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Ministry of Finance, Planning &  
Economic Development,  
P.O. Box, 8147  
Kampala, Uganda

7<sup>th</sup> April 2026

All Accounting Officers (Central and Local Government Votes)  
All Chief Executive Officers of State-owned enterprises and Public  
Corporations.

### **CIRCULAR ON VARIATION BETWEEN ESTIMATED PROJECT COST AT FEASIBILITY STAGE AND ESTIMATED PROJECT COST AT PROCUREMENT INITIATION (TENDER ANNOUNCEMENT)**

It has been observed that project costs and scope at procurement initiation often deviate from those approved at feasibility stage. This is largely due to unauthorized changes in scope, including unnecessary design reviews. The practice undermines project affordability and leads to over-commitment of the Development Budget. This Circular provides the following instructions:

- i. **Adherence to Approved Scope and Costs:** All procurements shall be strictly based on the scope and cost estimates approved at feasibility stage. Any deviation without prior approval shall not be permitted.
- ii. **Design Reviews:** These have been viewed as major source of cost escalation and shall be strictly controlled. Designs approved at feasibility shall be deemed valid for a reasonable period (up to five years). Design reviews shall only be undertaken where there is verifiable and justifiable need. Any approved design review shall form part of the cost variation and must be contained within the permissible limits set out below.
- iii. **Cost Variation Limit and Reappraisal Requirement:** The variation between the estimated project cost at feasibility stage and at procurement initiation shall not exceed **15%** of the approved feasibility cost, inclusive of any design reviews. Where this threshold is exceeded, the Accounting Officer shall comply with Section 7.3 of the Development Committee Guidelines and reappraise the project in accordance with the Public Investment Management process. **Procurement shall not proceed prior to completion of such reappraisal**
- iv. **Contract Variations (Post-Award):** In accordance with Regulation 54 (4) and (5) of the PPDA (Contracts) Regulations, 2023:

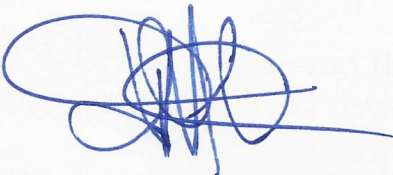
*Mission*

*"To formulate sound economic policies, maximize revenue mobilization, ensure efficient allocation and accountability for public resources so as to achieve the most rapid and sustainable economic growth and development"*

- 1) A single contract variation shall not exceed **15%** of the original contract price; and
- 2) Cumulative contract variations shall not exceed **25%** of the original contract price.

All variations must be fully justified in line with the PPDA Act, Cap 205. The Public Procurement and Disposal of Public Assets Authority (PPDA) shall monitor compliance with approved project scope and cost under the Public Investment Plan and report to the Secretary to the Treasury.

Accounting Officers shall be held personally accountable for any breach of these instructions.



Ramathan Ggoobi

**PERMANENT SECRETARY/SECRETARY TO THE TREASURY**

**Copy:** Auditor General

: Ag. Accountant General

: The Executive Director, Public Procurement and Disposal of Public Asset Authority