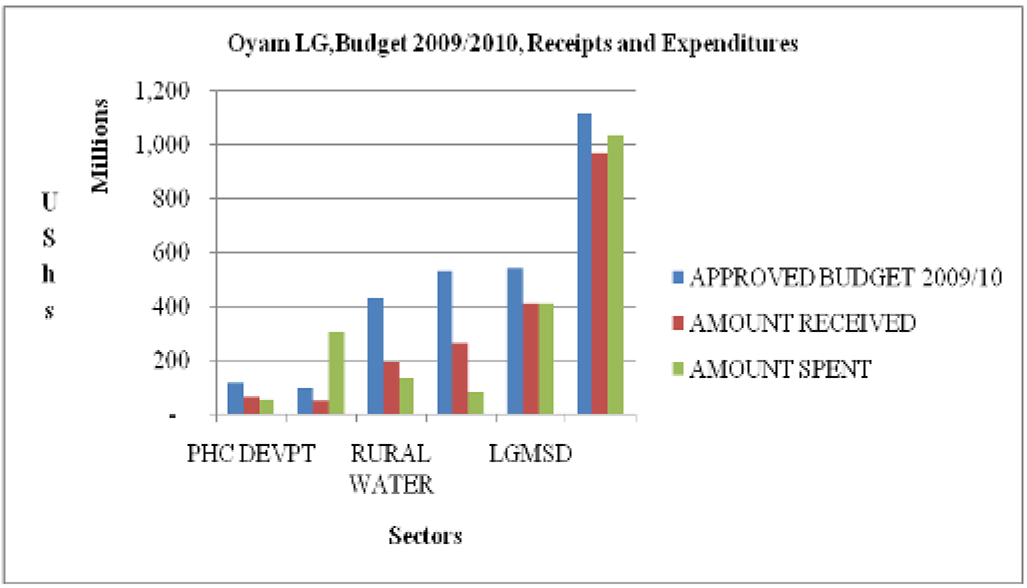
The excellent absorption of the PHC development funds was attributed to the expenses incurred on the projects that rolled over from FY 2008/2009 such as construction of the District Health Services Headquarters office block.

The absorption rates of SFG at 159% were attributed to the balance at the close of FY2008/2009 and the PRDP component. The PRDP component for education could not be isolated hence lumped together.

The absorption on the roads sector was 24% and the low absorption was because the works had just started and not yet attracted payments.

Figure 2.20 shows budgets, receipts and expenditures for the period under review

FIGURE 2.20: APPROVED BUDGET, RECEIPTS AND EXPENDITURES FOR PERIOD JULY 2009 TO MARCH 2010



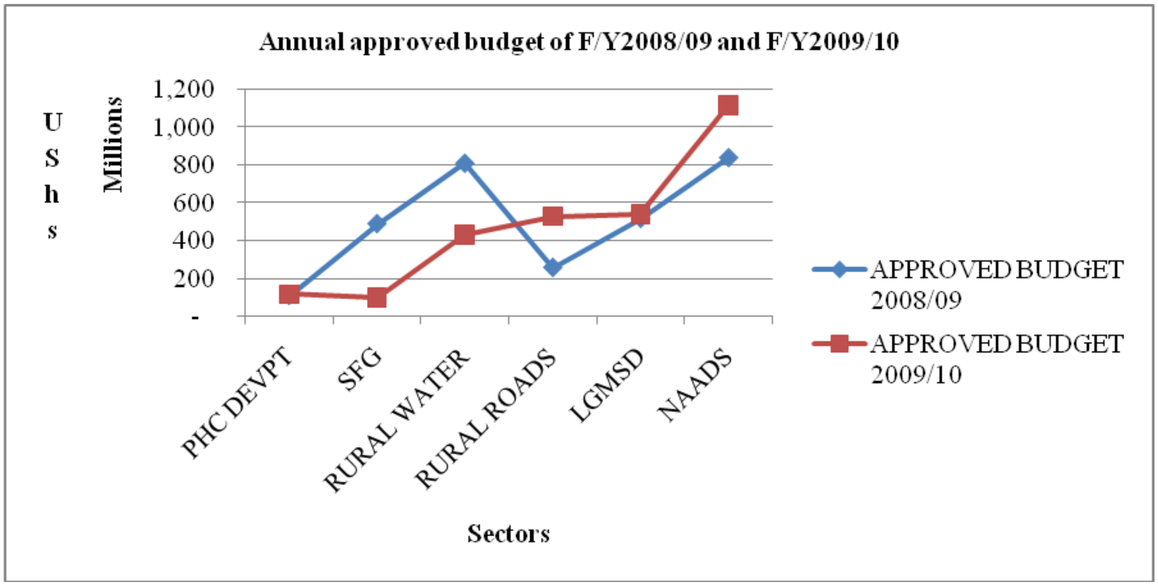
Source: Oyam District General fund account & sector cash books

The excess of expenditure over the receipts in figure 2.20 applies to NAADS and SFG which was mainly attributed to the balances brought forward as at the end of FY2008/2009. Figure 2.21 shows that the approved budget for PHC development and SFG were low and yet they play a critical role in enhancing the people's health and education especially for Oyam district, a formerly war affected area.

Oyam budget trend analysis

Figure 2.21 shows that there was a down ward trend in the approved budget of the sectors that received the PRDP component. The reason given by the district officials is that the sectors affected had a separate PRDP component and that is why the main stream sectors budget was cut. The only sectors which registered an upward growth were the rural roads and the NAADS.

FIGURE 2.21:5 ANNUAL APPROVED BUDGET TREND ANALYSIS FOR FY2008/2009 AND FY2009/2010



SOURCE: OYAM DISTRICT GENERAL FUND ACCOUNT

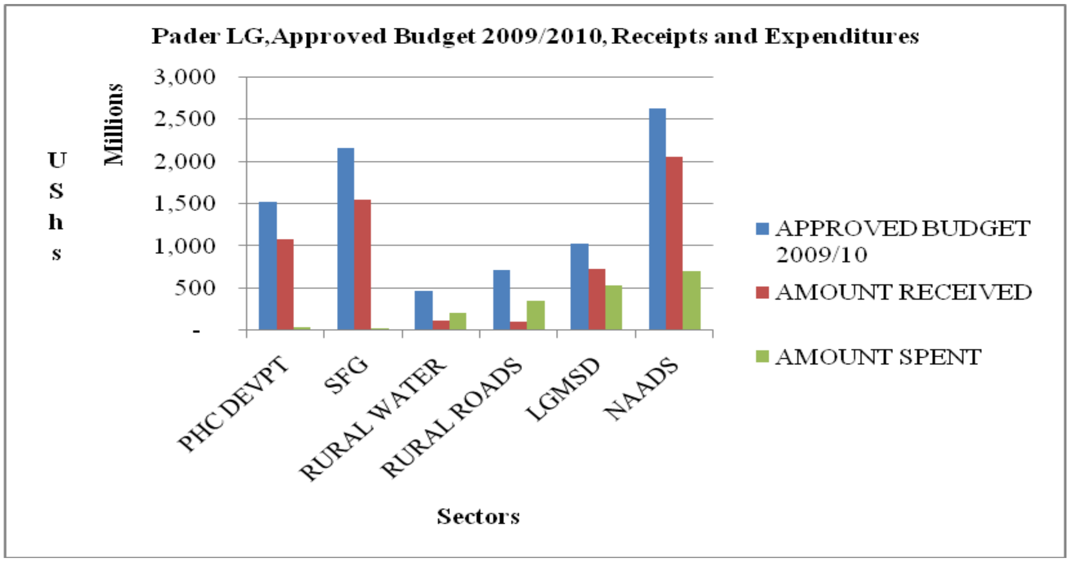
14. PADER LOCAL GOVERNMENT

The district received funds for the three quarters of the financial year 2009/2010 which were remitted to the respective sectors in time. There was a very low absorption of funds, which according to the CAO and CFO was a result of the lengthy procurement process. According to the records reviewed, the district had just awarded contracts and was in the process of signing them. Most contractors and service providers had been identified.

According to the CAO, a number of local contractors had a capacity problem, and would not be able to do the work in time. Many of the contractors did not have initial capital to handle the works or services. As a result the district resorted to hiring contractors from neighboring districts which delayed project implementation.

In addition, the delay in the procurement process was due to delayed approval of nominees to the contracts committee. They submitted the first batch of names to the MFPED and none was approved. A fresh submission was made and it took months to be approved.

FIGURE 2.22: APPROVED BUDGET FY 2009/2010, RECEIPTS AND EXPENDITURES FOR PERIOD ENDING MARCH 2010



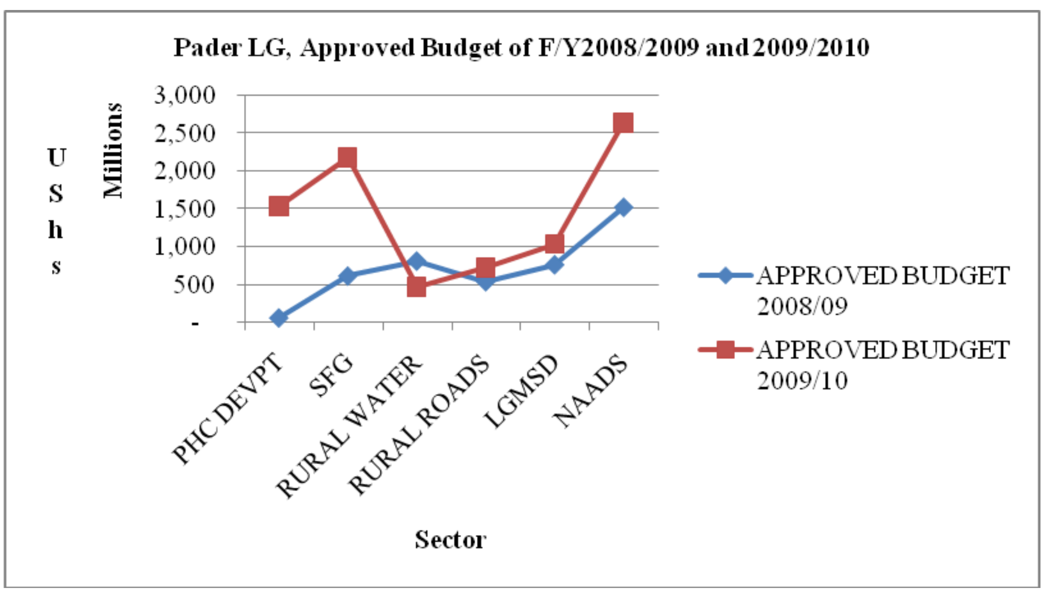
Source: Pader District General Fund Account and Sector Cash books

There were no expenditures made on SFG and this was attributed to the unit costs of the structures. The CAO noted that the cost of putting up a classroom block is higher than the rates provided by the MoES and as a result some contractors did not accept the contracts awarded. The expenditures incurred are in respect to the unspent balance as at close of the FY 2008/2009

Another concern was the NAADs figure, where the NAADS secretariat sent details of additions to the IPF which caused some variations of UShs 576,194,456. This brought the IPF figure for NAADS to UShs 2,633,101,729 whereas that from MoFPED had been UShs 2,056,907,273.

Pader Budget trend analysis

FIGURE 2.23: THE ANNUAL APPROVED BUDGET TREND ANALYSIS FOR FY2008/2009 AND FY2009/2010



Source: Pader District General Fund Account.

Figure 2.23 has a general upward movement trend in the approved budget with respect to the financial years under review with the exception of rural water which had a down turn.

15) WAKISO LOCAL GOVERNMENT

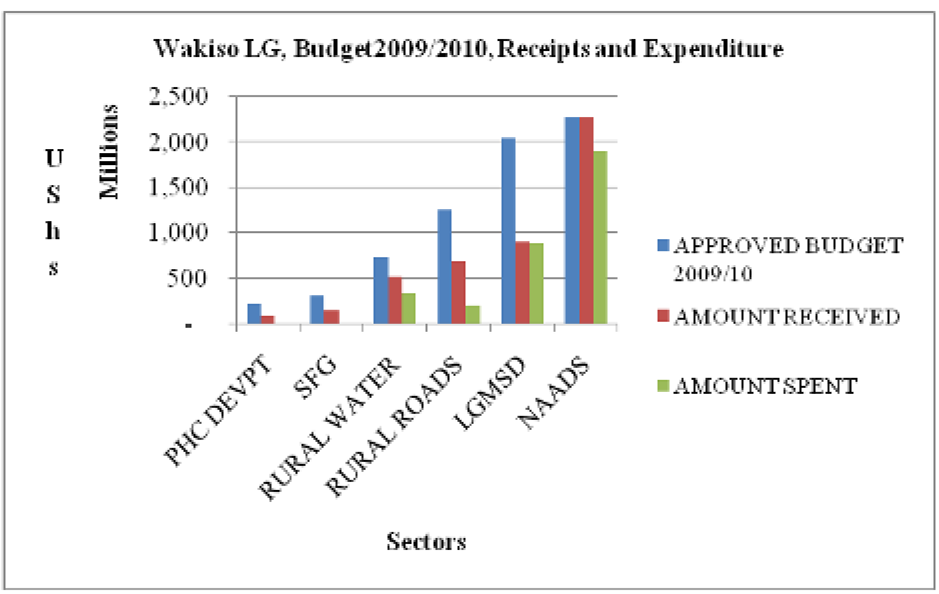
The local government had received funds for the first two quarters (July 2009- Dec 2009) for the sectors under review with the exception of NAADS and Rural water that had received funds for all the three quarters (July 2009- March 2010). All the funds received were timely remitted to the spending units.

The absorption rates were low with 0%, 0%, 65%, 30%, 99%, 83% for the sectors of PHC development, SFG, rural water, rural roads, LGMSD and NAADS sectors respectively. The low absorption was mainly attributed to the procurement process specifically:

- Lack of the Head for the procurement unit. The district had recruited a Principal Procurement Officer but the Senior Procurement Officer who had been the in-charge declined to handover and absconded from duty which stalled all the works.
- The district contracts committee expired in July, 2009 but the approval of the new committee took long. The District therefore made efforts to contact the contracts committee of Kayunga district to carry out the duty which was not done in time.

At the time of monitoring, the contracts had been awarded and works in most sectors had commenced. The CAO was optimistic that the envisaged work plan will be executed in time.

FIGURE 2.24: APPROVED BUDGET FY2009/2010, RECEIPTS AND EXPENDITURES FOR PERIOD JULY 2009 TO MARCH 2010



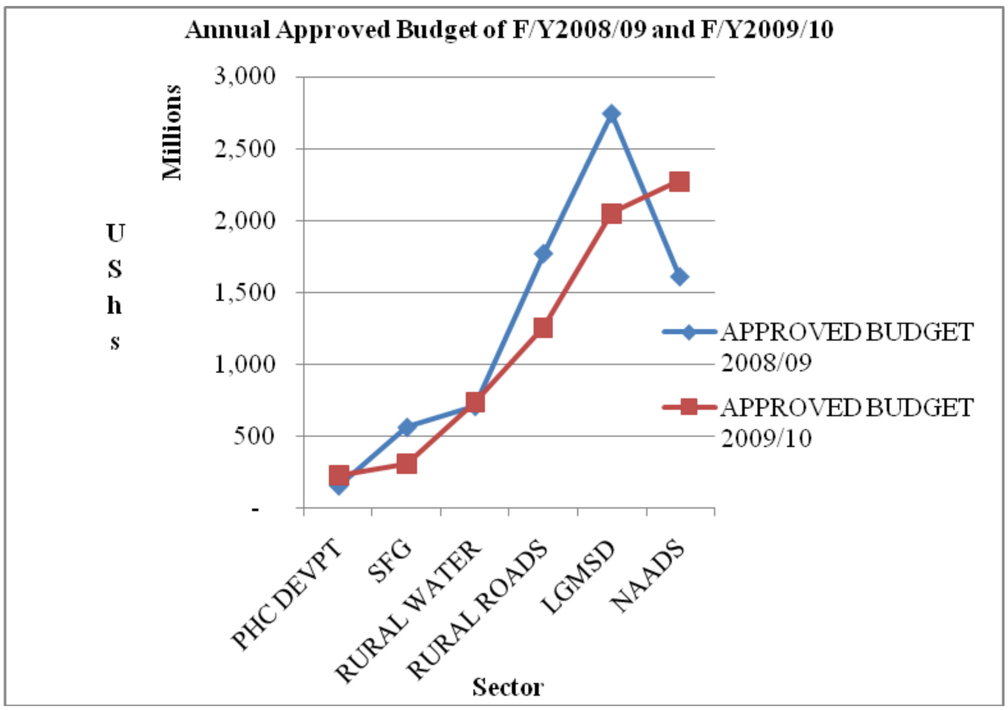
Source: Wakiso District General fund account & sector cash books

Figure 2.24 shows that the NAADS sector received 100% of the approved budget and the received funds were timely remitted to the lower sub-counties. The retained funds were to cater for the district activities. LGMSD sector made timely remittances to lower sub-counties.

Wakiso budget trend analysis

Figure 2.25, shows a down ward trend in the approved budget for the sectors under consideration for the two financial years of FY 2008/2009 and FY 2009/2010 with the exception of NAADS sector whose approved budget was increased.

Figure 2.25: Annual approved budget trend analysis for FY2008/2009 and FY2009/2010



Source: Wakiso District General fund account

2.4 CONCLUSIONS- Financial performance

2.4.1 Central Government/Ministries

- Overall, the cash releases by the MFPED to the Ministries were in the range of 75%, on prorata basis for the three quarters July 2009 to March 2010 with: Ministry of Works and Transport (75%); Ministry of Education and Sports (73%); Ministry of Water and Environment (78.3%); and Ministry of Agriculture, Animal industry and Fisheries 74%.

- The overall release performance was below average for the following; Ministry of health (67.6%); Ministry of Energy and Mineral Development (69%) and UNRA (51%). *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 showing satisfactory absorption of the funds earlier released before they access further funds.*
- Regarding the absorption levels of the funds received, it was noted that the absorption was good for most ministries save for UNRA which registered the least absorption levels of 33%. Other sectors registered the following absorption levels; MAAIF (88.7%); Ministry of Health(78.5%); Ministry of Education and Sports 91%; Ministry of Water and Environment 76.4%; and Ministry of Works and Transport 78.4%. There was generally low absorption by most projects in the Ministry of Works and Transport. Under Ministry of Energy, Project 1024 Bujagali interconnection did not absorb the funds received to a tune of UShs 1.462 billion at all.
- It was noted that a total of UShs 5.0 billion which was the annual approved budget for project 1111 Soroti fruit factory that was later revised to UShs 4.0 billion was not released for the period July 2009- March 2010.
- It was also noted that there were major budget cuts on the annual approved budgets for the referral hospitals to a tune of UShs 1.133 billion during the FY 2009/2010. Overall the release performance stood at 75 %. Lira, Gulu, Soroti referral hospitals got 100% 100% and 98 % respectively for rehabilitation.
- On the budget approved trend, most of the sectors registered an increment in the approved budget amounts over the two financial years of 2008/2009 and 2009/2010. The sectors which recorded an increment were: MAAIF (31%); Ministry of Water and Environment (38%); Ministry of Energy and Mineral resources (58.2); Presidential initiative on banana (64.5%) while the development of industrial parks registered a decline of 62% and the Ministry of Health a decline of 0.5%

2.4.2 DISTRICTS

- **Release schedules**

It was noted that the MFPED sometimes does not provide release schedules showing the breakdown of the funds released to the districts which should facilitate proper transfer of the funds to the sector accounts. This results into delays in remitting the funds to the sector accounts from the General fund account.

- **Releases**

There was evidence of timely releases (development grant) by the MFPED to the district save for PHC development and SFG for the third quarter which was released late in the month of March 2010. The reason for the delay given by the MFPED is that the sector ministries delayed to advise them on the releases. It was commendable that the NAADS funds to most districts were released upfront to a tune of 100%.

- **Absorption of funds**

Lack of timely absorption of funds is still recurring in most districts which is largely attributed to late approval of the budgets by most districts councils; and late submission of procurement plans by the sectors to the procurement officers.

- **PRDP**

District officials complained of lack of proper guidelines regarding PRDP. They complained that whereas they had been informed that the PRDP resources will be over and above the normal medium expenditure framework (MTEF), it was not the case in some instances. That there was no increase in the budget figures. Further, that the management of PRDP funds on separate accounts meant that the sector officers did not have control over the resources.

- **Approval of the big contracts by the Solicitor General**

There was a general complain that whereas by law, the Solicitor General is supposed to approve contracts above UShs 50 million, in most cases the Officers take more than one month to approve . This delay leads to late start of the implementation of the projects.

- **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 was a recurring issue. The districts always claim that the unspent funds are committed funds and therefore always seek for permission from the Secretary to the Treasury / Accountant General to retain the funds. The act of retaining the unspent balances however, contravenes section 19(10) of the Public Finance and Accountability Act 2003 (PFAA) which requires that all the un-spent balances of monies withdrawn from the consolidated fund shall be repaid back to the same account at the closure of the financial year. The risk of the retained money being spent on unauthorized activities was high.

- **Budget trend analysis**

There was generally no significant upward change in the annual approved budgets for the FY 2009/2010 as compared to FY 2008/2009 largely in the areas of SFG and PHC development. Most districts visited experienced a downward trend in the areas of SFG and PHC.

- **UShs 10,741,000 for Amuru District**

It was noted that a total of UShs 10,741,000 meant for community development – staff salaries under boards and commission was included in the first quarter release schedule but was never released by MFPED to the District. Efforts to get the funds have proved futile.

2.5 Recommendations

Financial performance

- MFPED should reallocate funds from UNRA and Ministry of Works and transport since they have demonstrated lack of adequate absorption capacity. This will avoid a situation of unspent funds at end of year.
- MFPED should post the release schedules / circulars on the Ministry website as soon as the releases are out to inform the Districts in time. This will enable district officials to timely

remit the funds to the sector accounts. Further, it will enable the districts to correctly apportion the funds to the sectors. For this matter, MFPED should advise Amuru District on the balance of UShs 49,847,485 which was sent to the District. These funds are still on the general fund account. In addition MFPED should always ensure that there is a breakdown of PRDP funds showing the different components of the funds sent. The sector Heads should be responsible for implementing the sector workplans of the PRDP funds.

- MFPED should remit a total UShs 10,741,000 meant for community development – staff salaries and boards and commissions for the first quarter which was indicated in the release schedule but was never released by MFPED to Amuru District
- 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.
- Regarding unspent balances, the district Chief Administrative officers should ensure that unspent balance at the end of the financial year are returned to Treasury. The local government ‘s Financial and Accounting Manual, 2007 section 6.6.5.3 requires all account balances in respect of the conditional or other grants from central government to be returned immediately after the year end which was not adhered to.

  The practice has been for the districts to seek for authority from the Secretary to the Treasury to retain the funds if there is proof that the funds are already committed. This however is a policy matter which calls for an amendment in the law (The Public Finance Act and regulations and the LGFAR) and districts need to be guided accordingly on this matter.
- The office of the Solicitor General should always speed up the approval of the contracts agreements so as to enable districts to start on project implementation in time.
- The district heads of departments should always submit their procurements plans to the procurement department in time to allow for timely procurement process. Further, the district contracts committees and the procurement departments should speed up the whole process of prequalifying contractors, awarding contracts and the approval of the contracts. This would also allow adequate time for the supervision of the work done by the contractors and also help reduce shoddy work. Ultimately this would curtail on huge unspent balances at the year end. The red tape involved in the procurement process should be minimised to enhance fund utilization.

CHAPTER 3: PHYSICAL PERFORMANCE

3.1 AGRICULTURE

3.1.1 Introduction

Vision and objectives of the sector

The vision of the agricultural sector is: *"A Competitive, Profitable and Sustainable Agricultural Sector*". The mission is to "*Transform subsistence farming to commercial agriculture".* To realize the above vision and mission, the following objectives are being pursued[2].

(i) Sector Development Objectives

- Rural incomes and livelihoods increased;
- Household food and nutrition security improved;

(ii) Immediate Objectives

- Factor productivity (land, labour, capital) in crops, livestock, and fisheries sustainably raised;
- Markets for primary and secondary agricultural products within Uganda, the region and beyond developed and sustained;
- Favourable legal, policy and institutional frameworks developed to help the private sector to expand and become more profitable along the entire value chain;
- MAAIF and Agencies functioning as a modern, client-oriented organization within an innovative, accountable, support environment.

In the budget strategy for FY 2009/10, the Government prioritized the following areas for financing in the agricultural sector in order to realize the above objectives[3]:

  - 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.

[2] MAAIF, 2010
[3] MFPED, 2009a; MAAIF, 2009a.

Scope of monitoring work

Three projects/programme areas were monitored during this quarter, including the Tsetse and trypanasomiasis project[4] that was differed from the previous quarter due to insufficient information. Data was collected at the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) headquarters as well as in 11 districts during March – April 2010. Table 3.1 provides a summary of the projects that were monitored and the districts visited for this purpose. Note that although the refurbishment of the insectary in Tororo is categorized under Project 0969, finances are managed and the sub-project implemented directly by MAAIF rather than the Tsetse project.

Table 3.1: Projects monitored in Agricultural Sector

Project Code	Projects/programmes monitored	GoU allocation 2009/10 UShs	Sampling frame
0083	Farming in Tsetse Controlled Areas (FITCA)	1.54bn	MAAIF, and districts of Jinja, Mayuge, Tororo, Kayunga, Iganga, Mbale, Budaka, Manafa, Kamuli
0969	Creation of Sustainable Tsetse and Trypanosomiasis Free Areas in East and West Africa Refurbishment of Insectary at NaLIRRI	6.132bn	MAAIF, and districts of Kalangala Tororo
1012	Integrated Pests and Disease Management	0.55bn	Mayuge, Iganga, and Hoima districts

Source: Author

The choice of projects and districts to monitor was guided by the following criteria:

i. The projects make a major contribution to the realization of the sector budget priorities in the following areas;
   - Provision of improved seeds, planting materials and animal breeding stock;
   - Epidemic diseases, parasites and pest control
   - Quality assurance and regulatory services
   - Agricultural research and technology development**.**

[4] Creation of Sustainable Tsetse and Trypanasomiasis Free Areas in East and West Africa

ii. The three projects have received substantial GoU and Donor financing for a period of about 10 years and should by now have made noticeable impact.

iii. The creation of new districts has meant that some projects are also split between the old and new districts. Accessing the full records of progress in implementation necessitated visiting the new and old districts in some instances, even if they were not in the original sampling frame. For example, Mbale and Manafwa for the FITCA project; a large part of FITCA originally introduced in Pallisa remained with Budaka upon district splitting.

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:

- MAAIF Commissioners
- National Project Coordinators
- Chief Administrative Officers (CAOs)
- LCV Chairmen
- Assistant Chief Administrative Officers (ACAOs)
- Principal Personnel Officers (PPOs)
- District Entomologists and Assistant Entomologists
- District Veterinary Officers
- District Production Coordinators
- Other District Production Sector Staff

Limitations

i. Records had been lost and key implementing staff re-allocated in the districts that had been split.

ii. Accessing financial data for MAAIF projects remains a major challenge.

iii. Some project sites could not be reached for verification due to sparse geographical distances, in light of the limited fuel allocations. Some project sites were 60km-80km apart in different directions in the relatively large districts.

iv. Due to the inadequate time allocated to field work, it was not possible to collect comprehensive information on the Integrated Pests and Disease Management Project. Reporting on this project is therefore differed to the next quarter.

3.1.2 Farming in Tsetse Controlled Areas

Project Background

Introduction

The tsetse fly is a blood sucking vector found only in Africa that transmits the parasite that causes human sleeping and animal trypanosomosis or nagana. When untreated, the disease leads to slow death in both humans and animals and greatly reduces the productivity of livestock. It is estimated that every year, some 250,000 to 300,000 people in sub-saharan Africa die due to lack of diagnosis and treatment. Uganda is ranked among the highly infested countries in Africa. There are two basic ways to combat the disease: removing the tsetse fly vector using screens and traps, or treating the infected animal with drugs in specific referral health centres. Medical surveillance is critical for identification of infected humans or animals.

The Farming in Tsetse Controlled Areas (FITCA) is a regional project covering the following countries: Kenya, Ethiopia, Tanzania and Uganda. In Uganda, the project has been under implementation since 2001 with the aim of promoting farmer managed Tsetse and Trypanosomisis Control (T&TC) technologies aimed at improving animal health, animal and crop productivity, and household income. The increase in household income was expected to pay for sustaining the T&TC activities. The clearing of bushes through animal traction and use of high yielding technologies was expected to lead to a reduction in tsetse fly numbers. A summary of the project profile is presented in Box 3.1.

Box 3.1: Summary Project Profile of FITCA – Code 0083

Implementing Ministry: Ministry of Agriculture, Animal Industry and Fisheries

Financing: European Development Fund (EDF) and Government of Uganda (GoU)

Project Life Span – 2001-2010

i)	Phase I:	1999 – 2004 – 5.1 million Euro
ii)	Phase II:	2005 – 2008 – 1.7million Euro
iii)	Phase III:	2009-2010 – 600,000 Euro
iv)	Phase IV:	2010 - Concept Note prepared to seek project extension

Project purpose:

Sustainable control of tsetse and trypanosomiasis in south eastern Uganda

Project objective:

To increase farmers' income through higher productivity (animals and crops) in order to enable them sustain tsetse and trypanosomiasis control (T&TC).

Target area

High risk tsetse and trypanasomiasis (T&T) areas of South Eastern Uganda, involving 14 districts: Bugiri, Kaliro, Kamuli, Tororo, Mbale, Manafwa, Kayunga, Soroti, Pallisa, Kayunga, Budaka, Busia, Iganga, and Jinja.

Project Components

1) ***Veterinary Component*** – Zero grazing, mass treatment of cattle against nagana, establishment of community cattle crushes, nagana prevalence surveys.
2) ***Entomology Component*** – Entomological surveys, training of community tsetse workers, establishment of trap manufacturing units, deployment of impregnated traps.
3) **Land Use Component** – Pasture and legume seeds, oxen and ploughs for bush clearing, planting materials for reclaimed lands, farmer training.
4) ***Medical Component*** – Training of Sleeping Sickness Assistants, community sensitization, drugs for treatment of patients, laboratory reagents and equipment for sampling and diagnosis.
5) ***Machinery and Equipment***: Vehicles, Motorcycles, Microscopes, Centrifuge, Artificial Insemination equipment, Sewing Machines, Computers, spray pumps and laboratory equipment.

Project output areas

1. Dissemination and adoption of appropriate agricultural practices (zero grazing, animal traction and pasture development
2. Establishing and strengthening mechanisms for sustainable control of tsetse flies and trypanosomiasis.
3. Strengthening the capacity to control tsetse and trypanosomiasis emergencies through contribution to entomological, medical and veterinary services.

Source: MAAIF, 2008a: MAAIF, 2008b; MAAIF, 2008c.

Progress update

During the first phase of the project, 27278 deltametrin impregnated tsetse traps were deployed, 84000 heads of cattle were treated and 341 community crush spraying associations were established. Protected zero grazing, animal traction and pasture development were introduced on a pilot basis. A reduction in number of flies per trap per day ranging from 70% - 90% was reported at the end of the first phase. The incidence of sleeping sickness in the FITCA project area was reduced to less than 5 acres per sub-county per year.

During phase two the project provided 36 ox-ploughs to 64 farmer groups in six districts (Bugiri, Iganga, Kamuli, Pallisa, Tororo, and Soroti). The farmers were given improved pasture seeds, insecticide impregnated nets for the zero-grazing units and Artificial Insemination (AI) Equipment. Through collaboration between FITCA and the local NGO Send A Cow Uganda (SACU), over 500 Protected Zero Grazing Units were established in 8 tsetse infested districts (Mayuge, Iganga, Kamuli, Bugiri, Busia, Tororo, Manafwa and Pallisa). Some collaboration was established with the National Agricultural Advisory Services (NAADS) for purposes of sustaining the interventions beyond the project life. Impact assessments indicated increased adoption of zero grazing units, increased milk production (implying less sickness of livestock due to nagana), reduction in tsetse fly density by up to 95% and increased incomes, among other achievements.

Findings

Financial performance

The financial performance data for the FITCA project is reported both in financial years (FY) and calendar years depending on the source of funds (Table 3.2). The project has been well facilitated over the years, with annual releases averaging 80% of the budgeted estimates.

Table 3.2: Financial performance of FITCA project

Year	Source of funding	Budget UShs	Releases UShs	% release of approved budget
2005/06	GOU	1,533,109,430	1,239,095,500	80.8%
2005	EDF	1,943,810,000	1,328,366,541	68.3%
2006/07	GOU	134,000,000	133,771,000	99.8%
2006	EDF	1,687,477,000	1,531,850,558	90.8%
2007/08	GOU	511,800,000	463,997,000	90.7%
2007	EDF	731,640,000	713,364,848	97.5%
2008	EDF	575,736,000	544,822,918	94.6%
Jan 2009-June 2010	GOU + EDF	1,481,094,000	1,117,053,110**	75.4%

**Releases as of 17th December 2009.

Source: FITCA Project Office; MFPED, 2009c; MAAIF, 2010b.

Physical performance

Among the key result areas for FITCA in the first two quarters of FY 2009/10 were:

- Appropriate agricultural practices (animal traction, protected zero grazing, pasture structures) and mechanisms for sustainable control of trypanosomiasis disseminated and adopted in 12 districts.
- 24 farmer field schools established

- 200 Rural Animal Health Centres supervised
- 200 farmers trained.

Overall performance

All the implementing districts that were visited acknowledged having received the inputs as planned by MAAIF, most of these having been received in the first phase of the project and a few in FY 2009/10. The monitoring work indicated varying levels of physical performance of the project components (Entomology, Veterinary, Land Use, and Medical), some performing better than others in terms of output delivery. The most noticeable outputs related to the Land Use Component that encompassed dissemination of appropriate agricultural practices (zero grazing units, animal traction and pasture development). Farmers in all the sampled districts also acknowledged having been trained prior to being provided the inputs and technologies.

Outputs under the Entomology and Veterinary components were almost non-existent as interventions were gradually being phased out. The key project objective of ensuring sustainability of the tsetse and trypanosomiasis interventions by farmers beyond the FITCA project is unlikely to be met as some facilities that were installed under these components have since been abandoned when inputs were no longer being provided by Government.

In the early phases of the project (2004-2008), the key objective of reducing the incidence of tsetse flies was achieved. However, since then, the tsetse fly incidence has increased not only in the intervention areas, but also in neighbouring areas and districts as the project gradually phases out. The objective of sustaining tsetse fly interventions through farmer managed approach and eradicating tsetse fly has not been achieved either. Following is a detailed review of the performance of three out of the four components across the districts. The medical component was not assessed because it is directly implemented by Ministry of Health (MOH), hence articulate data was not available at MAAIF nor the districts to assess progress in implementation.

Entomology Component

The entomology component aims at ensuring effective tsetse control by first establishing infestation levels through entomological surveys and second deploying traps in high risk areas to control spread. The national objective was to reduce tsetsefly densities by 75%. Baseline surveys were undertaken in all the sample districts against which periodical monitoring was undertaken to establish infestation levels. High, medium and low risk areas were identified in the surveys. FITCA interventions were located in the high risk areas. Districts reported that resources for monitoring infestation levels from the FITCA project were last received in 2008. All districts, apart from Tororo, had not undertaken any more T&T monitoring surveys since then as no resources had been earmarked under the district budget to sustain this activity.

The districts acknowledged having received tsetse control traps from MAAIF and deployed them in the high risk areas – 3 sub-counties per district – as per the project guidelines. Table 3.3 shows the number of traps received by some of the districts from the FITCA project. Records had been lost in the other 5 sampled districts regarding the traps received. Each of the districts received 3 sewing machines to enable them manufacture traps and the staff were trained. During FY 2009/10, additional traps were made or purchased by the districts indicating sustainability of this intervention.

Table 3.3: Tsetse traps provided by FITCA project in sample districts

Districts	No. of traps received from FITCA up to 2008	Additional traps deployed in 2009-2010	Source of additional traps
Jinja	500	1000	Made by district
Tororo	1800	2700	Purchased
Iganga	5000	500	Given by LGDP
Kamuli	2700	-	-

Source: Field findings

As a result of these interventions, districts reported a dramatic reduction in tsetse infestation levels during the period 2003-2008, on average by 90%, above the target. However, since 2009, the infestation levels were reported to have gone up in all districts, evidenced by increasing cases of sleeping sickness and death among humans and nagana in livestock. Even the additional traps acquired have not helped in reducing infestation as they are too few and scattered amongst the many parishes. The areas that had originally been categorized as low-risk and medium-risk in 2002 have since become high risk, resulting in entire districts being infested with tsetse flies.

Challenges to the Entomology component

1) Limited project coverage resulting in limited impact of the project in terms of tsetse control. Most districts have more than 10 sub-counties that are infested with tsetse flies and yet the project was implemented in only three sub-counties. Resurgence of the tsetse flies was thus reported in all the sampled districts, including the areas that were originally categorized as low risk areas.
2) Inadequate production staff in all the sampled districts covered and especially in the entomology department leading to difficulties in implementing the project.
3) The project focuses on a particular species tsetse fly species Glossina Fuscupes yet the other species are equally as dangerous such as Glossina Pallidepes.

4) Most districts do not prioritize vector control in their budgets such that interventions that are implemented by central government cannot be sustained at local government level when the projects end.
5) Theft of tsetse traps was reported in Mbale, Tororo and Manafwa districts. People make school uniforms out of the traps while others redeploy the traps from the community centres to their own homes for increased effectiveness.

Recommendations for Entomology component

1) Recentralize Entomology function, districts cannot afford to sustain it.
2) Districts and Sub Counties should also mainstream activities of vector control in their planning processes and budgets in order to ensure that there is sustainability in the efforts against tsetse fly infestation.

Land Use Component

The land use component is targeting reduction of tsetse fly breeding habitats through bush clearing and using unproductive land for income generating activities that can alleviate poverty while at the same time sustaining T&T interventions. Activities included: pasture development and improvement, provision of animal traction equipment and zero grazing units.

Zero grazing sub-components

Through collaboration between FITCA and a local NGO, Send a Cow Uganda (SACU), over 500 protected zero grazing units have been established in 8 high T&T districts of Mayuge, Kamuli, Bugiri, Busia, Tororo, Manafwa and Pallisa. The monitoring team visited four of these districts (Mayuge, Kamuli, Tororo and Manafwa) to assess the progress in implementation of this component.

The monitoring team confirmed that farmers had received the heifers and insecticide impregnated netting materials from MAAIF under the zero-grazing component. Except in a few cases, farmers reported that the animals were of excellent quality in terms of breed and productivity. In Budaka and Iganga districts, farmers reported that some of the animals that were given were infertile and low milk producers. Table 3.4 shows the animals that had been received in the sampled districts.

Table 3.4: Heifers received by districts from the FITCA project

District			**Year**				**Total animals received**
	2003	**2004**	**2005**	**2006**	**2007**	**2009**	
Tororo	-	14	10	10	-	4 + 1 bull	39

Mayuge	14	-	10	10	-	9 + 1 bull	44
Iganga	14	1	10	-	1 bull	10	36
Kamuli				10			
Manafwa/Mbale		14	10	10		10	44
Budaka							54

Source: Field findings

The animals were given to farmer groups that shared them among the member households. It was a requirement that each beneficiary farmer passes on the first heifer to another group member who had not directly benefitted from the original animals, a practice that was found working well in all districts. The original cows given by FITCA have overtime produced an additional 10-15 animals that have either been passed on, if female or retained/sold if male. Each district had at least 50 households that have an animal either directly contributed by FITCA or from the pass-on process.

Left: Mr. Mukalazi with FITCA heifer and offspring in Bwanalila village Iganga; Right: Mrs. Yuniskana Akais with her heifer in Asinge B village Tororo district

The beneficiary farmers in all districts appreciated the organization that was contracted by MAAIF to implement the FITCA project in the districts. In addition to providing good quality animals, farmers reported that SEND A COW had provided trainings to farmers on animal husbandry issues such as feeding, disease control, breeding, housing, record keeping, bush clearing and study tours to other districts. In some districts like Mayuge, SEND A COW established a revolving fund for poor farmers who could not afford to construct cattle sheds. The farmers expressed satisfaction with zero-grazing projects as shown in Box 3.2.

Box 3.2: Beneficiary satisfaction with the Zero-grazing component

Our group Mayende Leo Mixed Farmers consists of 50 members, 15 men and 35 women. The FITCA project, through the Send a Cow project provided us with 38 heifers and 1 bull. These have since produced 11 pass ons. Unfortunately, 12 animals died of tick borne diseases hence we have 38 animals currently. We have many benefits from this project: increased milk production in the beneficiary households leading to improved diet and income from sales. Sale of male animals has enabled us pay school fees for our children and construct houses. Our main challenge is that the bull died and it is difficult to access artificial insemination (AI) services in the district. Most animals have been producing bulls and hence the process of passing on to their members is very slow.

FGD of Mayende Leo Mixed Farmers, Osukuru Sub-county, Tororo district.

Kitsi Farmers group composed of 87 members, 53 female and 33 male, started working with the FITCA project in 2003. We received 44 animals but now have 57 animals including the passons. We were trained by SEND A COW in animal husbandry and sustainable agriculture. The farmers are grateful to the Government for providing them with these cows because they were the first exotic zero grazing units in the history of Manafwa. Among the benefits we have realized from this project are: milk that has improved the diet of our families; soil management improvement due to availability of manure, drugs for animals and improved animal husbandry which has resulted in better yields and income. Many of our farmers who had not yet benefitted from FITCA, including those who are not in the project area, have expressed interest in adopting diary farming after seeing the benefits that we are getting from this project. We have more women in our group because they are more hardworking than men and their projects are more successful. The project has brought unity in our households. Women testified that “since we share the income from the sale of milk and animals and also take our children to school, our husbands provide land for pasture and support us in looking after the animals. Some of us who are widows plant pasture on our small plots of land.

Source: FGD with beneficiaries, Buta sub-county, Manafwa district.

In all the sampled districts, there was evidence of farmers having received the insecticide impregnated netting materials for protecting livestock from tsetse and other biting flies. However, these had become worn out and could not be replaced as they are not available on the local market. In future, it is important that the technologies and materials that are provided to farmers should be available on the local market to enable replacement and sustainability of the interventions.

Challenges in zero grazing component

1) Provision of exotic cows as a means of poverty alleviation did not achieve its aims in some cases. These cows proved expensive to maintain and some poor farmers did not have the capacity to construct the cattle sheds costed on average 1 million UShs. Examples of inability to look after the animals were reported in Mayuge and Budaka districts where the beneficiaries failed to construct proper housing leading to poor health of the animals.

2) Being of foreign origin, some heifers failed to acclimatize to the rural conditions in Uganda and were frequently sick with poor feeding habits. For example, in Bulamagi village Iganga district, farmers reported that the cows that they had received in December 2009 of Kenyan origin couldn't eat chopped feed and did not drink water. The produce 1-3 litres of milk per day which is uneconomical given that the farmers had borrowed loans to build the cattle sheds.
3) Low production levels of the heifers were reported as a major constraint in more than a half of the sampled districts. Average production was reported to be 7 litres of milk per day with some registering as low as 3 litres. Some local breeds were reported to be of higher production than the exotic breeds, providing 10-12 litres per day.
4) Inadequate fodder for the animals due to excessive land pressure.
5) Inbreeding as a result of using one bull for serving the heifers over a long period
6) Some animals have been sold off as people heard that the FITCA project was winding up and there would be no more support in terms of drugs and no further follow up by Government officials.
7) Inadequate veterinary staff in the districts and sub-counties to implement the programme effectively.
8) Most animals given by FITCA produced males which remained with the original beneficiary for raising or sell. This has slowed the pace of passing on heifers and consequently welfare improvement among the other households that had not directly benefitted from the FITCA animals.

Recommendations for the zero grazing components

The project beneficiaries and the district and sub-county officials made the following recommendations:

1) More training should be provided in a number of areas: soil conservation because the area experiences overwhelming pressure on land; and making insecticide impregnated nets locally.
2) Since the area is favorable for apiculture it should also be introduced as an alternative to cows since the cows compete with crops for land.
3) The programme should also identify a good source of animals because cases of poor breeding were registered in some batches of animals distributed.
4) MAAIF should increase the availability of AI services at sub-county level.
5) Use of locally available technologies and materials should be encouraged in agricultural interventions for sustainability by farmers when Government support ends.

Animal traction sub-component

The main objective of this intervention was to show farmers that animal traction can be used for both crop production and prevention of reinvasion of tsetse through keeping land cleared of bush that provides suitable habitat for the vector. A total of 36 oxen and 36 ox-ploughs were given to 64 farmer groups in 6 participating districts namely Bugiri, Iganga, Kamuli, Pallisa, Tororo and Soroti. The monitoring team visited three of the districts implementing this programme – Iganga, Kamuli and Tororo - to assess progress in implementation of the project. In addition, Budaka district was found to have also benefitted from this component.

Animal traction using FITCA ploughs in Tororo district

The district officials and farmers in the three implementing districts confirmed having received the animal traction inputs as follows:

- Lyolwa sub-county in Tororo district was provided with 11 pairs of oxen, 11 ox-weeders and 15 ox-ploughs in FY 2004/05. These benefitted 11 farmer groups with 320 farmers. At the time of the monitoring visit in March 2010, 7 farmer groups were still functioning, the other 4 having disbanded after they lost the oxen due to nagana and poor feeding. Six pairs of oxen were still functional.
- Kamuli district received 11 pairs of oxen and 11 ox-ploughs; 25 farmers and 12 oxen were trained in animal traction. A total of 1020 acres of land were cleared and 870 acres planted.
- Iganga district received 11 pairs of oxen and 11 ox-ploughs.
- Budaka district received 5 pairs of oxen and ox-ploughs plus weeders. The animal traction intervention did not take off in this district as the farmers were not properly trained on how to use the ploughs and weeders.

Benefits

The farmers appreciated this support from Government as it had reduced the cost of opening up land, reduced drudgery and increased acreage under cultivation leading to a reduction in T&T infestation. Other benefits are: household incomes were reported to have greatly improved due to the increased efficiency in farm operations and sale of the outputs. In Lyolwa sub-county, farmers indicated that opening up 1 acre of land by hand usually took four days while it only took one day with the ox-plough. Women also use the oxen to transport water over long distances. Some farmers have been able to buy more oxen to cater for their fields after expanded acreage provided them with profits.

Animal traction has been adopted by farmers in the neighboring villages who did not benefit from the FITCA project

Best practice

Tororo district provided an example of best practice in ensuring sustainability of agricultural interventions implemented in districts under the project mode (Box 3.3).

Box 3.3: Best practice in project sustainability in Tororo district

Mr. Opendi Charles, belonging to Makimere A Farmers Group in Papada village Magoola sub-county in Tororo district, got 1 plough, a pair of oxen, 1 weeder, farming equipment, drugs and acaricides from FITCA in FY 2004/05. He had this to say about the FITCA project: "The oxen that I received where in good health and very good quality. The weeders were not aligned and hence I took them for re-fabrication. The Ugandan made ploughs were too heavy and could not easily be pulled by the oxen so I had the beams replaced. LGDP provided us Namulonge ox-weeders which are lighter and much easier to use. Since I received these inputs, I have been able to expand acreage and make profits out of the increased crop sales.

I have bought an additional 4 oxen out of the profits which had enabled me open more land for planting. The FITCA project officials working together with the district officials invited FAO in 2007 to support my farm to become a rice seed multiplication centre. The FAO provided me with 210 kg of rice seed in that year. Last season, I opened up 10 acres of land and produced 150 bags of rice seed that is to be distributed to Northern Uganda, Masindi, Hoima and Wakiso this season. The FAO is set to buy each bag at UShs 300,000 implying that I will be paid UShs 45,000,000 for all these bags that are now in storage". This should be adopted as a best practice and the lesson learned is that collaboration between different agencies should be enhanced in order to ensure sustainability.

Source: Key Informant Interview with FITCA Beneficiary, Tororo District

Challenges to animal traction sub-component

1) The design of the ox-weeders was not compatible with the ox ploughs provided. While some farmers managed to modify the weeders to fit the ox-ploughs through fabrication, the majority just abandoned them and sourced alternative weeders.
2) The project encouraged one use of oxen – opening land. Some farmers had challenges using opened up land optimally due to lack of labour for planting, weeding and harvesting.

3) Farmers complained of poor sensitization by project on group management and dynamics which resulted in lack of cohesion and disintegration of some groups.

Recommendations

The following are recommendations made by the district officials and project beneficiaries:

1) Oxen in future should be trained in more than land opening so that they are also used in weeding, spraying and harvesting. This will necessitate further training of farmers in the use of oxen in all these activities.
2) Proper training of farmers on the use of agricultural implements and inputs before they are delivered for use.

Pasture development sub-component

The objective of this sub component was to strengthen the farmer's capacity to produce their own pasture seedlings while opening up land to minimize tsetse fly infestation. The implementing districts were provided with pasture seeds and legumes by the FITCA project. These inputs were mostly given to farmers with paddocks. This sub-component complemented the zero grazing and animal traction sub-components.

Monitoring work indicated that this project sub-component was a complete failure as no benefits had been realized by the farmers and there was no evidence of pasture development at the time of the monitoring visit in March 2010 except in Tororo district.

- *Kayunga district*: 5 farmers benefitted from pasture seeds. The pasture did not yield because of the unfavourable dry conditions, poor management and damage by livestock due to lack of fencing.
- *Tororo district*: 3 farmers were given 5 kg of pasture seeds each. Only one farmer was found to still have the pasture growing.
- *Iganga district*: Farmers noted that viability of the pasture seeds provided by FITCA was low, germination rates were below 40%.
- *Kamuli district*: 10 farmers benefitted from pasture seeds, each planting one acre. Presently, there was no evidence of any of the FITCA farmers still having pasture.
- *Budaka district*: The pasture seedlings were delivered late in the dry season and hence the farmers could not plant.

Recommendations

1) Pasture seeds should only be introduced in areas that have conducive ecological conditions.

2) Farmers should receive adequate training and mentoring in pasture management before pasture seeds are introduced.

Veterinary Component

This component aims at controlling nagana in livestock using preventive measures including construction of community crushes and provision of acaricides. All the implementing districts testified to the project enabling them to undertake an animal census for establishing levels of nagana amongst animals through blood testing. The districts received drugs to treat trypanosomiasis infected livestock. The districts also received other equipment and inputs including motorcycles, bicycles, gumboots, spray pumps, acaricides, overalls and trainings in laboratory techniques and artificial insemination (AI). Some districts like Mayuge received AI equipment.

One of the major interventions by FITCA under this component was construction of communal crushes for mass treatment of animals. The farmers were supposed to set up a revolving fund whereby each farmer would pay 200/= per animal sprayed and the money used to buy accaricides thus ensuring sustainability. However, in almost all the districts, farmers resisted paying the 200/= thus rendering the crushes redundant.

The majority of crushes have been vandalized and are not functional. They were built using wood that has been destroyed by termites in most areas. For example:

- In Tororo district, it was reported that 33 of the 37 communal crushes built by FITCA were vandalized and the materials used as firewood. Only 4 crushes were repaired using PMA funds, out of which two are still functional.
- In Mayuge district, only 6 out of the 26 crushes constructed are still functional.
- In Kamuli district, 57 crushes were constructed but only 30 are remaining, the others having been destroyed by termites and not repaired.
- Four crushes were constructed in Iganga district but they are no longer functional.

Challenges to the Veterinary Component

1) Most districts lacked artificial insemination equipment which made breeding difficult. With the low livestock breeding rate, farmers were not realizing enough profits and hence the inability to pay the spraying expenses.
2) The high cost and unavailability of drugs and acaricides was one of the major reasons why the communities abandoned the communal crushes. As a consequence many farmers have lost their cattle to tick borne diseases.

3) Use of temporary materials for constructing the communal crushes that were easily destroyed by termites.

Recommendations for the Veterinary Component

The following are recommendations made by the district officials and project beneficiaries:

1) MAAIF should strengthen the district and community infrastructure systems in order to reduce on the tsetse infestation and treat the infected animals.
2) Mass spraying of cattle should be encouraged.
3) MAAIF should ensure that all communal cattle crushes are built using permanent materials such as metals. Systems of infrastructure maintenance should be strengthened.

General Challenges to the FITCA Project

1) Coordination of the FITCA resources between MAAIF and the districts was reported to be problematic because component managers at MAAIF work directly with FITCA component managers at the district, bypassing the district administration. District component managers are often called to Entebbe to collect funds in cash for project implementation. The district Accountants thus did not have a full account of the FITCA project funds.
2) Tsetse fly control was noted to be very expensive and hence is never prioritized in district or sub-county budgets due to limited resources. Attempts have been made by some districts to integrate it in NAADS without success.
3) The project design was poor with regard to the geographical scope of intervention. The project was covering a few parishes leaving the majority with tsetse infestation without control measures. This has limited the impact of the project.
4) The project components and sub-components were not well integrated except for the Veterinary and Land Use Component that targeted the same farmers. This lessened the potential impact that could have been harnessed due to synergies between the project components.
5) Some households were reported to have become unstable because of the women benefitting from the FITCA animals, an issue that was not appreciated by their male spouses. Conflict arose over ownership of the animals especially as the women did not have land to grow pasture and instead asked their husbands to provide the same. A case was reported in Mbale district were one female beneficiary was forced by her husband to return the FITCA animal to the farmers' group which she did. It was given to another member.
6) It was noted that isolation of tsetse areas would not achieve the intended objective because Tororo lies alongside the border of Uganda and Kenya and hence being a cross border area, farmers from either side graze in those areas due to the porous borders hence leading to re-infestation.

7) Data and information about the FITCA project was lost when Manafwa was curved out of Mbale district. Whereas the bulk of the project activities are located in Manafwa, some of district officials responsible for implementation are in Mbale district which makes project coordination difficult.
8) Lack of technical backstopping and mentoring from MAAIF.

General Recommendations

1) Need to streamline the coordination mechanisms for the FITCA and other agricultural projects implemented directly by MAAIF to ensure that all funds are channeled through the main district account, with the full knowledge of the District Accounting Officer.
2) At the start of implementation of projects such as FITCA, collaboration and networking with other already existing programmes such as NAADS should be enhanced to ensure sustainability of interventions beyond project life.
3) Funding should be through MAAIF accounts, not project accounts
4) In Tororo district it was proposed that there should be joint border harmonization between Uganda and Kenya while handling some activities in particular the issue of tsetse control in order to realize any tangible impact in the implementation of strategies against the tsetse fly and its effects.
5) Districts should be empowered with information regarding the different MAAIF projects and provided with support to enable them implement and monitor agricultural programmes.

3.1.3 Creation of Tsetse & Trypanosomiasis Free Areas

Project Background

Uganda is one of the six countries implementing the regional Creation of Tsetse & Trypanosomiasis Free Areas (STATFA) project, other countries being Kenya, Ethiopia, Burkina Faso, Mali and Ghana. At the African Continent level, the project is coordinated by the Pan African Tsetse and Trypanosomiasis Eradication Campaign PATTEC. Hence, the project is also referred to as PATTEC-Uganda. The summary project profile is given in Box 3.4.

Box 3.4. Summary Project Profile of the Creation of Tsetse & Trypanosomiasis Free Areas in East and West Africa (STATFA)

Project Code:	0969
Implementing Agency:	Ministry of Agriculture, Animal Industry and Fisheries
Implementation period:	April 2006-2011
Total project funds:	Loan Amount UA 6,550,000 and Grant Amount UA 240,000
Funding Agencies:	African Development Fund (ADF) and GoU
Project Areas:	Rakai, Lyantonde, Masaka, Kalangala, Mpigi, parts of

	Sembabule, Wakiso, Kampala, Mukono, Kayunga, Kaliro Jinja, Mayuge, Iganga, Bugiri, Tororo, Butaleja and Pallisa
Objective:	To eradicate Tsetse and Trypanosomiasis from Uganda
Expected outputs	- complete refurbishment and expansion of insectary at NaLIRRI - Tsetse population reduced by 95%-98% using aerial spraying - Entomological, parasitological and socioeconomic baseline Survey - Strategies for controlling tsetse and Trypanosomiasis - Operationalise the geographical information system in COCTU - Recentralization of T&T Eradication Campaign Programme
	Source: MFPED, 2009b; MAAIF, 2010c.

The project has 4 inter-related sub-components:

1) Suppression and Eradication of Tsetse fly – including suppression techniques, seed colony development and supportive studies;
2) Capacity building – of staff at centre and districts and awareness creation
3) Sustainable land use management – working with ministries to disseminate appropriate guidelines.
4) Coordination and management

Progress update

The STATFA project has been reviewed and reports are available on overall progress in implementation[5]. The project is generally behind schedule in addressing the key objectives with the ongoing activities largely focusing on capacity building and procurement of inputs. The progress reported by MAAIF for the period April 2006 to March 2010 is summarized as follows:

Procurements

Procurements have been completed for office equipment, vehicles, audio visual equipment, insecticide (400 litres of deltamethrin 20% and 6152 litres of pour-on insecticide 1%) and 1 outbound engine and 20 life jackets all costing UShs 226,206,640 or US$ 118,650. Procurements are ongoing for 90,000 tsete traps, insecticides, veterinary drugs, lab supplies, 10 motorcycles, protective wear, generators and other items estimated to cost US$ 2,245,913.

Tsetse Suppression and Eradication

[5] MAAIF, 2010c. STATFA Project, 2009.

Entomological, parasitological, environmental and socio-economic baseline data was collected and a draft report is available. The human sleeping sickness analysis was conducted and the report received in Aug 2009. Out of the 12,000 insecticide treated tsetse traps that were supposed to be deployed, 2,300 were deployed in Kalangala district in 3 parishes. In addition, 100 litres of pour-on was delivered to treat cattle. It is reported that 50% of the expansion and refurbishment of the Tororo insectary was completed and the Bills of Quantities for the remaining civil works was submitted to GoU for approval. However, it should be noted that the funds for expanding the Tororo insectary are not under STATFA. They are earmarked funds under the ministry, which is the direct implementing agency.

Capacity building

It was reported by MAAIF that 26 entomologists had been trained, study tours had been undertaken in other countries, 60 of the 120 labaratory technicians and assistants had been recruited, regional workshops held in Jinja and Masaka.

Financial performance

Table 3.5 presents the disbursement to date of the STATFA project funds as of March 2010 while Table 3.6 shows the extent of utilization of the funds that have been disbursed. The bulk of the project funds which are under the ADF loan have not been disbursed. Only 13.57% of the ADF loan has been disbursed. About 81% of the ADF Grant and only 6.28% of the GoU contribution has been disbursed. Overall, only 15% of the total project funds have been disbursed over the four year period. About 85% of the funds remain undisbursed.

Table 3.5: Financial performance of STATFA by March 2010 - Disbursements

	ADF Loan		**ADF Grant**		**GoU (should be 15% contribution)**	
	UA	**US$**	**UA**	**US$**	**UA**	**US$**
Amount signed for	6,550,000.00	9,497,500.00	240,000	348,000	982,500	1,424625
Disbursement to date	886,314.09	1,285,155.43	195,782.69	283,884.9	61,711.68	89,481.94
Undisbursed amount	5,663,685.91	8,212,344.57	44,217.31	64,115.1	920,788.32	1,335,143.06
% Disbursement	13.57%	13.57%	81.56%	81.56%	6.28%	6.28%

Note: 1UA = 1.45US$ = 2465 UShs

Source: MAAIF, 2010c

Table 3.6: Funds utilization of the STATFA project for the period April 2006-March 2010

Source	Amount received (UA)	Amount utilized (UA)	Balances (UA)	% Utilisation
Loan	886,314.09	406,547.59	479,766.50	45.87
Grant	195,782.69	151,565.38	44,217.01	77.41
GoU	61,711.68	60,477.45	1,234.23	98

Source: MAAIF, 2010c

In terms of utilization, slightly over half (54%) of the disbursed funds have been utilized by the project over the four year period. This suggests a very slow rate of funds absorption and project implementation, given the fact that only 15% of the total resources have been disbursed. These are worrying trends given the fact that the project is supposed to be concluded in 2011 with the date of the last disbursement agreed as 31st December 2011.

The STATFA project staff and the review documents indicated three key challenges that explain these financial trends:

1) Government took long to fulfill some of the loan prior conditions such as hiring the required staff and putting in place a management committee. The Accountants have been changed twice leading to a disruption in project activities. In the financing agreement, GoU is supposed to provide permanent management staff.
2) Bureaucracies in procurements – using two procurement systems of ADB and GoU – have led to excessive delays.
3) Low counterpart funding which is itemized in a manner that does not meet the requirements of the project. For example, there is a large budget line reserved for donor staff salaries yet the project has only one staff to be paid. The project needs more money to be earmarked for operations.

Physical performance

Among the key activities planned under this project for FY 2009/10 as indicated in the signed MAAIF Performance Contract A are:

- The reduction of tsetse, nagana and sleeping sickness incidence and prevalence by 45% in Rakai, Lyantonde, Masaka, Sembabule, Mpigi, Wakiso, Kampala and Mukono.
- Deployment of traps and screen and treat infected animals in Kalangala
- Complete refurbishment and expansion of insectary in Tororo

- Rearing flies at NaLIRRI
- Creating awareness and advocacy on project activities.

Since the expansion of the insectary is handled by MAAIF and not the STATFA project staff, the performance of this project at NaLIRRI is presented separately below.

Monitoring work indicated that the project had not reached any of the planned districts, apart from Kalangala despite having been in existence since April 2006. Therefore the expected output of reduction tsetse flies, nagana and sleeping sickness is yet to be achieved or even tackled.

The STAFTA/PATTEC- Uganda project was introduced to staff of Kalangala at a stakeholders' workshop in May 2008. In July 2009, three teams - medical, entomology and veterinary - visited Bugala Island and each carried out a survey to collect baseline data. In terms of strategies for controlling T&T, it was agreed that all the six methods of tsetse prevention would be used, these including live bait, aerial spraying, trap deployment, bush clearing and male sterile technique. The baseline surveys indicated that the Sub Counties of Bufumira and Mugoye were the most heavily infested. However, it was decided that implementation should start in Kalangala Town Council because this area hosts all the tourists that visit and it is also the economic hub of the district.

A total of 2840 traps were received by Kalangala district and deployed in the parishes of Kalangala Zone A, Kalangala Zone B and Bujumba Parish. A total of UShs 5,185,000 was disbursed to the district for this function which also included training 10 community based workers. The monitoring team confirmed the distribution of these traps which were strategically placed in different parts of the Town Council, and more especially along the beaches. Some of the beneficiaries testified to seeing less tsetse flies now than in the past due to the presence of traps. For example, it was reported that in February 2010, a trap in Lutoboka in Kalangala Town Council captured 7 flies in 3 days compared to 419 flies that it had captured in July 2009.

STATFA Tsetse trap in Kalangala

In February 2010, the district received a second disbursement of UShs 2, 860,000 for the use of live bait technology and implements such as pangas and gumboots were acquired for this purpose. The monitoring team confirmed that MAAIF had distributed 100 litres of pour on chemicals for treating livestock. There was evidence of farmers whose livestock had been treated by the district officials and their assistants using these chemicals. The exercise is targeting treatment of 500 heads of cattle before the end of the FY 2009/10.

Challenges

1) Some of the traps had been destroyed by weather elements and tethering of animals and yet there is no mechanism of easy replacement. Beneficiaries complained of lack of skills and materials to repair the traps

2) Kalangala district comprises of 84 Islands and therefore implementation is difficult because of the large area that has to be covered.

3) High fuel costs increasing the cost of operations resulting in less than expected outputs.

4) Implementation process is so slow and as a result, most traps that are deployed in the town council are being dislodged by the residents and taken to other Islands where implementation has not yet taken place.

5) Very limited number of entomologists in the districts to implement the project. Creation of new districts further escalates the problem.

Trap destroyed by animals

6) The delay in completion of the insectary at NaLIRRI negatively affects project implementation in terms of using the sterile insect technique for tsetse suppression (see progress in implementation below).

7) Non-functionality of the project management committee.

Recommendations

It is recommended that:

1) Implementation of the Suppression and Eradication of Tsetse fly component should start in order to meet the main project objectives. This entails streamlining and hastening the financial and procurement procedures, bringing the districts on board and provision of GoU counterpart funding.

2) The project should be provided with a full time staff to quicken implementation. In particular is the need for an Accountant to expedite financial operations in a timely manner and an Entomologist.

3) The institutional structure of the management committee should be overhauled and the recommendations of the various audits in this regard implemented. Among the key recommendations is the need to prepare quarterly financial reports and ensuring regular reporting to the funders.

4) Districts should be supported to establish trap making units so that they can replace worn out traps.

5) Further sensitization of communities about the use of traps is needed to curb misuse and redeployment.

3.1.4 MAAIF Insectary

Background

The GoU has opted to use several integrated tsetse and trypanosomiasis control (T&TC) techniques for suppression and eradication of tsetse flies in the country. These include tsetse traps, insecticide application on livestock, selective bush clearing, aerial spraying and sterile insect technique (breeding flies) for total eradication. The MAAIF Insectary[6], hosted by National livestock Research Institute (NALIRRI) in Tororo, is a regional facility intended to breed tsetse flies that can guarantee total eradication of tsetse by releasing males after sterilization that ensure that no- further tsetse fly offspring are produced. The insectary is supposed to produce seed colony - 300,000 breeding females. A technical cooperation was signed between the GoU and the International Atomic Energy Agency (IAEA) as early as 2001 to refurbish and expand the facility. The IAEA is providing long term support to NALIRRI to build capacity in tsetse fly research, including training of staff and providing the necessary equipment. Hence the hosting of the insectary at NALIRRI was seen as a good opportunity to further this research objective although the research station is not involved in project implementation. The project is directly implemented and supervised by MAAIF. The project is also supported by the ADB.

NALIRRI offered a building to be used as an insectary that required expansion and refurbishment. The architectural drawings for expanding the facility were made in 2001 by the International Atomic Energy Agency. But no work was done until 2005 when funds were obtained for this project. The architectural drawings were reviewed in 2005 and the contract for refurbishment of the insectary was awarded by MAAIF to a private company M/s BUILTRUST Construction company. The contract between MAAIF and the construction company was signed in July 2006. It was planned that the work will be done and completed in four months such that the insectary would be ready for use by December 2006. Funds were disbursed in 2006 to enable speedy completion of the project.

Progress update

Discussions with the MAAIF staff implementing the project indicated that works were never completed as the contractor abandoned the project in 2007 after having been paid the bulk of the funds. The permanent secretary of MAAIF terminated the company and the matter was reported officially to the Solicitor General. It was reported that M/s BUILTRUST Construction Company disappeared and hence could not be taken to Courts of Law. Although the company was registered to be resident in Kisugu Muyenga Plot 3245 Block 244 Telephone: 041-340504/0752699791/0782382600, MAAIF staff reported that they could not trace the company or its employees. They had heard that the company re-allocated to the DRC, though this was not confirmed information.

The Solicitor General advised that the remaining work should be completed by the Ministry of Works and Transport (MOWT). The MOWT has submitted fresh Bills of Quantities and in FY 2010/11 funds have been budgeted by MAAIF to complete the insectary.

Financial performance

[6] Building that housing equipment for breeding flies.

The total contract sum signed between MAAIF and M/s BUILTRUST Construction company for the refurbishment and extension works was UShs 618,336,591[7]. The contractor was paid UShs 410,701,501/= or 66% of the contract sum despite having completed less than 50% of the works.

Physical performance

During FY 2009/10, MAAIF planned to complete the refurbishment and expansion of the insectary at NALIRRI and establish and maintain seed tsetse colony at the station. The monitoring team visited the insectary to assess progress in implementation of this project. It was found that construction work had stalled completely and the work that had been done was sub-standard as indicated below:

- The new extension of the building was already showing large cracks and was of low height;
- Electrical installations were hanging over the walls, posing danger to staff of possible electrocution;
- Poor workmanship in construction of floors.
- Leaking roof
- Weak walling of extension such that anthills are already invading the building

Left: Hanging electrical installations and infestation of ants in building; Right: Cracked walls of extension.

The contractor was expected to build substructures, walling, roofing, windows and doors, finishings, electrical installation, water supply system, generator house and chain link fence. Most of these items were not installed despite the contractor taking 66% of the contract sum. An issue for further investigation is why MAAIF paid out such a large part of the contract sum when work was not yet done.

The NALIRRI staff indicated that they have most of the equipment that is to be installed in the insectary for it to be fully functional, donated by the International Atomic Energy Agency. There was evidence of this equipment that was in storage. Four staff of NALIRRI had already undergone entomological training and one was still being trained.

[7] MAAIF, 2006.

Equipment in storage at NALIRRI

Recommendations

1) M/s BUILTRUST Construction company should be tracked and requested to account for the funds that were disbursed. Appropriate legal action should be taken by the Government to address this problem.
2) The refurbishment and expansion of the regional insectary should be completed as it has immense benefits for tsetse suppression and eradication. Since the equipment is already available as well as trained manpower, making this facility functional should be easy.

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, improving the quality and relevance of education at all levels, and improving effectiveness and efficiency in delivery of the education services.

During the period October-December 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 January 2010. 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 achievements of the second quarter planned outputs targets.

Scope:

The monitoring team sampled activities reported in the October-December 2009/10 Progress Report and visited development projects in 22 districts.[8] These included developmental projects reported under Emergency Construction and Rehabilitation of Primary Schools, Development of Secondary Education, Development of BTVET and Development of TVET P7 Graduate and Development of PTCs and NTCs. SFG activities for FY 2008/09 in 8 districts were also monitored.

This report therefore gives the verified status and progress of implementation as at the time of the monitoring visit during the month of March 2010.

Methodology:

The team undertook a desk review of a number of documents in preparation for the fieldwork and during the process of compiling this report. From this, a check list of issues and activities for the monitoring exercise was developed. Focus Group Discussions (FGDs) and Key Informant Interviews were held with various Government officials at Central and District levels regarding the physical status of reported activities in the Progress Report. Observations of events, processes and activities regarding the reported outputs were made. In some cases call-backs were done to triangulate information. The team also took photographs to show the status of the monitored projects as at the time of the monitoring visits.

Limitations:

A number of beneficiaries had little information on scope of civil works, costs, contract periods particularly on projects contracted and implemented by the centre. It was also found that some heads of Institutions /head teachers do not share financial information with their staff/deputies. This posed challenges in getting information from head-teachers who were not at schools at the time of the

[8] Kabale, Rukungiri, Isingiro, Bushenyi, Bundibugyo, Kabarole, Kibaale, Hoima, Masindi, Pader, Dokolo, Amuria, Soroti, Kumi, Sironko, Busia, Jinja, Masaka, Mpigi, Kayunga, Buikwe and Nakaseke.

monitoring. However, the team interacted with officers handling projects at the centre and also made telephone contacts with the head teachers.

3.2.2 Emergency Construction and Rehabilitation of Primary Schools:

MoES planned to work on a number of Primary Schools during Quarter two under Emergency Construction and Rehabilitation of Primary Schools project. Some of the schools suffered destruction by storms during the previous year while others needed renovation.

The MoES Consolidated Quarterly Progress Report for 2nd Quarter indicates that the planned expenditure for Emergency Construction and Rehabilitation of Primary Schools was UShs 660,000,000= Of this UShs 467,408,000/= (71%) was released. The report further indicated that UShs 752,610,000/= (114%) was spent on this project during the quarter. This means that there was an over expenditure of UShs 282,202,000/= on this project during quarter 2 using funds brought forward from Q1,

The report further indicates that MoES remitted funds for construction/renovation works to eleven primary schools[9]. The team visited all of them to verify the reported status of implementation. The team also visited Kalera P/S in Bundibugyo District which received funds during the previous quarter.

Findings indicated that out of the twelve schools visited, eleven schools received the reported funds. One school did not receive the reported funds as funds were reportedly sent to a wrong account.[10] Findings further indicated that seven schools had started constructions of different structures. At the time of the monitoring visit civil works were at different stages. All the seven schools were undertaking the civil works as per the approved work plan. Four out of the eleven schools had not yet started on any civil works and funds were still on the school accounts.[11] The details are given in the following section.

St Anne's Kkonge Mixed P/S:

The Consolidated Progress Report for quarter 2 FY 2009/2010, indicated that UShs 153,450,000/= was remitted to St. Anne's Kkonge Mixed P/S for construction works of a 7 classroom block, 2 blocks of 5 stance latrines, 2 blocks of teachers' houses and procuring 126 desks. The report further notes that this was partial payment out of the total approved budget of UShs 248,000,000/=.

A letter from MoES seen by the monitoring team requested the school authorities to acknowledge receipt of 153,450,000/=. However, the head teacher reported to the monitoring team that as of 4th March 2010, the school had received only UShs 75,000,000/=.

Findings further indicated that the school administration decided to divert from the original purpose of constructing a 7 classroom block, 2 blocks of 5 stance latrines, 2 blocks of teachers' houses and

---

[9] Konge P/S (Mpigi), Kachung P/S (Dokolo), Busia Integrated P/S (Busia), Kabahesi P/S (Kabale), Kibira P/S (Sironko), Bundimbere P/S (Bundibugyo), Soola P/S (Sironko), Bulegeni P/S (Sironko), Mishenyi P/S (Isingiro), Busunga P/S (Mukono) and Bundikahunga P/S (Bundibugyo).

[10] i.e. Kachung P/S in Dokolo District.

[11] i.e. Kkonge P/S, Busia Integrated P/S, Kabahesi P/S, and Mishenyi I P/S

procuring 126 desks. Instead, they planned to renovate the old structures at the school and use the funds as follows:

- Upgrading the 5 classroom block with office and store at UShs 29,814,400/=
- Renovation of a 3 classroom block at UShs 13,543,000/=
- Renovation of a 4 classroom block at UShs 29,876,000/=

This would bring the total expenditure to 73,233,400/=

However while school management planned to use the funds as indicated above, by the time of the monitoring visit no civil works had started and all the funds were still on the school account.

It is the opinion of the monitoring team that school administration sticks to the original purpose for which the funds were given to the school. The UShs 75,000,000/= would give the school 4.9 new classrooms with furniture at the current unit cost of 15,260,000/= per class. The school expects to receive an additional UShs 95,000,000/= during quarter 3 (or UShs 173,000,000/= depending on how much was actually received by the school: 75m or 153,45m). Sticking to the purpose for which the funds were given will save the school authorities from audit queries and would enable government to achieve value for money.

Kachung P/S:

Kachung P/S is found in Dokolo county, Agwata Sub county in Kachung Parish, in Dokolo District. The school is located in Akwote 'B' LC I. The Consolidated Progress Report for quarter 2 FY 2009/2010, indicated that UShs 36,000,000/= was released to theschool. The funds were meant for construction of two classrooms and procurement of furniture.

The school head teacher reported to the monitoring team that **no** funds were received by the school as at 16th March 2010 the day of the monitoring visit. The school received a letter from MoES requesting them to acknowledge receipt of UShs 36,000,000/= which was released on EFT dated 26th November 2009. The letter further observed that the funds were released directly to the school account 01210900353901 Stanbic Bank, Lira Branch. According to the head teacher, this is not the school account.

Findings further indicated that the account number 01210900353901 Stanbic Bank, Lira Branch to which MoES reported to have released the funds, belonged to one OCEN AMBROSE. However, at the time the head teacher checked with the Branch Manager, the account had been closed. It was not clear whether funds were credited to that account and withdrawn.

In order to prevent financial loss to government, MoES should take immediate steps to recover these funds before the end of this Financial Year. It should be established whether the money was credited to Ocen Ambrose's account and was withdrawn and if so institute measure's to recover it from him. It should also find out whether the funds are on the suspense account and if so send them to the right beneficiaries immediately.

Busia Integrated P/S:

Busia Integrated Primary School is found in Busia Town Council in Busia District. The Consolidated Progress Report for quarter 2 FY 2009/2010, indicated that UShs 48,000,000/= was remitted to the school for construction of a 4 classroom block with an office and store. The funds were a partial payment out of the total approved budget of UShs 68,000,000/=. The funds were remitted on EFT on 26th November 2009 directly to the school account.[12]

Findings indicated that the school received the reported funds. The school also received a second set of guidelines on the use of these funds from MoES. These guidelines advised that instead of constructing a 4 classroom block with an office and store, they should use the funds to construct a 2 classroom block with 36 pieces of 3-seater desks at a cost of UShs 30,520,000/=, construct a 5 stance lined pit latrine with a urinal at a cost of UShs 9,000,000/= and to construct a 2 stance lined pit latrine with a urinal at a cost of UShs 4,000,000/=. These would bring the total expenditure to UShs 43,520,000/=. The letter indicated that they would be guided on the use of the remaining balance of UShs 4,480,000/=.

By the time of the monitoring visit on 25th March 2010, the procurement process was on going. However, findings indicated that there were flaws in the procurement process which even affected the start of construction process. It was reported that advertisements were made locally and 8 firms picked the bid documents while only five returned the bid forms. The evaluations committee conducted the evaluations and recommended 2 firms to the contracts committee instead of coming up with one.[13] The Contracts Committee communicated to one of the two firms on behalf of the school without the head teacher's knowledge.

However the CAO offered them guidance on the procurement process. The CAO observed that the evaluation report had not conformed to the requirements of the PPDA evaluation guidelines of 2008, it had recommended 2 firms instead of one, the notice of the best evaluated bidder was not posted on the notice boards for 5 five days as per the PPDA guidelines, the School Contracts committee communicated to one of the bidder's on behalf of the school without knowledge and consent of the Head teacher who is the accounting officer. The CAO therefore advised that to avoid audit queries for the accounting officer, the process should be repeated and the school administration should seek the guidance of the district. By the time of the monitoring visit, preparations were being made to repeat the process. Construction had not started and the funds were still on the school account.

The case of Busia Integrated regarding procurement problems is not an isolated case. Many schools are facing the same problem on receipt of these development funds from government. The monitoring team therefore proposes that MoES designs a simple guide on the procurement procedures to help the head teachers who are supposed to account for such funds.

Kabahesi P/S:

Kabahesi Primary School is found in Kabale District, Ndorwa County, Buhara Sub County in Rwene Parish. The Consolidated Progress Report for quarter 2 FY 2009/2010, indicated that UShs 49,280,000/= was released to the school for construction of a 3 classroom block, 5 stance pit latrine and procurement of 54 desks. The report noted that this was a partial payment out of the total

[12] Account Number 01210405550001 Stanbic Bank Busia Branch.
[13] Twin Developers Limited and DBK Constructions Limited.

approved budget of UShs 69,280,000/= and that the balance would be paid to the school during quarter 3.

Findings from the field indicated that the school received the funds. However, by the time of the monitoring visit on 9th March 2010 construction had not started.

Kibira P/S:

Kibira Primary School is found in Sironko District, in Budadiri County, in Sironko Town Council, Industrial ward, in Kibira Cell. The Consolidated Progress Report for quarter 2 FY 2009/2010, indicated that UShs 20,000,000/= was released to the school for renovation of a 3 classroom block.

Findings from the monitoring confirmed that the school received the reported funds. The funds were credited to the school account in December 2009 vide EFT.

Findings showed that adverts were placed at the district, Town Council and school notice boards. Three firms responded to the call for bids and also submitted their bids documents.[14] The evaluation team recommended Business Care Promotion Uganda Limited as the best evaluated bidder and the contract was awarded to them. The Contract agreement was on 1st March 2010 and civil works started immediately.


The 4 classrooms which were renovated

By the time of the monitoring visit on 25th March 2010, the renovations of the classroom block were on going. Civil works involved fixing several cracks on the classroom block. A ring beam on classroom block was fixed. Other works included re-doing the verandah, re-plastering, re-flooring and painting the four classrooms.

The school administration must be commended for the good work done and for using the funds efficiently. It was noted that they used the same funds to renovate four classrooms instead of three.The head teacher informed the monitoring team that they even had a balance of UShs 2,800,000/= with which they are proposing to use to procure desks.

It was also observed that both the CAO and the MoES Assistant Engineer have been guiding the school authorities during this process.

Soola P/S

[14] Jerusalem quoted UShs 20,000,000/=, Aaswaki General Construction quoted UShs 21, 500,000/= and Business Care Promotion Uganda Limited UShs 16,468,000/= for the civil works.

Soola Primary School is found in Sironko District, Budadiri County, Bukiyi Sub County, Nabudisiru parish in Kaduwa LCI. This school was destroyed by a storm on 12th March 2009 which de-roofed all the school structures and left one pupil dead. MoES pledged to reconstruct the school. The Consolidated Progress Report for quarter two FY 2009/2010, indicated that UShs 20,000,000/= was released to the school for construction of a 5 classrooms, office and a store and procurement of 90 desks. This was partial payment out of the total approved budged of UShs 108,050,000/=.

Findings from the monitoring visit showed that the reported funds were received by the school. These funds were credited on the school account[15] in December 2009 vide EFT.

The school authorities, with the guidance of the CAO and MoES Assistant Engineer, initiated the procurement processes. Three firms showed interest in doing civil works[16]. The contract was awarded to Namugabwe General Construction Company at a contract sum of UShs 27,921,000/=. This contract was to construct a 2 classroom block as they await the remaining balances to put up the remaining classes. Findings further indicated that the Contract was signed on 16th March 2010 and civil works started soon-after.

At the time of the monitoring visit on 25th March 2010, the civil works were at foundation level. It was reported that the MoES Assistant Engineer together with the members of the School Management Committee were supervising the works.

The foundation of the 2 classroom block at Soola P/S

Bulegeni P/S.

Bulegeni Primary School is found in Sironko District, in Bulamburi County, Bulegeni Sub County, Bulegeni parish, in Kamayali village.

This school was hit by a storm in March 2007 which destroyed a 3 classroom block with offices. The Consolidated Progress Report for quarter 2 FY 2009/2010, indicated that UShs 20,000,000/= was released to the school for renovation of a 4 classroom block.

Findings showed that the reported funds were received. At the time of the monitoring visit on 25th March 2010, the renovations of the affected classroom block were on going. Civil works included putting a ring beam around the entire block of 87ft long by 22ft wide, internal and external re-plastering, re-roofing the entire classroom block with new iron sheets (though not pre-painted), putting new metallic doors and windows, re-flooring, re-painting and working on the verandahs.

[15] Account Number 0121043760301 Stanbic Bank Sironko Branch
[16] Kaduwa Progressive quoted UShs 28,000,000/=, Pia Building Construction Company quoted 28,261,500/= and Namugabwe General Construction Company that quoted 27,921,000/=

A 3 classroom block being plastered. The outside impression of the block under renovation

The beneficiaries were satisfied with the quality of civil done on the structure.

Mishenyi I Primary School:

Mishenyi I Primary School is found in Isingiro District, in Bukanga County, Mbaare Sub County, in Kihanda parish in Mishenyi I LC I village. The school was hit by a storm in 2007 that destroyed a 4 classroom block. The Consolidated Progress Report for quarter 2 FY 2009/2010, indicated that UShs 44,360,000/= was remitted to the school for renovation of a 3 classroom block, 5 stance pit latrine and purchase of 54 desks.

Findings from the monitoring confirmed that the school received the reported funds of 44,360,000/= in December 2009. This was partial receipt out of the approved total budget of UShs 63,360,000/=. The funds were directly remitted to the school account in Stanbic Bank, Mbarara branch. At the time of the monitoring visit on 9th March 2010 the funds were still on the school account and civil works had not started. The school authorities had not even started on the procurement processes.

Part of the 4 classroom block which was destroyed by storm in 2007 at Mishenyi I P/S

Busunga P/S:

Busunga P/S is found in Buikwe District, Ngogwe Sub County in Kiringo Parish and it is located in Busunga village on the shores of Lake Victoria. The Consolidated Progress Report for quarter 2 FY 2009/2010, reported that UShs 40 000,000/= was remitted to the school for construction of 4 teachers' houses. It further reported this was partial payment out of the total approved budget of UShs 90,000,000/= for the whole project.

The monitoring team confirmed that the school received UShs 40,000,000/= for construction of four teacher's houses. Findings revealed that civil works started towards the end of January 2010.

However, these works stalled in February 2010 due to a school management dispute regarding the procurement of construction materials..

At the time of the monitoring visit, works on the teachers' houses were at foundation level. The site was however, full of materials that included bricks, stone aggregates and sand. There were also 60 bags of cement in the store for this activity. The quality of works up to that level was said to be good.

The foundation for the 4 teachers' houses that had stalled.

MoES should follow up on this case to ensure that the management dispute does not affect the use of the funds and progress of civil works at this school.

Bundikahunga P/S

Bundikahunga Primary School is found in Nyahuka Town Council, Bundikahunga parish in Bundibugyo District. The Consolidated Progress Report for quarter 2 FY 2009/2010, reported that UShs 6, 000,000/= was remitted to the school for renovation of a 2 classroom block.

Findings from the monitoring visit indicated that the school received the reported funds on 15th December 2009 vide EFT. The funds were credited directly to the school account.[17]

A 2 classroom block being constructed at Bundikahunga P/S

However on site what is referred to as a 2 classroom block was just a roofed super structure supported by circular steel pipes (circular hollow sections) with no walls. It is almost a shade. This structure was housing four classes.

The civil works to be done on the structure included digging and raising the foundation, walling, putting shutters, and turning the former shade into a classroom. This is therefore almost a new

[17] Account Number 0140080016701, Stanbic Bank Bundibugyo Branch.

construction. It is therefore very unlikely that these funds will suffice even for the 2 classroom block. The contract was awarded to Sabango Construction Company Limited at a contract price of UShs 6,000,000/=. By the time of the monitoring visit, the foundation was being excavated.

It is recommended that MoES considers giving more funds to this school to enable them turn the super structure into a real classroom block. Using the current unit rate of Ushs. 15,260,000/= this works would cost government not less that UShs 30,520,000/=.

Bundimbere P/S

Bundimbere Primary School is found in Nyahuka Town council, in Bamba parish, in Bundibugyo District. The Consolidated Progress Report for quarter 1 FY 2009/2010, reported that UShs 70 000,000/= was remitted to the school for construction of four classrooms and procurement of 72 desks at these school. Prior to receipt of funds the school had no structures and pupils were studying in make shift structures.

Findings from the monitoring indicated that the school received the reported funds. By the time of the monitoring visit on 11th March 2010, civil works were going on. Two blocks were being constructed simultaneously. One classroom block with 2 classrooms was at window level while the other block with 2 classrooms with an office and a store was also window level. Both structures were being re-enforced with beams. The beneficiaries expressed satisfaction at the quality of civil works up to that level.

Pupils in a make-shift class.

The 2 classroom blocks under construction at Bundimbere P/S

Kalera P/S

Kalera Primary School is found in Bundibugyo District, in Nyahuka Town Council, in Bundikuyari parish. Findings from the monitoring visit confirmed that the school received UShs 30,000,000/= vide EFT. The money was credited directly to the school account.[18]

The instructions received by the school stipulated the funds were for rehabilitation of a four classroom block. However on site what is referred to as a four classroom block was just a roofed super structure supported by circular steel pipes (circular hollow sections) with no walls. It is almost a shade.

[18] Account Number 0140080027601, Stanbic Bank Bundibuygyo Branch

The super structure being turned into a classroom 4 classroom block at Kalera P/S

At the time of the monitoring visit the contract had been awarded to Bamuzibire and Sabango Company Limited and works had started. The civil works to be done on this super structure included digging and raising the foundation, walling for the putting shutters, and partitioning the former super structure into classrooms. The head teacher reported that the height of the super structure had to be raised because it was rather short.

He also reported that he had hitherto paid one certificate for completion of the slab level worth UShs 17,380,000/=. It was apparent that the funds were not going to be enough.

Findings show that this is almost a new construction. The UShs 30,000,000/= provided would be enough for constructing a new 2 classroom block with furniture at the unit cost of UShs 15,260,000/=. Bust since MoES wants the school to work on four classrooms it is clear that these funds will not be adequate. MoES should therefore consider giving this school additional funds to enable construction of four new classrooms.

Conclusion:

MoES planned to release funds for civil works in 10 selected primary schools under Emergency Construction and Rehabilitation of Primary Schools. All the ten schools received the reported funds. This planned output target was achieved. What remains is to ensure that all schools implement and complete construction before the close of the financial year.

Recommendations:

- MoES should clarify on the how much money was remitted to St. Anne Kkonge Mixed P/S. This is because the figure reported in the Quarter 2 Progress Report and the one reported by the head teacher as received do not tally. Secondly MoES should ensure that the school authorities stick to the guidelines and purpose for which the funds were given. This is because they had diverted to renovating the old structures yet MoES gave them UShs 248,000,000/= for construction of new structures. The government will be getting value for money by constructing new structures at this school.

- In order to prevent financial loss to government, MoES should take immediate steps to recover the funds released for Kachung P/S in Dokolo District which were credited to a wrong account.
- Many head teachers have scanty information while others completely lack information about the procurement processes and particularly the PPDA guidelines yet they have to account for the development funds received from government. It is therefore proposed that MoES designs a simple guide on the procurement procedures to help the head teachers who are supposed to account for such funds. This will reduce audit queries.
- MoES should also follow up on civil works for four primary schools of St. Anne Kkonge Mixed P/S (Mpigi District), Mishenyi I P/S (Isingiro District), Kabahesi P/S (Kabale District) and Busia Integrated P/S. (Busia District) to ensure complete implemenation before the end the financial year. These schools for various reasons have delayed the start of implementation.
- MoES should follow up on construction works of the 4 teacher's houses at Busunga P/S in Buikwe District to ensure that the school management dispute does not affect the use of the funds and progress of civil works at this school.
- MoES should consider additional funds to enable the 2 schools of Bundikahunga P/S and Kalera P/S in Bundibugyo District to complete the civil works. This is because on site, these 2 schools are undertaking almost new constructions. What was referred to as classroom blocks to be renovated, were just super structures supported by circular steel pipes (circular hollow sections) with no walls.

3.2.3 Development of Secondary Education:

During quarter 2 MoES planned to rehabilitate and expand selected Secondary Schools in various parts of the country. These are some of the old schools some of whose structures had deteriorated over the years.

The MoES Consolidated Quarterly Progress Report indicated that the planned quarter two expenditure for this activity was UShs 4,830,000,000/=. Of this UShs 3,392,080,000/= (70%) was released. The report further indicated that UShs 3,166,092,000/= (66%) was spent. The report notes that there were unspent balances of 225,988,000/= as at the end of the quarter 2.

The report further shows that MoES released funds for rehabilitation works to ten schools: Jinja S.S, (Jinja), St Fancis Madera school of the Blind (Soroti), Sir Tito Winyi (Hoima), Nyakasura School (Kabarole), St Edward S.S. Bukuumi (Kibaale), St Charles Lwanga S.S. Kalongo (Pader), Makobore High School (Rukungiri), Ngora High School (Kumi), St Kalemba S.S.(Kayunga), Ngora Girls (Kumi).

All these ten secondary schools were visited to verify the reported status. Findings indicated that all the ten secondary schools actually received the reported funds. By the time of the monitoring visit, seven of them had started on the civil works while the remaining three schools[19] had not started and were keeping the funds on the accounts. The details of the findings are summarized in the following section:

[19] Nyakasura School, Makobore High and Ngora Girls.

Jinja S.S.

Jinja Senior Secondary School is found in Jinja District within Jinja Municipality. The MoES Consolidated Quarterly Progress Report indicated that the ministry disbursed UShs 100,000,000/= as the first tranche of funds for phase one rehabilitation and expansion works at Jinja S.S.

Findings confirmed that the school received the reported funds in January 2010. It was reported that the school used the force account modality to undertake the rehabilitation. It was not clear whether they received clearance from PPDA to use the force account modality. However, by the time of the monitoring visit, the renovation works were going on the “A” level storied structure that houses 18 classrooms, 18 toilets and offices.

The renovation works on this structure involved removing the tiled roof, scrubbing the tiles and putting them back, replacing the timber, putting concrete ceilings for the 18 classes and working on the balcony-ceilings. Other works involved re-working the electrical wiring on the entire block, working on the floors in all the 18 classes as well as repairing the verandas. It was reported that works on this structure were on schedule and the beneficiaries were satisfied with the quality of works. The works were closely supervised by the board members, the municipal engineer and the LC V.

The ‘A’ level block housing 18 classrooms being renovated a Jinja S.S.

Other structures to be renovated include the administration block, the dining hall, the sick bay, the fine art block, the technical drawing block, the “O” level, block, the science block, the “A” level laboratory, the “O” level classroom block and the girls hostel. Initial costs of the rehabilitation were estimated to be UShs 568,647,364/=.

St.Francis Madera for the Blind:

St Francis Madera for the Blind is found in Soroti District, in Soroti Municipal Council, Northern Division, in Madera Ward. The school is located in Magingo ‘A’ LC I. The MoES Consolidated Quarterly Progress Report indicated that the ministry disbursed UShs 100,000,000/= as the first tranche for phase one rehabilitation and expansion works.

The sub-structure for the dormitory block being casted at Madera School of the Blind

Findings indicated that the school received the reported funds in December 2009 on EFT. The funds were credited directly to the school account.[20] The funds were used to construct a students' dormitory for the senior secondary section of the school. The contract was awarded to St. Mugagga Construction company at a contract sum of UShs 107,000,000/= for a contract period of six months. The civil works started in February. By the time of the monitoring on 17th March 2010, they were casting the sub structure. Findings further indicated that some structural changes have been made to cater for the needs of the blind children.

It was reported that the municipal engineer and engineering assistant for MoES have been supervising the works.

Nyakasura School:

Nyakasura School is found in Kabarole district in Bwashya county, in Bukuku sub county, in Karago parish. The MoES Consolidated Quarterly Progress Report indicated that the ministry disbursed UShs 100,000,000/= as the first tranche for phase one rehabilitation and expansion works.

Findings revealed that the school received the reported funds in December 2009. .,The tschool administration was guided by MOES to use the funds to construct a cyber room and a library. By the time of the monitoring visit on 11th March 2010, advertisements had been made and the process or procuring a contractor was going on.

Sir Tito Winyi S.S:

Sir Tito Winyi S.S is found in Hoima District, in Kyabigambire Sub County, in Bulindi parish. The school is located in Bulindi-Kigungu LC I village. The MoES Consolidated Quarterly Progress Report indicated that the ministry disbursed UShs 100,000,000/= as the first tranche for phase one rehabilitation and expansion works. The funds were meant for rehabilitation of pedagogical infrastructure.

Findings from the monitoring confirmed that the school received the reported funds in December 2009 vide EFT. Findings further indicated that the school management followed the PPDA guidelines through-out the procurement process. Advertisements were made locally and three firms responded. Two of them returned the bid documents. The best evaluated bidder was MUKA Investments Uganda Limited. This firm was awarded the contract of renovating and remodeling the science laboratory block on 21st January 2010 at a contract sum of UShs 91,000,000/=.[21]

---

[20] Account Number 0140050252201 Stanbic Bank Soroti Branch.
[21] The science laboratory houses the chemistry/biology laboratory and the physics/agriculture. This structure was constructed in the 1950s.

By the time of the monitoring civil works on the structure were in progress. The whole block was de-roofed and the asbestos sheets were removed and replaced with new iron sheets. New rafters and purlines were fixed. A ring beam for the entire block was fixed as it did not previously have one. The ceiling was replaced. All the electrical wiring was re-done. All the old plaster was removed and the entire building was re-plastered. Part of the floor was also repaired. All the glasses, stays and fasteners were also replaced. The entire structure was re-painted. In order to have a science laboratory, one classroom was completely remodeled into a laboratory. New sinks and running water were installed. New metallic doors, a new 1000-litre water tank, gas chambers and work-tops were put. The whole splash apron for the entire block was replaced with a new one.

The outside and the Inside view of the rehabilitated Science laboratory. The HM shows the team a classroom which was remodelled into a Laboratory

The beneficiaries are happy with the quality of civil works that have been done on the structure.

St Edward Bukuumi:

St Edward Bukuumi S.S. is found in Kibaale District, in Bugangaizi County, Bwanswa sub-county, Nkondo parish. The MoES Consolidated Quarterly Progress Report indicated that the ministry disbursed UShs 100,000,000/= as the first tranche for phase one rehabilitation and expansion works.

Findings from the monitoring confirmed that the school received the reported funds in January 2010. The funds were credited directly to the school account.[22] These funds were meant for the renovation of the biology laboratory, the arts block for senior five and senior six and renovation of the science block. Findings further showed that a force account was used to undertake the phase one rehabilitation works at the school. However, it was not clear whether clearance was received to use a force account modality.

By the time of the monitoring visit on 12th March 2010, a number of civil works were on going. The biology laboratory was de-roofed, the old asbestos sheets were removed and it was re-roofed with new pre-painted iron sheets. The old wooden doors were replaced with new metallic doors. New glasses for the doors were fixed. A total of ten doors on this block were replaced. Also all the glasses for the windows on this block were replaced. The floor and the verandah were also replaced.

[22] The account is in Stanbic Bank, Bwamiramira Branch, in Karuguza Township.

Civil works on the science block were going on at the time of the monitoring visit. The structure was de-roofed to remove the old asbestos sheets which were replaced with new pre-painted iron sheets. The height of the walls was also reduced. Wooden doors were also going to be replaced with metallic doors. The verandah was also going to be replaced.

The arts block which has 2 classes was also being rehabilitated. By the time of the monitoring this block had been de-roofed and the asbestos sheets had been replaced with pre-painted iron sheets. The glasses for all the windows had been replaced. Works were going on the verandah.

THE BIOLOGY LABORATORY WHICH WAS RENOVATED

THE SCIENCE BLOCK WHICH WAS RENOVATED

The quality of rehabilitation works on all the structures at the school was extremely good. It was also clear that there is value for money. The school administration should be commended for the good work done.

St Kalemba S.S.

St Kalemba S.S. is found in Nazigo Sub county, Natetta parish, in Kayunga district. The MoES Consolidated Quarterly Progress Report indicated that the ministry disbursed UShs 49,760,000/= for emergency repairs works. This school experienced a storm that damaged a number of buildings during term II of 2009.[23]

Findings from the monitoring visit confirmed that the school received the reported funds. However, while the Consolidated Quarterly Progress Report indicated that the school received UShs 49,760,000/=, the actual funds received by the school were UShs 100,000,000/=. These funds were sent vide EFT.[24].

By the time of the monitoring on 3rd March 2010, a number of affected buildings had been repaired. It was reported that repairs on the science laboratory cost UShs 15,947,000/=. The works involved putting back the roof.

Repairs for the Senior II block had been completed. Civil works involved putting a ring beam on the block as well as a new roof. Part of this block was turned into a sick bay. The facility was equipped with running water. It was partitioned into two rooms for boys and girls respectively. Provisions were made for a toilet for boys and a toilet for girls. This was reported to have cost UShs 27,960,100/=.

---

[23] The roof for the science laboratory, Senior II block and the HSC blocks were blown off. The roof of the girls' dormitory was partially damaged

[24] The funds were credited on the school's account in Stanbic Bank, Mukono Branch.

Repairs were also done on the HSC block and fine art room at a cost UShs 6,564,000/=. Metallic pillars were put to support the structures. Part of the roof was also repaired.

Repairs for the girls' dormitory were reported to have cost UShs 6,809,400/=. The floors for this dormitory were repaired. Work was also done on the Senior III classroom block at a cost of UShs 2,752,000/=. Other works included general repairs on the library, on the kitchen and the floors for the boys' dormitory.

Two of the structures whose roofs were replaced at St Kalemba S.S

While findings indicated that repairs were made on the different structures as shown above, the figures given to the monitoring team did not show that all the UShs 100,000,000/= was absorbed. It is recommended that the MoES follows up on accountabilities of this money. The repairs on the Senior II block and remodeling one classroom into a sick-bay at a cost of UShs 27,960,100/= seems to be on the high side[25]. It is also recommended that the Auditor General does a value for money audit on the repairs done at this school.

St Charles Lwanga S.S. Kalongo

St Charles Lwanga S.S. is found in Pader District, in Kalongo Town Council, Parumu parish, in Kubwo West ward. The MoES Consolidated Quarterly Progress Report indicated that the ministry released UShs 100,000,000/= to the school for phase one rehabilitation and expansion works.

Findings indicated that the schools received the reported funds in December 2009 vide EFT. The funds were credited directly to the school account.[26] The guidelines from the MoES stipulated the funds were for rehabilitation of pedagogical infrastructure. The school authorities however, wrote to MoES to requesting to be allowed to use the funds to construct new pedagogical infrastructure instead of rehabilitating the old structures. They intended to construct 4 new classrooms. It was reported that MoES gave them a go-ahead. At the time of the monitoring visit, the foundations for the structure were being excavated.

---

[25] Remember that a unit cost of a new classroom with furniture under secondary education is UShs 22,600,000/= . Yet in this case it is renovation and remodeling. Even the iron sheets used to re-roof are not pre-painted.
[26] The school account in Stanbic Bank, Kitgum Branch.

THE FOUNDATION FOR THE 4 CLASSROOM BLOCK BEING EXCAVATED AT ST. CHARLES LWANGA S.S. KALONGO

Makobore High

Makobore High is found in Rukungiri District, Ruzumbura County, in Rukungiri Town Council, in the Western Ward. The MoES Consolidated Quarterly Progress Report indicated that MoES released UShs 100,000,000/= to the school for phase one rehabilitation and expansion works. The guidelines from MoES indicated that the funds were for rehabilitation of pedagogical infrastructure giving priority in the order of classrooms, science laboratories, libraries, and administration blocks.

Findings from the monitoring indicated that the school received the reported fund in December 2009 vide EFT. These funds were credited directly to the school account.[27] Findings further showed that the procurement process had been undertaken. The contract had been awarded to Kinombe Nyaruzinga Construction Company Limited. This firm was contracted to rehabilitate the science laboratory (Physics, Chemistry, Biology) and a 3 classroom block with deputy head master's office at a contract price of UShs 98,863,308/=. By the time of the monitoring visit on 10th March 2010, civil works had not started.

Ngora High School:

Ngora High School is found in Ngora county, Ngora sub county, Kobuku parish in Kumi District. The MoES Consolidated Quarterly Progress Report indicated that the ministry disbursed UShs 49,760,000/= for emergency repairs. The report noted that this was partial payment out of the total approved budget of UShs 100,000,000/= for the repairs at this school.[28]

Findings from the monitoring confirmed that the school received the reported funds (UShs 49,760,850/=) in December 2009 vide EFT. The funds were paid directly into the school account.[29] The guidelines that the school received indicated that the funds were for construction of a semi detached teachers' house and construction of six stance pit latrine.

[27] Account Number 140070680302 Stanbic Bank Rukungiri Branch.

[28] This school suffered a storm on 14th March 2009 that destroyed roofs of eleven houses at the school. i.e. 2 boys dormitories, 2 girls' dormitories, the sick bay, the farm house and eleven staff houses

[29] Account Number 0140052875801 Stanbic Bank Kumi Branch

Findings further indicated that the school authorities advertised locally in January and 3 firms showed interest in the work. The best evaluated bidder was Prio (Uganda) Limited and was awarded the contract to construct the semi detached teachers' house and six stances of pit latrines at a contract price of UShs 48,697,350/=. The contract was signed on 1st March 2010.

By the time of the monitoring visit on 24th March 2010, civil works were on going. The semi detached house was at ring beam level while the 2 stance pit latrine for staff was being excavated, the 4 stance pit latrine for the students was at level of casting the slab. It was noted that the civil works will be done for a contract period of three months (i.e. ending at the end of May 2010.)

The semi detached house, 2 stance pit latrine for staff, and the 4 stance pit latrine for the students at Ngora High School

Up to that level, the quality of works was said to be satisfactory.

Ngora Girls

Ngora Girls S.S. is found in Ngora county, Ngora Sub county, Kobuku parish, in Ngora complex LC I. The MoES Consolidated Quarterly Progress Report indicated that the ministry disbursed UShs 55,540,000/= for emergency repairs works. The funds were meant for repairs of a Home Economics laboratory that was destroyed by storm in March 2009. The funds were credited directly to the school account in December 2009[30].

Findings indicated that the school authorities initiated the procurement process in February 2010. Advertisements were made in Etop Newspaper on 28th February 2010. Three companies responded. Out of the three, MEM Associates Limited was evaluated as the best bidder and was awarded a contract at a contract price of UShs 52,099,000/=[31]

By the time of the monitoring visit on 24th March 2010, civil works had not started. Preparations were being made to hand over the site to the contractors in a ceremony that was scheduled to be held on the 25th March 2010.

[30] Account Number 0140052234601 Stanbic Bank Kumi Branch.
[31] It was reported that Plamadeco Limited had quoted UShs 51,171,054/= and was the lowest bidder. However, they were disqualified on two grounds: first they had no valid Trading License and two: they had not included a lightening protection in the submissions. The third company Skylm Archtect and Engineering company Limited which had showed interest failed to meet the bid submission date.

The Home Economics Laboratory at Ngora Girls before the renovations

Seed Schools:

The MoES Consolidated Quarterly Progress Report indicated that the ministry paid certificates for ongoing civil works for six seed secondary schools. Kinyogoga Seed school in Nakaseke district was viited to assess the physical progress of civil works for which the reported certificates were paid.

Kinyogoga Seed S.S.

Kinyogoga Seed Senior Secondary School is found in Nakaseke district Kinyogoga sub county, Kinyogoga parish, in Kinyogoga village LC I. The MoES Quarterly Progress Report indicated that the ministry paid the final certificate. The school was constructed by Lwotowone Investments. Findings indicated that construction of this seed school started in 2007 and was done in 2 phases.

The 4 classrooms built with funding from GoU at Kinyogoga Seed S.S.

Phase one included construction of an administration block, a classroom block with 2 classes with 2 pit latrines (2 stances for girls and 2 stances for boys with a provision for children with disabilities on each side).

The beneficiaries reported that there are a number of defects which were not rectified. These included the cracked floors in all the classes and verandahs, weak door shutters, some doors with no locks including the doors for the administration block. The drainage for the urinals for boys was poorly done and the urine does not flow, while the drainage on the girls' side was not completed. There is no soak pit on the girls' side.

Picture showing a metallic door which was poorly fixed and is falling off. The 2 doors in the background had no locks.

The head teacher further reported that furniture for phase one was supposed to be 50 desks but only 27 desks were supplied. Many desks were poorly done and many of them have broken down. Furniture for the administration block was not fully supplied. The head masters office was supplied with a desk that had no drawers, one chair and one shelf. The deputy head master was supplied with only student's desk and a chair. Both offices were not supplied with lockable cupboards.

The school has received a consignment of text books from MoES some time in 2007. These included books for biology, agriculture, home economics, chemistry, biology and geography. The school also received 3 science kits, and a few chemicals.

Construction under Phase two started in 2008. This included constructing of a second block of 2 classrooms and construction of a 2 stance pit latrine. The same company Lwotowone Investments undertook the civil works. It was reported that the quality of civil works for the classroom block is fairly good. However, the staff pit latrine was poorly done. There is no shield wall to provide privacy on the men's side and there is no urinal on the lady's side. There are no bolts on all the doors so teachers cannot lock themselves inside.

All the 50 desks for phase two were supplied and are of better quality than those of phase one.

As part of phase 2 the school received another consignment of 164 text books. These included text books for mathematics, English for Senior one, 3 Abbot text books, 3 text books of integrated geography, 3 dictionaries, 3 text books of certificate chemistry, 3 text books of east Africa through 1000 years and 3 atlases. Prior to that they received science charts (chemistry and biology) and 2 small gas cylinders of 3 kgs each.

The contractor was f paid less the value of defects.**Conclusion:**

During quarter 2 MoES planned to rehabilitate and expand 7 secondary schools all of which acknowledged receipt of funds for rehabilitation. During the same quarter MoES also planned to disburse funds for emergency repairs in Ngora High, Ngora girls and St Kalemba S.S. These schools also received the funds during the quarter. The planned output targets were achieved.

However there are other planned activities for quarter 2 in the work plan which were not reported on. These include emergency repairs of Kakuugube S.S, Kamodi S.S, completion of civil works in over enrolled schools, completion of administration blocks in 39 seed secondary school and compensation of land owners at Lweru S.S. These constitute planned output targets which were not achieved during the same quarter.

Recommendations:

- St Kalemba S.S. in Kayunga District received more funds than what was reported in the Progress Report.[32] MoES should therefore take care to report accurately the financial information. Secondly from the figures given to the monitoring team, it appeared that that the UShs 100,000,000/= was not fully absolved on the rehabilitation works. It is recommended that the MoES follows up on accountability of this money. The Auditor General should also conduct a value for money audit on the repairs done at this school.
- The contractor for Kinyogoga Seed S.S. was fully paid without MoES ensuring that all identified defects had been rectified. In future MoES should ensure that no final certificate is paid without the contractor rectifying the identified defects.

3.2.4. Development of BTVET

The MoES Consolidated Quarterly Progress Report indicated that the planned quarter two expenditure for BTVET was UShs 1,660,000,000/=. Of this UShs 649,177,000/= (72%) was released. The report further indicated that UShs 944,965,000/= (105%) was spent. The report notes that there was an over expenditure of UShs 295,788,000/= as at the end of the quarter 2 using funds brought forward from Q1.

These funds were used to provide funds for emergency civil works in Seguya Technical Institute and UTC Bushenyi.

Ahmed Seguya Technical Institute.

Ahmed Seguya TI is found in Kayunga District, in Kangulumira Sub County, in Nakatundu parish. It is the only government aided Technical Institute in the three districts of Kayunga, Mukono and Buikwe. The MoES Consolidated Quarterly Progress Report indicated that the ministry disbursed UShs 12,060,000/= for emergency civil works at the institute.

Findings confirmed that the technical institute received the reported funds in December 2009. The funds were used for concrete civil works on the carpentary and joinery (CJ) workshops which had no floors. The force account modality was used to undertake the works. The principal reported that they procured all the materials that included cement, hard core, stone aggregates, course sand and fine sand. The work was done by the students with the supervision of their Brick-laying and Concrete Practice teachers. By the time of the monitoring visit, these works had been completed.

Findings further indicated that the Technical Institute received UShs 10,000,000/= from MoES. This money was - reported in the progress report under emergency funds since UNEB had withdrawn the examination centre of the institute. Field findings show that the institute received this money in October 2009. The institute at that time did not have single seater desks as well as cutting tables for students in the tailoring department during exams. Because of this UNEB was almost withdrawing the centre. These funds were used to procure timber. The students under the supervision of their CJ teachers made 7 cutting tables and 70 single seater desks. It was also reported that some timber is still available for more furniture. By the time of the monitoring visit all this furniture had been completed. The Institute's administration should be commended for the good work done.

[32] The Quarterly Progress Report reported 49,760,000/= while the actual amount released to the school was UShs 100,000,000/=

The Principal showing us the cutting table and the single seater desks made by students

UTC Bushenyi.

UTC Bushenyi is found in Bushenyi District. The MoES Consolidated Quarterly Progress Report indicated that the ministry disbursed UShs 8,240,000/= for replacement of a water pump at the Technical College.[33]

Findings indicated that the Technical College received the reported funds in January 2010 vide EFT. The principal of the college informed the monitoring team that the water pump was due to be delivered to the college in April 2010 by Davis and Shirtliff at a price of UShs 8,244,837/=. It was also reported that the figure included the installation and plumbing works, electrical fittings and testing of the pump. He observed that the college will make all the payments after the pump has been installed and tested by the supplying firm. By the time of the monitoring visit all these funds were still on the College's account in Stanbic Bank, Bushenyi Branch. He noted that the pump will be 5.5 KW, 3- phase motor and it will have the capacity to deliver 12,000 litres per hour at a total head/height of 70 meters.

Nalwire Techinical Institute:

Nalwire Technical Institute is found in Busia District, Samia Bugwe South County, Lunyo Sub county, Nalwire parish. The institute is located in Buwanga village. The MoES Consolidated Quarterly Progress Report indicated that the ministry set aside UShs 629,530,000/= during quarter 2 for civil works at this Institute.

This activity was handled by the ministry and the contract was awarded to Masafu Contractors Limited. At the time of the monitoring visit on 25th March 2010, civil works on the different structures was going on simultaneously and details, as on the date of the monitoring, are summarized below:

[33] The previous water pump was stolen in December 2005.

The administration block that has five offices (Principal's office, Deputy's office, bursar's office, secretary's office, a store and a staff room) was at roofing level. The internal dimensions of this block measured 22 meters by 7.5 meters.

The Administration Block at Roofing Level

The Girls' dormitory at roofing level

The dormitory block for females was at roofing level. The internal dimensions of this dormitory measured 29 meters by 9.7 meters. It also has a matron's room inside.

The dormitory block for males was at ring beam level. The internal dimensions of this dormitory also measured 29 meters by 9.7 meters. It also has a matron's room inside.

.

The Boys' dormitory at roofing level

The CJ workshop at ring beam level

The Dining Hall at foundation level

The Carpentry and Joinery (CJ) workshop was at ring beam level. The internal dimensions of this workshop measured 28 meters long by 9 meters wide. The block also has a tools store at the end.

The Motor Vehicle workshop was at foundation level. The internal dimensions of this workshop measured 22 meters long by 11meters. The block also has a tools store with an office at the end.

- The Dining Hall was at foundation level. The internal dimensions of this hall measured 25 meters by 9.5 meters. This hall has a store and serving room.
- The fire wood kitchen was at foundation level. The internal dimensions of this kitchen measured 9.5 meters long by 4 meters wide. It is just behind the dining hall.
- At the time of the monitoring visit, they had not started on the pit latrine.

The quality of civil works so far for the different structures was perceived as good. They were also found to be in line with the planned activities of the MoES. The contractor was also still within the contract period as at the time of the monitoring.

Conclusion:

Under project 0942, MoES planned to implement civil works in three Technical Institutions during quarter 2. By the time of the monitoring civil works were on schedule in 2 out of the three institutions. The biggest development expenditures during this quarter were in Nalwire Technical Institute which almost took up the entire development release for the quarter. However, MoES did not report on civil works in Tororo TI which was one of quarter 2 planned output targets.

Recommendation:

MoES should report on all the funds released to institutions during a particular quarter. The Progress Report should also highlight on the progress of implementation of those activities that appear in the quarterly work plan.

3.2.5. Development of TVET P7 Graduate.

The MoES Consolidated Quarterly Progress Report indicated that the planned quarter two expenditure for Development of TVET P.7 Graduate was UShs 2,465,000,000/=. Of this UShs 804,980,000/= (83%) was released. The report further indicated that UShs 1,156,566,000/= (119%) was spent. The report notes that there was an over expenditure of UShs 351,586,000/= as at the end of the quarter 2 using funds brought forward from Q1.

During quarter 2 MoES planned to construct 10 classrooms and 10workshops in five Technical Schools.[34] Three of the reported five institutes were visited to assess the reported status of implementation. The details of the findings are summarized in the following section:

Olio Community Polytechnic:

Olio Community Polytechnic (CP) is found in Soroti District, in Olio Sub county, Kakus parish in Kakus LC I village. The MoES Consolidated Quarterly Progress Report indicated that the ministry disbursed UShs 135,000,000/= for construction of 2 classrooms and 2 workshops.

[34] i.e. Omugo T/S, Olio T/S, Kitovu T/S, Kakira T/S and Wera T/S.

Findings from the monitoring showed that the institution received the reported funds. The funds were credited on the institution's account on 15th December 2009 vide EFT.

Findings indicated the institution called for bids on 7th January 2010 from the district pre-qualified firms. Seven firms submitted their bids documents by 3rd February 2010. The evaluation committee conducted the evaluations on 3rd and 4th February 2010. Atotti Rural Distributors Limited came out as the best evaluated bidder and was awarded the contract to construct a twin workshop and the 2 classroom block at UShs 133,007,700/=[35]. The contractor was given a period of three months.

Findings further indicated that construction started on 15th February 2010. By the time of the monitoring visit, they were casting the slab (sub structure) for the twin workshop. It was also reported that while the MoES engineering assistant had advised them to omit the pillars for the workshops, management resolved that they should be put as per the BoQs and drawings.

The 2 classroom block on the other hand was at roofing level. The internal dimensions of the classroom block measured 8.9 meters long by 7.0 meters wide. The beneficiaries were satisfied with the quality of civil works up to that level. However, the designs for the classroom block and the BoQs omitted the verandah. It was however reported that this was resolved with the Construction Management Unit-MoES and the verandah was included. Circular steel pipes (circular hollow sections) to support the extension have also been installed.

The twin workshop on the other hand was at slab level.

The 2 classroom block at roofing level and the twin workshop at slab level

Kitovu Technical School

Kitovu Technical School is found in Masaka District, in Nyendo Ssennyange Division, in Kasana Parish. The MoES Consolidated Quarterly Progress Report indicated that the ministry disbursed UShs 135,000,000/= for construction of 2 classrooms and 2 workshops.

Findings from the monitoring visit indicated that the reported funds were received. They were credited to the school account on 14th December 2009 vide EFT. By the time of the monitoring visit on 4th March 2010, the contract had been awarded to Gasco Construction to construct a twin

[35] The breakdown was as follows: The twin workshop (Ushs 75,038,900/=), the 2 classroom block at (Ushs 49,315,100/=), Preliminaries were costed at (Ushs 2,320,000/=) and the 5% contingencies at (UShs 6,333,700/=)

workshop at a contract price of UShs 82,970,367/=. On the other hand the contract for putting up a 2 classroom block was awarded to Bbaale Mugera Construction Limited at a contract price of Ushs 34,666,600/=.

Wera Technical School:

Wera Technical School is found in Amuria District, in Wera Sub County, in Angore Parish. The institution is located in Onino LC I village. On April 18, 2009, a heavy storm destroyed roofs of 3 blocks (i.e. the administration block, the laboratory block and Carpentry and Joinery Workshop block). The CJ workshop collapsed completely. 2 other blocks got partial damages (i.e. the girls' dormitory and a 4 classroom block). The administration of the Technical School therefore sought assistance from MoES.

The MoES Consolidated Quarterly Progress Report indicated that the ministry disbursed UShs 33,710,000/= for emergency repairs.. Findings indicated that the reported funds were received on 5th January 2010. By the time of the monitoring visit on 24th March 2010, the renovation works on the structures had been done using the force account modality.

By the time of the monitoring, the administration block had been repaired. The internal dimensions of this block measured 22 meters long by 10 meters wide. It has 5 offices and a store. The repair works on this structure included re-roofing the structure, putting a new ceiling and repainting.

The laboratory block had also been repaired. The internal dimensions of this block measured 22 meters long by 10 meters wide. It has a large hall with 2 offices on either end. Repair works on the structure included re-roofing, works on the ceiling and re painting.

By the time of the monitoring, the girls' dormitory and the classroom block had been partly repaired using school resources. However more work needs to be done on them as the disbursed funds were emergency in nature.

Conclusion:

Findings under Development of TVET P7 Graduate showed all the three Technical Schools visited received the reported funds. Civil works in Wera TS were completed while in Olio they were on going. It was only in Kitovu TS where works had not started by the time of the monitoring visit. However, by the time of compiling this report works had started.

3.2.6. Development of PTCs and NTCs

The MoES Consolidated Quarterly Progress Report indicated that the planned quarter two expenditure for Development of PTCs and NTCs was UShs 1,106,000,000/=. Of this UShs 701,371,000/= (63.42%) was released. The report further indicated that UShs 865,687,000/= (123.42%) was spent. The report notes that there was an over expenditure of UShs 164,316,000/= as at the end of the quarter 2 using funds brought forward from Q1.

These funds were used to pay a number of firms that constructed facilities in different Primary Teachers' Colleges and National Teachers' Colleges. Civil works in a number of these facilities had been visited in the previous monitoring.[36] During this monitoring Kamurasi PTC was selected as one of the PTCs that had not been previously visited.

Kamurasi PTC

Kamurasi PTC is found in Masindi District in Nyangaya Sub County, Kikwanana parish. The college is located in Kamurasi LCI village.

The MoES Consolidated Quarterly Progress Report indicated that the ministry completed construction of a classroom block in Kamurasi PTC and that the block was still under the defects liability period. The report also noted that the final payment was still being withheld until the contractor rectifies the defects.

Findings from the monitoring indicated that a 2 classroom block was constructed at the college. Construction started on 6th March 2008 by Spider contractors. The block was supposed to have been handed over to the college in November 2008 but due to the identified defects it was not. This activity was handled by Ministry of Education and Sports. Findings further indicated that the defects liability period within with the contract is supposed to have rectified the defects has expired.

Findings indicated that during the last site meeting held on 30th September 2009, the contractor was requested to rectify the following defects:

The Principal taking the monitoring officer around the buildina with defects

- 3 external lights which were not working.
- the gutters which were not properly done. In fact the water was destroying the fascia boards.
- paint the windows which were not painted
- 7 windows lacked fasteners and 2 glasses had fallen off due to poor patter mixtures. Also the windows were not cleaned
- Remove the wrapped doors and put good ones. The same doors had no locks. The contractor was also requested to put the door locks
- Work on the ceiling that had surged. The ceiling was also open on all the sides.
- the pin board which was not well fixed.
- Provide a soak pit which had not been provided.
- Some hinges of a number of windows needed to be fixed
- There are also a number of cracks on the verandah and the floors inside the classroom block.
- The chalk boards were not well done.
- There are also some electrical wires that were left hanging.

[36] i.e. Kabale Bukinda PTC, Busuubizi PTC, Lodonga Core PTC, Kabwangasi PTC, Butiti PTC, Ibanda PTC, Ngora PTC, Kapchorwa PTC, Kabukunge PTC.

The Principle of the college noted with concern that even by the time of the monitoring visit on 15th March 2010, the same defects had not been rectified.

Conclusion:

It is clear from the above that Ms Spider Contractors has not respected the contract agreement with the client that requires him to rectify all identified defects before the expiry of the defects liability period. This therefore means breach of contract that should be penalized by MoES.

Recommendation:

MoES needs to take disciplinary measures to the contractor Ms Spider Contractors. Firstly the final payment should not be paid to this contractor. Secondly MoES could also consider releasing the retention fee to the college to be used to rectify those defects. Thirdly this contractor should be black listed.

3.2.7. School Facilitation Grant (SFG)

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, eight (8) districts were sampled to access the utilization of SFG funds that were received for the FY 2008/2009. Works for the previoud FY was monitored partly because the civil works for SFG activities for the current FY2009/10 had not started in most districts by the time of the monitoring. The details of the findings are summarized below:

Bushenyi:

During the FY 08/09 Bushenyi District planned to construct Bisya Primary school in Karungu Sub County. This was in fulfillment of the Presidential Pledge to that community. Ushs 165,400,000/= was allocated for construction of 5 classrooms, 4 teachers' houses, construction of 2 pit latrines of 5 stances each and one pit latrine of 2 stances for teachers, and purchase and installation of a 10,000 litre water tank. The contract was awarded to Mahiso Bekunika Construction Company.

By the time of the monitoring the five classrooms with an office were completed and were in use. It was constructed at a cost of UShs 70,000,000/=. The 4 teacher's houses were constructed at cost of

UShs 76,000,000/=. Twelve (12) stances of pit latrines were constructed at the school at a cost of Ushs 14,400,000/=.[37]

The district implemented the planned activity as per the approved work plan. They were also within the approved unit costs. For this they have to be commended.

Kasese:

During the FY 2008/09, Kasese District planned to implement SFG activities in 8 schools at a cost of UShs 238,679,884/=. They planned to construct 20 classrooms in the eight primary schools.[38] Findings from the monitoring indicated that the district received the SFG release and implemented the planned activities. In seven of the primary schools, the funds were used to complete structures that had been started by parents. In only was case (i.e. in Rwanguhyu P/S) a new 2 classroom block was constructed.[39] Karambi P/S was completed at a cost of UShs 29,350,795/=, Kyabolokya P/S at cost of UShs 17,643,484/=, St Matthew Nyakahya P/S at a cost of UShs 42,256,001, Kabatunda SDA P/S at a cost UShs 42,256,001, Nyakazinga P/S at a cost of UShs 22,350,795/=, Kabanyire P/S at a cost of UShs 29,350,795/= and Kiruru P/S at a cost of Ushs 17,643,484/=. Contracts for completion of the different schools were managed by the district.

Findings indicated that the district implemented the SFG activities as per the approved work plan. However, in the case of Karunyiri P/S the beneficiaries felt that the cost of completing the 3 classroom block was rather on the high side.

Kamwenge District:

During FY 2008/09 Kamwenge District planned to implement SFG activities in 5 schools at a cost of UShs 78,507,682/=. They planned to construct 15-stances of pit latrines in three primary schools[40] and to construct a block of 2 classrooms in two primary schools,[41] and provision of furniture in 2 primary schools.[42]

Findings from the monitoring indicated that the district received the SFG release and implemented the planned activities as per the approved work plan. In Marele P/S the funds were used to complete a structure started by parents while in the rest of the schools new structures were constructed. Findings from the monitoring reports of the RDC, DISO and GISO also confirm this report.

[37] 2 stances for teachers, 5 stances for boys and 5 stances for girls.
[38] 3 classrooms in Karambi P/S, 2 classrooms in Kyabolokya P/S, 2 classrooms in St Matthew Nyakahya P/S, 4 classrooms in Kabaatunda SDA P/S, 2 classrooms in Nyakazinga P/S, 3 classrooms in Kabanyire P/S, 2 classrooms in Kiruru P/S.
[39] Karambi was completed at aUShs 29,350,795/=
[40] 5 stances at Kamwenge P/S, 5 stances at Kihumuro P/S and 5 stances at Bwizi P/S
[41] i.e. Kamwenge P/S, Bwizi P/S
[42] i.e. Kamwenge P/S and Bwizi P/S

Kamuli District:

During FY 2008/09 Kamuli District planned to implement SFG activities in 8 schools at a cost of UShs 597,768,000/=. They planned to construct 3 classrooms and 5 stances of pit latrines in each of the 7 schools[43].The same schools were to receive 56 engraved desks. The eighth school (ie. Naminage P/S) was to receive 24 engraved desks.

Findings from the monitoring visit showed that the district received the SFG release and implemented the planned activities. Findings further indicated that the planned construction was undertaken and completed in six out of the seven schools. It was found that the funds for the seventh school, Matuumu CoU P/S, were re-allocated and no constructions were undertaken in this school. It was further reported that the funds for this school were re-allocated to Luzinga CoU P/S. This school was however, not in the district work plan for FY 2008/09 but got approval from the Ministry following land wrangles in Matuunu.. Findings also indicated that all the 8 schools received the planned furniture. However while engraving desks was a cost that was budgeted for the 8 schools, only 3 of those schools were supplied with engraved desks[44].

According to the district approved work plan, the cost of engraving the 56 desks for each of the schools was UShs 1,400,000/=. This brings the cost of engraving each desk to UShs 25,000/=. This seems to be on the higher side. Unfortunately the list showing the unit cost of services provided and funded by MoES is silent on engravement.

Katakwi District:

During the FY 2008/09, Katakwi District planned to implement SFG activities in 4 schools at a cost of UShs 102,340,256/=. They planned to construct 2 classrooms in each of the 4 primary schools.[45] Findings from the monitoring indicated that the district received the SFG release and implemented the planned activities. All the eight classrooms were completed and the furniture provided as per the approved work plan.

Kaberamaido:

During the FY 2008/09, Kaberamaido District planned to implement SFG activities in 5 schools at a cost of UShs 102,425,663/=. They planned to construct 21 classrooms in five primary schools.[46] Findings from the monitoring indicated that the district received the SFG release and implemented the planned activities.

---

[43] Kamuli boys P/S, Matuumu CoU P/S, Budhatemwa P/S, Namasagali P/S, St Jude Bulogo P/S, Inuula P/S, and Muligulya P/S
[44] Kamuli Boys P/S, Namasagali P/S and Inuula P/S
[45] Ongongoja P/S, Ngariam P/S, Obwanget P/S and Osamia P/S
[46] Abeta P/S, Alomet P/S, Acongwen P/S, Kachilo P/S and Kalaki P/S

Findings indicated that the district received the SFG release and carried out the planned activities. New 2-classroom blocks were constructed in two schools[47] while a 7 classroom block and a 3 classroom block were completed in Kalaki P/S and Kachilo P/S respectively. A 4 classroom block was also renovated in Acongwen P/S. These civil works were done in accordance with the approved work plan.

Oyam District:

During the FY 2008/09, Oyam District planned to implement SFG activities in 9 schools at a cost of UShs 412,090,720/=. They planned to construct 4 new classrooms, 5 stance pit latrines and provide 72 pieces of furniture in each of the six primary schools[48] and also construct 2 new classrooms, 5 stance pit latrines and provide 36 pieces of furniture in one primary school.[49] They planned to construct 5 stance pit latrines and provide 144 engraved desks in Akwangi P/S and 100 engraved desks to Waigaba P/S.

Findings from the monitoring visit indicated that the district received the SFG release and implemented the activities. All the classrooms and the 5 stance pit latrines in the six primary schools were constructed as per the approved work plan. All the furniture was also provided. Obot Primary school received the 2 new classroom block, a 5 stance pit latrine with 36 pieces of furniture. The 100 pieces of furniture were provided to Waigaba P/S. However, some problems were cited in Aliba P/S and Obot P/S. It was reported that in Aliba P/S gauge 32 iron sheets instead of 28 were used contrary to specifications in the BoQs sub standard works were reported to have been done on the pit latrines at Obot P/S.

Buliisa District:

During the FY 2008/09, Buliisa District planned to implement SFG activities in 10 schools at a cost of UShs 412,090,720/=. They planned to construct 2 new classrooms and provide 36 pieces of furniture in seven primary schools[50], and also construct 5 stances of pit latrines in four schools.[51]

Findings from the monitoring visit indicated that the district received the SFG release. The planned SFG facilities were constructed as per the approved work plan. 2 new classroom blocks were constructed in seven primary schools. All the 5 stance pit latrines in the four primary schools were constructed. However, there were issues of quality of civil works in Mirembe P/S. It was also noted that the contractor for Bugoigo P/S completed the works in July 2009 and locked the structures pending payment. By the time of the monitoring in March 2010, these structures were still locked.

Conclusion:

[47] Abete P/S and Alomet P/S
[48] Ogwet P/S, Amaji P/S, Alibi P/S, Abululyec P/S, Awiro P/S, and Amidu P/S
[49] Obot Primary School.
[50] Mirembe P/S, Butiaba P/S, Bugoigo P/S, Kisansya P/S, Kisiabi P/S, Kabolwa P/S and Ndandamire P/S
[51] Mirember P/S, St. Mary's P/S, Buliisa P/S and Kibambura P/S.

All the districts that we sampled to monitor implementation of SFG activities for FY 2008/09 received the SFG release. All these districts implemented their planned SFG activities. There was only one case in Kamuli District where civil works were implemented outside the approved work plan. There were a few cases where issues of poor quality of civil works were noted.

It was also noted that districts are quoting different rates for engraving their furniture. Kamuli quoted each desk was being engraved at a cost of UShs 25,000/=!! On the other hand Oyam District quoted engraving desks at a cost of UShs 2,777/= each. MoES should guide Local Governments on this issue.

Recommendations:

- 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 and before receipt of their final payments.
- MoES should come up with guidelines on the unit cost of engraving furniture and other public assets in schools. This cost should be reflected on the list of the key unit costs provided and services funded by Government during a given Financial Year.

3.2.8. Key Policy Issues:

1) Some schools ignore the guidelines issued to them by MoES regarding the use of the development funds. St. Anne Kkonge Mixed P/S is a case in point. The school authorities decided to use the funds to renovate the old structures yet the guidelines from MoES stated clearly that the funds were for putting up new structures. MoES may wish to take a firm stand that schools stick to the guidelines regarding use of development funds.

2) Some of the financial information reported in the Quarter 2 Consolidated Quarterly Progress Report wasinaccurate. MoES requested the school authorities of St. Anne Kkonge Mixed P/S to acknowledge receipt of UShs 153,450,000/=. However, the head teacher reported that the school received only UShs 75,000,000/=. Secondly, the progress report indicated that St. Kalemba S.S. in Kayunga District received UShs 49,760,000/=, while the actual funds received were UShs 100,000,000/=. In another case, Ahmed Seguya TI in Kayunga District received UShs 10,000,000/= to procure desks from MoES in October 2009 (Quarter 2) but this was not reported in the progress report. MoES should therefore ensure that financial information is reported accurately.

3) During Quarter 2 MoES released development funds (UShs 36,000,000/=) to Kachung P/S in Dokolo District. However these funds were sent to a wrong account. The account belonged to one Ocen Ambrose. By the time the head teacher checked with the Branch Manager of Stanbic Bank Lira branch, the account had been closed. MoES should ensure that funds are released to correct school accounts. Secondly efforts should be made to recover the UShs 36,000,000/= and remit it to the school.

4) Many head teachers of schools that received developmental funds from MoES had problems with the procurement processes and particularly the PPDA guidelines. Some of those who had delayed implementation did not know what to do. MoES should therefore consider designing a simple guide on the procurement procedures/PPDA guidelines to help head teachers of schools that receive development funds. This will help them to expedite implementation and also to avoid audit queries.

5) MoES should come up with guidelines on the unit cost of engraving furniture and other public assets in schools. This cost should be reflected on the list of the key unit costs provided and services funded by Government during a given Financial Year.

3.3 ENERGY

3.3.1 Introduction

Main aims and objectives of the energy sector:

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

- to increase electricity generation capacity and expansion of the transmission line network;
- to 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[52].

The total approved budget for the Energy and Mineral Development sector (inclusive of donor project funding) is UShs 699 billion[53] for FY 09/10. This is a 51% increase in total budget compared to FY 08/09[54].

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 will explore whether financial expenditure is commensurate with physical progress. The report will update on physical progress, highlight implementation challenges and identifies key policy issues.

Priority is given to development projects under vote function 0301 (Energy Planning, Management and Infrastructure Development) because of its large contribution to sector expenditure (72%); and vote function 0303 (Petroleum Exploration, Development and Production) because of its strategic importance to Uganda's future development as outlined in the National Development Plan[55] (2% of total sector expenditure).

Almost all of the activities undertaken under vote functions 0301 and 0303 are funded directly by donors or by private companies (i.e. they exist outside of the Medium Term Economic Framework). Such activities are considered on the grounds that they are in the Ministerial Policy Statement and contribute towards sector objectives.

[52] MEMD *Ministerial Policy Statement 2009/10*
[53] Total excluding taxes, arrears and NTR
[54] MoFPED *Medium Term Economic Framework (*Kampala 2009)
[55] The Government of Uganda *National Development Plan 2010/11 – 2014/15*

Projects and outputs sampled in Q3 FY09/10 are listed in table 3.3.1. Financial performance is measured using financial data of FY 09/10 from July 2009 – March 2010. Physical performance is based on field observations that took place during March 2010.

Table 3.3.1: Outputs sampled in Q3 FY09/10

Project	**Outputs Monitored**
Vote function 0301: Energy Planning, Management and Infrastructure Development	
Rural Electrification (0331)	Increased Rural Electrification :grid extensions plus connection subsidies component
	Increased Rural Electrification: small hydropower projects component
	Increased Rural Electrification: micro hydropower projects component
Bujagali Interconnection Project (1024)	Thermal and small hydro generation (UETCL): Bujagali hydro-electric plant component
	Thermal and small hydro generation (UETCL): Bujagali interconnection project component
Vote function 0303: Petroleum Exploration, Development and Production	
Petroleum Exploration and Promotion (0329)	Capacity Building for the Oil and Gas sector: petroleum exploration and production by private sector component
	Capacity Building for the Oil and Gas sector : capacity building in the Petroleum Exploration and Production Department component

Source: BMAU monitoring activities; MEMD Ministerial Policy Statement FY 09/10

Methodology:

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

Prior to field visits, potential outputs are identified using the Ministerial Policy Statement, quarterly work plans[56], the Public Investment Plan[57] Approved Budget Estimates[58], Rural Electrification Agency (REA) work plans, and reported progress in Performance Form A[59]. Detailed project contracts and progress documents are obtained from various sources including MEMD, MoFPED and REA .

[56] MEMD *Central Government Performance Contract Form A* (Kampala 2009)
[57] MoFPED *Public Investment Plan FY 2009/10-2011/12* (Kampala 2009)
[58] MoFPED *Approved Budget Estimates* (Kampala 2009)
[59] MEMD *Performance Form A*

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.

Limitations:
Capital development activities undertaken within the energy sector tend to be financed by donors or private sector investors. Many activities take the form of public-private partnerships (such as hydropower development or oil exploration) or public-donor partnerships (such as rural electrification projects implemented by REA).

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

- The majority of spending on outputs is not visible on the IFMS accounting system[60] because it is donor or privately funded. This makes analysis of planned versus actual expenditure, absorptive capacity and operational efficiency problematic;

- Donors and private firms are sometimes reluctant to share detailed financial information. Private contractors 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;

3.3.2 Energy Planning, Management and Infrastructure Development: Vote Function 0301

This vote function receives 72% of the total energy sector budget. Its strategic objectives are: i) to review and put in place modern policies; ii) to increase the energy mix and to promote and co-invest in new generation and transmission; iii) to facilitate private sector participation and capital inflow; iv) to promote rural electrification; v) to carry out training and capacity building; vi) to carry out energy audits and consumer awareness; and vii) to promote and regulate atomic energy[61].

(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 tentative*

[60] MoFPED *Integrated Financial Management System*
[61] MEMD *Ministerial Policy Statement 2009/10, 43*

target of contributing to increasing rural electricity access from about 1% in 2000 to about 10% ten years later'"[62].

The project started in 2000 and is expected to complete in 2010. Total budget over 2000-2010 is US$ 22 million[63]. Much of the spending under 0331 is implemented by REA, which receives funding from donors including the World Bank, Japan International Cooperation Agency (JICA), and Swedish International Development Agency (Sida). Total GoU development budget for project 0331 for FY 09/10 is UShs 25.2 billion.

During Q3 FY 09/10 the following outputs were monitored:

(i) Increased Rural Electrification: grid extension projects and grid connection subsidies under REA component (030104 and donor finance)

(ii) Increased Rural Electrification: small hydropower projects component (private finance)

(iii) Increased Rural Electrification: micro hydropower projects component (donor finance)

Financial performance:

Figures 3.3.1 and 3.3.2 summarise the financial performance of project 0331, Rural Electrification, over the period Q1 to end of Q3 FY 09/10.

49% of approved funds for project 0331 for FY 09/10 were released from July 2009 to end March 2010. Of the released funds, 68% were absorbed during the period.

Figure 3.3.1

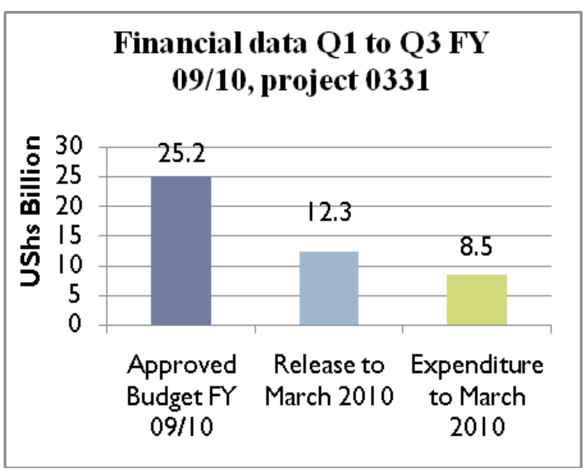
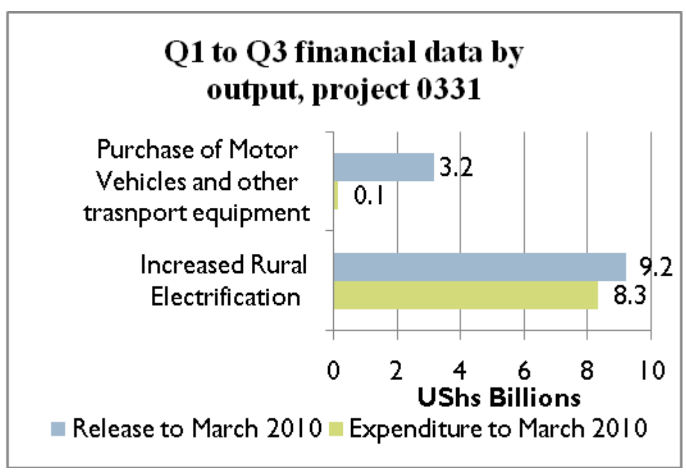


Figure 3.3.2



Source: MoFPED (IFMS), FY09/10

---

62 MoFPED *Public Investment Plan FY 2009/10-2011/12* (Kampala 2009)
63 Ibid.

98% of Q1 to Q3 expenditure in project 0331 was on output 030104 'Increased Rural Electrification'. Expenditure on output 030104 is used for GoU contribution to schemes implemented by REA.

Physical performance:

(i) Increased Rural Electrification: grid extension projects and grid connection subsidies under REA component (030104 and donor finance)

GoU received a grant of approximately UD$ 10.2 million[64] from Sida to support rural electrification projects in the districts of Pader, Abim, Bundibugyo, Kyenjojo and Bugiri[65]. Responsibility for implementation of these projects lies with REA.

As part of this grant, Sida provided financial and practical support during infrastructure construction and capacity building of local operators at the following grid extension projects: [Fort-Portal-Bundibugyo-Nyahuka]; [Rugombe – Kyenjojo]; [Namayemba – Namuntere]; and [Corner Kilak – Pader – Abim].These projects involve:

(i) The construction of high voltage transmission lines and associated low voltage distribution networks;
(ii) Capacity building and subsequent hand over of low voltage network to a local operator; and
(iii) Supply of 'pre pay electricity metres' and subsidised connection fee for new customers.

In Q2 FY 09/10, BMAU visited the [Rugombe – Kyenjojo] extension, which is operated by a private company, Ferdsult. During Q3 FY 09/10, BMAU monitored the [Fort-Portal- Bundibugyo-Nyahuka] and[Corner Kilak – Pader – Abim] extensions, which are operated by co-operative organisations rather than private companies: *Bundibugyo Energy Cooperative Society Limited* (BECS) and *Pader-Abim Community Multi Purpose Electric Cooperative Society Limited* (PACMECS) respectively.

There are ongoing consultations regarding the rollout of the connection subsidy project on a much larger scale as part of the World Bank's 'Global Partnership on Output Based Aid' scheme. The larger project would aim to subsidise connection fees for up to 200,000 beneficiary households[66]. It is important that the successes and challenges identified from these small schemes feed into the design of the larger project.

Overall both organisations are connecting customers, but progress is slow – owing to the challenges outlined below. Table 3.3.2 summarises the physical progress observed against the outputs as

[64] 74 million Swedish Kroner
[65] Rural Electrification Agency *Cooperation between the energy sector and the Swedish International Development Agency (Sida); Annual progress report* (Kampala, January 2010)
[66] Karekaho and Baker *The Global Partnership on Output Based Aid; Uganda Enhanced Electricity Access Report; Inception Report* (Kampala, December 2009)

planned and reported by Sida in their project completion report. Views of beneficiaries are outlined in box 3.3.1.

Table 3.3.2: Physical performance grid extension projects and grid connection subsidies

<table>
<tr><th>Planned works</th><th colspan="2">Summary physical progress Q3 FY 09/10</th></tr>
<tr><td colspan="3">Technical assistance to cooperatives from Sida:</td></tr>
<tr><td>Formation of operational governing boards;
Develop a cooperatives manual;
Develop bye laws for cooperatives;
Help develop business and financial plans;
Help kick start community mobilisation;
Capacity building in: productive use of electricity; business and financial planning; governance and management issues; development of business plans; effective management; accountancy packages; training in public relations, customer care, marketing and branding.</td><td>BECS:
Board of trustees is in place; legally registered cooperative; operational business with 5 members of staff (manager, accountant, community liaison officer and two technicians); involvement of local community is ongoing; business plan developed in conjunction with Sida; capacity building training provided by Sida.</td><td>PACMECS:
Board of trustees is in place; legally registered cooperative; operational business with 5 members of staff (manager, accountant, community liaison officer and two technicians); community mobilisation officer is in place; capacity building training was provided by Sida.</td></tr>
<tr><td colspan="3">Customers connected to the distribution network</td></tr>
<tr><td>BECS: target 730 subsidised one-phase connections and 110 subsided three-phase connections

PACMECS: target members 1167</td><td>BECS:
1132 members, 553 connected customers (10th March 2010)</td><td>PACMECS:
1354 members, 119 customers connected (3rd March 2010)</td></tr>
<tr><td colspan="3">Infrastructure:</td></tr>
<tr><td>Fort Portal – Bundibugyo – Nyahuka
98 Km 33 KV power line
31.1 Km low voltage power line
15 transformers allocated to 8 major load centres

Corner Kilak –Pader – Abim
130 Km high voltage power line</td><td>Fort Portal – Bundibugyo – Nyahuka

Works contracted to Ferdsult Engineering.
High voltage network is in place.
Low voltage is in place but in places design maps linked poorly to distribution of population.</td><td>Corner Kilak –Pader – Abim

Works contracted to Ferdsult Engineering.
High voltage network is in place although the Chair of the Board of Trustees expressed concern that the line does not extend as far as originally planned.
Low voltage network is in place but in places design maps linked poorly to distribution of</td></tr>
</table>

40 Km low voltage power line 34 transformers	Insufficient materials were supplied for customer connection. Transformers are in place and functional.	population. The contractor did not complete customer connections. 27 transformers installed; one is not functional.

Source: Sida 2009; fieldwork observations.

Challenges:

- **Low voltage distribution networks:** these were designed in 2005 when both regions experienced political insecurity and many people were residing in camp settlements. Since the design stage, the location of trading centres and other amenities has altered significantly as people have resettled. As a result the low voltage networks do not match the location of potential customers (and many members who have already paid for shares).

- **Incomplete works by contractors:** in Bundibugyo the contractor made some improvements to low voltage network design, which led to higher construction costs overall. Materials provided to BECS for customer connections were subsequently reduced.

  In Pader, the contractor did not complete connections to members' houses and installation of pre-pay meter. REA report that when the contractor was ready to connect customers, only 100 people had wired houses ready for connection and so for financial reasons, the contractor was compelled to leave site[67]. The Chair of PACMECS Board of Trustees argues that because people had not been provided with meter boxes, they did not know that they needed to commence wiring[68]. Underlying the dispute is a clear lack of communication between parties that needs to be resolved for future projects.

- **Financial solvency:** PACMECS is facing severe financial difficulties. The funds provided by Sida for running costs have been exhausted and the number of connections made is yet to produce significant revenue to cover expenses. Despite the donation by Sida of an additional UShs 5 million, PACMECS Accountant reported that he had been forced to spend share funds - which should be reserved for capital investments. By 3rd March 2010 only UShs 97,000 of share capital was remaining.

- **Transport:** Sida provided one motorcycle as part of their capacity development package, meaning that the organisations must hire vehicles for customer connections. REA currently has no plans to support BECS or PACMECS in vehicle purchase[69].

- **Vending machine/additional office:** BECS currently has one machine used for loading credit, located in Bundibugyo Town Council. Similarly PACMECS has one machine in Pader Town Council. Customers can be located up to two hours drive from the machines, meaning the costs of electricity purchase are actually much higher when transport costs are included.

[67] Discussions with REA officials, Kampala
[68] Discussion with PACMECS Board Chair, 4th March 2010
[69] Discussions with REA officials, Kampala

REA have indicated that they may be willing to fund new vending machines in the future but have no current plans to do so[70].

- **Land compensation:** issues have not been fully resolved in Pader creating difficult relations for the cooperative with the local community. PACMECS staff reported that people had been given claim forms by the contractor and told that they would receive compensation for damaged lands. However, they have received no further communication. REA report that the evaluation continues to lie with the office of the Chief Government Valuer

Box 3.3.1: Interviews with beneficiaries of subsidised electricity connections in Pader and Bundibugyo

In **Bundibugyo,** BMAU interviewed beneficiaries in Bundibugyo Town Council, Nyahuka Town Council and Busaru trading centre.

Households reported that they could now use electricity for entertainment, lighting, phone charging and for ironing. Children of the families interviewed were now able to study late into the evenings. The households interviewed had purchased the BECS 'ready boards' in order to reduce the cost of wiring their houses.

Juliet Kapalaya, household using 'ready –board' in Bundibugyo Town Council

The photograph opposite shows a 'ready board' installed in a small household in Bundibugyo Town Council. These are designed and produced by BECS at just UShs 150,000.

This product has the potential to improve access to electricity for many low-consumption customers who otherwise would not be able to afford wiring and inspection costs for their household or business.

Businesses that have been connected to the electricity grid reported the following benefits:

- Power is significantly cheaper than using a generator (for example, *Vanilla Hotel* previously spent UShs 40,000 per day on fuel; they now spend UShs 50,000 per week on electricity)
- Opening hours can be longer;
- Businesses are expanding - for example Bundibugyo hardware shop can now also provide cold drinks.

Phone charging shop in Bundibugyo Town Council

[70] Ibid.

In **Pader,** PACMECS began connecting people to the distribution network in February 2010. BMAU interviewed businesses and households connected in Pader Town Council, Abim Town Council, Kalong Trading Centre and Patong sub-county.

Businesses interviewed that have been connected included: a house showing films and football on television; Luo FM radio station; Mercy Corps NGO offices; hotels; a workshop and a cold beverage shop. All mentioned similar benefits as those identified in Bundibugyo – in particular cheaper power and longer opening hours. However, businesses in Abim and Kalong said that the distance to Pader Town Council to recharge the card was too far and therefore entailed costly transport.

BMAU team also interviewed two households who have been connected since February. Both noted that power was cheaper than buying Kerosene for lamps. However, the cost of wiring the house was high (one reported UShs 1.5 million). This suggests that for the time being it will only be the wealthier households in the region that will be able to afford connection to the electricity grid. *Source: fieldwork observations.*

(ii) Increased Rural Electrification: small hydropower projects component (private finance)

Small hydropower projects typically generate up to 20MW of electricity. They are privately financed on a build, own, and operate basis. Power is subsequently purchased by UETCL. During Q3 FY 09/10 BMAU monitored progress at Buseruka 9MW hydro-electric plant in Hoima district; Mpanga 18MW hydro-electric plant in Kamwenge district; and Ishasha 5.8 MW hydro-electric plant in Kanungu district. Table 3.3.3 summarises the physical performance observed during Q3 monitoring.

Table 3.3.3: Physical performance, small hydropower projects

Approved cost of works	Planned works	Summary physical progress Q3 FY 09/10
Buseruka hydro-electric plant		
US$ 27 million *Private finance*	9MW capacity hydro-electric plant 46Km high voltage line (November 2007 – January 2010) Primary contractor: Hydromax Limited	Expected completion date has moved from January 2010 to June 2010 (although this appears unrealistic). Ongoing construction works visible on the powerhouse; approach and power channels; and forebay. Electro-mechanical equipment had arrived on site but had yet to be installed within the incomplete powerhouse. There were no visible works ongoing on the dam, transmission lines or penstock. Progress as reported by contractor on site: Resettlement and land compensation– 100% Powerhouse– 40% Penstock - 60%

		Dam/weir– 30% Approach and power channels (1.4km)-95% Forebay – 90% Turbines and generators – 0% 33 KV transmission line to existing Hoima sub-station – unclear **Overall - 42%**
Mpanga hydro-electric plant		
US$ 27 million *Private finance* Cost of transmission lines is yet to be determined.	18MW capacity hydro-electric plant 9Km district roads 34 Km 33kV line and sub-station at Kahunge (February 2008 – March 2010) Primary contractor: South Asia Energy Management Systems	Completion date has moved forward to 31st of July 2010 (although this appears unrealistic). Transmission lines and sub-station to be constructed by REA have not commenced. Progress as reported by contractor on site: Resettlement and land compensation – 100% Powerhouse – 65% Penstock – 50% Dam/weir – 50% Intake – 90% Headrace – 65% Turbines and generators – arriving April 2010 33KV transmission line and Kahunge sub-station (REA component) – 0% **Overall – 65-70%**
Ishasha hydro-electric plant		
US$10 million (hydro-electric plant) US$ 0.4 million (transmission lines) *Private finance*	5.8MW capacity hydro-electric plant 7Km high voltage line (June 2008 – April 2010) Primary contractor: Ecopower Limited	Contractor estimates works will complete on time but BMAU monitoring suggests that this is unrealistic. Works were ongoing on the powerhouse, penstock and dam. Good examples of community involvement were reported. Progress as reported by contractor on site: Resettlement and land compensation– 100% Powerhouse – 90% Penstock civil construction – 95% Penstock mechanics – 25% Dam/weir – 10% Talerace channel – 100% Turbines and generators – arriving April 2010 33 KV transmission lines – 50% **Overall – 60%**

Source: fieldwork observations, ERA 2010, discussions with REA officials March 2010.

Challenges:

- All three developments are have been delayed by adverse weather conditions that have slowed concrete pouring.

- At Mpanga, works on the transmission lines that will connect the plant to the main grid have not yet started. These works (34km of 33kv line and a new sub-station at Kahunge) are to be undertaken by REA. There is a serious risk that the hydropower plant will be complete before the transmission infrastructure is in place.

  According to REA officials the procurement process for the transmission lines was aborted following problems with the bidding document. Consequently procurement was re-opened. REA expect that a contractor will be finalised by the end of April 2010. The construction will be 'fast tracked' as a priority works in order to complete by August 2010.




Buseruka hydro-electric plant: construction of forebay; complete section of power channel; incomplete approach channel; construction of powerhouse.



Mpanga hydro-electric plant: dam construction; powerhouse (rear view); site for penstock.

Ishasha hydro-electric plant: powerhouse (front view); penstock pipes (aerial view); weir construction.

(iii) Increased Rural Electrification: micro hydropower projects component (donor finance)

'Micro' hydropower projects typically produce less than 100KW (0.1 MW) of power. They are small projects designed to provide energy to communities where for some reason (for example, environmental or geographical), connection to the main electricity grid may be impossible.

During Q3 FY 09/10 BMAU monitored progress on Bwindi hydro-electric plant in Kanungu district and Kisiizi hydro-electric plant in Rukungiri district. Table 3.3.4 summarises observed physical performance.

Table 3.3.4: Physical performance, micro hydropower projects

Approved cost of works	**Planned works**	**Summary physical progress Q3 FY 09/10**
Bwindi hydro-electric plant		
UShs 614.5 million (civil works) **€60,000 (turbines)** ***GTZ funding***	64 KW capacity hydro-electric plant *(October 2007 – May 2008)*	No contractor was visible on site. Works are incomplete. **Progress visible on site:** Resettlement and land compensation – 100% Powerhouse – 100% Penstock – 0% (to be installed May 2010) Dam/weir – 100% Channels – 100% Turbines and generators – 100% Transmission lines – 0% **Overall – civil works are 95% but transmission infrastructure has yet to commence.**

Kisiizi hydro-electric plant		
Approximately US$ 1 million ***70% provided by REA subsidy through Energy for Rural Transformation; 30% from charitable donations from the UK.***	Expansion of existing hydro-electric plant at Kisiizi hospital from 60KW to 300 KW 7 Kms independent grid network with pre-pay meters. *(August 2004-January 2009)*	Micro hydropower plant and distribution infrastructure were completed September 2009 and are fully functioning. The local community are now being connected to the distribution network. In March 2010, monthly revenue from electricity sales and inspection fees was approximately UShs 0.5 million. Kisiizi Electricity general manager reported that the expected capacity of the hydropower facility is 300 - 350 connections which should create monthly revenue of around UShs 1 million. Profits will be donated to Kisiizi hospital.

Source: GTZ March 2010; Kisiizi Electricity 2009; fieldwork observations.

Challenges:

- **Delayed works at Bwindi:** Earlier BMAU monitoring in Q3 FY 08/09 found that there had been a number of delays to the project implementation. These were largely attributed to environmental constraints (the site is set within dense forest and the gorilla conservation area). During Q3 FY 09/10 BMAU met with 'Bwindi Community Micro Hydropower' board chairperson, who felt that the community had become disillusioned with the project following the considerable delays in implementation.

- **Problems with contractor at Bwindi:** GTZ note that a secondary (but important) objective of the project is the development of capacity in Ugandan firms in hydropower construction[71]. A Ugandan based firm, was awarded the contract for civil construction works. Since this was the first hydropower project undertaken by the contractor, GTZ assigned a consultant to closely supervise works.

  GTZ officials report that the contractor faced a number of capacity related issues and despite provision of intensive supervision and assistance, they were eventually forced to terminate the civil works contract. They are currently tendering for a new contractor and estimate that the project will be completed within 2010[72]. Technical evaluation of bids for mini grid is completed.

  GTZ intend to work with a Ugandan contractor on another (40 KW) micro hydropower project in Bukwo district. It is envisioned that the useful lessons learnt during the Bwindi project will feed into successful implementation in Bukwo.

[71] Discussion with GTZ officials March 2010, Kampala
[72] Ibid

- **Reliance on external assistance:** Both Bwindi hydro-electric plant and Kisiizi hydro-electric plant have received considerable external assistance from donors in both fundraising and implementation. The challenge for the future is for Ugandan private firms to develop enough capacity to manage these projects in the absence of donor support.

Kisiizi micro hydropower project: completed powerhouse; channel; new generator

Bwindi micro hydropower project: weir; channel; site for penstock

(b) Project (1024) Bujagali interconnection project and Bujagali hydropower project

Background:

Bujagali hydropower project is a 250MW power generating facility located at Dumbbell Island on the Victoria Nile, 8kms from Jinja town. Bujagali Energy Limited (BEL) was awarded the concession to build, own and operate Bujagali hydropower project in 2007. BEL is a joint venture between Industrial Promotion Services Kenya and SG Bujagali Holding Limited[73]. The total costs of works (onshore plus off-shore) are estimated at US$ 861 million (private finance).

[73] Industrial Promotion Services Kenya is part of the Agha Kahn Development Network; SG Bujagali Holding Limited part of Sithe Global Power, United States

Bujagali interconnection project will connect Bujagali hydropower project to the national electricity grid, and will be managed by UETCL. BEL is working closely with UETCL in managing the development of the power transmission line as well as supervision of its construction. Total cost is US$ 74 million[74] (African Development Bank will finance US$ 28.63m; Japanese Bank for International Cooperation US$ 28.63m and GoU US$ 17.45m)[75]. GoU expenditure is earmarked for the Resettlement Action Plan (RAP) aspect of the project.

Two outputs are considered here:

(i) Thermal and small hydro generation (UETCL): Bujagali hydropower project component (private finance)
(ii) Thermal and small hydro generation (UETCL):: Bujagali interconnection project component (output 30152 plus private finance)

Financial performance:

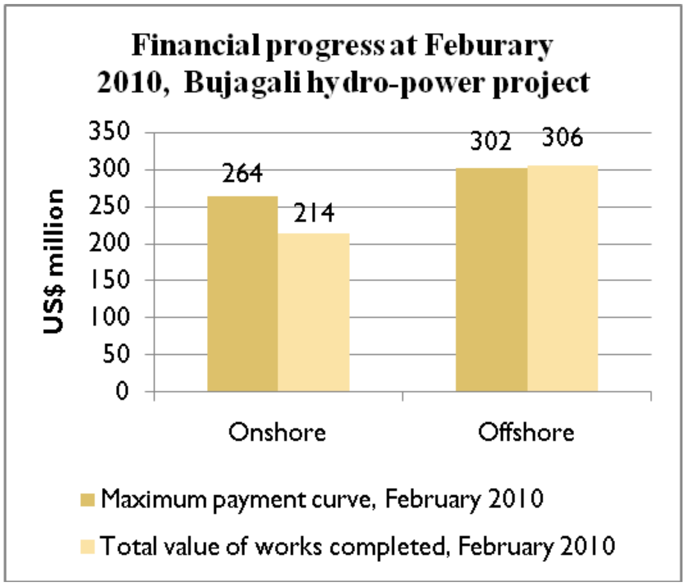
Table 3.3.5: Summary of overall financial performance Bujagali hydropower project and Bujagali interconnection project

	Financial progress	**Physical progress**
Bujagali hydropower project (to February 2010)		
Onshore works	73.2% of total contract invoiced	56%
Offshore works	88.8% of total contract invoiced	95%
Bujagali interconnection project (to March 2010)		
Physical works	ADB funds = 38% dispersed JBIC funds = 34% dispersed	30%
Resettlement Action Plan (GoU)	67% of funds in Escrow account had been spent to February 2010	92%

*Source***:** *BEL, February 2010; UETCL March 2010.*

74 (at 2007 exchange rates)
75 MoFPED *Public Investment Plan FY 2009/10-2011/12* (Kampala 2009)

Figure 3.3.3



Source: BEL, February 2010

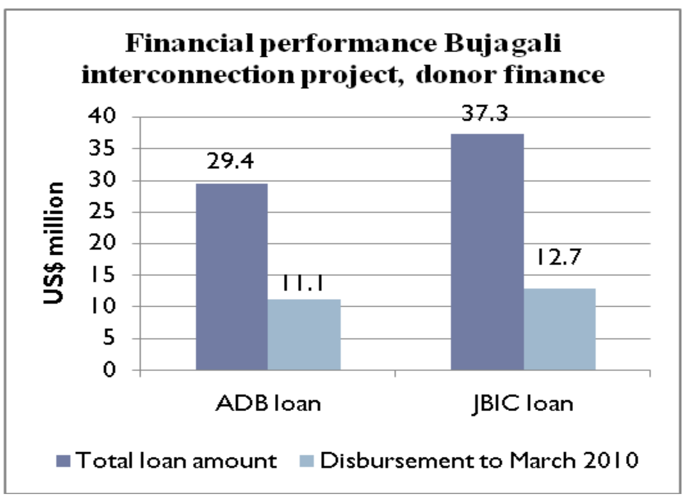
The 'maximum payment curve' is an agreement between BEL and the contractors that defines the maximum amount of cumulative works that can be invoiced each month.

If works are progressing exactly to schedule, then the cumulative works completed should be equal to the maximum payment curve.

As shown in Figure 3.3.3, in February 2010 onshore works were US$50 million below financial schedule; whereas offshore works were US$4 million ahead of financial schedule.

Figure 3.3.4 below shows the total funds provided by ADB and JBIC and the amounts that have been dispersed by March 2010. ADB have dispersed 38% of total funds and JBIC have dispersed 34%. (Note that the funds made available as reported here (in US$) differ from those reported in the Public Investment Plan because of exchange rate fluctuations.)

Figure 3.3.4

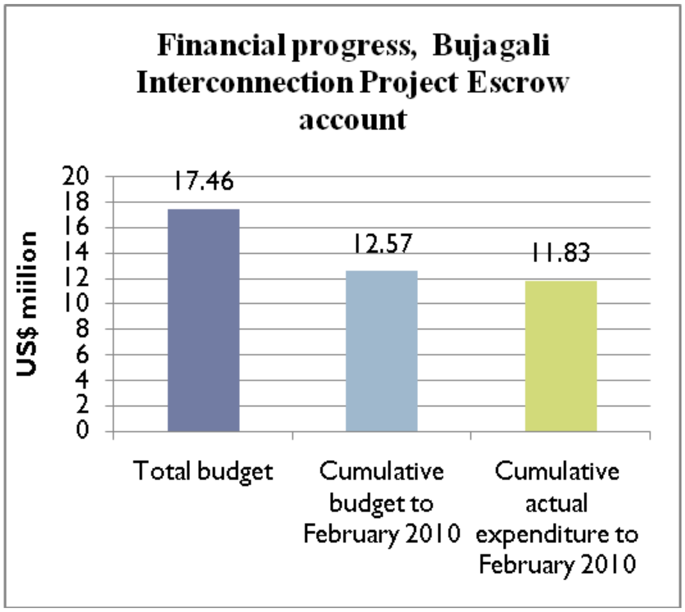


Source: *UETCL March 2010*

UETCL expect that the total cost of the interconnection project at completion will be 20% higher than the total contract sum as a result of changes in scope[76]. It is not clear at present where the additional funding will be sourced from.

[76] UETCL *Bujagali Interconnection Project Progress Report March 2010* (Kampala 2010)

Figure 3.3.5



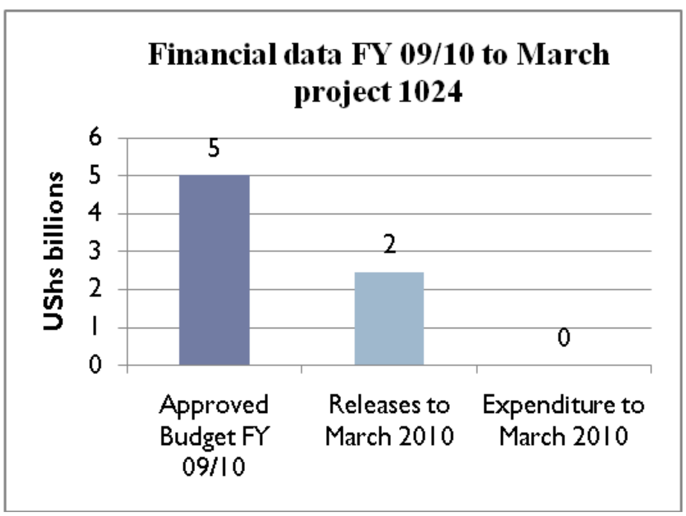
Source: BEL, February 2010

In May 2008, GoU released US$ 17.46 million (approximately UShs 34 billion) to BEL in an escrow account with Bank of Uganda for the purposes of funding the Resettlement Action Plan. Subsequently no GoU funds were released during FY 08/09 to this project.

Figure 3.3.5 shows that of the US$ 17.46 million, BEL set a cumulative budget of US$ 12.5 million up to February 2010. By February 96% (US$ 11.83 million) of cumulative budget had been spent. This amounts to 67% of total funds in the account.

As shown in figure 3.3.6 below, in addition to funds still available in the escrow account, GoU approved an additional budget of UShs 5 billion for FY 09/10. Of this 40% (UShs 2 billion) has been released but by Q3 expenditure has been zero.

Figure 3.3.6



Source: MoFPED (IFMS), 2010

From the discussions with UETCL officials, the additional UShs 5 billion GoU funds will account for changes in the scope of works that require additional land compensation and resettlement - for example, extension of works at Kawanda sub-station.

UETCL have not yet received the additional UShs 2 billion that was released from MEMD and have requested that the funds be deposited in an additional escrow account with Bank of Uganda. It is anticipated that these funds will be called upon when land acquisition and compensation claims are finalised.

Physical performance:

(i) Thermal and small hydro generation (UETCL): Bujagali hydropower project (private finance)

Construction began in July 2007 and the project was originally due to be commissioned in June 2011. The target commissioning date has now been moved to April 2012[77].

The hydropower facility will consist of a 28 metre-high dam and spillway works, with associated power station housing five 50MW turbines. The dam will impound water in the reservoir which leads upstream to the existing Nalubaale and Kiira hydropower facilities, thus inundating the Bujagali falls area. The new reservoir will be 388 hectares in surface area, 80 hectares of which will be newly inundated land[78].

The primary contractors for this project are Salini Construction and Salini Hydro (from Italy), who are contracted by BEL to construct the dam and turbines. Consultative work is being undertaken by Fitchner (from Germany) and electro-mechanical works are being managed by Alstom (from France). Table 3.3.6 summarises the physical progress as of February 2010.

During December 2009, a "settlement agreement" was signed between BEL and the contractor. This agreement packaged a number of ongoing disputes relating to changes in works, including those relating to the gated spillway. The agreement will provide for a total increase in project costs of US$ 41.6 million and a change of project completion date by 10 months (to 8th April 2012)[79]. Funding is to be sourced from the project contingency fund[80].

Table 3.3.6: Physical performance of output Bujagali hydropower project February 2010

Approved cost of works	**Planned works**	**Physical performance February 2010**
US$ 860 million	River diversion	Due to commence work January 2011.
	Embankment dams	All excavation except right embankment (phase two) works

[77] BEL *Bujagali Hydroelectric Power Plant Monthly Report, December 2009* (Kampala, 2009)
[78]BEL *Bujagali Hydroelectric Power Plant Social and Environmental Assessment Report* (Burnside International Limited 2008)

[79] BEL *Bujagali Hydroelectric Power Plant Monthly Report, December 2009* (Kampala, 2009)
[80] Discussions with BEL staff, April 2010

		are complete. Left embankment 99% complete; Central embankment 60% complete;
	Powerhouse and channels	Structural concrete placements are ongoing on all five powerhouse units. Overall 60% complete.
	Spillways	Gated spillway 64% complete; Siphon spillway 73% complete;
	Infrastructure	All site plants, buildings and structures are complete and operational.
	Environmental and social programmes	Environmental and social activities were ongoing (including projects within the Naminya resettlement area; riverbank afforestation; soil erosion control programme; waste and noise management; negotiations with tourism operators; agriculture enhancement programme; community based health programme and labour force management.)
	Offshore works	This includes engineering plans, procurement, manufacturing and transportation – overall 96% complete.
	Overall onshore works	**56% complete**

Source: BEL, February 2010

Bujagali hydropower project: construction of powerhouse; view from dam to ongoing powerhouse works.

Challenges:

- Productivity of the contractor had been consistently below expectations. By the end of February 2010, cumulative concrete placed was 203,223m^3 against an anticipated 204,281m^3. BEL estimated that "over the past several months, the volume of powerhouse placements in particular, has been averaging about 65% of planned work"[81].

[81] BEL *Bujagali Hydroelectric Power Plant Monthly Report, February 2010* (Kampala, 2010)

- Ongoing disputes remain regarding VAT exemption for sub-contractors. In May 2009, MoFPED issued letters to four sub-contractors stating that no refunds will be made for any VAT paid between July 2007 and June 2008[82]. One of the sub-contractors (Boshcom) has now moved the issue to court. BEL continues to argue that MoFPED reconsider this policy decision.

(ii) Thermal and small hydro generation (UETCL): Bujagali interconnection project (output 30152 plus private finance)

Works commenced in June 2008 with an anticipated completion date of June 2010. Projected completion date for all works is now March 2011[83]. Performance of physical works at March 2010 are summarised in table 3.3.7.

The interconnection will consist of a 75 Km 220KV double circuit line from Bujagali to Kawanda; a 132/220KV substation at Kawanda; a 17Km double circuit line from Kawanda to Mutundwe; rehabilitation of Mutundwe substation; 132 KV double circuit line to connect Bujagali to Naluballe hydropower station and a further 5 Km line to connect this to Tororo.

Funds from JBIC and ADB loans are used to finance civil works, electrical equipment and infrastructure. Consultancy services provided by BEL are funded under Bujagali hydropower project funding. The Engineering, Procurement, and Construction (EPC) contract is being carried out by Indian firm, Jyoti Structures Limited.

Table 3.3.7: Physical performance Bujagali interconnection project

Approved cost of works	Planned works	Physical performance Q3 FY 09/10
US$ 74 million	Corridor land acquisition and Resettlement Action Plan	92% (see table 3.3.8)
	75 Km 220 KV double circuit transmission line from Bujagali to Kawanda	55% completed Tower foundation and erection is ongoing. 208 of 210 soil investigations completed; 142 of 210 foundations completed; 85 of 210 towers erected; 41Kms of access roads completed.
	17 Km 132 KV double circuit line from Kawanda to Mutundwe	5% Soil investigations are ongoing as land is swampy. Soil investigations complete at 53 of 73 locations.

[82] ibid
[83] UETCL progress report March 2010

	2 x 5 Km 132 KV double circuit line from Bujagali to Tororo and Bujagali to Nalubaale	81% 36 towers erected and access roads constructed at Bujagali-Tororo line; Soil investigations completed at Nalubaale line.
	132 KV substation at Kawanda, with provisions to add 220 KV station in the future	38% Foundation complete on control building; underground facility is complete and work has now commenced above ground.
	Extension of existing Mutundwe sub-station	Less than 1% Contractor is mobilizing on site and putting safety measures in place.
	Social and Environment Action Plan (SEAP)	Ongoing
	Overall	**30% complete**

Source: UETCL March 2010

Table 3.3.8: Physical performance, Resettlement Action Plan

Status	Number of project affected households (to March 2010)
Total	2674
Disclosed (i.e. valued)	2425 (91%)
Contracts signed	2374 (89%)
Number of households paid	2272 (85%)
Compensation Disputes	51 (1%)

Source: UETCL March 2010

According to UETCL's March progress update report only 51 project affected households are experiencing ongoing compensation disputes.

However, MEMD officials reported that in fact there were approximately 550 cases of project affected persons moving their cases to court.

Challenges:

- Land acquisition and resettlement issues continue to hinder progress of works. Approval from the Chief Government Valuer is awaited on a number of disputed cases and MEMD report that approximately 550 cases have now moved to court[84]. Slow progress on this has meant that the contractor has been forced to work in scattered areas, delaying construction works.

- It is likely that works on the Mutundwe-Kawanda double circuit line will experience further delays due to the swampy nature of the ground.

[84] Discussions with MEMD officials, April 2010

- Temporary access roads will need to be constructed within the swampy areas on the Mutundwe-Kawanda line in order to construct transmission line towers. According to NEMA regulation these sites must be rehabilitated after construction. Bujagali hydropower project lenders expressed concern that people would settle within the swamp areas after the roads are constructed[85].

3.3.3 Petroleum Exploration, Development and Production: Vote Function 0303

Vote function 0303 will receive approximately 2% of total energy sector expenditure in FY 09/10[86]. Despite the relatively small proportion of GoU expenditure received, petroleum exploration and development has the potential to be critically important to the future of Uganda's economic development. According to The National Development Plan (2010/11 – 2014/15): *"[t]he oil and gas sector is relatively new but with large potential. It is estimated that the oil reserves in the country is at 2 billion barrels. To exploit these resources, large investments will be required for further exploration, development and extraction of oil*[87]"

The most prospective sedimentary basin in Uganda is the Albertine Graben region - which stretches from the border with Sudan in the north to Lake Edward in the South. MEMD has identified ten 'exploration areas' within the Albertine Graben, which can be licensed to private developers for exploration and production.

Ongoing activities within the petroleum sector are framed by the National Oil and Gas Policy, published in February 2008. The policy aims to create an environment conducive to petroleum exploration by private developers, and to put in place a framework for the efficient management of oil and gas revenues. The forthcoming Petroleum Bill will enshrine the principles of the Oil and Gas Policy into legislation. The Bill is currently awaiting approval from The Parliament of Uganda.

(a) Project (0329) Petroleum Exploration and Promotion

Background:
Petroleum Exploration Promotion is the only developmental project within vote function 0303. Its objectives are to arrive at a policy and regulatory framework that maximizes value creation from the petroleum resources in Uganda; to strengthen the Petroleum Exploration and Production Department

---

[85] Bujagali lenders meeting 15th April 2010
[86] MoFPED *Approved Budget Estimates* (Kampala 2009)
[87] The Government of Uganda *National Development Plan 2010/11 – 2014/15*

(PEPD) to efficiently carry out its duties; and to study key parameters that will determine commercial viability of discoveries[88].

BMAU Q3 monitoring provides an update on:

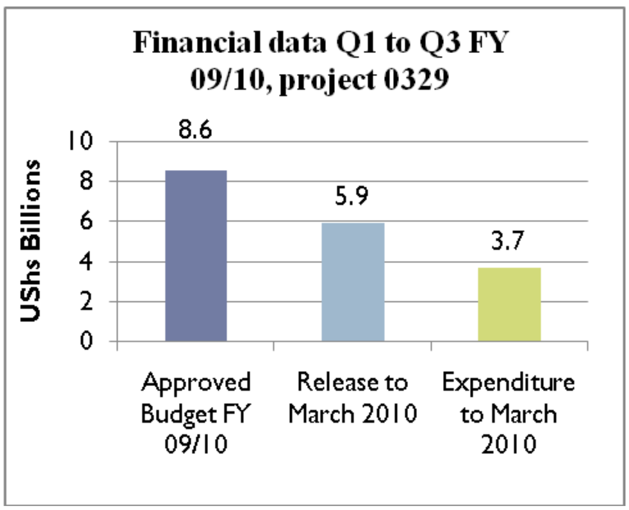
(i) Capacity Building for the Oil and Gas Sector: petroleum exploration and production by private sector component (private finance);

(ii) Capacity Building for the Oil and Gas Sector: capacity building Petroleum Exploration and Production Department component (030303).

Financial performance:

Approved budget for project 0329, Petroleum Exploration and Promotion, is approximately UShs 8.6 billion for FY 09/10. As shown in figure 3.3.7, 69% of approved budget had been released by Q3, and of the released funds 62% had been absorbed.

Figure 3.3.7



Within project 0329, 42% of approved budget is allocated to output 030303 'capacity building in the oil and gas sector'; 15% is allocated to output 312204 'purchase of specialised machinery and equipment'; 13% on 30372 'government buildings and service delivery infrastructure'; while 13% output 30376 is for 'purchase of office and ICT equipment, including software';

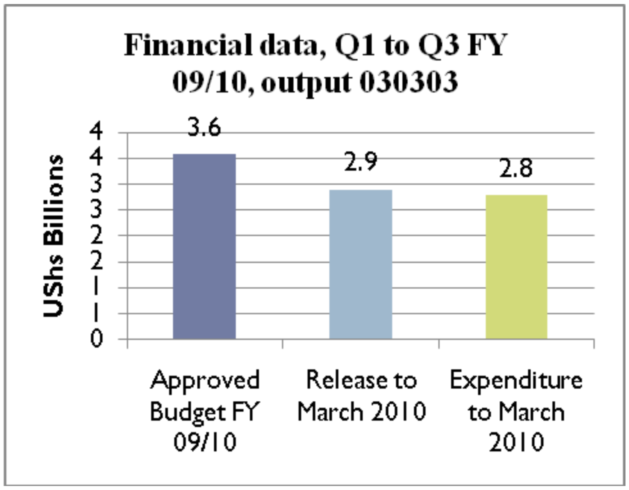
(the remaining eight outputs comprise the remaining 17% of approved budget).

Source: MoFPED (IFMS), March 2010

Figure 3.3.8 provides financial data for GoU budget, release and expenditure for output 030303, 'capacity building in the oil and gas sector'.

[88] MoFPED *Public Investment Plan FY 2009/10-2011/12* (Kampala 2009) 308

Figure 3.3.8



Source: MoFPED (IFMS), March 2010

Approved budget for output 030301 was UShs 3.6 billion for FY 09/10, of this 81% had been released by March 2010; 96% of released funds were absorbed.

Within the output, 57% of expenditure to March 2010 was spent on allowances; 18% was spent on short term consultancy services; and 15% was spent on staff training. (The remaining 8% of expenditure comprises 18 other expenditure line items.)

Physical performance:

(i) Capacity Building for the Oil and Gas Sector: Petroleum exploration and production by private sector component;

During Q3 monitoring, BMAU visited oil exploration and production activities in the Albertine Graben region. Sites visited were exploration areas 'EA1', 'EA2' and 'EA5' where exploration and development activities are ongoing by private developers. Table 3.3.9 summarises the status of licensing and drilling activities.

Five of the ten exploration areas are currently licensed. Within these, 38 oil wells had been drilled by March 2010. Hydrocarbons were found in EA1, EA2 and EA3A. PEPD has granted a "period of appraisal" to the developers in these areas – meaning that additional wells may be drilled in order to establish the extent of resource deposits. Two unsuccessful wells were drilled in EA5 but Neptune Petroleum plan to continue exploratory works. Companies will commence bidding for the un-licensed exploration areas when the Petroleum Bill has been passed by Parliament.

Table 3.3.9: Summary physical performance, private sector petroleum exploration and promotion

Exploration area	Licensing Status	Drilling Status
EA5 (Rhino camp basin)	Licensed to Neptune Petroleum.	Two wells drilled but both found dry.
EA1 (Packwach basin)	Licensed to Heritage Oil (50%); and Tullow Oil 50%	Three wells drilled – all successful. 'Appraisal period ongoing'.
EA2 (Lake Albert basin)	Licensed to Tullow Oil. License expired but a waiver has been given for an additional two years of	30 wells drilled – all successful. 'Appraisal period' is ongoing.

	appraisal as further consideration is given to the EPS (see below).	
EA3A (Semliki basin)	Licensed to Heritage Oil (50%); and Tullow Oil 50%	Three wells drilled and found successful. In 'appraisal period'.
EA3B, EA3C, EA3D (Semliki basin)	Formerly Licensed to Heritage Oil, now open for license bidding	No activity ongoing.
EA4A (Lakes George/Edward basin)	Open for license bidding.	No activity ongoing.
EA4B (Lakes George/Edward basin)	Previously incorporated EA4B and EA4C and was licensed to Dominion Petroleum. Dominion Petroleum retains 4B.	Dominion Petroleum plan to dig first well by June 2010.
EA4C (Lakes George/Edward basin)	Open for license bidding.	No activity ongoing.

Source: Fieldwork observations

PEPD is currently giving consideration to two projects that will shape short and long term development of the petroleum sector. These are: (i) the 'Early Production Scheme'; and (ii) construction of an oil refinery.

- **The Early Production Scheme (EPS):** Originally developed in 2006, the EPS was a plan to refine crude oil extracted from the Mputa wells in EA2 as part of the 'extended well testing' period. The heavy fuel oil produced would subsequently be used for thermal generation at a new generation facility. However, plans were put on hold following the discovery of significantly higher reserves of oil and commercially viable gas than were anticipated.

  A feasibility study is ongoing for a revised version of the EPS, known as the "Integrated Power Project", which would primarily use the gas reserves discovered at the Nzizi wells in EA2 for power generation. Early plans involve the construction of 14Kms of gas pipeline to a new 50MW power generating facility at Kabale trading centre. It is envisioned that Tullow Oil would fund the pipelines and Jacobsen Uganda would construct the power generation facility. In addition, crude oil extracted from extended well testing in EA2 would be transported by road to existing thermal generation facilities in Namanve and Hima.

- **Construction of oil refinery**: A feasibility study commenced in August 2009 by Foster Wheeler UK, looking at the practical implications of constructing an oil refinery in Uganda. Findings are anticipated in June 2010.

(ii) Capacity Building for the Oil and Gas Sector: Capacity building in the Petroleum Exploration and Production Department component

During Q3 monitoring BMAU interviewed staff at PEPD regarding capacity development activities and sought the opinions of the private sector by interviewing management staff of Tullow Oil. Box 3.3.2 summarises the main achievements in capacity building that were observed

Box 3.3.2: Capacity building in the oil and gas sector

Major achievements in capacity development:

- Allowances paid to PEPD staff in order to increase wages in line with private sector;
- More than 20 members of senior staff, engineers and geologists have attained Masters level training;
- Other types of staff training and development are ongoing: two staff attached to feasibility study for oil refinery; overseas travel, for example to observe 'extended well testing'; academic study in laboratory work and environmental management at Kyambogo University; short courses in Norway; in-house training on computer software; and in-house workshops.
- Improved data management practices – including procurement of technical equipment and software for data analysis, management and storage. Work is ongoing with assistance from Norway to improve the data management database.
- Plans drawn by architects for new PEPD buildings in Entebbe, in particular including a new data centre. Works on perimeter wall to commence within Q4 FY 09/10.
- Development of communications strategy is ongoing.

Source: fieldwork observations.

Challenges:

- Whilst significant progress has been made in human capacity development in PEPD, the organisation still lacks sufficient staff and resources. PEDP staff note the challenge of monitoring private developers in the field on a twenty-four hour basis during drilling whilst maintaining sufficient staff in office.

- Tullow Oil plan to increase staff levels by 50-80% as work expands in EA1 and EA2, and express concern that PEPD will not do the same[89]. Tullow Oil stressed that whilst the relationship between the company and PEPD has improved over the past 3 years, more work needs to be done to share analysis of large production projects.

[89] Discussions with Tullow Oil, March 2010

- As the industry develops, there will be pressure for oil companies to recruit increased numbers of Ugandan staff. PEPD needs to devise ways to retain staff (wages in the private sector are significantly higher).

- Both PEPD and Tullow Oil expressed concern about the capacity of NEMA to regulate the environmental aspects of the industry. For example, many of the well drill sites visited by BMAU contained waste materials as NEMA has not provided guidance on waste management.

3.3.4 Key Policy Issues

(i) Cooperative organisations that implement rural electrification projects can be effective but may need additional support

Monitoring during Q3 FY09/10 found that the cooperative organisations in Pader and Bundibugyo have struggled to make their organisations profitable largely because their start-up investment capital (derived from membership fees) has been too low. For example, neither organisation has been able to purchase a vehicle or open a second office with vending machine.

The organisations are however, successfully connecting customers to the distribution network and the difficulties will become less important over time as revenues rise. Donor assistance has been instrumental in the creation of these organisations – in particular by building human capacity and providing additional start-up funding. In future, donor/GoU subsidy could go further in order to avoid the initial financial difficulties experienced here.

As part of the World Bank's 'Global Partnership on Output Based Aid' scheme, connection subsides would be rolled out to some 200,000 beneficiaries in Uganda. If connections are to be implemented by cooperatives, then experience needs to be drawn from the existing schemes in Bundibugyo and Pader.

(ii) Micro hydropower developments may not be the lest-cost option for rural electrification of remote areas

REA plans to implement more micro (less than 0.1MW) hydropower projects, which aim to generate power in small communities that are geographically removed from the national grid network. GTZ have argued that contracting Ugandan firms to construct these projects will develop the capacity of the private sector.

However, micro hydropower projects are relatively expensive in comparison to larger hydropower developments. This is acceptable where micro hydropower is the least-cost alternative, but such analysis is not available from REA. Cost-benefit analysis needs to take place within REA to establish whether micro hydropower developments are in fact the least cost option.

3.4 HEALTH

3.4.1 Introduction

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 FY's (2008/09) allocation of UShs 628.46 billion. It should be noted that substantial resources continue to flow to the sector through off the budget support. The medium term health sector policy objective of the health sector 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 facilities, underequipped health facilities, poor functionality, low coverage of village health teams and low staffing levels[90]

Methodology

During the third quarter of FY 2009/10, the health sector team of the Budget Monitoring and Accountability Unit (BMAU) monitored the rehabilitation of 7 Regional Referral Hospitals including: Gulu, Lira, Soroti, Mbale, Jinja, Mbarara and Buhinga. The team further monitored implementation of Primary Health Care (PHC) grants in 16 districts and the implementation of the Peace Recovery and Development Plan (PRDP) in 8 of the 16 districts. PRDP and PHC activities were monitored in: Masindi, Apac, Gulu, Soroti, Kaberaimado, Mbale, Bududa and Sironko districts. Other non PRDP districts where PHC capital development grants were monitored include: Kaliro, Iganga, Jinja, Mbarara, Kasese and Kabarole. The districts were purposively selected taking into account regional representation. The monitoring exercise focused on the inputs (funds), planned activities (processes) and outputs of the projects and programs in the health sector.

3.4.2 Rehabilitation of Regional Referral Hospitals Project

During FY 08/09 Government allocated UShs 16 billion (excluding taxes) for the Rehabilitation of 11 Regional Referral Hospitals (RRHs) including: Arua, Buhinga, Gulu, Hoima, Jinja, Kabale, Masaka, Mbale, Soroti, Lira and Mbarara. In FY 09/10 Government allocated UShs 17 billion for the rehabilitation of 13 RRHs having upgraded and financed Mubende and Moroto Hospitals as well. Releases to the Regional Referral Hospitals over shown in table 3.4.1:

[90] Republic of Uganda. MoH. 2009. Health sector budget framework paper.

Table 3.4.1: Releases to Regional Referral Hospitals in FY 08/09

Reg. Referral Hospital	Budget	Release	Variation	Percentage
Arua	1,681,420,000	1,631,110,000	50,310,000	97.0
Fortportal	900,000,000	871,128,000	28,872,000	96.8
Gulu	1,850,000,000	1,796,415,000	53,585,000	97.1
Hoima	1,243,000,000	1,109,913,000	133,087,000	89.3
Jinja	1,813,000,000	1,750,500,000	62,500,000	96.6
Kabale	1,849,320,000	1,849,320,000	0	100.0
Masaka	1,806,000,000	1,753,500,000	52,500,000	97.1
Mbale	1,551,886,000	1,464,936,000	86,950,000	94.4
Soroti	1,450,374,000	1,450,372,000	2,000	100.0
Lira	1,660,000,000	1,491,667,000	168,333,000	89.9
Mbarara	200,000,000	194,207,000	5,793,000	97.1

Source: MFPED Legacy system

Table 3.4.2: Releases to Regional Referral Hospitals in FY 09/10

Proj Name	Revised Budget	TOTALS	Variance as at March 31 2010	Budget Cuts
Arua	1,481,000,000	1,054,175,000	426,825,000	75,389,528
Fort Portal	1,750,000,000	1,245,688,000	504,312,000	89,082,832
Gulu	1,750,000,000	1,750,000,000	-	-
Hoima	1,143,000,000	813,612,000	329,388,000	58,183,816
Jinja	1,808,000,000	1,271,974,000	536,026,000	92,035,292
Kabale	1,800,000,000	1,281,279,000	518,721,000	91,628,056
Masaka	1,806,000,000	1,285,484,000	520,516,000	91,933,483
Mbale	1,452,000,000	1,033,565,000	418,435,000	73,913,299
Soroti	1,350,000,000	1,260,959,000	89,041,000	68,721,042
Lira	1,460,000,000	1,460,000,000	-	-
Mbarara	1,200,000,000	854,186,000	345,814,000	61,085,371
Total	**17,000,000,000**	**13,310,922,000**	**3,689,078,000**	**701,972,719**

Source: MFPED Legacy system

As shown in table 3.4.2, Government released over 97% of the proposed budget for FY 09/10. For FY 09/10, UShs 13,310,722,000 (78%) out of the approved budget of UShs 17,000,000,000 had been released by end of March 2010. Following budget cuts to Regional Referral Hospitals, a total of UShs 701,972,719 has been reallocated to other priorities amounting to a 4.1% budget cut. It however amounts to 19% cut of the funds outstanding as at the end of March 2010. Although Moroto and Mubende Hospitals were upgraded to Regional Referral Hospital status starting FY 09/10, funds had been disbursed to these hospitals by the end of the third quarter. During the quarter (ended March 31 2010), the budget monitoring team monitored the rehabilitation of 7 RHHs including: Gulu, Lira, Soroti, Mable, Jinja, Mbarara and Kabarole RRHs as described below.

a) REHABILITATION OF BUHINGA REGIONAL REFERRAL HOSPITAL (FORTPORTAL)

During FY 08/09 Government allocated UShs 900,000,000 out of which UShs 871,128,000 was released. In FY 09/10, the hospital was allocated UShs 1,750,000,000 for capital development out of which UShs 1,245,688,000 (71%) had been released by the end of March 2010.

Planned Activities

The hospital planed to undertake the following activities: construction of a private ward (UShs 5 billion), the eye and ENT clinic (partial contribution of UShs 500 million), complete the intern and doctors' house (UShs 2.09 billion), the paediatric ward (UShs 200 million), procure consultancy services for the design and supervision of the proposed remodeling of the clinical center into a private ward and administrative offices; construct 265 meters of walk ways, 71 of which will have a shelter (UShs 75 million). Other activities include procurement of a station wagon (UShs 100 million), office and hospital/wards furniture; and 3 computer sets and 3 laptops.

Financial Performance

Table 3.4.3 gives a summary of capital development activities being undertaken at Buhinga RRH, the contractors, contract sums and payments made over the last two FYs (08/09 and 09/10).

Table 3.4.3: Financial Expenditure for Rehabilitation of Buhinga RRH (08/09 & 09/10)

No	Subject of Procurement	Contracto r	Period	Method of Procurement	Contract value Ug Shillings	Payments todate
1	Electrical installation in the walk way	Faro Technical services	Month of Oct	Request for Proposals	5,276,960 VAT Of 18% inclusive	5,276,960
2	Delivery Beds	Joint Medical Stores	9-Sep	Direct	3,353,283	3,353,283
3	Construction of a 150 metres walk way connecting hospital units	JODDEKA PU Company LTD	9 weeks	Request for Proposals	75700823VAT inclusive	75,700,823
4	Heavy Duty photocopying Machine (copier scanner, duplex)	Infosoft system and Computer Supporter	9-Nov	Request for Proposals	9995000 VAT inclusive	9,995,000
	Renovation of Pediatric ward and construction of Intern Doctors Hostel	Pancon Engineers Ltd	12 Months	Open domestic Bidding	625,691,684	625,691,684

	Other Hospital Renovations	Various	12 Months	Direct	454424000 VAT inclusive	454,424,000
5	Consultancy for Design and supervision of private ward	MS Arch Design Limited	9-Nov		74115800 VAT inclusive	51,881,060
6	Consultancy for supervision, making final shop Drawings and Bills of quantities for revised Interns and staff houses	MS Associated engineering Services	9-Dec	Request for Proposals	48,274,390 VAT inclusive	33,792,073
7	Medical Equipments and instruments (assorted)	Joint Medical Store	9-Dec	Direct	23,480,133	23,480,133
8	Medical Equipments and instruments	Joint medical store	Jan-10	Direct	8,474,264	8,474,264
9	Assorted Office and ward furniture	Exmemo Systems International Ltd	Feb-10	Request For Quotation	48,828,400 VAT inclusive	48,828,400
10	Motor vehicle Station wagon	Toyota Uganda ltd	Feb-10	Open domestic Bidding	JPY 4,501,141 (UGX.105,326,700)	42,130,680
11	Television Sets	Kenneth inn Ltd	Feb-10	RFQ	8,024,200	8,024,200
12	Construction of a walk way connecting stores to other units approximately 265 metres	Kened investments	Mar-10	Request for Proposals	75,070,420 Inclusive 18% VAT	22,521,126.00
13	Construction of private ward Three storeyed building	-	-	Open Domestic bidding	Estimated cost UGX 5 billions	
14	Completion of interns Hostel & 8 staff houses	-	-	Open domestic bidding	Estimated cost is 2 billions	136,000,000
15	Procurement of 3 complete computer set + 3 lap tops	Eurasia business systems Ltd	Mar-10	Request for Quotations	16,800,000	-

Source: Field findings

Physical Progress

At the time of the monitoring visit 23 March 2010, contractors had been pre-qualified for the second phase of the construction of the multi-storeyed private ward. A consultant had been procured to design and supervise the remodeling of the clinical center into a private ward and administrative offices. Bids had been invited for the construction of the multi-storeyed private ward. The contract for the supply of the 3 sets of computers and laptops had been signed and delivery was expected. A contract was signed with Toyota Uganda for supplying a station wagon and the Hospital administration was awaiting delivery. The contract for the construction of the 265 meter walk ways had been signed and the contractor had mobilized materials and was already on site working.

Children's ward

Staff houses

Challenges to the Delivery of Health Care Services in the Hospital

1. **Inadequate funds for medical supplies**: The hospital had already exhausted their budget from National Medical Stores (NMS) while they no longer receive Credit line supplies from NMS. The exhaustion of the budget is attributed to the high prices of medical supplies at the national medical stores which reduces the real money available for drugs.

2. **Inadequate infrastructure**: The hospital does not have an adequate working laboratory to effectively carry out its functions as a referral hospital. In addition, they do not have an accident and emergency unit to care well for the emergency cases.

b) REHABILITATION OF GULU REGIONAL REFERRAL HOSPITAL

The approved budget for the rehabilitation of Gulu RRH for FY 09/10 was UShs 1,750,000,000 for capital development. By March 2010, its entire allocation had been released to the Hospital. A total of UShs 450,000,000 was carried forward from FY 08/09.

Planned Activities

During FY 08/09, the hospital planned to undertake the following activities: construction of an administration block (UShs 500 million); renovation of the surgical ward (UShs 234 million), the medical ward (UShs 234 million); construction of staff houses (UShs 300 million) fencing hospital land (UShs 65 million), overhauling the water and sewerage system (UShs 100 million) and repairing electrical works (UShs 30 million). Other planned activities include: procurement of medical equipment (UShs 166 million); procurement of office equipment (UShs 121 million), procurement of a vehicle (UShs 100 million) and payment of taxes on machinery (UShs 150 million).

For FY 09/10, the hospital planned to complete the works undertaken in FY 08/09. Other scheduled activities include: construction of a multi-storeyed staff house; procurement of a car for the medical superintendent (UShs 113); a 29 seater staff van (UShs 200 million), renovation of the fence and walkways (Ushs 65 million), 4 toilets and a generator house at (UShs 43 million), and procurement of medical equipments, furniture and renovation of the isolation ward.

Financial Performance

Table 3.4.4 gives a summary of capital development activities being undertaken at Gulu RRH, the contractors, contract sums and payments made over the last two FYs (08/09 and 09/10).

Table 3.4.4: Financial Expenditure for Rehabilitation of Gulu RRH (08/09 & 09/10)

Project	Contractor	Contract Sum	Revised Contract Sum	Payments to date
Renovation of surgical ward	ZEEP Construction Ltd	234,000,000	260,0000000	259,139,353
Renovation of the medical ward Extension of the medical ward	Lubra Construction Limited	234,000,000 52,000,000	259,167,739 52,000,000	259,167,739 50,000,000
Construction of administration/medical stores block	Block Technical Services	880,000,000	879,005,697	387,717,993
Construction of multi-storeyed staff houses		808,000,000	808,000,000	387,717,993
Fencing of the hospital and walkways	Stevola constructions limited	65,000,000	65,000,000	55,000,000
Renovation of VIP toilets and generator house	Gotino Enterprises	38,428,420	43,000,000	38,425,420
Procurement of medical equipment	Matrix (U) ltd.	192,000,000	192,000,000	172,000,000
Procurement of office furniture	Lunko Enterprises	74,000,000	74,000,000	74,000,000
Procurement of station wagon	Toyota (U) Ltd.	113,855,000	113,855,000	113,855,000
Procurement of staff van	Nippon parts	214,444,054		
Other structures (Water and Electrical overhaul)		245,000,000		245,000,000
Master Plan Development	Joada Consultants	100,000,000	150,000,000	
Renovation of Maternity		60,000,000		

Source: Field Findings

Physical Performance

At the time of the monitoring visit on 2 March 2010, the renovation of the surgical ward, medical ward, the VIP toilets, and generator house had been completed. The administration and medical stores block had been roofed and plastering was ongoing. Construction of the walk ways had been completed while construction of the fence was still ongoing. Casting of the slab for the multi-storeyed staff house was ongoing. Other activities such as renovation of the isolation ward and private wing had not started.

Administration and medical stores block

Staff houses

Fencing of Gulu Hospital

Medical ward completed & in use

Surgical ward- completed & in use

Challenges to health care delivery in the hospital

Staff houses: The hospital has a shortage of staff houses while the few existing houses are worn out and have not been rehabilitated for several years. See pictures of dilapidated staff houses below.

Staff houses

c) **NAL REFERRAL HOSPITAL**

During FY 08/08 Government allocated UShs 1,850,000,000 to the rehabilitation of the hospital out of which UShs 1,750,000,000 was released. In FY 09/10, Government allocated UShs 1,808,000,000 for the rehabilitation of the hospital out of which UShs 1,271,974,000 (70.4%) was released by end of March 2010.

Planned Activities

All the activities scheduled for FY 08/09 were completed and structures are in use which is a major achievement with regard to carrying out scheduled works on time (within the FY). During FY 09/10, the hospital planned to undertake the following activities: renovation of the administrative block; flat for staff; a block of 2 staff houses; overhauling the plumbing system; constructing of 2 water borne toilets (3 toilets, 3 bathrooms); renovation of the eye ward; renovation of the dental unit and drawing of the hospital master plan. Other activities include: renovation of the library, paving the access road from the eastern gate, renovation of the old surgical theatre and construction of the intensive care uni, and overhauling of plumbing, and electrical systems.

Financial Performance

Table 3.4.5 gives a summary of capital development activities being undertaken at Jinja RRH, the contractors, contract sums and payments made over the last two FYs (08/09 and 09/10).

Table 3.4.5: Financial Expenditure for Rehabilitation of Jinja RRH (08/09 & 09/10)

No	Activity/ Project	Budget	Contractor	Contract price	Payment todate
1	Engineering &design studies for the Hospital master plan)	200,000,000	Joadah Consult	208,000,000	177,543,750
2	Monitoring and supervision	5,000,000	Contracts Committee	930,000	930,000
3	Non residential Buildings	515,000,000	Joadah Consult	22,797,969	22,797,967
4	Construction of five stance latrines		Namukanga & construction	11,150,563	11,150,563
5	Construction of intensive care unit	800,000,000[91]	3MS Investment limited	108,021,386	108,021,386
6	Minor civil works modifications in laundry		Bemtex Multi range	1,900,000	1,900,000
7	Electrical supplies		Faith United Track	5,673,440	5,673,440
8	Renovation of laboratory		Ms Eastern builders and engineers limited	3,241,181	3,241,181
9	Renovation of eye and dental units		Lubra contractors limited	373,791,630	63,306,504
10	Renovation of administration block		Ms conveyor construction company limited	103,076,747	49,537,580

[91] The balance was a grant from Assist International, an American NGO

11	Residential Buildings	428,000,000	Namukanga & Co. construction	70,241,270	48,568,328
12	Renovation of staff quarters blocks B1-4 and B5-6		Mercy commercial agencies limited	106,296,206	89,114,662
13	Other structures	50,000,000	Bemtex Multi purpose	67,237,828	25,015,528
14	Roads and Bridges	80,000,000	Namunkanga & con	80,554,529	-
15	Machinery & equipment (Procurement of one lap top, a monitor and software)	20,000,000	Technical support services	4,445,000	4,445,000
16	Machinery & equipment	500,000,000	Equator Clearing & Forwarding Company Limited	10,608,468	10,608,468
17	Purchase of 2washers and a dryer		Cardinal Investments Limited	65,217,316	65,217,316
18	Electrical supplies		Faith United traders	16,620,300	16,620,300
19	Furniture and fixtures	10,000,000	_	_	_

Source: Field findings

There were several other projects for which procurement was ongoing at the time of our monitoring visit including: procurement of medical equipment (UShs 300 million); renovation of a 2 in 1 staff house (UShs 130 million).

Physical progress

By the time of the monitoring visit on 18 March 2010, renovation of the administrative block was ongoing and was expected to be completed by the end of April 2010. Renovation of the staff houses (the flat and a block of 2 houses) had been completed. Renovation of the eye ward and dental units was ongoing. The draft master plan had been discussed and the final report was expected at the end of May 2010. Renovation of the library had been completed. Construction of the intensive care unit which begun in FY 08/09 had been completed and was awaiting inspection by the Infrastructure Division of the Ministry of Health.

Intensive care unit-completed

Medical equipment for ICU

Laboratory

Administration building

Sterilisers

d) REHABILITATION OF LIRA REGIONAL REFERRAL HOSPITAL

In FY 08/09 Government allocated UShs 1,660,000,000 for the rehabilitation of the hospital out of which UShs 1,491,667,000 was disbursed. During FY 09/10, the hospital was allocated UShs 1,460,000,000 for rehabilitation during FY 09/10. By end of March 2010, the hospital had received its entire grant (100%).

Planned activities for FY 2009/10

For FY 08/09, the hospital planned to undertake the following activities: renovation of the female surgical ward; reconstruction of the medical records office; construction of a storeyed information centre; renovation of the old administrative block and paving the compound adjacent to the new administrative block. During FY 09/10, the hospital planned to complete the works carried forward from FY 08/09 and in addition undertake the following: procurement of assorted medical equipment including dental, anathesia, and theatre equipment. Other procurements include: two incubators, warmer, theatre beds, 300 beds, ENT equipment laboratory equipment and delivery beds among others.

Financial Performance

Table 3.4.6 gives a summary of capital development activities being undertaken at Lira RRH, the contractors, contract sums and payments made over the last two FYs (08/09 and 09/10).

Table 3.4.6: Financial Expenditure for Rehabilitation of Lira RRH (08/09 & 09/10)

NO	ITEM	CONTRACTOR	CONTRACT PRICE	VARIATION	PAYMENT TO DATE
1	Renovation of Old Office Block	Acut construction Co Ltd.	72,542,694=	14,600,000=	87,142,964=
2	Compound Beautification		72,7990,000=	9,729,100=	82,519,100=
3	Tilling of New Office Block	Acut construction Co Ltd.	23,250,000=		23,250,000=
4	Air conditioning of Resource Centre	Stema Associates	24,500,000=		24,500,000
5	Renovation of Female Ward	Olet Magezi Lira Hardware	119,035,000=	24,600,000=	143,635,000=
6	Construction of Med. Eqmt. Workshop	Lukaya Investment Ltd	266,300,000=	60,000,000=	293,081,906=
7	Construction of Information Centre	Akuca Cons. Co. Ltd.	249,555,000=	60,000,000=	251,270,095=
8	Electrical Installation	Kikonyogo Elec. Centre	158,533,164=		158,533,164=
9	Up Dating sewerage Line	Olet Magezi Lira Hardware	25,000,000=		25,000,000=
10	Construction of Sewerage Line	Olet Magezi Lira Hardware	96,000,000=		63,400,000=
11	Construction of Attendants Shade	Boke Eng. Works	18,363,208=		18,363,208=
12	Construction of Inpatient Pharmacy	Boke Eng. Works	4,003,020=		4,003,020=
13	Assorted Medical Equipment	Crown Agency	800,000,000=		480,000,000=
14	Purchase of Omnibus	NIPPON	200,000,000=		120,000,000=
15	Renovation of Blood Bank	Olet Magezi Lira Hardware	13,387,529=		13,387,529=
16	Internet Installation	Global 21st Eng Ltd	68,750,000=		68,750,000=
17	Purchase of Computers	MTA Computers Ltd	37,791,200=		37,791,200=
18	Purchase of Photocopier	MTA Computers Ltd	8,936,000=		8,936,000=

19	Assorted furniture	Atlas Distributers Co. Ltd.	99,425,000=		99,425,000=
20	Installation of water tank	Acut construction Co Ltd.	14,456,000=		14,456,000=
21	BoQ & Supervisions	Jodah Consult	113,685,695=		113,685,695=

Source: Field Findings

Physical Performance

Renovation of the female surgical ward had been completed. The information centre had been roofed and plastering was ongoing. Renovation of the old administrative block had been completed and it was in use. The administrative block was completed in FY08/09 and the compound had been paved. The medical engineering workshop had been roofed.

Records office

Old Admin block

Female surgical ward

Medical equipment workshop

Medical equipment

Administrative block

Challenges to the delivery of health care in Lira Regional Referral Hospital

1. **Squatters**: Not all of the hospital land has been surveyed as yet and as a result there are many squatters on the land.

2. **Inadequate funding**: The funding to the hospital is not adequate. More funds are required to complete the hospital rehabilitation. Similarly the funds for recurrent expenditure were reported to be inadequate for meeting operational expenses of the hospital.

e) REHABILITATION OF MBARARA REGIONAL REFERRAL HOSPITAL

The hospital was allocated UShs 200,000,000 in FY 08/09 out of which UShs 194,207,000 was released. During FY 09/10, Government allocated UShs 1,200,000,000 for the development of the hospital. The hospital had received UShs 854,186,000 (71.2%) for capital development between July 2009 and March 2010.

Planned activities FY 2009/10

The hospital planned to undertake the following activities in FY 09/10: painting the roofs of wards and other structures that were not scheduled for demolished under the hospital redevelopment—financed under the Support to the Health Sector Strategic Plan Project (SHSSP); overhauling of the sewerage system; procuring consultancy services for modification of existing wards, procuring medical equipment (including dental chair and autoclaves) and construction of a temporary structure for the orthopaedic workshop.

Financial Performance

The hospital procured assorted medical equipments worth UShs 36,045,000, and paid UShs 21,315,662 to wood fix technical services for painting of roofs for structure not scheduled for demolition. The hospital paid taxes worth UShs 2,381,317 on machinery donated to them, procured two computers and their specific soft ware at a cost of UShs 12,700,000. The hospital also paid UShs 48,224,000 to Exton links (U) Limited as consultancy fees for the design of modifications to existing wards. The hospital administration requested the hospital board re allocate money from non residential buildings to machinery and equipment and planned to procure a double cabin and a 30 seater staff van. The absorption capacity for the funds disbursed was the lowest among all RRHs monitored during the quarter. The reason for the miniscule expenditure was associated with delayed procurement of contractors. It was reported that MoFPED delayed to approve individuals nominated to the contracts committee. In addition, for most of the first half of the FY, the Procurement Officer (one person department) was on maternity and annual leave.

Physical Performance

The painting of roofs for some of the wards not scheduled for demolition under the rehabilitation of the hospital was completed. Replacement of the old sewer lines was ongoing, construction of the temporary structure for the medical equipment workshop was ongoing and renovation of the gynaecological theatre was in its final stages. The hospital had placed an advert for the procurement of medical equipment including an auto clave and dental chair. Bids had also been placed for procurement of a double cabin pick up and the 30 seater staff van. Re-development of the hospital is also ongoing under Support to the Health Sector Strategic Plan (SHSSP) as shown in the pictures of block B (to house the maternity ward, Intensive Care Unit and Orthopaedic wards) and Block C (to house the x-ray department, pharmacy and surgical theatres). The redevelopment is being undertaken by Excel Construction Limited.

Repainted roofs of wards

Temporary medical equipment workshop

Block B

Block C

Challenges for the delivery health care services in the hospital

1. **Inadequate funding**: The recurrent budget is inadequate and it is becoming increasingly difficult to purchase food and drugs for patients, pay for water bills.

2. **High number of patients**: there is a high number of patients that seek health care at the hospital which far outstrips the drugs available. For example 865 doses of coartem which was delivered in mid February 2010 lasted only one week.

f) REHABILITATION OF MBALE REGIONAL REFERRAL HOSPITAL

During FY 08/09, the hospital was allocated UShs 1,551,886,000 out of which UShs 1,464,936,000 was disbursed. In FY 09/10, the hospital was allocated UShs 1,452,000,000 out of which UShs 1,033,565,000 had been released by the end of March 2010.

Planned activities FY 2009/10

The hospital planned to undertake the following activities: renovation of the causality and maternity wards. Wards 4,5,8 & 9 and construct access roads and fencing of the hospital. Other activities include: procurement of a staff van and a station wagon, formulation of a master plan and 5 year strategic plan for the hospital. In addition the following were to be renovated: Masaba wing, Tuberculosis ward, physiotherapy ward, and the Outpatient Department. The hospital also planned to construct staff houses to which UShs 380,000,000 was allocated. The total cost of the staff house was estimated between 2.5 billion. The hospital was also scheduled to procure equipment and machinery worth UShs 250,000,000.

Financial Performance

Table 3.4.7 gives a summary of capital development activities being undertaken at Mbale RRH, the contractors, contract sums and payments made over the last two FYs (08/09 and 09/10).

Table 3.4.7: Financial Expenditure for Rehabilitation of Mbale RRH (08/09 & 09/10)

NO	ITEM	CONTRACTOR	CONTRACT PRICE	VARIATION	PAYMENT TO DATE
1	Medical Equipment	Matrix(u) limited	300,000,000=	Nil	300,000,000=
2	Motor vehicle(staff van)	Toyota(U)limited	75,000,000=	Nil	75,000,000=
3	Surfacing of Roads &Fencing	Lubmarks Investments	339,921,023=	Nil	258,496,972=
4	Renovations of buildings	Pmk Earthworks Ltd	522,784,368=	Nil	323,513,832=
5	Reconstruction of ward 8&9 (Top up)	Lubmarks Investments	189,301,632=	Nil	189,301,632=
6	Furniture and fitting	Modex Building Services	34,500,000=	Nil	34,500,000=
7	Computers & ICT Equipment	X-corp Computers system Limited	26,600,000=	Nil	26,600,000=
8	Taxes	Retained by ministry of Finance	_	_	130,000,000=

Source: Field findings

N.B: All Payments are inclusive of 6% withholding Tax

Physical Performance

Both the old and new contracts were on going, the construction of the roads and fencing of the hospital was soon to be completed . The formulation of the master plan and 10 year strategic plan had been awarded to Joward consult limited at a cost of UShs 107,000,000; the hospital had paid the first consignment of UShs 40,000,000 to Toyota (U) ltd for the procurement of a land cruiser. Bid for the renovation of Masaba wing, TB ward, physiotherapy, and OPD block were expected to be opened on 8th April 2010


Maternity ward 1


Wards 8 &9 renovated


Causality ward renovated


Renovated OPD


Wards 4&5 renovated

g) REHABILITATION OF SOROTI REGIONAL REFERRAL HOSPITAL

The Hospital was allocated UShs 1,350,000,000 for rehabilitation of the hospital during FY 09/10. By the end of March 2010, a total of UShs 1,035,565,000 (71.2%) had been released.

Planned Activities

The Hospital planned to undertake the following activities during FY 08/09 and 09/10: renovation of the Tuberculosis ward, construction of the therapeutic feeding centre, procurement of a 30 seater staff van, overhauling of the sewerage system and drawing a 5 year strategic plan for the hospital. Other activities include procurement of: office furniture, laptops, photocopier, LCD and 7 desktops, and a public address system.

Financial Performance

Table 3.4.8 gives a summary of capital development activities being undertaken at Soroti RRH, the contractors, contract sums and payments made over the last two FYs (08/09 and 09/10).

Table 3.4.8: Financial Expenditure for Rehabilitation of Soroti RRH (08/09 & 09/10)

Name of Project	Name of Contractor	Contracted Price	Payment to date	Balance	Remarks
Rehabilitation of tuberculosis ward	Bap. Engineering Co.Ltd	227,425,565	209,231,520	18,194,045	Balance is retention fees
Therapeutic Feeding Ward Centre	Jid Construction co.Ltd	787,436,110	708,692,466	78,743,644	“
Sewerage System	Free Construction Co.Ltd	153,011,475	145,896,425	7,115,050	“
Ecosan Toilet	Ateker Builders Group	23,723,693	21,346,793	2,376,900	“
30 Seater Staff Bus	Nippon Parts U Ltd	219,170,807	219,170,807	0	Fully Paid
Furniture & Equipment	Crown Mercantile	26,620,800	26,620,800	0	“
Machinery & Equipment	Technet ltd	41,214,600	41,214,600	0	“
	Avis Electro	13,860,000	13,860,000	0	“
	Romex Ltd	71,883,300	71,883,300	0	“
	Crown electro Centre	5,751,276	5,751,276		
	Matrix U ltd			0	“
		190,500,760	190,500,760		
				0	“
5 Year Development Plan					
	Joadah Consult	15,000,000	15,000,000	0	“
30 year Master Plan	Joadah Consult				A waiting signing of Contract
		197,000,000	-	197,000,000	
Intern Doctors Building	Bid Document Advertised & awaiting awarding Tender				Shs.500M/- available for construction on 1st Phase in 2009/2010 FYR
		1,200,000,000	-	(700,000,00)0	

Source: Field Findings

Physical Performance

At the time of the monitoring visit, 9 March 2010 rehabilitation of the Tuberculosis ward and the therapeutic feeding centre had been completed. Overhauling of the sewerage system was ongoing. The administration and medical stores block had been roofed and finishing works were ongoing. Several septic tanks had been constructed for managing waste water in the absence of access to sewer lines and a lagoon. This short term measure is affecting use of the limited land available to the hospital.

Administration & medical stores block

Therapeutic feeding centre

Staff van

Public address system

Ecosan toilets

Septic tank

Challenges to health care delivery in Soroti Regional Referral Hospital

Management of waste water: The hospital is not connected to a sewer line and as a result over 15 septic tanks have been constructed on the hospital land. This is limiting the land available for hospital development.

3.4.3 Primary Health Care and PRDP

Overview

As part of an effort by the government of Uganda to redevelop areas affected by ward over the last 25 years, the Peace Recovery and Development Plan was designed and is now in its second year of implementation. Local Governments that are receiving these funds in additional receive their traditional Primary Health Care grant allocations. During the third quarter of FY 2009/10 ended March 2010, the health sector team of BMAU monitored the implementation of PRDP activities and PHC capital development in the districts of Masindi, Apac, Gulu, Soroti, Kaberaimado, Butaleja, Lira, Budaka, Mbale and Sironko Districts. Other districts monitored (non PRDP recipients) include: Mbarara, Kabarole, Kasese, Jinja, Iganga and Kaliro. The progress of implementation of both the PRDP and PHC grants is described below local government per local government.

a) MASINDI DISTRICT LOCAL GOVERNMENT

The district received UShs 458,853,000 for PHC capital development and PRDP and UShs 233,917,499 for non wage recurrent expenditure. At the time of the monitoring visit on 2 March 2010, the district had not received PHC funds for the third quarter ended 31 March 2010.

Planned Activities 2009/10

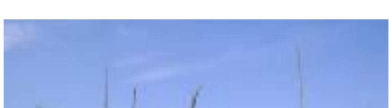
The district planned to undertake the following activities: completion of an OPD at Kichungula HCII, an OPD at Kyamaiso HCII; construction of Kiraso HCII including OPD, staff house and pit latrines (UShs 120,000,000); a HCII at Karuma to include an OPD, staff house and pit latrines (UShs 120,000,000); a Resource Center at District Health Office (UShs 65,000,000); a maternity ward at Diima Health Centre II (UShs 60,000,000); procurement of an Ambulance for Masindi Hospital (UShs 100,000,000); construction of staff house at Nyabyeya HCIII (UShs 40,000,000); construction of a staff House at Kitanyata HCII (UShs 40,000,000); fencing of Kijenga HCII and Kichungula HCII each at a cost of UShs 20,000,000; and construction of medical waste pits at Kiraso HCII and Kichungula HCII.

Financial Performance

By the time of the monitoring visit on 2 March 2010, no expenditure had been made of the PRDP and PHC capital development funds disbursed since July 2009. This was associated with the delay in the procurement process following contracts that were awarded at end of February 2010.

Physical Performance

By the time of the monitoring visit on 2 March 2010, the construction of the resource centre at the District Health Office was at walling stage. The foundation for the staff house had been excavated at



Nyabyeya HCIII. At some of the other sites like Karuma HCII, contractors were mobilising materials while others had not collected their contract award letters.

Challenges to the implementation of PHC activities in the district

1. **Drug stock outs and medical supplies**: The district was experiencing drug stock outs as a result of delays in the delivery of drugs by NMS within the provided delivery schedules. Due to lack of drugs, the practice of asking patients to buy drugs and medical consumables was reported to be on the increase. A case was reported of a mother who died because the health facility had no switchers to use during the caesarean operation at 2:00 am. The Pharmacies in the trading centre were closed but more importantly none of them stock such medical supplies. It was also feared that patients on ARVs were likely to develop resistance to the drugs due to skipping their treatment regimes owing to the intermittent supply of drugs.

2. **Mistaken deductions**: There was a mistake done by Ministry of Finance Planning and Economic Development in which funds for PHC non wage recurrent expenditure was deducted and added to the hospitals account for drugs at NMS during the second quarter of FY 2009/10. By March 2010, the anomaly had not been rectified, resulting into difficulty to manage health care delivery at health facilities.

b) APAC DISTRICT LOCAL GOVERNMENT

The district received UShs 427,273,000 for both PRDP and PHC capital development and UShs 255,810,402 for non wage recurrent expenditure between July 2009 and March 2010.

Planned activities 2009/10

Under PHC capital development the following activities were scheduled: completion of a staff house at Kungu HCII, construction of a staff house at Abongo HCII; an OPD at Aduku HCIV; and a staff house at Nambieso HCIII. Under PRDP, the following activities were scheduled: construction of HCII at Aninola; procurement of solar panels for selected health centres; completion of a staff house at Abwong HCII; Upgrade Okole HCII to HCIII by construction of a maternity ward and staff houses; and construction of 10 semi detached staff houses at selected health centres; completion of a maternity ward at Aboke HCIV and procurement of 2 desktops and a laptop.

Financial Performance

By the time of the monitoring visit on 3 March 2010 no payments had been made out of the PRDP and PHC capital development releases for FY 09/10. Bids for PRDP activities had been re-invited following failure by bidders to comply with bidding requirements in the initial call for bids.

Physical Performance

At the time of the monitoring visit on 3 March 2010, construction of the staff house at Nambieso HCIII was at the ring beam. The maternity ward at Aboke HCIV was nearing completion. It had been roofed with windows and doors fitted. Construction of a staff house at Abongo HCII was in advanced stages. The District Council had however approved a re-allocation of funds from the PRDP approved activities to construction of a staff house at Nambieso HCIII.

Staff house at Nyambeso HCIII

Maternity ward at Aboke HCIV

Challenges to the implementation of PHC activities in the district

1. **Inadequate funds**: It was reported that the district had no operational funds following the delay to release the third quarter funds. It was reported that the lack of funds had paralysed service delivery at HCIVs and lower level health facilities.

2. **Uncertainties surrounding drugs**: The District Health Officer reported that no official communication had been received on the new policy pronouncements on procurement of drugs.

c) GULU DISTRICT LOCAL GOVERNMENT

The district received UShs 106,000,000 for PHC non wage recurrent expenditure, UShs 137,000,000 for PHC traditional capital development and UShs 753,075,824 for PHC-PRDP capital development.

Planned Activities

The district planned to undertake the following activities: construction of OPDs at: Pukony HCII (UShs 70,000,000), Lujorongole HCII (UShs 70,000,000), Angany HCII (UShs 70,000,000), Lukwir HCII (UShs 70,000,000); construction of staff houses at Gwengdiya HCII (UShs 70,000,000), Patiko HCII (UShs 70,000,000), Pukony HCII (UShs 70,000,000), Lujorongole HCII (UShs 70,000,000), Angany HCII (UShs 70,000,000), Lukwir HCII (UShs 70,000,000), Gwengdiya HCII (UShs 70,000,000), Loyajong HCII (UShs 70,000,000) and Pugwinyi HCII (UShs 70,000,000). Other activities included construction of placenta pits at Angany HCII (UShs 3,000,000) Lujorongole HCII (UShs 3,000,000) and Lukwir HCII (UShs 3,000,000); construction of staff house at Lanenober HCII (UShs 40,000,000) and a staff house and maternity ward at Chaulo HCIII.

Financial Performance

By 4 March 2010, the following payments had been made to contractors most of which were advance payments for ongoing works.

Table 3.4.9: Financial Expenditure for PHC and PRDP works in Gulu District

Activity	Contractor	Contract Sum	Payments (UShs)
Construction of staff house at Lanenober HCIII	Aswa contractors	40,000,000	11,000,000 (Advance)
Construction of a maternity ward at Chaulo HCIII.	KBL Engineering and Supplies Limited	71,652,542	17,913,136 (Advance) 21,487,005 (work done)
OPD at Pukony	Pinyi Engineering Limited	71,652,542	17,913,136 (Advance)
Construction of a maternity ward at Omei HCII	Afrotech Construction Limited	36,016,970	9,004,243(Advance)
Construction of a placenta pit at Ibakara HCII	Nationwide Company Limited	**8,956,155**	2,836,116 (Advance)
construction of an OPD at Bobi HCIII,	Techno Design and Engineering Limited	**71,652,542**	17,913,136 (Advance)
Construction of a 4 unit staff accommodation at Ongako HCIII,	Jaal Enterprises Limited	**65,016,524**	19,504,927 (Advance)
Construction of a delivery	Ms Nile Perch	**39,512,870**	13,885,390 (Advance)

unit at Rwot-obiro HCII	General Agencies		
Construction of placenta pits at Omei HCII and Orwako HCII	Nationwide Company	**17,912,903**	5,672,231 (Advance)
Construction of a semi detached staff house at Bobi HCIII	Avar Construction Company limited	**39,999,903**	6,520,165 (Advance)

Source: Field findings

Physical Performance

At the time of the monitoring visit on 4 March 2010, casting of the beam for the staff house at Ongako HCIII was ongoing. The staff house at Bobi HCII was at wall plate level; while the staff house at Lanenober HCIII was at roofing stage. The staff house at Chaulo HCIII was at the foundation stage while the maternity ward was at roofing stage. The maternity ward at Omei HCII had been roofed and shuttering was ongoing. The quality of work at most of the sites visited was good.

Staff house at Bobi HCIII

Staff house at Ongako HCIII

Staff house at Chaulo HCIII

Maternity ward at Chaulo HCIII

Staff house at Omer HCII

Staff house at Lanenober HCIII

d) SOROTI DISTRICT

The district received UShs 517,712,000 for PHC capital development and PRDP and UShs 194,190,362 for non wage recurrent expenditure between July 2009 and March 2010.

Planned activities

During FY 2009/10, the district planned to undertake the following capital development activities: Rehabilitation of an OPD and staff house at Pingire HCIII (UShs 35 million); an OPD and staff house at Kamuda HCIII (UShs 35 million); construction of single staff houses at: Kyeri HCIII (UShs 22 million), Serere HCIV (UShs 22 million), Tiriri HCIV (UShs 22 million), Gweri HCIII (UShs 22 million). Other activities include: renovation of staff house at Apapai HCIV (UShs 8 million); a staff house at Serere HCIV (UShs 8 million); an OPD at Kamodi HCII (UShs 10,245,942); and construction of waste pits at Tubur HCIII, Kamuda HCIII, Kadungulu HCIII, Pingire HCIII and Atiita HCIII each at a cost of UShs 2 million. The district also planned to contribute UShs 22 million as top up for the equalisation grant for building an operating theatre at Apapai HCIV.

Under PRDP, the district planned to undertake the following activities: construction of 14 single staff units each at UShs 22 million at the following facilities: Apapai HCIV, Serere HCIV, Tiriri HCIV, Kadungulu HCIII, Pingire HCIII, Attira HCIII, Tubur HCIII, Asuret HCIII, Gweri HCIII, Kateta HCIII, Kyere HCIII, Dakabela HCIII, Kamuda HCIII and Soroti HCIII. Construction of an OPD (UShs 89 million) and maternity ward (UShs 89 million) at Soroti HCIII; and incinerators each to cost UShs 6.5 million at Serere HCIV, Kyere HCIII, Tiriri HCIV and Apapai HCIV.

Financial and Physical Performance

By the time of the monitoring visit on 9 March 2010 the contracts for most of the scheduled works had been awarded only recently on 2 March 2010. As a result, none of the scheduled works had commenced. The works which were scheduled to start were awarded as below: Under PRDP, the staff house at Asuret HCIII was awarded to Soroti United Contractors at UShs 21,992,312, staff house at Tirir HC IV was awarded to Elvis enterprises (UShs 29,992,312), construction of a staff house at Gweri HC III was awarded to Afcoal Enterprises (UShs 21,530,752), staff house at Kamuda HC III was awarded to Sako Construction company (UShs 21,902,348).

The construction of a staff house at Kateta was awarded to Gima Engineers and Contractors (UShs 21,537,752), construction of 2 staff houses at Kyere HC III was awarded to Contractors Alliance (UShs 21,530,752), staff house at Pingire HC III was awarded to Honest Contractors (UShs 21,530,752), staff house at Serere HC IV was awarded to Jojo General Stores (UShs 21,992,512), while construction of the staff house at Apapai HCIV was awarded to Kakise Enterprises (UShs 113,922,804).

Challenges in implementation of PHC activities in the District

1. **Absence of Contracts committee:** By 9 March 2010 awards had just been awarded. This was due to the lack of quorum on the contracts committee for a period of over 2 years.

2. **Non completion of projects:** Partly due to late releases, there were several sites in the district which had been abandoned due to delayed payments. A growing trend of contractors abandoning works awarded citing delays was also reported. It is likely that due to inflation, contractors soon realise that the works are no longer viable and therefore do not collect their contracts upon award. For example in FY 07/08, two contractors abandoned the completion of a maternity ward at Akoboi HCIII and the construction of a staff house at Tubur HC.

3. **Taking on several projects:** During FY 07/08, the district embarked on construction of several works which were not completed because miniscule amounts were awarded to each contractor. With the release of PRDP funds, these projects are scheduled for completion.

4. **Inadequate Staffing levels:** Staff levels in the district are currently estimated at only 58%—with a target of increasing the staffing levels to 65%. It is increasingly difficult for the district to advertise, interview and appoint health workers within the district due to limited funding. At the current staffing level, the district has exhausted its budget for salaries and it is therefore not possible to recruit additional health workers. The District has an establishment of 7 Doctors against which there is only one doctor—the District Health Officer. There are no Medical Officers at all the HCIVs in the district. As a result all Operating Theatres at HCIVs are non operational.

5. **Limited Staff accommodation:** The district has a shortage of staff housing. Health workers who work in rural health centres are finding it increasingly difficult to find accommodation. Most staff get accommodation in town and travelling to and from the rural health centres every other day becomes expensive and is a leading cause for late coming and absenteeism.

e) KABERAMAIDO DISTRICT

The district received UShs 241,065,000 for PHC capital development and PRDP and UShs 116,546,746 for non wage recurrent expenditure between July 2009 and March 2010.

Planned activities for FY 09/10

During FY 09/10, the district planned to undertake the following capital development activities—both PHC and PRDP: construction of a maternity ward in Alwa HCIII (UShs 43,312,500), completion of a staff house at Kaburepoli HCII (UShs 14,413,770), expansion of children’s ward at Kaberamaido HCIV from 18 to 60 bed capacity (UShs 39,960,000) and renovation of a general ward (UShs 30 million) at Kaberamaido HCIV; reroofing and renovation of 2 staff houses at Kaberamaido

HC IV (UShs 30 million); and wiring of Karachi HC III (UShs 9,800,000). These activities have been contracted out. Other activities pending award include: procurement of a portable x-ray machine (UShs 31,921,000); renovation of the OPD in Otuboi HC III (UShs 20 million), Ochelakur HCII (UShs 9,341,000), fencing of Kaberamaido HC IV and Kalaki HC III (UShs 40,000,000), renovation of three HCIIIs including: Kabulukoli, Ochen and Alwa (UShs 20 million) and wiring of Karaki HCIII (UShs 9,800,000).

Financial Performance

A total of UShs 20 million had been paid for the construction of the OPD in Otuboi HCIII. No other contractor had been paid any money during FY 09/10.

Physical Performance

At the time of the monitoring visit on 10 March 2010, the maternity ward in Alwa HCIII was at roofing stage. The staff house at Kaburepoli HCII was at wall plate level. The expansion of the children's ward at Kaberamaido HCIV was at walling stage. The bed capacity had been increased from 18% to 60%.

Expansion of mat. Ward Kaberamaido HCIV

Rehabilitation of Gen ward, Kaberamaido HCIV

Staff house at Kaburepoli HCIII

Challenges to implementation of PHC activities in the District

1. **Inadequate Staffing:** Staffing levels are estimated at 49% of the establishment. The district has a severe shortage of some cadres. For instance the District Health Officer doubles as the Medical Officer in Charge of Kaberamaido HCIV while the entire district has only one 1 laboratory technician.
2. **Inadequate Infrastructure:** Most of the health facilities are dilapidated having been built many years ago and have since then not been rehabilitated. Several facilities are infiltrated with bats and have visible cracks including those constructed in the recent past.
3. **Poor Transport:** JICA provided motor cycles to all health facilities 5 years ago. Todate, these have been worn out and maintenance has been poor.

f) LIRA DISTRICT

The district received UShs 1,251,370,000 for PHC capital development and PRDP and UShs 269,921,414 for non wage recurrent expenditure between July 2009 and March 2010.

Planned activities

For the FY 2009/2010 the district planned to undertake the following activities: completion of a Doctor's house and theatre at Ogur HCIV, construction of a maternity wards (UShs 180 million), laboratories (UShs 154,195,000) and placenta pits (UShs 43,402,460) at Angica Agali, Baragodi and Barapawo HC IIIs.

Under PRDP, the district planned to undertake the following activities: construction of a staff house at Onywako HCII and Abunga HCII (UShs 92,152,000) awarded to JIP Enterprises Ltd (UShs 46076000); construction of staff houses at Agali HCII and Alik HCII (UShs 96,000,000) awarded to Stunt Enterprises Limited; construction of a staff house at Okwongo HCII and at Alango HCII (UShs 100,520,000) awarded to Grid Peg Investments; construction of a staff house at Anyangatir HCII and at Ongica HCIII (UShs 95,868,460) awarded to Recession Breakers; construction of staff house at Abako HCIII, Amugu HCIII, and Awie HCII (UShs 144,985,200) awarded to Vermanu Agencies. Contracts had been awarded and construction was ongoing at all the sites.

Other activities where works were ongoing include: construction of staff houses at Adwir, Omarari and Anyangi Health centres (UShs 153,522,900) awarded to BS Ball Shape Ltd; construction of staff house at Atangwata and Anepmororo Health centres (UShs 157,227,000) awarded to Adok Enterprises Limited; construction of staff houses at Olilim HCII and Ogwette HCII (UShs 102,486,000) by Geotech Engineering Works Ltd; construction of staff house at Aballa HCII (UShs 94,930,000) awarded to Ngomson Enterprises; construction of staff house at Baraapwo HCIII (Ushs 92,152,000); construction of staff house at Barjobi HCII (UShs 103,200,000) awarded to Bygon Enterprises Limited; and construction of staff house at Oteno HCC and at Abia HCII (94,417,000) awarded to Mamboleo Engineering Works Limited.

Similarly bid evaluation was ongoing for the following works: construction of a maternity ward and laboratory in each of the following health facilities: Ongica HCIII, Agali HCIII, Barjobi HCIII, Barapwo HCIII; construction of placenta and medical waste pits in Ongica HCIII, Agali HCIII, Barjobi HCIII, Barapwo HCIII; construction of staff house in Barocok HCII, a staff house in Anara HCII and a 5 stance VIP latrine at Anyanga HCII.

Physical Performance

There was a delay to procure services for construction of health facilities due to absence of quorum on the contracts committee until November 2009. Contracts were consequently awarded in January

2010. At the time of the monitoring visit on 11 March 2010, works were ongoing at several health facilities. The construction of the staff house at Apala HCIII was at window level. Construction of

Staff house at Akangi HCII

Staff house at Abia HCII

a two in one staff house at Akangi HCII was at lintol level. At Abila HCIII, while the construction of the staff house at Oteno HCII was at excavation stage. The staff house at Apala HCII was at lintol level while excavation was ongoing for the staff houses at Abia HCII and Oteno HCII.

Staff house at Oteno HCII

Staff house at Apala HCII

Financial Performance

Out of the quarter 1 release, the district procured drugs worth UShs 50,109,921. No funds for capital development and PRDP had been spent as by the time of the monitoring visit on 11 March 2010.

Challenges to Health Care Delivery in the District

1. **Absence of a contracts committee:** The District did not have quorum for the contracts committee for a considerable period of time until November 2009 which affected the commencement of scheduled works.
2. **Delayed Salaries:** The health workers had not received salaries for January and February 2010. No clear explanation had been provided for this delay.

3. **Lumped PRDP Funds:** Funds for PHC capital development and PRDP were released as a lumpsum. The district spent considerable time in correspondeing to establish which funds were for traditional PHC capital development and which amount was for PRDP. Similarly it was reported that there were no funds allocated for supervision of PRDP works which has made it difficult for the technical team at the district to supervise works.

g) IGANGA DISTRICT

The district received UShs 174,407,000 for capital development and UShs 293,239,696 for non wage recurrent expenditure between July 2009 and March 2010.

Planned Activities

For FY 2009/2010, the district planned to undertake the following capital development activities: construction of a staff house at Nawandala HCIII, a general ward at Namungalo HCIII, a general ward in Kumbya HCIII and OPDs at Naibiri HCII, Namusisi HCII and Ituba HCII.

Financial and Physical Performance

Construction of both the staff house at Nawandala HCII and the general ward at Namungalwe HCIII was at roofing stage. The works commenced during FY 08/09 and the same contractors were retained during FY 09/10. Bids had been invited for the construction of the general ward at Kumbya HCIII, and of the OPD at Naibiri HCII as well as the renovation of Ituba HCII. No payments had been made in FY 09/10.

Staff house at Nawandala HCII

General ward at Namungalwe HCIII

Challenges to the Implementation of Primary Health Care activities in the District

Limited funding and non completion of projects: Several health facilities were embarked on during previous financial years and before these were completed the district embarked on fresh constructions. For instance the construction of Igombe HCII (OPD) begun in FY 05/06 and was only roofed in the recent past. Construction of OPDs at Bulungu HCII and Nakiswiga HCIII begun in 05/06 and have not been completed to-date (FY 09/10).

Underfunfed Drug allocations: The District Administration decried the under financing of drugs and the late drug deliveries which account for the persistent drug stock outs.

Lack of Fencing and Surveying: It was reported that most health facilities land is neither surveyed nor fenced. The threat for encroachment on the land for health facilities is imminent.

h) KALIRO DISTRICT

For the first two quarters of FY 09/10, the district received UShs 116,450,000 for capital development and UShs 117,510,472 for PHC non-wage recurrent expenditure for the period July 2009 to March 2010.

Planned activities

The district planned to undertake the following activities during FY 09/10: completion of the DHO's office (UShs 100 million), construction of a staff house at Nabikoli HCII (UShs 40 million) and the procurement of assorted medical equipment (UShs 23 million).

Financial Performance

The contractor for the completion of the DHO's Office was awarded to Toffa Investments at UShs 567,034,480. By March 2010, the contractor had been paid UShs 99,678,885 of which UShs 29,243,838 was paid in FY 08/09 and UShs 70,435,047 was paid in FY 09/10. A total of UShs 17,000,000 was paid towards the construction of a staff house at Nabikoli HCII out of a contract sum of UShs 39,396,990. In addition, the district procured medical equipment worth UShs 5,129,493 from Joint Medical Stores and equipment worth UShs 5,099,454 from National Medical Stores.

Physical Performance

At the time of the monitoring visit on 15 March 2010, the completion of the DHO's office was in its final stages. The construction of the staff house at Nabikoli HCII whose construction started in February 2010 was at roofing stage.

DHO's Office

Staff house at Nabikoli HCIII

Challenges to Health Care Delivery in the District

1. **Under funding and late release:** The District Health Officer noted that the allocations for capital development have consistently remained low and therefore not adequate to enable the district meet its health financing obligations. In addition, the funds are usually released late resulting into higher construction costs due to inflation and consequently non completion of projects.

2. **Limited Staff accommodation:** There was reported to be a deficit of staff accommodation within the district. This was affecting attraction and retention of health workers.

3. **Inadequate Health facilities:** Most Parishes within the district do not have Health Center IIs which is limiting access to services for the population. Similarly due to limited funding, most of the existing health facilities are dilapidated due to lack of renovation. The District has only 17 health centres of which 1 is a HCIV, 5 HCIIIs and 11 HCIIs of which only 4 are public health facilities.

i) BUTALEJA DISTRICT

The district received UShs 346,354,000 for PHC capital development and PRDP and UShs 49,910,000 for recurrent expenditure and UShs 121,640,027 for PRDP for the period ended December 2009.

Planned activities

The district planned to undertake the following capital development activities for both PHC and PRDP: construction of an OPD at Namulo HC II (UShs 71,000,000), completion of construction of a Doctor's house at Nabiganda HCIII (UShs 12,000,000) and staff houses at Busaba HCIII (UShs 20,166,296). Under PRDP, the district planned to undertake the following activities: construction of the DHO’s office and a drug store (UShs 286,009,984), an OPD at Nakwasi HCII (UShs 69, 246, 4709) and purchase medical incinerator for the health office (UShs 6,000,000).

Financial Performance

Under PHC non wage recurrent, the district had procured drugs worth UShs 27,963,732 for funds disbursed during the first quarter. The District had spent UShs 15,780,000 as a re-allocation from capital development release towards recurrent expenditure. This was carried out following a permission to reallocate funds from capital development to recurrent expenditure. This was necessitated following delays to release PHC funds for the third quarter.

Under PRDP, VBK Engineering Company was contracted to construct the DHO’s office and drug store at UShs 286,009,984. Awards had been made for the construction of the OPD at Nakwasi HCIII although works had not commenced. No payments had been under the PRDP. Below is a summary of payments to contractors on PHC projects made during FY 09/10 and previous years.

Table. 3.4.10: Financial Status Report for PHC capital development activities

Facility	Contractor Price	Contractor	Previous payments	Payments FY 9/10	Cumulative Payments
Construction of maternity and Staff quarters at Namulo HCIII	178,742,680	Ken wood General Construction Company	0	0	0
Construction of staff house at Busaba HCIII	63,346,975	Yeffe Enterprises	43,180,679	14,087,323	57,268,002
Nabiganda doctors' house	81,106,666	Ken wood General Contraction Company	43,966,800	3,193,434	47,106,234
Nabiganda Theatre	133,347,420	Masafu Contractors	99,481,593	5,780,050	105,261,643
Nakwasi HCIII	68,253,680	MJ woods Limited	0	0	0
Construction of DHO's office and drug store	289,000,000	VDK Engineering Company	0		33407,468

Source: Butaleja PHC Status Report, March 2010

Physical Performance

By the time of the monitoring visit on 16 March 2010, the staff house at Busaba HCII had been completed. The works undertaken include: re-painting, electrical installations, and construction of bathrooms. The house was already in use by the time of the monitoring visit. The DHO’s office was at foundation level.

Doctor's house at Nabiganda HCIII

Excavation for DHO's office

Theatre at Nabiganda HCIII

Staff house at Busaba HCIII

Challenges to health care delivery in the District

Procurement delays: The district submitted names to MFPED for nomination to the contracts committee but did not get feedback on their request for a period of over 1 year. As a result, for the first half of FY 09/10, the district did not have quorum on the contracts committee.

j) JINJA DISTRICT

The district received UShs 337,194,000 for capital development and UShs 208,925,966 for PHC non wage recurrent expenditure between July 2009 and March 2010. For FY 09/10, the district planned to under take the following capital development projects: construction of Lukolo HCIII and an OPD—the initial investment towards construction of Kagoma Hospital.

Financial Performance

The district procured 37 bicycles at a cost of UShs 6,290,000 out of its PHC non wage recurrent expenditure. The bicycles were yet to be distributed to health units within the district. The district bought drugs worth UShs 61,930,484 out of which UShs 30 million was funds retained from FY 08/09. The district paid UShs 190,745,959 to Kim Contractors and Joinery Limited towards the construction of the OPD at Kagoma Hospital against a budget of UShs 320 million. Whereas works are ongoing, the district invited fresh bids and the contractor on site lost the bid and a new contractor is to be hired to complete the scheduled works. The proposed works will cost UShs 400,000,000 for the second phase of the OPD construction. The total cost of the building is estimated to be approximately UShs 1.3 billion. The estimate for completing the hospital is estimated to be UShs 17 billion shillings.

Physical Performance

At the time of the monitoring visit on 17 March 2010, construction of the OPD at Kagoma Hospital which started last FY was at roofing stage.

OPD at Kagoma Hospital

Bicycles bought using recurrent expenditure funds

Challenges to implementing Primary Health Care activities in the District

Concentration on Construction of Kagoma Hospital: The Government of the People's Republic of China was scheduled to construct an ultra modern general hospital (as a grant) within Jinja Municipality. However land was not readily availed and there was a consensus between the Government of Uganda and the donor to relocate the hospital to a new site—Naguru, in Kampala. It was decided by the Government of Uganda that funds be secured to construct the general hospital within Jinja District. Land was identified at Kagoma Parish, approximately 12 Kms out of Jinja town. It is estimated that the total cost of the hospital will be UShs 17 billion. The initial block at the site is the OPD estimated to cost UShs 1.3 billion.

During FY 08/09, the district received UShs 388,181,000 out of which UShs 320,000,000 was allocated towards construction of the OPD. During FY 09/10 the Government allocated UShs 473,705,718 as capital development to Jinja District out of which an additional UShs 400,000,000 was allocated towards phase II of the construction of the OPD. The total cost of the OPD is estimated at UShs 1.3 billion. If the current level of funding is sustained, it implies that releases for the next 2 FYs have to be solely dedicated to the completion of the OPD.

With so many pressing financing needs at lower levels health facilities, it will be very difficult for the district to continue committing over 80% of its PHC capital development funds to constructing of Kagoma Hospital. This notwithstanding, even when the entire grant is committed to the hospital, at the current level of funding it would take over 20 years to complete the ultra modern hospital. It is therefore apparent that separate funds be acquired for constructing the hospital so that health care delivery in Health Sub Districts is not constrained.

Absence of a Contracts Committee: It was reported that for a long time Jinja district relied on Kamuli District Local Government contracts committee, which limited the pace with which procurement decisions could be made. At the time of the monitoring visit the contracts for works scheduled for FY 09/10 had just been awarded.

k) MBARARA DISTRICT LOCAL GOVERNMENT

The district received UShs 129,123,000 for PHC capital development and UShs 177,198,995 for PHC non wage recurrent expenditure from July 2009 to March 2010. At the time of the monitoring visit on 22 March 2010 funds for the third quarter of FY 09/10 had not been received for both non wage recurrent expenditure and capital development.

Planned activities for FY 2009/10

The district planned to undertake the following activities: completion of a maternity ward at Bubare HCIII, a semidetached staff house and pit latrine at Kibare HCII, and construction of a general ward at Kakoba HCIII.

Financial Performance

The district carried forward UShs 46,722,042 from FY 2008/09. The construction of the maternity ward at Bubare HCIII was awarded to Cosma and Bamujuni Construction Company Limited at a sum of UShs 98,303,215. By the time of the monitoring visit on 23 March 2010, the work had been completed and the contractor had been paid UShs 38,932,217. The district also paid UShs 14,433,070 to Spako Technical and Building Engineers Limited for the completion of a staff house and two stance pit latrine in Kibare HCII. The payments were made out of the money carried forward from FY 2008/09. Only UShs 6,643,245 had been spent out of the UShs 129,123,000 released during FY 09/10.

Physical Performance

Contracts had not been awarded for activities scheduled for FY 09/10. The team monitored implementation of projects carried forward from FY 08/09. The maternity ward had been completed and was due for handover. The construction of the staff house at Kibare HCIII had been completed and was in use. The quality of works in both structures was satisfactory.

Maternity ward at Bubaare HCIII

Staff house at Kibaare HCII

Challenges in Health Care Delivery in the District

Drug stock outs: at the time of the monitoring visit, the district was experiencing drug stock out of anti-malarials in lower level health facilities. It was reported that the drug allocations have continued to be low compared to the disease burden within the district. Below is an illustration of the drug shortages within the district:

During a visit to Bubare HCIII in Mbarara District—the team found a 3 year child nearly convulsing but un-attended to. As the team looked around for the caretaker and health workers, while tying to buy some drink for the child—the mother and the health worker arrived. The team was informed that the mother had travelled to the trading centre about a Kilometre away to buy Chloroquine and Fansidar for treating the child. The only health worker found at the health centre informed the team that the health facility receives few quantities of ACTs which soon run out. Most of the patients cannot afford buying own ACTs whose cost is estimated around UShs 10,000. Even for patients who can afford to buy treatment, drugs shops in the area do not stock ACTs. Note that although Uganda moved from monotherapies to combined therapies (Artemisinin Combined Therapies) as first line treatment of Malaria, stock levels are usually low, and where these are not available, health workers prescribe monotherapies—for lack of alternatives. It was also noted that anti malarial drugs that were delivered by the NMS to the unit on 16 March 2010, were already out of stock one week later on 22 March 2010.

Source: Author

l) KASESE DISTRICT LOCAL GOVERNMENT

The district received UShs 166,900,000 for PHC capital development and UShs 307,549,146 for non wage expenditure between July 2009 and March 2010. The third quarter releases had not been received by the district at the time of the monitoring visit 23 March 2010.

Planned Activities 2009/10

The district planned to carry out the following capital development projects for FY 09/10: construction of staff houses at Mahango HCIII, completion of a 4 in 1 staff house at Kitswamba HCIII, complete the construction of the Outpatient Department at Katungulu HCII and renovation of Bwera Hospital and Kabatunda HCIII.

Financial Performance

The district contracted Kitholo Building Contractor Limited at a sum of UShs 98,478,080 to construct staff houses at Mahango HCIV. By 24 March 2010, the contractor had been paid UShs

14,416,000. Kule William and Sons was retained by the district to construct a four in one staff house at Kitswamba HCIII at a sum of UShs 98,154,966. By the time of the monitoring visit, the contractor had been paid UShs 43,363,204. Rwenzori Agro Ltd was hired at UShs 60,205,025 to construct an OPD at katunguru HCIII. No payments had been paid to the contractor by the time of the monitoring visit.

Physical Performance

At the time of the monitoring visit 23 March 2010, the staff house at Kitswamba HCIII whose construction started in November 2009 had been completed. The contractor was rectifying minor defects after which the site would be handed over. The OPD at Katungulu HCIII had been roofed and plastered. However the works had stalled due to delayed payments by the district. The quality of work was poor.

OPD at Katunguru HCII

Kitswamba HCIII

Challenges in Health Care Delivery in the District

Low staffing levels. Staffing levels in the district were reported to be as low as 30.8% of the staff establishment. The district has found it increasingly difficult to attract health workers to the hard to reach and hard to stay health facilities located within the Rwenzori Mountain ranges.

Drug stock out: The district experiences regular drug stock outs. The quantities supplied by NMS are not adequate to last health units through to the following cycle.

Inadequate transport: The District Health Office does not have a functional vehicle. The vehicles at the health department which were procured in 1996 have since broken down and there has been no replacement. The District lacks motor cycles and bicycles to supervise health care delivery and carry out outreaches and community mobilization which affects critical services like immunization.

Lack of allowances: There are no top up allowances for staff in the health department which demoralizes their performance. The health department does not get any other funding apart from the PHC grants which are inadequate to pay allowances to the staff.

Low and late releases: The health workers decried the delayed releases to the district. Until 24 March 2010, the district had not received funds for the third quarter of FY 09/10. In addition, the district rarely gets any official communication to explain the reasons for the delayed releases. As a result of the delayed releases, health care delivery in the district gets paralysed.

m) KABAROLE DISTRICT LOCAL GOVERNMENT

The district received UShs 72,580,000 for PHC capital development UShs 190,292,448 for non wage recurrent expenditure between July 2009 and March 2010. At the time of the monitoring visit 23 March 2010, funds for third quarter FY 2010 had not been received by the district.

Planned activities FY2009/10

The district planned to undertake the following activities: renovation of the doctor's house (UShs 6, 291, 1700), a theatre (UShs 12,269,640) and a maternity ward (UShs 8,101,006) at Bukuku HCIV. The district also intends to undertake emergency rehabilitation of the theatre at Kibito HCIV.

Financial Performance

Contracts for the scheduled works had not been awarded by the time of the monitoring visit on 24 March 2010 and as a result capital development funds disbursed during FY 09/10 had not been spent.

Physical Performance

At the time of the monitoring visit on 25 March 2010, evaluation of bids for the scheduled works was ongoing. As a result there was no ongoing PHC capital development works within the district.

Challenges in Health Care Delivery in the District

1. **Inadequate funding**: the health department decried of inadequate funding which constrains service delivery. The department does not benefit from the graduated tax compensation from the district or any other local revenue funding apart from the PHC money.

n) BUDAKA DISTRICT LOCAL GOVERNMENT

The district received UShs 311,959,000 for PHC and capital development received UShs 90,162,137 for non wage recurrent expenditure between July 2009 and March 2010.

Planned Activities 2009/10

Under traditional PHC, the district planned to carry out the following: construction of a maternity ward at Lyama HCIII (UShs 36,426,600) and a maternity ward at Naboa HCIII (UShs 40,000,000). Under PRDP, the district planned to undertake the following activities: completion of the OPD at Budaka HCIV, construction of an OPD, maternity ward and staff house at Sapiri HCIII, fencing of Kebura HCIII and construction of 5 sanitary lanes in Budaka Town Council.

Financial Performance

Under traditional PHC, the construction of the maternity ward at Lyama HCIII was awarded to Half London & Engineering Consult Ltd (UShs 36,426,600) and construction of the maternity ward at Naboa HCIII was awarded to Nagwere Petroleum Limited at UShs 40,000,000. Under PRDP, the construction of the OPD at Sapiri HCIII was awarded to Kalisiko Technical Services at UShs 66,126,500; construction of the maternity ward was awarded to Kabwe Enterprises at UShs 75,417,240 while construction of the staff house was awarded to Munika Investments at UShs 46,958,933. The contract for fencing of Kebula HCII was awarded to Kadeluna Women and Youth Association at UShs 12,993,021.

The district paid UShs 22,821,300 to Kalisiko technical services for the construction of the OPD at Sapiri HCIII (PRDP), UShs 13,804,925 to Kabwe enterprises for the construction of a maternity ward at Sapiri (PRDP) and UShs 9,436,424 to Munika Investment for the construction of staff house at Sapiri (PRDP). The district also paid half London & Engineering Services Limited UShs 18,566865 for the construction of a staff house at Lyama HCIII (traditional PHC).

Physical Performance

At the time of the monitoring visit on 28 March 2010, OPD at Budaka HCIV had been roofed; the floor slab had been cast for the maternity ward at Naboa HCIII while the maternity ward at Lyama HCIII was at wall plate level. At Sapiri HCIII, the OPD had been roofed and shuttering was ongoing; the maternity ward and staff house were both at roofing stage.

Maternity ward at Lyama HCIII

Maternity ward at foundation-Naboa HCIII

OPD at Sapiri HCIV

Staff house at Sapiri HCIII

Maternity ward at Sapiri HCIII

OPD at Budaka HCIV

Challenges to the implementation of PHC activities in the district

2. **Inadequate Human Resource**: The District Health Officer noted that the staff turnover in the district was high. The few health workers that are attracted to the district leave due to delays to be enrolled onto the payroll and lack of funds to provide top up allowances. Until recently when additional staff were recruited, the staffing levels had been estimated at only 38% of the establishment but have now increased to 64%.

3. **Inadequate supply of drugs**: The per capita drug allocation to the district is estimated at UShs 500 only. Related to the above, stock outs are the norm rather the exception in the district.

4. **Shortage of Vaccines and Gas**: Shortage of vaccines for immunization and gas for the refrigerators has become more frequent in recent years. As a result, immunization coverage in the district has reduced. In addition, there have been delays to release funds for community mobilization and outreaches which has continued to depress the immunization coverage targets. These problems have been compounded by the withdrawal of UNICEF in immunization and provision of transport facilities like motorcycles.

o) MBALE DISTRICT LOCAL GOVERNMENT

The district had received UShs 573,284,000 for PRDP capital development and PRDP and UShs 160,538,692 for non wage recurrent expenditure.

Planned Activities FY 2009/10

The district planed to under take the following activities: construction of a maternity ward at Busano HCIII, a maternity ward at Wanale HCIII, completion of the construction of an OPD at Bufumbo HCIV, construction of a staff house at Bungokho-mutole HCIII and procurement of assorted medical equipment. Other activities include: construction of pit latrines at 11 sites including: Naiku HCIII, Busano HCIII, Buwangwa HCIII, Busiwu HCIV, Namawanga HCIII, Wanale HCIII, Bumadanda HCII, Bufumbo HCIV, Budwale HCII, Makhonje HCIII, Nasasa HCII, Siira HCIII and the District Health Office.

Financial Performance

The district procured assorted medical equipment worth UShs 84,270,000 from Matrix Uganda Limited. A total of UShs 59,016,521 was paid to Tiwa (U) Limited for the completion of the OPD at Bufumbo HCIV, while UShs 48, 984,337 was paid to Wama Limited for the construction of a maternity ward at Busano HCIV. The contract for the construction of a maternity ward at Busano HCIII was awarded to Wama Limited at UShs 164,966,604. Construction of the maternity ward at Wanale HCIII was awarded to African Construction Technicians and Contractors Uganda Limited at

UShs 201,564,050. Construction of a staff house at Bunghokho-Mutolo HCIII was awarded to Lao Plus at UShs 65 million. The district had also placed an order for laboratory equipments to JMS worth 51,985,808.

The contracts for the construction of pit latrines had just been awarded as follows: LOT 1(Naiku HCIII, Busano HCIII, Buwangwa HCIII) was contracted to Transworld technical services at a cost of UShs 31,800,744, Lot2 (Busiu and Namawagali) contracted to Labwor enterprises at a cost of UShs 31,800,744. Lot 3 (Wanale HCIII, Bufumbo HCIV, Budwale HCII, and Bumanda) contracted to Ramo international at a cost of UShs 31,800,744. Lot 4 (Makhonjye, Nasasa, siira and DHO's office) was contracted to Lab plus at UShs 30,412,533.

Physical Performance

At the time of the monitoring visit on 30 March 2010, the maternity ward at Busano had been roofed, painted, windows and doors fitted and it was due for hand over. The maternity ward at Wanale HCIII was at roofing stage. The OPD at Bufumbo HCIV has been roofed but works had stalled awaiting disbursement of additional funds.

OPD at Bufumbo HCIV

Maternity ward at Busano HCIII

Maternity ward at Wanale HCIII

Challenges in Health Care Delivery in the District

Increasing cost of construction: The cost of construction is increasingly higher than what is budgeted for arising out of inflation, delayed releases and payments. For example initial budget for construction of the maternity ward at Wanale HCIII was UShs 113,000,000 but this increased to UShs 201,564,050 on award of the contract.

High cost of financial transaction: The health department incurs costs in financial transactions. The department receives PRDP money on its account and later it is transferred to the PRDP account in the finance department. There are conflicting guidelines on allocation and use of the PRDP funds which increase the transaction costs for PRDP activities.

p) SIRONKO DISTRICT LOCAL GOVERNMENT

The district received UShs 565,827,000 for PHC capital development and PRDP and UShs 195,465,125 for non wage recurrent expenditure between July 2009 and March 2010.

Planned activities 2009/10

The district planed to undertake the following activities in FY 09/10: complete the construction of a general ward at Muyembe HCIV; construction of a maternity ward and in built laboratory at Bunambutye HCIII; 3 stance ecosan pit latrines at Buwalasi HCIII and Muyembe HCIV; 2 stance ecosan pit latrines at Bumwambu HCIII and Buginyanya HCIII and pit latrines at Simupondo HCII, Budadiri HCIV and Buwasa HCIV.

Other activities include: supply and installation of water harvesting system in Buyaga HCIII, Bubeza HCII and Kyesha HCII; water harvesting system in Bumwambu HCIII, Bukhalu HCII, Atari HCII and Simupondo HCII; solar in Bumwambu HCIII, Mutufu HCII, Simupondo HCIII, Bumugusha HCII, Bumugusha HCII, Kyesha, Bubeza, Buwalasi HCIII and Buwaga HCIV; construction of Ecosan pit latrines at Sironko HCIII and Mbaya HCII; a staff houses at Buwasa HCII and Atari HCII; a maternity ward with inbuilt laboratory at Buwalasi HCIII and a maternity in Butandiga HCIII.

Financial Performance

The district paid UShs 11,595,600 to Dynamic Construction Company for the construction of a maternity ward at Bunambutye HCIII; UShs 5,207,050 to Peer Building and Construction Company for the construction of an ecosan pit latrine at Buwalasi HCIII, and UShs 5,207,050 to the same company for the construction of an ecosan pit latrine at Muyembe HCIV. No other payments had been made.

Other contracts that had been awarded by 31 March 2010 include the following: Construction of ecosan pit latrine at Buwasa HCIV was awarded to Kabego and sons at cost of UShs 5,979,081, 3 stance ecosan pit latrine at Simupondo HCII and Budadiri HCIV was awarded to Dinga enterprises at a cost of UShs 12,274,640. The above contractors had picked their contracts and works were due to start.

Contractors that had been awarded contracts but have not picked their award letters include: Skina contractors for the construction of ecosan pit latrines in Bumwambu HCIII and Buginyanya HCIII at a cost of UShs 13,202,827, Cresttanks (U) for the supply and installation of water harvesting system in Buyaga HCIII, Bubeza HCII and Kyesha HCII at a cost of UShs 12837,214, Crest tanks (U) for supply and installation of water harvesting system in Bumwambu HCIII, Bukhalu HCII, Atari HCII and Sibukondo HCII at UShs 17,122,950, Peer building contractors for the supply and installation of solar systems in Bumwambu HCIII, Mutufu HCII Simupondo HCIII, and Bumugusha HCII at a cost of UShs 23,520,000, Dinga enterprise for the supply and installation of solar in Kyesha HCII, Bubeza HCII, Buwalasi HCIII and Buwaga HCIV at a cost of UShs 23,520,000, Gumakasi stores limited for the construction of ecosan pit latrine in Sironko HCIII and Mbaya HCII at a cost of UShs 12,208,380.

The district had invited bids for construction of a staff house in Buwasa HCII and Atari HCII, a maternity ward with inbuilt laboratory at Buwalasi HCIII and a maternity in Butandiga HCIII.

Physical Performance

At time of the monitoring visit on 31 March 2010, construction of the general ward at Muyembe HCIV had been completed while construction of a maternity ward and in built laboratory at Bunambutye HCIII was at window level. The sub structure of the ecosan pit latrine at Muyembe HCIV had been completed.

Challenges in Health Care Delivery in the District

1. **Lack of guidance on PRDP funds**: It was reported that although the health department draws facilities to be constructed, the implementation, supervision and payments are managed by the finance and engineering department. It was noted that this disjointed arrangement was hurting implementation of PRDP activities.

2. **Delayed releases**: There are delays in release of money from the center to the district. For example the district had not received PHC funds for quarter three FY 2009/10. Health care management is becoming very difficult to run without operational funds.

3. **Sub standard structures**: A theatre that was constructed in FY 2003/04 is not operational because it is sub standard and lacks amedical doctor. This led to wastage of resources since the theatre can not be used.

q) Kamwenge District

The district received UShs 67,689,000 for PHC capital development activities from July –December 2009. The district had not received funds for third quarter FY 2009/10. The district health budget is of UShs 100,000,000 ear marked for the construction of staff houses at Kamwenge HCII and Rukunyu HCIV.

Planned Activities

The district planned to construct a two in one staff house at Kamwenge HCIII at a cost UShs.60,000,000 and also construct a doctor's house at Rukunyu HCIV at a cost of UShs.40,000,000.

Physical Performance.

At the time of the monitoring visit on 17 March 2010, construction of the two in one staff house at Kamwenge HCIII was on going. The contractor was Modern Technical Services. The construction of the staff house was almost complete and was only left with the installation of electricity following which it would handed over to the Health Centre (Is this at Kamwenge HCIII). The staff house at Rukunyu HCIII had been completed and was due for handover.

STAFF HOUSE AT KAMWENGE HCIII

DOCTOR'S HOUSE AT RUKUNYU HCIV.

Challenges in Health Care Delivery in the District

1. **Shortage of staff accommodation**: there is a general shortage of accommodation in the district which is affecting health care delivery as staff travel long distances to reach the facilities and the health facilities very early.
2. **Delay in the procurement process**: the procurement process is generally slow leading to delayed implementation of the planned activities.

r) Kyenjojo District

The district received UShs 158, 107,000 for PHC capital development from July 2009 to March 2010. The releases include money meant to procure medical equipments in the district.

Planned Activities

For FY 09/10, the district planned to complete the construction of a pediatric ward at Kyenjojo HCIV at a cost of UShs 156,000,000.

Physical Progress

At the time of the monitoring visit 18th March 2010, the first phase of the construction contracted to Kyamuka Contractors had been completed. The second phase of the physical works include; fitting glasses, ceiling, plastering, flooring, electric wiring and painting. The physical works of the construction in the second phase had not started because the district was waiting for the solicitor general's review of contracts before award. The delay to receive feedback from the Solicitor General was reported to have resulted into stalling of scheduled works.

Pediatrics ward atKyenjojo HCIV

s) Bulisa District

The district received UShs.339, 180,955 for PHC capital development and PRDP from July-March 2010.

Planned Activities

The district planned to complete construction of the OPD at Bulisa HCIV, completion of a doctor's house and complete construction of the staff house at Bulisa HCIV.

Physical Progress:

At the time of the monitoring visit, construction work was in progress for the completion of the OPD. Plastering and shuttering had been completed while electrical works and plumbing was outstanding. The construction of the doctors' house had been completed and had been occupied by two health workers. The staff house had stalled at the foundation level. It was reported that the contractor abandoned the construction of the staff house due to non payment.



Abandoned staff House Bulisa HCIV *Doctor's houses Bulisa HCIV* *OPD/General ward Bulisa HCIV.*

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 by transforming Uganda into a modern and industrial country through, among other things; adding value by processing to reduce post-harvest losses and increasing exports of higher value products, especially from agricultural and mineral resources.

Processing of primary commodities has long been considered one of the bridges from dependence on primary commodities to industrialisation and development.[92] The activities involved include rising up the chain from raw outputs to processed outputs such as instant coffee from unprocessed coffee, tinned juices from fruits, leather from hides and skins, paper pulp or furniture instead of logs among others.

Industrialization offers greater prospects for increased employment, more export earnings, wider tax base, increased purchasing power, increased integration with agriculture, product diversification, greater efficiency, and technical skills for modernization and higher productivity throughout the whole economy.[93]

Scope

Physical and Financial monitoring during the third quarter 2009/10 focused on development activities undertaken by Uganda Investment Authority (UIA) and Ministry of Finance, Planning and Economic Development (MFPED).

Under Uganda Investment Authority, status of development of Kampala Industrial Business Park, Mbale Industrial Estate and land in Masindi were monitored. Under MFPED, the Presidential Initiative on Banana Industry Development (PIBID) was monitored.

Methodology

Projects were selected on the basis of capital investment, planned outputs and funds released as of third quarter of FY 2009/10.

Financial data for the projects visited was sourced from the Integrated Financial Management System (IFMS) and the FY 2009/10 quarterly progress reports. Progress on implementation was assessed by observation, andinterviews with the project officials while comparing with the quarterly progress reports.

3.5.2 Uganda Investment Authority (UIA)

Industrial Parks Development

---

[92] The Courier ACP-EU n° 196, January-February 2003

[93] National Industrial Policy (Jan.2008)

The Government of Uganda committed itself to a national industrial parks development program funded from budgetary provisions starting FY2008/09. The project has a time frame of five years (2008-2013) and the expected output is a minimum of twenty well serviced industrial parks in different regions of Uganda.[94]

Starting with the set up of the Kampala based industrial parks at Namanve, Bweyogerere and Luzira the process is spreading to up country towns. It is anticipated that the Kampala parks will be fully operational by 2010/2011.

The importance of establishing the parks is to provide serviced areas (with roads and utilities) for home manufacturing and value addition to Ugandan made goods. Industrial parks will strengthen the Ugandan private sector to enable it play it's expected role as the engine of the country's economic growth and development, as well as create employment.

Planned Outputs

This financial year 2009/10, UIA set to achieve the following outputs under industrial parks development.

- Purchase of industrial land in Kasese, Fortportal, Arua, Kabale, Bukwo and Masaka
- Carry out Environmental Impact Assessment's (EIA) and physical planning requirements
- Procure contractors for the construction of park roads
- Procure and coordinate the provision of electricity and water in the parks
- Extend electricity from Kiwanga-Namanve to Luzira industrial estate.
- Allocate land to deserving investors and market available plots

Financing

GoU has funded the infrastructure activities in the Luzira and Bweyogerere industrial parks as well as purchased land in Mbale, Mbarara, Soroti and Kasese.

Table 3.5.1: Industrial Parks Expenditures as of March 2010

Location of park	Size (acres)	Cost (UShs. Bn)	Amount paid (UShs. Bn)
Mbale	619	3.1	3.1
Mbarara (with buildings)	12	2.6	2.6
Soroti	219	0.984	0.984
Kasese	120	0.960	0.864

Source: UIA

[94] Public Investment Plan FY 2009/10-2011/12

Field Findings

(i) **Kampala Industrial Business Park-Namanve (KIBP)**

The Government of Uganda received credit worth US$ 26m from the International Development Agency (IDA) for development and servicing of the Kampala Industrial and Business Park (KIBP) at Namanve. The KIBP development is the project Component 1 of the Second Private Sector Competitiveness Project (PSCPII) and is being implemented by Uganda Investment Authority.

Located 11 km east of Kampala adjacent to the Kampala-Jinja Road; is the Kampala Industrial Business Park purposely set to become a model industrial park for the rest of the country. To this effect, the Government de-gazetted 894 hectares of land, and conducted pertinent studies (feasibility, detailed engineering designs, environmental impact assessment and business plan) with assistance from UNIDO, UNDP, European Investment Bank and the World Bank. The park is divided into three estates; South A, South B and South C. Phase one covers servicing of South A estate which has a surface area of 127 hectares.

Table 3.5.2: Project Summary

Contract Number	UIA/Works/ICB/PSCPII/01/07/08
Funding Agency	IDA World bank and Government of Uganda
Supervision Consultant	TYPSA, Prome consultants, Bec Engineers and Multi-Konsults
Contractor	Spencon Services Limited
Scope	15 Km earthworks and three buildings
Works Contract Price (Original)	UShs. 9,724,046,536 (20% in UShs, 80% in USD)
Advance Payment	UShs. 1,944,809,308
Exchange Rate	(1 USD = 1697.41 UShs)
Commencement Date	6th June 2008
Original Completion Date	26 April 2009)
Original Completion Period	10 Months
Physical Progress (Feb. 2010)	95%

Source: UIA; Field Findings

During the first quarter monitoring visit for FY 2009/10 (September 2009), it was reported that earthworks had been completed and construction works for the UIA office building, engineer's office, and laboratory building were at sub-structure level. It was recommended that maintenance works downstream the Namanve River be undertaken to avoid back washing and flooding. It was further noted that the project time extension granted by the client had elapsed.

Planned out puts for second quarter

- Complete the Engineer's office and laboratory; provide furniture, office equipment

- Complete UIA office, provide furniture, office equipment and communications systems
- Provide power, water and sanitation connections to UIA offices, Engineer's office and laboratory.
- Construct a perimeter fence for the buildings.
- Procure contractor for sealing of the 15 Km roads

Financial Performance

The original contract price for phase one is UShs 9,724,046,536, of which 80% is a foreign component while 20% is a local component. A monitoring visit made to KIBP in September 2009, indicated that six certificates had been fully paid, partial payment made on three certificates and two certificates raised. A follow up visit made on 4th March 2010, revealed that certificates 7-13 had been fully paid and certificates 14, 15 and 16 were yet to be paid awaiting approval of an addendum to the contract.

The table below describes the actual payments as of January 2010.

Table 3.5.3: Payments made to the Contractor as of January 2010

Payments Certified	Amount Certified $	Amount Certified Ushs	Date Submitted	Status of pay	Remarks
IPC No.1	$ 645,045.51	273,725,400	18/08/2008	Paid	Local and Foreign components paid
IPC No.2	$139,633.93	59,254,007	26/09/2008	Paid	Local and Foreign components paid
IPC No.3	$242,091.65	102,732,197	21/10/2008	Paid	Local and Foreign components paid
IPC No.4	$200,645.48	85,144,412	26/11/2008	Paid	Local and Foreign components paid
IPC No.5	$150,306,06	63,782,754	15/12/2008	Paid	Local and Foreign components paid
IPC No.6	$671016.41	284,747,493	23/02/2009	Paid	Local and Foreign components paid
IPC No.7	$101,996.36	43,282,411	27/05/2009	Paid	Local and Foreign components paid
IPC No.8	$183,652.99	77,933,607	27/05/2009	Paid	Local and Foreign components paid
IPC No.9	$198,091.19	84,060,490	15/06/2009	Paid	Local and Foreign components were paid

IPC No.10	$110,818.59	47,026,144	28/07/2009	Paid	Local and Foreign components paid
IPC No.11	$286,762.86	121,688,535	01/09/2009	Paid	Local and Foreign components paid
IPC No.12	$137208.44	58,224,744	04/11/2009	Paid	Local and Foreign components paid
IPC No.13	$152,938.50	74,171,239	09/12/2009	Paid	Local and Foreign components paid
Total	**$3,069,901.91**	**1,375,773,433**			
Note: All funds are from the donor component					

- *SOURCE: UIA Progress Report, January 2010*

Physical Performance

Road works

Earth works on the 15 km roads with in the park were completed; additional works were carried out on Namanve River banks and downstream to create a smooth flow of water to the swamp past Old Jinja road. Procurement for major works (sealing of roads) was reported to be at preparation of bid documents.

Buildings

By March 2010, major construction works on the three buildings had been completed. Fitting of aluminum curtain walls and windows to the KIBP buildings was near completion; electrical, fire alarm system and plumbing works had been installed and tested. All the buildings had received the first coat of paint both internally and externally. A perimeter fence enclosing the buildings, security house and generator room were completed. Landscaping and paving of the yard around the buildings had been completed. Physical progress was estimated to be at 95%.

Allocation of Plots

It was reported that 230 plots were allocated to investors and an additional 40 new applicants were being evaluated. During the monitoring visit, it was observed that one investor (Roofing's Limited) had already settled in the estate and started industrial operations.

L-R: KIBP Building at Namanve on 01 Sept 09 and on *4 March 2010*

L-R: the entire UIA complex and one of the Roofings' factory line in Namanve

Challenges

Investors are waiting for a fully serviced park with utilities and paved roads, delays in completion of park servicing may result into delayed take off of the park.

Conclusion

Observations indicate that the park can be occupied on as is basis. For example M/s Roofing limited is already on site and operating. It is thus important to encourage investors to begin settling in the estate as soon as they receive land titles.

Delay in responding to a request for approval of works variations from PPDA is affecting both the contractor's payments and progress of works. Delayed payments may result into additional project costs in form of interest to the contractor.

Recommendations

UIA should develop a strategy to interest investors to settle in the park alongside road construction and servicing.

UIA Land in Masindi (leased to M/s Critical Mass Growth)

In 2005, 19.2sq miles were allocated to M/s Critical Mass Growth (CMG) Limited for ranching purposes (breeding goats and cattle for beef and dairy production as well as apiary).Activities in this regard commenced in 2006 with about 100 goats which were later supplemented with about 100 heads of cattle.

The annual BMAU report of July 2009, indicated that for a period of over four years, most of the land was idle, the farm had about 350 goats, 70 cows and approximately 300 bee hives for honey production. It was against this progress that the monitoring team recommended to UIA to lease the idle land to other investors.

Field Findings

A follow up visit to Masindi was made in quarter three and the following were noted:

UIA board concurred with the recommendation of parceling the land into smaller pieces of one to two square miles with a view of allocating part of this land to other qualifying investors. CMG was thus re-allocated one square mile of land in Masindi.

The company contested the decision through courts of law claiming that one square mile was inadequate and that the entire extent of land should be reserved for them. During the monitoring visit, it was reported that court had asked the two parties to resolve the case out of court.

Physical Performance

During the monitoring visit, it was noted that the proprietors of CMG were clearing bushes on the front of the ranch along Kafu-Masindi road and approximately 30 hectares had been cleared.

In an interview with the CMG directors, it was reported that there were about 72 heads of cattle (local breed), 380 goats and about 350 bee hives. The directors further noted that about 100 acres of sorghum had been planted along Port Masindi road as fodder for the animals. The company had also acquired a full time tractor for clearing the bushes around the ranch.

The team was taken around the entire extent of the ranch, where it was observed that over 90% of the land is still idle.

Animals, Sorghum and Apiary on the land in Masindi (March 5th 2010)

Note: *This matter is before court and cannot be discussed before the case is disposed off.*

Mbale Industrial Estate

The industrial park land located at Mutoto with a total area of 619 acres was purchased by Government of Uganda for UIA from Bugisu Cooperative Union Limited (BCU) in April 2008 at a total sum of UShs 3,095,000,000. Since then, UIA has obtained the land title.

This land is heavily encroached on, with over 240 squatters owning temporary and permanent structures.

In the previous monitoring reports, it was noted that UIA had engaged the Government Valuer to compile a valuation report on this estate. The final report was submitted to UIA in January 2010. The authority had studied the report and together with the district local government embarked on sensitizing and identifying the squatters before compensating lawful squatters' kicks off.

Conclusion

The importance of establishing the parks is to provide serviced areas (with roads and utilities) for home manufacturing and value addition to Ugandan made goods, however there is limited progress in servicing these parks due to several challenges ranging from compensation of squatters, delays in securing valuation reports, failure to adhere to procurement laws to slow implementation of work plans and procurement plans leading to low absorption of resources.

Recommendations

Industrial Parks Development

- UIA should develop a strategy to interest investors to settle in the parks alongside road construction and further servicing.
- UIA should assess the capacity of investors before plots and agricultural land is allocated to them, in the case of agricultural land, smaller blocks can be allocated to investors with neighbouring blocks reserved for expansion on certifying that an investors has effectively occupied the initial block.

3.5.3 Value Addition Industries

(i) Presidential Initiative on Banana Industry

Background

Commissioned in 2005, the Presidential Initiative on Banana Industrial Development (PIBID) is a pilot project of the government of Uganda premised on the theory that rural farmers with access to science-led-processing and value addition enterprises will be able to rapidly access profitable market chains that supply local, regional and international markets resulting into increased household incomes.The overall goal of the initiative is to kick start a pilot industry in banana value addition.

Project objectives:

- Establish benchmarks; build capacity for rural farmers in new production technologies and agronomic practices;
- Ascertain sustainable processing of quality market driven Matooke products;
- Link rural farmers to favorable micro-financing mechanisms;
- Establish reliable supply chain models linking farmers to profitable market outlets;
- Assess project impact on environmental sustainability and overall economic wealth;
- Transform the Bushenyi Technology Business Incubator (TBI) into a Banana Industrial Research and Development Centre (BIRDC);
- Promote entrepreneurship in private sector and training at public institutions through establishment of an Industrial Technology Park (ITP).

The project expected outputs

A state of the art rural based banana processing industry at Nyaruzinga-Bushenyi and Sanga-Kiruhura based on technology business incubator framework, a range of banana industrial –based products on the market, capacity building for market competitive banana production and value addition at all levels.

Field Findings:

Financial Performance

PIBID is executing two major infrastructure contracts including; construction of the main processing plant, renovation of office buildings and construction of a resource centre at Nyaruzinga-Bushenyi which was awarded to M/s Dott Services Limited at a contract price of UShs. 23.3 billion and implementation of an irrigation scheme awarded to M/s Vambeco Limited at a contract price of UShs. 1.8 billion.

The annual approved budget for this project FY 2009/10, is UShs.10,200,000,000 of which UShs.11,197,500,0000 had been released as of March 2010. The overall budget release therefore was performing at 117%.

Table 3.5.4 Development Budget Performance of PIBID as of 22nd March 2010

Activity	Approved budget	Actual Q1-Q3 Expenditure	Remarks
Construction of plant	6,314,456,418	6,797,433,658	
Other works (road and, power installation)	797,959,732		
Renovation of TBI		285,525,617	Balance from FY 2008/09
Equipping soil and physiology labs	191,315,542	2,942,756,000	Includes balance from FY 2008/09
Water systems for irrigation and labs	330,454,118	252,407,298	
Project Technical supervisors	347,846,440	228,679,159	
Total	**7,982,032,250**	**10,506,801,732**	

Source: PIBID

Physical Performance

Processing Plant

M/s Dott Services was awarded a contract for the construction of the main processing plant and took possession of the site on 1st October 2009.The plant will host the main processing plant, a library/research and data center, a section for loading finished products, demonstration center, maintenance workshop, milling and packaging areas.

At the time of the monitoring visit, March 10th 2010, physical progress of major works was at 40%. Construction of the main processing plant was at substructure (Slab) level and is expected to be complete in July 2010.

Main processing plant at slab level and excavation works of the Library/Data Centre

Irrigation Scheme

Works began in March 2009, with laying of about 6.5km pipeline at a depth of 1.2 meters of which laying of 6.3km was reportedly completed. The scheme is meant to supply irrigation water to 40 hectares of banana plantation and the processing plant.

During the monitoring visit, the construction of a residential house was at 85%, the guard house and kitchen had been completed.

Residential house near completion and Ongoing works at the irrigation plant

Ongoing works at the irrigation plant include; construction of a sand filter, main tank (170,000 liters), pump house and a generator house. Works are expected to be complete by 30th July 2010.

Challenges

The annual approved budget for PIBID is 55% less than the outstanding contracts. With these contracts not corresponding to budget, it is foreseen that contractors are likely to experience cash flow problems arising out of unpaid certificates, this will result into delays in implementation and completion of works as well as interest claims on unpaid certificates.

Conclusion

Physical progress has been made in relation to construction of the main plant and irrigation scheme as noted in the field findings. However, there is a budget gap resulting from contracts over and above the expenditure framework ceilings for the project.

Recommendation

The progress and success of the construction of the plant is largely dependent on the availability of funds during the implementation cycle. The MFPED should address the supplementary request for this project or phase the funding requirements in the first two quarters of the subsequent financial year.

3.5.6 Key Policy Issues

Over Commitment of contracts: By the end of the third quarter, the full budget for PIBID had been released and over 80% expended. At the same time, additional interim pay certificates were awaiting payment. This status therefore is constraining the budget. For proper planning purposes, commitments should be within the approved budget and any payments outside the budget should be phased within the expenditure framework to avoid last minute supplementary requests.

Communication gap; A monitoring visit made to Kampala Industrial Business Park revealed that variations in costs made by the contractor went above 15%, and the client did not seek for timely approval from PPDA as provided for in the regulations. It was also reported that PPDA had not responded to the request for the waiver and this delay may further affect the project costs and project completion schedule.

3.6 INFORMATION AND COMMUNICATIONS TECHNOLOGY

3.6.1 Introduction

ICT can be broadly defined as technologies that provide an enabling environment for physical infrastructure and services development of applications for generation, transmission, processing, storing and disseminating information in all forms. These forms include; voice, text, data, graphics and video. ICT, therefore, has a role to play in any country's development. Like other countries, Uganda has recognized the potential and enabling element of information and communication technologies as a tool for social and economic development.[95]

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.[96]

The Ministry of ICT was established in 2006 to address ICT development in a well organized, regulated and monitored way of operation through adopting the emerging new technologies in the governance processes, a practice commonly known as e-governance. Current applications of e-governance cover areas such as e-health, e-commerce, and e-learning among others.

The Ministry's mandate is to provide strategic and technical leadership, overall coordination, support and advocacy on all matters of policy, laws, regulations and strategy; sustainable, effective and efficient development, harnessing and utilization of Information and Communications Technology in all spheres of life to enable the country achieve its national development goals.

Strategic objectives 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.[97]

Scope

[95] National ICT Policy 2003

[96] Briefing notes for the minister of Information and Communications Technology

[97] Ministerial Policy Statement(MoICT 2009/10)

The third quarter FY 2009/10 monitoring covered development projects implemented by Uganda Communications Commission and Ministry of Information and Communications Technology. The districts of Arua, Nebbi, Masindi, Nakasongola, Adjumani, Gulu, Kitgum, Kamwenge, Kyenjojo, Kapchwora, Mbale, and Pallisa were visited to assess the implementation of the various projects.

Methodology

The following projects were randomly selected and visited under Uganda Communications Commission; Multipurpose Community Tele-centers, Internet Points of Presence and Postal Telecentres. Under the Ministry of Information and Communications Technology; District Business Information Centers and the National Transmission Backbone and E-Government Infrastructure Project which has been transferred to the National Informational Technology Authority-Uganda (NITA-U) 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 annual FY progress reports. Progress on implementation was assessed by observations and interviews with implementers and stakeholders.

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.[98]

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. [99]

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-centers (MTCs) at vanguard institutions outside of district

[98] Briefing notes for the Minister of Information and Communications Technology

[99] 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 reportedly 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.

Monitoring for third quarter (FY 2009/10), covered three community organizations .i.e. Youth Anti-Aids and Services Association (Adjumani), Agoro Development Association (Kitgum) Kween Community Development (Kapchorwa) and two schools .i.e. Uringi S.S (Nebbi) and Kamuli College in Kamuli district.

Field Findings

Adjumani Youth Anti-Aids Services Association (RCDF/WB/MCT/08/0508)

UCC disbursed US$ 27000 to Adjumani Youth Anti-Aids Services Association (a subsidiary of an NGO called ACORD Adjumani), for the establishment of a multipurpose tele-centre and the centre started operating in December 2008.

It was reported that the association used the grant to procure and install the following equipment; six computers with UPS', an inverter, two generators (1 Honda, 1 Epsilon-diesel,) 24' inch Television set, DVD player, a multi-purpose printer (photocopier, scanner), I-way modem and a fax machine

.

Telecentres equipment stored at ACORD offices in Adjuman

During the monitoring visit, 17th March 2010, the team was informed by one of the telecenter officers that the centre had been closed and equipment transferred to ACORD stores because of renovation of the building.

Before the closure, it was reported that the centre was providing the following services to clients: Internet, postal services (receiving, sending and collection center for Posta), secretarial services, music and video production and fax services.

Statistics captured by the management revealed that the tele-center was regularly filled to capacity during school holidays and attracted less clients during school seasons.

Sustainability of the Tele-centre

The care takers of the telecenter plan to carry out exchange visits with schools to train students so that the funds generated can be used to procure additional equipment such as computers.

Contracts with sub counties to train their officials in computer skills had been finalized.

Sensitization of the existence of the centre through radio advertisements was still in the pipeline.

Challenges

Limited Internet connectivity; On a number of occasions, the modems go off for a day or two and the service providers take days to resolve this problem, further still the lost days are not compensated when the service resumes.

It was reported that tele-centre business in this part of the country is not commercially viable since there is no dedicated electricity supply in the district; the facility runs on generators for most of the day in addition to rent and employee costs.

Emerging competition from new entrants to this business within the town centre and installation of Internet facility at the district affected the client base of the centre.

Conclusion

It was not clear when the renovations would be completed and whether the former occupants of the premises would be given priority once renovation work is complete. The Association on the other hand did not have clear plans on re-locating elsewhere in case of failure to secure accommodation with their previous land lord.

Although the centre must operate as a business and has a written sustainability plan, it is not in any way run as a business, for example instead of storing the equipment, efforts would have been made to secure alternative accommodation during the time of renovating the previous premises for continuity.

Recommendations

Awareness and sensitization; the grant did not cater for awareness and sensitization of masses about the facility; it is highly probable that if this is carried out more clients would be interested in the services. It is recommended that in the next phase of implementation, the grant should take care of sensitization and awareness.

Agoro Development Association Kitgum (RCDF/WB/MCT/09/0508)

UCC disbursed a total of US$ 27,000 for establishment of a multi-purpose telecenter in Agoro Sub County, 70km north of Kitgum town. The centre became operational in October 2008.

The Association procured five desktop computers with UPs' (dell, flat screen), a multipurpose printer (copy, fax and scan), one HP laser jet printer, one colored printer two generators (2.5Kva for the TV and 4.5kva for the tele-centre), one paper cutter, one binding machine, two sets of phones, a TV set, DVD player, satellite television dish and subscription, two solar panel with batteries, benches, chairs and tables.

The center offers secretarial services including: printing and photocopying, TV programmes, computer lessons and phone charging and computer training.

Equipment purchased by the association and solar panels charging outside the

During the monitoring visit, the centre was closed and out of use. According to the Executive Director of the Association, the generator that serves as the main for the centre broke down and the solar system installed for redundancy can only support one computer without a photocopier and a printer.

The only active service during the visit was phone charging using the solar system.

It was reported that one of the computers broke down and was taken for repair over five months before the visit. It was reported that there is a very low demand for tele-centre services in Agoro yet operational costs are high.

Challenges

Lack of grid electricity and breakdown of the generator: The generator is the main energy source and whenever it breaks down the tele-centre cannot operate, at the same time, the solar system installed is of very low capacity to support the operations of the tele-centre.

Agoro sub-county is largely composed of subsistence farmers with high levels of illiteracy, furthermore no awareness campaigns were conducted to interest the population in the services offered at the centre.

Recommendations

There is need to upgrade the solar system to a level that can support the tele-centre's operations in totality. The services offered should be publicized in order to increase the clientele.

Kween Community Development Initiative Kapchorwa (RCDF/WB/MCT/12/1008)

The final Uganda Communication Commission (UCC) report on implementation of the ICT component under the Energy for Rural Transformation (ERT) project, highlights Kween Community Development Initiative (KCDI) in Kapchwora district to having received a grant of US$ 27,000 to establish a multipurpose telecentres. This centre was reportedly established in Kapchorwa Town Council and concluded in 2008.

The monitoring team visited Kapchorwa Town Council on 11th March 2010 to assess the implementation status of this MCT and noted the following:

- According to the records of the District Commercial Officer/ Registrar of CBOs, Kween Community Development Initiative is not a registered organization in Kapchorwa district.
- There are only two known telecentres/Internet centres operating in the Town Council, that is one at the post office and another located near the district administration (ICT centre) and none of them received funding from UCC.

Postal Internet center in Kapchorwa

The team further visited a CBO operating with the same initials as Kween that is Kapchorwa Community Development Initiative, however, they were not aware of any grant from UCC and there after a tele-centre.

Conclusion

The reported Multipurpose Community Tele-centre could not be traced within Kapchorwa Town Council and is probably a ghost. However, UCC insisted that the centre exists along the main Kapchorwa-Sironko road which will be verified at some future date.

Recommendation

UCC should account for this missing tele-centre in Kapchorwa Town Council.

Uringi S.S School ICT Laboratory Nebbi (RCDF/WB/SCH/98/0508)

UCC disbursed a total of US$ 27,000 to the school for the procurement and installation of equipment for a School ICT laboratory including Internet subscription for two years and servicing and maintenance of equipment.

The grant was released in three installments; in a ratio of 40%:30%:30% and the funds were all received by the school.

The school procured six desktop computers (complete sets) with furniture, a laptop, a fax machine, three phones, an eight port data-link switch, a desk scanner, printer, shelves, photocopier and a generator. The three phones that were purchased were turned into Internet modems although the service was reportedly very poor.

In addition to the seven computers, the school entered into a partnership with M/s STEM Computing International Inc. and leased forty extra computers operated by the supplier within the school laboratory. This project helped to reduce the computer student ratio.

The facility is well organized although resources are not fully utilized.

The center is of great benefit to the students and community as it offers training, research, aids the teaching of other subjects, provide postal services and access to Internet. All the teachers have been trained in ICT and the facility is open to the community during school holidays.

Equipment installed at Uringi S.S.S

Some of the Stem Computers in the School Lab

Recommendation

The School should consider broadband Internet subscription since the tele-saver option has proved to be too slow and expensive.

Kamuli College School ICT Lab (RCDF/WB/SCH/99/0508)

UCC disbursed a total of US$ 27,000 to the school for the procurement and installation of equipment for a School ICT laboratory including Internet subscription for two years, laboratory furniture, servicing and maintenance of equipment and ICT training for teachers.

Table 3.6.1: Financial break down of the UCC grant to Kamuli College

Elements to be financed	Amount(in Dollars)
PC's including required software, network, server, printer, stabilizer/Ups equipment, photocopier, TV, fax, scanner, public access points(2),video deck	10,000
Medium/high speed internet connection; equipment and installation	2,000
Monthly internet access subscription cost for three years	9,000
Training of teacher staff and Internet center care taker	2,000
Repair Maintenance support	2,000
Specific Postal Component	2,000
Total	**27,000**

Source: Kamuli College School

According to the financial records at the school, a total of US$ 25000 was paid to M/s Nile Computers for supply and installation of all the equipment, and Internet subscription. A total of US$ 2000 was paid to M/s East African Institute of Management (EAIM)for training of teachers in computer applications and general management.

Physical progress

M/s Nile Computers Limited supplied and installed six complete sets of computers, a photocopier, fax, scanner, a printer, a 29 inch Television set, 16 port switch, and two phones. They subcontracted M/s Uganda telecoms to installation Internet services (128kbps) at the school.

During the monitoring visit (April 2010), it was noted that the fax machine had not been installed. It was reported that one of the computers supplied malfunctioned during the warrant period; however, the supplier had not replaced it eleven months later.

Challenges

Breakdown of equipment especially the photocopying machines with limited spares on the market and high servicing and maintenance costs affect the smooth operation of the telecentres. It was further reported that there is no service provider of repair and maintenance of ICT equipment in Kamuli thus services are sought either from Jinja or Kampala.

The available generator cannot support the entire facility with power when the national grid power goes off. The funds availed to the school did not take care of a dedicated generator for the ICT laboratory.

Conclusion

The school endeavored to effectively use the resources availed under this grant for the right cause, however, the payment invoices presented to the monitoring team raised concerns, for example US$25,000 was paid to the contractor before the fax machine was installed and tested. The above amount included US$9000 for two years Internet subscription and US$2000 for repair and maintenance. The contractor is not an Internet service provider and there was no reason for advancing them funds for a service that could be sourced directly from known providers on an annual/monthly basis.

US$2000 was paid to East African Institute of Management for training teachers and care taker of the laboratory, however from the interviews with the caretaker and school director, the training was not completed and some of the modules taught were outside the training scope a case in point is accounting packages and general management courses for all teachers.

Recommendations

- The school management should engage with M/s Nile Computers to replace the computer returned to the supplier with manufacturers' defects and ensure that the fax machine is installed and tested.
- The school should set aside funds and procure a dedicated generator for the laboratory.

- During the next phase of implementation of telecentres, vanguard institutions should be given guidelines on procurement and expenditures to avoid leakages and resources should be fully accounted for after implementation.

(2)Internet Point of Presence (POPs)

UCC reported that out of the planned 30 Internet PoP, 32 district headquarters were connected to Internet. The POPs offer Internet connectivity of up to 527 kbps within 10kms radii. This Internet connectivity is delivered through a terrestrial backhaul from Kampala and therefore Internet charges are comparable to those in Kampala. This quarter, the monitoring team visited two districts of Pallisa and Nebbi to ascertain project implementation.

Field Findings

Nebbi District Headquarters

This 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 Chief Administrative Officer (CAO) connected to Internet. At the time of the monitoring visit March 2010), this connection was reportedly out of service having been struck by lightning in 2007.

It was noted that the district currently uses GPRS modems and dial-up (tele-savers). Although the district appreciates Internet capabilities, they consider the deployment of the Internet Point of presence a lost opportunity. They further reported that there was no guidance and documentation of the installations for easy of continuity.

Pallisa District Headquarters

The Internet POP was installed at the CAO's office in 2006. It has been expanded to other offices and so far forty computers have been connected.

Initially Internet was provided by MTN before switching to UTL. The district officials did not have the agreement signed between MTN and UCC which made it difficult to know the duration of Internet subscription.

With the Internet, the district can now make communications with Ministries in terms of submission of reports and receiving guidelines of policy nature. Members of staff are able to carry out research and consultations with partners.

Challenges

The district has no network administrator/ICT officer to manage the network. The network is not stable and sometimes the statistician in charge of the network is not around.

Bandwidth costs are too high for the district to subscribe for high speeds. Departments use Internet instead of Intranet for internal communication thus straining the bandwidth.

Recommendations

Funds should be set aside to train staff in the field of ICT and a net work administrator be recruited. Intranet should be installed so that departments can send information over the intranet with less resource.

(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 obtained a grant of US$ 300,000 from the World Bank funded ERT project to create 20 fully fledged telecentre 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.

During the monitoring visit, three postal tele-centers were visited to evaluate implementation status.

Field Findings

Arua Postal Tele-center (RCDF/WB/POS/02/0307)

In November 2008, UCC procured, delivered and installed equipment at Arua postal tele-centre. The equipment included; five computers, five UPs', a generator, a fax machine, multi-purpose printer (scanner, fax, printer and photocopier). The Tele-centre was not in operation for a year.

Arua Telecentre entry locked tampered with during an attempted break in

At the time of the monitoring visit, Posta (U) had recruited a systems officer to manage the tele-centre. It was noted however that the generator cable was not delivered and the generator is not in use.

Challenge

Physical Security Risks: The room housing the telecentre is not secure. Since the installation of the equipment, management has registered three attempted break in.

Recommendations

Posta Uganda should ensure delivery of the missing generator cable and should strengthen the physical security of the room housing the tele-centre. Further still the equipment should be engraved to ease identification.

Gulu Postal Tele-center (RCDF/WB/POS/02/0307)

An operational telecentres in Gulu

The postal tele-center was set up in November 2008 and only became operational a year later in December 2009. Five computers (HP Compact), five UPs', a multi-purpose printer (scanner, fax and photocopier), a 24 port switch, telecentres furniture and a generator were delivered and installed at the post office. All the equipment delivered were reported to be in good condition save for the connection of the generator changeover switch which was connected to the entire Post Office Complex instead of only the telecentre premises.

It was also reported that the centre experiences regular Internet failure which constrain operations.

Documentation in regards to how much bandwidth the centre is supposed to receive was not available and UTL response to the internet failures was wanting.

Attendance is low as many people are not aware of the telecenter and services offered.

The telecentre is yet to be officially commissioned and no sensitisation and awareness of its existence has been carried out to attract clients. It was reported that the client base is promising and with only five computers sometimes the facility cannot accommodate the demand for services.

The budget for establishing telecentres did not take care of safes and the recipients did not procure safes for good custody of payments made by clients.

Recommendations

Postal Uganda management should provide the telecenter manager with a safe where cash can be safely kept.

The telecentres should be commissioned and the public informed about their existence.

Masindi Postal Telecenter (RCDF/WB/POS/02/0307)

Masindi postal tele-center

On 12th December 2008, UCC delivered five computers, five UPs', five tables, five chairs, a generator, a four in one printer (copier/fax/scanner), 24 port data link switch and a rack. Installation of the equipment was done by Posta Uganda and Uganda Telecom is providing 64kbps bandwidth.

The centre was opened on 15th December 2009. Services offered include; surfing, scanning, photocopying and printing.

A tele-centre manager was recruited, to oversee the operations of the facility. It was reported that on average, the telecentres serves about 30 clients in a day most of whom are tourists. There is high demand for Internet services however the facility only has five computers and therefore can accommodate five clients at a time.

Challenges and Recommendations

- Intermittent Internet failures and limited connectivity affect the business operations. It is therefore recommended that the bandwidth be upgraded to allow better connections.
- Management of Post office should analyse the client base of each of the telecentres established and accordingly increase on the resources (computers) at centres with bigger potential.
- Under ERT II project, a budget line for sensitization and awareness of the masses about the projects under implementation should be set aside. For areas without stable power supply, comprehensive power solutions with enough capacity to run telecentres should be budgeted for.

3.6.3 Ministry of Information and Communications Technology

(i) 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 all districts of Uganda. This was to ensure equitable access for all people to seize the new Information and Communications Technology (ICT) opportunities.

District Business Information Centers (DBIC) are meant to address the challenge of enhancing productivity and fighting digital marginalization of the rural and sub-urban areas, by bringing ICTs to the rural communities thus enabling individuals as well as Small and Medium Enterprises (SMEs) in the surrounding areas to exploit the significant potential of ICTs towards the creation of employment.[100]

Through this project, the MoICT supported the establishment and operation of the DBICs to serve the districts and the local business communities by introducing both supply and demand driven services through a partnership with the districts and a local partner. The district local leadership and the identified local partner are to take charge of the facilities once the initial support from the MoICT ends.

The demand driven services include among others: Business information services such as 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 such as government 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

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.

Financing

This project is fully funded by the Government of Uganda. It started operations in FY 2008/09 with a budget of UShs 200 million. Provisionally it is estimated that UShs 4.819 billion would be needed over a period of three years.[101]

Status of implementation was assessed for Kamwenge District Information Center. The sixth DBIC implemented by the ministry of ICT.

[100] Progress report MoICT

[101] Public Investment Plan(FY 2009/10-2011/12)

Note: In the previous monitoring visits, we covered five DBICs in the districts of Iganga, Busia, Mityana, Rukungiri and Lira.

Physical Performance

Kamwenge DBIC

On 10th August 2009, MoICT delivered five HP computers (complete sets), one office desk, one office chair, three computer chairs, a fax machine, a switch rack and a 24 port switch, two desk phones, two printers (one network printer) and a Yamaha generator for the establishment of Kamwenge DBIC.

The Memorandum of Understanding between MoICT and Billex Investments (U) Limited was signed on 5th February 2010.

Equipment delivered by MoICT to Kamwenge DBIC

The centre offers ICT training courses, photocopying, laminating, binding, secretarial services and printing. By the time of the monitoring visit, connection of the centre to Internet, delivery of a photocopying machine and installation of the inverter were still pending. The DBIC was yet to be officially commissioned by the MoICT.

The target population include; students, district employees, tourists and the literate business community within the town council. The host institution started on a publicity drive through radio and the campaign will intensify after activating the Internet service and commissioning.

None of the supply driven services was available at the centre majorly due to the absence of Internet.

Challenges

Absence of Internet services affect the operations of the business especially after signing the memorandum of understanding with the MoICT with a provision for support for one year with effect from the date of signing. It is not clear whether the lost time of subscription will be salvaged.

Recommendations

The Ministry of ICT should ensure that all pending deliveries are made and installed at the DBIC in Kamwenge.

The ministry should encourage DBICs to initiate supply driven services in fulfillment of the project objectives. Citizen centric information and government policies should be accessible at these centres.

Key Policy Issue

Varied E-readiness: 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 may differ for others.

Communication gap: Inadequate information shared among the key stakeholders was a major concern especially from the recipients of the equipment from both the Ministry of ICT and Uganda Communication Commission. Most of them were not aware of the project life cycle, budgets, ownership and documentation. Embracing new technology requires change management strategies and none of the projects visited addressed this critical requirement.

In Kapchorwa, the district administration was not involved in the selection of the host CBO for a community telecentre project. Field findings revealed that the CBO reported by UCC was not a registered entity in Kapchorwa and the telecentre could not be traced.

Limited Change Internet Point of Presence: UCC as an implementing agency should remodel the internet point of presence to make it accessible and expandable to the entire district administration instead of targeting only the office of the chief administrative officer (C.A.O). As noted in the findings, district Internet point of presence in the CAO's office was generally a failure.

Unpublished School Tele-centre Grant: The grant should be repackaged to cater for awareness and sensitization campaigns. In most of the Multi-purpose telecentres it was noted that beneficiaries were not aware of the services offered and it is highly probable that if this is carried out, more clients would get on board. It is recommended that in the next phase of implementation, the grant should take care of sensitization and awareness. Beneficiaries should be required to develop sustainability plans that work as a part of the requirements.

3.7 ROADS
3.7.1 Introduction

Roads is one of the three sub-sectors[102] 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.

Key institutions involved in the implementation of planned activities within the Roads sub-sector include: MoWT; the Uganda National Roads Authority (UNRA); the Uganda Road Fund (URF); district local governments, lower local governments (sub-counties) and urban councils. Other institutions outside the works and transport sector that have projects with roads subcomponents include the Office of the Prime Minister (OPM) and the Ministry of Local Government (MoLG).

a) Sector objectives

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 co-ordinated and efficient transport infrastructure and buildings which meet the needs of users and promote social and economic development;
iii) Develop the capacity of the local construction industry;
iv) Ensure safe and environmentally friendly transport and physical infrastructure;
v) Ensure the mainstreaming of cross-cutting issues namely: Environment, HIV/AIDS, Gender and Occupational Health and Safety (OHS) into the policies, programmes and activities of the Sector.

b) Scope of the report

The report covers input – output monitoring of selected road development projects and road maintenance programmes for the first, second and third 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 third 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, second and third quarters of the FY, but excluding those that were monitored during the first and second quarters.

---

[102] 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 third Quarter, FY 2009/10

Implementing Institution	**Project/ Programme Monitored in second quarter FY 2009/10**
Ministry of Works and Transport	• Rural Roads Rehabilitation Programme (Support to MELTEC)
Uganda National Roads Authority	• Upgrading of Kabale – Kisoro – Bunagana/ Kyanika road; • Upgrading of Matugga – Semuto – Kapeka road; • National Roads Maintenance Programme - Mpigi, Lira and Gulu stations
Local Governments	• District and Urban Roads Maintenance Programme - Amuru, Apac, Bududa, Busia, Kabarole, Kasese, Kumi, Lira and Soroti districts - Mbale and Tororo Municipal Councils

Source: Author's Compilation

c) Methodology

The methodologies adopted during the monitoring included: literature review mainly of annual work plans and other government documents, quarterly progress reports for the first and second quarters, and IFMS data showing release, payments and commitments; interviews with the respective responsible officers or representatives; and observations on site.

d) Limitations

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;
- 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 some of the districts/ stations.

3.7.2 Upgrading of Matugga – Semuto – Kapeka Road

3.7.2.1. Project Background

The project for upgrading of 41Km of Matugga – Semuto – Kapeka road is a Pilot Demonstration Project (PDP) which was aimed at the development of innovative technologies for construction of sealed low traffic volume roads and in the preparation of related design manuals, specifications and guidelines. The project was also aimed at reviving the economic activities in the rich agricultural districts of Luwero and Nakaseke, which the road traverses, from the ruins of the civil war in the past that affected the districts. The project was expected to cost US$ 22.16 million jointly funded by the Nordic Development Fund (NDF) and GoU under the Transport Corridor Project implemented by the Uganda National Roads Authority (UNRA). The donor component is coordinated by the World Bank. Procurement of a contractor for the works was done from April 2007 to December 2008, construction works officially commenced on 6th January 2009 and were expected to complete in 20 months (by 5th September 2010).

The project entails construction works for the upgrading of a total of 41Km of the road from the existing Class C gravel road to Class III paved road standard with a bitumen surface carriageway of 5.6m width and single surface bitumen shoulders of 1.0m (thus a total road width of 7.6m). The works have two main elements namely, the “Main Works” (34Km), and the Pilot Demonstration “Research” Trial Sections (7Km). The “Main Works” comprises the construction of a lime stabilized sub-base (150 – 175mm thick), a cement stabilized base (150 -200mm thick), and a double bituminous surface treatment (DBST) surfacing. The “Research” sections includes the construction of 16 trial sections each 350m long with various sub-base and base course materials and various forms of surfacing. The works also include swamp fills, earthworks, rock excavation, rock-fills, construction of box culverts, construction of new cross and longitudinal drainage systems, and ancillary works including installation of traffic road signs, guardrails and road markings. The Table 3.7.2 shows a summary of the contract data and progress of the construction works on the road.

The Table 3.7.2: Matugga – Semuto – Kapeka Project Summary

Contract Number	NDF / HW / C001
Project Funding	Government of Uganda (GoU – 65%)/ Nordic Development Fund (NDF – 35%)
Supervision Consultant	COWI A/S
Contractor	China Chongqing International Corporation (CICO)
Length of Road	41 Km
Works Contract Price (Original)	USHS 37,912,132,241 (30% USHS, 70% EUR)
Commencement Date	6th January 2009
Completion Date	5th September 2010
Original Completion Period	20 Months (Exclusive Defects Liability Period)
Revised Completion Period	--
Contract Time Elapsed	418 Days (68.9% Progress)
Payments to Contractor	USHS 12,953,054,678 (34.2% of original price)
Payments to Consultant	USHS 347.0 million (16.3% of original price)
Weighted Physical Progress	36.2%

Source: Supervising Consultants’ Resident Engineer

The project had last been monitored in the fourth quarter of FY 2008/09, at which time progress of works was estimated at 6.2% against a financial progress of 21.6% and a contract time progress of 24.7%. In FY 2008/09, the project had an annual budget of UShs 18.726 billion and achieved a total progress of works of 10% thus failing to achieve the annual targeted output of 30%, and also falling behind the contract time progress. In FY 2009/10 the project was allocated a total annual budget of 26.16 billion of which UShs 16.16 billion was under the donor component and UShs 10.0 billion under the Transport Corridor Project funded by GoU. Targeted outputs included an annual progress of 40% with quarterly progress of 10% for each of the four quarters.

At the time of monitoring done on 3rd March 2010, the section 3.7.2.2 gives the findings:

3.7.2.2. Findings

i) Financial Performance

Releases of the GoU counterpart funding to the project was through the aggregated release for projects under the Transport Corridor project. Information on the specific releases and expenditures were not available at the time of monitoring however payments to the contractor amounted to UShs 9.692 billion making the cumulative payments to the contractor UShs 12.953 billon (representing 34.2% of the contract value), while cumulative payments to the supervising consultant were at 16.3% of the original contract price as shown in Table 3.7.3.

Cost overruns were however projected from increased quantities especially on earthworks; design changes involving revision of the pavement layer specifications for the shoulders; increased costs for relocation of utilities; and reimbursable expenses from general items following the expected extension of time as a result of the increased quantities, bad weather and design changes. The project was at the time of monitoring projected to have a final cost overrun of 6% but which was expected to increase further upon determination of the appropriate project time extension.

Table 3.7.3: Financial Performance of the Project for Upgrading of Matugga – Semuto – Kapeka 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 *(UShs Millions)***	**% Payment to the Consultant**
FY 2008/09	18,725.50	n/a*	n/a*	n/a*	n/a*	37,912.13	8.6%	347.0	16.3%
FY 2009/10 (as at 31st Oct 2009)	10,000.00 (Under Transport Corridor Project) 16,160.00	n/a* n/a*	n/a* n/a*	n/a* n/a*	0.0% n/a*		34.2%		16.3%

n/a*: Information not available ***Source: MoWT MPS, 2009/10; Supervising Consultant's Resident Engineer***

ii) Physical Performance

The following were the field findings on physical performance of the project:

- Progress of works was estimated at 36.2% (as at end of February), representing a total progress of 27.1% against the 30% planned output for the first three quarters and against a contract time progress of 68.9%. Therefore the contractor had only 2.9% to meet the planned output, which was expected to be met by the end of the 3rd quarter. However the project still lagged behind contract time progress and slightly behind the revised work programme. The increased quantities of earthworks, design changes and the inclement weather were expected to have further contract time requirements that could not be immediately ascertained.
- Ongoing works included: clearing and grabbing in the road section beyond Semuto, drainage works; earthworks involving roadbed preparation, cutting to spoil/fill, borrowing to fill using selected material, and the subgrade layer; construction of the sub-base and base layers in some sections; and surfacing works at priming stage in some sections and first seal bitumen treatment in other sections.

- There was a major change in pavement layer specifications from that of selected gravel to layers similar to the carriageway across the 1.5m shoulders on either side; and to double surface treatment from gravel surface shoulders. This was expected to have increased time and cost implications on the project.
- The progress of works was affected by the contractor's poor fleet of equipment on site between the months of October 2009 and February 2010. The equipment was largely in poor mechanical condition and thus unreliable. At the time of monitoring however, the contractor had mobilised more reliable equipment to the satisfaction of the supervising consultants.
- The health and safety component of the project was on-going with community outreach programmes conducted in Matugga and Kiwebwa among other surrounding communities.


Pictures show some of the ongoing works: box culverts construction (left) and surfacing works (right) on Matugga – Semutto – Kapeka road

- The monitoring team was informed that the contractor had initially made deliberate effort in the employment of women in different positions on site but they seemed to have been eased out in due course as there were no women employed on the road as at the time of monitoring.
- The project had no environmental management plan in place though the contractor was required by contract to reinstate all gravel borrow areas and to ensure particular health and safety measures on site during construction. The monitoring team was however informed that the supervising consultants had taken the initiative to compel the contractor to observe requirements like proper spoiling of unwanted excavated material by deducting 30% of the itemised payment to the contractor pending satisfactory disposal of the material.

iii) Challenges and Setbacks Experienced by the Project

- The project continued to be affected by communication gaps as some of the Contractor's key staff were not proficient in English. For example, the contractor's well experienced project manager could not read and interpret contract documents but only relied on his deputy who was proficient but much less experienced. This had caused peculiar challenges to the supervising consultants as they were continuously unsure weather the contractor's representative was fully aware of his obligations from time to time.

- The progress of works was affected by the contractor's poor equipment over a period of 5 months; and inclement weather from the unpredictable rains.
- UMEME had taken particular advantage of the monopoly and over charged the project for relocation of electricity service lines. Quotations from UMEME were unreasonably high leading to the exhaustion of the provisional sums in the bills of quantities with the relocation only half way through the road.

iv) Conclusion and Recommendations

- Relocation of utilities should be coordinated at the high level and not project level in order to ensure consistency across the several projects, predictability of cost, fairness and value for money.

3.7.3 Upgrading of Kabale – Kisoro – Bunagana/ Kyanika Road

3.7.3.1. Project Background

The project for upgrading of 101Km of Kabale – Kisoro – Bunagana and Kisoro – Kyanika roads is the fifth and last section of the Northern Corridor Route and the PTA transportation systems programmed for upgrading. The road is located in South Western Uganda and connects the towns of Kabale and Kisoro and to the border point with the Democratic Republic of Congo (DRC) at Bunagana, and the border point with Rwanda at Kyanika. The project aims at upgrading the road from a Class A gravel road to a Class II bitumen paved road, which will help in increasing household incomes by facilitating increase in crop production, and also help in the establishment of more social services and encourage rural investment. The project was expected to cost UShs 155 billion jointly funded by the African Development Bank (AfDB) and GoU and implemented by UNRA. Procurement of a contractor for the works was done from April 2006 to January 2007, construction works officially commenced on 22nd March 2007 and were expected to complete by December 2011.

The project entails construction works for the upgrading of a total of 101Km of the road linking Kabale – Kisoro – Bunagana/ Kyanika from the existing Class C gravel road to paved road standard with an asphalt surface carriageway of 6.0m width and asphalt surfaced shoulders of 1.0m in the mountainous terrain and 1.5m (changed to 1.0m during design review) in the flat terrain. The works include construction of a 50mm asphaltic concrete surfacing, on a graded crushed stone base 200mm thick, on a graded crushed stone sub-base 200mm thick, on compacted gravel subgrade 300mm thick, including extensive fills, earthworks, rock excavation, rock-fills, gabion works, construction of bridges, construction of new cross and longitudinal drainage systems, and ancillary works including installation of traffic road signs, guardrails and road markings. The Table 3.7.4 shows a summary of the contract data and progress of the construction works on the road.

The Table 3.7.4: Kabale – Kisoro – Bunagana/ Kyanika Project Summary

Contract Number	RDP/HW/CS 013
Funding Agency	African Development Fund (89.5%) and Government of Uganda (10.5%)
Supervision Consultant	Mott MacDonald Ltd in Association with Kagga &
Contractor	SBI International Holdings AG
Length of Road	100.257 Km
Works Contract Price (Original)	UShs 147,067,121,956
Works Contract Price (Revised)	UShs 151,968,876,718 (3.3% increase)
Supervising & Land Acquisition Consultant's Contract Price	US$ 1,347,332
Commencement Date	22 March 2007
Completion Date (Original)	21 March 2010
Completion Date (Revised)	31 December 2011
Original Completion Period	3 Years (1096 Days)
Revised Completion Period	1746 days
Contract Time Elapsed	1074 Days (61.5% Progress)
Payments to Contractor	UShs 113,375,038,510 (74.6% of revised contract price)
Payments to Consultant	US$ 1,035,953 (76.9% of original contract price)
Weighted Physical Progress	58.8%

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 16.05% against a financial progress of 18.1% and a contract time progress of 48.6%. In FY 2008/09, the project had an annual budget of UShs 49.525 billion and achieved a total progress of works of 31.8% thus failing to achieve the annual targeted output of 35%, and also falling behind the contract time progress. In FY 2009/10 was allocated a total budget of UShs 41.67 billion and had targeted outputs that included acquisition of 50 hactares of land and an annual progress of works of 30% with quarterly progress of 7.5% for each of the four quarters.

At the time of monitoring done on 3rd March 2010, the findings were as detailed in section 3.7.3.2:

3.7.3.2. Findings

i) Financial Performance

Table 3.7.5: Financial Performance of the Project for Upgrading of Kabale – Kisoro – Bunagana/ Kyanika road

FY	Source of funding	Approved Estimates *(UShs Millions)*	Releases *(UShs Millions)*	Expenditure *(UShs Millions)*	% of Budget Released	% of Releases Spent	Contractor's Contract Sum *(UShs Millions)*	% Payment to the Contractor	Consultant's Contract Sum *(US$)*	% Payment to the Consultant
FY 2008/09	GoU	10,500.0	10,500.0	n/a*	100%	n/a*	147,067.1	56.0%	1,347,332	62.5%
	Donor	39,025.0	n/a*	n/a*	n/a*	n/a*				
FY 2009/10 (as at 31 Mar 2010)	GoU	7,280.0	6,422.0	4,592	88.2%	71.5%	151,968.9	74.6%	1,347,332	79.6%
	Donor	34,390.0	n/a*	n/a*	n/a*	n/a*				

n/a*: Information not available ***Source: MoWT MPS, 2009/10; Supervising Consultant's Resident Engineer***

As shown in Table 3.7.5, in FY 2009/10 the approved budget estimate for the project amounted to UShs 41.67 billion of which UShs 34.39 billion was under the donor component and UShs 7.28 billion, the GoU component. At the time of monitoring, the project had received a total of UShs 6.422 billion from GoU (88.2% of approved estimate) of which UShs 4.592 billion (71.5% of releases – IFMS Data) had been expended. Payments to the contractor as at the end of the third quarter amounted to UShs 28.246 billion bringing the cumulative total payment to UShs 113.376 billion (74.6% of revised contract price) while payments to the consultant amounted to US$ 194,080 bringing the cumulative total payment to US$ 1.036 million (79.6% of original contract price).

Despite savings of up to UShs 5.3 billion from changes of specifications from shoulders of 1.5m to 1.0m in the flat terrain, and to surface dressing treatment from asphalt along the 23Km Kisoro link, cost overruns were still projected from increased quantities especially on earthworks; design changes involving revision of the pavement layer specifications for the shoulders; increased costs for relocation of utilities; claims for price adjustment in respect of increased cost of construction materials; and contractor's claims for costs following the extension of time resulting from the increased quantities, bad weather and design changes. The project was at the time of monitoring preliminarily projected to have a final cost overrun of UShs 45 billion (30.6% of original contract price) but which was expected to increase further to the regions of UShs 100 billion (68% of original contract price) mainly due to price escalation of construction inputs, increased quantities and contractor's claims for overheads over the 650-days period of the extended project time.

Contrary to the findings of the previous monitoring visit, payments to the contractor had normalised to timely payments and had therefore stopped attracting interest for late payment. At the time of monitoring, cumulative interest for late payments to the contractor amounted to UShs 320.7 million.

ii) Physical Performance

The following were the field findings on physical performance of the project:

- Progress of works was estimated at 58.8% (as at end of February), representing a total progress of 27.0% against the 22.5% planned output for the first three quarters and against a contract time progress of 61.5%. Therefore the physical progress of works was already ahead of the planned output with one month to go to the end of the third quarter. However the project still lagged behind contract time progress but was on schedule as per the revised work programme and was expected to complete within the revised contract period.
- Completed works on the main activities included: 234 main pipe culverts and 125 access pipe culverts; earthworks on 73.5Km; crushed aggregate sub-base on 44.4Km; crushed aggregate base on 43.8Km; single seal surface dressing on 43.3Km; and asphalt concrete wearing course on 38.9Km.
- Ongoing works included: protection of culvert outlets in critical locations; construction of concrete lined open drains and covered stone masonry pedestrian accesses; earthworks involving roadbed preparation, cutting to spoil/fill, borrowing to fill using selected material, and the subgrade layer; construction of crushed aggregate sub-base and base layers in some sections; and

surfacing works at first seal bitumen treatment in some sections and asphalt concrete wearing course in other sections.

- The major changes in design specifications for the project included: shoulder width in flat terrain totalling 23Km was reduced from 1.5m to 1.0m; surfacing on the 23Km was changed from asphalt concrete to surface dressing treatment. This was expected to have a saving on the respective items that ultimately would reduce on the cost overruns projected.
- The contractor was still fully mobilised on site with the equipment at more than the contracted mobilisation level, all materials mobilised on site, and a good cash flow. The contractor had accelerated the works and had planned to complete and handover 50Km by end of June 2010; additional 30Km by end of December 2010; and the remaining 21Km by end of March 2011.
- A very deep and wide crack running along approximately 100m of a completed section of the road was however observed. The monitoring team was informed that arrangements for detailed investigations into the cause of the crack and recommended treatment were underway.
- Land acquisition along the road was at more than 90% completion with the rest of the land having legal complications mainly on ownership. The monitoring team was however informed that communities along the road were proactively cooperative and the project had not had any interference, stoppages or complaints from the communities.
- The health and safety component of the project was still on-going with community outreach workers assisted by 6 health coordinators from each of the sub-counties in Kisoro and the district health inspector; and HIV control health services like testing services, supply of drugs and condoms at 3 clinics namely: Rugarama at Kabale, Rubanda at Muko, and Kisoro district hospital in Kisoro.

Pictures show (left) wide and very deep cracks that developed along a 100m long section of the road; and (right) collapsing side slopes that were widespread and blocking side drains at several locations along Matugga – Semutto – Kapeka road.

- Environmental protection was mainstreamed into the project activities through deployment of environmental specialist officers by both the contractor and the consultant, who jointly carried out inspections and came up with common advice on mitigation measures and necessary actions where required.

- The monitoring team was informed that 12% of the contractor's workers were females employed in light duty portfolios like flagmen, in site offices and laboratories.

iii) Challenges and Setbacks Experienced by the Project

- The project road traverses 5 locations with peculiar ground conditions of very deep clay deposits that require detailed soil exploration and specific designs. A request for an addendum in respect of the required investigations and designs had been prepared by the consultant and submitted to UNRA in September 2009 but no feedback had been obtained by the time of monitoring on 29th March 2010 (6 months later). During construction, these sections were skipped and as such the delay in processing the addendum was affecting progress of works, which would ultimately have financial implications in respect of the price adjustment clause on cost of construction inputs, which had steadily increased since contract signing in March 2007; and contractor's claims for overheads and other costs. That is the delay in making decisions will inherently increase the cost of the road due to binding contractual commitments that are hinged on time.
- Due to the hilly terrain through which the project road traverses the road had a higher requirement for safety features and drainage protection measures than provided for in the contract. Specifically, the road required more concrete lined drains for erosion protection in the side drains (additional 30Km valued at UShs 5 billion); and guardrails to provide crush protection against toppling at the cliff end of the road (additional 10Km valued at UShs 3 billion).
- Progress of works had been affected by inclement weather from the unpredictable rains experienced within the project area. This was further projected to affect the progress of earthworks in the outstanding sections.

iv) Conclusion and Recommendations

- A final cost overrun to the tune of UShs 100 billion (68% of original contract value) was projected from increased quantities especially on earthworks; design changes involving revision of the pavement layer specifications for the shoulders; increased costs for relocation of utilities; and contractor's claims for costs following the extension of time. It is prudent that during scoping of future projects, consideration is made on packaging the contracts in shorter road sections as a way of controlling construction time and costs. An optimisation of the gains from shorter construction periods, as a result of shorter road length packages, and the losses from over de-fragmentation of road projects, mainly from mobilisation/ establishment costs, and economies of scale, ought to be sought.
- The project was suffering from adverse ground conditions unforeseen at the time of project design. These were expected to increase the construction cost of the road and which was likely to be aggravated by the slow decision making on required actions like the addendum for further soil explorations and specific designs. There is need to proactively streamline processes so as to control delays and unnecessary increases in the construction cost of the road, through quick action on issues likely to impact on the project time.
- The road had a higher requirement for road safety features and erosion protection measures in side drains than provided for in the contract. It was necessary that additional funds are obtained to cater for the provision of these features and structures, which will protect the road asset from erosion and improve safety standards of the road. It was also prudent however that a close

examination is undertaken to determine how best these could be provided, choosing from a variation to the contract and procurement of a new contractor for the works.

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 also includes emergency activities on some of 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 149.283 billion comprising of UShs 81.586 billion on the UNRA budget and UShs 67.697 million on the 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. At the time of monitoring, the project had received a total of UShs 69.599 billion (46.6% of annual budget), and had expended UShs 40.1 billion (57.5% of received funds). In the third quarter, the programme was monitored at three UNRA stations namely, Gulu, Lira and Mpigi with a combined network of 1,679.4Km, and the findings are as detailed in 3.7.4.2:

3.7.4.2. Findings

i) Financial Performance

Table 3.7.6: 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
Mpigi	418.12	394.96	94.5%	Mpigi – Kanoni road 60Km	98.4%	Completed
				Kanoni – Maddu – R. Katonga 60Km	80.8%	Under defects liability period, 14.2% financial saving
				Maddu – Kyayi – R. Nabakazi, 37Km	76.4%	Under defects liability period,

						0.5% financial saving
Lira	1,236.7	1,007.9	81.5%	Ngeta – Kitgum bdr road, 64Km	90.8%	Completed in Jan 2010, under defects liability period
				Lira – Apac road, 58Km	96.0%	Completed in Sept 2009
				Apac – Masindi Port road, 82Km	109.4%	Completed in Sept 2009
				Aloi – Olilim road (65.4Km)	96.0%	Completed in Oct 2009, under defects liability period
				Lira – Kamdini & Lira – Ngeta roads, 89Km	33.3%	Still in progress at 45% completion
Gulu	499.772	288.691``	57.8%	Gulu – Aswa road (40Km)	97.5%	Completed in Nov 2009; additional payments to contractor were in the process
				Gulu – Alwiyo (66.4Km)	87.8%	Completed in Jan 2009; under the defects liability period.
Approved Budget Estimates UShs 149.283 billion Releases as at end of March 2010 UShs 105.637 billion (70.8% of annual budget) Expenditure as at end of March 2010 (IFMS Data), UShs 71.051 billion (67.3% of releases) – figure excludes expenditures on funds disbursed by URF, which was not on IFMS.						

Source: UNRA Station Engineers; IFMS Data.

As shown in Table 3.7.6, at the time of monitoring done in March 2010, the programme had received a total of UShs 105.637 billion (70.8% of annual budget) of which UShs 71.051 billion (67.3% of releases) had been spent on various maintenance activities (IFMS data). It was however noted that funds disbursed through the URF had not been entered in the IFMS system and therefore expenditure information was not available on the IFMS system. Financial management of the programme was therefore operating on two separate and independent systems, which obviates the intended objectives of rolling out the IFMS system to UNRA.

Table 3.7.6 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 Gulu – Aswa road was however financially under performing with payments lagging behind physical progress by more than 30% for a period of more than 4 months after substantial completion of the project. The monitoring team was however informed that the low financial performance was due to the contractor's delay in requesting for payments but which were being processed. Financial performance of the force account activities was also reasonably good considering that unspent balances were part of funds received within the third quarter, which had not yet ended at the time of monitoring.

ii) Physical Performance

A) Mpigi Station

The station has a total road network of 499Km, of which 150.5Km (30.2%) is paved and 348.5Km (69.2%) are gravel roads. An additional 181.5Km of roads upgraded from district to national roads in FY 2009/10 of which 81Km were planned to be maintained by force account operations, and the rest of the network had no planned activities during the FY. The road network is comprised of roads in 7 districts that include Kampala, Kiboga, Masaka, Mityana, Mpigi, Mubende, and Wakiso. Planned maintenance activities during the FY included: maintenance using contracts on 216.5Km (43.4%);

and maintenance using force account on 247.5Km (49.6%) of which 87.5Km were planned to be maintained by both force account and contracted works at different times of the year. Rehabilitation projects were on 147Km of the network, which also had maintenance activities on 98Km in sections where the rehabilitation works had not started.

a) Maintenance using contracts

Among works planned for maintenance using contracts, only works on 165Km had been undertaken with works on 51.5Km still under procurement. The following roads which were maintained by contracts were monitored on 4th and 5th March 2010 and below were the findings:

1) Mpigi - Kanoni road (60Km)

This project involving the periodic maintenance of 60Km of the road from Mpigi town to Kanoni was awarded to M/s Valley Technical Services Ltd and involved reshaping of the road by heavy grading, drainage improvement, and re-gravelling of the entire section with 150mm gravel wearing course, at a total contract price of UShs 1.31 billion. Civil works commenced on 20th February 2009 and were expected to be complete within 8 months (by 20th October 2009). The works were supervised by Trio Consults Ltd and were substantially completed on 20th October 2009, the defects liability period expired on 20th February 2010 and all identified defects had been corrected.

During the site visit, the monitoring team observed that the works had been 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 corrugations had already developed. The road was under routine maintenance by labour based contractors mainly slashing grass and cleaning offshoots. Physical progress was at 100% and the financial progress was at 98.4% (representing a financial saving of 1.6%).

2) Kanoni – Maddu – R. Katonga road (60Km)

This project involving the periodic mechanised maintenance of 60Km of the road from Kanoni town to the River Katonga crossing was awarded to M/s Sobetra (U) Ltd and involved reshaping of the road by heavy grading, drainage improvement, and re-gravelling of the entire section with 150mm gravel wearing course, at a total contract price of UShs 1.399 billion. Civil works commenced on 9th March 2009 and were expected to be complete within 8 months (by 9th November 2009). The works were supervised by Trio Consults Ltd and were substantially completed on time. The road was still under defects liability period which was expiring on 20th March 2010.

Kanoni – Madu – R. Katonga road (60Km): a section of completed works

During the site visit, the monitoring team observed that the works had been substantially completed and the road was still generally in good condition. Physical progress was estimated at 100% against a contract time progress of 100% and a financial progress of 80.8% (representing a financial saving of 14.2% after deducting of retention moneys outstanding). The road was still under defects liability period.

3) Maddu – Kyayi – R.Nabakazi road (45Km)

This project involving the routine mechanised maintenance of 45Km of the road from Maddu through Kyayi to River Nabakazi crossing was awarded to M/s M & S Building and Civil Agencies Ltd and involved reshaping of the road by medium grading, drainage improvement, and spot gravelling of selected sections totalling 4.5Km, with 100mm thick gravel wearing course. The works were contracted out at a total cost of UShs 234.4 million, commencing on 15th June 2009 and completing within 4 months (by 15th October 2009). The works were substantially complete and were supervised by the UNRA Station Engineer Mpigi.

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 there were snags and outstanding works that mainly included completion of the construction of headwalls, and addition of gravel on approaches of culverts to remove the hump effect. The team noted that the works had been seriously under scoped especially with regard to the amount of gravel and culvert crossings required on the road. It was observed that the road had already developed corrugations in some sections and potholes and galleys in other sections especially along slopes of hills. Physical progress was estimated at 99% and financial progress at 99.5%, representing a financial saving of 0.5%. The contractor completed the works 20 days after expiry of the contract period and was therefore charged liquidated damages amounting to UShs 2.44 million (1% of contract price).

b) Maintenance using Force account

In FY 2009/10 force account interventions were planned to be done on 247.5Km (49.6%) of which 87.5Km were planned to be maintained by both force account and contracted works at different times of the FY. The scope of works under force account included: grading, spot gravelling, patching (using gravel/ Asphalt/surface dressing), emergency repairs of roads and bridges and limited drainage improvement. The roads maintained by force account interventions were monitored on 4th and 5th March 2010.

At the time of the monitoring field visit, the station had received a total of UShs 418.122 million earmarked for the maintenance of the following roads: Mitala Maria – Bulo – Kanoni, Mpigi Loop paved, Maya – Kamengo, Emergency works on Busega – Mityana, Kasambya Railway Access, Mitala Maria Loop, Mpigi Loop unpaved, Mpigi – Kasangi – Buwaya, Maddu – Musozi, and Busega – Lwera. Other works included Building works at the office premises, construction of a premix shade, and reconstruction of a drainage channel. Expenditures on force account operations was at UShs 394.96 million (94.5% of the funds received). Works done included mainly grading, spot gravelling and minor drainage works on Kasambya Railway Access (8Km); Mitala Maria Loop (4.5Km); Maddu – Musozi road (23Km); Buwama – Katebo road (13Km); and emergency works on Mityana – Busunju road and Kanoni – Misigi – Mityana road. In addition, pothole patching had been done on Busega – Kamengo – Lwera (88Km), Mpigi Loop (1.5Km) and Busega – Mityana road (20Km).

Pictures show sections of works done by force account: Maddu – Musozi road (left), and Mpigi Loop (right)

The monitoring team visited Mpigi Loop (paved) and observed that pothole patching, edge repair and desilting of side drains had been done and the road was in good condition. On Busega – Kamengo, the team observed that pothole patching and edge repair had been done and remained a continuous intervention along the road. The team also visited Mpigi Loop unpaved, Kasambya Railway Access and Maddu – Musozi roads and observed that grading, drainage improvement and spot gravelling of the roads had been done to completion, and that the roads were generally still in good condition although it was observed that Kasambya railway access was being rapidly undermined by cattle activity and that the link terminates at an abandoned railway station hence was of little relative importance. The team visited Buwama – Katebo port road where it was observed that the entire road had been bush cleared but works had been suspended and the equipment redeployed to some of the new roads where emergency works were more urgent. The team also visited Mpigi – Buwaya where a contract was expected to start soon and Mitala Maria – Bulo – Kanoni where force account interventions were planned in the 4th quarter and observed that both roads were generally in a warning condition and urgently needed attention.

Implementation challenges at the station included: late release of funds for the 3rd quarter operations leading to a backlog of works; old road construction equipment which was very unreliable with frequent breakdowns and high maintenance costs; delays in procurement of works planned to be contracted out, which led to unplanned emergency interventions on the roads and thus a waste of time and money; capacity weaknesses of the contractors, which led to delays in completion of contracted works; and the general under scoping of routine mechanised maintenance contracts that makes them largely ineffective.

The monitoring team was informed that the station attempts to mainstream gender and environmental issues in their maintenance operations by favouring women labour based contractors though the response had not been positive, and by enforcing the gravel borrow pit reinstatement requirements in all contracted works and on borrow areas opened during force account operations.

B) Lira Station

The station has a total road network of 587.6Km, of which 138.3Km (23.5%) is paved and 449.3Km (76.5%) are gravel roads. The station additionally has 420.5Km of roads upgraded from district to national roads in FY 2009/10 of which 125.7Km were planned to be maintained by force account operations, 154Km planned to have emergency interventions and the rest of the network with no planned activities during the FY. The road network is comprised of roads in 6 districts that include Amolatar, Apac, Dokolo, Lira, Otuke and Oyam. During the FY planned maintenance activities on the old network included: maintenance using contracts on 439.3Km (74.8%); and maintenance using force account on 313.8Km (53.4%) of which 303.8Km were planned to be maintained by both force account and contracted works at different times of the year. Rehabilitation projects were on 58Km of the network, while major periodic maintenance works on paved roads was on 80.3Km. The station implemented all the force account activities and supervised all works contracted out.

a) Maintenance using contracts

Among works planned for maintenance using contracts, only works on 358.4Km had been undertaken with works on 80.9Km (18.4%) no longer expected to commence during the FY. The following roads which were maintained by contracts were monitored on 11th and 12th March 2010 and below were the findings:

1) Ngeta – Kitgum Boarder Road (64Km)

This project involving the periodic mechanised maintenance of 64Km of the road from Ngeta near Lira town through the River Aswa crossing at Puranga to Agago bridge in Pader district was awarded to M/s Muloowoza & Brothers Ltd and involved reshaping of the road by heavy grading, drainage improvement, and re-gravelling of the entire section with 150mm gravel wearing course, at a total contract price of UShs 2.391 billion. Civil works commenced on 11th February 2009 and were expected to be complete within 8 months (by 11th October 2009). The works were supervised by UNRA Station Engineer Lira and were substantially completed in January 2010, 94 days after expiry of the contracts period. The road was still under defects liability period.

Ngeta – Kitgum Bdr road: water crossing and almost cutting off graveled section of the road

During the site visit, the monitoring team observed that the works had been substantially completed but there were minor works outstanding mainly on installation of culverts, lining of open drains, and construction of headwalls. A huge water pond almost cutting off the road and causing surface failure was observed at 500m from the start of the road. The road was however generally still in good condition although some few other isolated sections with surface failure were observed. Physical progress was estimated at 91% against a contract time progress of 133% and a financial progress of 90.8%. The contract however had a variation of UShs 308 million in respect of added works on drainage improvements and swamp raising. The Contractor had been charged with liquidated damages amounting to UShs 72.86 million in line with provisions of the contract, for delaying to complete the works.

2) Lira – Apac Road (58Km)

This project involving the routine mechanised maintenance of 58Km of the road from Lira town through Aduku to Apac town was awarded to M/s Pamoja Technical Services and involved reshaping of the road by heavy/ medium grading, drainage works including installation of some culverts, and spot gravelling in selected areas totalling 4.0Km, at a total contract price of UShs 298.664 million. Civil works commenced on 6th May 2009 and were completed on time on 6th September 2009 and the defects liability period had also expired. The works were supervised by the UNRA Station Engineer Lira.

During the site visit, the monitoring team observed that the works had been completed but the road had already deteriorated and was already undergoing additional maintenance intervention by force account. The monitoring team observed that the routine mechanised maintenance contract had been greatly under scoped leading to the short lived impact on condition of the road. Sections of the road that had been gravelled were however still in good condition as were the re-graded sections of the road. Labour based contractors were also observed manually maintaining sections of the road. The road generally required more gravel than provided for in the contract. Physical progress was at 100% and the financial progress was at 96%, representing a 4% financial saving on the contract.

3) Apac – Masindi Port Road (82Km)

This project involving the routine mechanised maintenance of 82Km of the road from Apac town through Akokoro to the Masindi port at Kungu landing site was awarded to M/s Olet Olyak Construction Company 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 6.5Km, at a total contract price of UShs 434.071 million. Civil works commenced on 6th May 2009 and were completed on time on 6th September 2009 and the defects liability period had also expired. The works were supervised by the UNRA Station Engineer Lira.

During the site visit, the monitoring team observed that the works had been completed and the road generally still had a good riding surface but the section between Akokoro and Masindi port had a completely failed drainage system with most culverts completely silted, and raised offshoots which were ineffective. Some localised failures like potholes, corrugations and culverts with insufficient gravel on the approaches were also observed. Labour based contractors were also observed manually maintaining sections of the road. Physical progress was at 100% and the financial progress was at 109.4%, representing a variation of 9.4% in respect of added works on 10Km originally omitted in the contract. The road was 82Km compared to the 72Km in the contract.

4) Aloi - Olilim Road (65.4Km)

This project involving the routine mechanised maintenance of 65Km of the road from Aloi to Olilim was awarded to M/s Trustco 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 6.0Km, at a total contract price of UShs 325.225 million. Civil works commenced on 25th May 2009 and were completed on time on 25th October 2009 and the defects liability period had also expired. The works were supervised by the UNRA Station Engineer Lira.

During the site visit, the monitoring team observed that the works had been completed but the road was only in fair condition as potholes and other surface failures had already developed in several sections of the road. The routine mechanised maintenance contract had also been greatly under scoped leading to the short lived impact on condition of the road. The road generally required more gravel than provided for in the contract. Physical progress was at 100% and the financial progress was at 96%, representing a 4% financial saving on the contract.

5) Backlog Projects Package 1 – Maintenance of Lira – Kamdini, Lira – Ngetta Roads (89Km)

The Project involves the stage maintenance of five road sections that include: Lira Bypass – Corner Aboke road (22.8Km), Lango College – Lira Bypass west (1.8Km), Corner Aboke – Kamdini road (43.4Km), Karuma – Kamdini road (10.35Km), and Lira roundabout – Ngetta road (8.5Km). The works were contracted to M/s Dott Services Ltd at a sum of UShs 18.441 billion and were fully funded by GoU. Planned works under the contract include spot repairs (pothole patching, edge repairs, shoulder recharging and base reconstruction in selected areas), resealing of selected sections and carriageway, and cleaning of drains and culverts. The scope of works originally included works on 18Km of Wabigalo – Nakasongola – Sasira road but by the time of monitoring, a request for an addendum that would replace the intended works on the road with increased scope for works on Aboke – Kamdini road and drainage works had been submitted. Civil works commenced on 11th April 2009 and were expected to be completed within 18 months (by 11th October 2010). The works are supervised by the UNRA Station Engineer Lira.

At the time of monitoring done on 9th March 2010, the Contractor had resealed 15.6Km out of 24Km, patched 53.2Km out of 63.2Km, and repaired shoulders on 32Km out of 89Km. Physical progress was estimated at 45% against a contract time progress of 55% and a financial progress of 33.3% (excluding advance payment). Progress of works was thus behind contract time progress but was still on schedule as per the approved work programme.

b) Maintenance using Force account

In FY 2009/10 force account interventions were planned to be done on 313.8Km (54.3%) 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 9th and 10th March 2010.

At the time of the monitoring field visit, the station had received a total of UShs 1,236.7 million earmarked for the maintenance of Agwata - Kachung road (10Km), Agwata – Aduku road (32Km), Dokolo - Namasale road (88Km), Lira – Aduku road (35Km), Aduku – Apac (22.4Km), Akokoro – Masindi port (36.6Km), Lira – Akia road (7.5Km), and emergency works on the batch of newly upgraded roads. Other works funded under force account included repair works on 5 selected bridges, equipment repair and maintenance, vigilantes along the roads, and renovation of the station office block. Expenditures on force account operations was at UShs 1,007.9 million (81.5% of the funds received). Works that had been done included: renovation of the office block, which was still on-going; pothole patching of Lira – Akia road (10Km); and reshaping and spot gravelling of Agwata – Aduku road (32Km), Agwata – Kachung road (10Km), Akia – Aloi road (24.5Km), and on-going works on Aduku – Apac road (22.4Km) and one of the newly upgraded roads, Ngetta – Apala (19Km).

Lira –Akia road (left): pothole patching and edge failure; Lira – Aduku road (right) re-grading by force account operations.

The monitoring team visited Lira – Akia road (7.5Km) and observed that pothole patching had been done on the road but the road was heavily stressed with multiple failures spanning from edge failures leading to narrowing of the carriageway to less than 4m, and shoulder failures along most of the first 2Km. The road remained in a warning state of failure even with the pothole patching done. On Akia – Aloi road, the team observed that though works had been done on the road within the first quarter, the road had completely no gravel cover, and had already developed failures like potholes, silted drains and loss of shape. The team also observed that repair works were underway on Apak Bridge on River Aswa with river training in progress. It was however observed that workers had no protective gear like gumboots and were as such predisposed to cuts from corals seen at the river bed. On Ngeta – Apala road, the team observed that grading of the road was in progress with 3Km graded. On Agwata – Kachung and Agwata – Aduku roads, the team observed that the roads had been reshaped and spot gravelled though a few defects like a broken culvert and humps at newly installed culverts were observed. They were however generally still in good condition partly due to the observed effectiveness of the performance based contracting for manual routine maintenance piloted on the roads. On Lira – Aduku – Apac road, the team observed that the works done under the routine mechanised maintenance contract had already deteriorated thus necessitating re-grading of the road, which was underway with 27Km graded.

Implementation challenges at the station included: insufficient stock of equipment (mainly lacking was a water bowser); old equipment with extensive breakdowns and high maintenance costs; scarcity of gravel material in some sections of the road network; delays in procurement of contractors for works planned for contracting, thus creating backlogs; land acquisition issues especially along the newly upgraded roads; under-scoping of some contracted works leading to multiple interventions and recurrence of unplanned emergency works; and the fact that the road networks had been increased following the batch of newly upgraded roads yet resources at the stations had remained the same in terms of personnel and equipment.

The team was informed that the station undertakes mainstreaming of crosscutting issues through a number of measures that include: affirmative action given to women during the selection of manual routine maintenance contractors; HIV awareness programmes on large road maintenance projects like the Backlog Roads Maintenance Project; road safety programmes in schools; and environmental protection measures like ensuring reinstatement of gravel borrow areas, including a requirement for contractors to obtain a certificate of reinstatement of borrow pits before final payments are made, and the use of scour checks, lining of drains and planting of grass to control erosion in prone areas.

C) Gulu Station

The station has a total road network of 592.8Km, of which 188.4Km (31.8%) is paved and 404.4Km (68.2%) are gravel roads. The station has an additional 295Km of roads upgraded from district to national roads in FY 2009/10 but which had no planned activities during the FY. The road networks comprised of roads in 4 districts that include Amuru, Gulu, Oyam, and Pader. During the FY planned maintenance activities on the old network included: maintenance using contracts on 431.8Km (72.8%); and maintenance using force account on 464.8Km (78.4%), of which 299.8Km were planned to be maintained by both force account and contracted works at different times of the year. Major works for the periodic maintenance on paved roads was only on 12.4Km.

a) Maintenance using contracts

Among works planned for maintenance using contracts, only works on 118.8Km had been undertaken with works on 55Km still under procurement and the rest of the works on 258Km (59.7%) were no longer expected to commence during the FY. The following roads which were maintained by contract were monitored on 22nd and 23rd March 2010 and below were the findings:

1) Gulu – Aswa Road (40Km)

This project involving the routine mechanised maintenance of 40Km of the road from Gulu town to Aswa river crossing along Gulu – Kitgum road was awarded to M/s El Shadai Multi-purpose 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 4.0Km, at a total contract price of UShs 310.69 million. Civil works commenced on 15th June 2009 and were completed on 12th November 2009. The works were supervised by the UNRA Station

Gulu - Aswa road: impending failure of a graded section of the road.

Engineer Gulu and were still under the defects liability period.

During the site visit, the monitoring team observed that the works had been completed and the road was generally still in good condition though some potholes and other surface failures like corrugations had already developed in some sections of the road, and several newly installed culverts required addition of more gravel on the approaches to even out the hump effect. It was also observed that the road generally had no gravel cover and the routine mechanised maintenance contract had been greatly under scoped leading to the likely short lived impact on the condition of the road. Physical progress was at 100% and the financial progress was at 68.4% with an additional payment certificate still in the process.

2) Gulu – Olwiyo Road (66.4Km)

This project involving the routine mechanised maintenance of 66.4Km of the road from Gulu town to Olwiyo town along Karuma – Pakwach road was awarded to M/s BCR General Ltd and involved reshaping of the road by medium grading, drainage works including installation of culverts, and spot gravelling in selected areas totalling 6.0Km, at a total contract price of UShs 473.949 million. Civil works commenced on 7th July 2009 and were completed on time on 7th January 2010. The works were supervised by the UNRA Station Engineer Gulu and were still under the defects liability period.

During the site visit, the monitoring team observed that the works had been completed but the road was only in a fair condition as failures like corrugations in the un-gravelled sections, and potholes were seen in several sections. The road was heavily trafficked but generally had no gravel cover on most of the road. The monitoring team observed that the routine mechanised maintenance contract had been greatly under scoped leading to the short lived impact on the condition of the road. Sections of the road that had been gravelled were however still in good condition. The road generally required more gravel than provided for in the contract. Physical progress was at 100% and the financial progress was at 97.5%, with the 2.5% retention moneys still outstanding.

b) Maintenance using Force account

In FY 2009/10 force account interventions were planned to be done on 464.8Km (78.4%) of the road network under the station with a scope of works that included: grading, spot gravelling, patching (using concrete/ gravel/ Asphalt/surface dressing), emergency repairs of roads and bridges and limited drainage improvement. The roads maintained by force account interventions were monitored on 22nd and 23rd March 2010.

At the time of the monitoring field visit, the station had received a total of UShs 499.772 million earmarked for the maintenance of Gulu – Patiko road (33Km), Gulu – Karuma road (74.4Km), Gulu Airfield road (4Km), Atiak – Ayugi road (14Km), Customs Corner – Layibi road (4Km), Gulu – Rwachkoko road (86Km), Karuma – Olwiyo – Pakwach road (110Km), Gulu – Atiak road (67Km), and Gulu – Pabbo road (33Km). Other works funded under force account included safety improvements on Gulu – Karuma and Gulu – Pakwach roads; installation of culverts and repair of guardrails on Bobi – Ayer and Gulu – Rwachkoko roads; and repair works on 6 selected bridges that included: Aswa, Tochi, Nimule, Unyama, Ayago and Akago. Expenditure was at UShs 288.691 million (57.8% of received funds).

Works that had been completed or which were on-going included: pothole patching and shoulder recharging on Gulu Airfield road; pothole patching, drainage improvement and safety improvements on Karuma – Olwiyo – Pakwach and Gulu – Karuma roads; and reshaping and spot gravelling on Gulu – Patiko. Atiak – Ayugi, Guku – Rwachkoko, and Gulu – Pabbo roads. Additionally, repair works on Aswa Bridge, Tochi Bridge, and Unyama Bridge had been completed.

Karuma – Olwiyo – Pakwach road: Pothole patching and painting of humps

The monitoring team visited Gulu – Patiko road (33Km) and observed that grading of the road, spot gravelling and limited drainage improvements had been done and the road was generally still in good condition though defects like corrugations and loss of shape had already developed in some sections within the first 5Km. On Gulu Airfield road (4Km), the team observed pothole patching had been done on the road and adjoining municipal council roads and shoulder recharging on short sections of about 300m had been done. The road was still in good condition though it was overgrown with grass in the side drains and side slopes in several sections. On Gulu – Karuma road, the team observed that patching and resealing of some sections was still underway, but the section Karuma – Kamdini (12.4Km) had been worked on by the contractor under Backlog projects package 1. On Customs corner – Layibi road (4Km), the team observed that grading, spot gravelling and drainage improvement had been done and the road was still generally in a good condition. On Gulu – Opit – Rwachkoko road, the team observed that grading, spot gravelling and culverts installation had been done on most of the road with only 2Km of grading and 1Km of gravelling still outstanding to the completion of works on the road. Some labour based contractors were seen slashing grass in some sections however several sections of the road had overgrown grass but with no labour based contractors in attendance. The road was generally still in a good condition. On Karuma – Pakwach road, the team observed that road safety improvement works like painting of humps, reinstating of reflectors and repair of guardrails was on-going; pothole patching using concrete and asphalt premix and drainage improvement like de-silting of covered side drains had been done on most of the road.

Pictures show sections of works done by force account: Repairs on Unyama Bridge (left), and on-going graveling of Gulu – Rachkoko road

Implementation challenges at the station included: insufficient stock of equipment; old equipment with extensive breakdowns and high maintenance costs; scarcity of gravel material in some sections of the road network; delays in procurement of contractors for works planned for contracting, thus creating backlogs; under staffing of the low cadre technical staff; under-scoping of some contracted works leading to multiple interventions and recurrence of unplanned emergency works; transport challenges for supervision of works; and the fact that the road networks had been increased following the batch of newly upgraded roads yet resources at the stations had remained the same in terms of personnel and equipment.

The team was informed that the station mainstreams gender issues through affirmative action given to women during the selection of manual routine maintenance contractors; however HIV awareness, environmental protection, and road safety had not been comprehensively mainstreamed in the maintenance activities at the station.

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, RSSP and RRP[103];

[103] **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.

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 115.164 billion including grants under the URF, PRDP, RRP, and the conditional grant for road maintenance to the districts. As at the end of the third quarter, UShs 74.71 billion (64.9% of total budget) including UShs 18.419 billion released through URF, had been released to the districts. In the third quarter, the programme was monitored in nine district local governments and two municipal councils namely: Amuru, Apac, Bududa, Busia, Kabarole, Kasese, Kumi, Lira and Soroti; and Mbale and Tororo Municipal Councils. The following were the findings:

3.7.5.2. Findings

i) Financial Performance

At the time of monitoring, done in March 2010, financial performance of the selected district roads maintenance programmes was as shown in Table 3.7.7, where it can be seen that absorption of received funds in 8 out of the 9 districts monitored was still very low (below 50%). Under PAF, Apac districts received funds in excess of figures they had planned for arising out of information gaps on the funds planned to be disbursed through the URF in the 3rd and 4th quarters. It was however observed across the board that procurement processes had generally been completed and implementation of the planned activities was being rolled out.

Table 3.7.7: Financial Performance of Selected District and Urban Roads Maintenance Programmes

District	**Funding Source**[104]	**Indicative Planning Figure** *(UShs Millions)*	**Receipts** *(UShs Millions)*	**Expenditure** *(UShs Millions)*	**% of IPF Received**	**% of Receipts Spent**
Amuru	PAF	485.000	359.859	122.009	74.2%	33.9%
	PRDP	345.059	160.715	0.000	46.6%	0.0%
	LGMSD	76.500	n/a*	0.000	n/a*	0.0%
	Totals	**906.559**	**520.574**	**122.009**	**57.4%**	**23.4%**
Apac	PAF	437.850	601.419	n/a*	137.4%	n/a*
	PRDP	523.850	401.778	n/a*	76.7%	n/a*
	RRP	510.000	181.396	n/a*	35.6%	n/a*
	LGMSD	77.971	n/a*	n/a*	n/a*	n/a*
	Totals	**1,549.671**	**1,184.593**	**960.317**	**76.7%**	**81.1%**
Bududa	PAF	256.000	153.033	52.465	57.1%	35.9%
	PRDP	209.665	0.000	0.000	73.0%	0.0%
	Totals	**465.665**	**299.122**	**52.465**	**64.2%**	**17.5%**

[104] IPF under PAF does not include funds expected from the Uganda Road Fund in the 4th quarter in some districts.

District	Funding Source[104]	Indicative Planning Figure *(UShs Millions)*	Receipts *(UShs Millions)*	Expenditure *(UShs Millions)*	% of IPF Received	% of Receipts Spent
Busia	PAF	374.818	300.591	107.819	80.2%	16.9%
	PRDP	392.690	289.685	0.000	73.8%	0.0%
	LGMSD	48.345	48.345	0.000	100.0%	0.0%
	Totals	**815.853**	**638.621**	**107.819**	**78.3%**	**16.9%**
Kumi	PAF	492.420	416.394	131.558	84.6%	31.4%
	PRDP	213.579	155.496	0.000	72.8%	0.0%
	RRP	210.000	84.000	34.525	40.0%	41.1%
	LGMSD	55.000	55.000	46.331	100.0%	84.2%
	Local Revenue	2.000	0.749	0.000	37.5%	0.0%
	Equalisation Grant	10.000	0.000	0.000	0.0%	0.0%
	Totals	**982.999**	**714.639**	**212.413**	**72.7%**	**29.7%**
Kabarole	PAF	525.247	454.853	52.301	86.6%	11.5%
	RRP (MELTEC)	220.111	220.111	179.169	100.0%	81.4%
	LRDP	140.000	140.000	70.923	100.0%	50.7%
	LGMSD	58.000	0.000	0.000	0.0%	0.0%
	Totals	**943.358**	**814.964**	**302.393**	**86.4%**	**37.1%**
Kasese	PAF	858.368	634.023	369.614	73.9%	58.3%
	RRP (MELTEC)	220.000	224.447	44.44	102.0%	19.8%
	Totals	**1078.368**	**858.47**	**414.054**	**79.6%**	**48.2%**
Lira	PAF	899.277	895.350	309.192	99.6%	34.5%
	RRP	470.000	88.000	82.000	18.7%	93.2%
	Totals	**1369.277**	**983.350**	**391.192**	**71.8%**	**28.6%**
Soroti	PAF	699.941	608.697	43.537	87.0%	7.2%
	PRDP	418.549	313.742	0.000	75.0%	0.0%
	RRP	200.000	30.000	0.000	15.0%	0.0%
	LGMSD	47.500	0.000	0.000	0.0%	0.0%
	Totals	**1365.99**	**952.439**	**43.537**	**69.7%**	**4.6%**
Mbale Municipal Council	PAF	822.380	561.074	495.229	68.2%	88.3%
	PRDP	267.018	195.174	0.000	73.1%	0.0%
	LGMSD	120.000	67.000	12.562	55.8%	18.7%
	Local Revenue	80.000	74.000	6.596	92.5%	8.9%
	Totals	**1,289.398**	**897.248**	**514.387**	**69.6%**	**57.3%**
Tororo Municipal Council	PAF	561.334	376.195	214.345	67.0%	57.0%
	PRDP	215.102	157.226	137.839	73.1%	87.7%
	LGMSD	36.000	0.000	0.000	0.0%	0.0%
	Local Revenue	18.666	0.000	0.000	0.0%	0.0%
	Totals	**831.102**	**533.421**	**352.184**	**64.2%**	**66.0%**

Source: Respective District Engineers n/a*: information not availed

ii) Physical Performance

a) Amuru District

The district had a total road network of 1067Km (composed of 376Km of maintainable district roads and 691Km of community access roads, security roads and district roads that are beyond maintenance levels). In FY 2009/10, planned maintenance activities were based on the maintainable network of 376Km with a total annual budget of UShs 906.559 million, expected to be fully funded by conditional grants under the Poverty Action Fund (PAF) of UShs 485.0 million, and under the Peace Recovery and Development Plan (PRDP) of UShs 345.059 million; and unconditional grants under the Local Government Management and Service Development Programme (LGMSD) of UShs 76.50 million. Maintenance activities that were planned for implementation during the FY included rehabilitation of Otwe – Otema – Okungidi road (15.5Km), and manual routine maintenance of 320 Km (2 cycles of 2 months each). Other works included rehabilitation of 2 roads totalling 81Km[105] and construction of 1 bridge on river Aswa under an off budget programme supported by Japan International Cooperation Agency (JICA), and procurement of supervision motorcycles and computers. The monitoring team was informed however that the planned activities were too few compared to the level of funding mainly due to inconsistent communications of the Indicative Planning Figures (IPFs) under PAF and PRDP. All the works were planned to be implemented by contracts.

At the time of the monitoring field visit done on 24th March 2010, the district had received a total of UShs 520.574 million (57.4% of IPF) of which UShs 1222.009 million (23.4% of releases) had been spent. Under PAF, UShs 359.859 million (74.2% of expected funds) had been received, of which UShs 122.009 million (33.9% of funds received) had been spent. Receipts under PRDP amounted to UShs 160.715 million (46.6% of expected funds) however there were no expenditures yet. The department had not received any funds under LGMSD.

Physical progress of the works included: 1 cycle of manual routine maintenance works out of the 2 cycles planned; and the rehabilitation works on Otwe – Otema – Okungidi road, which were still on-going. Works under the JICA supported programme were still under design and procurement and therefore had not commenced.

The monitoring team visited Otwe – Otema road and observed that the works were still in progress with road opening by bush clearing, grabbing and removal of trees and stumps completed, and 6.5Km of the road graded. Physical progress of works was estimated at 20% against a contract time progress of 100% and a financial progress of 0%. The works were thus lagging behind the contract time. The team also visited some of the roads where routine maintenance was reported to have been done namely, Alero – Aswa – Amuru road (21Km) and Alero – Amar – Agung road (46Km) and observed that though the works could have been done, the shoulders and side drains on both roads were already overgrown with grass and thus needed another cycle of maintenance. It was clear that the number of routine manual maintenance cycles planned were too few and inadequate to maintain the roads despite the relatively high level of funding to the district.

[105] Otwe – Anaka road (30Km); Otwe – Lolim (Wiyanaka) 51Km

The monitoring team examined contract documents of some of the on-going contracts in the district, from which it was verified that the district mainstreams cross-cutting issues in the road works through inclusion of items in the bills of quantities for HIV/AIDS awareness, occupational health and safety, and environmental issues awareness. These were implemented through site meetings targeting communities along the contract roads and also attended by the district community development officer, the gender officer, the environmental officer, and the district engineer. The team was informed that additionally, the district encourages contractors to employ female workers during the execution of civil works.

Left: overgrown shoulders on Alero – Aswa – Amuru road and Right: stream crossing on Aler – Amer – Agung road where road opening and grading were on-going.

Implementation challenges in the district included: communication gaps on the planning figures for PAF and PRDP, leading to gaps in planned activities; transport constraints for the supervision of works; and the lengthy procurement process that delayed commencement of works.

b) Apac District

The district had a total road network of 318Km on which planned maintenance activities were based in FY 2009/10 with a total budget of UShs 1.550 billion for the road maintenance activities, expected to be funded by the conditional grant under PAF of UShs 437.85 million, PRDP of UShs 523.85 million, Rural Roads Programme (RRP) of UShs 510 million, and LGMSD of UShs 77.971 million. Maintenance activities that were planned for implementation during the FY included rehabilitation of 73.6Km[106], periodic maintenance of 58.5Km[107], manual routine maintenance of 318Km (10 months), and spot repairs on Ogwangdal – Barowo community access road. Most works were planned to be implemented by contracting with the exception of the periodic maintenance of 2 roads (16Km) which were implemented by force account.

At the time of the monitoring field visit done on 25th March 2010, the district had received a total of UShs 1,184.593 million (76.4% of IPF) of which UShs 960.317 million (81.1% of funds received)

[106] Nambieso - Agwata (22Km); Completion of Alenga – Kungu (11Km) – RRP; Aduku – Apile – Atar (17.5Km); Akalo – Abeli – Adwila (9Km); Apac Town council roads (5.1Km)– PRDP; Inomo – Agwichiri (9Km) – LGMSD

[107] Apac – Inomo – Bala (30Km); Ngeta – Aromo (8Km); Alyat – Corner Ginnery – Alito – Ogul Boarder (8Km); Apac – Olelpek – Alido (12.5Km) – PAF

had been spent. Under PAF, the district had received UShs 601.419 million (137.4% of expected funds) however the district did not have enough information to disaggregate receipts under the rest of the funding categories.

On-going and completed works at the time of monitoring included: periodic maintenance of Ngeta – Aromo and Alyat – Ogul border roads using force account; Apac – Bala and Apac – Alido roads on-going using contractors. Other works that had commenced included the rehabilitation of sections of Nambieso – Agwata, Inomo – Agwichiri, Alenga – Kungu, Aduku – Atar, and Akalo – Adwila roads. Other works including the routine manual maintenance works were still under procurement and had therefore not commenced. The monitoring team observed that while the routine manual maintenance had been planned for 10 months, it had not commenced with only three months left to the end of the FY and therefore funds for the 7 months ought to be refunded.

The monitoring team visited Apac – Olelpek – Alido road (12.5Km) and observed that the works only cover a section of the road from Olelpek to Alido, where bush clearing and grabbing had been done on 12.5Km and grading done on about 10.5Km. The works were still in progress with drainage works and gravelling yet to commence. Progress of works was estimated at 20% against a financial progress of 20% representing advance payment to the contractor. On Aduku – Apile – Atar, the team visited only Section I of the road (8Km) and observed that bush clearing and grabbing had been done though some trees and stamps had been left within the prism of the road. Shaping of the road had been partially completed with only 7.5Km compacted. Section II of the road was impassable after the rains and therefore was not visited. On Apac – Inomo – Bala road, the team observed that works on one section of the road had commenced with grading of the road in progress. On Inomo – Agwichiri road, the team observed that grading and gravelling had been completed along the entire stretch (8.4Km), and 7 lines of culvert crossings installed. However generally the road did not have offshoots and the newly installed culverts had no culvert end structures. Progress of works was estimated at 90% against a financial progress of 55.2%.

Aduku – Apire – Atur road (left): road forming by labor based techniques; and a graded section of Apac – Olelpek – Alido (right)

The monitoring team was informed that the district had sent four of their officers including the District Engineer, Environment Officer, the Gender Officer and the Health Inspector to MELETC for training in mainstreaming cross-cutting issues in road works, following which, the officers are involved in the supervision of works and community sensitisation during site meetings. The district additionally requires the environment officer to issue certificates of compliance in respect of the requirement for contractors to reinstate gravel borrow pits before release of their retention moneys.

Implementation challenges in the district included: absence of a contracts committee within the district for more than three months and the lengthy procurement procedures leading to delays in commencement of all planned activities by a total of six months; major breakdown of district equipment, which led to delays in implementation of force account activities; and failure by the district to attract any bids for routine manual maintenance of the roads (reasons for which could not be ascertained).

c) Bududa District

The district had a total road network of 68.1Km on which planned maintenance activities in FY 2009/10 were based with a total budget of UShs 350.86 million for the road maintenance activities, expected to be fully funded by conditional grants under PAF and PRDP. Planned maintenance activities during the FY included routine maintenance of 52.7Km, rehabilitation of 1.8Km[108], periodic maintenance of 8.0Km[109], drainage improvement works on two roads, and repair works on one bridge at river Manafwa along Bukigai – Bukalasi road. The team was however informed that following receipt of guidelines on PRDP activities, and changes in the expected IPF for PAF funds, changes to the planned activities had been done increasing rehabilitation works to 4.8Km, and reducing periodic maintenance works to 1.5Km.

At the time of the monitoring field visit, the district had received a total of UShs 299.122 million (85.3% of IPF) of which UShs 52.464 million (17.5% of funds received) had been spent mainly on operational expenses, payment of retention moneys for projects completed in FY 2008/09, and manual routine maintenance on the roads. Under PAF, the district had received UShs 155.163 million (109.9% of expected funds) of which UShs 52.464 million (33.8% of funds received) had been spent. Under PRDP, the district had received UShs 143.959 million (68.7% of expected funds), of which there were no expenditures yet.

At the time of monitoring done on 17th March 2010, on-going and completed works included: manual routine maintenance on the 52.7Km (reportedly done monthly over a period of 6 months out of the 10 months annual plan); periodic maintenance of Mabale – Busanza (Wakamala) road (1.0Km), which was completed; drainage improvement works on Bududa – Busano road; repair works on a bridge on River Manafwa along Bukigai – Bukalasi road; and payment of retention moneys for works completed in FY 2008/09 on Nalufulu – Shanzou (5.4Km) and Namaitsu – Bunamwaki road (7.3Km). The contract for rehabilitation works and construction of a bridge on Matenje – Nambaten had been signed but civil works had not yet commenced.

The monitoring team visited Nalufutu – Shanzou road and observed that 5Km of the road had been gravelled and 3 culvert lines installed though the side drains and shoulders of the road were overgrown with grass. Physical and financial progress for the works was at 100%. On Mabale –

[108] Namaitsu – Bunamwaki (0.8Km); Matenje – Nambaten (1.0Km)
[109] Nalufutu – Shanzou (0.5Km); Bumasata – Bushiyi (3.5Km); Mabale – Busanza (Wakamala) 4.0Km

Wakamala road, the team observed that 1Km of the road had been gravelled and 4 culvert lines installed, but shoulders and side drains were overgrown with grass. Progress of works was estimated at 100% while the financial progress was at 84.5%. The team visited the bridge along Bukigai – Bukalasi road and observed that repair works on the timber decking had been completed and works on the guardrails partially completed. Progress of works was estimated at 95% while the financial progress was at 0%. On Namaitsu – Bunamwaki road the team observed that 7.2Km of the road had been gravelled; 20 culvert lines installed and manual routine maintenance works were on-going. The road was in good condition and physical and financial progress for the works was at 100%. On Busaru – Busano road, the team observed that on-going works included culverts installation at approximately 50% completion, and headwalls construction. Physical progress of works was estimated at 30% while financial progress was at 0%.

Left: Gravelled section of Mabale – Busanza (Wakamala) road; and Right: Replaced timber deck and guardrails on Bukigai – Bukalasi Bridge

The monitoring team examined contract documents of some of the on-going contracts in the district, from which it was verified that the district mainstreams cross-cutting issues in the road works through inclusion of items in the bills of quantities for HIV/AIDS sensitisation meetings, site meetings with local communities, restoration of gravel borrow pits, and tree planting activities. The team was informed that the department had however not yet enforced the sector guidelines for equal opportunities of women in road works though women formed a large number of the workers on labour based contracts.

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; mix up on the implementation plan for PRDP activities, which subsequently led to changes in the planned activities, nullifying of procured contracts and delays in procurement of other works; difficult terrain which had high requirement for drainage structures and was hard to work; scarcity of gravel within the district leading to high costs of construction; low capacity of local contractors leading to delays in completion of works; and lack of construction equipment within the district.

d) Busia District

The district had a total road network of 405Km on which planned maintenance activities were based in FY 2009/10 with a total budget of UShs 815.853 million for the road maintenance activities, expected to be funded by conditional grants under PAF of UShs 374.818 million and PRDP of UShs

392.69 million; and unconditional grants under LGMSD of UShs 48.345 million. Maintenance activities that were planned for implementation during the FY included rehabilitation of 12.9Km[110], periodic maintenance of 13.4Km[111], manual routine maintenance of 330.7 Km (3 cycles), correction of structural bottlenecks on 2 roads[112] and road bottlenecks on 2 roads[113]. Other works included completion of two contracts that rolled over from FY 2008/09 namely, periodic maintenance of Tira – Silama (4.4Km), and rehabilitation of Butangasi – Nahayaka (2.5Km). The works were planned to be implemented by contracts only.

At the time of the monitoring field visit done on 15th March 2010, the district had received a total of UShs 638.621 million (78.3% of IPF) of which UShs 107.819 million (16.9% of funds received) had been spent. Under PAF, the district had received UShs 300.591 million (80.2% of expected funds) of which UShs 107.819 million (35.9% of funds received) had been spent; under PRDP, the district had received UShs 289.685 million (73.8% of expected funds), of which there were no expenditures yet; and under LGSMD UShs 48.345 million (100% of expected funds) had been received, of which there were no expenditures yet.

On-going and completed works at the time of monitoring included: completion of the works that rolled over from FY 2008/09; manual routine maintenance of 330.7Km (one cycle out of the three planned annual); periodic maintenance of Busia – Buyengo road; rehabilitation of Buyengo – Mugasiya road; and correction of structural bottlenecks on Buhasaba – Bunyadeti – Lumino road. The rest of the works were at the contract award stage of the procurement process and therefore had not commenced.


Labour intensive road opening in swampy areas on Buyengo – Mugasiya road (left) and Buhasaba – Lumino road (right)

The monitoring team visited Buyengo – Mugasiya road and observed that the contractor had commenced works with setting out and about 600m of bush clearing and grabbing done. Progress of works was estimated at 5% while financial progress was at 0%. On Busia – Buyengo – Masafu road, the contractor had commenced works with removal of trees which was still on-going. Progress of works was estimated at 0.5% while financial progress was at 0%. On Buhasaba – Bunyadeti –

[110] Bubango – Buboka road (8.2Km); Buyengo – Mugasiya (1.7Km); Busitema junction – Hamasaja (3.0Km)
[111] Busia – Buyengo – Masafu (8.0 Km); Masaba – Buyengo – Nikuku (3.0Km); Tira – Silama (2.4Km)
[112] Kenya road (200m swamp); Buhasaba – Bunyadeti – Lumino (400m swamp)
[113] Buteba Baptist – Kiteki – Kayoro S.S (200m swamp and removal of trees); Nakola – Efumbi (1.7Km swamp filling and shaping)

Lumino road, the team observed that on-going works included clearing and grabbing, and river training in a swampy section of about 400m. Progress of works was estimated at 1%, while financial progress was at 0%. The team also visited the works that rolled over from FY 2008/09 on Tira – Silama road and observed that the works had been substantially completed with 4Km graded and 1.5Km gravelled but offshoots in the gravelled section had been blocked during gravelling. The riding surface of the road was however in good condition.

The monitoring team was informed that cross-cutting issues were mainstreamed into the road works through measures like inclusion in the bills of quantities of items like reinstatement of gravel borrow pits and planting of grass on shoulders of swampy areas; involvement of the environment officer to inspect sites and issue compliance certificates; and affirmative action towards empowerment of women by awarding them points during evaluations of labour based contractors and routine maintenance contractors. The district had however not done much HIV awareness and other cross-cutting issues.

Implementation challenges in the district included: low unit rates for routine maintenance contractors, which had led to failure in attracting labourers in some sub-counties; transport constraints for supervision of works; and difficulties in major repairs of the district equipment, as the regional workshop in Jinja often requested for co-funding from the districts yet their budgets only cover minor repairs and maintenance.

e) Kabarole District

The district had a total road network of 340.8 Km on which planned maintenance activities in FY 2009/10 were based with a total budget of UShs 943.358 million for the road maintenance activities, expected to be funded by conditional grants under PAF of UShs 525.247 million, RRP of UShs 220.111 million, and LGMSD of UShs 58.0 million; and project funding under Luwero Rwenzori Development Programme (LRDP) from the Office of the Prime Minister (OPM) of UShs 140.0 million. Additionally the district expected to obtain funding under the District Roads Rehabilitation Programme (DRRP) from MoWT of UShs 300.0 million. Planned maintenance activities during the FY included routine maintenance of 266.7Km (over a period of 8-months); rehabilitation of 36.2Km[114]; periodic maintenance of 92.1Km[115]; completion of Dunga Bridge at the boarder of Bukuku and Mugusu sub-counties; and construction of Mahoma Bridge at the boarder of Buhesi and Rutete sub-counties. All works were planned to be implemented by contracting.

At the time of the monitoring field visit, the district had received a total of UShs 814.964 million (92.0% of IPF) of which UShs 302.393 million (37.1% of funds received) had been spent. Under PAF, the district had received UShs 454.853 million (86.6% of expected funds) of which UShs 52.901 million (11.5% of funds received) had been spent. Under RRP, the district had received UShs 220.111million (100% of expected funds) of which UShs 179.169 million (81.4% of funds received) had been spent. Under LRDP, the district had received UShs 140.0 million (100% of expected funds) of which UShs 90.923 million (50.7% of funds received) had been spent. Under LGMSD, the department had not received any funding yet.

[114] Kasisi – Kasenda – Kyanga (30Km) – DRRP; Mugusu – Kinyankende (3.2Km) and Kasunganyanja – Kadindimo (3.0Km) – RRP

[115] Kicucu – Lyamabwa – Kahondo – Buguzi (16Km) – LRDP; Nyabukara – Harugongo (7.1Km), Kyakatabazi – Kakyinga (6.0), Kakinga – Kadindimo (3.0Km), Isunga – Rwankenzi (16Km), Butebe – Karambi (2.1Km), Kibito – Mujunju (10.2Km), Kicucu – Lyamabwa (4.3Km), Katoma – Bwabya – Kyenbogo (2.5Km), Butebe – Mugusu (8.2Km), Kasusu – Mugusu (6.2Km), Mugusu – Kinyankende (3.8Km), Kasunganyanja – Kadindimo (2.7Km) - PAF

At the time of monitoring done on 31st March 2010, on-going and completed works included: manual routine maintenance on the 266.7Km (reportedly done monthly over a period of 3 months out of the 8 months planned annual); periodic maintenance of 44.6Km on Kicucu – Lyamabwa – Kahondo – Buguzi (16Km), Nyabukara – Harugongo (7.1Km), Kyakatabazi – Kakyinga (6.0), Kakinga – Kadindimo (3.0Km), Kicucu – Lyamabwa (4.3Km), and Butebe – Mugusu (8.2Km); rehabilitation of 36.2Km on Kasisi – Kasenda – Kyanga (30Km), Mugusu – Kinyankende (3.2Km) and Kasunganyanja – Kadindimo (3.0Km). Planned works for the periodic maintenance of an additional 47.5Km and the bridge works had not commenced but most of which were under procurement.

The monitoring team visited Nyabukara – Harugongo road and observed that the entire road had been graded, with gravel and drainage works still underway. Progress of works was estimated at 40% while financial progress was at 23.5%. On Kasisi – Kasenda – Kyanga, the team observed that the contractor was on site and had graded up to 97% of the road, installed 3 lines of culverts, and gravelled 1.8Km. Progress of works was estimated at 55% while financial progress was at 46.6%. On Kakinga – Kadindimo (3.0Km), the team observed that the contractor had graded the road, and opened mitre drains but the road was narrow in some sections and the road was already out of shape in other sections. Progress of works was estimated at 50% while financial progress was at 31.7%. On Kyakatabazi – Kakinga road, the team observed that the entire road had been graded and gravelling was on-going, but the road was narrow in some sections, and the gravelling was placed on a grassy surface and spread but not compacted. The road was generally overgrown with grass. Physical progress was estimated at 50% while financial progress was at 34.8%.


Graded sections of Mugusu – Butebe road (left) and Nyabukara – Harugongo road (right)

On Kasunganyanja – Kadindimo road, the team observed that the works had been substantially completed with 9 culvert crossings installed, 2Km gravelled and 3Km shaped. Progress of work was estimated at 100% while financial progress was at 92.8%. On Kicucu – Lyamabwa road, the team observed that the contractor had graded the entire road but some sections were left narrow and trees and stamps had been left on the shoulders and side drains in some sections. Culverts had been installed in some sections but the road was already overgrown with grass. Physical progress was estimated at 40% while financial progress was at 51.3%. On Mugusu – Kinyankende road, the team observed that the contractor was on site, and had shaped about 2.8Km of the road, gravelled 1.8Km, and installed 3 lines of culvert crossings. Progress of works was estimated at 70%, while financial progress was at 53.8%. On Mugusu – Butebe road, the team observed that the contractor had graded the entire road but with no compaction, and had installed one culvert crossing. Physical progress of works was estimated at 80% while financial progress was at 47.4%.

The monitoring team examined contract documents of some of the on-going contracts in the district, from which it was verified that the district mainstreams cross-cutting issues in the road works through inclusion of items in the bills of quantities for HIV/AIDS sensitisation meetings, site meetings with local communities, restoration of gravel borrow pits, tree planting activities under the trial labour based contracts (RRP). The team was however informed that for the rest of the works (PAF, LRDP, LGMSD, DRRP), only reinstatement of the gravel borrow areas was emphasised. Affirmative action for equal opportunities to women was done during evaluations for manual routine maintenance contractors, and was a contractual requirement for labour based works under RRP though the minimum target of 30% female workers had not been achieved in most of the works.

Implementation challenges in the district included: inclement weather from the high annual rainfall in the region along with the predominantly clayey fertile loam soils, which lead to the comparatively rapid deterioration of the roads, rapid growth of grass along drains and shoulders, and a higher requirement for routine maintenance; scarcity of gravel material in most areas across the district; and old road construction equipment, which is in poor condition and thus frequently breaks down and is expensive to repair. This has limited the district to contracting out the works, which is the comparatively slower method of implementation.

f) Kasese District

The district had a total road network of 386Km on which planned maintenance activities in FY 2009/10 were based with a total budget of UShs 1.078 billion for the road maintenance activities, expected to be fully funded by the conditional grant under PAF of UShs 858.368 million and RRP of UShs 220 million. Planned maintenance activities during the FY included routine maintenance of 386Km (inclusive of manual maintenance, emergency works and grading by force account), rehabilitation of 15.5 Km[116], periodic maintenance of 17.5 Km[117], and road bottleneck repair on Muhokya – Kibiri road.

At the time of the monitoring field visit, the district had received a total of UShs 858.47 million (79.6% of IPF) of which UShs 414.054 million (48.2% of funds received) had been spent. Under PAF, the district had received UShs 634.023 million (73.9% of expected funds) of which UShs 369.614 million (58.3% of funds received) had been spent. Under RRP, the district had received UShs 224.447 million (102% of expected funds), of which UShs 44.44 (19.8% of funds received) had been expended. The department account was however affected by the freeze of district accounts ordered by URA for the recovery of UShs 584.639 million on 17th February 2010. A total of UShs 230.758 million comprised of PAF funds was lost to the tax body in the process thus bringing the total expenditure to UShs of 644.813 (75.1% of received funds).

[116] Kigoro – Buhanghura road (3.5Km); Kyarumba – Kitabona road (3.0Km); and completion of Kirembo – Kasemire – Kasisyo and Kagando – Karujumba roads (9.0Km) – under RRP
[117] Completion of Muhokya – Kibiri road (1.5Km); Headquarter roads (2.0Km); and Nyaruzigoti – Kyapa – Kitabu road (14Km) – under PAF

At the time of monitoring done on 30th March 2010, on-going and completed works included: manual routine maintenance on the 386Km (reportedly done monthly over a period of 3 months out of the 11 months annual plan); periodic maintenance of Nyaruzigoti – Kyapa – Kitebu road (14.0Km), which was on-going; spot repairs on Muhokya – Kibiri road (1.5Km), which was completed; and completion of Kirembo – Kasemire – Kasisyo and Kagando – Karujumba roads (9.0Km). The mechanized routine maintenance activities and the road bottleneck repairs on Muhokya – Kibiri road were planned to be done by force account but had not commenced due to equipment breakdown of the grader and traxcavator, which had taken close to a year at the regional mechanical workshop in Mbarara and were still not yet repaired. Contractors for the rehabilitation works on Kigoro – Buhanghura road (3.5Km) and Kyarumba – Kitabona road (3.0Km) were reportedly mobilizing for the works expected to commence in April 2010.

The monitoring team visited Muhokya – Kibiri road and observed that only spot improvement of the road in very steep rocky sections had been done. The sections were slightly widened where possible and the road paved with mainly mass concrete covering short sections totalling 220m. It was however observed that the works were rudimentary done without designs, quality controls and were therefore not of good quality. Progress of works was estimated at 100% as per the scope of works, while financial progress was at 62.0%. On Kirembo – Kasisyo and Kagando – Karujumba roads, the team observed that the roads had been graded to shape, gravelled across the entire stretch, and culverts installed at several locations. The works were completed and handed over and the roads were generally still in good condition, though shoulders and side drains were overgrown with grass. Manual routine maintenance contractors were however seen working in intermittent sections but with very little progress made. Physical progress of works was at 100%, while financial progress was at 92.4% with the retention moneys still outstanding. On Nyaruzigoti – Kitabu road, the team observed that the contractor had graded up to 11 Km, placed gravel heaps on 6.3Km (out of 9Km expected); and installed culverts in the first 11Km. On-going works included gravel works, earthworks for widening sections of the road, and culvert headwalls construction. Progress of works was estimated at 65% against a financial progress of 53.4%.

Muhokya – Kibiri road: concrete slab placed at erosion prone sections of the road (left); swept culvert and gulley from an eroded culvert outlet channel

Nyaruzigiti – Kyapa – Kitabu road: Gravel heaps placed on the road (left); and HIV Awareness signpost along the road

The monitoring team examined contract documents of some of the on-going contracts in the district, from which it was verified that the district mainstreams cross-cutting issues in the road works through inclusion of items in the bills of quantities for HIV/AIDS sensitisation meetings, site meetings with local communities, grass and tree planting activities in line with the MoWT operational guidelines. The team was also informed that the department normally encouraged contractors to employ female workers in equal shares with men but had mostly attained 10 to 20% female employment in most of the works. The district environment officer, health officer and gender officer were routinely involved in site meetings for the works.

Implementation challenges in the district included: funds for the programme were part of the funds impounded by URA for non-payment of taxes by the district thus affecting the programme; absence of a contracts committee within the district for about 5 months, which led to delays in commencement of the procurement process for contracted works; breakdown of key equipment like the grader and the traxcavator and their prolonged absence for almost a year while at the regional mechanical workshop, delayed commencement of works planned to be implemented by force account; difficult terrain for roads within the Rwenzori mountain ranges, which are too steep, suffer from frequent land slides and are thus expensive to maintain; and understaffing of the department, which lacks a substantive district engineer, engineering assistants and road inspectors. The district had failed to attract any applications for the post of district engineer even after three times of running adverts for the post.

g) Kumi District

The district had a total road network of 224.9Km on which planned maintenance activities were based in FY 2009/10 with a total budget of UShs 983.0 million for the road maintenance activities, expected to be funded by the conditional grant under PAF of UShs 492.42 million, PRDP of UShs 213.579 million, equalisation grant of UShs 2.0 million, local revenue of UShs 10 million and LGMSD of UShs 55.0 million. In addition, the district expected to obtain a total of UShs 210 million from MoWT for the rehabilitation of one 3.0Km road and low cost sealing of another 5Km road under RRP. Maintenance activities that were planned for implementation during the FY included rehabilitation of 14.6Km[118], periodic maintenance of 16Km[119], manual routine maintenance of 143

[118] Kumi – Malera Section B (1.6Km) – LGMSD; Kapir – Koloin (3.0Km) – RRP; Kabukol – Kamenya – Nyero Section B (10Km) – PRDP
[119] Kanyum – Atutur – Malera Section D (6Km) – PAF; Mukura – Ngora Section B (10Km) – PAF

Km (6 months), and low cost sealing of Kumi – Omatenga road (5.0Km). All the works were planned to be implemented by contracting.

At the time of the monitoring field visit done on 19th March 2010, the district had received a total of UShs 714.639million (72.7% of IPF) of which UShs 212.413 million (29.7% of funds received) had been spent. Under PAF, the district had received UShs 416.394 million (84.6% of expected funds) of which UShs 131.558 million (31.4% of funds received) had been spent; under PRDP, the district had received UShs 155.496 million (72.8% of expected funds), of which there were no expenditures yet; under RRP the district had received UShs 84.0 million (40% of expected funds), of which UShs 34.525 million (41.1% of funds received) had been spent; and under LGSMD UShs 55.0 million (100% of expected funds) had been received, of which UShs 46.331 million (84.2% of funds received) had been spent; under the equalisation grant, the department had received UShs 0.749 million (37.5% of expected funds), of which there were no expenditures yet.

On-going and completed works at the time of monitoring included: manual routine maintenance of 143Km (four months out of the six planned annual); periodic maintenance of Kanyum – Atutur – Malera and Mukura – Ngora roads; and rehabilitation of sections of Kumi – Malera, Kapir – Koloin, and Kabukol – Kamenya – Nyero roads. Procurement for works on Kumi – Omatenga road had however not commenced due to delays in obtaining instructions to proceed with rehabilitation works while awaiting guidelines for the low cost sealing.

Grading in progress on Kabukol – Kamenya road (left) and a section of completed works on Kumi – Malera roads

The monitoring team visited Kumi – Malera road (1.6Km) and observed that shaping, gravelling and culvert installation along the road had been completed, but the gravel required more compaction along the edges and shoulders. Progress of works was estimated at 95% while financial progress was at 44.7%. On Kanyum – Atutur – Malera road (6Km), the team observed that grading and gravelling had been completed, culvert installation was still on-going, and outstanding works included headwalls construction, evening out of humps on culverts; installation of road signs and stone pitching along a 100m swampy section. Progress of works was estimated at 85% while financial progress was at 41.3%. On Kabukol – Kamenya – Nyero road (10Km), the team observed that on-going works included clearing and grabbing, and grading though the graded section had not been compacted along the entire 9Km covered. Progress of works was estimated at 10%, while financial progress was at 0%. On Mukura – Malera road (10Km), the team observed that grading and gravelling of 1.5Km of the road had been completed, but the contractor had abandoned the site without completing gravelling and drainage works. Big stones from the gravel had also been left on the shoulders and the side drains of the gravelled section. Progress of works was estimated at 25% while financial progress was at 20% representing advance payment given to the contractor. On Kapir – Koloin road (3.0Km), the team observed that 2.8Km of the road had been shaped and a non-vented drift constructed but culvert installation and gravelling were yet to commence. Progress of works was estimated at 40% while financial progress was at 42.7% inclusive of certified works and advance payments.

The monitoring team was informed that cross-cutting issues were mainstreamed into the road works through holding one-day sensitisation seminars, under labour based contracts, in which target groups that include road workers, community leaders and sub-county stakeholders were sensitised on environmental protection issues, HIV/AIDS awareness issues, and labour issues. The district also involves the environmental officer, the community development officer and the heath officer in site meetings to ensure comprehensive topical coverage in mainstreaming the cross-cutting issues. Labour based contracts additionally had a minimum requirement of 30% of female workers as a way of creating equal opportunities for women.

Implementation challenges in the district included: capacity weaknesses of the local contractors with respect to finance base, technical personnel and equipment, which was leading to delays in completion of works; rampant encroachment of road reserves and vandalism of road furniture, hardcore from structures like score checks and gravel material meant for pothole patching.

h) Lira District

The district had a total road network of 885Km (including both district and community access roads) on which planned maintenance activities were based in FY 2009/10 with a total budget of UShs 1.369 billion for the road maintenance activities, expected to be funded by the conditional grant under PAF of UShs 899.3 million and RRP of UShs 470.0 million. Maintenance activities planned to be done under PAF during the FY included periodic maintenance of 78Km[120], and manual routine maintenance of 660Km. Under RRP, planned activities included completion of projects that rolled over from FY 2008/09 covering rehabilitation works on four district roads (56.5Km)[121]; periodic maintenance of 3 community access roads (54.2Km)[122]; and construction of Orit bridge across river Aswa. Other activities planned under RRP included spot improvement works on 2 roads (56.8Km)[123]. 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 895.350 million (99.6% of IPF) under PAF, of which UShs 309.192 million (34.5% of releases) had been spent. Under RRP, UShs 88.0 million had been received, of which UShs 82.0 million (93.2% of releases) had been spent.

[120] Odokomit – Apac bdr (6.0Km); Barr – Apala (17.5Km); Amugu – Olum (34.0Km); Ojung – Amach (18Km)
[121] Lira-Boroboro – Soroti road (8.1Km); Barr – Apac bdr (26.4Km); Abako – Amuria bdr (18Km); Ngeta – Apac bdr (4.0Km)
[122] Boroboro – Barr Apwo (14.2Km); Olilim – Ogwete – Atirayon (16km); Agweng – Okwang (24Km).
[123] Agweng – Aromo (27Km); Aloi – Omoro (29.8Km)

Physical progress of the works included: periodic maintenance of Odokomit – Apac boarder road (6.0Km); 2 cycles of manual routine maintenance works out of the 4 planned; construction of Orit Bridge; and completion of the road works under RRP that rolled over from FY 2008/09. The works planned under RRP and the periodic maintenance of one 18Km road were still under procurement, while contracts for the rest of the periodic maintenance works (51.5Km) were awarded but works had not yet commenced.

Orit Bridge under construction across R. Aswa (left); and a section of completed works on Barr – Apac Boarder road

The monitoring team visited Odokomit – Apac boarder road (6.0Km), and observed that works for the periodic maintenance of the road were on-going, with the grading and opening of offshoots completed, and gravel stock piled at 2 borrow pits along the road. Physical progress of works was estimated at 50%, and financial progress at 47.6%. Works were expected to complete in April 2010. The monitoring team also visited Barr – Apac boarder road (26.4Km) and observed that the road had been graded to completion, gravelled 11Km, and installed 21 lines of culverts. The road was still in good condition, though the sections without gravel had overgrown grass across the shoulders. On Lira – Boroboro road (8.1Km) the team observed that the entire road had been graded, gravelled and culverts installed though some defects like gravel stripping along the centreline, insufficient fills, and silted access culverts were observed in some sections of the road. On Ngeta – Apac boarder road (4.0Km) the team observed that the entire road had been graded, gravelled and drainage works completed and the road was still generally in good condition though approaches to all the culverts installed required gravel to even out the hump effect. The team also visited the works done on 2 access roads: Boroboro – Barr Apwo (14.2Km) and Agweng – Okwang (24Km) and observed that the roads had been graded to completion (Approaches to Orit Bridge on Agweng – Okwang road had were not yet graded), drainage works including culvert installation done to completion, and gravel fills provided in some swamps, however the roads remained predominantly earth roads on which shrubs, grass and trees were quickly growing across the shoulders. Culverts installed on the roads also required more backfill material to even out the humps created. On Orit Bridge, the team observed that construction works were still in progress with river diversion works and foundations for the piers and abutments completed, and shuttering/ steel works in progress. Progress of works was estimated at 40% and financial progress at 50%.

The monitoring team was informed that the works department mainstreams cross-cutting issues as outlined in the District Development Plan and the District Budget Framework Paper (BFP) by involving the District Environment Officer to give contractors guidance, verify and report on compliance. They also involve the District Labour Officer to ensure workers are not cheated and that contractors furnish the district with the required workman's compensation policy. HIV Awareness service providers had also been introduced in the construction works to sensitise workers and the surrounding communities. Contractors were also required to provide shades for babies of working nursing mothers, provide clean drinking water for the workers and ensure proper sanitation and health and safety measures. The team was also informed that female contractors were favoured by awarding them more marks during the evaluation process of bidders for routine maintenance contractors. Minimum employment guidelines (30% females) were in addition issued to labour based contractors within the district.

Implementation challenges in the district included: political interference with the procurement process leading to attempts of diverting the process and delays; lengthy procurement process that delayed commencement of works; and complications with the IFMS/ EFT system, which was leading to delays in payment of contractors and thus affecting the contractors capacity to deliver the works in time.

i) Soroti District

The district had a total road network of 576.4Km (including 340.8 Km of district roads and 235.6 Km of community access roads) on which planned maintenance activities were based in FY 2009/10 with a total annual budget of UShs 1.166 billion for the road maintenance activities, expected to be fully funded by conditional grants under PAF of UShs 699.941, and under PRDP of UShs 418.549 million; and unconditional grants under LGMSD of UShs 47.500 million. Maintenance activities that were planned for implementation during the FY included rehabilitation of 28.9Km[124], periodic maintenance of 94.8Km[125], manual routine maintenance of 340.8 Km (5 cycles). Other works included completion of works on two district roads[126] and four community access roads[127] that rolled over from FY 2008/09 under RRP. All the works were planned to be implemented by contracts.

At the time of the monitoring field visit done on 12th March 2010, the district had received a total of UShs 952.439 million (69.7% of IPF) of which UShs 43.537 million (4.6% of releases) had been spent. Under PAF, UShs 608.697 million (87.0% of expected funds) had been received, of which UShs 43.537 million (7.2% of funds received) had been spent. Under PRDP UShs 313.742 million (75.0% of expected funds) and under RRP UShs 30.0 million (15.0% of expected funds) had been received but there were no expenditures yet.

Physical progress of the works included: 2 cycles of manual routine maintenance works out of the 5 planned; and completion of the road works under RRP that rolled over from FY 2008/09. Contracts for periodic maintenance and rehabilitation works planned for implementation in FY 2009/10 were signed on 2nd March 2010 but works had not commenced.

[124] Kyere – Orupe – Kateta (11.9Km); Soroti – Amen – Agama (5.0Km); Soroti – Dokolo – Obule (12.0Km)

[125] Soroti – Gweri – Kapujan (20.2Km); Lira rd – Amudat – Aboket (17.0Km); Kamod – Kasilo (4.2Km); Serere – Pingire – Mugarama (18.9Km); Soroti – Lale (16.8Km); Pingire – Okidi – Kasilo (9.7Km); Atila – Old Mbale rd (8.0Km)

[126] Serere – Kateta (9.2Km); Serere – Kidetok – Pingire (19.2Km)

[127] Apapai – Ogera (3.2Km); Iningo – Aminit (3.0Km); Lalle – Ochokican (2.65Km); Aukot – Asuret (2.0Km)

Sections of completed works on Serere – Kidetok – Pingire road (left) and Serere – Kateta road (right)

The monitoring team visited Soroti – Lale road and observed that some sections of the road had been maintained using the manual routine maintenance contractors however not the entire road had been worked on. On Lale – Ochokican road (3.0Km), the team observed that the entire road had been gravelled, culverts installed and a swamp of about 1Km raised though more raising was still necessary. The works had been substantially completed with installation of road signs still outstanding and the road was still under defects liability period. Financial progress of the works was at 75%. The team also visited Serere – Pingire (9.2Km) and Serere – Kidetok – Pingire (19.2Km) roads and observed that the roads had been gravelled, culverts installed and swamps raised. The roads had been substantially completed and were still under defects liability period. Financial progress of works on Serere – Pingire was at 84% while that on Serere – Kidetok – Pingire was estimated at an average of 91.5% for the 3 contracts along the road.

The monitoring team was informed that the department mainstreams cross-cutting issues in the road works through inclusion of items in the bills of quantities for HIV/AIDS sensitisation meetings, site meetings with local communities, restoration of gravel borrow pits, tree planting activities. They however had not yet started enforcing the sector guidelines for equal opportunities of women in road works though women formed a large number of the workers on labour based contracts.

Implementation challenges in the district included: low staffing levels in the works department, which had only one technical staff; transport constraints for the supervision of works; lengthy procurement process that delayed commencement of works; and complications with the IFMS/ EFT system, which was leading to delays in payment of contractors and thus affecting the contractors capacity to deliver the works in time.

j) Mbale Municipal Council

Mbale Municipal Council has a total road network of 121.2Km composed of 59.8Km (49.3%) paved roads of which 17.5 Km are urban roads that interconnect national roads and are therefore maintained by UNRA; 29.1 Km (24.0%) are gravel roads; 5.4 Km (4.5%) are earth roads; and 26.9 Km (22.2%) are gazetted roads but which are not yet opened. In FY 2009/10, planned activities on the network included: drainage improvement and resealing of 0.5 Km of Manafwa road and Market place lane; sealing of 1.0 Km of Gangama road and completion of resealing works on Naboa road (0.65 Km); routine maintenance (de-silting, bush clearing, and pothole patching) on selected roads[128]; installation of road signs and painting on selected roads[129]; and grading of selected gravel roads by the municipal council divisions[130]. The council had a total annual budget of UShs 1.289 billion, expected to be funded by conditional grants under PAF of UShs 822.38 million, PRDP of UShs 267.018 million; unconditional grants under LGMSD of UShs 120.0 million; and local revenue of UShs 80.0 million. All the works were planned to be implemented by contracts.

At the time of the monitoring field visit done on 18th March 2010, the municipal council had received a total of UShs 897.248 million (69.6% of IPF) of which UShs 514.387 million (57.3% of releases) had been spent. Received funds and expenditures under the different categories included: PAF, UShs 561.074 million (68.2% of expected funds) received, of which UShs 495.229 million (88.3% of funds received) had been spent; PRDP UShs 195.174 million (73.1% of expected funds) received, of which there were no expenditures; LGMSD UShs 67.0 million (55.8% of expected funds) received, of which UShs 12.562 million (18.7% of funds received) had been spent; and Local Revenue UShs 74.0 million (92.5% of expected funds) received, of which UShs 6.596 million (8.9% of funds received) had been spent.

At the time of monitoring, all planned activities had commenced and most of the works were still underway. The monitoring team visited Manafwa road and Market Place Lane (500m) and observed that drainage improvement works had been completed, kerb stones placed along the roads, and resealing of the roads still underway at first seal level. Physical progress of works was estimated at 90% completion. On Naboa road, the team observed that while the contractor had submitted a completion certificate, the works were not yet complete, were evidently poor quality works, and the contractor had abandoned the works. Drainage works had not been worked on, the road was excessively bleeding, patches of sealing gaps were visible, and the contractor had not cleared the site of loose stone chippings. **Further, the team was informed that the municipal engineer had signed payment certificates to the contractor under duress by MoWT officials.** On Wanale road, Bufumbo road, Kiteso drive and Weswa drive, the team observed that the roads had been graded to shape and minor drainage improvements done on the roads. On Gangama road (1.0Km), the team observed that earthworks for widening the road from 6m to 8m had been completed, and drainage works including installation of culverts, excavation of open drains and stone lining of the open drains was in progress. Construction of the road pavement layers had however not yet commenced. Progress of works was estimated at 35%.

The monitoring team was informed that the department mainstreams environmental issues through the inclusion of specific items for mitigation of environment degradation like planting of trees and grass along selected sections of some roads; beautification programme which was planned but had not yet commenced; appropriate design of drainage channels from open drains to covered drains; and reduction of the dust nuisance along roads under construction by continuous watering of the roads. Gender and HIV awareness issues had however not yet been comprehensively mainstreamed in the road works by the council.

---

[128] Republic street, independence avenue, Mumias road, North road, Katale lane, Court road, and Pallisa republic street

[129] Works/ Court road junction; and republic street roundabout

[130] Basawule road, Weswa drive, IUIU road, Mutumba – Kampala road, Majanga road, Lyada road, Queens way road, Arthur Nagimesi road, and Muleme road, Bufumbo road, Kiteso drive

Naboa Street reportedly complete but poorly surfaced (left); and construction of stone lined side drains in progress on Gangama road

Implementation challenges identified included: delay of the procurement process following a court injunction between August and November 2009; the fact that construction materials like bitumen and stone chippings were procured in Kampala/Jinja thus leading to high transport costs and increased unit rates of construction works; low capacity of local contractors in terms of equipment, personnel and financial base, leading to delays in completion of works and compromises in quality of works; increased traffic on the municipal council roads leading to early failures of the roads; funding constraints which limit the design of the structural strength of the roads to that of low traffic loads; and the high maintenance backlog on the roads compared to the level of funding.

k) Tororo Municipal Council

Tororo Municipal Council has a total road network of 162Km composed of 29.5Km (18.2%) paved roads of which only 14Km are in good condition and the rest dilapidated; and 132.5Km (81.8%) earth roads of which 62km are motorable and the rest gazetted but not yet opened. In FY 2009/10, planned activities on the network included: paved roads under the central division - installation of traffic signs; rehabilitation of 3.33Km[131] paved roads, periodic maintenance of 500m and patching/ cleaning of drains on 8Km[132]; and unpaved roads under the other divisions – grading of selected roads and sealing of 1.04Km[133]. The council had a total annual budget of UShs 831.102 million, expected to be funded by conditional grants under PAF of UShs 561.334, PRDP of UShs 215.102 million; unconditional grants under LGMSD of UShs 36.0 million; and local revenue of UShs 18.666 million. All the works were planned to be implemented by contracts.

At the time of the monitoring field visit done on 18th March 2010, the municipal council had received a total of UShs 533.421 million (64.2% of IPF) of which UShs 352.184 million (66.0% of releases) had been spent. Under PAF, UShs 376.195 million (67.0% of expected funds) had been received, of which UShs 214.345 million (57.0% of funds received) had been spent. Under PRDP

[131] Tensing road (0.38Km); Bazonona road (1Km); Tongue Avenue (1Km); and Masaba road (0.95Km)

[132] Unpaved – Kwapa, Rock Cresent, Market Street, Oguti, Kashmir, Osukuru, Uhuru Drive, and Station road; Paved – Bazaar Street (0.5Km)

[133] Hillary road (280m) and Jowett road (760m)

UShs 157.226 million had been received, of which UShs 137.839 million (87.7% of funds received) had been spent. The department had not received any funds under LGMSD and local revenue.

Physical progress of the works included works on Bazaar Street, Hillary and Jowett roads, which had reportedly been completed, and works on Tensing road, Bazonona road, and Tongue Avenue which were still on-going. Other activities that had been done during the FY and using the received funds included procurement of a 4WD double cabin pickup vehicle and office furniture.

The monitoring team visited Bazaar Street (500m) and observed that although the road had been heavily patched mainly along the centre of the road, the road was highly distressed and new potholes had already developed along the road. It was also observed that the patches done along the road were poor quality patches, which were bleeding excessively due to use of unsuitable stone dust material and excessive bitumen. Potholes along the shoulders of the road were mostly left untouched. On Hillary and Jowett roads (1.04Km), the team observed that although the works were reportedly complete, there were so many fundamental defects which should normally have caused rejection of sections of the works like depressions on newly installed culverts, unsealed gaps, excessive stripping of the stones due to the fact that the sealing was rolled with a tipper and then abandoned without cleaning the road etc. The team was of the opinion that the contractor should be called back to make good all the defects before further payments are made. Physical progress was estimated at 90% while financial progress was at 90%. On Tensing road and Tongue Avenue, the team observed that on-going works included excavation/ cleaning of side drains, and preparation of the road bed by bush clearing and grading, which had covered the entire road length. Physical progress of works was estimated at 10% while the financial progress was at 0%.

A section of the road bed of Tensing Road (left): and excessive bleeding of newly constructed asphalt patches on Bazaar Street (right)

The monitoring team was informed that the department mainstreams environmental issues through the inclusion of specific items for environment degradation mitigation measures like planting of trees and grass along selected sections of some roads, and reduction of the dust nuisance along roads under construction by continuous watering of the roads. Gender and HIV awareness issues had however not yet been comprehensively mainstreamed in the road works by the council.

Implementation challenges identified included: the high stock of dilapidated roads on which maintenance activities are not effective; low capacity of local contractors in terms of equipment, personnel and financial base, leading to delays in completion of works and compromises in quality of works; scarcity of equipment like bitumen hand distributors suitable for the small paving works; the fact that construction materials like bitumen and stone chippings are procured in Kampala thus leading to high transport costs and increased unit rates of construction works; and prolonged failure of the council to attract consultants for design of Masaba road, leading to delays in commencement of the planned construction works on the road.

3.7.6 Rural Roads Programme (RRP) – Institutional Support to Mt. Elgon Labour-Based Training Centre (MELTEC)

Project Background

The Rural Roads Programme (RRP) is a two-year programme designed to bridge the gap between the Second Road Sector Programme Support (RSPS II), which ended in December 2007 and a new 5-year support intervention that is still in preparation but expected to commence in FY 2010/11, ans which is intended to be linked to pillar 2 of the Poverty Eradication Action Plan[134] (PEAP) i.e. Enhancing Production, Competitiveness and Income. RRP builds on the main lessons learned during RSPS 1&2 but with the main focus on institutional and capacity development and piloting of labour based techniques and low cost sealing on selected district and community access roads, which category of roads were given higher priority in the PEAP. The project seeks to improve accessibility to rural areas through improvement of rural roads networks using labour based methods and to develop the capacity of local contractors, district technical staff and trainers in carrying out labour-based road works.

The project was planned to be implemented within a period of two years on a roll-out programme within the 56 districts that existed at inception in 2005, commencing on 1st January 2008 and completing on 31st December 2009. The project was planned to have the following outputs: 32 district technical staff and 40 non-technical staff trained in cross cutting issues; 64Km rehabilitated by 16 trainee contractors; demonstration site for low cost sealing of low volume gravel roads set up; 2 station wagons procured; 10 desk tops, 10 lap tops, 1 LCD projector, and 1 server procured; and 2 farm tractors, 2 low level trailers, 1 water bowser, 1 tractor towed bitumen spray tank, 1 concrete mixer, and 1 poker vibrator procured.

The project is implemented by MoWT represented by MELTEC in Mbale, which also coordinates the rehabilitation works that are implemented by the respective district local governments. According to the project document, the project was planned to be financed jointly by GoU to the tune of DKK (Danish Kroners) 5.08 million (equivalent to UShs 1.792 billion); and by the Danish International Development Agency (DANIDA) to the tune of DKK 17.48 million[135] (Equivalent to UShs 6.166 billion), which was channelled through the Government of Uganda Budget as earmarked PAF.

At the time of monitoring done in March 2010 (58% project time progress), DANIDA had reportedly released UShs 6.166 billion (representing 100% of the donor component and 77.2% of the

[134] **The 5 pillars of PEAP are**: 1. Economic Management; 2. Production, Competitiveness & Incomes; 3. Security, Conflict Resolution & Disaster Management; 4. Good Governess; and 5. Human Development

[135] Source: Rural Roads Program document Pages 6 and 32

planned project funding) through the consolidated fund. Releases to the project however stood at UShs 3.641 billion[136] at the end of FY 2008/09 and UShs 5.207 billion as at end of the third quarter of FY 2009/10, of which 94.2% had been expended.

3.7.7.1. Findings

i) Financial Performance

Table 3.7.8: Financial Performance of the Rural Roads Programme (Support to MELTEC)

FY	Source of funding	Approved Budget Estimates *(UShs Millions)*	Releases *(UShs Millions)*	Expenditure *(UShs Millions)*	% of Budget Released	% of Releases Spent
2008/09	GoU	6,213.60	3,641.08	3,339.15	58.6%	91.7%
	Donor	0.0	0.0	0.0	n/a*	n/a*
2009/10 (as at 31st Mar 2010)	GoU	2,200.00	1,566.01	1566.01	71.2%	100%
	Donor	7,440.0	0.0	0.0	0.0%	0.0%

Source: MoWT Ministerial Budget Policy Statement FY 2009/10; IFMS Data.

In FY 2009/10 the project was allocated a total budget of UShs 9.64 billion (composed of UShs 7.44 billion donor funding and UShs 2.2 billion GoU funding). At the time of monitoring, done at the end of March 2010, the project had received a total UShs 1.567 billion (71.2% of the GoU component and 16.3% of the approved budget). However since the donor component was channelled through the GoU budget as earmarked PAF, it was difficult to tell whether the releases were GoU or Donor funds. All the funds released to the project in FY 2009/10 had been expended or disbursed to the beneficiary local governments as at end of the third quarter on 31st March 2010 (IFMS data). A summary of the financial performance of the project in FY 2008/09 and 2009/10 is as shown in the Table 3.7.8.

Financial progress of 7 trial contracts awarded to trainee contractors in 7 districts of Western Uganda is as shown the Table 3.7.11

ii) Physical Performance

In FY 2009/10, planned outputs under the project included: training of 30 district technical staff and 40 non-technical staff in cross-cutting issues; rehabilitation of 64 Km of roads by trainee contractor from 16 firms; setting up of demonstration site for low cost sealing of low volume gravel roads; procurement of 2no station wagons; procurement of 10no desktops computers and their accessories and 1no server; procurement of 10 laptop computers for the training staff; procurement of LCD projector for training; procurement of light road equipment including: 2no tractors, 4no low level trailers, 1no water bowser, 1no tractor towed binder tank with hand lance for spraying bitumen, 1no

[136] Source: IFMS Data, includes taxes amounting to UShs 716.8 million

concrete mixer and 1no poker vibrator; and procurement of desks, filing cabinets, chairs and white boards for the new classroom. Table 3.7.9 shows the progress against each of the outputs.

Table 3.7.9: Progress on Planned Outputs of the Rural Roads Programme (Support to MELTEC)

#	Planned output, FY 2009/10	Progress at end of 3rd Quarter, FY2009/10
1	30 District technical staff and 40 non-technical staff trained in cross-cutting issues	Completed
2	64 Km of roads rehabilitated by contractor trainees from 16 firms.	Works rolled over from FY 2008/09 were on going in 5 districts and at mobilisation stage in 2 districts see Table 3.7.10. Procurement for works planned in FY 2009/10 had not commenced see Table 3.7.11. Works were expected to roll over to FY 2010/11.
3	Demonstration site for low cost sealing of low volume gravel roads set up	Procurement of consultant for training and setting up of the trial site was underway
4	Procurement of 2no. station wagons	Contract awarded but had not been signed pending receipt of more funds.
5	Procurement of 10no. desktops computers and their accessories and 1no server; Procurement of 10 laptop computers for the training staff Procurement of LCD projector for training	Contract was signed and delivery expected in April 2010
6	Procurement of light road equipment including: tractors (2no), 4 low level trailers, 1 water bowser, tractor towed binder tank with hand lance for spraying bitumen, concrete mixer, poker vibrator.	Procurement of service provider was still underway, at evaluation stage.
7	Desks, filing cabinets, chairs and white boards for the new classroom procured	Completed

Source: MoWT Ministerial Budget Policy Statement FY 2009/10; MoWT Principal MELTEC

Table 3.7.10: Summary of progress on trial contracts in 8 districts of Western Uganda (Batch 2)

No	District	Contractor	Road Name	Length (Km)	Progress
1	Bundibugyo	Kuka (U) Ltd and Dawood Construction & Company Ltd	Nombe – Kachwmba (Section A)	4.0	Bid documents for all the works were ready but procurement process had not yet commenced
			Nombe – Kachwmba (Section B)	4.6	
2	Nakasongola	Kuma Enterprises Ltd & Nsimbi Construction Ltd	Gendera – Kiwembi (Section A)	4.2	
			Gendera – Kiwembi (Section B)	4.1	
3	Kanungu	Kaligamba Kiwala (U) Ltd & Damuco Enterprises Ltd	Kanungu – Migyera	4.4	
			Nyakatunguru – Bihomborwa	5.0	
4	Kabale	Holyfam Consult (U) Ltd & Batur Engineering Services (U) Ltd	Kyobugombe – Katenga (Section A)	4.3	
			Kyobugombe – Katenga (Section B)	4.9	
5	Rukungiri	Basuuyi Technical Consultancy Ltd & Mporex Co. Ltd	Kagashe – Rwakanyero (Section A)	4.9	
			Kagashe – Rwakanyero (Section A)	4.9	
6	Mbarara	Kwed Construction Ltd & MBM Construction	Mabira – Rwenshaku	8.6	
			Rugamba – Bushwere	8.0	
7	Bushenyi	Suka Construction Co. Ltd & Nato Engineering Co. Ltd	Buringo – Nyakambu	4.0	
			Nyamirembe – Omukatesani	3.7	
8	Ntungamo	Datek Construction Ltd & Tesla Engineering and Supplies Ltd	Nyakyanga – Nkomero	4.0	
			Rwamabondo – Rukoni	5.0	

Source: MoWT Principal MELTEC

Table 3.7.11: Summary of progress of trial contracts in 7 districts of Western Uganda.

No	District	Road Name	Contractor	Length (Km)	Contract Sum (Million UShs)	Start Date	Completion Date	Progress (%)			Remarks
								Financial	Physical	Time	
1	Kabarole	Kasunganyanja – Kadindimo	Crane Technical Services Ltd	3.0	110.002	28/8/09	26/3/2010	90%	95%	97%	Substantially Completed
		Mugusu – Kinyankende	Savanna Construction Ltd	3.5	110.109	7/9/09	8/4/2010	80%	90%	83%	On-going
2	Kyenjojo	Nyakisi – Haikona (Section 1)	K.K Trust Investments Ltd	2.6	110.000	1/9/09	9/4/2010	64%	90%	95%	On-going
		Nyakisi – Haikona (Section 2)	Niyo Construction Co. Ltd	2.4	110.000	1/9/09	9/4/2010	73%	75%	95%	On-going
3	Kamwenge	Rwesigire – Nganiko	Mwijuka HR Services Ltd	3.5	116.295	16/10/09	18/4/2010	75%	75%	76%	On-going
		Kichwamba – Rwesigire	Yanka Enterprises Co. Ltd	3.5	115.338	16/10/09	18/4/2010	75%	70%	76%	On-going
4	Hoima	Kitongole – Bineneza (Section A)	Mukati Co. Ltd	4.3	113.982	15/10/09	15/4/2010	90%	100%	92%	Substantially Completed
		Kitongole – Bineneza (Section B)	Bakitara Contractors Ltd	3.5	111.807	15/10/09	14/4/2010	70%	75%	92%	On-going
5	Kibale	Mugarama – Kyebando (Section A)	Bijampora Enterprises Ltd	3.5	110.000	15/3/10	30/6/2010	20%	10%	14%	On-going
		Mugarama – Kyebando (Section B)	Joox Engineering Co. Ltd	3.5	110.000	15/3/10	30/6/2010	20%	14%	14%	On-going
6	Ibanda	Rwenkoba – Kayanja (Section 1)	Chico Construction Co.	4.4	113.267	1/4/2010	30/9/2010	20%	0%	0%	Contractor mobilising
		Rwenkoba – Kayanja (Section 2)	Mulumba Building Service	4.4	110.368	1/4/2010	30/9/2010	20%	0%	0%	Contractor mobilising
7	Kasese	Kigoro – Buhawura	Robbtex Kasese Enterprises	3.5	112.204	25/3/10	25/9/2010	0%	0%	0%	Contractor mobilising
		Kyarumba – Kitabona	Bwaka Building Contractors Ltd	3.0	112.243	23/3/10	23/9/2010	20%	0%	0%	Contractor mobilising

Source: MoWT Ministerial Budget Policy Statement FY 2009/10; MoWT Principal MELTEC

The monitoring team sampled out and visited three districts namely, Kabarole, Kasese and Hoima, out of the 7 districts with roads planned to be rehabilitated using trial contracts rolled over from FY 2008/09. The following were the respective observations made:

<table>
<tr><td>1.1. Kabarole District

Contractor: M/s Crane Technical Services Ltd

Kasunganyanja – Kadindimo road (3.0Km)

Contract Sum: UShs 110,001,786


A section of the completed works</td><td>The scope of works included bush clearing, grabbing, and road shaping along the entire road; gravelling of 2Km; and installation of 9 lines of culverts. The team observed that works on the road had been substantially completed with all the culvert crossings installed, 2Km gravelled and 3Km shaped. Progress of work was estimated at 100% while financial progress was at 92.8%. The road was generally still in good condition.</td></tr>
<tr><td>1.2. Kabarole District

Contractor: M/s Savanna Construction Ltd

Mugusu – Kinyankende road (3.5Km)

Contract Sum: UShs 110,108,883


Compaction of shaped section in progress</td><td>The scope of works included bush clearing, grabbing, and road shaping along the entire road; gravelling of 2Km; and installation of 8 lines of culverts. The team observed that the contractor was on site, and had bush cleared and grabbed a section of 2.8Km; shaped about 2.8Km of the road, gravelled 1.8Km, and installed 3 lines of culvert crossings. Progress of works was estimated at 70%, while financial progress was at 53.8% and contract time progress at 96.2%. Physical progress of works was thus lagging behind contract time progress.</td></tr>
<tr><td>2.1. Hoima District

Contractor: M/s Mukati Co. Ltd

Kitongole – Bineneza Road Section A (4.3Km)

Contract Sum: UShs 113,981,809</td><td>The scope of works included bush clearing and grabbing, road shaping, and gravelling along the entire road; earthworks; and installation of culverts. The team observed that the contractor had completed road shaping and gravelling, and had installed 13 lines of culverts. The works were substantially completed but with outstanding</td></tr>
</table>

 ***A section of completed works in Section A of the road***	works that included headwalls construction and reinstatement of gravel borrow pits, which were underway. The team however also observed that some sections of the completed works were too bumpy indicating likely defects in shaping of the road. Progress of works was estimated at 95%, while financial progress was at 85% and contract time progress of 91.8%. The road was under defects liability period.
2.2. Hoima District Contractor: M/s Bakitara Contractors Ltd Kitongole – Bineneza Road Section B (3.5Km) Contract Sum: UShs 111,806,814  ***Drainage works in progress in section B of the road***	The scope of works included bush clearing and grabbing, road shaping, and gravelling along the entire road; earthworks; and installation of culverts. The team observed that the contractor had bush cleared the entire road, shaped 3.2Km, gravelled 3Km, and installed 11 lines of culverts. The team however also observed that most of the culverts had not been installed at suitable depth, the gravelled surface was too bumpy and the gravel had not been uniformly spread/ shaped and had not been compacted across the shoulders. Portions of the gravel heaps in gravelled sections had been left in the side drains/ shoulders. The works were evidently of poor quality. Progress of works was estimated at 75%, while financial progress was at 70% and contract time progress of 91.8%. Physical progress of works thus lagged behind contract time progress.
3.1. Kasese District Contractor: M/s Robbtex Kasese Enterprises Kigoro – Buhawura road (3.5Km) Contract Sum: UShs 112,204,304	The scope of works included bush clearing and grabbing, road shaping, and gravelling along the entire road; earthworks; and installation of culverts. Physical construction works had however not commenced and the monitoring team was informed that the contractor was in the process of recruiting workers and mobilising tools and equipment. Physical progress of works was still at 0%, while the financial progress was at 20% representing advance payment to the contractor. Progress of contract time was at 3.3%.

3.2. Kasese District Contractor: M/s Bwaka Building Contractors Ltd Kyarumba – Kitabona road (3.0Km) Contract Sum: UShs 112,243,131	The scope of works included bush clearing and grabbing, road shaping, and gravelling along the entire road; earthworks; and installation of culverts. Construction works had however not commenced and the monitoring team was informed that the contractor was in the process of recruiting workers and mobilising tools and equipment. Physical progress of works was still at 0%, while the financial progress was at 20% representing advance payment to the contractor. Progress of contract time was at 4.3%.

The monitoring team established through examination of contract documents of some of the on-going trail contracts that the programme enforced mainstreaming of cross-cutting issues through inclusion of items in the bills of quantities for HIV/AIDS sensitisation meetings, site meetings with local communities, and grass and tree planting activities. Contractors were additionally contractually required to ensure a 20% minimum employment of female workers and equal opportunities in the remaining 80%. This requirement was however not achieved in some areas like Kaborole district reportedly due to cultural sensitivities where women shunned most of the labour intensive roles.

Implementation challenges identified included:

- Inconsistencies of information on the project funding causing unnecessary ambiguity on the financial performance of the project, which in turn affected planning and implementation of the planned project activities. For Example, while the project document indicates on pages 6 and 32 that the agreed position of the project funding was GoU component amounting to DKK 5.08 million (equivalent to UShs 1.792 billion) and DANIDA contribution amounting to DKK 6.38 million (equivalent to UShs 6.166 billion), the approved budget estimates for the project in FY 2008/09 was GoU component of UShs 6.214 billon (346.8% of planned GoU component) and no donor component; and in FY 2009/10 GoU component of UShs 2.2 billon and donor component amounting to UShs 7.44 billion (120.7% of planned donor component). In addition, the Public Investment Plan (PIP) indicates that the project was planned to be funded to the tune of UShs 9.64 billion composed of a GoU component of UShs 2.2 billion and a donor component of UShs 7.44 billion, however during monitoring, the team was informed that DANIDA had remitted all the agreed funds amounting to UShs 6.166 billion (DKK 6.38 million) to the consolidated fund. These inconsistencies are likely to cause uncertainties, which will ultimately affect the performance of the project.
- The excessively low level of releases to the project in FY 2008/09, which stood at 58.6% of approved budget, inadvertently delayed commencement of civil works on the trial contracts in 7 districts to FY 2009/10 and thus creating a backlog, affecting the overall physical performance of the project, and ultimately increasing the project time and costs.

- The socio-economic advantages of the labour based technologies notwithstanding, the monitoring team noted from analysis of the contracts procured at the time that the average unit cost for the works was too high (at UShs 32.2 million per Km) compared with similar works in mechanised contracts procured in the same FY under projects like CAIIP (at UShs 14 million per Km). This is likely to cause sustainability challenges especially in district local governments, which perpetually operate on financially constrained budgets but in which the technology is being piloted.

Conclusions and Recommendations

- The ambiguity of the project financial plan coupled with low level of releases have affected the physical and financial performance of the project and are likely to cause uncertainties, which may ultimately cause secondary effects like failure of the project in meeting the expected outputs and outcomes. It is important that MFPED jointly with the DANIDA and MoWT urgently streamline the financial issues of this project in order to avert the onset of secondary effects.
- The socio-economic advantages of the labour based technologies notwithstanding, the unit cost the technology is likely to cause sustainability challenges which may undermine the use of the technologies within the district local governments where the technology is being piloted. It is prudent that MoWT should analyse these costs further and come up with a sustainability strategy for the labour based technologies piloted under the project.

3.7.7 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; and
- Excessive delays in obtaining key decisions like the addendum for detailed soil exploration and specific designs in 5 locations along Kabale – Kisoro – Bunagana road had taken more than 6 months hence affecting progress of works and was likely to attract contractor's claims for extension of time and overhead costs, which will ultimately increase the final cost of the project.

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:

- Unlike the funds released to the programme in quarters 1 & 2, the funds disbursed under URF in quarter 3 were not on IFMS and thus financial management of the programme was on two separate and independent systems, which obviates the intended objectives of rolling out the IFMS system to UNRA.

- Improper scoping of routine mechanised maintenance contracts, which renders them ineffective and expensive due to the multiple interventions and recurrence of unplanned emergency works which supplement the contracts by force account interventions.
- 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 and costly unplanned emergency interventions;
- Late release of funds for force account operations in the 3^{rd} quarter leading to an accumulation of a backlog of works.
- Scarcity of gravel material in some areas under Lira and Gulu station thus leading to high construction costs;
- Land acquisition issues especially along the roads recently upgraded to national roads. It was noted that many of the roads upgraded were non-existent while others were too narrow and required land acquisition through compensation of land owners.
- It was noted that while the national roads network had been increased, resources at the UNRA maintenance stations had remained unchanged in terms of personnel and equipment, which was constraining their capacities to adequately maintain the roads.

iii). District Urban and Community Access Roads Maintenance: cross-cutting issues identified on the district and urban roads monitored 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 some districts monitored;
- Understaffing of works departments partly due to failure of some local governments to attract staff of specified qualifications. This was observed in Soroti and Kasese districts which had no substantive district engineers, no assistant engineers and road inspectors.
- 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;
- Absence of procurement committees, procurement delays and lengthy procurement processes that led to delays in commencement of planned road maintenance activities were cross cutting in the districts monitored. Absence of procurement committees was however only in Apac and Kasese districts
- Capacity weaknesses of local contractors with respect to financial base, equipment base and personnel was a cross cutting challenge but which affected urban councils most.
- Low unit rates for the manual routine maintenance works leading to failures in attracting labourers.
- Complications with the IFMS/EFT system that was leading to delayed payments to contractors and thus affecting the contractors' capacities to deliver works on time. This was noted in Lira and Soroti districts where the IFMS had been rolled out.

- In Kasese district, 36.4% of funds released for road maintenance were frozen by URA for non-remittance of taxes. This should be investigated further to bring to book the responsible officers.
- Poor quality works in contracts for sealing of urban roads due to capacity weaknesses of contractors was noted in both Mbale and Tororo municipal councils. In Mbale the municipal council engineer reportedly signed payment certificates for the shoddy works under duress from MoWT officials. This needs to be investigated further and the responsible officers reprimanded for unethical conduct.
- Funding constraints that limit the design of the structural strength of the urban roads to low traffic volume roads was noted in both municipal councils monitored and therefore it required to be taken up to ensure that the roads are built to the necessary required standards.

iv). Rural Roads Programme (Support to MELTEC), implemented by MoWT:

- Inconsistencies in the financial information of the project, causing ambiguities in the financial performance of the project, and affecting planning and implementation of planned activities was noted. This needs to be streamlined in order to avert potential failure of the project.
- Low releases to the project, which stood at 58.6% of annual budget in FY 2008/09 and was at 16.3% of approved budget in FY 2009/10 had caused delays in the implementation of planned activities and was likely to affect the overall performance of the project. Releases to the project were still less than the donor component remitted to the consolidated fund and was as such causing concern.

3.8 WATER AND SANITATION

3.8.1 Introduction

The 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[137].

Scope of the report:

Priority has been given to monitoring the water and sanitation sub sector since it accounts for 74% of the FY09/10 on-budget sector funding[138]. Rural Water Supply and Sanitation and Urban Water Supply and Sanitation vote functions were prioritised this quarter. The review period is Q1 and Q2 FY09/10. The projects sampled contribute to the sector's priority objectives, are physically verifiable and had a significant level of expenditure. The geographical range covered includes Northern Uganda, West Nile, North Eastern Uganda and Central Region. The projects, outputs and locations monitored are summarised below:

Table 3.8.1: Sampling frame for the monitoring period[139]

Vote Function	Project / Grant	Outputs Monitored	Locations
Rural Water Supply and Sanitation	Support to Rural Water Supply and Sanitation (0163)	Rainwater harvest tanks (090104) Sanitation campaigns (090103) Emergency boreholes drilled (090172)	Rainwater harvest tanks in Bushenyi and Isingiro districts Sanitation campaigns in Masaka, Mbarara and Kamuli districts Boreholes in Sironko, Pallisa, Bulisa, Oyam, Lira, Amolotar, Wakiso,

[137] Adapted from 'Strategic Investment Plan for the Water and Sanitation Sub-Sector,' August 2009, *Ministry of Water and Environment*, pg. i
[138] Ministry of Water and Environment, *Ministerial Policy Statement for Water and Environment FY09/10*, summarised financial data excluding taxes and arrears
[139] The codes used are consistent with the Ministry of Water and Environment's output based budget structure

			Masaka and Sembabule districts
Rural Water Supply and Sanitation	District Water and Sanitation Conditional Grant	Construction of water points and sanitation facilities	Katakwi, Kamuli, Kasese and Apac districts
Urban Water Supply and Sanitation	Water and Sanitation Development Facility – North (0174)	Effective management systems and promotion of hygiene practices (090204) Completion of piped water systems and new designs (090272)	Lira, Oyam, Yumbe and Maracha Terego districts
Urban Water Supply and Sanitation	Water and Sanitation Development Facility – East (0175)	Establishment of offices and designs of new piped water supplies (090201) Completion of piped water systems (090272)	Moroto, Mbale and Amuria districts
Urban Water Supply and Sanitation	Gulu Town Water Supply and Sewerage (1015)	Status of piped water system (090272)	Gulu district

Source: Author

Methodology:

Analysis of the efficiency and effectiveness of public spending was undertaken in line with the output based budget structure. Efficiency was considered in terms of **operational efficiency** (whether reported expenditure is commensurate with the output monitored, with a consideration of unit costs); and **allocative efficiency** (proportion of expenditure on high priority areas, such as capital outputs compared with low priority areas such as recurrent expenditures[140]). Where interventions were complete, the effectiveness of service provision was assessed through monitoring variables in the following areas:

- **Planning and design** (feasibility studies, beneficiary consultations, environmental impact assessments);
- **Quality of service provision** (functionality, water quality, reliability, timely implementation);
- **Access to services by intended beneficiaries** (affordability, gender and equity);
- **Management and administration** (trained board or committee, private operator).

[140] Recurrent expenditures include allowances, workshops, seminars, travel inland, fuel and vehicle maintenance and should not exceed more than 10% of the budget

Projects were selected from the Ministry of Water and Environment's (MWE) Q2 progress report (Performance Form A) and district work plans (Performance Form B). Financial data was sourced from the Integrated Financial Management System (IFMS) for GoU project data and MWE Q2 Progress Report for donor development data. Where there were disparities between GoU financial data reported by the sector compared with the IFMS, the IFMS data was used. Key literature sources included progress reports, contract documents, the Ministerial Policy Statement, the Budget Framework Paper and the Sector Performance Report (SPR) amongst others.

Field visits were made between 15th March and 9th April 2010. Data collection methods included site observations, interviews with officials from the Directorate of Water Development (DWD), local government, private operators (PO); semi-structured interviews with beneficiaries; and site photographs. Performance of the District Water and Sanitation Conditional Grant (DWSCG) was monitored and presented by the BMAU NGO Collaboration Officer in partnership with the Resident District Commissioner's office (RDC), including District Internal Security Officers (DISOs) and Gombolola Internal Security Officers (GISOs).

Limitations:

- **Small sample size of districts monitored under the District Water and Sanitation Conditional Grant.** The sample size was small due to the poor quality of submitted work plans and progress reports (Performance Form B's). Financial data by output was not readily available from the districts.

- **Validity of donor financial data.** Donor expenditure data by project and output has been submitted by MWE. However, the reliability of donor data cannot be verified by MFPED as bank receipts are not readily available from the donor accounts in the Bank of Uganda.

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[141]. Of this 86% of resources are decentralised through the DWSCG, where funds are channelled to districts directly by MFPED.

(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 started in FY01/02 and completion is due in FY15/16. Expenditure to date has been UShs 28.6bn[142]. Expected outputs from this project include the

[141] 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

[142] Ministry of Finance Planning and Economic Development *Public Investment Plan FY2009/10 – 2011/11*, pg. 973

construction of water supply and sanitation facilities in selected rural growth centres and the piloting of appropriate technologies. During this period three outputs were monitored:

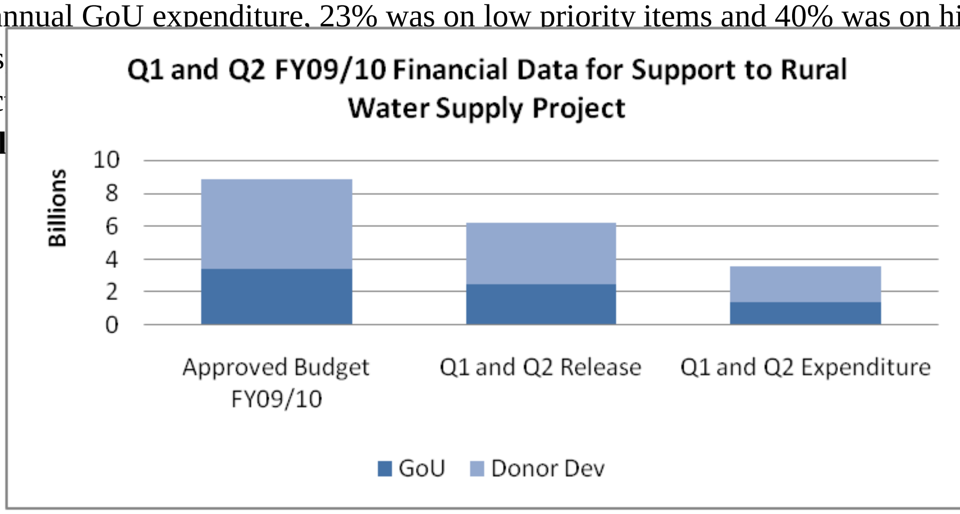
(i) Output 090103: sanitation campaigns in Masaka, Mbarara and Kamuli districts;

(ii) Output 090104: construction of rainwater harvest tanks in Isingiro and Bushenyi districts;

(iii) Output 090172: boreholes drilled under the framework contract for emergency areas in Sironko, Pallisa, Bulisa, Oyam, Lira, Amolotar, Wakiso, Masaka and Sembabule districts.

Financial performance:

By the end of Q2 FY09/10, 70% of the budget was released, of which expenditure was at 58%. Of the semi annual GoU expenditure, 23% was on low priority items and 40% was on high priority items ... ance for the projec ... **Rural Water Suppl**



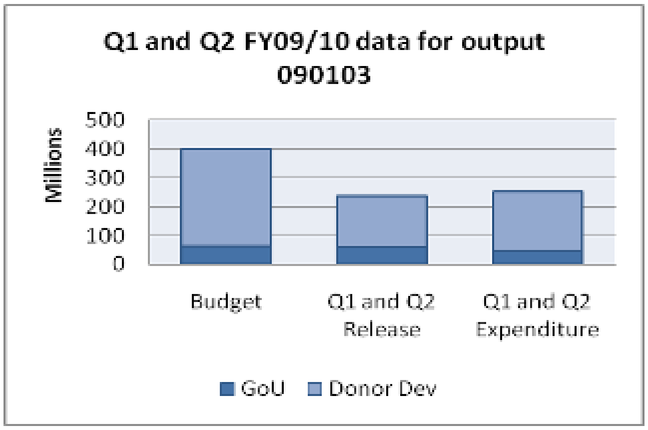
Source: MFPED and MWE

Physical performance:

(i) Output 090103: sanitation campaigns in Masaka, Mbarara and Kamuli districts

The campaigns in Kamuli and Mbarara districts were monitored in Q2 and had positive results. However, the sanitation campaign reported in Masaka district during Q3 did not take place; hence this was misreported. A summary of operational efficiency is shown below:

Figure 3.8.2: Financial Performance of Output 090103



Link between expenditure and physical performance:

- Even though there is over-expenditure of donor funds, not all the outputs reported are complete, as there was no campaign in Masaka district.
- Therefore **expenditure of UShs 254mil was reported for only two sanitation campaigns** (of which 46mil was GoU and 207mil was donor), which should be clarified by MWE.

Source: MFPED, MWE FY2009/2010 and Field Findings

(ii) Output 090104: construction of rainwater harvest tanks in Isingiro and Bushenyi districts

This project component was initially monitored in Q1 FY09/10 and implementation had not started. The MWE Q2 Progress Report (Performance Form A) reported construction of tanks in Isingiro, Rakai and Kamuli districts. However, interviews with MWE officials showed this to have been misreported as works are ongoing in Bushenyi and Isingiro districts; and nothing has started in Kamuli and Rakai districts.

During the current monitoring visit, implementation had started by the Agency for Cooperation and Research in Development (ACORD)[143] under a contract awarded by DWD, at a sum of **UShs 381,258,874[144].** Initially 400 tanks had been planned, which was reduced to 334 due to increased costs of implementation[145]. This gives a unit of UShs 1.14mil per ferro cement tank. By January 2010, ACORD reported construction of 224 tanks. However, it was not possible to verify the exact number of tanks constructed through the field visits, as sub-county officials and beneficiaries gave conflicting information. ACORD has adopted the group methodology where community members form groups, select members to initially benefit, and then contributions are paid so that the remaining members can acquire a tank. A summary of operational efficiency is below:

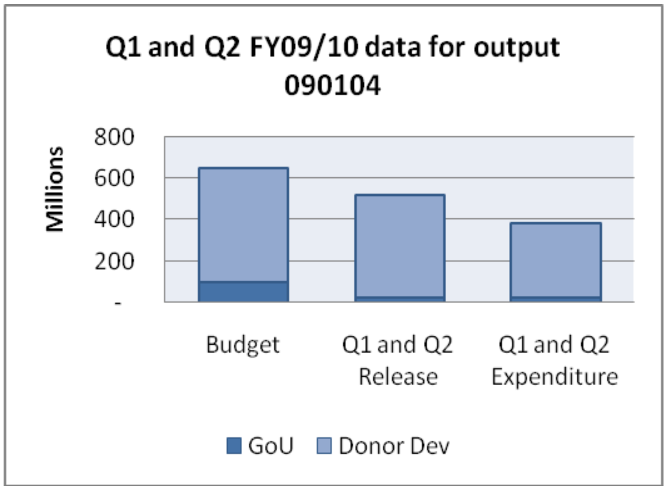
Figure 3.8.3: Financial Performance of Output 090104

Link between expenditure and physical performance:

- Overall expenditure of UShs 382mil has been accounted for against construction of 224 tanks and feasibility studies in Yumbe and Bugiri districts.
- The unit cost of UShs 1.14 mil is in line with sector standards, as it is below the average of UShs 1.33 mil per tank constructed under the DWSCG (SPR 2009).

---

143 Contract No.: MWE/SRVCS/08-09/00335
144 Ministry of Water and Environment, *Inception Phase Repor Selected Districts of Isingiro and Bushenyi Districts submitted*
145 Ministry of Water and Environment *Progress Report on Up Districts of Isingiro and Bushenyi Districts submitted by ACOI*



Source: MFPED and MWE FY2009/2010 and Field Findings

The status of rainwater tanks monitored is outlined below:

Table 3.8.2: Status of rainwater harvest tanks in Bushenyi and Isingiro districts

Expected output: construction of rainwater harvest tanks in Shuuku, Bugongi and Kitagata sub-counties, Bushenyi district
Shuuku sub-county: approximately 35 of 60 planned tanks are complete. Beneficiaries were satisfied although some leakages were noted for sampled tanks. Beneficiaries had contributed additional materials to increase the volume of the rainwater harvest tank. **Bugongi sub-county:** approximately 44 tanks are complete, which were constructed in January 2010. All of the beneficiaries were satisfied with the tanks, as they previously had to use unsafe water sources which were at considerable distances. However, beneficiaries with political affiliations were prioritised and the group methodology was not followed. **Kitagata sub-county:** approximately 30 tanks have been constructed. All beneficiaries sampled were accessing water through the tanks although there were some leakages. The group methodology had been followed and contributions were made to increase the volume of the tanks.
Expected output: construction of rainwater harvest tanks in Mbaare, Kikagate and Masha sub-counties, Isingiro district
Mbaare sub-county: sub-county officials were unable to determine how many had been constructed. The tanks had increased access, as beneficiaries previously travelled over 2km to access water. The group methodology was followed to allocate tanks. **Kikagate sub-county:** approximately 30 out of 60 tanks were constructed. Beneficiaries were satisfied with the tanks, although those with political affiliations were prioritised.

Masha sub-county: approximately 36 out of 60 tanks were constructed. Again, the beneficiaries showed high levels of satisfaction and trained masons had successfully sought employment opportunities in nearby districts to construct other tanks.

Source: Field Findings

Local leaders who had received rainwater harvest tanks and were satisfied, Shuuku sub-county, Bushenyi district

Female headed household beneficiary, satisfied with her rainwater harvest tank, Kitagata sub-county, Bushenyi district

Beneficiary pointing to leakages, Shuuku sub-county, Bushenyi district

Water flowing, Mbaare sub-county, Isingiro district

Overall there were high levels of beneficiary satisfaction, as service provision was concentrated in areas that cannot be served by other types of technologies. This provides a good basis for scaling up the technology to other districts that have suitable geological conditions. A further analysis of the effectiveness of rainwater harvest tanks is presented below:

Box 3.8.1: Effectiveness of rainwater harvest tanks from the perspectives of beneficiaries:

Planning and design effectively undertaken: Prior to implementation a rapid needs assessment was conducted by ACORD. Given that certain parts of Isingiro and Bushenyi districts are not served by piped water systems, rainwater harvesting is an appropriate technology (in Isingiro district access to safe water coverage is at 37% largely due to low groundwater potential). Community members participated through the formation of groups, and had the flexibility to alter the volume of their tanks in line with household requirements, if they contributed additional materials and resources.

Quality of service provision had mixed results: All the beneficiaries interviewed were accessing water through the rainwater harvest tank. *"I am so happy with my tank because before I had to use a spring which didn't have clean water." Beneficiary Bugongi sub county, Bushenyi district*

However, in some cases poor quality works were noted as there were leakages, which will reduce on the life-time of the investment. Efforts to train masons had positive results, as those interviewed had successfully gained employment opportunities in nearby districts, constructing rainwater harvest tanks.

Access to services by intended beneficiaries showed gender and equity to be a concern: Whilst demand for acquiring a rainwater harvest tank is high, only certain beneficiaries can qualify as the technology requires having correct infrastructure in place, such as a good roof catchment area. In terms of gender and equity, tanks sampled for monitoring were constructed in only two female headed households and one for a person with a disability. Even though the tanks mainly reduced the work burden for females, overall ownership belonged to the males of the household, who had information on the group membership, selection criteria and the level of contributions. In certain sub-counties such as Kikagate in Isingiro and Bugongi in Bushenyi, a high degree of political involvement was noted in the allocation of rainwater harvest tanks. *"I think I was given the tank because they like me. I don't belong to any group." Beneficiary Bugongi sub county, Bushenyi district*

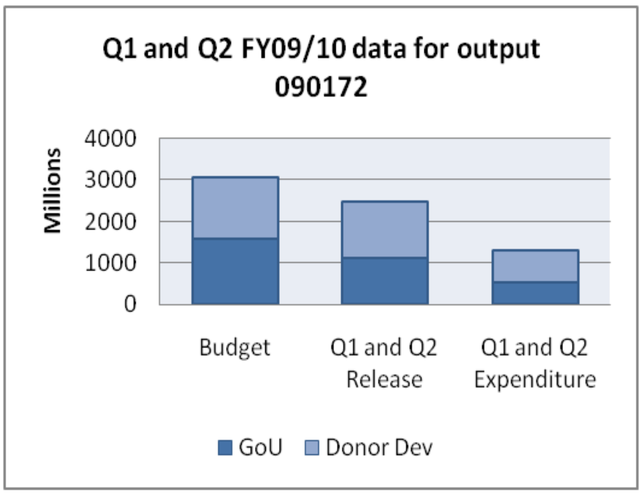
Source: Field Findings

(iii) Output 090172: boreholes drilled under the framework contract for emergency areas

The request for emergency boreholes can originate from Presidential Directives, political requests and demands from ordinary citizens. The contractors used include M/S Sumadhura

Technologies Ltd., M/S Draco (U) Ltd. and M/S Royal Techno Industries Ltd. Since the inception of activities in 2007, MWE reported that a total of 152 wells have been drilled, of which 107 have been paid. The total reported cost to date is Ushs 1,934,563,479 which gives an average unit cost of Ushs 18,080,032[146]. This is higher than sector standards, where the average cost of boreholes drilled under the DWSCG peaked to UShs 16,299,000 in 2009[147], and is higher than the UShs 15,000,000 unit cost in the Budget Framework Paper FY 2010/11 – FY 2012/13[148]. Absorption of funds under this output is only at 49%, as planned interventions such as the construction of Tororo gravity flow scheme and pipes for Budama piped water system were not completed, due to delayed procurement. A summary of operational efficiency is below[149]:

Figure 3.8.4: Financial Performance of Output 090172



Link between expenditure and physical performance:

There are three points of concern, highlighting the need for efficiency gains:

- **40 boreholes have been accounted against UShs 1.32bn.** At a unit cost of UShs 18mil, 40 boreholes should total UShs 0.723bn. This **implies unaccounted expenditure of UShs 0.59bn**.
- Only 32 boreholes could be physically traced of the reported 40 drilled in FY09/10. (Of the 32 drilled boreholes traced, 7 were failed sites.)
- Unit costs are higher than sector standards (UShs 18mil compared with 15mil in BFP and UShs 16.3mil under the DWSCG.

Source: MFPED, MWE FY2009/2010 and Field Findings

The findings on the emergency boreholes monitored are summarised below by district. Annex 2 has information on each of the boreholes monitored, including location and borehole number.

---

146 Payment details provided by MWE officials

147 Ministry of Water and Environment *Water and Environment Sector Performance Report 2009,* Kampala, September 2009 pg. 89

148 Ministry of Water and Environment *Budget Framework Paper FY2010/11 – FY2012/13* pg. 18

149 Only 32 boreholes could be traced of the reported 40; in Sironko, Amolator, Masaka and Sembabule the boreholes could not be located despite various consultations. In Lira district it is likely that more boreholes were drilled than could be traced, as monitoring efforts were limited by the district official's lack of knowledge about water points.

Table 3.8.3: Status of emergency boreholes drilled in districts monitored

District	Expected output (no. of boreholes)	Actual output
Sironko	6	Only 5 boreholes could be traced despite consultations with local leaders on the location of the 6th borehole. 4 boreholes were functioning and have been allocated in areas of need. All were constructed in Q1 FY09/10. Water User Committees have been formed but were not trained. District and sub-county participation was minimal and they have not received data about the boreholes.
Pallisa	16	14 boreholes were monitored; 9 from FY09/10 and 5 from FY08/09. 12 boreholes were functioning and in use. The boreholes in Kenkebu Primary School were of poor quality. For 9 of the boreholes Water User Committees had been formed, but received no training.
Busia	4	3 boreholes were drilled and are functioning; the other was a failed site. Certain standards were not met, such as no numbering and 1 borehole did not have a Water User Committee. District officials were not involved in the process and have not received drilling data.
Lira	19	Only 2 water points could be traced, 1 from FY08/09 and the other from FY09/10. It is likely that more boreholes have been drilled, but monitoring efforts were limited by district official's lack of knowledge of water points. The district was not involved in the process and had not received any data. Water User Committees had been formed but were not trained.
Amolator	6	Only 4 boreholes were monitored as the other 2 could not be traced by local officials. Of the 4 boreholes that were drilled, only 3 are functioning. The district provided the locations for the drilling sites. Water User Committees have been formed but are not trained.
Oyam	4	3 boreholes were drilled and are functioning; the other is a failed site where there is no nearby source. Water User Committees were formed but have not been trained. The district provided the locations to MWE in areas that are water stressed.
Masaka	6	5 boreholes were drilled during March 2010 but only 4 were functioning. The 6th borehole in Kiyajinja could not be traced despite consultations with local officials. The boreholes were well located. The district has not been involved in the process and has not received any data.
Sembabule	2	The boreholes could not be traced in Nkoma parish, Rugusuru sub-county, despite consultations with local leaders and residents.
Wakiso	2	2 boreholes were drilled in Busukama sub-county but neither is functioning. There is a high demand for water in this area.

Source: Field Findings

Borehole well located in an area of high demand, Sironko district

No borehole number indicated, Busia district

Poor quality works and non functioning borehole, Wakiso district

Borehole used by local residents to reduce on collection distances, Amolatar district

Box 3.8.2: Adherence of emergency borehole drilling to principles of effectiveness:

Planning of borehole locations was generally positive: In general, the boreholes were well located in areas that did not have safe water sources. The majority of boreholes monitored were requested for by politicians, who as elected representatives have a legitimate concern in ensuring that the needs of the population are met. However, there is a risk that districts which do not have lobbying power and suffer from poor safe water coverage may be left marginalised.

Quality of service provision had mixed results: Not all of the boreholes could be traced, despite consulting various officials at district, sub-county and parish levels, as well as residents. In total 42 sites were monitored of which 31 were functioning and in use – a 74% success rate. (7 boreholes were monitored that were drilled in FY08/09, of which 6 are functioning; and 32 boreholes were monitored that had been drilled in FY09/10, of which 25 are functioning.) In Sironko, Amolator, Masaka and Sembabule the boreholes could not be located despite consultations with local leaders and residents. In Lira, it is likely that more boreholes were drilled than could be traced, as monitoring efforts were limited by the district official's lack of knowledge about water points. In some cases there were poor quality works or unreliable water supply. For 5 of the constructed boreholes, water was initially flowing, after which there was a low yield or the water point was not functioning.

Management and administration needs improvement: The formation of Water User Committees had not followed DWD guidelines; none had been trained and very few collected contributions. There was also low adherence to gender guidelines. In general, involvement of district officials was minimal. In situations where rehabilitation is required, the districts do not have the drilling data, which hinders the operations and maintenance. It is recommended that coordination between DWD and the districts should be improved. In particular, resources which could be channelled through the district, should be allocated for the formation and training of Water User Committees.

Source: Field Findings

Conclusion on efficiency and effectiveness:

As indicated earlier, efficiency improvements are necessary especially given the high unit costs. Aspects of effectiveness also indicate areas for improvement. Whilst the boreholes were well located, an average of only 74% of drilled boreholes were functioning and in use. Furthermore, long term functionality should be enhanced by training Water User Committees and sharing drilling data with the districts once the water points are complete and handed over. Such measures would contribute towards improving the value for money of this project component.

(b) District Water and Sanitation Conditional Grant

Performance under the grant was monitored in partnership with the RDC's office, including GISOs and DISOs. The team's monitoring efforts focused on four districts, namely Katakwi, Kasese, Kamuli and Apac for the period Q1 and Q2 FY09/10. In general, prolonged procurement procedures resulted in minimal physical progress. In other cases, the officials of the RDC's office stated a lower level of physical progress than was reported by the districts. The findings are summarised below:

(i) Apac district

- Approved Annual Budget Estimate (UShs): 731,737,917
- Q1 and Q2 Release (UShs): 347,575,511
- % of Annual Budget Released: 47.5%

Table 3.8.4 Performance under the DWSCG in Apac District

Location	Planned Output	Actual output
Chewente, Nambieso, Akororo, Chegere sub-counties	Construction of public latrines at the landing sites and 7 RGCs	2 are completed in the sub-counties of Nambieso (Otula and Abulu landing site) and Chewente 5 are on going
Aboke, Alito sub-counties	Construction of 5 medium springs	District reported that 5 are ongoing but none could be physically traced by the monitoring team
Aduku, Inomo, Abongomola, Chegere, Aboke, Ayera, Balla, Apac sub-counties	Construction of 10 shallow wells	5 are ongoing in Abongomola sub-county (Abanyipiny and Terera), Inonomo sub-county (Awora B), Apac town council (Baladu) and Alira parish (Ogili)
Aduku, Inomo, Abongomola sub-county HQ Nambieso, Akororo, Apac, Chawente, Ibuje, Chegere, Aboke, Alito, Akalo, Ayer, Bala	Construction of 25 boreholes	The contacts were awarded late. Siting has started but there are no concrete works.

Source: Apac District Reports, Field Findings and GISO Reports

(ii) Kamuli district

- Approved Annual Budget Estimate (UShs): 1,042,157,201
- Q1 and Q2 Release (UShs): 495,024,671
- % of Annual Budget Released: 47.5%

Table 3.8.5 Performance under the DWSCG in Kamuli District

Location	Planned Output	Actual Output
Bugaya, Bulopa, Butansi, Kagulu	Construction of 6 public latrines in RGC`s	4 Latrines constructed in the sub counties of Buyaga, Bulopa, Kitayunjwa, and Butansi The Bulopa latrine was completed; in good condition and in use.
Bugulumbya, Butansi, Kisozi, Kitayunywa, Mbulamuti, Nabwigulu, Namwendula,	16 shallow wells hand dug	4 Hand dug wells constructed in the sub-counties of Nabwigulu, Butansi, Kisozi. Three were constructed in Butansi s/c. Works begun in January 2010 and ended in February 2010. 2 are functional and one in Bugeywa parish is a failed site. In Kisozi s/c, (Kakunyu parish Magogo parish, Kiyunga parish) Projects started in February 2010 and are undergoing

Wayikole		casting.
Bugulumbya, Bulopa, Kitayunjwa, Mbulamuti, Namwendwa, Waikole	6 shallow wells motor drilled	5 motorised shallow wells drilled in the sub-counties of Mbulamuti, Kitayundwa, Bugulumbya and Namwendwa
Balawoli, Buyaga, Bulopa, Buyende, Kagulu, Kidera, Kisozi, Kitayunjwa, Nabwigulu, Namasagali, Namwenwa, Nawanyango, Nkondo, Wankole	19 deep bore holes drilling (motorised)	Hydro geological surveys for the 19 boreholes completed None of the deep wells have been drilled so far
Kisozi	Construction of one piped water supply	Construction of the pump house is ongoing
Balawoli, Buyaga, Bugulumbya, Buyende, Kagulu, Kisozi, Kitayunjwa, Nabwigulu, Namasagali, Wankole	Rehabilitation of 12 boreholes	15 boreholes rehabilitated in the sub-counties of Nkondo, Bugaya, Kitayundwa, Namasagali, Mbulamuti, Kidera, Balawoli, Nabwigulu and kisozi
Buyende	7 ferro cement tanks constructed to promote rain water harvesting at household level	Construction material for the 7 tanks supplied. The district reported 4 were constructed but none are on site according to the GISOs
Bugulumbaya Wankole Kitayundwa, Butansi, Kisozi	60 water sources tested for quality	The district reported that 60 water sources were tested for quality in the sub-counties of Bugulumbya, Wankole, Kitayundwa, Namwendwa, Butansi and Kisozi, but GISO reported that only 10 sources were tested

Source: Kamuli District Reports, Field Findings and GISO Reports

(iii)Kasese district

- Approved Annual Budget Estimate: 601,822,245
- Q1 and Q2 Release: 285,865,566
- % of Annual Budget Released: 47.5%

Table 3.8.6 Performance under the DWSCG in Kasese District

Location	Planned Output	Actual Output
Kitswamba (4), Karusandara (5), Maliba (3)	Rehabilitation of 12 boreholes	Contracts were awarded for the rehabilitation of boreholes in Maliba and Karusandara
Ihandiro	Design of Kaluhuta Gravity Flow Sscheme (GFS)	Contract was awarded late. Phase two GFS completed and all pipes placed but not fitted.
Nyakiyumbu and Bwera	Construction of Karalike GFS phase ll	Funds spent on source verification of 13.324Km of pipeline, and break pressure tanks 30 taps
Lake Katwe	Design of Kamukungu water supply	Contract awarded in February and is ready to be signed
Muhokya and Kilembe	Construction of 2 public latrines	2 ECOSANS under construction in Masule and Kilembe P/S
Water harvesting	Promoting domestic rainwater harvesting in 20 households	Water tanks not yet procured
Kithoulhu (2) Ihandiro (3) Kisinga (2) Kyarumba(2) Kilembe(2) Kyondo(2) Mukunyu (2) Rukoki (2) Bugoye (1) Mahango(2)	Protecting 20 small springs	GISOs were able to confirm existence of only 2 small springs in Inhandiro and Kilembe.
Kyabarungira sub-county, Ihindiro (5 taps), Muhokya (5 taps), Maliba (5 taps)	Construction of 3-5 taps mini GFS in 3 water stressed areas	The taps have not been constructed
Kyabarungira (10 taps)	Design and construction of Kitegere GFS	The taps have not been constructed
Nyakiyumba, Bwera and Karambi sub-counties	Maintenance of Bwera GFS	Payments paid to workers for maintaining the system
Kithoulhu (2) Ihandiro (3) Kisinga (2) Kyarumba(2) Kilembe(2)	Water quality testing for new sources	According to GISOs there was no evidence of this taking place

Kyondo(2) Mukunyu (2) Rukoki (2) Bugoye (1) Mahango(2)		
Kitswamba , Karusandara, Maliba Muhokya and Kilembe	Water quality testing for old sources	Water was tested in all the planned areas

Source: Kasese District Report, Field Findings and GISO Reports

Note: RDC and DISO reported that the Mahango GFS project was funded in FY2007/8. It was supposed to have 40 tap stands and serve over 250,000 people. UShs 700,000,000 was accounted for, but construction of the GFS has not started. This should be investigated.

(iv)Katakwi district

- Approved Annual Budget Estimate: 559,989,272
- Q1 and Q2 Release: 265,994,904
- % of Annual Budget Released: 47.5%

Table 3.8.7 Performance under the DWSCG in Katakwi District

Location	Planned Output	Actual Output
(8 sub counties)	Drilling 4 deep bore holes(hand pump)	Nil
Usuk RGC	Construct a piped water supply system	Nil
Omodi trading centre, Katakwi sub-county	Construction of public latrines	Nil
Katakwi	Rehabilitation of bore hole for PRDP	Nil
Return villages	5 Deep bore holes drilling(hand pump)	Nil
Sub- counties of Ongongoja, Obwanget, Magoro and Okwamomwa	7 bore hole rehabilitation	Nil

Source: Katakwi District Reports, Field Findings and GISO Reports

Works in Katakwi had not started because of absence of a contracts committee as this was recently created.

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[150].

(a) Water and Sanitation Development Facility – North (WSDF – N) (0174)

This project was introduced in FY08/09 and aims to provide water and sanitation facilities to the high density settlement areas of northern Uganda, as Internally Displaced Peoples are returning to their villages/homes. The focus is on small towns and rural growth centres in agriculturally productive regions that have increasingly growing populations. The total planned expenditure is UShs 45bn and the expected completion date is FY16/17[151]. Two outputs were monitored:

(i) Output 090204: establishment of an effective management system and promotion of hygiene practices in Koboko, Kuru, Kamdini and Wandi;

(ii) Output 090272: completion of piped water systems in Kamdini, Wandi and Kuru; and completion of designs in 18 towns.

Financial performance:

By the end of Q2 FY09/10, only 33% of GoU funds were released of which 76% of funds were spent. In comparison, 109% of donor funds were released, which were all spent. However, **this project is facing a challenge as GoU funds are not reaching the project**[152], even though activities are ongoing. This has led to over-reliance of donor funding. Of the semi annual GoU performance, 10% was on low priority items compared with 77% on high priority areas[153].

---

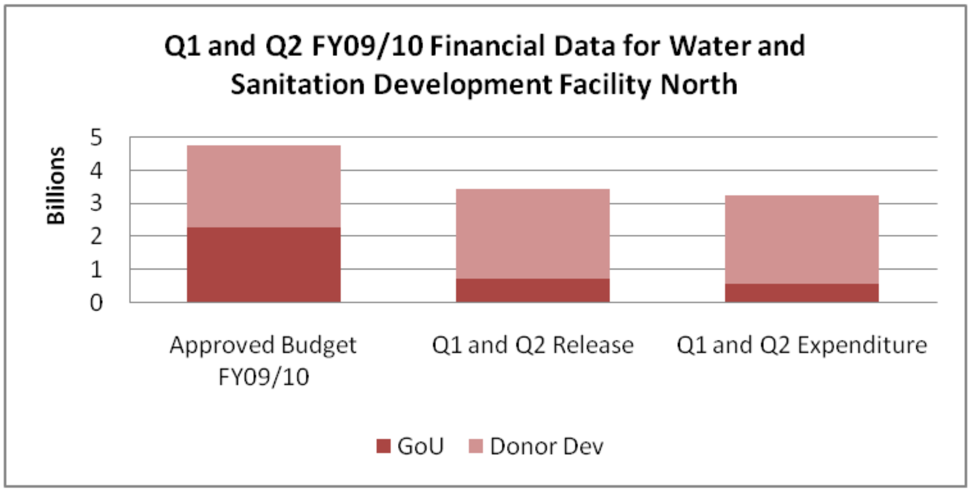
[150] Ministry of Water and Environment, *Ministerial Policy Statement for Water and Environment FY09/10* summarised financial data excluding taxes and arrears, pp.39 and 173

[151] Ministry of Finance Planning and Economic Development *Public Investment Plan FY2009/10 – 2011/11*, pg.1013

[152] Ministry of Water and Environment, Directorate of Water Development *Progress Report for the Steering Committee Meeting Water and Sanitation Development Facility – North,* pg. 14

[153] Ministry of Finance Planning and Economic Development *Integrated Financial Management System*

Figure 3.8.5: Overall Financial Performance of WSDF-North for Q1 and Q2



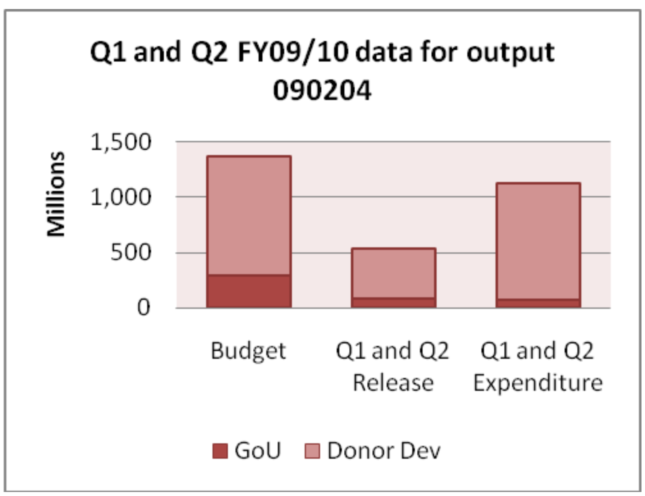
Source: MFPED and MWE FY2009/10

Physical Performance:

(i) Output 090204: establishment of an effective management system and promotion of hygiene practices in Kamdini, Wandi and Kuru

A summary of operational efficiency is below:

Figure 3.8.6: Financial Performance of Output 090204



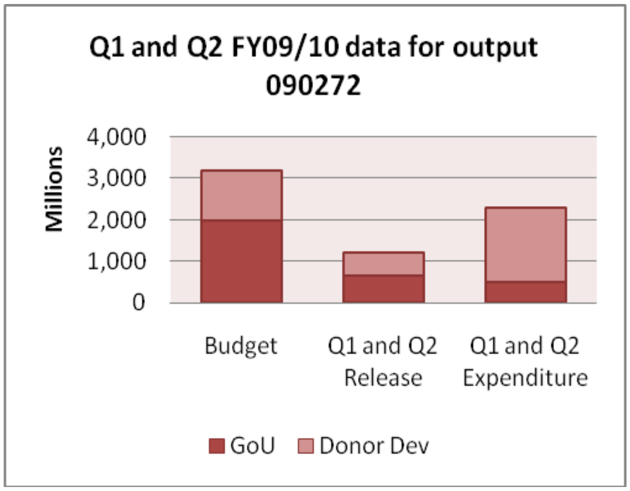
Link between expenditure and physical performance:

- The outputs were completed as reported.
- However, there is a discrepancy between reported expenditure and receipt of funds in the regional WSDF-N office in Lira.
- Against this output, WSDF-N reported **receipt of 370.27mil from donor funding and no receipt of GoU funds. However UShs 1.12bn was accounted (of which UShs 70.5mil were GoU funds).** This discrepancy should be clarified.
- The over-expenditure of donor funds should also be clarified.

Source: MFPED, MWE FY2009/2010 and Field Findings

(ii) Output 090272: completion of piped water systems in Kamdini, Wandi and Kuru and completion of designs in 18 towns. A summary of operational efficiency is below[154]:

Figure 3.8.7: Financial performance of output 090272



Link between expenditure and physical performance:

- Excellent physical progress is underway.
- Discrepancy between accounted expenditure and receipt of funds. **UShs 2.3bn was accounted for (of which UShs 494mil was GoU funds), but WSDF-N reported no receipt of GoU funds.** Only receipt of donor funds was reported at UShs 2.306bn.
- Investment costs are broadly in line with sector standards. The sector average Per Capita Investment Cost (PCIC) is US$63.6 for new schemes (SPR 2009).
- In comparison the PCIC for the schemes monitored are at US$44 in Wandi, US$67.9 in Kamdini and US$25.2 in Kuru. However, the PCIC in Wandi may increase due to cost overruns from the initial contract price.

Source: MFPED, MWE FY2009/2010 and Field Findings

The detailed findings of the ongoing construction of piped water systems are outlined below:

Table 3.8.8: Status of construction of piped water systems under WSDF-N

Expected output: ongoing construction of a piped water system, Kamdini, Oyam district
The contract value is **UShs 595,028,834 VAT exclusive**. Works are underway and are approximately 85-90% complete. Technical commissioning was planned for 9th April 2010.The expected completion date was 2nd November 2009, which was extended to 31st January 2010. This was due to delays on the side of the contractor, MS Kol Services Ltd., who was awarded the contract in April 2009 and began works in July 2009. **Progress on water supply:** • Planned for 50 yard connections, of which 40 are completed and 10 are pending. 4 public tap stands will soon be constructed. • The structure is in place: a reservoir tank is installed, the pump is fixed, and an additional borehole

[154] The per capita investment costs have been calculated using the contract value (VAT exclusive) and the population size of the RGCs (pg. 27 of Progress Report for the Steering Committee Meeting Water and Sanitation Development Facility – North). The sector average PCIC is sourced from the Sector Performance Report (2009), which uses a design population of 2018, so there may be a potential disparity. The exchange rate of US$1 = UShs 2,000 was used.

has been drilled.

- The power source is a generator.
- A Water and Sanitation Board has been formed and trained.
- A Private Operator (PO), Jowa Engineering Services has been procured to run the system and will start work around 1st April. Tariff hasn't been established, but likely to be around shs 1,500 to 2,000 a unit.

Progress on sanitation:

- Construction of a public toilet has been delayed because of land acquisition. This has been resolved and construction will start soon. 5 demonstration ECOSANS have been constructed.
- Local leaders have been trained on hygiene and sanitation; a drama group was formed, which has done 4 shows; a radio talk show took place to create awareness about WSDF and sanitation by-laws.

Expected output: ongoing construction of a piped water system, Wandi, Maracha-Terego district

The contract value is UShs 576,694,448. The design and award was done by the district, which had planned for phased implementation over 3 financial years. Completion of the system was handed over to WSDF – N. Works commenced on 22nd January 2009 by Royal Techno Industries Ltd. The expected date of completion was 30th November 2009, but this was delayed. The planned date for commissioning was 8th April 2010. Additional works were required which contribute to increased costs at approximately 40% greater than the original contract. The cost variation still needs to be approved.

Progress on water supply:

- Water has been flowing since 25th March and has been handed over to the sub-county.
- The reservoir tank has been constructed, there are 11 public tap stands at institutions (health centres, secondary and primary schools, a church, a market, and West Nile tobacco Union,); and 37 yard taps. The power source is a generator, which contributes to high operating costs.
- A Water and Sanitation Board has been formed with 2 women and 3 men, and are due to be trained soon. The board has already undertaken a study tour in Nyadri district.
- A private operator is on board. Water rates are currently at UShs 2,500 a unit but this is projected to increase, which beneficiaries have expressed is unaffordable.

Progress on sanitation:

- Demonstration ECOSANS have been constructed but are not in use. Community members have been trained on ECOSAN use.
- A drama group was formed and a radio talk show was undertaken. Masons were trained on ECOSAN promotion.

Expected output: ongoing construction of a piped water system, Kuru, Yumbe district

The contact value is UShs 529,702,357. The system design and procurement of the contractor was done by the district. The district initially started works but handed this over to WSDF-N. The contract was awarded on 2nd September 2009 to Sumadhura Technologies Ltd. The expected completion date was 3rd January 2010, which was extended to 1st March 2010. Technical commissioning was planned for 8th April 2010, when it will be substantially complete. The system will be operated by Kagulu Multiple Enterprises Ltd., as they are also operating the system for Yumbe town.

Progress on water supply:

- Works are approximately 95% complete. There is one production well, a generator, a reservoir tank;

30 yard connections, 6 kiosks and 3 public tap stands

- Using PRDP funds the district intends to extend the system to add 4km pipe work, 1 kiosk, 1 tap stand and 3 private connections.
- A Water and Sanitation Board has been formed but is not trained; with 3 males and 2 females

Progress on sanitation:

- Water borne public toilet is approximately 80% complete. 5 ECOSANS have been constructed
- A sanitation campaign has taken place and a drama group has been formed.

Source: Field Findings and MWE

As the systems have not been commissioned it is too early to make conclusions on the effectiveness of interventions. A summary of the project specific challenges noted to date are:

Challenges

- **Financial:** Completion of activities has been constrained by lack of receipt of GoU funds.
- **Land acquisition:** This was a challenge in all areas, where local governments are willing to contribute but cannot raise the funds in time. In Wandi in Maracha-Terego district, the local authorities still need to acquire the land.
- **Culture of non-payment for water:** In the post-conflict environments in northern Uganda beneficiaries have largely been accustomed to receiving water free of charge. There is a need to instil a culture of payment for services to ensure smooth operation of the system.
- **Level of coverage:** Whilst the piped water systems have made great progress in addressing demands for water, there are still large sections of the population outside the RGCs that do not have access to safe water; a concern expressed by potential beneficiaries. Opportunities to extend the piped water systems should be explored once the private operators are on board.
- **ECOSAN use and management:** WSDF – N has made efforts to sensitise communities on ECOSAN use. However, uptake has been slow and requires ongoing sensitisation.

In conclusion, this project is making good progress, serving sections of the population that previously did not have access to piped water. Indeed, the scope of reporting by MWE to MFPED does not give an accurate reflection of the number of outputs being undertaken, such as the resizing / conversion of former IDP camps water supply schemes. WSDF – N is operating on a budget of UShs 4.75bn in FY09/10. This is projected to reduce to UShs 3.75bn due to a reduction in donor funding from UShs 2.45bn to UShs 1.75bn in FY10/11[155]. Based on the achievements to date and the ambitious scope of works planned for FY10/11, it is recommended that this is reconsidered. Furthermore, urgent action is needed to ensure GoU funds reach the project. It was reported that establishment of another account in Lira (similar to the Joint Partnership Fund account) has been approved, which requires close monitoring.

[155] Ministry of Water and Environment, Directorate of Water Development *Budget Framework Paper FY2010/11 – FY2012/13* pg. 75

Reservoir tank constructed in Kamdini, Oyam district

Water flowing in Ombatini Secondary School, Wandi, Maracha Terego district

ECOSAN constructed in Kuru, Yumbe distict

(b) Water and Sanitation Development Facility – East (WSDF – E) (0175)

This project started in FY09/10 and aims to provide water and sanitation facilities to small towns and rural growth centres in the North East and Eastern regions. The project incorporates planned / incomplete activities from the North Eastern Towns Water and Sanitation Project, which recently ended. This includes the extension of the piped water system in Amuria district. The total planned expenditure is US$ 29.74m and the expenditure to date has been US$ 0.64m[156]. The proposed completion date is FY16/17. This quarter two outputs were monitored:

(i) Output 090201: establishment of WSDF offices and design of water supply systems for Kaabong, Abim, and Bukedea;

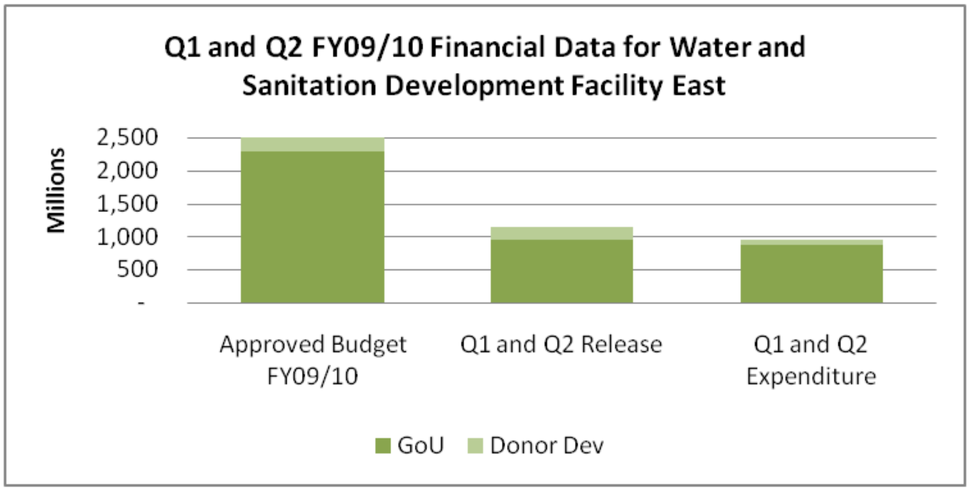
(ii) Output 090272: substantial completion of Amuria piped water system and extension of Kangole water system to Morulinga.

Financial performance:

By the end of Q2 FY09/10, 41% of the overall budget was released, of which 84% was spent. Expenditure of GoU funds released was at 91% compared with only 42% expenditure of donor funds released. Of the GoU expenditure 10% was on low priority areas and 80% on high priority areas, suggesting that the majority of funds are being spent on construction[157].

[156] Ministry of Finance Planning and Economic Development *Public Investment Plan FY2009/10 – 2011/11*, pg. 1017
[157] Ministry of Finance Planning and Economic Development *Integrated Financial Management System*

Figure 3.8.8: Overall Financial Performance of WSDF- East for Q1 and Q2

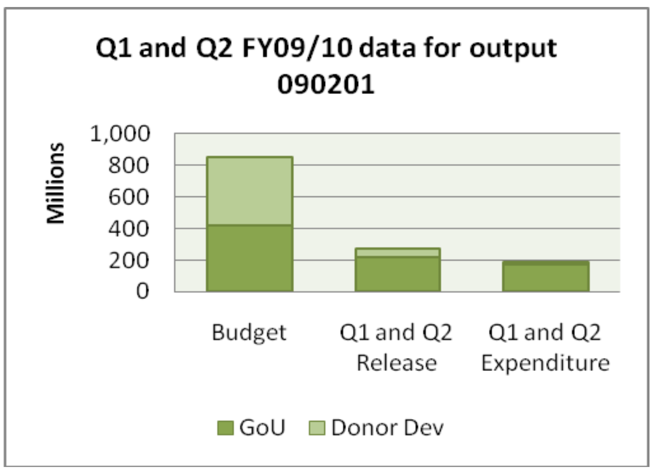


Source: MFPED and MWE FY2009/10

Physical performance:

(i) Output 090201: establishment of WSDF offices and design of water supply systems for Kaabong, Abim, and Bukedea. A summary of operational efficiency is below:

Figure 3.8.9: Financial Performace for Output 090201



Link between expenditure and physical performance:

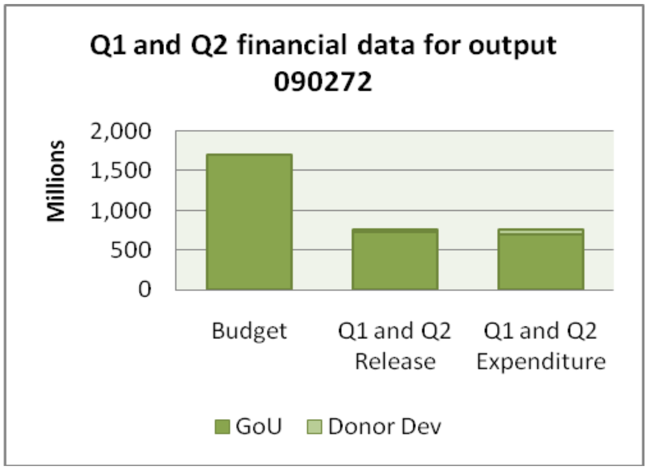
Less progress was made than reported. Against the expenditure of UShs 187.6 mil was the following level of progress:

- No designs were complete as technical surveys were ongoing. A feasibility study was completed for Namalu and technical surveys have been planned for Abim and Kaboong. An application still has to be submitted by Bukedea.
- Offices are only partially established, with some new staff members, minimal office equipment and no electricity connection.

Source: MFPED, MWE FY2009/2010 and Field Findings

(ii) Output 090272: construction of piped water systems in Amuria, and extension of piped water system from Kangole to Morulinga in Moroto district. A summary of operational efficiency is below:[158]

Figure 3.8.10: Financial Performance of Output090272



Link between expenditure and physical performance:

Works have been delayed in Amuria and Moroto, where intended beneficiaries are not accessing water. Against expenditure of UShs 757mil is the following level of progress:

- In Amuria works are substantially complete and the contractor has been paid UShs 1.64bn (77% of contract price). The PCIC is US$132, considerably higher than sector average of US$21.22 for expansions (SPR 2009). (Refer to footnote 22.)
- In Moroto pipes were delivered in July 2009, but no contractor has been procured to carry out works, as bids returned were too high.

Source: MFPED, MWE FY2009/2010 and Field Findings

The detailed findings of the ongoing construction of piped water systems are outlined below:

Table 3.8.9: Status of construction of piped water systems under WSDF-E

Expected output: ongoing extension of a piped water system, Amuria district
This is a follow up visit from Q3 FY08/09 when works were approximately 50% complete. This extension was previously part of the North Eastern Towns Water and Sanitation Project, which also included expansions in Kalaki, Otuboi, Atirir and Kaberamaido, and had a budget of UShs 5.1bn in FY08/09[159]. However, information on the proportion of the FY08/09 expenditure used for the Amuria extension is not available. Construction began on 27th October 2008 and the expected completion date was 26th June 2009. WaterAid is a co-financier of the project. Currently, works are an estimated 95% complete and beneficiaries are not accessing water. The **original contract price is UShs 2,121,432,469 (VAT**

[158] The PCIC has been calculated using the contract price and a design population estimate of 8,000. As the SPR 2009 uses a design population for 2018 for extensions completed in FY08/09 there may be some disparities.
[159] Ministry of Water and Environment, *Ministerial Policy Statement for Water and Environment FY09/10*, pg. 42

exclusive). The latest information available indicates that UShs 1,636,997,695 has been paid to the contractor, which is 77% of the total contract price[160]. According to DWD officials there are no funds available to replace the existing line and so works have stalled, since the contractor left site in December 2009.

Expected output: ongoing extension of a piped water system from Kangole to Morulinga, Moroto

The design to extend the piped water system to Morulinga RGC is complete, but the only progress to date is the delivery of materials, which was completed around July 2009. According to DWD officials, works are stalled as the bids returned from the selective bidding process were too high, due to the insecure working environment. A contract to complete the works still has to be approved.

Source: Field Findings

Box 3.8.3: Planning and design required further investment for the extension in Amuria

As the outputs are incomplete, it is not possible to undertake an analysis on whether the final output has been effective. However, there are some initial observations on how improvements to the planning and design process could have reduced delays in completion. Given the available funds, this project was undertaken on the assumption that the existing line could be rehabilitated. However, works were greater than anticipated, as the transmission line from Soroti to Dakabela (12.9km) failed beyond the state of repair and requires replacement.

Overall, there is high demand for piped water in Amuria and the prolonged service provision has left many beneficiaries dissatisfied. This project required an entire review of the system prior to implementation, which would have inevitably meant a higher contract price to replace the line. However, this option was not considered due to "imminent desire to use funds available from the co-financier." It is recommended that priority should be given to completing this piped water system, with additional funds allocated from the WSDF-E budget, prior to implementing new schemes in other locations.

Source: Field Findings

Pipes delivered for extension, Moroto district

Water office constructed and ready for use, Amuria district

[160] Ministry of Water and Environment, Consultancy Services for the Detailed Design and Construction Supervision of Amuria Town Water Supply, Contract No. MWE/WRKS/07-08/00260, pg. 1

(c) Gulu Town Water Supply and Sewerage (1015)

This project started in 2002 and is being implemented by National Water and Sewerage Corporation (NWSC). The objective is to provide adequate water supply to the residents of Gulu municipality and the surrounding areas, given the high levels of population growth in the last 20 years. This includes improving the reliability, quality, quantity, and storage capacity of water supply.

The total planned expenditure is UShs 43.85bn and the expenditure to date has been UShs 1.95bn. The FY09/10 GoU approved budget is UShs 2.6bn. The NWSC counterpart funding is UShs 1.4bn. So far, the funds secured are UShs 5.45bn. According to the Public Investment Plan the funding gap is UShs 33.69bn[161]. However, recent information from NWSC indicates that price rises of inputs has escalated the cost estimate for completing works from UShs 37.4bn in 2004 to UShs 74.85bn in 2010, dramatically increasing the funding gap[162]. Given the disparity in the cost estimates, further evidence is required to assess the impact of inflationary pressures.

As the full project cost could not be secured at once, the works have been executed in phases. So far Phase 1, Stage I has been completed, which is 6% of overall works. The current phase of implementation is Phase 1, Stage II which will complete 12% of overall works. The disadvantage of the phased approach is that each time management and procurement costs are incurred, alongside prolonged service delivery. Given that initial implementation of works has shown positive results, it is recommended that other long term sources of funding are explored, such as through development partners and increased NWSC counterpart funding.

The contractor is Zhonghao Overseas Construction Eng. Co. Ltd and the Engineer is Gauff Consultant (U) Ltd., in association with M&E Associates Ltd. The overall **contract price is UShs 6,727,693,104,** which will be paid over three years. Of the GoU funds, an advance of UShs 1.68bn was paid in FY08/09, the annual budget of 2.6bn will be spent in FY09/10, and in FY10/11 some payments will be made as part of the defects and liability period. In addition, NWSC counterpart funding will be paid. Works commenced on 14th April 2009 and the completion date is 14th April 2010. During the initial monitoring visit in May 2009 it was observed that the contractor was on site and materials were being mobilised although real construction works had not started. The outputs monitored this quarter are both related to the physical construction works, and so the financial and physical performance will be considered together. The outputs are:

Output 090272: status of construction works for the piped water system in Gulu town; and output 090277: purchase and use of machinery and equipment.

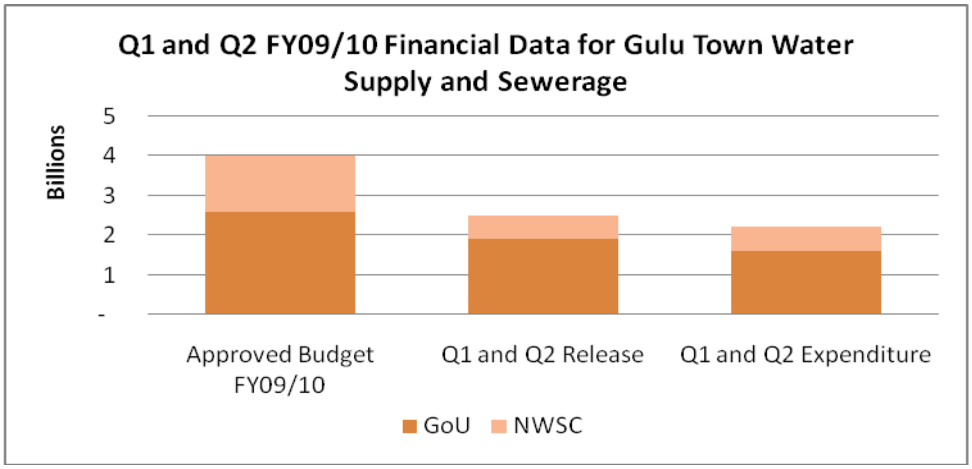
---

[161] Ministry of Finance Planning and Economic Development *Public Investment Plan FY2009/10 – 2011/11*, pg.999
[162] Ministry of Water and Environment, National Water and Sewerage Corporation *Gulu Water Supply and Sanitation Project Brief*, February 2010, pg.6

Financial performance:

By the end of Q2 FY09/10, 73% of the GoU budget was released, of which 84% was spent[163]. Of the NWSC budget, UShs 605 mil was spent.

Figure 3.8.11: Financial Performance of Gulu Town – WSS for Q1 and Q2



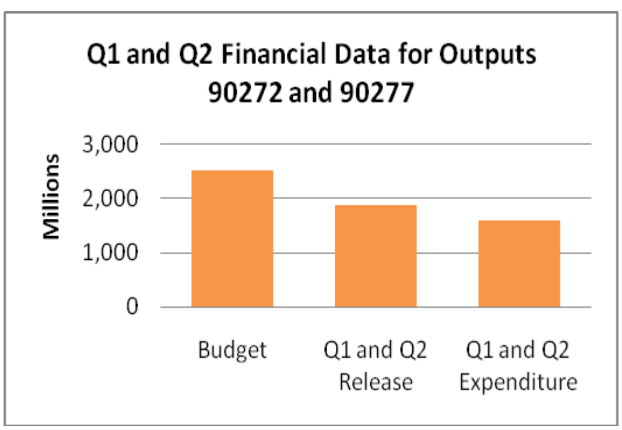
Source: IFMS, MFPED and MWE

Physical performance:

Output 090272 (construction works) and output 090277 (specialised machinery and equipment):

A summary of operational efficiency is below. As NWSC expenditure data is not classified by output it has not been included in the analysis below.

Figure 3.8.12: Financial performance of Outputs 90272 and 90277



Link between expenditure and physical performance:

- In March 2010 works were an estimated 90% complete and should be finished by the contract end period, 14th April 2010. Therefore, there is a direct link between the expenditure and physical works.
- However, outstanding payment certificates need to be cleared. By February 2010, **UShs 17,576,420 of interest payments were accrued** (UShs 13,831,233 of accumulated interest on payment certificate 4 and UShs 3,745,187 of accumulated interest on certificate no. 2).

Source: MFPED and MWE FY2009/10 and Field Findings

[163] Ministry of Finance Planning and Economic Development *Integrated Financial Management System*

Works are progressing according to schedule. However, there are two challenges affecting financial and physical performance:

- Phased funding means that additional resources for procurement and management are used, instead of spending on capital outputs, thus efficiency of resources is not maximised;
- The delay in clearing payments certificates is contributing to accrual of interest payments.

Ongoing works for Gulu Town Water Supply and Sewerage Project

3.8.4 Key Policy Issues

A number of key issues have been identified, which are mainly of a financial nature.

(i) The value for money of emergency borehole drilling under the framework contract needs to be improved, especially given the potential economies of scale from centrally procured contracts. From an efficiency perspective the unit cost at UShs 18mil is higher than sector standards, where boreholes drilled under the DSWCG peaked to UShs 16.3mil in FY08/09[164] and the unit cost stated in the BFP is UShs 15mil[165]. In terms of effectiveness, more efforts are needed to train Water User Committees and share the information with district water officials, to enhance the functionality of these water points.

(ii) The WSDF-N is making good physical progress. However, operations are constrained by two factors:

a. Lack of receipt of GoU funds. Whilst GoU funds were accounted for in the IFMS and reported in the progress reports; there was no receipt of GoU funds at the regional project base in Lira. This finding requires financial auditing of the accounts. It was also reported that a separate account to channel GoU will be established. This requires monitoring and an assessment of whether similar accounts should be

[164] Ministry of Water and Environment *Water and Environment Sector Performance Report 2009,* Kampala, September 2009 pg. 89

[165] Ministry of Water and Environment, Directorate of Water Development *Budget Framework Paper FY2010/11 – FY2012/13* pg. 18

established for WSDF-East and WSDF-Central projects, which also have regionalised operations.

b. There is a proposed budget reduction for FY10/11 (from UShs 4.75bn in FY09/10 to 3.75bn in FY10/11 due to a reduction in donor funding from UShs 2.45bn in FY09/10 to UShs 1.75bn in FY10/11). Given the good progress to date and the focus on under-served areas in the FY10/11 work plan, this should be reconsidered.

(iii) Clearance of payments certificates should be on a timely basis to avoid accrual of interest payments. For example, by February 2010, UShs 17,576,420 has been accumulated in interest payments on the Gulu Town Water Supply and Sanitation Project.

(iv) Disparities were noted between physical progress reported in the MWE Q2 (Performance Form A) Progress Report and actual physical progress monitored. For example, the former reported rainwater harvest tanks were under construction in Rakai district, when nothing had started; and that a sanitation campaign was undertaken in Masaka district, when there was no progress. This suggests that the planning and reporting processes within MWE should be strengthened.

REFERENCES

Bujagali Energy Limited *Bujagali Hydroelectric Power Project, Monthly Report February 2010,* (BEL 2010)

Bujagali Energy Limited *Bujagali Hydroelectric Power Project, Monthly Report December 2009,* (BEL 2010)

Bujagali Energy Limited *Bujagali Hydropower Project Social and Environmental Assessment Report* (Burnside International Limited 2008)

Bundibugyo Energy Cooperative Society *Business Plan for BECS* (BECS 2009) commodities. The Courier ACP-EU n° 196, January-February 2003

GoU and ADF, 2004. *Appraisal Report. Farm Income Enhancement and Forest Conservation* Project. The Republic of Uganda and African Development Fund.

GoU and ADF, 2005. Loan Agreement between the Republic of Uganda and the African Development Fund. *Creation of Sustainable Tsetse and Trypanosomiasis Free Areas in East and West Africa*.

Integrated Financial Management System data for FY08/09 and FY09/10

Kampala Industrial Business Park: *Progress Report, January 2010.*

Karekaho and Baker *The Global Partnership on Output Based Aid; Uganda Enhanced Electricity Access Report; Inception Report* (Kampala, December 2009)

Kisiizi Electricity: *Commissioning Report on the Kisiizi Electricity Project 2005 to 2009* (Kisiizi Electricity 2009)

MAAIF, 2006. *A Contract Agreement for Refurbishment and Extension Works on LIRI Insectary in Tororo between MAAIF and M/s Build Construction Company Limited*.

MAAIF, 2008a. *FITCA Final Evaluation Report (Draft).* December 2008. Ministry of Agriculture, Animal Industry and Fisheries and European Union.

MAAIF, 2008b. *F ITCA 4th Annual Report* January to December 2008.

MAAIF, 2008c. *Appropriate Farming Techniques for Tsetse and Trypanosomiasis infested Areas in Uganda*. A Practical Manual for Farmers. Ministry of Agriculture, Animal Industry and Fisheries.

MAAIF, 2009. *National Agriculture Policy*. Draft, June 2009.

MAAIF, 2009a. *Guidelines for Use of Plan for Modernization Agriculture Non-Sectoral Conditional Grant by Local Governments for FY 2009-2010*. Ministry of Agriculture, Animal Industry and Fisheries, Entebbe.

MAAIF, 2010. *Development Strategy and Investment Plan* 2010/11-2015/16. Draft, March 2010. Ministry of Agriculture, Animal Industry and Fisheries, Entebbe.

MAAIF, 2010a. *FITCA Project Profile 2001-2010*. Ministry of Agriculture, Animal Industry and Fisheries, Entebbe.

MAAIF, 2010b. Performance Form A. Signed on 04/01/2010.

MAAIF, 2010c. *Creation of Sustainable Tseste and Trypanosomiasis Free Areas in Uganda*. Project Progress Report, April 2006-March 2010, Entebbe.

MFPED, 2009. *Background to the Budget 2009/2010*. Enhancing Strategic Interventions to Improving Business and Revitalize Production to Achieve Prosperity for All. Ministry of Finance, Planning and Economic Development, June 2009.

MFPED, 2009a. *National Budget Framework Paper* FY 2009/10-FY 2013/14. Ministry of Finance, Planning and Economic Development, Kampala.

MFPED, 2009b. *Public Investment Plan* (PIP) FY 2009/10-2011/11. Ministry of Finance, Planning and Economic Development, Kampala.

MFPED, 2009c. Draft Estimates of Revenue and Expenditure (Recurrent and Development) FY 2009/10. Volume 1: Central Government Votes for the Year Ending on the 30th June 2010. Ministry of Finance, Planning and Economic Development, Kampala.

Ministry of Education and Sports *Consolidated Quarterly Progress Reports, For Projects and Programs under Development and Recurrent Budgets* for Q1 and Q2 FY 2009/10.
Ministry of Education and Sports *Performance Contract Form 'A'* for FY 2009/2010

Ministry of Energy and Mineral Development: *Performance Form A: Quarter 2 Progress Report* (Kampala 2009)

Ministry of Energy and Mineral Development: *The National Oil and Gas Policy* (Kampala 2008)

Ministry of Finance, Planning and Economic Development *Approved Budget Estimates* (Kampala 2009)

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

Ministry of Finance, Planning and Economic Development *National Budget Framework Paper FY09/10-FY13/14,* Kampala, March 2009

Ministry of Finance, Planning and Economic Development, 2009, *Approved Estimates of Revenue and Expenditure* (Recurrent and Development) FY 2008/09.
Ministry of Finance, Planning and Economic Development, *National Budget Framework Paper* FY 2009/10-FY 2013/14.

Ministry of Finance, Planning and Economic Development, *Public Investment Plan FY2009/10 – 2011/12*, Kampala

Ministry of Finance, Planning and Economic Development: *Ministerial Policy Statement FY 2009/10.*

Ministry of Finance, Planning and Economic Development; *Budget Monitoring Reports* (2008-2010).

Ministry of Information and Communication Technology; *Briefing notes for the Minister of ICT;* Kampala, March 2009

Ministry of Information and Communication Technology; *Ministerial Policy Statement FY2009/10*, Kampala, June 2009

Ministry of Information and Communication Technology; *Quarter 1 Performance Report, FY 2009/10;* Kampala, 2009

Ministry of Tourism Trade and Industry: *National Industrial Policy, January 2008*

Ministry of Water and Environment *Ministerial Policy Statement for the Water and Environment Sector FY09/10*, Kampala, July 2009

Ministry of Water and Environment *Performance Form A FY09/10*, Kampala, July 2009

Ministry of Water and Environment *Progress Report on Up-scaling Domestic Rainwater Harvesting in Selected Districts of Isingiro and Bushenyi Districts submitted by ACORD*, January 2010

Ministry of Water and Environment *Strategic Investment Plan for the Water and Sanitation Sub Sector,* Kampala, August 2009

Ministry of Water and Environment *Water and Environment Sector Performance Report 2009*, Kampala, September 2009

Ministry of Water and Environment, *Budget Framework Paper FY2010/11 – FY2012/13*, February 2010

Ministry of Water and Environment, Directorate of Water Development *Progress Report for the Steering Committee Meeting Water and Sanitation Development Facility – North*, February 2010

Ministry of Water and Environment, *Inception Phase Report on Up-scaling Domestic Rainwater Harvesting in Selected Districts of Isingiro and Bushenyi Districts submitted by ACORD*, May 2010

Ministry of Water and Environment, National Water and Sewerage Corporation *Progress Report on Gulu Water Supply and Sanitation Project Emergency Works, Stage II Limited System Capacity Improvements,* Kampala, January 2010

Ministry of Water and Environment, National Water and Sewerage Corporation *Gulu Water Supply and Sanitation Project Brief,* Kampala, February 2010, pg. 6

Ministry of Works, Housing and Communication; *National Information and Communication Technology Policy*, Kampala, October 2003

Oneck, H *Ministry of Energy and Mineral Development, FY 09/10 Ministerial Policy Statement* (Ministry of Energy and Mineral Development Kampala)

Performance Form B's for the districts of Kamuli, Kasese, Katakwi, Kamwenge and Apac

Presidential Initiative on Banana Industrial Development: *Progress Report, January 2010.*

Rural Electrification Agency *Cooperation between the energy sector and the Swedish International Development Agency (Sida); Annual progress report* (Kampala, January 2010)

Rural Electrification Board *Budget 2009/10, Donor Funded Projects 08/09* (Kampala 2009)

Should developing country industrialisation policies encourage processing of primary

STATFA Project, 2009. *Creation of Sustainable Tsetse and Trypanosomiasis Free Areas in East and West Africa – Uganda* Component Progress Report September 2008-September 2009.

Uganda Communication Commission; *UCC Support through the RCDF Programme*, February 2008.

Uganda Electricity Transmission Company Limited *Bujagali Interconnection Project, Executive Summary* (Burnside International Limited 2008)

Uganda Electricity Transmission Company Limited *Bujagali Interconnection Project, Progress Report, March 2010* (Kampala 2010)

Uganda Investment Authority: *Second Quarter Progress Report*, January 2010