THE REPUBLIC OF UGANDA

Budget Monitoring Report
Third Quarter-FY 2011/12

May 2012

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

Table of Contents

ABBREVIATIONS AND ACRONYMS

ACAO	Assistant Chief Administrative Officer
ACCORD	Action for Community Research & Development
ADB	African Development Bank
ADB	African Development Bank
AHIP	Avian and Human Influenza Preparedness and Response Project
AI	Artificial Insemination
AIDS	Acquired Immune Deficiency Syndrome
BCP	Brick Laying and Concrete Practice
BIRDC	Banana Industrial Research and Development Centre
BMAU	Budget Monitoring and Accountability Unit
BMU	Beach Management Unit
Bn	Billion
BoG	Board of Governors
BOQ	Bills of Quantity
BPO	Business Process Outsourcing
BSL	Biosecurity Level
BTVET	Business Technical and Vocational Education and Training
CAO	Chief Accounting Officer
CBMS	Community Based Management System
CBO	Community Based Organisation
CCS	Central Control System
CDOs	Community Development Officers
CFO	Chief Financial Officer
CJ	Capentry and Joinery
CLTS	Community Led Total Sanitation
CMU	Construction Management Unit
CP	Community Polytechnic
DBICs	District Business Information Centers
DDA	Dairy Development Authority
DE	District Engineer

DED	German Development Service
DEO	District Education Officer
DHO	District Health Officer
DLC	District Local Council
DRWHTS	Domestic Rain Water Harvesting Tanks
DSIP	Development Strategy and Investment Plan
DVO	District Veterinary Officer
DWD	Directorate of Water Development
DWO	District Water Officer
DWSCG	District Water and Sanitation Conditional Grant
EAP	Energy Advisory Project
EFT	Electronic Funds Transfer
EGI	E-Government Network Infrastructure
EHMIS	Electronic Health Management Information Systems
EIA	Environment Impact Assessment
ERR	Economic Rate of Return
ERT	Energy for Rural Transformation
FAO	Food and Agriculture Organization
FFB	Fresh Fruit Bunches
FGD	Focus Group Discussion
FY	Financial Year
GEF	Global Environment Facility
GFS	Gravity Flow Scheme
GIS	Geographical Information System
GIZ	German Agency for International Cooperation
GoU	Government of Uganda
GPS	Global Positioning System
Ha	Hectare
HC	Health Centre
HEPs	Hydro Electric Plants
HHs	Households
HLFO	Higher Level Farmers Organization

HLGs	Higher Lower Governments
HSSP	Health Sector Strategic Plan
HV	High Voltage
HYSAN	Hygiene and Sanitation
IBP	Industrial Business Park
ICT	Information, Communication Technologies
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IFMS	Integrated Financial Management System
IICS	Integrated Intelligent Computer System
IPF	Indicative Planning Figure
IT	Information Technology
ITES	Information Technology Enabled Services
ITP	Industrial Technology Park
JICA	Japan International Cooperation Agency
JPF	Joint Partnership Fund
KCCA	Kampala City Council Authority
KDLG	Kalangala District Local Government
KfW	KfW Bankengruppe- German Bank
KfW	German Development Cooperation
KIS	Kalangala Infrastructure Services
KM	Kilometer
KOPGT	Kalangala Oil Palm Grower's Trust
KRDP	Karamoja Roads Development Programme
LAN	Local Area Network
LC	Local Council
LG	Local Government
LGDP	Local Governments Development Programme
LGMSD	Local Government Management and Service Development Programme
LGs	Local Governments
LLGs	Lower Local Governments
LV	Low Voltage

MAAIF	Ministry of Agriculture Animal Industries and Fisheries
MAN	Metropolitan Area Network
MDAs	Ministries, Departments and Agencies
MDG	Millenium Development Goal
MEMD	Ministry of Energy and Mineral Development
MFIs	Microfinance financial institutions
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
MPS	Ministerial Policy Statement
MSC	Microfinance Support Centre Limited
MSI	Millennium Science Initiative
MT	Metric Tonnes
MTAC	Management Training and Advisory Centre
MTEF	Medium Term Expenditure Framework
MTIC	Ministry of Trade, Industry and Cooperatives
MV	Motor Vehicle
MWE	Ministry of Water and Environment
NAADS	National Agriculture Advisory Services
NADDEC	National Animal Diagnostic and Epidemiology Centre
NAGRC&DB	National Genetic Resources Centre and Data Bank
NARO	National Agricultural Research Organization
NBI	National Backbone Infrastructure
NCD	New Castle Disease
NDA	National Drug Authority
NDF	Nordic Development Fund
NGOs	Non Government Organisations
NIPPC	National Industrial Parks Planning Committee

NITA-U	National Information Technology Authority
NMS	National Medical Stores
NRW	Non Revenue Water
NSSF	National Social Security Fund
NUSAF	Northern Uganda Social Action Fund
NWSC	National Water and Sewerage Cooperation
O&M	Operation and Maintainance
OBT	Output Budgeting Tool
OHS	Occupational Health and Safety
OPD	Out Patient Department
OPM	Office of the Prime Minister
OPUL	Oil Palm Uganda Ltd
OVOP	One Village One Product
PAF	Poverty Action Fund
PDA	Personal Digital Assistant
PDU	Procurement and Disposal Unit
PHAST	Participatory Hygiene and Sanitation Transformation
PHC	Primary Health Care
PIBID	Presidential Initiate on Banana Industrial Development
PIP	Public Investment Plan
PISAT	Presidential Initiative Support to Appropriate Technology
PMA	Plan for Modernization of Agriculture
PNFP	Private Not for Profit
PPDA	Public Procurement and Disposal of Public Assets Authority
PPP	Public Private Partnerships
PRDP	Peace Recovery and Development Program
PREEP	Promotion of Renewable Energy and Energy Efficiency Programme
PTA	Eastern and Southern African Trade and Development Bank
PTC	Primary Teachers' College
PV	Photovoltaic
Q1	Quarter 1
Q2	Quarter 2

Q3	Quarter 3
Q4	Quarter 4
Qs	Quarters
RAP	Resettlement Action Plan
RCDF	Rural Communications Development Fund
REA	Rural Electrification Agency
RGCs	Rural Growth Centres
RRH	Regional Referral Hospital
RRP	Rural Roads Programme
RSSP	Road Sector Support Programme
RWSS	Rural Water Supply and Sanitation
SACCO	Savings, Credit and Cooperative Organization
SC	Sub County
SECOM	Safe Environment Conservation Management LTD
SFG	School Facilities Grant
SMEs	Small and medium enterprise
SSTWSP	Support to Small Towns Water Supply and Sanitation
T/I	Technical Institute
TB	Tuberculosis
TBI	Technology Business Incubator
TC	Technical College
TC	Town Council
TS	Technical School
TSUs	Technical Support Units
TVET	Technical Vocational Education and Training
UBOS	Uganda Bureau of Statistics
UCA	Uganda Cooperative Alliance
UCC	Uganda College of Commerce
UCC	Uganda Communication Commission
UCE	Uganda Certificate of Examination
UCE	Uganda Commodity Exchange
UCMS	Unified Communication Messaging System

UCSCU	Uganda Co-operative Savings and Credit Union
UEDCL	Uganda Electricity Distribution Company Limited
UETCL	Uganda Electricity Distribution Company
UIA	Uganda Investment Authority
UIRI	Uganda Industrial Research Institute
UMCS	Unified Messaging and Collaboration System
UNBS	Uganda National Bureau of Standards
UNCST	Uganda National council for Science and technology
UNEB	Uganda National Examination Board
UNICEF	United Nations International Children's Emergency Fund
UNRA	Uganda National Roads Authority
UPE	Universal Primary Education
UPL	Uganda Posts-Limited (Posta Uganda)
URA	Uganda Revenue Authority
URF	Uganda Road Fund
URF	Uganda Road Fund
USD	United States Dollars
USE	Universal Secondary Education
UShs	Uganda Shillings
UTC	Uganda Technical College
UVQF	Uganda Vocation Qualifications Framework.
UWA	Uganda Wildlife Authority
UWSS	Urban Water Supply and Sanitation
VAT	Value Added Tax
VF	Vote Function
VIP	Ventilated Improved Pit latrine
VODP	Vegetable Oil Development Project
VODP2	Vegetable Oil Development Project Phase 2
VoIP	Voice over Internet Protocol
WENRECO	West Nile Rural Electrification Company
WFP	World food Programme
WHO	World Health Organization

WRS	Warehouse Receipt System
WSDF-C	Water and Sanitation Development Facility Central
WSDF-N	Water and Sanitation Development Facility North
WSDF-W	Water and Sanitation Development Facility West
WSS	Water Supply System
WUCs	Water User Committtees

Foreword

Executive Summary

Background

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

This report is based on selected key programmes based on approved plans and significance of budget allocations to the votes within the sector budgets. The focus was on large expenditure programmes, with preference given to development expenditures except in the cases of education, road maintenance and health where some recurrent costs are tracked.

Findings

Financial Performance

(A) Central Government/Ministries

Information extracted from the IFMS as at 31st March 2012 in regard to the approved development budgets showed movements as compared to the original approved budget.

MFPED showed a budget cut of Ushs 2,654,951,107 which is 2% of the original budget and MoICT also experienced a budget cut of Ushs 500,000,000 this is 4.2% of the original approved budget.

Three sectors received supplementary as follows; MAAIF Ushs 375,299,313, 1% of the original approved budget. MoES Ushs 1,470,291,007 this is 2.8% of the original budget and MoWE received a supplementary of Ushs 5 billion being 7% of its original budget.

Ministry of Health, Ministry of Works and Transport and the Ministry of Energy Mineral Development approved budgets have remained the same.

Releases

The average release performance across the sectors was 70% this was below the expected 75% as at the end of third quarter. Most of the sectors were below the average performance with the exception of the Ministry of Energy and Mineral Development at 73% and Ministry of Information and Technology at 77%.

Absorption of funds

The average absorption rate across the sectors was 97%, most of the sector ministries absorption rates were above 80% with Ministry of Water and Environment registering the lowest absorption at 76%.

(B) Districts Local Government

Thirteen districts were monitored namely Maracha, Yumbe, Nebbi, Arua, Kyenjojo, Kasese, Bundibugyo, Mubende, Mityana, Manafwa, Butaleja, Bududa and Budaka. The period under review was July-March 2012 financial year 2011/12. Selected districts were visited mainly to track the domestic development funds released by the MFPED to the districts to verify whether the funds received were promptly remitted to the sectors and ascertain the absorption of funds by the sectors. The overall funds absorption for the FY 2011/12 was analysed for the following sectors; Health, Education, Agriculture (NAADS), Water and Sanitation, Works (rural water and rural roads) and LGMSD.

Releases

Most of the quarters reviewed showed that there is an improvement in the timely release of funds both from the MFPED to the districts and the district's general fund account to the respective sectors. The NAADS sector in most of the districts has received 100% of the approved budget, LGMSD sector most of the districts had received more that 70% of the GoU approved budget and the rest of the sectors release performance across the districts visited was below 70%.

Absorption of funds

There was generally very low absorption of development grant funds received for the period July-March 2012. The low absorption in NAADS was mainly attributed to the delay by the NAADS Secretariat to cashflow statements to the districts. The rest of the sectors had varying reasons but the most outstanding are; delayed procurement process and award of contracts caused by late submission of procurement requests to the procurement officers and delays in the Solicitor General's office; Lack of financial and technical capacity among the local contractors and poor facilitation of various committees at the district.

Agriculture

Monitoring work during Q3 of FY 2011/12 focused on 3 programmes that are financed under the MAAIF vote namely: 1) Avian and Human Influenza Preparedness and Response Project (AHIP) 2) Dairy Development Authority (DDA) 3) Vegetable Oil Development Project (VODP). The key findings and policy inferences are presented below.

Avian and Human Influenza Preparedness and Response Project

The main objective of the AHIP, a World Bank funded project is: "*To substantially reduce the threat posed to the poultry industry and humans in Uganda by Highly Pathogenic Avian Influenza (HPAI); and to prepare for, control and respond effectively to future pandemics and other infectious disease emergencies in livestock and humans"*. The implementation period is August 1, 2008 to June 30, 2012.

By March 2012, the project had received US$4.27 million. About 68 percent of the expenditures were incurred as direct support to districts and 32 percent spent at MAAIF Headquarters. All the sampled districts acknowledged having received the earmarked funding and equipment from MAAIF. Four policy issues were noted for purposes of improving project performance:

1) **Project extension to complete key outputs**: The key output for the Animal Health Component (the new laboratory at NADDEC) has not been achieved yet. *An extension of the project by at least one year is recommended for purposes of completing construction and equipping of the laboratory*.
2) **Limited scope of coverage and impacts**: The resources and equipment received by districts were grossly inadequate for carrying out meaningful surveillance on an ongoing basis. Only 20 to 50 percent of the anticipated surveillance work was covered and only for two quarters.
3) **Sustainability of project interventions and exit strategy**: The district officials unanimously indicated that the AHIP interventions could not be sustained beyond project closure due to funding constraints. *It is recommended that MAAIF quickly designs and implements an exit strategy that ensures sustainability of the interventions.*
4) **Ineffective project design**: The activities that were undertaken in the AHIP were not interlinked to produce common outcomes that would enable the achievement of the project objective. *The design of this and future projects should be refocused to ensure that they are outcome oriented rather than input-process oriented.*

Dairy Development Authority

The mission of DDA is *"To provide development and regulatory services that will ensure increased production and consumption of milk, sustainable and profitable dairy industry sector that will contribute to economic development and improved nutritional standards in Uganda"*

By the third quarter of FY 2011/12, the institution had received a cumulative release of Ugshs 2,825,682,001 or 67 percent of the approved budget (Ugshs 4.26 billion). There was evidence from the monitoring work that some districts and stakeholders had benefitted from DDA activities although the services were reported to be neither satisfactory nor impactful. Five strategic policy issues were identified for enhancing performance of the DDA:

1) **Poor allocative efficiency**: GoU releases to DDA have more than quadrupled over the past 5 years. However, the institution continues to spend on recurrent expenses that may not fast track the achievement of the key performance indicators especially at district/farm level.

2) **Decentralized service delivery**: DDA services remain largely centralized. There is need to fully operationalise the recently set up Mbarara regional office while fast tracking the opening up of regional offices in other parts of the country.

3) **Limited scope of services**: DDA is presently delivering a small fraction of the mandated services, mostly regulatory in nature and less on development aspects. DDA needs to collaborate with other institutions such as NAADS, NAGRC&DB and NARO to enhance service delivery.

4) **Exploitation by Sameer Agriculture Livestock Ltd**: Many stakeholders in the dairy sector complained of exploitation and abuse of set standards by SAMEER which is the largest private firm in milk processing. The BMAU was not able to follow up to get a response from this company due to time constraint. Further monitoring on this issue is recommended.

5) **CESS**[1]: The DDA is supposed to work towards self-sustainability. However, with the abolition of the 1% cess on every litre of milk processed, this has greatly reduced the non-tax revenue and funds available to DDA for programme implementation. This is an issue that requires further review and policy guidance.

Vegetable Oil Development Project

The development objective of VODP is to *"increase the domestic production of vegetable oil and it's by products, thus raising rural incomes for smallholder producers and ensuring the supply of affordable vegetable oil products to Ugandan consumers and neighboring regional markets"*. The first phase of the project is scheduled to close in June 2012. The second phase VODP2 commenced on 21st October 2010. The following strategic policy issues are noted:

1) **Key performance indicators have been achieved**. To a great extent, the key performance indicators and targets of the first phase and the ongoing phase of VODP2 have been achieved. The land acquisition process is on course; the processing mill is in operation; the KOPGT office block was completed and equipped and farmers are receiving credits as scheduled.

2) **Capacity constraints at KOPGT**: With the expanding production by smallholders, KOPGT is constrained in addressing farmers' problems especially with regard to transporting the fresh fruit bunches, offering adequate extension advise and reaching out to the special interest groups that are resource poor.

3) **Land ownership problems**: Part of the public land that was given to OPUL by GoU has land tenure problems arising from settlers that were found on the land. A number of options are proposed for addressing the land ownership problem to avoid political conflicts in the district.

[1] CESS is a synonym for tax, duty, fee that is applied to a particular purpose.

Kalangala Infrastructure Services: The company that was mandated by GoU to deliver infrastructure services in Kalangala to support the VODP intervention has not performed. The main bottleneck has been the delay in signing of the 15 agreements that are necessary for operationalising the project. The GoU needs to expedite the process of signing all the agreements and involve the district leadership in the ongoing negotiations with KIS.

Education

MoES implemented a number of activities during Q1 2011/12. The key findings about Q1 can be summarized under three areas: 1) A number of projects did not achieve their planned output targets for Q1. 2) There were cases of implementation outside the approved performance contract during quarter. 3) There were cases of diversion of funds without approval during the quarter.

- Under project 0943 Emergency construction and rehabilitation of primary schools, MoES planned to construct, rehabilitate and provide furniture to 13 primary schools in Q1. However, MoES disbursed funds to only 5 primary schools out of the planned thirteen primary schools. This therefore means that MoES did not achieve the planned output targets for the quarter. Secondly three schools out of the five reported to have been implemented in Q1 were outside the approved performance contract/work plan for the financial year.

  However, all the four schools monitored under emergency construction and rehabilitation of primary schools received the reported funds in Q1. In 2 of these monitored schools[2] civil works had been completed while in the other 2 schools[3] civil works had not started.

- Under vote function 0702 Secondary education, findings indicated that three projects did not achieve their planned output targets for Q1.[4] It is only project 1092 ADB IV support to USE that achieves the planned output targets. On average therefore, the vote function did not achieve the planned output targets for the quarter. This is likely to impact on the achievement of the annual output targets.

- Secondly the performance report gives cumulative outputs achieved by the end of Q1, as supply of furniture to Sir Samuel Baker-Gulu, conducting emergency repairs of Bugobi H.S. and compensation of land claimants for Adwari S.S. Analysis of the performance contract/work plan shows that two of these reported achieved outputs were not planned outputs for this financial year.[5] In addition findings from the monitoring visit indicated that there were no emergency repairs carried out at Bugobi H.S as reported by MoES. This was therefore a mis-reporting.

- Under vote function 0705 Skills development, findings indicated that MoES planned to procure a consultancy for design of 14 new vocational institutions and renovation and expansion of 2 UTCs (Lira and Elgon) and Unyama NTC under output 070572 during Q1. However, the Q1 performance report is silent on this. Instead it reports that MoES provided

[2] St Joseph Maya P/S and Namutumba C/U P/S

[3] Bbaale Wasswa P/S and Kasengejje P/S.

[4] i.e. Project 1091 Support to USE (IDA), project 1092 ADB IV support to USE and project 0897 Development of Secondary Education

[5] Compensationof land claimants for Adwari S.S and emergency repair of Bugobi H.S.

funds for construction of administration blocks to Kisoro, Kaliiro, Kyamuhunga, Karera and Kasodo BTVET institutions. These were not planned outputs under 070572. This means funds for procuring the consultancy were diverted to construction of administration blocks in the reported institutions. This was therefore a change from the original performance contract. It is not clear whether in doing so MoES followed the Public Finance and Accountability Act particularly Section 39, (1), (2) and (3) on virement within a vote.

- MoES planned to extend a power line to Abilonino Instructors College during this FY 2011/12. The Q1 Performance Report for FY 2011/12 notes that MoES provided funds for extension of power to the college. The college authorities confirm receipt of UShs 302,385,906/= from MoES for that purpose. Findings indicated that the college administration wrote a cheque of Ushs 251,000,000/= to Umeme and diverted up to UShs 50,000,000/= to other college activities. A bank statement showed a book balance of UShs 74,981/= as on 12th January 2012. It was also found that they did not get clearance from PS/ST as per section 39 of the Public Finance and Accountability Act 2003 as amended in 2006 before diverting these funds. Diversion of these funds is therefore likely to impact negatively on the implementation of the planned activity.
- Under project 0971 Development of TVET P.7 Graduate, MoES planned to procure assorted learning tools and equipment for 20 institutions.[6] Pacer Community Polytechnic, one of the planned institutions, received UShs 58,000,000/= to procure tools and equipment. However, findings revealed that these funds were not effectively utilized for that purpose. Administrators of the institution could not produce evidence of tools and equipment procured worth the value of funds received.
- Under Presidential Pledges six institutions were monitored to find out the progress of implementation[7]. Findings indicated that all the six institutions sampled received funds to implement the Presidential Pledges. Progress of civil works varied from institution to institution. While in Kinyogoga S.S. works had not started, in Maruzi Seed works had stalled, while at Ngoma S.S. they were on going. On the other hand in three schools (i.e. Nkoyoyo P/S, Kifamba S.S, and Bubaare) works were at finishes level.

Energy

Financial and physical performance monitoring focused on VF: 0301 Energy Planning, Management and Infrastructure Development because of its large percentage share (34%) of the budget for Vote 017 in FY2011/12. Specifically projects; Energy for Rural Transformation (0325), Rural Electrification (0331), Promotion of Renewable Energy and Energy Efficiency (1023) were reviewed during the Q3 monitoring.

Vote Function 0301: Energy Planning, Management and Infrastructure Development

[6] Under output 070577 Purchase of specialized Machinery and Equipment

[7] Institutions that MoES prioritized to be fulfilled during FY 2010/11.

i) **Project 0325: Energy for Rural Transformation**

By end of Q2, FY2011/12, Ugshs 0.746 billion (34%) was released of the Ugshs 2.199 billion approved budget for the project: 0325. Expenditure performance was 97% (Ugshs 0.725 billion) of the released funds; Expenditure was largely on recurrent expenditure items for instance contract staff salaries, taxes on machinery, furniture and vehicles, social security contributions among others. Expenditure performance was fair as the Government of Uganda (GOU) contribution is a counterpart funding to the donor support which is mainly used for capital development activities.

MoH/ERT project management unit installed solar PV in 31 health centres out of the 70 health units in Luwero district. 19 health centres were visited of which 11 health centres (58%) were very satisfied while 8 health centres (42%) were satisfied with the scheme.

Some of the issues identified during Q3 monitoring were;

- **Delays in project implementation**: Needs assessment in Luwero was conducted in 2003 and actual implementation were in 2011.
- **Delays in issuance of approval/clearances by MoH contracts committee and solicitor general:** This was noted as one of the causes of delays in actual project implementation.
- **Non provision of the Bills of Quantity (BOQ) to the beneficiary local government**: This has reoccurred during the BMAU monitoring exercises. The BOQ enables the local governments to monitor the project implementation.

ii) **Project 0331: Rural Electrification**

The approved budget for the project in FY2011/12 is Ugshs 22.657 billion and by end of Q2, 39% of the approved budget had been released (Ugshs 8.845 billion). 96% of the released funds were expended and expenditure was largely on the general supply of goods and services.

Issues identified during Q3 monitoring:

- **Incomplete transmission lines:** Contrary to Rural Electrification Agency (REA) status performance report as at end of January 2012 that stated that the transmission lines were complete and awaiting commissioning: It was observed at the time of monitoring that transmission lines in Hoima, Namutumba, Nakasongola were incomplete and only those in Mbale, Kamuli and Manafwa had been completed.
- **Resettlement Action Plan (RAP) issues**: The project affected persons needed compensation before they would allow project development on their land; this was common on all the transmission lines monitored.
- **Loss to the contractors**: This arises because payments from GOU are in Uganda Shillings and yet materials are imported using foreign exchange.
- **Illegal power tapping:** This was rampant in Mbale region leading to energy losses.

- **Relocation of transmission lines**: In Hoima district, the contractor had to relocate the erected poles after being informed by UNRA that they were in the road reserve of the new road design of upgrade to tarmac of Hoima- Kaiso- Tonya road.

Construction of Nyagak Hydro Power Plant (HEP) (3.5MW) and Buseruka HEP (9MW): **At Nyagak HEP**, the works were in advanced stages and the expected completion date was April 2012. This according to BMAU would not be achieved as electrical works were 50% complete. The delays in project progress was due to stoppage of work by the project affected persons because of delayed payment of compensation for the additional land and the increased rock quantities for excavation that had not been anticipated.

At Buseruka HEP, construction was in advanced stages and expected completion date is June, 2012. This may be achieved since the biggest challenge of delay in delivery of the foundry machine (this is a machine used to roll steel metal to form the penstock pipe) was solved after its importation from Italy.

iii) Project 1023: Promotion of Renewable Energy and Energy Efficiency Programme(PREEP)

By end of Q2 FY2011/12, the Project had received 40% (Ugshs 0.185 billion) of the approved budget (Ugshs 0.460 billion) of which 97% was expended. Majority of expenditure was on travel inland that accounted for 56% while the rest of the expenditures were mostly on the other recurrent expenditure line items like lubricants and oils, allowances, among others.

Construction of institutional stoves: These were monitored in Uganda College of Commerce-Pakwach and Paidha model primary school. The construction of energy saving stoves was completed in Q2 FY2011/12 and there were reports of reduced time spent cooking, reduction in wood consumption, improved health as a result of reduced smoke emission and general reduction in fuel wood expenditure in both institutions monitored.

Dissemination of solar PVs: GIZ in collaboration with Moyo district installed solar PVs in 16 health centres out of the 38 health centres in the district. There were reports from the beneficiaries of improved service delivery due to the lighting, ability to handle emergencies at any time, reduction in energy expenditures and improved security because of the security lights.

Limited coverage of institutions: Only two institutions were covered (Paidha model primary school and Uganda College of Commerce Pakwach)

Health

Vote 114: Uganda Cancer Institute

Performance was monitored on vote function ‘0857’, ‘Cancer Services’. Under this vote function project 1120 ‘Uganda Cancer Institute Project’ aims to develop the existing Uganda Cancer Institute into a modern cancer treatment centre and provide excellence in cancer care through capital development investment i.e. procurement of medical equipment and capital works. The implementation of the Uganda Cancer Institute Project (1120) was monitored at the Uganda Cancer Institute at Mulago Hospital. Of all the projects being started or completed in the current financial year about half had been completed and the rest were ongoing.

Vote 115: Uganda Heart Institute

Performance was monitored on vote function ‘0858’, ‘Heart Services’. Under this vote function project 1121 ‘Uganda Heart Institute Project’ aims to improve infrastructure and services of the Uganda Heart Institute to provide convenient and affordable heart treatment and undertake necessary capital development expenditures to transform the institute into a centre of excellence. The implementation of the Ugandan Heart Institute Project (1121) was monitored at the Ugandan Heart Institute at Mulago Hospital. The largest share of funds had been spent on the construction of the catherisation laboratory and the civil works were almost complete.

Votes 163 – 175: Regional Referral Hospitals

Progress was monitored at four Regional Referral Hospitals (RRHs) namely: Arua, Gulu, Jinja and Masaka. At the time of the quarter three BMAU monitoring visit, all of the RRH’s visited had received 75 per cent of their capital development budget for financial year 2011/12.

Physical performance of capital development projects at the four RRHs visited was fair. Expenditure performance for capital development varied from 82 per cent at Jinja RRH to 35 per cent at Arua RRH. However, any expenditure figures are only indicative of annual performance as funds are likely to be expended in the remainder of the financial year.

Votes 501-850: Primary Health Care Development Grants

Progress of the PHC Development grants was monitored in fourteen districts and one municipality during the quarter three fieldwork visits. At the time of the monitoring visit twelve districts and the municipality had received at least 60 per cent of their annual capital development budget. Of these, Gomba, Masaka, Sembabule, Kamuli and Namutumba, had received around 70 per cent of their annual capital development budget.

Districts had varied performance in terms of progress of capital development projects for the current financial year. For certain districts such as Oyam district, several projects were still in the procurement process in quarter three of the financial year. There were several districts where civil works were certified for payment but work was of substandard quality, for example the maternity ward constructed at Anyeke HCIV in Oyam District three years ago was not in use due to poor construction.

Industrialization

- Implementation progress at Bweyogerere Industrial Park is rather too slow. It is anticipated that this park will be fully serviced by the end of 2013 more than two years later than the original completion date.
- Over Ushs 1.5 billion is required to accommodate new designs and external works variations for Buhweju value addition Tea Factory. Environmental concerns at the factory include; the lack of waste treatment plant and inadequate forest cover for requisite firewood.
- The two contracts under PIBID have nearly stalled due to inadequate funding. The actual releases during the three quarters were not commensurate to the approved budget and outstanding obligations.
- Five acres had been allocated to UNCST by UIA to establish a National Science Park at Namanve. A total of Ushs.94 million and one million had been paid to UIA as bid acceptance and surveying fees respectively. By March 2012 this land had not been surveyed by UIA in spite of receiving the fees.
- Sustainability and management of research results under millennium science initiatives remains a mystery to the implementing agency. No funds have been committed to this cause when the World Bank funding ends in December 2012.
- Diversion of funds from intended One Village One Product (OVOP) strategic activities: 75% of the development release was transferred to production cleaner centre whose activities are neither in the work plan nor related to OVOP project.
- Implementers of Warehouse Receipt System (WRS) have deviated from the approved project of construction and refurbishment of warehouses to construction of Silos. In addition funds for project work are spent on activities outside the project outputs. Generally, project implementation is slow, unsatisfactory and off target.

Information and Communications Technology

- The National Postal Code and Addressing System is envisaged to enable government to secure the identity of the citizens and will facilitate the planning and implementation of public policies and services, to fight against natural disasters and diseases, reinforce national and international security, crime control, enable better tax levy and improve dispatch emergency services among other benefits to the business community, individuals and postal operators. Implementation of this pilot project in Enetebbe Municipality was slightly behind schedule.
- As of Q3, all GoU National Backbone Infrastructure (NBI) released funds were spent on activities of recurrent nature with general supply of goods and services at 64% of the revised budget.
- Findings of the Forensic and security audits show that rationalization of the NBI/EGI infrastructure as the primary vehicle for all government data will save government significant expenses within the medium and long term.
- By 15th February 2012, a total of Ushs.74.1 million (55% of revised budget) had been received under the District Business Information Centres (DBICs) however; absorption of funds was at 0%.

- Under Uganda Communication Commission, delayed procurement and delivered of internet to benefitting schools was registered. A number of schools reported challenges in effectively implementing the school ICT laboratory project without internet subscription.
- All hospitals visited had not started using the equipment for telemedicine because key users had not been trained and procurement of internet had not been concluded by Uganda Communication Commission.
- Under the establishment of nine ICT laboratories for selected secondary schools by the Ministry of Education and Sports: The structural designs for ICT laboratories did not include construction of ceilings. A number of schools adjusted the specifications with a view of controlling heat in laboratories without formal clearance from the MoES. Lack of clearance was affecting completion of projects. Overall physical progress was above 70% against time progress of over 150%

Roads

- UNRA stations concentrated their efforts on labour based contracts, force accounts and contracts that spilled over from the previous financial year under urgent repairs. Kabale and Moroto UNRA stations funds absorption was over 80% apart but Kampala station consumed dismally at 40.35%. The problem of low absorption of funds in Kampala was majorly contributed to by the contractors who do not have adequate capacity in terms of financial and managerial skills.
- Contracts on the urgent repairs have continued to drag on for a long time due to contractors not being paid on time and poorly scoped works that cannot be implemented under the urgent repairs arrangement. This situation can be blamed on over commitment of programmes especially on the upgraded roads. Additional network did not have adequate funding and UNRA has had to get funds from the major corridor roads and fund payments to contractors. This has lead to underfunding of the road maintenance activities as a whole and the network is now collapsing.
- Regions like Karamoja and Kabale pose a totally different maintenance challenge for the station engineers as they often have to deal with emergencies when it rains and during dry periods, water for road works is not readily available due to competing demands with the communities – people and animals.
- Road construction materials across the country are being depleted especially gravel. UNRA stations have to compete with other contractors for the same resources and alternatives must be sought. For example in Kabale, at the moment, there is only one borrow pit with fairly good material located about 38Km from the station making its haulage to where it is required very costly. Moreover this borrow pit is also used by other contractors like SBI International which is constructing the Kabale-Kisoro road. In Karamoja gravel is becoming depleted and the changing land use has ensured that murram is bought very expensively.
- Most of the equipments at the stations was inherited from MoWT. This old equipment which frequently breaks down and given the nature of the areas (Karamoja - hard to reach and Kabale- mountainous and rocky soils), the response to these breakdowns takes a bit of time.

Further to this there are no funds allowed for maintenance of this equipment and yet stakeholders like the districts frequently request for equipment since UNRA is the only entity with functional equipment.

Water and Sanitation

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

Findings from the monitoring exercises indicate that performance of district water officers (DWOs) is curtailed by procurement constraints, late releases of funds from the center and inadequate staffing at the district levels. Procurement constraints have always resulted in late commencement of works. This is exerbated by late funds releases. When this happens to DLGs that are staff strapped, the situations get worse in terms of effective and efficient use of resources for service delivery.

Without adequate staffing DLGs will not be able to provide the much needed supervision of contractors. Providing technical support to other departments during the procurement process takes a aheavy toll on the Water Engineers/district Water Officers who double as District Engineers as well. It is therefore prudent that the issues of staffing (numbers and technical capacity) be seriously considered as a matter of urgency.

The missing link in sanitation and hygiene for health is consistent and systematic awareness and sensitization campaigns. Without these, one-time-off interventions and or installing hardwares only will not bring about the desired change in household and community sanitation and hygiene status.

ii). Urban Water Supply and Sanitation

Whereas it is the responsibility for local authorities benefiting from urban water projects to secure land rights, they are either failing to do so or do it after losing a lot of time. This does not auger well for smooth and timely project implementation, a factor that results into poor performance of projects.

RECOMMENDATIONS

Financial Performance

- Extra care should be taken by the central government when cutting budgets of district local governments where the districts have already committed the funds.
- The threshold for contracts that are sent to the Solicitor General should be increased to Ushs 100 million; this will substantially reduce the number of contracts sent to the Solicitor General for approval.
- The central government should consider facilitating the procurement committee at the district local government since the local revenues at the districts are not sufficient. This will reduce on the delays experienced by many districts in procuring goods and services and hence improve the budget performance.

- The procurement department at the districts should put in place stringent measures in place to ensure that construction work contracts are awarded to companies with sufficient financial and technical capacity.
- The Ministry of Works and Transport together with the District Service Commission should ensure that each district has at least a full time engineer. This will improve the quality of construction works at the districts and reduce the delay in certifying works.

Agriculture

Education

- MoES should stick to the approved performance contract/work plans for the financial year under all the projects.
- MoES should explain why they diverted funds to implement unplanned activity without clearance from PS/ST. Compensation of land claimants at Adwari S.S. was not one of the planned outputs for FY 2011/12.
- MoES should account for funds claimed to have been spent in Bugobi H.S in Q1 allegedly for emergency repairs while no funds were ever spent at this school by MoES according to the school administration.
- MoES should expeditiously clear the interest of Shs 1,200,000,000/= that accrues to City Star S.S.
- MoES should follow up the issue of diversion of funds at Abilonino Instructors College meant for extension of power to the college. MoES should ensure that school administration recovers all the funds for this activity and ensure that the activity is implemented.
- The Auditor General should do a value for money audit at Pacer Community Polytechnic in Nebbi district to establish whether the learning tools and equipment procured are worth UShs 58,000,000/= received by the institution.
- MoES should put a mechanism in place to ensure that all heads of institutions that receive funds for procurement of tools and learning equipment fully account for them and that there is value for money.
- MoES should follow up with Buikwe district authorities to ensure that all the renovation works at Nkoyoyo boarding primary school on the three structures are completed and the structures handed over to the school.
- MoES should expedite the process of releasing the remaining balances of the Presidential Pledge to Kifamba Comprehensive S.S. so that that the secondary school shifts from the facilities of the primary school to their new site.
- MoES should follow up with Apac district authorities to ensure that the contractor for Maruzi seed secondary school resumes works and civil works are completed.

Energy

ERT cross sector transfers:

The time taken between the needs assessment and project implementations should be reduced to allow for timely implementation of the project. The MoH/ERT project management unit should speed up project implementation soon after the completion of the needs assessment. Accordingly the MoH contracts committee and the solicitor general should issue timely approvals/clearances to enable timely project implementation.

The MoH / ERT project management unit/the contracted company for the solar PV installations should communicate the BOQs and the scope of work to the beneficiary districts for proper monitoring of the project implementation in the district.

Rural electrification:

Rural electrification agency and the relevant local government should carry out more sensitization and mobilization of the community members so that they embrace the project, cooperate as they await compensation from GOU. The GOU should also make an effort to put aside some funds for compensation of the project affected persons.

There should be proper coordination among all the government institutions that implement activities like UNRA, REA, and NWSC. The limited coordination causes delays in project implementation arising from either use of different compensation rates in the same area or re-execution of the work like it was in the construction of Hoima -Buseruka interconnection line.

There is need for government to create a variation of price clause in rural electrification contracts in order to cater for inflation and depreciation of the Uganda Shillings for the transactions that are carried out in foreign currency.

Rural Electrification Agency should consider using Aero Bounded Conductors during transmission lines construction to avoid power tapping which is common in Mbale region.

Promotion of Renewable Energy and Energy Efficiency:

There is need to roll out the PREEP project across the country because of the increasing deforestation in Uganda, acute fuel wood shortage and the limited access to modern energy services in the country especially among the social institutions of health and schools.

GIZ should also timely respond to demand for the solar installations and the energy saving stoves in the social institutions.

Health

i. The Ministry of Health; Ministry for Public Service and the Ministry of Finance must continue to work to increase the PHC wage ceiling so that additional staff can be recruited and remuneration improved. The Ministry of Health and the Ministry of Public Service should investigate the issue of low staffing norms for health facilities. By improving the total remuneration package, not just the wage component, but with the provision of staff accommodation at health facilities there will be a greater incentive for medical staff to work in facilities that are currently struggling to attract staff especially in the hard to reach areas.

ii. Sufficient funds for the non-wage recurrent expenditure must be provided to districts to enable them to carry out vital work such as the delivery of outreach programmes to the local community and monitoring and supervision of capital works. In FY 2011/12 there has been a ban on the procurement of vehicles without explicit authorisation from the Ministry for Public Service; this has adversely impacted on healthcare service delivery as outreach programmes and monitoring and supervision services cannot be adequately carried out.

iii. The Ministry of Health and the National Medical Stores (NMS) must work closely with Health Centres and Hospitals to identify which drugs/sundries are needed to improve the provision of drugs/sundries to these facilities. Where the NMS is not able to provide the required drugs/sundries, a report detailing why this should be submitted to the Health Centre/Hospital and the Ministry of Health. This will help identify the underlying reason as to why the drugs/sundries are not able to be supplied and the issue can be resolved.

Industrial Development

- UIA should ensure that future works and designs are adequately informed by studies to avoid delays in implementation of planned activities.
- For efficient delivery of services, it is critical to urgently fill the vacant posts at UIA to facilitate better and efficient service delivery.
- UIA should inform expiring lease holders at both Bweyogerere and Luzira industrial parks on the next course of action, better still; their plots should be re-allocated to investors with capacity to develop them for industrial purposes.
- The Ministry of Finance should ensure timely release of funds to facilitate completion of outstanding works and kick start full operations of Buhweju Tea Factory.
- Ministry of Finance should provide additional funds to PIBID in order to meet their outstanding contractual obligations and avoid cost overruns.
- The Auditor General should undertake a forensic technical audit of the one village one product (OVOP) project to establish the actual expenditures, and effectiveness.
- The Auditor General should undertake a forensic technical audit to establish the actual expenditures and value for money under Warehouse Receipting System (WRS).
- The MTIC should re-align implementation of both OVOP and WRS to agreed project strategies.
- Having spent over USD 26m on the Millennium Science Initiative (MSI) projects under the UNCST, special arrangements should be made to use the results of the studies in GOU development programmes and policies.

- Government of Uganda should prioritize funding of science based studies and allocate a adequate funds to research in order to facilitate continuity and management of research results.
- Government should deliberately sensitize the population with a view of changing the mindset of trainees in tertiary institution to opt for science and technology based courses as a core strategy for addressing unemployment and providing employable skills.

Information, Communications Technology

- Based on the advantages of the National Postal Code and Addressing system, it is important that this project is rolled out to other areas upon successful implementation of the pilot phase.
- To optimize the benefits of the EGI/NBI, NITA-U should design and implement a change management strategy/campaign and prove to MDAs that the NBI network has the capacity, to provide services currently sourced from private operators. This will translate into application of NBI network as the primary infrastructure for voice, data, Internet and email thus saving government billions of shillings.
- UCC is commended for the achievements so far made in establishment of school ICT laboratories in over 600 secondary schools. The agency should fast track the remaining components including teacher skills enhancement and supply of internet for the benefit of the schools and successful implementation of the program.
- The Ministry of Education and Sports should provide a formal position on variation of designs to cover ceilings for the nine ICT laboratories under construction. Contractors who are behind schedule should be reprimanded and consider demanding for liquidated damages for the time delay.

Roads

- Moroto station operates in an area that is highly insecure and hostile atmosphere. Yet personnel here do not receive any hardship allowance. It is high time that this is recognised and a hardship allowance to cater for their security, food and accommodation is allowed for in order to motivate personnel in these areas.
- There has been a tendency of UNRA procuring the supervising consultant after the contractor is already on site, a situation that has caused performance on certain contracts very hard for the contractors for example on Silver springs – Bweyogere contract. This hardship was in the form of lack of strip maps, proper review or assessment of the interventions leading to delays being instructed by the client. This practice should be avoided and UNRA should ensure that design reviews and supervising consultants are in place way before the Contractors otherwise claim situations may arise out of these delays and lack of proper documents.

Water and Sanitation

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

- **Understaffing in District Water Officers:** the issues of staffing in the DWO and Works department should be addressed urgently to avoid situations where the DWOs are sitting in for Ditrict Engineers and consequently water activities suffering low attention. Where this is due to delays in district's recruitment procedures, contract staff should be recruited as advised by MWE.
- **Sanitation By-Laws:** These should be passed in districts with political support as evidence suggests that the 'stick' approach of penalizing households without latrines is the most effective way of increasing coverage.
- **Social mobilization and sensitization:** While budgeting for the sanitation conditional grant emphasis needs to be increased on continuous community mobilization, education and sensitizarion. Aspects like a Participatory Hygiene and Sanitation Transformation and the safe water chain need to be brought home to communities at community and household levels using diverse mechanisms including places of worship, open air markets etc.
- In order to ensure interventions contribute to the health improvement objective of the sector planning and supervision of software activities need to be stepped up. Social mobilisation needs to be given adequate time. Sanitation/hygiene education needs to be continuous and well integrated in all hardware activities and not a one-time-off activity.

ii). ***Urban Water Supply and Sanitation:***

- **Project site Land Rights acquisition:** This should be resolved by local authorities prior to construction to prevent delays in works and prolonged compensation periods, which may help to increase community ownership once an intervention has been handed over.

CHAPTER 1: INTRODUCTION

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

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

1.1 Process

This report is based on a few selected programmes in the mentioned sectors. Selection is based on a number of criteria:

- The significance of the budget allocations to the votes within the sector budgets, with focus being on large expenditure programmes. Preference is given to development expenditure except in health, education and road maintenance where some recurrent costs are tracked.
- The programmes that had submitted progress reports by the end of quarter one in FY 2011/12 were followed up for verification as they had specified output achievements for the quarter.
- Programmes that had been monitored in previous quarters especially those with major implementation concerns were also revisited.
- Programmes with planned activities in FY 2011/12 were also sampled to assess progress as the FY activities got on the way.

1.2 Limitation of the report

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

1.3 Structure of the report

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

CHAPTER 2: FINANCIAL PERFORMANCE

2.0 Introduction

The financial performance analysis consists of two components namely;

- The development budget performance for the selected sectors as at the end of Q3 for the FY 2011/12.
- A review of the flow and levels of absorption of the development grant funds to the selected thirteen (13) districts[8] as at Q3 for the FY 2011/12.

The financial performance analysis consist mainly of the general budget performance of the selected priority sectors of Agriculture, Education, Energy, Health, Finance; Information Communication Technology (ICT), Water and Environment; and Works and Transport.

2.1 Sectoral financial performance

This section reports on Government of Uganda (GoU) domestic development approved annual domestic development budget, releases and absorption for the period 1st July 2011 to 31st March 2012 for the Ministries of Agriculture Animal Industry and Fisheries, Ministry of Education and Sports, Ministry of Information, Communication and Technology, Ministry of Energy and Mineral Development, Ministry of Health, Ministry of Works and Transport and Ministry of Water and Environment.

2.1.1 Objective

- To provide performance analysis for the funds released to the sectors and absorbed against the approved budget.
- To establish the budget trends of the approved budget of financial years 2010/11 and 2011/12 and identify whether there has been growth/stagnation in the annual district sector development budget.
- To establish the absorption of the funds released by the Ministry of Finance, Planning and Economic Development to the Districts.

2.1.2 Scope and Methodology

The period under review is Q1, Q2 and Q3 for the FY 2011/2012 in respect of the GoU annual approved development grant budget, releases and expenditures. For the trend analysis of the budget growth, the report compares two financial years 2010/11 and 2011/12. The analysis was done mostly using the integrated financial management system (IFMS) data.

---

[8] Arua, Bududa, Budaka,Butaleja, Bundibugyo,Kasese, Kyenjojo, Manafwa,Maracha, Mityana, Mubende, Nebbi and Yumbe

Limitations

IFMS data at the sector level; the ministries transfer funds to projects and this is reflected in the IFMS as an expenditure while in the actual sense it's not an expenditure. For the purpose of this analysis at the sector level transfers have been treated as expenditure.

2.2 Sector Ministries

1) Overall performance for the sectors under review

The release performance of all the sectors under review fell below 75% on prorate basis by end of the third quarter of the FY 2011/12 with the exception of the Ministry of Water and Environment which had a release performance of 77%. The Ministry of Finance, Planning and Economic Development registered the least release performance at 53% as at 31st March 2012.

Regarding absorption, most of the sectors had a relatively high absorption of the funds received for the period July-March 2012 with an absorption rate above 80% as shown in Table 2.1.

Table 2.1: The Sector approved budget, releases and expenditure for the period July 2011-March 2012

VOTE CODE	VOTE NAME	Approved GoU Budget (A)	Release (B)	Expenditure (C)	Release Performance in % (B/A)	Absorption in % (C/B)
008	MFPED	155,484,966,478	82,478,497,560	80,524,406,566	53	98
010	MAAIF	34,950,860,399	22,454,501,646	17,592,934,115	64	78
013	MoES	54,530,308,010	33,981,781,911	29,376,876,705	62	86
014	MoH	19,866,432,001	11,684,574,311	10,038,747,641	59	86
016	MoWT	78,586,660,703	44,161,043,875	34,768,211,715	56	79
017	MoEMD	1,325,162,600,000	969,687,535,187	965,712,502,569	73	100
019	MoWE	76,961,536,974	59,260,317,061	45,269,587,310	77	76
020	MoICT	11,449,937,580	7,169,021,307	7,064,503,670	63	99
Total		1,756,993,302,145	1,230,877,272,858	1,190,347,770,291	70	97

Source: IFMS Data as at 31 March 2012

1) Vote 008: Ministry of Finance, Planning and Economic Development (MFPED)

The total approved domestic development budget for the FY 2011/12 was Ushs 158.139 billion exclusive of taxes but this has been revised to Ushs 155.484 billion as per the IFMS data at 31st March 2012.

The amount released to the MFPED for the period July-March 2012 amounted to Ushs 82.478 billion representing only 53% release performance while the absorption rate was 98% of the funds received. Most of the releases to the projects ranged from 28% to 66% except for a few which were 75% and above and these are listed below.

- 039- GoU-UNICEF Cross Sector Coordination -75%
- 054 -Support to MFPED- 75%
- 059 -Support to Poverty Action Fund -75%
- 939- Strengthening Coordination of Accountability Sector -75%
- 988 -Support to other Scientist -97%
- 1063-Budget Monitoring and Evaluation -75%

The overall absorption stood at 98% with a few projects registering absorption rates below 80%. These include the following;

- 031 -Rural Financial Services -61%
- 939 -Strengthening Coordination of Accountability Sector -36%
- 1111- Soroti Fruit Factory -16%
- 1128 -Value Addition Luwero Fruit Drying Factory -1%

2) Vote 010 – Ministry of Agriculture, Animal Industries and Fisheries (MAAIF)

The amount released to the MAAIF for the period July-March 2012 amounted to Ushs 22.454 billion representing 64% release performance while the sector absorption rate was 78% of the funds received.

Most of the Projects release performance as at 31st March 2012 was in the range of 50% - 80%, the following projects listed below had a release performance below 50%.

- 091 -National Livestock Production -10%
- 1086 -Support to Quality Assurance Fish Marketing -14%
- 92 -Rural Electrification -48%
- 94 -Supervision, Monitoring and Evaluation -49%

Some projects had very low absorption funds received below 50% and these include

- 97 -Support to Fisheries department - 32%

- 1170 -Kabale Tea Factory - 29% and
- 1195 -Vegetable Oil Development Project-Phase II- 27%

3) Vote 013: Ministry of Education and Sports (MoES)

Table 2.2 The Ministry of Education and Sports Projects GoU approved budget, releases and expenditure for the period July 2011 – March 2012

Project Code	Project Name	GoU Approved Budget	Releases July-March 2012	Expenditure for period July-March 2012	Release as a % of the budget 2011/12	Expenditure as a % of Releases 2011/12
176	Child Friendly Basic Education	98,441,107	47,840,000	41,629,085	49	87
191	Rehabilitation Nat. Health Training College	2,260,182,498	1,519,869,000	1,385,442,432	67	91
210	World food programme Karamoja	666,773,260	446,858,000	446,858,000	67	100
897	Development of Secondary Education	9,923,359,029	7,492,496,000	7,276,236,940	76	97
942	Development of BTVET	15,283,515,455	9,725,583,000	9,382,040,928	64	96
943	Emergency Construction of Primary School	1,906,353,435	1,305,989,000	1,038,251,192	69	79
944	Development of primary teacher colleges (PTCs)	7,443,663,687	3,557,401,000	2,453,847,865	48	69
949	ADB III Post Primary Education	1,064,455,894	743,064,000	708,480,000	70	95
971	Development of TVET P7 Graduate	3,528,102,902	2,270,701,000	2,249,698,992	64	99
984	Relocation of Shimoni PTC (0984)	993,263,093	472,347,000	276,863,750	48	59
1091	Support to universal secondary education (USE) (IDA)	3,692,786,224	1,276,824,622	930,728,233	35	73
1092	ADB IV Support to USE (1092)	5,569,411,426	3,877,148,289	2,211,799,288	70	57
1093	Nakawa Vocational Training	900,000,000	675,000,000	675,000,000	75	100

	Institute (1093)					
1136	Support to Physical Education and Sports	1,200,000,000	570,661,000	300,000,000	48	53
		54,530,308,010	**33,981,781,911**	**29,376,876,705**	**62**	**86**

Source: IFMS Data as at 31 March 2012

The MoES total approved domestic development budget for the FY 2011/12 was Ushs 53.060 billion excluding taxes but this had been revised to Ushs 54.530 billion per the IFMS data as at 31st March 2012.

The increment in the budget was as a result of a supplementary budget of Ushs 1.470 billion on project 1091 Support to USE (IDA). The project originally had an approved budget of Ushs 2.222 billion that was later revised to Ushs 3.692 billion.

All the projects under Vote 013 had a release performance in the range of 35%-76%. Project 897 Development of Secondary Schools had the highest release performance of 76% and Project 1093 Nakawa Vocational Training Institute (1093) had the lowest release performance of 35%.

The sector absorption rate stood at 86% with a few projects registering poor absorption of funds as shown in table 2.2 above.

4) Vote 014: Ministry of Health (MoH)

Table 2.3: The Ministry of Health GoU approved budget, releases and expenditure for the period July 2011 – March 2012

Project Code	Project Name	GoU Approved Budget	Releases July-March FY 2011/12	Expenditures July-March 2012	Release as a % of the budget 2011/12	Expenditure as a % of Releases 2011/12
216	District Infrastructure Support Programme	4,081,554,503	1,965,781,016	1,862,269,370	48	95
220	Global Funds for AIDS, TB and Malaria	4,718,934,109	2,196,619,968	1,563,475,336	47	71
224	Imaging and Theatre Equipment	426,016,727	998,070,999	905,789,496	234	91
891	Donor Support to the Health Sector	1,140,944,882	3,333,333,332	3,333,333,332	292	100
980	Development of Social Health Initiative	1,808,667,474	607,964,998	552,867,089	34	91

1027	Institutional Support to MoH	6,368,047,946	1,100,924,333	662,070,903	17	60
1094	Energy for Rural Transformation Programme	366,752,050	113,253,666	57,060,465	31	50
1123	Health Systems Strengthening	621,437,186	1,159,881,000	1,072,824,850	187	92
1148	TB Laboratory Strengthening Project	109,943,184	52,283,999	29,056,800	48	56
1185	Italian Support to HSSP and PRDP	224,133,940	156,461,000	0	70	0
	Total	**19,866,432,001**	**11,684,574,311**	**10,038,747,641**	**59**	**86**

Source: IFMS Data as at 31 March 2012

Most of the projects under vote 014 received less than 60% of the approved annual budget as shown in table 2.3 above despite the release covering three quarters of the financial year.

The overall absorption rate of the funds received stood at 86%. Project 1185 Italian Support to HSSP and PRDP had not absorbed any funds as at 31 March 2012.

5)Vote 016: Ministry of Works and Transport (MoWT)

Project releases and absorption performance as at 30th March 2012

The MoWT total releases as at 30th March 2012 was Ushs 44,161,043,875 which is 56% of the GoU annual approved budget FY2011/12. Project 308 Roads Equipment for District Units received the lowest release at only 2%, while most of the projects' release was in the range of 45%-70% of their projects annual budgets.

The sector absorbed 79% of the funds released as at 31st March 2012. The projects listed below registered the lowest absorption.

- Project 304 -Upcountry Stations Rehabilitation -44%
- Project 936 -Redevelopment at State House Entebbe- 12%
- Project 965- Redevelopment of Kyabazinga's palace at Iganga -32%
- Project 966 -Late General Tito Okello's Residence -32%
- Project 1062- Karamoja Roads Development Programme- 17%

- Project 1173 -Construction of MoWT Headquarters Building -41%

6) Vote 017: Ministry of Energy and Mineral Development (MoEMD)

Table 2.4 The Ministry of Energy and Mineral Development budget, releases and expenditure for the period July 2011– March 2012

Project Code	Project Name	GoU Approved Budget	Releases for the period July-March 2012 FY 2011/12	Expenditure for the period July-March 2012 FY 2011/12	Release as a % of the budget 2011/12	Expenditure as a % of Releases 2011/12
325	Energy for Rural Transformation II	2,198,600,001	1,506,032,377	1,391,734,807	68	92
331	Rural Electrification	19,061,000,000	13,236,170,959	11,348,805,023	69	86
940	Support to Thermal Generation	613,600,000,000	387,434,193,231	387,434,193,231	63	100
999	Power Sector Development Operation	353,999,999	278,428,352	157,798,818	79	57
1023	Promotion of Renewable Energy	460,000,000	368,300,900	223,068,033	80	61
1024	Bujagali Interconnection Project	4,000,000,000	2,916,666,666	2,893,318,666	73	99
1026	Mputa Interconnection Project	14,000,000,000	10,200,000,000	10,189,650,000	73	100
1142	Mgt of the Oil & Gas Sector in Uganda	10,650,000,000	8,116,478,286	7,487,361,706	76	92
1183	Karuma Hydroelectricity Power Project	645,000,000,000	533,750,000,000	533,750,000,000	83	100
1184	Construction of Oil Refinery	14,700,000,000	11,024,999,398	10,404,171,681	75	94
1198	Modern Energy from Biomas for Rural Development	200,000,000	150,000,000	70,328,293	75	47
1199	Uganda Geothermal Resources Devevelopment	300,000,000	224,999,365	100,333,814	75	45

1200	Airborne Geophysical Survey Geo Mapping	339,000,000	256,265,653	155,978,297	76	61
1212	Electricity Sector Development Project	300,000,000	225,000,000	105,760,200	75	47
Total		1,325,162,600,000	969,687,535,187	965,712,502,569	73	100

Source: IFMS as at 31st March 2012

Table 2.4 shows that the sector had a release performance of 73%. Most of the projects had an absorption rate of more than 90%, except projects 1212, 1199, 1198 and 999 that registered absorption rates below 60%.

7) Vote 019: Ministry of Water and Environment (MoWE)

The total original approved domestic development budget for the FY 2011/12 was Ushs 71.961 billion excl. taxes but this has been increased to Ushs 76.961 billion per the IFMS data as at 31st March 2012.

The increment in the budget was as a result of a supplementary budget of Ushs 5 billion on project 163 Support to Rural Water and Sanitation Project. The project originally had an approved budget of Ushs 11.569 billion that was later revised to Ushs 16.569 billion.

Project releases and absorption performance as at 30th March 2012

The sector had received Ushs 59.26 billion, a release performance of 77%. Most of the projects under Vote 019 were in the range of 50% to 86% with only four projects out of twenty seven registering a release performance below 60%. These are listed below.

- Project 137- Lake Victoria Environmental Management -51%
- Project 140- Meteorological Support Plan for Modernization of Agriculture - 51%
- Project 161- Support to small town Water and Sanitation Programme - 59%
- Project 165-Support to Water Resources Management - 53%

The sector spent Ushs 45.269 billion during the period July- March 2012 representing 76% absorption rate. Only four projects listed below had an absorption rate below 80%.

- Project 146 -National Wetland Project Phase II -57%
- Project 169 -Water for production -72%
- Project 1190- Support to Nabyeya Forestry College Project -70%
- Project 1191 -Provision of water source to returned Internally Displaced Pesorns -75%

8) Vote 020: Ministry of Information and Communications Technology (MoICT)

The total original approved domestic development budget for the FY 2011/12 was Ushs 11.949 billion excluding taxes but this has been reduced to Ushs 11.449 billion per the IFMS data as at 31st March 2012.

The reduction in the budget was as a result of budget cuts of a total of Ushs 500 million in the projects shown in table 2.5 below.

Table 2.5 Ministry of Information, Communication and Technology budget cuts

Project Code	Project Name	Revised Budget	GoU Approved Budget	Budget reduction
900	E-Government ICT Policy Implementation	1,396,100,000	1,586,100,000	(190,000,000)
990	Strengthening Ministry of ICT	1,116,000,000	1,216,000,000	(100,000,000)
1014	National Transimission Backbone project	7,517,237,560	7,727,237,560	(210,000,000)
1053	District Business Information Centre	163,000,000	163,000,000	-
1054	National Information Technology Authority Uganda	1,062,450,020	1,062,450,020	-
1055	Business Process Outsourcing	195,150,000	195,150,000	-
	Total	11,449,937,580	11,949,937,580	(500,000,000)

Source: IFMS data as at 31st March 2012

Project releases and absorption performance as at 30th March 2012

The overall release performance was 63% while the absorption of the funds stood at 99% as shown in table 2.6 below.

Table 2.6: The Ministry of Information, Communication and Technology Development budget, releases and expenditure for the period July 2011 – March 2012

Project Code	Project Name	GoU Approved Budget	Releases for the period July-March 2012	Expenditures for the period July-March 2012	Release as a % of the budget 2011/12	Expenditure as a % of Releases 2011/12
900	E-Government ICT Policy Implementation	1,396,100,000	1,248,074,267	1,086,818,342	89	87

990	Strengthening Ministry of ICT	1,116,000,000	709,500,333	666,238,621	64	94
1014	National Transmission Backbone project	7,517,237,560	4,785,456,040	4,785,456,040	64	100
1053	District Business Information Centre	163,000,000	64,199,000	64,199,000	39	100
1054	National Information Technology Authority Uganda	1,062,450,020	268,987,500	368,987,500	25	137
1055	Business Process Outsourcing	195,150,000	92,804,167	92,804,167	48	100
Total		11,449,937,580	7,169,021,307	7,064,503,670	63	99

Source: IFMS data as at 31st March 2012

2.3 Financial Performance of Selected Districts

2.3.1 Introduction and Background

This report provides financial analysis of selected districts monitored. A total of thirteen districts were monitored and the purpose of the monitoring was to assess the budget implementation of the development grants.

2.3.2 Specific Objectives

- To establish the budget trends of the approved budget of FY 2010/11 and FY 2011/12 and identify whether there has been growth/stagnation in the annual district development budget.
- Track the development grant funds released by the MFPED to the districts for the three quarters FY 2011/12 to ascertain whether the funds are promptly remitted to the sectors of health, education, agriculture, water and sanitation; and works for proper execution of their programs.
- Establish the absorption of the funds released.

2.3.3 Approaches and Methodology

The monitoring team held discussions with the following officers/persons: Chief Administrative Officers, Chief Finance Officers and the Heads of departments, who briefed the team on the status and efficiency of the cash flow management at the districts. A number of relevant documents and records were reviewed, which included sector cash books, general fund cash books, vote books, bank statements and bank reconciliation statements.

2.4 Findings

2.4.1: Arua District Local Government

In Arua Local Government, it was established that all the funds sent were fully received by the district on the collection account. The CFO timely remitted all the funds received for the period July 2011- March 2012 to the sectors of health, education, agriculture, roads and water sector.

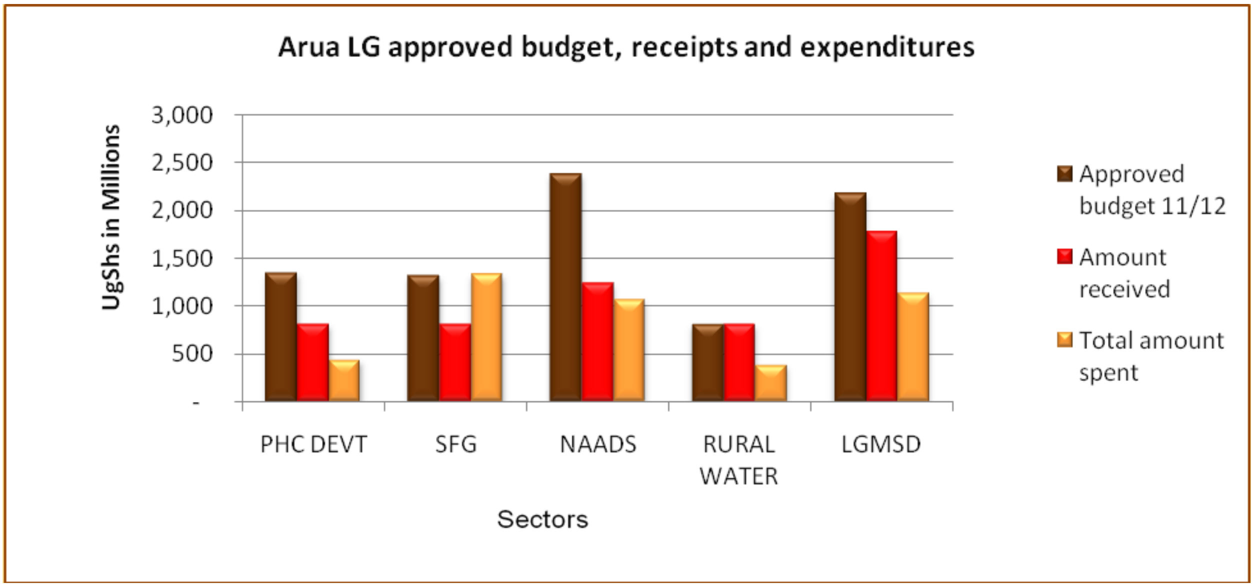
The release performance of PHC development, SFG, Rural water, rural roads, LGMSD and NAADS was 60%, 62%, 100%, 59%, 83%, and 52% respectively as shown in the table 2.7.

Table 2.7 Arua District Local Government Release Performance for the period July 2011- March 2012

Sector	Approved Budget 2011/2012	Amount Received	Release Performance
PHC Development	1,351,779,000	816,161,000	60%
SFG	1,321,080,000	817,442,000	62%
NAADS	2,390,103,000	1,240,903,000	52%
RURAL WATER	812,066,000	812,066,230	100%
RURAL ROADS	2,631,421,000	1,554,208,000	59%
LGMSD	2,177,104,000	1,774,485,000	82%

Source: Arua District

Figure 2.1: Arua District Local Government Budget Performance



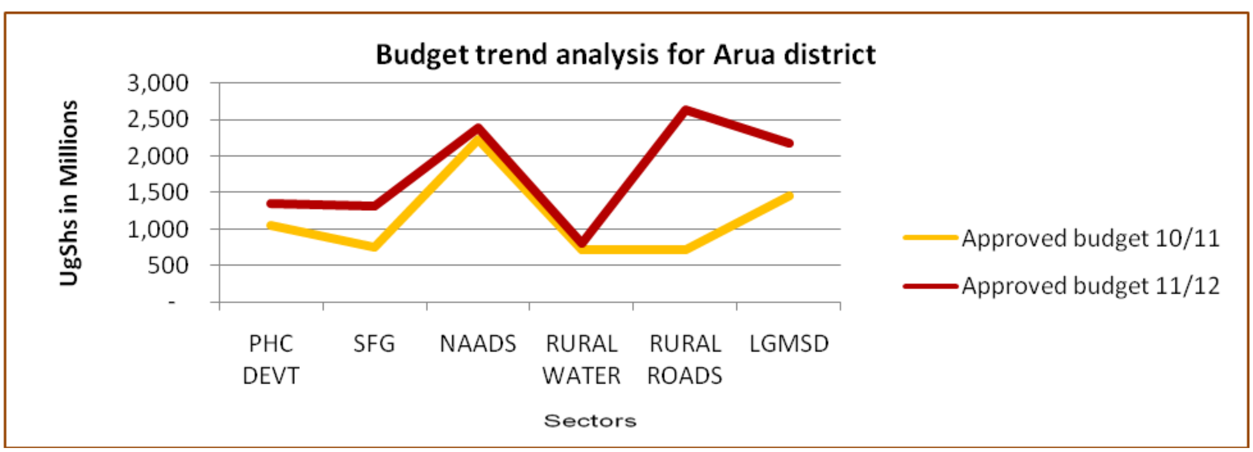
Source: Arua District

Regarding absorption of funds, there was low absorption of funds in the health sector as it had not spent most of the funds remitted for the period July 2011- March 2012. The sector received a total of Ushs 816,161,000 as at 31st March 2012 and had a balance from the previous financial year of Ushs 358,104,309 but only Ushs 439,666,366 was spent by the time of the monitoring visit. Regarding rural water, absorption was still low but the sector had already awarded all the contracts and works were on going.

SFG had a balance that was meant for retention and on-going works of constructing latrines.

PHC Development, the contracts were awarded in early March 2012 and these were for the construction of Out Patients Department and staff houses. At the time of the monitoring, all contractors were on the ground and work was ongoing.

Figure 2.2: Arua District Budget Trend



Source: Arua District

The budget trend for Arua district shows an upward trend for the financial years 2010/11 to FY 2011/12 as shown in figure 2.6 above.

Challenges

- The certification of construction works takes long since the signatories are always out of station. The District Health Officer, CFO, CAO and the engineer all have to sign and auditors have to be on the ground for the verification exercise to be conducted. This is a big issue because it's hard to get all officers at the same time.
- Increasing prices of construction materials has forced some contractors to abandon work. The district had one contractor who abandoned construction of a staff house. At the time of planning, a bag of cement cost Ushs 26,000 and the average cost of a brick was Ushs 50 whereas at the time of the monitoring visit, the prices were Ushs 35,000 for a bag of cement and Ushs 100 for a brick.

2.4.2: Budaka District Local government

The district received the funds for rural water and sanitation, School Facilitation Grant (SFG) National Agricultural Advisory Services (NAADS), Primary Health Care (PHC) development and for the district rural roads which were timely remitted to the sectors for the period July 2011-March 2012. All the funds received by the district were timely remitted to the sector.

The release performance of PHC development, SFG, Rural water, rural roads, LGMSD and NAADS was 62%, 64%, 65%, 69%, 71%, and 100% respectively. The release performance is relatively fair with most of the projects receiving more than 60% of the approved budget.

Table 2.8: Budaka District Local Government Release Performance for the period July 2011-March 2012

Sector	Approved Budget 2011/12	Total Receipts	Release Performance
PHC Development	479,159,000	299,054,000	62%
SFG	680,535,000	433,974,000	64%
NAADS	1,024,107,000	1,024,106,000	100%
RURAL WATER	597,845,000	388,540,000	65%
RURAL ROADS	434,817,000	300,946,842	69%

LGMSD	311,554,000	221,950,000	71%

Source: Budaka district headquarters.

2.4.3: Bududa District Local Government

The district received funds for the three quartesr for the sectors under review and they were remitted to the respective sectors in time. At the time of monitoring, most of the funds received were being utilized.

The release performance for this financial year was not commendable across all sectors as shown by the performance rates with rural roads receiving the least at 50% as shown in the table 2.9.

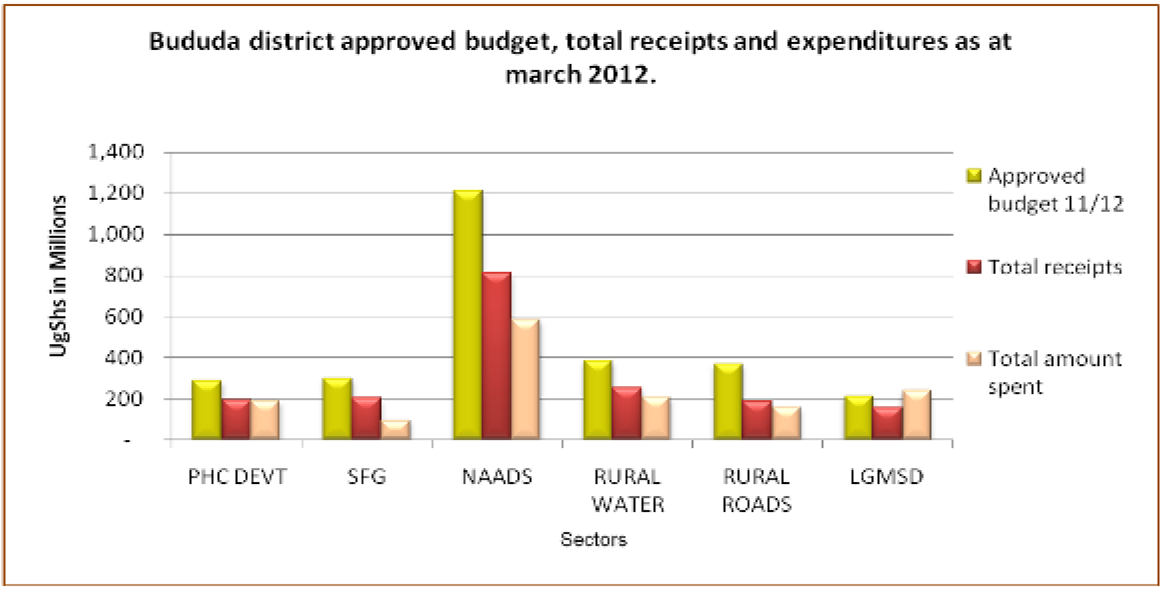
Table 2.9: Bududa District Local Government Release Performance for the period July 2011-March 2012

Sector	Approved Budget 11/12	Total Receipt	Release Performance
PHC Development	288,756,000	190,855,000	66%
SFG	300,605,000	201,561,000	67%
NAADS	1,212,923,000	808,615,000	67%
RURAL WATER	384,264,000	249,189,000	65%
RURAL ROADS	367,473,970	185,139,950	50%
LGMSD	212,734,000	151,551,000	71%

Source: Bududa District headquarters.

The absorption rates for PHC development, SFG, Rural water, Rural roads LGMSD and NAADS were; 74%, 47%, 56%, 20% 100%and 72% respectively. The poor absorption rates for rural roads, SFG and Rural water were attributed to the staffing gap in the procurement department. The district lacks senior procurement officer and this has caused serious delays in procuring services.

Figure 2: Bududa District LG Budget Performance



Source: Bududa District Headquarters.

Challenges

- The district experienced heavy rains during the course of the financial year 2011/12 and this severely delayed constructions and road works.

- Lack of financial and technical capacity of most of the local contractors had caused delays in implementation and in some instances some contractors had abandoned the works.

2.4.4: Bundibugyo District Local Government

The district received funds for the three quarters for the sectors under review and they were remitted to the respective sectors in time. At the time of monitoring visit, most of the funds received had not been utilized.

The release performance of PHC development, SFG, Rural water, rural roads, LGMSD and NAADS was 60%, 64%, 150%, 107%, 71%, and 78% respectively.

The release performance for this financial year was commendable across a number of sectors as shown in the table 2.10.

Table 2.10 Bundibugyo District Local Government Release Performance for the period July 2011-March 2012

Sector	Approved Budget 2011/12	Total Receipts	Release Performance
PHC DEVT	150,458,000	104,966,000	70%

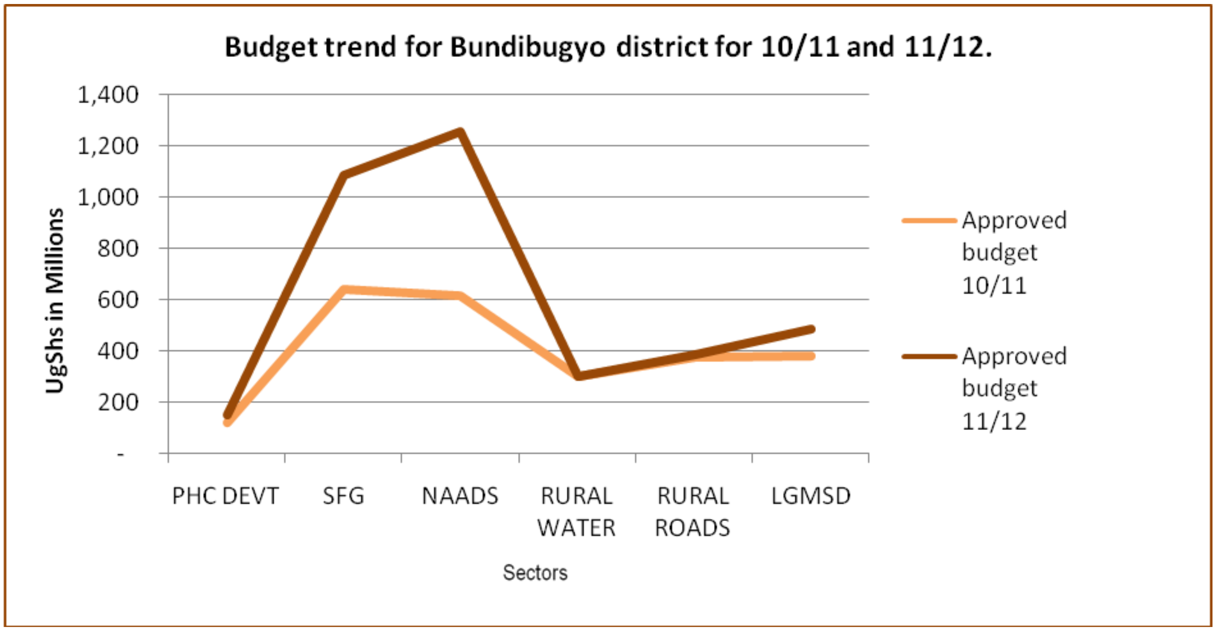
SFG	1,085,293,000	744,196,000	69%
NAADS	1,253,306,000	982,352,000	78%
RURAL WATER	301,106,000	451,660,000	150%
RURAL ROADS	385,181,000	411,531,207	107%
LGMSD	483,875,000	344,711,000	71%

Source: Bundibugyo local government.

The absorption rate in most of the sectors was generally low and this was attributed to the contracts committee which was not fully constituted.

The budget trend for Bundibugyo local government shows an upward trend for the financial year 2010/11 to 2011/12 as shown in the figure 2.4.

Figure 2.4: Bundbugyo District Budget Trend

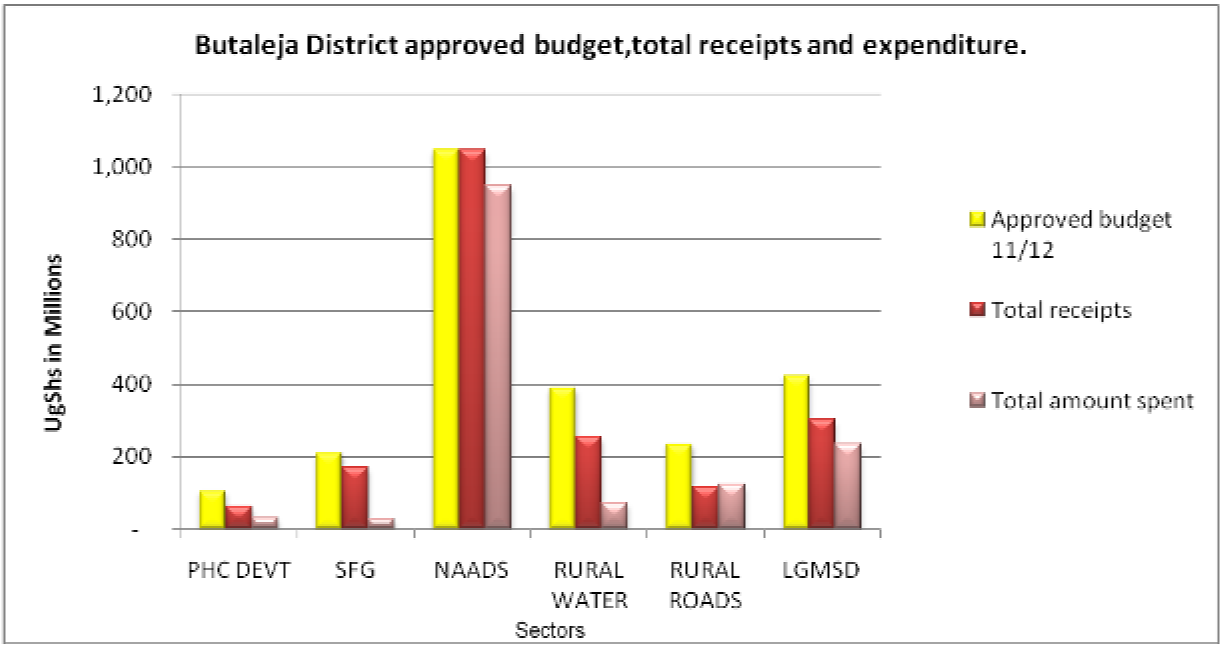


Source: Budibugyo local government.

2.4.5: Butaleja District Local Government

The district received the funds for rural water and sanitation, School Facilitation Grant (SFG) National Agricultural Advisory Services (NAADS), Primary Health Care (PHC) development and for the district rural roads which were timely remitted to the sectors for the period July 2011-March 2012. All the funds received by the district were timely remitted to the sectors.

Figure 2.5: Butaleja District Local Government Budget Performance



Source: Butaleja Distric headquarters.

The release performance of PHC development, SFG, Rural water, rural roads, LGMSD and NAADS was 60%, 81%, 65%, 50%, 71%, and 100% respectively. This was a poor release performance since by the third quarter, districts should have at least 75% of the approved budget and this was not the case apart from NAADS and SFG.

The absorption rates for PHC development, SFG, Rural water, rural roads, LGMSD and NAADS were; 49%, 16%, 28%, 105% 78%and 91% respectively. The poor absorption rates for PHC development, SFG and Rural water were attributed to the delayed procurement process, where the contracts were awarded February 2012. It was also highlighted that the projects costing U shs 50million and above take long to be approved by the Solicitor General. It takes at least two weeks for those contracts to be approved and at most one month thus contributing to the delays in implementation.

Table 2.11shows the absorption capacity of the sectors as at the time of the monitoring visit.

Table 2.11 Butaleja District LG Absorption Performance for the period July 2011-March 2012

Sector	Approved Budget 2011/12	Total Receipts	Total Amount Spent	Absorption

PHC DEVT	104,895,000	62,782,000	30,854,550	49%
SFG	211,323,000	172,185,000	27,850,442	16%
NAADS	1,045,906,000	1,045,906,000	948,996,023	91%
RURAL WATER	388,735,000	254,096,000	71,904,926	28%
RURAL ROADS	233,527,394	117,319,848	123,360,259	105%
LGMSD	423,178,000	301,470,000	236,232,500	78%

Source: Butaleja District headquarters.

The District had a total unspent balance as at 30 June 2011 of Shs 816,127,564. This was attributed to the floods the district suffered during the period March to May 2011 where construction works were put to a halt.

The district sought authority to spend the funds in the subsequent year and this was granted from the Accountant General. All the funds carried forward were spent by 31st December 2011 and accountabilities provided.

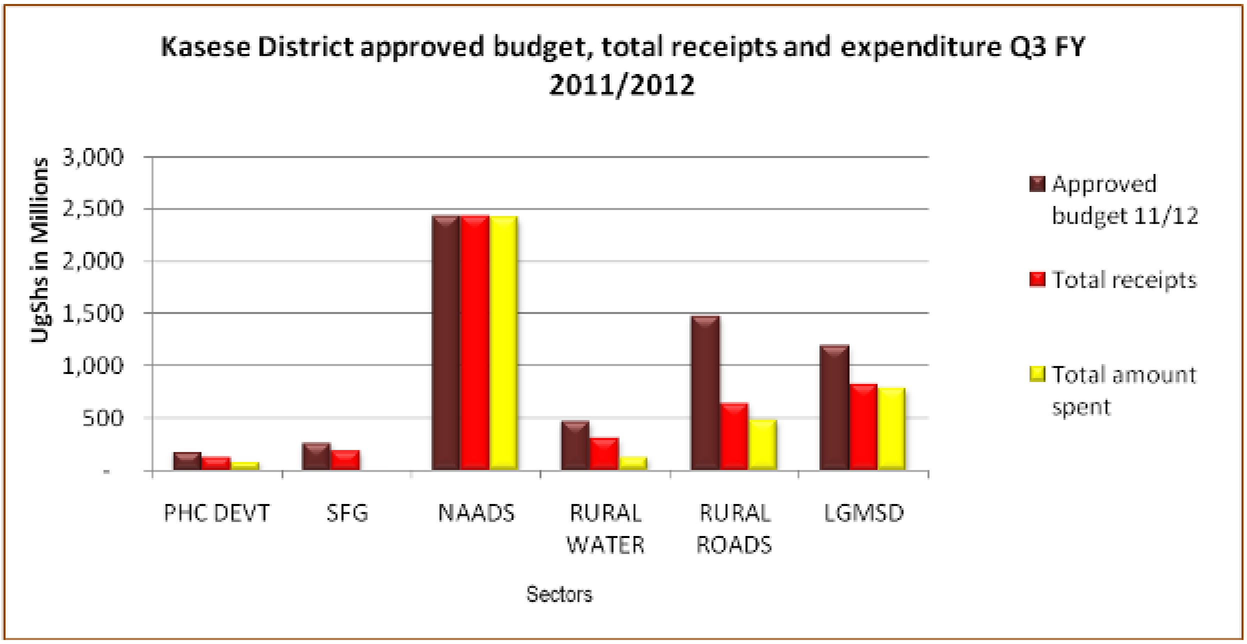
Challenges

- The lack of capacity of local contractors has adversely affected the budget implementation of the development grants.
- The accountants at the district are not facilitated to monitor the financial performance of the development grant.
- Construction works at the district which is funded directly from the ministries are usually priced higher than the ones that are contracted locally for the same job. This inconsistency has caused contractors shying away from undertaking works that are contracted locally.

2.4.6: Kasese District Local Government

The district received the funds for rural Water and Sanitation, School Facilitation Grant (SFG) National Agricultural Advisory Services (NAADS), Primary Health Care (PHC) development and for the district rural roads which were timely remitted to the sectors for the period July 2011-March 2012. All the funds received by the district were received by the sectors.

Figure 2.6: Kasese District Local Government Budget Performance



Source: Kasese District

The release performance of PHC development, SFG, Rural water, rural roads, LGMSD and NAADS was 70%, 70%, 66%, 43%, 69%, and 66% respectively. This was a fair release performance apart from rural roads which had the lowest at 43%.

The absorption rates for PHC development, SFG, Rural water, LGMSD and NAADS were 69%, 8%, 43%, 95% and 100% respectively. The poor absorption rates for SFG and Rural water were attributed to the lengthy procurement process and the late award of contracts which led to the late start of the projects' implementation. The Assistant Procurement officer noted that the user department's delay to submit their procurement requisition forms. For example, the rural water procurement plan was submitted to them on the 26th of February 2012 and this delays the whole process.

The district had 40 contracts to award and 20 of these were awarded on the 28th of November 2011, 12 of them on the 28th of December 2011, and the remaining 8 were awarded on 21st February 2012. The procurement officer also complained that the Solicitor General takes between two weeks and a month to have contracts approved.

Challenges

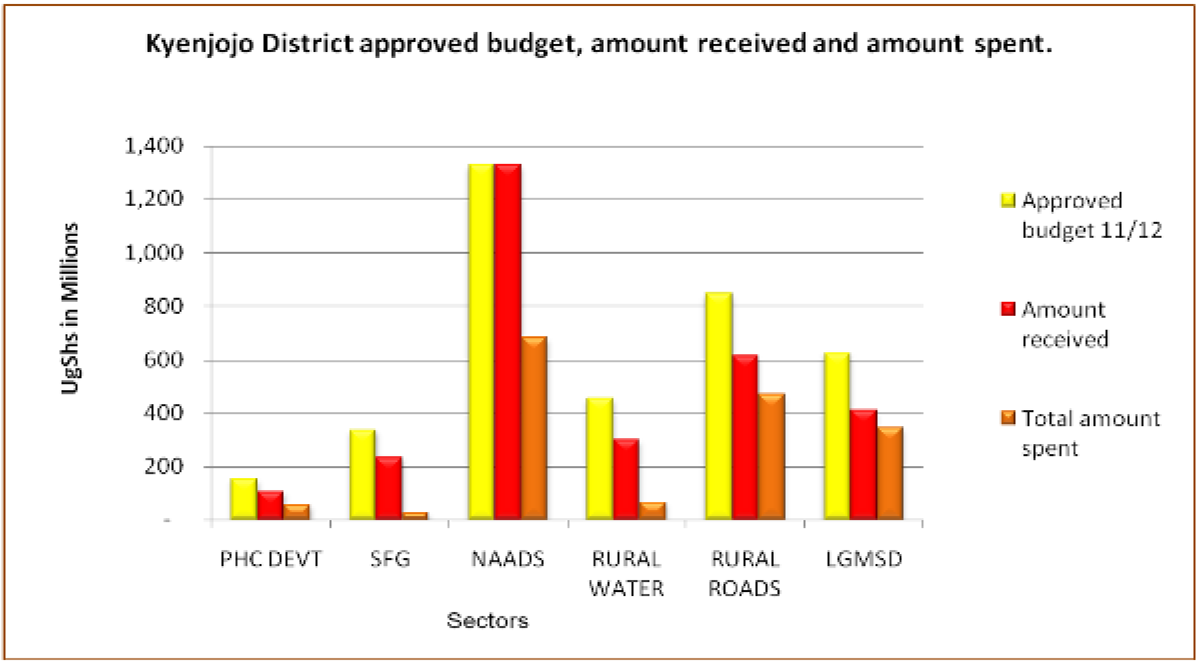
- The district has had challenges with budget cuts which affect work plans and implementation.
- Lack of capacity of the contractors to finance the works. Most of the contractors who were awarded the tenders lacked the financial and technical capacity to timely handle the project. They normally wait to get payments before commencing the actual implementation of the projects. Some of them get multiple contracts from a number of

districts and when they receive payment from one district, they use the funds for financing activities in another district.

2.4.7: Kyenjojo District Local Government

The local government received all the GoU development grants relating to the FY 2011/12 for all the sectors under review which were timely remitted to the spending units of PHC development, SFG, Rural water, rural roads, LGMSD and NAADS. Figure 2.7 shows the amount received and amount spent by the time of the monitoring visit.

Figure 2.7: Kyenjojo District Local Government Budget Performance



Source: Kyenjojo District

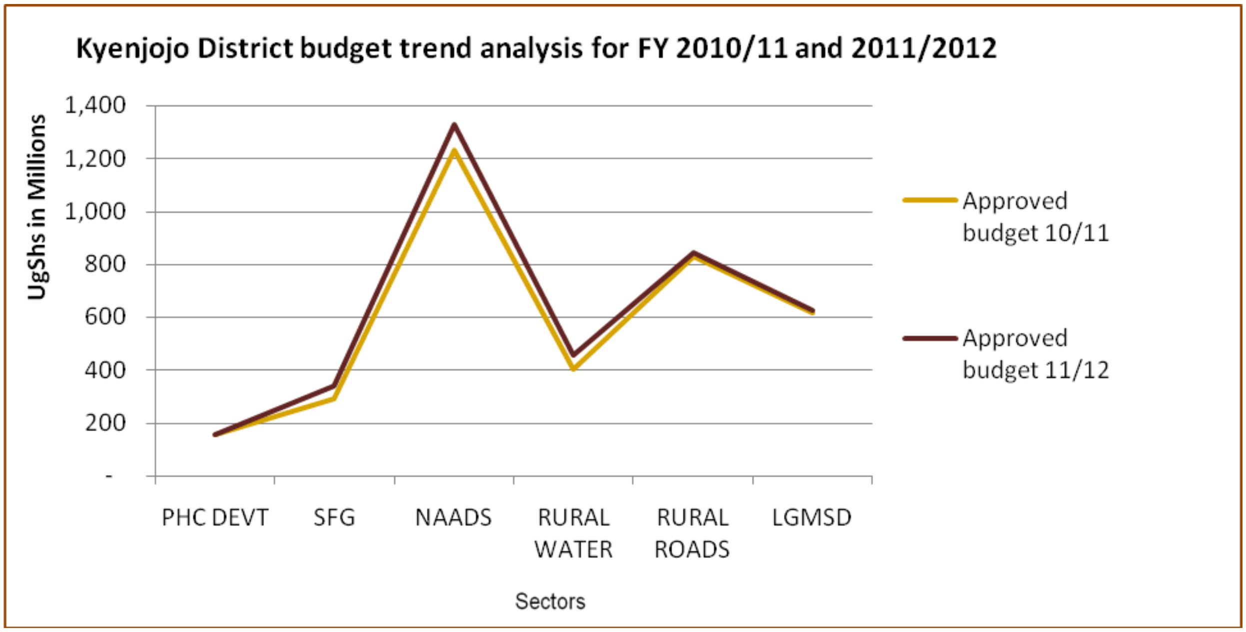
The release performance of PHC development, SFG, Rural water, rural roads, LGMSD and NAADS was 70%, 70%, 66%, 73%, 67%, and 100% respectively. They had huge balances at the end of last financial year 2010/11 and this was attributed to the contractors that abandoned work. The district was therefore unable to absorb those funds.

The absorption rates were very low for PHC development, SFG, Rural water, and NAADS at; 53%, 11%, 22% and 51% respectively. The poor absorption rates were attributed to the lengthy procurement process that led to the late implementation of the projects. The procurement officer was new and according to the CFO, this also contributed to the delays in the procurement process.

Under Rural water, the district engineer reported that they had awarded almost all contracts and most of the projects had their finish date as 14th April 2012.The equipment for drilling was already on ground and ready to start on the work at the time of the monitoring visit.

The budget trend for Kyenjojo district showed an upward trend as illustrated in the graph below

Figure 2.8 Kyenjojo District LG Budget Trend



Source: Kyenjojo District

Challenges

- The DHO reported two sub counties (Nduzi S/C and Nyantungo S/C) which do not have any health center, they are therefore under pressure to provide the services in these sub counties. Three other sub counties have HC II as the only health facilities.
- The local contractors available lack capacity financially yet the local governments were stopped from making advance payments.
- The district usually suffers from budget cuts at the end of the financial year yet contractors usually finish in time and expect full payment.
- The district makes different reports to stakeholders which is time consuming.
- Fourth quarter is usually delayed, the district experiences difficulty in paying contractors who finish their works on time.
- The district has very old vehicles inherited from its mother district, they cannot purchase vehicles because of the ban and this has negatively affected monitoring and supervision work.
- A standard 5% operational fund on the developmental grants according to the CFO is very unrealistic particularly when the principal amount of the grant is small.

- The works department is inadequately staffed with only basic staff. The district has no engineering assistant in charge of buildings. Many building are constructed with no supervision.
- The district received insufficient funds for earth works/feeder roads amounting to Ushs 390 million. The district managed to do only 10% of the budgeted 351.4 Kms of feeder roads.

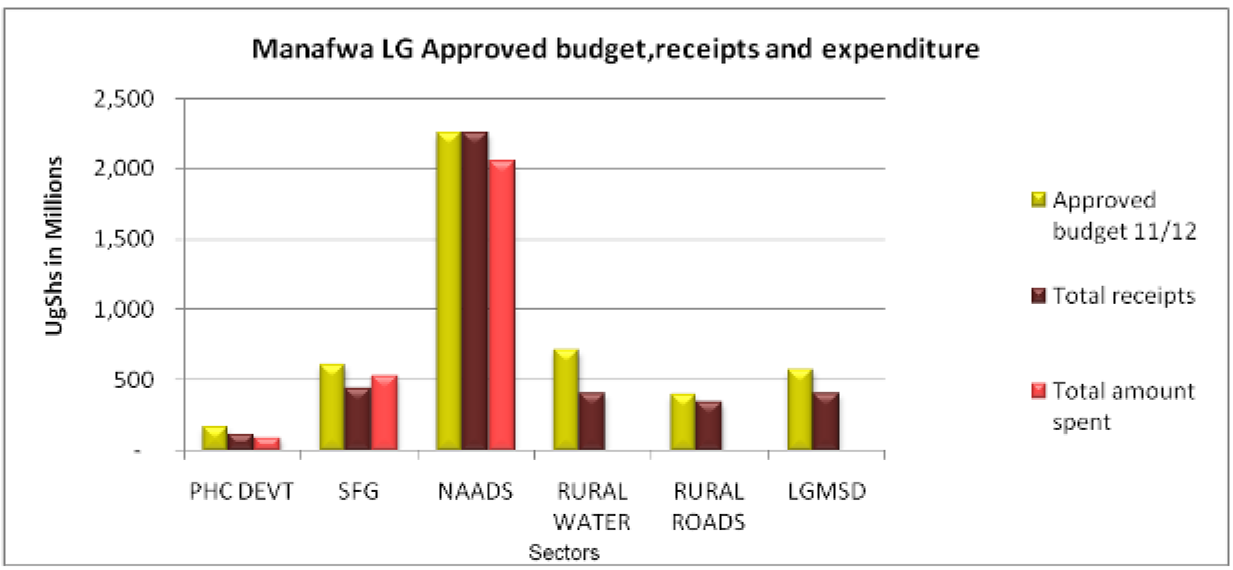
2.4.8: Manafwa District Local Government

The district received funds for the three quarters for the sectors under review and they were remitted to the respective sectors in time.

The release performance of PHC development, SFG, Rural water, rural roads, LGMSD and NAADS was 73%, 72%, 58%, 86%, 71%, and 100% respectively.

The release performance for this financial year was commendable across a number of sectors as shown by the performance rates apart from rural water which received 58%.

Figure 2.9 Manafwa District LG Budget Performance

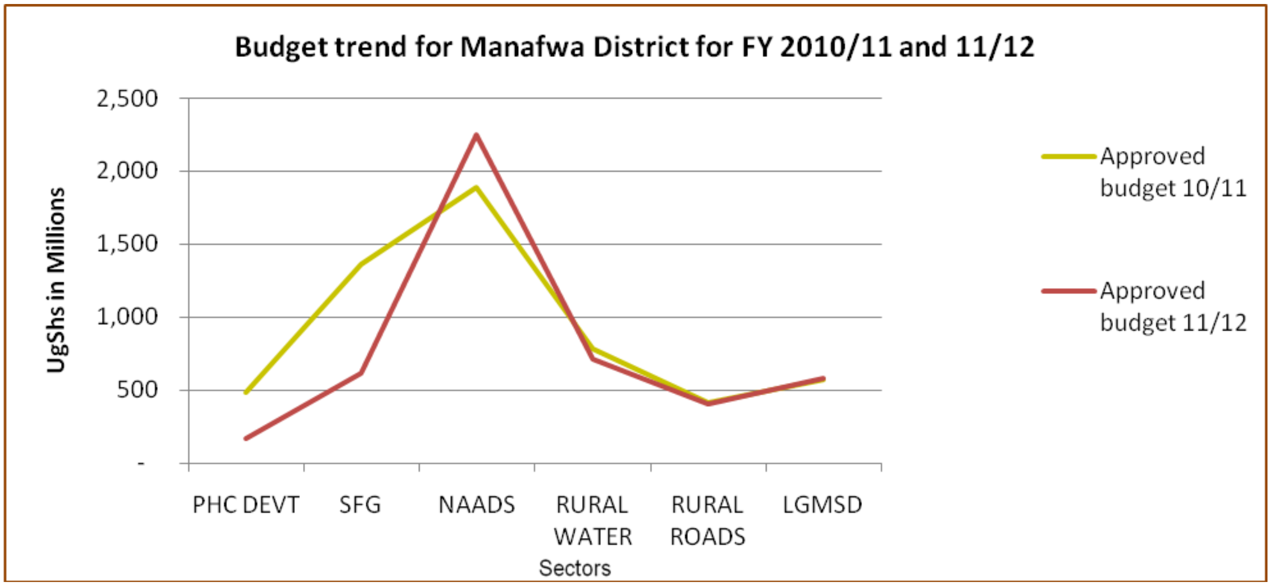


Source: Manafwa local government headquarters.

It was established that NAADS and SFG had balances. The NAADS balance was attributed to the late release and this delayed implementation whereas the SFG balance was for construction works for various schools within the district.

It was also highlighted by the district engineer that most of the construction works for SFG were under way and that the rains also affected the construction process.

Figure 2.10 Manafwa District LG Budget Trend



Source: Manafwa local government headquarters.

Figure 2.10 shows a downward trend across most sectors apart from NAADS in Manafwa district.

Challenges

- The district receives heavy rains which damages roads and also affects construction works.
- The district received inadequate funds for periodic maintenance of roads. This financial year the district received only Ushs 330 million with which it worked on 7 Kms of the road network.

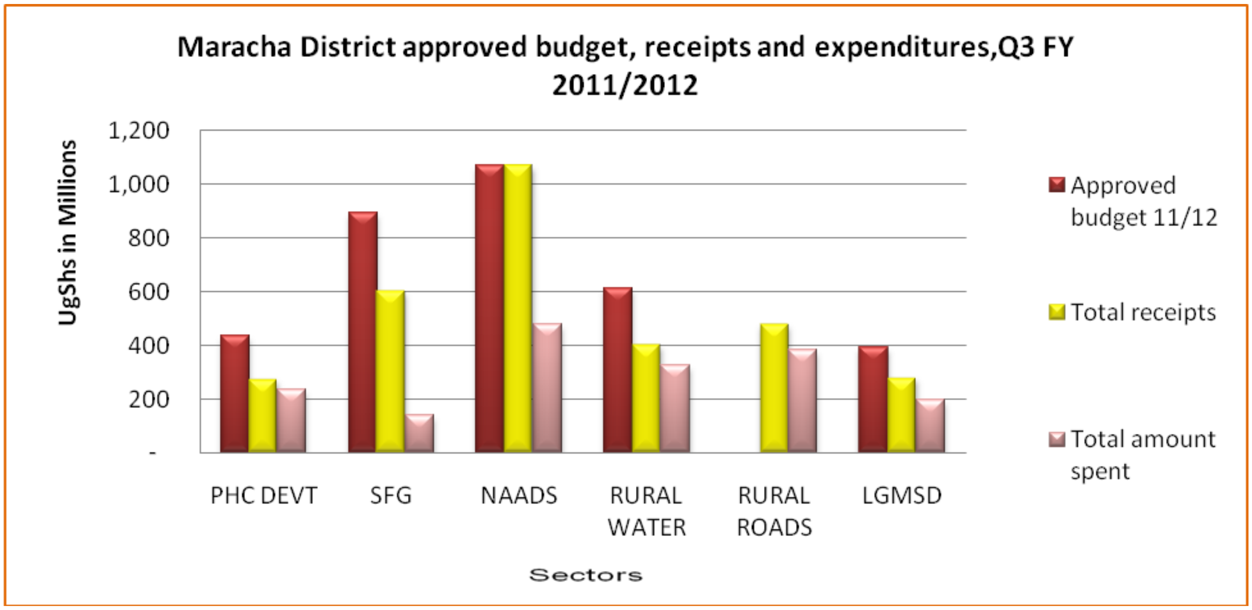
2.4.9: Maracha District Local Government

The district received funds for the three quarters for the sectors under review and they were remitted to the respective sectors in time. At the time of the monitoring, most of the funds had been utilized. PHC Development, rural water, rural roads and the Local government management and service development programme (LGMSD) had absorbed most of the funds they had so far received with 86%, 81%, 79% and 70% absorption rates respectively while NAADS and the school facilities grant (SFG) registered a very low absorption of 23% and 45% respectively.

It was established that the low absorption rate in SFG was due to the delay in the procurement process. They had a number of contracts that were above Ushs 50 million and these had to be approved by the solicitor General's office. We were informed that these contracts take too long at the solicitor General's office.

In NAADS, the low absorption was caused by the delays in receiving cash flow statements which usually come from NAADS secretariat. PHC development had the best performance and this was because it was working on projects that had started the previous financial year. For rural water and rural roads, all contracts were awarded and work was on going.

Figure 2.11 Maracha District Local Government Budget Performance



Source: Maracha District

Most of the sectors had not received 75% of the approved budgets of the respective sectors as expected in the third quarter. This was one of the greatest challenges since by third quarter sectors had awarded all contracts and where insufficient funds were received, the contractors were reluctant to commence work.

Table 2.12 Maracha District LG Release performance for period July 2011 – March 2012

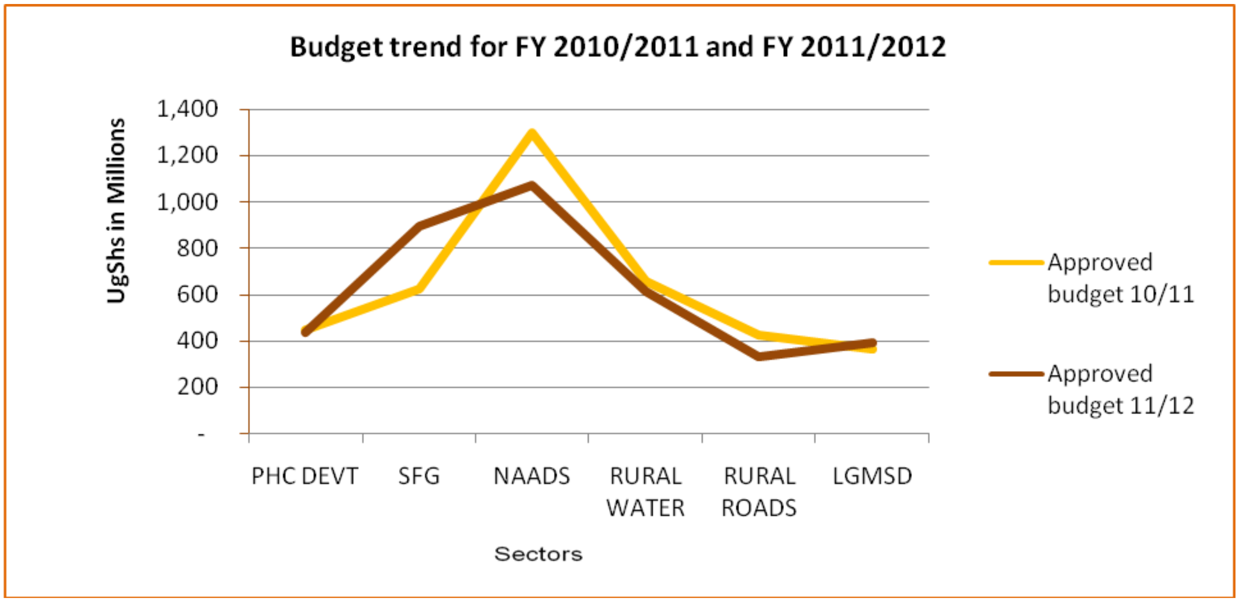
Sector	Approved Budget 11/12	Total Receipts	Release Performance
PHC Development	437,566,000	274,822,000	63%
SFG	894,914,000	602,983,000	67%
NAADS	1,072,159,000	1,072,158,000	100%
RURAL WATER	614,783,000	401,886,000	65%

LGMSD	393,592,000	280,393,000	71%

Source: Maracha LG.

The budget trend for Maracha for FY 2010/11 to FY 2011/12 showed a generally downward trend as shown infigure 2.2.

Figure 2.12 Maracha District Budget Trend



Source: Maracha District

Challenges

It was pointed out that local Governments are usually not informed about the budget cuts. This lack of information of the budget cuts has greatly affected implementation especially where contracts had alredy been awarded.

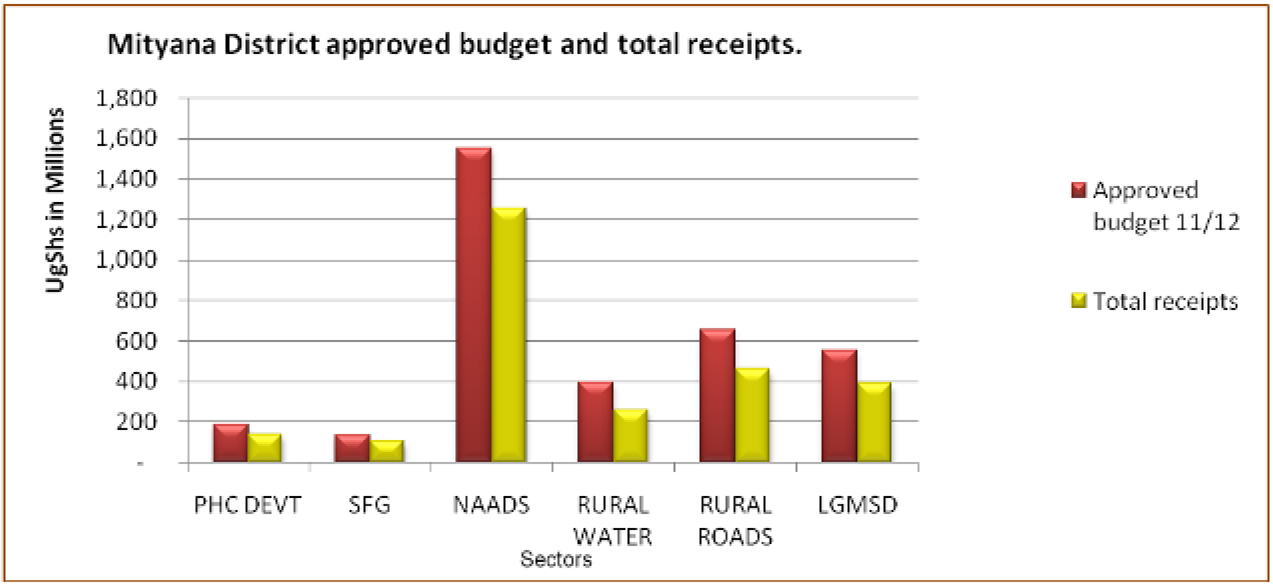
The Solicitor General's office takes long to approve contracts that are above a contract value of more than Ushs 50 million, this delays implementation and causes low implementation.

2.4.10: Mityana District Local Government

The district received the funds for rural water and sanitation, School Facilitation Grant (SFG) National Agricultural Advisory Services (NAADS), Primary Health Care (PHC) development and for the district rural roads which were timely remitted to the sectors for the period July 2011-March 2012. All the funds received by the district were timely remitted to the respective sectors.

The release performance of PHC development, SFG, Rural water, rural roads, LGMSD and NAADS was 75%, 79%, 66%, 71%, 71%, and 81% respectively. This was a fair release performance as compared to other local governments.

Figure 2.13 Mityana District LG Budget Performance



Source: Mityana Local Government Headquarters.

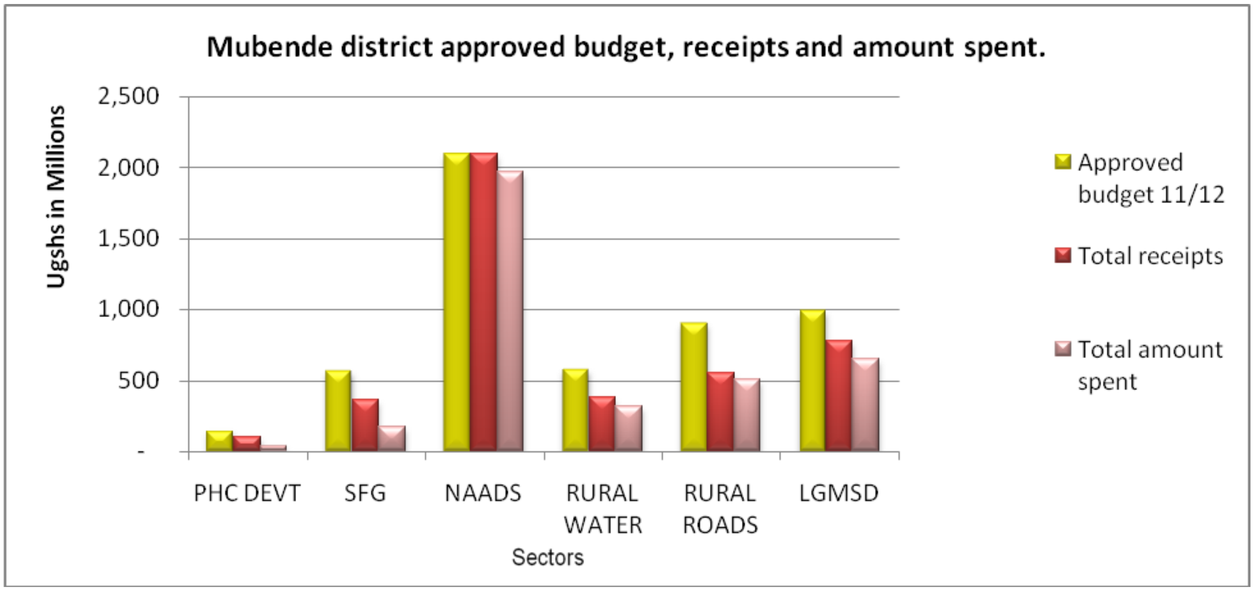
Challenges

- Budget cuts by the MFPED on the development grants has greatly affected the budget implementation particularly construction works where the district has already awarded contracts and commitments are made.
- Un-communicated details of direct transfers of funds to the General Fund account by the line ministries. This delays the release of the money to the relevant sector and hence affects budget implementation.
- Transport is still a major problem affecting monitoring of programs. This is because the government made a ban on purchase of vehicles. Some of the sectors do not have any means of transport.

2.4.11: Mubende District Local Government

The district received the funds for rural water and sanitation, School Facilitation Grant (SFG) National Agricultural Advisory Services (NAADS), Primary Health Care (PHC) development and for the district rural roads which were timely remitted to the sectors for the period July 2011-March 2012. All the funds received by the district were received by the sectors.

Figure 2.14 Mubende District LG Budget Performance

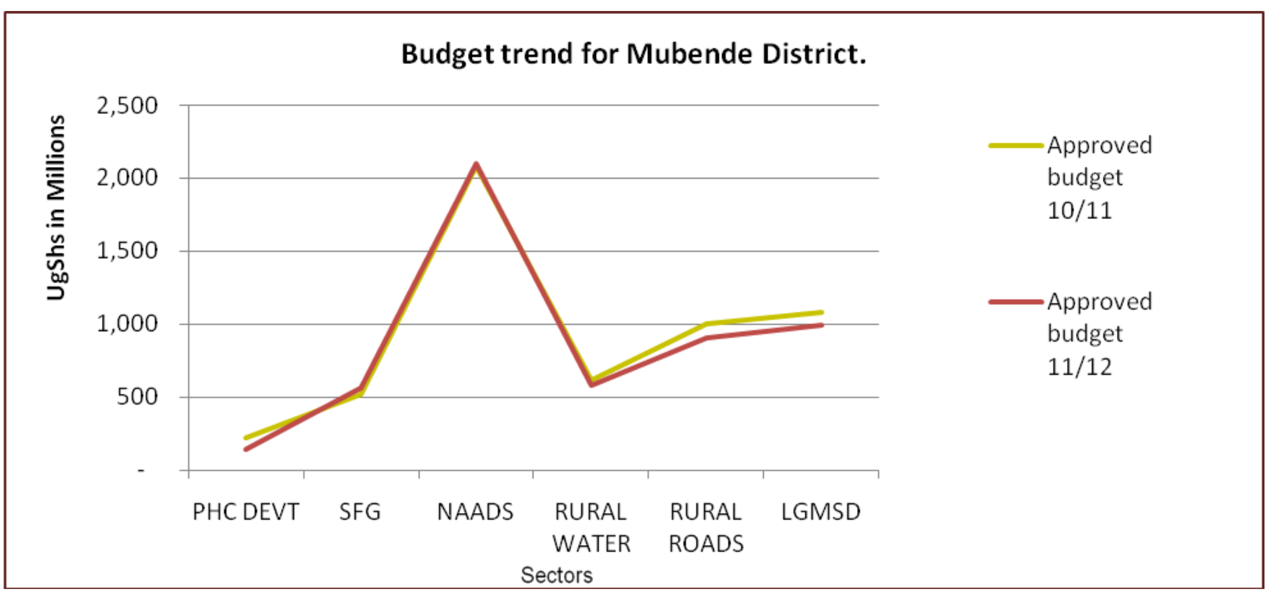


Source: Mubende local government.

The release performance of PHC development, SFG, Rural water, rural roads, LGMSD and NAADS was 70%, 63%, 66%, 61%, 79%, and 100% respectively. This was a fair release performance.

The absorption rates for PHC development, SFG, Rural water, Rural roads LGMSD and NAADS were; 34%, 47%, 82%, 91% 83% and 94% respectively. The poor absorption rates for SFG and PHC Development were attributed to delayed procurement and award of contracts.

Figure 2.15 Mubende District LG Trend



Source: Mubende Local Government.

The budget trend for Mubende shows a slight downward trend for the financial year 2011/12 as shown the figure 2.15.

2.4.12: Nebbi District Local Government

The local government received all the GoU development grants relating to the FY2011/12 for all the sectors under review and the funds were timely remitted to the spending units of PHC development, SFG, Rural water, rural roads, LGMSD and NAADS.

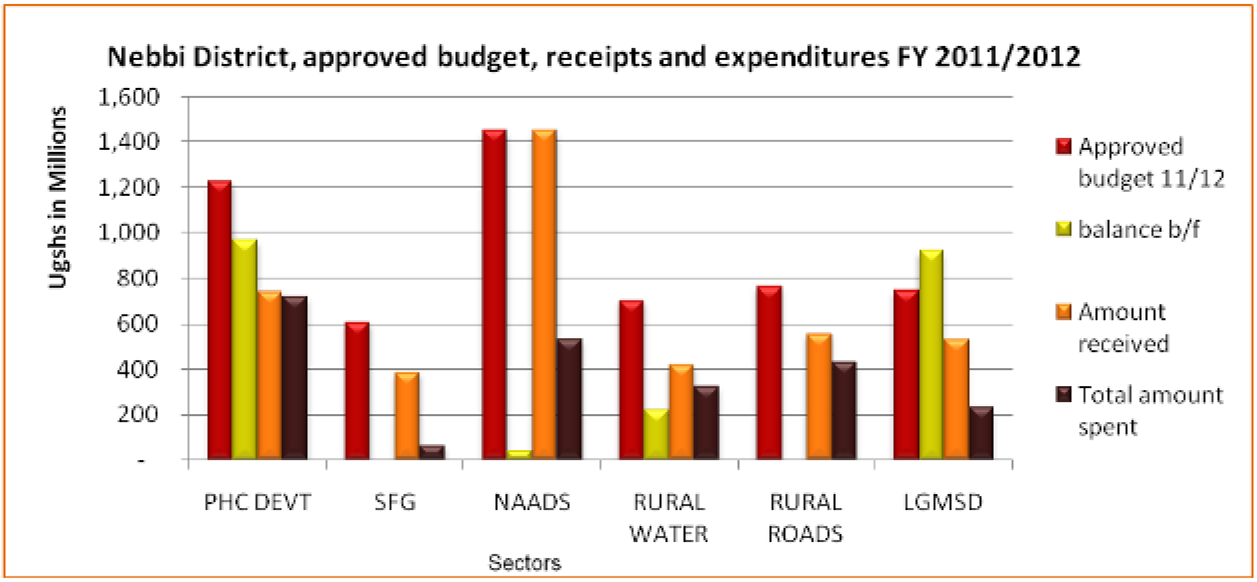
The release performance of PHC development, SFG, Rural water, rural roads, LGMSD and NAADS was 60%, 64%, 60%, 73%, 71%, and 100% respectively. The chief administrative officer (CAO) also highlighted that the timely release of funds from the Ministry of Finance, Planning and Economic Development has greatly improved.

The release performance for this financial year was not commendable across all the sectors as shown by the performance rates apart from NAADS which had received 100% of its budget.

The absorption rates were very low for PHC development, SFG, Rural water, LGMSD and NAADS at 42%, 17%, 51%, 16%, and 36% respectively. The poor absorption rates were attributed to the lengthy procurement process that led to the late start of the projects coupled with increasing costs of construction materials. This prevented the contractors from commencing.

The poor absorption in NAADS was attributed to the delay of cash flows statements from the NAADS secretariat' Under PHC development, the contractor abandoned the work in October 2011 because of cash flow problems. The contractor was constructing a store for the health offices. The LG re-advertised and at the time of the monitoring visit, another contractor had been identified and the district was in the process of signing contracts.

Figure 2.16 Nebbi District Local Government Budget Performance



Source: Nebbi Local Government

The district also had substantial unspent balances as at end of the FY 2010/11 worth Ushs 1,684,502,248/= for which they sought permission from the Accountant General to spend in FY 2011/12 which was granted.

Challenges

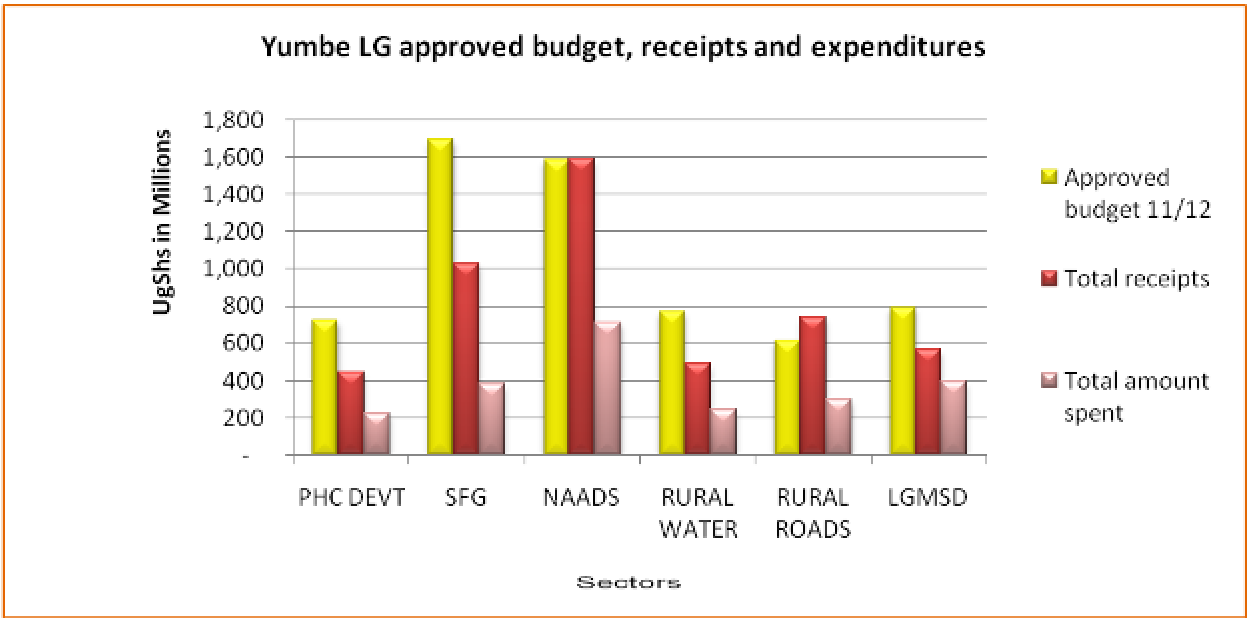
- The high inflation has sharply increased the cost of construction materials as a result contractors were reluctant to take up work since the districts works has no room for variations.
- The district has no engineer, it depends on the regional engineer monitoring works in the whole region that sometimes takes too long to come to the district and hence delayed implementation of construction works.
- Inadequate capacity of local contractors has sometimes delayed implementation and/or delivered poor quality works.
- The district has inadequate staff particularly in health and engineering departments and this has greatly affected the budget performance.

2.4.13: Yumbe District Local Government

The district received the funds for rural water and sanitation, School Facilitation Grant (SFG), National Agricultural Advisory Services (NAADS), Primary Health Care (PHC) development and for the district rural roads which were timely remitted to the sectors for the period July 2011-March 2012. All the funds received by the district were received by the sectors.

Rural Water, Rural roads, SFG, PHC Development and NAADS sectors had a poor absorption of funds registering 50%, 41%, 37%, 50% and 45% fund utilization respectively. LGMSD performed fairly well with 70% in fund absorption: NAADS funds received for Q3 had not yet been transferred at the time of the monitoring visit and this was due to the delays in the cash flows statements from NAADS secretariat.

Figure 2.17: Yumbe District Local Government Budget Performance



Source: Yumbe District

Figure 2.17 above shows the approved budgets for the selected sectors, amount received and the total amount spent at the time of the monitoring visit.

The subsequent table clearly shows a poor release performance by the district for the three quarters of FY 2011/12. It is expected that by the third quarter of the financial year, the districts should have received at least 75% of the budget but from the table below, most of the sectors had received less than that apart from NAADS which had received 100% of its approved budget.

Table 2.13 Yumbe District LG Release Performance for the period July 2011-March 2012

Sector	Approved Budget 2011/12	Total Receipts	Release Performance
PHC development	726,053,000	447,025,000	62%
SFG	1,695,180,000	1,026,078,000	61%

NAADS	1,589,356,000	1,589,356,000	100%
RURAL WATER	772,962,000	489,552,000	63%
LGMSD	796,905,000	567,711,000	71%

Source: Yumbe District

Challenges

- The unconditional grant to the district is insufficient because the district is hard to reach. This makes its overheads very high.
- The local revenue is negligible; it cannot finance the operations of the district.
- The committees like the Land board, Public Accounts Committee and that for procurement are continuously finding it difficult to meet because of the insufficient funding.
- The Planning unit has not received funding from the central government although it has a core function of planning and budgeting. The district has also failed to support the unit because of the very low local revenues.

2.5 Conclusions

2.5.1 Central Government/Ministries GoU Approved development budgets

Information extracted from the IFMS as at 31st March 2012 in regard to the approved development budgets showed variations as compared to the original approved budget.

MFPED showed a budget cut of Ushs 2,654,951,107 which is 2% of the original budget and MoICT also experienced a budget cut of Ushs 500,000,000 this is 4.2% of the original approved budget.

Three sectors received supplementary as follows; MAAIF Ushs 375,299,313, 1% of the original approved budget. MoES Ushs 1,470,291,007 this is 2.8% of the original budget and MoWE received a supplementary of Ushs 5 billion being 7% of its original budget.

Ministry of Health, Ministry of Works and Transport and the Ministry of Energy Mineral Development approved budgets have remained the same.

Releases

The average release performance across the sectors was 70% this was below the expected 75% as at the end of third quarter. Most of the sectors were below the average performance with the exception of the Ministry of Energy and Mineral Development at 73% and Ministry of Information and Technology at 77%.

Absorption of funds

The average absorption rate across the sectors was 97%, most of the sector ministries absorption rates were above 80% with Ministry of Water and Environment registering the lowest absorption at 76%.

2.5.2 Districts

Key cross cutting issues

- Most of the district local governments have acknowledged that there is an improvement in the timely release of funds from the MFPED.
- The central government cut budgets of district local governments without any prior communication as a result the districts were unable to pay contractors for whom commitments were already made based on the original approved budget.
- Several district local governments are complaining about delays by the office of the solicitor general in approving contracts and this has adversely affected budget implementation. The local governments are required to submit to the office of the Solicitor General for approval contracts above Ushs 50 million.
- The committees like the Land board, PAC and procurement are poorly funded, sometimes they can hardly convene meetings due to lack of funds to pay allowances to the committee members.
- There is generally lack of financial and technical capacity among the local contractors at the district coupled with the contractors taking on too many jobs. This has resulted in the contractors failing to accomplish the works in time and to the required standards.
- We observed that most of the districts engineering departments face capacity constraints in terms of staffing and transport and this has had an adverse effect on the budget performance and the quality of construction works.
- The high inflation during the FY 2011/12 drastically increased costs of construction materials. Some contractors in some districts had to abandon some works since the districts could not vary the contract costs.
- The team observed that there is very little monitoring and supervision of the implementation of development grants. The sector heads have attributed that to insufficient funds allocated for monitoring and supervision.

Recommendations

- Extra care should be taken by the central government when cutting budgets of district local governments where the districts have already committed the funds.

- The threshold for contracts that are sent to the Solicitor General should be increased to Ushs 100 million; this will substantially reduce the number of contracts sent to the Solicitor General for approval.
- The central government should consider facilitating the procurement committee at the district local government since the local revenues at the districts are not sufficient. This will reduce on the delays experienced by many districts in procuring goods and services and hence improve the budget performance.
- The procurement department at the districts should put in place stringent measures in place to ensure that construction work contracts are awarded to companies with sufficient financial and technical capacity.
- The Ministry of Works and Transport together with the District Service Commission should ensure that each district has at least a full time engineer. This will improve the quality of construction works at the districts and reduce the delay in certifying works.

CHAPTER 3: PHYSICAL PERFORMANCE

3.1 AGRICULTURE

3.1.1 Introduction

Public investments during FY 2011/12 are focusing on unlocking the binding constraints to socioeconomic transformation. Among the priority investment areas is agriculture which is the main source of income and employment for 60 percent of Ugandans[9]. Government has prioritized the promotion of agricultural research and adaptation, provision of agricultural inputs and extension services and improvement of value addition[10]. The ultimate aim is to transform subsistence farming to commercial agriculture resulting in increased employment and household incomes.

For purposes of realizing the intended objectives, the Government in FY 2011/12 provided UShs 436.80 bn for the agricultural sector which is a 17 percent rise in absolute terms from the amount provided during FY 2010/11 (UShs 365.53 bn). Of the total resource to agriculture in FY 2011/12, UShs 130.23 bn or 30% was earmarked to Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), the balance being shared by the other semi-autonomous agencies, notably the National Agricultural Advisory Services (NAADS) that attracted UShs 132.47 bn[11].

Monitoring work during Q3 of FY 2011/12 focused on 3 programmes that are financed under the MAAIF vote namely: 1) Avian and Human Influenza Preparedness and Response Project (AHIP) 2) Dairy Development Authority (DDA) 3) Vegetable Oil Development Project (VODP). Table 3.1 summarizes the sampling framework that was used in monitoring these programmes.

Table 3.1: Sampling framework for monitored programmes in Q3 FY 2011/12

Vote/ Proj code	Programmes monitored	Sampled institutions/districts
Code 1084	Avian and Human Influenza Preparedness and Response Project	Office of Prime Minister, MAAIF, Mbarara, Ntungamo, Bushenyi, Masaka, Soroti, Kaberamaido, Bukedea, Ngora, Serere, Gulu, Lira, Wakiso, Kampala/Entebbe
Vote 121	Dairy Development Authority	Mbarara, Ntungamo, Bushenyi, Masaka
Code 1195	Vegetable Oil Development Project (Phase II)	VODP Secretariat, OPUL, KOPGT, KIS, Kalangala

Source: Author

[9] UBOS, 2010.

[10] MFPED, 2011.

[11] MFPED, 2011a; MFPED, 2011.

Data for this quarter's monitoring exercise was collected through: review of relevant literature and secondary data sources, including the Integrated Financial Management System (IFMS); key informant interviews with project managers and implementers; and primary data collection through field visits and discussions with service delivery units, beneficiaries and private sector entrepreneurs.

3.1.2 Avian and Human Influenza Preparedness and Response Project

Background

Avian and Human Influenza is a deadly disease that attacks domestic and wild birds and is transmittable to humans. When it deteriorates into a pandemic, it has potential to wipe out 40% of the birds and humans within a short time. In 2003, a disease outbreak was reported in Asia, Europe and parts of Africa. A global alert was thereafter issued for all countries to prepare and implement national preparedness and response plans. Uganda is among those countries in Sub-Saharan Africa at risk of the epidemic outbreak. An outbreak of the disease was reported in Juba – Southern Sudan in 2007. With support from the World Bank, the Government of Uganda (GoU) commenced the preparation processes that culminated in the approval of the Avian and Human Influenza Preparedness and Response Project (AHIP) in 2008. Other details pertaining to the project are summarized in Box 3.1.

Box 3.1: Avian and Human Influenza Preparedness and Response Project

Objective: To substantially reduce the threat posed to the poultry industry and humans in Uganda by Highly Pathogenic Avian Influenza (HPAI); and to prepare for, control and respond effectively to future pandemics and other infectious disease emergencies in livestock and humans.

Implementation period: August 1, 2008 to June 30, 2012.
Financing: World Bank Credit of US$ 10 million and grant of US$ 2million.

Four components:
- ***Animal Health*** – aims at institutional strengthening for animal disease prevention and control; building a modern diagnostic laboratory at Entebbe; strengthening of National veterinary Services (NVS); increased monitoring and surveillance of migratory and resident birds. MAAIF is the implementing agency (US$ 5.66 million).
- ***Human Health*** – aims at institutional strengthening to control and present spread of diseases from animals and birds to humans, including establishing isolation units and upgrading laboratories. MOH is the implementing agency (US$ 2.06 million).
- ***Communication*** – for enhancing knowledge sharing about the disease among key stakeholders. Jointly implemented by MAAIF, MOH and Office of the Prime Minister (OPM) – (US$ 1.83 million).
- ***Coordination*** – for project planning, coordination, monitoring and evaluation. OPM is the implementing agency (US$ 0.45 million).

Source: World Bank, 2008; Project Coordination Office at OPM.

Overall Progress

Planning for Avian and Human Influenza response in Uganda commenced in 2005. With support from the World Bank, World Health Organization (WHO), Food and Agriculture Organization (FAO) and the International Atomic Energy Agency, the country prepared an Integrated Action Plan in 2007.

Although the project was signed off in 2008, implementation commenced two years later in 2010 due to bureaucracies at World Bank, particularly procurement related delays. The two years' delay in disbursements has negatively impacted on progress made towards the expected outcomes as implementers are in a rush to implement so many activities within the remaining project period. Counterpart funding from GoU has not been disbursed in time, leading to further delays in project implementation.

The project mid-term review[12] that was undertaken in August 2011 and discussions held with project managers at OPM and MAAIF provide useful insights into the overall project performance.

- **Disbursements**: At the end of June 2011, the US$ 2 million Trust Fund grant was fully utilized (US$ 1 million each by MAAIF and MOH). For the IDA Credit of US$ 10 million, total disbursements as of August 2011 amounted to US$ 5.04 million. Disbursements started in April/May 2010, two years later than the planned project commencement date.
- **Civil Works**: MOH planned to complete two isolation units and upgrade one diagnostic laboratory to Biosecurity Level (BSL) 3[13]. MAAIF planned to construct a new laboratory building of Biosecurity Level 3 at the National Animal Diagnostic and Epidemiology Centre (NADDEC). By August 2011, these facilities had not been constructed. For MOH, consultants were preparing Bills of Quantities (BOQs) whereas at MAAIF, selection of consultants was still at evaluation stage. The civil works could only commence after completion of the Plan by the OPM. Part of the delay was attributable to the late completion by OPM of the Environmental Social Management Plan and approval by the National Environment Management Authority (NEMA) in December 2011. It had been planned that this plan would be available in September 2011 and would serve as a basis for commencing the civil works.
- **Capacity enhancement**: The project focused on re-quipping the MAAIF laboratory; capacity building and training of Local Governments about Avian Influenza; and identification of high risk districts such as those at borders, with water bodies and rice

[12] World Bank, 2011.

[13] Laboratory biosecurity refers to institutional and personal security measures in a laboratory designed to prevent loss, theft, misuse, diversion or intentional release of pathogens and toxins. Level 1 laboratory (BSL1) has equipment for simple diagnosis; Level 2 (BSL2) has advanced diagnostic equipment but does not deal with highly pathogenic diseases; Level 3 (BSL) is high-tech laboratory with ability to diagnose highly pathogenic diseases.

schemes and places with a high level of trade. These districts included: Rubiirizi, Wakiso, Tororo, Busia, Kumi, Bukedea, Bugiri and Soroti.

- **Vehicles and supplies**: MAAIF provided documentary evidence of having procured and distributed vehicles, motorcycles, laboratory supplies, furniture and assorted equipment to the districts, Coordination Unit and Communication Unit. Details are provided in Table 3.2.

Table 3.2: Equipment and Supplies distributed to districts and other stakeholders

Category	Items distributed	Recipient
Vehicles	13 Double cabin pickups	Hoima, Tororo, Kabale, Bukedea, Arua, Kotido, Isingiro, Bugiri, Kasese and Kitgum, 2 for MAAIF and 1 for Communication Unit
	50 motorcycles	
Laboratory supplies	2,500 Personal Protective Equipment	10 provided per district; the rest stored at headquarters
	2,500 sets of Burdizzo	5 given to each district; rest in stores at MAAIF
	2,500 Kgs of Disinfectants, 10 sets of Post Mortem Kit and other laboratory equipment	NADDEC
Wildlife Sampling Equipment	10 Global Positioning System (GPS), 1 digital camera, 20 pairs of wading boots, 4 pieces of bird cages, 20 pairs of overalls, 10 field camping gear/tents, 20 sleeping bags, 10 nets for capture	Wildlife Authority for surveillance in wild birds
Equipment	100 GPS, 30 computers and printers, 115 internet modems, 3 laptops.	Distributed to districts. In addition 9 computers where provided to the communication unit; Office furniture and stationery was provided to the Coordination Unit

Source: MAAIF AHIP Coordination Unit, February 2012.

This monitoring report focuses on the Animal Health Component that is implemented by MAAIF.

Financial Performance

The Animal Health Component was planned to benefit from donor financing amounting to US$ 5.66 million over the project period 2008 to 2012[14]. For FY 2011/12, the approved funding level for the project was Ugshs 5,838,000,000 inclusive of donor funding (Ugshs 5,538,000,000) and GoU counterpart funding (Ugshs 300 million)[15]. The approved funding for the project in FY 2010/11 was Ugshs 138 million (counterpart funding).

Funds disbursement to the project commenced in June 2010. The financial records at MAAIF indicated that by March 2012, the project had received a total of US$ 4.27 million, disbursed over two financial years FY 2010/11 and FY 2011/12. The cumulative income and expenditure for the project are summarized in Table 3.3.

Table 3.3: Financial performance of the AHIP project as of March 2012

	Amount (US$)	Amount (Ugshs)
RELEASES		
Grant	1,000,000	
Loan	2,881,996	
GoU (FY 2011/12)		93,481,000
Total releases	***3,881,996***	***93,481,000***
EXPENDITURES*		
Support to districts		
Vehicles	523,158	
Motorcycles	200,000	
Equipment (computers and accessories, GPS, sampling equipment for UWA)		383,032,000
Disease surveillance		1,111,057,230
Quarantine restrictions and animal check points		184,215,000
Other equipment and systems (budizzos, protective wear)	165,000	111,466,000
Sub-total to districts	**888,158**	**1,789,770,230**
Support to MAAIF		
Training field staff, UWA staff		354,001,000
Baseline surveys, field monitoring and supervision, technical backstopping, workshops		359,801,600
Establishing district rapid response teams		143,928,600
Training course and other international engagements	33,436	
Sub-total to MAAIF	**33,436**	**857,731,200**
Total expenditures	***921,594***	***2,647,501,430***

Note:
At the project exchange rate that was effective from 30th April 2008 of US$ = Ugshs 1,705:
1) Total releases (donor and GoU funds inclusive) amounted to Ugshs 6,886,974,000.

[14] World Bank, 2008.

[15] MFPED, 2011a.

2) Total expenditures (donors and Ugshs inclusive) amounted to Ugshs 4,218,819,200
3) Unspent funds amounted to Ugshs 2,668,154,800 or US$ 1,564,901

*Expenditures incurred during FY 2010/11 and FY 2011/12.
Source: AHIP Coordination Office in MAAIF, March 2012.

About 62 percent of the releases made to MAAIF for the project have already been spent. It was reported that the remaining balance is earmarked to the construction of the new laboratory. Approximately 68 percent of the expenditures incurred were for direct support to districts and 32 percent at MAAIF Headquarters (includes procurement of vehicles, motorcycles and equipment for the districts).

Physical Performance

The monitoring team visited the National Animal Disease Diagnostic and Epidemiology Centre (NADDEC) that was reported as having benefitted from the AHIP in FY 2010/11 and FY 2011/12. In addition, 12 districts were sampled - Bukedea, Mbarara, Ntungamo, Bushenyi, Masaka, Soroti, Kaberamaido, Kampala/Entebbe, Ngora, Serere, Gulu, Lira - to assess progress in programme implementation at the Local Government level.

A. NATIONAL ANIMAL DISEASE DIAGNOSTIC AND EPIDEMIOLOGY CENTRE

Background

Established in 1921 as an animal experimental station and later the animal health centre, the National Animal Disease Diagnostic and Epidemiology Centre (NADDEC) houses the Epidemiology Unit and Laboratory Diagnostic Unit that receives district surveillance reports for assessing disease prevalence in the country. This laboratory, however, does not have capacity to diagnose or handle dangerous micro-organisms. Samples of deadly diseases are often sent to Nairobi for analysis which places the country at risk due to the extended response time in case of an outbreak.

To address this challenge, the Government planned to construct a new hi-tech laboratory NADDEC in Entebbe using the AHIP funds. The laboratory would enable the country to handle dangerous microorganisms expeditiously, produce locally made vaccines, verify imported animals and animal products and ensure that the animals that are exported to the European Union, among other countries, meet the international quality standards.

Implementation progress

By the time of the monitoring visit in March 2012, work had not commenced to construct the new laboratory. The MAAIF project implementers indicated that it would require the project to be extended by 6 to 12 months beyond the completion date to enable the construction of the new laboratory. By the time of the monitoring visit, only 3 months were left to the project end (June 2012). MAAIF was in the process of seeking for an extension for the project. Pending activities included:

- Procuring a consultancy firm to undertake the design and supervision of works for upgrading the NADDEC
- Procuring a contractor to carry out the works.

The monitoring team visited and made some observations with regard to the existing laboratory facilities at NADDEC. The laboratory is at Biosafety level 2 (see footnote 12 for description). The NADDEC has received support in the last few years principally from JICA, International Atomic Energy Agency and African Union in form of equipment, computers, fridges and other equipment. The laboratory is performing satisfactorily with recently installed high security features against bio-terrorism. The equipment that was purchased under the AHIP for distribution to the districts was under storage at the NADDEC.


Left: Cold chain for storing vaccines to be distributed to districts Right: Equipment for districts stored at NAADEC



Various equipment at NADDEC laboratory donated by JICA. The protective wear worn by the scientist in the centre picture was provided under AHIP

Challenges

1) **Low staffing levels**. Currently, the facility had 20 staff. The new laboratory would require a minimum staffing of 100 scientists and technicians for it to operate efficiently and to capacity. Example was given of Ethiopia where a similar facility has 300 staff.

2) **Inadequate funds allocated to the facility**. Most equipment and operational funds have been accessed as grants under donor projects. But the facility lacks adequate operational funds and the problem will become more pronounced when the new laboratory is constructed.
3) **Frequent power outages** that interrupt the diagnostic processes. The Centre has a generator but lacks funds for fuel.

Recommendation

1) Extension of the AHIP to fast track construction of the new laboratory.
2) GoU to allocate more resources to NADDEC for recurrent and development expenditures.
3) Stepping up the staffing levels at NADDEC in preparation for the more advanced laboratory.

B. DISTRICTS

BUKEDEA DISTRICT

Financial performance

The project implementers acknowledged having received two disbursements from MAAIF to cover 2 quarters: Ugshs 3.72 million in March 2011 and Ugshs 4,882,500 in December 2011. In addition, the district acknowledged having received a double cabin pickup and a fuel coupon of Ugshs 14 million and protective gear.

Implementation progress

It was reported that all the disbursed funds were utilized on surveillance in 3 out of 6 Sub counties, focusing on the ones with high risk as they are located in wetlands. The sub-counties that were targeted were Malera, Koliri and Kidongole. The monitoring team visited Kidongole Sub-county to verify whether the population had noted the surveillance activities by the district and were aware of the avian and human influenza problem.

Some of the farmers acknowledged having participated in the district training in 2011 and had basic knowledge of the disease and possible response measures. However, it was reported that other farmers who had been trained had come from and returned to Pallisa district.

Challenges

1) Funds were inadequate for carrying out meaningful surveillance. It was estimated only 20% of the entire district was covered and for a short period. The funds did not cover sensitization of the population for purposes of preparedness in case of an outbreak.
2) Disbursement of funds under the project was arbitrary, done in the middle of the financial year. This caused distortions in the planning process of the Local Government.
3) There is a high prevalence of New Castle Disease (NCD) especially in the dry season which causes confusion as the population is not able to differentiate it from Avian Influenza.
4) Unavailability on the market of poultry vaccines for New Castle Disease, Fowl typhoid and chicken pox.

Project sustainability

The intervention was noted to be short-lived and unsustainable with no long-term impacts. The district officials indicated that the local revenue is so small such that when the project winds down, the interventions may not be easily prioritized in the district budget. The only window of action could be through mainstreaming some of the avian surveillance work in routine quarterly monitoring under the National Agricultural Advisory Services (NAADS). This can only happen if districts are involved by MAAIF in designing and implementing an exit strategy for this project.

Recommendations

1) MFPED/MAAIF to provide Indicative Planning Figures (IPFs) for the project before the beginning of the financial year and ensuring timely disbursements.
2) Extending the AHIP implementation period to enable rolling out of the intervention in the whole district.
3) Increasing funding and logistics to cover sensitization of the population, facilitation of extension workers and motorcycles for extending the surveillance activities.
4) Enhanced communication on avian and human influenza and preparedness/response mechanisms by MAAIF and the district through radio, posters, brochures, media and faith based organizations. Both political and technical leaders should be sensitized and the communication materials should be translated into local languages.

BUSHENYI DISTRICT

Financial performance

Bushenyi is high risk district due to illicit trade with neighbouring countries, particularly the Democratic Republic of Congo (DRC). The project become operational in the district in April 2011. District officials acknowledged having received two installments: Ugshs 3,720,000 in

April 2011 and Ugshs 4,882,000 in December 2011. The district also received equipment including GPS, rapid response diagnostic kits though they were expired upon receipt, and Burdizzo.

Implementation progress

The two main activities that were carried out were: surveillance for the disease and sensitization of service providers and district leaders. The department constituted a team of four staff to routinely supervise and sensitize farmers about the dangers of the disease. It was reported that during May-June 2011, the following markets were visited by the team to inspect sale of live birds on market days: Kyamuhunga, Bumbaire, Kyabugimbi, Kizinda, Nyakabirizi, Kashenyi, Bitooma, Rwentuuha, Ishaka, Kashanda and Bushenyi.

The district surveillance team noted that the risk for disease was high as the birds were in the open and not cages; there was free interchange of birds with people from neighboring districts and countries and traders were not implementing any disease control measures. The district sensitized administration staff and politicians at LCV and LCIII levels about the disease.

The monitoring team visited 4 farmers to assess their level of awareness and preparedness to respond to the disease.

- **Perepetua farm of Kyeitembe village Central Division**; the farmer who rears cows and poultry, acknowledged having been sensitized about the disease by the district officials, in addition to radio messages. Some of the control measures she adopted from the advice was to prohibit customers especially from neighbouring countries from carrying trays to her farm. The eggs are transported in polythene bags. This is meant to prevent transmission of diseases. She implored the government to carry out more sensitization to create more awareness about the disease. Her main challenge was the poor quality of animal feeds on the market.

- **Kakunta farm of Buhura village, Ishaka Division:** the farmer confirmed having been sensitized by the district officials about the bird flu. She noted that the project was relevant although the level of sensitization was inadequate. Many of her village mates were not aware of bird flu and its dangers. Her main challenge was the lack of drugs and vaccines in Bushenyi district.

- **Mwebaza farm of Ishaka Division:** farmer reported that she had not had any contact with the district officials. However, she had heard about the disease from the radio.

- **Muhimbise farm of Kyeitembe village Central Division: the farmer** confirmed that the district staff sensitized her about Avian Influenza and its dangers. She also obtained additional information through radio programs. She also prohibits the use of trays on her farm from traders as part of control measure to prevent transmission of diseases.

Challenges

1) The district was not provided with an IPF and neither was it notified by MAAIF when the funding was disbursed. The funds were therefore requisitioned from Council as a supplementary leading to unnecessary delays in utilization.
2) The funds were inadequate for effective surveillance. The district officials estimated that the funds enabled them to achieve 20% of the work plan activities and expected outputs. Whereas surveillance should be a continuous process, first batch of funds worked only for one quarter and 2 quarters went by without any work before the second disbursement.
3) The conditionalities attached to the funding by MAAIF limited effective implementation of the project. MAAIF conditioned the number of staff to be involved and the number of investigation visits to be undertaken within the quarter. It was reported that the conditionalities had forced the surveillance teams to complete work met for 3-4 months in one month resulting in shoddy work (poor quality surveillance reports).
4) Understaffing at the district and sub-county as many have retired or died and have not been replaced and many others are NAADS Staff.
5) Poor regulatory environment: few animal checkpoints in the country to ensure that trucks transporting poultry are disinfected, fumigated and other regulatory practices are enforced to reduce the threat of the diseases; no laws governing the trade between Uganda and some of her neighboring countries such as Southern Sudan and DRC.

Project sustainability

The district officials noted that this project may not be sustained when it comes to closure of limited local revenue and the fact that the Local Governments have different priorities. Since Avian and Human Influenza has not yet been identified as a problem in Uganda, it is unlikely that the district will prioritize the interventions under this project for future funding. The project was noted to be at its infancy and requiring further funding from Central Government to bring it to maturity before hand over to the Local Governments.

Recommendations

1) MFPED/MAAIF to provide IPFs to the district for this project and ensure timely disbursement of funds.
2) MAAIF to relax the conditionalities on the grants to allow districts design effective implementation approaches. Sufficient time and funds should be provided for in the project design to allow time to observe the disease prevalence trends.

3) The disease control function is a public good that should be recentralized and funded directly by the Central Government. This is light of the fact that diseases are trans-boundary and require regional or nationally based strategies.
4) Improve the regulatory environment and enforcement of existing laws: increase the animal check points in the country; fumigation of trucks and containers at the border points and improving the working relationship between districts and neighboring countries with regard to how to handle disease control.

GULU DISTRICT

Financial performance

The district began implementing AHIP activities in 2011. District officials acknowledged receipt of two disbursements since project inception: Ugshs 3,720,000 in April 2011 and Ugshs 4,882,500 in December 2011. The district also received 5 burddizos, protective gear and disinfectants for demonstration purposes. All funds were utilized by the time of the monitoring visit in March 2012.

Implementation progress

The district reported having used the funds mainly for surveillance for avian and human influenza and other diseases. Surveillance was carried out along the water bodies and in the poultry markets where large volumes of birds are traded. The monitoring team sampled three poultry traders from Gulu Municipality and one village leader from Ayitakonya village Ongako Sub-county to assess their level of awareness of the project activities

- The three poultry traders confirmed having heard about the disease from radio programmes. They expressed awareness of the methods through which the disease is transmitted and some precautionary measures. However, they had been in direct contact with district officials who were in charge of the AHIP implementation.

- The village leader expressed awareness of the AHIP project activities, having listened to weekly radio programmes by the Gulu District Veterinary Officer. He had taken precautionary measures on his farm including ensuring hygiene in the poultry houses and treating birds whenever they suffered any infection. He recommended more sensitization to be carried out among the communities with regard to avian influenza.

Challenges

1) Lack of an IPF for the project and information on how much will be disbursed and when distorted the planning and implementation process.
2) Inadequacy of funding. The funds were noted to be adequate only for the quarter in which funding is disbursed, whereas surveillance should be an ongoing activity.

3) The project did not cater for sensitization yet most people cannot differentiate between avian influenza and other poultry diseases. They cannot become prepared and respond to a disease they do not know.
4) Lack of transport means constrained project implementation. For example, in September 2010, there was suspected outbreak of avian influenza in South Sudan but the district was constrained in making immediate visits to Nimule border to verify the situation. This increased the country's risk to the disease.

Sustainability of project interventions

The AHIP project funds enabled the district to step up surveillance activities to 80% in the quarters when the funds were received. The district staff noted that sustaining the AHIP activities beyond the project life would be difficult because of the limited funding under the PMA Grant. Only 50% of the district can be covered under this grant. To enhance project sustainability, the district officials recommended the following measures:

a) GoU to step up the allocation to the PMA Grant to enable districts to mainstream project interventions within routine surveillance activities;
b) Promoting collaborative effort with the health sector that has funding for surveillance on an ongoing basis.
c) The National Disaster Preparedness Policy should be rolled out countrywide and the activities of AHIP integrated.
d) Formalizing the surveillance and reporting mechanism for Avian and Human Influenza within the decentralized structures.

Recommendations

1) Providing an IPF for this and future projects;
2) Allocating a budget for sensitization of all stakeholders including district councilors, local councilors, police and technocrats.
3) Providing means of transport to the district.

KABERAMAIDO DISTRICT

Financial performance

Implementation of the AHIP project in Kaberamaido district commenced in 2011. The district acknowledged having received two disbursements since project inception: Ugshs 3,720,000 in April 2011 and Ugshs 4,882,000 in December 2011. The first disbursement was already spent while the second disbursement was still in processes of approval by the Council by the time of the monitoring visit in March 2012. The district officials also confirmed receipt of diagnostic kits, protective wear and GPS.

Implementation progress

The following activities were implemented:

- Inspection of live animals in Otoboi, Ochero and Kalaki livestock markets.
- Meat inspection at slaughter points.
- Surveillance at the 15 landing sites in the district.
- Inspection of inland fish ponds in the sub counties of Bululu, Otoboi, Kalaki, Anyana, Alwa and Kaberamaido to check for presence of migratory birds.
- Received and compiled reports from farmers and para-vets (locally trained field assistants) on disease outbreaks. The farmers were advised on the vaccines to procure and they got the services of the veterinary officers who vaccinated against poultry diseases (including New Castle Disease, Foot and Mouth Disease and Coccidiosis).

Challenges

1) The funds and equipment were noted to be grossly inadequate. The implementers reported that the funds enabled them to implement activities in only two months within the year and the work was done on a sample basis. In their estimation, the funds enabled them cover 15% of what should have been done to get effective surveillance.

   The Kaberamaido LCV Chairperson had this to say *"Giving the district Ugshs 4 million to implement a project in 12 sub-counties is unfair. Although Government is constrained, there should be a fair distribution of resources between Central Government and Local Governments. This amount does not create any impact at all as the scope of surveillance is limited"*.
2) Delay in approval of funds as a result of lack of an IPF and the untimely/arbitrary disbursement of funds in the middle of the year without prior notice.
3) The surveillance carried out is not continuous in nature yet the disease is viral and the risk of occurrence is high due to the large volumes of cross border trade.
4) Communication/awareness rising was not covered in the project and yet it is fundamental for preparedness to respond to a disease outbreak.
5) Lack of transport means to facilitate the surveillance activities in remote areas.
6) Capacity inadequacy – the disease is relatively new and was not taught at agricultural colleges, implying that the agricultural officers lack knowledge and skills for responding in case of an outbreak. Officers lack basic knowledge of the equipment that is used in fighting the disease.

7) The Production department has no basic equipment for record keeping.
8) The district does not have a laboratory for simple diagnosis.
9) Lack of vaccines to vaccinate against other poultry diseases.

Project sustainability

The district officials noted that there could be a possibility of integrating some of the activities of AHIP into ongoing activities when the project comes to an end. But only a few activities can be integrated to be financed under the Plan for Modernization (PMA) Grant which is rather small. It would be necessary to establish structures at community level to sustain the project activities, especially surveillance and reporting.

Recommendations

1) The AHIP should be extended for an additional 1-3 years to increase preparedness at community level.
2) Building structures at community level for implementing the preparedness and response measures.
3) Establishing a district or regional laboratory to improve diagnosis of diseases.
4) The programme should also cover communication and awareness rising among the politicians and the population to increase preparedness. Awareness rising could be through radio spots, talk shows and posters.
5) Training all agricultural officers in early detection of Avian and Human Influenza.
6) Provision of record keeping equipment including cameras and laptops.
7) Provision of a vehicle to facilitate project activities.

LIRA DISTRICT

Financial performance

The project was operationalised in Lira district in 2011. The district acknowledged receipt of Ugshs 3,770,000 in March 2011 and Ugshs 4,882,000 in December 2011. The district also received a GPS, 10 pieces of protective wear, a modem, 5 Burdizzo and 5 rapid testing kits for both Avian Influenza and New Castle Disease.

Implementation progress

The main activity that was implemented was surveillance of markets and poultry farms in the sub-counties of Ngetta, Adekokwok, Aromo and Amach. Surveillance was also carried out in wetlands such as Itek/Okile swamp in Amach subcounty to detect presence of migratory birds. The implementers reported having participated in the regional sensitization workshops for politicians and technocrats held by MAAIF and MOH July and October 2011.

Challenges

1) Although the rapid testing kits were useful, the quantities provided were noted to be insufficient for effective surveillance. Only 50 birds were tested giving a false picture with regard to the disease prevalence in the district.
2) Lack of transport means.
3) Understaffing in the Production department.
4) Laboratory reagents not available in adequate quantities.
5) Lack of an effective system of surveillance at the grass root level.
6) Low levels of awareness of the disease as communication was not allocated a budget line.
7) Districts do not have proper storage facilities such as cold chains and deep freezers to ensure proper storage of vaccines.
8) Lack of good quality poultry vaccines in the country.
9) Peculiarities of some districts were not considered in the implementation of the project. For example Lira district does not have a laboratory for simple diagnosis.

Project sustainability

The district officials noted that it would be difficult to sustain the project activities in future because of the low local revenue base and limited funding under the PMA Grant. The following options were proposed with regard to enhancing sustainability of the project interventions:

- Integrating and coordinating the AHIP with other Government programs under MOH and NAADS that have a surveillance budget at district level.
- Increasing funding for surveillance under the PMA Grant.
- Rolling out the National Disaster and Preparedness Plan countrywide and integrating activities of Avian and Human Influenza within it.

Recommendations

1) Providing more rapid testing kits to enable testing of at least 2000 birds annually. This would imply provision of 200 packets annually (each with 10 testing kits).

2) Sensitization should be intensified and more stakeholders introduced to the disease and the preventive measures. Target audiences should include politicians, technocrats at district and sub-county level, police, and church leaders.
3) Visual Aids should be provided to illustrate the message clearly amongst communities such as, brochures, posters and mobile cinemas.
4) Establishing community surveillance systems in order to ensure ownership of the project and increased vigilance by the populace. MAAIF should replicate the model in Ministry of Health of the Village Health Teams.
5) Establishing regional laboratories in addition to the main one at Entebbe.
6) Government should ensure that there is steady supply of vaccines in the country and ensure regulation to guard against counterfeit products.
7) Establishing infrastructure for the proper storage of vaccines in Local Governments countrywide such as cold chains.

MASAKA DISTRICT

Financial performance

The Masaka district officials acknowledged receipt of two disbursements since project inception in 2011: Ugshs 3,718,000 in April 2011 Ugshs 4,882,500. All funds received had been utilized by the time of the monitoring visit in March 2012. The district also received equipment such as: Burdizzos, Personal Protection gear and a GPS.

Implementation progress

The main activity that was carried out was surveillance for Avian and Human Influenza. Since the project was also catering for other diseases, some of the funds were earmarked for containing the African swine fever which had spread in the district since January 2011. Over 522 blood samples were collected for diagnosis of African swine fever and the results were disseminated in the 11 Sub Counties during February 2011.

A survey of poultry farms with more than 3,000 birds was carried out to assess the disease prevalence situation. These farms participate in export of eggs to Rwanda which has stringent quality assurance measures with regard to poultry products that emanate from other countries. District officials estimated that with the limited funds, they were only able to undertake partial surveillance covering 25% of the district. Continuous surveillance could not be carried out to enable the district to detect any outbreak in time and also increase the farmers' vigilance.

Challenges

1) Many high risk areas, including landing sites, hatcheries and poultry and roadside markets where over 500 birds are slaughtered every day, were not surveyed due to insufficiency of funds.
2) Slow response time to potential threats as there is only one laboratory at NADDEC in Entebbe; diagnosis of samples is slow.
3) Poor facilitation of the district veterinary officer (DVO)'s office in terms of transport.

Recommendations

1) Establish community based surveillance systems to enable continuous early detection of diseases, especially in high risk areas.
2) Engender the project as a substantial number of the stakeholders in the poultry industry are women. Gender should be mainstreamed across all the project interventions.
3) Construct and equip regional laboratories to fast track diagnosis of samples.
4) Strengthen higher level farmers' associations (HLFOs) as vehicles of increasing access to information and quality inputs.
5) To enhance project sustainability, collaborations with other institutions and development partners should be established; Masaka district has already undertaken such arrangements with the Swedish University of Agricultural Sciences (SLU) and other partners on the issue of African swine fever.
6) Farms should be equipped with bio safety measures such as footbaths and disinfectants which can serve as deterrents against the disease.
7) Since Avian and Human Influenza is not present in the country, the project should be reconfigured to give more space for dealing with other trans-boundary diseases. Regional centres of excellence should be established with adequate infrastructure and personnel to deal with these diseases.
8) The project should also focus on training all stakeholders in disease control, value addition and entrepreneurship skills that minimize disease spread.

MBARARA DISTRICT

Financial performance

Mbarara district officials acknowledged receipt of Ugshs 3,720,000 in March 2011 and Ugshs 4,882,500 in December 2011. Equipment received included: 1 Burdizzo, 3 rapid testing kits, 1 Artificial Insemination kit and 1 piece of protective gear. The first disbursement was already spent while the second installment could not be used as the Chief Administrative Officer had been transferred resulting in halting of financial transactions in the district.

Implementation progress

Implementation focused on Avian and Human Influenza as well as other diseases such as rabies, brucellosis, anthrax and swine flu. The following activities were conducted using the first tranche of funds:

- Training of farmers in selected subcounties about Avian Influenza.
- Blood testing for brucellosis.
- Disease investigation for Anthrax.
- Vaccinations for Rabies and Brucellosis.

Because of insufficiency of funds, these activities were conducted for two months only and could not be sustained. Since June 2011, no further activities had been implemented. The monitoring team visited three farms to assess the level of awareness of the disease:

- **Kanga Farm** located in Rubaya Sub-county, Rusozi Parish, Kanga village. The farm had 60 goats and 112 cows. The Farm Manager confirmed having received training on Avian Influenza from the district staff; vaccination against anthrax in both goats and cattle was carried out. The main challenges that were noted were: the high prevalence of lumpy skin disease, anthrax and brucellosis; costly and scarce drugs and unavailability of animal husbandry officers. It was recommended that GoU should support the establishment of milk collection centres in all urban centres and recruit more veterinary officers.

- **Karama Farm Enterprises:** This farm is located in Karama village, Rwakishakizi Parish, Nyakahiju Sub County. It has a total of 350 cows and 200 goats. The farmer acknowledged having received veterinary services from the district in April 2011. However, he was not involved in any way in the AHIP project. He lacked knowledge of the disease. The general lack of vaccines for anthrax and good quality acaricides was noted as the main challenge.

- **Kyantamba Mixed Farm**: Located in Kyantamba Cell, Kamushoko Parish, Bubare Subcounty, the farm had 94 heads of cattle and 86 goats. The farmer confirmed having received routine veterinary services from the district officials after having reported an outbreak of anthrax. MAAIF officials also visited the farm in November 2011.

Challenges

1) Limited scope of project coverage: The district officials reported having done surveillance and vaccination of 3298 animals yet the district had a total of 180,000 cattle and 240,000 goats. This sample does not provide an accurate picture of the disease prevalence in the district. The appropriate sample size would be 50,000 animals tested annually.

2) Intermittent flow of funds such that the surveillance activities could not be sustained. It was noted that the project goals were achieved only to a limited extent due to this problem.
3) Inadequate reagents in the district laboratory for testing and diagnosing of diseases.
4) Lack of transport means in the DVO's office.
5) Project did not cater for mass sensitization to create awareness amongst the communities and increase vigilance against the disease.
6) Vaccines are not available on the market and the ones that are provided by MAAIF are insufficient.

Recommendations

1) GoU should import vaccines in sufficient quantities and make them available to farmers at subsidized prices.
2) Establish community structures to implement this project.
3) Mass sensitization of farmers and local leaders about Avian and Human Influenza and how it can be controlled.

NTUNGAMO DISTRICT

Financial performance

The district confirmed receipt of two disbursements since project inception amounting to Ugshs 3,720,000 in March 2011 and Ugshs 4,882,500 in February 2012. Expenditure delayed because the releases were received late. Whereas the release letter for the first disbursement was received in January 2011, the funds were received in March 2011; similarly, while the release letter for the second disbursement was dated December 2011, the funds were received in February 2012 indicating inefficiency in the release processes from MAAIF to the spending entity.

At the time of monitoring in February 2012, the first installment had been fully utilized while the second installment was still being processed. The department also received the following equipment: 1 GPS, 61 Livestock Health Certificate movement books, 5 Burdizzos, 10 pieces of protective wear, 2 rapid diagnostic kits for New Castle Disease and 2 rapid diagnostic kits for Avian Influenza diagnosis.

Implementation progress

Using the first tranche of funds, surveillance was undertaken in 30 days for bird flu and rabies. Vaccination against lumpy skin disease was also undertaken. With the limited funds available, only 40% of the district was covered, focusing on 8 out of 15 sub-counties. The 8 sub-counties that were surveyed were: Rugarama, Kayonza, Ngoma, Rubaare, Nyabihoko, Bwongyera, Ihunga and Kibatsi.

The monitoring team visited four farms to assess the level of awareness of the AHIP:

- **Embanda Rushaka Mixed Farm**: Located in Mutanoga village Kikoni Parish Ntungamo Subcounty, the poultry and goat farm was established in 1994. At the beginning of 2011, the farm had 6000 chicken. By mid 2011, 3000 chicken died due to New Castle disease which forced the farmer to sell off the remaining 3,000. Although the district officials claimed that they had visited the farm for surveillance and vaccination purpose, the farmer denied having been visited or having knowledge of Avian and Human Influenza. The monitoring team noted that the farmer was ignorant about the Avian and Human Influenza disease.

- **Namale's farm**: in Rwemiriro village Mutojo Parish Rubaare Sub-county confirmed having been visited by the district veterinary officers in June 2011 and given advice about Bird flu and other diseases. However, the 300 chicken had died and she was no longer engaged in poultry farming.

- **Kanyima's farm**: in Rwemiriro village Mutojo Parish Rubaare Sub-county reported having been visited by the district veterinary officers 4 times during 2011. Although the visits were largely focused on administering vaccinations, the farmer was also sensitized about bird flu. The 800 layers that the farmer had been keeping during 2011 were all sold off by the time the monitoring team visited in February 2012.

- **Tumwesigye's farm**: The farmer in Kakungu village, Omunjenyi Parish Rubaare Sub-county confirmed having been visited routinely by the veterinary officers and also sensitized about bird flu. The farmer was not implementing any preparedness measures against avian and human influenza because she had not been adequately sensitized. The main challenge noted was the lack of drugs and vaccines. She recommended that GoU should support private sector to open outlets for vaccines and drugs closer to the farmers and also to continue sensitizing them about the disease.

Challenges

1) Inadequate staffing in the Production department to implement project activities on a sustainable basis.
2) The project provided allowance for only 5 officers to be involved in surveillance yet the work requires a larger number of staff. Although understaffed, the Department had 13 staff.
3) Farmers are not vigilant in reporting diseases to quicken the diagnosis and avoidance of disease outbreaks.

Project sustainability

The district officials noted that sustaining the project interventions would be difficult as the district has limited local revenue and agriculture is never prioritized. Whereas the surveillance activities could be partially integrated in the Production department work plan in future years, it would not be possible to purchase or sustain the equipment that was provided under the AHIP project. To illustrate this point, the district officials reported that since the first tranche of funds was used up in May 2011, no further activities had been implemented under the AHIP by the time of the monitoring visit in February 2012.

Recommendations

1) MAAIF to popularize the rapid testing kit and make it easily available as it is quick in testing poultry diseases.
2) Co-funding should be introduced under the project to increase ownership of the interventions by the local governments. This would enhance project sustainability.
3) Provide funding for sensitizing the populace about the disease on a massive scale.

NGORA DISTRICT

Financial performance

Ngora district become operational on 1st July 2010. The district acknowledged receipt of Ugshs 3,720,000 in August 2011 and Ugshs 4,882,000 in December 2011. In addition, the district received a motorcycle and a sample of protective wear. All funds had been utilized by the time of the monitoring visit in March 2012.

Implementation progress

Surveillance, on a sample basis, was carried out in livestock and poultry markets as well as among a few commercial farmers. The district staff estimated that coverage was about 35% of the planned activities. In addition, 30 district and sub-county staff were sensitized about the disease. The monitoring team sampled 3 farmers and a Sub-county NAADS Coordinator to follow up on the project implementation progress.

- **Odelle farm**: The farmer is located in Apama village, Ngora Sub county. He expressed a reasonable level of awareness of bird flu. He confirmed having heard about the disease from radio and the district staff. He noted, however, that the information that was imparted was not adequate for farmers to take measures to prevent or control the disease. Hence, even if there is an outbreak, farmers would not know how to respond effectively.

- **Ekalam farm**: This farmer is located in Tididiek village, Ngora Sub county. He confirmed that district staff mobilized farmers at the Sub county and sensitized them about Avian Influenza in 2011. He reported having adopted a number of measures from the sensitization including improving hygienic standards in poultry such as by providing water in clean feeders and avoiding eating meat of dead birds. He recommended that there should be increased awareness among other farmers and the district/sub-country officials.
- **Asekenye farm**: This farm is located in a school in Eastern Ward Ngora Town Council and had 700 birds. The farmer indicated that she was sensitized by district officials in 2011 with regard to the disease. She adopted the following practices after being sensitized: burial of all poultry carcasses, isolation of sick birds, improved hygiene in the poultry house and vaccination against poultry diseases at least once a month.
- **Sub-county NAADS Coordinator** of Ngora Sub-county: He expressed ignorance of the project and its intentions. He had read about avian and human influenza once in the newspapers. This is despite the fact that the district veterinary officer claimed having sensitized political and technical officers at the various sub-counties.

Challenges

1) Some poultry units are located in schools, health institutions and other facilities that are often not targeted for surveillance and sensitization. If there were to be a disease outbreak, the impact would be much greater in such institutions as they host a large number of people.
2) Being a new district, Ngora lacks equipment to store vaccines such as deep freezers, a cold chain and a laboratory to carry out basic diagnosis. Presently, all vaccines are stored in neighboring Kumi district. Vaccines are not available in the district. By the time they are transported to Ngora district they are often expired due to the excessive temperatures.
3) Delayed planning and implementation because an IPF for the project was not provided by MAAIF and MFPED.
4) Limited scope of surveillance that was carried out due to inadequacy of funds.

Project sustainability

The district officials noted that the project activities cannot be sustained in the long term as the budget allocated to the production department is small. Disease control which is an expensive function cannot be accommodated within the resource envelop that is earmarked to the agriculture sector at the district level. It was recommended that the Central Government should continue funding the project activities over the medium term.

Recommendations

1) GoU should sensitize all farmers, community based facilitators, local councilors, faith based organizations, technical officers and schools with regard to the symptoms of Avian Influenza and other related diseases and the control measures.
2) The project design should be improved to accommodate other key activities including:
    a. Deep freezers, vaccine carriers
    b. Laboratory for simple diagnosis
    c. Capacity building of veterinary officers and communities to be more prepared to respond to outbreaks
    d. Facilitation of vaccination exercises for other animal diseases
    e. Facilitation of more extension staff at district level to participate in project implementation in the lower local governments.

SERERE DISTRICT

Financial performance

The district confirmed having received the two tranches from MAAIF as follows: Ugshs 3,720,000 in April 2011 for surveillance of Avian and Human Influenza and Ugshs 1,835,000 in June 2011 for enforcing regulations against Foot and Mouth Disease (FMD). The district also received a motorcycle, a computer and vaccines for Foot and Mouth Disease and Rabies.

Implementation progress

The district officials reported having undertaken surveillance covering 50% of the district and working in 3 out of 4 sub-counties. Surveillance was undertaken in all the sub counties of Kadungulu, Pingire, Olio, Bugondo, Kateta, Kyere, Labor and Atiira. The AHIP activities were implemented in the months of April to July 2011 and suspended thereafter due to lack of funding. Activities undertaken included sensitization of district and sub-county leaders and communities; mostly at landing sites. It was reported that members of 6 Beach Management Units (BMUs) were sensitized at the following landing sites: Kagwara, Acorombo, Kateng, Mugaramo, Mulondo and Akwagalet. The project sponsored a radio programme in December 2011.

The monitoring team sampled two sub-county leaders in Bugondo Sub-county and held a Focus Group Discussion (FGD) in Kadungulu Sub-county to verify the information supplied by the district officials:

- The LC3 Chairperson and Sub-county NAADS Coordinators of Bugondo Sub-county were not aware of the AHIP activities and had limited knowledge of Avian Influenza gathered from Newspapers. They were undertaking routine surveillance of all diseases under the National Agricultural Advisory Services (NAADS) programme.

- The FGD at Kagwala Port Village A in Kadungulu Sub-county consisted of 7 persons, including 3 village leaders and the Chairperson of the Kagwala Beach Management Unit. Three of the participants (all men) were aware of the AHIP through radio programmes by the DVO, one of whom had in addition attended training by the project organized in Soroti district. The other 4 members, mostly women were not aware of the project activities or of Avian and Human Influenza.

  Among the control measures that the knowledgeable respondents were implementing were: keeping houses of poultry and pigs clean and avoiding eating carcasses of dead birds. The main challenge noted was the difficulty of mobilizing and sensitizing a highly mobile community which is characteristic of fishermen.

Sustainability of project interventions

The district officials were of the view that the project activities can only be sustained over the long term through direct funding from Central Government. Only a small fraction (less than 20%) of the surveillance activities that were implemented using AHIP funds may be sustained in future using the PMA Grant.

Challenges

1) Limited awareness among communities of the differences between Avian and Human Influenza and other poultry diseases which limits preparedness.
2) Collapse of the existing local council structures in fishing communities, hence there are no modalities for implementing and sustaining project interventions.
3) Visual aids and other communication/publicity materials that would have made sensitization possible were not provided by the project.
4) Lack of facilities to store vaccines such as cold chains.
5) Inadequate Veterinary Officers especially at Sub-county level to implement the programme.

Recommendations

1) Provision of financing to districts for communication and publicity of project activities through radio, visual aids, trainings, community meetings, church meetings, and documentaries. The key messages should be translated into local languages.
2) Establishment of volunteer teams at village and parish level to participate in working with communities to become more prepared to respond to any emerging risks.

3) Election of new local councils which should serve as the main structures for implementing project activities at the grassroots.

SOROTI DISTRICT

Financial performance

The district acknowledged receipt of 3 tranches of funds in 2011: Ugshs 3,720,000 in April, Ugshs 2,835,000 in June and Ugshs 4,882,500 in December. The June allocation was specifically earmarked for enforcement of quarantine restriction measures for Foot and Mouth Disease. By the time of the monitoring visit in March 2012, the district had expended the first two disbursements and was in the process of spending the last allocation. Equipment received under the project included: 5 pieces of protective gear, 5 burddizos and 4 rapid testing kits.

Implementation progress

The main activity that was carried out was surveillance along lake shores which have migratory birds that are suspected to originate from Sweden. The DVO collected samples from dead migratory birds that were submitted to NADDEC for diagnosis. The following diseases were identified through surveillance: Brucellosis, Swine Fever, Goat Plague, and New Castle disease. Farmers were advised on the control methods.

The funds enabled the district to contain the Foot and Mouth disease outbreak through vaccination, regulation of movement of live animals and enforcement of 12-hourly vigilance at animal checkpoints. This was majorly in the most affected sub-counties of Arapai (Aloet parish) and Gweri (Alawal and Mugienya parishes). Enforcement of regulations was carried out over a 7 months period.

The DVO estimated that at least 70% of the district was covered under the project with the available funds in terms of surveillance and enforcement of regulations. The monitoring team interviewed 4 farmers and conducted a focus group discussion (FGD) to ascertain the level of awareness of the project activities:

- The FGD at Lale landing site located in Agule village Kamuda Sub county consisting of 5 men confirmed having heard about bird flu over the radio but were not aware of any project in the district dealing with this disease. They recommended that the district should sensitize the communities with regard to control measures for Avian and Human Influenza.

- The 4 farmers from Arapai and Gwere Sub-counties had a vague understanding of the bird flu gathered through rumors from other community members. They were not aware of the AHIP and its activities.

Sustainability of project interventions

The district senior leaders expressed reservation with regard to sustaining project activities in the long-term due to the following constraints: Soroti is encumbered with a debt burden created before the re-districting of Serere and Kaberamaido; local revenue is low and the Central Government grants are on a declining trend. They recommended that the Central Government should prioritize disease control and continue funding the initiative over the long term.

Challenges

1) New laboratory infrastructure was limited to the centre; districts too need laboratories.
2) Lack of laboratory technicians at the district.
3) Large sections of the population are unaware of the disease, yet publicity and communication was not provided for at the district level.
4) Lack of visual aids such as posters and brochures to relay key messages to the stakeholders.
5) Inadequate resourcing and facilitation of the District production department.
6) Avian and Human Influenza is overshadowed by the presence of other prevailing livestock diseases such as Fowl Pox, New Castle Disease, Nagana and Brucellosis. This poses a risk to continuous vigilance for Avian and Human Influenza which is not known.

Recommendations

1) Funding for preparedness and response to Avian and Human Influenza should be channeled through budget support rather than project aid. Project activities should be mainstreamed and funded through GoU recurrent budget.
2) Design a proper exit strategy for the project that ensures sustainability of the interventions.

General project challenges

The following overarching challenges were noted from discussions held at central and local government level:

1) Bureaucracies at MAAIF that led to slow disbursement of funds within the ministry and to the districts; it was reported that funds took a month at the minimum to be received by the spending entity from the date of requisition.
2) Bureaucracies at World Bank that lead to excessive delays in procurement
3) Redistricting which leads to resources and equipment being thinly spread with reduced impact in terms of the intended outcomes.
4) Staffing constraint in the agricultural sector leading to a slow pace in project implementation.

Strategic Policy Issues

Implementation of the AHIP delayed by two years which negatively impacted on achievement of key outputs. Four policy issues emerge from the monitoring work:

5) **Project extension to complete key outputs**: The key output for the Animal Health Component (the new laboratory at NADDEC) has not been achieved yet. *An extension of the project by at least one year is recommended for purposes of completing construction and equipping of the laboratory*.

6) **Limited scope of coverage and impacts**: Although all districts acknowledged having received the earmarked funds and equipment, the resources were grossly inadequate for carrying out meaningful surveillance on an ongoing basis. Only 20 to 50 percent of the anticipated surveillance work was covered and only for two quarters. The level of awareness of the disease and possible control measures was low in communities and leaders, even in those areas that had been targeted by the project.

7) **Sustainability of project interventions and exit strategy**: The district officials unanimously indicated that the AHIP interventions could not be sustained beyond project closure due to funding constraints. *It is recommended that MAAIF quickly designs and implements an exit strategy that ensures sustainability of the interventions. Consideration should be given to formalizing the AHIP surveillance and reporting measures in the decentralized structure; integrating project activities in other programmes such as NAADS; stepping up the PMA grant to cater for Avian and Human Influenza interventions.*

8) **Ineffective project design**: The activities that were undertaken in the AHIP were not interlinked to produce common outcomes that would enable the achievement of the project objective. Key components like awareness raising and institutional building at the community level for ownership and sustainability of interventions were missing. The funds and equipment given were inadequate to enable the districts to become prepared to respond to an outbreak. Mid-term reviews focus on systems and processes rather than intended outputs and impacts. *The design of this and future projects should be refocused to ensure that they are outcome oriented rather than input-process oriented. Outcome/impact oriented indicators should be part and parcel of the project design.*

3.1.3 Dairy Development Authority

Background

Diary is ranked in the MAAIF development strategic investment plan (DSIP) as the fourth strategic enterprise for generating national incomes and enhancing agricultural production and productivity[16]. The industry is coordinated and regulated by the Dairy Development Authority (DDA), a semi-autonomous statutory body under MAAIF, established under the Dairy Industry Act (1998). The DDA commenced operations in 2000 with the mission *"To provide development and regulatory services that will ensure increased production and consumption of milk, sustainable and profitable dairy industry sector that will contribute to economic development and improved nutritional standards in Uganda"*[17]. The core functions of DDA are summarized in Box 3.2 in an abridged form.

Box 3.2: Core functions of Dairy Development Authority

a) Registers and licenses milk processors and traders.
b) Supports dairy farmer's marketing organizations.
c) Controls and regulates dairy related import and export activities.
d) Implements GoU policies designed to promote the development of the dairy sector.
e) Supports dairy development activities such as diary extension, dairy breeding research, dairy training, dairy products development and general market promotion.
f) In conjunction with MAAIF, coordinate the Authority's regulatory and development activities.
g) Act as arbitrator in any conflict between companies and processors.
h) Advise Government on research priorities of the diary sector.
i) Advise Government on milk standards in liaison with Uganda National Bureau of Standards.

Source: Dairy Industry Act, 1998.

The work of DDA is guided by the National Dairy Strategy 2011-2015 that seeks to improve household income, nutrition and livelihood of dairy farmers through increased production and productivity, value addition and marketing of the milk and dairy products[18].

The monitoring team monitored the activities of DDA to assess the extent to which the resources that were earmarked in FY 2011/12 and earlier years were geared towards achieving the above core functions and mission in an accountable manner.

Progress Update

---

[16] MAAIF, 2010.

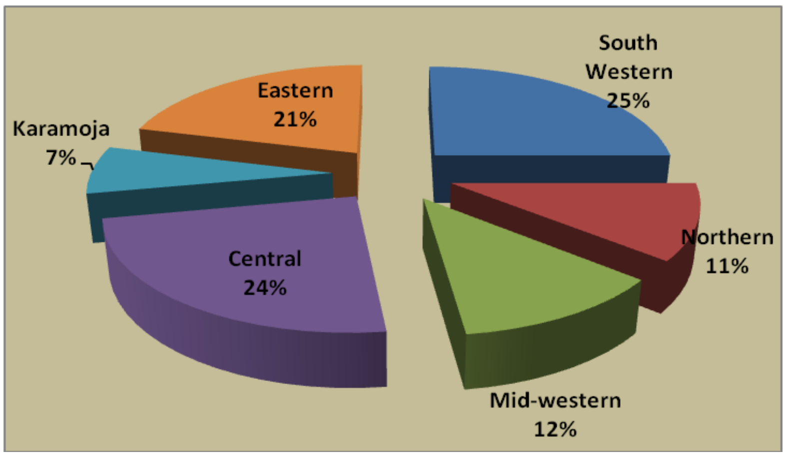
[17] Dairy Industry Act 1998; DDA, 2012.

[18] MAAIF/FAO/DDA.

The DDA has 6 core performance indicators in the Output Budgeting Tool (OBT): i) National annual milk production increased ii) Milk marketing enhanced iii) Quality for milk and milk products enhanced iv) Value addition for milk enhanced v) Farmers, traders and processors associations strengthened vi) Linkage with stakeholders strengthened.

In terms of milk production, Uganda is divided into six milk sheds. Overall milk surplus is mostly concentrated in districts of Kiruhura, Bushenyi and Mbarara in the South West, Sembabule, Nakaseke and Kiboga in Central and Bududa, Mbale, and Ngora Districts in the East. The apparent overall milk deficit is mostly concentrated in Karamoja Region.

Figure 3.1: Uganda's milk sheds



Source: DDA, 2012.

The DDA reported that, as a result of its interventions in collaboration with other stakeholders, Uganda's annual milk production increased from 1.458 billion litres in 2009 to 1.501 billion liters in 2010 (representing a 3 percent increment). The value of marketed milk has also grown from US $324.7 million dollars in 2009 to US$336.2 million dollars in 2010. The per capita consumption of milk in Uganda was reported to have risen from 40 litres per person per year in 2020 to 50 litres per person per year presently (but far below the WHO recommended level of 200 litres per person per year)[19].

In addition, the DDA reported having made the following cumulative achievements in FY 2010/11 and half year FY 2011/12[20]:

- **Training to increase production**: During half year of FY 2011/12, 361 farmers were trained in animal feeding and feeding technologies and 109 dairy farmers were trained in

[19] DDA, 2012; DDA, 2010..

[20] Half year performance report in OBT for 2011/12; DDA, 2012.

hygienic milk handling and production; In FY 2010/11, 600 farmers were trained in various aspects of dairy development.

- **Quality assurance and regulation**: For half year FY 2011/12, 736 milk handling premises were inspected, 170 dairy businesses were licensed and Mbarara Regional Office was opened and was reported as fully functional. In FY 2010/11, 905 milk collection centres and retail outlets were inspected in 5 milk sheds (Karamoja was not inspected) and 126 insulated milk road tankers were inspected.

- **Enforcement of Dairy Standards and Regulations**: Several activities were implemented to enforce dairy standards and curb bad practices such as adulteration of milk and dairy products, operating in an unhygienic environment, and processing substandard products.

- **Improving Milk Collection Infrastructure**: During FY 2010/11, the GoU through NAADS and in consultation with DDA provided funds for the procurement of seven milk coolers, which have a combined capacity of 27,000 litres. The coolers were installed at the following sites: Ngoma in Nakaseke district, Kakooge in Nakasongola district, Mitima in Sembabule district, Kabingo in Kiruhura district, Bishozi in Kamwenge district, Isingiro town in Isingiro district and Kyotera in Rakai district.

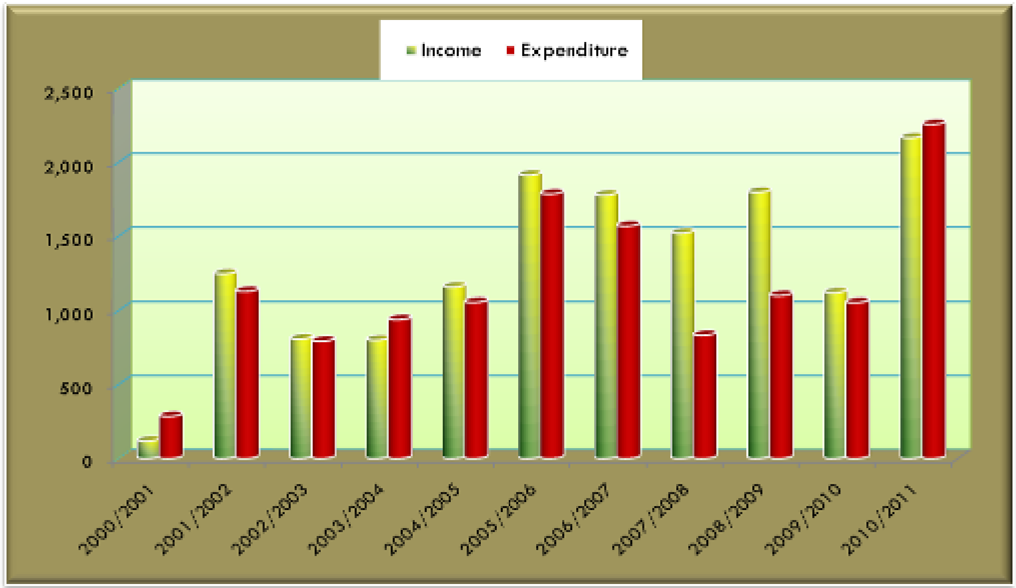
Financial Performance

Unlike in the past when DDA relied on donors such as DANIDA as the main source of funding, current resources flows are from two main sources: GoU grants and non-tax revenue (NTR). In FY 2010/11, the FAO provided US$ 460,000 for development of an updated dairy strategy. This fund was administered through the FAO office in Kampala. Government releases to DDA have more than quadrupled over the last five years from Ugshs 569,414,000 in FY 2006/2007 to Ugshs 4.260 billion in FY 2011/12. The NTR has hovered around Ugshs 300 million[21]. Figure 3.2 shows DDA's financial trends over the past 10 financial years.

The approved budget for DDA for FY 2011/12 was Ugshs 4.260 billion. Based on the IFMS financial data, the cumulative release to the institution by the third quarter was Ugshs 2,825,682,001 or 67 percent of the budget. A breakdown in the use of the released funds is given in Figure 3.3.

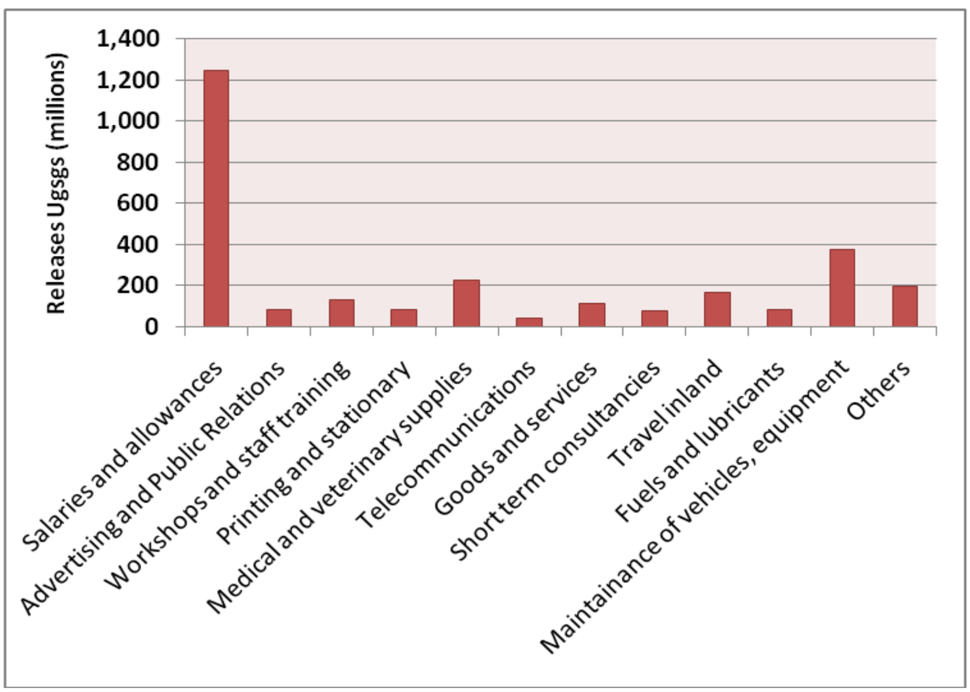
Figure 3.2: Summary of DDA annual income and expenditure for FY 2000/2001 – FY 2010/11 (Ugs'000,000)

[21] DDA, 2012; OBT financial performance report April 2012.



Source: DDA, 2012.

Figure 3.3: Financial performance of DDA by the third quarter of FY 2011/12



Source: IFMS Data, April 2012.

The bulk of released resources in FY 2011/12 were earmarked for salaries and allowances (44 percent) followed by maintenance of vehicles and equipment (13 percent) and medical and veterinary supplies (7%). Goods and supplies accounted for only 4% of the released funds. The rest of the funds (32 percent) were spent in other recurrent expenses, particularly workshops and training and travel inland.

By the nature of its mandate, it would be expected that DDA would allocate most of its funding to district level activities that would enhance production and quality assurance in the diary industry. This would mean that more funds would be allocated to goods and services, travel inland, fuels and lubricants and the operationalisation of regional offices. A different picture emerges with the institution operating in a top heavy fashion (41 staff) with minimal allocation to these budget lines which would make a difference to district or regional based activities. This is indicative of poor allocative efficiency in the institution.

Physical Performance

Overall performance

The monitoring team visited Local Governments to assess the implementation of DDA activities in the country. Whereas 11 districts were sampled for the monitoring work, information could only be gathered in 7 districts (Bushenyi, Gulu, Lira, Masaka, Mbarara, Ntungamo and Soroti). The Chief Administrative Officers (CAOs), DVOs and other staff from the District Production Departments of the other 4 districts (Bukedea, Kaberamaido, Ngora, Serere) had no knowledge of DDA activities in their areas. They were not aware of the full mandate of DDA with regard to regulation and development of the dairy industry.

In the 6 districts that were visited, information was scanty on DDA activities. Some of the stakeholders knew about DDA activities but indicated that the services were neither satisfactory nor impactful. The DDA Senior Management explained that, until in FY 2011/12 when the Mbarara Regional Office was operationalised, the institution has been operating at Central Government level due to budget constraints.

BUSHENYI DISTRICT

Background

The monitoring team visited Bushenyi Dairy Industry Cooperative Union which was indicated in DDA reports as having benefitted from their services. This is a farmer based union that was formed in 2003; membership stood at 18 primary cooperatives by the time of the monitoring visit in February 2012. The major purpose of the cooperative is to promote bulking of milk for easy marketing and searching for market for members' milk. On average the union markets 2,500 litres of milk per day to schools, the local population and Sameer Agriculture Livestock Ltd[22].

Implementation of DDA Interventions

Senior officials in the Union indicated that the DDA had undertaken a number of activities in namely:

- Inspecting and issuing a certificate to the Union once a year;
- Monitoring the quality of milk;
- Arbitrating when there were conflicts between the Union and Sameer Agriculture Livestock Ltd.

Challenges

1) Lack of DDA presence in the region to handle problems that arise in the dairy industry on an ongoing basis. The Union officials acknowledged having heard about a regional office being set up in Mbarara but had not received any service yet from that office. *"DDA is not doing enough to arbitrate between the Union and Sameer. We have problems when selling milk to Sameer and yet DDA which is supposed to arbitrate is not present when we need them"* said one senior official of Bushenyi Dairy Industry Cooperative Union.
2) Large informal market with unscrupulous traders selling adulterated milk to unsuspecting buyers thus lowering the quality of milk and negatively impacting on the market.
3) Dairy cooperatives are not integrated or well linked to NAADS. Hence, dairy farmers do not benefit from extension services and improved technologies.
4) Dairy equipment such as coolers and chilling machines are too costly and unaffordable.
5) Exploitation by Sameer Agriculture Livestock Ltd as they are a monopoly in milk processing.
6) Double taxation – DDA collects license fees and different local authorities also levy different taxes.

Recommendations

1) DDA should streamline its operations and focus on enforcing quality standards and ensuring that all players adhere to set standards.
2) DDA should forge a stronger link with MAAIF/NAADS to ensure that dairy farmers have increased access to extension services, inputs and improved technologies.

---

[22] Largest milk processor in the country. Assets of the former Dairy Development Corporation were divested to this company.

3) Facilitating the DDA Mbarara Regional Office to be able to reach out to all stakeholders within their jurisdiction area.
4) GoU to streamline taxation system to remove double taxation in the dairy industry.

GULU DISTRICT

Implementation of DDA Interventions

The district officials expressed awareness of DDA activities as follows:

- JICA in collaboration with DDA sponsored one officer from Gulu district on a short course in Udder diseases and milk hygiene at Makerere University.
- DDA carried out sensitization of farmers with regard to milk hygiene and enforced regulations with regard to movement of milk using the milk can.
- In December 2011, DDA officials sensitized officers at animal check points with regard to milk hygiene and enforcement of the attendant regulations.
- The institution is not present in the region and hence activities are carried out in an adhoc manner.

Challenges

1) Declining performance of the dairy industry as a result of the poor quality of artificial insemination (AI) services and lack of Liquid Nitrogen to store semen in a cold chain. Orders for Liquid Nitrogen from the two plants in Entebbe and Mbarara often take 3 months before delivery.
2) Inadequate information about the policy and mandate of DDA and the regulations that are to be enforced for improving the dairy industry. Hence, districts are unable to collaborate effectively with DDA.

Recommendations

1) Establish regional Liquid Nitrogen Plants. One could be centrally located in Gulu district to serve the Northern region.
2) DDA should formalize the working relationship with the districts; for example, writing officially to the CAO the regulations that are expected to be enforced at the animal check points.
3) Train milk assistants at community level to help in enforcing regulations at the grassroot.

4) DDA to strengthen publicity, communication and information dissemination with regard to the regulations and set standards for the industry. Radio programmes that used to be aired two years ago but stopped should resume.
5) Upgrade the Artificial Insemination services to meet the demands of the country. DDA should strengthen its collaboration with the National Genetic Resources Centre and Data Bank (NAGRC&DB) and other private sector players that are involved in offering artificial insemination services.

LIRA DISTRICT

Implementation of DDA interventions

Lira district officials reported that DDA had been involved in some of these interventions:

- A USAID funded project that has been mobilizing farmers since 2010 to form a marketing cooperative. A milk cooler was supplied to the farmers.
- Enforcement of regulations in the dairy sector
- A survey undertaken in March 2012 to identify ways in which farmers can be supported in terms of capacity building and provision of equipment.
- Lira Dairy Cooperative is at infant stages of being formed

Challenges

1) DDA's presence is lacking especially in the remote rural areas
2) Adulteration of milk by traders which is not properly regulated by DDA.
3) Liquid Nitrogen is not easily accessible and hence the artificial insemination services are of poor quality.

Recommendations

1) DDA should promote increased production and productivity in the dairy sector working closely with other MAAIF agencies.
2) DDA should strengthen its linkages with NAGRC&DB to improve the quality of artificial insemination services.

MASAKA DISTRICT

Implementation of DDA Interventions

Masaka district officials expressed awareness about DDA interventions although they did not know their mandate in a decentralized framework. They reported the following interventions:

- The first formal interaction was in March 2012, when the district was officially contacted by DDA to participate in the Presidential Initiative on heifers. DDA is in preparatory stages of implementing a six heifer scheme in Masaka region commencing in FY 2012/13. The scheme is to cover the entire region comprising of the districts of Masaka, Lwengo, Rakai, Sembabule, Bukomansimbi and Lyantonde.

- DDA offered technical advice in the establishment of a milk cooler in Lwabenge sub-county in Kalungu district; one cooler in Bukomansimbi district and Maddu Dairies in Masaka district.

- DDA provides certification and licensing of processors operating in the region.

Challenges

1) Lack of new good quality pasture varieties which hinders animal productivity. The pastures that are being used by most farmers in the country were developed in the 1960s.
2) Lack of Artificial Insemination (AI) services that collapsed after being privatised. There are inefficiencies associated with lack of Liquid Nitrogen, power surges, expensive semen (Ugshs 60,000 to Ugshs 200,000 a dose) and low viability of the semen on the market (farmers have to use semen more than 6 times before an animal on heat can conceive), As a consequence, Uganda is not improving on the genetic pool of animals hence low milk production.
3) Presence of counterfeit milk handling equipment. As per international standards, milk handling equipment should be manufactured from stainless steel or aluminum. The counterfeit and substandard equipment on the market reduce the quality of milk stored.
4) Sameer Agriculture Livestock Ltd is exploiting farmers through offering low prices for milk (on average Ugshs 300 per litre) that cannot cover the cost of production.
5) The ratio of extension workers to farmers is too low to cause a positive change in animal production and productivity.

Recommendations

1) DDA should establish a formal working relationship with the districts and sensitize them about their mandate.
2) Being an Authority, DDA should collaborate with other relevant institutions to address all the constraints in the value chain that hinder animal production and productivity. *"DDA should develop the entire value chain and ensure that the following public goods are available to farmers: quality assurance of milk and milk products; skills development; timely AI and Liquid Nitrogen services; research, development and*

dissemination of quality pastures; provision of quality equipment and technologies such as stainless steel milking cans" DVO, Masaka District.

3) GoU to provide incentives to local milk processors to enable them grow to reduce monopoly in the industry. Should aim at having at least 4 large milk processors in the country.
4) Working closely with NAADS and other MAAIF programmes, DDA should implement farm level programmes that target smallholder farmers, especially women and youth farmers, to enhance their agronomic practices and participation in bulk marketing.

MBARARA DISTRICT

Implementation of DDA Interventions

The monitoring team monitored two dairy sector players in Mbarara district that were reported to have interacted directly with DDA: South Western Uganda Milk Producers Cooperative (SUMPCA) and Uganda Crane Creameries Cooperative Union Ltd (UCCCU).

South Western Uganda Milk Producers Cooperative

This association started in 2001 to promote bulk marketing of milk and had a membership of 110. The association purchased 2 milk coolers and markets about 3000 litres of milk per day to suppliers of cheese and other buyers. According to the senior management of the association, DDA has been active in one major area: sensitizing and training farmers on proper methods of milk handling such as using stainless steel milk cans instead of jerricans. The two key challenges faced by the association are: unreliable power supply that increases the cost of operating the coolers and low supply of milk during the dry season.

Uganda Crane Creameries Cooperative Union Ltd

The Union which was formed 6 years ago from the former Western Uganda Dairy Farmers Association is a high level marketing organization that aims to assist farmers to be in charge of the entire value chain up the market. It has a membership of 30,000 dairy farmers in 10 district unions in Mbarara, Bushenyi, Ntungamo, Rukungiri, Isingiro, Kabarole, Kiruhura, Kanungu, Ibanda and Sheema.

It was reported that DDA had collaborated with this organization in the following ways:

- The Union is setting up a farmer owned milk processing plant that should be in operation by end of 2012. The DDA, with support from FAO, has provided a training to the Union members; other services provided but on an adhoc basis have included quality control and enforcement of standards.

- The Union is a major supplier of milk to SAMEER Agriculture Livestock Ltd. DDA plays an arbitration role between the two whenever conflict arises.

The following challenges where noted:

- The DDA is thin on the ground and as a result cannot enforce the industry's required standards and regulations as was noted by the Union's Senior Manager *"We have heard that DDA has an office in Mbarara. We have not got any services for our members in the 10 districts from that office. We hope that we shall be assisted more in the following areas: training, quality control and assurance and mediation"*.
- Exploitation by Sameer Agriculture Livestock Ltd which offers low prices to farmers since it is a monopoly in purchase and processing of milk in the region.

NTUNGAMO DISTRICT

The monitoring team sampled the largest milk buyer in the district, Ntungamo Dairy Farmers Cooperative Union (NDAFCU). Established in 2000, the Union comprises of 221 primary diary cooperatives in Ntungamo district with 1,600 members. The main objective is to undertake bulk marketing of farmers' milk and in peak/rainy seasons, a total of 30,000 litres; while 21,000 litres of milk are sold during the dry seasons.

Officials of NDAFCU acknowledged having been sensitized by DDA on quality management procedures to some limited extent. The main challenges noted were:

- Absence of DDA services in the region *"DDA officials usually come to our region no more than 3 times a year. The problems we face in the dairy industry are continuous; intermediation services are lacking. We need more frequent interaction with DDA"*. Said a senior official of NDAFCU.
- Exploitation of farmers by Sameer Agriculture Livestock Ltd that does not follow the standards set by DDA. It was recommended that DDA should also ensure that Sameer abides by set standards which will reduce the conflicts with the farmers.

SOROTI DISTRICT

Implementation of DDA interventions

District officials reported that DDA activities in Soroti have concentrated mostly on the regulatory aspects and less on development of the industry. A key intervention has focused on Soroti Diary which was a Government owned parastatal in the 1960s but was rendered redundant due to political instability. In 2003, DDA approved a license for a private sector entrepreneur to revamp and operate the company. The operations of Soroti Diary cover the entire milk shed in the region including the districts of Serere, Kaberamaido, and Katakwi.

The monitoring team found the plant in operation handling 1500 litrers of milk per day during peak production. Through the Agricultural Credit Facility (ACF), Soroti Dairy has been able to purchase the following equipment: three coolers, three generators, one truck and some milking cans with capability to handle 6000 litres of milk per day. In collaboration with DDA, Soroti Dairy is in advanced stages of refurbishing old milk centres in Serere, Kaberamaido and Ngora districts, including installation of milk coolers.

Challenges

1) Being a post-conflict region, farmers are not organized in effective farmers' groups or associations that can promote bulk marketing of milk and milk products. The few existing groups are dysfunctional as the executives leading them are not trained or skilled.
2) The mandate of DDA is not known. Neither is the institution present in the region to enforce dairy quality standards on an ongoing basis.
3) Many traders and processors in the region use jerrycans for transporting milk lowering its quality and price and ultimately impacting negatively on the operations of Soroti Dairy.

Recommendations

1) DDA should enforce standards and regulations more effectively so that every player in the industry adheres to the required standards.
2) Government should subsidize the importation of milk handling equipment into the country that will curb the bad practice of using jerrycans to transport milk.
3) DDA should embark on sensitization of all stakeholders in the dairy industry especially with regard to the regulations and set standards.

Strategic Policy Issues

Five strategic policy issues are identified for consideration by the policy makers with regard to enhancing performance of the DDA:

1. **Poor allocative efficiency**: GoU releases to DDA have more than quadrupled over the past 5 years. However, the institution continues to spend on recurrent expenses that may not fast track the achievement of the key performance indicators especially at district/farm level. The bulk of expenses in 2011/12 as of the third quarter were spent on salaries and allowances (44 percent), vehicle and equipment maintenance (13%) and other recurrent activities such as workshops and seminars (32%). This leaves less resources for offering decentralized services to farmers on an ongoing basis.

2. **Decentralized service delivery**: DDA was operating one regional office in Mbarara by the time of the monitoring visit in March 2012. Monitoring work indicated that the districts in this region have not received any services from this office yet. There is need to fully operationalise this office while fast tracking the opening up of regional offices in other parts of the country. DDA should change approach and implement their activities through existing local government structures.

3. **Limited scope of services**: Compared to the mandate areas of the institution (refer to Box 3.2 above), DDA is presently delivering a small fraction of the expected services. Field findings indicated that most services that are being offered by DDA are regulatory in nature and less on development aspects. The mandate of DDA is not well known by most stakeholders and hence the demand for services is limited. DDA needs to collaborate with other institutions such as NAADS, NAGRC&DB and NARO to enhance service delivery along the entire value chain in the dairy industry.

4. **Exploitation by Sameer Agriculture Livestock Ltd**: Many stakeholders in the dairy sector complained of exploitation and abuse of set standards by SAMEER which is the largest private firm in milk processing. The monitoring team was not able to follow up to get a response from this company due to time constraint. The GoU needs to support farmers' unions and cooperatives to increase their capacity to process milk as a means of increasing competition in the industry. This support could be in form of processing equipment, milk coolers and other equipment that are provided through the Agricultural Credit Facility.

5. **CESS**[23]: The DDA is supposed to work towards self-sustainability. However, with the abolition of the 1% cess on every litre of milk processed, this has greatly reduced the non-tax revenue and funds available to DDA for programme implementation. DDA officials recommended that the 1% cess should be re-instated and the funds channeled into a Dairy Development Fund for infrastructure development. Whereas cess on processed milk was abolished, there is still a 1% levy on raw milk and imports. This has created controversy in the sector with farmers and importers demanding that the levy, like the cess, should be abolished; alternatively, the 1% cess on processed milk should also be reinstated.

3.1.4 Vegetable Oil Development Project

Background

Uganda imports about 70 percent of the required edible oil and soaps and per capita consumption is only 20 percent of the world's average. To reduce the country's heavy reliance on imports of vegetable oil, the Government formed a public-private partnership (PPP) in 2000 to introduce

[23] CESS is a synonym for tax, duty, fee that is applied to a particular purpose.

commercial and small holder oil palm plantations in Kalangala (Bugala Island) and sunflower production in the north and east of the country. The Vegetable Oil Development Project (VODP) is financed by the International Fund for Agricultural Development (IFAD) with a major private sector player in Kalangala – Oil Palm Uganda Ltd (OPUL). The development objective is to *"increase the domestic production of vegetable oil and it's by products, thus raising rural incomes for smallholder producers and ensuring the supply of affordable vegetable oil products to Ugandan consumers and neighboring regional markets".*

The first phase of the project that commenced in 2003 has 3 components: (i) the Oil Palm Development (ii) the Vegetable Oil Development Fund (Traditional Oilseeds and Essential Oils Sub-components (iii) the Institutional Support component. This phase was scheduled to be completed by 31st December 2011 with a closing date of 30th June 2012. It is therefore in the final stages of closure. The second phase of the project (VODP2) which builds on the work of the first phase started in July 2011 following the signing of a loan agreement between GoU and IFAD on 21st October 2010.

The VODP2 that is scheduled to be implemented during 2011 to 2018 has three project components: (i) Oil Palm Development (ii) Oil Seeds Development Component (iii) Project Management. By the time of the monitoring visit in February – March 2012, it was only the Oil Palm Development component where implementation had commenced. Hence, monitoring work focused on this component.

Performance indicators for the Oil Palm Component

- The overall target for VODP is to develop 40,000 hectares (ha) of oil palm, with 26,500 ha being developed as commercial plantation by OPUL and 13,500 ha to be developed by GoU (for small holder farmers).

- During the first phase, the key targets were to:
  - Develop 10,000 ha of oil palm on Bugala Island: 6,500 ha on a nucleus plantation and 3,500 ha planted by outgrowers and small holders organized by Kalangala Oil Palm Growers' Trust (KOPGT). KOPGT provides fertilizers and credit to beneficiaries for maintaining their fields.
  - Construct and furnish an office block for KOPGT
  - Construct a processing mill at the nucleus estate.

- The key targets for the second phase (VODP2) are:
  - Develop an additional 2,000 ha of oil palm in Kalangala district. Of this, 800 ha will be developed by smallholders on Bugala Island to reach the initial target of 3,500 ha; a further 1,200 ha will be developed on the four neighboring islands (Bunyama,

Bubembe, Funve and Bukasa) to bring the total area covered by smallholder plantations in Kalangala district to 4,700 ha.

- Replicate nucleus estate-smallholder model of 10,000 ha on Buvuma Island, with 6,500 ha developed by OPUL and 3,500 ha developed by smallholders, including the establishment of the smallholder oil palm growers' trust.
- Restructure KOPGT to grow into a self sustaining institution by 2016.

Progress Update

The monitoring team last monitored the VODP in the third quarter of FY 2008/09. The key findings then were[24]:

- Construction of the KOPGT office block and the oil palm mill had commenced.
- About 720 farmers were being supported by KOPGT with fertilizers and credit
- OPUL expressed dissatisfaction with the land acquisition process by GoU.
- The outgrowers complained about the poor maintenance and fertilizer application on their fields by OPUL.

Financial Performance

Total project cost

The total cost of the VODP2 for the period 2011 to 2018 is estimated at US$ 147 million (Ugshs 294 billion). Oil palm development accounts for 81 percent of the project cost, followed by oilseeds development (13 percent) and project management (6 percent). The funding is to be contributed by the following partners: IFAD (US$ 52 million), OPUL (US$ 70 million), farmers (US$ 3.9 million), KOPGT (US$ 4.4) and SNV/IFAD grant (US$ 1 million). KOGPT is expected to achieve self-sufficiency by 2015 and start financing its own operations at about US$1 million per year[25].

GoU is supposed to fund 30% of the budget to cover 100 percent of land cost, while IFAD loan funds 70 percent of the budget.

Disbursements in FY 2011/12

The status of disbursements to VODP2 is summarized in Table 3.4.

---

[24] Budget Monitoring Report January – March 2009.

[25] IFAD, 2011.

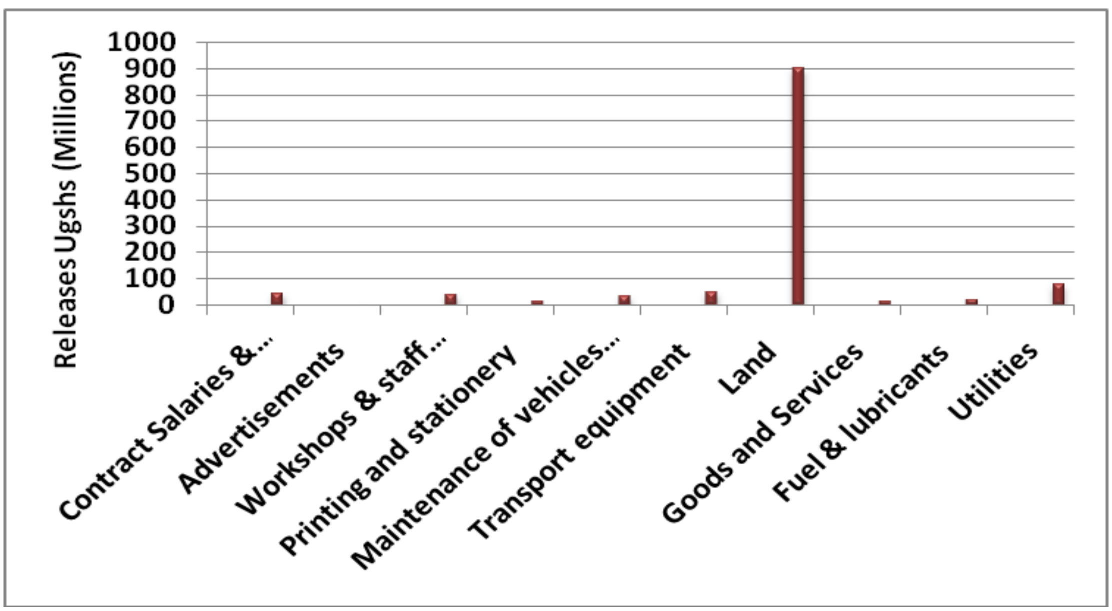
Table 3.4: Financial performance of VODP2 in FY 2011/12

Source	Budget (Ugshs million)	Actual release (Ugshs million)	*Notes*
IFAD	15,989	2,579	*Disbursement as of November 2011.*
GoU	7,000	1,190	*Disbursement as of April 2012. Note that the approved budget according to IFMS data for GoU counterpart funding was much lower than what is indicated in IFAD progress report at 2,396 million.*
Total	22,992		

Source: Budget information and actual release from IFAD obtained from MAAIF, 2011; GoU release data from IFMS as of April 2012.

An analysis of the releases by GoU to the project in FY 2011/12 indicated that the bulk of funding was earmarked to land acquisition (Figure 3.4) which is in line with the set performance indicators.

Figure 3.4: GoU releases to VODP2 in FY 2011/12 by April 2012.



Source: IFMS data April 2012.

Physical Performance

Overall performance

An evaluation by MAAIF of the oil palm component in the first and second phase of the project indicated the following progress as of December 2011[26]:

- A total of 1.93 million pre-germinated seedlings were imported from Malaysia, Indonesia, Costa Rica and Ivory Coast by OPUL and planted. An additional 400,000 seedlings were imported and were being raised for planting for the outlaying islands and for gap filling.
- OPUL planted 6,100 ha of the targeted 6,500 ha.
- Land commitments by smallholders and outgrowers were 3,581 ha.
- The mill for processing Fresh Fruit Bunches (FFB) started operation in February 2010 with an installed capacity of 10 metric tonnes (MT) expandable to 30 MTs per hour.
- 2,700 ha of land was purchased on Buvuma Island and 1,209 ha on the outlaying islands surveyed.

Field findings

The monitoring team interfaced with the key implementing agencies of the Oil Palm Component in Kalangala district (KOGPT, OPUL and Kalangala District Local Government) to assess project performance by the close of the first phase and start of the second phase. The monitoring team also interfaced with Kalangala Infrastructure Services (KIS), a private sector company that is mandated to deliver infrastructure and basic services to facilitate VODP.

A. KALANGALA OIL PALM OUTGROWERS TRUST

Background

The Kalangala Oil Palm Outgrowers Trust (KOPGT) is a trustee body that was established in 2005 to protect the interests of and support the smallholder farmers who are supposed to develop the 3500ha of oil palm under the VODP. The institution, which is GoU funded, supports the farmers by providing credit, inputs, marketing infrastructure and selling their fruits.

Implementation progress

Among the key performance indicators for GoU with regard to KOPGT were:

- Acquisition of land (3,500 ha) under smallholder farmer scheme.
- .Construction of 250 kms of road network.
- Provision of inputs and loans to farmers.

[26] MAAIF, 2011.

- Harvesting and collecting fresh fruit bunches from farmers.
- Construction and equipping the KOPGT Office

Land acquisition

Field findings showed that by March 2012, a total of 1,133 small holder farmers were participating in the project and they had planted 2,016 ha of oil palm plantations (Table 3.5). By December 2011, the outgrowers had planted 346.4 ha[27] bringing the total land planted by smallholder farmers and outgrowers to 2,362.4 ha. Thus, the phase one target of planting 3,500 ha is yet to be met (at 67.5% achievement) although the total land pledged is already above the target (3,581 ha including pledges by smallholders and outgrowers).

Table 3.5: Land acquisition under smallholder scheme in Kalangala district

Implementing block	Number of farmers	Hectares pledged	Hectares planted
Bbeta East	217	384.9	334.0
Bbeta West	268	501.7	494.0
Bujumba	139	425.3	271.0
Kagulube	167	431.4	175.0
Kalangala	133	751.8	340.0
Kayunga	209	592.8	402.0
Total	**1,133**	**3,087.9**	**2,016**

Source: KOPGT, March 2012.

Construction of road network

During VODP phase one, KOPGT was mandated to construct 250 kms of farm access roads to ease accessibility to farm fields. As of March 2012, 210 kms had been opened up. In VODP2, the target is to open an additional 40 kms; it was reported that 30 kms had been opened. However, the boundary roads between the plantations and forest reserves are generally in poor condition. It was not clear which institution is responsible for maintaining the boundary roads. It was proposed that these roads should be managed and maintained by the district, in collaboration with the National Forestry Authority (NFA).

Provision of inputs and loans

[27] MAAIF, 2011.

Under the tripartite agreement between GoU, OPUL and KOPGT; OPUL provides inputs such as fertilizers, seedlings and harvesting kits to farmers at a subsidized cost through a loan scheme. For purposes of quality control, all the inputs are imported by OPUL. The KOPGT also operates a loan portfolio to cater for farmers financial needs. The loans, with a 10 percent interest rate and a grace period of one year after harvest, are recovered by KOPGT through deducting 33 percent of the proceeds from selling fruits to OPUL and deposited on a loan recovery account.

By March 2012, the total amount loaned out to clients stood at Ugshs 19.5 billion, having risen from Ugshs 12.8 billion in 2011 and Ugshs 8.8billion in 2010. The KOPGT had recovered Ugshs 450 million from the farmers. The district officials appreciated the additional extension services provided to farmers by the KOPGT staff.

Harvesting of fresh fruit bunches

It was reported that 350 out of the 1,133 smallholder farmers under KOPGT had commenced harvesting. The harvest rose from 680 tonnes in 2010 to 2,900 tonnes of fresh fruit bunches in 2011. The average harvest per month has risen from 200 tonnes in 2010 to 500 tonnes in 2012, as more farmers start harvesting and application of fertilizers is on the increase.

At the time of the monitoring visit in March 2012, KOPGT had two trucks that were transporting farmers' fruits from fields to the processing mill. However, with the high yield that was being registered by farmers, KOPGT has been overwhelmed and as a result borrowed the district truck as well as hiring private trucks. Plans are underway to purchase more trucks for KOPGT under the VODP2.

KOPGT truck transporting farmers' fruits to mill

The monitoing team visited two farming units to verify these findings at farm level.

<u>Njonga Unit</u>

Njoka Unit, located in Njoka village Kayunga Parish Mugoye Sub County, has 43 farmers (33 males and 9 females) with a total acreage of about 200 acres. The focus group discussion (FGD) of 4 farmers reported that during every harvest cycle (after every 10 days), four lorries from KOPGT collect produce from this unit for delivery to the processing mill. The monitoring team found the farmers collecting the fruits, ready for pickup by KOPGT at designated places.

Farmers in Njonga Unit waiting for KOPGT trucks to collect their fruits

The main challenges noted by the farmers were:

1) Inadequate fertilizers provided by KOPGT/OPUL;
2) Lack of funds to maintain large acreages. The credits that are provided by KOPGT are too small.
3) Lack of means to carry the fruit bunches from the plantations to the designated areas for pickup. It was noted that women had the burden of collecting fruits over long distances; one bunch on average weighs 30 kgs and has spikes that pose a health hazard. Men were more involved in harvesting.
4) Inadequate extension advice.
5) Scarce and unaffordable hired labour. Most families find it tedious to physically maintain the large plantations and collect the fruits from 5 acres and above.
6) Low price offered by OPUL for the fruits compared to the high cost of production.

It was recommended that:

1) The GoU/VODP2 should identify, source and make accessible to farmers appropriate technologies for transporting fruits within and between fields.
2) GoU should provide commercial loans at affordable interest rates to enable farmers expand their businesses.
3) Increasing financial literacy among farmers to enable them use the credits from KOPGT and other loans in a cost effective manner.

<u>Kizira Unit</u>

Kizira Unit, located in Kizira village Mugoye Sub-county, has 50 smallholder farmers (34 males, 5 femailes and 11 youth) that are participating in VODP2. The Chairperson of Kizira Unit indicated that he started growing oil palm in 2006. He had 8 acres that were at harvest stage and

13 acres in infancy stages. Harvests on his farm averaged 2.5 to 4 tonnes every harvesting cycle (10 days). His earnings are between Ugshs 1 million and Ugshs 3 million per month from sale of fruits. His profits have enabled him to construct a house worth Ugshs 50 million and pay school fees for his children.

An improvement in household income and livelihoods of the farmers in Kizira Unit was reported as a direct result of VODP. Farmers are using the proceeds for taking children to better schools in Masaka and Kampala; acquiring transport means; improving household nutrition; building houses and expanding farming lands. Members in Kizira Unit have also established a Savings and Credit Cooperative Organization (SACCO) for saving and lending to members address immediate needs.

The following challenges were noted by farmers in Kizira Unit:

1) Lack of on farm roads and transport;
2) Lack of clarity on how the deduction of 33 percent from proceeds to recover the loans and transport costs is computed.
3) Wastage of fruits when they are not collected by KOPGT due to transport related problems.
4) Special interest groups such as widows and orphans that were not catered for in the project as they lack land for cultivation. The project targeted the productive poor with land.

It was recommended that:

1) GoU should provide soft loans to enable farmers acquire on farm transport means.
2) More trucks should be provided to KOPGT for transporting farmers' fruits.
3) Special interest groups should be given grants by GoU to purchase land so that they can participate in the project.
4) GoU should promote and support entrepreneurship development in the project. The communities may use the byproducts of oil palm to develop other products targeting tourists and the export market.

Office construction and facilitation

The first monitoring visit of the VODP in the third quarter of FY 2008/09 indicated that construction of the KOPGT office had commenced but the building was incomplete. The second monitoring visit in the current quarter indicated that construction of the office block had been completed and the building had been equipped and was in operation. The KOPGT management reported having received a number of facilities and equipment including: 2 trucks, a tractor with trailer, 30 seater bus, 10 motorcycles and an assortment of office equipment.

Key challenges to KOPGT

1) Irregular flow of funds from MAAIF/MoFPED: the last disbursement under the first phase was in November 2010; the next two releases under VODP2 were in August 2011 and November 2011, respectively. This constrained timely disbursement of credits to farmers for field maintenance which resulted in some farmers selling off their plantations.
2) Limited staffing at KOPGT (22 personnel) to manage close to 1,200 farmers.
3) Insufficient trucks to transport farmers' fruits and fertilizers. It has been budgeted that 4 trucks will be provided under VODP2 but these will still not be sufficient.
4) Lack of storage facilities to handle the minimum stock of 500 tonnes of fertilizer. Presently, KOPGT hires stores in Kalangala Town Council but they are of limited capacity of 50 to 200 tonnes, at varying rental charges and generally insecure (subject to pilferage). This has raised audit queries.
5) The proposed cess on oil palm by the district has not been well communicated and may act as a disincentive to farmers who have not gained any profit from the long-term investments. The district officials explained that the Cess will be part of the district revenue enhancement strategies.
6) Tension between KOPGT and KDLG arising from IFAD's recommendation to transfer the road unit that they put under the custody of KDLG to KOPGT. An IFAD mission noted that the road unit was poorly managed by the district.
7) Some farmers have resorted to selling fruits to a parallel informal market contrary to the terms of agreement. This creates a negative impact on the loan recovery process because large volumes of oil palm are lost.
8) Fuel scarcity affecting KOPGT activities especially distribution of fertilizers and collection of fruits.

Recommendations

1) Timely and regular disbursement of funds by MAAIF/MFPED.
2) Staffing needs to be stepped up especially in the areas of accounting and auditing, procurement, information technology and field extension.
3) An additional 8 trucks should be provided to KOPGT under VODP2.
4) Plans under VODP2 to construct a warehouse for KOPGT should be expedited.
5) The district administration should suspend the implementation of the cess tax to a future period when farmers have begun to realize profits. Additionally, an appropriate modality should be worked out by the district officials to ensure equity in the taxation process because not all farmers are harvesting at the same time. Communication and dialogue with the farmers is essential on this matter.

6) A fuel depot should be installed at the district for KOPGT activities.

B. KALANGALA DISTRICT LOCAL GOVERNMENT

Kalangala district local government (KDLG) has been involved in the VODP since 1991 when the IFAD undertook the first mission to mobilize support for the project. The main role of KDLG is to mobilize communities to provide land and participate actively in oil palm growing, in collaboration with KOPGT. The monitoring team held discussions with the Chief Administrative Officer (CAO), Resident District Commissioner (RDC) and staff of the District Production Department.

The project was highly appreciated by the district staff for improving the economic livelihoods of the majority of households on Bugala Island. They confirmed the reported progress by KOPGT in acquisition of land for the project.

The officials highlighted the following challenges as impeding VODP implementation:

1) The escalating market value of land in Kalangala. In FY 2005/06, an acre was costing on average Ugshs 175,000; presently, an acre of costs between Ugshs 1 million to Ugshs 2 million. This poses a challenge to acquisition of more land because Government has not yet reviewed the price at which land is purchased since project inception.

2) Uncertainty with regard to land ownership by settlers in 10 fishing/landing/trading sites where public land was secured by the district and handed to OPUL for investment. The affected areas are: Mulabana, Kananansi, Nakatiba, Bwiri, Kasenyi, Kasekulo, Lusozi, Kyabwima, Lwabalega and Kittoke. The settlers have expressed fear that they may be evicted by OPUL which has generated political tension in the district.

   OPUL management indicated that the affected landing sites are in the designated buffer zone where it is prohibited to undertake any activity 200 metres from the lake shore. The OPUL was however concerned that some of these communities were settling in the buffer zones and slowly encroaching into the boundaries of OPUL as well.

3) The Local Government officials were not consulted by IFAD/MAAIF when a decision was made in early 2012 to transfer the road equipment from the district to KOPGT. The district considers the road unit from IFAD as its own as Government will not be allocating any other road equipment. This matter has been referred by the district to the relevant authorities for redress.

4) The land acquisition process in Buvuma has been frustrated by encroachers who claim the already secured land; irregular funds disbursement delays the land acquisition process.

5) The district has failed to secure from Government entities supportive infrastructure for the VODP particularly roads, energy and water because of the standing arrangement for

Kalangala Infrastructure Services (KIS) to deliver the services under a public-private-partnership (PPP). Several years have passed by with no progress by KIS which is impeding project progress. The district has not been involved by the Central Government in the negotiations with KIS with regard to operations in Kalangala.

6) Insufficient funding for road construction and maintenance.

7) GoU is to pay Ushs 6 billion every year to KIS to operate the ferry service free of charge. The officials questioned how this value was arrived at; in their view, this figure was rather inflated.

8) The processing capacity that has been established by OPUL will not be sufficient 5 to 10 years from now when all farmer fields come into production.

Recommendations

1) GoU to review the prices at which land is bought in Kalangala district to reflect the current market value.

2) Three options were proposed for dealing with the land problem involving settlers: (1) GoU to negotiate with OPUL to return the affected areas to the district (2) Central Government to make a Memorandum of Understanding (MoU) with OPUL that secures land security for the settlers (3) Central Government to authorize the district to make an MoU with OPUL.

3) Review and expedite the KIS PPP in order to facilitate infrastructure provision in Kalangala. The district management should be involved in the ongoing negotiations with KIS to deliver infrastructure including ferry services, including the determination of the subsidies that are awarded to this company for service delivery.

4) Funding for road construction and maintenance should be increased, including funds for maintaining the road equipment.

5) Reconstitute the land taskforce that is charge of the land acquisition process to incorporate representatives from Buvuma district leadership as a means of curbing encroachment on land that has been acquired in Buvuma district. Currently, the task force comprises of representatives from MAAIF, VODP and Kalangala district.

6) GoU should attract and provide attractive incentives to other private investors to expand the processing capacity and launch in other areas like using the by-products of the oil palm trees.

C. KALANGALA INFRASTRUCTURE SERVICES

Background

One of the critical concern expressed by Kalangala district leadership was the failure of Kalangala Infrastructure Services (KIS) to develop infrastructure as was agreed in the concession agreement between GoU and OPUL. In the agreement, Government would provide infrastructure required for the small holders and outgrowers. To expedite this agreement, GoU entered into a PPP in 2005 with InfraCo a private infrastructural firm in the UK[28]. In May 2006, InfraCo established Kalangala Infrastructure Services (KIS) as the special purpose project company through which to implement the Project. In September 2006, the Cabinet approved the Project Development Plan submitted by InfraCo for project development to begin.

The monitoring team held discussions with the senior management of KIS to assess progress and investigate the issues that were raised by the district leadership.

Project Overview

The Kalangala Infrastructure Project is a US$45 million multi-sector infrastructure project aimed at establishing a utility company to serve the population, institutions, and businesses of Bugala Island in Kalangala district. Table 3.6 provides a summary of the infrastructure that is to be delivered by KIS.

Table 3.6: Infrastructure deliverables for KIS in Kalangala district

Component	Deliverable
Transport and Infrastructure	a) Provision of two new ferries. b) Upgrade and construct the 66Kms main island road. The road is to be expanded from the current 5 Kms to 30Kms and this would involve compensating residents in the affected areas as well. c) Re-construction of the landing sites at Bukakata (Mainland) and Bugoma (Bugala Island).
Power	a) Construction and operation of a 1.6MW hybrid solar/diesel power generating facility and a transmission and distribution grid serving the principal settlements on the Island. b) Power generation will also use raw materials from oil palm production.
Water	a) Construction and operation of a series of solar-powered pump based water supply systems in Kalangala Town Council b) Develop water infrastructure on seven landing sites

[28] INFRACO is a consortium of entities such as Government of Netherlands, Government of Austria, Government of Ireland and DFID. The funds required for the project were guaranteed by USAID.

	of Kasekulo, Mulabana, Kagulebe. Bugoma, Kibanga, Bwendero and Mulore.

Source: KIS office data, March 2012.

Implementation progress

For implementation to commence, a total of 15 agreements had to be signed between KIS, line ministries and the respective implementing agencies. Implementation stalled completely due to the delayed signing of these agreements. The first implementation agreement with GoU was signed in 2009, three years after project approval by Cabinet. By end of 2010, 13 out of the 15 agreements had been signed (with the Electricity Regulatory Authority, Ministry of Water and Environment, Ministry of Works and Transport; MFPED among others). By the time of the monitoring visit in March 2012, signing of the last 2 agreements was still ongoing.

Despite this major challenge, KIS has used internal resources to commence project implementation in FY 2010/11 and FY 2011/12 in selected areas as indicated in Table 3.7.

Table 3.7: Implementation status of infrastructure in Kalangala by KIS by March 2012

Component	Implementation status
Transport and Infrastructure	a) Completed road design, procurements and awarded contracts. Compensation report was approved by GoU. b) Completed the construction of the first ferry docked at Mwanza Port in Tanzania. c) Completed rehabilitation of Luuku and Bukakata landing sites.
Power	a) Completed power infrastructure design, procurement and award of contracts. b) Ground clearing commenced at one of the proposed sites in Bukuzindu village.
Water	a) Completed design, tendering and award of contracts in 2 pilot sites. b) Contractor carried out some works in Kasekulo and Mulabana landing sites.

Source: Field findings

It is planned that the ferry will operate 8 trips per day and has capacity to carry 200 people and 20 vehicles. Comparatively, the ferry that is currently operated by UNRA at Nakiwogo landing site in Entebbe operates one trip per day and has capacity of 100 people and 10 vehicles.

Challenges

1) Delay in signing off the agreements. KIS issued a deadline to GoU to conclude signing all agreements or else it would pursue other options such as backing out of the project and seeking legal redress.

Recommendations

1) GoU to expedite the process of signing off all the agreements and meeting the conditions that necessitate full implementation of the project under the PPP.
   - Among the key obligations of GoU/MoFPED under the existing Implementation Agreement is to pay the ferry subsidy so that the ferry operations can commence free of charge for the communities. It is planned that GoU will pay about Ushs 6 billion every year to KIS to enable it operate the ferry service free of charge.

D. OIL PALM UGANDA LIMITED.

Background

Among the key performance indicators for the private investor Oil Palm Uganda Ltd (OPUL) in the VODP are:

- Establishment of 6,500 ha of nucleus plantation
- Construction of a processing mill
- Importation of fertilizers and oil palm seedlings for distribution to farmers

During the last monitoring visit by BMAU in Q3 of FY 2008/09, it was noted that the construction of the oil processing mill had just commenced; over 100 bags of fertilizer were in storage at OPUL stores and the company had received over 7,000 ha of land of which 6,500 ha was plantable. The rest of the land was in the forest reserve.

Implementation progress

The following progress was noted during the field visit in March 2012:

- Out of the 7500 hectares that were allocated to OPUL by GoU to form a nucleus state, harvesting of fresh fruit bunches was ongoing on 5,500 hectares.

- 140,000 oil palm seedlings that had been imported from Malaysia and other countries were in the nursery bed ready for distribution to the farmers on Bugala Island and Buvuma district

Oil palm seedlings for farmers in OPUL nursery bed

- The processing mill that was under construction since FY 2008/09 by OPUL was completed and was in operation by the time of the monitoring visit in March 2012. The mill is operated by a team turbine generator for a maximum of 15 hours a day, powered by fibres from the oil palm fruits. The mill has a processing capacity of 10 tonnes per hour that will be upgraded to 20 tonnes per hour in the coming years. Also OPUL plans to install another mill on the island with a processing capacity of 20 tonnes per hour. It is anticipated that these two mills will absorb all the fresh fruit bunches that will be harvested in the district.

Left: OPUL processing mill in operation Right: Oil storage tanks at processing mill

- OPUL was realizing an output of 1,200 tonnes of crude oil per month from the fruits on the nucleus estate as well as the outgrower/smallholder plantations. KOPGT accounts for 10% of total output of crude oil. The target is to increase KOPGT contribution to output to 35% in the next 5 years when all fields are in production. The crude oil is transported using a hired ship to Jinja for refinement into FORTUNE cooking oil.

Challenges

1) Low crop productivity due to poor soils, poor agronomic practices by the smallholder farmers and unproductive labourers. The current palm oil productivity in Uganda is still

very low at 2.6 tonnes of oil per hectare compared to 7.5 tonnes of oil per hectare in Malaysia.

2) The process of land acquisition by GoU has been slow. Encroachment on purchased land has been on the rise especially in Buvuma district as a result of Government leaving purchased land redundant.

Recommendations

1) As soon as land is purchased, GoU should deploy its officers to oversee its safety from encroachment. The RDC, CAO, Councillors of Buvuma district should be co-opted on the VODP Land Task Force.
2) KOPGT and the district should step up extension services for the small holder farmers.

Summary Policy Issues

1. **Key performance indicators have been achieved**. To a great extent, the key performance indicators and targets of the first phase and the ongoing phase of VODP2 have been achieved.

    - OPUL planted 6,100 ha out of the targeted 6,500 ha of the nucleus estate; 5,500 ha are already in production.
    - For the small holders and outgrowers, a total of 2,362.4 ha or 67.5% of the target (3,500ha) has been planted. About 350 out of the 1,133 smallholder farmers under KOPGT had commenced harvesting.
    - The processing mill has been constructed by OPUL and is in operation.
    - The office block for KOPGT has been constructed, equipped and is in operation.
    - The total loan portfolio to farmers stood at Ugshs 19.5 billion by March 2012.

2. **Capacity constraints at KOPGT**: With the expanding production by smallholders, KOPGT is constrained in addressing farmers' problems especially with regard to transporting the fresh fruit bunches, offering adequate extension advise and reaching out to the special interest groups that are resource poor. Whereas KOPGT is expected to become self financing starting 2016, the measures to ensure that this happens are not yet in place. Additional staffing, transport and equipment is needed to enhance the performance of KOPGT.

3. **Land ownership problems**: Part of the public land that was given to OPUL by GoU has land tenure problems arising from settlers that were found on the land. A number of

options are proposed for addressing the land ownership problem to avoid political conflicts in the district.

4. **Poor Performance by Kalangala Infrastructure Services**: The Company that was mandated by GoU to deliver infrastructure services in Kalangala to support the VODP intervention has not performed. The main bottleneck has been the delay in signing of the 15 agreements that are necessary for operationalising the project. The GoU needs to expedite the process of signing all the agreements and facilitating the implementation process. Involvement of the Kalangala district leadership in the ongoing negotiations with KIS is critical for the success of the project.

3.2 EDUCATION

3.2.1 Introduction:

The sector objectives which guide medium term 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 July 2011 to September 30th 2011 (Q1 FY 2011/12), the Ministry of Education and Sports (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 MoFPED. The report detailed the status of implementation for the planned projects/programmes for which funds were received.

Scope:

During the monitoring exercise, development projects under vote 013 were sampled to verify the reported status and to establish the achievement of the planned outputs targets during Q1 FY 2011/12.

Development projects/programmes in 18 districts were monitored.[29] These included developmental projects reported under Project 0943 Emergency Construction and Rehabilitation of Primary Schools; Project 0897 Development of Secondary Education, Project 0942 Development of BTVET and Project 0971 Development of TVET P7 Graduate. In addition a few projects constructed under Presidential Pledge for FY 2011/12 were monitored. This report therefore gives the verified status and progress of implementation as at the time of the monitoring visit during the months of February-March 2012.

Methodology:

The team undertook a desk review of MoES documents before and after fieldwork. These included, the Ministerial Policy Statement for FY 2011/12, the Performance Contract/Work plan FY 2011/12, Performance Report for quarter one and the National Budget Framework Paper. From these, 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 quarter Q1 Performance Report. Observations of events, processes and activities regarding the reported outputs were made. The team also interacted with the Clerks of works and foremen at the sites who briefed the team about the progress of civil works. In a number of cases call-backs were made to triangulate information. The team also took photographs to show the status of the monitored projects as at the time of the monitoring visits.

---

[29] Arua, Nebbi, Lira, Kole, Apac, Butalejja, Pallisa, Namutumba, Kamuli, Kayunga, Kisoro, Kabale, Ntungamo, Bushenyi, Rakai, Nakaseke, Buikwe and Wakiso

Challenges:

A number of beneficiaries had little information on scope of civil works, costs, contract periods particularly on projects contracted and implemented by MoES and districts. It was also found that some heads of Institutions/head teachers do not share financial information with their staff/deputies. In such cases, telephone contacts to such head teachers were secured and they were interviewed on phone.

3.2.2. Vote Function 0701: Pre Primary and Primary

Vote function 0701 received a total of UShs 9.07 billions (23%) during Q1, out of the approved budget of UShs 39.52billions for both recurrent and development. Out of this UShs 8.33billions (91.1%) was spent on both recurrent and development expenditure as at the end of quarter one.

Project 0943: Emergency Construction and Rehabilitation of Primary Schools:

In FY 2011/12, MoES planned to construct, rehabilitate, renovate classrooms, latrines and procure desks in 38 selected primary schools. The approved budget for output 070180, classrooms construction and rehabilitation of primary schools for FY 2011/12, was UShs 1,795,000,000/=. By the end of quarter one UShs 883,500,000/= was released. Of this, UShs 491,630,000/= was spent by the end of Q1 FY 2011/12.[30]

The planned output target for Q1 was to construct, rehabilitate and provide furniture to 13 primary schools. However, MoES disbursed funds to only 5 primary schools out of the planned thirteen primary schools. This therefore means that MoES did not achieve the planned output targets for the quarter.

Out of the 5 primary schools that received funds, four were monitored. Findings indicated that all the four schools monitored received the reported funds in Q1. In 2 of these monitored schools[31] civil works had been completed while in the other 2 schools[32] civil works had not started.

Analysis of the approved work plans for 2011/12 show that 3 of implemented schools do not appear in the approved work plan/performance contract for the financial year. (i.e Namutumba C/U, Bbaale Wasswa-Wakiso and Bundikahungu P/S- Bundibugyo. The field findings are detailed below:

Bbaale Wasswa Primary School

Bbaale Wasswa Primary School is found in Bbaale Mukwenda LC1, Bbaale parish, Masuulita Sub-county in Wakiso district. The Q1 Performance Report indicated that MoES provided funds for emergency construction and rehabilitation of structures at this school.

---

[30] According to the quarter one performance report from MoES.

[31] St Joseph Maya P/S and Namutumba C/U P/S

[32] Bbaale Wasswa P/S and Kasengejje P/S.

Analysis of the performance contract/work plan shows that this school was not a planned output for this financial year. Findings from the monitoring visit however, indicated that the school received UShs 80,000,000/= in December 2011. The funds were meant for construction of two classroom blocks each with two rooms. One of the blocks would have an office and a store.

At the time of the monitoring visit on 13th March 2012 civil works had not started. The monitoring team was informed that the MoES was yet to provide the construction drawings and guidelines on procurement process.

Kasengejje Primary School

Kasengejje Primary School is found in Kasengejje LC1, Kasengejje parish, Wakiso T.C, Busiro County in Wakiso district. The Q1 Performance Report indicated that MoES provided funds for construction of a 2 classroom block at this school.

Findings from the monitoring visit indicated that the school received UShs 40,640,000/= on 20th October 2011. Findings further showed that the school used a force account modality to implement the project. The school contracted Jids Engineering and Construction Company Limited to provide labour at a sum of UShs 10,544,480/=. At the time of the monitoring visit on 13th march 2012, the two classrooms block was at finishes level. The remaining works included fixing shutters, internal and external plastering, painting, floor screeding and provision of furniture. The quality of civil works was good.

A 2classroom block at Kasengejje P/S

St Joseph Maya Primary School

St Joseph Maya Primary School is found in Maya Bukomye LC1, Maya parish, Nsangi Sub - county in Wakiso district. The Q1 Performance Report noted that MoES provided funds for emergency construction and rehabilitation of structures for this school.

Findings from the monitoring visit of 13th March 2011 indicated that the school received UShs 202,868,777/= in two installments. The funds were for construction of a two classroom block, a two classroom block with foldable petitions, a teachers' housing unit with a kitchen and 10 stances of lined VIP pit latrines with a urinal. It was reported that MoES cleared the school to undertake this activity using force account modality.

Findings further indicated that M/s GOD`s Love Construction Company Limited was contracted to provide labour for constructing all these facilities at a contract sum of UShs 53,264,130/=. The contract was signed on 12 May 2011 for a period of 5 months.

At the time of the monitoring visit on 13th March 2012 the two classroom blocks of two classrooms each were completed. Some furniture for the classrooms had been partially supplied. The beneficiaries were however, satisfied with the quality of works.

On the other hand the teachers' housing unit was at finishes level. The only remaining piece of work was painting. The kitchen was also at finishes level. The remaining civil works as at the time of the monitoring visit included painting, fixing door and window shutters, floor and verandah screeding.

The two blocks each with 5 stances of lined VIP pit latrines were at finishes level. They were remaining with painting to be completed. The beneficiaries were satisfied with the quality of civil works for all the structures.

Namutumba C/U Primary School

Namutumba C/U Primary School is found in Budongo Cell, Namutumba parish, Namutumba Sub-county in Namutumba district. The Q1 Performance Report indicated that MoES provided funds for emergency construction and rehabilitation of facilities at this school.

Analysis of the performance contract/work plan shows that this school was not a planned output for this financial year. Findings from the monitoring visit however, indicated that the school received UShs 82,510,000/= in October 2011. According to the guidelines from MoES the funds were for construction of a 2 classroom block and renovation of other structures at the school.

As at the time of the monitoring visit, the two classroom block was at finishes level. Remaining works included fixing glasses, floor and verandah screeding, painting and provision of furniture. The civil works were undertaken by M/s Zenith Technical Services at a contract sum of UShs 36,000,000/=.

A2 classroom block at finishes level at Namutumba P/S

The renovation of the other structures had not started as at the time of the monitoring visit. It was reported that district officials wanted the funds used for construction of new classrooms instead of renovation of the old structures while school management wanted to follow the guidelines from MoES. The head teacher was still waiting for guidance from MoES before taking actions on this matter.

MoES should therefore quickly guide the school authorities on the way forward so that the activity is implemented.

Conclusion:

Under this project MoES did not achieve the planned output targets for quarter one. This is because only five schools out of the planned thirteen schools were implemented. Secondly three schools out of the five reported to have been implemented in quarter were outside the approved performance contract/work plan for the financial year.

Recommendation:

MoES should stick to the approved performance contract for the financial year.

3.2.3: Vote Function 0702 Secondary Education

The total approved budget for this vote function for FY 2011/12 is UShs 190.72billions[33]. GoU released UShs 10.97billions during Q1 FY 2011/12 and 80.8% of this was spent. There are four projects under this vote function. Findings indicated that three projects did not achieve their planned output targets for quarter one.[34] It is only project 1092 ADB IV support to USE where the planned output targets were achieved.

Under project 1091: Support to USE (IDA), MoES planned to complete permanent classrooms in 442 government USE school by end of Q1. As at end of the quarter, there were no actual outputs achieved under this project.

Under project 1092: ADB IV support to USE, MoES planned to commence construction of 5 new secondary schools and expansion of 10 existing seed secondary schools to 20% level of completion during Q1, (i.e. output 070280 classroom construction and rehabilitation-secondary). As at the end of the quarter, no outputs were reported as achieved under this project.

Under project 0949: ADB III Post Primary Education, MoES planned to pay final 10% GoU contribution to civil works for 15 institutions. MoES also planned to pay the final certificate for construction of 40 teachers' houses in 25 seed secondary schools. The planned outputs under this project were reported to have been achieved.

Under project 0897 Development of Secondary Education, MoES planned to run adverts to procure contractors for rehabilitation and expansion works of schools under batch one. No comment was made about the progress on the adverts for school under batch one. The reported achieved outputs under this project were compensation of land claimants for Adwari S.S. in Lira and emergency repairs of Bugobi High school in Namutumba. Emergency repairs on Bugobi High School, was however a mis-reporting as no repairs were undertaken by MoES at this school.

Project (0897): Development of Secondary Education.

Background:

The total approved budget for project 0897 for FY 2011/12 was 10,696,359,000/=. MoES under this project planned to rehabilitate and expand 22 secondary schools phased in 3 batches during the financial year.[35] The planned activity under this output was to procure contractors for

[33] This total includes both recurrent and development. However, this total excludes taxes, arreas and NTR

[34] i.e. Project 1091 Support to USE (IDA), project 1092 ADB IV support to USE and project 0897 Development of Secondary Education

[35] 6 schools in batch one, 8 schools in batch two, 8 schools in batch 3.

rehabilitation and expansion works under batch one. The Q1 Consolidated Progress Report for FY 2011/12 MoES indicated that funds amounting to UShs 998,402,000/= were spent on output 070280 classroom construction and rehabilitation of secondary schools. However the Q1 performance report was silent on the progress of the procurement process of schools under batch one.

Secondly the performance reports gives cumulative outputs achieved by the end of quarter one, as supply of furniture to Sir Samuel Baker-Gulu, conducting emergency repairs of Bugobi H.S. and compensation of land claimants for Adwari S.S. Analysis of the performance contract/work plan shows that two of these reported achieved outputs were not planned outputs for this financial year.[36] In addition findings from the monitoring visit indicated that there were no emergency repairs carried out at Bugobi High School as reported by MoES. The following section details the findings:

Adwari Secondary School

Adwari secondary school is found in Aliwang LC1, Omito parish, Adwari Sub-county, Otuke County in Otuke district. The Q1 Performance Report indicated that MoES remitted funds to Adwari secondary school to compensate land claimants. The report noted that this was an emergency following a recommendation from the IGG.

Findings from the monitoring visit confirmed this report. Adwari secondary school land sits on plot No 12 Block 4 Adwari Sub-county, Otuke County Otuke district. The registered proprietor is Uganda Land Commission as per instrument No 277988 dated 5th March 1996. The land is 160 Hectares Freehold, registered volume 331 folio 6.

Findings further indicated that there were 18 squatters on the above mentioned school land. In 2004/05 the school received UShs 60,000,000/= and compensated 16 squatters for the properties on the land. The values for the properties on the land (houses, graves, crops, trees etc.) were determined by the government valuers in 1999.

On 13th September 2011 the school received an additional UShs 63,000,000/= to complete the compensation claims. Out of this, UShs 52,528,750/= was paid to Aliwang primary school as compensation while Mr. Abal Joe received Ushs 8,893,713/=. However, 2 squatters i.e Okodi Geoffrey and Ocen David Jogo rejected their money.[37] The school board of governors resolved that the money for the two men be returned to MoES.

However, analysis of the Ministerial Policy Statement of MoES shows that this activity was not one of the planned outputs for FY 2011/12. This therefore means that funds for compensation of land claimants were diverted from another approved activity. It is not clear whether in doing so MoES followed the Public Finance and Accountability Act particularly Section 39, (1), (2) and (3) on virement within a vote.

Bugobi High School

[36] Compensationof land claimants for Adwari S.S and emergency repair of Bugobi H.S.

[37] David Ocen Jogo rejected UShs 2,031.084/= while Okodi Geoffrey rejected UShs 741,060/=.

Bugobi High School is found in Bugobi LC1 village, Bugobi parish, Bulange Sub-county, Busiki County in Namutumba district. The Q1 Performance Report for FY 2011/12 indicated that MoES carried out emergency repairs at this school.

Findings indicated that this reporting was not true. From the monitoring visit of 5th March 2012, the school administration reported that no renovations were carried out by MoES at this school using GoU funds. The head teacher noted that while the school made a formal request to MoES for assistance to renovate a three classroom block whose roof was blown off by a storm, as of 5th March 2012. MoES had not responded. The parents has since mobilized themselves and done some work on the structure. This was therefore a mis-reporting.

Findings further indicated that this school is under the World Bank Project. With funds from the World Bank, the school received 4 classrooms (i.e 2 blocks of two classrooms each), a laboratory block, 2 blocks each with 5 stance VIP pit latrines (i.e. 5 stances for girls and 5 stances for boys) and completion of an incomplete 2 classroom block at the school. Bameka General Company was awarded the contract of undertaking civil works for a contract period of 15 weeks.[38]

At the time of the monitoring visit the 4 classrooms were complete. The laboratory block on the other hand was at finishes level. The remaining works included plumbing works, floor and verandah screeding, painting and installing the water tanks. Another two-classroom block for completion was at finishes level. Also under WB, two- 5 stance VIP pit latrines were at finishes level. The remaining works included shuttering and painting.

Namagabi Secondary School

A rebilitated library block at Namagabi S.S

Namagabi secondary school is found in Namagabi B LC1, Namagbi parish, Kayunga T.C in Kayunga district. The Q4 Performance Report FY 2010/11 indicated that MoES remitted funds for rehabilitation and extension to the school.

Findings from the monitoring visit showed that the school received a sum of UShs 239,000,000/=. The funds were used to expand and rehabilitate the existing library block. This block also houses a computer laboratory, three other offices, and a small book store. A bigger part of the structure was de-roofed and walls pulled down up to ring-bim level in order to include a ring bim. The walls were extended upwards. Other works included, re-roofing, replacing the windows and doors, putting the ceiling in the ICT room, floor and verandah screeding. The contract was undertaken by Pride bedah Construction Company Limited at a contract sum of UShs 198,000,000/=.

[38] The contract prices were as follows: The 2 blocks of 5 stance VIP pit latrines at UShs 16,854,720/=, the 4 classrooms with furniture at UShs 102,223,876/=, the science laboratory at UShs 76,372,950/= and completion of the incomplete 2 classroom block at UShs 12,817,612/=.

At the time of the monitoring visit on 6th March 2012, pending works included painting. The beneficiaries were satisfied with the quality of work by the contractor. However, it was reported that the contractor has requested for variations of up to UShs 45,000,000/= to complete the civil works.

Muramba Seed Secondary School

Muramba Seed secondary School is found in Gakoro village LC1, Bunagana parish, Muramba Sub-county, Bufumbira County in Kisoro district. The Q4 2010/11 performance report indicated that MoES released funds to this school for completion of an administration block.

Findings from the monitoring visit confirmed that the seed school received UShs 35,109,637/= in September 2010. According to the guidelines from MoES, the funds were meant for completion of a storied classroom block in this school. However at the school there is no storied classroom block. The administration block at the school was also complete.

The head master requested MoES to allow the school to use the funds to construct staff houses. However, MoES took long to respond to this request and as the time of the monitoring visit on 29th February 2012 the school had not received guidance on the matter. In the meantime the Board of Governors to the school agreed to use the funds to put up a teachers' house.

A teachers' house at Muramba Seed S.S. on which the H.M claimed to have spent UShs 26.7m.

On 30th September 2011, the seed school received another batch of funds amounting to UShs 17,000,000/= through Kisoro district administration as a first installment out of UShs 68,000,000/= budget. The funds were meant for construction of a four Unit teacher's house. These funds were to be released to Kisoro Local Government and transferred to the school in four installments. The works were advertised and the best evaluated bidder quoted UShs 78,116,300/=.

At the time of the monitoring visit on 29th February 2012, the upper side of the teachers' house was at window level while the lower end was at slab level. The head teacher reported that he had spent 26,729,440/= and was remaining with a balance of UShs 25,270,560/=.[39]

It was not clear whether the school administration got a clearance to use a force-on account in undertaking this activity. Looking at the structure as at that level, it was doubtful whether it was worth the amount of money so far spent.

[39] That is 35,000,000/= plus 17,000,000/= totaling to 52,000,000/=

City Star Secondary School

The Q1 Performance Report for FY 2011/12 indicated that MoES effected the first tranche of payments for the acquisition of City Star secondary school. The activity was duly planned under acquisition of other capital assets (output 070279) with a budget of UShs 1.85bn

Findings indicated that City Star secondary school is found in Rwamabondo Town Board, Kibatsi parish, Kibasti Sub-county, Kajara County in Ntungamo district. The school was founded by Mr Muramuzi Bathlomew and is one of the partnership schools offering USE in the sub county. The school sits on 1.78 hectares (4.38 acres). The purchase included all the properties on the land including all the furniture and books.

The properties on the land include a main building which is storied. This storied building has 2 classes on the ground floor, a staff room, an examination hall, seven offices, a science laboratory and a library on the first floor. Other structures include a four classroom block with a store, a main hall sitting 600 students, a three classroom block, a boys' dormitory, a girls' dormitory with a senior woman's room, a staff quarter, a 4 stance VIP pit latrine for boys, another 2 stance VIP pit latrine used on the dormitory side, 14 stances of VIP pit latrines under construction as at the time of the monitoring visit (7 stances for girls and 7 stances for boys), another new 3 stance lined VIP pit latrine under construction on the girls' dormitory. Other assets include; furniture, text books, laboratory equipment and beds in the girls and boys dormitory.

It was reported that the school was purchased with all its liabilities. It was further reported that the school was indebted to two banks (i.e Stanbic bank to a tune of UShs 1,279,704,656/= and Bank of Baroda to a tune of UShs 586,868,652/=). The school was therefore valued at UShs 1.85bn with an interest of UShs 1,200,000,000/=. This interest accrued from loan extensions.

By the time of the monitoring visit on 28th February 2012, the UShs 1.85 billion was paid off and the proprietor acknowledged receipt of the same. However, the funds to cater for the interest on the loans had not been paid as at the time of monitoring. [40]

The monitoring team found when the school had been purchased at a sum of UShs 1.85billion.

However, the interest of UShs 1.2bn had not yet been paid to the original owner. It was reported that they were soon to hand over the school officially to MoES.

[40] The school was monitored on 28th February 2012.

Some of the structures of City Star S.S. that was procured by MoES

Recommendations

The MoES should:

- Stick to the approved performance contract/work plans for which resources have been appropriated.
- Show cause for diverted funds to implement an unplanned activity without clearance from Secretary to the Treasury. Compensation of land claimants at Adwari S.S. was not one of the planned outputs for the FY 2011/12.
- Expedite processing of funds to meet variations of up for completion of civil works at Namagabi S.S.
- Account for funds claimed to have been spent in Bugobi High.Sscool in Q1 allegedly on emergency repairs while no funds were ever spent at this school.
- Expeditiously clear the interest of Shs 1,200,000,000/= that accrues to City Star S.S.
- Follow up with office of the Auditor General on construction of a teachers' house at Muramba Seed secondary school to ensure that there is value for money.

3.2.4. Vote Function: 0705 Skills Development

Vote function 0705 was allocated 23.4% of the total education sector approved budget for Financial Year 2011/12. The total development budget for this vote function for FY 2011/12 was UShs 39,876,801,000/=. Activities under three projects reported in the Q1 Performance report were sampled: (i.e Project 0942 Development of BTVET, Project 0971 Development of TVET and Project 0191 Rehabilitation National Health Training College).

Project 0942: Development of BTVET

The approved development budget for this project (0942) is UShs 30,695,515,000/= over the period July 2011 to June 2012. Under this project, MoES planned to construct and rehabilitate structures in BTVET institutions. In Q1 FY 2011/12, releases were UShs 6,714,303,000/= and expenditure was UShs 2,689,343,564/=.

Analysis of the performance contract/work plan however, shows that the planned output under 070572 during Q1 was to procure a consultancy for design of 14 new vocational institutions and renovation and expansion of 2 Uganda Teachers Colleges (UTCs) (Lira and Elgon) and Unyama National Teacher's College.

However, the Q1 performance report is silent on this. Instead, the reports notes that MoES provided funds for construction of administration blocks to Kisoro, Kaliiro, Kyamuhunga, Karera and Kasodo BTVET institutions. These were not planned outputs under 070572. This means funds for procuring the consultancy were diverted to construction of administration blocks in the reported institutions. This was therefore a change from the original performance contract. It is not clear whether in doing so MoES followed the Public Finance and Accountability Act particularly Section 39, (1), (2) and (3) on virement within a vote.

Further analysis of the performance constract and work plan indicate that above reported institutions were planned for under 070582. Findings from the field however, confirm that these five institutions received the reported funds. Apart from Karera T/I where civil works for a classroom and a dormitory block were at roofing and at ring-bim respectively, in the rest of the four institutions civil works had not started.

Kasodo Technical Institute

Kasodo Technical Institute is found in Kongora village LC1, Kayinja parish, Kasodo Sub-county in Pallisa district. The Q1 Performance Report for FY 2011/12 indicated that MoES provided funds for construction of an administration block.

Findings from the monitoring visit indicated that the technical institute received UShs 85,357,950/= in November 2011. The funds were meant for construction of an administration block and procurement of tools and equipment for the motor vehicle department.

At the time of the monitoring visit on 6th March 2012, construction had not started as the procurement process had just started.

Kaliiro Technical Institute

Kaliiro Technical Institute is found in Kaliiro LC1, Kaliiro parish, Namugongo Sub County, Bulamogi County in Kaliiro district. The Q1 Performance Report for FY 2011/12 indicated that MoES provided funds for construction of an administration block.

Findings indicate that the institute received UShs 98,357,950/= in November 2011. The funds were meant for construction of an administration block. At the time of the monitoring visit on 5th March 2012, procurement of the contractor to implement the project was ongoing.

Karera Technical Institute

Karera Technical Institute is found in Karera LC1, Karera parish, Bugongi Sub-county, Sheema County in Sheema district. The Q1 Performance Report for FY 2011/12 indicated that MoES provided funds for construction of administration block at the institute.

Findings from the monitoring visit indicated that the institute received UShs 265,980,494/= for capital development in Q2 of FY 2011/12. The funds were credited directly on the institution`s account in December 2011.. The funds were for construction of a classroom block (UShs 103,483,854/=), two dormitory blocks (UShs 163,310,868/=),

Findings further revealed that after the procurement process, SPACO Technical Engineering Services Limited was awarded a contract of putting up the 3 classroom block at a contract sum of UShs 103,483,854/= and 5 stances of VIP pit latrines at a contract sum of UShs 14,000,000/=. The contract agreementwas signed on 13th January 2012 for a contract period of 15 weeks.

A 3 classroom block at roofing level and a 5 stance pit latrine at excavation level at Karera T/I

On the other hand, Bushenyi Properties Consultants and agents were awarded a contract of putting up the administration block at a contract sum of UShs 59,323,374/= and a dormitory at a contract sum of UShs 89,180,266/=. The contract agreement was signed on 13th January 2012 for a contract period of 15 weeks.

At the time of the monitoring visit on 27th February 2012, the structures were at the following stages:

- The 3 classroom block by SPACO Technical Engineering Services Ltd was at roofing level while the 5 stance VIP pit latrine was still at excavation level.

- The administration block by Bushenyi Properties Consultants and Agents was at ring bim level while the dormitory was at wall plinth level.

Beneficiaries were happy with quality of work done up to that level.


The administration block at ring bim level and the dormitory block at wall plinth level at Karera T/I

Kyamuhunga Technical Institute

Kyamuhunga Technical Institute is found in Kibingo LC1, Masonga Parish, Kyamuhunga Sub - county, Igara County in Bushenyi district. The Q1 Performance Report for FY 2011/12 indicated that MoES provided funds for construction of an administration block at the institute.

Findings from the monitoring visit indicated that the Institute received UShs 265,987,494 in December 2011. The funds were credited directly to the Institution's account.[41] The funds were for construction of a 3 classroom block, one dormitory block and an administration block.

By the time of the monitoring visit on 27th February 2012, construction had not started. However, the procurement processes had been completed. OATS Engineering and Trade Services Limited was awarded the contracted to put up all the structures at a contract sum of UShs 265,987,494/= for a contract period of 4 months. The contract was signed on 23rd February 2012.

Kisoro Technical Institute

Kisoro Technical Institute is found in Kanyabukungu village LC1, Gisorora parish, Nyakabande Sub-county, Bufumbira County in Kisoro district. The Q1 Performance Report for FY 2011/12 indicated that MoES provided funds for construction of dormitory and other facilities.

Findings from the monitoring visit indicated that the institution received UShs 362,817,724/= in two installments. The first installment of UShs 65,357,950/= credited on 14th November 2011. These funds were for construction of an administration block with furniture and installing a water harvesting tank.

The second installment was of Ushs 297,459,774/= credited directly into the institution's bank account in December 2011. These funds were for renovation of existing 4 classroom block (UShs 57,323,374/=), building 3 new classrooms with furniture (UShs 103,484,853/=), a dormitory block (UShs 103,180,266/=), and lined 5 stance VIP latrines (UShs 31, 472,280/=).

[41] Stanbic Bank, Account number 0140058011601 Bushenyi branch

By the time of the monitoring visit on 29th February 2012, civil works had not started. The procurement processes were going on and the last evaluation meeting was being held.

Teachers' houses and dormitories

MoES planned to disburse funds to six BTVET institutions in Q1 for construction of teachers houses and dormitories. Construction of teachers' houses and dormitories is an output under line item 070582. Findings indicated that the institutions reported under this line item received the reported funds. Civil works on dormitories at Ahamed Seguya Technical Insitute (TI) and at Arua TI were at finishes level and at walling level respectively. Civil works at Kabale TI had not started while Butaleja TI did not receive the reported funds for construction of a dormitory. The details follow below:

Ahemed Seguya Memorial Technical Institute

Ahemed Seguya Memorial Technical Institute is located in Kamuli village LC1, Nakatundu parish, Kangulumira Sub-county in Kayunga district. The Q1 Performance Report for FY 2011/12 indicated that MoES provided funds for construction of a dormitory at the institute.

Findings indicated that UShs 250,000,000/= was received in Q4 of FY 2010/11. The funds were for construction of 2 dormitories (one for boys and one for girls) and construction of a twin-workshop for Carpentry and Joinery (CJ) and brick laying and concrete practice (BCP).

A boys' and girls' dormitories completed at Ahamed Seguya Memorial T/I

Findings further indicated that in FY 2011/12 the institution also received UShs 179,000,000/= for construction of a 3 classroom block (UShs 114,000,000/=) and an administration block (UShs 65,000,000/=).

Nakonzi Construction Company Limited was contracted to put up an administration block and a three classrooms block at a contract sum of UShs 176,148,200/=. On the other hand Gasco Construction Company Limited was contracted to put the 2 dormitory blocks and a twin-workshop at a contract sum of UShs 254,728,940/=.

By the time of the monitoring visit on 6th March 2012, the 2 dormitories were completed. The boys' dormitory was only missing beds while the girls' dormitory was occupied. The Twin workshop for CJ and BCP was also at finishes level. Painting was going on. On the other hand, construction of the 3 classroom block and the administration block had not started. They were just clearing the site. The beneficiaries were satisfied with the quality of civil works on all the structures.

It was reported that the institute had a balance of UShs 16,000,000/=. This money was used to purchase a 2.5 acres piece of land located near the school and for installation of a water harvesting system.

Arua Technical School

Arua Technical School is found in Ragen village LC1, Onzivu parish, Oluko Sub-county, Ayivu County in Arua district. The Q1 Performance Report for FY 2011/12 indicated that MoES provided funds for construction of a girls' hostel at Arua Technical school (TS).

A dormitory block at window level at Arua T/I

Findings from the monitoring indicated that the school received UShs 107,701,347/=. The funds were released in two installments. The first installment of UShs 50,000,000/= was received on 11th January 2011 (FY 2010/11) while the second installment of UShs 51,701,347/= received on 5th September 2011 (FY 2011/12). The funds were released directly on the school account.

By the time of the monitoring visit on 20th February 2012, construction of the girl's hostel was at window level. Civil works are being supervised by the engineering assistant from MoES based in Nebbi district. Bakhit Builders Limited was contracted by the school at a sum of UShs 107,701,347/= to construct the hostel. The contract was signed on 9th December 2011 and works started in January 2012. Expected date of completion was 9th April 2012. By the time of the monitoring visit on 20th February 2012 the hostel was at walling level.

Butaleja Technical Institute

A 3 classroom block and an administration block at finishes levels at Butaleja T/I

Butaleja Technical Institute is found in Namulemu village LC1, Lujehe parish, Butaleja Town Council in Butaleja district. The Q1 Performance Report for FY 2011/12 indicated that MoES provided funds for construction of facilities at the institute.

Findings from the monitoring visit indicated that the institution received UShs 179,368,534/=. The funds were for construction of a 3 classroom block (UShs 114,010,584/=) and an administration block (UShs 65,357,950/=). However, funds for construction of a dormitory have not been received yet.

By the time of the monitoring visit on 6th March 2012 civil works were going on. The 3 classroom block was at finishes level. The remaining works included fixing glasses, painting and provision of furniture. The administration block was also at finishes level. The remaining work included internal and external plastering, floor and veranda screeding, working on the ceiling, fixing glasses and provision of furniture. All works were expected to be complete by end of March 2012. It was reported that the school administration received clearance to use a force-on account to undertake the civil works. The quality of civil works was good.

Kabale Technical Institute

Kabale Technical Institute is located in Rutooma LC1, Nyabikoni ward, Central Division, Kabale Municipality in Kabale district. The Q1 Performance Report for FY 2011/12 indicated that MoES provided funds to Kabale TI for construction of dormitories and a pit latrine.

Findings from the monitoring visit indicated that the Institute received UShs 173,242,958/= in two installments. The first installment was UShs 114,010,584/= in September 2011. These funds were for construction of a 3 classroom block (Ushs 103,483,854/=) and a 5 stance VIP pit latrine (UShs 10,526,730/=). The second installment was UShs 65,357,950/=. It was credited on the Institution's account on 30th September 2011 and it was for construction of an administration block.

By the time of the monitoring visit on 28th February2 012 construction had not started. It was reported however, that the procurement process had been finalized. All bidders quoted much above the available funds. The best evaluated bidder was VIDAS Engineering Company Limited who quoted UShs 231, 963,165/=. The institution was waiting for guidance from MoES on how to proceed.

Nagwere Technical Institute

Nagwere Technical School is found in Kachabali village LC1, Kachabali parish, Petete Sub - county in Pallisa district. The Q1 Performance Report for FY 2011/12 indicated that MoES provided funds for completion of civil works at the institute.

Findings from the monitoring visit indicated that the Technical Institute received UShs 143,945,500/=. The funds were credited in December 2010. According to the guidelines the funds were for construction of a twin workshop and 2 blocks of classrooms each with 2 classes.

In a letter dated 25th May 2011, MoES cleared management of the Institution to use a Force-on account in executing this activity. This was after bidders that responded to the adverts all quoted much above the available funds. The institution recruited a clerk of works who was appointed by the Board. Talib (U) limited was hired to provide labour for twin workshop and the 2 blocks of classrooms each with 2 classrooms at a sum of UShs 35,760,000/=. The school hired Talima who supplied the bricks, hardcore, the aggregate, pit sand river sand for the structures. Other materials such as timber, iron bars, roofing materials were procured directly from dealers in Mbale. It was reported that after the roofing stage, the institute run short of funds and requested MoES for additional funds to complete the structures.

Findings further indicated that MoES released the additional funds amounting to UShs 35,000,000/=. These funds were credited on the institution's account on 12th August 2011. It was reported that even this money was not able to complete all the works.



The 2 blocks of classrooms and a twin workshop constructed at Nagwere T/I

By the time of the monitoring visit on 6th March 2012, the 2 classrooms blocks each with 2 classrooms had been roofed. One of the 2 classroom blocks was at finishes level. Internal and external plastering was complete. The remaining works included fitting glasses, painting, veranda screeding and provision of furniture. The second classroom block had more unfinished work. The works remaining included internal and external rendering, floor and veranda screeding, glazing (or fitting glasses), splash apron, fitting the glasses and supply of furniture.

The BCP and CJ twin-workshop was also roofed. The internal plastering was complete. The remaining works on BCP structure included the external plastering, floor and veranda screeding, painting, laying the pompey, working on the splash aprons and electrical wiring. The remaining works on the CJ structure included internal and external plastering, floor and veranda screeding, painting, glazing, working, on the splash aprons and installing a water harvesting system. Overall the quality of civil works for all the structures was good.

The institution also received UShs 29,000,000/= in April 2011. These funds were for procurement of assorted learning tools and equipment for the different courses at the college. The procured items included:

- *Carpentry and Joinery department (CJ):* Surface plainer, motile machines, assorted hand tools, circular saw and molding machine. They also procured a printer, photocopy and paper cutter.
- *Welding and Metal fabrication department:* A welding machine (welding transformer) and a generator of 500 KVA

- *Tailoring Joinery and Cutting department:* Procured six sewing machines and one over lock machine, six tailoring stools and other assorted tools like scissors, tape measures, French curves etc.
- *Motor Vehicle department (MV):* A training petrol engine for elementary mechanics, and a moving diesel engine car. (MoES gave the Institute a boarded off diesel vehicle and they used part of this money for repairs. They also procured mechanical bench vices and other assorted hand tools.
- *Metal fabrications:* Metallic bench vises, tool boxes and other a sorted hand tools for motor vehicles.
- *Brick Laying and Concrete Practice (BCP):* Basic hand tools.

Abilonino Instructors Collegev LC1, Lwala parish, Ayer Sub-county, Kole County in Kole district. MoES planned to extend a power line to this institution during this FY 2011/12. The Q1 Performance Report for FY 2011/12 indicated that MoES provided funds for extension of power to the college. Power was to be extended from Ayer trading centre about 3.5kms from the college.

Findings from the monitoring visit indicated that the College received UShs 302,000,000/= in two installments. The first installment of UShs 150,000,000/= was received on 16th December 2010 (FY 2010/11) while the second installment of UShs 152,386,906/= was received on 15th November 2011 (FY 2011/12). The total amount of funds received by the college was UShs 302,385,906/=.

Findings further indicated that UMEME carried out a survey in May 2011 and quoted UShs 234,063,125/= to extend power to the college. It was also reported that UMEME's quotations are valid for only three months. UMEME also requires full payments in order to start on the works. At that time the college did not have all the funds to make the full payment.[42]

In October 2011 UMEME revised the quotation to UShs 301,821,685/=. In the meantime, the college had requisitioned for UShs 10,951,875/= from MoES for installing power to the administration block, and UShs 64,371,900 for completion and extension of power to the library. In November after receiving the second installment, the principal wrote to MoES requesting for permission to divert funds for extension of power to those 2 blocks to extension of power to the college. This permission was granted in a letter dated 13/12/2011.

Findings further indicated that as on 21/02/2012 the college had not transferred any funds to UMEME. However, a check of UShs 251,000,000/= had been written in the names of UMEME and was still with the school administration. This was not full payment, and the second quotation from UMEME had expired. A quick perusal of the school bank statement showed that the balances on the school account as on 12th January 2012 was UShs 74,981/=.

[42] Remember the second installment was received in November 2011

It was reported that the college did not transfer the funds to UMEME because other funds amounting to UShs 50,000,000/= had been diverted to other college activities! It was also found that they did not get clearance from PS/ST as per section 39 of the Public Finance and Accountability Act 2003 as amended in 2006 before diverting these funds to other college activities.

The diversion of funds for this activity is going to delay extension of power to this college. MoES should ensure that school administration recovers all the funds for this activity.

Recommendations:

The Minsitry of Education should:

- Follow up the issue of diversion of funds at Abilonino Instructors College meant for extension of power to the college. MoES should ensure that school administration recovers all the funds for this activity and that power is extended to the college.
- Follow up on institutions where civil works had not started although funds for construction of facilities had been received. (i.e. the tehnical institutes of Kasodo, Kaliiro, Kyamuhunga and Kisoro)
- MoES should ensure that Butaleja TI receives the reported funds for construction of the dormitory.

Project (0191): Rehabilitation of National Health Training Colleges.

Under output 070582, MoES planned to disburse funds for completion of Mulago Paramedical School and construction of hostels in Fort-Portal School of Clinical Officers and Lira School of Nursing. The approved budged for project 0191 during FY 2011/12, was UShs 4,753,182,000/=. The release for Q1 was UShs 1,077,111,000/= while the expenditure for the same quarter was UShs 549,754,500/=. The Q1 performance report indicated that MoES provided funds to Lira School of Nursing for construction of a boys' hostel.

Lira School of Nursing

Lira School of Nursing is found in Medical Quarters LCI, Teso 'A' ward, Adyel Division, Lira Municipality, in Lira district. The Q1 Performance Report for FY 2011/12 indicated that MoES provided funds for construction of a boys' hostel.

Findings from the monitoring visit indicated that the nursing school received UShs 411,250,000/= on 31st August 2011. It was also noted that Multiline Company Limited was contracted at a contract sum of UShs 593,319,006/= to put up the building. The contract was signed on 20th January 2012 and the site was handed over to the contractor on 27th January 2012. By the time of the monitoring visit on 21st February 2012, the contractor was clearing the site.

Project (0971): Development of TVET P7 Graduate

The total approved development budget for Project (0971) for FY 2011/12 was UShs 3,528,102,902/=. This budget line is fully funded by Government of Uganda. During the financial year MoES planned to construct and rehabilitate learning facilities in 14 TVET P.7 Graduate institutions. Under this project MoES would construct 4 classrooms and 3 workshops in each of the identified institutions. The Q1 performance report showed that MoES disbursed funds to 2 institutions (i.e Inde T/S and St. Joseph Kyarubingo T/S). The Q1 release was UShs 143,631,000/= and expenditure was UShs 878,242,590/=. During the monitoring visit, Inde T/S was visited. The details of the findings follow below:

Inde Technical School

Inde Technical School is found in Degia village LC1, Olali parish, Ogoko Sub-county, Madi-Okollo County in Arua district. The Q1 Performance Report for FY 2011/12 indicated that MoES provided funds for construction of 4 classrooms and 3 workshops at this institution.

Findings from the monitoring visit indicated the school received UShs 120,567,190/=. The funds were credited on the school account in March 2011. The funds were for construction of a 4 classroom block and the 3 workshops.

After the procurement process, Abiriga Hassan Enterprises Limited was awarded the contract to put up a 3 classroom block at a contract sum of UShs 98,026,000/=. The contract was signed on 3rd September 2011 for a contract period six months. Civil works started around September 2011. It was reported that with that award, the available funds could not suffice to put up the 3 planned workshops. MoES therefore guided that the three classrooms should be worked on at the above contract sum, while keeping the balance of UShs 21,000,000/= on the school account pending release of addition funds from MoES to start works on the workshops.

A 3 classroom block constructed at Inde T/S

By the time of monitoring visit on 20th February 2012, a three classrooms block was at wall-plate level going-on to roofing.

Rukore Community Polytechnic

Rukore Community Polytechnic is found in Nyakibange village LC1, Kibuga parish, Rubaya Sub-county, Ndoro west in Kabale district. The Q4 Performance Report for FY 2010/11 indicated that MoES provided funds for construction of classrooms and workshops at this institution.

Findings from the monitoring visit indicated that the institution received UShs 136,059,000/= on 11th June 2011 for construction of a 2 classroom block with furniture and a twin workshop for CJ and BCP, an MV workshop, a 2 stance VIP lined pit latrine and installation of a 5000 liter water harvesting tank.

Perfect Target services limited was contracted to provide all the above services at a contract sum of UShs 135,571,980/=. The contract was signed on 11th January 2011.

At the time of the monitoring visit on 1st March 2012, the project had stalled. The contractor was unable to complete the works. Civil works stalled at different stages as indicated below:



A BCP & CJ workshop, a 2 classroom block and an MV workshop constructed at Rukore CP

Table 3.2.1: Stages of civil works

Project/Activity	**Progress**	**Pending works include:**
BCP workshop	Roofed and at finishes level.	Fitting glasses, floor and veranda screeding, putting facia boards, painting, fixing a missing ridge, fitting entrance door, fitting the wooden door office inside.
Carpentry and Joinery workshop	Roofed and at finishes level.	Fitting glasses, floor and veranda screeding, painting, fitting entrance door, fitting the wooden door the inside office inside and installing power to the workshop
Motor Vehicle workshop	Roofed and at finishes level.	External plastering, fitting glasses, fitting the front door, floor and veranda screeding, painting, completing the inspection pit (i.e. plastering it and putting steps), fitting the inside doors on the store and on the inside offices, fitting the facia boards, working on the electrical conduits and installing power.
A 2 classroom block.	Roofed plastered and shutters fitted. At finishes level.	Floor and veranda screeding, painting, fitting glasses, fitting facia boards, putting teacher's tables and chairs and 40 desks.
A 2 stance VIP latrine with a urinal.	Roofed and plastered. Finishes level.	Fitting doors and facia boards and painting and floor and veranda screeding.

Source: Field findings

It was reported that the board of governors of this institution submitted the funding gap to MoES; however they have not got any feed back as at the time of the monitoring visit.

Recommendation

- MoES should release more funds to Rukore Community Polytechnic to complete the unfinished work.

Procurement of assorted learning tools and equipment:

Under output 070577, the project planned to purchase of specialized machinery and equipment for 20 TVET P7 Graduate institutions during FY 2011/12. The project planned to undertake this activity during Q2. However, this activity was implemented in Q1. The Q1 performance report notes that MoES disbursed funds for purchase of tools and equipment to 12 institutions. Two of these institutions were monitored. While Pacer Community Polytechnic has received UShs 58,000,000/=, findings from the monitoring visit indicated that there was no evidence to show that the school administration has procured tools and learning equipment worth that value. The findings are detailed below:

Pacer Community Polytechnic

Pacer Community Polytechnic is found in Pacer village LC1, Pacego parish, Panyango Sub-county, Jonam County in Nebbi district. The Q1 Performance Report for FY 2011/12 indicated that MoES provided funds for procurement of learning tools and equipment.

Findings from the monitoring visit indicated that the institution received UShs 29,000,000/= in December 2010. These funds were for procurement of learning tools and equipment. Findings further indicated that the institution received an additional UShs 29,000,000/= in August 2011. The funds were also for procurement of learning tools and equipment. That means that the institution has received a total of UShs 58,000,000/= all for procurement of learning tools and equipment for the different courses.

Findings indicated that funds were to procure some tools and equipment for four departments (i.e Tailoring joinery and cutting, Motor Vehicle, BCP and CJ workshops). However, administrators of the institution could not produce evidence for tools and equipment procured worth the value of money received. Furthermore, there were no delivery notes, goods-received-notes and there was no stores registers for tools and learning equipment procured. There was no inventory for the same tools worth the money received. The few learning equipments that were shown to the monitoring team are summarized below:

Table 3.2.2:Tools and learning equipment procured at Pacer T/S

Item	Number	Item	Number
For CJ workshop department			
Tables(made at school)	4	Plane Cutters	6
Jack planes	3	plough plane cutters	3
G-Cramp	1	Manual Bocks	2
Chisels	4	Timber	

Item	Number	Item	Number
Bench Vices	2	Oil stone	1
Sash Cramp	1	T- Squires	25
Drawing Boards	25		
Tailoring and Cutting department			
Over-lock sewing machine	1	Iron boxes	3
Materials used for instructions (cloths)		Drafting tables	4
Text Book	1	Drafting papers for practice	
BCP department			
Sand, clay and cement and also repaired generator			

Source: Field findings

It was further reported that part of the funds were used to buy a Television set, a generator, a computer and a DVD player and other consumables like sand and cement. It was also reported that a balance of UShs 5,700,000/= was on the school account.

Recommendation

- The Auditor General should do a value for money audit at Pacer Community Polytechnic in Nebbi district to establish whether the learning tools and equipment procured are worth UShs 58,000,000/=.
- MoES should put a mechanism in place to ensure that heads of institutions that receive funds for procurement of tools and learning equipment fully account for them and that there is value for money.

3.2.5 Construction under Presidential Pledges (FY 2010-11)

Government provided UShs 10,000,000,000/= for Presidential Pledges for FY 2010/11. MoES prioritized 43 learning institutions to which H.E The President had made pledges to be fulfilled during that financial year. UShs 7,080,000,000/= was allocated to Primary, Secondary and BTVET institutions while UShs 2,920,000,000/= was allocated to Universities in Uganda.

During the period of February and March 2012, six institutions under Presidential Pledges were monitored to assess the progress of implementation. Findings indicated that all the six institutions sampled received funds to implement the Presidential Pledge. Progress of civil works varied from institution to institution. While in Kinyogoga S.S. works had not started, in Maruzi Seed secondary school works had stalled, while at Ngoma S.S. they were on going. On the other hand in three schools (i.e. Nkoyoyo P/S, Kifamba S.S, and Bubaare S.S) works were at finishes level. The findings are detailed below:

Primary school constructed under Presidential Pledges:

Nkoyoyo Boarding Primary School

Nkoyoyo Boarding Primary School is found in Matale village LC1, Ssugu parish, Buikwe Sub - county in Buikwe district. The school received UShs 100,000,000/= in March 2011, through Buikwe district to undertake renovation works on the three dormitory blocks. Civil works were tendered out by Buikwe district and awards were made to three firms. Luwalira Besigika Construction Company was awarded works to renovate Mayanja Dormitory a storied building, while Sakita Builders limited were to renovate Nkoyoyo dormitory block and Sagida Construction Company to renovate Nassolo block.

Renovation works for all the structures included removing asbestos sheets and re-roofing the structures with maroon pre-painted iron sheets, removing wooden doors and windows and replacing them with metallic ones, re-plastering, re-screeding the floor and veranda, replacing sliding bolts, replacing stays, re-painting, carrying out welding works, replacing fasteners, replacing broken glasses and replacing the electrical wiring.



Mayanja, Nkoyoyo and Nassolo dormitories renovated at Nkoyoyo Boarding P/S

By the time of the monitoring visit on 12th March 2012, the renovation works by the three contractors were at different stages. However, none of them had completed. The details are summarized below:

- **Mayanja dormitory**: Most of the works were done. The pending works included fitting of gutters all around the roof, fitting fasteners for most windows on upper floor, putting second coating of paint and drainage pipes.
- **Nkoyoyo dormitory**: Most of the work outside was done. The pending works included replacing the old electrical wiring, fitting drainage pipes on the gutters for the whole building, locks for all the doors, and fitting fasters on windows
- **Nassolo dormitory**: Most of the renovations on the outside were complete. The pending works included fitting fasteners on all windows, second coating of paint, fixing all the gutters, replacing some shutters, and fixing locks on all doors.

It was reported that all the three contractors have gone beyond their contract period and yet have not completed the renovation works.

Secondary schools constructed under Presidential Pledges:

Ngoma Secondary School

Ngoma Secondary School is found in Ngoma 'B' village, Ngoma 'B' parish, Ngoma T/C in Nakaseke district. H.E pledged funds to this school towards turning it into a boarding secondary school under USE. MoES prioritized fulfillment of this pledge during FY2010/11 and FY2011/12.

Findings from the monitoring indicated that the school received the reported funds. The funds were for construction of 2 dormitories. Dolamite services Limited was awarded a contract to undertake the civil works.

By the time of the monitoring visit on 9th March 2012, works were ongoing. A girl's dormitory block was at finishes level. The remaining works included internal and external plastering, shuttering, floor and verandah screeding and painting. On the other hand a boy's dormitory block was at wall plate level. Works on the VIP lined pit latrines had not started.

A boys' dormitory at wall-plate level and a girls' dormitory at finishes level at Naoma S.S

Maruzi Seed Secondary School

Maruzi Seed Secondary School is located in Akere village LC1, Akere parish, Apac Sub-county, Maruzi County in Apac district. H.E. the President of Uganda made a pledge to construct a seed secondary school in Maruzi county. MoES planned to phase construction of this school in 2 financial years or phases by releasing UShs 70,525,000/= in FY 2010/11 and UShs 112,525,000/= in FY 2011/12 received funds for Phase 1 and Phase 2. It was also reported that the district passed over to the school UShs 70,525,000/= for phase 1[43] and UShs 110,856,500/= for phase 2.

By the time of the monitoring visit on 22nd February 2012, the administration block was at plinth wall level, a 3 classroom block was at window level, two other blocks each with 3 classrooms were at ring-bim level while the science laboratory was at ring-bim level. Works on the pit latrines had not started. Works seemed to have stalled and the site looked abandoned as at the time of the monitoring visit.

[43] Funds for phase 1 were remitted in three installment of UShs 39,542,000/=, UShs 6,556,610/= and UShs 24,425,989/= and funds for phase 2 were also three installments of UShs 36,618,975/=, UShs 28,225,074/=, and UShs 46, 012,451/=

MoES should follow up with Apac district authorities to ensure that construction of this seed school is finalized.

A science laboratory block, a 3 classroom block, two blocks of 3 classrooms each and, An administration block at Maruzi Seed SS. As at the time of monitoring construction had stalled

Kinyogoga Secondary School

Kinyogoga Secondary School is located in Kinyogoga LC1, Kinyogoga parish, Kinyogoga Sub - county, Kinyogoga County in Nakaseke district. H.E the President of Uganda made a pledge to turn the school into a boarding school under USE. MoES planned to fulfill this pledge in FY 2010/11.

The school received a sum of UShs 200,000,000/= in three installments. By the time of the monitoring visit construction had not started and funds were still on the school account. It was reported that management planned to start with construction of dormitories.

Bubaare Secondary School

Bubaare Secondary School is found in Muchahi village LC1, Bubaare parish, Bubaare Sub - county, Rubanda East County in Kabale district. H.E the President made a pledge to construct a science laboratory, a library and a state of the art computer laboratory at this school. MoES phased fulfillment of this pledge in 2 financial years (i.e. FY 2010/11 and FY 2011/12). The total approved budget for the 2 financial years was UShs 230,000,000/=.

Findings from the monitoring visit indicated that through Kabale district the school received a total of UShs 138,246,067/= out of the expected approved budget. The funds were received in four installments; the first installment was UShs 37,500,000/= received on 20th December 2010, UShs 26,250,000/= received on 21st June 2011, UShs 38,223,000/= received on 16th September 2011 and UShs 36,273,067/= received on 16th December 2011.

School management decided to start with construction of the ICT laboratory. M/s Perfect Target services Limited was contracted at a contract sum of UShs 175,800,800/= to construct ICT laboratory block at this school. The contract was signed on 15th June 2011 for a contract period of three months.

An ICT laboratory at finishes level

By the time of the monitoring visit on 29th February 2011, the ICT laboratory was at finishes level. The laboratory has 2 offices inside and a store. It had been roofed, shuttered, plastered and a 10,000 liters water harvesting tank had been installed. Remaining works included painting, glazing, and installing gutters on the water harvesting tank and electrical fittings. It was reported that four certificates had been paid to the contractor.

The beneficiaries were satisfied with the quality of civil works on the structure. Construction of the science laboratory and the library did not take off due to inadequate release of funds to the school. MoES should expedite release of the remaining balances so that construction of the remaining facilities of the Presidential Pledge at this school could commence.

Kifamba Comprehensive Secondary School

Kifamba Comprehensive Secondary School is found in Kifamba LC1, Kifamba parish, Kifamba Sub-county, Kakuuto County in Rakai district. H.E the President made a pledge to rehabilitate this school. MoES planned to phase fulfillment of this pledge in 2 financial years. (i.e UShs 70,000,000/= in FY 2010/11 and UShs 130,000,000/= in FY 2011/12).

Findings from the monitoring visit indicated that this was not rehabilitation of an existing secondary school but construction of a new school altogether. The existing secondary school is operating in structures belonging to a primary school.

Findings further indicated that the school received funds for phase I totaling to UShs 70,000,000/= in March 2011 through Rakai district. The funds were committed to construction of a 2 classroom block and 5 stances of VIP latrines. The school also received UShs 86,000,000/= for phase 2 during FY 2011/12 out of the total approved budget of UShs 130,000,000/=.

M/s P&D Traders and Constructors Limited was contracted at a sum of UShs 55,981,100/= to construct a 2 classroom block and a five stance VIP latrine. The contract was signed on 16th May 2011. On 7th November 2011, the same company signed another contract to construct a 3 classroom block and provide teachers' tables and chairs in each of the classes at contract sum of UShs 85,781,800/=.

At the time of the monitoring visit on 2nd March 2012, civil works on the 2 classroom block and a 5 stance VIP latrine had been completed. However, the classroom was not furnished. The 3 classroom block was at finishes level. Remaining works included floor and verandah screeding fixing glasses, furnishing and final touches of painting and furniture. The teachers' tables and chairs had not been provided.

MoES should therefore expedite the process of releasing the remaining balances of the Presidential Pledge so that that the secondary school shifts from the facilities of the primary school to their new site.

Recommendations

The Ministry of Education should:

- Follow up with Buikwe district authorities to ensure that all the renovation works at Nkoyoyo boarding primary school on the three structures are completed and handed over to the school.
- Expedite the process of releasing the remaining balances of the Presidential Pledge to Kifamba Comprehensive S.S. so that that the secondary school shifts from the facilities of the primary school to their new site.
- Follow up with Apac district authorities to ensure that the contractor for Maruzi seed secondary school resumes works and civil works are completed.
- Expedite release of the remaining balances for Bubaare secondary school so that construction of the remaining facilities of the Presidential Pledge could commence.

3.3 ENERGY

3.3.1 Introduction

Mandate and Priorities of the Energy Sector

The mandate of the Ministry of Energy and Mineral Development (MEMD, vote 017) is, "*to Establish, Promote the Development, Strategically Manage and safeguard the Rational and Sustainable Exploitation and Utilization of Energy and Mineral Resources for Social and Economic Development.*

In the FY2011/12 and in the medium term, the key priorities of the ministry are:

- Increase electricity generation capacity and development of the transmission network;
- Increase access to modern energy services through rural electrification and renewable energy development
- Promote and monitor petroleum exploration and development in order to achieve local production, and
- Promote mineral investment through the acquisition of geo scientific data and capacity building

The other priorities are:

- Promotion of efficient utilization of energy
- Promote free and fair competition in the petroleum supply and marketing industry
- Inspection and regulation of mines, and
- Monitoring geotechnical disturbances and radioactive emissions

The total approved budget for the vote in FY2011/12 including both donor and GOU funding, after adjustments for taxes, arrears, and non tax revenue is Ugshs 1.32 trillion[44].

Scope of the report

The report reviews progress of development projects in the energy sector for Q2 of FY 2011/12.

Specifically, it aims at ascertaining whether; planned outputs as outlined in the MEMD annual work plan for Q2 of FY 2011/12 had been achieved and establish whether financial expenditure was commensurate with physical progress. It gives an update on physical progress, highlights implementation challenges, and identifies key policy issues**.**

The report gives priority to the vote function: 0301 Energy Planning Management and Infrastructure Development because of its large percentage (34%) share of the Budget for the Vote 017 in FY2011/12; the other remaining bulk of the budget is mostly for large hydro power infrastructure (Karuma Hydro electricity power project and Isimba power project) that accounted for 63% of the approved budget.

[44] MoFPED, Approved Estimates of Revenue and Expenditure F/Y2011/12

TABLE 3.3.1: OUTPUTS SAMPLED FOR Q2 OF FY2011/12

Outputs onitored	Locations of outputs monitored	Achievements by MEMD as at end of Q2	Actual Achievements as observed in Q3 Monitoring
Vote Function 0301			
Project 0325 Energy for Rural Transformation (ERT) 11			
Output: 030153 Cross sector transfers for ERT	Luwero district	Installation of solar photo voltaic was completed in 15 health centres in Kanungu district,19 health centres in Rukungiri, and 31 health centres in Luwero	Installations were completed in Luwero district
Project 0331: Rural Electrification			
Output: 030104 Increased Rural electrification	Hoima, Namutumba, Kamuli, Mbale, Manafwa,d	Transmission lines in Hoima, Namutumba, Kamuli, Mbale and Manafwa completed and awaiting commissioning.	Transmission lines in Mbale, Manafwa and Kamuli, were completed and commissioned. Those in Namutumba, Nakasongola and Hoima districts were incomplete; as there are some poles erected but not stringed
Output:030103; Renewable Energy promotion	Nyagak Hydro power plant.- Zombo district Buseruka Hydro power	Construction works in progress. Completion date was 31st March 2012. Construction in progress and expect to	Works at Nyagak are in advanced stages. Expected completion date was April, 2012. This would not be achieved as electrical works were 50% complete. Construction is in

	plant- Hoima district	commission the Hydro power plant in 2012	advanced stages and expected completion date was June 2012 This may be achieved as the biggest challenge of delay in delivery of the foundry machine was solved after its importation.
Project 1023: Promotion of Renewable Energy and Energy Efficiency			
Output:030103 Renewable Energy Promotion	Nebbi and Zombo districts	Disseminated 7,000 Energy Saving Household Stoves and 32 Energy Saving Institutional Stoves.	Four institutional rocket stoves were constructed in Paidha Model Primary School and Uganda College of Commerce (UCC) Pakwach.
Output:030103 Renewable Energy Promotion	Moyo district	Promoted renewable energy systems through dissemination of 50 solar PV and 25 solar water heater, promotion of gasification technologies.	Solar Photovoltaic (PVs) were installed in sixteen health centres in Moyo district.

SOURCE: MEMD Q2 WORK PLAN PERFORMANCE REPORT 2011, ERT Q2 PROGRESS REPORT, 2011, GIZ ANNUAL REPORT, 2011 AND FIELD FINDINGS

Methodology

The report aims to establish whether planned outputs as outlined in the MEMD annual work plan have been achieved.

Financial data was sourced from the Integrated Financial Management System (IFMS) for GoU expenditure, from the project profiles in the Public Investment Plan, MEMD records and the approved estimates of revenue and expenditure[45]. Financial performance included release performance and absorptive capacity of GoU expenditures for projects and specific outputs considered. Donor release and expenditure was also reported where data was available.

Physical performance measures the extent to which quarterly work plan planned activities have been achieved on ground. Quarterly work plans are provided in the MEMD Ministerial Policy Statement (MPS). To establish physical performance, progress reports were obtained from various sources including MEMD, Rural Electrification Agency (REA), Energy for Rural

[45] MFPED *Approved Estimates of Revenue and Expenditure FY 2011/12 (Kampala)*

Transformation (ERT), Uganda Electricity Transmission Company Limited (UETCL) officials and from private contractors.

The team also held discussions with key informants in the relevant departments and there after field visits were carried out. Discussions were held with project implementers and where possible beneficiaries. Photographs of the projects monitored were also taken.

Limitations

Capital development activities undertaken within the energy sector tend to be financed by donors or private sector investors; which has the following implications:

- **i.** The majority of spending is not visible on the IFMS accounting system because it is donor or privately funded.
- **ii.** Donors and private firms are reluctant to provide detailed financial information. Also, considering that they are private entities they may be reluctant to take up the recommendations made in the report.
- iii. MEMD quarterly work plans do not fully capture the extent of ongoing works in the sector.

3.3.2 Energy Planning, Management and Infrastructural Development

The total approved budget estimates for the vote function including both donor and GoU funding in FY2011/12 excluding taxes, arrears and non tax revenue is Ugshs 449.88 billions[46]

The strategic objectives of the vote function are to:

- i. Review and put in place modern policies and legislation that offers a conducive business environment.
- ii. Increase the energy mix in power generation, promote and co-invest in the development of new power generation and transmission projects;
- iii. Acquire and provide necessary information and data to attract and facilitate private sector participation and capital inflow;
- iv. Promote and implement rural electrification through grid extension, development of decentralized power supply systems and use of renewable energy resources
- v. Carry out specialized and general training of man power and strengthening capacity of institutions responsible for managing and safeguarding the energy and mineral resources
- vi. Carry out energy audits and consumer awareness campaigns for energy efficiency; and

[46] MFPED *Approved Estimates of Revenue and Expenditure FY 2011/12 (Kampala)*

vii. To promote and regulate atomic energy for power generation and other peaceful application

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

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

Background:

The purpose of Energy for Rural Transformation (ERT) is to develop Uganda's rural energy and

Information/Communication Technologies (ICT) sectors, so that they make a significant contribution to bringing about rural transformation. These sectors facilitate a significant improvement in the productivity of rural enterprises as well as the quality of life of rural households. The ERT project phase II has funding from the World Bank [International Development Association (IDA) and Global Environment Facility (GEF) Fund] and the Nordic Development Fund (NDF).

The programme has activities in the sectos of agriculture; education, health and water and sanitation. This repot focuses on the health sector.

The overall goal for the ERT Project phase II - Health component is to improve delivery of health services in rural health centres through increased access to modern energy services and Information, Communication Technologies (ICT). The specific objectives for Phase II are to:

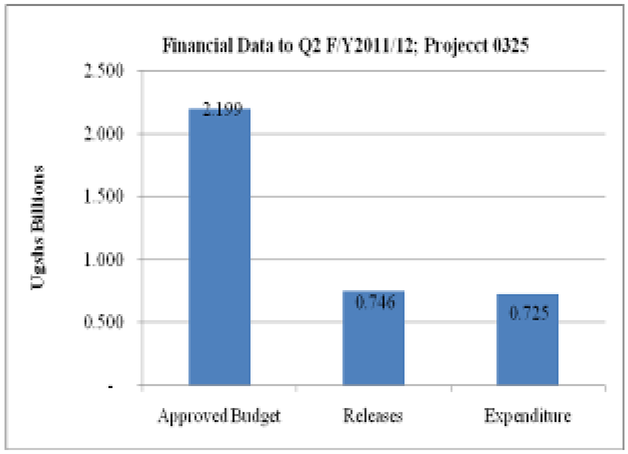
i) Increase investments and accelerate implementation of the standard solar PV energy packages in all HCIVs not connected to the grid and 50-65% of the HCII & HCIIIs,

ii) Connect all HCs within 500metres of the national grid for HCII & III and up to 1Km for HCIV.

Financial Performance for Project 0235

A total of Ugshs 0.746 billion was released by end Q2of F/Y2011/12 of the Ugshs 2.199 billion approved budget. Expenditure performance was 97% of the released funds. Expenditure was largely on recurrent expenditure items for instance contract staff salaries, taxes on machinery, furniture and vehicles, social security contributions among others as only 2% was expended on the general supply of goods and services (see figure 3.3.1).

FIGURE: 3.3.1: BUDGET PERFORMANCE FOR PROJECT 0235



Source: IFMS Data

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

The performance indicators for the ERT Project phase II - Health component are:

- Cumulative Percentage of Health Centre II, III & IV with access to electricity in the 24 World Bank funded districts and 6 Nordic Development Fund (NDF) supported Districts
- Amount of carbon dioxide (CO_2) avoided per annum (tonnes of CO_2 per annum)

The indicator relating to the amount of CO_2 avoided was monitored and the projected CO_2 avoided per annum determined based on total installed Watt-peak (Wp) of the solar PV energy packages installed. Progress towards set targets for year III was monitored and measured; the performance is summarized in the tables below:

TABLE 3.3.2: ACTUAL ACCESS TO MODERN ENERGY FOR LIGHTING FOR THE 24 WORLD BANK FUNDED DISTRICTS

Implementing Agency	Ministry of Health (MoH)			
Output Monitoring indicator	Percentage of health centre II,III and IV with access to electricity in the 24 target districts which includes 11 districts in Northern Uganda			
Targets for the period under	Baseline (2004)	Actual by end of Dec 2011	Set targets for year 3 (30th ,	Variance on the set targets for

review			June,2012)	year 3
HC II	6%	25.0%	47%	22.0%
HC III	18%	48.6%	78%	29.4%
HC IV	16%	46.8%	86%	39.2%

SOURCE: ERT QUARTERLY PROGRESS REPORT; OCTOBER – DECEMBER, 2011.

TABLE 3.3.3 ACTUAL ACCESS TO MODERN ENERGY FOR LIGHTING FOR THE 6 NDF FUNDED DISTRICTS

Implementing Agency	Ministry of Health (MoH)			
Output Monitoring indicator	Percentage of health centre II,III and IV with access to electricity in the 24 target districts which includes 11 districts in Northern Uganda			
Targets for the period under review	Baseline (2004)	Actual by end of Dec 2011	Set targets for year 3 (30th , June,2012)	Variance on the set targets for year 3
HC II	6%	0%	50%	50%
HC III	18%	0%	90%	90%
HC IV	16%	0%	100%	100%

SOURCE: ERT QUARTERLY PROGRESS REPORT; OCTOBER – DECEMBER, 2011

TABLE 3.3.4: AMOUNT OF CO_2 AVOIDED PER ANNUM

Monitoring Indicator/Parameter	**Performance**
Location of HCs with solar PV energy packages installed	Kibaale, Kabale, Mityana, Mubende, Luwero, Nakaseke, Kanungu, and Rukungiri districts
Number of health centres installed with solar system	186
Total Kilo watt peak(kWp) installed	124.1
Amount of CO_2 (Kg) avoided per kWp installed/year	770
Actual Kg of CO_2 avoided per annum	95,596
Actual tonnes of CO_2 avoided per annum	95.6
ERT II Year 3 Target- Tons of CO_2 avoided per annum	298

ERT II Target Performance on CO_2 avoided per annum- December 2011	32.1%

SOURCE: ERT QUARTERLY PROGRESS REPORT; OCTOBER – DECEMBER, 2011

Physical Performance

Planning and overall implementation of the health component is carried out by the Ministry of Health (MoH). Beneficiary districts are selected by the MoH according to set criteria but giving more priority to districts in northern Uganda. The selection criteria for the beneficiary health centres include: a) those not connected to the grid b) functional with good level staffing; c) have equipment to provide minimum designated services like child delivery and immunization; and d) health centre distribution in the district.

In Q3 of FY2011/12, the monitoring team visited photovoltaic installations in Luwero local government under the health component of output 030153- ERT cross sector transfers. Information from the district health officer (DHO)'s office revealed that there are 70 health centres in the district of which 39 health centres are government, 24 Private Not for Profit while 7 health centres are purely private and for profit.

MoH/ERT project management unit installed solar PV in 31 health centres of the 70 health units in the district. 19 health centres were visited of which 11 health centres (58%) were very satisfied while 8 health centres (42%) were satisfied. The beneficiaries who were satisfied attributed their response to the fact that they did not receive a solar fridge and yet the gas fridge is less reliable as gas often runs out while others were unable to sterilize the equipment, watch television, and listen to radio.

The solar PV installations were carried out between November and December, 2011 by the contracted company- Communications and Accessories Int., GmbH, Germany. The contract amount for equipment and installation was US$ 420,353.40; Year 1 maintenance: costed at Ugshs 35, 639,900 and maintenance for the next four years was costed at: Ugshs 88, 532,600. The solar PV package delivered to health centres included; solar panels, batteries, invertors, sockets, switches, bulbs, sensor lights, solar fridges among other items.

Table 3.3.5: Value for money analysis of the solar PV schemes visited.

VFM: Effectiveness Component		
Component	**Score (good/fair/poor)**	**Comments**
Project Planning	Good	This establishes whether the intervention was well designed to meet objectives. The overall goal of the health component is to improve delivery of health services in rural health centres through increased

		access to modern energy services and ICTs 47% of the HCII and HCIII in the district received installations of solar PV. 100% of the visited health centres that received solar fridge reported improvement in the preservation of vaccines. 74% of the beneficiary health centres reported improvement in communication as the health personnel would charge their phones. In terms of meeting one of the specific objectives of '*To connect all HCs within 500m of the national grid for HCII & III and up to 1Km for HCIV*'', the project was noted to have a low score since some health centres within a distance of 10metres also received solar installations instead of being connected to the grid. For instance Kyalugondo HCIII None of the health centres visited received ICT equipment.
Service delivery/ beneficiary satisfaction	Good	58% of the beneficiary health centres were very satisfied with the scheme, while 42% were simply satisfied with the scheme. **Major benefits highlighted** by the health centres include: • Ability to handle emergencies and aid delivery of mothers at night • Ability to preserve the vaccines in the solar fridge. The gas fridges were unreliable as gas would run out and vaccines would get spoilt. • Eased communication as the health workers can now charge their phones. • Improved security as result of the security lights received. • Energy is cheaper; the health centres only spend on the paraffin for sterilization of equipment and burning of refuse • Grid power is unreliable but with solar energy the health centre can now perform its operations without power interruptions. This was reported in Buyuki HC II **The challenges highlighted** by the health centres include: • Sensor lights were not functional in Wabusana HCIII,

		and Kyalugondo HCIII. One sensor light in Wabusana and six sensor lights in Kyalugondo HCIII. • The battery casing in Kyalugondo HCIII was left open (incomplete installation). This is a risk as the solar batteries can easily be stolen. • Security threats; whereas no vandalism was reported, the health personnel generally were worried that since there are no security guards at the health centres the solar panels could be vandalized. **Recommendations suggested** by the beneficiaries: • All health centres should be provided with the solar fridges because they are more reliable. • Provision of stronger panels and invertors that can allow for sterilization of equipment. • Regular maintenance of equipments. • Recruit security guards at the health centers to provide security for both the solar equipment and health center.
Gender and Equity	Fair	In terms of gender, 57% on average of the patients above 5years of age that visit the health centres in a month are female. In terms of equity, all the health centre beneficiaries visited are generally in rural areas up to 30KMs from the national grid. There was however Nandere HC II that benefited from the solar installation much as it was less than 5metres away from the grid and was also connected to the grid.
Operation and Maintenance	Fair	100% of the visited health centres reported that they received basic training on operation and maintenance. The beneficiaries reported that they require more comprehensive training on operation and maintenance.

SOURCE: FIELD FINDINGS

L-R: Staff house and Battery casing that was left uncovered at Kyalugondo HCIII.

Complete solar installation at Kamira HCIII

b) **Project (0331) Rural electrification**

Background

The overall objectives for the program are: improve the rural quality of life and facilitate significant rural non-farm income by accelerating main grid extension based rural electrification with a tentative target of contributing to increasing rural electricity access from about 1% in 2000 to about 10% ten years later[47]. The outputs include; acquire way-leaves for donor funded rural electrification schemes; extend power to selected mines and PMA agro-processing centres; execute community schemes; and electrify district headquarters[48]

The program aims to achieve at least 10% coverage in the rural areas by 2012. The program is targeting district headquarters, production areas to support agricultural modernization, connection of renewable energy generation projects to the main grid, socially desirable areas like schools, health centres, water supply facilities and trading centres which provide services to the rural population.

In Q3 of FY2011/12, the team monitored the following outputs:

i) **Output:030104 Increased Rural electrification**
ii) **Output:030103 Renewable energy promotion**

Financial performance

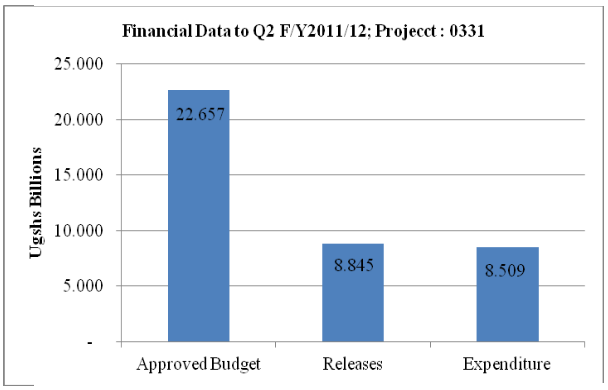
As shown in figure 3.3.2 below, 39% (Ugshs 8.845 billion) of the approved budget was released by end of Q2 of FY2011/12; while 96% of the released funds were expended. Expenditure was largely on the general supply of goods and services that accounted for 68% of the expenditure

[47] Public Investment Plan(PIP) FY 2010/11-2012/13

[48] Public Investment Plan(PIP) FY 2010/11-2012/13

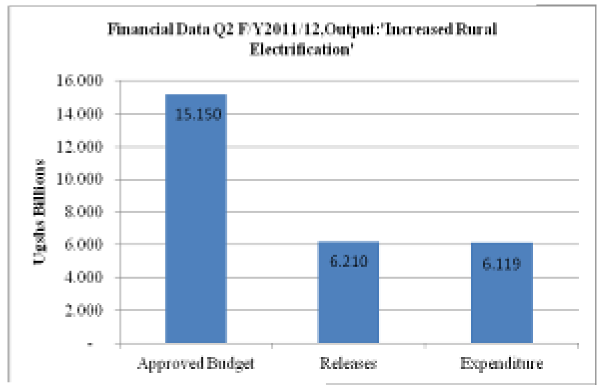
while 32% of the expenditure was on recurrent expenditure items for instance; advertising and public relations, telecommunications and courier, taxes on machinery, furniture and vehicles among others. Expenditure performance was therefore good for the rural electrification project.

Figure: 3.3.2:



Source: IFMS Data

Figure 3.3.3



Source: IFMS

In figure 3.3.3: on the other hand, 41% of GoU budget for increased rural electrification was released by end of Q2 of FY2011/12 of which 99% was expended. 84% of the expenditure was on the general supply of goods and services while only 16% was expended on other line items like; advertizing and public relations, telecommunications, travel inland, maintenance of vehicles among others.

Under Renewable energy promotion, 36% (Ugshs 1.201 billions) of the approved budget, (Ugshs 3.307 billion) was released by end of Q2 of FY2011/12 of which 88% was expended. Expenditure was mainly on the general supply of goods and services. Other expenditures were on telecommunications, allowances, maintenance of vehicles among others.

Physical Performance

i) Output:030104 Increased Rural Electrification

The team monitored completion and construction of transmission lines in the districts of Hoima, Namutumba, Kamuli, Nakasongola, Mbale, and Manafwa.

Table 3.3.6: Physical Performance of REA power line construction

Approved cost of works	Planned output	Observed physical performance Q3 FY11/12
Construction of transmission infrastructure in Hoima District		
The contract sum is Ugshs 4,880,472,048	***Buseruka - Hoima interconnector line***	The project commenced in September,2011 Expected completion date was February, 2012

Expenditure to end of February, 2012 was Ugshs 2.6billion. Expenditures were largely on purchase and transportation of materials. Funded by GoU	Contractor: Utility Engineering Services **Line route length** 52Km HV power line 7.4Km LV power line 1x200KVA(transformer) 1x100KVA(transformer) 1x50KVA(transformer) 1x25KVA(transformer)	but was changed to May, 2012. The time overruns were due to Resettlement Action Plan issues (see challenges below); Percentage works completed as reported by the contractor on site. Excavation 80% Pole erection 80% Stringing 10% Overall 40%
The contract sum is Ugshs 509,402,365 Expenditure to March,2012 was Ugshs 683,292,000 The excess of expenditure over the cost was due to diversion from the pine forest along the line route.	***Bujwaya- Bulyango line*** Contractor: Omega Construction Limited ***Line route length*** 14Km HV power line 9KM LV power line The line runs through Kitoba sub-county. 1x315 KVA(transformer) 2x50KVA(transformer)	The project started in June, 2010. The expected completion date was extended from June, 2011 to December, 2011. The contractor reported that the Project is 100% complete and awaiting commissioning. Sixteen customers had already been connected and anticipate to connect more than 200 customers. The monitoring team's visit however revealed that there were some four poles that were erected but not stringed in Bulyango sub-county. The contractor mentioned that the extra poles without wires were not in the initial project scope. It was also observed that way-leaves clearance was poorly done; some sections of the line run either through or near pine plantations.
Construction of transmission infrastructure in Nakasongola District		
The contract sum is Ugshs 1,221,403,265 Expenditure to March,2012 was Ugshs 1,217,490,966	***Migyera- Nyakitoma line*** in Nyakitoma sub-county. Contractor: Omega construction limited ***Line route length*** 26.5Km HV power line 10Km LV power line	The project started in January, 2011. Expected completion date was extended from February, 2012 to March, 2012. Percentage works completed as reported by the contractor on site: Excavation 100% Pole erection 100% Stringing 99%

	2x100KVA(transformers) 2x50KVA(transformers)	The works were ongoing and the remaining works included; Completion of stringing. Construction of stay rods (these are for supporting poles)
Construction of transmission infrastructure in Namutumba district.		
The contract sum is Ugshs 1,603,234,817 Expenditure to March, 2012 was Ugshs 1,552,287,687	***Namutumba – Bugobi line*** Contractor: Omega construction limited ***Line route length*** 30Km HV power line 18Km LV power line 2x200KVA(transformers) 1x100KVA (transformer) 3x50KVA (transformers)	The project started in June, 2010. Expected completion date was December, 2011. The contractor reported 100% completion of the line. The line is however still under the defect liability period. The monitoring revealed that there are 18 poles in Bugobi trading centre and Lugulu village that were erected but not stringed.
Construction of transmission infrastructure in Kamuli District		
The contract sum was Ugshs 298,028,262 Expenditure to March, 2012 was Ugshs 345, 875,623 The excess of expenditure against the approved cost was due to extensions of the LV line.	***Nakulyaku- Nabwigulu line*** Contractor: Omega Construction Limited ***Line route length*** 4Km HV power line 8Km LV power line 2x50KVA(transformers)	The project started in June,2010 The line was completed in June, 2011 and handed over to UMEME. BMAU monitoring team noted that the line was complete; however the LV extensions from Nabwigulu sub-county towards the Kamuli youth centre were done using contributions from the community as reported by the LCI chair person of Nabwigulu.
Construction of transmission infrastructure in Mbale and Manafwa		
The contract sum was : Ugshs 97,640,074	***Busamaga- Bufumbo line*** Contractor: LTL construction Limited *Line route length* 12Km HV power line 10.04Km LV power line 5x50KVA (transformers) 2x25KVA(transformers)	The project started in December, 2010. Completed in October, 2011 and commissioned in February, 2012. There are no rightfully connected customers to the line as all the residents are engaged in power tapping.

The contract sum was Ugshs 997,246,412	***Namawanga- Nabweyo line*** Contractor: LTL construction Limited *Line route length* 10.5Km HV power line 11.5Km LV power line 1x100KVA(transformer) 4x50KVA(transformers)	The project started in December, 2010. Completed in October, 2011 and was commissioned in February, 2012. There are no rightfully connected customers to the line as all the residents are engaged in power tapping
The contract sum was: Ugshs 790,706,798	***Sibanga –Namaloke line*** Contractor: LTL Construction Limited *Line route length* 8KM HV power line 17KM LV power line 1x100KVA 3x50KVA	The project started in December, 2010. Completed in October, 2011 and was commissioned in February, 2012 There are no rightfully connected customers to the line as all the residents are engaged in power tapping

SOURCE: FIELD FINDING


L-R: Terminal point and some of the erected poles that have to be relocated from the road reserve on Buseruka-Hoima line;

L-R; Pole used for illegal power tapping on *Sibanga –Namaloke line in Manafwa; Illegal connection which was ongoing during the monitoring visit on Busamaga- Bufumbo line in Mbale*

Challenges

Resettlement Action Plan:

On Buseruka- Hoima interconnector line, the owners of the pine plantation in Bujawe village required US$ 600 compensation per affected tree thus leading to the diversion of the line by 8KM because the compensation funds would be higher than the diversion costs. This ultimately led to the delays in project implementation.

On the same note, it was reported that most of the project affected persons insist on early compensation before the project development on their land. This was common in all the projects that were monitored.

Relocation of transmission infrastructure; The contractors on the Buseruka- Hoima interconnector line had completed excavation and erection of poles in some sections on the line before UNRA informed them to relocate the poles. UNRA officials informed them that according to new plan for upgrading Hoima- Kaiso- Tonya road to tarmac, they were in the road reserve. The road is to be upgraded to tarmac to facilitate transportation of petroleum products once oil production commences. This has contributed to further delays in project execution.

Most of the materials for line construction are imported; the depreciation of the Ugandan Shillings against the United States (US) dollar usually affects the profit margin of contractors who are paid in local currency.

On the Migyera- Nyakitoma line, excavation works were slowed down due to the unexpected hard rock that was encountered on the line route.

Illegal power tapping was noted on all the transmission lines in Mbale, Manafwa districts where small thin wires are used to tap power from the transmission lines causing energy losses. The people in these areas are so hostile to whoever comes either for maintenance of transmission lines, transformers, or even inspection of the transmission lines.

ii) Output:030103 Renewable energy promotion

According to the MEMD Ministerial policy statement for FY2011/12, there are three renewable energy projects under development. These are: Buseruka (9MW), Nyagak (3.5MW) and Maziba (1MW) which were planned to be commissioned in the first half of the FY2011/12.

Small hydroelectric plants (HEPs) generate up to 20MW of electricity. They are privately funded on a build, own and operate basis. Power is subsequently purchased by Uganda Electricity Transimission Company Limited (UETCL) according to a power purchase agreement.

During Q3 of FY2011/12, the team monitored the progress of Buseruka (9MW) and Nyagak (3.5) hydro power plants.

TABLE 3.3.7: PHYSICAL PERFORMANCE OF SMALL HYDRO ELECTRIC POWER PLANTS

Approved cost of works	Planned works	Physical performance as observed
Buseruka Hydroelectric power plant		
The contract amount of works is: US$ 39 million. Expenditure to December,2011: US$ 32.83million The project is funded by PTA and ADB banks.	9MW HEP 3x3MW turbines Civil and electrical works Power evacuation infrastructure by the Rurl Electrification Agency (REA). The primary contractor is Hydromax limited. The Sub-contractors are; Civil works contractors: Dott services and Sigma Engineering Private limited.	The project started in October, 2008 and is expected to be complete in June, 2012. Percentage works completed as reported by the contractor on site: • Dam 65% • De-silting basin 95% • Power channel 80% • Fore bay 100% • Penstock 75% • Power house 75% • Tail race 75% • Overall 75% Works were on going on site and

	Electro-mechanical works: Flovel Mechanical Energy Private Limited and Indoor Asiatic Limited	The monitoring team anticipates that if no further challenges emerge, the project will be completed in June, 2012.
Nyagak Hydroelectric power plant		
The contract amount: Civil works: US$ 6.7million has increased to US$8.2million due to the extra rock that was excavated. Electrical works: 1,156,717 Euros Expenditure to March,2012: 197,679 Euros The project is funded by: GOU 10% contribution KfW 90% contribution	3.5MW HEP 1x1.7MW(turbine) 1x1.75MW(turbine) Client: WENRECO Contractors : Civil works: Spencon Electrical works: VS hydro	The current phase of the project started in October, 2010 and expected completion date was November, 2011. This was extended to April, 2012. The extensions were as a result of the resettlement action plan (RAP) issues and increase in the volume of works. Percentage civil works completed as reported by the contractor on site: • Dam:95% • Headrace: 100% • Penstock: 100% • Power house: 95% • Tail race: 100% • Overall: 85% Electrical works are 50% complete. Some of the equipments so far installed include: • Main transformer • Switch board, and • Auxiliary transformer

SOURCE: FIELD FINDINGS; 7/03/2012



L-R: The 3x3MW turbines installed in power house. Dam section under construction. Fore bay at Buseruka HEP


L-R: Surge shaft under construction,


Installed Generation transformer and


Switch board at Nyagak Hydro Power

Challenges in project implementation:

- In Buseruka HEP, the works were delayed due the late arrival of the foundry machine that was to be used to make the penstock of 32 millimetre thickness. Such a foundry machine was not available locally and had to be imported from Italy.
- In Nyagak HEP, the delays were attributed to stoppage of work by the project affected persons as a result of delayed payment of compensation for the additional land.
- Additionally, in Nyagak it was as a result of the review of the design. The BOQ had to be revised whereby some additional items had to be included and for others quantities changed like the amount of rock for excavation increased.
- In Buseruka, HEP, there was unanticipated hard rock that increased the costs of construction and project delays.
- In Buseruka HEP the prolonged rains during November, 2011 also slowed down the civil works on the power plant.

c) Project 1023: Promotion of Renewable Energy and Energy Efficiency Programme (PREEEP)

Background:

Since June 2008, PREEP has been implemented by the Ministry of Energy and Mineral development with the support from KfW (German Development Bank), German Technical cooperation (GIZ) and the German Development Service (DED) who later merged to become GIZ. It is a three phase project with each phase taking three years it is therefore expected to be completed in 2017.

The overall objective of PREEP is to improve access to modern energy services and efficient use of energy by households and the private sector, especially in Northern Uganda[49].

[49] MEMD Sector performance Report FY 2008/09- 2010/11

Programme is working in four main components in order to achieve this objective, namely i) Energy policy advice ii) Promotion of improved Biomas Technologies iii)Rural electrification and iv) Energy efficiency.

The expected outputs include: 150,000 improved household stoves disseminated; 400 improved institutional stoves disseminated; 1,000 solar home systems disseminated; 100 solar institutional systems disseminated; and at least 350,000 tons of wood saved each year due to programme intervention[50].

In the field of access to modern electricity services, the programme promotes solar photo voltaic systems for households, SMEs and social institutions, develops micro and pico hydro power schemes and offers subsidization for the extension of the existing grid lines to trading centres and social institutions.

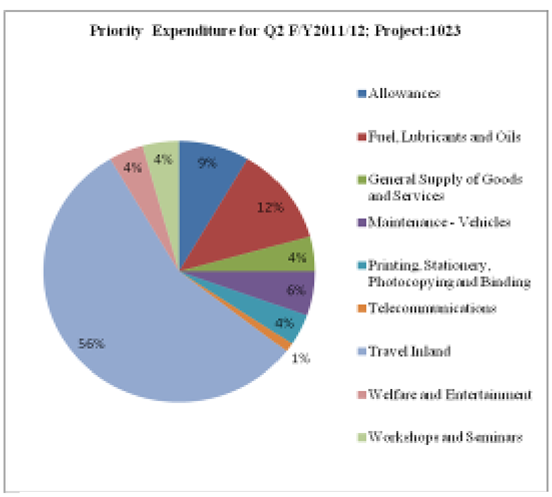
During Q3 of FY2011/12, the following outputs were monitored:

- ***i)*** **Output 030103: Renewable Energy Promotion:** ***Solar panels in Health Centres***
- ***ii)*** **Output 030103: Renewable Energy Promotion:** ***Improved household and institutional stoves component***

Financial performance

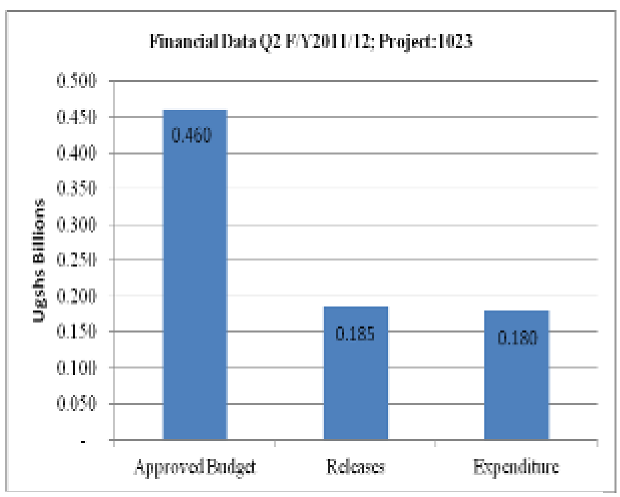
The PREEP Project received 40% of the approved budget (Ugshs 0.460 billions) of which 97% was expended as shown in figure 3.3.5. Expenditure was majorly on the travel inland while the other line items took a share of varying percentages as shown in figure 3.3.4.

Figure: 3.3.4



Source: IFMS Data

Figure 3.3.5

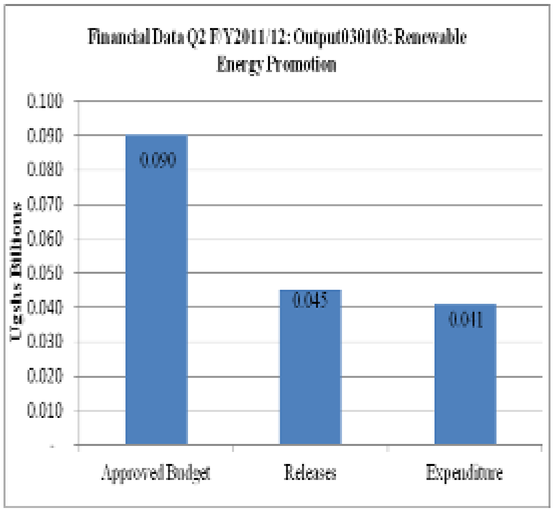


Source: IFMS Data

50 MEMD Ministerial Policy Statement FY 2011/12

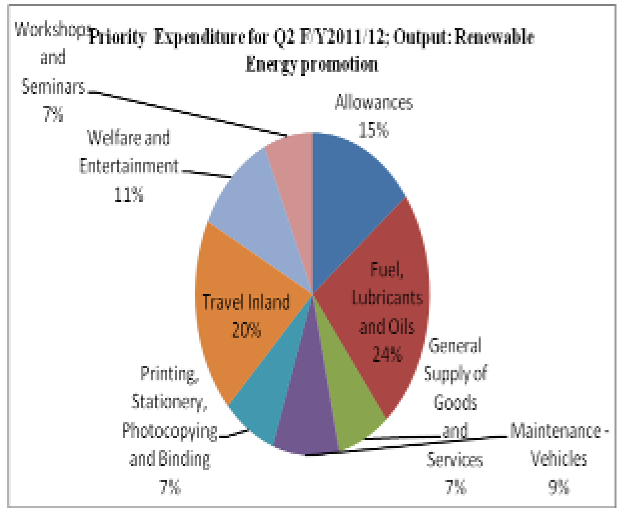
Output: 030103 received 50% of its Ugshs 0.090 billion GOU budget for FY2011/12 ss shown in figure 3.3.6. Expenditure was 91% of the released funds. The highest expenditure was on fuel, lubricants and oils while the lowest expenditure was on line item; general supply of goods and services as shown in figure 3.3.7

Figure: 3.3.6



Source: IFMS Data

Figure: 3.3.7



Source: IFMS Data

Physical Performance

i) Output 030103: Renewable Energy Promotion: *Solar panels in Health Centres*

During Q3 of FY2011/12, the team monitored solar PV installations in Moyo district. GIZ in partnership with Moyo district installed solar photo voltaic (PV) in 16 health centres with an objective of improving access to modern energy services and efficient use of energy by social institutions. GIZ contributes 80% of the costs for the installations while the benefiting institution contributes 20%; Moyo district contributed Ugshs 39, 950,000. There are 38 health centres in the district of which 16 health centres were planned to receive the solar installations. 100% of the planned health centres received the solar installations in Q2, FY2011/12.

The monitoring team visited 75% of the health centres where the installations had been completed and the selection criteria for the beneficiary health centres included:

- High inpatient and outpatient admissions
- Distance from town; with an aim of health workers retention.

The installations were carried out by Uga solar suppliers limited between May and August, 2011. The scheme is very popular among the beneficiary health centres with 75% being very satisfied while 25% were satisfied. The package received by health centres included; solar panels, light bulbs, sockets, batteries, inverter, and delivery lamps.

Table 3.3.8: Value for money analysis

VFM: Effective component		
Component	**Score (good/fair/poor)**	**Comments**
Planning	Good	This establishes whether the intervention was well designed to meet objectives. In meeting the overall objective '*to improve access to modern energy services and the efficient use of energy by households, social institutions and the private sector';* The programme scored good because: All the health centres reported better service provision due to presence of lighting system. Improvement in communication; health personnel can easily charge phones There is more efficient use of energy among the beneficiary health centres with an estimated reduction in average monthly expenditure on fuel from Ugshs 33,800 to Ugshs 25,500 All the visited health centres did not receive a solar fridge. This is vital since the gas fridges are unreliable as gas often runs out.
Service Delivery / Beneficiary Satisfaction	Good	75% of the beneficiary health centres are very satisfied while 25% are satisfied. **Benefits highlighted by the health centres** include: • Improved service delivery due to the lighting. • Ability to handle emergencies at any time. • Reduction in energy expenditures • Improved security because of the security lights. **The challenges highlighted by the health centres** include: • Some bulbs blew; at various health centres. • Difule HCIII did not receive panels for the Out

		Patient Department and, two staff houses. • In Waka HC II, the invertor had a loose connection and as a result power would constantly fluctuate. • In Waka HCII the contractor promised to visit the facility for repair and maintenance but all in vain. **Recommendations suggested**: • Improve on the package to include: • Solar fridge and Solar sterilizer • Stronger panels that can support sterilization equipment. • Computers for data management. • Provision of adequate number of panels. • Build the capacity of the locals in Moyo district to support in the maintenance of solar systems. • Timely support in the repair and maintenance of the solar systems.
Gender and Equity	Good	On average, 64% of the patients above 5 years of age that visit the health centres in a month are female while 36% are male. More women attending health care is good as unlike in the past, it shows that they are now in charge of their health and are no longer limited by limited funds to access health care. Generally the beneficiary health centres are in hard to reach areas of the district; up to 40Kms from the national grid. This is commendable as it enhances equitable access to medical care.
Operation and Maintenance	Good	All the visited beneficiary health centres received basic training on operation and maintenance of the solar panels. Some health centres were also provided with manuals for use in the operation and maintenance.

SOURCE: FIELD FINDINGS

L-R: Solar installation at Munu HCII and Staff house at Waka HCII in Moyo District

ii) **Output 030103: Renewable Energy Promotion-** ***Improved Household and institutional Stoves component***

The improved stoves scheme is managed by GIZ and implemented by selected NGOs. Energy saving stoves are made from locally available products such as mud, bricks and grasses.

Institutional rocket stoves are stoves whose performance has been established through scientific methods in energy saving per cooking process. They save up to 65% of energy and have other advantages such as saving firewood, money, cooking faster, save time, easy and safer to use. They produce little or no smoke while cooking because all smoke is eliminated from chimney.[51]

The households and institutions are able to cook food using less fuel than they would use with traditional 'three stones' cooking stoves which reduces deforestation in rural areas. The scheme provides funding for implementing NGOs to: (i) train local people to make stoves for sale in the community; (ii) Subsidize the production of an initial batch of stoves; and (iii) raise awareness in the community about the benefits of energy saving stoves.

In FY2011/12, Safe Environment Conservation Management LTD (SECOM) was contracted to construct 4 institutional rocket stoves in two schools in West Nile; Paidha Model Primary school and Uganda College of Commerce (UCC) Pakwach. All the four stoves were constructed successfully and there have been reports on the time saved on meal preparation, reduction in the amount of firewood used annually and as a result saving on the fuel wood expenses[52].

During Q3 monitoring, the monitoring team followed up the institutional stoves that were constructed in Paidha Model Primary school and Uganda College of Commerce (UCC)

[51] Uganda-German Cooperation in the West Nile Region ,February 2012 report

[52] PREEP Annual Report, 2011

Pakwach. GIZ in partnership with the institutions contracted SECOM to construct the institutional stoves. The construction was completed in June, 2011 in Paidha Model Primary while in Uganda College of Commerce Pakwach it was completed in August, 2011.

The institutions contributed 50% of the construction cost which translated into Ugshs 4, 000,000/= and Ugshs 3, 900,000/= for Paidha Model Primary school and Uganda College of Commerce (UCC) Pakwach respectively.

Table 3.3.9: Value for money analysis of the institutional stoves

VFM: Effective component		
Component	**Score (good/fair/poor)**	**Comments**
Planning	Good	This establishes whether the intervention was well designed to meet objectives. The aim of the project is to reduce time spent on cooking and reduction in the deforestation rate. Both institutions reported that: • There is reduced time spent cooking • There is reduction in the quantity of fire wood consumed/used.
Service Delivery/ Beneficiary Satisfaction	Good	Both institutions reported that they are satisfied with the scheme. **The benefits highlighted** by the institutions include: • Reduced time spent cooking • Reduction in wood consumption; In UCC Pakwach the fuel wood consumption has reduced by 66.7% per month while in Paidha model Primary School the fuel wood consumption reduced by 43.5% per month • Improved health as a result of reduced smoke emission • Reduced fuel wood expenditure: In UCC Pakwach the fuel wood expenditure reduced fromUgshs930, 000/= to Ugshs 310, 000/= per month while in Paidha model Primary School it reduced from Ugshs 690, 000/= to Ugshs390, 000/= per month. **Recommendations highlighted** by the institutions

		include: • Provide more rocket stoves to the institutions. UCC Pakwach still uses the traditional three stone stove because of the different items that have to be prepared/ cooked. • Reduce the co-funding by the beneficiary institutions; the 50% was prohibitive to other institutions that were interested in acquiring the rocket lorenas stoves.
Gender and Equity	Fair	The users are usually women. Therefore the gender issues for example the health hazards that are associated with too much smoke is reduced, reduced time in cooking making it possible to engage in other productive activities. In terms of equity, the program scores 'poor' because only two institutions were supported and yet all institutions in the region face the same challenges of; shortage of fuel wood, susceptibility to smoke related diseases, too much time spent cooking among others.
Maintenance and operation	Fair	Both institutions were trained on how to operate and maintain the equipment The institutions however still urge GIZ in collaboration with the SECOM to carry out routine maintenance visits to the institutions.

SOURCE: FIELD FINDINGS

L-R: Rocket Lorena stove at Paidha Model Primary School and Uganda College Commerce Pakwach

Key policy issues and recommendations

This section outlines key issues for policy that have arisen from the Q3 monitoring in the energy sector.

Policy Issues

ERT cross sector transfers:

The time lag between needs assessment and actual project implementation

During Q3 monitoring, it was observed that there was a large time lag between the needs assessment and actual project execution. For example in Luwero district, the needs assessment was carried out in 2003 and actual installations were completed in 2011.

The needs of the health centres change over time, for instance some health centres may be connected to the national grid by the time of installations, upgraded to health centre III with a maternity ward or will have received a solar package from other development partners. The delays in implementation make the installations less useful to the health centre that would have undergone changes.

The delays are attributed to the procurement process within and outside government. The MoH contracts committee and the Solicitor General are usually slow in issuing required approvals/clearances leading to delayed implementation of the planned activities.

Poor Communication of Bills of Quantities (BOQs) and scope of work: Among all the districts where the team has monitored solar panel installations, Luwero district local government reported ignorance of the actual package per health centre beneficiary because of the non issuance of the BOQ and the scope of work to the local governments. As a result monitoring of the project execution is difficult.

Rural electrification

Issues of land compensation: These continue to re-occur in the rural electrification- grid extension component. From all the grid extension lines monitored, it was reported that most of the project affected persons insist on early compensation before the project execution on their land. This causes more delays in project execution.

Limited linkages in government institutions: The construction of Buseruka- Hoima interconnector has dragged on partly due to the low levels of coordination between REA and UNRA. During Q3 monitoring, it was noted that the contracted company for the construction of the line had completed excavation and erection of the poles in some sections of the line route. After wards UNRA informed them that the electricity line under construction was in the road reserve as per the new design for the upgrade of Hoima- Kaiso- Tonya road to tarmac and had to be relocated leading to further delays.

The limited coordination causes delays in project implementation arising from either use of different compensation rates in the same area or re-execution of the work like it was in the construction of Hoima -Buseruka interconnection line.

Flactuating foreign exchange rates for importation of construction materials: The contractors are affected by the depreciation of Ugandan Shillings. This is a common problem in the construction of the transmission lines. The contractors are paid in Ugandan Shillings and yet they use foreign exchange in importation of the materials.

Limited scope of promotion of Renewable Energy and Energy Efficiency: Both components monitored (construction of institutional stoves and installations of solar PV) in West Nile are very popular among the beneficiaries though with limited coverage.

Rampant power thefts: In the Eastern parts of the country where electricity distribution was taking placw.

Recommendations

ERT cross sector transfers:

The time taken between the needs assessment and project implementation should be reduced. Accordingly the MoH contracts committee and the Solicitor General should issue timely approvals/clearances to enable timely project implementation.

The MoH / ERT project management unit and the contracted company for the solar PV installations should communicate the BOQs and the scope of work to the beneficiary districts for proper monitoring of the project implementation.

Rural electrification

Rural electrification agency and the relevant local government should carry out more sensitization and mobilization of the community members so that they embrace the project, cooperate as they await compensation from GoU. The GoU should provide adequate funds for compensation of the project affected persons.

There should be proper coordination among all the government institutions that implement activities in the same area like UNRA, REA, and NWSC.

There is need for government to create a variation of price clause in rural electrification contracts in order to cater for inflation and depreciation of the Uganda Shillings for the transactions that are carried out in foreign currency.

Rural electrification agency should consider using Aero Bounded Conductors during transmission lines construction to avoid power tapping which is common in Mbale region.

Promotion of Renewable Energy and Energy Efficiency

There is need to roll out the PREEP project across the country because of the increasing deforestation in Uganda, acute fuel wood shortage and the limited access to modern energy services especially among the social institutions of health centres and schools. GIZ should also timely respond to demand for the solar installations and the energy saving stoves in the social institutions.

The demand for modern energy services (solar PV) in West Nile is overwhelming since it is the best alternative form of energy source; the districts are willing to contribute the 20%; GIZ therefore needs to continue the support to PREEP. The other development partners are also urged to contribute to the energy efficiency promotion through subsidies to some of the packages.

3.4 HEALTH

3.4.1 Introduction

The health sector comprises a number of different spending agencies (votes) which hold responsibility for different aspects of service delivery in the sector. The Ministry of Health (vote 014) is the central agency in charge of policy analysis and formulation, strategic planning, provision of nationally coordinated services such as emergency preparedness, health research and monitoring and evaluation of overall health sector performance[53]. Various other functions are delegated to semi-autonomous institutions; in particular, drug stock management and drug delivery is managed by the National Medical Stores (vote 116). Other semi autonomous institutions include: Uganda Cancer Institute (vote 114); Uganda Heart Institute (vote 115); Uganda Blood Transfusion Service (vote 151); Uganda Aids Commission (vote 107); and human resource management under the Health Service Commission (vote 134).

Local governments (districts and municipal councils) take primary responsibility for delivery of frontline healthcare services. This is through the 'Primary Health Care' grant system which transfers funds directly from the Ministry of Finance, Planning and Economic Development (MoFPED) to local government general accounts. Local governments are responsible for the management of human resources for district health services, management of General Hospitals and management of Health Centre's (levels II, III and IV)[54].

In addition to the General Hospitals which are managed at the district level, there are 13 Regional Referral Hospitals (votes 163 – 175) which offer specialised clinical services, higher level medical and surgical services and clinical support services. The two National Referral Hospitals (votes 161 and 162) provide comprehensive specialist services, health research as well as providing all of the services of General and Regional Referral Hospitals[55].

The total budget estimates for the health sector (inclusive of donor funding, after tax and arrears adjustments) for FY 2011/12 is Ugshs 799 billion. This represents a 21% increase on the last financial year.

Of the total budget estimates for FY 2011/12, approximately 28% is estimated for local authorities, 26% for National Medical Stores, 26% for the Ministry of Health; 17% for National and Regional Referral Hospitals and 3% for all other spending agencies[56].

Scope of the report

This section reviews progress achieved in health sector development projects at Q3 of FY 2011/12. The aim of this section is to ascertain whether planned outputs as outlined in quarterly work plans for Q3 FY 2011/12 have been achieved. Table 3.4.1 summarises the projects monitored by BMAU during Q3 FY 2011/12.

---

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

[54] Ibid

[55] Ibid

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

Table 3.4.1 Sample frame for BMAU monitoring activities Q3 FY 2011/12

Vote	Project	Locations
Q3 FY 2011/12		
114: Uganda Cancer Institute	1120: Uganda Cancer Institute Project	Uganda Cancer Institute
115: Uganda Heart Institute	1121: Uganda Heart Institute Project	Uganda Heart Institute
163 - 175: Regional Referral Hospitals	1004: Rehabilitation Regional Referral Hospitals	Masaka, Gulu, Arua, Jinja
501 – 850: Local Governments	0422: Primary Health Care Development Grant	Gomba, Masaka, Sembabule, Adjumani, Gulu, Oyam, Nebbi, Arua, Yumbe, Jinja, Kamuli, Namutumba, Iganga

Source: BMAU

Methodology

In line with the output based budget structure, this section aims to verify the progress of planned outputs in the health sector for FY 2011/12. This report considers financial and physical performance for each of the capital development projects monitored during Q3 FY 2011/12. Financial performance includes the release performance of funds to Uganda Cancer/Heart Institutes, Regional Referral Hospitals (RRH) and Local districts and the absorptive capacity of Government of Uganda (GoU) expenditure for the projects. However, the absorptive capacity of funds detailed in this section is only indicative of future performance, as funds are likely to be expended in Q4 FY 2011/12. Financial data is sourced from MoFPED release data, the Integrated Financial Management System (IFMS) for central government expenditure, and from field observations for local government and hospital expenditure.

Physical performance is monitored by examining the extent to which planned activities for FY 2011/12 and those rolled forward from FY 2010/11 have progressed on the ground. To verify physical performance, information is collected during fieldwork visits via interviews with officials on site; local government officers; beneficiaries; and by taking photographs.

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

Limitations

- Time and financial constraints mean that not all outputs in the health sector can be monitored during each quarterly monitoring visit.

- On some occasions district officials failed to keep appointments made with the BMAU team. In these instances, the team interviewed deputy staff in order to obtain the required information, which may compromise the reliability of data.

3.4.2 Vote 114: Uganda Cancer Institute

The total estimated budget for the Uganda Cancer Institute (vote 114) for FY 2011/12 is Ugshs 4,132,915,000[57] which is approximately 0.7% of the total estimated health sector budget. The mission of the Uganda Cancer Institute (UCI) is to provide state of the art cancer care services while advancing knowledge through research and training of healthcare professionals in cancer care[58].

This section considers progress on outputs at the UCI under project 1120. The project aims to develop the existing UCI into a modern cancer treatment centre and provide excellence in cancer care through capital development investment i.e. procurement of medical equipment and capital works[59]. For financial year 2011/12 Ugshs 3.1billion was allocated under the project for investment in medical equipment and infrastructure development.

Table 3.4.2: Capital development funds received by Uganda Cancer Institute in FY 2011/12

Period	Date of release	Amount released (Ugshs)	Cumulative release (Ugshs)
Q1	12/8/2011	750,000,000	-
Q2	4/11/2011	750,000,000	1,500,000,000
Q3	24/1/2012	750,000,000	2,250,000,000

Source: Field findings

During the current financial year the hospital is planning the following capital development activities a) procurement of computers and accessories for the ICT unit b) procurement of two 40 feet containers c) remodeling the reconstitution room and 20 feet container d) completion of the administrative block e) construction of a cancer ward f) procurement of internet modems g) procurement of a mobile X-ray machine h) provision of local area network i) procurement of assorted medical items and j) remodeling of toilets/and X-ray unit.

Financial performance

Of the Ugshs 2,250,000,000[60] the hospital received this financial year, it spent Ugshs 1,719,779,474 on capital development activities by the time of the monitoring visit, details in table 3.4.3. This represents absorptive capacity of around 76% of released funds.

Table 3.4.3: Uganda Cancer Institute capital development payments

---

[57] Figure excludes taxes, arrears and NTR

[58] Ministry of Finance, Planning and Economic Development Public Investment Plan [PIP] FY2011/12-2013/14

[59] Ibid

[60] Figure excludes taxes

Output description	Contractor	Contract sum (Ugshs)	Payments to date (Ugshs)
Procurement of computers and accessories for ICT unit	M/S Computer Point (U) Ltd	6,565,519	6,565,519
Procurement of two 40 feet containers	Joseph's Holdings Limited	65,845,300	60,379,000
Remodeling of the reconstitution room and 20 feet container	Joint Contractors and Technical Services	49,768,850	29,000,000
Construction of the administrative block	Fundamental Builders	146,410,935	76,319,595
Construction of a cancer ward	Ambitious Construction Limited	2,197,609,659	1,300,723,445
Procurement of internet modems	Uganda Telecom	15,125,920	15,125,920
Procurement of mobile X-ray Machine	Achelis (U) Limited	55,000,000	55,000,000
Provision of local area network	IT Pro Uganda Limited	36,532,800	36,532,800
Procurement of assorted medical equipments	Achelis (U) Limited	14,849,850	14,849,850
Remodeling of toilets/ X-ray Unit	KSD Builders Contractors and Estate Developers	125,283,345	125,283,345

Source: Field findings

Physical Performance

At the time of the monitoring visit, work on the construction of the super structure of the cancer ward was complete and work was ongoing on the outstanding civil works. Civil works commenced in October 2010 but completion had been delayed, in part, because of changes in the design of the building; work was expected to be completed in April 2012. The remodeling of the reconstitution room and the 20 feet container was complete. Procurement of the local area network, mobile X-ray machine and assorted medical equipment was also complete at the time of the visit. Remodeling of the toilets and the X-ray unit and supply of two 40 feet containers was yet to be completed.

Uganda Cancer Institute; new cancer ward (left) and remodeled container into drug stores (right)

Challenges

Lack of funds; for the procurement of necessary equipment for the cancer ward. The cancer ward will be completed in FY 2012/13 but due to a lack of funds for the required equipment, it will not be fully functioning until sometime after the completion of the civil works.

Poor quality of drugs; the drugs procured by National Medical Stores (NMS) are of poor quality. This adversely impacts the recovery rate of patients, for example in the treatment of lymphoma, which is a form of cancer, the drugs procured by the NMS are known to UCI to be of substandard quality.

3.4.3 Vote 115: Uganda Heart Institute

The total estimated budget for vote 115 for FY 2011/12 is Ugshs 2,067,948,000[61] which is approximately 0.4% of the total estimated health sector budget. The mission of the Uganda Heart Institute (UHI) is to serve as a centre of excellence for the provision of comprehensive medical services to patients with cardiovascular and thoracic diseases and to offer opportunity for research and training in cardiovascular and thoracic medicine[62]. This section considers progress on outputs at the Uganda Heart Institute under project 1121. The projectaims to improve infrastructure and services of the UHI to provide convenient and affordable heart treatment and undertake necessary capital development expenditures to transform the institute into a centre of excellence[63]. For financial year 2011/12 Ugshs 1.5billion was allocated under the project for investment in medical equipment and infrastructure development.

Table 3.4.4: Capital development funds received by Uganda Heart Institute in FY 2011/12

[61] Figure excludes taxes, arrears and NTR

[62] Ministry of Finance, Planning and Economic Development Public Investment Plan [PIP] FY2011/12-2013/14

[63] Ibid

Period	Date of release	Amount released (Ugshs)	Cumulative release (Ugshs)
Q1	14/7/2011	375,000,000	-
Q2	14/10/2011	477,500,000	852,500,000
Q3	24/1/2012	372,500,000	1,225,000,000

Source: Field findings

During the current financial year the hospital is planning the following capital development activities: a) complete the catherisation laboratory b) procurement and installation of the cardiac catherisation equipment and c) procurement of echocardiogram machine.

Financial performance

Of the Ugshs 1,225,000,000 the UHI received in this financial year, it spent Ugshs 101,301,223 on capital development activities by the time of the monitoring visit, details in table 3.4.5. This represents absorptive capacity of around 8% of released funds.

Table 3.4.5: Uganda Heart Institute capital development payments

Output description	Contractor	Contract sum	Payments to date
Complete construction of the cardiac laboratory	Ambitious Construction Company	Ugshs 2,095,922,513*	Ugshs 1,492,792,270**
Procurement and installation of the cardiac catherisation facility	Meditec Systems	US$1,960,000	US$ 1,033,274
Procurement of a CBC machine	Human Diagnostic Uganda	Ugshs 486,000,000	Ugshs 486,000,000
Procurement and installation of echocardiogram machine	Messrs Gemlargings Private Limited	US$ 187,600	-

Source: Field findings

Notes: *Includes a variation of Ugshs 128,232,551

**Includes Ugshs 101,301,223 payments made in FY 2011/12 from the balance carried forward from FY2010/11

Physical performance

At the time of the monitoring visit, the construction of the catherisation laboratory was almost complete, with installation of major machines and equipments ongoing. The facility is connected to a standby power supply which can power the facility for around eight hours. Other ongoing major works were, plumbing and electrical installations. The supplier of the echocardiogram machine had supplied the machine but had not yet installed it. The Complete Blood Count (CBC) machine had been delivered and full payment had been made.

Uganda Heart Institute; catherisation laboratory (left) and echocardiogram machine (right)

Challenges

Procurement process; a major challenge for the UHI is the procurement of specialised equipment. The procurement process does not cater for the purchase of specialised medical equipment. The UHI would prefer to deal directly with the original manufacturers rather than conducting the standard procurement process. The reason is that UHI has information on reliable/good quality manufacturers; the alternative would be to carry out procurement process and award the contract to the bidder offering the lowest price. Also faults with the equipment can be corrected directly by the manufacturers which would not be the case if the equipment was procured through the standard procurement process.

3.4.4 Votes 163 – 175: Regional Referral Hospitals

The total estimated budget for Regional Referral Hospitals (votes 163 – 175) for FY 2011/12 is around Ugshs 52billion, which is approximately 7% of the total estimated health sector budget. The mission of these votes is to provide specialised and super health services, conduct tertiary medical health training and research and contribute to national health policy.

This section considers progress on outputs at Regional Referral Hospital's (RRH) under project 1004. The project refers to the capital development expenditure at each hospital and relates to activities such as rehabilitation of facilities and capital works. The objectives of the project are to: (i) rehabilitate old and broken infrastructure (ii) undertake construction of vital infrastructure including accommodation of staff (iii) adequately equip the hospital in terms of medical and office equipment and furniture (iv) timprove on infrastructural security of the hospital (v) provide appropriate transport for the performance of hospital activities (vi) improve on internal and external communication and (vii) provide alternative/backup power and water sources[64].

[64] Objectives sourced from MoH Ministerial Policy Statement FY 2010/11.

For financial year 2011/12 around Ugshs 17billion was allocated under project 1004 for the rehabilitation of thirteen RRHs including those monitored during Q3 FY 2011/12. All four of the RRH's visited had received the amount of funds reported by central government to have been released. Capital development funds released to all RRHs monitored during Q3 fieldwork was on track, at 75% of funds received by Q3 FY 2011/12.

The BMAU team visited four RRHs in Q3 2011/12, these were: Arua, Gulu, Jinja and Masaka. At each of the RRHs visited, the team considered a) the financial performance for FY 2011/12 b) physical performance of planned outputs and c) challenges faced by the RRH. The findings for each RRH visited are detailed below.

a) Arua Regional Referral Hospital

The allocated budget for Arua RRH in FY 2011/12 is Ugshs 800,000,000 for capital development under the Rehabilitation of Regional Referral Hospitals project 1004. At the time of the monitoring visit, the hospital had received a total of Ugshs 600,000,000 for capital development, representing a release performance to the hospital of 75%; details of quarterly funds released are given in table 3.4.6.

Table 3.4.6: Capital development funds received by Arua RRH in FY 2011/12

Period	Date of release	Amount released (Ugshs)	Cumulative release (Ugshs)
Q1	28/7/11	100,000,000	-
Q2	17/10/11	300,000,000	400,000,000
Q3	7/2/12	200,000,000	600,000,000

Source: Fieldwork findings

During the current financial year the hospital is planning the following capital development activities: a) procurement of a 132KVA generator set b) installation of water tank c) procurement of 160 beds, bedside lockers, mattresses and assorted laboratory equipment and d) construction of 3rd lagoon pond.

Financial performance

Of the Ugshs 600,000,000 the hospital received in this financial year, it spent Ugshs 208,961,378 on capital development activities by the time of the monitoring visit, details in table 3.4.7. This represents absorptive capacity of around 35% of the released funds.

Table 3.4.7: Arua RRH capital development payments

Output description	Contractor	Contract sum (Ugshs)	Payments to date (Ugshs)
Procurement of a 132KVA generator set	Achelis Limited	100,000,000	Nill
Installation of water tank	Globaline International Ltd.	300,000,000	109,000,000

Construction of 3rd lagoon pond	Excel Construction Limited	200,000,000	Nill
Procure 160 beds/bedside lockers/purchase of assorted laboratory equipment/purchase of mattresses	-	-	-

Source: Fieldwork findings

Physical Performance

The team monitored the installation of the water tank. The steel structure had been erected and work was expected to be completed in two weeks from the visit. The procurement of beds, bedside lockers and mattress are in the procurement process and the contractor is yet to be selected. There have been issues with construction of the 3rd lagoon pond, see challenges section below.

Arua Regional Referral Hospital; water tank (above)

Challenges

- **Lack of adequate staffing;** Arua RRH is meant to have around 346 staff and it currently has about 97% of positions filled. However this 97% does not reflect the right mix of professionals. There is an oversupply of nursing staff (167 staff compared to the recommended 116) and an undersupply of specialist doctors (5 instead of the recommended 25) and medical officers (8 compared to the recommended 10). There are several factors causing the undersupply of specialist doctors/medical officers. Although the region is connected by good roads, there is a perception that it is hard to reach although not classified by the Ministry of Health (MoH) as hard to reach. The hospital director suggested that consideration needs to be given for additional staff remuneration packages for regions which are further from Kampala, such as Arua, Kabale and Moroto, in order to attract staff to these hospitals. There are provisions for doctors housing allowances however there is still a lack of suitable staff. Another issue is limited training and promotional opportunities for doctors. The opportunities to advance to Consultant level require supervision by consultants which is not possible at Arua RRH as there is no consultant staff.

- **Lack of power** means that for periods of up to one month the hospital is required to use generators for electricity. The PHC non-wage funds are used to purchase fuel to keep the generators running however there is often not enough funds. In Q3 FY 2011/12 Ugshs 4.7million was given for the purchase of fuel however Ugshs 16million a quarter is actually required.

- **Construction of the lagoon** had been halted due to a legal dispute with the local community; the case has been in court for over one year. There is now an injunction on construction of the lagoon, until the issue is resolved. Without the completion of the lagoon, the newly constructed medical ward at the hospital (160 bed capacity) cannot be used. There is an imminent hospital board meeting to discuss the reallocation of the lagoon funds, Ugshs 200,000,000, for other capital development projects in this financial year. If agreed by the board it will then need to be approved by the Permanent Secretary/Secretary Treasury.

b) Gulu Regional Referral Hospital

The allocated budget for Gulu RRH in FY 2011/12 is Ugshs 500,000,000 for capital development under the Rehabilitation of Regional Referral Hospitals project 1004. At the time of monitoring visit, the hospital had received Ugshs 375,000,000 for capital development, representing a release performance to the hospital of 75%; details of funds released are given in table 3.4.8.

Table 3.4.8: Capital development funds received by Gulu RRH in FY 2011/12

Period	Date of release	Amount released (Ugshs)	Cumulative release (Ugshs)
Q1	10/8/11	125,000,000	-
Q2	15/10/11	125,000,000	250,000,000
Q3	13/2/12	125,000,000	375,000,000

Source: Fieldwork findings

During the current financial year the hospital is planning the following capital development activities: a) renovation of the OPD/casualty unit b) procurement of medical equipment c) supply and installation of a power inverter and d) renovation of the antenatal unit.

Financial performance

Of the Ugshs 375,000,000 the hospital received in this financial year it spent Ugshs 253,027,550 on capital development activities by the time of the monitoring visit, details in table 3.4.9. This represents an absorptive capacity of around 68% of funds released.

Table 3.4.9: Gulu RRH capital development payments

Output description	Contractor	Contract sum (Ugshs)	Payments to date (Ugshs)
Renovation of OPD/casualty unit	Block Technical Services Limited	313,886,750	75,000,000
Procurement of medical equipment	Circular Supply Limited	227,665,000	91,066,000
Supply and installation of power inverter	Alto Engineering Limited	41,170,000	41,170,000
Renovation of antenatal unit	Pantom Construction Limited	23,320,710	-
Design of OPD renovation	Joadah Consult	23,500,000	23,500,000
Procurement and installation of a submersive pump	Harts Electrical & Computer Services Ltd	15,766,000	15,766,000

Source: Fieldwork findings

Physical Performance

The renovation of the OPD/casualty block had begun at the end of February 2012 and was ongoing at the time of the visit. Renovation work included building a verandah, painting, plastering, fitting new doors and windows, relocating toilets and spraying the roof. Medical equipment supplied included beds, dental equipment and autoclaves. The team was informed that some medical equipment supplied was not correct and will be returned to the contractor. The inverter was supplied and installed in January 2012. Contracts were being finalised for the renovation of the antenatal unit project hence civil works had yet to begin.

Gulu Regional Referral Hospital; blocked sewer line under renovation (left) and medical equipment that was supplied (right)

Challenges

- **Incomplete projects**; a substantial loss of funds, due to financial mismanagement in previous years, has meant that Gulu RRH has not been able to complete several rolled forward projects for example the construction of staff hostels.

c) Jinja Regional Referral Hospital

The allocated budget for Jinja RRH in FY 2011/12 is Ugshs 1,600,000,000 for capital development under the Rehabilitation of Regional Referral Hospitals project 1004. At the time of the monitoring visit, the hospital had received a total of Ugshs 1,200,000,000 for capital development, representing a release performance to the hospital of 75%; details of funds released are given in table 3.4.10.

Table 3.4.10: Capital development funds received by Jinja RRH in FY 2011/12

Period	Date of release	Amount released (Ugshs)	Cumulative release (Ugshs)
Q1	4/8/11	520,000,000	-
Q2	3/11/11	280,000,000	800,000,000
Q3	13/2/12	400,000,000	1,200,000,000

Source: Fieldwork findings

During the current financial year the hospital is planning the following capital development activities: a) completion of the private patient's wing b) procurement of medical equipment c) construction of an incinerator and d) renovation of a dental unit and eye ward.

Financial performance

The hospital carried forward funds from FY 2010/11 of Ugshs 360,352,980. Of the Ugshs 1,200,000,000 the hospital received in this financial year and the funds carried forward, it spent Ugshs 1,283,306,806 on capital development activities by the time of the monitoring visit, details in table 3.4.11. This represents absorptive capacity of 82% of funds.

Table 3.4.11: Jinja RRH capital development payments

Output description	Contractor	Contract sum (Ugshs)	Payments to date (Ugshs)
Private patients wing	Lamba Enterprises	2,782,767,447	1,563,237,601
Procurement of medical equipment	Cardinal Investments	579,688,000	400,000,000
Construction of incinerator	Strategem Limited	311,438,129	157,615,840
Renovation of dental unit and eye ward	Lubra Enterprises Limited	338,895,126	267,895,126

Source: Fieldwork findings

Physical Performance

By the time of the monitoring visit, the private wing of the hospital was under construction. Civil works started in February 2011 and were expected to be completed in April 2012. Remaining works include plastering, flooring, wiring, installation of doors and windows, painting and connection of power. The project is being completed in phases and the work planned for this financial year was the roofing which has been completed and plastering work which is ongoing.

Renovation works on the dental and eye unit's began in FY 2009/10 and have been ongoing since. The work carried out on the dental unit in this financial year included fixing new shutters and doors as well as painting the unit. The entire renovation project included erecting partition walls, fixing sinks, and installing electricity and a water system. The works for this financial year had been carried out however the installation of the sinks (in the last financial year) was of poor quality. Civil works in this financial year for the eye unit included installing internal doors, plumbing and painting. The same contractor had been used for the dental and eye units and there are concerns about poor workmanship in both buildings. The hospital wants to terminate the contract and handover the work to another contractor. The installation of the incinerator began in FY 2010/11 and finished in August 2011. The carry over into FY 2011/12 was due to import delays of the incinerator. During the monitoring visit the team was shown the medical supplies from Cardinal Investments, which included a pressure cooker, fridges, medical beds, theatre lights, exercise equipment for patients, autoclaves and telescopes. There is concern that these items are still not in use two months after delivery in December 2011.

Jinja Regional Referral Hospital; construction of the private ward (left) and new medical equipment (right)

Challenges

- **Provision of drugs** by the National Medical Stores (NMS) is often inadequate. Often drugs and sundries requested from the NMS are not received at all or in the incorrect quantities. For example needles and gloves are often undersupplied. The issue means that urgent requests must be made to the hospital board to procure drugs and sundries and in the interim patients must purchase their own drugs and sundries.

- **Funding issues;** overtime there has been a reduction in the hospitals overall capital development funding from Ugshs 1.7 billion in FY 2010/11 to Ugshs 1.6 billion in FY 2011/12. The budget according to the Indicative Planning Figures in FY 2012/13 is projected to be Ugshs 1.2 billions. The impact of this fall in the capital development budget is that essential capital development will not be carried out.

- **Lack of medical officers**; around 80% of hospital positions are filled (health workers and support staff) however there is some variation between professions, for doctors this figure stands at around 30% and for nurses around 90%. The hospital would ideally like to recruit biomedical engineers to service medical equipment because at present medical equipment is serviced on a quarterly basis which is not sufficient for the hospital.

d) Masaka Regional Referral Hospital

The allocated budget for Masaka RRH in FY 2011/12 is Ugshs 1,710,000,000 for capital development under the Rehabilitation of Regional Referral Hospitals project 1004. The hospital had received a total of Ugshs 1,282,500,000 for capital development, representing a release performance to the hospital of 75%; details of funds released are given in table 3.4.12.

Table 3.4.12: Capital development funds received by Masaka RRH in FY 2011/12

Period	Date of release	Amount released (Ugshs)	Cumulative release (Ugshs)
Q1	28/7/11	555,750,000	-
Q2	31/10/11	299,250,000	855,000,000
Q3	7/2/12	427,000,000	1,282,000,000

Source: Fieldwork findings

During the current financial year the hospital is planning the following capital development activities: a) completion of a staff hostel and b) construction of an OPD theatre complex which is in part funded by GoU and in majority funded by Japanese International Cooperation Action (JICA) and c) payment to consultant services for the development of the hospital masterplan.

Financial performance

Of the Ugshs 1,282,000,000 the hospital received in this financial year it spent Ugshs 983,139,007 on capital development activities by the time of the monitoring visit, details are in table 3.4.13. This represents absorptive capacity of around 77% of the released funds.

Table 3.4.13: Masaka RRH capital development payments

Output description	Contractor	Contract sum (Ugshs)	Payments to date (Ugshs)
Completion of staff hostel	Block Technical Services Limited	3,328,055,538	2,619,780,412

Output description	Contractor	Contract sum (Ugshs)	Payments to date (Ugshs)
Water pipes for the OPD theatre complex	National Water and Sewage Cooperation Masaka branch	200,000,000 [GoU funds]	5,148,400
Consultant services for the development of the hospital masterplan	Joadah Consultant Ltd.	185,200,000	100,000,000
Consultant services for the supervision of the staff hostel	Ace Consult	75,296,520	8,586,880

Source: Fieldwork findings

Physical Performance

By the time of the monitoring visit, the construction of the staff hostel was near completion. The hostel contains 54 units which are expected to house one family unit each. The remaining civil work includes connection of electricity, finishing of tiling, plumbing for the sewer system and the fitting of doors and window panes. The contractors were aiming to complete the staff hostel in December 2011 but the project overran due to insufficient funds; so the revised completion date was March 2012. Of concern is the lack of provision for health workers with a disability, in terms of ramp access or units that were large enough for wheelchair access. The team was not allowed access to the OPD theatre complex and was unable to monitor the water extension work that had been constructed using the GoU funds.

Masaka Regional Referral Hospital; staff hostels under construction

Challenges

- **Lack of staffing;** at the time of monitoring visit there were around 310 staff working at the hospital although there was a need for around 500 staff members. This lack of staff was causing high workloads and adversely impacting on the level of service provided to patients.

- **Unpaid utility bills** had led to the water connection at the hospital being disconnected due to a lack of funds for payment of the bills. There are arrears accruing for the unpaid utility bills but there is no provision in the FY 2011/12 budget for domestic arrears. At the end of December 2011 the arrears for utilities stood at Ugshs 381,765,463.

3.4.5 Votes 501-850: Primary Health Care Development Grants

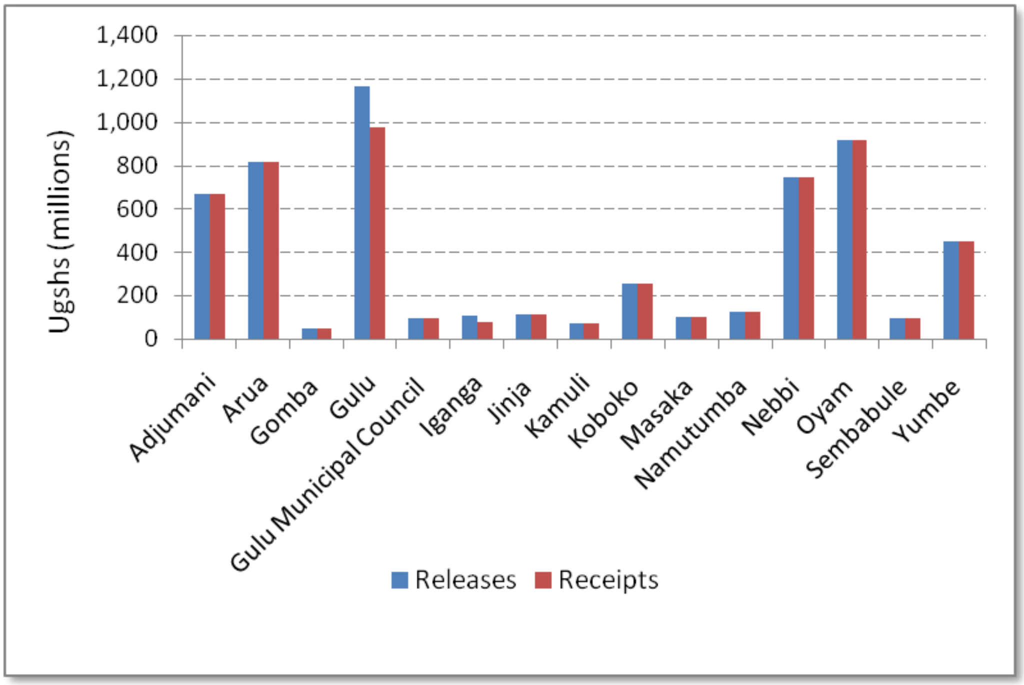
Background

The majority of frontline health service delivery is managed by local governments through the Primary Health Care grant system. Local governments have responsibility for the management of human resources for district health services, management of General Hospitals and management of Health Centers (levels II, III and IV).

The mission of votes 501-850 is to facilitate the attainment of a good standard of health by all people of Uganda in order to promote a healthy and productive life. The total annual estimated budget for health sector transfers to districts and municipal councils for FY 2011/12 is Ugshs 226.3 billion, representing approximately 28% of the health sector budget. Of this, Ugshs 44.4 billion is allocated to Primary Health Care Development grants.

The objective of Primary Health Care (PHC) Development grants (project 0422) is to improve the quality and quantity of health infrastructure in all districts and municipalities in the country. This includes infrastructure at health centre levels II, III and IV; operating theatres in health centre IVs; staff houses; and institutional support to health sub-districts. The figure below shows the PHC development grant releases recorded by central government to local districts (and the municipality) visited and the amounts reported to be received at the time of the monitoring visit.

Figure: 3.4.1: PHC Development Grant releases from central government and recorded receipts by Local Governments FY 2011/12



Source: Integrated Financial Management Systems data and fieldwork findings

Of the districts and municipality visited, by Q3 FY 2011/12 most funds sent by central government, as recorded on the IFMS system, were the same as received. However, Gulu and Iganga districts reported to have received less funds than was recorded to have been released to them by central government. The shortfall in funds received was around 16% in Gulu and around 28% in Iganga. The reason given by both districts was that the total funds had not been transferred from the district's general fund account to the health department account.

During Q3 FY 2011/12, BMAU monitored progress on project 0422 in the following districts and municipality: Adjumani, Arua, Gomba, Gulu (district and municipality), Iganga, Jinja, Kamuli, Koboko, Masaka, Namutumba, Nebbi, Oyam, Sembabule and Yumbe. At each of the districts and municipality visited, the team considered a) the financial performance for FY 2011/12 b) physical performance of planned outputs and c) challenges faced. The findings for each district and municipality visited are detailed below.

a) Adjumani District Local Government

In FY 2011/12 Adjumani District has an approved PHC Development grant (including PRDP component) of Ugshs 1,124,281,000. At the time of the monitoring visit the district had received Ugshs 669,071,000 in FY 2011/12 (details in table 3.4.14). The release performance accounts for around 60% of the total approved budget.

Table 3.4.14: Capital development funds received by Adjumani Local District in FY 2011/12

Period	Date of release	Amount released (Ugshs)	Cumulative release (Ugshs)
Q1	17/8/11	281,070,000	-
Q2	11/11/11	281,070,000	562,140,000
Q3	10/2/12	106,931,000	669,071,000

Source: Fieldwork findings

In FY 2011/12 Adjumani district planned to carry out several activities; construction of a) an OPD and 5 stance latrine at Magburu HCII b) an OPD at Nyumanzi HCII c) 2 blocks of staff houses at Adjumani Hospital d) 2 blocks of doctors houses at Adjumani Hospital e) staff houses at Mungula HCIV f) a fence at Biira HCII g) 1 block (2units) staff house at Ofua HC III, h) 1 block (2units) staff house at Pacara HCII i) 1 block (2 units) staff houses at Arinyapi HCII i) completion of physiotherapy unit at Adjumani Hospital h) k) supply and installation of air conditioning system at Adjumani hospital l) supply of traction beds at Adjumani Hospital m) renovation of OPD at Kureku HCII n) renovation of OPD at Arra HCII o) construction of staff house at Elegu HCII p) supply and installation of incinerator at Openzinzi HCIII q) supply and installation of incinerator at Ciforo HCIII r) supply and installation of incinerator at Dzaipi HCIII and s) supply and installation of incinerator at Pakelle HCIII.

Of the above activities, the district has awarded contracts for the following: a) construction of OPD and 5 stance pit latrine at Magburu HCII b) construction of 2 blocks of staff houses at Adjumani Hospital c) construction of 2 blocks of doctors houses at Adjumani Hospital d) construction of a fence at Biira HC II e) completion of physiotherapy unit at Adjumani Hospital f) construction of 1 block (2 units) staffs house at Arinyapi HCII g) construction of 1 block (2units) staff houses at Pacara HCII h) construction of 1 block (2units) staff houses at Ofua HCIII and i) supply and installation of air conditioning system at Adjumani Hospital.

Of the projects listed above BMAU monitored the following a) construction of OPD and 5 stance latrine at Magburu HCII b) construction of OPD at Nyumanzi HCII c) construction of 2 blocks of staff houses at Adjumani Hospital d) construction of 2 blocks of doctors houses at Adjumani Hospital and e) construction of staff houses at Mungula HCIV; further details in table 3.4.15.

Financial performance

By the time of the monitoring visit, Ugshs 171,384,425 had been spent on capital development in FY 2011/12. This represents an absorptive capacity of around 26% of funds received in FY 2011/12. Ugshs 349,653,559 has been carried forward from PHC Development and donor funds from FY 2010/11.

Table 3.4.15: Adjumani Local District capital development payments

Output description	Contractor	Contract sum (Ugshs)	Payments to date (Ugshs)
Construction OPD and 5 stance latrine at Magburu HCII	Maria Vusia Enterprises	100,000,000	-

Construction of OPD at Nyumanzi HCII	Mango Shade Friendship	84,975,960	40,616,028
Construction of 2 blocks of staff houses at Adjumani Hospital	Idha's Hardware Enterprises	150,000,000	51,166,377
Construction of 2 blocks of doctors houses at Adjumani Hospital	Adjumani Service Station	160,000,000	43,874,040
Construction of staff houses at Mungula HCIV	Lebubu Brothers Ltd	99,804,300	35,727,980

Source: Fieldwork findings

Physical performance

The construction of the doctor's houses and the other staff houses at Adjumani Hospital were both at the roofing stages at the time of the monitoring visit; both projects are expected to be completed by June 2012. Carried over projects at Adjumani Hospital from FY 2010/11 included the construction of the doctor's house and attendance shade. The doctor's house began in September 2010 and is close to completion and remaining work includes the installation of water tanks. The attendance shade at Adjumani Hospital was completed in July 2011 however the facility had not been handed over due to the contractor's subsequence absence. The construction of staff houses at Mungula commenced in December 2011 and was expected to be completed in April 2012. Remaining work includes roofing, plastering and the installation of doors. The staff house was completed in FY 2010/11 but has visible cracks in the verandah; the site has not yet been handed over. The fencing project started in FY 2010/11 and was completed by the time of the monitoring visit. The construction of the OPD at Magburu HCII began in February 2012 and is expected to be completed in May 2012. At the time of monitoring visit the foundations were complete and work was ongoing on the brick walls. The excavation work for the 5-stance pit latrine was ongoing. The construction of the OPD at Nyumanzi HCII began in December 2011 and work was expected to be completed by the end of March 2012. Remaining work includes some plastering, installation of doors and windows and plumbing.


Adjumani District Local Government; one of the doctor's house at Adjumani hospital (left) and OPD at Nyumanzi (right)

Challenges

- **Inadequate staffing;** in particular there is a lack of a substantive District Health Officer (DHO), Medical Officers, Mid Wives, Laboratory Staff, Dispensers, Radiographers and Environmental Health staff. The lack of staff is in part linked to the limited promotional opportunities for senior staff in the district, resulting in high attrition of these staff members to central government. A contributing factor may also be a lack of suitable staff accommodation in both hospitals and health centre's.

- **Hard to Reach allowance;** is not designated for all areas within the district although the acting DHO feels that all areas in the district should be classified as hard to reach. The lack of the hard to reach allowance makes staff retention more difficult in the district.

- **Funding issues**; there has been a shortfall in expected funding in Q3 from central government. The amount received was Ugshs 106,931,000 instead of Ugshs 281,070,000 however receipts for Q1 and Q2 for FY 2011/12 were as expected. There has also been a reduction in PRDP funding from Ugshs 973,000,000 in FY 2011/12 to Ugshs 620,000,000 in FY 2012/13.

- **Reduced HIV testing and counseling**; there has been a reduction in funding by donors in the region for testing and counseling for HIV. This has led to only 5 sub-counties in Adjumani district having adequate provision and the remaining seven HCIII's, outside of these sub-counties, having limited access to HIV testing and counseling services. Funds need to be provided by central government to cover the funding shortfall to ensure there is adequate HIV testing and counseling provisions.

- **Long procurement process;** due to excessive bureaucracy and delays in the approval of high values contracts by the Solicitor General's Office. Also delays in the approval of carried over/committed funds into the next financial year leads to delays in the progress of capital development.

- **Inadequate transport facilities;** there is a shortage of official vehicles in the district and those that the district have are in a poor state and are costly to maintain. One of the impacts of not having sufficient transport include less means to provide outreach services to communities therefore increasing the risk of diseases spreading (especially amongst children) due to a lack of appropriate vaccinations.

b) Arua District Local Government

In FY 2011/12 Arua district has an approved PHC Development grant (including a PRDP component) of Ugshs 1,351,779,000. At the time of the monitoring visit the district had received Ugshs 874,901,000 in FY 2011/12 (detail in table 3.4.16). The release performance accounts for around 65% of the total approved budget for FY 2011/12.

Table 3.4.16: Capital development funds received by Arua Local Government in FY 2011/12

Period	Date of release	Amount released (Ugshs)	Cumulative release (Ugshs)
Q1	8/8/11	337,945,000	-
Q2	10/11/11	337,945,000	675,890,000
Q3	8/2/12	199,011,000	874,901,000

Source: Fieldwork findings

In FY 2011/12 Arua district planned to carry out several activities, see table 3.4.17 for details, of these BMAU monitored the following a) construction of an OPD/emergency maternity ward at Ogoko HCII b) construction of a maternity ward at Ayayia HCII c) construction of a maternity ward at Aroi HCII d) construction of an OPD at Ajia HCIII and e) construction of a semi-detached staff house, kitchen and latrine at Oreku HCII.

The following projects were carried forward from FY 2010/11 construction of a) semi-detached staff house at Ewanga HCIII b) semi-detached staff house at Olivu HCII c) semi-detached staff house at Orivu HCII d) semi-detached staff house at Burua HCII e) semi-detached staff house at Akino HCII f) semi-detached staff house at Pawor HCII g) 2 semi-detached staff houses at Rhinocamp HCIV h) semi-detached staff house at Adumi HCIV i) semi-detached staff house at Ombidriondrea HCIII j) semi-detached staff house at Opia HCIII k) semi-detached staff house at Cilio HCIII l) semi-detached staff house at Pajulu HCII m) semi-detached staff house at Ullepi HCIII n) semi-detached staff house at-Oreku HCII o) semi-detached staff house at Tuku HCII p) a placenta pit at Vurra HCIII and Pawor HCII q) a placenta pit at Pajulu HCII and Orivu HCII r) semi-detached staff house constructed at Logiri HCIII s) OPD constructed at Burua HCII t) a theatre at Omugo HCIV u) maternity ward at Cilio HCIII v) roofing the maternity ward at Inde HCIII w) construction of semi-detached staff house at Lazebu HCII; x) renovation of maternity ward at Offaka HCIII and y) completion of a motorised borehole at Adumi HCIV.

Financial performance

By the time of the monitoring visit, Ugshs 802,331,695 had been spent on capital development projects in FY 2011/12. This represents an absorption rate of 65%[65] so far for this financial year. Capital development funds carried over from FY 2010/11 amounted to Ugshs 359,253,158.

Table 3.4.17: Arua Local District capital development payments

Output description	Contractor	Contract sum (Ugshs)	Payments to date (Ugshs)
Construction of maternity ward at Lazebu HCII	Abiku Engineering Services	94,927,300	17,325,625
Construction of OPD/ emergency maternity ward at Ogoko HCII	Abiga Hassan Ltd	115,695,600	32,733,200
Construction of maternity ward at Aya-ayia HCII	Tawaka Technical Services	106,823,737	17,039,352

[65] Figure includes funds that were carried forward from FY 2010/11 and payments from this made in FY 2011/12.

Output description	**Contractor**	**Contract sum (Ugshs)**	**Payments to date (Ugshs)**
Construction of semi-detached staff house at Aroi HCII	Abiku Engineering Services	77,466,200	13,340,280
Construction of a maternity ward at Ayivuni HCII	MG Hidaya Enterprise	122,163,666	17,828,729
Construction of semi-detached staff house at Ndapi HCII	Jak & C Construction	80,629,000	15,834,600
Construction of maternity ward at Riki HCIII	Gibo Cheap Stores	117,807,667	21,698,596
Construction of semi-detached staff house at Okollo HCIII	KG Adubango Construction	85,551,000	12,297,275
Purchase of three vehicles	Toyota Uganda Ltd	USD 88,743	Ugshs 123,627,368
Procurement of motorcycles	Nile Fish Tech	USD 53,133	Ugshs 77,467,914
Procurement of bicycles	Cema Transporters	25,252,000	25,252,000
Construction of a maternity ward at Nicu HCIII	Maria Vusia Sylvia Enterprises	116,810,604	17,828,729
Construction of an OPD at Ayayia HCII	Tawakal Technical Services	106,823,737	17,039,352
Construction of an OPD at Lazebu HCII	Abiku Engineering Services	94,927,300	17,325,625
Construct an OPD at Ajia HCIII	Gibo Cheap Stores	97,756,900	-
Construction of semi-detached staff house at-Oreku HC II	Tawakal Technical Services	59,049,662	10,411,115

Source: Fieldwork findings

Physical performance

The construction of the OPD/emergency maternity ward at Ogoko HCII began in February 2012 and is expected to be completed in July 2012. Remaining work includes finishing the brickwork for the walls, roofing, plastering, flooring and the installation of doors and windows. The construction of the maternity ward at Ayayia HCII began in January 2012 and is expected to be completed in May 2012. At the time of the monitoring visit the brickwork for the walls was almost up to roof level. The construction of the maternity ward at Aroi HCII began in January 2012 and was expected to be completed by April 2012. At the time of the monitoring visit work was ongoing on the brick walls.

The construction of an OPD at Ajia HCIII began in February 2012 and is expected to be completed in July 2012. At the time of the monitoring visit the foundations were completed and work was beginning on the walls. The construction of the semi-detached staff house, kitchen and latrine at Oreku HCII began in FY 2010/11. The civil works were completed at the time of the monitoring visit; and appear to be of a good standard.

Arua District Local Government; OPD/maternity ward at Ogoko HCIII (left)and semi detach staff house at Aroi HCIII(right)

Challenges

- **Contractors abandoning sites;** there have been projects where contractors have requested additional funds part way through the construction. Where contract variations are requested but not paid in full or at all, contractors have been abandoning sites. This causes delays for the projects as time is needed to re-award the contract to new contractors.

- **Issues with PRDP funded projects;** often the districts priorities for capital development projects are changed by the Office for the Prime Minister (OPM). So many of the projects vital for the districts are not funded and projects selected by the OPM are funded instead.

c) Gomba District Local Government

In FY 2011/12 Gomba district has a PHC Development grant of Ugshs 64,309,000. At the time of the monitoring visit the district had received Ugshs 44,864,318 in FY 2011/12 (details in table 3.4.18). This represents a release performance of 70% of the total approved budget for FY 2011/12.

Table 3.4.18: Capital development funds received by Gomba Local District in FY 2011/12

Period	Date of release	Amount released (Ugshs)	Cumulative release (Ugshs)
Q1	16/8/11	16,077,318	-
Q2	31/10/11	16,077,000	32,154,318
Q3	10/2/12	12,710,000	44,864,318

Source: Fieldwork findings

In FY 2011/12 Gomba district planned to complete the construction of staff houses at Kawalimide HCII. The monitoring team was informed that construction work would commence on the day of the visit. Civil works are estimated to be completed in three months.

Financial performance

By the time of the monitoring visit, no payments had been made from funds received for FY 2011/12.

Table 3.4.19: Gomba Local District capital development payments

Output description	Contractor	Contract sum (Ugshs)	Payments to date (Ugshs)
Construction of staff houses at Kawalimide HC II	Ganaafa Enterprises Limited, Uganda Limited	59,747,100	-

Source: Fieldwork findings

Physical performance

As the construction of staff houses at Kawalimide HCII had not begun, no visit was made to the site.

Challenges

- **Lack of staff**; in the DHO's office there should be 11 staff however there is currently only one position filled. There was an oversight by the former CAO which meant additional staff had not been recruited although funds were available. Hence the district official was confident that staffing vacancies at the district level could be filled. However at the service delivery level, for health workers and support staff, there was an acute shortage e.g. Kifampa HCIII there is one clinical officer and two nursing staff but an additional two nursing staff are required.

- **Inadequate health centre infrastructures;** some health centers were in poor condition and lacking separate male and female facilities e.g. cracks in the OPD structure and no separate bathroom or sleeping provisions for men and women at Kifampa HCIII.

d) Gulu Municipal Council

In FY 2011/12 Gulu Municipal Council has an approved PHC Development grant (including a PRDP component) of Ugshs 144,729,222. At the time of the monitoring visit the Municipality had received Ugshs 91,690,000 in FY 2011/12. This represents a release performance of around 63% of the total approved budget for FY 2011/12.

Table 3.4.20: Capital development funds received by Gulu Municipal Council in FY 2011/12

Period	Date of release	Amount released (Ugshs)	Cumulative release (Ugshs)
Q1	29/7/11	36,182,000	-
Q2	29/12/11	36,182,000	72,364,000
Q3	10/2/12	19,326,000	91,690,000

Source: Fieldwork findings

In FY 2011/12 Gulu Municipal Council planned to carry out the following activities a) construction of a drainable latrine in Bardege HCIII b) installation of sanitary facilities in Pece HCIII c) procurement of land in Bardege d) procurement of street litter bins around Gulu Municipality e) construction of incinerator at Layibi HCIII and f) the procurement of a laptop computer. Some projects were carried forward from the previous FY 2010/11 including i) completion of health departments office block at the municipality headquarters and ii) completion of staff houses at Layibi HCIII and Laroo HCIII.

Financial performance

At the time of the monitoring visit, Ugshs 33,776,630 has been spent on capital development in FY 2011/12. This represents an absorptive capacity of around 37% of funds received by the municipality in FY 2011/12. No funds had been carried forward for PHC capital development from FY 2010/11.

Table 3.4.21: Gulu Municipal Council capital development payments

Output description	Contractor	Contract sum (Ugshs)	Payments to date (Ugshs)
Completion of health departments office block building at municipal headquarters	Lacan Bil Uganda Ltd.	Phase I: 59,000,000 Phase II: 56,571,150 pending agreement	16,807,510 [payment made for phase I in FY 2011/12]
Construction of incinerator at	Not yet awarded	-	-

Layibi HCIII			
Procurement of laptop computer	Pajoni Company Limited	2,500,000	2,500,000
Completion of staff house and latrines at Layibi HCIII	Monerich Enterprise	59,088,652	18,612,453
Completion of staff house and latrines at Laroo HCIII	Gila Technical Services	57,875,600	14,469,120 [payment in FY 2011/12]
Procurement of land at Bardege	Bardege farm	20,000,000	-
Completion of drainable latrine at Bardege HCIII	Balam Construction Co Ltd.	11,500,000	-
Procurement of street litter bins at for the municipality	Not yet awarded	-	-
Installation of sanitary facilities at Pece HCIII	-	-	To be re-advertised

Source: Fieldwork findings

Physical performance

The staff house and latrine project at Laroo HCIII was completed at the time of the monitoring visit. The building had been completed in December 2011 and handed over in January 2012. The civil works appeared to be of a good standard however there were some cracks apparent on the verandah. The staff house project at Layibi HCIII was ongoing at the time of the monitoring visit. Completion of the project had been delayed due to the procurement process and the revised completion date was March 2012. The remaining civil works included fixing internal doors and building the latrines. The construction of the drainable latrines had not begun at the time of the monitoring visit.

Gulu municipal council; stalled office block health department (left) and completed staff house at Laroo HCIII (right)

Challenges

- **Difficulties in monitoring and supervision of projects;** due in part to a lack of transport for officials to travel to monitor/supervise work on site. Also there is a lack of video/camera equipment while on the monitoring and supervision visits. Once reports are written up and presented to line ministries there is often a request for evidence like photograph's and videos to back up any findings.

- **Land disputes;** have meant that civil works to improve health centre's cannot proceed as people illegally occupy health centre site e.g. Layibi HC III. This can lead to lengthy and costly court procedures. In the interim there is a lack of capital development investment for health centers which impacts on the service delivery to patients.

- **Lack of power;** for all the health centre's in the municipality. The lack of electricity means that there is a lack of service delivery at night. Several health centers in the municipality are relatively far from electricity lines but Layibi HCIII and Bardege HCIII are in close proximity and therefore with some funding can be easily connected to power. The alternative would be to install solar panels.

- **Lack of necessary equipment;** in many of the health centers e.g. a lack of beds for patients in Aywee HCIII. This often leads to patients, who should be staying at the facility overnight, having to commute daily to the health center even if they are very ill.

e) Gulu District Local Government

In FY 2011/12 Gulu district has an approved PHC Development grant (including the PRDP component) of Ugshs 1,962,605,000. At the time of the monitoring visit the district had received Ugshs 977,653,920 in FY 2011/12. The release performance accounts for around 50% of the total approved budget for FY 2011/12.

Table 3.4.22: Capital development funds received by Gulu Local District in FY 2011/12

Period	Date of release	Amount released (Ugshs)	Cumulative release (Ugshs)
Q1	15/9/11	488,893,920	-
Q2	24/11/11	488,760,000	977,653,920
Q3	-	-	-

Source: Fieldwork findings

In FY 2011/12 Gulu district planned to carry out the following activities construction of a) an OPD and renovation of doctors house at Awach HCIV b) general ward at Patiko HCIII c) 4 stance latrine at Angany HCII d) staff house and 4 stance latrine at Bobi HCIII e) staff house at Labworomor HCIII f) survey and construction of fence at Oroko HCII g) staff house and 4 stance pit latrine and renovation of doctors house at Lalogi HCIV h) staff house and 4 stance latrine at Lakwatomer HCII i) staff house and 4 stance pit latrine at Anganya HCII j) staff house at Lanenober HCII k) 4 stance latrine at Lukwir HCII l) staff house at Paibona HCII m) staff house at Rwotobilo HCII n) 4 stance latrine at Oitino HCII o) survey and construction of fence at Odek HCIII p) 2 blocks of 4 stance latrines at Coope HCII and Pabwo HCIII q) 4 blocks of 4 stance latrines at Abwoch HCII, Ongako HCII, Koro Abili HCII and Palenga HCII and r) extension of the DHO's office.

By the time of the monitoring visit, Gulu Local district had expended Ugshs 16,126,499 from PHC traditional funds received in FY 2011/12. From the PRDP component of PHC Development funds it expended Ugshs 148,686,210 up to December 2011. From PHC traditional Ugshs 57,354,336 had been carried forward from last FY. All funds (Ugshs 57,354,336) for PHC traditional carried forward from the last financial year had been spent at the time of the monitoring visit. From the PRDP component Ugshs 304,891,813 was carried forward from last financial year.

Table 3.4.23: Gulu Local Government capital development payments

Output description	Contractor	Contract sum (Ugshs)	Payments to date (Ugshs)
Construction of OPD and renovation of doctors house at Awach HC IV	Ingenuity Technical Services Limited	267,308,600	-
Construction of general ward at Patiko HC III	Pukwany General Services Ltd	190,311,600	87,186,370
Construction of 4 stance latrine at Angany HC II			
Construction of staff house and 4 stance latrine at Bobi HC III	Agira Construction Co. Ltd	81,276,460	16,255,292
Construction of staff house at Labworomor HC III	Salwado Enterprises Uganda Ltd.	77,780,001	-
Survey and construction of fence at Oroko HC II	Yelemot Auto Parts	59,332,301	-
Construction of staff house and 4 stance pit latrine and renovation of doctors house at Lalogi HC IV	Grace Contractors and General Traders	134,793,623	64,939,845
Construction of staff house and 4 stance latrine at Lakwatomer HC II	Gum Pe Rom Construction and Supplies Co. Ltd	89,016,027	22,233,800
Construction of staff house and 4 stance pit latrine at Anganya HC II	Easy Construction Enterprises	86,070,700	28,788,800
Construction of staff house at	Kisaka Construction and	86,872,630	28,788,800

Output description	Contractor	Contract sum (Ugshs)	Payments to date (Ugshs)
Lanenober HC II	Supply Ltd		
Construction of 4 stance latrine at Lukwir HC II			
Construction of staff house at Paibona HC II	Lujong United Limited	77,987,850	18,669,115
Construction of staff house at Rwotobilo HC II	JAK Group Uganda Ltd.		
Construction of 4 stance latrine at Oitino HC II		85,674,520	-
Survey and construction of fence at Odek HC III	Stanhope Construction and General Merchandise	68,751,899	65,314,304
Construction of 2 blocks of 4 stance latrines at Coope HC II and Pabwo HC III	Gulu Agro Enterprises Ltd.	21,200,000	-
Construction of 4 blocks of 4 stance latrines at Abwoch HC II, Ongako HC II, Koro Abili HC II and Palenga HC II	Najja Uganda Company Ltd	44,795,800	-
Extension of the DHO's office	Ingenuity Technical Services	80,632,495	16,126,499

Source: Fieldwork findings

Physical performance

The extension of the DHO's office began in January 2012 and was expected to be completed in June 2012. At the time of the monitoring visit the work remaining included: completion of the walls, roofing, installation of windows and doors and plastering and completion of the brick work. Excavation of 4 stance latrines at Angany HCII was completed in February 2012. The construction of the general ward at Patiko HCIII began in December 2011 and was expected to be completed in March 2012. Remaining work includes finishing the roof, installation of windows and doors, solar panels and plastering. The construction of staff houses at Paibona HCII began in December 2011 and was expected to finish in March 2012. The structure is almost completed and work remaining includes painting and fitting glass panes for the windows. The staff houses at Anganya HCII began in January 2012 and are expected to be completed in March 2012. Remaining work includes some plastering, electrical wiring and flooring. The 4 stance pit latrine at Anganya HCII needs doors to be installed and plastering to be carried out. The staff houses at Lakwatomer HCII began in December 2011 and the work appears to be of a good standard so far. Remaining work includes flooring, painting and the installation of doors and windows and electrical wiring. The 4 stance pit latrine also began in December 2011, and the work was completed apart from the installation of the bathing shelter doors. The construction of a staff house at Bobi HCIII began in February 2012 and was expected to be completed in April

2012. At the time of the monitoring visit the walls were half built. The 4 stance pit latrine also at Bobi HCIII has been completed and will be handed over once the staff house is complete.

Gulu District Local Government; extension of the DHO's office(left) and general ward at Patiko HCIII (right)

Challenges

- **Provision of drugs** by the NMS is often inadequate especially for HCII's. Standard medical supplies are sent to HCII's and HCIII's and often the drugs and sundries provided are not adequate or appropriate for the needs of the local population. Often for HCIV's and Hospitals drugs requested from the NMS are not supplied and an explanation for this is not given. There is a real need for the Ministry of Health and NMS to work closely with HC's and Hospitals to improve the provision of drugs.

- **Funding issues;** there is an expected reduction in the districts PRDP funds from Ugshs 1,866,117,000 in FY 2011/12 to Ugshs 640,000,000[66] in FY 2012/13. The districts PHC non-wage component for the running of all the districts HCII's is around Ugshs 1million which is inadequate.

f) Iganga District Local Government

In FY 2011/12 Iganga District has an approved PHC Development grant of Ugshs 150,000,000. At the time of the monitoring visit the district had received Ugshs 77,464,000 in FY 2011/12. This represents a release performance of around 52% of the total approved budget for FY 2011/12.

[66] This is an Indicative Planning Figure for 2012/13 provided by Office of the Prime Minister

Table 3.4.24: Capital development funds received by Iganga Local District in FY 2011/12

Period	Date of release	Amount released (Ugshs)	Cumulative release (Ugshs)
Q1	10/8/11	38,732,000	-
Q2	2/11//11	38,732,000	77,464,000
Q3	Not yet received	-	-

Source: Fieldwork findings

In FY 2011/12 Iganga district's planned activities were rolled forward from 2009/10 they were a) completion of an OPD at Naibiri HCII and b) completion of an OPD at Namsisi HCII. Due to a lack of funds no work had been carried out for either of these projects in FY2010/11. The funds for FY 2010/11 were used for the completion of an OPD and staff houses at Gombe HCIII.

Financial performance

By time of the monitoring visit, Ugshs 56,967,483 was spent from the PHC capital development funds in FY 2011/12. This represents an absorption rate of around 74%. The funds carried forward from last FY 2010/11 to this FY 2011/12 amounts to Ugshs 3,657,000; this was the retention funds for staff houses at Bubenge HCII.

Table 3.4.25: Iganga Local District capital development payments

Output description	Contractor	Contract sum (Ugshs)	Payments to date (Ugshs)
Completion of OPD at Naibiri HC II	Kasokoso Services Ltd.	120,924,876	56,967,483
Completion of OPD at Namsisi HC II			

Source: Fieldwork findings

Physical performance

The construction of the OPD at Naibiri HCII appeared to be of a good standard. Civil works remaining included external plastering, flooring, painting and some electrical wiring. During the monitoring visit there were no construction workers on site however the team was informed by a local resident that the workers had been seen on site about a week earlier. The construction of the OPD at Namsisi HCII was being undertaken by the same contractors as the project in Naibiri HCII. The civil works appeared to be of good quality. Remaining works included plumbing, external plastering, flooring, painting and some electrical wiring.

Iganga District Local Government; OPD at Namusis HCII(left) and Naibiri HCII(right)

Challenges

- **Incomplete projects;** there is a preference from politicians to begin new projects in the new financial year with little regard to the funds required to complete those from the previous financial year. Hence there are situations where new projects are embarked upon using the funds which are required to complete the ongoing projects.

- **Lack of transport;** for health workers to embark on necessary outreach projects. There is a need for motorbikes to enable health workers to travel to immunise preventable diseases and to conduct public health awareness campaigns in local communities. This especially applies for children who should be immunised against various illnesses for example measles and whooping cough. Individuals not in immediate need are unlikely to visit health centers for immunisations which is likely to increase long-run costs to the government and society if people become unhealthy.

- **Staffing levels;** staffing level guidelines are set too low especially for hospitals resulting in extremely high workloads for staff. The main issue in health centres is the lack of funds for staff recruitment. The most acute staffing shortages in Iganga district are in HCIIs which are often run by nursing assistants rather than qualified/enrolled nurses as recommended.

- **Staff accommodation;** there is not enough staff accommodation, provided by the district, for healthcare workers. The issue is most acute in HCII's where the team was informed lacked staff houses. Often there is no appropriate accommodation to rent in the vicinity of the HCs which leads to high rates of absenteeism and understaffing in HCs. The Ministry of Health recommends at least two staff houses (one unit each) for each HCII facility.

- **Inadequate supply of drugs;** mainly an issue for Hospitals and HCIVs where there is a lack of funds that results inadequate procurement of drugs. The district is content with the regularity of deliveries by the NMS but finds the volumes delivered not enough and this has been identified by the hospital as a funding issue.

- **Funds for land surveys;** there is a need for funds for surveying and registration of land. This would allow the district to have legal recourse against unauthorised people who occupy the land belonging to hospitals and health centres.

- **Utility bills;** at Iganga Hospital are high and have to be paid for in installments. This is because the PHC non-wage component (around Ugshs 40million annually) is not sufficient to cover the Hospitals running costs. Currently the unpaid water bill stands at around Ugshs 50million and the electricity bill at around Ugshs 100million.

g) Jinja District Local Government

In FY 2011/12 Jinja district has an approved PHC Development grant of Ugshs 163,000,000. At the time of the monitoring visit the district had received Ugshs 113,283,000 in FY 2011/12. The release performance accounts for around 69% of the total approved budget for FY 2011/12.

Table 3.4.26: Capital development funds received by Jinja Local District in FY 2011/12

Period	Date of release	Amount released (Ugshs)	Cumulative release (Ugshs)
Q1	3/8/11	40,595,000	-
Q2	9/11/11	40,595,000	81,190,000
Q3	13/2/12	32,093,000	113,283,000

Source: Fieldwork findings

In FY 2011/12 Jinja district planned to continue work on the General Hospital being constructed at Buwenge; where work had begun in FY 2009/10. Projects carried forward from FY 2010/11 were i) construction of phase II of the maternity ward at Lukolo HCIII and ii) construction of OPD at Butagaya HCIII. However there were no funds to complete this work in the current financial year.

Financial performance

At the time of the monitoring visit, Ugshs 149,850,623 had been spent from capital development funds received in the current financial year (including the capital development funds carried forward from FY 2010/11). Funds of Ugshs 213,617,019 were brought forward from FY 2010/11. Expenditure represents an absorptive capacity of around 46%.

Table 3.4.27: Jinja Local Government capital development payments

Output description	Contractor	Contract sum (Ugshs)	Payments to date (Ugshs)
Phase III of OPD construction at Buwenge General Hospital	Baata Engineering Company	270,453,485	209,730,463

Source: Fieldwork findings

Physical performance

Construction of phase III at the OPD at Buwenge General Hospital had begun at the end of the last FY 2010/11. It was expected that the building will be handed over by the end of March 2012. The external structure was in place and work remaining included only the roofing. There was also a storage area that was being constructed which was not part of the original building plans. The contractor informed the team that they had not been paid since October 2011.

Jinja District Local Government; OPD with radiology department at Buwenge General Hospital

Challenges

- **Budget cuts;** the hospital expected to receive approximately Ugshs 40,000,000 each quarter. The funds received in Q3 were less than this expected amount. The variability of funds received makes planning for capital development projects difficult and this often leads to projects being rolled forward to the next financial year.

- **Lack of funds for monitoring and supervision;** the district is unable to adequately monitor and sign off completed civil works. This results in payment delays for contractors and delays in the completion of projects. At present the district is using the quarterly monitoring visits by the DHO for support supervision of service delivery to also monitor the civil works construction at Buwenge General Hospital. However the visits are not timely enough to allow contractors to be paid on time for completed work hence causing delays.

h) Kamuli District Local Government

In FY 2011/12 Kamuli district has an approved PHC Development grant of Ugshs 105,512,279. At the time of the monitoring visit the district had received Ugshs 73,609,000 in FY 2011/12. The release performance accounts for around 70% of the total approved budget for FY 2011/12.

Table 3.4.28: Capital development funds received by Kamuli Local District in FY 2011/12

Period	Date of release	Amount released (Ugshs)	Cumulative release (Ugshs)
Q1	10/8/11	26,378,000	-
Q2	10/11/11	26,378,000	52,756,000
Q3	13/2/12	20,853,000	73,609,000

Source: Fieldwork findings

In FY 2011/12 Kamuli district planned to carry out the following activities a) construction of latrines at Kiige HCII b) construction of staff kitchen and 2 stance pit latrine at Namaira HCII c) construction of a staff house and 2 stance pit latrine at Luzinga HCII and d) rehabilitation of OPD and maternity units at Namasagali HCIII.

Financial performance

By the time of the monitoring visit, no payments had been made for projects commencing in FY 2011/12. However payment had been made for projects started in the previous financial years, for retention and contract variations from FY 2011/12 capital development funds.

Table 3.4.29: Kamuli Local Government capital development payments

Output description	Contractor	Contract sum (Ugshs)	Payments FY 2011/12 (Ugshs)
Construction of latrines at Kiige HC II	Kand Agencies Limited	5,289,350	-
Construction of staff kitchen and 2 stance pit latrine at Namaira HC II	Devi Company Limited	19,272,350	-
Construction of staff house and 2 stance pit latrine at Luzinga HC II	Kyaziku Investments and Company Limited	51,567,230	-
Contract variation payment for the rehabilitation of the OPD and maternity units at Namasagali HC III	Sky Cargo Limited	97,032,580*	12,838,400
Retention payment for construction of staff house at Kiyunga HC II	Jofah Associates Limited	49,800,000	2,490,000
Retention payment for rainwater harvesting system at Mbulamuti HC III	Bensa Investments Limited	24,500,000	1,225,000
Retention payment for construction of OPD	Matende Contractor and Traders Enterprises Limited	26,456,678	1,322,834

Source: Fieldwork findings

*Note: *Initial contract sum*

Physical performance

At the time of the monitoring visit, no projects for FY 2011/12 had begun. Contracts had been awarded for all the projects and contract letters were being prepared. The team was informed that the delay was in part due to a new CAO taking up post, which meant that there were delays in the authorisation of contractors.

Challenges

- **Inadequate funding:** the district has a total PHC capital development budget of Ugshs 105,512,279 which is not adequate to rehabilitate the dilapidated infrastructure and to construct new structures as demanded by the communities and politicians.

i) Koboko District Local Government

For FY 2011/12 Koboko district has an approved PHC Development grant (inclusive of the PRDP component) of Ugshs 418,344,000. At the time of the monitoring visit the district had received Ugshs 253,731,000 in FY 2011/12. This represents a release performance of around 61% of the total approved budget for FY 2011/12.

Table 3.4.30: Capital development funds received by Koboko Local Government in FY 2011/12

Period	Date of release	Amount released (Ugshs)	Cumulative release (Ugshs)
Q1	10/8/11	104,586,000	-
Q2	29/11/11	104,586,000	209,172,000
Q3	22/2/12	46,559,000	255,731,000

Source: Fieldwork findings

In FY 2011/12 Koboko district planned to carry out the following activities a) construction of OPD and twin houses at Gborokolongo HCII b) design and renovation of Koboko HCIV and c) construction of a gate keeper’s house at Koboko HCIV. The majority of projects were carried forward from FY 2010/11 and these were i) construction of the OPD at Pijoke HCII ii) construction of staff houses at Ludara HCII iii) construction of a staff house and OPD at Lobule HCIII iv) construction of a staff house at Pomodo HCII v) construction of 2 staff houses at Dricile HCIII vi) retention payment for OPD at Ayipe HCIII vii) completion of DHO office and from 2009/10 the construction of a maternity ward at Dricile HCIII.

Financial performance

At the time of the monitoring visit, Ugshs 308,866,440 had been spent from the capital development budget in FY 2011/12. This represents an absorption rate of around 74% for funds received in FY 2011/12.

Table 3.4.31: Koboko Local Government capital development payments

Output description	Contractor	Contract sum (Ugshs)	Payments to date (Ugshs)
Construction of OPD at Gborokolongo HCII	Bomak Traders	88,342,500	16,003,620
Design and renovation of Koboko HCIV	Contract to be awarded	-	-
Construction of gate keepers house at Koboko HCIV	Contract to be awarded		
Construction of OPD at Pijoke HCII	Marlib Enterprises	105,000,000	69,964,661
Construction of staff houses at Ludara HCII	AAS Lanzua & Sons	46,000,000	34,763,177
Construction of staff house at Lobule HCIII	Gibo Stores	46,000,000	40,250,560
Construction of staff house at Pomodo HCII	Bomak Traders Limited	48,009,580	48,009,580
Construction of 2 staff houses at Dricile HCIII	Gibo Stores	45,164,580	45,164,580
Renovation of OPD at Lobule HCIII	Hotel Delambaince	23,761,808	16,385,627
Construction of twin houses at Gborokolongo HCII	AG AHB Swipe & Sons	47,250,942	40,515,885
Retention payment for OPD at Ayipe HCIII	Magtech Construction & Engineering Company Limited	69,180,880	69,180,880
Completion of DHO office	Emmyways Enterprises Limited	329,391,246*	280,059,050
Construction of maternity ward at Dricile HC III	Magtech Construction and Engineering Company Limited	120,898,988	126,060,398

Source: Fieldwork findings

*Note: * inclusive of contract variation amount*

Physical performance

The construction of an OPD at Gborokolongo HCII began in March 2011 and work is scheduled to take around 6weeks to complete. At the time of the monitoring visit construction of the external brick walls was taking place. The construction of the twin houses at Gborokolongo HCII had begun in May 2011 and work halted in the same month. This was due to lack of contractor funds, so the project was assigned to another contractor and work was ongoing at the time of the monitoring visit. Remaining work on the twin staff houses includes installing glass panels in the windows and painting work. The construction of the DHO's office had been completed in February 2012 although the building had not yet been handed over. The construction of 2 staff houses at Dricile HCIII began in March 2011 and work was completed in September 2011. The civil works appeared to be of good quality. The construction of staff houses at Ludara HCIII began in July 2011 and was completed in November 2011 however funds were from last financial year. Before handover of the site can occur, the contractor needs to rectify some cracks in the floor and walls.

Koboko District Local Government; DHO's office completed (left) and poorly constructed staff house at Ludara (right)

Challenges

- **Inadequate PHC recurrent funding;** the PHC recurrent funding for Koboko district is Ugshs 106million which is insufficient. On average each health centre in the district receives about Ugshs 2.5million annually. The costs of running the health centres are far greater than the PHC recurrent funds which leads to arrears which in turn leads to higher costs. More funds must be allocated to for PHC recurrent funds for payment of arrears.

- **Inadequate human resources;** the staffing level in the district (including the DHO's office) stand at 55%. However in the lower level health facilities, the proportion of posts filled by health workers stand at 33% which is low and impacts on service delivery to the community. The situation is made worse with the relatively constant PHC wage component funding, which does not allow for the recruitment of additional staff.

- **Lack of health facility equipment;** although the number of new facilities being constructed has increased, there has been under provision of essential equipment i.e. beds and other furniture; which adversely impacts on the quality of service delivery to patients.

- **Inadequate infrastructure;** there are pressures on district officials to build new health centre's rather than upgrading existing ones; many of which require essential facilities such as latrines and staff houses.

j) Masaka District Local Government

In FY 2011/12 Masaka district has an approved PHC Development grant of Ugshs 140,369,000. At the time of the monitoring visit the district had received Ugshs 97,926,000 in FY 2011/12. This represents a release performance of around 70% of the total approved budget for FY 2011/12.

Table 3.4.32: Capital development funds received by Masaka Local District in FY 2011/12

Period	Date of release	Amount released (Ugshs)	Cumulative release (Ugshs)
Q1	28/7/11	35,092,000	-
Q2	29/10/11	35,092,000	70,184,000
Q3	30/1/12	27,742,000	97,926,000

Source: Fieldwork findings

In FY 2011/12 Masaka district planned to carry out the following activities a) renovation of an OPD and construction of staff toilets at Bukakata HCII b) renovation of OPD at Buyaga HCII c) upgrading Kamulegu HCII to a HC III and d) remodeling theatres at Kiyumba and Kyannamukaaka HCIV's. Some projects were carried forward from the previous FY 2010/11 and these were i) completion of an OPD at Bukeri HCIII and ii) renovation of a staff house at Buwunga HCIII.

Financial performance

By the time of the monitoring visit, no payments had been made from funds for FY 2011/12.

Table 3.4.33: Masaka Local Government capital development payments

Output description	Contractor	Contract sum (Ugshs)	Payments to date (Ugshs)
Completion of OPD at Bukeri HC III	P&D Contractors	21,096,866	-
Renovation of staff house at Buwunga HC III			
Renovation of OPD and construction of staff toilets at Bukakata HC II	SMM General Services	42,994,350	-
Renovation of OPD at Buyaga HC II	-	-	-

Output description	Contractor	Contract sum (Ugshs)	Payments to date (Ugshs)
Upgrading Kamulegu HC II to a HC III	SMM General Services	53,999,925	-
Remodeling theatres at Kiyumba and Kyannamukaaka HC IV's	-	-	-

Source: Fieldwork findings

Physical performance

At the time of the monitoring visit the projects at Bukeri HCIII and Buwunga HCIII were complete. There had been renovation of the laboratory; work included fitting a new roof and paintwork. The monitoring team was informed that work had been completed in December 2011. In Buwunga HCIII renovation of the 2 staff houses had been completed in January 2012. The team was informed that partition walls were erected in the houses and the exteriors had been painted. The renovations appeared to be of a good standard. Civil works at Bukakata HCII were due to start in the week following the monitoring visit. At Kamulegu HCII work will commence once the Solicitor General has authorized the construction. Bids are being evaluated for the remodeling of theatres at Kiyumba and Kyannamukaaka HCIV's before the contract is awarded. Due to poor planning, the advert for the renovation of the OPD at Buyaga HCII was not circulated.

Masaka District Local Government; renovated OPD at Bukeri HCIII (left) and renovated staff quarters at Buwunga HCIII

Challenges

- **Lack of project prioritisation;** due to the preference from politicians to begin new projects in the new financial year, often little regard is given to the funds required to complete already commenced projects. Hence there are situations where new projects are embarked upon using funds which are needed to complete ongoing projects.

- **Lack of transport;** results in limited access for officials to visit to lower level healthcare facilities. The motorbikes that were procured for the district are around 7 years old and are no longer in a good condition. This means that the district has to arrange for mopeds to carry vaccines to the communities at a relatively high cost.

- **Lack of staff accommodation;** there is not enough accommodation, provided by the district, for healthcare workers. Often there is no appropriate accommodation in the vicinity to rent either.

- **Increased prices;** of most inputs for capital development activities. To accommodate for these higher prices contractors are requesting additional funds which must be agreed by the Contracts Committee and the MoFPED which therefore delays the capital development projects.

k) Namutumba District Local Government

In FY 2011/12 Namutumba district has an approved PHC Development grant of Ugshs 180,000,000. At the time of the monitoring visit the district had received Ugshs 125,888,000 in FY 2011/12. This represents a release performance of around 70% of the total approved budget for FY 2011/12.

Table 3.4.34: Capital development funds received by Namutumba Local Government in FY 2011/12

Period	Date of release	Amount released (Ugshs)	Cumulative release (Ugshs)
Q1	4/8/11	45,112,000	-
Q2	10/11/11	45,112,000	90224000
Q3	1/2/12	35,664,000	125,888,000

Source: Fieldwork findings

In FY 2011/12 Namutumba district planned to carry out the following activities a) partial construction of a maternity ward at Nsinze HCIV b) fencing and pit latrine at Nabisoigi HCIII and c) a staff house at Nabisoigi HCIII.

Financial performance

By the time of the monitoring visit, no payments had been made from funds received in FY 2011/12.

Table 3.4.35: Namutumba Local Government capital development payments

Output description	Contractor	Contract sum (Ugshs)	Payments made in FY 2011/12 (Ugshs)
Partial construction of maternity ward	M/S Nile	108,523,380	-

at Nsinze HC IV	Establishments Uganda Limited		
Fencing and pit latrine at Nabisoigi HC III	Venus Technical Services Limited	39,900,760	-
Staff house at Nabisoigi HC III	Endo Construction Company	88,864,870	28,000,000

Source: Fieldwork findings

Physical performance

At the time of monitoring visit the projects for FY 2011/12 had not begun. The agreement for the project at Nsinze HCIV had been signed and the contract for the project at Nabisoigi HC III was in the process of being finalised. No civil works had been carried out in this financial year. However the team did monitor the staff house construction at Nabisoigi HCIII for which funds were expended in the current financial year. The civil works for the staff house had been completed but the building had not been handed over. The team were informed that handover would take place once the latrines (part of this year's civil works) had been completed.

Namutumba District Local Government; staff house at Nabisoigi HCIII (left) and cracked floor Nabisoigi maternity ward

Challenges

- **Variable amounts of funds received;** the district expected to receive approximately Ugshs 40,000,000 each quarter. The funds received in Q3 were less than this expected amount. The variability in the funds received in a given financial year makes planning for capital development projects difficult and this often leads to projects being rolled over to the following financial year.

- **Certification of poor quality work;** poor quality work which had been signed off by the district engineers mean that payment is made to contractors for substandard work. The civil works for the maternity ward at Nabisoigi HCIII were substandard. The team noted that doors and sinks were poorly fitted and there were cracks in the flooring and internal plastering was incomplete. However full payment had been made as the district engineer had signed off that the work as satisfactory.

l) Nebbi District Local Government

In FY 2011/12 Nebbi district has an approved PHC Development grant (including PRDP component) of Ugshs 1,229,333,000. At the time of the monitoring visit the district had received Ugshs 741,820,000 in FY 2011/12. This represents a release performance of around 60% of the total approved budget for FY 2011/12.

Table 3.4.36: Capital development funds received by Nebbi Local Government in FY 2011/12

Period	Date of release	Amount released (Ugshs)	Cumulative release (Ugshs)
Q1	8/8/11	307,333,000	-
Q2	2/11/11	307,333,000	614,666,000
Q3	16/2/12	127,154,000	741,820,000

Source: Fieldwork findings

In FY 2011/12 Nebbi district planned to carry out the following activities of constructing: a) health care waste pit at Kikobe HCII b) maternity ward with solar system at Pacego HCII c) 2 stance VIP latrine at Kikobe HCII d) rehabilitation of staff house at Pakwach HCIV e) rehabilitation of staff house at DHO staff quarters f) rehabilitation of OPD at Panyimur HCIII g) construction of OPD at Pakwach HCIV h) construction of 4 stance VIP latrine at Pakwach HCIV i) rehabilitation of OPD at Kucwiny HCIII j) construction of 4 stance bathing shelter at Paminya HCIII k) rehabilitation of OPD and solar system installation at Bongo HC III l) connection of power at DHO staff quarters Nyacara Ward Nebbi Town Council m) rehabilitation of OPD and solar system installation at Pokwero HCIII n) rehabilitation of OPD and solar system installation at Kituna HCII o) rehabilitation of DHO store p) rehabilitation of OPD and solar system installation at Fualwonga HCII q) rehabilitation of a staff house at Pakwach HCIV r) construction of 4 stance bathing shelter for maternity ward at Goli HCIV s) construction of semi detached staff house, kitchen, 2 stance pit latrine and solar system at Pakwach HCIV t) construction of 4 stance bathing shelter at Padwot Midyere HCII u) rehabilitation of maternity ward and solar installation at Kalowang HCIII v) construction of bathing shelter at Pokwero HCIII w) construction of 4 stance bathing shelter at Abongo HCII x) construction of semi detached staff house with kitchen and 2 stance VIP latrine and solar lighting at Padwot Midyere HCIII y) construction of semi detached, kitchen, 2 stance pit latrine and solar system at Goli HC(IV) z) construction of general ward and solar system at Nyaravur HC IV zi) construction of health care waste pit at Pacego HCII zii) rehabilitation of a staff house at Pakwach HCIV ziii) construction of 10 stance bathing shelter at Nebbi Hospital ziv) supply and installation of solar power to the semi detached staff house zv) construction of semi detached staff house, kitchen, 2 stance pit latrine and solar system at Pakia HC III zvi) construction of semi detached kitchen, 2 stance pit latrine and solar system at Pacego HC III zvii) construction of placenta pit at Akworo HCIII and zviii) rehabilitation of Pokwero HCIII maternity unit.

The following projects were carried forward from the FY 2010/11 a) construction of a semi detached staff house at Kalowang HCIII b) construction of a semi detached staff house at Orussi HCIII c) construction of DHO's stores d) construction of an OPD with solar installation at Pacego HCII e) rehabilitation of staff houses at Kucwiny HCIII and f) construction of a semi detached staff house with solar system at Kucwiny HCIII.

Of the projects being carried out at Nebbi district the team monitored the following a) construction of the DHO's stores b) construction of the OPD with solar system at Pacego HCII and c) rehabilitation of staff houses and the construction of a semi detached staff house with solar system at Kucwiny HCIII.

Financial performance

The monitoring team was informed that Ugshs 697,338,864 were spent from funds for FY 2011/12 (including funds carried forward from FY 2010/11). This represents an absorption rate of 94% of funds received.

Table 3.4.37: Nebbi Local Government capital development payments

Output description	Contractor	Contract sum (Ugshs)	Payments to date (Ugshs)
Construction of waste pit at Kikobe HCII	E & B Construction & Engineering Works	4,000,000	3,600,000
Construction of maternity ward with solar system at Pacego HCII	Abira Popular Stores	89,626,495	23,909,455
Rehabilitation of staff house at DHO staff quarters	Ckovem Construction & Engineering Works	30,000,000	18,000,000
Panyimur HCIII	OC Construction & Engineering Works	10,000,000	0
Construction of OPD at Pakwach HC IV	Gods Will Construction & Engineering Works	160,000,000	50,793,165
Construction of 4 stance VIP latrine at Pakwach HCIV	River Shore Trade Links	9,962,769	8,966,493
Construction of 4 stance bathing shelter at Padwot Midyere HCII	St. Jude Thaddeus Hardware & Stationeries	5,000,000	4,500,000
Rehabilitation of maternity ward	BPA Limited	19,845,525	9,861,625

Output description	Contractor	Contract sum (Ugshs)	Payments to date (Ugshs)
and solar installation at Kalowang HCIII			
Construction of general ward and solar system at Nyaravur HCIV	E & B Construction & Engineering Works	90,000,000	19,494,450
Construction of waste pit at Pacego HCII	River Shore Trade Links	3,976,600	3,578,940
Construction of semi detached staff house, kitchen, 2 stance pit latrine and solar system at Pakia HCIII	Elton Construction Company Limited	74,476,000	18,937,890
Construction of semi detached staff house, kitchen, 2 stance pit latrine and solar system at Pacego HCIII	Elton Construction Company Limited	74,476,000	26,558,550
Construction of placenta pit at Akworo HCIII	Isaac & Sons Construction Company Limited	4,000,000	3,600,000
Rehabilitation of Pokwero HCIII maternity unit	Abira Popular Stores	18,980,860	15,558,624
Construction of Semidetached Staff House at Kalowang HCIII	Goson Construction Works	63,000,000	26,408,160
Construction of semi detached staff house at Panyigoro HCIII	Arimada Land	62,702,000	22,758,823
Construction of semi detached staff house at Orussi HCIII	E&B Construction	63,000,000	22,500,000
Construction of DHO's Stores	Highland Building Contractors Company	164,630,000	57,872,457
Construction of OPD with solar system installation at Pacego HCII	ULTO Engineering Ltd	90,000,000	79,500,000
Rehabilitation of staff houses at Kucwiny HCIII	Mola and Sons	20,000,000	19,000,000
Construction of semi detached staff house with solar system at Kucwiny HCIII	GOSON Construction Works	72,500,000	68,844,841

Source: Fieldwork findings

Physical performance

The projects at Kucwiny HCIII were rolled forward from FY 2010/11 and were all completed at the time of the monitoring visit. The construction of the staff houses, kitchen and latrine appear to be completed to a good standard. The rehabilitation of the staff houses began in June 2011 and work was completed in January 2012; work included fitting a new ceiling board, doors and painting. The construction of the general ward at Nyaravur HCIV began in December 2011 but work stalled for around a month due to a lack of water. At the time of the monitoring visit the foundations for the general ward had been completed.

The team visited both the Pakwach HCIV sites. On the ‘old’ Pakwach site work had begun about 3weeks ago on the renovation of 3 staff houses, none of the other projects had commenced. At the ‘new’ Pakwach site the civil works were projects rolled over from last financial year. The projects monitored were the completion of the semi-detached staff house and the kitchen, both which were completed. However the construction of the latrines was at the contract award stage hence work had not started. At Pacego HCII work had commenced on the OPD in April 2011 and the project is almost complete; work outstanding included installing water tanks, solar panels, and correcting some flooring cracks. The construction of the staff houses commenced in December 2011, the brickwork had been built and the roofing support was erected. Excavation and the lining of the latrines had been completed. Construction of the maternity ward at Pacego HCII began in December 2011 and work is expected to be completed by July 2012. The civil works were at the walling stage and remaining work included roofing, plastering, painting, wiring, flooring and installation of electrical wiring. The rehabilitation of the OPD and maternity ward at Pokwero HCII began in December 2011 and was completed in January 2012. The solar panel system is not functioning and needs to be fixed. Work included installing a ceiling board, verandah, internal and external painting and replacing doors and windows.

Nebbi District Local Government; OPD near completion at Pacego HCII (left) and rehabilitation works on staff house at Pakwach HCIV (right)

Challenges

- **Lack of drugs and medical equipment;** a particular issue for HCIIs and HCIIIs. In Nebbi district the standard medical KITs for HCIIs and HCIIIs are not adequate to meet needs of patients e.g. there is an oversupply of oral contraceptives to HCIIs. Nebbi district has taken some steps to alleviate the issue by redistributing the drugs from HCIIs and HCIIIs to the HCIV or Hospital.

- **Lengthy procurement process;** due to the number of stages involved in the process and inadequate resourcing. In Nebbi district there was a lack of engineering staff which in part resulted in delayed Bills of Quantity documents being produced and this has a knock on effect for the rest of the procurement process.

- **Staffing levels;** recommended by the Ministry of Health are too low and these need to be revised in order for HCIVs to provide efficient service delivery to patients. With the current staffing level guidelines, there is severe overloading of work for staff which leads to poor service delivery. At the time of the monitoring visit the district had around 51% of staffing positions in the healthcare sector filled.

- **Increased prices;** costs for most inputs in the capital development process have been rapidly rising. To accommodate for these higher prices contractors are requesting additional funds which must be agreed by the Contracts Committee and the MoFPED. This delays the capital development projects e.g. construction was halted at the walling stage at Orussi HCIII and Kalowang HCIII, both of these projects have now been rolled over from last financial year.

m) Oyam District Local Government

In FY 2011/12 Oyam district has an approved PHC Development grant of Ugshs 1,497,074,000. At the time of the monitoring visit the district had received Ugshs 913,478,000 in FY 2011/12. The release performance accounts for around 61% of the total approved budget for FY 2011/12.

Table 3.4.38: Capital development funds received by Oyam Local Government in FY 2011/12

Period	Date of release	Amount released (Ugshs)	Cumulative release (Ugshs)
Q1	23/8/11	380,512,000	-
Q2	18/11/11	380,512,000	761,024,000
Q3	23/2/12	152,454,000	913,478,000

Source: Fieldwork findings

In FY 2011/12 Oyam district planned to carry out the following activities a) construction of 13 semi-detached staff houses at various HCII's and HCIII's b) construction of a twin doctors house and 2 stance pit latrine Anyeke HCIV c) construction of 13 pit latrines at various health centre's d) procurement of solar system batteries for Anyeke HCIV e) procurement of 6 solar batteries for the DHO's office and f) procurement of furniture for various HC III's and the DHO's office g) construction of general multipurpose ward with 4 stance drainable pit latrine at Anyeke HCIV h) construction of 2 stance drainable pit latrine with 2 wash rooms at Aloni, Acimi and Abela HCII's, i) construction of 4 stance drainable pit latrine at DHO's Office j) underground wiring and cabling at Anyeke HCIV k) installation and extension of pipes for water supply at Ayeke HCIV l) maintenance of the cold chain gas cylinders at 10 health facilities m) procurement of a generator at DHO's office n) procurement and installation of solar system batteries at Anyeke

HCIV. All of the above projects have been awarded and are awaiting approval by the Solicitor General.

In addition to these, the district was planning to invite bids for the following projects for FY 2011/12 a) construction of semi-detached staff houses (2units) at Agulurude HCIII and Otwal HCIII b) construction of twin doctors houses and 2 stance pit latrine Anyeke HCIV c) procurement of solar system battery for Anyeke HCIV d) procurement of solar batteries and transfer of solar system to the DHO's new office block e) procurement of furniture for lower level health facilities and f) supply of furniture for ICT workshop in the DHO's office block.

Several projects were carried forward from FY 2010/11 and the following were monitored a) construction of a staff house, 2 stance pit latrine and placenta pit at Anyeke HCIV b) construction of placenta pit and 4 stance pit latrine at Ngai HC III and Iceme HCIII c) construction of an OPD, 4 stance pit latrine and placenta pit at Iceme HCIII and d) construction of a staff house, 4 stance drainable latrine and placenta pit at Agulurude HCIII.

Financial performance

Funds of Ugshs 872,714,000 have been carried over from FY 2010/11. Of these funds carried forward Ugshs 369,359,246 had been spent in FY 2011/12. Funds for the current financial year of Ugshs 12,417,000 have been expended on monitoring and supervision of projects.

Table 3.4.39: Oyam Local Government capital development payments

Output description	Contractor	Contract sum (Ugshs)	Payments to date (Ugshs)
Construction of 13 semi-detached staff houses at: Abanya HCII, Aber HCII, Acimi HCII, Acut HCII, Adigo HCII, Adyegi HCII, ,Ariba HCII, Atura HCII, Zambia HCII, Minakulu HCII, Agulurude HCIII, Otwal HCIII and Anyeke HCIV.	Awarded to various contractors.	-	-
Construction of 13 pit latrines with 2 washrooms at Abanya HCII, Aber HCII, Acimi HCII, Acut HCII, Adigo HCII, Adyegi HCII, Ariba HCII, Atura HCII, Zambia HCII, Minakulu HCII, Agulurude HCIII, Otwal HCIII and Anyeke HCIV.	Awarded to various contractors	-	-
Construction of general multipurpose ward with 4 stance drainable pit latrine at Anyeke HCIV.	Geo Tech Engineering and Trading Company Limited	212,576,320	-
Construction of 2 stance drainable pit latrine with 2 wash rooms at Aloni, Acimi and Abela HCII's	Amoju Plumbing and Engineering Works Limited	24,000,000	-

Output description	Contractor	Contract sum (Ugshs)	Payments to date (Ugshs)
Construction of 4 stance drainable pit latrine at DHO's Office	Al-com Investment Limited	15,000,000	-
Rolled forward projects which were monitored by BMAU			
Construction of staff house, 2 stance pit latrine and placenta pit at Anyeke HCIV	Olal and Brothers Co Ltd	61,854,475	18,356,343
Construction of placenta pit and 4 stance pit latrine at Ngai and Iceme HCIII	Roblings Enterprises Ltd	18,370,000	16,857,000
Construction of OPD, 4 stance pit latrine and placenta pit at Iceme HC III	Rhino Engineering Works	105,000,000	78,639,064
Construction of a staff house, 4 stance drainable latrine and placenta pit at Agulurude HCIII	Apac Technical Services	66,834,600	33,192,609

Source: Fieldwork findings

Physical performance

The team monitored the rolled over projects from last financial year, as planned capital development projects for this financial year were yet to begin. The staff houses at Anyeke HCIV appear to have a good brick structure and work remaining includes roofing, plastering and fitting doors and windows. Excavation work of the pit latrine had been ongoing for three weeks and was expected to be completed in the following week; and the placenta pit was under excavation both projects again at Anyeke HCIV.

At Iceme HCIII the placenta pit was completed in December 2011 and was in use at the time of the monitoring visit and the 4 stance latrine is near completion and was expected to be completed by March 2011. The OPD project at Iceme HCIII began in June 2011 and the building was completed at the end of February 2012. However the district engineers inspected the building and recommended that before the building was handed over some cracks in the building need to be fixed. The placenta pit at Ngai HCIII was completed in January 2012 and took about one and a half months to complete. The pit latrines at Ngai HCIII were completed in December 2011 and appear to be of a good standard. At Agulurude HCIII the remaining works for the staff house includes plastering and installing glass panes into the window frames. Both the pit latrines and the placenta pit have been excavated.

Oyam District Local Government; OPD at Iceme HCIII (left) and semi-detached staff house at Agulurude HCII (right)

Challenges

- **Lack of funds;** of Ugshs 173,796,092 required to complete projects from previous financial years. The district has requested that funds for 2 projects for FY 2011/12 be reallocated and that funds for the installation of water pipes at Anyeke HCIV be reduced so that ongoing projects can be completed.

- **Poor workmanship by contractors;** in part due to the lack of engineers to effectively supervise civil works on a regular basis. Poor quality work must be rectified before district engineers certify work as completed and ready for payment (to contractors), hence poor workmanship causes delays in the completion of projects.

n) Sembabule District Local Government

In FY 2011/12 Sembabule district has an approved PHC Development grant of Ugshs 136,435,257. At the time of the monitoring visit the district had received Ugshs 95,177,000 in FY 2011/12. This represents a release performance of around 70% of the total approved budget for FY 2011/12.

Table 3.4.40: Capital development funds received by Sembabule Local Government in FY 2011/12

Period	Date of release	Amount released (Ugshs)	Cumulative release (Ugshs)
Q1	8/8/11	34,107,000	-
Q2	11/11/11	34,107,000	68,214,000
Q3	13/2/12	26,963,000	95,177,000

Source: Fieldwork findings

In FY 2011/12 Sembabule district planned to carry out the following activities a) construction of an OPD at Kayunga HCII b) construction of a placenta pit at Kyabi HCIII c) construction of a 5-stance pit latrine at Sembabule HCIV d) rehabilitation of the OPD at Busheka HCII e) construction of OPD at Ntete HCII f) rehabilitation of Makoole HCII g) procurement of furniture for DHO's office and lawn mower and h) maintenance of Kabaale HCII.

Financial performance

By the time of the monitoring visit, Ugshs 51,876,694 had been paid from funds received in FY 2011/12. This represents an absorption rate of around 56%. Capital development funds carried forward from last financial year amounted to Ugshs 1,900,000.

Table 3.4.41: Sembabule Local Governmentt capital development payments

Output description	Contractor	Contract sum (Ugshs)	Payments to date (Ugshs)
Construction of an OPD at Kayunga HC II	Triple Pride Building Contractors	67,499,520	34,365,110
Construction of a placenta pit at Kyabi HC III	Complex Technical Works Ltd.	1,773,700	-
Construction of a 5-stance pit latrine at Sembabule HC IV	Mpaka Investment Ltd.	6,911,583	6,566,004
Rehabilitation of OPD at Busheka HC II	Taba Services Ltd	13,350,500	9,057,300
Rehabilitation of Makoole HC II			
Procurement of furniture for DHO's office and lawn mower	Sseseloka Services Ltd	3,688,000	-
Maintenance of Kabaale HC II	Cape Contractors	37,765,700	1,888,280 [payment made in FY 2011/12]

Source: Fieldwork findings

Physical performance

The team visited the following projects a) Kayunga HCII b) Sembabule HCIV and c) Makoole HCIII; the other projects either have not been awarded to contractors or civil works had not commenced.

The construction of the OPD at Kayunga HCIV commenced in November 2011 and was expected to be completed in March 2012. The civil works appeared to be of a good standard. Remaining work included connection of electricity, internal plastering of walls, flooring and patients seating. The OPD included a ramp for access by those who have limited mobility. The construction of a 5-stance pit latrine at Sembabule HCIV appeared to be completed to a good standard apart from the poor quality doors which appeared to be cracking.

The team monitored the rehabilitation of staff houses and OPD at Makoole HCII. The civil works on the staff houses started in November 2011 and were incomplete at the time of the monitoring visit. There were broken window panels and unfinished gutter piping. Renovation of the OPD commenced in July 2011; minimal work appeared to have taken place, the verandah and an access ramp had been rehabilitated. The rest of the OPD remained in poor condition and the team was informed that previous renovation work took place in 2008. Damage included watermarks on the ceiling due to leakages and termite damage.

Sembabule District Local Government; partially renovated staff quarters at Makoole HCII (left) and OPD construction at Kayunga HCII (right).

Challenges

- **Lack of medical provisions;** to carry out the delivery of babies in Kayunga HCII. HCIIs are not meant to carry out deliveries but due to lack of appropriate facilities there is a need to carry out deliveries in Kayunga HCII. The lack of medical provisions to carry out deliveries puts patients at a greater risk of complications.

- **Lack of health workers;** at Kayunga HCII there are meant to be four health workers but there are only two at present. The health workers comprise of one mid-wife and one nurse.

o) Yumbe District Local Government

In FY 2011/12 Yumbe district has an approved PHC Development grant of Ugshs 726,053,000. At the time of the monitoring visit the district had received Ugshs 466,804,000 in FY 2011/12. This represents a release performance of around 64% of the total approved budget for FY 2011/12.

Table 3.4.42: Capital development funds received by Yumbe Local District in FY 2011/12

Period	Date of release	Amount released (Ugshs)	Cumulative release (Ugshs)
Q1	10/8/11	181,513,000	-
Q2	7/11/11	181,613,000	363,126,000
Q3	13/3/12	103,678,000	466,804,000

Source: Fieldwork findings

Table 3.4.43: Yumbe Local District capital development payments

Output description	Contractor	Contract sum (Ugshs)	Payments to date (Ugshs)
Procurement of 2 laptop computers	Orange International	3,600,000	3,600,000
Renovation of general ward at Locomgbo HC II	Yumbe General Wholesalers	30,342,964	4,454,170
Completion of staff house at Mocha HC II	Yumbe Youth	76,236,000	47,062,077
Completion of staff house at Kochi HC III	Agenda One	62,093,000	36,966,119
Completion of staff house at Al-noor HC II	Aga Construction	55,485,000	42,040,515
Completion of OPD at Gichara HC II	Nyori Business	70,709,000	29,707,403
Completion of OPD at Goboro HC II	Time to Time	79,533,000	32,021,704
Construction of OPD at Pajama HC II	Alawakil	79,629,000	80,462,598
Completion of VIP latrine at Aliapi HC II	Omba Agencies	12,393,000	10,451,418
Completion of 5 stance VIP latrine at Yumbe Hospital	Arimada Land	16,649,000	11,620,380
Completion of 4 stance VIP latrine at Mocha HC II	Swaib Said	12,000,000	3,554,505
Completion of maternity ward Dramba HC II	Lemeri Traders	87,120,000	13,208,439

Complete payment for placenta pit at Apo HC II	Lokpe Construction	2,324,000	579,202
Completion of solar installation at Yumbe Hospital	Global Solar	98,108,000	33,944,252
Completion of new OPD block at Yoyo HC III	United African	60,160,000	12,576,302
Complete payment for placenta pit at Aliapi HC II	Amanibe General Store	469,400	231,997
Complete payment for placenta pit at Mongoyo HC II	Drakacki Constructions	469,400	320,707
Completion of OPD at Mocha HC II	Yumbe Youth Community	10,000,000	9,601,086
Completion of maternity ward at Apo HC II	Arimada Land	10,326,423	4,700,448
Complete payment for placenta pit at Yoyo HC III	Amagule Multipurpose Company	469,400	90,180
Complete payment for VIP latrine at Kerwa HC II	Penury Soul Brothers	500,000	458,478
Complete payment for placenta pit at Locomgbo HC II	Fredous Traders	469,400	69,737

Source: field findings

In FY 2011/12 Yumbe district planned to carry out several activities, see table 3.4.43 for details. As civil works for FY 2011/12 had not commenced at the time of the visit the following rolled forward projects were monitored a) completion of staff house at Mocha HCII b) completion of staff house at Kochi HCIII c) completion of staff house at Al-noor HCII d) completion of OPD at Gichara HCII and e) completion of OPD at Goboro HCII.

Financial performance

Capital development funds carried forward from last financial year was Ugshs 1,282,325. During the monitoring visit, Ugshs 400,263,217 had been expended from the capital development budget for FY 2011/12. This represents an absorptive capacity of 86%.

At the time of the monitoring visit contracts had been awarded but no payments made for the following projects a) procurement of a motorcycle for civil works supervision b) solar installation for a staff house in Mongoyo HCII c) procurement of solar batteries and other work in district health office d) procurement of gas cylinders e) procurement of office furniture f) procurement of one photocopier for the district health office and g) refurbishment of water system in Yumbe Hospital.

Table 3.4.43: Yumbe Local Government capital development payments

Period	Date of release	Amount released (Ugshs)	Cumulative release (Ugshs)
Q1	10/8/11	181,513,000	-
Q2	7/11/11	181,613,000	363,126,000
Q3	13/3/12	103,678,000	466,804,000

Source: Fieldwork findings

Physical performance

The construction of the OPD at Goboro HCII began in FY 2010/11 but work has overrun and is now expected to be completed at the end of March 2012. The work remaining includes painting, fitting windows panes and internal doors, verandah, flooring, some internal plastering and completion of the plumbing. The staff house at Kochi HCIII began in FY 2010/11; at the time of the monitoring visit the builders had not been seen on site for the past three days. The remaining work included fitting window panes and doors, the ceiling, some plastering and correcting some cracks in the walls and the rectifying defects in the chimney. The staff house project in Al-noor HCII was carried forward from FY 2010/11 and was completed and handed over in November 2011. The four staff units within the project monitored by BMAU appeared to be of a good standard. The staff houses at Mocha HCII began in FY 2010/11 and work is currently ongoing. Remaining civil works include plastering, installation of some doors and windows, wiring and plumbing. There is some sagging of the ceiling and the contractor has agreed to repair it. The OPD at Gichara HCII began in FY 2010/11 and is near completion. The remaining civil works include external plastering, fitting internal doors and glass panes for windows and the completion of plumbing works.

Yumbe District Local Government; OPD at Gitara (left) and staff house at Al-noor HCII

Challenges

- **Shortfall in funding;** contractors often have insufficient funds to complete the projects from start to finish, so they rely on payment in installments. However the flow of funds to the district is often less than expected especially in Q3 and Q4. This results in a lack of funds to complete projects and causes projects to be rolled over to the next financial year.

- **Long procurement process;** often at least one quarter of a financial year is taken up before contracts are awarded, due to the late initiation of the procurement process. This can result in many projects being rolled forward into the following financial year.

3.4.6 Key Policy Issues and Recommendations

i. Health facilities monitored often have a shortage of qualified medical staff. The issue is particularly acute in health centre IIs.

In Iganga district HCIIs are often run by nursing assistants rather than qualified/enrolled nurses. It was reported in Koboko district that staffing levels were as low as 33% for lower level health facilities. A recurrent issue was that the staffing norms set by the Ministry of Health and the Ministry for Public Service are too low and in most health facilities this causes high workloads for staff which then compromises service delivery to patients. It has been reported that a lack of medical staff is, in part, due to a lack of promotional opportunities in regions such as Adjumani district, which results in a high rate of attrition to central government. In some instances such as in Arua Regional Referral Hospital, there are around 97 per cent of positions filled. However those employed do not reflect the right mix of professionals needed therefore leading to an adverse impact on service delivery for patients.

Recommendation: The Ministry of Health, Ministry for Public Service and the Ministry of Finance must continue to work to increase the PHC wage ceiling so that additional staff can be recruited and remuneration improved. The Ministry of Health and the Ministry for Public Service should investigate the issue of low staffing norms for health facilities. By improving the total remuneration package, not just the wage component, for example by providing staff accommodation near the health facilities there will be a greater incentive for medical staff to work in facilities that are currently struggling to attract staff.

ii. Lack of funds for non-wage recurrent expenditure, for the provision of adequate transport, for local districts to monitoring and supervision of capital works and provide vital outreach programmes for the local communities.

Often official vehicles in local districts are in a poor state and costly to maintain for example in Adjumani district, if available at all. There is a need for transport to be provided for the provision of outreach services in the community such as immunization of children against preventable diseases. There is also a need for transport to monitor and supervise capital work projects in the districts.

Recommendation: Sufficient funds for transportation must be provided to districts to enable them to carry out vital work such as the delivery of outreach programmes to the local community and monitoring and supervision of capital works. In FY 2011/12 there has been a ban on the procurement of vehicles without explicit authorization from the Ministry for Public Service. This has adversely impacted on healthcare service delivery, as outreach programmes and monitoring and supervision services cannot be adequately carried out.

iii. Provision of drugs and sundries by the National Medical Stores (NMS) is often inadequate for the needs of the local community served by the Hospital's and Health Centre's.

The issue of inadequate provision of drugs/sundries by the National Medical Stores (NMS) is pertinent for both Regional Referral Hospitals (RRH) and Health Centres. At Jinja RRH often drugs/sundries requested for are not delivered at all or in the incorrect quantities. Often this means that patients have to purchase their own drugs/sundries for treatment. There were also issues raised about the standard medical KITs for HCIIs and HCIIIs which often do not provide the appropriate provisions for the needs of the communities served.

Recommendation: The Ministry of Health and the NMS must work closely with HCs and Hospitals to identify which drugs/sundries are needed to improve the provision of drugs to these facilities. Where NMS is not able to provide the required drugs/sundries, a report detailing why this is should be submitted to the Health Centre/Hospital and the Ministry of Health. This will help identify the underlying reason as to why the drugs/sundries are not able to be supplied and the issue can be resolved.

3.5 INDUSTRIALIZATION

3.51: Introduction

Industrial development is an integral and important part of the Government's overall development strategy which aims at transforming Uganda into a modern and industrial country through, among other things; adding value by processing to reduce post-harvest losses and by increasing exports of higher value products, especially from agricultural and mineral resources. Industrialization also 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[67].

Scope and Methodology

The aim of this report is to assess whether the level of reported expenditure is commensurate with the physical outputs monitored for the period under review. Physical and financial monitoring during quarter three focused on planned activities during FY 2011/12 undertaken by the Ministry of Finance, Planning and Economic Development (MFPED), Ministry of Trade, Industry and Cooperatives (MTIC), Uganda Investment Authority (UIA) and Uganda Industrial Research Institute (UIRI).

The sampled outputs were randomly selected from the information provided in the Ministerial Policy Statements and progress reports of the respective departments. Priority was given to monitoring outputs that were physically verifiable. The geographical range of projects and districts monitored covered Eastern, Central and Western regions.

Under the MFPED, monitoring covered construction of a Banana processing plant in Bushenyi under the auspice of the Presidential Initiative on Banana Industrial Development (PIBID) and the construction of Buhweju Tea Factory, and project under Uganda National Council for Science and Technology (UNCST); Under the MTIC, monitoring covered One Village One product (OVOP) and Support to Warehouse Receipt System (WRS). Under UIA, monitoring focused on development of industrial parks in Bweyogerere, Luzira, Jinja, Kasese, Mbale and Soroti. Under the Uganda Industrial Research Institute (UIRI), monitoring covered beef processing facility in Busia.

Physical performance of projects and outputs was assessed through monitoring a range of indicators and linking the progress to reported expenditure. The variables monitored depended on whether an output was complete or ongoing and if implementation was according to budget and schedule. For completed projects, monitoring focused on value for money.

Financial data was sourced from the Integrated Financial Management System (IFMS), progress reports (Performance Form A) and bank statements from implementing agencies.

[67] National Industrial Policy, 2008

Prior to the field visit, literature was reviewed on the reported progress for projects and outputs with reference to previous monitoring reports. Data collection methods included interviews with key informants and observations. Photographs showing progress were taken and form part of this report.

Limitations

Information inadequacies; for some projects, financial data and actual progress was not readily available making analysis and reporting difficult.

3.5.2 Uganda Investment Authority (UIA)

Development of Industrial Parks: Vote 008, Project code 0994

The Government of Uganda committed itself to a 10 year national industrial parks development program in different regions of Uganda with effect from FY2008/09 to FY 2017/18[68]. This strategy was to ensure that 22 industrial parks are created across the country. The process started with setting up of the Kampala based industrial parks at Namanve, Bweyogerere and Luzira, spreading to up country towns in strategic locations. It was anticipated that the Kampala parks would be fully operational by FY 2010/11.

The purpose of establishing the parks is to provide serviced areas (with roads and utilities) for manufacturing and value addition to Ugandan made goods. Industrial parks would 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.

The planned activities in FY 2011/12 included operationalization of Luzira Industrial Park (70 acres), Mbarara small and medium enterprise (SME) Park (12 acres) and Bweyogerere Industrial Park (50 acres); allocation of land to deserving investors in all parks, construction of infrastructure and industries in the aforesaid parks; implementation of Soroti park master-plan (219 acres), preparation of Kasese master-plan (217 acres); Installation of boundary markers for all parks, and procurement of land for new parks.

Financial performance

The revised approved budget for FY 2011/12 was Ushs. 7.363 billion, of which Ushs3.9 billion had been released as of Q3, representing a release performance of 53%. It should be noted that the project had total warrants (funds available for the FY) of Ushs.11.942 billion as of 12th April 2012 resulting from balances carried forward from the previous FY worth Ushs.9.480 billion (79% of the total warrants).

A total of Ushs 5.718 billion (47.9% of warrants) had been expended on capital development activities. These include payment for acquisition of land, road works and installation of border makers as well as goods and services such as consultancy services, compensation, and other operational expenses, and employee costs such as salaries and wages, allowances and NSSF contributions.

---

[68] UIA project profile-Development of Industrial Parks

Table 3.5.1 Expenditure Classification of Project 0994

Item	Expenditure	% Expenditure
Salaries and Wages	724,120,901	12.7
Operational Expenses	927,101,908	16.2
Compensation	168,961,914	3
Consultancy Services	321,976,638	5.6
Physical Works and Capital Goods	3,576,514,646	62.5
Total	**5,718,676,007**	**100**

Source: IFMS, UIA

1. Bweyogerere Industrial Park (45 acres)

The park is located 10 Kms North East of Kampala. The land was allocated to seven investors including Bweyogerere Hospital and Uganda National Bureau of Standards (UNBS) among others.

Table 3.5.2: Summary contract details and progress

Project title	Construction of road works in Bweyogerere Industrial park
Client	Uganda Investments Authority
Contractor	M/s Omega Construction Limited
Original Consultant	M/s Gauff Consultant
New Consultant	Ministry of Works and Transport
Comencement Date	12th May 2010
Completion date	12th October 2010
Duration	6 Months
First Extension	30th March 2011
Second Extension	30th July 2011
Time Progress	360%
Contract price	Ushs 3, 591,396,840.
Consultants contract sum	Ushs.338, 982,000
Financial Progress as of Feb 2012	Ushs

Project Scope	Re- processing the existing pavement tracks (2kms); provision of new material to form a new sub-grade; construction of a new pavement layer, lime stabilization and surface dressing/sealing; rock filling in swamps; construction of new pavement layers across localized swamp sections involving use of geo-textile and rock fill; drainage works involving installation of new culverts, stone pitched drains, head walls and wing walls; auxiliary works involving installation of guard rails, signage and road marking
Physical Progress by 30th March 2012	95% (Substantially complete)

Source: UIA, MoWT and Field Findings

Physical Performance

Road works: During third quarter monitoring, it was noted that works (1.9.Kms roads) were substantially complete with an estimated physical progress of 95%. Outstanding works included, road marking, installation of road signs, paving walkways on upper side of the Bypass link, patching of grass, and construction of access roads connecting to plots, (access roads were not part of the original bills of quantities). The contactor had demobilized although certification of his works was awaiting results of quality tests done by central testing laboratory Kireka. Payment of variations was also awaiting approvals from the project manager and UIA.

Investments: Plans for the Uganda National Bureau of Standards (UNBS) and Bweyogerere Hospital had been submitted and approved by Kira Town Council and the National Industrial Parks Planning Committee (NIPPC). Construction works for Bweyogerere Hospital had commenced and a calibration rig for UNBS had been completed.

Water: UNBS had extended water to her premises. Negotiations between UIA and NWSC on how best to service the park with water were reportedly at advanced stages.

Electricity extension: M/s UMEME Limited had been contacted and had requested UIA to furnish them with power needs for each investor. Only three out of nine investors had submitted their power requests. The need to remind investors to expeditiously submit their power needs is therefore paramount for UIA to achieve this particular output.

Issue of lease agreements: Four agreements had been processed and issued to UNBS, M/s Turple, David Engineering Company and Bweyogerere hospital. While those for M/s Omega construction, M/s BPC paint and M/s BDH chemicals were being processed.

Conclusion

Implementation progress at this park is rather too slow. It is anticipated that this park will be fully serviced by the end of 2013 more than two years later than the original completion date.

Recommendations

- The UIA should apprehend the contractor for liquidated damages related to his internal weaknesses that caused unnecessary delays.

- UIA should ensure that the park is as soon as possible serviced with water and electricity.

2. Luzira Industrial Park (70 acres);

The park is located 5Km East of Kampala and is operational with functional basic infrastructure such as water, power and roads.

Investments: Fifteen Investors had been allocated land of which seven are operational while three are under construction. Operational industries include; Quality Chemicals, Graphic Systems, BlueWave Beverages, Transpaper Uganda, MasterWood Industries, Basere (U) Ltd, and Pipeline (U) Ltd.

Road works: The contract for extension of 200 meters road works had been awarded to M/s Nicontra Limited and signed on 6th November 2011, at a contract price of Ushs 279 million. By 20th February 2012, physical progress of this project was 0%. This was attributed to unforeseen site inadequacies that required revision of designs informed by a geo-textile study which was reviewed by the MoWT Engineer in Chief who concurred with a number of recommendations including the use of rock fill and geo-textile materials among others. In view of the foregoing revisions, the report was sent to UIA's Contracts Committee for consideration and way forward. As such, the planned extension of the road was halted.

During the monitoring visit, most of the installed road furniture especially metallic signage and poles had been vandalized, a number of sections of the paved roads had developed potholes and some side drains blocked. The agency should consider the use of non metallic signage and poles to mitigate vandalism.

Vandalised road signage, potholes developing on completed section and new factory under construction in Luzira industrial park

Electricity: Q2 of FY 2011/12 Budget Monitoring Report highlighted that evacuation of power from Kiwanga-Namanve to Luzira and setting up a power sub-station had been split into five lots and a taskforce of stakeholders composed of the Uganda Electricity Transimission Company Limited (UETCL), UMEME, Uganda Electricity Distribution Company Limited (UEDCL) and

UIA had been set up and agreed on implementation modalities. UIA was in the process of generating and submitting the power needs of each investor in the park for onward transmission to UMEME. The power needs of industrialists in this park will be integrated in the planned UETCL 132kv substation, in this respect, any designs and equipment procured by UIA were to be handed over to UETCL.

Acquisition of way leaves: The UIA board had approved the evaluation report from the Chief Government Valuer however, a number of the affected individuals had objected to the value of their properties as being too low. As of March 2012, initial payments for three pieces of land had made in compensation.

3. Jinja Industrial Park (182 acres)

Established on 182 acres along Jinja-Kamuli road, Jinja is being re-activated as a major industrial town that it once was. During the FY 2011/12, UIA planned to undertake a master plan and an Environmental Impact Assessment culminating into servicing the park with roads, electricity, water, boundary opening and demarcating plots. During the monitoring visit, the process of procuring a contractor to develop a master plan and environment impact assessment was still at procurement level. Installation of border markers to protect the park from encroachers was ongoing.

4. Soroti Industrial Park (219 acres)

The park is 350 Kms North East of Kampala and is 219 acres in size. The master-plan and cadastral survey of the plots were completed in November 2011. Subdivision of plots had been completed with a total of 153 plots in the park of which 24 plots had been allocated to prospective investors.

M/s Malu Construction Limited had completed the works related to installation of boundary markers at a contract sum of Ushs 90 million. Procurement of a consultant to design roads for the park had been finalized and documents were sent to Solicitor General for approval. The consultant is expected to undertake soil sampling, geo textile and traffic studies to enable comprehensive road designs. An alternative plot for Soroti Fruit Factory as requested for by Uganda Development Corporation had been identified pending approval of the Contracts' Committee.

5. Kasese Industrial Park (217 acres)

The park is located 430 Kms south west of Kampala near the border with the Democratic Republic of Congo (DRC). The industrial business park (IBP) location is intended to stimulate agricultural products value addition and mineral beneficiation in the region. M/s Savimaxx Ltd was contracted to undertake an Environment Impact Assessment (EIA) and master plan for this park at a contract price of Ushs 88 million. As of 20th February 2012, the final master plan and EIA had been approved by UIA and Kasese District Local Government. Installation of border markers to protect the park from encroachers was ongoing. UIA was in final stages of procuring surveyors to demarcate plots with plot numbers.

Allocation of Plots: UIA reported that although no request for interested investors to apply for plots had been made, they had received a number of applications; however no plot had been allocated yet, until a criterion for allocation is finalized and officially communicated.

6 Mbale Industrial Park (619 acres)

The original case filled by "squatters" on the land was reportedly decided in favour of UIA. However, the applicants had appealed the decision on compensation. The 619 acre facility therefore remained unoccupied by UIA. During the March 2012 monitoring visit, new structures were being constructed on the land. UIA should seek for a court order restraining squatters from constructing new structures pending the disposal of the appeal.

It was further noted that a sizeable part of the land did not have any squatters. The UIA should occupy this part and if possible start servicing it.

Overall Challenges and recommendations

- Inadequate designs leading to postponement of civil works that had been contracted out in Luzira Park; Future works and designs should adequately be informed by studies to avoid delays in implementation of planned activities.
- Frequent vandalism of road furniture at Luzira; Alternative materials for signage such as plastic and concrete should be considered to mitigate vandalism of road signage.
- Lease agreements of some investors in Bweyogerere and Luzira parks have either expired or about to expire with no activity on ground. These lease holders should be informed on the next course of action and the plots should be re-allocated to investors with capacity to develop them for industrial purposes.
- The need to remind investors to expeditiously submit their power requirements in Bweyogerere and Luzira park is urgent and should be given the attention it requires. Power requirements of investors in other upcoming parks should be solicited well in time.
- Under staffing at UIA; the team noted that a number of key staff had either left the agency or their contracts terminated without replacement in the last eight months. It was noted that the few staff members are over stretched and in some cases lack key competencies to undertake some assignments. For efficient delivery of services, it is critical to urgently fill the vacant posts and fill the existing staffing gap.
- Poor planning: The agency should review its priorities to avoid committing and encumbering funds on activities that are unlikely to take off; which constrains other key areas and cause under performance of the agency.
- Insecurity in and around the parks; UIA was relying on private security firms whose staff have occasionally been reported to have contributed to vandalism of facilities in different industrial parks. Security service providers should be supervised and incase of bleach of contract reprimanded. The proposed police stations/posts in all parks should be set up to mitigate insecurity and lawlessness in these parks.
- The UIA should occupy part of the Mbale Park land (where there are no squatters) and if possible start servicing it as court processes may take a lot of time to be resolved.

3.5.3 Value Addition Tea (Buhweju Tea Factory)

Government of Uganda through the Ministry of Finance, Planning and Economic Development committed funds to the building of the factory complex and additional buildings to facilitate factory operations. A memorandum of understanding to this effect was signed between GoU and Igara Growers Tea Limited (the promoter of Buhweju Tea Factory) in July 2008.

M/s Trust Builders and Civil Engineering was awarded a Ushs6.4 billion contract for civil works. The project commenced on 9th September 2009, and was expected to be completed by July 2012 (within four years). Ms. Habitat Consultants was awarded a supervision contract worth Ushs.141 million.

Project Objectives

1. Establish a tea factory for processing the green tea leaf produced by farmers from Buhweju.
2. Increase and sustain the benefits to farmers in the area from tea growing and reduce poverty by improving household incomes.

Financial Performance

The total estimated project cost is US$ 7.44million. The project is expected to be jointly financed as follows; GoU Grant of US$3.2 million, Bank loan of US$2.805 million and residential building and working capital by Igara Growers Tea Factory of US$ 1.43 million. With effect from FY 2008/09, GoU undertook to disburse the grant to the project on an annual basis amounting to Ushs.1, 601,000,000 per year.

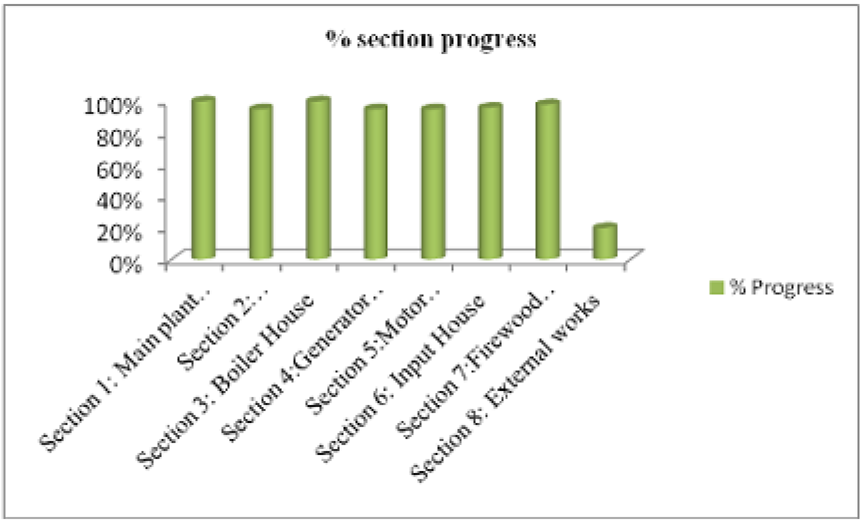
The total approved budget for FY 2011/12 was Ushs 1,901,058,090 of which, a total of Ushs 765,216,090 had been released by 16th April 2012, representing a percentage release of 28.14%. Ushs 765,216,090 (40% of approved budget)

Physical Performance

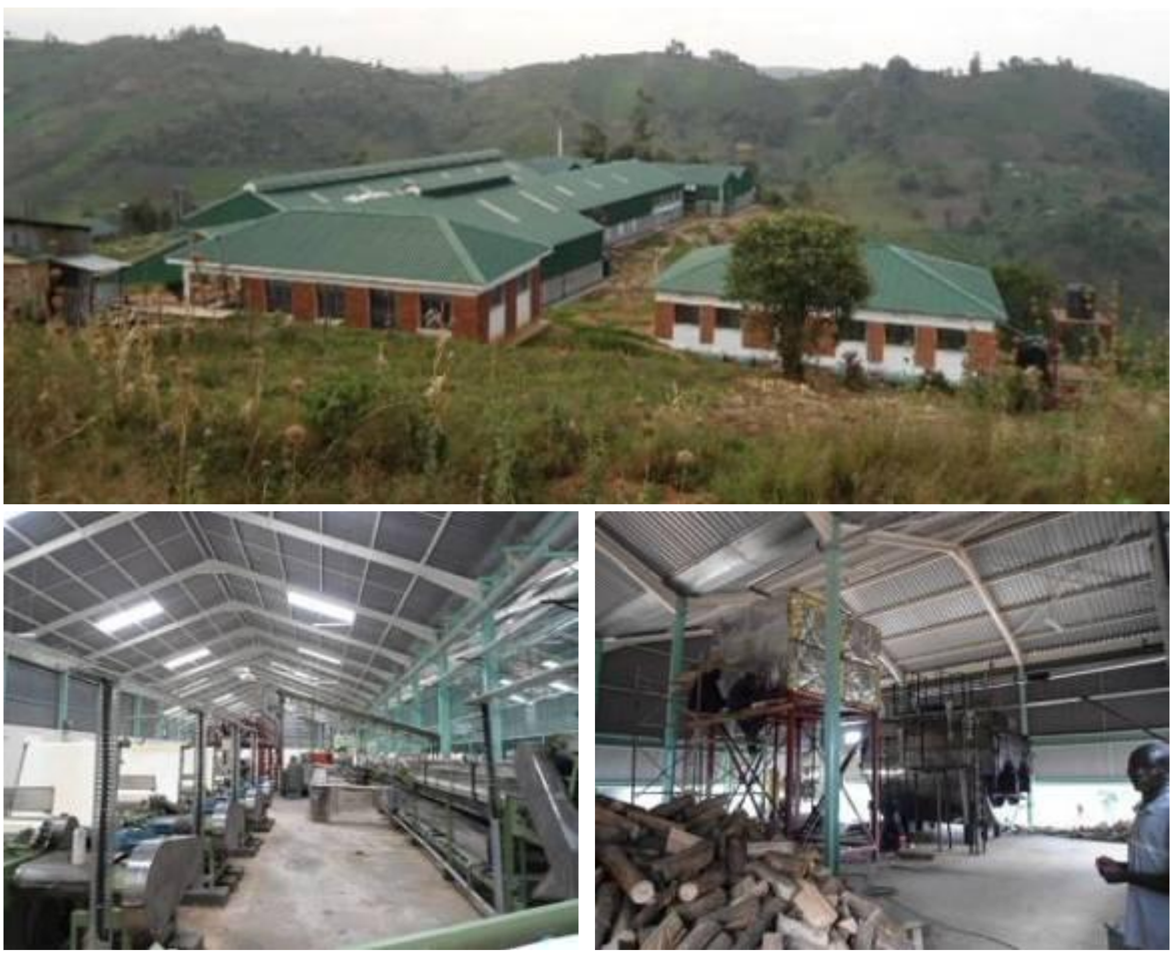
Overall physical progress was estimated at 90% with outstanding works on installation of equipment, external works including road works, compound, fencing, water works, drainage and sanitation, retainer walls had commenced and expected to be complete as soon as funds are released and variations approved. The production line had been installed, tested and tea processing had began in November 2011.

The guest house and the staff house (now under construction) are being financed by the promoter (Igara) in fulfillment of her obligation under the MoU. The cost of the works was Ushs 604,133,290. A total of Ushs.529.5 million had been paid (87.5% of contract sum). Civil works had stalled since November 2011 and resumed in March 2012 due to limited funds.

Figure 3.5.1: Overall Progress of works at Buhweju Tea Factory



Source: Field findings, IgaraTeaCcompany and Contractor



Above: Aerial view of Buhweju tea factory complex, installed processing line and final fishes on boiler tanks

Project Benefits

Increased prodcution: A total of 91,000kgs of green leaf has been handled since operationalisation. Daily production capacity is expected to rise to 70,000 kgs of green leaf once all equipment is installed.

Increased production area: By end of February 2012, the total planted area was 3,759 hectares (h) of which 2,217ha was in full production, 209ha had been newly planted and 491ha had been pruned.

Employment opportunities: A total of 6,537 farmers supply green leaf daily and are paid on a monthly basis. Prices are based on going market rates and farmers are entitled to advance payment.The factory directly employes a total of 83 workers, of which 58 are male and 25 females. Nine transporters signed contracts to collect and transport green leaf from farmer sheds to the factory for processing. Overall, small holder farmers are happy with this development.

Implementation challenges

- External works design variations have significantly affected the project costs and there is need for additional funds to complete the project. Major earthworks were required to get the factory buildings anchor on hard ground. As a result, high embankments were created that will now require retaining walls. This accounts for over 50% of the revised external works. Over Ushs 1.5 billion is required to accommodate the new designs.
- Over production; farmers who were urged to increase production way ahead of industrial take off, are currently harvesting excess green leaf than what the new line can process causing post harvest losses.
- Poor state of Bushenyi to Burere-Buhweju (40kms) has been a major obstacle to smooth transportation of materials and equipment to Buhweju Tea Factory. This situation has often been made worse by the rains making transportation of materials to the site more expensive and almost impossible in some cases.
- Environmental concern; The boiler requires use of 20cc firewood on a daily basis posing a challenge on the environment. The monitoring team was however informed that the project was planting trees on 200ha of land and providing tree seedlings to farmers in the region. In addition, lagoons for treating factory waste are not yet in place thereby releasing all factory affluent to the environment untreated.

Recommendations

- UNRA should plan to upgrade the Bushenyi-Burere road to bitumen standards. This will not only ease transportation of raw materials and finished products to and from the factory rather it will reduce on travel time, reduce dust emission to the factory as well as reduce road maintenance costs.
- The Ministry of Finance should ensure timely release of funds to facilitate completion of outstanding works to kick start full operations of the factory.

- The need to re-think usability and viability of a firewood driven boiler is important to ascertain efficiency, effectiveness and sustainability of this project.
- Attention should be paid on affluent disposal to avoid contamination of the community with hazardous waste.

3.5.4 Project 0978: Presidential Initiative on Banana Industrial Development (PIBID)

Background

The Presidential Initiative on Banana Industrial Development (PIBID) is a pilot project of the Government of Uganda premised on the theory that rural farmers with access to science-led-processing and value addition enterprises will be able to rapidly access profitable market chains that supply local, regional and international markets resulting into increased household incomes. The overall goal of the initiative is to kick start a pilot industry in banana value addition.

Project objectives:

- Establish benchmarks; build capacity for rural farmers in new production technologies and agronomic practices;
- Ascertain sustainable processing of quality market driven Matooke products;
- Link rural farmers to favorable micro-financing mechanisms;
- Establish reliable supply chain models linking farmers to profitable market outlets;
- Assess project impact on environmental sustainability and overall economic wealth;
- Transform the Bushenyi Technology Business Incubator (TBI) into a Banana Industrial Research and Development Centre (BIRDC);
- Promote entrepreneurship in private sector and training at public institutions through establishment of an Industrial Technology Park (ITP).

The project expected outputs

Construction of a state of the art rural based banana processing industry at Nyaruzinga-Bushenyi and Sanga- Kiruhura based on technology business incubator framework, a range of banana industrial –based products on the market, capacity building for market competitive banana production and value addition at all levels, irrigation scheme, research laboratories, power extension, road improvement and a hostel.

PIBID is executing two major infrastructure contracts including; construction of the main processing plant, renovation of office buildings, laboratory block, mechanical maintenance workshop, internal road works, fencing, security lighting and construction of a conference and resource centre at Nyaruzinga-Bushenyi on one hand and contraction of an irrigation scheme on the other hand.

The contract for Tooke processing plant was awarded to M/s Dott Services Limited in September 2009 at a contract price of UShs. 23.3 billion, where as implementation of the irrigation scheme was awarded to M/s Vambeco Limited at a contract price of UShs. 2.5 billion. The main construction of the processing plant which was originally phased into two was merged and is undertaken concurrently with a revised completion date of October 2011.

Financial Performance

The total approved budget for FY 2011/12 was UShs10.20 billion[69] of which Ushs 5.707 billion had been released and Ushs 5.702 expended as of 23rd April 2012 representing a release performance of 55.8% and 99.9% expenditure. Expenditures were distributed as follows: Capital development 47%, Salaries, Wages and Allowances 21.9%, Administrative costs 18.9%, and Research and Development 11.3%.


Polished floor of the main processing plant and final touches on the installed silos

Physical Performance

Q2 Budget Monitoring Report highlighted that planned activities under PIBID were experiencing cash flow shortages and works had been suspended due to unpaid certificates. During Q3 monitoring visit (14/03/2012), all planned civil works remained suspended except internal finishes at the main processing plant that is, electrical and water installations, and floor polishing. During the monitoring visit, the overall physical progress was estimated at 62% from 60% reported in Q2 of FY2011/12, against a revised time progress of 90%.

Delivery and installation of factory equipment: 80% of the machinery and equipment had been installed and tested. Two engineers were reportedly undergoing training in operations and maintenance of the installed machines.

Construction of hostel; Designs and BOQs for the hostel had been completed. MoES made a commitment to budget for activities related to this item in FY2012/13.

---

[69] MFPED: Performance contract Form A, July 2011

Marketing; Implementation of the marketing strategy was reportedly in progress, products were being marketed in Germany, Japan, Norway, Oman and USA. Market response was reported to be good for most products.

Irrigation Scheme; Construction of the irrigation scheme remained at 80% as the case has been for the past 15 months. Although the Contractor had accepted an out of court settlement, the agency was unable to pay outstanding certificates due to inadequate releases.

Agriculture research: Activity related to crop science research were going on.

Table 3.5.3: Status of PIBID Main contract outputs as of 14th March 2012

Item	December Progress	March Progress	Outstanding works/Remarks
Processing plant (production, milling and confectionary blocks)	80%	83%	At substantial completion. Ongoing activities include painting works, electrical and water fittings and floor polishing. Installation of key equipment including Dryers, Silos and bakery line 85% complete
Administration block	90%	90%	Work suspended.
Upgrading existing DFI structures (bakery block)	60%	60%	Work suspended
Conference/Resource centre block	60%	60%	Work suspended
Quality control laboratory	40%	40%	Work suspended
Construction of lagoons	4%	4%	Work suspended
Construction of a 100,000 water tank reservoir	95%	95%	Work suspended
Mechanical maintenance workshop	70%	70%	Work suspended
Shipment and installation of Machinery	65%	80%	Additional equipment shipped
Bio-fuel digester	2%	2%	No progress during the quarter
Fencing and security lighting	0%	0%	No progress during the quarter
Internal road works	50%	50%	Work suspended
Overall physical progress	60%	62%	Approximated % based on scope

Source: PIBID

Implementation challenges

- Inadequate releases: Out of the approved Ushs 10.2 billion budget for FY2011/12, only Ushs 5.7 billion (55%) had been released as of mid April 2012. This situation further complicates arrangements for out of court settlement of the case filed by M/s Vambeco and suspension of works by M/s Dott services. Most of the activities remained suspended by the main contractor due to inadequate funding and failure to clear certified works is likely to result into cost overruns as contractors will invoke the interest payment clause in their contracts.
- During the monitoring visit, it was observed that a number of plantations had been attacked by *Banana wilt* disease in the region which may affect supply once the factory starts processing.
- The water reservoir supplying the irrigation scheme remained incomplete
- Lack of a comprehensive post construction management plan. Without this plan, future project operations will be delayed.

Conclusion

The two contracts under PIBID have nearly stalled due to inadequate funding. The actual releases during the three quarters were not commensurate to the approved budget and outstanding obligations. M/s Dott services had an unpaid certificate and had suspended all works save for finishes in the main processing plant. Delays related to failure to pay cleared certificates were attracting interest.

Recommendations

- The project should be adequately funded and given the degree of commitment, The MFPED should endeavor to avail funds approved for this project during this Financial Year. Additional funds to meet the contractual obligations of the client should be provisioned to avoid cost overruns.
- The contractor should be asked to revise the work schedule so that some outputs are phased into the medium term expenditure framework.
- PIBID should start the process of acquiring management for the processing plant.
- MAAIF, MWE and UNRA should speed up implementation of the work plans related to PIBID to avoid further project delays.

3.5.5 Uganda National Council of Science and Technology (UNCST)

The Uganda National Council for Science and Technology (UNCST) is a Government of Uganda Agency, established by CAP 209, under the Ministry of Finance Planning and Economic Development. The Council is mandated to facilitate and coordinate the development and implementation of policies and strategies for integrating Science and Technology (S&T) into the national development process for "A prosperous Science and Technology Led Ugandan Society".

Strategic goals

1. Improve or streamline national science and technology policy environment to foster scientific and technological innovation.
2. Strengthen national system for research, product development, technology transfer and intellectual property management.
3. Increase public understanding and appreciation of science and technology
4. Strengthen the UNCST institutional research base and technical capacity

The planned out puts for FY 2011/12, include; land for establishment of science park and technology incubation center secured at Namanve, western, eastern and northern Uganda; a permanent science and technology center established at Mengo; construction of UNCST office premises completed; supervised implementation of 8 projects under the presidential initiative to support scientists.

Photos showing the Ushs 132 million UNCST permanent exhibition centre in Mengo

Physical progress

a) Construction of a permanent science, technology and innovation exhibition center at Mengo- Kivebulaya road: M/S Plan Build Uganda was awarded a contract to undertake this project at a revised contract sum of Ushs.132 million. Works commenced on 16th December 2010 and was expected to be completed by 16th May 2011. As of 21 March 2012, a total of Ushs.109 million (Original contract sum) had been paid. The project was due for handover by 31st March 2012.

b) Establishment of the National Science Park -Namanve; Five acres had been allocated to UNCST by UIA. A total of Ushs.94 million and one million had been paid to UIA as bid acceptance and surveying fees respectively. By March 2012, this land had not been surveyed by UIA in spite of receiving the fees. UNCST was in the final process of procuring a consultant to have this land surveyed and design architectural drawings for the incubation center. The park is expected to house six units namely; a training center, an innovation center, standard laboratory, exhibition center, auditorium, business center and earth observation center.

c) Regional Science Parks; It was reported that Gulu University, Mbarara University and Busitema University had shown interest in providing land to house regional science parks. UNCST was pursuing these offers as alternatives to procurement of private land.

d) Presidential support to scientists;

Table 3.5.4 Shows supported projects under Presidential Support to Scientists Grant;

Project	Principal investigator (PI)	Duration	Budget Ushs	Expenditure U shs
Integrated Banana Juice Factory in Uganda Project.	Dr.William Kyamuhangire	3 Years	900m	450m
Malaria prevention at household level using Artemisia annua-avocado seed powder-lemon grass blend beverage.	Patrick Ogwang	4 years	2.9bn	1.45bn
Intelligent Computer System for the Diagnosis and Treatment of Malaria.	Dr. Kiyimba Silver	4 years	2.3 bn	1.15bn
Fresh Vacuum Sealed Matooke (FREVASEMA) Research Project.	Dr. William Bazirake	4 years	1.34bn	1.2bn
The Ecology of Malaria Vectors in Uganda and Control based on Indigenous plant extracts and Larval Pathogens	Dr. Loius Mukwaya	4 Years	900m	450m
The Presidential Initiative Support to Appropriate Technology (PISAT) Project.	Dr. Moses Kiiza Musaazi	5 years	1.59bn	866.6m
Production and Industrial Application of PhytolaccaDodecandra (PD) to control vector borne diseases	Dr. William Isharaza	5 years	2.3bn	1.15bn
Total			2.3bn	1.61bn

Source: UNCST

1. Production and Industrial Application of PhytolaccaDodecandra (PD) to control vector borne diseases. (PI**,** Dr. William Isharaza)

The main objective of the project is to eradicate vector borne diseases caused by water snails through industrial production and use of *PhytolaccaDodecandra.* This Project is aimed at promoting use of a plant from *Phytolacc*aDodecandra natural molluscicide and larvicide to control vectors and a number of tropical parasitic diseases which affect man and live stock. *Phytolacca dodecandra* is a perennial tropical plant known as *muhoko or luwoko* among the Bantu in Uganda. Seeds from this plant are dried and grinded to form a toxic powder that kills snails causing bilharzias in humans and foot and mouth disease in livestock. UNCST purchased 172 hectares (ha) of land in Sanga-Kiruhura district at a total price of Ushs 370 million for purposes of setting up a plantation and demonstration gardens. In addition, two valley dams were constructed since the land is in a water stressed area, and a milling machine, an office block, a tractor and two pickup trucks were procured. It was reported that only 100 hectares are suitable for growing this plant. As of March 2012, 43 ha had been ploughed and 22 ha planted.

2. Integrated Banana Juice Factory in Uganda Project; (PI, Dr.William Kyamuhangire**)**

This project has the following objectives;

- To build a technologically viable commercial banana juice plant and refine the technology in Banana ripening chambers, mechanical juice extraction, juice processing and packaging,
- Learning centre for the private sector and replication for commercial units in the rural areas where bananas are produced.
- Use of science and technology to create goods and jobs.

It focuses on improving the traditional banana juice extraction technology, particularly improving the banana ripening, juice extraction, pasteurization, juice processing, packaging and promotion of the technological innovation. Laboratory tests have been completed and upgrading processes for commercial production of marketable banana juice was ongoing. A total of Ushs 450 million of a budget of Ushs 900 million has been spent on this project. The Principal Investigator was in contact with producers of specialized juice equipment and working on standardization of processes. The project is at a level of setting up a processing factory; however funds to undertake this activity are not available.

3. Malaria prevention at household level using Artemisia annua-avocado seed powder-lemon grass blend beverage; (PI, Mr. Patrick Ogwang)

This project aims at developing a beverage product (tea) for boosting immunity and prevention of malaria at household level using *Artemisia annua*-avocado –lemon grass blend. Evaluation of *Artemisia annua* and Lemon grass and combination thereof for malaria prophylaxis at three sites of Wagagai Health centre Entebbe, Kamukira Health Centre in Kabale and Anyara Health centre in Kabermaido was completed.

The team was informed that this 'tea' alone and in combination with lemon grass oil showed no serious adverse reactions or toxicity among the 405 study participants. The 'tea' reduced clinical malaria episodes by more than 30% and risk of multiple episodes by 55 %. Subsequently a value added beverage product was developed by combining extract of *Artemesia annua* and

Lemongrass plants species carried in Avocado base. The investigator was at a level of developing tablets, syrups and powder in addition to the beverage. All these products were patented and certified by UNBS, National Drug Authority (NDA) and The World Health Organisation (WHO).

Results included; reduced fevers and hospital visits. Laboratory tests were completed; these were done to confirm quality, safety and efficacy based on animal models. The final trial in community is awaiting availability of funds. The product is being marketed to schools and armed forces during the trial period.

4. Fresh Vacuum Sealed Matooke (FREVASEMA) Research Project. (PI, Dr. William Bazirake)

The main objective of the project is to establish ways of industrializing in a fresh form, the post-harvested banana fruit and its by-products.

Specific objectives include;

- Adding value to the matooke by prolonging Fresh Vacuum Sealed Matooke shelf-life and easing marketing locally and internationally,
- Reducing by 40% weight of the bulk burden of transporting matooke, hence reducing matooke waste (garbage) and their disposal costs in urban areas,
- Fermentation of biomass from banana wastes for fuel as biogas,
- Formulation of enriched livestock feeds, formulation of dietetic menus using matooke as a base,
- Utilization of biotechnology cultures to produce vinegar.

This project involves peeling of matooke, inactivation of spoilage enzymes using a conventional salt; it is vacuum sealed in food grade processing bags to guarantee the shelf life of up to a month under chilled conditions. The by-products (peels and stalks) in the project are used for biogas, vinegar, enriched animal feeds, organic manure and charcoal briquettes production.

The project covers the whole country and has a pilot plant in Mbarara district. The product has been distributed to local and international markets. Promotional batches have been sent to USA (Boston and Merryland) and UK; it is also available in UCHUMI, Shoprite and other supermarkets. During the Monitoring visit, it was reported that a food and drug licence had been obtained and certified by UNBS. This project also received a US$4 million grant from DANIDA under African Union Commission as a mark of innovation recognition in 2008.

So far, this project employs about 20 people, most of whom are females involved in Matooke peeling.

Challenges faced include; intermittent power, limited funds to procure necessary machines and fridges, unreliability of air transport; most aircrafts do not meet the required FREVASEMA refrigeration requirements resulting into losses and manual peeling of matooke which is time consuming.

5. The Ecology of Malaria Vectors in Uganda and Control based on Indigenous plant extracts and Larval Pathogens; (PI, Dr. Loius Mukwaya)

The ‘‘Larval Pathogens Project’’ is based at Uganda Virus Research Institute in Entebbe. Specific objectives include,

- Carry out survey of malaria mosquito fauna,
- Sample and identify mosquito species present, Colonize *Anopheles* mosquitoes for use in bioassays (standard biological experiments),
- Search for infected or dead larvae and soil debris from tree holes,
- Initiate and maintain an inventory of biological control agents for subsequent development and use in Uganda and East Africa,
- Search for plants with potential insecticide substances,
- Extract and evaluate potential of plant extracts,
- Test active extracts on non-target organisms. Conduct small field trials and train young mosquito specialists.

The research looks at the life cycle of the anopheles mosquito, how it feeds, lives and how it transmits malaria. Project sites include Fortportal, Kalangala, Kabale and Tororo. Breeding places of *Anopheles* mosquitoes are surveyed and mapped throughout Uganda. Adult female mosquitoes are also collected and infected larvae as well as dead mosquitoes are collected and carried to the laboratory for culturing and eventual bioassays to test for pathogenicity.

The normal larvae are reared to adults and identified using *polymerase chain reaction* (*PCR*) a scientific technique in molecular biology used to amplify a single or a few copies of a piece of DNA into several copies.

This is because some of the *Anopheles* mosquitoes are complex species: different species cannot be morphologically differentiated. Different media to culture bacteria and fungi are used. Positive isolates for bacteria are examined under a compound microscope for spore formers; it is these spores where toxins which kill mosquito larvae are stored. These toxins will eventually get extracted out when development starts. A genetically modified mosquito is immune to any particular malaria parasite and loses the ability to transmit the disease.

Key results include: The investigator was able to identify the different species of mosquitoes in Uganda and Africa and categorised them into 10 sub species for which he received recognition by World Health Organisation for his outstanding contribution to medical entomology and knowledge. Over Ushs 450 million shillings has been spent on this research for the last four years out of the Ushs 900 million budgeted for this project. The researcher has requested for time extension to December 2013.

6. The Presidential Initiative Support to Appropriate Technology (PISAT) Project (PI**,** Dr. Moses Kiiza Musaazi)

This project started in 2008 with the major objective of conducting research, develop and market appropriate technologies that are innovated by the project. It has eight major components; namely;

1. Interlocking Stabilized Blocks (ISB),
2. Rainwater Harvesting Systems,

3. Metallic Incinerator, Solar water Heaters,
4. Hybrid Cook-stove/ Water Heater,
5. Heat Storing Stove,
6. Light Emitting Diode (LED)
7. Low Power Lights,
8. MakaPads Sanitary Pads.

Appropriate Technologies (AT) that solves societal problems and helps create employment at local, small scale industries has been innovated. The AT are (i) Affordable Sanitary pads trademarked *'MakaPads',* these are already available at the local markets and have been certified by UNBS and World Health Organisation (ii) Portable metallic incinerators trademarked 'MAK I-V' tested in Mulago, Nsambya and Mengo hospitals among others (iii) Low cost Housing Technology including water tanks have been tested in IDP camps in Northern Uganda and Karamoja region. ISB are long lasting building blocks made of 95% soil and 5% cement. Buildings made with these blocks can last up to 50years. (iv) Hybrid Cook Stove (v) Light Emitting Diodes (LED) tested for re-chargeable lighting and energy saving bulbs (vi) Solar Water Heaters for domestic and institutional usage were piloted (vii) Mini Irrigation Technology is still under research as well as (viii) Granary Technology under testing (ix) Thin Shell Concrete Technology (x) Tablet Crusher and Divider Technology. Over Ushs 866 million of a budget of Ushs 1.59 billion has been spent on this five year project.

7. The Integrated Intelligent Computer System (IICS**) for the Diagnosis and Treatment of Malaria.** (PI, Dr. Kiyimba Silver)

The system links a medical doctor to a patient using a mobile phone. It's goal is to design and implement an easy to use computerized system that has the capability to capture and update malaria patient data in real time, perform accurate diagnosis, provide a platform for sharing data among health establishments, and also generate relevant patient and drug management reports through various methodologies. It is based on a conceptualized and developed computer model and prototype that medical experts could use as a state of the art in the diagnosis and treatment of malaria and other diseases that manifest with similar clinical symptoms. IICS project will enhance the already existing service delivery systems by improving access to malaria diagnosis in established health facilities that have no medical doctors, improve on the supply chain management systems and help monitor drugs issued to health facilities and how they are used.

The IICS project will now test the following hypotheses:

a. **Stock-outs in health centres especially those categorised by MoH as Health Centre (HC) IVs, HC IIIs and HC IIs reduced significantly if:**
    i. Proper stock management through regular updating of stock cards is enforced at all health facilities.
    ii. The ordering of drugs is based on historical disease burden for a specific geographic area or health facility.
    iii. Correct diagnosis of malaria the biggest killer disease in Uganda is carried out thereby resulting into issuing of right prescription, if drugs are prescribed after perfoming reliable diagnosis

iv. There is a mechanism for monitoring patients that are currently on treatment. This can help in counteracting multiple issuing of drugs to the same patient who is still on treatment prescribed in a different health centre.

b. Misdiagnosis of diseases that share the same symptoms with malaria reduced and the right drugs dispensed if:

i. Health workers especially those at HC IIIs, and IIs are availed with reliable and always available expert knowledge for diagnosing malaria and other diseases that share the same symptoms with malaria

c. Drug mismanagement and misappropriation reduced if:

i. Transparence into how drugs are prescibed and dispensed at individual health facilities is created.

d. Enforcing regular attendance of health workers at their place of work

i. Health worker's attendance is recorded on daily basis

ii. Enforcement of signing in by health workers at randomly selected time intervals to ensure that health workers do not leave their posts during working hours.

This project was re-scoped in July 2010, after a midterm review carried out in June 2010 in four districts namely; Apac, Kasese, Kiruhura, and Sironko. It was noted that although 320 people die of malaria on a daily basis mainly beacuse of abundance of anapheles mosquitoes carrying plasmodium parasites around people's homes; abseteeism from work by health workers; unsuitably skilled health workers that are unable to diagnose malaria correctly; frequent stock-outs of essential medicines especially anti malarials, and medical supplies; very low numbers of medical doctors within the national health service system equally compound the problem. Inclusion of these issues was envisaged to contribute towards the following;

1. Access to malaria diagnosis that is accurate leading to right treatment
2. The management and monitoring of drugs in order to reduce on stock-outs
3. Monitoring of attendance of health workers at their posts of duty and the enforcement of supervision of health facilities by district health officials.

This system will contain two main components namely, the Central Control System(CCS) and the Personal Digital Assistant **(**PDA) integrated in order to realise the solutions enumerated above.

The Central Control System (CCS)

The CCS will be a complete data control and management system which links the information and resources contained at the Project Headquarters to the individual stakeholders like the National Medical Stores, The Medicines & Health Services Delivery Monitoring Unit, Joint Medical Stores, Ministry of Health Headquarters, District Health Officers (DHOs), among others. The Central Control System will be designed to facilitate the collection, storage and transmission of data within the overall system. The most unique feature of this system is that it will contain automated facilities that enable the manipulation and utilization of data for specific tasks at the PDA health facility, DHO's office, and village level and at other stakeholders' level. It will enable production and manipulation of statistical data received from the remote devices that enables staff at the Ministry of Health, National Medical Stores (NMS), Medicines and

Health Services Delivery Monitoring Unit, Joint Medical Stores (JMS), National Drug Authority (NDA), District Health Officers, etc. to handle data that is already processed based on their individual requirements.

The system will allow:

- Collection of specific data at village/town level via PDA's e.g. patient data, health workers attendance records, outbreaks of diseases
- Mass storage of data
- Transit of data between Ministry of Health systems, all other stakeholders and the PDA system
- Access to specific applications at PDA level (e.g. Malaria diagnosis system, drug administration system)
- Direct communication between Central Control System and the telephone based advisory services (when this component is added to the system).

The Personal Digital Assistant (PDA)

A specially configured PDA hardware for this project is being assembled by SHARP®. The PDA system will be the main deployable platform for the Malaria diagnostic tool – The *Malaria Xpert System* and other software systems mentioned hereafter. For this system, PDAs will be distributed to specially selected individuals within communities, health Centres, hospitals, drug stores, private practices, etc. within the pilot districts. These individuals will receive full training on the use of the PDA and the responsibilities attached to them. The PDAs are expected to have a dual function; data collection devices for the CCS and platforms on which to run the *Malaria Xpert System* application as well as other applications.

The data generated and collected from the PDA will be sent to the Project headquarters from where it will be transmitted to other stakeholders.

The PDA system will be composed of a number of software systems namely;

- The malaria Xpert System
- The stock control system
- The PHC fund management system
- The drug prescription and dispensing system
- Drug and supplies ordering system
- Health workers attendance recording system
- Short Messaging System (SMS)
- Biometric information capture system

The CCS and the PDA System will communicate through direct and indirect links to mobile and at times non mobile devices using General Packet Radio Service (GPRS). The purpose of GPRS is to transmit and receive data in real time thus treatment notes, prescription and data collected at health centers will reach the Project headquarters on a daily basis from where stakeholders will be able to tap into this information. In addition the system will have an inbuilt capability to automatically refer a patient to an appropriate level of advancement management and care when necessary.

Other services like automated blood sample analysis; will be investigated and implemented later on during the life of the project. The project started in February 2010 and will be completed in January 2013.

e) The Millennium Science Initiative (MSI) Project

The Millennium Science Initiative Project's development objective is for Ugandan universities and research institutes to produce more and better qualified science and engineering graduates, and higher quality and more relevant research, and for firms to utilize these outputs to improve productivity through enhancing Science and Technology-led (S&T) growth.

Table 3.5.5 .MSI Project Description

Approval Date	**25-May-2006**
Closing Date	31-Dec-2012
Total Project Cost-US$ millions	33.35
Major Sector (Sector) (%)	Education (Tertiary education) (65%)
	Public Administration, Law, and Justice (Central government administration) (29%)
	Industry and trade (Other industry) (6%)
Themes (%)	Improving labor markets (20%)
	Education for the knowledge economy (40%)
	Other financial and private sector development (40%)
Borrower/Recipient	Government of Uganda
Implementing Agency	Uganda National Council of Science and Technology

Source: UNCST

The project is expected to;

- Build experience within the GoU for managing a national science funding facility according to international best practice.
- Help make it possible for Uganda to achieve, within 10 years time, the targets of the National Council for Higher Education of one-third of tertiary enrollment in S&T disciplines, with all tertiary students getting exposure to some science.[1]

- Train an increasing percentage of the national S&T workforce domestically in programs that produce qualified Bachelors, Masters, and Ph.D's in areas of relevance.
- Increase the private sector absorption of both people and knowledge, creating greater competitiveness and new areas of comparative advantage.
- Support strengthening of institutions and policies for the continuous development

The project consists of 5 components and grants were being released in three rounds:

Component 1) the MSI funding facility, was providing competitive-award grants through three different windows, each dedicated to a specific purpose.

- Window A) funds research groups led by senior researchers or emerging investigators to conduct relevant, high-quality scientific and technological research closely connected to graduate training.
- Window B) funds the creation of undergraduate programs in basic science and engineering at licensed public and private institutions and/or the rehabilitation and upgrading of existing degree programs in basic science and engineerin, and
- Window C) supports private sector cooperation.

USD 20.3 million (80% of the release) was spent on this component.

Component 2) Supported Outreach Program- this included school outreach programs, and national science week among others. This component involved institutional strengthening, monitoring and evaluation, and policy studies. USD 1.2 million (5% of the release) was spent on this component

Component 3) Strengthen key scientific institutions such as the Uganda National Council of Science and Technology, Uganda Industrial Research Institute (UIRI) through infrastructural development including a permanent home for UNCST(project contributed two floors and GoU one floor); provision of equipments, refrigerated trucks, training of new staff among others. USD 761,727.5 thousand (3% of the release) was spent on this component.

Component 4) Technical steering committee; experts from other countries including UK, Brazil, Kenya, Tanzania and Uganda were involved to study Uganda's environment and advise on optimal use and benefits of the MSIs. USD 50,781.3 (2% of the release) was spent on this component.

Component 5) Operation costs of UNCST, USD 761,727.5 thousand (3% of the release) was spent on this component

Financial performance

Grants under round 1 and 2 had been disbursed, some grants under round three had been released and others awaiting successful implementation of the agreed milestones. ***Note***: All grants must be disbursed before the 31st day of December 2012 when the project ends.

By 31 December 2011, the 30 million dollar project had received a total of 25,390,917.10 USD from the World Bank (84%) of the total budget. GoU released Ushs.3.3 billion as counterpart funding. 80% of the GoU funds had been expended on construction of the 3rd floor of UNCST building while the rest was used on procurements of vehicles and other recurrent expenses.

Physical performance

Forty research projects were awarded of which 80% went in the agriculture sector; the rest were awarded to academia, ICT and bio-systems engineering, pharmaceutical industries and textile engineering. During the monitoring visit, it was observed that most of the research studies and analysis were still ongoing.

Implementation challenges

- Continuity and Sustainability of the MSI: Sustainability and management of research results remains a mystery to the implementing agency. No funds have been committed to this cause after the World Bank funding in December 2012.

- Prioritization of Scientific studies in the national budget: It was observed that GoU hardly prioritizes funding for scientific studies to inform policy decision. Nearly all research funding for S&T comes from external sources as grants or credit. This does not only make the activity unsustainable but compromises research driven policies for national development.
- Lack of adequate S&T infrastructure encourages one sided expansion of arts/ humanities undergraduate programs, resulting in dwindling intake for S&T courses and a general lack of interest and focus on S&T.
- The universities and the general tertiary system, either public or private, lack strategies to improve conditions for research.

Recommendations

- Having spent over USD 26m on the MSI projects, special efforts should be made to use the results of the studies in GoU development programmes and policies.
- Government of Uganda should prioritize funding of science based studies and allocate a specific budget to facilitate continuity and management of research results.
- Government should deliberately sensitize the population with a view of changing the mindset of trainees in tertiary institution to opt for science and technology based courses as a core strategy for addressing unemployment and providing employable skills.

3.5.6 Ministry of Trade Industry and Cooperatives (MTIC)

Introduction

Under the MTIC, two development projects were monitored during the quarter, that is; One Village One Product (OVOP) under the department of Industry and Technology and Ware House Receipt System (WRS) under the department of Cooperatives.

1. Project 1164: One Village One Product (OVOP)

Background

One Village One Product Program (OVOP) is a community -centered, and demand-driven local economic development approach initiated by Oita Prefecture in Japan in the 1970s. It was introduced in Uganda in 2008. The OVOP concept was designed as a community based approach through which local resources would be utilized to promote production, processing and marketing of both products and services. The schedule of program implementation involves identification of the model enterprises, physical assessment of the selected enterprises, awareness creation on the OVOP programme and then providing relevant interventions to address the identified challenges.

The uniqueness of the approach is the intention to achieve regional economic development by increasing incomes and wealth for Ugandans through; value addition to local resources, human capital development, and provision of unique services and marketing of the products. It aims to achieve One Village One Product production systems countrywide based on comparative advantage and economic use of resources.

Major Objectives of OVOP Program

The overall objective of the programme is to promote the production, processing and marketing of local products for wealth creation. The specific objectives are to:

1. Promote establishment of production networks/clusters within the country.
2. Promote value addition to local materials and products of comparative advantage at community level for social economic transformation
3. Reduce post harvest losses from the current 40% to 10% by 2014
4. Develop human capital and entrepreneurial capacities amongst the participating communities.
5. Strengthen partnerships and linkages between Government, private sector and the donor community
6. Create and strengthen market clusters for OVOP products

Expected Outputs

- Increased production networks/clusters within the country.
- Increased volume of local production

- Increase number and volume of locally processed products
- Reduced post harvest losses
- Community human capital and entrepreneurial capacities developed
- Marker for OVOP products created and/or strengthened through clusters.

Selection Criteria of OVOP beneficiary groups:

The OVOP technical teams in collaboration with district commercial officers identify model enterprises, followed by a physical assessment exercise that critically analyses the following issues;

- The challenges and gaps within the selected cooperative groups and discuss the possible areas of intervention
- Availability of Business Plans in the selected model groups:
- The availability of raw materials and their quantities for value addition.
- The specific value addition activities that the selected model groups are engaged in and their products or services.
- The level of group management and membership; and for groups that are not registered as cooperatives, they are encouraged to do so for ease of mobilization of financial resources.
- The availability of processing facilities
- The type of processing equipment needed to improve the product quality.

After a thorough physical assessment exercise, model enterprises are selected based on the following factors:

- The level of community empowerment by the enterprise
- The market potential of the products
- Gender balance within the group
- Level of leadership within the group
- The level of sustainability within the group
- The level of creativity within the group

Project Duration

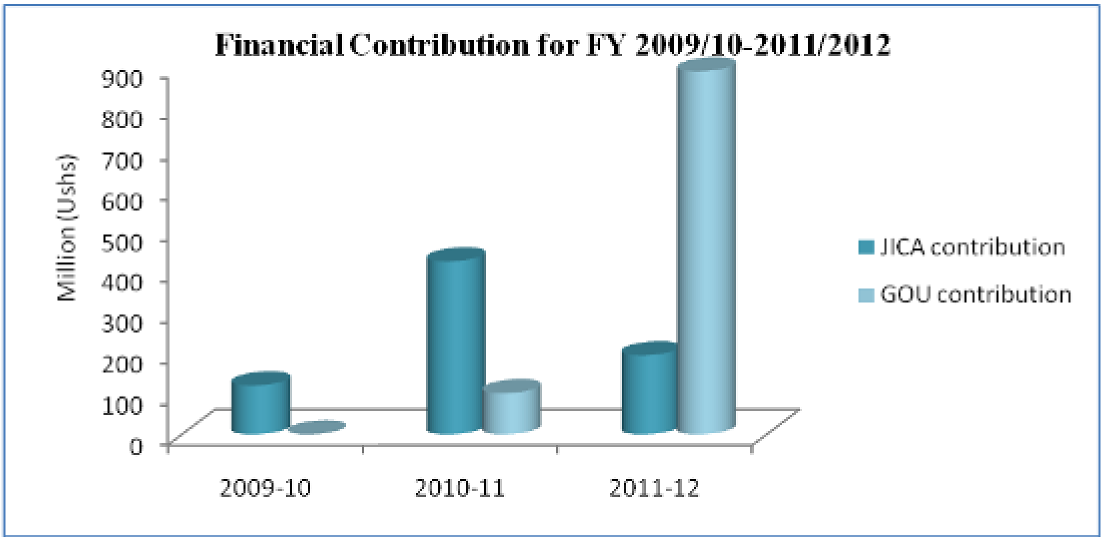
This project commenced on 1st July 2009 (FY2009/10) and is expected to end by 30th June 2014 (within 5years). Three districts were selected for the pilot phase namely: Bushenyi, Masaka and Soroti. All the pilot districts were split during FY 2010/11 thus expanding to the newly created districts of Kalungu, Mitooma and Serere.

Findings:

Financial Performance

This project is jointly funded by Japan International Corporation Agency (JICA) and Government of Uganda. As of 30th March 2012, a total of Ushs.736 million had been contributed by JICA since project inception. JICA funding took care of training programmes for 17 Ugandans in Japan, Kenya and Thailand; JICA experts costs, volunteer costs and purchase of machinery and equipment to four farmer groups. MFPED counterpart funding budget was Ushs.100 million during FY 2010/11.

Figure 3.5.2: Funding Contribution from JICA and GoU for FY2009/10-2011/12



Source: OVOP Draft Evaluation Report 2012, and IFMS data

The GoU counterpart funding was used for setting up an OVOP secretariat, secretariat employee costs, and other operational costs such as fuel and allowances. District local governments provided office space for volunteers and engaged production officers and commercial officers in each of the selected district in implementation of the program. During FY 2011/12, Ushs.852 million was budgeted for the OVOP project of which Ushs 405,212,001 had been released as of Q3 representing a release performance of 47%.

Ushs 262,503,949 (64.7% of the total release) was transferred to an autonomous body (*Production Cleaner Centre)* with no reported outputs. According to the MTIC work plan, Management Training and Advisory Centre (MTAC) was to coordinate activities related to *Production Cleaner Centre (assumed recipient of the funds)*, however, a field visit to MTAC revealed that no such activities had been planned and no funds were received to that effect. Similarly, the implementing department of Industry and Technology was not aware of the activities of the recipient. Efforts by the monitoring team to trace and get detailed information on activities of the body were futile.

Physical Progress

1) Pilot Phase Performance (2009-2011)

Four groups received fully installed processing equipment, that is, rice processing equipment (huller) to Kiyanga Rice Growers Association in Mitooma district, maize milling units to Gunjuka Okulakulane in Kalungu district, Labor Progressive Cooperative in Serere district, honey processing equipment and gear to Bushenyi Farmers and Bee Keepers Association Kyamuhunga in Bushenyi district. This equipment was provided on a cost sharing basis between JICA and the beneficiary groups. Technical assistance was also provided through training in value addition and business management skills among others. In addition JICA attached Japanese Volunteers to each district. (Detailed information on two groups monitored during the quarter is presented in the next sub section). It should be noted that the BMAU Q2 report of FY 2010/11 covered the other two projects in Bushenyi and Soroti districts.

i) Kalungu District-Gunjuka Okulakulane Farmers Group

Located in Kiwumulo Village, Lwabenge sub-country, Kalungu district, Gunjuka okulakulane is a 37 member cooperative society that began its operations in FY 2009/10 as a farmers group. 54% of the members are female while 46% are male. This group received equipment for milling maize, technical training and sensitization covering project proposal writing, value addition and business management skills from the OVOP secretariat. Members contributed a piece of land and a building where the equipment was installed.

On average a total of one ton of maize is processed daily, this can increase to two tonnes whenever neighboring schools make supply orders. According to the group Chairperson, OVOP support enabled the group to register as a cooperative society and production of maize among members in the area had generally increased. A focus group meeting with some members was convened during the monitoring visit and they reported the various benefits (Box 3.5.1).

A maize mill operator explaining the milling process to the monitoring team; Solar panels on houses bought from proceeds of OVOP project by members in Kalungu District

Box 3.5.1: Benefits of OVOP project to Gunjuka Okulakulane Members

Benefits

- Increased and improved quality of maize produced; after training in better agricultural practices
- Increased income through increased market prices; Maize flour prices have tremendously increased from Ushs. 500 to Ushs.1200-1800.
- Employment opportunities; a number of agricultural related jobs most of them related to maize by-products were created for example 17 members opened up piggery projects, 5 members were reportedly involved in poultry farming, 13 female members had bought cows, all using maize bran from the project.
- Improved standards of living; It was reported that all group members have their children in school and can afford basic health care facilities at a fee. 10 of the members had purchased additional land (all male), 27 members had acquired solar energy for lighting in their homes.
- Increased savings; every member is required to save between Ushs.1000 to 5000 weekly. This money is collected every Friday and attracts a 2.5% interest per month.
- Environment conservation; energy saving stoves were replacing ordinary use of firewood amongst group members in a bid to conserve the environment.
- Functional Adult Literacy (FAL); All members successfully under took adult literacy classes; they were examined and issued with certificates. Other groups have adopted this program in Kalungu District.
- Improved record keeping; all members keep and update their records on income and expenses regularly.
- The project attracted investment in maize value addition with more people starting maize milling projects in the sub county.

ii) Kiyanga Rice Growers Association- Mitooma District

In a sub county where 60% of the population grows rice, Kiyanga sub country was assessed as the most suitable area to support OVOP project in greater Bushenyi. After the split of Bushenyi district into five other districts, the sub county is now part of Mitooma d istrict. This group was formed in FY 2005/06 with 15 members. Today, the group has 197 registered members of which 67 are male and 130 female.

The group received a rice hulling unit, weighing scale, building materials including iron sheets, cement, nails and timber. Group members provided land on which the processing house was constructed, labor, bricks, sand and water for construction.

By the time of the monitoring visit on 13th March 2012, the unit was not operational due to a mechanical problem. The group chairperson reported that the unit shaft and rubber rollers had consistently malfunctioned. Prior to this, the group could only process between 50kgs -100kgs of rice a day. The monitoring team was informed that although some parts had been replaced by the supplier through JICA, the association had spent a total of Ushs.1.2 million on repairs and maintenance of the equipment; however, the same problem was unceasing.

Members of the group were happy about the project and noted that rice production had increased due to introduction of better varieties and application of better agricultural practices such as better planting, use of fertilizers and harvesting techniques.

"If the machines did not develop inoperable mechanical problems, we would be making profits and sustain this facility without a hustle, our plan was to invest the proceeds into expansion and improve the quality of our products" said Mr Byarugaba Francis (member of the group executive).

Building housing rice hurler (right) donated by JICA to Kiyanga Rice Growers Association

According to the group chairperson, increased production of rice had attracted three private investors in the area who had each set up a rice hulling unit. He noted that each of the processing units can hull two metric tonnes a day.

"With only 100kg a day, we cannot compete or even recover the overhead costs; we had to suspend business until the problem is solved". This notwithstanding, the group reported some benefits.

Box 3.5.2: Benefits to Kiyanga Rice Growers Association

- **Increased product value**; A kilogram of hulled rice is sold at Ushs.2500 compared to less than Ushs 1000 for unprocessed rice.
- **Increased production**; Increased from 1.5 tonnes to over 4-5 tonnes per member per season.
- **Market**; With better varieties of rice grown and training, members are able to have better graded rice that favorably compete on the market and attract better prices.
- **Improved well being**: A number of members registered improvement in their well being and are able to save some money from rice production. Savings are used to acquire assets such as solar panels, motorcycles and construction of new houses roofed with zinc sheets.
- **Environmental conservation**; In order to conserve the environment, plans were underway to make briquettes from rice husks. This will provide additional revenue to the project and beneficiaries.

Challenges

The above benefits notwithstanding, the groups are facing a number of challenges and these include;

- Absence of storage facilities/warehouse receipt systems to guarantee better prices to farmers during bumper harvest. Members had increased production; however without organized storage to absorb bumper harvest shocks, many farmers will be de-motivated to increase production in future.

- Poor handling and poor packaging materials; products are manually packed in sacks without any guidelines/standards on grading, sorting, cleaning, drying, etc. This not only compromises prices, but affects quality and marketability of products beyond the local communities.

- Lack of technical capacity to maintain and repair supplied equipment. The OVOP project provided highly specialized equipment to the four groups with limited or no spare parts on the Ugandan market making it difficult for rural farmers' groups to maintain the equipment in case of break down.

- Limited saving culture among group members thus limiting operations, growth and project sustainability. During the pilot phase, major maintenance works on equipment was taken care of by JICA in some cases the provided facilities would close for more than four months until the intervention of the donor.

- Competition: After the take off of the projects, local investors have joined in and started maize milling and rice hulling projects. It was observed that local investors were having very competitive prices and easy to maintain equipment. Further still, decisions are easily made as compared to group projects.

- Seasonality of crops supported and low profits from rice compared to other products like brewing waragi and matooke which was said to have regular harvests and attracting more profits than rice in Kiyanga Sub County.

- Abrupt change of OVOP model: Under phase two of the OVOP project, the pilot districts and projects are not supported, in spite of the knowledge base generated, the overall OVOP model was changed leaving out local government participation.

Overall, phase one of the project performed well save for some challenges. It is therefore ideal to support the flagship projects in the three pilot districts to a level where they can be self sustaining.

OVOP Phase Two Implementation

Phase one of this project was completed during FY 2010/11. During the third quarter monitoring visit, the OVOP secretariat was finalizing the evaluation of the first phase. For FY2011/12, the Ministry of Trade Industry and Cooperatives (MTIC) had an approved budget of Ushs.890 million of which 405 million had been released as of 27th February 2012. Phase two covers the districts of Arua, Serere, Kumi, Kayunga, Kamwenge, Kabale, Kisoro, Mbale and Kapchworwa.

Findings

Table 3.5.6: OVOP Revised Budget and Receipts as of Q3 FY2011/12

Item	Revised Budget	Quarter 1	Quarter 2	Quarter 3	Total Receipts	% Release of revised budget
Employee costs	11,612,236	2,903,058	382,385	2,236,762	5,522,205	0.65
Goods and Services	283,305,000	70,826,231	9,329,101	54,569,540	134,724,872	15.8
Grants and transfers	552,000,000	137,999,962	18,177,103	106,326,884	262,503,949	30.8
Fixed assets	5,175,000	1,293,750	170,410	996,815	2,460,975	0.29
Total	852,092,236	213,023,001	28,058,999	164,130,001	405,212,001	47.5

Source: MTIC

Employee costs include: allowances, welfare and entertainment, while Goods and services consisted of telecommunication, travel inland, fuel, lubricants and oil, workshops and seminars, consultancy services, advertising and public relations, general supplies of goods and services; Grants and transfers cover payments to subventions while fixed assets cover machinery and equipment.

Deviation from Strategic Plan: According to the MTIC Ministerial Policy Statement for FY2011/12, the project is to support Management Training and Advisory Centre (MTAC) specifically; 20 enterprises involved in resource efficient and cleaner production; 10 enterprises certified in environmental management, awareness in food safety life cycle, eco-labeling, eco-design and production innovation, occupational health and safety corporate social responsibility, equipping of OVOP office with one desktop computer, laptop, mobile internet and stationery among others. The bulk of these activities are not in line with the OVOP strategic plan. In addition, field findings showed that MTAC has not benefited from any releases related to this project.

The implementing department reported that unlike the original model which supported value addition equipment and training of group members with substantial funding from JICA. Phase two covers provision of skills in business development; technical training in value addition, and linkages to markets within districts and beyond; product development and quality improvement; and linkages with financial institutions for capital investments. Implementation was at the initial stages.

Allocative efficiency and involvement of district Local Government: Additional changes were made from selecting enterprises through the district local governments to assisting existing enterprises with viable project proposals. Therefore resources provisioned and spent under this phase of the OVOP development project are 100% spent on re-current activities in form of workshops, fuel and field allowances. It was further observed that the composition of some training teams from the Ministry lacked technical competences to undertake value addition skills training.

Virement of released funds to other departments without authority: On analyzing the releases against the overall budget to the department of Industry and Technology (both re-current and development) the team noted a number of deviations from the work plan. The department of Finance and Administration (F&A) in the MTIC without any consultations suppresses activities of other departments by charging funds released to them per quarter.

For example, out of the Ushs 92,559,571 released to the department of Industry and Technology in Q2, Ushs 72,478,642 was committed to activities of F&A leaving a balance of Ushs 20,080,930 to the user department. In Q3, out of the release of Ushs 34,347,455, Ushs 25,347456 was committed by F&A and only Ushs 9,000,000 was available for the departments' recurrent expenses over the quarter. The department could not undertake planned activities as released funds were vired to activities of another department.

Overall challenges

- Diversion of funds from intended OVOP strategic activities: 75% of the development release was transferred to production cleaner centre whose activities are neither in the work plan nor related to OVOP project.

- Inadequate funding: GoU funding to this project is very limited to make meaningful implementation of value addition ventures. Under phase two, projects implemented in phase one were not considered for additional support.
- Participants in the OVOP project had higher expectations than what they received, for example in Kiyanga sub county Mitooma district, the proposal covered rice grading, rice packaging and a de-stoner which were not provided under the JICA funding.
- Maintenance and Repair of equipment: Although JICA organized a series of trainings covering technical aspects of equipment. The recipients hardly grasped the techniques. Being the rural communities that they are, it is not easy to access local technicians, moreover the equipment technology was said to be superior to the common technology of similar projects.
- Inadequate skills in the following areas: Business Management and Value Addition, Packaging and Product Labelling; Business Plan Development. Although the pilot phase provided for provision of the above training modules, members were still far from fully understanding the concepts, there is therefore need for constant re-tooling of participants to a level where they can continue by themselves sustainably.
- Lean staff structure to effectively supervise OVOP activities by the ministry and Local governments.
- Limited linkages with other GoU agencies and programmes that promote value addition such as NAADS, NARO, Uganda National Bureau of Standards and Uganda Industrial Research Institute.
- Limited access to business incubation services for product development and lack of product certification for most of the supported groups. The project has not covered the entire value chain. For this project to have model groups, product value chain should be supported.
- Failure to undertake activities outlined in the OVOP strategic plan translating into failure to achieve expected outputs. A number of activities had been scheduled to commence during FY 2010/11, these included; facilitate quality improvement and certification of OVOP products by UNBS, promotion of OVOP products in media: TV, Radios, news magazines among others and creation of a website for OVOP programs. All the above were not undertaken as scheduled.
- Change of implementation model: implementation of OVOP phase II had commenced amidst evaluation of phase I. This therefore poses a challenge on validity of phase II policy actions not being informed by evaluation findings.

Recommendations

- The Auditor General should undertake a forensic technical audit of the project to establish the actual expenditures, relevancy and sustainability of OVOP project.
- There should be a clear understanding between GoU, JICA and recipient groups on project sustainability. Implementers should take over all project costs as soon as the agreed modalities are fulfilled.
- Group members should be rigorously re-tooled with skills in project management and technical skills in maintenance and repair of supplied equipment. Simplified user manuals

should be prepared to provide operators with an opportunity to refresh their minds with machine operations.

- In future, baseline surveys should be conducted before interventions to ascertain the impact of the intervention to the beneficiaries.
- Uganda Development Bank should be recapitalized and mandated to extend loans to successful model farmers at favorable interest rates.
- Institutional linkages should be strengthened; NAADS, UIRI, UNBS, districts focal personnel, MTIC, MFPED, MoLG, development partners and NGOs should work together effectively in monitoring and implementation of the OVOP project.
- Based on the preliminary evaluation report, the OVOP strategy and pilot phase were largely successful; change of model without a guiding strategy is very unlikely to yield any benefits. The ministry should stick to the existing strategy which has been tested. The bottlenecks in the strategy can be corrected through strategic review.
- Groups should be encouraged to provide central storage facilities for their produce, through these groups; the ministry can test warehouse receipting operations.

2. Project 1203: Support to Warehouse Receipt System

Background

The Government of Uganda has undertaken a number of interventions in the agriculture sector under various programmes such as Plan for Modernization of Agriculture (PMA) and NAADS, which have led to increased agricultural production among small holder farmers. However, household incomes have remained very low due to inadequate marketing systems.

Uganda's grain sector experiences post harvest losses of 20% to 40%. The statistics from UBOS, over the years, show that Uganda produces between 700,000 – 800,000 metric tones (MT) of grains and pulses. However due to a long drought spell that lead to poor harvests over the years, the country has faced food shortages and increased food prices.

Lack of adequate storage capacity, currently at 33,900 MT, to hold food reserves, is one of the main reasons of price fluctuations even when bumper harvests are realized. This can partly be addressed through a price discovery mechanism, collateralized financing which would be supported by a vibrant commodity exchange using the Warehouse Receipt system (WRS)[70].

A warehouse receipt is a document of title that shows you the quality and quantity of a commodity that is stored in a licensed ware house. In Uganda the ware house receipt is an electronic document. Section 6 of the Warehouse Receipt System Act, 2006 empowers Uganda Commodity Exchange (UCE) to perform warehouse regulatory functions stipulated in the same act and warehouse receipt system regulations, 2007[71].

[70] Ministry of Finance, PED: Public Investment Plan FY2011/2012-2013/14

[71] Warehouse Receipt System Act, 2006

Objective(s)

The main objective of the project is to increase storage capacity, value addition and develop a sustainable marketing system of agricultural commodities that will contribute to income enhancement of the small holder farmers.

Specifically the project will:

- Improve the quality and capacity of agricultural storage facilities
- Promote the Warehouse Receipt System (WRS)
- Promote the trading of standardized and value added agricultural commodities in Uganda, and
- Support the regulatory function of Uganda Commodity Exchange (UCE).

Expected Outputs

- 10 warehouses constructed and equipped to increase storage capacity to 50,000 MT
- 5 warehouses refurbished and equipped to further increase storage capacity to 10,000 MT,
- 180 cooperative stores refurbished and equipped to give a storage capacity of 18,000 MT,
- Increased quantity of agricultural commodities stored by farmers,
- 22,000 cooperative members trained in WRS, entrepreneurship skills, cooperative business management and governance, and collective marketing
- Farmer incomes increased due to trading in standardized, graded commodities,
- Increase in domestic and regional trade,
- A mechanism to implement price stabilization is established,
- A transparent commodity price discovery mechanism in place,
- Access to commodity financing using warehouse receipts system

The project comprises of 3 major activities, that is;

1) Ten (10) warehouses, with a storage capacity of 50,000 MT, were planned to be constructed and equipped in the districts of Kibaale, Arua, Kamwenge, Nakaseke, Isingiro, Adjumani, Kamuli, Mubende, Mbale and Kiboga. Selection of these areas was based on production figures obtained from the Uganda Bureau of Statistics.

2) Five (5) warehouses, with a capacity of 10,000MT, were to be refurbished and equipped to supplement those to be constructed. These will be located in Tororo, Soroti, Masaka, Mityana and Hoima.

3) 180 cooperative stores refurbished and equipped to enable the bulking of commodities, promote collective marketing and value addition. The feeder stores were envisaged to improve post harvest handling at farmer level. Startup kits for standards observance such as moisture meters, weighing scales, shellers, sampling spears, sorters, and others were to be procured and supplied to the feeder stores to ensure quality standards of the commodities.

Box 3.5.3: How warehouse receipt systems work?

- Warehouses have adequate space to keep a number of goods /products in proper order. Adequate space allows protection of goods/products from loss or damages as a result of heat, moisture and pests.
- Appreciation and confidence in warehouse receipting system; farmers are encouraged to hand over their produce to a warehouse-keeper for storage. Goods/products are well packaged, marked and a receipt clearly indicating farmer's name, date of delivery, amount delivered is issued. It is stored separately and farmers have a right to check on their goods/produce at anytime.
- The warehouses can also issue a document in favour of the owner of the goods, which is called warehouse-keeper's warrant. This warrant is a document of title and can be transferred by simple endorsement and delivery. So while the goods are in custody of the warehouse-keeper, the businessmen can obtain loans from banks and other financial institutions keeping this warrant as security.
- In some cases, warehouses also give advances of money to the depositors for a short period keeping their goods as security.
- Ware houses were reported to be cheaper to construct as compared to Silos.
- Grading and branding- because they are spacious, including functions of grading, mixing, blending labeling and packaging is possible unlike silos.

Advantages of Warehouse Receipt System

1. Price stabilization: During bumper harvest, prices drop due to excess quantity. Government buys warehouse receipts at a competitive price but the physical stock remains under care and responsibility of the respective Warehouse Keeper, while the receipts are under the care of an appointed government agency. By mopping the excess quantity in the market farm-gate prices remain attractive. During poor harvests, prices rise due to slump in quantity. Government sells, or releases stock previously bought during bumper harvest till fair price of consumer is attained.
2. Disaster preparedness: Government has ready stock to distribute to the flash points through release of receipts to recipient agencies to alleviate the disaster.
3. Education and health support: Government can use WRS in case of high food prices, nutrition campaigns, among others through release or sell of receipts to schools or communities.
4. Improves the food quality especially against aflatoxins (potent toxic substances) ingested through contaminated food.
5. Promotion of quality oriented exports, and reserves for spontaneous export markets
6. Creates a formalised structured trade in commodities and therefore widen the tax base

Findings

Financial Performance

The estimated US$ 31 million project currently funded by GoU under the Ministry of Trade, Industry and Cooperatives (MTIC) was soliciting for co-financing of the project from development partners. It is housed in the Department of Cooperatives Development. Part of the fund was to cater for strengthening of Uganda Commodity Exchange. The five year project began operations in July 2011 and is expected to end by 30 June 2016. Over the medium term, Ushs 6.6 billion has been projected to be available to the project from GoU. Ushs 2.1 billion was the approved budget for FY 2011/12.

According to the IFMS data, by 30th March 2012, a total of Ushs 1.18 billion (56% of approved budget) had been released to this project of which Ushs 1.048 billion had been expended representing an absorption rate of 86.5%. During the monitoring visit, it was reported that Ushs 226 million had been transferred to Uganda Commodity Exchange of which Ushs 129 million was spent on rent arrears and the balance of Ushs 97 million spent on staff salaries and other operational expenses.

The monitoring team observed that the actual expenditures were not tagged to the chart of accounts (see table 2 below). Most of the planned activities including purchase of land, construction/refurbishment of Warehouses (Silos) were reportedly at varying stages of procurement, surprisingly, 86.5% of the released funds had been expended. The Team was not furnished with detailed expenditure information in spite of several requests.

Table 3.5.7 Showing Support to Warehouse Receipt System Budget, Releases and Expenditure

Item	**Revised Budget**	**Release**	**Expenditure**	**% of total Expenditure**
Allowances	212,000,000	129,123,810	129,050,631	12.3
Contract Staff Salaries (Incl. Casuals, Temporary)	41,199,000	23,149,914	23,111,819	2.20
Staff Training	319,300,000	197,416,190	197,409,426	18.82
Hire of Venue (chairs, projector, etc)	2,145,000	1,205,286	1,166,250	0.11
Welfare and Entertainment	21,000,000	11,800,000	11,800,000	1.13
Printing, Stationery, Photocopying and Binding	35,000,000	19,666,667	28,657,143	2.73
Advertising and Public Relations	12,000,000	6,742,858	6,719,048	0.64
General Supply of Goods and Services	247,156,000	128,878,133	128,871,500	0.12

Item	Revised Budget	Release	Expenditure	% of total Expenditure
Travel Inland	25,000,000	14,047,619	14,047,619	0.01
Fuel, Lubricants and Oils	46,200,000	29,960,000	29,928,571	2.85
Maintenance - Vehicles	19,000,000	10,676,191	10,657,143	1.02
Transport Equipment	184,000,000	103,390,476	96,100,000	9.16
Engineering and Design Studies and Plans for Capital Works	620,000,000	330,380,952	232,925,330	22.21
Land	316,000,000	173,561,906	138,325,000	13.19
Total	2,100,000,000	1,180,000,002	1,048,769,480	86.5

Source: IFMS

Physical Progress

Procurement of land: It was reported that solicitation of land in various parts of the country was advertised and bids received in quarter two. MTIC had engaged the Ministry of Lands (Chief Government Valuer) to provide a valuation report. The MTIC was awaiting submission of the report so as to inform the next course of action. It was highly likely that procurement of land would be concluded by end of Q4 or beginning of Q1 of FY2012/13.

Construction works: The predecessor project funded by the Delegation of European Commission in Uganda through UCE supported architectural designs and refurbishment works of several public and private warehouses; staff training; provided equipment for grain sampling, weighing and grading; and funded the installation of an electronic warehouse receipt system (eWRS) among others in Jinja, Masindi, Kasese, Gulu, Tororo, Kapchorwa, Soroti and Mbarara between 2007-2011.

Cleaning and grading processes and WRS stock on eWRS at UCE refurbished warehouse in Jinja

Jinja was commissioned on 28th April 2008 with storage capacity of 2,000MT. Seven warehouses were licensed of which five are operational save for Mbarara and Tororo. The project created a total ware house capacity of 29,000 MT.

Under the new project, construction and refurbishment of warehouses was awaiting clearance from Solicitor General and signing of MoUs with relevant stakeholders including private cooperatives such as Kakumiro in Kibaale district, Wamala Growers in Mityana, Kiryandongo and Kyenjojo cooperative societies.

Deviation from project deliverables: The monitoring team noted that the expected project deliverables had been changed from construction of 10 warehouses to construction of silos leading to changes in land requirements from five acres indicated in the approved project document to three acres.

This shift is not supported by a relevant sectoral policy change. MTIC officials informed the monitoring team that clearance from Parliament had been sought, however, no documented evidence was adduced to confirm this, and in any case Section 39 of the Public Finance and Accountability Act, 2003 stipulates that such changes must be approved by the Permanent Secretary/Secretary to the Treasury.

Challenges

- Inadequate funding to the project and UCE to undertake regulatory functions of the warehouse receipt system authority.
- Uncoordinated implementation: Although UCE successfully implemented WRS refurbishment project with European Commission funding, the new project is being implemented by the cooperatives department with limited expertise in implementing similar projects and no involvement of UCE. The Ministry of Trade is therefore missing out on the knowledge generated by UCE in implementing similar projects.
- Diversion of funds from project objectives to other Ministry activities.

Conclusion

Implementers of this project have deviated from the approved project of construction and refurbishment of warehouses to construction of Silos. In addition funds for project work are spent on activities outside the expected outputs. Generally, project implementation is slow, unsatisfactory and off target.

Recommendations

- The Ministry of Trade should be compelled to re-align implementation to the approved project objectives and refund all diverted funds.
- The Auditor General should undertake a forensic technical audit to establish the actual project expenditures and value for money.

- The Ministry of Trade should engage UCE in project implementation since they have a wealth of knowledge in implementing Warehouse Receipt Systems in Uganda.
- Additional funding should be sourced for successful implementation of the project.
- Further still, UCE should be funded to undertake the regulatory function of warehouse receipt system.
- A separate proposal for silos should be developed and submitted for consideration of the development committee.

3.6 INFORMATION AND COMMUNICATION TECHNOLOGY

3.6.1 Introduction

Information Communication Technologies (ICT) can broadly be defined as technologies that provide an enabling environment for physical infrastructure and services development of applications for generation, transmission, processing, storing and dissemination of information in all forms which include; voice, text, data, graphics and video.

The Ministry of ICT was established in 2006 to address ICT development in a well organized, regulated and monitored way of operation through adopting the emerging new technologies in the governance processes, a practice commonly known as e-governance. Current applications of e-governance cover areas such as e-health, e-commerce and e-learning among others.

The Ministry's mandate is to provide strategic and technical leadership, overall coordination, support and advocacy on all matters of policy, laws, regulations and strategy; sustainable, effective and efficient development, harnessing and utilization of Information and Communications Technology in all spheres of life to enable the country achieve its national development goals.

Strategic Objectives:

- To promote use of information technologies in all spheres of life to enhance efficiency and effectiveness
- To promote affordable rural communications
- To increase tele-density and geographical coverage of telecommunications services with high quality of services
- To develop information technology services such that they can significantly contribute to national development[72]

Scope of monitoring:

Monitoring covered development projects under NITA-U, Uganda Communications Commission (UCC) and Ministry of Education and Sports.

Methodology

The projects were randomly selected; follow up was done on projects visited in the previous quarters to compare the physical performance against financial and time progress.

Limitations

For some of the projects monitored, financial information was not readily available and all outputs in the sector were not covered.

[72] Ministerial Policy Statement: MoICT FY 2011/12

Financial performance

According to IFMS data, March 2012, the sector had been allocated a total revised budget of UShs.11.4 billion out of which a total of Ushs7.1 billion had been released (62% of the revised budget). A total of 7.0 billion had been expended (99% of received funds). Expenditures were mainly on projects namely; E-Government ICT Policy Implementation; Strengthening Ministry of ICT; National Transmission Backbone project; District Business Information Centre; National IT Authority Uganda and Business Process Outsourcing.

3.6.2 National Postcode and Addressing for Uganda

(Ministry of Information Communication and Technology)

Background

The Postcode System is primarily a piece of information identifying the locality of the addressee of a mail item and therefore is a fundamental and essential element of an address.[73] Identifying and addressing individuals the world over has moved from the Post Office to a physical location of the addressee. This applies to mail, parcels, or any other deliverable. The migration to physical location has enhanced the ability of governments, commercial entities, utility and emergency service providers to identify and tailor messages in the most suitable form to reach the intended persons. It will identify a person by specifying the geographical or administrative area in which towns and mail distribution centers (postal establishments) are situated. The existing regional centers, district centers, divisions, wards, villages and streets will be used to ensure that mail is properly handled by postal service operators.

It is for the above reality that the Government of Uganda through Uganda Communication Commission and Uganda Posts Limited initiated the adoption of a Postcode for the country. The Postcode is a national resource whose adoption and use is unlimited in scope. As a public good, and in addition to being utilized to modernize delivery of postal items, the Postcode will be utilized by Government and Local Governments through synchronizing data of citizens and residents; agencies such as URA, Police, and Ambulance, utility providers, Bureau of Statistics, the Electoral Commission, banks, among others shall adopt the use of the address management system in the delivery of services. A converged point of reference is expected to increase efficiency and completeness of information regarding residents.

The Entebbe pilot project is driven by Ministry of ICT, supported by Ministries of Local Government and Lands, Housing and Urban Development, Uganda Communications Commission, and Uganda Post Limited.

Project Objective(s)

[73] National Postal Code Project document

The main objective of the project is to introduce and operationalise a national address and postcode system so as to support meaningful and social economic development in the country.

i. To provide an address to every house and location in the country;

ii. To improve throughout the country the quality of postal and other services to government, community organizations, business and the general public;

iii. To develop and maintain a geographic information address management system;

iv. To lay a foundation for modernizing and expansion of the postal delivery infrastructure in Uganda.

Project activities

The project will involve the following activities:

i. Adopting and implementing a national postcode;

ii. Establishing the national addressing standards;

iii. Developing a nationwide postcode database duly maintained and updated, of all residents in a given geographical area;

iv. Naming streets, roads, byways, lanes etc;

v. Numbering plots and houses;

vi. Digitizing geographical maps for Uganda;

vii. Allocation and Assignment of Postcodes to localities and individuals;

viii. Optimizing existing postal activities (sorting) to be able to support postcode delivery system;

ix. Continuous nationwide concept building and awareness campaign to enable users adapt to the new system.

The seven year proposed postcode project comprises of eleven components these include;

1) A pilot subproject to be carried out in Entebbe Municipality, during the first year.
2) Year 2 will involve postal coding of urban localities of districts in the Central & Western regions
3) Year 3 for urban localities districts in the Eastern & Northern regions
4) Year 4 for Kampala district
5) Year 5 for rural localities of districts in the Central & Western regions
6) Year 6 for rural localities of districts in the Eastern & Northern regions
7) Year 7 for update of all rural localities of districts in all regions.

A Pilot subproject in Entebbe Municipality

This project commenced operations on June 2011 and was expected to be completed by May 2012. This was premised on the fact that postal code addressing system is a new undertaking in Uganda and as such there is little or no experience. It was therefore acknowledged that undertaking a pilot project from which lessons and experience can be drawn was paramount. Experience and lessons will be the main blocks upon which the next phases will be based.

The main activities in the pilot project include: Initial country wide sensitization; naming and numbering of all streets, roads, lanes plots, residential houses and business building among other things in the pilot area; mapping, digitization and Geographic Information System (*GIS)* of the Entebbe municipality map; optimizing the Entebbe post office sorting office with financial support from Uganda Posts Limited; initial postcode operations (mail delivery), involving effective transportation and delivery of postal items between Kampala and Entebbe post offices; postcode office set up to manage the existing operations; adoption of addressing standards and postcode allocation and assignment.

Box 3.6.1 Advantages of Postcode Addressing

a) The system will enable government to secure the identity of the citizens and will facilitate the planning and implementation of public policies and services, to fight against natural disasters and diseases, reinforce national and international security, crime control, enable better tax levy and improve dispatch emergency services.

b) Accurate addressing system will provide efficient business services like water and electricity bill delivery , facilitate delivery of goods- including those ordered via the internet thus improve e-commerce.

c) For the courier operators specifically, the Postcode system will enhance the quality of mail processing, transmission and delivery by postal operators to the recipients in the various localities of Uganda. They would be able to target their customers more effectively and greatly reduce the incidence of dead mail.

d) The use of postcodes will enhance the volumes of mail handled in Uganda due to sustained efficiency and reliability. In other words, with a clearly indicated address to reach any citizen of Uganda, postal exchanges have a big chance to develop regardless of the technological advancement.

e) Technological advancement through use of Global Positioning System (GPS) to navigate locations.

Financial Progress

The seven year project was estimated to cost a total of Ushs.49 billion. Year 1 of the project (Pilot) had commenced with a total budget of Ushs. 975,297,635 out of which Ushs.662, 589,735 (68% of the budget) had been spent on a number of activities; these include; Geographic Information System (GIS) database, fabrication and installation of house and road signage, consultancy on status of infrastructure and marketing strategy, procurement of three laptops, ten bicycles, two motor cycles and two pickups. This budget is financed by Uganda Communications Commission under the Rural Communication Development Fund.

The Ministry of ICT had spent Ushs.131 million out of Ushs.312 million budgeted for project recurrent activities. These include; procurement of office furniture, running costs of vehicles, motorcycle and bicycles; Test mailing; production and distribution of leaflets, fliers, and posters, radio and television talk shows, workshops, allowances, trainings, production and publication of postcodes and maps.

Physical Progress

By 28th February 2012, Consultancy to determine the **status of infrastructure** in Entebbe Municipality had been finalized. Contract had been awarded to JC Service Ltd at a contract sum of Ushs.38, 586,000 of which Ushs. 27 million (71% of the contract sum) had been paid.

Consultancy to develop a **marketing strategy** for the project had also been finalized by Pinnacle Marketing Ltd at a contract sum of Ushs 23,010,000 of which Ushs.16.1 million (70% of contract sum) had been paid.

Signage: M/s Eisten Technologies Ltd was awarded this contract at a contract sum of Ushs.198, 392,882 of which Ushs.59.5million (30% of works done) had been paid to the contractor. All the signage had been fabricated; however, it was found to be of inferior quality. The contractor was therefore asked to re do the works. Works are expected to be finalized by end of May 2012.

Development of **Geographical Information System** (GIS); GIS Consult Ltd was contracted to digitize the project area and install GIS database at the Ministry of ICT at a contract sum of Ushs.122,479,200. By time of monitoring done on 9th March 2012, 85.7% had been paid to the contractor. Project area had been digitized and GIS database installed at Ministry of ICT.

Equipment: Three dell latitude laptops, ten road master bicycles, two motorcycles, and two Ford Ranger pickups had been procured by UCC and delivered to the MoICT for usage in execution of the pilot project.

Sensitization of stakeholders involving general Entebbe municipality leadership and key users of the final product of this project were carried out; these included; utility companies, banking institutions, schools, SACCOS, among others.

Implementation Challenges

- Inadequate budgeting; the estimated number of properties in the project area was only half of the actual number on the ground. For example 1,500 properties were budgeted for, yet on the ground over 3,000 properties were established. This has not only resulted into changes is the area of coverage to half but distorted the expected results.
- Lack of harmonization among government agencies; A number of government entities and utility service providers such as Electoral Commission, Ministry of Lands, Housing and Urban Development, UBOS, National Water and Sewerage Corporation, UMEME, Uganda Telecoms among others operate different GIS systems yet one holistically developed GIS

would serve all. This will not only save resources involved in maintenance and operations but will save government a lot of time.

Recommendations

- There is need for more sensitization of the general public and policy makers on the importance of the project and the dividends thereof. To avoid duplication of resources, there is need to rationalise resources in various government entities.
- Based on the advantages of the project, it is important that this project is rolled out to other areas upon successful implementation of the pilot. It is envisaged that this project will help individuals secure legal identity; this will therefore facilitate government planning and implementation of public policies and services as well as reinforcing national and international security among other benefits.

3.6.3 Uganda Communication Commission (UCC)

Establishment of ICT facilities in selected government institutions

In 2007, Uganda Communication Commission (UCC) took a decision to support the establishment of ICT facilities in selected government secondary schools, Primary Teachers'Colleges , National Teachers' Colleges, Technical Colleges, district health facilities/centers and other vanguard institutions. Implementation is done through the Rural Communications Development Fund (RCDF).

ICT projects are established as key partnerships between UCC and a private or public partner. UCC provides technical support and partial funding. The ICT facilities are wholly owned by the partner who is obliged to ensure that the facility is available to UCC at all times for a given period of time (one to five years). By the end of this period, it's expected that facilities have developed capacity for self sustainability and other people are able to replicate them within the area in order to satisfy a bigger demand.

Selection Criteria

In conjunction with various project stakeholders, UCC/RCDF determines a specific location for each project. Population distribution within the district is a key determinant of the location of the project.

Monitoring Sampling

Q2 monitoring covered 11 secondary schools, 2 Primary Teachers' College (PTC), One National Teachers' College (NTC), and One Technical College (TC).

During third quarter budget monitoring exercise (February-March 2012), seventeen schools were visited to assess implementation progress. They include: Jinja S.S, Busia Secondary School, Kyenjojo S.S, Nyarukoma Senior Secondary School-Kyenjojo, Kyabenda Secondary School-Kamwenge, Mpanga Secondary School-Kasese, Dabani Girls School-Busia, Kyenjojo S.S, Kibiito Secondary School, Bwera Secondary School-Kasese, Kirembe Secondary School, St.

Mary's College Sanje Rakai, Christ the King-Kalisizo, St. Henry's Kitovu-Masaka, Kijjabwemi Church of Uganda Secondary School, Ruyonza School and Kyeizooba Girls Secondary School.

a) School ICT laboratories

This program is providing support to the Ministry of Education and Sports to increase access and usage of ICT in schools. Priority is given to government aided secondary schools, PTCs, NTCs and technical colleges. The program is comprised of 3 main components.

i) A project for establishment of ICT laboratories in schools

ii) A project for providing connectivity

iii) A project for supporting content delivery

There are different designs for different locations, for example solar powered ICT laboratories provided in areas that do not have access to national grid electricity supply and electric powered system where grid power is available. According to UCC, a total of 500 secondary schools had been covered and an additional 200 schools were expected to be covered by end of FY2011/12.

Unit costs

FY 2009/10 equipment was procured at a cost seen below;

School Laboratories:

- Grid powered@17,000USD
- Solar powered@27,000USD

All health centres were given solar powered equipment worth USD 20,000. In FY 2011/12, equipment was procured at USD 23,000 for both solar and grid powered facilities.

This program has enabled schools to undertake the following among others;

i. Teach computer studies as a curriculum subject at Ordinary level

ii. Teach general purpose computer applications such as MS Office packages aimed at providing computer literacy

iii. Access local learning resources such as UNEB past papers on web portals like www.uderb.org

iv. Access use of computer based learning aides such as ENCARTA program to support the teaching and learning of conventional curriculum subjects, and

v. Access to other Internet based e-learning resources.

The Ministry of Education has an oversight role for the school ICT laboratories and all other activities.

Findings

Delivery and installation of equipment to various institutions monitored was made between FY 2008/09 -FY 2011/12.

Benefits;

i) Schools reported significant increase in computer literacy among students and teachers. Computer lessons were compulsory for S1 and S2 in a number of secondary schools visited. Implementation of S5 partial computer curriculum had begun for students required to opt for computer studies at advanced level in line with the policy shift.

ii) Improved enrollment and improved retention levels for example at Kyabenda Secondary School- Kamwenge. The delivered equipment had caused more interest in computer studies; as a result, many have enrolled and retained in school to acquire computer skills.

iii) Facilitation of computer studies at Advanced level; with the introduction of computer studies and sub-math as compulsory elective subjects at that level. UCC facilities were reported to be quite useful in effective implementation of the policy.

iv) Use of e-learning techniques. At St. Henry's Kitovu, Busia Secondary School and Kijjabwemi Church of Uganda Secondary School computers were used as teaching aids whereby students are taught using a projector and some practical sessions for physics, chemistry, biology and English literature are done electronically.

v) Ability to carry out research by teachers and students in all schools visited.

vi) Communication and linkage to partner schools through internet by schools like Dabani Girls School-Busia

vii) Increased computer equipment from Zero to eleven and 41 in some schools. At Christ the King-Kalisizo computers increased from 17 to 40. This has translated into improved student to computer ratio per class from zero to 10:1 and 1:1 in a number of schools visited (*See table 3.6.2.)* Students are divided into streams of 30-100 students in a number of schools visited, thus making easy access and use of equipment. On average, a minimum of 80 minutes had been allocated on the general weekly schools' time table for computer studies in schools visited.

viii) Job creation; schools like Kyenjojo S.S noted that a number of their school drop outs are directly or indirectly employed in computer cafes and video libraries. This is because the school exposes them to basic computer knowledge at all levels.

ix) UBTEB examination center. A number of private institutions carry out examinations at Mpanga Secondary School-Kasese. A charge is levied upon them to facilitate maintenance of the equipment.

x) Administrative work like typing, printing of internal exams and tests, preparation of financial records and designing report cards.

xi) A number of schools were able to register students for computer studies as an examinable subject at UNEB over the years. These included;

a) 12 Students registered UCE computer exams this academic year (2011) at Dabani Girls School-Busia

b) 42 students completed UCE computer exams last academic year at Kyenjojo S.S

c) 18 students registered UCE computer exams this academic year (2011). 22 students completed UCE computer exams last academic year at Mpanga Secondary School-Kasese

d) 17 students completed UCE computer exams last academic year at Christ the King-Kalisizo

e) 20 students completed UCE computer exams last academic year while 25 are set to do exams this academic year at Kyeizooba Girl’s school.

f) 23 students completed UCE computer exams last academic year at St. Henry's Kitovu-Masaka

g) 12 students completed UCE computer exams last academic year at Kijjabwemi COU Secondary School

xii) UCC conducted a 10 day workshop in Kololo for 600 ICT teachers/tutors. These were trained on the usefulness and proper maintenance of equipment delivered. A 3 day training workshop was also organized and attended by 360 head teachers countrywide.

xiii) A number of schools have opened up the computer laboratory to the general community. For example Kilembe Secondary School in Kasese facilitated a 2 weeks computer training course for 120 unemployed youth in the district.

Clockwise: Boxed computers at Nyarukoma SS Kyenjojo, Ongoing Lesson at Kijjabwemi SS, furnished lab at St Henrys’ Kitovu and crowded computer practical at Christ the King- Kalisizo

Table 3.6.3 Showing delivered equipment, student computer ratio and challenges

School	School Population			Student Computer ratio per stream	Design	Date of delivery and installation	Number of Equipment delivered				Challenges/Remarks
	M	F	T				Monitors	Key boards	Mice	CPUs	
Jinja S.S	2469	1394	4000	2:01	Solar powered-N-computing	2011	41	41	41	5	Internet bandwidth supplied by UTL was reported to be inadequate
											Inadequate computers in relation to school population
											A line of five computers had blacked out for more than a year.
											Inadequate capacity to conduct computer lessons. UCC Kololo training was reported to be inadequate; it did not cover technical aspects of computer
Busia Secondary School	881	608	1489	3:01	Grid powered-N-computing	2011	40	40	40	4	Delayed supply of Internet bandwidth Frequent software updates. N-computing requires monthly updates which are not only

School	School Population			Student Computer ratio per stream	Design	Date of delivery and installation	Number of Equipment delivered				Challenges/Remarks
	M	F	T				Monitors	Key boards	Mice	CPUs	
											time consuming but expensive for the school.
											Un reliable grid power affected a 10 monitor terminal. Issue was reported to UCC at beginning of 3rd term and school was still awaiting their response.
Dabani Girls School-Busia		800	800	2:01	Grid powered-N-computing	Jan-10	41	41	41	5	Inadequate human resource to conduct computer lessons- the two teachers available teach other subjects and not on government payroll.
											Insufficient and unreliable internet
											Subject software's are expensive to acquire for example chemistry drawing software.

School	School Population			Student Computer ratio per stream	Design	Date of delivery and installation	Number of Equipment delivered				Challenges/Remarks
	M	F	T				Monitors	Key boards	Mice	CPUs	
											Intermittent grid power amidst lack of a stand by generator hindering practical lessons.
Kyenjojo S.S	659	532	1200	3:01	Grid power	2010	10	10	10	10	Inadequate human resource to conduct computer lessons. The school has only one teacher on government payroll while the other is privately sourced.
											One computer was reported to have broken down
											Some computer parts were removed during school strike
											Limited computer labaratory space to accommodate both equipment and users.
											Internet service provider configured only one computer server to internet leaving out the rest.

School	School Population			Student Computer ratio per stream	Design	Date of delivery and installation	Number of Equipment delivered				Challenges/Remarks
	M	F	T				Monitors	Key boards	Mice	CPUs	
Nyarukoma Senior Secondary School-Kyenjojo	289	188	477	7:1	Solar powered-4 panels	30th May 2011	11	11	11	11	Equipment safely stored and not in use. Installations were awaiting completion of ICT laboratory under construction.
											Inadequate human resource to conduct computer lessons. The school had never received any teacher to undertake computer lessons. None of the staff members had basic computer training skills
											Delayed supply of Internet bandwidth
Kyabenda Secondary School-Kamwenge	322	190	512	5:01	Solar powered	Jun-11	11	11	11	11	Delayed supply of Internet bandwidth
											No teacher trained in ICT skills
											Inadequate computers in relation to school population

School	School Population			Student Computer ratio per stream	Design	Date of delivery and installation	Number of Equipment delivered				Challenges/Remarks
	M	F	T				Monitors	Key boards	Mice	CPUs	
											No computer lab; the school is currently using an old store as a computer lab.
											Inadequate staffing levels, with no teacher on government payroll
Mpanga Secondary School-Kasese	1327	980	2307	2:01	Grid powered-N-computing	2nd Dec 2009	40	40	40	5	Frequent software updates. which are not only time consuming but expensive and require reliable Internet connection
											Inadequate ICT teachers to conduct timetabled lessons.
											Delayed supply of Internet bandwidth. The school procured Internet services as they await the one subscription from UCC

School	School Population			Student Computer ratio per stream	Design	Date of delivery and installation	Number of Equipment delivered				Challenges/Remarks
	M	F	T				Monitors	Key boards	Mice	CPUs	
											Intermittent grid power supply and lack of a stand by generator hinders practical lessons.
											Equipment received had not been engraved. 8 mice were reported to have been stolen by students.
Kibiito Secondary School	1199	853	2052	7:1	Solar powered-4 panels	2010	11	11	11	11	Inadequate human resource to conduct computer lessons. Most teachers were reported to be computer illiterate
											Inadequate computers given stream composition of 95 students
											Delayed supply of Internet bandwidth.
											All computers not engraved

School	School Population			Student Computer ratio per stream	Design	Date of delivery and installation	Number of Equipment delivered				Challenges/Remarks
	M	F	T				Monitors	Key boards	Mice	CPUs	
Bwera Secondary School-Kasese	477	819	1296	6:1	Solar powered-4 panels	2008	11	11	11	11	The school did not have any teacher on government payroll. The school privately recruited two instructors to fill the gap which was said to be costly.
											Solar system was reportedly powering only three computers- The school did not have a stand by generator
											Inadequate computers in relation to school population
Kilembe Secondary School	501	835	1336	2:1	Grid powered	2009	41	41	41	5	Delayed supply of Internet bandwidth
											Lacked a projector to each practical computer lessons
											Inadequate human resource to conduct computer lesson
											All PCs not engraved

School	School Population			Student Computer ratio per stream	Design	Date of delivery and installation	Number of Equipment delivered				Challenges/Remarks
	M	F	T				Monitors	Key boards	Mice	CPUs	
											Frequent software updates. It requires monthly updates which are not only time consuming but expensive for the school.
St. Mary's College Ssanje Rakai	448	528	971	8:1	Solar powered-4 panels	2011	11	11	11	11	Inadequate human resource to conduct computer lessons. The school did not have a teacher on government payroll
											All PCs not engraved
											One computer was stolen and had not been replaced
											Inadequate computers in relation to stream population
											S4 student are not registered for ICT-UNEB exams because there is no teacher
Christ the King-Kalisizo		850	850	3:1	Solar powered-4	2011	11	11	11	11	All PCs not engraved

School	School Population			Student Computer ratio per stream	Design	Date of delivery and installation	Number of Equipment delivered				Challenges/Remarks
	M	F	T				Monitors	Key boards	Mice	CPUs	
					panels						Inadequate computers in relation to stream population
											Computers were reported to be slow and often freeze. No antivirus supplied
											No teacher had attended refresher training in ICT
											Delayed supply of Internet bandwidth
											Inadequate human resource to conduct computer lessons. The school has only one teacher on government payroll while the other is privately sourced.
St. Henry's Kitovu-Masaka	1000		1000	1:01	Grid powered	Nov-2010	41	41	41	5	Unreliable Internet connection
											One of the CPUs supplying ten monitors broke down. The supplier and UCC were informed but no response had been received for close to one year.

School	School Population			Student Computer ratio per stream	Design	Date of delivery and installation	Number of Equipment delivered				Challenges/Remarks
	M	F	T				Monitors	Key boards	Mice	CPUs	
											Limited bandwidth to supply all 40 monitors in the laboratory
											No teacher trained in ICT skills
Kijjabwemi COU Secondary School	770	790	1560	3:1	Grid powered	Dec-2010	41	41	41	5	Inadequate human resource to conduct computer lessons. The school has only one teacher on government payroll. Private instructors were expensive for a USE school
											No teacher trained in ICT skills
											Frequent software updates. It is updated every month. It was reported to not only be time consuming but requires expertise as well
											Inadequate computers in relation to school population

School	**School Population**			**Student Computer ratio per stream**	**Design**	**Date of delivery and installation**	**Number of Equipment delivered**				**Challenges/Remarks**
	M	F	T				Monitors	Key boards	Mice	CPUs	
											Unstable and reliable internet connection

Source: Field Findings

Conclusion:

A total of 688 schools have received ICT equipment from UCC; the equipment has been very instrumental in either initiating or improving the teaching of the ICT and other science subjects such as physics, chemistry and biology in secondary schools. Field findings show a progressive increment in ICT literacy across the country. This project has also facilitated research among teachers and students at all levels. In spite of the achievements, some challenges have been highlighted below:

Challenges

- Delayed supply of internet bandwidth; A number of schools were unable to effectively use the facilities supplied without internet subscription. UCC clarified that Internet procurement was in its final stages and all schools and health facilities were expected to be connected by June 2012.
- Inadequate number of trained ICT teachers in most schools visited leading to recruitment of instructors with no pedagogical skills to effectively deliver the subject content. In addition, some schools had missed out on the skills enhancement training yet they received equipment from UCC. These included; Kyabenda Secondary School-Kamwenge, Christ the King-Kalisizo, Kijjabwemi Secondary School and St. Henry's Kitovu-Masaka.
- With introduction of compulsory computer studies at A-level, the number of computers available was reported to be inadequate to effectively implement the policy in most of the schools visited.
- Lack of funding for computer repairs and maintenance in most USE schools.
- Most computers were not engraved. This posed a security threat to the equipment.
- Poor performance; computer studies are characterized by low grades. A number of O level students especially in rural districts have been failing computer studies in national exams for example, at Kyenjojo SS, out of the 42 students that completed UCE computer exams last academic year, 27 students scored F9.

Recommendations

- UCC should expeditiously procure Internet service providers to facilitate e-leaning in the supported schools.
- Computer instructors should be encouraged to enroll for teacher training courses to enable them gain pedagogical skills. This will further improve school staffing levels.
- ICT teachers and instructors should be trained in maintenance and servicing of computers to reduce on operation and maintenance costs. Alternatively, regional maintenance centres should be created with technical persons to address maintenance and repairs of both computers and solar systems.

- The MoES and all beneficiary schools should plan and budget for computer maintenance and repair costs.
- The grid power model should include stand by generator or an inverter to support continuous teaching whenever grid power goes off.
- All supplied equipment should be engraved to mitigate risks related to theft.

b) Health ICT Facilities

This program provides support to Ministry of Health to enhance usage of ICT in health service delivery in the country. Through this programme, ICT facilities have been installed in selected government health facilities country wide. This program enables health facilities and health practitioners to among others access the following health related ICT services.

i) Interlink all District Health Offices, government hospitals, 50 major health center IV facilities, and the Ministry of Health web portals www.health.go.ug

ii) E-continued medical education

iii) Access to online medical journals

iv) Access to selected e-libraries

v) Support to e-consultation at national and international level, and

vi) Support e-health management information systems (HMIS)

M/s Farm International (UK) Ltd was contracted to supply intermediary telemedicine equipments to 53 government selected hospitals. Hospitals were requested to provide the following;

i) Six hospital units where computers will be installed
ii) A desk where equipment will be placed in each of the units provided
iii) Central place where solar equipment such as batteries will be placed.

All units were to be interlinked by a local area network switch and the system was to be powered by solar power which was also delivered.

Findings

Q3 Monitoring covered six health facilities, they include; Tororo Hospital, Masaka Regional Referral Hospital, Mbale Regional Referral Hospital, Fortportal Regional Referral Hospital, Kalisizo Hospital-Rakai and Bwera Hospital-Kasese. These hospitals received the following equipment;

In all hospitals visited equipment had been installed in maternity ward, pediatrics unit, pharmacy, Theater, Out Patients' Department, Director/Medical superintendant's office and records' office. All hospitals visited had not started using the equipment for telemedicine because they were not connected to internet and had not received the relevant training. Computers were used for data management and data entry.

Table 3.6.4 Shows delivered equipment and implementation challenges

Health facility	Item	Number of items	Implementation challenges/Remarks
Tororo Hospital	Computers	6	Equipment was received on 4th November 2010 Inadequate training; 2 hospital staff were taken for a 1 day's training on use of equipments. Members noted that time allocated to theoretical training was limited. Incomplete LAN and no Internet connectivity Equipments had not been engraved.
	Digital camera	1	
	Webcams	5	
	Scanner	1	
	Battery	1	
	Solar panels	4	
Kalisizo Hospital	Computers	6	Incomplete LAN and no Internet connectivity Inadequate training in operation of equipment received. Solar systems were struck by lightning.
	Digital camera	1	
	Webcams	5	
	Scanner	1	
	Battery	1	
	Solar panels	4	
Masaka Hospital	Computers	6	Incomplete LAN and no Internet connectivity Inadequate training in operation of equipment received. 3 computers were in use while 2 had been safely kept. 1 meant for theater was awaiting completion of ongoing construction works.
	Digital camera	1	
	Webcams	5	
	Scanner	1	
	Battery	1	
	Solar panels	4	
FortPortal Referral Hospital	Computers	6	Incomplete LAN and no Internet connectivity Inadequate training in operation of equipment received. Computers used for documentation services
	Digital camera	1	
	Webcams	5	
	Scanner	1	
	Battery	1	
	Solar panels	4	
Bwera Hospital-Kasese	Computers	6	Incomplete LAN and no Internet connectivity Inadequate training in operation of equipment received. All computers had been disengaged and stored for safety reasons
	Digital camera	1	
	Webcams	5	
	Scanner	1	
	Battery	1	

Health facility	Item	Number of items	Implementation challenges/Remarks
	Solar panels	4	
Mbale Referral Hospital	Computers	6	Reported that installed solar system cannot adequately power all computers received. One of the monitor stands had broken down. Intermittent power and the lack of power stabilizers affected a number of switches. The need for power stabilizers is vital. Failure to adequately appreciate use and importance of equipment provided. Some people were reported to charge and iron clothes on solar energy. Inadequate training on use of equipment.
	Digital camera	1	
	Scanner	1	
	Battery	1	
	Solar panels	4	

Source: Field Findings

Clockwise: Shelved computers at Bwera Hospital, Installed solar panels at Masaka and Fortportal Regional Referral Hospitals and a blown inverter at Kalisizo Hospital

Conclusion

All necessary materials to test tele-medicine in Ugandan government hospitals are ready except Internet connectivity and user training. UCC is commended for the achievements so far made and should fast track the remaining components of the programme for the benefit of the population.

Recommendations

- Health facilities should ensure that all supplied equipment is engraved to mitigate risks related to theft.
- Procurement of Internet services to all beneficiary health facilities should be expeditiously done to achieve key project objectives of tele-medicine and improved health service delivery.
- Management of Hospitals should ensure that lost/stolen equipment is replaced to fully benefit from the project.
- The Ministry of Health, Regional Referral Hospitals and District Local governments should budget for operation and maintenance costs of these facilities if intended benefits are to be realised.
- UCC should organize specialized hands -on training for hospital personnel to enable them appreciate the technology, its relevance and significance in health service delivery.

National Information Technology Authority (NITA-U) Projects

3.6.4 National Backbone Infrastructure (NBI) Project

Background

In collaboration with the Government of the People's Republic of China, the Government undertook to implement the National Data Transmission Backbone Infrastructure/Electronic Government Infrastructure (NBI/EGI) project. The broad aim of the project was to;

i) Connect main towns, administrative headquarters, government agencies and other priority target users such as schools, and hospitals to high speed electronic infrastructure and
ii) Promote use of shared and collaborative Information Technology Enabled Services (ITES) across government as part of enabling of e-Government.

The main focus of the project was to establish a National Transmission Backbone connecting all major towns across the country using high speed fibre optic cable (approximately 1843.59 kms).

In addition, the project was to implement the E-Government Network Infrastructure (EGI) to support internal government collaboration by extending an Internet Protocol network (e-Government network) across all Ministries, departments and Local Governments and providing facilities to implement e-Government Services.

Phases of the project

This project was to be undertaken in three phases:

Phase 1:

This phase involved laying fibre optic cable within Kampala, and with Mukono, Bombo, Jinja and Entebbe covering a distance of approximately 168kms. The NBI links Government ministries and departments (Police, Army and Prisons) within all these towns

Phase 2

This expanded phase 1 by linking the fibre cable to several additional towns (Busia, Tororo, Mbale, Kumi, Soroti, Lira, Gulu, Nimule, Masindi, Hoima, Kyenjojo, Fortportal, Kasese, Bushenyi, Mbarara, , Luwero, and Nakasongola) covering a total of approximately 1,368.39 kms.

In addition to the above, this phase also covered the following specific activities: Establishing a metro network covering services in Kampala, Entebbe and Jinja including establishing relevant operational and backup equipment within Government ministries and agencies; Establishing a Wide Area Network providing data communication (IP) network in other towns beyond those covered under the Metro network above; Implementing a pilot voice network using a VIOP[74] solution over the existing NBI for approximately 250 users at MoICT, MoIA, NITA-U out of an installed capacity of up to 2 million subscribers to facilitate low costs voice communication

[74] VOIP = voice over IP, a technology that allows an electronic data network, like the NBI, to facilitate voice communication

across all Government offices that have access to the NBI; Installing backup equipment in the ministries and Government departments to minimise downtime of the infrastructure and hence provide continuity in delivering E-Government services, and; Setting up a primary data centre at NITA-U centre, Statistics House, to provide central data storage for all government.

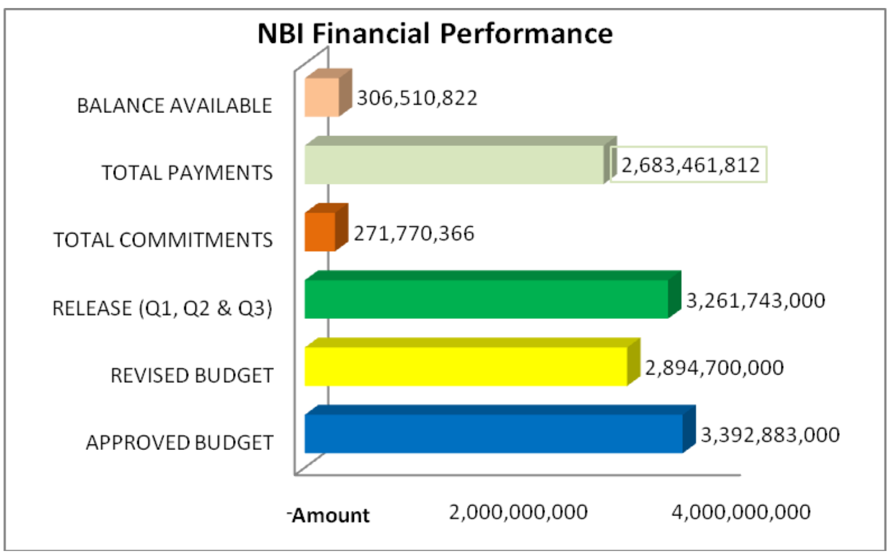
Phase 3

This intends to expand the backbone to the border with Rwanda covering an additional 307.2kms.In addition; this phase will also include the implementation and operationalization of a Network Operating Centre (NOC) to provide centralised management and control over the network. It is scheduled to commence in July 2012 and expected to be complete by March 2013.

Financial Performance

The total GoU approved budget for NBI FY 2011/12 is Ushs.2.8 billion. By 15th February 2012, a total of Ushs.3.2 billion had been released, of which Ushs 2.6 billion (81.2%) of the release had been spent.

Figure 3.6.2: NBI Financial Performance



Source: NITA-U and IFMS

All GoU NBI released funds were spent on activities of recurrent nature with general supply of goods and services at 64% of the revised budget, Contract staff salaries at 20%, and allowances at 2% while others took 7%.

Physical progress

Phase I and II of the NBI had been completed covering 1536.39kms of fibre optic cable connecting 21 districts across the country and establishing 22 optical switching transmission stations. In addition, the project had achieved installation of one data centre, training of NBI maintenance staff, and setting up one Metropolitan Area Network (MAN) Centre. Connectivity was established and video conferencing equipment installed in 27 ministries and agencies.

Preliminary acceptance testing was expected to be done on 15th February 2012 while final acceptance testing was due in six months after the preliminary acceptance.

Audits and surveys: Forensic technical and security audits, status of telephone and bandwidth survey were completed and presented to the NITA-U board and Hon. Minister of ICT highlighting a number of expected outputs. Findings of these audits show that rationalisation of the NBI/EGI infrastructure as the primary vehicle for all government data will save government significant expenses within the medium and long terms shown in the table below;

Table 3.6.5 Showing NBI's current status, cost benefit analysis of using NBI

Current Status	Cost benefit analysis of using NBI	Required Investment
Telecommunications Budget FY 2010/11 was Ushs.16, 417.60 million. This was spilt into Ushs 8,670.6million for ministries and Ushs.7, 747.0 million for other bodies like MFPED and Ministry of Public Service.	Using the NBI for voice (VoIP) would realize a cost saving of Ushs 4.5billion per annum. This is an equivalent of the estimated amount spent on Inter-MDA communication for 27 ministries (estimated at about 30% of the entire communication budget)	In order to achieve this saving, the government needs to carry out a one-off investment about Ushs.2.5 billion for ministries. This includes the following investments; cabling expenses (Ushs.1.35bn); Headsets (Ushs. 405million); UPS (270million), Training expanses (U Ushs.135million); Project management (Ushs. 101) and maintenance and replacement
Estimated total annual expenditure on bandwidth capacity by MDAs was Ushs. 6,291.3 million for a total of 201 MBps At the above cost the average bandwidth available to MDAs is only 2.6MBps. The average cost per bandwidth is US$1,134	Estimated cost of US$ US$ 400 per bandwidth will be spent. Government will therefore save Ushs. 3,577.8million or an equivalent of 57%. The savings would avail government additional 570MBps	Bulk purchase of internet capacity of the same magnitude (201MBps) would require Ushs. 2,713.5million
Ushs 1.8 billion per annum on data links with 56% (Ushs 1billion) spent on IFMIS alone for only two links	If this link is connected to the NBI, will cost Ushs. 17.5million; realizing as saving of Ushs. 297.2million per annum.	

Current Status	**Cost benefit analysis of using NBI**	**Required Investment**
MDAs use different Emailing application systems. IT rationalization survey shows that 67 MDAS have email services. 19 were on exchange, 23 Linux, 4 Lotus, 6 hosted and others 19. There characterized with limited or no warrant for information security. No uniformity of government Email system, identification of Email users and lack of Email book	Unified Communication Messaging System (UCMS): 40% will be saved –Ushs.240 million per month. The calculations are based on case where each government employee is allocated 60,000 per month on airtime. On an estimate of 10,000 staff, using UCMS the government will save about 240 million per month	Cabling (LAN) – estimated at Ushs 1.35billion for 27 ministries, (where cabling is done for VOIP, video and data – this cost is then cost will be avoided); Switches – this is estimated at Ushs. 810million (Ushs 30million per ministry); Servers – each site will need a server -50 servers will be required at the estimated cost of Ushs 400million; License (US$600 per user per annum) – where the MDA is using lotus or other licensed applications – the same license fees could be converted. Training, change management and business process reengineering – estimated at 10% of the total cost. Project management – estimated at 10%.
MDAs spend Ushs 27,398.8million on licenses for applications, operating systems and anti- virus per annum. These are associated with High cost of licenses; Pirating; Low exploitation of open source software; Poor monitoring and interpretation licensing terms and conditions; Vendor lock-in type of licenses and lack of group user licenses	30% cost Savings from bulk licensing. Free training offers (vouchers) saving about 20% of the retail purchase.	
23 MDAs have data centers, 62 are using server rooms and 13 MDAs are operating data recovery sites spending Ushs 200billion setting data centers, Sr and DRS. MDA spend Ushs 3 billion on annual maintenance and operations	Cost saving ways by eliminating duplication and consolidated implementation of shared Data Centre.	

Source NITA-U

Commercialization of the NBI

NITA-U commenced the commercialization process of the NBI in November 2011 in accordance with the PPDA regulations using expression of interest method open to local and international firms. By 15th February, the process was in its final procurement stage and the NBI manager was expected on board by end of April 2012.

The following benefits have been registered resulting from the works completed under the E-Government project;

Box 3.6.2: Benefits of E-Government

i) Migrating Government electronic systems to the NBI infrastructure is realizing significant cost-savings in communication and operational costs to government estimated at 50% of costs provided by service providers, faster and more reliable service and access to significantly larger bandwidth.

ii) A Unified Messaging and Collaboration System (UMCS) over the NBI network is providing low cost, reliable and faster means of collaboration across Government units; The UMCS has been implemented on a pilot basis at NITA-U and the Ministry of ICT (MoICT). This system, facilitated with a unified directory of all staff, is already enabling the two entities to share information, collaborate via email, instant messaging, voice and video from any location at no cost.

iii) The implementation of Voice over Internet Protocol (VoIP) solutions is reducing the recurrent costs for internal collaborations and communication across Government units; VoIP will allow staff within government units to call each other at no cost. Initial implementation of VoIP has been launched at three sites, namely the Ministry of Internal Affairs (MoIA), MoICT, NITA-U. VOIP will be rolled out to all other government units as soon as the government networks solutions are implemented.

iv) Maintenance costs and overheads for Government IT infrastructure, including demand for specialized IT skills will gradually reduce to more affordable levels; using the Data Centre Infrastructure, the desktop environment at the UMCS pilot sites is restricted to business applications. Managing all software patches for these applications is centralized and user activity is logged to facilitate audit and incident management. This is reducing maintenance overhead and demand on IT support staff while increasing security over applications at these sites.

Recommendations

- To optimize the benefits of the EGI/NBI, NITA-U should design and implement a change management strategy/campaign and prove to MDAs that the NBI network has the capacity, speed and stability to provide services currently sourced from private operators. This will translate into application of NBI network as the primary infrastructure for voice, data, Internet and email saving government a lot of resources.

3.6.5 District Business Information Centres (DBICs)

Background

The objective of District Business Information Centers (DBICs) is to establish one-stop-centre to provide supply driven and demand driven services required by the community. The centres operate and deliver services in a business-like manner thus achieving the objectives of impact, outreach, cost effectiveness and sustainability.

The DBICs services are contributing towards achievement of the United Nations Millennium Development Goals (MDGs) by bringing ICTs to the rural communities at district level thus enabling individuals as well as Small and Medium Entrepreneurs (SMEs) to exploit and benefit from ICT services they provide through creation of employment and thus contributing towards poverty reduction.

The DBICs Project is one of the projects that were transferred from the Ministry of ICT (MoICT) to the NITA-U in the Financial Year 2009/10. The project initially set out to establish 30 DBICs which were planned to be implemented in four phases, the first phase entailing the revitalization of the old Telecentres based on the DBICs model and setting up of new DBIC sites.

Planned Outputs

- Establishment of information centers in 30 districts (four new DBICs FY 2010/11)
- 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.
- Proliferation of ICTs usage at district level.
- Creation of linkages to community information systems being setup at sub county level

Financial Performance

This project is funded by the Government of Uganda. The annual approved budget for FY 2011/12 was Ushs.199.9 million. By 15th February 2012, a total Ushs.74.1 million had been received (55% of the revised budget). No funds had either been spent or committed on this project[75]. The estimated unit cost for establishment of one DBIC is Ushs. 50,710,000

Physical progress

NITA-U planned to establish three DBICs in the districts of Rakai, Hoima and Amuru during FY 2010/11. M/s United Engineering Company Limited had been contracted to provide a turnkey solution for the three planned DBICs at a total cost of Ushs.138 million. However, due to inadequate releases, the contract was not executed. Owing to the ICT Parliamentary Committee recommendation to have implementation of DBICs harmonized with similar projects under UCC

[75] NITA- February 2012 cash flows

and Posta-Uganda, NITA-U sought clearance from PPDA to procure premises and services of Posta Uganda to serve as DBICs in the three districts which partly explained the delayed implementation of the work plan. During Q3, the monitoring team visited Kyotera Post Office to assess implementation progress.

1) Kyotera District Business Information Centre

Kyotera DBIC is located at Kyotera Post office in Kyotera Town Council in Rakai district. During the monitoring visit, it was observed that a total of 11 computer monitors and three processing units; a printer, telephone set, 11 chairs and tables had been delivered to the post office. The contractor had completed installation of a local area network awaiting procurement of bandwidth. The Post master reported that Posta Uganda had secured a spacious building along the Kyotera-Masaka road and was in the process of re-locating; as such, the installed systems would have to be re-located. It was further observed that power supply on the current building had been cut off and the DBIC was not operational.

Kyotera DBIC, Installed equipment and furniture delivered at the centre in January 2012

Implementation Challenges

- Delayed implementation largely due to incorporation of the recommendation of the Parliamentary Committee on ICT. Procurement of Posta-Uganda was necessary to allow collaboration between NITA-U and Posta Uganda. This process slowed down implementation.

- The DBICs project budget over the years is very inadequate to achieve set targets in the project document. With an approved annual budget of UShs 190 million, it will take the agency 10 years to achieve the target of 30 DBICs.

- Uncoordinated implementation: Although the procured contractor had completed implementation of the DBIC, Posta Uganda was planning to relocate to new premises which will cause cost overruns on this project.

- Intermittent grid power has affected operations of district information centers country wide.

- Unreliable Internet connectivity in some rural areas is affecting operations of DBICS

- Inadequate funding has limited expansion plans of the project. No releases were made for both quarter three and four of FY 2010/11 yet there was an outstanding contract. As such, planned activities of last financial year have been brought forward to FY 2011/12.

Recommendations

- Implementers should consider solar powered solutions already piloted by UCC/RCDF in secondary schools to counter intermittent grid power supply.
- The agency should improve on the planning and coordination with stakeholders in order to achieve set targets and avoid cost overruns.
- The Ministry of Finance should provide additional funding to the project and make meaningful releases if the targets are to be achieved.

3.6.6 Business Process Outsourcing (BPO)

Background

Uganda embraced the integration of Information and Communication Technologies (ICTs) into the National Development Framework and identified ICT as an enabler for development of the country that will substantially spur growth, create employment and increase incomes[76].

Business Process Outsourcing is defined as the strategic use of third party service providers to perform activities traditionally handled by internal staff and resources. BPO is typically categorized into back office outsourcing - which includes internal business functions such as human resources or finance and accounting, and front office outsourcing - which includes customer-related services such as call center services. BPO can only be achieved through a collaborative arrangement and strategic partnership between government, the private sector, civil society, academia, development partners and other stakeholders.

Many firms and organizations in the World today are choosing to externally source the execution and management of facilities to cut operational costs using ICTs. The approach presupposes the availability of low cost Internet bandwidth.

Government of Uganda decided to strategically position itself to support the private sector to invest in the outsourcing business. In 2008, the Ministry of ICT developed a BPO strategy and model for Uganda which proposes that for sustainability of the BPO industry, there is a need for government to partner with the private sector and provide support in areas of infrastructure development, human resource development, enterprise development, marketing BPO and creating an enabling environment for BPO to proliferate. [77]

Objectives

The main objectives of this project are to

- Set up an infrastructural network that can support BPO industry in Uganda
- Market Uganda as a preferred BPO destination within the region
- Establish partnerships with the private sector to enable the sustainability of the industry once it is set up
- Set up policy framework for BPO in Uganda

Expected outputs

- BPO infrastructure set up;
- Created market share for Uganda in the BPO industry Worldwide;
- Entrepreneurship skills development programs implemented;
- A critical mass of human resource developed to sustain the industry;
- Creation of employment;
- Increased government revenue;
- Increased investment in infrastructure and skills development; and
- Increased economic development and poverty reduction

---

[76] Public Investments Plan FY2009/10-2011/12
[77] Business Process Outsourcing Strategy

Financial Performance;

The project is fully funded by GoU. Although the total approved budget for BPO FY 2011/12 was Ushs 247.9 million, it was revised downwards to 195.1 million. As of the third quarter, Ushs 90.7 million (46% of revised budget) had been released. By 15th April 2012, a total of Ushs.65 million had been expended representing 71.7% of the released funds. During FY 2010/11 a total of Ushs 5.2 billion was released to undertake BPO activities. Table 3.6.6 shows the cumulative expenditures since project inception;

Table 3.6.6: BPO Cumulative Expenditure

Activity	Service Provider	Contract Sum	Expenditure
Training and Skills development	Makerere University	426,566,206	426,566,206
Stakeholder engagement		67,596,100	67,596,100
Set up and operationalize the Government BPO centre	Tinosoft	4,094,760,824	1,228,428,247
Deploy Bandwidth to the BPO center	Roketelkom	339, 840,000	
Contract 3 BPO Operators for the BPO center	Dhanush Infotech, Spanco Raps and Techno Brain		
Incentives Guideline developed	Computer Forensics	39,919,400	11,975,820
Review and update BPO Model & Strategy	Avasant	267,200,000	40,080,000
BPO Policy and Monitoring	MOICT	71,060,000	
Total		**4,967,102,530**	**1,774,646,373**

Source NITA-U

Physical progress

Table 3.6.7: BPO Physical Progress

Activity	Progress	Outstanding/Remarks
Training and skills development	Makerere University was contracted to oversee/conduct the BPO training and as a result 500 graduates were trained and certified in BPO skills. Partnership with EDUEgypt to develop a BPO curriculum was also formalized. Training needs analysis was also completed.	No Funds have been identified for training of another bunch of 3000 graduates.

Set up and operationalize the Government BPO centre	Identified rent free space to set up the BPO incubation center at 3rd and 4th floor of Statistics House.	Delivery was 90% complete by 29th March 2012. Ongoing Installation was estimated at 30%
Contract BPO Operators for the BPO center	Contracted 3 BPO operators to operate the Government Incubation center. These are; Spanco, Dhanush and Techno Brain.	Approval and sign off inception reports was 80% done. Installation of individual requirements was at 70%. Handover was expected by end of April 2012.
Stakeholder engagement	Ongoing, with physical progress at 40%	60% pending.
Provision of Bandwidth to Incubation center	Contracted Roketelkom to provide 25mbps. 4mbps was already in use.	Link testing and commission of the facility was 95%. The pending 21mbps will be allocated to the 3 operators when the center is fully set up

Source: NITA-U

Top: Mounted BPO Servers, Security monitoring display, Server work area; Below: Partitioned BPO incubation centre on 3rd floor and delivered furniture on 4th Floor of Statistics House

Implementation Challenges

- Delays in contract approvals: Operator contracts had not been reviewed and revised leading to slow project progress.
- Long and late release of funds leading to delayed procurement of service providers.
- Inadequate resources to undertake planned activities like implementation of BPO branding and marketing strategy, procurement of adequate space for BPO incubation center among others.
- Stakeholders lack deeper understanding of BPO strategy and clear roles to be played in development of BPO industry.

Recommendations

- There is need to sensitize all stakeholders through training workshops, media and organizing study visits to the incubation center in order to have a deeper understanding of the project. This will not only translate into appreciation but commitment and support for the strategy.
- Ministry of Finance should release funds in a timely manner to flag off projects in progress. The ministry of ICT should reduce on the days it keeps released funds to at most two days to avoid further delays. The proposal to have NITA-U as a vote instead of a subvention may address these process delays.
- The Solicitor General should strengthen the department responsible for contract approvals to avoid contract approval related delays.

3.6.7 Establishment of ICT laboratories in nine Secondary Schools

Vote 013: Development of Secondary Education; (Output 070202 for FY2010/11):

The Ministry of Education and Sports (MoES) work plan for FY 2010/11 provided for the establishment of a two unit fully furnished and equipped ICT laboratories in nine government aided secondary schools namely; Bishop SS Mukono, Wanyange Girls SS Jinja, Kibibi SS Butambala, Sacred Heart SS Gulu, Rock High School Tororo, St. Mary's College Rushoroza-Kabale, Kinyansano Girls' SS Rukungiri, Nyarilo SS Koboko and Mwererwe SS Wakiso.

During the last three quarters, all the above schools were visited and found at varying levels of implementation. Quarter three monitoring FY 2011/12 covered two schools in Jinja and Tororo to establish the level of progress.

Scope of Works

The general scope of works for all schools included; site clearance, mobilization, site setting out and excavation, building of substructure and casting of ground slab, building of superstructure, roof works, plaster and cement screeds, general finishes and painting, and furnishing of ICT laboratories with tables and chairs.

Financing

During FY2010/11, a total of Ushs 1.467 billion was disbursed equally among the nine schools (Ushs 163 million each) for implementation of the project. There was no specific budget line for this project during FY 2011/12; however, additional funds to complete the project had been disbursed under USE capitation grant to implementing schools through respective district local governments. The monitoring team visited two beneficiary projects in eastern Uganda to assess degree of completion. Beneficiary schools reported to having received a total of Ushs 232,400,000 over the two financial years to facilitate construction works and supply of furniture as well as procurement of computers and accessories.

Field Findings

Physical Performance

i) Rock High School- Tororo

The school is located in Tororo district with a total population of 3,564 students. M/s Jopens Enterprises Limited was awarded the contract to construct a 2 unit ICT block at a contract sum of Ushs.169, 979,198 within a period of four months with effect from 21st April 2011 to 30th August 2011.

By 24th February 2012, the school had received a total of Ushs.232, 400,000, of which Ushs.162, 809,779 (73% of the contract sum) had been spent. Overall physical progress was estimated at 90%. Furniture had been delivered pending vanishing; procurement of computers and accessories was reportedly ongoing. Outstanding works included gutter and tank installations, floor works which involved tiling the entire floor. The monitoring team was informed that the school board had approved Ushs.21 million variations to undertake floor tiling and construction of a ceiling.

The contractor had requested for 3 months time extension which had been accepted. Completion and handover was slated for end of April 2012.

Front view of ICT lab, completed ceiling and delivered furniture at Rock High -Tororo

Implementation challenges included;

- Ceiling and floor variations had not yet been approved by MOES. Bureaucracies and delays in decision making by the construction committee of MOES were reported to have delayed approval of aforesaid variations. This has translated into delayed completion and handover of the entire project.
- Staffing gaps; the school has only one GoU paid ICT teacher. With operationalisation of the laboratory, the need for more teachers was envisaged to be top priority for effective and efficient use of the facilities.

ii) Wanyange Girls SS Jinja

The school is located in Jinja district with a total population of 1,242 students. M/S Pegasus General Holdings Limited was awarded a contract to construct a two unit ICT block at a contract sum of Ushs.168, 000,000 within a period of 3 months. Works commenced on 5th May 2011 and was expected to be completed by 5th August 2011. However, by 22nd February 2012, the contractor had neither completed the works nor requested for time extension.

According to the Deputy Head teacher, the contractor had informed management that all works will be completed and the structure handed over by end of March 2012.

The school had received a total of Ushs.223, 160,278, of which, Ushs.116, 102,917 (69% of the contract value) had been paid to the contractor.

Physical progress was estimated at 85%. Outstanding works included; painting, plastering, installation of windows, construction of water tank stand and installation of water tank, gutters, electrical installation, furniture and computers with accessories.

Front view of the near complete ICT lab and hind view showing missing windows and gutters at Wanyange Girls' SS

Implementation challenges;

Slow implementation progress on the two projects visited. Contractors failed to meet the date lines due to internal weaknesses and other factors such as inflation and stock out of roofing materials. Instances of contractors requesting for price variations were noted yet all contracts in this category were not eligible for price variations.

Inadequate designs: The structural designs for ICT laboratories did not cover installation of ceilings yet schools preferred a ceiling in their buildings. The ministry of education however has not issued instructions to schools to vary designs to cover the ceilings thus delaying implementation.

Recommendations

- The Ministry of Education should communicate to beneficiaries' on installation of ceilings and other variations to enable project implementers conclude works.
- Accounting officers should apprehend contractors for failing to perform as per contract terms and where applicable demand for liquidated damages.

3.7 ROADS

3.7.1 Introduction

Roads is one of the three sub-sectors[78] under the Ministry of Works and Transport (MoWT) whose mandate is to plan, develop, and maintain an economic, efficient, and effective transport infrastructure and transport services by road, rail, water and air; manage public works including government structures; and promote standards in the construction industry.

The sector strategic objectives include:

i) Develop policy, set standards, regulate and ensure compliance and monitor transport infrastructure and buildings to meet the needs of users and promote social and economic development;

ii) Plan, design and ensure construction and maintenance of well co-ordinated and efficient transport infrastructure and buildings which meet the needs of users and promote social and economic development;

iii) Develop the capacity of the local construction industry;

iv) Ensure safe and environmentally friendly transport and physical infrastructure;

v) Ensure the mainstreaming of cross-cutting issues namely: Environment, HIV/AIDS, Gender and Occupational Health and Safety (OHS) into the policies, programmes and activities of the Sector.

Key institutions involved in the implementation of planned activities within the Roads sub-sector include: MoWT; the Uganda National Roads Authority (UNRA); the Uganda Road Fund (URF); district local governments, lower local governments (sub-counties) and urban councils. Other institutions outside the works and transport sector that have projects with roads subcomponents include the Office of the Prime Minister (OPM), the Ministry of Agriculture Animal Industry and Fisheries (MAAIF) and the Ministry of Local Government (MoLG).

The report covers input – output monitoring of selected road development projects and road maintenance programmes for the first and second quarters of FY 2011/12. It highlights the progress made on key planned activities as well as the financial performance of the Projects/ Programmes, and outlines implementation challenges identified, any arising policy issues, and recommendations.

The report specifically covers Projects/Programmes monitored for performance during the second quarter of FY 2011/12 as outlined in Table 3.7.1. They were selected on the basis of regional sampling, level of capital investment, planned quarterly outputs, and value of releases during the first and second quarters of the FY, but excluding those that were monitored during

[78] 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 first quarter. The methodologies adopted during the monitoring included: literature review mainly of annual work plans and other government documents, quarterly progress reports for the first quarter, and IFMS data showing release, payments and commitments; interviews with the respective responsible officers or representatives; and observations on site.

The Table 3.7.1: Project/ Programmes Monitored in the Second Quarter, FY 2010/12

Implementing Institution	Project/ Programme Monitored in second quarter FY 2010/11
Ministry of Works and Transport	• Karamoja Roads Development Programme
Uganda National Roads Authority	• National Roads Maintenance and Construction Programme - Kabale, Moroto and Kampala UNRA station - Upgrading of Kabale Kisoro-Bunagana(101Kms) - Jinja-Kamuli road (58Kms)

Source: Author's Compilation

The monitoring effort however had the following limitations:

- Designated time for field trips of one calendar month limited the scope of sampling both in geographical spread and extent of coverage;
- Financial information on expenditures for road maintenance activities under contracts obtained at UNRA stations may not be reliable due to absence of a reliable financial management tools at stations.
- Ministry of Works was not available because they were responding to comments for an audit queries that was ongoing at the time of monitoring. They suggested a later date which was not feasible.
- Non-responsiveness of KCCA as no work plans and progress reports were availed to the team despite several reminders and correspondences.

3.7.2 National Roads Maintenance Programme

Project Background

The programme involves several activities for maintenance of 19,600 Kms on the national roads network, ferry services or inland water transport services and axle load control across the network. It is a recurrent programme which aims at improving and maintaining interconnectivity of the national road network across the country by reducing the rate of deterioration, lowering vehicle operating costs and travel time as well as ensuring safety of road users and ferry services.

In FY 2011/12, the programme was allocated a total annual budget of Ugshs 181.870 billion on the draft maintenance plan for FY 2011/12 under the Uganda Road Fund (URF). Planned activities under the programme included manual routine maintenance of 19,591Kms; mechanized routine maintenance of 14,849 Kms; resealing of 28 Kms of paved roads; re-gravelling of 556 Kmsof unpaved roads; rehabilitation of 5 bridges; maintenance of 175 bridges; operating and maintaining services of 9 ferries and 12 weighbridges for axle load control on the national roads network.

For the second quarter, the programme was monitored at three UNRA stations namely, Kabale, Moroto and Kampala, with a combined network of 3087.2 Kms which represents 15.8% of the total network. At the time of monitoring, this programme had received Ushs 10.649 billion (5.86% of annual budget) for the second quarter. This put the total programme figure of receipts for the FY 2011/12 at Ushs 24 billion (13.2% of annual budget) for the first and second quarter. Below were the findings

Findings

i) Financial Performance

Table 3.7.2: Financial Performance of the National Roads Maintenance Programme for FY 2011/12

Station	Implementation by Force account			Implementation by Contract		
	Receipts ***(Ugshs, Millions)***	**Expenditure** ***as at end of*** **Dec 2011** ***(Ugshs, Millions)***	**% of Receipts Spent**	**Contract Name**	**Financial Progress** ***(Ugshs Million)***	**Remarks**
Kampala	2,000.00	801.4	40.35%	Nazigo-Kireku-Nkokonjeru-Kitimbwa road, 44Kms and Access to Kituuza Agricultural Centre, 6Kms	73.74%	Completed
				Rehabilitation of Silver Springs-Bweyogerere Road (8Kms) & Kireka-Namugongo Road (7Kms)	33.14%	Contract recommended for termination by consultant
Kabale	837.89	697.37	83.2%	Butobere – Muyubu – Rwamucucu road, 18.5Kms	97.5%	Completed
				Kisoro-Nyabwashenya-Nteko road , 48 Kms	97.5%	Substantially completed in November 2011, Under defects liability period
Moroto	1,173.59	1,106.73	94.3%	Katekakile - Topach (10.6Kms)		Substantially complete but payment certificates are missing
				Lokitanyala – Loro - Amudat		Substantially complete but

						payment certificates are missing
				Amudat – Alakas-Kalita (66Kms)	54%	This was done under urgent repairs contract which is still on-going with 40.3% of the works not completed.
Approved Budget Estimates Ugshs 181.870 billion Releases as at end of December 2011, Ugshs 23.998 billion (13.2% of annual budget) Expenditure as at end of December 2011, (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 February-March 2012, the programme had received a total of Ugshs 23.998 billion (13.2% of annual budget)

Physical Performance

A) Moroto Station

Moroto station maintains a total road network of 850.4kms of the National Road Network of which 27.3kms (3.2%) are paved and 823.1kms (96.8%) are gravel. The station network is comprised of roads in four districts that include; Napak, Moroto, Amudat and Nakapiripit. Planned maintenance activities during the FY included: maintenance using contracts only on 334Kms (39.6%); and maintenance using force account on some bridges and drifts; and 508.5 Kms (60.4%) of which 187.5 Kms were planned to be maintained by both force account and contracted works at different times of the year. Labour Based maintenance contracts (LBC) have been earmarked for 842.5 Kms. The station handles all maintenance activities on the networks including supervision of the maintenance contracts.

i) Maintenance using contracts

The roads under contract were designed for urgent repairs yet a lot more had to be done to make them motorable, for instance; gravel was just 10% of the total road stretches instead of the recommended minimum of 30% making the interventions insignificant, only a few lines of 600 and 900 mm culverts were specified, yet given the topography and the amount of rainfall received in the region several lines of 1.2m culverts and drifts are required for the drainage to be adequate. The roads also required catchwater drains which were not provided for in these contracts. The roads had section that did not exist and a lot of bush clearing, cuts and fills which were not provided for in the existing contract in order to protect the investment.

The following roads maintained using contracts were monitored between 1st and 4th March 2012. These were contracts that spilled over from the previous financial year under urgent repairs on the additional network. Below are the respective findings on each of the roads

1) Katekakile – Topach

This is a 10.6kms road that connects Tapach Sub County, Loyaraboth and Tapach Health Centre to Amudat and Moroto districts through the Moroto to Amudat road. The works done under this contract included bush clearing, grading and installation of culverts at various spots. These works were contracted out to Engineers Investment and it is 100% complete though it requires more drainage structures and complete gravelling as captioned below:



Sections of Katekile – Tapach Road (11Km) at 5+100 (graded with cattle Track to the left), 5+800 (River Crossing that requires construction of drift) and 7+900 (Newly installed culvert Crossing).

The road has a broken headwall at 1+300 which should be reconstructed, has developed corrugations between KM 1+200 and 1+300 and there are road failures that were observed between KM 1+300 and 1+500 with the road generally narrow within this section. However, given the specified intervention the works were satisfactorily implemented though the road requires interventions of a bigger magnitude if all bottlenecks are to satisfactorily be dealt with.

2) Lokitanyala – Loro – Amudat

This road is 48.6kms long and runs from the Kenyan Border at Lokitanyala to Amudat and was worked on by M/s Engineering Investments Limited under the Urgent repair program of the additional network and was completed in June 2011. This road is of national importance as it interconnects Moroto district headquarters to Amudat district headquarters. Further to this it is of economic importance as it serves as a linkage to the Tororo Cement Gypsum quarry at Katikekile to Amudat and eventually to Tororo. With improvement on the road section, Tororo cement trucks using this road stretch for the transportation of the gypsum at times deploying semi trailers and this presents a real threat of damaging the road as it cannot take the trucks` tonnage especially in wet conditions. This was observed in section 0+000 – 5+200 where there were large potholes making it impassable to certain types of traffic.

The road for the first 5.2kms is below the surrounding ground with sandy soils; this complicates the drainage of the road hence it is characterised by very large potholes with storm water ponding along the road at various points in this section. The road greatly improves after KM 5+200 to 16+400 at Loro as this section was earlier worked upon by Mulowooza and Brothers under Karamoja Roads Development Programme (KRDP) in 2010 but has deteriorated and is now characterised with corrugations, poorly located drainage structures some of which are silting, and borrow pits were not reinstated at several locations and drifts are missing.

The rest of the road was worked upon but has greatly deteriorated due to poor drainage along the road with some sections and drainage structures requiring gabions like at KM 31+800. Several headwalls are broken, culverts silted and sections with sandy soils requiring to be filled. The terrain is generally flat and the region receives a lot of rainfall though in one season with large amounts of runoff which puts the whole road at a risk given the inadequate drainage structures provided.



Sections of Lokitanyala – Loro – Amudat Road (48.6Km) at 3+200 (Sandy soils and road below surrounding ground), 7+200 (Silted culvert crossing likely to have collapsed will eventually make the road impassable if not attended to) and 22+300 (Existing drift has been eroded and undermined by storm water).

3) Amudat – Alakas-Kalita

Routine mechanised maintenance of Amudat-Kalita (66Kms) commenced on April 15th 2011 and was meant to be completed within the next five months; the works were awarded to Peremi Limited and the intended completion date was September 15th 2011. The scope of works includes Grading, spot re-gravelling and drainage improvements.

Monitoring was carried out on March 4th 2011 and the physical progress was at only 39.8Kms (60.3%) worked upon however only 15.4Kms (23.3%) had been graded and compacted to completion with a section of 24.4Km (37%) bush cleared. Works were still on-going as the contractors' equipment was still at site against a time progress of 195.4%. The captions below show the physical progress on road at some sections and bottlenecks likely to be encountered by the contractor;



Sections of Amudat – Kalita Road (66Km) at 4+700 (Gullies along the road due to failure if the drainage structures to accommodate the runoff), 26+700 (Bush clearing in progress) and 28+100 (Stream crossing with culverts exposed)

No time extensions and variations have been officially issued to the contractor though contract management reports indicate that the project requires re-scoping to allow for activities not planned for at the time of bidding to be incorporated within the contract and based on a number of challenges faced by the implementers as discussed below;

This contract has had a number of challenges as it was procured late 2010, and commenced in April 2011. The contractor had achieved so much progress when he got a security scare from cross border warriors. He halted works for sometime waiting for security guarantees which government is not willing to give. The contractor's personnel were attacked by the Pokot from Kenya leading to demobilising of the contractor.

This time coincided with the heavy rains which washed away most of the road sections which had been certified for payment in the only certificate.

The station has however, requested the UNRA contracts committee for time extension citing a few critical issues mentioned above. The reasons given also explained the fact that the contractor should be allowed to complete the project because it is very critical to the security requirements of the area and also has a scope which is beyond the capacity of the station.

Our recommendation is that the contractor is awarded a formal extension of his contract with no costs attached to it and re-scoping of the works should be done to bring the contract to a logical conclusion.

ii) Maintenance using Force account

In FY 2011/12 force account interventions were planned to be done on 508.5Kms (60.4%) of which 187.5Kms 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, pothole patching (using stabilised murram/asphalt/ premix), emergency repairs of roads, bridges and drifts and limited drainage improvement.

Table 3.7.3: Planned, Received and Expended fund as at 31.12.2012 for Moroto Roads Maintenance Programme for Q2, FY 2011/12

Period	Planned	Date	Received	Shortfalls on Planned	Expenditures
Q1	775,673,000	25.08.11	828,909,765	-53,236,765	769,440,394
Q2	294,978,000	18.11.11	172,342,752	-49,707,504	337,290,262
Q2		17.12.11	172,342,752		
Q3	1,343,494,000	23.02.12	331,312,800		
Total	**2,414,145,000**		**1,504,908,069**	**909,236,931**	

Source: UNRA

At the time of the monitoring visit, the station had received a total of 62.3% of the total annual planned receipts from URF for recurrent expenditure under their maintenance programme, however, this includes funds that had just been disbursed to the station for third quarter. For the second quarter the station had received Ugshs 344.68 million (18.34% of total received) and had planned to carry out maintenance on 149 Km of unpaved roads and repair works on Lorengedwat bridge which were satisfactorily completed as captioned below.

Expenditure on force account operations was at 1,190,888,356 (of which 841.24million has been apportioned to activities without a breakdown and 344, 685, 504 is yet to be apportioned. this expenditure is 101.47% higher than the total receipts but discrepancies were brought about due to payments made for withholding tax. Works done included mainly heavy and light grading, spot gravelling, and minor drainage works (culvert installation, excavation of catch water drains,) on Moroto-Nadunget-Iriiri (80Kms); Lokapel – Chosan (33.5Kms), Chosan-Angatun (27kms); Angatun-Namalu (6kms); : Chosan-Amudat (33kms); Design of concrete and vented drifts on Moroto-Lokitanyala; and emergency works on Lorengedwat Bridge and Lopei Swamp (3Kms). It was noted that all these works were spilling over from the previous financial year.

The Monitoring team visited Lorengedwat Bridge where the works were complete and Lokapel – Chosan (18.5Kms) where works were still ongoing but grading works had commenced from KM 15+000 from Lokapel Junction to KM 22+400 a total of 7.4km (22.1%) at Acherere where UNRA equipment was parked due to lack of tyres for the grader. Below are captions of Lorengedwat bridge and Lokapel – chosen road;



Lorengedwat Bridge and Sections of Lokapel – Chosan Road (33.5Km) at 22+400 (Graded road but not compacted with the station equipment parked due to lack of tyres) and 33+500 (graded and compacted section at Chosan)

Implementation challenges at the station included:

- Over committed programmes especially on the upgraded roads. Additional network did not have adequate funding. UNRA had to get funds from the major corridor roads and fund payments to contractors. Releases are now 30% for Force Accounts and 70% for contract activities. This has lead to underfunding of the road maintenance activities as a whole and the network is now collapsing due to underfunding.
- Most of the network in Karamoja region was washed away by the heavy rains experienced in September to November 2011 like the bridge at Chosan hence focus shifted to the major corridor roads as this situation had caused emergencies.
- Whereas the station has a new grader and truck they inherited old equipment which frequently breaks down and given the nature of the area (hard to reach) the response to these breakdowns takes a bit of time. Further to this there are no funds allowed for maintenance of this equipment.
- Water is a very big problem and services are very expensive and not readily available. Water in Karamoja is for animals and people not for road works, you cannot use water from valley tanks and dams for watering the road.
- Insecurity is a big problem here and this situation requires some affirmative action
- Delayed payments for contractors
- Vehicle operating costs are high based on the type of travel experienced in the region.
- Gravel is becoming depleted and the changing land use in Karamoja has ensured that murram is bought very expensively.

- Stakeholders frequently request for equipment since UNRA is the only entity in the region with functional equipment.

Recommendation:

- Hardship allowance for work in Karamoja should be considered to motivate staff as costs for basic needs like food are very high with the cheapest meal at between UgShs 5,500 to 10,000. Accommodation which was initially provided by government but with the divesture of government houses, it has made housing in Karamoja very difficult and if available it's very expensive. Most of the UNRA personnel (80%) sleep at the UNRA store which has been converted into a dormitory.
- The station should take initiatives to have storage facilities for water for road works usage like underground tanks during times of plenty and use during scarcity.
- Security in the field should be strengthened through the provision of risk allowances.

B) Kampala Station

Kampala station maintains a total road network of 1072.3Kms of the National Road Network of which 463.3Kms (43.2%) are bitumen and 609Km (56.8%) are gravel. The station network is comprised of roads in six districts that include; Kampala, Wakiso, Mukono, Buikwe, Kayunga, Part of Kiboga up to Lwamata along Hoima road. Planned maintenance activities during the FY included: maintenance using contracts for only 14Kms (1.3%); and maintenance using force account on 1107.4.9Kms (103.3%) of which 448.6Kms were planned to be maintained by both force account and contracted works at different times of the year. The contract and force account interventions includes an extra 4Km and 49.6Kms respectively of selected major corridor roads under KCCA. Labour Based maintenance contracts (LBC) have been earmarked for 969.7Kms. The station handles all maintenance activities on the networks including supervision of the maintenance contracts.

i) Maintenance using contracts

The following road, maintained using contracts was monitored on the 13th March 2012, the contract had spilled over from last FY 2010/11 and below are the respective findings:

1) Nazigo-Kireku-Nkokonjeru-Kitimbwa Road (44Kms) and Access to Kituusa Agricultural Centre (6Kms)

This project involved the periodic mechanised maintenance of 44Kms of the road starting from Nazigo (off Kayunga-Jinja highway) to Kitimbwa along Kayunga-Bbaale road and 6Kms of the access to Kituusa Agricultural Centre was awarded to M/s Continuum Engineering Ltd as an urgent repairs contract. The works involved reshaping of the roads by heavy grading, drainage improvement, spot re-gravelling of the some sections totalling to 10Kms with 100mm gravel wearing course and drainage improvements at a total contract price of Ugshs 153.998million. Civil works commenced on 6th April 2011 and were expected to be complete within 5months (by 6th September 2011). The works were supervised by the UNRA Station Engineer, Kampala and were substantially completed on 13th September 2011.

During the field visit, the monitoring team observed that works had been completed and the defects liability period had expired in January 2012. Much as the works on the road had been completed, the road has started deteriorating due to the September-November 2011 rains which was expected. This was also reflected in some of the newly installed culverts that were beginning to get silted and a few pot holes that were developing in some sections. The road was however motorable and the sections that had been re-gravelled were still in a good condition. The team also observed that labour based contractors had been deployed to clear the road verges. The financial information obtained by the team showed that 73.5% of the contract sum had been certified and could not establish whether the contractor had been fully paid.



Sections of Nazigo-Kireku-Nkokonjeru-Kitimbwa Road (left) completed graded and gravelled section still in good condition; (centre); a newly installed 600mm diameter culvert line at 11+400 from Kitmbwa Trading Centre near Nongo Town. ; (right) a section toward the end of the road that is beginning to deteriorate with potholes due to heavy traffic.

2) The Rehabilitation of Silver Springs – Bweyogerere (8Kms) and Kireka –Namugongo (7Kms) Roads

Silver Springs – Bweyogerere and Kireka – Namugongo Roads had developed serious shoulder and carriageway failures that required urgent attention. The project roads were characterised by broken shoulder edges, carriageway base failures and deep potholes.

In order to restore the roads back to a good motorable condition and improved drainage, the UNRA made funds available to rehabilitate the two roads to facilitate a smooth and safe flow of traffic and awarded a contract to Multiplex Limited with Prome Consultants as the Project Managers at a contract amount of UgShs 8,502,363,900 and Ushs 400,628,000 respectively. This project commenced on 18th May 2010 with the intended completion date of November 17th 2010. Physical progress at the time of monitoring was 62% against a time progress of 217%. Liquidated damages have been charged in full but the contractor has continued to work despite all this.

The scope of work on the Silver Springs-Bweyogerere Road includes:

- Scarification of the existing pavement, processing, grading and compaction of the resulting material a new road sub-base.
- Provision, laying and compaction of graded crushed stone to form the road base 100mm thick. Some selected sections of the road will receive a 150mm thick crushed stone base.
- Provision and laying of an Asphalt Concrete Wearing Course 30mm thick on the main carriageway.

- Grading, gravelling, and resealing of the road shoulders.
- Improvements to the drainage system; lining of the drainage channels; and installation of new culverts.
- Road safety improvements (installation of road signs, guardrails, road marking etc.)

Work on the Kireka-Namugongo Road includes:

- 1. Repairs to the existing carriageway pavement and placing a 30mm thick Asphalt Concrete overlay on the entire project road.
- 2. Clearing & grubbing; grading; gravelling and resealing of the road shoulders.
- 3. Improvements to the drainage system; lining of drainage channels; and installation of new culverts.
- 4. Road safety improvements (installation of road signs, guardrails, road marking etc.)

Table 3.7.4: Silver Springs – Bweyogerere (8Kms) and Kireka –Namugongo (7Kms) Roads Rehabilitation Project Rehabilitation Project Summary

Contract Number	UNRA/PM/09/10/043
Funding Agency	The Government of the Republic of Uganda
Supervision Consultant	PROME Consultants Limited
Contractor	Multiplex Limited
Length of Road	15Kms
Works Contract Price (Original)	Ugshs 8,502,363,900
Works Contract Price (Revised)	NIL
Supervising Consultant's Contract Price	Ush 400,628,000 (Revised)
Commencement Date	May 18, 2010
Completion Date (Original)	November 17, 2010
Completion Date: Revised	February 25, 2011
Original Completion Period	6 (six) Months
Revised Completion Period	9.27 Months
Contract Time Elapsed	21.5 (226%) as of 14 March 2012 based on recommended extension up to 25th February 2011
Weighted Physical Progress	62.4%
Value of physical works completed to-date	5,304,642,595
Percentage of Contract Price	62.4%
Amount certified to-date	Ugshs 3,679,032,242

Source: Supervising Consultants' Resident Engineer.

During the monitoring, Silver springs–Bweyogerere road had asphalt concrete wearing course laid on most of the road save for between 2+400 and 2+700 at Kinawataka junction which is still at the formation level. The works ongoing on this road were stone pitching of the side drains and priming of accesses roads. However, road marking, road furniture, double surface dressing of shoulders, and Kyalema access road (150m) is not worked upon.

On Kireka-Namugongo stretch most of the works were complete save for the stone pitching of the drains, road makings and furniture. There was however some sections of the road where the wearing course had developed defects brought about by burning of the road during the riots. These were to be redone by the contractor before the project is handed over including shoulders that had been eroded prior to handover and have been captioned below.

On review of the contract management documents (i.e. PPDA Contract Audit) it was observed that UNRA procured the contractor way before the project manager hence the contractor could not commence or perform the contract until one was procured. This trend has also been observed on other contracts**.**

(Left): Completed section of Kireka-Namugongo road showing part of the wearing course that was destroyed by fire during riots; (centre); Drainage works ongoing near the Namungongo trading centre; (right) The 300m of Silver Springs-Bweyogere at Kinawataka junction that is at the formation level.

Recommendation

- It is recommended that the practice of hiring consultants after contractors is avoided and recommendations of this report taken seriously by the accounting officer.
- It is further recommended that the contract is terminated on grounds that the rate of progress of works by the contractor has been delayed by the maximum number of days for which the maximum amount of liquidated damages can be imposed. This is a fundamental breach of contract.

ii) Maintenance using Force account

In FY 2011/12 force account interventions were planned to be done on 1107.4Kms (103.27%) of which 448.6Kms 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, pothole and road shoulder patching (using stabilised murram/asphalt/ premix), emergency repairs of roads and bridges and limited drainage improvement.

At the time of the monitoring visit, the station had received a total of Ugshs 2billion and had planned to carry out maintenance on 521.4Kms of paved roads and 586Kms of unpaved roads and river training and repair works on selected bridge. Expenditure on force account operations was at 801.54 million (40.35% of receipts). Works done included mainly asphalt patching, surface dressing, grading, spot gravelling, and minor drainage works (culvert installation and stone pitching). Additionally the station had undertaken repair works on selected major corridor roads under KCCA measuring up to 45.6 Kms[79].

The monitoring team visited Gayaza-Kalagi road (19Kms) and observed that rumble strips had been constructed at a section between KM 14+ 000 and 14+100 from Gayaza town next to Naigaga market. These works included four 4 sets of rumble strips across sections of 50meters before and after the major hump. Each rumble strip comprised of four gentle humps. The works had been properly done and were still in good condition. (see caption below)

On Kalagi-Kayunga road (33.7Kms) the team observed that while the asphalt patching on the carriageway and shoulders had evidently been done with some sections worked on as late as February 2012, new isolated pothole had already developed in some sections. There was also a 210M and 100M long stone pitching of drainage works done at Nakifuma(7.3Kms from Kalagi) and Kayunga(31.2Kms from Kalagi) respectively. These places had been greatly scoured leading to the eroding of the road sides.

Table 3.7.5: Planned, Received and Expended fund as at 31.12.2012 for Kampala Roads Maintenance Programme for Q2, FY 2011/12

Period	**Budgeted**	**Releases**		**Short Falls**	**Expenditure**
Quarter		**Dates**	**Amount**		
1	525,799,500	28.08.2011	1,085,369,845	(559,570,345)	224,266,400
2	590,810,500	18.11.2011	459,507,753	(651,244,162)	
2		18.11.2012	80,000,000		
2		16.12.2011	459,507,755		
2		22.12.2011	4,587,000		
2		24.01.2012	238,452,154		467,691,000
3		23.02.2012	700,719,345		
Totals	**1,116,610,000**		**3,028,143,852**	**(1,210,814,507)**	**691,957,400**

Source:UNRA

[79] Wandegeya Junction – Kubiri roundabout – Bwaise – Kawempe police; Lugogo – Kira road police roundabout (Lugogo bypass) – Mulago roundabout – Wandegeya junction; Binaisa road; Wandegeya junction – Nakulabye roundabout – Kasubi – Nansana roundabout; Nakulabye roundabout – Bakuli junction – Natete junction; Nambole – Kireka – Lugogo (UMA) – Kitgum house – Kampala road – Wandegeya junction; Kitgum house – Mukwano roundabout – Nsambya junction – Clock Tower – Kibuye roundabout – Katwe – Clock Tower (Katwe road); and Clock Tower – Shoprite junction – Housing finance junction – Kitgum house junction – Mulago roundabout.

On Kayunga-Nabuganyi road (20Kms), the team observed that the entire road section had been graded, graveled in some sections measuring up to 8Kms and two culvert line crossing installed. The road was still in good condition after completion of the works in December 2011. However at Nabuganyi landing site, a new ferry was docked due to rock outcrops on the River Nile bed that were discovered during a test ride. This has made Nabuganyi(in Kayunga) inaccessible to Mbulambuti (in Kamuli) yet it would serve as an alternative route to Kamuli across R.Nile.

On Kayunga-Bbaale road (46Kms), the team observed that 25Kms had been graded. However, the two new culvert lines had not yet been installed. The road surface was motorable and in good condition but some sections have developed corrugations and some of the side drains are silted (however, this is a routine maintenance activity that can be dealt with under the LBC.

The team also had a look at Ssezibwa bridge, 27Km from Kalagi and observed that the trusses, railing and kerblines were repainted and river training done. This was done with funds that spilled over from quarter one and were completed in December 2011.

(Left): Section of Gayaza-Kalgi road with rumble strips near Naigaga market (Centre): Stone pitching at Nakifuma along Kalagi-Kayunga road. (Right): Painting of trusses, railing and kerbline of Sezibwa bridge along Kalagi-Kayunga road.

Implementation challenges at the station included:

- Contractors do not have the capacity in terms of management skills (late start of work after site handover, never abiding to scope of works and always waiting for instructions e.g., leaving drains uncleaned after works) and qualified personnel (those presented in bid documents are never on ground) making communication a big problem. They also lack the adequate equipment and are financially incapable (always wait for advance payments to commence works) leading to contracts dragging on for a long time.
- Inadequate funding leading to contractors not being paid on time and thus keep abandoning works raising contractual issues on performance of the contract.
- The quality of the executed works is poor much as tests are carried out for the works. This is brought about by the supervisory team not being in charge of executing the quality assurance aspects for the works. Works never reflect the intended outcome, for example on the urgent repair works no quality assurance was allowed for and where tests are provided for like in the routine mechanised maintenance works, the funds are never enough to carry them out. Some contractors get to the extent of forging works.

- Small fund for urgent repairs were greatly affected by inflation which brought about the increase in fuel prices yet the rates of these works cannot be revised. This makes roads in such cases hard to be handled.
- Cuts in budgets lead to revision in work plans which make it hard for the station to archive its targets.
- Almost 90% of the 436Kms of paved roads has aged due to lack of periodic maintenance and the roads now require frequent patching. Government has failed to stick to approved work plans and hence road maintenance activities on these paved roads are now of an emergency nature as the since potholes are always mushrooming. Potholes should be patched as they develop so that deviation from the work plan can be definite.
- Due to the inadequate funds, a backlog is created. So there tends to be a waiting time as potholes get bigger or worsen. This calls for about double the funds to intervene.
- Gravel depletion, the material used as wearing course on gravel roads is getting scarce. It is difficult to find good quality gravel lately. Inadequate material doesn't serve the purpose as the road deteriorates very fast. Sourcing and pricing of this material is not controlled by the market prices, e.g., fuel since it is bought from individuals.
- The management of the additional road network was poorly done as no extra resources were assigned in terms of funds, personnel and equipment. The network increased by almost 100% and yet it has to be maintained.
- The funds for the road maintenance program have kept on reducing and further still coming in late. E.g., in quarter three, the station had been given the same amount of funding irrespective of the work plans submitted.
- The station has an aged fleet of equipment which are hard to maintain. The nature of equipment calls for high maintenance costs yet there is insufficient funding. Due to this procrastination of repairs is unavoidable leading to numerous break downs which the station personnel (two mechanics) cannot handle. New equipment and an increase in the number of mechanical workshop personnel. The same applied to the road staff.
- The station has one road construction unit available for 80% of the time within a month and thus the station can only achieve about the same percentage of their budgets. This is brought about by the lack of tires that are procured centrally and thus a lot of downtime is experienced on the grader and pick-ups.
- The station has also been affected by frequent load shedding which brings about a communication problem and delay in works in the mechanical workshop which is heavily depends on electricity.

Recommendation:

- Conduct independent tests. The resource envelope for quality assurance should be broadened and quality control should be given priority. UNRA should have a mobile quality control team to carry out spot test on road works.
- Contractors like **Multiplex** should be terminated and blacklisted from taking on works as they have consistently failed to execute works as per contract. After liquidating damages, these contracts continue working and are further issued with certificates. This is an anomaly and is not contractual unless the performance issues are referred to the contracts

committee and an addendum issued to the contractor for extension of time and a clear work schedule is provided.

- The agency should improve its planning to cover standby generators for stations that require constant power supply to operate key communication equipment.
- Uganda Road fund should increase the maintenance fund in lieu of the increased number of kilometres passed on to UNRA. UNRA should allocate more money to rehabilitation of roads as most of the inherited roads from Local governments are beyond maintenance.

C) Kabale Station

The station has a total road network of 1164.7Kms, of which 206Kms (17.69%) are paved and 958.7Kms (82.31%) are gravel roads. The road network is comprised of roads in seven districts that include Bushenyi (part), Kabale, Kanungu, Kisoro, Mitooma (part), Ntungamo, and Rukungiri. Maintenance activities for the FY2011/12 were planned for 1139.1Kms (97.8% of station network) to be carried out by both contract (labour based) and force account intervention. The 13 contracts that were running in the FY2011/12 were all urgent repair interventions that had spilled over from the previous financial year. The station handles all maintenance activities on the networks including supervision of the maintenance contracts.

a) Maintenance using contracts

The station had four contracts running at the time of monitoring which were all spilling over from the previous financial year. The following roads, maintained by contracts were monitored on 21st and 22nd February 2012 and below are the findings:

1) Butobere – Muyubu – Rwamucucu road (18.5 Kms)

This project involving the routine mechanized maintenance of 18.5Kms of the road from Butobere junction on Kabale - Ntungamo road ending at Rwamucucu trading center was awarded to M/s S. K Sure House Family Investments as an urgent repairs contract. The works involved reshaping of the road by heavy grading, drainage improvement including installation of some culverts and cleaning of open drains, and re-gravelling of a section of 10Kms with 100mm gravel wearing course, at a total contract price of UShs 153.99 million. Civil works commenced on 14th March 2011 and were expected to be complete within 5 months (by 14th August 2011). The works were however substantially completed on 14th September 2011, one month behind schedule and the defects liability of the road had expired on 15th January 2012.

During the site visit, the monitoring team observed that works had been completed and the road was generally still in good condition with a good running surface in most of the sections. However the road surface in some areas had started deteriorating which was expected because of the rains, nature of soils in the area and the mountainous landscape. In one such section, the road was being eaten away by surface runoff water on one side and another was experiencing landslide which was mainly caused by rock miners crashing stones leaving behind lose soil which is washed down on the road. Much as the contract had been completed and the defects liability period expired, the information obtained by the team showed that the financial progress was at 97.5% (2.5% retention still outstanding).

Sections of Butobere – Muyubu – Rwamucucu road; (left) ; a well graded and re-gravelled section in good condition; (centre); the terrain in which the road traverses that affects the manoeuvring of construction equipment ; (right) a section prone to landslides resulting from rock mining from road embankment.

2) Kisoro – Nyabwishenya – Nteko road (48Kms)

This project involving the routine mechanized maintenance of 48Kms of the road in Kisoro district starts from Kisoro town on Kisoro-Kabale road connecting to Nyabwishenya up to Nteko border point with Congo, awarded to M/s Near Construction Ltd as an urgent repairs contract. The works involved reshaping of the entire road by heavy grading, drainage improvement including installation of 72m of culverts and spot gravelling for 4Kms, at a contract price of UgShs 323.99 million. Civil works commenced on 1st June 2011 and were substantially completed within 5 months (on 1st November 2011) as expected. The works were under a four months defects liability period that was to expire on 2nd March 2012.

During the site visit, the monitoring team observed that the works had been completed and the road was generally in good condition with a fair running surface though some few sections were deteriorating quite fast. Due to the nature of the mountainous landscape where the road passes, a number of sections were observed to be prone to landslides. The team was informed that soils in some places were not stable and on a number of occasions, the road had been cut off by the land slides. It was observed that slashing of the grass along the road sides (LBC contract) had been done. The financial information obtained by the team showed that the financial progress was at 97.5% (2.5% retention still outstanding).

Sections of Kisoro – Nyabwishenya – Nteko road; (left) ; a well graded section in fairly good condition; (centre); a deteriorating section caused by water running on the road surface; (right) a section prone to landslides due to nature of soils and the agricultural activity.

b) Maintenance using Force Account

In FY 2011/12 force account interventions were planned to be done on 1139.1Kms (97.8% of station's road network) with a scope of works that includes: grading, spot gravelling, patching (using gravel/ asphalt), emergency repairs of roads and bridges and limited drainage improvement. The roads maintained by force account interventions were also monitored on 22nd March 2012.

At the time of the monitoring field visit, the station had received a total of Ugshs 837.89million (19.8% of annual budget) for the FY2011/12 earmarked for the maintenance activities. Total expenditure was at Ugshs 697.37million (83.2% of the funds received). For Q2 alone, the station received Ugshs 397.4million (60.3% of Q2 budget) and expended Ugshs 468.37 million (117.85% of the funds received). This anomaly was brought about by works that were spilling over from the previous quarter in which the funds had been received quite late. Works done during the second quarter included grading, spot re-gravelling and drainage improvements on the following roads; Kisoro-Kyanika (11Kms), Kisoro-Nyarushiza-Muhabura (9Kms), Kanungu-Kihihi-Ishasa (33Kms) and Muhanga-Kisiizi-Kebisoni (61.5Kms), under rountine maintenance; Rutobo-Kamwezi (18Kms), Hamurwa-Kerere-Kanungu (47Kms) and Natete-Busanza (18.2Kms) under emergency works and some mechanical (minor and preventive) repairs.

Table 3.7.6: Planned, Received and Expended fund as at 31.12.2012 for Kabale Roads Maintenance Programme for Q2, FY 2011/12

Period	**Budgeted**	**Releases**		**Short Falls**	**Expenditure**
Quarter		**Dates**	**Amount**		
1	878,400,000	25.08.2011	440,489,600	437,910,400	228,996,803
2	658,996,800	18.11.2011	188,703,904	261,588,991	468,374,114
2		18.11.2011	20,000,000		
2		23.12.2011	113,739,600		
2		31.12.2012	74,964,305		
3	771,987,200	23.02.2012	74,964,305	697,022,895	151,521,785
Totals	**2,309,384,000**		**912,861,714**	**1,396,522,286**	**848,892,702**

Source: UNRA

The monitoring team visited Kisoro-Kyanika road (11Kms) and observed that the entire section had been graded and with a few section regravelled. LBC contracts (back sloping and clearing of side drains) were ongoing at that time. The road was in good condition with a good surface.

On Kisoro-Nyarushiza-Muhabura road (9Kms), the team observed that a greater part of entire section had been graded, and a few sections had the side drains stone pitched. The sections that had not been graded have a rocky surface due to nature of the soils. This road is used by tourists who go mountain climbing on Mt. Muhavura and thus had to be frequently maintained. The road surface was in good condition except those sections towards the end are bumpy due to the natural rock outcrops. The team also observed surface runoff from the road is channelled to people’s land since it does not have drainage facilities.

On Natete-Busanza road (18.2Kms), grading was on going beyond the Kaku River which is 12Kms from Natete trading centre. The team observed that the road is prone to mud slides due to the mountainous terrain and the agricultural activity in the region.

On Nyakabande - Mutorere (9Kms), the team observed that on grading had been done on the entire section of the road and it was still motorable. However, a few sections had started deteriorating resulting from runoff that was moving along the road. This was mainly brought about by people who block the drainage off shoots that channel water to their land.

Katojo-Rubuguri road (26Kms) had been entirely graded and a few sections spot re-gravelled. However due to the, high traffic from tourists going for gorilla trafficking, nature of soils, agricultural activity and the mountainous terrain, the road was deteriorating quite fast. The team was informed that this road had been contracted out to a firm by the UNRA contracts committee but the Contractor did not commence works claiming that they had quoted low on the job. Kabale UNRA station then intervened using Q2 force account funds under emergency works.



(Left); Section of Kisoro-Kyanika road with LBC works of back sloping and clearing of side drains; (Centre); Section of Kisoro-Nyarushiza-Muhabura road with protruding rocks that require specialised equipment for maintenance which the station lacks; (Right); A wooden bridge over Kaku river on Natete-Busanza road that requires replacement.

Implementation challenges at the station included:

- The mountainous and hilly terrain makes the construction of roads difficult in addition to hindering fast response to emergencies as the road equipment cannot easily be gotten to sites.
- The area experiences landslides which cut off the roads. This is mainly attributed to the agricultural activities in the area where farmers till their land up to the road side in the mountainous area leaving no vegetation to hold soils.
- Road construction materials in the area have been depleted. At the moment, Kabale has only one borrow pit with fairly good material located about 38Kms from the station making its transportation costly. This borrow pit is also used by other contractors like SBI International which is constructing the Kabale-Kisoro road.
- The locals do not allow using their land for diverting water from the road through drainage structures like offshoots. They block these features leaving the water to stay on the road and enhancing their deterioration.
- Some important inputs required in intervention of emergency works are not easily available even in the station stores. Some of these are armcos and gabion boxes for drainage works in swamps and supporting soils especially in hilly areas.
- The station has old equipment that needs to be replaced. At the time of monitoring, only two graders and a wheel loader were functional with the roller broken down. Further to this, the station lacks essential/special equipment for the nature of work they carry out.

For example, they lack low beds to move equipment to sites. There is also need for a bulldozer to work on roads with protruding rocks. The wheel loader at the station is used for excavation works which are supposed to be done by a truck excavator.

- Contractors abandon some roads after they have been procured because in the areas in which they are situated, there is no water and gravel. Some of these places are not easily accessible making transportation of material and equipment expensive.
- The labour force especially for force account works and labour based contracts is scarce especially in areas that are covered by the national parks. There are other activities in the area like agriculture and rock mining that offer better pay.
- The station also faces inadequate funding. The budgets are always slashed and on top of this, funds are released late. For example, by the time of the monitoring field visit towards the end of February the third quarter funds had not yet been received.

Recommendations

- Stations should at least be given some new equipment after a certain period of time.
- Extra funds should be availed to UNRA to cater for the additional network.
- Labour force should be paid attractively especially in areas where there are competing demands for labour services to reduce on labour importation from other places which may not be reliable or readily available.
- The station should be availed with exaction equipment given the nature of its emergencies like landslides to effectively respond to these threats and look at providing low bed trucks for transporting equipment rather than relying on hiring from the private sector which exhausts their budget without meeting the intended targets.
- Strategies must be formulated for handling places which do not have good gravel material and water for construction.

3.7.3 Upgrading of Kabale Kisoro-Bunagana (101Kms)

Project Background

The project for upgrading of 101Kms 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 starts from Kabale town through Kisoro to the border points with the Democratic Republic of Congo (DRC) at Bunagana, and 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 UgShs 155billion jointly funded by the African Development Bank (AfDB) and GoU and implemented by the UNRA. Road Construction works officially commenced on 22nd March 2007 and were expected to complete by December 2011 though this has not been possible due to a number of variations issued in the works as detailed later on.

The project entails construction works for the upgrading of a total of 101Kms of the road 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 3.7.7 below shows a summary of the contract data and progress of the construction works on the road as at the time of our monitoring.

Table 3.7.7: Kabale – Kisoro – Bunagana/ Kyanika Project Summary

Contract Number	RDP/HW/CS 013
Funding Agency	African Development Fund (89.5%) and Government of Uganda
Supervision Consultant	Mott MacDonald Ltd in Association with Kagga & Partners
Contractor	SBI International Holdings AG
Length of Road	100.257Kms
Works Contract Price (Original)	Ugshs 147,067,121,956
Works Contract Price: (1st Revised) (2nd Revised)	Ugshs 151,968,876,718 (3.3% increase) Ugshs 195,445,535,968 (32.9% 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: (1st Revised) (2nd Revised)	31 December 2011 30 September 2012
Original Completion Period	1460 Days (3 Years)
Revised Completion Period	2019 days
Contract Time Elapsed	1805 (87.97%) as of 31st January 2012 based on recommended extension up to 30th September 2012
Payments to Contractor	Ugshs 195,445,535,968 billion (78.7% of second revised contract
Weighted Physical Progress	80.16% as of 31 January 2012

Source: Supervising Consultants' Resident Engineer.

The project had last been monitored in the fourth quarter of FY 2010/11, at which time progress of works was estimated at 90.57% against a financial progress of 101% and a contract time progress of 87.74%. In FY2010/11, the project had an annual budget of Ugshs 41.753 billion though achieved a total progress on road works of 20.81% and procured 18 hectares of land against the annual targeted output of 30% of works and procurement of 24 hectares of land. The project also fell behind the contract time progress. In the FY2011/12, the project was allocated a total budget Ugshs 55.073 billion and had targeted outputs that included acquisition of 3 hectares of land and an annual progress of works of 11%.

At the time of monitoring done on 23rd and 24th February 2012, the following were the findings as detailed below;

Financial Performance

The project's financial progress was estimated at 107% of the original contract price. This includes 30% advance payment on works, materials and equipment, but part of which had been recovered. However the contract price was revised following the issuance of a number of addendums which increased the total length under construction and hence increased quantities. Thus against the revised contract sum of Ushs 195,445,535,968 the projects financial progress was estimated at 83.75% as of 31st January 2012.

Payments to the contractor as at the end of second quarter had amounted to Ugshs 64.062 billion (76.5% of IPCs) from GoU and USD 63.929 million (77.3% of IPCs) from the donor. However payments to the contractor and the consultant were however not timely as; 8 certificates totaling to Ugshs 19.728 billion had not been cleared on the portion of the GoU since May 2011, and 10 certificates amounting to USD 14.503 million was pending payment on the side of the donor since March 2011. The GoU had last made payment to the contractor in May 2011 and the Donor in Jun 2011; and to the consultant the GoU had last made payment in March 2011. Therefore such a scenario was attracting interest on the contractor's certificate already issued. This does not apply to the consultant's fee as it was not subject to any interest and variation.

Table 3.7.8: Financial Performance of the Project for Upgrading of Kabale-Kisoro-Bunagama/Kyanika road (101Km)

	Source of funding	**Approved Estimates** ***(Ugshs Billions)***	**Releases** ***(Ugshs Billions)***	**Expenditure** ***(Ugshs Billions)***	**% of Budget Released**	**% f Releases Spent**	**Contracts Contract Sum** ***(Ugshs Billions)***	**% Payment to the Contractor**	**Consult-ant's Contract Sum** ***(USD Millions)***	**% Payment to the Consultant**
FY 2010/ 11	GoU	5,053	n/a*	1,865	n/a*	n/a*	195,445	n/a*	1,347	n/a*
	Donor	36,700	n/a*	33,683	n/a*	n/a*		n/a*		
FY 2011/ 12	GoU	35,000	n/a*	n/a*	n/a*	n/a*		n/a*		n/a*
	Donor	20,073	n/a*	n/a*	n/a*	n/a*		n/a*		n/a*

n/a*: Information not available ***Source: MoWT MPS, 2011/12; Supervising Consultant's Resident Engineer***

Physical Performance

The progress of works was estimated at 94% (as at end of January 2012), representing a total progress of 80.81% against the planned output of 80.86%. This was based on the second revised time extension and budget which saw the increase in earthworks from 750,000m^3 to 1,300,000m^3.

The monitoring team observed that major ongoing works were concentrated at KM 54+500 and 67+500 (13Kms) and included clearing, dismantling, scarification, earthworks, road sub-base, fixing of gabions and road base with the rest of sections complete as captioned below. Major drainage and earthworks were almost complete with drains, culverts, lining, stonework and gabions at 81.1%; and clearing, dismantling, scarification, earthworks, road sub-base and road base at 83.9%. Ongoing works were mainly priming and asphalt concrete surface dressing at 75.48% and installation of marker posts, guard rails, road signs, road marking, landscaping, etc., at 43.4%. The contractor has so far handed over a total of 82Kms (50Kms in September 2010 and 32Kms in November 2011) and are now under maintenance by UNRA

The team also observed that there was a completed section of the road that had deep cracks causing the road to flake towards embankment. The team was informed that these are the sections of the road that were to be shifted towards the cut by about 3m on the inside which had lead to increase in contract time and bill of quantities. The actual cost of these works could not be verified and the team was told that they will be known when the works are completed.

Land acquisition along the project road was completed in September 2011 and the communities had been very cooperative as the project did not face any interferences, stoppages and major complaints. However, there was a pending case of about 800m along the road in Kisoro district that had come up due to extension of the road to the inside by about 3 meters. The consultant was however positive that this would go on smoothly.



(Left); Completed section of the road whose edges are flaking off necessitating shifting of the road inward. (Centre): Completed section that has been handed over to the client with road markings and road furniture. Notice how the terrain is affecting the project path. (Right); Some of the sections where clearing and grubbing is still ongoing that is aimed at shifting the road inward to avoid failures like in the picture on the left.

Challenges experience by the project

- The Bills of Quantities were not prepared properly and this cased a variation of contract price from Ugshs 147bn to 194bn
- Swamps along the road were not investigated and will remain a major challenge for UNRA during maintenance. The cost of investigations and construction of these places was exorbitant and the client decided to surface the areas and deal with the problem later as the traffic on this road could not justify such an investment.
- Land acquisition is still ongoing despite the project nearing its completion and this has brought about a number of delays in the implementation of the project.

Recommendations

- UNRA should look at comprehensive design reviews before contractors are procured or given commencement letters so that the issue of variations is comprehensively dealt with rather than waiting to address the issues during implementation and run into cost and time overruns on the project which is a costly venture.

3.7.4 Periodic Maintenance of Jinja-Kamuli road (58Kms)

Project Background

The Jinja-Kamuli project is approximately 58Kms long and passes through a rolling to hilly terrain in the districts of Jinja and Kamuli. The road starts at Mpumudde roundabout, approximately 3.2Kms from Jinja town along the Jinja-Iganga highway and spans northward through Buwenge township terminating at the roundabout in Kamuli town. This road also connects the Busoga region to the northern corridor route which links Kampala city to the Eastern, Northern and North Eastern parts of the country to Kenya. The Jinja-Kamuli road is a Class II paved road with a 6.0m wide carriageway and 1.0m wide carriage shoulders. Its pavement structure consists of a double bituminous surface treatment (DSBT) on lime stabilised gravel base.

Since the construction of the road, there has been limited intervention which was insufficient to prevent the deterioration of both the structural and functional condition of the significant sections of the road.

The project expected to cost Ugshs 47.486billion is funded by the GoU and implemented by the UNRA. Procurement of a contractor for the works was done between May 2010 and November 2010, with construction works officially commencing on 1st August 2011 and are expected to complete by 31st January 2013.

The works involve rehabilitating and widening of the existing road to paved Class 1B standard with 7m carriageway and shoulder of 1.0m in rural sections and 2.5m in trading centres. The pavement reconstruction works consist of milling the old base course and improving it with cement to form the new base, construction of a new crushed stone base to a thickness of 150mm and asphalt concrete wearing course of thickness 50mm. The works will also include improvement of drainage structures as well as installing the relevant safety features such as road signs, guard rails, mileage and edge make posts, road rumps, rumble strips and road marking.

The Table 3.7.9 shows a summary of the contract data and progress of the construction works on the road.

Table 3.7.9: Jinja – Kamuli Project Summary

Contract Number	UNRA/PM /10/11/04
Funding Agency	Government of Uganda

Supervision Consultant	Professional Engineering Consultants Ltd.
Contractor	Dott Services Ltd
Length of Road	58Kms
Works Contract Price (Original)	Ugshs 47,486,00,340
Supervision Contract Price	Ugshs 1,219,500,000
Commencement Date (Works Contract)	1 August 2011
Completion Date (Original)	31 January 2013
Original Completion Period	18 months
Contract Time Elapsed	7 months (at end of February 2012)
Advance Payment	Ugshs 9,497,200,068 (20% of contract price)
Work Payments Certified	Ugshs 2,059,012,977 (4.34% of contract price)
Work Actual Payments	Ugshs 1,345,665,377
Supervision Payments Certified	Ugshs 647,815,161
Supervsion Actual Payments	Ugshs 546,515,161
Weighted Physical Progress	3.77 % (up to 29 February 21012)

Source: Supervising Consultants' Resident Engineer.

At the time of monitoring done on 15th March 2012, the following were the findings as detailed below;

Financial Performance

Information on specific releases and expenditure were not available at the time of monitoring attributed to the project having commenced this financial year. However, payments to the contractor amounted to Ugshs 1.345 billion (2.83% of contact value). This was 65.35% of the work payments certified which had amounted to Ugshs 2.059 billion as at end of February 2012. This put the estimated project financial progress at 8.91%. Cumulative payments to the consultant were at 44.8% of the contract value.

The team was informed that subsequent to the detailed engineering design review of which a draft design report was prepared and submitted to the client in early October 2011, it was established that the available budget allocated for the implementation of the periodic maintenance works of the project road was insufficient. This is primarily attributed to the discovery that some important bill items were missing in the original BoQs. Such items are road bed preparation, common excavation, rock excavation, common fill, rock fill and mostly bitumen. Furthermore, the quantities of some of the included bill items were found inadequate and had to be increased.

Table 3.7.10: Financial Performance of the Project for Routine Maintenance of Jinja-Kamuli road (58Kms)

	Source of funding	Approved Estimates *(Ugshs Billions)*	Releases *(Ugshs Billions)*	Expenditure *(Ugshs Billions)*	% of Budget Released	% f Releases Spent	Contracts Contract Sum *(Ugshs Billions)*	% Payment to the Contractor	Consult-ant's Contract Sum *(Ugshs Billions)*	% Payment to the Consultant
FY 2011/12	GoU	n/a*	n/a*	n/a*	n/a*	n/a*	47,486	22.83	1,219	44.81

n/a*: Information not available ***Source: MoWT MPS, 2011/12; Supervising Consultant's Resident Engineer***

Physical Performance

The progress of works during the month of February 2012 was estimated at 3.77% against the planned output of 3.779%. Based on the contractor's programme, the overall achieved progress was estimated at 6.79% which was below the anticipated progress of 34.57% at this stage of the project. This was due to the fact that most of the activities that had commenced were far behind schedule and a good number of others had not commenced.

During the month of January 2011, the major road activities executed by the contractor so far include; drainage works, earthworks, natural gravel sub base and the site trials for the cement stabilization of the existing pavement layer. Concurrently to these road activities, crushed rock material was being produced at the quarry site in Namwenda while gravel was being stock piled at the approved borrow pits along the project road. These works were complemented by the quality control activities of the surveying and material laboratory teams which ensured compliance with the set standards. Also undertaken was the maintenance of the existing road pavement to prevent further deterioration and to improve its riding quality as perceived by the road users.

Two quarry sites were identified for the project in Namwenda (Buwenge) and Semuto. An initial survey executed to establish the quantity of rock revealed that the Namwenda quarry site can provide adequate quantities of crushed stone material to cover the requirements of the project. Nevertheless, the Semuto quarry site is being maintained as a reserve site should the need arise for more quantities of crushed material. Currently, the quarry site at Namwenda, about 23Km from the project start point in Jinja, is in use and it's within this same location that the contractor set up a crushing plant which is fully operational.

The contractor has got three stock piles of crushed aggregates stone base material in preparation of the instructed road base works at Semuto, Buwenge and at the contractor's camp site. At the end of January 2012, the total quantity of crushed stone material so far stock piled on the project at the three locations is approximately 27,000m^3.

Culvert installation and replacement was going on in a number of sections of the project. In the month of January, 58m of concrete pipe length were laid the first 15Kms and last 12Kms of the project. In addition to this, related culvert end structures were constructed in concrete. All existing cross culverts of diameter 600mm or less were replaced with those of diameter 900mm (where the ground conditions allow) and a minimum diameter of 600mm was maintained for all cross culverts. All those culverts that were deemed to have structurally failed were being replaced with those of the same capacity. The road sections that were prone to flooding were raised to accommodate the new drainage structures and also to improve on the flood levels.



(Left); Trial section of 450m being prepared for priming (Centre): Existing section of the road that is being maintained. Note the potholes that are being filled with murram to make the section motorable. (Right); A section undergoing benching works of the foundation.

Some of the road sections had seriously and extensively deteriorated with eroded shoulders including edge breaks with the presence of a series of potholes within the carriageway.

The monitoring team observed that the contractor was undertaking earthworks which included the removal of unsuitable material where encountered, placement of rock fill in unsuitable foundations (swamp locations), road bed preparation, benching in areas where the road is to be widened and filling with approved material in constructing the common fill and improved sub grade layers.

Cement stabilization of the existing road base layer with a successful trial section measuring 450m in length and half the road width had been done at the beginning of the project road. The second half of the trial section was going to be done in the other half during which this activity will be further streamlined. On the day of the monitoring site visit, the trial section was being prepared to receive a prime coat layer of bitumen to ensure cohesion between the new base layer and asphalt concrete.

The contractor’s site office is located in Buwenge Township, 22.5Kms from the starting point of the project in Jinja. This was fully established in June 2011 and the construction of materials laboratories within the same location was accomplished in July 2011.

Challenges

- Considering the delays experienced on the project and its nature, the equipment at site on the part of the contractor is insufficient to deliver the project on time. Further to this, the contract minimum equipment requirements make it had for the project managers to instruct the contractor to mobilise more equipment since he would have met the minimum requirements.
- The use of outdated designs and inadequate bills of quantities for solicitation of contractor leading to award of contract to a contractor with limited capacity. The design review necessitated a 75% variation of the original contract. This was brought about by a lack of a design report for the works during tendering. The design review done by the

project consultant brought up changes in quantities and scope especially the earthworks and drainage structures. This was brought about by;

a) Errors in the surveying data given by the client: earlier surveys were done using a GPS with enormous errors in the vertical alignment of the road as both the users and the accuracy of this equipment is suspect hence affected the earthworks. This had to be redone by the consultant. Should the design review report be approved by the client, this project has to be re-tendered in line with the procurement regulations.

b) Drainage works were under estimated for example 567m of culverts need to be replaced or are clogged due to under capacity and this does not include new locations for the drainage structures. When this requirement was reviewed by the Project Managers the cost went up by UgShs 5.4billion, stone pitching and drainage works required above the original estimate is 438m bringing the cost of the variation at 2.4billion.

- The design that was given was a straight-line road map which is not a true representation of what is on the ground. There was no provision for widening, bus bays and access roads.
- The BoQs lacked a critical item, that is, bitumen. This alone carries a value of about Ugshs 1.5billion.
- There are also a number of utilities that need to be relocated. These are located in the project paths and might cause delays if not moved. One of these is a main water pipe of diameter 150mm running for about 650m and electricity poles in Kamuli town.
- Since August 2011 up to February 2012, that is 7 months, there has been a work progress of only 4%. From this it is obvious that the contract will not be completed within its stipulated time.

Recommendation

- In future the contracting entity should consider increasing the minimum requirement for equipment for this nature of works so that contractors with the right capacity are procured.
- The utilities found in the roadway should be relocated as soon as possible to avoid further dealays.
- Issues regarding the works variation of 75% should be urgently concluded with a view of either continuing with the contract or re-tendering so that no further loss is incurred by government resulting from delays.
- The UNRA accounting officer, contracts' committee and evaluation committee of this specific contract, should take responsibility of the uncorrected glaring errors in the bid document that lacked a critical item (bitumen) and was based on very poor designs.

3.8 WATER AND SANITATION

3.8.1 Introduction

Government of Uganda, in its National Development Plan attaches great importance to the water and environment sector. This is because the sector has a direct health and socio-economic bearing the population (rural and urban alike) and is very critical for the overall national productivity. The sector is however currently faced with a number of strategic and operational challenges that threaten its ability to meet the MDG targets and many of these challenges cut across other sectors of the national economy. To address these challenges, government initiated reforms in the water sector in 1997 to ensure that water services are provided and managed with increased efficiency and cost effectiveness.

The Government of Uganda currently provides four core conditional grants to the sector, and these include:

i) The District Water and Sanitation Conditional Grant (DWSCG) disbursed on a quarterly basis to districts for the development of water and sanitation service infrastructure in the rural areas. Under this grant, the procurement process, as well as the contract management, is carried out solely by the districts.

ii) The Water for Production Conditional Grant for the development of facilities for sustained provision of water for livestock particularly within the cattle corridor.

iii) The Urban Water Supply and Sanitation Conditional grant,for the development of water and sanitation facilities to provide sustained services to people living in urban, peri-urban areas and upcoming Rural Growth Centers (RGCs).

iv) The Water Resources Management Conditional Grant, for the development and management of water resources including regulation and quality control of the resources.

In the third quarter of the FY2011/12 both financial and physical performance were monitored under two of the four conditional grants above. Under the DWSCG, a total of 6 district local governments (DLGs) were monitored. These included Arua, Lwengo, Mayuge, Water and Sanitation Development Facility Masaka, Mbarara, and Namutumba district local governments. Under the Urban Water and Sanitation Conditional Grant, three projects were monitorerd. These included:

i) Water and Sanitation Development Facility West (6 projects were monitored);

ii) Water and Sanitation Development Facility – North, (3 projects were monitored);

iii) Water and Sanitation Development Facility – Central (1 project wAS monitored)

Methodology

Financial performance was assessed using IFMS data for centralized projects. The analysis reviewed the absorption rate and on the other hand operational efficiency whether funds for development projects were being used for high or low priority areas. High priority expenditure is defined as 'installation of physical infrastructure" as this reflects investment in capital outputs. Low priority expenditures are those which are re-current in nature, including: allowances, workshops and seminars, travel inland, fuel and vehicle maintenance.

Whilst these re-current expenditures are required in all development projects, their composition should not exceed 10% of the total budget. For the DWSCG, data on financial performance was taken from the Q2 progress reports submitted by districts to the Ministry of Water and Environment (MWE) with a copy to MFPED. This was further backed up by data directly taken from the DLG sector account books as of the month of February 2012

Physical performance was assessed basing on progress in the completion of outputs which had been planned and budgeted for at the start of FY2011/12. For centralized projects the Q2 Progress Report ('Performance Form A') which is submitted by MWE on a quarterly basis was used for monitoring. Physical spot visits to selected projects were conducted to verify reported progress, both volume and quality of works.

Criteria for sampling projects and districts to monitor

- Expected physical progress in Q3 for both centralized projects and the DWSCG according to the Q2 progress report and Q3 work plans.

- There were two criteria for selecting districts to monitor the DWSCG. Firstly, districts with safe water coverage at 40% or below were sampled to assess implementation in these underserved areas. Secondly, priority was given to areas where remediable challenges had been identified during previous monitoring visits to assess whether progress had been made. The DWSCG follow up visits were made in four districts including Arua, Lwengo, Masaka, and Mayuge.

-

3.7.2. Rural Water Supply and Sanitation (RWSS) Vote Function

Under the RWSS program the team monitored the Support to RWS (Project 0163) focusing on the DWSCG. The RWSS program is decentralized through the DWSCG and is implemented by respective recipient DLGs. The DWSCG receives 35% of the sector budget[80] and this is channeled from MoFPED directly to the DLG General Fund Account. The disbursements are on the basis of work plans and budgets approved by the MWE which prepares the necessary payment schedules against which MoFPED effects transfers.

[80] National Budget Framework Paper FY09/10-FY13/14, Ministry of Finance, Planning and Economic Development, pg. 178

Cross-cutting challenges in implementing the DWSCG

In the course of Q3 monitoring a number of strategic challenges impacting on the smooth implementation of the DWSCG and the Sanitation Conditional Grant were identified. These were found to be affecting all the 6 DLGs monitored. They manifested themselves at both LG and National levels:

It is important to take note that most of the challenges presented and discussed here have been identified and presented in past BMAU reports. Unfortunately they have received no substantial attention from the authorities concerned and they continue to affect implementation of the conditional grants.

(a) Challenges at the Local Government level

- Gaps in the way software activities for water activities are implemented – communities are usually not well prepared to demand and receive the water facilities
- Political intervention – Involvement of politicians in implementation of water programmes has to a large extent yielded positive results regarding performance of water facilities however in some cases politicians convey conflicting messages on water user fees contrary to the guidelines.
- Low capacity of contractors: A number of Contractors/ consultants have technical gaps greatly affecting the quality services/ facilities delivered. A number of contractors win contracts in more than three distrcts yet they lack the equipment and manpower to undertake the contracts concurrently. The result has been delays in executing works in some of the districts.
- Poor quality of materials used. The quality of materials especially plastic pipes and cement was an issue. Some of the plastics were sub-standard and in some cases the cement was identified to be adulterated. In both cases the structural strengths of works could not be guaranteed.
- Inadequate staffing at both district level and the lower local governments – Much as the sector is trying to identify and fill up all the existing positions in the district structures with qualified staff, the efforts are constrained by creation of many districts. Low staffing levels in districts results in inadequate supervision and monitoring of water activities. This issue has been raised in two past monitoring reports but little effort has been made by authorities concerned to address it.
- Weak coordination mechanism- Under decentralization arrangement, water activities are supposed to be implemented by districts through the sub-counties. Additionally a number of NGOs, CBOs are also implementing water activities at district and sub-county level. The coordination mechanism for all these players is still weak especially at sub-county level.

(b) Challenges at Central level

- Poor quality and limited availability of spare parts is an issue. Since the items are not fast-moving they dont attract much interest from the business community. MWE is working closely with the UNBS to ensure quality spare parts are available on the market and continues to encourage, with low level of success, suppliers to open up spares outlets at all levels because accessibility affects functionality. MWE may have to strongly lobby GoU/Ministry of Finance to consider either subsiding the cost of spares or waving taxes on them as a measure fo attracting private sectors in that line of business.
- Poor backup support mechanism (institutional) at the central level: the rural water supply and sanitation department that is charged with ensuring proper use of the facilities currently lacks an institutional arrangement to address O&M. The concern has been presented to the public service restructuring team for consideration.
- Weak community based maintenance system (CBMS): since 1986, the sector has been using the CBMS; that requires the communities to take full responsibility for the operation and management of the rural facilities. Over time it has been realized that the system has gaps to be addressed. The sector is currently reviewing the O&M framework and carrying out capacity building of community based artisans like hand pump mechanics to assist in ensuring functionality; the key challenge of the sub sector.

Individual district-specific observations

Below is an outline of the performance of selected districts that were monitored in Q3 of the FY 2011/12 under the DWSCG:

(i) Arua District

Financial performance

The FY2011/12 approved budget was Ug Shs 812,066,000/=. By February 2012, Ug Shs 812,066,000/= was released, representing 100% of the budget. By end of February 2012 Ug Shs. 212,228,863 (26.13 %) of funds released had been absorbed.

Physical performance

The hardware and software activities undertaken are outlinedin table 3.7.1.below;

Table 3.7.1: Status on Capital Outputs and Expenditure in Arua District

Output	Annual Planned Output	Outputs Completed (Feb 12)	Comments on progress
Planning and advocacy meetings	5	5	Activity completed
Sensitise communities to fulfil critical requirements	35	28	Activity in progress
Establishing Water User Committees	35	0	Activity not yet carried out
Hold community feed back meetings	4	0	Activity not yet carried out
Training water user committees (WUCs), communities and primary schools	10	0	Activity not yet carried out
Extension staff quarterly review meeting	4	0	Activity not yet carried out
Post construction support to WUCs	25	0	Activity not yet carried out
Radio programmes promoting water supply construction and sustainability	4	4	Activity completed
Baseline survey for sanitation	1	0	Activity not yet carried out
Conduct follow up survey	2	0	Activity not yet carried out
Sanitation week promotion activities including World Water Day celebrations	1	0	Activity not yet carried out
Training of extension workers in participatory approaches	2	2	Activity completed
Triggering of communities in (Community Led Total Sanitation (CLTS)	1	0	Activity not yet carried out
Training community representatives in CLTS	1	0	Activity not yet carried out
Follow up visits for triggere communities	1	0	Activity not yet carried out
Training private sector on hygiene	1	0	Activity not yet carried out
Training of water staff on tailor made courses & SC staff in CLTS tools	2	0	Activity not yet carried out
Construction of public latrines in RGCs	2	0	Activity not yet carried out

Medium spring protection	3	3	Project completed
Extra large spring protection	3	3	Project completed
Shallow well construction – motorized drilled	6	0	No work yet
Deep boreholes drilling sedimentary zone	5	0	No work yet
Deep boreholes drilling basement zone	17	9	Works ongoing
Design of piped water system gravity flow scheme (GFS, Borehole, Surface)	1	1	Project completed
Construction of valley tanks	1	0	No work yet
Borehole rehabilitation	15	15	Project completed
Borehole rehabilitation assessment	20	20	Project completed
Rehabilitation of piped water system	2	0	No work yet
Water quality testing (old sources)	80	20	Works ongoing

Source: Arua District DWSCG Q2 Progress Report and Field Findings

By the time of Q3 monitoring, physical performance was far below expectations. Less than 25% of the works and software activities that had been planned for the entire year had been accomplished. It is very unlikely that with this kind of pace, the DLG will achieve its annual objectivies.

Sanitation Conditional Grant

Financial performance

The FY2011/12 approved budget was Ug Shs 21,000,000/=. By February 2012 Ug Shs 10,500,000/= had been released, representing 50% of the budget. By end of February 2012, all funds released were absorbed.

Physical performance

Table 3.7.2: Arua DLG Sanitation Conditional Grant Activities implemented – Q1-3 FY 2011/12

Plannned Activities	Location	Completion status as of end of Q2
Holding sanitation and hygiene situation analysis	Ayivuni/Vurra SCs	100% done
Home improvement campaign with promotion of handwashing	Ayivuni/Vurra SCs	100% done
Home improvement campaign with sanitation progress review mtgs	Ayivuni/Vurra SCs	To be done in 3rd quarter (qrt)
Sanitation week activities	Terego County	To be done in 3rd qrt
Home and environmental inpsection by Sub County Executive Committee	Ayivuni/Vurra SCs	To be done in 3rd qrt
Support supervision by district stakeholders	Ayivuni/Vurra SCs	To be done in 3rd qrt

Source: Arua District DWSCG Q2 Progress Report and Field Findings

Whereas all funds were absorbed by the time of monitoring, only two of the planned activities had been undertaken. This signifies a potential problem of the district being able to accomplish its annual workplan with the remaining funds from the centre.

Challenges faced by the DLG in the first two Quarters

- Increasing investment costs due to rising inflation in the country.
- High operational costs due to rising fuel cost (March 2012 pump price; diesel Ug shs 4,000= per litre and petrol Ug shs 5,000= per litre).

(ii) Luweero District

Financial performance

The FY2011/12 approved budget was Ug Shs 394,063,000. By February 2012, Ug Shs 260,672,000/= was released, representing 66% of the budget. By end of February 2012 Ug Shs.120, 064,840 (46%) of funds released were absorbed.

Physical performance

Under the DWSCG, the hardware and software activities undertaken are outlined in table 3.7.3.below:

Table 3.7.3: Status on Capital Outputs and Expenditure in Luwero District

Output	Annual Planned Output	Outputs Completed (Feb 12)	Comments on progress
Planning and advocacy meetings	10	10	Activity completed
Sensitise communities to fulfil critical requirements	36	36	Activity completed
Establish Water User Committees	36	36	Activity completed
Re- training WUCs for reactivation	1	1	Activity completed
Training private (hand pump mechanics, caretakers)	1	1	Activity completed
Post- construction support to WUCs	80	80	Activity completed
Shallow well construction (hand dug)	30	10	Work ongoing
Deep boreholes drilling (hand pump)	4	2	Work ongoing
Promoting domestic rain water harvesting	2	0	Work ongoing
Construction of valley tanks	2	2	Work completed
Technical borehole assessments	33	33	Work completed
Borehole rehabilitation	23	7	Work ongoing
Water quality testing (new sources)	30	0	No work yet
Water quality testing (old sources)	30	30	Work completed

Source: Luweero District DWSCG Q2 Progress Report and Field Findings

This is record performance. More than 80% of the annual workplan had been accomplished by the end Q3 monitoring. The DLG stands very high chances of accomplishing 100% of the annual workplan by close of the FY.

Sanitation Conditional Grant

The FY2011/12 approved budget was Ug Shs 21,000,000/=. By February 2012, Ug Shs 15,750,000/= was released, representing 75% of the budget. By end of February 2012 Ug Shs.15, 750,000 (100%) of funds released were absorbed.

Table 3.7.4: Luwero DLG Sanitation Conditional Grant Activities implemented – Q1-3 FY 2011/12

Plannned Activities	**Location**	**Completion status as of end of Q2**
Sanitation and hygiene improvement	Kamira, Katagwe, Mazi and Nambere parish and S/Cs	Activity completed
Baseline survey and household sanitation and improvement	Kamira and Kalagala S/Cs	Activity completed
Hygiene promotion in schools	Kalagala S/C	Activity completed

Source: Luweero District DWSCG Q2 Progress Report and Field Findings

Over 75% of the annual budget had been spent on only three activities. There was no indication of plans for follow-up activities. This is another typical example of one-time-off activities that do not yield much in terms of impact. It is a problem that has dogged DLGs in the past and still continues despite the establishment of the sanitation conditional grant, which among others was meant to enhance attention to the sub-sector.

Challenges faced by the DLG in the first two Quarters

The following challenges have greately hindered progress and attainment of the water sector goals.

- Delayed release of funds affected planned quarterly activities.
- Delays in procuring contracts by the procurement department.
- Funding gaps due to less funds released by the Central Government yet the more demands for the facilities by communities and rehabilitation projects.

(iii) Masaka District

Financial performance

The FY2011/12 approved budget for Masaka district water office was Ug Shs 310,985,860/=. By February 2012, Ug Shs 155,492,000/= had been released, representing 50% of the budget. By end of February 2012 Ug Shs. 111,619,000 (75 %) of funds released were absorbed.

Physical performance

The hardware and software activities undertaken are outlined in table 3.7.5 below:

Table 3.7.5: Status on Capital Outputs and Expenditure in Masaka District

Output	Annual Planned Output	Outputs Completed (Feb 12)	Comments on progress
Extra large spring protection	3	0	Contract has just been signed
Shallow well construction (hand dug)	15	0	Contract has just been signed
Shallow well construction (hand augured)	12	0	Contract has just been signed
Shallow well construction (motorized drilled)	9	0	Contract has just been signed
Promoting domestic water havesting	48	10	Activity still ongoing
Borehole rehabilitation	25	0	Contract has just been signed
Water quality testing (new sources)	10	0	Contract has just been signed
Water quality testing (old sources)	3	0	Contract has just been signed
Construction of public latrines in RGCs	1	0	Contract has just been signed
Planning and advocacy meetings	1	1	Activity completed
Sensitise communities to fulfil critical requirements	20	29	Activity completed
Establish Water User Committees	20	0	No work done yet
Post-construction support to WUCs	20	20	Activity completed
Sanitation week promotion	1	0	No work done yet
Extension workers' meetings	4	2	Activity still ongoing
Planning and advocacy at sub-county	6	6	Activity completed

Source: Masaka District DWSCG Q2 Progress Report and Field Findings

Physical performance was far below the anticipated levels. By the time of monitoring less than 30% of the planned activities had been undertaken. The district had serious problems with the procurement process. For several months there was no functional procurement structure and even after they had been installed it took time to orient them into their tasks.

Sanitation Conditional Grant

The FY2011/12 approved budget was Ug Shs 21,000,000/=. By February 2012, Ug Shs 10,500,000/= had been released, representing 50% of the budget. By end of February 2012 Ug Shs. 9,765,000 (93 %) of funds released were absorbed.

Table 3.7.6: Masaka DLG Sanitation Conditional Grant Activities implemented – Q1-3 FY 2011/12

Plannned Activities	Location	Completion status as of end of Q2
Initial baseline survey and training of data collectors	Kabonero and Bukakata S/Cs	Activity completed
Sensitization and training of supervisors	District head quarters (Hqtr)	Activity completed
Data collection	The 2 above S/Cs	Activity completed
Dissemination and feedback of results from data collection and analysis	District and S/C Hqtrs	Activity completed
Home improvement campaign through community mobilization and advocacy	Selected communities	Activity not yet done
Sanitation week and World Water Day celebrations	District Hqtr	Activity not yet done
School health for improved hygiene and sanitation	Selected schools	Activity not yet done
Integration of drama into sanitation advocacy	To be communicated	Activity not yet done

Source: Masaka District DWSCG Q2 Progress Report and Field Findings

Physical performance of the sanitation conditional grant was satisfactory. However, like Arua and Luwero districts, there was little evidence of follow-up interventions. The interventions implemented were all one-time-off in nature and stand little chance of lasting impact.

(iv) Mayuge District

Financial performance

The FY2011/12 approved budget was Ug Shs 579,207,000/=. By February 2012, Ug Shs 289,604,000/= had been released, representing 50% of the budget. By end of February 2012 Ug Shs. 228,524,978 (78.9 %) of funds released were absorbed.

Physical performance

The hardware and software activities undertaken are outlined in table 3.7.7 below;

Table 3.7.7: Status on Capital Outputs and Expenditure in Mayuge District

Output	Annual Planned Output	Outputs Completed (Feb 12)	Comments on progress
Water quality analysis and Surveilance	144	149	Testing was successfully done
Borehole siting and construction	9	0	Only siting has been carried out
Hand dug shallow well siting and construction	8	0	Only siting has been carried out
Motor augured shallow well siting and construction	4	0	The activity has not attracted any bidder yet
Borehole rehabilitation	13	13	Full rehabilitation has been done
Planning and advocacy meetings	13	13	All meetings were held
Sensitise communities to fulfil critical requirements	45	45	Full sensitization was done
Establishing Water User Committees	45	45	WUCs were established
Training WUCs, communities and primary schools	45	45	Training was carried out
Post – construction support to WUCs	45	0	No work has been done as per the activity
Radio adverts to promote water, sanitation and good hygiene	3	3	Adverts were done and aired out

Source: Mayuge District DWSCG Q2 Progress Report and Field Findings

Under the DWSG Mayuge demonstrated remarkable physical performance on software activities, but very low and disappointing performance on hardware activities. The perpetual absence of the district water office (DWO) from office and the poor functioning of the procurement structures in the district were solely to blame for this dismal performance.

Sanitation Conditional Grant

The FY2011/12 approved budget was Ug Shs 21,000,000/. By February 2012, Ug Shs 10,500,000/= had been released, representing 50% of the budget. By end of February 2012 all funds released had been absorbed.

Table 3.7.8: Mayuge DLG Sanitation Conditional Grant Activities implemented – Q1-3 FY 2011/12

Plannned Activities	Location	Completion status as of end of Q2
Household sanitation and hygiene situation analysis under the home and village sanitation improvement campaign in eleven villages	All S/Cs	Activity completed
Household sanitation and hygiene situation analysis in the 35 beneficiary communities of the new water sources	All S/Cs	Activity completed
Home and village sanitation improvement campaigns in the eleven villages	All S/Cs	Activity completed

Source: Mayuge District DWSCG Q2 Progress Report and Field Findings

The district performed well under the sanitation conditional grant, having used all the funds realized and implemented all planned activities by the time of monitoring. Nonetheless the district also faces the same challenge of lack of assurances for sustainability of results, a fact emanating from the lack of planning for foloow-up activities.

Challenges faced by the local government in the first two Quarters

Supervision and monitoring of water and sanitation facilities in the island communities has been quite difficult due to lack of transport facilities on the lake. The DWO has had too many personal problems that kept him away from work for many days in each month.

(v) Mbarara District

Financial performance

The FY2011/12 approved budget was Ug Shs 579,207,000/. By February 2012, Ug Shs 289,604,000/= had been released, representing 50% of the budget. By end of February 2012 Ug Shs. 139,175,424 (48%) of funds released were absorbed.

Physical performance

The hardware and software activities undertaken are outlinedin table 3.7.9 below;

Table 3.7.9: Status on Capital Outputs and Expenditure in Mbarara District

Output	Annual Planned Output	Outputs Completed (Feb 12)	Comments on progress
Planning and advocacy meetings	14	14	Activity completed
Sensitise communities to fulfil critical requirements	70	70	Activity completed
Training WUCs, communities, and primary schools	100	30	Activity ongoing
Training private sector (hand pump mechanics, caretakers and scheme attendants	1	0	Planned for Q4
Post-construction support to WUCs	4	2	Activity ongoing
Sanitation week promotion activities	1	0	Planned for Q3
HIV main streaming	1	0	Planned for Q4
Environmental audit	1	1	Activity completed
Construction of public latrines in rural growth centres (RGCs)	2	0	Works ongoing
Small spring protection	5	2	Works ongoing
Shallow well construction – Hand dug	7	2	Works ongoing
Design for extension of piped water system	1	1	Activity completed
Construction of piped water supply system (gravity flow)	1	0	Still under procurement
Construction of piped water supply system (borehole pumped)	1	0	Drilling of production
Promoting rainwater harvesting	220	40	Works ongoing
Borehole rehabilitation	10	0	Still under procurement
Protected springs rehabilitation	14	0	Contruct just awarded
Water quality testing	100	50	Activity ongoing

Source: Mbarara District DWSCG Q2 Progress Report and Field Findings

Over 70% of the software activities under the DWSCG had been accomplished by the the time of monitoring. Implementation pace for the hardware activities however was much slower and there is a likelihood of the district not being able to complete all activities planned for the year in time.

Sanitation Conditional Grant

The district did not avail sanitation conditional grant data.

(vi) Namutumba District

Financial performance

The FY2011/12 approved budget was Ug Shs 393,670,000. By February 2012, Ug Shs 196,836,000/= had been released, representing 50% of the budget. By end of February 2012 Ug Shs. 151,210,042 (77%) of funds released had been absorbed.

Physical performance

The hardware and software activities undertaken are outlinedin table 3.9.10 below;

Table 3.7.10: Status on Capital Outputs and Expenditure in Namutumba District

Output	Annual Planned Output	Outputs Completed (Feb 12)	Comments on progress
Construction of public latrines in RGCs	1	0	No work done yet
Deep borehole drilling	12	0	No work done yet
Promoting domestic rain water havesting	2	0	No work done yet
Commissioning of water sources	12	0	No work done yet
Borehole rehabilitation	20	0	No work done yet
Water quality testing (old sources)	30	15	Works on going
Planning and advocacy meetings	1	1	Activity completed
Sensitise communities to fulfil critical requirements	12	12	Activity completed
Establishing Water User Committees	12	12	Activity completed
Training WUCs, communities and primary schools on hygiene	12	12	Activity completed
Training private sector (hand pump) machanics	1	1	Activity completed
Post-construction support to WUCs	120	60	Activity still ongoing
Drama shows promoting water and sanitation	2	1	Activity still ongoing
Radio for promoting water and	2	1	Activity still ongoing

sanitation			
Sub-county advocacy meetings	6	6	Activity completed

Source: Namutumba District DWSCG Q2 Progress Report and Field Findings

The district workplan implementation was on course and the entire planned activities are most likely to be completed by end of the FY. However there was no sufficient evidence of concrete follow-up plans for software activities that have a direct bearing on the sustainability of installed facilities.

District Sanitation Conditional Grant

The FY2011/12 approved budget was Ug Shs 21,000,000. By February 2012, Ug Shs 10,500,000/= was released, representing 50% of the budget.. By end of February 2012 Ug Shs. 10,572,167 (101 %) of funds released were absorbed.

Table 3.7.11: Namutumba DLG Sanitation Conditional Grant Activities implemented – Q1-3 FY 2011/12

Plannned Activities	**Location**	**Completion status as of end of Q2**
Household Hygiene and Sanitation (HYSAN) situation analysis	All S/Cs	25 households surveyed
Triggering of 1 village community for CLTS in 3 S/Cs	Mazuba, Kavule, Bunangwe	3 villages triggered
Training of community representatives in CLTS	Mazuba, Kavule, Bunangwe	3 village representatives trained
Follow up visits for triggered communities	Mazuba, Kavule, Bunangwe	3 village follow ups made
Orientation of teachers and pupils school HYSAN	All S/Cs	10 schools oriented
Establishment and follow up on school hygiene clubs	All S/Cs	6 school clubs established
Drama show promoting good HYSAN practices	Magada S/C	1 show conducted
Radio for promoting water, sanitation and good hygiene practices	Baaba fm, Jinja	1 show conducted
National hand washing campaign activities	All S/Cs	1 campaign conducted
Planning and review quarterly meetings with S/C sstaff	District head quarters	1 meeting held

Source: Namutumba District DWSCG Q2 Progress Report and Field Findings

Challenges faced by the local government in the first two Quarters

- Community and political pressure for rehabilitation of non-functional water sources despite the approved government procurement procedures.
- Insufficient funds for office operations
- Insufficient funds to meet the high demand for water facilities.

A poorly constructed and hyginically unkept dish rack in a homestead in Mayuge District. Typical result of discontinous one-time-off hygiene education interventions. Communities were mobilised but no follow-up to ensure proper use.(09/03/2012)

3.7. 3. Urban Water Supply and Sanitation Vote Function

Under this Vote Function, 3 projects were monitored:

1. **WSDF-North Project 1074**

Financial performance

The Facility received funds from both government of Uganda (GoU) and Joint Partnership Fund (JPF) as indicated in the table 3.7.12 below:

Table 3.7.12: Financial analysis of WSDF-N (Billions)

	Annual Budget	Funds released	QI - UgShs. Billion		Q2 - UgShs. Billion		Q3 – UgShs. Billion		Total % received
			Approved	Received	Approved	Received	Approved	Received	
Donor	11,000.00	3,700.00	2,919.30	1,500.00	2,153.40	2,200.00	2,932.10		33.6%
GoU	1,810.00	834.98	359.14	446.99	528.35	387.99	483.53		46.1%
Total	**12,810.00**	**4,534.98**	**3,278.44**	**1,946.99**	**2,681.75**	**2,587.99**	**3,415.63**		**35.4%**
GIZ*	457.00	296.19	137.00	136.19	320.00	160.00			

Source: WSDF-N Quarter 3Progress Report

1. Total approved annual budget: **12,810.00**
2. Q1 release realized: **1,946.99**
3. Q2 release realized: **2,587.99**
4. Q3 release realized: 1,245.2

5. Sum (Q1:Q3) release realized: **5,780.18**
6. Sum (Q1:Q3) initially expected according to budget: **9,375.82**
7. Total **budget shortfall** realized over three quarters period: **3,595.64**

Expenditure

1. Q 1 expenditure: development **1,778.11**
2. Q 2 expenditure: development **2,564.77**
3. Q 3 expenditure: development (on-going) -

Overall allocative efficiency for the facility was found to be high. Over 75% of the budget realized and spent was on development expenditure.

Unspent balances

1. Bank balance as of end Q1 was UgShs 235.19 (roll over balances for planned operational activities in anticipation of donor cash inflows)
2. Bank balance as of end of Q2 was UgShs 589.27 (roll over balances for committed on-going contracts whose certified works were bigger than the un spent balance)

Effects of the budget shortfall

The Facility had planned to complete the 4 town water supply and sanitation projects of Koboko Ext., Oyam, Amolatar and Adjumani, and the regional office block by the end of quarter two, and thereafter commence construction works in the towns of Paidha, Omugo, Agweng, Opit and

Patongo. However, due to the budget constraints, coupled with the inadequate release of funds from both donors and GoU, the Facility slowed down on the implementation of these projects so as to fit within the available funds, likewise deferred commencement of works on the other 4 additional towns. Subsequently, the on-going project contract durations have been extended.

Physical performance

The overall objective and results/outputs are achieved through software and hardware activities implemented by the Facility's Community and Engineering Services sections respectively. The FY2011/12 annual work-plan /budget were approved by the Water and Sanitation Sub-Sector Working Group (WSS-WG) of the MWE.

Table 3.7.13: Progress on outputs/projects that were monitored in the course of FY 2011/12 till end of Q3

Project (0160)	Brief description (project size including population served, works done so far -implementation status and explanation for progress)	Contractor	Total contract sum (Ug shs)	Amount paid out so far	Balance to be paid out	Remarks
Oyam	The project is expected to serve a current population of 11,603 and a design population of 20,956 Planed start date:03.12.2010 Actual start date:03.12.2010 Planned end date:03.06.2011 **Scope of works:** Construction works have reached **95**% completion; inclusive of: Transmission of 2.3kms from the two sources, distribution of 7.9kms, one reservoir tank, two pumping stations, two water kiosks, one public flush toilet, a water office block and yard taps.	Palm Construction Limited	1,171,951,189	855,015,5556	316,935,633	
Koboko Ext.	The project is expected to serve 48,000 people out the total town population of 50,000. Planned start date: 01.03.2011 Actual start date: 01.03.2011 Planned end date: 01.06.2011	Wanaik Construction Ltd	472,828,598	290,755,345	182,073,253	The extension works started off in time and the project was 100% complete by the time of

Project (0160)	Brief description (project size including population served, works done so far -implementation status and explanation for progress)	Contractor	Total contract sum (Ug shs)	Amount paid out so far	Balance to be paid out	Remarks
	Actual end date: **Scope of works:** Construction works have reached substantial completion; inclusive of: One pumping station, 1.5kms length of transmission mains, 1.8Kms length distribution mains laid to areas of urban poor (i.e. Yibongo, Dikasinga, Ombaci and Debelenga Villages)., and another1.8kms laid as an extension in Lipa Village, an office block and 24 pre-paid metres installed with support from GIZ.					monitoring
Amolatar	The project is expected to serve 9,837 people (2010) and a projected population of 17,766(2030). Planned start date: 18.11.2010 Actual start date: 18.11.2010 Planned end date: 18.07.2011 Actual end date: still on-going **Scope of works:** Construction works have reached **60**% completion; inclusive of: Two pumping stations to be powered by one generator, The excavations for tank footings and blinding concrete completed at the two tank stations, two public flush toilets and an office block are at finishes stage. 58 consumer connections have been verified.	Josiku Technical Services Ltd	1,908,636,290	983,973,0017	924,663,273	The project started off in time. However works have progressed very slowly and at one time the contractor abandoned the site. The project could not end in time
Adjumani	The project is expected to serve 26,304 people out the total town population of 32,600.	Sumadhura Technologies Ltd	3,210,638,277	2,829,194,646	381,443,631	

Project (0160)	Brief description (project size including population served, works done so far -implementation status and explanation for progress)	Contractor	Total contract sum (Ug shs)	Amount paid out so far	Balance to be paid out	Remarks
	Scope of works: Construction works have reached **90**% completion; inclusive of: Two reservoir tanks, two pumping stations, 9kms of transmission mains from the two sources of sizes, 29km of distribution mains of sizes, 03 flush toilets, four kiosks and office block. 357 consumer connections have been verified.					
Regional Office block	Over 50% completion level Planned start date: 01.07.2011 Actual start date: 01.03.2012 Planned end date: 01.03.2013	M&S Building & Civil Agencies Ltd	1.08bn	364,289,874	715,710126	Though project start delayed by close to 6 months, works have progressed well and there is high probability it will end on time.

Source: WSDF-N Quarter 3 Progress Report

Challenges

- Currently, the contractors (Josiku Technical Services and the sub-contractor: Dasawihi Ltd) progress of works has stalled for over five months without any proper justification. The client (Amolatar DLG and the Facility) has written to the Solicitor General for legal advice to terminate the contract.
- The inadequate release and shift in the donor cash-flows (major funding source) has negatively impacted on the timely delivery of planned outputs across all planned activities.
- High inflation rate (which at one point shot above 30.%) coupled with high prices of fuel and materials drastically affected the normal Facility operations and Contractors as well.
- Delayed release of GoU funding

Attempted solution to the challenges

- The Facility was advised not to sign new contracts until the German Development Cooperation (KfW) funds have been availed
- On the issue of the Amolatar contractor, the facility is working with the district authorities in light of the contract clauses for a solution
- On funds from both GoU and donors not being forthcoming in time, the facility has responded by scaling down operations. It is also working closely with Ministry of Water and Environment for a feasible remedy.

Oyam Town Water Supply and Sanitation System

Oyam Town Water Supply has been selected for detailed presentation and to provide evidence of shortfalls on the equity principle in these projects.

Oyam town council construction works have reached 75% completion; inclusive of

- 2.3kms DN63HDPE PN16 transmission mains from the two sources,
- 7.9kms of HDPE PN10 (OD63, 0D90, OD 110) distribution mains,
- 1 Reservoir tank footings cast,
- Construction of 2 Pump houses and Generator houses completed,
- 2 water kiosks,
- 1 water borne 8 stance public toilet,
- 1 water office.
- 256 expressions of interest for connection received, 106; verified and 106 paid up.

Quality of works was good and the project was getting value-for-money. The facility provided close supervision to the consultant/contractor. However there is no evidence of upholding of the principle of equity in the provision of sanitation facilities with respect to utilization of the facilities by persons with disabilities (PWDs) as shown in the photos below.

Ecosan Toilet (Left) and Water-Borne toilet to (Right) at Oyam town Council Water Supply.both facilitihave no provisions ofr use by PWDs (13/03/2012)

2. WSDF-West Project 0160

Financial performance

Table 3.7.14: WSDF-W Budget Realisation against budget allocation by source

Budget	GoU Component (UgShs)	Donor component (UgShs)
Total approved annual budget	1,200,000,000	4,500,000,000
Q1 release realized	295,998,000	1,325,010,000
Q2 release realized	303,000,000	1.324,990,000
Q3 release realized	-	-
Sum (Q1:Q3) release realized	598,998,000	2,650,000,000
Sum (Q1:Q3) initially expected according to budget	922,519,000	3,575,010,000
Total budget shortfall realized over three quarters period	323,512,000	925,010,000

Source: WSDF-W Quarter 3 Progress Report

The facility had **budget shortfall** of Ug Shs. 323,512,000 on the GoU component and UgShs. 925,010,000/= on the donor component. The shortfall had negative impacts on the work plan implementation:

- Several planned activities/outputs were not achieved due to lack of funds.
- A number of Certificates were not paid on time.
- General reduced pace in implementation of works.

Table 3.7.15: WSDF-W Expenditure analysis for Q1-2

Expenditure	GoU (USgs)	Re-current (UgShs)	Development (UgShs)	Donor (UgShs)	Re-current (UgShs)	Development (UgShs)
Q 1 expenditure (categorize/disaggregate into: development and	277,220,269	24,320,269	252,900,000	897,360,000	424,690,000	472,670,000

re-current)						
Q 2 expenditure (categorize/disaggregate into: development and re-current)	252.011,075	102,115,471	149,895,604	1,335,390,000	139,370,000	1,196,020,000

Source WSDF-W Quarter 3 Progress Report

Like in the case of WSDF-N, overall allocative efficiency for the facility was found to be high. Over 75% of the budget realized and spent was on development expenditure.

Physical performance

The WSDF-W undertook a number of small and medium sized town water supply and sanitation systems in the region and a number of both categories were monitored during FY 2011/12.

Table 3.7.16: Progress on outputs/projects that were monitored in the course of FY 2011/12 till end of Q3

Project (0160)	**Brief description (project size including population served, works done so far - implementation status and explanation for progress)**	**Contractor**	**Total contract sum (UgShs)**	**Amount paid out so far (UgShs)**	**Balance to be paid out (UgShs)**	
Rwene Water Supply	Population 5014, Works- Source development, reservoir Tank, Pipeline, Connections, Ecosan Planned start date:10.04.2010 Actual start date:13.04.2010 Planned end date: 12.09.2010 Actual end date: 15.12.2010 Toilets, Office block- 99.5% Complete.	Kombi Technical Services	423,310,080	410,200,554	13,109,526	Works not completed yet. Reason: Still attending to defects
Kazo RGC	Population 4543, Works- Source development, reservoir Tank, Pipeline, Connections, Planned start date: 29.03.2011 Actual start date: 07.04.2011	Lexman Ltd	899,378,394	533,551,521	365,826,873	Over shot completion date, works still on-going Reason:

Project (0160)	**Brief description (project size including population served, works done so far - implementation status and explanation for progress)**	**Contractor**	**Total contract sum (UgShs)**	**Amount paid out so far (UgShs)**	**Balance to be paid out (UgShs)**	
	Planned end date: 29.09.2011 Actual end date; Electromechanical works, Office block- 92% Complete.					Delayed payments to the Contractor
Kiruhura town Water Supply	Population 1326, Works- Source development, reservoir Tank, Pipeline, Connections, Electromechanical works, Planned start date: 29.03.2011 Actual start date: 07.04.2011 Planned end date: 29.09.2011 Actual end date: Office block- 87% Complete.	Ideal Engineering Services Ltd	738,564,825	569,693,936	168,870,889	Over shot planned date and works still on-going Reason: Delayed payments to the Contractor
Kakuto Piped water system	Population 3744, Works- Source development, reservoir Tank, Pipeline, Connections, Electromechanical works, Planned start date: 13.07.2011 Actual start date: 10.10.2011 Planned end date: 13.01.2012 Actual end date: Over short end date and works still on-going Office block- 30% Complete.	Norrkoping (U) Ltd	950,237,116	469,693,936	480,543,180	Over shot end date and works still on-going Reason: Delayed start of works by contractor
Kakyanga piped water system	Population 2040, Works- Source development, reservoir Tank, Pipeline, Connections, Electromechanical works, Office block- 65% Complete. Planned start date: 08.06.2011 Actual start date: 15.07.2011 Planned end date: 08.12.2011 Actual end date:	Kombi Technical Services	572,459,356	212,595,134	359,864,222	Over shot end date and works still on-going Reason: Delayed start of works by contractor and delayed payments

Project (0160)	**Brief description (project size including population served, works done so far - implementation status and explanation for progress)**	**Contractor**	**Total contract sum (UgShs)**	**Amount paid out so far (UgShs)**	**Balance to be paid out (UgShs)**	
Lyantonde piped water system	Population 15000, Works- Source development, Treatment plant, Pipeline, Electromechanical works- 67% Complete. Planned start date: 28.05.2011 Actual start date: 13.07.2011 Planned end date: 28.11.2011 Actual end date:	Sumadhura Technologies ltd	1,500,000,000	434,865,834	1,065,134,166	Over shot end date and works till on-going Reason: Delayed start of works by contractor and delayed payments

Source: WSDF-W Quarter Progress Report

General challenges faced during the FY.

- Excessive delay of funds to do planned activities. The delay in funds disbursement to the facility is seriously affecting works progress.

Solution

- Partial payment of some certificates due to little funds released

Construction of basement for new aerial Reserviours (Left) and constrcution of Sedimentation Tank (Right) for Lyantonde Town Water Supply and Sanitation System. Both activities have stalled and will come to complete halt due to cash-flow problems faced by the WSDF-W.(20/02/2012)

3. WSDF-Central Project 1130

General Facility Financial performance

The facility had an annual approved budget of UgShs. 4,266,000,000/=. Unlike the other two facilities monitored, WSDF-C had a better budget performance, having realized over 90% of the expected funds as shown in table 3.7.17 below:

Table 3.7.17: WSDF-C Budget Realisation FY 2011/12 Q1-3

Quarter	Expected budget (UgShs)	Realized budget (UgShs)	Budget shortfall (UgShs)
Q1	1,066,500,000	1,066,500,000	Nil
Q2	1,004,243,000	994,249,000	10,000,000
Q3	837,880,000	836,870,000	1,010,000
Total	2,908,639,000	2,897,619,000	11,010,000

Source: WSDF-C Quarter 3 Progress Report

Table 3.7.18: WSDF-C Budget absorption (Q1-3)

Quarter	Absorption	Unspent balance
Q 1	676,163,906	390,411,516
Q 2	1,136,082,723	240,536,471
Q 3	852,347,213	233,059,258

Source: WSDF-C Quarter 3 Progress Report

The unspent balances found at the end of the quarterly monitoring were due to the delayed disbursement of funds to the WSDF-C A/c. These delays in funds disbursement have resulted into cumulative time loss and subsequent lag in execution of works on the project.

Performance of Nakaseke Town Water supply project

The facility was monitored for only one activity/project – Nakaseke Town Water Supply. The contractor for the project is UPDEAL (U) Ltd.

Project financial data:

Initial Contract Sum: UgShs. 1,692,461,795/=

Project variation sum: UgShs. 243,331,250/=

Final contract sum: Ugshs: 1,935,793,045/=

By the time of Q3 monitoring, the total final contract sum of Ugshs. 1,607,608,942/= (over 80%) had been spent/paid and only UgShs 328,184,103/= was yet to be paid out.

So far a total of 7 certufucates have been raised and paid for. Over all payments were on time within the stipulated timeframe (of 30 days) from the time of submitting a certified certificate to actual effecting payment as shown in table below:

Table 19: Timing of Payments for Certified Certificates for Nakaseke Town Water Supply

Certificate No.	Date Raised	Date Certified	Date of Payment	Amount Paid	Delay in Payment
WSDF-C 001	4th Jan 2011	10th Jan 2011	11th Jan. 2011	342,763,200	1 day
WSDF-C 002	25th Feb. 2011	14th March 2011	17th Mar. 2011	283,148,964	3 days
WSDF-C 003	14th Jun. 2011	21st. Jun. 2011	24th June 2011	39,000,000	3 days
WSDF-C 003 (Bal. on Previous Payment)	14th Jun. 2011	21st. Jun. 2012	5th Sept. 2011	160,883,202	2 ½ months
WSDF-C 004	19th Aug. 2011	1st Sept. 2011	6th Sept. 2011	181,848,658	5 days
WSDF-C 005	24th Oct. 2011	3rd Nov. 2011	3rd Nov. 2011	50,000,000	0 days
WSDF-C 005 (Bal. on Previous Payment)	24th Oct. 2011	3rd Nov. 2011	7th Dec. 2011	105,583,367	34 days
WSDF-C 006	30th Nov. 2011	1st Dec. 2011	7th Dec. 2011	224,863,068	6 days
WSDF-C 007	15th Mar. 2012	21st. Mar. 2012	21st Mar. 2011	219,518,483	0 days

Source: WSDF-C Quarter 3 Progress Report

Only two payments were delayed beyond the normal payment timeframe (WSDF-C 003 - Bal. on previous payment and WSDF-C 005 - Bal. on Previous Payment). In both cases the reason was delayed release of funds to WSDF-C.

Physical performance

The WSDF-C undertook a number of small and medium sized town water supply and sanitation systems in the region and a number of both categories were monitored during FY 2010/11.

Nakaseke Water Supply System covers the Town Council area including both the core and the fringe areas of the town, with a population of 5,934. The project area covers seven LC1 cells of Nakaseke Saza, Nakaseke Hospital, Nakaseke Town, Kiziba, Kitanswa, Namirali and Kivule. Works for the project included;

1. Construction of 200m3 (200,000lt) Reservoir tank, together with a chlorine dosing house,
2. Construction of two Public Ecological Sanitation (Commonly known as Eco-san) Toilets, within the town council,
3. Mechanical & Electrical Works, comprising extension of 3 phase power lines to the three borehole sources, supply and installation of a 30kVA standby diesel generator, and installation of a submersible pump in each of the three boreholes,
4. Construction of an office block with a sanitation facility,
5. Construction of a 3.2km raw Water Pumping Mains, and 10.65kms of distribution and service lines,
6. Connection of 200 household and institutional tap stands, and 4 public stand posts,
7. Construction of 6 demonstration household ecosan (urine separating) toilets,


Pump house and Control Room (Left) and interior of the Control Room (Right) for Nakaseke Town Water supply and Sanitation System. The site is in a marshy area and floods during heavy rains. This is likely to cause costly problem in futture. (07/03/2012)

Sanitation component

The project design rightly included a sanitation component. Promotional ECOSANs have been constructed in a number of homes and one public ecosan has been installed in the Town Council. The results are hpowever not very encouraging as of now. There is no proper management structure for the public ECOSAN and no other facilities have been costructed at household level following the promotional one.

This is attributed to low level of social mobilisation and sensitisation. The project has not put sufficient attention and time on these two crucial aspects that determine the success of saniattion intervention.

Public VIP ECOSAN toilets built at a market place as part of Nakaseke Town Piped Water Supply Project. Over six months since its completion, it is still sealed off and unused. (07/03/2012)

Challenges

1. The facility faced a poor cash flow over the period. This coupled with the high inflation rate that characterized the three quarters of the FY caused huge upward price fluctuations. This negatively affected works progress as the little funds received could only procure very limited materials.
2. Incomplete acquisition of land rights. The Town Coucil did not secure full land rights over the entire project site, especially in some areas traversed by the pipelines. Some community members disrupted the pipelaying works when they contested the ownership of the land, which in reality was a road reserve. It took time for the Town Clerk to sort it out.
3. Heavy rainfall in th months of May and June 2011 had its negative effects spill over into Q3 works schedule. Works were hindered for several days. The steep slippery slopes of the hill onto which the reservoir was installed hindered works progress.

Consequently the contractor, by the time of monitoring had used 100% of the contract time but physical performance was less by 10% this has compelled project management to grant the contractor an extension.

3.7.4: CONCLUSIONS AND RECOMMENDATIONS

3.7.4.1 CONCLUSIONS

Water and Sanitation

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

Findings from the monitoring exercises indicate that performance of district water officers (DWOs) is curtailed by procurement constraints, late releases of funds from the center and inadequate staffing at the district levels. Procurement constraints have always resulted in late commencement of works. This is exerbated by late funds releases. When this happens to DLGs that are staff strapped, the situations get worse in terms of effective and efficient use of resources for service delivery.

Without adequate staffing DLGs will not be able to provide the much needed supervision of contractors. Providing technical support to other departments during the procurement process takes a aheavy toll on the Water Engineers/district Water Officers who double as District Engineers as well. It is therefore prudent that the issues of staffing (numbers and technical capacity) be seriously considered as a matter of urgency.

The missing link in sanitation and hygiene for health is consistent and systematic awareness and sensitization campaigns. Without these, one-time-off interventions and or installing hardwares only will not bring about the desired change in household and community sanitation and hygiene status.

ii). Urban Water Supply and Sanitation

Whereas it is the responsibility for local authorities benefiting from urban water projects to secure land rights, they are either failing to do so or do it after losing a lot of time. This does not auger well for smooth and timely project implementation, a factor that results into poor performance of projects.

3.7.4.2 Recommendations

In view of the above findings and conclusions drawn the following recommendations are proposed:

Water and Sanitation

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

- **Understaffing in District Water Officers:** the issues of staffing in the DWO and Works department should be addressed urgently to avoid situations where the DWOs are sitting in for Ditrict Engineers and consequently water activities suffering low attention. Where this is due to delays in district's recruitment procedures, contract staff should be recruited as advised by MWE.
- **Sanitation By-Laws:** These should be passed in districts with political support as evidence suggests that the 'stick' approach of penalizing households without latrines is the most effective way of increasing coverage.
- **Social mobilization and sensitization:** While budgeting for the sanitation conditional grant emphasis needs to be increased on continuous community mobilization, education and

sensitizarion. Aspects like a Participatory Hygiene and Sanitation Transformation and the safe water chain need to be brought home to communities at community and household levels using diverse mechanisms including places of worship, open air markets etc.

- In order to ensure interventions contribute to the health improvement objective of the sector planning and supervision of software activities need to be stepped up. Social mobilisation needs to be given adequate time. Sanitation/hygiene education needs to be continuous and well integrated in all hardware activities and not a one-time-off activity.

ii). *Urban Water Supply and Sanitation:*

- **Project site Land Rights acquisition:** This should be resolved by local authorities prior to construction to prevent delays in works and prolonged compensation periods, which may help to increase community ownership once an intervention has been handed over.

BIBLIOGRAPHY

1. Approved Estimates of Revenue and Expenditure (Recurrent and Development) FY 2010/11 (Volume 1: Central Government Votes) MFPED (Kampala 2010)
2. DDA, 2010. Annual Report 2009/2010. Diary Development Authority, Kampala.
3. DDA, 2012. Annual Report 2011/2012. Diary Development Authority, Kampala.
4. Directorate of Water Resources Management Annual Workplan July 2011 – June 2012
5. District Water and Sanitation Conditional Grant Report for Q2 FY2011/12 for the districts of Arua, Luwero, Masaka, Mayuge, Mbarara and Namutumba.
6. GoU, 2011. Aide Memoire. Vegetable Oil Development Project: Supervision and Implementation Support Mission December 2011.
7. IFAD, 2011. Project Design Report. Volume 1 – Main Report and Appendices. Vegetable Oil Development Project Phase 2 (VODP2). The International Fund for Agricultural Development. May 2011.
8. MAAIF, 2010. Development Strategy and Investment Plan 2010/11-2014/15. Agriculture for Food and Income Security. March 2010. Ministry of Agriculture, Animal Industry and Fisheries, Entebbe.
9. MAAIF, 2010a. MAAIF Ministerial Policy Statement for FY 2010/11. June 2010. Ministry of Agriculture, Animal Industry and Fisheries, Entebbe.
10. MAAIF, 2011. Progress Report for IFAD Supervision Mission. Vegetable Oil Development Project, December 2011.
11. MAAIF/FAO/DDA, 2011. National Dairy Strategy 2011-2015. Ministry of Agriculture, Animal Industry and Fisheries, Food and Agriculture Organization and Diary Development Authority, Kampala.
12. Malinga, S. *Ministerial Policy Statement for the Health Sector FY 2010/11* (Kampala 2010)
13. MFPED, 2011. The Background to the Budget 2011/12 Fiscal Year. Promoting Economic Growth, Job Creation and Improving Service Delivery. Ministry of Finance, Planning and Economic Development, June 2011.
14. MFPED, 2011a. Approved Estimates of Revenue and Expenditure (Recurrent and Development) FY 2011/12. Volume 1: Central Government Votes for the Year Ending on 30th June 2012.
15. Ministerial Policy Statement for the Water and Environment Sector FY11/12, Ministry of Water and Environment, July 2010.
16. Ministry of Energy and Mineral Development, *ERT Project Operational Manual* (Kampala 2009)
17. Ministry of Energy and Mineral Development, *Ministerial Policy Statement FY 2011/12* (Kampala, 2011)
18. Ministry of Energy and Mineral Development, *Promotion of Renewable Energy and Energy Efficiency Promotion, Annual Report, 2011*

19. Ministry of Finance, Planning and Economic Budget Monitoring and Accountability Unit Value for Money Toolkit (Kampala 2010)

20. Ministry of Finance, Planning and Economic Development (2011), *Approved Estimates of Revenue and Expenditure* (Recurrent and Development) Volume 1 Central Government Votes for the FY 2011/12.

21. Ministry of Finance, Planning and Economic Development *Approved Budget Estimates* (Kampala 2011)

22. Ministry of Finance, Planning and Economic *Development ERT 11 Baseline Survey Report* (Kampala 2011)

23. Ministry of Finance, Planning and Economic Development *Public Investment Plan FY 2010/11-2012/13,* (Kampala 2010)

24. Ministry of Finance, Planning and Economic Development *Public Investment Plan [PIP] FY2011/12-2013/14* (Kampala)

25. Ministry of Finance, Planning and Economic Development, *(2010); Annual Budget Monitoring Report July 2010- June 2011, Kampala*

26. Ministry of Finance, Planning and Economic Development, *(2012); Quarter Two Budget Monitoring Report February 2012,* Kampala.

27. Ministry of Finance, Planning and Economic Development; *Approved Estimatesof revenue and Expenditure* (Kampala 2011)

28. Ministry of Finance, Planning and Economic Development*; Public Investment Plan FY 2011/12-13/14 (Kampala 2011)*

29. Ministry of Health (October –December 2011), *ERT Project 11 Quarterly Progress Report*

30. Ministry of Health, *Health Sector Strategic & Investment Plan 2010/11 – 2014/15* (Kampala 2010)

31. Ministry of Information and Communication Technology, *Ministerial Policy Statement FY 2011/2012*, (Kampala 2011)

32. Ministry of Information and Communications Technology (ICT), Business Process Outsourcing Strategy. April 2012

33. Ministry of Information and Communications Technology (ICT), *National Postal Code Project proposal;* March 2010

34. Ministry of Tourism, Trade and Industry; *National Industrial Policy*, (Kampala 2008)

35. Ministry of Trade, Industry and Co-operatives, *Ministerial Policy Statement FY 2011/12*(Kampala 2011)

36. Ministry of Water and Environment Annual Performance Contract FY 2011/12

37. Ministry of Water and Environment Q2 Performance Contract FY 2011/12

38. Ministry of Water and Environment Strategic Investment Plan for Water and Sanitation Sector in Uganda.

39. National Budget Framework Paper for FY 2011/12 - FY 2015/16 MFPED *11* (Kampala 2011)

40. Office of the Prime Minister *Government Annual Performance Report FY 2010/11* (Kampala 2011)

41. Ondoa, C. *Ministerial Policy Statement for the Health Sector FY 2011/12* (Kampala 2011)

42. Rural Electrification Agency*, Status Performance Report, January, 2012*

43. Safe Environment Conservation Management Limited *(2011), Completion Report*

44. The Government of the Republic of Uganda *National Development Plan 2010/11 – 2014/15* (Kampala, 2010)

45. The Public Finance and Accountability Act, 2003

46. The Warehouse Receipt System Act, 2006

47. UBOS, 2010. Uganda National Household Survey 2009/2010. Socio-Economic Module. Abridged Report. November 2011.

48. *Uganda- German Cooperation in the West Nile Region (2012), Promotion of Renewable Energy and Energy Efficiency Program* (PREEP), February Report

49. World Bank, 2008. *Emergency Project Paper on a proposed credit to the Republic of Uganda for the Avian and Human Influenza Preparedness and Response Project*. May 28, 2008.

50. World Bank, 2011. *Aide Memoire for the Mid-Term Review Mission for the Avian and Human Influenza Preparedness and Response Project*. August 11-22, 2011, Kampala.

Annexes

Annex 1

List of Solar PV Systems Beneficiaries visited (Health Centers)

Programmed/Project	District	Sub county	Name of health center	level
Project 0325:Cross Sector Transfers for ERT				
	Luwero	Butuntumula	Kabanyi	II
	Luwero	Butuntumula	Lutuula	II
	Luwero	Luwero	Kyevunze	II
	Luwero	Luwero	Kabakedi	II
	Luwero	Luwero	Katuugo	II
	Luwero	Luwero	Bwaziba	II
	Luwero	Kikyusa	Kirumadagi	II
	Luwero	Kikyusa	Kibengo	II
	Luwero	Kikyusa	Wabusana	III
	Luwero	Kamira	Kamira	III
	Luwero	Kamira	Mazzi	II
	Luwero	Kikyusa	Kireru	II
	Luwero	Kikube	Kikube	II
	Luwero	Luwero	Kigombe	II
	Luwero	Kati-kamu North	Kyalugondo	II
	Luwero	Wo'bulenzi Town council	Bukolwa	II
	Luwero	Kati Kamu	Buyuki	II
	Luwero	Kati-kamu	Nsawo	II
	Luwero	Nyimbwa	Nandere	II
Project (1023) Promotion of Renewable Energy and Energy Efficiency				
	Moyo	Lefori	Lefori	III
	Moyo	Lefori	Munu	II
	Moyo	Metu	Goopi	II
	Moyo	Metu	Ori	II
	Moyo	Metu	Eremi	II
	Moyo	Moyo	Ramogi	II
	Moyo	Metu	Kweyo	II

	Moyo	Lapori	Panyanga	II
	Moyo	Difule	Difule	III
	Moyo	Lapori	Gbalala	II
	Moyo	Itula	Iboa	II
	Moyo	Itula	Waka	II

Annex 2: Institutional Energy saving Cook Stoves visited

Programmed/Project	**District**	**Institution**	**Type**
Output 030103: Renewable Energy Promotion			
	Zombo	Paidha Model Primary School	Primary School
	Nebbi	Uganda College of Commerce Packwach	Higher institution of learning