



PERFORMANCE OF EXTERNALLY FUNDED PROJECTS

April–November 2024

REPORT

February 2025



Performance of Externally Funded Projects (April- November 2024)

Report

February 2025

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



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ABBREVIATIONS AND ACRONYMS

AC	Actual Cost
AEP	Accelerated Education Programme
AF	Additional Financing
AFCA	African Fine Coffee Association
AFD	Agence Française de Développement
AfDB	African Development Bank
AI	Artificial Insemination
AID	Agricultural Infrastructure Development
APP	Irrigation Track Application
ARDC	Agricultural Research Development Centre
BADEA	Arab Bank for Economic Development in Africa
BOQs	Bills of Materials
BoU	Bank of Uganda
BTJET II	Second Phase of the Business, Technical and Vocational Education and Training Support Project Phase II
CAO	Chief Administrative Officer
CARs	Community Access Roads
CBTP	Capacity Building and Training Plan
CDAP	Community Development Action Plan
CEDP	Competitiveness and Enterprise Development Project
CERC	Contingency Emergency Response Component
CESMPs	Contractors' Environmental and Social Management Plan
CESMPs	Contractors' Environmental and Social Management Plan
CEV	Cumulative Earned Value
CFR	Central Forest Reserve
CGV	Chief Government Valuer
COVAB	College of Veterinary Medicine, Animal Resources and Biosecurity
COVID-19	Coronavirus Disease 2019
CPD	Continuous Professional Development
CPI	Cost Performance Index
CRG	Contingent Recovery Grant



CSA	Climate-Smart Agriculture
CTF	Clean Technology Fund
CV	Cost Variance
DDA	Dairy Development Authority
DGSM	Directorate of Geological Survey and Mines
DLG	District Local Government
DLP	Defects Liability Period
DVO	District Veterinary Officer
EA	Executing Agency
EASP	Electricity Access Scale-Up Project
EDF	European Development Fund
EIA	Environmental Impact Assessment
EPC	Engineering, Procurement and Construction
ESHS	Environmental, Social, Health and Safety
ESIA	Environmental and Social Impact Assessment
ESMAP	Energy Sector Management Assistance Programme
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESMMP	Environmental and Social Supervision and Monitoring Plan
EU	European Union
EV	Earned Value
EVM	Earned Value Management
EXIM	Export-Import Bank
FAT	Factory Acceptance Test
FBMOS	Farmer-Based Management Organisations
FIEFOC-II	Farm Income Enhancement and Forestry Conservation Phase 2
FIEFOC-III	Farm Income Enhancement and Forestry Conservation Phase 3
FIEM	Corporate Internationalisation Fund of Spain
FY	Financial Year
GEMS	Geo-Enabling Initiative for Monitoring and Supervision
GERP	Grid Extension and Reinforcement Project
GIS	Gas Insulated Switchgear
GoU	Government of Uganda



GSMD	Geological Survey and Mines Department
Ha	Hectare
HCDP	Human Capital Development Programme
HPP	Hydro-Power Project
HSE	Health Safety and Environment
HV	High Voltage
ICRP	Irrigation for Climate Resilience Project
ICT	Information and Communication Technology
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IFMS	Integrated Financial Management System
IGFT-RP	Inter-Governmental Fiscal Transfer Reform Programme
IGG	Inspector General of Government
INRM	Integrated Natural Resources Management
INVITE	Investment for Industrial Transformation and Employment
IPC	Interim Payment Certificate
IPF	Investment Project Financing
IsDB	Islamic Development Bank
IUIU	Islamic University in Uganda
IUWA	Irrigation Water Users Association
IWUCs	Irrigation Water User Committees
JICA	Japan International Cooperation Agency
JPY	Japanese Yen
KfW	Kreditanstalt für Wiederaufbau
KIL	Kilembe Investment Limited
KIS	Kalangala Infrastructure Services limited
Km	Kilometre
KRECS	Kyegegwa Rural Electricity Cooperative Society Limited
kV	Kilo Volts
LaVMIS	Land Valuation Management Information System
LEBA	Local Enterprise and Business Agency
LEGS	Local Economic Growth Support
LG	Local Government



LRP	Livelihood Restoration Programme
LV	Low Voltage
M&E	Monitoring and Evaluation
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MAPE	Multi-Annual Programme Estimate
MCC	Milk Collection Centres
MDAs	Ministries, Departments and Agencies
MDTF	Multi-Donor Trust Fund
MEMD	Ministry of Energy and Mineral Development
MIS	Management Information System
MoES	Ministry of Education and Sports
MoFPED	Ministry of Finance, Planning and Economic Development
MoGLSD	Ministry of Gender, Labour and Social Development
MoLG	Ministry of Local Government
MoLHUD	Ministry of Lands, Housing and Urban Development
MoTIC	Ministry of Trade, Industry and Cooperatives
MoU	Memorandum of Understanding
MPA	Millennium Promise Alliance
MPS	Ministerial Policy Statement
MSC	Microfinance Support Centre
MSME	Medium, Small and Micro Enterprise
MUBS	Makerere University Business School
MV	Medium Voltage
MW	Mega Watts
MWE	Ministry of Water and Environment
MZO	Ministry Zonal Offices
NACORI	National Coffee Research Institute
NACRRI	National Crops Resources Research Institute
NAGRC&DB	National Animal Genetic Resources Centre and Databank
NARO	National Agricultural Research Organisation
NDF	Nordic Development Fund
NEMA	National Environment Management Authority
NFA	National Forestry Authority



NLIC	National Land Information Centre
NLIS	National Land Information System
NRM	Natural Resource Management
OFID	Organization of the Petroleum Exporting Countries Fund for International Development
OPBL	Oil Palm Buvuma Limited
PAD	Project Appraisal Document
PAPs	Project-Affected Persons
PBCs	Performance-Based Conditions
PBS	Programme Budgeting System
PCU	Project Coordination Unit
PDHs	Physically Displaced Households
PDO	Project Development Objective
PESCA	Promoting Environmentally Sustainable Commercial Aquaculture
PFI	Participating Financial Institutions
PIP	Public Investment Plan
PISD	Project on Irrigation Scheme Development in Central and Eastern Uganda
PMU	Project Management Unit
PPDA	Public Procurement and Disposal of Public Assets Authority/Act
PSC	Project Steering Committee
PSFU	Private Sector Foundation Uganda
PSP	Public Standpost
PST	Project Support Team
PTC	Project Technical Committee
PV	Planned Value
RACA	Rural Agricultural Credit Association
RAP	Resettlement Action Plan
RCS	Rural Credit Scheme
REP	Rural Electrification Programme
RHAs	Refugee-hosting Areas
RHC/D	Refugee-Hosting Communities/Districts
RHDs	Refugee-Hosting Districts
RoW	Right of Way



RPF	Resettlement Policy Framework
RUDSEC	Rural Development and Food Security in Northern Uganda
RWS	Rural Water Supply
RWSS	Rural Water Supply System
SACCO	Savings and Credit Cooperative Organisation
SAR	SFD providing Saudi Riyals
SDR	Special Drawing Rights
SEP	Stakeholder Engagement Plan
SESEMAT	Secondary Science and Mathematics
SFD	Saudi Fund for Development
SLAAC	Systematic Land Adjudication and Certification
SPI	Schedule Performance Index
SSIS	Small-Scale Irrigation Systems
SV	Schedule Variance
TCP	Technical Cooperation Project
TIMS	Tourism Information Management System
TX	Transformer
UCDA	Uganda Coffee Development Authority
UCTTA	Uganda Cattle Traders and Transporters Association
UEDCL	Uganda Electricity Distribution Company Limited
UEGCL	Uganda Electricity Generation Company Limited
UETCL	Uganda Electricity Transmission Company Limited
USh	Ugandan Shilling
UgIFT	Uganda Intergovernmental Fiscal Transfers Programme
UgNLIS	Uganda National Land Information System
UHTTI	Uganda Hotel Tourism and Training Institute
UKEF	United Kingdom Export Finance
UMI	Uganda Management Institute
UMPCU	Uganda Meat Producers Cooperative Union
UNEB	Uganda National Examinations Board
UNFFE	Uganda National Farmers Federation
URA	Uganda Revenue Authority
UREAP	Uganda Rural Electrification Access Project



USD	United States Dollar
USEEP	Uganda Secondary Education Expansion Project
USSIA	Uganda Small Scale Industries Association
UWEC	Uganda Wildlife Education Centre
UWRTI	Uganda Wildlife Research and Training Institute
UWS	Urban Water Supply
VAT	Value Added Tax
VE	Vocational Education
VET	Vocational Education and Training
VMGF	Vulnerable and Marginalised Groups Framework
WB	World Bank
WB-IDA	World Bank-International Development Association
WFP	Water for Production
WHR	Window for Host Communities and Refugees
Wp	Watt Peak
WSS	Water Supply Systems



GLOSSARY OF KEY TERMS

Term	Definition
Planned Value (PV)	Amount of work that should be completed at a certain point in time ($PV = \text{Percentage of work planned} * \text{Budget}$).
Earned Value (EV)	Amount of work that has really been completed at a certain point in time regardless of the cost incurred ($EV = \text{Percentage of work completed} * \text{Budget}$).
Actual Cost (AC)	Money spent to complete work (Expenditure) at a certain point in time.
Schedule Variance (SV)	An indicator of whether a project schedule is ahead, behind or on schedule to provide a progress update at a certain point in time ($SV = EV - PV$). An SV equal to 0 means the project is on schedule; whereas a positive SV means the project is ahead of schedule; and a negative SV means the project is behind schedule.
Cost Variance (CV)	A process of evaluating the project financial performance. Cost variance compares the budget that was set before the project started and what has been spent ($CV = EV - AC$). A positive CV indicates that the project has spent less money than the value of work done, whereas a negative CV indicates that the project has spent more money than the value of work done (Cost Overrun).
Schedule Performance Index (SPI)	A measure of the conformance of actual progress (Earned Value) to the planned progress ($SPI = EV/PV$). An SPI equal to 1 means the project is on schedule; whereas an SPI of greater than 1 means the project is ahead of schedule; and an SPI of less than 1 means the project is behind schedule.
Cost Performance Index (CPI)	A measure for calculating the cost efficiency and financial effectiveness of a project ($CPI = EV/AC$). A CPI ratio with a figure higher than 1 indicates that the project is operating under the budget; whereas a CPI ratio less than 1 indicates that the project is operating over the budget; and a CPI ratio equal to 1 indicates that the project is operating on budget.
Estimate Cost at Completion (EAC)	An estimate of the remaining costs for a more dynamic picture of the project budget ($EAC = \text{Total Budget}/CPI$). Then compare the estimate at completion (EAC) to the total budget at completion. If the figure is above the total budget, then the project managers should plan to scale down activities for the outstanding work; and if the EAC is below the total budget, then project managers should go ahead and complete outstanding works.



To-complete Performance Index (TCPI)

Measures the cost performance that is required to be achieved with the remaining resources in order to meet a specified management goal. (In other words, it is a ratio of the cost to finish outstanding work to the remaining budget.) $TCPI = (Budget - EV) / (EAC - AC)$. A TCPI equal to 1 means that the remaining resources can complete outstanding work; whereas a TCPI greater than 1 means that the remaining resources can complete outstanding work and even have excess funds; and a TCPI less than 1 means that the remaining resources cannot complete outstanding work.



FOREWORD

Economic and social infrastructure are largely funded through projects. These projects are expected to be among the drivers of the tenfold growth of our economy. To that effect, Government is committed to ensuring their effective implementation.

In September 2024, the first comprehensive report on performance of externally funded projects was produced. This was to be followed by semi-annual assessment reports on these projects. This report, is a follow on and it shows what has changed since April 2024. The report shows some improvements in half of the projects but stagnation in others. The reasons noted for stagnation are the usual challenges that Accounting Officers can effectively deal with. We need more concerted efforts from all stakeholders to address these surmountable issues.

This is to urge all concerned Accounting Officers, to critically review this report with a view to instituting effective mechanisms for tackling the identified bottlenecks. This is of paramount importance, as you are personally liable for cost of delays in project implementation.

Ramathan Ggoobi

Permanent Secretary/ Secretary to the Treasury





CHAPTER 1: INTRODUCTION

Over the years, the Ministry of Finance, Planning and Economic Development (MoFPED) has mobilised resources for projects both domestically and externally to fund social and economic infrastructure. However, there is a problem of poor implementation of the projects. The binding constraints are the shortcomings in the frameworks and processes for planning, allocation and implementation of public investment projects that result in poor utilisation of project funds. The main concern is around the non-disbursement of external financing to projects. The commitment fees are paid upfront yet funds remain idle on accounts and are undisbursed for years.

To that effect, Cabinet (in 2023) requested performance assessment of externally funded projects. The assessment has been conducted by the Budget Monitoring and Accountability Unit (BMAU), with support from the Directorate of Debt and Cash Policy, and the Department of Project Analysis and Public Investment Management (PAP), all from MoFPED.

This is the second monitoring report on the performance of externally funded projects.

The first assessment of the externally funded projects was done by BMAU in March/April 2024. In November 2024, the Unit made a follow-up assessment on the then ongoing projects. The assessment covered 70 projects compared to the 82 projects covered in March/April 2024. This was because some projects had been completed at the end of the financial year, while others were just starting.

1.1 Methodology

Scope

The report is based on 70 projects that were monitored, from 11 programmes (Table 1.1).

Table 1.1: Projects assessed by programme

Programme	Number of Projects April 2024	Number of Projects November 2024
Agro-Industrialisation	15	12
Human Capital Development (HCD)	19	13
Integrated Transport and Infrastructure Services (ITIS)	22	21
Private Sector Development	2	2
Digital Transformation	1	1
Innovation, Technology Development and Transfer	1	0
Manufacturing	1	1
Natural Resources, Environment, Climate Change, Land and Water Management (NRECCCLWM)	4	9
Sustainable Energy Development (SED)	10	6
Mineral Development	1	1
Regional Balanced Development	3	2
Sustainable Urbanisation	2	1
Cross-cutting – UglIFT	1	1
Total	82	70

Source: Authors' compilation from Public Investment Plan (PIP) 2023.

Approach and Methods

Both qualitative and quantitative methods were used in the monitoring exercise. The physical performance of planned outputs was assessed through monitoring a range of indicators and linking the progress to reported expenditure and/or planned targets.

Data Collection

Both primary and secondary data was collected from the sources and by means that are indicated below:

- i) Literature review: The project documents reviewed included project appraisal documents, project agreements/contracts, Project Implementation Plans, Projects Operations Manual, progress reports, Project Evaluation Reports and aide-memoire, among others.
- ii) Review and analysis of data from the Integrated Financial Management System (IFMS), Programme-Based System (PBS), the Aid Management Platform (AMP), institutional websites, and quarterly performance reports.
- iii) Consultations and key informant interviews with project managers and activity implementers.
- iv) Field visits to various project sites for primary data collection, observation and photography.
- v) Call-backs in some cases were made to triangulate information.

Data Analysis

The analysis entailed comparisons of planned inputs and outputs with actual achievements.

Comparative analysis was done using the relative importance of the outputs and the overall weighted scores. Relative importance (weight) of an output monitored was based on the amount of budget attached to it; thus, the higher the budget, the higher the contribution of the output to the project performance. This was derived from the approved¹ budget of each output divided by the total budget of all outputs of a particular project.

The overall project performance is an average of individual output performances assessed. The performance of the project was rated based on the criteria in Table 1.2.

Table 1.2: Assessment guide to measure performance of projects

Score	Comment	Traffic Light
70% –100%	Good (Achieved at least 70% of outputs)	Green
50% – 69%	Fair (Achieved at least 50% of outputs)	Yellow
49% and below	Poor (Achieved below 50% of outputs)	Red

Source: Author's compilation.

This was blended with the Earned² Value Management (EVM) analysis that illustrated the degree of risk in implementation among the projects. This entailed analysing project information right from inception. The EVM tool was used to determine the variances in schedule and cost of project implementation. In addition, the tool was used to establish the cost efficiency and financial effectiveness of the projects. In cases of cost overruns and slow

¹ Approved at project inception

² The metrics used are explained in the Glossary of Terms.



implementation, indices were used to forecast additional funds and the time required to complete the planned project outputs.

1.2 Study Limitations

- 1 The inadequate time for the assessment limited an in-depth analysis of projects using the EVM tool. This required detailed expenditure data by output for every project since inception. For longstanding projects this was a constraint, especially where either staff had moved on or institutions had poor record-keeping practices.
- 2 Lack of performance outputs and targets for some projects, especially the grants, made the assessment problematic.
- 3 Inconsistencies in the loan financial figures between the implementing agencies and MoFPED. This was worsened by the fact that some loans are disbursed in more than one currency and reconciling these to one base currency gave inconsistent figures.
- 4 Limited knowledge of Earned Value Management (EVM) concepts among some project implementers affected the pace and quality of information shared.
- 5 Lack of key project documents, such as work breakdown structures, schedule, cost, scope and risk management plans. This was mainly because these key documents are not a Development Committee requirement before the projects enter the Public Implementation Plan.

1.3 Structure of the Report

The report has three chapters. These are the introduction, the overview of aggregate project performance, and the detailed individual project performance by programme.

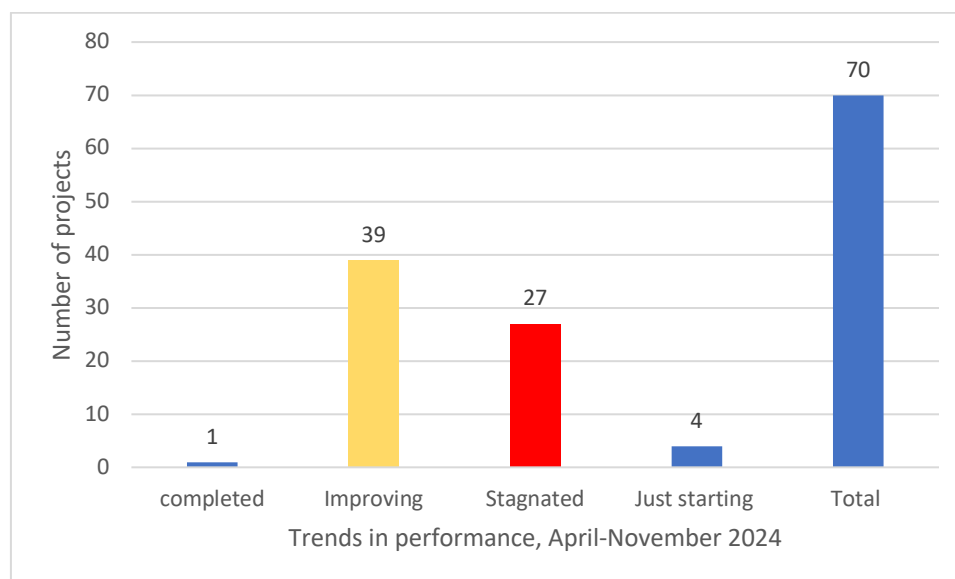
CHAPTER 2: OVERALL PERFORMANCE

This chapter gives the overall performance of the 70 projects by programme.

2.1 Trends in Project Performance since April 2024

Overall, 57% of the projects showed improved implementation and achievement of outputs (Figure 1). On the other hand, 39 % had stagnated while 4% had yet to start implementation.

Figure 1: Trends in project performance, April–November 2024



Source: Field findings.

2.2 Programme Performance

On average, the Digital Transformation, Manufacturing, and Sustainable Housing and Urbanisation programmes had the best performance, with their single projects showing improvements. These were followed by the Human Capital Development (HCD) programme, with 77% of its projects showing improving performance. However, in absolute terms, the Integrated Transport Infrastructure and Services programme had the highest number of projects with improving performance (Table 2.1). This was followed by the HCD programme, where the health sector had 5 of the 10 projects with improving performance.

Table 2.1: Trends in project performance, by programme: April – November 2024

Programme	Completed	Improving	Stagnated	Just Starting	Total
Agro-Industrialisation	1	4	7		12
Digital Transformation		1			1
Human Capital Development		10	2	1	13
Integrated Transport Infrastructure and Services		11	9	1	21
Manufacturing			1		1
Mineral Development			1		1
Natural Resource		5	2	2	9
Private Sector Development		1	1		2



Programme	Completed	Improving	Stagnated	Just Starting	Total
Regional Development		1	1		2
Sustainable Energy Development		3	3		6
Sustainable Housing and Urbanisation		1			1
Total	1	39	27	4	70

Source: Field findings.

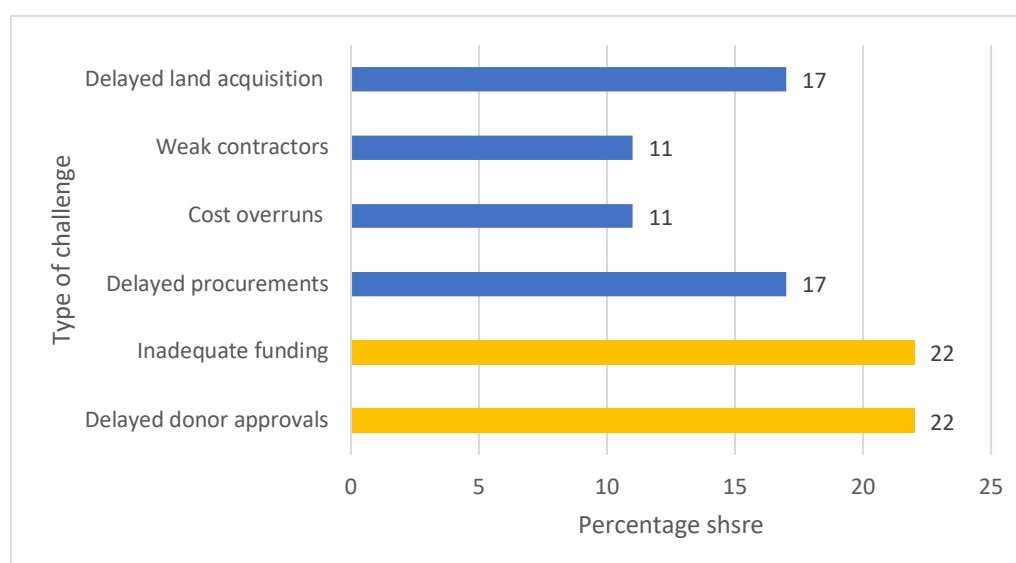
On the other hand, the priority programmes of Agro-Industrialisation and Mineral Development had the worst performance. Agro-Industrialisation had 58% of its projects stagnated, just like Mineral Development's only project. In absolute terms, the Integrated Transport Infrastructure and Services programme had the highest number of stagnated projects, followed by the Agro-Industrialisation programme.

The details trends in performance for the individual projects is shown in Annex 1.

2.3 Reasons for Stagnation in Implementation of Projects

The most common challenges faced by project implementers were inadequate funding and delayed donor approvals (Figure 2.1). These were followed by delayed procurements and land acquisition.

Figure 2: Project implementation challenges (frequency)



Source: Field findings.

CHAPTER 3: DETAILED PROJECT PERFORMANCE

3.1 Agro-Industrialisation

3.1.1 Agriculture Value Chain Development Programme (1444)

Introduction

The Government of Uganda (GoU) acquired a loan from the African Development Bank (AfDB) to finance a five-year Agriculture Value Chain Development Programme (AVCDP). The project development objective is to improve household incomes, food security and climate resilience through commercial agriculture practices, sustainable natural resources management and agricultural enterprise development.

The key deliverables include the establishment of irrigation, animal disease control and trade facilitation infrastructure; the provision of business development services; and research and development along the maize, rice and dairy/beef value chains. The project profile is provided in Table 3.1.1.

Table 3.1.1: Basic data for the Agriculture Value Chain Development Programme

Goal	To contribute to poverty reduction and economic growth in Uganda through enhanced productivity and commercialisation of agriculture
Coverage	40 districts ³
Value chains	Rice, maize, and dairy/beef
Lead agency	Ministry of Agriculture, Animal Industry and Fisheries
Total project cost	UA64,410,000, of which UA 57,000,000 is a loan from the African Development Fund (ADF) and UA 7.4 million is the GoU counterpart funding
Project financier/donor	African Development Bank
Date loan declared effective	7th December 2018
Initial closure date	30th June 2023
Drawing limit date	29th June 2025
Current closure date	31st December 2025

Source: MoFPED budget documents, 2021–2024; project appraisal document.

Financial Performance

By 30th September 2024, US\$ 164.919 billion (55%) of the loan amount had been disbursed, whereas US\$ 29.516 billion (81.4% of the counterpart funding) was released to the project. The loan disbursement rate was low compared to the duration of nine months remaining to the drawing limit date of 30th June 2025. The project expenditure, inclusive of the GoU financing as at 30th September 2024, was US\$ 182.439 billion (93.8% of the release).

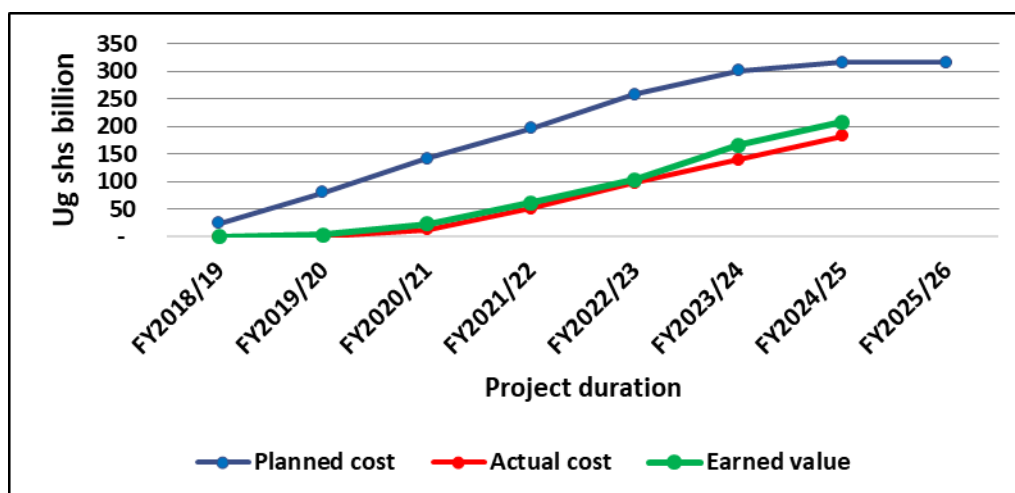
The project recorded efficiency in spending and the value of the achieved outputs (US\$ 208 billion) was above the expenditure (US\$ 182.439 billion), as shown in Figure 3.1.1. However,

³ Kyegegwa, Kamwenge, Masindi, Kiryandongo, Kasese, Buhweju, Mitooma, Nakaseke, Mukono, Luwero, Mityana, Kiboga, Buikwe, Wakiso, Buyende, Mayuge, Gulu, Oyam, Amolatar, Pader, Iganga, Kamuli, Mbale, Jinja, Kapchorwa; Rice: Sironko-Acomai Irrigation Scheme, and the districts of Bulambuli, Bukedea, Kamuli, Gulu, Oyam, Amolatar and Pader. Nebbi, Oyam, Kween, Butaleja, Kasese, Kitgum and Mbarara Districts.



there were certificates for infrastructure development activities yet to be paid. It was observed that the project was behind schedule in absorption of the funds.⁴

Figure 3.1.1: Performance of the Agriculture Value Chain Development Programme as at 30th September 2024



Source: Author analysis based on MoFPED and MAAIF data 2018/19 to FY 2024/25

Physical Performance

The project physical performance was fair at 68% against a time progress of 82.1%. The project was behind schedule by 22 months. The project experienced time overruns, with the first disbursement operationalised 14 months late, due to delays in fulfilling the loan conditions and setting up the Project Coordination Unit (PCU).

The conditions precedent to the use of the first disbursement included unencumbered land for the project infrastructure and having a consultant for the development of the Acomai Irrigation Scheme designs. The detailed physical performance of the project is provided in Table 3.1.2.

Table 3.1.2: Physical performance of the Agriculture Value Chain Development Programme as at 30th November 2024

Component	Target	Achieved	Remark
Component 1: Production and productivity enhancement			
Maize value chain development (Increase yield from 1.5 to 3.0 metric tons per hectare (MT/Ha))	30,000 acres of maize fields inspected; 20,000 MT of certified maize seed produced.	A total of 20,000 of maize fields were inspected and 11,057 MT of certified maize seed were produced; two maize hybrid varieties from the National Agricultural Research Organisation (NARO) (NARO-Maize-63-VitA and NARO-Maize-64-StR) were released in July 2023. Assorted laboratory and High-Performance Liquid Chromatography (HPLC)	Good performance; however, no data on productivity performance was provided.

⁴ CV=25,582,406,475

SV= -96,243,429,382

CPI= 1.140



Component	Target	Achieved	Remark
		were procured for the Seed laboratory at the National Crops Resources Research Institute (NACRRI), Namulonge.	
Rice value chain development (Increase rice yield from 2 to 4.0MT/Ha.)	10,000 acres of rice fields inspected; 60 MT and 1.2 MT of rice foundation and breeder seed, respectively, produced.	4,470 acres of rice fields were inspected; 34.74 MT of rice foundation seed; 1.6 MT of nucleus rice seed and 3.0 MT of breeder seed. One rice hybrid variety was released in July 2023. Training of farmers was done in Olweny, Tochi, Bukedea and Amolatar. The project procured and installed seed storage equipment for rice seed conservation to increase seed life (longevity) at NARO-NACRRI, Namulonge.	Good performance; however, no data on productivity performance was provided.
Dairy and beef (Increase dairy yield from 3–6 litres a day; and beef yield from 300- 600 kg at 2–3 years)	25 dairy bulls; 5,018 doses of hormones; 864 embryos; 13,270 doses of sexed hormones; 6 nitrogen tanks and one 4wd pick-up vehicle procured. 6,000 cows inseminated, and 300 AI technicians trained and equipped. National semen laboratory renovated and equipped.	A total of 22 exotic bulls were procured and delivered to the National Animal Genetic Resources Centre and Databank (NAGRC&DB) and semen collection from the bull had begun as of November 2024; 13,456 doses of sexed semen doses were procured; 6 bulk storage liquid nitrogen tanks of 600 litre capacity were procured and deployed; 2156 AI technicians were trained and equipped. Renovation and construction of the national semen laboratory were at 60% physical progress, whereas procurement of laboratory equipment was ongoing at the contract management stage.	Good performance was observed at the output level; however, data on outcome performance was not available.
Animal disease control	Two animal disease control centres constructed and equipped. Assorted animal disease prevention and control equipment procured.	Construction of Got Apwoyo disease control centre was completed in FY 2022/23, and is awaiting being equipped. Technical designs for Kiruhura disease control centre were completed and	The Got Apwoyo disease control centre was not functional and the quality of civil works was not satisfactory. The project made a



Component	Target	Achieved	Remark
	Animal disease surveillance enhanced.	<p>the contractor had possessed site.</p> <p>29 freezers of 3 cubic metre capacity, 500 icebox sets, 4,000 tsetse fly traps, 130 pairs of protective wear, 9820L of Deltamethrin 1% pour-on and 220 L of Deltamethrin 20% insecticide and assorted field disease surveillance equipment to support the national animal disease diagnostic and surveillance system were procured.</p>	<p>saving and intends to construct an additional four disease control centres in Busunju, Nakaseke, Rubona and Soroti. Technical designs were completed; however, these are likely to be completed past the project lifetime.</p>
Component 2: Infrastructure Development			
Water for production infrastructure	<p>Acomai Irrigation Scheme constructed (1480 ha irrigable area), 6 livestock watering points, 25 sanitation facilities, bridge, 2 drying yards, 62 km of road network and scheme facilities (warehouse, guesthouse, office and cafeteria).</p> <p>Six (6) mini-irrigation schemes constructed.</p> <p>Watershed management activities implemented.</p>	<p>Construction of Acomai Irrigation Scheme by Dott Services Ltd and Coil Ltd JV was ongoing and overall physical progress was at 78%; and time progress of 81%. 656 out of 684 Project-Affected Persons (PAPs) had been compensated. The scheme is expected to be completed in April 2025.</p> <p>The following goods were delivered at Acomai: one (01) backhoe tractor, eight handheld tractors, and four tractors and implements.</p> <p>Five (5) mini-irrigation schemes were constructed at NACCRI (02), Namalere (01), Ikulwe and Kamenyamigo. The construction of the sixth mini-irrigation scheme was dropped.</p> <p>Implementation of watershed activities had not happened; the activity implementation plan was developed.</p>	<p>The construction of Acomai Irrigation Scheme was behind schedule after several extensions from the original end date of July 2023. The delayed completion of the scheme was attributed to late compensation of Project-Affected Persons (PAPs), and flooding of the river; however, after the extension of the contact period the progress has not matched the extension.</p>
Component 3: Market Development and Trade Facilitation			
Food safety and quality management systems	Dairy Analytical Laboratory in Lugogo under the Dairy Development Authority	The project procured and installed the Ultra-High Performance Liquid	Fair performance. Accreditation had not been achieved and procurement of the mobile



Component	Target	Achieved	Remark
	<p>(DDA) equipped and accredited.</p> <p>Mobile dairy analytical laboratory procured.</p> <p>Two milk collection centres (MCCs) constructed.</p>	<p>Chromatography (UHPLC) and CHARM II.</p> <p>Procurement of a consultant for the DDA analytical laboratory accreditation and a consultant to undertake a baseline survey for the presence of veterinary drug residues in milk and dairy products in six milk sheds was still ongoing.</p> <p>Delivery of a mobile dairy analytical laboratory had not happened.</p> <p>Construction of Nabiswera (Nakasongola District) milk collection centres was at 75% physical progress, whereas construction of Kamwenge milk collection centre was cancelled.</p>	<p>analytical laboratory was halted due to the failure of the delivered van to meet the user specifications and the procurement was re-advertised.</p>
Strengthen sanitary and phytosanitary and quality infrastructure	<p>National phytosanitary laboratory at Namalere rehabilitated; 20,000 MT maize seed certified; 30,000 acres of maize seed inspected; 10,000 acres of rice seed inspected; equipment procured.</p>	<p>Rehabilitation of the laboratories was at 65% physical progress; 11,057 MT of maize seed were certified. 20,000 and 4,470 acres of maize and rice seed fields, respectively, were inspected. Assorted laboratory equipment was procured and installation was awaiting completion of the laboratories.</p>	<p>Good performance.</p>
Business development services	<p>Business development services provided to 655,000 maize and rice growers.</p>	<p>The project provided agronomic, harvesting, post-harvest management, insurance and credit services to 625,659 farmers in 35 districts and signed market agreements with off-takers to guarantee markets and competitive prices.</p> <p>The project procured 1,310 MT of blended NPK fertilisers for demonstrating improved rice technologies and 3566 MT of maize fertilisers.</p> <p>A total of 13,516 rice farmers received inputs and</p>	<p>Good performance; agronomic, post-harvest and crop inspection services were provided to farmers.</p>



Component	Target	Achieved	Remark
		established demonstration gardens in the project districts using the certified rice, with 40% being female headed households and 25% youth across the entire project area.	
Establishment of food safety laboratory building.	National Metrology Laboratory (NML) constructed and equipped.	Construction of the NML was completed and yet to be equipped. The contracts for the supply of the laboratory equipment were awarded and partial delivery was done (~15%).	The facility is partially operational, thus the need to expedite the delivery and installation of the laboratory equipment.

Source: Field findings and project progress reports, mission supervision reports (2021, 2022, 2023 and 2024).

Implementation Challenge

- i) Low readiness to implement the project, resulting in prolonged establishment of the Project Coordination Unit (PCU), compensation of PAPs and poor contract management.

Conclusion

The project physical performance was fair at 68% and behind schedule by 22 months. The project disbursement performance was at 55% and remaining with nine months to the drawing limit date. The performance of the project notwithstanding, it was efficient in utilisation of funds. The project estimated cost at completion was US\$ 277.14 billion, which was less than the planned value of US\$ 316 billion. The project interventions are key for boosting agricultural production and productivity and trade promotion facilitation; thus, it is necessary to expedite the project activities to achieve the intended outputs and outcomes.

Recommendations

- i) Funding for the project should be continued, and no time extension granted. In case there are incomplete activities by then, they should be prioritised in the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) GoU budget.
- ii) MAAIF should consider focusing on contracted infrastructure activities (Acomai Irrigation Scheme; Kiruhura regional disease control centre) and residual activities to be prioritised under the MAAIF GoU budget.

3.1.2 Developing a Market-Oriented and Environmentally Sustainable Beef Meat Industry (1493)

Introduction

The Government of Uganda (GoU), through MAAIF, has been implementing the Developing a Market-Oriented and Environmentally Sustainable Beef Meat Industry (MOPIB) project, with a total cost of EUR 15.6 million. The project development objective is to contribute to a competitive, profitable and job-intensive gender-responsive and environmentally-sustainable



agriculture sector in Uganda, in order to reduce poverty and improve food and nutrition security. The summary project profile is presented in Table 3.1.3.

Table 3.1.3: Summary for the Developing a Market-Oriented and Environmentally Sustainable Beef Meat Industry

Project goal	To use a holistic value chain approach in the targeted geographical areas, to leverage an increase in the overall performance of the Ugandan beef meat value chain.
Project coverage	DCZ 1: Buliisa, Kayunga, Kiboga, Kiryandongo, Kyankwanzi, Luwero, Masindi, Nakaseke, Nakasongola. DCZ 2: Lwengo, Lyantonde, Masaka, Mbarara, Mityana, Mpigi, Mubende, Ntungamo, Greater Rakai, Greater Kibaale, Sembabule, Kiruhura, Kalungu, Bukomansimbi, Butambala, Gomba, Isingiro.
Lead Implementing agency	Ministry of Agriculture, Animal Industry and Fisheries (MAAIF)
Total project cost	EUR 15.6 million o/w European Union grant EUR 15.3 million and GoU counterpart funding EUR 0.3 million.
Start date	13th June 2018
Original end date	30th June 2022
Revised end date	12th April 2024

Source: MAAIF project documents, 2017 to 2024.

Financial Performance

The project budget was revised to EUR 14,899,609 (US\$ 61.677 billion) during implementation due to changes in scope. The GoU counterpart funding was increased to US\$ 15.44 billion (25%), whereas the grant component was reduced to US\$ 46.237 billion. By August 2024, US\$ 58.1 billion (94.2% of the project budget) was released and US\$ 54.5 billion spent. US\$ 3.6 billion was committed, awaiting conclusion of the payment process by MoFPED.

It ought to be noted that in FY 2024/25, the project was appropriated US\$ 432.489 billion and by 30th September 2024 US\$ 94.946 billion and US\$ 4.633 billion was released and spent, respectively. The additional financing in FY 2024/25 was purposed for procurement of livestock vaccines, which was not a deliverable of the project.

Note: The disaggregated financial information was not provided to the team to facilitate the generation of the earned value.

Physical Performance

The MOBIP was implemented through a consortium of six partner institutions and affiliate entities⁵, with MAAIF as the lead agency. Despite the fact that the project closure was on 12th August 2024, some of the planned output targets had been achieved by 30th September 2024. The pending activities (construction of valley tanks) were taken on as liabilities to Government and were being implemented by MAAIF. The project performance is discussed below by result area.

⁵ Uganda Small Scale Industries Association (USSIA); Private Sector Foundation Uganda (PSFU); Uganda Meat Producers Cooperative Union (UMPCU); Makerere University – COVAB; National Animal Genetic Resources Centre and Databank (NAGRC & DB); and National Agricultural Research Organisation (NARO).



Result Area 1: Policy, legal, regulatory and institutional framework

Good performance was noted in the development of policy, legal and regulatory frameworks by MAAIF under the MOBIP.

Needs identification for review and update of legislative and policy frameworks: Legislative Gaps Analysis (LGA) was undertaken and covered six Acts: i) the Animal Diseases Act; ii) the Public Health Act; iii) the Animal Breeding Act; iv) the Cattle Traders Act; v) the Dairy Industry Act; and vi) the Hides and Skins Trade Act. Regulatory Impact Assessments (RIA) were conducted on the regulation of animal feeds, veterinary practice, livestock identification and traceability, meat inspection and certification, animal diseases prevention and control, and management of animal genetic materials.

Legislative and policy frameworks reviewed and updated (06): The Veterinary Practitioners and Animal Feeds Bills were gazetted by 31st October 2024. The draft Animal Disease Amendment Bill 2022 Principles for Meat Bill and Animal Breeding Amendment Bill were developed. The Meat Investment Plan was refined for onward submission to the Top Policy Management of MAAIF. The Animal Health Master Plan draft was reviewed. The Meat Investment Plan (MIP) 2021–2024 was developed; and the Veterinary Animal Movement Control Manual was reviewed, updated and disseminated to stakeholders.

The control, inspection, and enforcement system at the central and local levels in the targeted areas was achieved through training and providing equipment. The Guidelines and Standard Operating Procedures (SOPs) for Handling and Transporting of Live Animals in Uganda 2021 were developed. Guidelines for the inspection and certification of meat handling facilities and SOPs for meat hygiene along the value chain were also developed. The project equipped district Veterinary Officers with data collection (laptops, tablets and printers) and transport equipment in the 28 project districts.

Environmental monitoring of beef/meat-related by products strengthened: The MAAIF developed a Concept Note for the management of waste from cattle markets, feedlots and slaughterhouses in the project area and secured an Environmental Impact Assessment (ESIA) certificate for the Sanga slaughter facility.

Result Area 2: Beef meat production, productivity, and quality assurance

Fair performance was registered in the promotion of production, productivity and quality assurance along the beef meat value chain.

Animal disease control and prevention in the targeted areas promoted: Three animal checkpoints were established and operationalised at Ekitindo in Isingiro District, Kamuli in Rakai District and Kasali in Kyotera District. Animal disease control committees were established in 16 project districts; biohazard disposal tanks were established in four districts of Disease Control Zone Two. The College of Veterinary Medicine, Animal Resources and Biosecurity (COVAB) trained a total of 194 veterinary inspectors and animal health technicians in disease surveillance, laboratory diagnosis and reporting, as well as animal movement management.

Sustainable support to local brood stock: Six liquid nitrogen/semen preservation tanks were procured and distributed to the districts of Kiruhura, Sembabule, Gomba, Nakaseke, Nakasongola, and Kyankwanzi. The banks facilitated the storage and distribution of semen with superior genetic merit. Fifty (50) embryos were in-planted at Aswa Government Ranch in Pader District. In addition, ten (10) young pedigree bulls (Boran and Sahiwal) from the Kenya

studbook were procured, enrolled in the Ugandan studbook, and included in NAGRC&DB catalogues. The bulls were relocated to Maruzi and Nshaara ranches for natural mating.

Best practices in range and pasture management promoted and scaled up: The project trained 810 farmers in the use of labour-saving technologies and equipment for forage production and conservation. A cost-sharing arrangement for the machinery's future use was established, and learning exchanges among farmers were facilitated through a Farmer Field School (FFS) approach.

MAAIF provided fertiliser, elite pasture seeds and tree seedlings to farmers in selected districts to set up demonstration sites. Over 483 acres of the improved (*fast-growing, nutritious and drought-resilient*) forages and pastures were established on 37 private beef farms across the nine (9) target districts, with 33% of these farms being female-headed.

Participatory planning for water resources promoted: Construction of the 14 valley tanks in 14 of the 28 project districts was ongoing at a rather slow pace and overall progress was estimated at 70% as at 30th September 2024. However, some of the monitored sites seemed abandoned.



An abandoned valley dam site in Kimogora B Ranch Village, Kakekwo Parish, Mutunda Sub-county, Kiryandongo District

In Kimogora B Ranch Village, Kakekwo Parish, Mutunda Sub-county, Kiryandongo District, construction works on a valley dam started in 2024. Land excavation had been done, and the dam fenced with barbed wire.

However, the dam remained unused as the contractor abandoned the site when works were at 50% progress. Water vegetation had covered part of the dam, and there was an eroded embankment since no grass had been planted around the dam to hold the soil. A sub-contractor was later hired to rectify the anomaly but works had not commenced by end of October 2024.

The construction of the Ntenga valley tank in Isingiro District was ongoing using MAAIF human resource and equipment. Excavations of the dam were completed; and construction of a pump house and watering troughs was ongoing. However, the excavated dam had silted due lack of grass to hold the runoff with mud and the quality of works was not satisfactory.

The valley tank at Kamusenene, Lyantonde District could not be located as the site had been turned into a private farm. It was observed that all the monitored valley tanks were incomplete and not in use; and the respective district production departments were not meaningfully involved in project execution. The facilities were not inspected by the District Engineers as they lacked access to the Bills of Quantities (BOQs) to understand the scope of the facilities. The future maintenance and sustainability of the dams by the beneficiary DLGs was at risk.

Result Area 3: Value addition, transportation and marketing of beef meat marketing, hygiene promotion and quality improvement from the targeted area (2 Disease Control Zones)

Building, rehabilitation or upgrade of meat processing facilities. The renovation, upgrading and equipping of the slaughter facility in Sanga Town Council, Kiruhura District was substantially complete and test-runs were conducted. However, it was not in operation as of 15th November 2024 due to lack of an agreed operational modality between MAAIF and the traders. The renovation of 10 meat stalls at Sanga Town Council was completed and they were in use.

In addition, MAAIF-MOBIP procured a model live animal transportation truck and a refrigerated truck to support the beef meat cold chain. These trucks were intended to be leased to the private sector under a Public-Private Partnership (PPP) model through the Uganda Cattle Traders and Transporters Association (UCTTA). The funds generated through this PPP arrangement would be used for the operation and maintenance of the trucks, while the profits realised were designated for the purchase and acquisition of additional trucks. However, the trucks were parked at the MAAIF headquarters for over six months.



Two specialised trucks were procured by MAAIF



Meat stalls were completed and in use in Sanga Town Council, Kiruhura District

Enhancing the capacity of value chain actors, including women and youth, to process and market beef: MAAIF identified and trained 105 private sector groups (PSGs) in beef processing and beef by-products value addition. In addition, 169 beneficiaries from 59 groups in the four (4) districts of Kampala, Wakiso, Luweero and Mbarara were trained in green entrepreneurship, workforce skills and group dynamics. The Ministry procured and disseminated meat processing equipment to the meat association in Mbarara District. MOBIP supported USSIA in Mbarara District to acquire batch-wise beef processing equipment in June 2023. The equipment installed could process products like specialty cuts, minced meat, sausages and meat balls, among others. The facility was not operational as at 15th November 2024 due to lack of operating capital by USSIA.

Conclusion

The output performance of the MOBIP project was not assessed. The project was designed to transform the beef industry in Uganda right from breeding and production to marketing. However, most of the established marketing infrastructure was not functional by project closure, thus impacting the timely attainment of intended outcomes. The project experienced some delays at the start due to COVID-19 restrictions, land and management challenges. The delays led to the loss of a substantial component of the grant (US\$ 3.074 billion) due to the

depreciation of the shilling against the euro, which necessitated rescoping some of the planned output targets.

Lessons

- i) Involvement of the district leadership in the implementation of project activities is key to the sustainability of the outputs and outcomes.
- ii) The establishment of common user facilities and equipment like abattoirs should be in compliance with the PPP Act.
- iii) Government should provide encumbrance-free land for the timely attainment of intended outputs and outcomes.

3.1.3 Development of Solar-Powered Irrigation and Water Supply Systems (1666)

Introduction

The Development of Solar-powered Water Supply and Irrigation Systems Project (Nexus Green) is financed by a commercial loan from the United Kingdom Export Finance (UKEF) and the Government of Uganda (GoU). The overall project budget is US\$ 428,916,956,040 (taxes inclusive).⁶ The project is implemented through the Ministry of Water and Environment (MWE) by Nexus Green (UK) Limited as the contractor. The project objective is to address the demand for water supply in the different parts of the country amidst impacts of climate change on agricultural productivity and the entire economy.

The contract commencement date was 26th July 2021 for a period of 36 months up to 25th July 2024, with 12 months of defects liability period. However, this has since been extended for a period of 16 months to August 2025. The project has three (3) components which are: Water for Production (WFP); Rural Water Supply (RWS); and Urban Water Supply (UWS).

Henceforth, the project will provide water to support irrigation and increase water supply to at least one site per constituency to ensure equitable distribution across all regions of the country. The project basic information is presented in Table 3.1.4.

Table 3.1.4: Development of Solar-Powered Water Supply and Irrigation Systems Project basic data

Project name	Development of Solar-Powered Water Supply and Irrigation Systems Project (Nexus Green)
Type of contract	Commercial contract
Loan amount	EUR 111,060,5917 (US\$ 415,248,445,296, with 18% VAT inclusive)
Contract sum (VAT exclusive)	94,119,144.91 (US\$ 351,903,012,115)
Government contribution	15% of the contract sum, US\$ 13,710,610,744 (taxes inclusive) as consultant fees and administrative costs not priced at project formulation
Date of contractor's signature	3rd July 2020
Date of signing a financing agreement	12th February 2021
Date of commencement	26th July 2021
The original date of completion	26th July 2024
Current completion date	23rd August 2025

⁶ The project cost excludes the administrative costs which were not budgeted for.

⁷ Exchange rate = US\$ 3,738.91



Last loan disbursement	6th July 2025
Advance payment	EUR 9,000,000 (nine million euros)
Retention	10% of the value of works
Amount of liquidated damages	0.1% of the final contract sum per day
Limit of liquidated damages	10% of the contract price

Source: Author compilation; facility agreement, February 2021; supervision contract, July 2021; and MWE September 2024 project report.

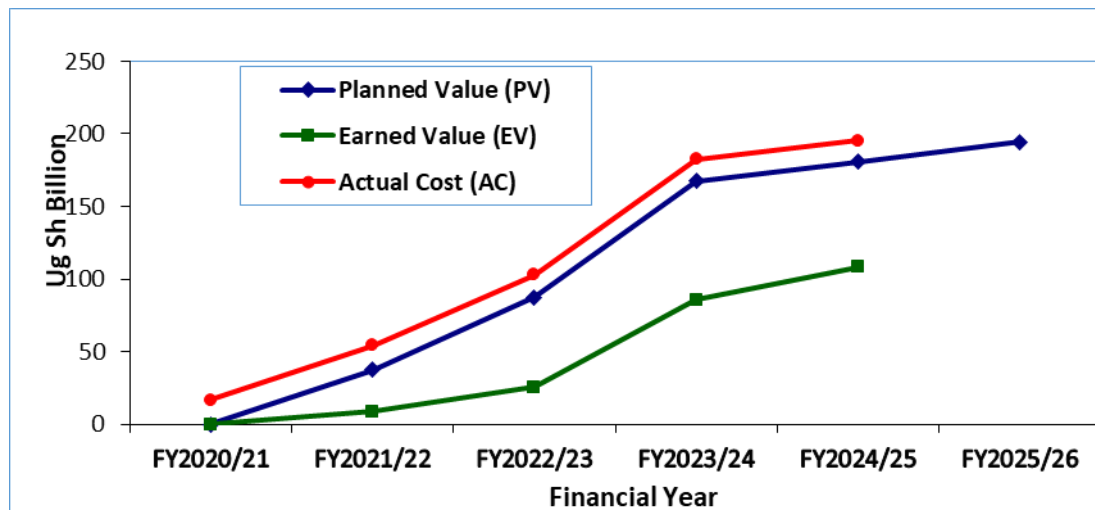
Scope of Works

The construction of 687 solar-powered water supply and irrigation systems across the country. These include 252 irrigation sites (WFP) and 435 water supply sites, catering for both rural and urban communities. The irrigation sites form the Small-Scale Irrigation Systems (SSIS), while urban sites receive energy packages and rural communities receive a piped water supply.

Financial Performance

By 30th September 2024, US\$ 171,532,894,321 was paid to the contractor (49% of the contract). This comprised the prerequisite advance payment of US\$ 33,650,190,000 that was not budgeted in the FY 2020/21, which raised the cost above the budget, an indicator of inefficiency.⁸ The negative variance implies over-expenditure. Figure 3.1.2 shows the performance of the Solar Powered Water Supply and Irrigation Systems Project by the end of September 2024.

Figure 3.1.2: The Performance of Solar-Powered Water Supply and Irrigation Systems Project by 30th September 2024



Source: Author Analysis based on Integrated Financial Management System (IFMS), Programme-Based System (PBS) and MWE Project data for the period 2020-2024.

⁸ The expenditure above the budget implies low cost efficiency. Given the negative cost variance (-873), the earned value is less than the actual cost of the project outputs.

Physical Performance

As of September 2024, overall, project progress of works was poor at 25%, as the project had completed only 169 sites out of the planned 687 (Table 3.1.5). However, this was an improvement from 35 completed sites reported in March 2024. The project was behind schedule⁹ at 77% time progress with a 13-month extension to 23rd August 2025. The project works commenced a year after contract signing, due to delays in securing financing and receiving the pre-conditioned 5% contract advance payment from MWE. Furthermore, works progress was hindered by delays in design approvals and site handover to the contractor.

As of 30th September 2024, the project status was as follows: 131 sites were still in the design phase; 33 sites were ready for construction to commence; and 56 sites had completed designs. The designs were at various stages of development, with six (6) at pre-feasibility stage, 45 at feasibility stage and 33 at the detailed design stage. In addition, 47 sites were on hold pending further feasibility and design work.

Table 3.1.5: Site Status for Solar-powered Water Supply and Irrigation Systems Project by 30th September 2024

Site Category	No. of sites with ongoing works	No. of sites substantially completed	No. of sites technically handed over
Urban sites	65	38	6
Rural sites	91	37	8
Irrigation sites	130	90	10
Total	286	145	24

Source: Field findings; MWE September reports, 2024.

During the months of July to August 24 substantially complete sites were monitored¹⁰, which included eight (8) urban sites, 10 irrigation systems, and 6 rural sites. The functionality of the sites was on average 98%, with less than 20% commissioned. Non-full functionality of systems was realised under irrigation systems, with water not reaching parts of the gardens due to minor leakages and insufficient water.

Urban Energy Package

The solar energy package was installed on the existing water supply systems, mainly comprising solar panels, an energy storage system, and energy-efficient pumps and motors. The solar panels are mounted on a customised racking system, with a total capacity of approximately 475 watt-peak (Wp). The energy storage system had deep-cycle batteries, providing a power supply majorly for lighting. The existing pumps and motors were replaced with solar-powered alternatives, to ensure seamless integration. A monitoring and control system was installed to optimise energy usage and performance.

⁹ The schedule variance is negative = -728 showing the project is behind schedule

¹⁰ **Urban:** Bubango (Namayingo), Bullisa (Bullisa), Busunyi (Buyende), Iziru (Jinja), Geregere (Agago), Lwemiyaga (Sembabule), Naigobya (Budaka), Pakele (Adjumani); **SSI:** Amukurat (Ngora), Butambala (Kaliro Buwambuzi (Luuka), Kabayanda and Kyemamba (Lyantonde), Katakala (Mityana), Kisaikye (Kamuli), Lugazi (Mityana), Maggi (Kiboga), Mbirizi (Kasanda); **Rural:** Arubela (Soroti), Kakira (Kamuli), Karacirac (Gulu), Layik (Kitgum), Maggi (Kiboga), Oguta (Pader).



The installation of the solar energy package came with reduced energy costs and improved energy efficiency. The water supply systems became more sustainable, reliable and resilient. Energy independence was achieved, reducing reliance on grid electricity or generators, which were more expensive. A total of eight urban substantially completed sites were monitored.

Some weaknesses were identified with the already installed packages. In the Bubango water supply system (Namayingo District), the pump was not functional, and the Matyama water supply systems (Namutumba District) had nonfunctional batteries. However, the systems were still under the defects liability so the contractor will rectify the problems.

Water Supply Systems (WSS)

Solar-powered piped water supply system installations consist of solar panels, a storage tank, pumps on existing production wells or new ones in a few cases, pipes, and a distribution network. The solar panels generate electricity to power the pumps, which extract water from a source, such as a swamp, and transport it to the storage tank. The water is then distributed to yard taps to serve households, institutions, and other consumers through the piped network.

The Bubango water supply system (Namayingo District) pump was noted to be faulty but the contractor was still on the ground and planning to rectify the problem. The Maggi water supply system (Kiboga District) had leakages on valves at the reservoirs; and the Kakira rural water supply (Kamuli District) suffered occasional pipe bursts. The performance of these energy packages is highly dependent on sunlight, too, which is affected by weather patterns, seasonal changes, and other environmental factors.

Small-Scale Irrigation System (SSIS)

A solar-powered small-scale irrigation scheme works consists of a solar panel array, a water pump, a water storage tank (four 10m³ tanks), and a network of pipes and sprinklers or drippers that distribute water to crops. The solar panels generate electricity to power the water pump, which extracts water from a source such as a well or river, and stores it in the tank for later use. The water is then distributed to crops through the irrigation system, to provide a reliable and consistent water supply for agricultural production. In this case, the command area was approximately 5 hectares (ha).

The solar-powered small-scale irrigation schemes increased crop yields and improved food security, reduced energy costs, and increased water efficiency and productivity. The completed schemes provided a reliable and consistent water supply, reducing dependence on rainfall, and there was improvement in crop quality and quantity since the farmers were able to produce during the dry season while others waited for the rains to resume. Some of the crops grown include tomatoes, eggplants, and coffee.

Despite the benefits, some of the solar-powered small-scale irrigation schemes visited had operational issues. Specific examples of these issues include pipeline leakages in Katakala and Lugazi SSIS, both in Mityana District; inadequate water supply in Buwambuzi SSIS (Luuka District); silting at Kyemamba (Lyantonde District); low pressure in Amukurut SSIS (Ngora District); and occasional joint disconnection at Kisaikye Irrigation Scheme (Kamuli District). This implies that the systems were not utilised to full capacity. However, this was still under the defects liability period.



Part of an onion garden with Lazor sprinkler pipes at Buwambuzi SSIS, Luuka District



Leakages at the reservoir tank of Maggi Rural Water Scheme in Kiboga District



Karacirac RWSS solar panels, Gulu District



A PSP of Maggi water scheme in Kiboga District

Implementation Constraints

- i) The project lacked proper planning and preparation because it did not pass through the normal project approval process. It lacked a feasibility study and budget for MWE oversight engagements.
- ii) Delays, inefficiencies and potential cost overruns due to the widespread vast scope of projects that made it difficult for contractors and contract managers to complete in time.
- iii) Land acquisition at about 50 sites caused tremendous implementation delays, complicated by inflated costs or a change of mind on the part of landowners regarding the provision of access.
- iv) Insufficient water resources in certain areas of the county led to site failures, disruptions, and premature abandonment by the contractors, causing significant delays in project works.
- v) The lack of a clear budget allocation for administrative costs hinders the project's ability to effectively manage and cover essential operational expenses. These encompass the establishment of sustainability structures for long-term impact of the project; building capacity in agronomy practices to enhance agricultural productivity; and commissioning of sites to facilitate handover and operationalisation.



- vi) The sites without grid connectivity or back-up generators were vulnerable to extended power outages, resulting in disruptions to water supply due to insufficient energy provision.

Conclusion

The project physical performance was poor at 25%. Only 169 (63.6%) out of the planned 268 planned solar-powered irrigation and supply systems were completed by the end of September 2024 at 77% of time period spent. The project faced significant risks due to a late start, overspread of project sites, delays in design approval, and contractor's inadequate capacity to make appropriate designs. As a result, the project was behind schedule, operating at over budget, and had a time overrun. At the current pace of implementation, the project may take an additional two years and six months to complete¹¹ all the planned outputs with a cost run risk.

The project came with a high upfront cost of the solar energy package, which is a significant challenge compared to existing sites made by MWE. Furthermore, the intended installation, maintenance and repair of solar systems may pose a challenge to adaptation in areas with limited access to skilled labour.

Recommendations

- i) MoFPED and MWE should ensure that all projects are subjected to appraisal and feasibility through the Public Investment Management System (PIMS) to reduce risks of time and cost overruns.
- ii) MWE should ensure the contractor reschedules works to prioritise critical tasks that will get the project back on track. Non-essential tasks can be deferred or re-scoped.
- iii) MWE should secure land and sign Memorandums of Understanding (MoUs) with the landlords in time to reduce delays in land acquisition procedures.
- iv) MWE should conduct hydrological and geological assessments to identify suitable water sources before project initiation.
- v) MWE should prioritise and reallocate funding to operational costs for the project to enhance capacity building among the project beneficiaries and commission completed sites to offset the contractor's burden of maintenance and payment for security.

3.1.4 EU-EAC Market Access Upgrade Programme (MARKUP) (1202)

Introduction

The EU-EAC Market Access Upgrade Programme (MARKUP) was a regional programme for Eastern Africa with a total budget of EUR 35,000,000 financed from the 11th European Development Fund. It was structured around two intervention levels, the East African Community EAC-Window, and the Partner States Window. The EAC-Window aimed at addressing both the supply-side and market-access constraints of some key export-oriented sectors, mainly agro-industrial crops (coffee, tea and cocoa) and horticulture. Uganda benefitted from the EAC window with a grant worth EUR 3,680,000 to support coffee and cocoa value chains. The project profile is presented in Table 3.1.6 below.

¹¹ The Schedule Performance Index (SPI)=0.6, which is less than one thus behind schedule.

**Table 3.1.6: Basic data for the Market Access Upgrade Programme (MARKUP)**

Goal	To contribute to the economic development of Uganda, by increasing the value of coffee and cocoa exports, with the main focus on exports towards the European Union (EU) and Africa Caribbean and Pacific (ACP) countries
Coverage	All cocoa and coffee growing
Value chains	Cocoa and coffee
Lead agency	Uganda Coffee Development Authority (UCDA)
Total project cost	EUR 3,680,000
Project financier/donor	European Union 11th European Development Fund
Project start date	27th December 2019
Project original closure date	31st May 2024
Project revised closure date	31st August 2024

Source: UCDA and MoFPED documents, 2019–2024; project appraisal document.

Financial Performance

The project cost was set at EUR 3,680,000, of which EUR 3,480,000 was initially allocated to the Matching Grant Scheme (MGS) in a co-financing arrangement and the balance of EUR 200,000 (US\$ 816,178,288) given to the Multi-Annual Programme Estimate (MAPE).

During project implementation, the budget for the MAPE was increased to US\$ 2,158,620,536 (EUR 533,800), which was disbursed (100%) to UCDA. By 31st August 2024, the project had expended US\$ 1,982,928,983 (91.7%) of the total project cost, leaving an unspent balance of US\$ 175,691,553 (8.2 %), which is to be returned to the EU. Under the matching grant arrangement, EUR 3,146,200 was disbursed to six grantees dealing in coffee and cocoa value chains.

Physical Performance

By project closure in August 2024, MARKUP had addressed both the supply-side and market-access constraints of selected key export-oriented sub-sectors through supporting participation in regional and global trade with a focus on exports. The Uganda window focused on two commodities, namely coffee and cocoa, in line with the National Export Development Strategy and the Coffee Roadmap. The programme objective was realised (88%), considering the great improvement in quantity exports from 5.10 million bags in FY 2019/20 to 6.13 million bags of coffee (each 60 kg) by close of 2024. The project output performance by result area is presented in Table 3.1.7 below.

This report describes the planned outputs and achievements registered under different result areas as presented below:

**Table 3.1.7: Performance of the MARKUP Project by 30th September 2024**

Result area	Output target	Achievement	Remarks
Area 1: Improved legal and regulatory framework for the cocoa value chain.	Draft principles of the Cocoa Bill developed	Not achieved.	Poor performance, and activities thereunder were differed from the successor Inclusive Green Economy Uptake Programme (Greenup) of the Coffee and Cocoa Development (COCODEV) programme.
	Draft technical guidelines for the cocoa value chain developed	Draft cocoa technical guidelines manual was submitted to UCDA.	Fair performance.
	4 Cocoa national standards developed	Four cocoa national standards for cocoa beans, cocoa butter, cocoa powder and mixtures, and for chocolates and chocolate products were developed and harmonised across the East African Region.	Very good performance. However, the sub-sector lacked a comprehensive regulatory framework to enforce the standards.
Area 2: Improved service delivery by UCDA Quality Directorate for coffee export control.	UCDA control and certification system accredited in conformity with the international standard, International Organisation for Standardization, ISO 17065	<p>The laboratory attained accreditation according to ISO 17025:2017.</p> <p>The project procured and distributed quality control kits to farmers to enable them to supply quality coffee beans for export.</p>	Very good performance.
	Laboratory equipment upgraded	<p>The UCDA coffee laboratory at Lugogo, Kampala acquired the following equipment: cupping table, an oven, weighing scales, coffee grading screens, thermohygrometers.</p> <p>More equipment was provided to three UCDA regional offices to enable them to control the quality of coffee beans in their respective regions.</p> <p>Procurement, distribution and installation of solar dryers and moisture meters to farmer cooperatives in Bundibugyo District was conducted. All laboratory equipment was calibrated by UNBS before use.</p>	Very good performance.
Area 3: Capacity building of UCDA/MAAIF staff in	Understanding of international cocoa market and the means to monitor it based on the	Over 106 participants from various institutions – MAAIF, UCDA, Uganda Export Promotion Board (UEPB), Uganda Coffee Federation	Good performance.



Result area	Output target	Achievement	Remarks
trade analysis, market surveillance and project management.	fundamentals and technical factors driving the cocoa trade.	(UCF), National Union of Coffee Agri-business and Farm Enterprises (NUCAFE), Uganda Coffee Farmers Alliance (UCFA) and the Ministry of Trade, Industry and Cooperatives (MTIC) – trained in market surveillance, trade analysis of coffee and cocoa commodities and project cycle management. The trainings were extended to the coffee and cocoa stakeholders on trade analysis and market surveillance.	
	International cocoa and coffee promotion events participated in by UCDA	The project supported UCDA and 19 other sector players to participate in the African Fine Coffee Association (AFCA) event in Rwanda. The conference provided an opportunity for the coffee sector players to market their products, but was also an avenue to build sustainable coffee business linkages.	Good performance. However, some coffee auctions and other business promotion activities were conducted online. This was due to the COVID-19 pandemic global travel restrictions.
	Coffee and Cocoa Directory developed.	A detailed directory for coffee and cocoa actors along the value chains was developed to facilitate effective networking, collaboration, and partnership creation among the two sub-sector stakeholders in Uganda. The approved directory was uploaded to the UCDA website for reference and circulation to other key stakeholders.	Good performance.
	knowledge of international regulations, standards, and procedures for certification of organic farms and Fair-trade production transferred.	54 participant Training of Trainers (ToT) from MAAIF, UCDA, and private sector players were coached on organic and fair-trade certification.	Good performance.
Area 4: Resistant varieties are developed and brought to market.	Three Arabica coffee and cocoa varieties resistant to diseases and high-yielding released	Five (05) promising Arabica coffee clones/varieties were submitted to the Variety Release Committee of MAAIF; however, these were differed pending distinctiveness DNA tests. Multilocational trials for the five	Fair performance, with pending activities that differed from the COCODEV programme.



Result area	Output target	Achievement	Remarks
		<p>clones were established and maintained at the Zombo, Rukiga, Buginyanya, and Gugubera trial sites.</p> <p>10 resistant cocoa candidate cultivars were characterised, phenotyped and identified for provision to producers targeting the international market.</p> <p>Over 113 cocoa germplasm planting materials were collected from the major cocoa-growing regions of Uganda for multiplication, further evaluation, and conservation at the National Coffee Research Institute (NaCORI).</p>	
	Demonstration/hard ening plot at NaCORI station established.	<p>12 acres of cocoa fields at NaCORI-Kituza were rehabilitated and maintained for research and extension purposes.</p> <p>One cocoa demonstration plot was established on-station at NaCORI that had timely maintenance, i.e. weeding, gap filling and watering of cocoa plants for showcasing cocoa agronomic practices to farmers.</p>	Good performance.
Area 5 and 6: Ensuring effective communication and visibility of the project.	<p>MARKUP activities and visible communicated in line with EU guidelines.</p> <p>Matching Grants aiming at reducing post-harvest losses and increase marketing opportunities for smallholders in</p>	<p>The communication and visibility plan was produced and approved by the project National Steering Committee. Six private¹² operators were awarded matching grants.</p> <p>The grantees implemented a variety of activities that included technical assistance in Business Development Services (BDS) and crop management, equipment for post-harvest</p>	<p>Good performance, with five grantees achieving the planned output targets.</p> <p>New Bukumbi Coffee Processors Limited – FED/2021/420-563 achieved approximately 33% of the planned output/outcome targets, and thus the need to conduct an audit on funds utilisation.</p>

- i) ¹² UGACOF Limited – FED/2020/419-815.
 ii) Rubanga Cooperative Society Limited – FED/2021/424-428.
 iii) New Bukumbi Coffee Processors Limited – FED/2021/420-563.
 iv) Uganda Coffee Farmers Alliance (UCFA) – FED/2021/424-329.
 v) AINEA & Sons Limited – FED/2020/419-935.
 vi) Outspan Enterprises Limited – FED/2021/424-783.

Result area	Output target	Achievement	Remarks
	coffee and cocoa value chains awarded.	management and storage, factory infrastructure upgrade, processing and packaging, certification, training on key topics focusing on good agronomic practices, traceability, sanitary and phytosanitary (SPS) requirements, establishment and management of farmer groups/associations and market analysis.	

Source: Field findings; UCDA progress reports; grantees of the matching grants.

Conclusion

The MARKUP Project complemented national interventions that addressed both the supply-side and market-access constraints of the coffee and cocoa sub-sectors. To a lesser extent, the project performed poorly under result area one, involving an improved legal and regulatory framework for the cocoa value chain. The project laid the groundwork for an affluent coffee and cocoa industry, and it is anticipated that future programmes will build on this for increased transformation of farming and marketing practices in the country.

Lessons

- There is need for consistent multi-stakeholder engagements across the board to review progress and allow timely feedback and corrective measures for project effectiveness.
- For the effective management of matching grants, there is need to align financing to the attainment of agreed milestones.

3.1.5 Farm Income Enhancement and Forestry Conservation II (1417)

Introduction

The Government of Uganda (GoU) is completing the implementation of the second phase of the Farm Income Enhancement and Forestry Conservation (FIEFOC-II) Project. The project is jointly financed with a loan from the African Development Bank (AfDB), a grant from the Nordic Development Fund (NDF), and GoU counterpart funding amounting to USD 91.43 million. The project development objective is to contribute to poverty reduction and economic growth in Uganda through enhanced productivity and commercialisation of agriculture. Table 3.1.8 provides the summary project profile.

Table 3.1.8: Basic data for the Farm Income Enhancement and Forestry Conservation Project Phase II

Lead Implementing agencies	Ministry of Water and Environment (MWE) and Ministry of Agriculture, Animal Industry and Fisheries (MAAIF)
Coverage	Five irrigation schemes – Ngenge (Kween District), Doho II (Butaleja District), Mubuku II (Kasese District) and Tochi (Oyam District)
Project components	1) Agricultural Infrastructure Development; 2) Agribusiness Development; 3) Integrated Natural Resources Management; 4) Project Management
Total project cost	USD 91.43 million (AfDB loan USD 76.70 million, NDF grant USD 5.60 million and GoU counterpart funding USD 9.13 million)
Approval date of loan	20th January 2016



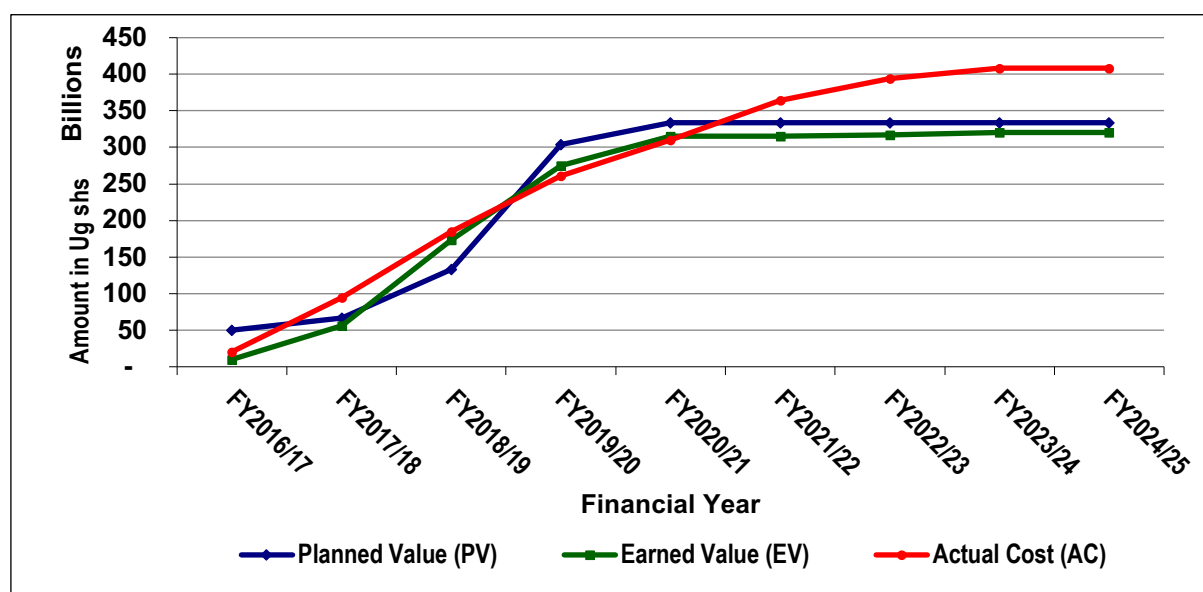
Approval date of grant	21st July 2016
Date of first disbursement	31st May 2021
Project closure date	30th June 2025 (initial date was 30th June 2021, which was extended four times)

Financial Performance

The overall project budget was US\$ 333.720¹³ billion, of which US\$ 399.819 billion (120%) was released and US\$ 368.646 billion (92%) was spent by 30th October 2024. The GoU counterpart funding was US\$ 33.325 billion (10%) of the project's planned budget. By 31st October 2024, the project registered cost overruns of US\$ 87.973 billion under the GoU funding, attributed to changes in the scope of works for the Wadelai and Tochi Irrigation Schemes, and project extensions (**Figure 3.1.3**). On the other hand, US\$ 11.132 billion (4%) of the external funding was pending disbursement in respect of outstanding works at the Wadelai Irrigation Scheme.

Based on the revised completion date of 30th June 2025, the works were on schedule. However, the work performed cost more than planned under the GoU counterpart funding in respect of the expanded scope at Wadelai and Tochi schemes.

Figure 3.1.3: Performance trends of FIEFOC-II Project by 31st October 2024



Source: MWE, IFMS, and PBS data and authors' analysis.

Physical Performance

The overall physical performance by November 2024 was at 95%, and four irrigation schemes of Doho II, Mubuku II, Ngenge, and Tochi were completed. Functionality varied as some schemes had eroded or flooded areas that could not be used. The remaining scheme – Wadelai – was substantially complete at 94% progress. This was delayed by a change of site for major scheme components and subsequent land acquisition issues. The project provided capacity building for farmers and farmer organisations in financial accessibility and financial management skills. Furthermore, 767.8 ha of farmlands were restored for soil and water conservation.

¹³ USD 91.430 million is converted to US\$, at a rate 3,650.

However, cases of vandalism of the infrastructure of the schemes, such as theft of gate valves, were reported. This is likely to affect the use and functionality of the schemes. In addition, heavy rains destroyed works on the irrigation infrastructure and the access roads, which caused delays in the completion of construction. Detailed performance in the three components is presented as follows:

Component 1: Agricultural Infrastructure Development

The objective of the component was to increase irrigation capacity, sustain farm productivity, and improve incomes and food security. The component entailed (i) the construction of five new gravity-fed irrigation schemes covering a total area of 4,038ha – Doho II (1178 ha), Wadelai (1,000 ha), Mubuku II (480 ha), Tochi (500 ha), and Ngenge (880 ha); (ii) the establishment of five (5) community/farmer-based management institutions for the irrigation schemes; and (iii) capacity building of the beneficiaries in irrigated agronomy, soil and land improvement practices.

The construction of the four irrigation schemes of Ngenge (Kween District), Doho II (Butaleja District), Mubuku II (Kasese District) and Tochi (Oyam District) were completed at 100% by March 2024. The Wadelai Irrigation Scheme (Pakwach/Nebbi Districts) physical progress was at 94%. The major outstanding works included the construction of secondary canals 4 and 5 and associated structures that are expected to be completed by June 2024.

The five schemes were already being utilised at the following levels: Doho II at 100%, Ngenge at 80%, Mubuku II at 80%, Tochi at 63% and Wadelai at 4%. At the Wadelai scheme, there were outstanding payments for PAPs amounting to US\$ 1.260 billion by November 2024. Some canals were not functional due to floods. MAAIF/DLG was disputing the completion level of the scheme estimating it at 50% instead of 94% as floods destroyed large parts of completed works.

At the Tochi Irrigation Scheme, production was low as only 262 farmers (21.11%) out of the planned 1,241 were farming at the facility by December 2024. Only 30% of the irrigated land was being farmed. Key constraints related to loss of crops in 2022 due to the rat infestation, which led to many farmers leaving the scheme; submerging of crops due to flooding in November 2024; lack of connecting roads and bridges to markets in some scheme areas; and inadequate water as the spillway and water reservoir were choked with weeds.

The scheme was supplied by MWE with six reapers, two walking tractors, seven threshers and a large tractor. The tractor and some of the implements failed to work on the scheme as it was flooded. Conflicts over tractor use had arisen among the farmers and scheme managers due to lack of user guidelines.



L-R: Spillway choked by weeds and the equipment that was not in use at Tochi Irrigation Scheme in Oyam District



The farmers on completed schemes collected the first and second harvests, and it was established that cropping on the irrigated farms was done at least twice or thrice a year. The benefits in terms of increased production and productivity of major high-yield crops, especially rice, maize, tomatoes and watermelons, were realised by the farmers.

The farmers, however, continued to face the challenge of inadequate access to extension services and improved seed and technologies, which led to low crop and animal yields.

A total of five Irrigation Farmer Cooperatives, five Irrigation Water User Associations, 115 Irrigation Water User Committees and 209 Farmer Field School Groups were established.



Vegetables were under production in some of the flooded areas in Wadelai Irrigation Scheme in Pakwach/Nebbi district

Sustainable farmer management structures were established based on lessons learnt from FIEFOC-I to ensure effectiveness of the farmers and sustainability of the investments. Training of the five Farmer-Based Management Organisations (FBMOs) continued to build capacities in various farming techniques (crop management, soil fertility and land use, fish farming), including good agronomic practices and governance. Furthermore, Farmer Field Schools (FFS) were established in all the schemes which bring together farmers at

the irrigation block level as the smallest unit of the farmer management structures. All the five (5) schemes secured water abstraction permits, which will ensure that the schemes have user rights, especially when there is limited water availability.

For sustainability, the project established robust farmers' management structures, for example, the Irrigation Water User Committees (IWUCs) and the Farmer Based Management Organisations (FBMOs), whose members were trained in their respective roles and responsibilities. Secondly, the newly established management structures were taken for exposure visits to the earlier implemented projects under FIEFOC-II such as Doho-II and Mubuku-II, which are well functioning irrigation schemes. In addition, Government hired an Irrigation System Operator (ISO) for each irrigation scheme on an annual renewable contract to operate, ration water through water scheduling and maintain the system components.

Component 2: Agribusiness Development

The objective of the component is to enhance the business outlook of the beneficiaries towards increasing household incomes through (i) the promotion of aquaculture within the irrigation schemes, apiculture within the watershed area, and seeds/seedling production and marketing; (ii) the promotion of capacity development, market development, and support to cooperative development; and (iii) support youth in agribusiness development (ENABEL Youth). The intervention focus was the 39 districts within the five (5) irrigation schemes and the surrounding watershed area.

A target of 15,000 beneficiaries in Business Skills Development was made of which 14,676 benefitted (4,814 women, 6,187 youth, 3,675 men). The training focused on post-harvest handling (PHH), food processing technologies, and practices in apiculture, horticulture,



aquaculture, and rice agricultural products. A total of 9,097 farmers were trained in horticulture (6,940), aquaculture (1,852) and apiculture (305) against a target of 6,000 farmers.

A total of 103 start-up enterprises were established among women and youth under the ENABLE Youth Programme against a target of 100. These included, among others, honey processors, rice processors, fish farmers, and wine producers. To this effect, 103 youth under the ENABLE Youth Pilot Programme were trained and supported with US\$ 2,343,868,330 to establish agri-businesses using a revolving fund approach. The distribution by district was as follows: Kasese (20); Butaleja (16); Kween (26); Tochi (24); and Wadelai (17). At least 442 direct and 1,030 indirect jobs were created. However, the funds extended to the youth in Kween and Butaleja were not utilised per the guidelines; as such, the revolving fund model to benefit other youth was not achieved.

The project provided capacity building for farmers'/farmer organisations in financial accessibility and financial management skills, benefitting a total of 11,843 farmers, of whom 2,624 were youth and 453 were trainees under Savings and Credit Cooperative Society (SACCO) leaders. A total of 360 Village Saving and Loan Associations (VSLAs), comprised of 7,567 farmers and 27 SACCOs (with a membership of 4,276 farmers) were provided with skills in financial accessibility and financial management.

Component 3: Integrated Natural Resources Management (INRM)

The objective of the INRM was to establish a viable basis for irrigated agriculture and natural resources management in the five irrigation schemes and their surrounding watersheds. This will be realised through (i) reducing erosion and sedimentation and increasing agricultural productivity through improved watershed management and (ii) improving upland productivity (pastures, reforestation), controlling sheet erosion (through improved ground cover), and protecting natural and associated biodiversity through increased vegetation cover on communal land.

By April 2024, the management plans for each of the five catchment areas were concluded. Also, the implementation of the options selected in the Catchment Management Plans for Mubuku-II, Manafwa, Ngenge, Tochi and Wadelai watersheds was completed. As part of the reforestation activities, assorted tree seedlings were distributed to the target beneficiaries (approximately 9.2 million assorted tree seedlings, of which 22.7% were distributed to females and 77.3% to males).

In addition, approximately 18,400 ha of degraded hotspots were restored; and about 754 km of river banks in the five catchments were rehabilitated (including Rivers Tsutsu, Summe, Manafa, and Simu in Eastern Uganda; and Rivers Tochi, Ora, Namuwrodho and Okurango, and Oritigo stream in Northern Uganda. A total of 767.8 ha of farmlands were restored for soil and water conservation through agroforestry and riverbank restoration interventions.

Several training/capacity-building activities targeting selected stakeholders were undertaken focusing on agroforestry and conservation farming. Overall, 9,908 farmers were trained across the five catchment areas in the following categories: a) 4,230 farmers (2,511 males, 1,179 females), including 195 model farmers, in forest planning and management; b) 3,159 farmers (1,797 males, 1,362 females) in forestry conservation; and c) 2,519 farmers (1,575 males, 946 females) in agroforestry and conservation farming. In addition, 200 District Local Government (DLG) and Ministry of Water and Environment (MWE) staff in Global Information System (GIS) and remote sensing.



Component 4: Project Management

Under component 4 is the responsibility of overall coordination and monitoring of project implementation performance and reporting by ensuring that project activities are initiated and are adequately budgeted for; project records are consolidated; all procurement documents to the AfDB/NDF are submitted for review and approval; all disbursement applications and quarterly progress reports are compiled; annual audits are coordinated and audit reports submitted. The planned outputs included setting up an Environment and Social Management Plan (ESMP), setting up an M&E system, including an online system, conducting procurements and ensuring funds disbursements.

The Environmental and Social Management Plan (ESMP) was developed during the project's appraisal process and was adhered to during implementation. The environmental and social safeguards performance of the project was rated as fair. However, there were issues concerning the optimal fulfilment of the monitoring function, especially in terms of collecting the outcome-level indicators as well as delays in operationalising the digitalisation of the data collection and analysis.

There were delays in procurement processes, which resulted at a slow disbursement rate. In addition, the delay in the recruitment and engagement of the supervision consultant and contractors had a negative impact on the disbursement rate.

Concerning monitoring and reporting, the PCU was able to establish an Inter-Department Coordination Committee for the respective districts. It is comprised of the line departments for the FIEFOC-II projects, namely Engineering and Works, Production, Community-Based Services, Environment, and Natural Resources. They held quarterly coordination meetings and participated in the instituted monthly site meetings in which all the component representatives as well as the respective contractors/consultants participated.

Implementation Constraints

- i) Inadequate designs of the Wadelai and Tochi schemes that required modifications and rescoping of works led to cost and time variations.
- ii) High encroachment levels in the catchment areas, especially at Ngenge and Doho-II, resulted in reduced volumes of water for the irrigation schemes, especially during the dry spells.
- iii) Underutilisation of schemes by the beneficiary communities of Ngege and Tochi due to slow uptake of irrigation agriculture.
- iv) The low survival rates of seedlings in some catchments, which is key to the protection of the scheme catchment area.
- v) The recurring vandalism of the infrastructure, especially metallic parts such as the gate valves and weather station.

Conclusion

The project performance was good, considering that the implementation of physical outputs was at 95% completion by October 2024, but functionality was lower. The construction of four irrigation schemes was completed, and they were to varying degrees. The quality of outputs was good, although affected by floods. However, work at the Wadelai scheme was not achieved efficiently. As a result, the project registered cost overruns worth US\$ 87.97 billion on the GoU counterpart funding due to continuous project extensions and variations in the scope of works. Specifically, the project is expected to be accomplished by 30th June 2025, thereby substantially fulfilling the planned programme objectives, outcomes and outputs.



Recommendations

- i) The MWE should ensure that the contractor of Wadelai completes the remaining works within the stipulated project time to avoid extra costs.
- ii) The National Environment and Management Authority (NEMA) and respective LGs should step up awareness campaigns and institute penalties for encroachment on the catchment areas.
- iii) The MAAIF and DLG extension staff should continue to support farmers in irrigation agriculture, including the provision of extension services and improved technologies.
- iv) The FBMO and IWUC should take up their responsibility for the security of the schemes.

3.1.6 Irrigation for Climate Resilience Project (1661)

Introduction

The Irrigation for Climate Resilience Project (ICRP) is funded by the International Development Association (IDA) and the Government of Uganda (GoU). The total project budget is USD 192.80 million contributed by IDA credit of USD 169.20 million, GoU USD 2.4 million (revised to USD 5.1 million), and beneficiary contribution of USD 18.5 million. The project start date was 1st July 2019, with a first close date of 30th June 2025. However, the loan became effective on 17th December 2020 and the end date was revised to April 2026.

The objective of the project is “to provide farmers in the project areas with access to irrigation and other agricultural services, and to establish management arrangements for irrigation service delivery”. The key implementing agency is MWE, working in collaboration with the MAAIF and National Forestry Authority (NFA). The project is comprised of three components, namely: (1) Irrigation Services; (2) Support Services for Agricultural Production and Value-Chain Development; and (3) Institutional Strengthening and Implementation Support.

The key planned outputs are: (i) Infrastructure development of Kabuyanda and Matanda Irrigation Schemes; (ii) Development and strengthening of management models for Kabuyanda and Matanda; (iii) Development of studies for three future irrigation schemes of Amagoro, Enengo and Nyimur; (iv) Pilot public support for the construction of farmer-led small- and micro-scale irrigation schemes; (v) support to farmers and marketing groups in the irrigation schemes with extension services, value addition and market linkage services; and (vi) Implementation support and institutional strengthening.

Financial Performance

By 30th September 2024, the cumulative loan disbursement was 21% and 53%, expended against 87.5% lapse of the project period (Table 3.1.9). The poor financial performance was attributed to the termination of the contract for the Kabuyanda earth dam and disagreement between MAAIF and MWE on their roles and responsibilities, which caused procurement and implementation delays. The key risk was that the undisbursed funds would not be utilised in the remaining project lifetime.

On the other hand, there was over-expenditure on the GoU counterpart due to the high costs of the Project-Affected Persons (PAPs) compensation. Although the value¹⁴ of achieved outputs at the time of assessment was more than the expenditure, the project was operating under

¹⁴ Earned Value = USD 68.7 m.



budget¹⁵ due to poor performance of planned outputs, leading to low absorption rates and reduced disbursements.

Table 3.1.9: Financial performance of Irrigation for Climate Resilience Project as at 30th September 2024

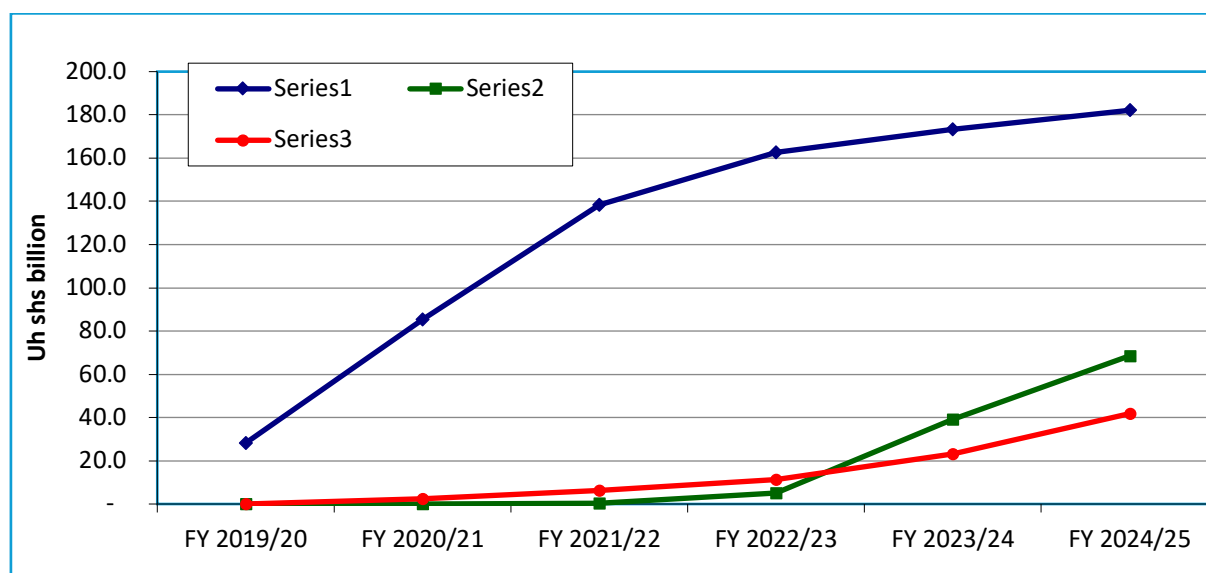
Funder	Committed funds (USD million)	Disbursement (USD million)	Expenditure (USD million)	% disbursed or released	% of Disbursement spent
IDA (credit)	169.20	35.34	18.75	21%	53%
GoU counterpart funding	5.1	6.16	6.67	121%	108%
Farmers' contribution	18.50	00	00	00	00
Total	192.80	41.5	25.42		

Source: MWE, ICRP report, October 2024; PBS reports, 2019/20–2024/25.

Physical Performance

The overall physical progress was rated poor at 31% due to the non-achievement of set targets. The project was behind schedule¹⁶ (Figure 3.1.4). Works for Kabuyanda were only at 21% compared to the previous status in March 2024 at 17%. The planned procurement of vehicles, motorcycles, trucks and communication equipment was successfully completed. The Resettlement Action Plan (RAP) for Matanda and Kabuyanda were not yet complete. Generally, the project was delayed by design reviews, procurement processes and approvals, among others.

Figure 3.1.4: Performance of the Irrigation for Climate Resilience Project as at 30th September 2024



Source: Authors' analysis based on MWE, ICRP project profile; ICRP progress report, October 2022 – October 2024; Programme Budgeting System reports, FY 2019/20 – FY 2024/25.

¹⁵ Actual Cost = USD 41.8 m.

¹⁶ Schedule Performance Index 0.38.

Component 1: Irrigation Services

This component aims to provide farmers with irrigation water across various irrigation models, including large- and medium-scale irrigation, and small- and micro-scale irrigation.

Infrastructure development of Matanda and Kabuyanda Irrigation Schemes

Matanda Irrigation Scheme in Kanungu District

As at 30th September 2024, the construction of Matanda had not commenced because the procurement process for the contractor had just begun and was still in its initial stages. The approval of bidding documents was awaiting clearance from the World Bank. The scheme delayed due to changes in the dam site location. The process necessitated topographical and cadastral surveys, which subsequently delayed the completion the completion of the detailed design. Although the new dam site has the potential to irrigate up to 9,000 ha, the initial development phase focused on 2,200 ha due to time and cost constraints.

A total of 782 Project-Affected Persons (PAPs) were assessed, comprising 542 PAPs at dam site, valued at USh 3.31 billion and 240 PAPs along the main pipeline, valued at USh 17.74 billion, bringing the overall valuation to USh 17 billion. Payment to the PAPs was pending approval of Dam RAP by the World Bank.

Kabuyanda Irrigation Scheme in Isingiro District

The construction was scheduled to start on 28th March 2023 and end on 27th August 2025, but works started on 11th May 2023. The time lag was attributed to design variations in material quantities and implementation timelines; and late approval of the contractors' Environmental and Social Management Plan by MWE and the World Bank.

As of 31st September 2024, the cumulative physical work progress at the project reached 21%, showing a slight improvement from the previous monitoring progress of 17%. The earth dam works had progressed to 21%. Following the contractor's notice to terminate the contract, he stopped work, and his contract was thus terminated. At the core trench, cumulative excavations of 21,431m³ (68.03%) had been attained. The cumulative progress of camp site establishment remained at 95%; spillway excavations were at 96.1%; excavations at the intake barrel attained 38% of the total intake barrel excavations.

The RAP for the Kabuyanda irrigation scheme remained incomplete. As of September 2024, 383 PAPs that had consented were yet to receive compensation. A total of 108 PAPs had not consented and further engagement efforts were ongoing to resolve the matter.



The intake excavation works and diverted Mishumbi River at Kabuyanda Dam in Isingiro



Development and strengthening of management models for Kabuyanda and Matanda

The establishment of Farmer-Based Management Organisations (FBMOS) and Irrigation Water User Committees (IWUCs) had not commenced, pending the identification of beneficiary farmers.

Development of studies for three future irrigation schemes of Amagoro, Enengo and Nyimur

The feasibility studies, detailed designs and related safeguard studies for Amagoro scheme were completed and a final feasibility study report submitted in October 2024. The detailed design for the Enengo irrigation scheme in Rukungiri/ Kanungu remained at 10% progress. On the other hand, the Nyimur scheme stagnated at Environmental and Social Impact Assessment (ESIA) and the RAP updates.

Piloting public support for the construction of farmer-led small- and micro-scale irrigation schemes

The MAAIF aim is to support the construction of farmer-led small- and micro-scale irrigation schemes around Kabuyanda, Matanda, Nyimur, Amagoro, Enengo and in Mukono, Wakiso and Mpigi Districts that are characterised by high marketing potential.

As at September 2024, MAAIF had introduced pre-qualified suppliers to the ICRP beneficiary districts, and held engagement meetings with the District Local Governments, aimed at discussing the proposed implementation modality. Plans to formally engage the pre-qualified irrigation equipment suppliers to the beneficiary districts were underway.

In order to support farmers' registration under ICRP, MAAIF and the World Bank were adopting the Irri Track application (APP) used under the UgIFT micro-scale irrigation programme. The World Bank procured Data Care (U) to support with the adaptation of the UgIFT MIS to meet ICRP requirements, and upgrade the Irri Track app to support real-time data collection and decision-making.

Implementing catchment management measures for Kabuyanda, Matanda

Micro-catchment management plans for micro-catchments around the two new irrigation schemes (Kabuyanda and Matanda) were prepared. The micro-catchment management planning entailed the identification of priority measures that address environmental threats at the micro-catchment scale. The priority micro-catchment management and restoration measures that were identified in the plans for implementation included:

- (i) Supporting communities in the hotspot areas to restore degraded stretches of riverbanks;
- (ii) Demarcating and restoring degraded wetlands to perform their ecological and socio-economic functions; and
- (iii) Implementing soil and water conservation measures on priority hotspots.

Earlier, the project successfully restored Rwoho CFR by replanting 1,000 ha of indigenous trees. Additionally, a revised Forest Management Plan was made. The Ministry of Water and Environment (MWE), alongside NFA, completed the sustainability plan and submitted it to the World Bank for approval. The project also carried out maintenance works like spot weeding, beating up, and patrolling the planted area to obtain a high survival rate of the trees and supervised the implementation of the Contractors' Environmental and Social Management Plan (CESMPs).

Component 3: Institutional Strengthening and Implementation Support

By October 2024, the Project Steering Committee of high-level technical officers from NEMA, NFA, Local Government (LG), MoGLSD, MoFPED, MoTIC, Uganda National Farmers Federation (UNFFE), the Ministry of Lands, Housing and Urban Development (MoLHUD), and the two Chief Administrative Officers (CAOs) of Isingiro and Kanungu Districts held five Project Steering Committee meetings. The Geo-Enabling Initiative for Monitoring and Supervision (GEMS) for the ICRP dashboard was completed and awaiting the population of the routine data for full functionality.

The supply of seven (7) station wagons and double-cabin pick-up vehicles for the Irrigation for Climate Resilience Project (ICRP) was complete. These were to support project operations. Additionally, the supply of 25 motorcycles was completed and all the 25 motorcycles delivered to MWE.

Implementation challenges

- i) The withdrawal of the contractor from the Kabuyanda Irrigation Scheme and the subsequent termination of contract resulted in further delays to the project.
- ii) The change of dam site for Matanda caused a delay in the finalisation of the detailed design and subsequent works.

Conclusion

The projects' performance was poor (31%) in terms of achievement of set targets owing to the withdrawal of the contractor at Kabuyanda, delays in design reviews of Matanda and approvals, among others. The loan disbursement rate was poor at 21% with 53% absorption, hence the project was operating under the budget. The progress of works at Kabuyanda was at 21%. The Rwoho CFR replanting and revised design for Amagoro were completed. The project was behind schedule.

The project risks financial losses on administrative costs, delay in service delivery, and cost overruns in terms of idle machinery charges, among others. It is, therefore, unlikely that all the planned outputs shall be achieved within the project timeframe, thus the need to restructure and scale down targets.

Recommendations

- i) MWE should expedite the recruitment of a new contractor for the Kabuyanda Irrigation Scheme to redeem the time loss and complete the works.
- ii) MWE and MAAIF should consider restructuring the project to scale down the scope under Component 2.

3.1.7 National Oil Palm Project (1508)

Introduction

The National Oil Palm Project (NOPP-1508) is a ten-year agricultural development project designed as a public-private producer partnership. The project original cost, according to the design report, is USD 210.442 million, funded by the International Fund for Agricultural Development (IFAD), Bidco Uganda Limited and GoU. During FY 2023/24, the project received a crisis response initiative (CRI) grant from IFAD of USD 5,050,000, bringing the total project cost to USD 215.492 million.

The project development objective is to sustainably increase rural incomes through opportunities generated by the establishment of an efficient oil palm industry that complies



with modern environmental and social standards. The summary project profile is provided in Table 3.1.10.

Table 3.1.10: Basic data for the National Oil Palm Project

Project goal	Inclusive rural transformation through oil palm investment.
Coverage	Kalangala, Buvuma, Mayuge, Namayingo, Bugiri, Masaka, Kyotera, Kalungu, Mukono and Buikwe.
Lead agency	Ministry of Agriculture, Animal Industry and Fisheries.
Total project cost	USD 215.492 million (inclusive of USD 75.82 million IFAD loan; USD 5.05 million CRI grant and USD 1.210 million original grant; USD 11.2 million GoU counterpart; USD 90.622 million private sector contribution and USD 31 million loan reflows and farmer contributions).
Project financier/donor	International Fund for Agricultural Development (loan and grant); Bidco Uganda Limited (private sector); trust (loan reflows) and farmers.
Loan effectiveness date	1st March 2019
Completion date	31st March 2029

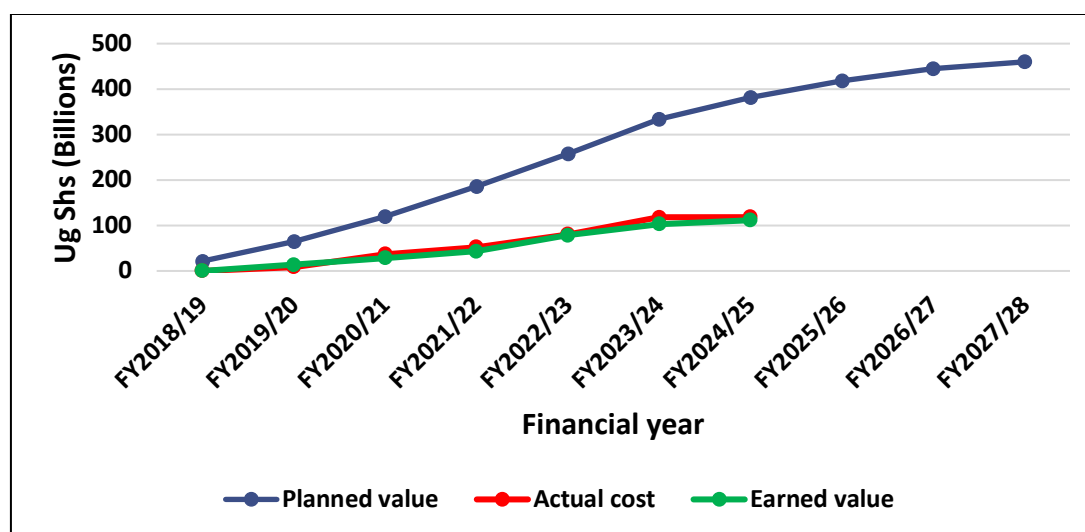
Source: IFAD, NOPP, project design report, 2017.

Financial Performance

By 30th September 2024, USh 146.931 billion (USD 40.266 million) had been released to the project, excluding private and beneficiaries' contribution, of which USh 118.307 billion was spent. The disbursements to the project as at 30th September 2024 were as follows: IFAD loan at 36%; IFAD grant at 10%; Government of Uganda counterpart at 31%; and CRI at 100%. The project actual cost was USh 84.618 billion, representing 98.8% expenditure performance.

The planned cumulative disbursement by 30th September 2024, excluding the private sector and beneficiary financing, was USh 344.9 billion (Figure 3.1.5); however, USh 146.931 billion had been disbursed, representing 42.6% performance. The project actual cost was USh 118.307 billion and 94% efficient in the utilisation of the financial resources made available. However, the project was behind schedule¹⁷, with planned activities worth USh 233.6 billion yet to be implemented.

Figure 3.1.5: Performance of the National Oil Palm Project by 30th September 2024



Source: Author compilation from MAAIF project documents FY 2018/19 to FY 2024/25.

¹⁷CPI=1.0, SV=-230,772,483,600



Physical Performance

The key development outputs include: smallholder oil palm plantations and a nucleus plantation established; farm and community access roads constructed; construction of a ferry and landing sites; construction of hub offices, fertiliser stores, and crude palm oil mill in each hub, among others.

The cumulative physical performance from the date of effectiveness to 30th November 2024 was poor, with 32% of the planned output targets achieved, excluding the private sector-funded outputs (Figure 3.1.5). The project was behind schedule by 45 months. A total of 1823.92 ha (1,728 ha in the Buvuma hub and 95.92 ha in the Kalangala hub) of smallholder oil palm plantations were established out of the planned project target of 15,000 ha in four new hubs.¹⁸ Shortage of seedlings was cited as one of the challenges in the Mayuge hub, due to non-payment of outstanding dues to Oil Palm Buvuma Limited (OPBL) to enable the provision of inputs and services to farmers.

Four oil palm growers' organisations were registered in three hubs¹⁹, of which two were fully operational. A 604 MT ferry for connecting Kiyindi and Buvuma Islands was completed and operational.

A total of 16.5 km of community access roads (CARs) out of the planned project target of 300 km were completed, and 32 km of farm access roads were completed out of the planned project target of 910 km. The project made no progress on the construction and establishment of community and farm roads in the last six months due to price variations. Construction of a hub store in Buvuma was ongoing and the sub-structure was complete.

The private sector OPBL established a 14 ha oil palm nursery and planted 3,800 ha against the project target of 5000 ha of oil palm plantations for the nucleus estate in the Buvuma hub. The establishment of the nucleus estate has been affected by the delayed acquisition of land by Government. The OPBL also opened 561.42 km of nucleus plantation access roads in the Buvuma hub against a project target of 400 km.

The construction of a crude oil palm mill in the Buvuma hub was postponed to 2027, which is against the project design that required a mill to be constructed upon the establishment of 3000 ha of oil palm plantations; however, this has been revised to 5,000 ha established. Currently, the produced fresh fruit bunches (FFB) from the Buvuma hub are transported to Kalangala. However, there was no written commitment by the private sector to transport the FFB until the Buvuma hub mill is constructed and operational.

A total of 5,335 persons in the Kalangala, Buvuma and Mayuge hubs were trained in alternative income-generating activities out of the targeted 23,922 persons. The project also enrolled 1,495 households in oil palm growing districts into the mentorship programme out of the targeted 8,066 households. The project, in partnership with Implementing Partner Organisation (IPO) Solidaridad, rehabilitated and restored 101.4 ha of degraded land in the Kalangala, Buvuma and Mayuge hubs against the targeted 5,751 ha.

The regulatory impact assessment for the oil palm policy was conducted and terms of reference for procurement of a firm to develop the policy were developed. The draft dividend policy for Kalangala Oil Palm Growers Trust (KOPGT) was developed. The partnerships with Uganda

¹⁸ Buvuma, Mayuge, Masaka and Mukono.

¹⁹ Kalangala, Buvuma and Mayuge.



Development Bank (UDB) were formed and a US\$ 11.6 billion line of credit was approved. A total of eight adaptive trials were established in the districts of Arua, Zombo, Moyo, Adjumani, Nwoya, Amuru, Apac and Dokolo. The best management practice (BMP) plots (02) were established in the Kalanga and Buvuma hubs. The valuation of yield data, pest and disease resistance, and best management practice studies were ongoing.

In addition, adaptability valuations of the five varieties of oil palm from the French Agricultural Research and International Cooperation Organization (CIRAD) Benin was ongoing and two growth data sets were collected. One of the monitored host institutions for the Arua trial, Abi Zonal Agriculture Research and Development Institute (AbiZARDI), cited the challenge of delayed release of funds for timely management of the trial plots.

The project received additional financing of USD 5,050,000 as a crisis response initiative to the Russia-Ukraine war which was to procure 3,888 MT of fertilisers for 9,769 households (HHs) in the districts of Buvuma, Mayuge, Namayingo, Bugiri, Kalangala and Iganga. By 30th September, a total of 3888MT of fertilisers had been procured and distributed to 20,107 HHs.

The oil palm sector and Geographic Information Systems (GIS) databases were developed and a baseline study for the Kalangala and Buvuma hubs was completed. The use of GIS to demarcate plots for oil palm growing to avoid planting on the protected and restricted areas had not commenced.

Although the project achieved 94% level of efficiency in the utilisation of the financial resources made available, it has registered a significant loss of time, and most of the activities began a year after project effectiveness, thus are considered ineffective in delivering the intended outputs in a timely manner. The project design report envisaged that land for the establishment of a nucleus estate would be acquired before project effectiveness, and that the opening of both CARs and farm access roads would happen before oil palm planting to aid the movement of seedlings and other relevant inputs. However, this did not happen.

Implementation Constraints

- i) Low preparedness to execute project activities (delayed acquisition of land by Government for the establishment of the nucleus estate);
- ii) Non-payment of outstanding dues to OPBL to enable timely provision of inputs and services to farmers;
- iii) Delayed issuance of ESIA certificates for the Masaka and Mukono hubs by NEMA; and
- iv) Rising costs of materials for road construction.

Conclusion

The project physical performance, excluding the private sector investment, as at 30th September 2024 was poor, with 32% of the planned output targets achieved. Even though the physical performance has improved from 27% to 32% in the last six months, the cost of unimplemented activities had increased from US\$ 222 billion to US\$ 233.6 billion.

The project was behind schedule by 45 months and an additional US\$ 29.197 billion²⁰ will be required to implement the planned activities. Thus, for the attainment of the envisaged project

²⁰EAC= Ug shs 486,622,393,617 SPI= 0.32.

outcomes within the project period, there is need to expedite the implementation of planned activities and embrace the recommendations below.

Recommendations

The project is key to the development of the agricultural sector and it is recommended that funding be continued as per the stipulated timeframes. However, the following should be done to improve performance:

- i) MoFPED should provide adequate resources for the acquisition of land to establish the nucleus estate in Buvuma.
- ii) The PMU should consider pre-financing Oil Palm Buvuma Limited (OPBL) to provide seedlings and other support services to farmers.
- iii) The PCU should review and rescope the project activities to focus implementation on hubs where land has been acquired.

3.1.8 The National Oil Seeds Project (1772)

Introduction

The Government of Uganda, through MAAIF and Ministry of Local Government (MoLG), is implementing the seven-year (2021–2028) National Oilseeds Project (NOSP). The project development objective is “to accelerate commercialisation in key oilseeds value chains and thereby improve the livelihoods and resilience of the smallholders engaged in oilseed production and marketing”. The project scope includes the development of oil seeds (sunflower, sesame, soybean and groundnuts) value chains and improvement of the local-level public transportation infrastructure to facilitate the commercialisation of the oil seed sector.

The project profile is presented in Table 3.1.11.

Table 3.1.11: Basic data for the National Oil Seeds Project

Project goal	Inclusive rural transformation through sustainable development of the oilseeds sector.
Specific objectives	To facilitate the private sector-led growth of competitive, inclusive value chains for priority oilseeds and their associated support markets and to improve local-level public transportation infrastructure to facilitate the commercialisation of the oil seed sector.
Coverage	120,000 oilseed growing households in 81 districts located in six regional hubs: West Nile (12); Gulu (08); Lira (19); Eastern Uganda (26); Mid-Western (10); Karamoja (06).
Lead agency	Ministry of Agriculture, Animal Industry and Fisheries; to work closely with Ministry of Local Government (MoLG).
Project financier	International Fund for Agricultural Development (IFAD).
Total project cost	USD 160.68 million contributed by: IFAD USD 99.56 million (Special Drawing Rights (SDR) 72,300,000); OFID USD30.002 million; GoU USD 14.427 million; others USD 16.817 million (Heifer international, Kuehne Foundation, beneficiaries and the private sector).
Date loan declared effective	12th July 2021
Original completion date	11th July 2028

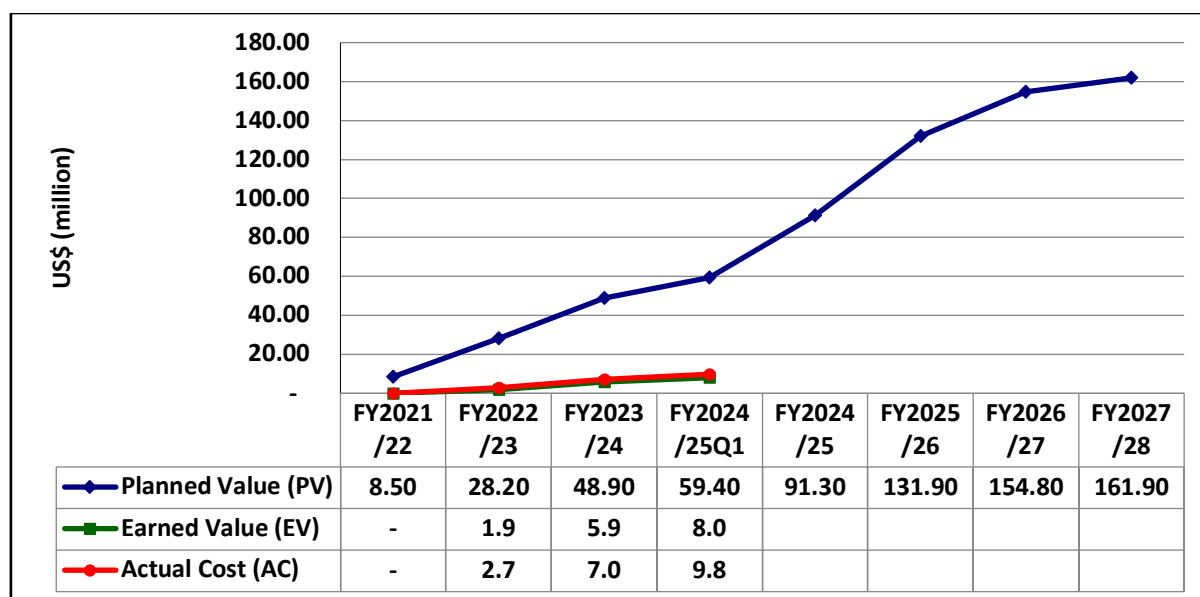
Source: Project design report and field findings.



Financial Performance

By 30th September 2024, a total of US\$ 46.203 billion had been disbursed to the project, comprising US\$ 43.714 billion in donor funding and US\$ 2.489 billion in GoU counterpart funding. The project cumulative expenditure was USD 9.8 million (US\$ 36.936 billion), representing 80% of the released funds. The project earned value was lower than the actual cost, indicating expenditure inefficiencies²¹ in relation to the planned value (Figure 3.1.6).

Figure 3.1.6: Performance of National Oil Seeds Project as at 30th September 2024



Source: Authors' compilations based on MAAIF data 2024.

Physical Performance

The project has achieved 13% of planned output targets as at 30th November 2024.²² The project implementation pace has remained the same in relation the progress registered in March 2024 and planned activities worth USD 51.4 million are yet to be implemented. The key challenges were: delayed warranting by MoFPED; delayed procurements; and securing of clearance from the National Environment Management Authority (NEMA) and the International Fund for Agricultural Development (IFAD) through environmental certificates. The detailed project performance is provided in Table 3.1.12.

²¹ CPI=0.82

²² Schedule performance index (SPI)=0.13



Table 3.1.12: Physical performance of the National Oil Seeds Project as at 30th November 2024

Component	Planned Outputs	Achievements
Support to Oil Seeds Value Chain Development and Support to Production, Productivity and Market Development	<p>200 cluster selection and verification conducted.</p> <p>406 multi-stakeholder platforms formed and oilseed businesses established.</p> <p>Seven financial services enhanced in supported clusters.</p> <p>Six hub-level offices facilitated.</p> <p>Eight quality declared seed production schemes enhanced.</p> <p>51 climate information and climate change adaptation practices improved.</p> <p>Support to value chain financing (financial services).</p> <p>810 groups and 180 demo-farmer learning platforms established.</p> <p>Auxiliary farm services promotion scheme established and operationalized.</p> <p>Certified local seed business schemes supported to produce quality certified declared seeds (QDS) (1200 LSB Pack, 200 LSBs trained and 200 LSBs).</p> <p>Yield potential of local varieties improved – Research.</p> <p>120,000 farmers trained.</p> <p>20,000 households mentored</p> <p>Six (6) investment financing of priority areas undertaken.</p> <p>100 pieces of farm mechanisation equipment procured.</p> <p>720 groups mentored on production, business and social issues by PSPs.</p> <p>Radio talk shows on climate change, adaptation and mitigation conducted.</p> <p>Equipment provided and payment made for recurrent costs at the hubs.</p> <p>Technical assistance provided to LSBs (seed production agronomy, QDS regulation, post-harvest</p>	<p>Cluster profiling and selection of 200 farmer groups in the project area were done and yet to be operationalised.</p> <p>106 multi-stakeholder platforms were formed and strengthened.</p> <p>Eight financial institutions were profiled.</p> <p>Three hub offices in Lira, Napak and Hoima were renovated. Equipping of the hub offices was ongoing. Six quality declared seed production scheme enhanced.</p> <p>26 of 51 climate information and climate change adaptation practices were improved.</p> <p>Four production manuals and 36,000 tonnes of soy bean seed were distributed to farmers for multiplication and farmer training purposes; though farmers reported late delivery of the inputs (seed and fertilisers).</p> <p>1,200 farmer groups were supported with 36,500 kg of soya bean foundation seed for multiplication and there were planted on 1,215 acres.</p> <p>Extension production training manuals for priority crops were developed. This was in collaboration with the Directorate of Agriculture Extension Services and SNV.</p> <p>MAAIF signed a Memorandum of Understanding (MOU) with National Agricultural Research Organisation and Makerere University for adaptive research on the development of new oilseed varieties and crop husbandry practices for sunflower, sesame and groundnuts.</p> <p>31 radio talk shows were conducted during the period to inform farmers on seasonal planning.</p> <p>Hubs were facilitated to cover the recurrent costs for successful project implementation</p> <p>Training of 586 extension workers was conducted on the quality declared seed system to support the farmers in increasing production and productivity.</p>



Component	Planned Outputs	Achievements
	handling, value addition, and packaging, exchange visit).	
Support to Market Linkage Infrastructure Servicing the Oil Sector	2,500 km of market access roads constructed.	<p>In-house engineering designs for the identified and selected community access roads (CARs) under Batch A totalling 1,098 km in 81 districts were completed.</p> <p>Environmental briefs for the designed CARs were prepared and community awareness and social mobilisation meetings were held across the six (6) hubs</p> <p>Standard Bidding Documents (SBDs) were presented to the District Local Governments (DLGs) for approval by the respective Contract Committees and the selection/nomination of evaluation committee members.</p>
Project Coordination and Management	<p>39 staff recruited.</p> <p>11 vehicles procured and maintained. One office space, utilities and consumables procured.</p> <p>126 motorcycles and assorted equipment procured and maintained</p>	<p>39 staff were recruited.</p> <p>Eight (8) motor vehicles were delivered.</p> <p>Office space for CPU was procured and office utilities were paid for.</p> <p>Procurement and installation of cameras and biometric security doors for NOSP PCU premises were ongoing at the bid evaluation stage.</p>
Knowledge Management and Monitoring and Evaluation	<p>4,000 knowledge management and 675 communication materials delivered.</p> <p>1 M&E system established.</p> <p>Baseline study conducted.</p> <p>Quarterly monitoring and supervision visits to 6 hubs conducted.</p>	<p>Assorted communication and visibility materials were procured, and the communication strategy was validated and put into use.</p> <p>Development of the M&E system was not achieved.</p> <p>Consultancy fees for the project baseline study report were paid. Warrants were made late and activities are being carried out in Q2.</p>

Source: Field findings; MAAIF project progress report, 2024.



L-R: Soya bean garden belonging to Mr Otim Nimongo Manansi in Fadhu Village, Koch Parish, Nebbi District yet to be harvested; Soya bean garden belonging to Mr Justin Okello in Ayilla Viillage, Guruguru Sub-County, Amuru District.

Implementation Constraints

- i) Prolonged and inconclusive procurements.
- ii) Delay in warranting by MoFPED.

Conclusion

The project performance was poor at 13% achievement of planned outputs for the period, and it was behind schedule by 16 months, with an estimated cost at completion at USD 168 million, which is higher than the project planned value of USD 161.50 million. The project was inefficient in utilisation of the resources made available and, thus, the need to develop a clear and robust implementation strategy by the PCU if the planned outputs are to be realised within the planned budget.

Recommendation

- The Ministry of Local Government (MoLG) should prioritise timely and effective procurement to avoid delays.
- The Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) should engage with MoFPED to ensure timely warranting of funds.

3.1.9 Promoting Environmentally Sustainable Commercial Aquaculture (1494)

Introduction

The Promoting Environmentally Sustainable Commercial Aquaculture (PESCA) Project was conceived to cost EUR 10,250,000 (US\$ 41.628 billion) composed of a grant from the European Development Fund (EDF) worth EUR 10,000,000 (US\$ 40.333 billion) and contributions from project beneficiaries amounting to EUR 250,000 (US\$ 1.295 billion). The financing agreement²³ stated that the partner country (Uganda) shall not co-finance the action; however, GoU co-funded the project.

The project objective was to improve food and nutrition security, household incomes, and livelihoods through the promotion of an environmentally sustainable, climate-resilient, and market-oriented aquaculture value chain. The project started on 13th January 2017 and

²³ European Union, 2017. Financing Agreement between the European Commission and Republic of Uganda for Promoting Environmentally Sustainable Commercial Aquaculture in Uganda



officially ended its activities in June 2024 as the request for a no-cost extension was not granted. The project profile is presented in Table 3.1.13.

Table 3.1.13: Basic data on the Promoting Environmentally Sustainable Commercial Aquaculture

Specific objective	Support the development of a competitive job-intensive environmentally sustainable, climate-resilient, and market-oriented aquaculture value chain in a comprehensive manner.
Implementing agency	Ministry of Agriculture, Animal Industry and Fisheries working collaboratively with the National Agricultural Research Organisation.
Project coverage	Mwenna landing site in Kalangala District; Lake Kyoga, north of Masindi Port; Kampala, Entebbe, Kajjansi, smallholders and smallholder associations.
Start date	13th January 2017
Original end date	6th June 2022
Revised end date	30th June 2024

Source: European Union, 2017; Public Investment Plan 2021/22 – 2023/24.

The project had three targeted output areas:

- i) A sound policy and regulatory framework affecting the operations of the commercial aquaculture industry improved.
- ii) Enhancing production and productivity of aquaculture fish products and focusing on smallholder and rural livelihoods, plus the formation of producer groups.
- iii) Post-harvest handling and marketing of aquaculture fish and fish products improved.

Financial Performance

As at 30th June 2024 (project close date), the cumulative releases (US\$ 45.841 billion) had surpassed the approved budget by 10.12% and 89.27% of the release had been spent (Table 3.1.14). Only 29% of the grant was disbursed by the end of the project. This was after the cancellation of the project's critical activities (the aqua parks) due to contractual defaults. The project has been primarily funded by GoU to compensate the PAPs in areas where the aqua parks were to be constructed.

Table 3.1.14: Financial performance of PESCA as at 30th June 2024

	Approved budget (US\$ billion)	Releases (US\$ billion)	Expenditure (US\$ billion)	% release of approved budget	% expenditure of release
GoU Financing	1.295	34.131	32.314	2,635.5	94.68
External Financing	40.333**	11.710	8.61	29.03	73.53
Total	41.628	45.841	40.924	110.12	89.27

***Approved budget as per the financing agreement between EU and GoU, 2017.*

Source: MoFPED PBS data; field findings.

Performance

The overall physical performance of the project was fair at 51.67% (Table 3.1.15). The major achievements were made in the establishment of a sound policy and regulatory framework for the aquaculture industry and the establishment of a training hub with key infrastructure at the Aquaculture Research Development Centre (ADRC) in Kajjansi. However, the most critical activities (establishment of the two aqua parks in Apac and Kalangala Districts plus developing and operationalising the one-stop shop) were not completed.

Table 3.1.15: Performance of PESCA as at 30th September 2024

Output	Deliverable/target	Achievement	Remark
Sound policy and regulatory framework affecting the operations of the commercial aquaculture industry improved.	Fisheries and aquaculture policy, rules, regulations, and guidelines updated.	The fisheries and aquaculture policy was updated. Aquaculture rules and regulations were developed under aquaculture and feed. The aquaculture Standard Operational Procedures (SOPs) were updated and gazetted. Two environmental impact assessment reports and related certificates were approved. Inspection and fisheries regulations enforcement were carried out.	<i>Achievement was at 80% as the socioeconomic assessments were not carried out.</i>
	Aquaculture Bill gazette.	The Fisheries and Aquaculture Bill was gazetted in February 2022.	
	Biosafety and biosecurity measures updated.	Biosafety and biosecurity measures were updated.	
	National Residue Monitoring Control Plan updated.	A National Residue Monitoring Control Plan was updated.	
	Licensing rules and regulations for harmony reviewed.	Licensing rules and regulations reviewed and updated to harmonise payments on licences to operate.	
	An aquaculture baseline study conducted.	This was accomplished.	
	A national aquaculture strategy and development plan developed	The strategy was developed.	
Enhancing production and productivity of aquaculture fish products and focusing on smallholder and rural livelihoods plus formation of producer groups.	A training hub was established, the research laboratory renovated, and the training hall, trainees' hostel, fish hatchery, feed mill, tanks and ponds developed at Kajjansi Aquaculture Centre.	Using the direct transfer from the PESCA Project, the ARDC upgraded the research infrastructure for aquaculture and set up a training hub for scientists. Renovations were completed for 31 ponds, 52 breeding tanks, a training and conference hall, a hostel, solar lights, a hatchery, a feed mill, two research laboratories, and the installation of experimental tanks.	<i>35% achievement as the main target of the two aquaculture parks that accounted for 60% of the output was not achieved.</i>
	Two (2) aqua parks constructed.	Not achieved, due to land wrangles and contract defaults at both proposed sites (Apac and Kalangala). The contracts were later terminated.	
	GIS maps for at least five high-potential aquaculture zones developed.	GIS maps for six (6) aquaculture zones were developed.	
	Specialised automobile for live fish transportation procured.	The specialised vehicle was procured for the Kajjansi Aquaculture Centre. The vehicle was functional but too small and did not meet the needs of the centre fully.	



Output	Deliverable/target	Achievement	Remark
	120 producer organisations (POs) formed, trained and supported to adopt aquaculture technologies.	120 POs were formed and registered, six (6) regional unions were formed with representation of respective POs, and one national producer organisation was formed. Training was conducted for fish farmers on cage management aspects, record-keeping, marketing, and how to prevent disease outbreaks. However, extension and capacity-building services were not fully provided due to the limited financial capacity of the contractor.	
	Quality, cost-effectiveness, and management of formulated feeds based on locally produced inputs improved, crop varieties (1 legume and 1 cereal) improved, and non-conventional animal protein sources identified as appropriate fish feed 30% increase in the output, access, supply and use of quality fish seed amongst smallholder and commercial fish farmers.	The research was partially done (70%) but still ongoing under the NARO-ARDC sustainability plan. Eleven (11) local crop varieties were identified as appropriate fish feed and black soldier fry larvae as a non-conventional protein for fish feed. NARO worked with the private sector (Nutrinova Ltd) and provided a multi-enzyme treatment protocol. Research was advanced on substituting <i>mukene</i> in fish feeds with the black soldier fly. Developed one Tilapia grower diet with 75% black soldier fly as a substitute for <i>mukene</i> . 25% achievement as project funding phased before the research projects were concluded. Fishing inputs were distributed which included fingerlings and start-up feed.	
Post-harvest handling and marketing of aquaculture fish and fish products improved.	A digital marketing platform developed and operationalised.	The digital marketing platform was developed but not operationalised.	40% achievement as most facilities were not operationalized
	A one-stop shop established and operationalised.	The one-stop shop was established at Entebbe (MAAIF) but not equipped and hence not functional.	
	A business plan for the (2) aqua parks developed.	Partially completed.	
	Fish market points established.	Not achieved.	
	Feasibility study for the fish cold chain carried out.	A market assessment study was done and five (5) locations were identified and recommended for a cold facility and equipment. A technical team from MAAIF was	

Output	Deliverable/target	Achievement	Remark
		constituted to assess the places and undertake the feasibility study which was not completed. Cold storage ice boxes procured and distributed for fish value addition.	
Average physical performance			51.67%

Source: Field findings, BMAU, NARO, and project performance reports 2021 to 2024.

Conclusion

The project performance was fair at 51.67% achievement of planned output targets. However, achievement of development/physical outputs performed poorly. The project realised only 29% of the grant disbursed due to the cancellation of the project's critical activities that involved contractual defaults. The cumulative budgetary released surpassed the approved budget by 10.12 percentage points; however, the project's intended development outcomes were not realised.

Lessons Learnt

- Provision of encumbrance-free land and thorough stakeholder engagement are key to project success.
- Projects with cancelled critical donor-funded development activities should exit the Public Investment Plan (PIP) immediately to avoid spending money on unachievable outcomes.

3.1.10 The Project on Irrigation Scheme Development in Central and Eastern Uganda (1323)

Introduction

The Government of Uganda, through MAAIF and with a grant from the Government of Japan, is implementing the Project on Irrigation Scheme Development in Central and Eastern Uganda (PISD). The project development objective is to ensure the provision of a stable supply of irrigation water for increased production and productivity of rice in the target communities of Kween and Bulambuli Districts, in Eastern Uganda. The project biodata is provided in Table 3.1.16 below.

Table 3.1.16: Basic data for the Project on Irrigation Scheme Development in Central and Eastern Uganda

Project goal	To increase production and productivity of rice in targeted communities through development of irrigation facilities.
Total project cost	JP¥ 2.79 billion, approximately US\$ 94 billion (JICA grant aid). US\$ 30 billion as GoU counterpart funding.
Starting date	Phase one: June 2014 (feasibility studies phase). Phase two: July 2018 (construction of the irrigation scheme).
Original end date	Phase one: June 2018. Phase two: June 2022.
Revised end date	June 2026.

Source: PISD revised project profile 2023.

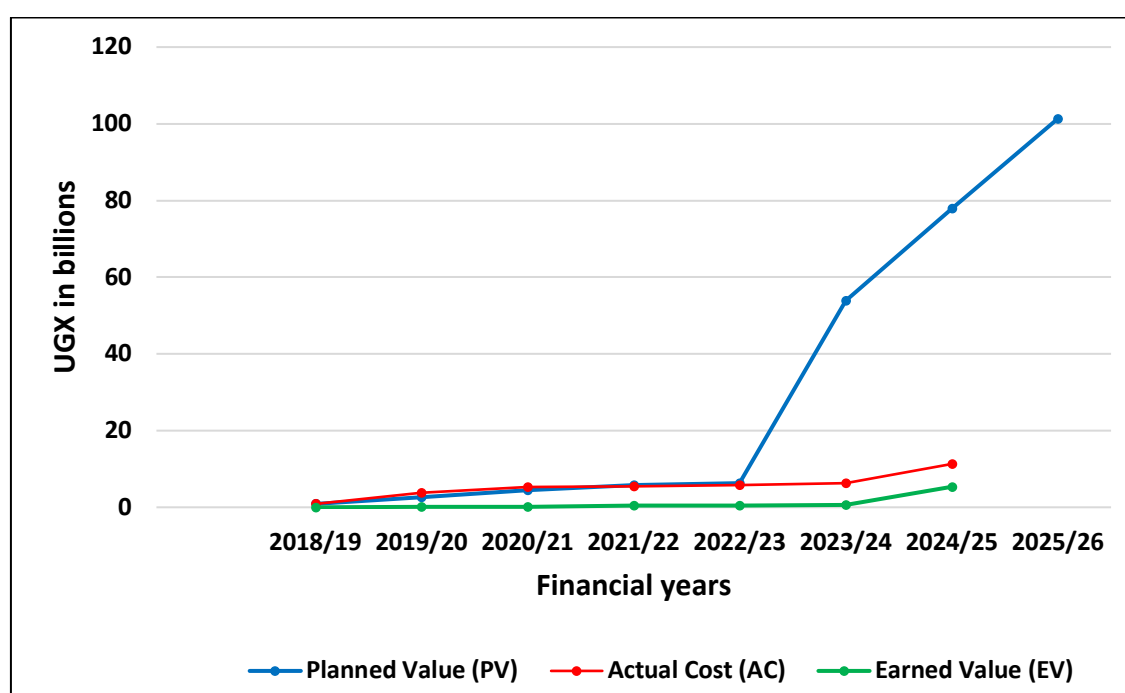


To complement the Grant Aid Project, it was further agreed between MAAIF and JICA that a Technical Cooperation Project (TCP) be implemented to ensure sustainable utilisation and management of the developed scheme while also building technical capacity for rice production in Atari Basin Area. The TCP officially commenced on 1st April 2021 and it will seek to ensure that: i) Techniques for farm management on irrigated rice cultivation are acquired by farmers; ii) Management capacity of Atari Irrigation Water Users' Association (IWUA) is developed; and iii) Capacity of Government Officers to support and coordinate Atari IWUA is strengthened.

Financial Performance

By 30th November 2024, a total of US\$ 7.24 billion of the GoU counterpart funding had been released and US\$ 5.379 billion spent. The donor component was in-kind and managed by JICA. The project earned value²⁴ was less than the actual cost, indicating inefficient utilisation of resources, whereas activities worth US\$ 72.516 billion were yet to be implemented (Figure 3.1.7).

Figure 3.1.7: Performance of the PISD as at November 2024



Source: Authors' analysis of PISD data.

Physical Performance

By 30th September 2024, the project had achieved 7% of planned output targets, with construction of the Atari Irrigation Scheme at 5% physical progress.²⁵ The project performance was poor and behind schedule due to the delayed acquisition of land for the construction of the scheme by Government. The detailed performance by output is provided in Table 3.1.17 below.

²⁴ EV=5,353,220,000

SV= -72,516,980,000

²⁵ SPI=0.07

Table 3.1.17: Performance of the PISD project as of November 2024

Planned Outputs	Achievements
Policies, laws, guidelines, plans, and strategies developed	Developed draft guidelines for the irrigation water user association awaiting approval. The Atari Irrigation Water Users' Association by-laws were drafted and submitted to Bulambuli and Kween District Local Governments as well as MAAIF for review and approval before adoption by the association.
Land acquired by Government	A total of 435 out of the 510 PAPs were compensated. Government has successfully paid US\$ 504 million of the costs associated with the Resettlement Action Plan (RAP) for the Atari irrigation scheme. The incomplete compensation of PAPs also affected the establishment of trial farms at Atari, which was later on established at the Ngenge Irrigation Scheme.
Atari Irrigation Scheme constructed	Construction of the access road was ongoing and the overall progress was estimated at 5%. Delayed implementation of the project was due to grievances from the 15% of PAPs (75 PAPs) that were not paid. The condition that implementation could not commence until 100% land acquisition and payment of PAPs constrained the commencement of civil works.
Feasibility studies & designs for Atari (Kween/Bulambuli)	Feasibility studies for the Atari Irrigation Scheme in Bulambuli and Kween Districts were completed with support from JICA.
Infrastructure development and management	The capacity of the Atari Irrigation Water Users' Association was enhanced through training and benchmark visits. Additionally, the construction of the Atari administration block has been completed and is now fully operational, serving as a vital hub for scheme management and coordination.
Creating and enabling environment for agriculture	The project has supported District Agricultural Engineers in Kween and Bulambuli districts through specialised training programmes to enable them to provide effective support to the Atari irrigation scheme. Access roads and drainage systems have been upgraded to improve connectivity and water management. Protection dykes have been constructed to prevent flooding of the scheme, while headworks have been installed to raise water levels for efficient utilisation within the scheme. The mobilisation of agricultural machinery, including bulldozers, excavators, dump trucks, graders and rollers, has reached 80% completion.
Monitoring and evaluating activities of the sector	Through monitoring and evaluation and the establishment of trial farms, farmers have embraced activities such as land preparation, water management, nursery preparation, and fertiliser application. Additionally, the project introduced record-keeping and trained farmers to adopt improved water management practices, which will be essential after the construction of future irrigation facilities. This initiative helps monitor irrigation frequency and encourages better practices. Fertiliser application and line transplanting are also promoted to enhance rice productivity.

Source: Field finding and project progress reports.



Conclusion

The project physical performance was poor and behind schedule and is less likely to achieve the intended outputs within its lifetime. The delayed take-off of the project was mainly due to late compensation of the PAPs and delays in procuring the contractor for the construction of the irrigation system.

Recommendations

- i) MAAIF should ensure that there is continuous collaboration between PAP representatives, Government officials, and local leaders to identify gaps and resolve delays in compensation.
- ii) MoFPED should develop a compensation action plan with deadlines and regularly update PAPs on progress to build trust.

3.1.11 Uganda Climate Smart Agricultural Transformation Project

Introduction

The Uganda Climate Smart Agricultural Transformation Project (UCSATP) is a six-year Government of Uganda (GoU) project implemented by MAAIF, NARO, NAGRC&DB, and the Ministry of Water and Environment (MWE). The total project cost is USD 354.7 million, of which USD 350 million is external financing and USD 4.70 million is GoU counterpart funding.

The project development objective is to increase productivity, market access, and resilience of select value chains in the project area and to respond promptly and effectively to an eligible crisis or emergency. The project summary is presented in Table 3.1.18.

Table 3.1.18: Basic data for the Uganda Climate Smart Agricultural Transformation Project

Lead Implementing agency	Ministry of Agriculture, Animal Industry and Fisheries (MAAIF)
Coverage	69 districts, including 7 Refugee and Host Districts (RHDs)
Total project cost	USD 354.7 million (USD 350 million IDA World Bank loan, USD 25 million grant from the Window for Host Communities (WHR) and USD 4.7 GoU counterpart funding)
Approval date	22nd December 2022
Declaration of project effectiveness	25th June 2024
Date of first disbursement	23rd October 2024
Project closure date	31st December 2028

Financial Performance

The declaration of project effectiveness and start of disbursements that was targeted for 2023 was not achieved due to low readiness of MAAIF to meet the World Bank prior conditions for project effectiveness. The disbursements commenced in FY 2024/25. The allocated budget for FY 2024/25 was US\$ 266.170 billion (USD 69.678 million), of which US\$ 101.272 billion (38.05%) was disbursed/released and expenditure was at 0% by December 2024.

This was poor disbursement performance (US\$ 101.272 billion or USD 26.477 million). The implementation started late by close to two years and they were far below the planned disbursements (USD 90 million at 29.41%). The project was at high risk, and it was unlikely



that it would be completed in time. The disbursements were behind schedule due to: i) the delayed approval of the project by Cabinet (3rd October 2023), ten months after the approval granted by the World Bank; and ii) delayed fulfilment of prior conditions by MAAIF. The analysis of the earned value was not computed as no expenditures had been incurred.

Physical Performance

Compared to the status in June 2024, fair progress was made in initiating start-up activities for the project by December 2024. Ten out of the 13 conditions for effectiveness conditions that were to be implemented in 2023 were attained, namely: 1) The establishment of the National Project Steering Committee; 2) The establishment of the National Technical Advisory Committee; 3) The establishment of the District Project Implementation Committee; 4) the formulation of the Annual Work Plan and Budget; 5) Development of the contingency emergency response component manual; 6) Establishment of the grievance redress mechanism; 7) Updating the Stakeholder Engagement Plan; 8) Adoption and disclosure of the Vulnerable and Marginalised Groups Plan 9); Opening the project bank account; and 10) Completion and attainment of disbursement conditions.

The conditions that were yet not achieved are: a) The establishment of the Zonal Technical Committee (ZTC); b) The establishment of the Sub-County Technical Planning Committee (STPC); and c) The establishment of farmer organisations. Other areas of progress are summarised in Table 3.1.19. Most planned outputs were not achieved due to the non-disbursement of donor funds that required all prior conditions to be met. Initial preparatory activities were undertaken.

Table 3.1.19: Performance of the Uganda Climate Smart Agricultural Transformation project by 30th December 2024

Component	Planned outputs	Achievements
1) Strengthening Climate-Smart Agricultural Research, Seed and Agro-Climate Information Systems	<p>34 climate-smart technologies developed.</p> <p>40 MSc and 20 PhD students trained.</p> <p>Planting and stocking materials for climate-smart technologies multiplied (20 planned outputs).</p> <p>Agro-climate monitoring and information systems strengthened (5 outputs)</p> <p>Institutional capacity development of implementing agencies (6 outputs).</p>	<p>Technologies not developed but the competitive grants manual for aiding their development prepared and was awaiting approval.</p> <p>Research themes and criteria for selection of students developed.</p> <p>Four (20%) of the 20 outputs were initiated.</p> <p>Partial implementation of two outputs. Specifications for the procurement of 30 new automatic weather stations and equipment for monitoring reporting and verification were generated and were awaiting approval.</p> <p>Partial implementation of three outputs: Designs for the National Data Centre and specifications for 10 tractors were developed and were awaiting approval.</p>
2) Promoting Adoption of Climate-Smart Agricultural	Climate-smart agriculture (CSA) investments made in micro-projects and improved access to the	Partial implementation of start-up activities: The road map for implementation of these activities was completed. Designs for the integrated district laboratories were complete and specifications for the



Component	Planned outputs	Achievements
Technologies and Practices	<p>outputs by beneficiaries (26 outputs).</p> <p>Productivity enhancement and food and nutrition security interventions in refugee settlements (8 outputs).</p> <p>Institutional capacity built and equipment and tools procured at the Local Government level.</p>	<p>vaccine cold chain trucks were developed. A partnership with the Uganda Development Corporation was initiated to support the fruit sector.</p> <p>Initial steps are undertaken; the Food and Nutrition Manual was developed; and a data collection tool of value chains in refugee host communities was developed.</p> <p>Manuals to facilitate the capacity strengthening and specifications for procuring key equipment were done.</p>
3) Market Development and Linkages to Selected Value Chains	Matching grants provided to beneficiaries, road chokes rehabilitated, fish markets improved, and market linkages established (5 outputs).	<p>Partial start-up activities were implemented for two outputs</p> <p>A matching grants manual for value addition equipment and the eligibility criteria for selecting farm access roads were developed.</p>
4) Contingency Emergency Response Component (CERC)	Allocations made in case of an emergency in the project areas.	No emergencies were recorded as the project was at the initial phases.
5) Project Management, Coordination and Implementation	<p>A Project Coordination Unit (PCU) was established and staff recruited and relevant committees put in place.</p> <p>Project implementation teams trained.</p>	<p>The PCU was established and committees formed; 69 District Focal Persons were approved.</p> <p>A total of 133 MAAIF (97 males and 36 females) officials were trained in value chains.</p>

Source: Field findings.

Implementation Constraints

- i) Delayed fulfilment of donor prior conditions for project effectiveness due to inadequate capacity and slow implementation processes in MAAIF.
- ii) Delayed approval of project work plan and budget and late initiation of procurement requisitions by user departments.
- iii) Resignation of key staff, particularly the Senior Social Development Officer, disrupted initial activities of building stakeholder engagements and relations.

Conclusion

The project performance was poor and behind schedule by close to two years as no expenditures had been made.

Recommendations

- i) MAAIF should fast-track achievement of the three pending disbursement conditions.
- ii) MAAIF should ensure that the National Project Coordination Unit and Accounting Officers of implementing agencies are effective in executing their assigned roles, especially approvals and disbursements, in a timely manner.



3.1.12 Uganda Intergovernmental Fiscal Transfers Program (9908)

The Micro-Scale Irrigation Programme

Introduction

The Micro-Scale Irrigation Programme (sub-grant) is part of the Uganda Intergovernmental Fiscal Transfer Program (UgIFT) additional financing costing USD 50 million. The objective of micro-scale irrigation is to support subsistence farmers to transit to commercial agriculture through the purchase and use of individual irrigation equipment under a matching grant arrangement. The intervention started in FY 2020/21 and was expected to end in FY 2023/24. However, the project was granted an extension up to December 2025.

The intervention is implemented by the District Local Governments (DLGs) under the Production and Marketing Department and supervised by MAAIF. The intervention covers 135 DLGs and targets farmers with irrigable areas of less than one hectare. The programme's key outputs over the four-year period were: farmers and other stakeholders sensitised; farm visits conducted; irrigation demonstration sites established; farmers trained in irrigation technology; and irrigation equipment installed (5,000).

Financial Performance

Credible information was not accessible from the implementing agencies.

Physical Performance

The programme was first piloted in 40 districts in FY 2020/21 and rolled out in another 95 districts in FY 2022/23. A total of 364,916 stakeholders were reached through awareness events that primarily targeted smallholder farmers, but also the district technical staff and leaders and leaders from Lower Local Governments (LLGs). As a result of the awareness events carried out, 85,102 farmers expressed interest in acquiring irrigation equipment and 26,659 farm visits were conducted.

By December 2024, a total of 566 irrigation demonstration sites ranging from 0.5-1.5 acres were established in the 135 LGs, mainly at seed schools and with host farmers to showcase drip, hosepipe and/or sprinkler irrigation technologies. Installation of irrigation equipment at individual farms under the matching grant (25% farmer co-funding) arrangement was 3,986 against the targeted 5,000 installations.

The performance of irrigation equipment installation was good at 79.7% achievement of the sub-grant target against 77 % time progress. It was observed that 60% of the monitored District Local Governments (DLGs) were not able to spend all the resources made available under the development component (farmer installations) in a given financial year due to the inability of farmers to co-fund the intervention.

The monitored farmers and demonstration sites were growing horticultural crops like cabbages, tomatoes, sukuma wiki, eggplants, passion fruit, and onions, while others were growing perennial crops like coffee and banana. Approximately 95% of the demonstration sites monitored were functional and the host farmers were able to plant ahead of season compared to their counterparts who had not accessed irrigation technologies.

The non-functionality of some of the sites was mainly due to the breakdown of equipment (pumps), destruction of irrigation equipment by hailstorms, floods and semi-permanent water



sources, and theft of solar panels. The status of implementation of the monitored DLGs is given in the Table 3.1.20.

Table 3.1.20: Status of micro-scale irrigation program in the monitored district by December 2024

District	Expression of interest received	Demonstration sites established	Farmer installations made	Remarks
Isingiro	3,466	7	47	The district received overwhelming demand for irrigation equipment and the funds were not adequate.
Kiruhura	651	3	24	The project utilised all the available funds and had a shortfall of US\$ 569 million.
Ntungamo	1,356	8	128	The district did not spend all the allocated funds for FY 22/23 and FY 23/24 due to delays by MAAIF in pre-qualifying equipment suppliers and low uptake of the facility by eligible farmers (non-payment).
Mbarara	95	2	15	Inadequate budget allocation to cater for the farmer installation. 15 installations were made against 59 farmers committing US\$ 1 million.
Bushenyi	1,189	4	47	The district did not spend all the allocated funds for FY 22/23 due to farmers' inability to afford the co-funding.
Hoima	491	4	12	The district did not spend all the allocated funds for FY 23/24 due to farmers' inability to afford the co-funding.
Buliisa	416	2	8	The district did not spend all the allocated funds for FY 23/24 due to farmers' inability to afford the co-funding.
Kagadi	803	8	22	The district did not spend all the allocated funds for FY 23/24 due to high co-funding costs.
Kakumiro	859	7	60	Achieved the intended farmer installations for FY 23/24 in FY 24/25.
Gomba	84	3	11	The district did not spend all the allocated funds for FY 23/24 due to delayed payment of co-funding by farmers. However, the installation of irrigation equipment at farmer gardens happened in FY 24/25.

Source: Field findings.

Implementation Constraints

- High co-funding costs (25%) that eliminate willing and eligible farmers as evidenced by a 15% outturn from farm visits to individual installations made.
- Lack of collateral among some farmers who wish to acquire the irrigation system using a loan from the MAAIF-recommended financial institutions.
- Low turnout of pre-qualified irrigation equipment suppliers in the remote districts during bidding.
- Weak contract management.

Conclusion

The performance of the Micro-Scale Irrigation Program was good, with 80% of the targeted farmer installations achieved. It was observed that most of the visited DLGs were not able to spend within a given financial year due to delayed payment of farmer co-funding. The beneficiary farmers appreciated the support and were able to crop all year round. The programme performance can be enhanced by revising the co-funding obligations for targeted farmers and also by allocating funds based on previous performance.

Recommendations

- i) MoFPED and MAAIF should consider increasing the Government contribution of the matching grant from 75% to 90% to enhance the uptake of the irrigation equipment by the targeted beneficiaries.
- ii) MAAIF and MoFPED should revise the funds' allocation criteria to LGs based on previous performance and effective demand.
- iii) MAAIF should conduct routine training of the district technical staff on procurement and contract management.

3.2 Digital Transformation Programme

The focus under this programme was on one project: Uganda Digital Acceleration Project (UDAP).

3.2.1 Uganda Digital Acceleration Project -1615

Introduction

The Government of Uganda, through the National Information Technology Authority (NITA-U), with support from the World Bank, is implementing the Uganda Digital Acceleration Project. The project's main objective is to expand access to high-speed internet in selected areas, improve the efficiency of digital service delivery in specific public sectors, and strengthen digital inclusion for selected host communities and refugees. The World Bank approved the USD 200 million multi-year project in May 2021. However, the necessary approvals from the Government of Uganda (GoU) were delayed and the project became effective in May 2023, with the expected closure date of 30th May 2026.

The project is divided into four components:

1. Expanding digital connectivity in selected areas.
2. Enabling digital transformation of the Government.
3. Promoting digital inclusion of host and refugee communities.
4. Project management.

The project's expected outputs are:

- Expanding access to high-speed internet in selected areas focusing on buying additional bandwidth.
- Improving the efficiency of digital government services in selected public sectors covering cyber security, e-government services, data protection, and digital inclusion for refugees and host communities.



Financial Performance

The first tranche of the project funds worth USD 3.046 million was disbursed from the World Bank on 26th December 2023 and remained unspent by 31st March 2024. By 30th November 2024, a total of USD 13,743,445 had been spent across the 30 project deliverables, representing an overall expenditure performance of 6.9%.

Physical Performance

The overall project physical performance was poor. The cumulative earned value was far below the planned value, at USD 13.6 million against a target of USD 56.9 million. The Cost Performance Index (CPI) shows that the project is operating below the planned budget, with a cost variance indicating less money spent than the value of work done, while the schedule variance and schedule performance index show that the project is behind schedule (Figure 3.2).

The recruitment of key staff was completed. Several studies and procurements for critical equipment had been initiated and were at varying levels of progress. Table 3.2 shows the progress for the 30 signed contracts across components.

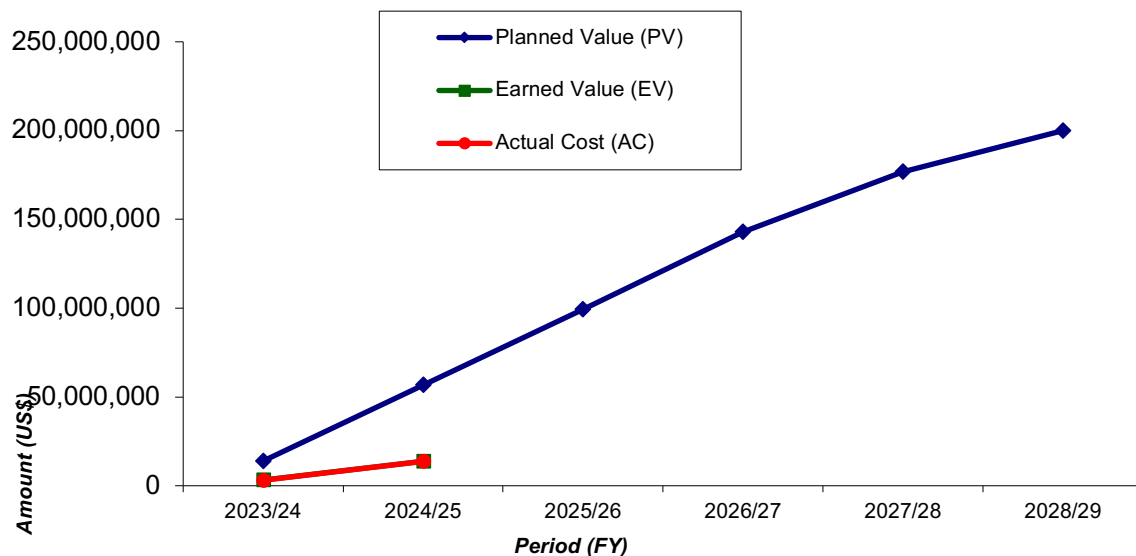
Table 3.2.: The UDAP physical performance by contract and component

S/N	Component	Contract	Amount Spent (USD)	Percentage of Physical Performance
1	Component 1	Consultancy services for the data centre market study for the establishment of the 3rd National Data Centre in Uganda.	127,083	80%
2		Study on Mobile Broadband Deployment in Rural Areas for 50 masts serving 900 MDAs and installation of 80 masts for voice and data in 12 refugee settlements.	149,610	30%
3		Supply, installation and commissioning of equipment and services for the upgrade of the IP core network.	3,863,588	40%
4		E-waste management study.	148,573	20%
5	Component 2	Purchase of 50,000 user licences with product support for the Unified Messaging and Collaboration System (UMCS) Project.	3,628,069	70%
6		Equipment for the Personal Data Protection Office (computers, video conferencing, LAN, projector).	204,803	80%
7		Supply of furniture for the Personal Data Protection Office (PDPO).	54,352	80%
8		Design, supply and installation, and support to the Digital Authentication and Electronic Signatures (UGPASS) Project.	1,996,000	65%
9		Provision of office space for the Personal Data Protection Office through leasing.	265,302	6%
10		A public, external-facing and internal government-facing communications campaign on cybersecurity awareness and promotion.	303,570	10%
11		Enterprise IT service management and IT Operations Management Solution (ITSM).	1,148,000	10%

S/N	Component	Contract	Amount Spent (USD)	Percentage of Physical Performance
12	Component 3	Consultancy services for a study on digital access enablers in refugee-hosting communities.	198,268	100%
13		Consultancy service for last-mile connectivity and Wi-Fi study for MDAs and refugee-hosting communities' feasibility study for UDAP-GovNet.	249,280	95%
14	Component 4	Project Coordinator	167,281	42%
15		Legal Expert	95,494	35%
16		Procurement Specialist	95,494	8%
17		Project Accountant	115,829	31%
18		Procurement Officer	86,748	23%
19		Monitoring & Evaluation Specialist	87,360	25%
20		Environmental Safeguard Specialist	115,829	21%
21		Social Development Specialist	82,073	23%
22		Lot 1: Supply of (36) laptops	45,261	100%
23		Lot 2: Supply of two (2) multi-functional printers	20,238	0%
24		Lot 3: Supply of one (1) tablet laptop	3,073	100%
25		Lot 4: Supply of access control system and cameras	50,981	100%
26		Lot 5: Supply of a 250 KVA generator	72,659	100%
27		Lot 1: Supply of one (1) large station wagon	97,034	100%
28		Lot 2: Supply of two (2) medium station wagons	111,000	100%
29		Lot 3: Supply of three (3) double-cabin pick-ups	117,771	100%
30		Lot 4: Supply of one (1) minivan	42,822	0%

Source: NITA-U.

Figure 3.2 UDAP performance by 30th November 2024





Project Risks

- The delayed approval of financing caused the project to start two years after it was approved by the World Bank, yet the closure date has remained the same. Unless measures are taken to expedite the processes, several project deliverables will likely not be achieved by the end of the project.
- Inadequate staffing at NITA-U to implement the project. The execution is happening when the agency staffing is reduced due to the ongoing government rationalisation programme.
- The exchange rate variation between the World Bank's SDR and the US dollar has reduced the available funds for the same outputs.

Challenges

- Lack of the GoU counterpart funds for UDAP implementation.
- Delays in recruitment of key staff owing to late clearance from the Solicitor General.

Conclusion

The overall project performance was poor and behind schedule, with a Scheduled Performance Indices (SPI) of 0.24. The Cost Performance (CPI) was 1 while the estimated cost at completion (EAC) was USD 199,715,832.30. Therefore, the project will be completed within the budget but needs to scale up the deliverables.

Recommendations

1. The NITA-U, MoICT&NG, and MoFPED should prioritise counterpart funding of the project in the remaining period to achieve the planned value.
2. The GoU should align the financing approval process to the lenders' approval schedule to mitigate the time overruns.

3.3 Human Capital Development

This section presents the performance of 19 externally funded projects under the Human Capital Development Programme. The presentation is structured as follows: Education, Health, Water and Uganda Intergovernmental Fiscal Transfers programme (UgIFT), which is implemented across the sectors of the Human Capital Development Programme and Agro-Industrialisation.

3.3.1 Education Projects

This section presents the performance of five projects within the education sector. Of these, three projects focus on skills development, while two target interventions in secondary education. Two projects are funded by the World Bank-International Development Association (WB-IDA): Uganda Secondary Education Expansion Project (1665) and Uganda Intergovernmental Fiscal Transfers Programme (UgIFT).

Additional funding sources include the OPEC Fund for International Development (OFID), which caters for the Vocational Education (VE) Project Phase II (1432), the Saudi Fund for Development (SFD), which funds the Vocational Education and Training (VET) Project, and the Islamic Development Bank (IsDB), which caters for the Business, Technical, and

Detailed overview of the projects' performance:

1. Uganda Secondary Education Expansion Project (1665)

Introduction

The Uganda Secondary Education Expansion Project (USEEP) is a five-year initiative funded by the World Bank's International Development Association (IDA) and implemented by the Ministry of Education and Sports (MoES).

The total cost of the project is USD 171.6 million, of which USD 150 million is sourced from IDA. This amount includes a loan of USD 90 million (equivalent to Special Drawing Rights (SDR) 65.6 million) and a grant of USD 60 million (SDR 43.8 million) allocated under the Refugee Sub-Window (RSW). Additionally, the Government of Uganda (GoU) contributes USD 21.6 million in counterpart funding.

While the project loan was approved on 23rd July 2020, there was a time-lapse before the financing agreement was formally signed on 24th February 2022. The project became effective on 19th May 2022 and is scheduled for closure on 31st December 2025.

The project development objective is to enhance access to lower secondary education by focusing on underserved populations in targeted areas. Underserved populations include communities hosting refugees, refugees, girls, and people in the targeted regions with limited access to public lower secondary education.

Project Components

The project is implemented under four components and a breakdown of the scope and costs in each of the four components is presented in Table 3.3.1.

Table 3.3.1: Summary of project components, scope and budget

Component	Scope	Financing Modality (Amount in USD Million)			Total
		IDA (Credit)	IDA (Grant)	GoU Counterpart	
Components 1: Expansion of Lower Secondary Education					
1.1: Construction of New Lower Secondary Schools and Facilities	a) Construction of 116 new lower secondary schools, including 32 in refugee-hosting districts (RHDs) ²⁶ and 84 in targeted sub-counties of qualifying districts. b) Infrastructure improvements in 61 schools within RHAs	74.6	44.0	21.6	140.2
.2: Ensuring the Safety and Protection of Children	Ensuring the safety and protection of over 2,450,600 children, especially girls, in line with the Amended Children’s Act 2016 and the National Gender-Based Violence Policy 2017.	1.2	3.8	-	5.0
Component 2: Hosting Community and Refugee Education Support					
2.1: Special Needs	Supporting the development and implementation of the Accelerated Education	-	4.0	-	4.0

²⁶ The RHDs include: Adjumani, Yumbe, Isingiro, Kikuube, Kyegegwa, Madi Okollo, Obongi, Kamwenge, Kiryandongo, Terego, Lamwo, Koboko and Kampala.



Education Support	Programme (AEP) and providing Special Needs Learning Materials. AEP offers a fast-track learning pathway for students who missed enrolling at the appropriate age or dropped out (e.g. due to displacement, or pregnancy).				
2.2: The Refugee Capitation Grant Program	Providing capitation grants to 93 schools in RHAs, based on the annual number of refugee enrolments.	-	4.5	-	4.5
2.3: Certification of Prior Education	Certification of prior education for refugees to support secondary school enrolment through MoES/UNEB. Targets include 29,951 refugees and 51,867 host-community children (ages 13–18) eligible for lower secondary education.	-	0.9	-	0.9
Component 3: Improving Teachers' Support and Strategy Development Nationally					
3.1: Support to Teachers	Establishing a Continuous Professional Development (CPD) system for teachers in public and selected private secondary schools, including RHDs, organised in 100 clusters. Approximately 14,880 teachers and administrators will benefit from this training.	7.2	2.8	-	10.0
3.2: Development of Key Secondary Education Improvement Strategies	Providing technical assistance to support policy research, preparation of policy papers and implementation plans, and capacity building for policymakers to further improve the quality of teaching and learning in lower secondary schools. This will include teacher recruitment, deployment, retention, reward, and motivation to address the teacher gap and teacher attrition; as well as improvement of the provision of teaching and learning materials among others	2.0	-	-	2.0
Component 4: Project Management, Monitoring and Evaluation					
4.0: Project Management, Monitoring, and Evaluation	Supporting project implementation, supervision, monitoring, evaluation, and verification, including costs for office rent, furniture, equipment, transport, data analysis, and capacity building.	5.0	-	-	5.0
Total		90.0	60.0	21.6	171.6

Source: Author's compilation from USEEP financing agreement, 2022.

The construction of 177 new and expanded secondary schools under Component 1 will be executed in three phases, with an expected completion timeline of three years from the project's start. Phase I includes the construction of 60 schools (10 in RHDs and 50 in non-RHDs). Phase II has the construction of 61 schools (with a smaller scope) for expansion within the RHDs, while Phase III targets the construction of 56 new secondary schools (14 in RHDs and 42 in non-RHDs).

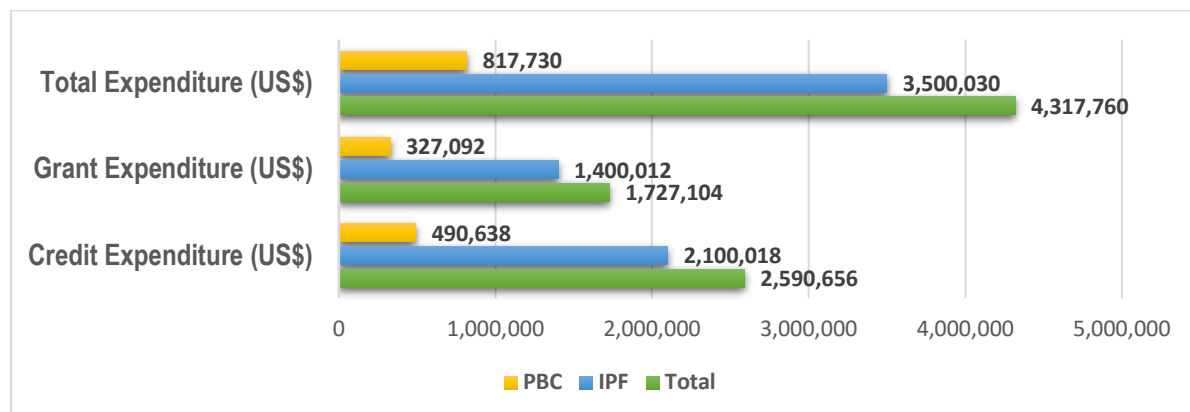
Financial Performance

As of 30th September 2024, cumulative disbursements totalled USD 15,896,603 million (11% of the total loan amount). The total expenditure was USD 4,317,760 million (2.88% of the total loan amount). The expenditure of the project was within budget (Figure 3.3.1). The funds absorption was notably low, primarily due to MoES's failure to commence the implementation of planned project deliverables according to the scheduled timelines.

Pursuant to Article II, Section 2.03 of the USEEP Financing Agreement (2022), the Government risks losing funds on the unwithdrawn portion of the financing, as a Maximum Commitment Charge Rate of 0.5% per annum applies to the unutilised balance. Therefore, timely withdrawal and utilisation of the financing are critical to avoid unnecessary charges and ensure the successful execution of the project.

The expenditure distribution between the Credit and Grant categories shows that 60.0% of the total expenditure was under Credit financing, while 40.0% was for the Grant category (Figure 3.3.1).

Figure 3.3.1: Comparative analysis of expenditures by financing modality: Grant vs Credit, and PBC vs IPF (USD) as of 30th September 2024



Source: Compiled from USEEP reports and MoFPED-PBS.

This reflects a higher expenditure rate on credit financing across the IPF and PBC modalities.

Expenditures at the component level showed that Components 3 and 4 achieved an expenditure rate of 28.7%, while Component 1, which accounts for 82.4% of the total budget, had the lowest spending, at only 0.66% (see Table 3.3.2).

Table 3.3.2: Summary of the percentage share of the total budget and total expenditures for each component as at 30th September 2024

Component	Percentage Share of Total Budget	Expenditure as % of Total Allocation
Component 1: Expansion of Lower Secondary Education	82.4%	0.66%
Component 2: Hosting Community and Refugee Education Support	6.3%	1.65%
Component 3: Improving Teachers Support and Strategy Development	8.0%	28.7%
Component 4: Project Management, Monitoring and Evaluation	3.3%	28.7%
Total	100%	2.88%

Source: Author's compilation from USEEP financial reports.



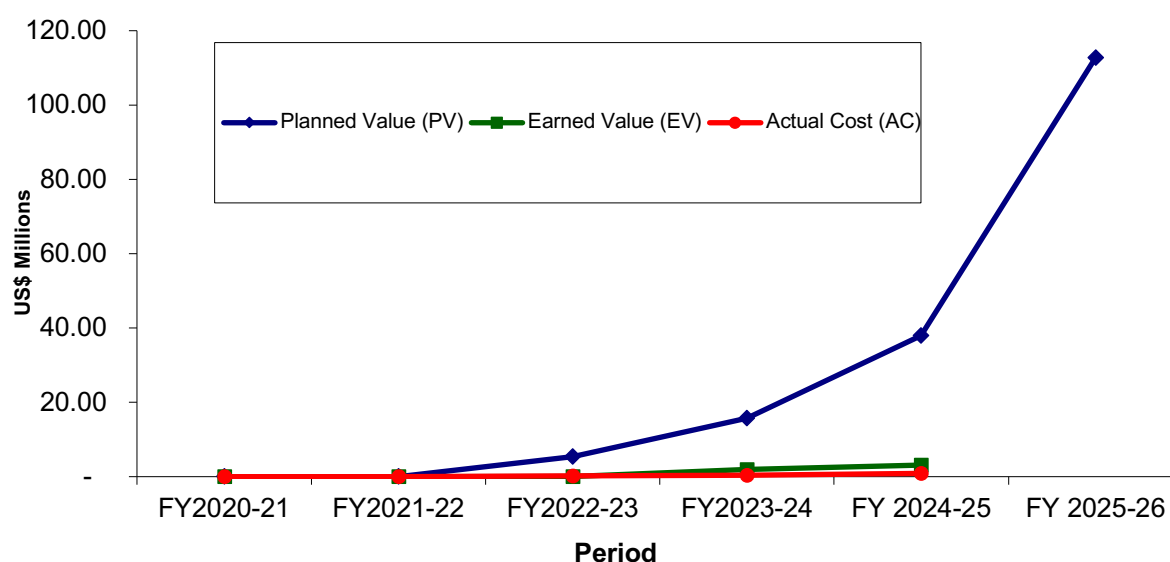
The low absorption rate in Component 1 was attributed to suspension of infrastructure works on untitled land and the World Bank's lengthy approval process. Approximately 80% of the component's budget was allocated to civil works.

Counterpart financing of USD 21.6 million was scheduled to begin in the third year of project implementation or at the time of operation of the school. Since no schools were operational, the Government of Uganda (GoU) counterpart funding had not been received.

Physical Performance

As of 31st October 2024, physical progress was poor at 18%, with the project significantly behind schedule.²⁷ With only 14 months remaining until the closure date of 31st December 2025, there is a high risk that the project will not meet its performance targets and objectives within the given timeframe. The slow implementation was largely due to delays during the land titling, verification and validation processes. Figure 3.3.2 shows the performance of the project.

Figure 3.3.2: Performance of the Uganda Secondary Education Expansion Project as of 30th September 2024



Source: Compiled from VE II project reports, MFPED IFMS & PBS.

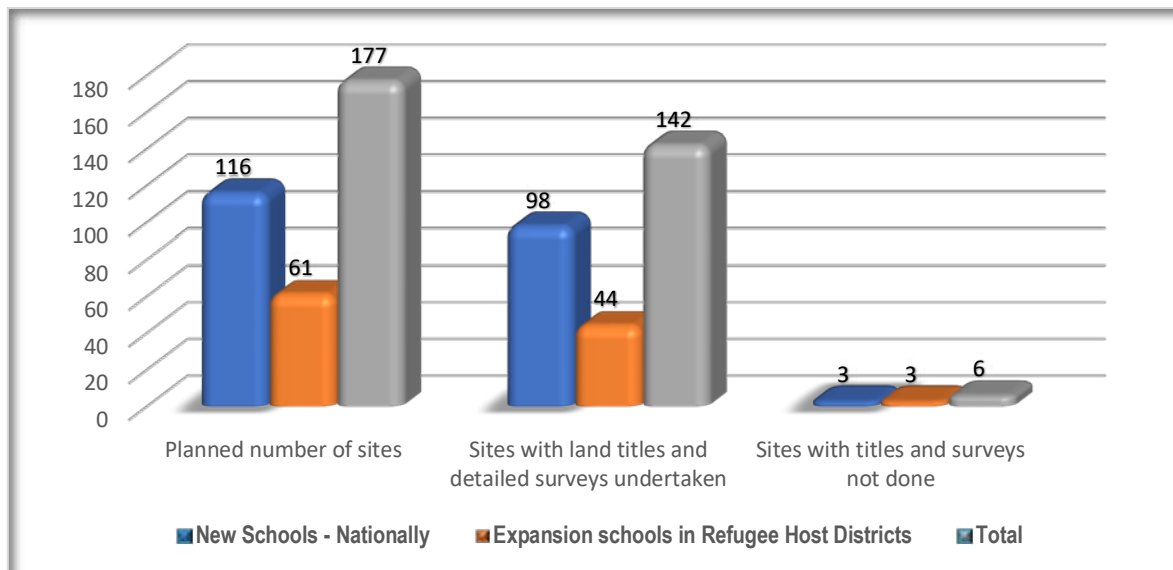
Detailed performance for the different Components is presented below.

i) Component 1: Expansion of Lower Secondary Education

The implementation of this component is 17 months behind schedule, primarily due to delays in initiating civil works, which were caused by the slow submission of land titles by the beneficiary districts. The submission of land titles was a requirement for clearance by the Solicitor General's Office, as outlined in the Budget Call Circular for FY 2021/22. This delay also impacted the procurement of contractors for construction. As of September 2024, a total of 148 land titles for 177 targeted sites (101 new and 47 expansion sites) had been secured (see Figure 3.3.3).

²⁷ The SPI value was 0.00, indicating, the project is significantly behind schedule.

Figure 3.3.3: Progress on securing land titles and surveys for school construction as at 30th September 2024



Source: Compiled from field findings.

For the remaining 29 sites, a Memorandum of Understanding with Faith-Based Organisations was being finalised to secure the outstanding titles.

Procurement for construction works prioritised sites with secured land titles. Technical evaluations of eight new sites across various districts were completed and approved by the World Bank, with site ground-breaking set for December 2024. Procurement of 12 additional sites began in October 2024, and another 12 sites were under World Bank review. Bids for 49 more sites were being prepared, with submissions expected for World Bank approval by mid-November 2024. The remaining sites are pending surveys, land title acquisition, and unit cost determinations.

The 61 schools initially planned for uniform expansion underwent a thorough reassessment, considering interventions from similar projects, including the World Bank-funded Uganda Intergovernmental Fiscal Transfers (UgIFT) program. This updated evaluation of each school's infrastructure needs led to a shift in priorities. The revised budget estimate is now USD 11.75 million, which is well within the allocated USD 12.41 million. A detailed summary of the reassessment findings is provided in Table 3.3.3

Table 3.3.3: Summary of reassessment findings

S/N	Facilities Required	Provision in PAD	Total Number	No. of Beneficiary Schools	Rescoped Amount (USD)
1	Classrooms	244	229	45	5,953,771.00
2	Science Laboratories	61	15	15	1,359,345.00
3	ICT/Library	0	25	25	3,000,850.00
4	VIP Latrine Stances for Boys	305	109	23	380,658.15
5	VIP Latrine Stances for Girls	305	149	27	521,771.42
6	Incinerator	61	38	38	395,390.00



S/N	Facilities Required	Provision in PAD	Total Number	No. of Beneficiary Schools	Rescoped Amount (USD)
7	Borehole	61	13	13	140,540.40
	Revised Total Budget				11,752,326.00
	Available (Old) Budget				12,410,961.00

Source: Compiled from field findings and USEEP project documents.

The most significant reductions in facility provision occurred in VIP latrine stances, with cuts of 196 stances (64%) for boys and 156 stances (51%) for girls. Science laboratories also faced a 75.4% decrease, while boreholes and incinerators were reduced substantially by 48 units (79%) and incinerators by 23 units (37.7%), respectively. Classrooms had a smaller reduction of 15 classrooms (6%).

The ICT/library facilities were added as a new component to the project, despite not being included in the original Project Appraisal Document (PAD). Currently, 25 of these facilities are planned, expanding the project's scope to support digital and library resources in selected schools.

(ii) Component 2: Hosting Community and Refugee Education Support

This component achieved a fair performance with the Special Needs Education (SNE) support and certification of prior education sub-components showing notable progress. Procurement and delivery of SNE materials and equipment were completed for 26 target schools. Additionally, five (5) of the 13 planned AEP centres were selected for implementation in existing secondary schools across Yumbe, Obongi, Terego, Lamwo and Isingiro Districts.

The initiative to provide capitation grants of USD 4.5 million for refugee students' secondary education in both existing and new schools was halted to avoid duplication with that under the Uganda Intergovernment Fiscal Transfer (UgIFT). Consequently, these funds were available for reallocation during project restructuring scheduled for February 2025 to address other pressing project needs and enhance the overall delivery of the project.

Regarding certification of prior education, a draft certification protocol was completed. The final protocol awaited a meeting with the Uganda National Examinations Board (UNEB) to discuss the inclusion of certification for undocumented prior knowledge, skills and competencies. Support was extended to refugee students, resulting in the translation, equating, and certification of documents for 244 students. This process assists students who express an interest in having their papers translated and certified under the Ugandan education system.

(iii) Component 3: Improving Teacher Support and Strategy Development Nationally

This component consists of two sub-components: Support to Teachers; and Support for the Development of Key Secondary Education Policies and Strategies. Progress under the *Support to Teachers* sub-component included the completion of data collection and verification, targeting 5,025 school administrators and 443 science teachers for training.

By September 2024, a total of 1,975 school administrators were trained by the Uganda Management Institute (UMI) in the Eastern Region, while Makerere University Business School (MUBS) trained 418 administrators in the Northern Region. Additionally, procurement of IT equipment for the cluster centres and secondary schools was in progress, pending World Bank approval.

Progress was also made in the development of four national policies: The National Private Education and Training Policy; the National Curriculum, Assessment and Placement Policy; the National Science Education Policy; the National School Construction Strategy; Consultations for the Universal Secondary Education Policy; and data collection for the National Teacher Retention Strategy were underway.



Training of Head teachers and Deputy Head teachers at Bukedea Secondary School, Bukedea District, conducted by Uganda Management Institute.

iv) Component 4: Project Management, Monitoring and Evaluation

This component establishes project management structures, including a Project Coordination Unit (PCU), Project Steering Committee (PSC), and Project Technical Committee (PTC) for oversight and guidance. The MoES established the PCU in March 2023, approximately 10 months after the project became effective on 19th May 2022. As of September 2024, the PCU had 34 staff members. In terms of Monitoring and Evaluation (M&E), a baseline survey was completed in August 2023, and since March 2023, four quarterly reports and 13 monthly reports have been submitted to the World Bank.

Social and environmental safeguards: The project adheres to Environmental, Social, Health, and Safety (ESHS) standards, guided by frameworks such as the Environmental and Social Management Framework (ESMF), Resettlement Policy Framework (RPF), and Vulnerable and Marginalised Groups Framework (VMGF). Tools for ESHS implementation include a Stakeholder Engagement Plan (SEP), a Capacity Building and Training Plan (CBTP), an Environmental and Social Supervision and Monitoring Plan (ESMP), and an Electronic Waste Management Plan (for the disposal of e-waste from procured equipment). Revisions were made to address non-discrimination, with further training scheduled.

Progress on Environmental and Social Management Plans (ESMPs) included the initial submission of 15 draft ESMPs for 44 sites; 13 were resubmitted after addressing feedback, though relocation issues at the Alebtong and Bunyangabu sites remain unresolved.

Implementation Constraints

- 1. Delays in securing land titles:** The project encountered significant delays due to the slow submission of land titles by beneficiary districts. This delayed the start of civil works and contractor procurement, ultimately causing the entire project to fall behind schedule by 17 months. This was exacerbated by the absence of District Land Boards and the lack of funds for title processing by the districts.



2. **Low absorption of funds:** The total disbursement was 11% while expenditure was 2.88% of the loan amount, primarily due to the Government's suspension of infrastructure projects on untitled land, causing significant delays. However, as per the financing agreement, the Government risks being charged an annual 0.5% fee on the unwithdrawn balance if this clause is implemented.
3. **Critical deficiencies in project preparation, planning and scheduling:** The project faced significant setbacks due to inadequate preparation by the MoES. Key preparatory activities, such as recruiting PCU staff, completing structural designs, and initiating procurements were not prioritised, leading to delays.
4. **The lengthy approval processes required by the World Bank, which affected the timely execution of the USEEP Project:** While these protocols ensure accountability, transparency and alignment with the Bank's standards, the "No-Objection" approvals, detailed checks, multiple review levels and stringent compliance requirements often delay fund disbursement and project initiation, ultimately affecting project timelines and overall effectiveness.

Conclusion

The project performance was poor, with physical progress at 18% against time progress of 68.61%, and significantly behind schedule. This is an indication of substantial delays and inefficiencies in project implementation. The challenges include low absorption of funds and weak project management, which generally delayed the implementation of planned activities. The project is at high risk of failing to deliver the performance targets and project objectives within the project period. These challenges underscore the need for MoES to address critical deficiencies in project preparation, such as land title acquisition, recruitment of the PCUs, designs and early initiation of procurements.

Recommendations

1. The land titling process should be streamlined. MoES, in collaboration with the Ministry of Lands, Housing, and Urban Development (MoLHUD) and the District Land Boards, should expedite the remaining land titling process. Additionally, MoES should provide legal assistance to facilitate clearance and develop contingency plans to offer financial or technical support to districts facing challenges in land title acquisition, to ensure timely project implementation.
2. MoES should streamline communication with World Bank officials to clarify expectations, address bottlenecks, and expedite the approval process. This would help ensure quicker turnaround on "No-Objection" approvals and compliance checks, to improve project execution efficiency.

2. Vocational Education (VE) Project Phase II (1432)

Introduction

The second phase of the Vocational Education Project (VE II) is financed by the Organization of the Petroleum Exporting Countries (OPEC) Fund for International Development (OFID), and the Government of Uganda, implemented by MoES. The total cost of the project is USD 16.710 million, of which OPEC funding is USD 14.300 million (85.6%) while the GoU counterpart funding is USD 2.410 million (14.4%).

While the loan was initially approved on 9th August 2016, prolonged parliamentary approval processes delayed project effectiveness until 3rd July 2017. The project was originally scheduled for closure on 31st December 2021. However, it was extended to 31st December

2025, giving the project a total implementation period of eight years. The project objective is to improve access to quality TVET in Uganda.

The project is structured into five key components. A detailed breakdown of project scope, budget allocations, and funding sources for each component is provided in Table 3.3.4.

Table 3.3.4: Summary of project components, scope, and budget

Component	Scope / Key Deliverables	Budget (USD Million)	
		OPEC Loan	GoU Counterpart Funding
1: Civil Works	Expansion of 8 technical institutes from Phase I (Nawanyago, Basoga Nsadhu Memorial, Ogolai, Kilak Corner, Lokopio Hills, Sasira, Buhimba & Lwengo), including priority workshops, multipurpose halls, student dormitories, staff housing, sickbays, and toilets.	10.180	1.260
2: Supply of Equipment & Tools	Additional items to Phase I provisions, including textbooks, furniture, transport, workshop and ICT equipment, bus, and vehicle.	1.480	1.150
3: Capacity Building	Enhancing institutional performance in hands-on pedagogical and management skills.	1.140	-
4: Design & Supervision of Civil Works	Design, and supervision of all civil works.	0.720	-
5: Support to Project Management	Support to Project Coordination Unit (PCU) costs, knowledge development & visits/meetings.	0.780	
Total		16.71	

Source: OFID project appraisal document, 2016.

Financial Performance

As of the end of October 2024, the project had received a total of USD 14.26 million (85.3% of the project's budget). Table 3.3.5 shows the financial performance per funding source. There was an over-release (257.3%) on the GoU funding on account of extension of the project duration from the original five (5) to eight (8) years to cater for PCU expenditures.

Table 3.3.5: Financial performance of the OPEC Project as of 30th November 2024

Financing Modality	Budget (USD)	Release (USD)	Expenditure (USD)
GoU	2,410,517	6,201,963 (257.3%)	4,026,694 (65%)
OPEC	14,300,000	8,056, 678 (56.3%)	8,056, 678 (100%)
Total	16,710,517	14,258,641(85.3%)	12,083,372 (87%)

Source: MoFPED-IFMS, 2017/18 – 2023/24.

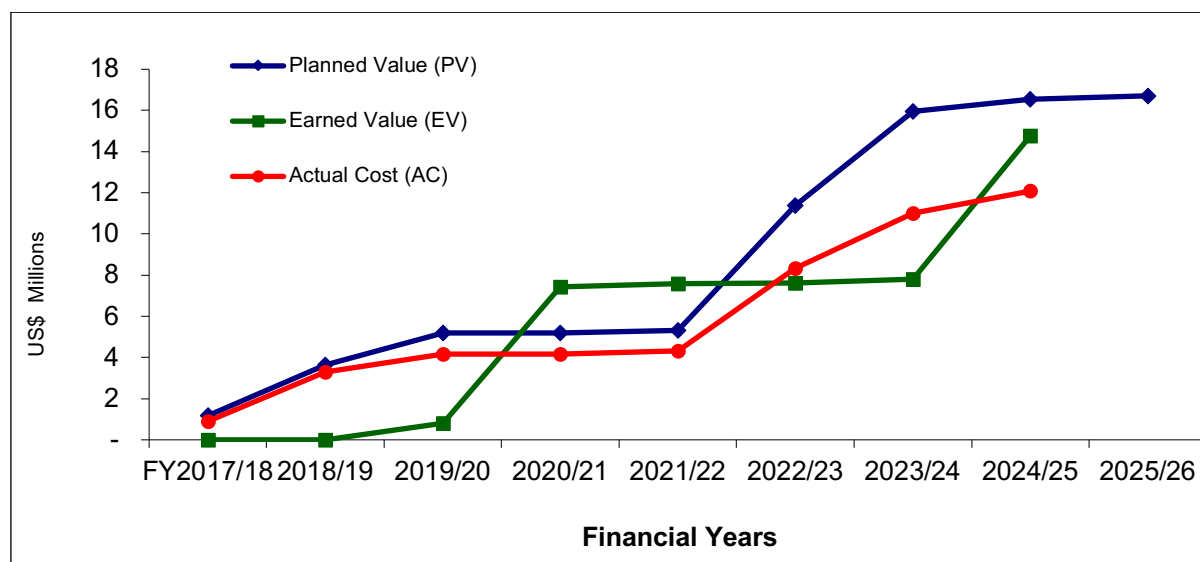
Notably, although OPEC disbursement performance improved from 37.6% in April 2024 to 56.3% as of end of October 2024, it remains low compared to the project's overall time progress of 86.9%.



Physical Performance

Physical progress was fair at 65.2% as of 30th October 2024, although the project remains behind schedule.²⁸ The delays in civil works, particularly for the three sites – Kilak Corner, Ogolai, and Lokopio Hills – have significantly impacted the overall progress of the entire project. While there have been recent improvements (Figure 3.3.2), addressing the delays, especially at the Lokopio site, is critical to ensuring timely completion.

Figure 3.3.2: Performance of the Vocational Education (VE II) Project as of 30th October 2024



Source: Compiled from VE II project reports and MoFPED-IFMS 2017/18 – 2024/25.

Detailed performance by component is presented below:

Component 1: Civil Works

Overall physical progress²⁹ across all sites was 71% against the time progress of 86.9% by early November 2024. Four³⁰ out of eight beneficiary technical institutions were completed, with occupational permits already secured from the respective Local Governments. The completed buildings were under the defects liability period (DLP) for 12 months since February 2024. The quality of work was good and all facilities were in use.

Works at Lwengo Technical Institute stalled at 55% due to the contractor's limited capacity, leading to the contract termination in January 2024. Procurement of the new contractor for the site was ongoing. With the procurement process ongoing, there is a risk of time and cost overruns. Lwengo's underperformance underscores gaps in contractor evaluation during procurement, emphasising the need for improved assessment to ensure future project success.

At Kilak Corner, the works were behind schedule, with overall progress at 50% compared to the 71 % time progress. This was largely attributed to difficulties in accessing construction materials due to the closure of the Karuma Bridge which affected timely delivery. The quality of work is satisfactory. The project will however require close monitoring and supervision by the PCU to mitigate further delays.

²⁸ Schedule Performance Index of 0.89; SPI <1 "Behind schedule".

²⁹ To calculate the overall physical progress of all sites, a weighted average based on the contract sums and the percentage completion for each lot was used.

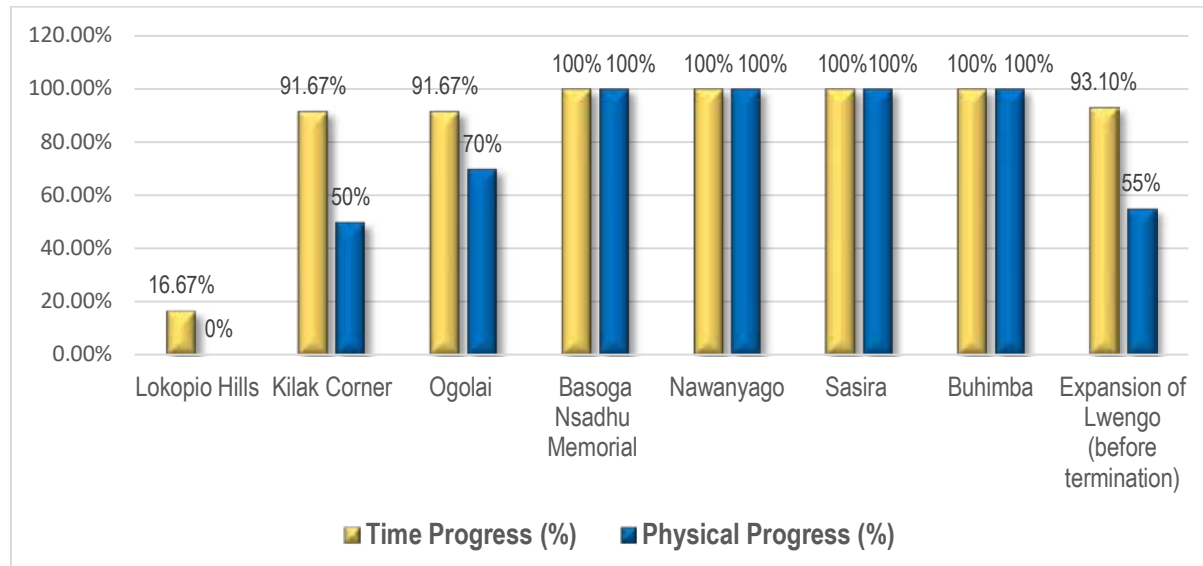
³⁰ Basoga Nsadhu Memorial, Nawanyago, Sasiira, and Buhimba.



Left-Right: Substantially completed Agriculture workshop at Ogolai TI in Amuria District; and ongoing roofing of the Girls Dormitory at Kilak Corner TI in Pader District.

Ogolai was slightly ahead of schedule compared to Kilak with an overall progress of 70%. The majority of the civil works were at finishing stage. The performance of the different sites is illustrated in Figure 3.3.4.

Figure 3.3.4: Specific site performance overview: Time and physical progress as of November 2024



Source: Authors' compilation from field findings.

Implementation of the Lokopio Hills project delayed, with construction yet to commence despite the contract signing of August 2024. As of November 2024, the contractor had not possessed the site and no mobilisation undertaken.

Component 2: Equipment, Furniture, Bus and Vehicles

Institutional 30-seater buses were successfully procured and delivered to all eight institutes in September 2022. Furniture, ICT equipment and textbooks were supplied to each of the eight

technical institutes. Additionally, tractors designated for Buhimba, Lokopio, and Kilak Corner Institutes were procured, pre-inspected, registered, and handed over by July 2024.



Left – Right: Sickbay furniture stored in the Institute Boardroom; and tractor and accessories at Lokopio Hills Technical Institute in Yumbe District.



Left: Furniture in use within the multipurpose hall at Sasira Technical Institute, Nakasongola District. Right: Delivered furniture stored at Lokopio Hills Technical Institute, Yumbe District.

The procurement processes for training supplies, equipment and tools – Lots 1 to 4 – were completed successfully. However, Lots 6, 7 and 8 have been delayed due to procedural issues and funding adjustments. Following a re-tender process in April 2024, the OPEC Fund objected to MoES's restricted re-tendering, due to non-compliance of the Fund's established procedures and standards.

As a result, the OPEC Fund recommended that procurement of the equipment should be done through GoU counterpart funding rather than the OPEC Fund's contributions. This procurement requires supplementary funding of USh 800 million.

Component 3: Capacity Building

Capacity-building trainings are classified into two thematic areas, namely: institutional management; and skills upgrading for instructors. The two categories cover Training of Trainers (ToTs) and institutional management training for tutors and TVET managers. As of the end of November 2024, 14 (73.6%) out of 19 training components were completed. The remaining sessions, including skills upgrading for instructors in various trades and institutional management, were scheduled for completion by the end of 2024.

Component 4: Design and Supervision of Civil Works

This component plays a critical role in the successful implementation of Components 1 (Civil Works) and 2 (Equipment, Furniture, Bus and Vehicle). Pan Modern Consults, in association with Fielding Nair International, provided technical support, guidance and site supervision for civil works and supplies procurement since November 2021.

Implementation Constraints

1. Inadequate contractor evaluation: There were inefficiencies in the evaluation process during procurement, leading to a contractor with limited financial capacity for the Lwengo Technical Institute.
2. Delayed remittance of deemed Value Added Tax (VAT) to the contractors by the Uganda Revenue Authority (URA) affected their cash flows, hence slowing their pace of project execution.
3. Non-adherence to the OPEC Fund's procurement guidelines by MoES affected the procurement of training supplies, equipment and tools.

Conclusion

The overall performance of the Vocational Education Project was 65.2%, against a time progress of 86.9%. Therefore, project implementation was significantly behind schedule. While performance improved in the recent three (3) months, cost overruns and schedule delays remain major concerns. The GoU project expenditure exceeded budget; and there is a very high likelihood of cost overruns. The Estimated Cost at Completion (EAC) is USD 23.6 million and, as such, MoES needs to prioritise cost control to prevent further escalation.

Recommendations

1. MoFPED and URA should streamline and establish a clear process for the timely remittance of deemed VAT to the contractors.
2. MoES should ensure strict adherence to the OPEC Fund's procurement guidelines and standards to prevent re-tendering delays.
3. For future projects, MoES should strengthen the evaluation criteria by implementing a more robust due-diligence system that thoroughly assesses contractors' financial stability, technical capacity, and past performance. This will ensure the selection of only qualified contractors, thereby minimising the risk of project delays caused by contractor inefficiencies.

3. Vocational Education and Training (VET) Project

Introduction

The Vocational Education and Training (VET) Project is financed by the Saudi Fund for Development (SFD) and the Government of Uganda (GoU) and is implemented by MoES. The total cost of the project is USD 13.330 million, with SFD providing Saudi Riyals (SAR) 45 million (approximately USD 12 million), and counterpart funding from GoU amounting to USD 1.332 million.

The overall objective of the project is to improve access to quality Technical and Vocational Education and Training (TVET) in Uganda. The project is operationalised under four components and a breakdown of the components, scope and budget is shown in Table 3.3.6.

**Table 3.3.6: Summary of Components, Scope, and Budget for the SFD Project**

Components	Scope	Loan Budget (USD)	GoU Budget (USD)
1: Civil Works	Construction of priority buildings in the five new technical institutes, i.e. 1) Amelo TI (Adjumani District), 2) Bukedea TI (Bukedea District), 3) Bukomero TI (Kiboga District), 4) Nyamango TI (Kyenjojo District) and 5) Lyantonde TI (Lyantonde District).	9.472	0
2: Supply of Equipment & Tools	Equipping of five new technical institutes.	1.882	0
3: Design & Supervision	Developing of designs for the new technical institutes and provision of consultancy services.	0.644	0
4: Project Management	Project management	0	1.332
Totals		11.998	1.332

Source: Compiled from SFD project documents.

The project has undergone substantial time extensions. The loan financing agreement was signed in January 2010, with the project declared effective on 4th July 2010. Originally slated for completion by 30th June 2016, the project end date was revised several times, now set for 30th December 2025. As of November 2024, it has been approximately 14 years and 4 months since the project became effective.

The construction of Nyamango, Lyantonde, Bukomero, Bukedea, and Amelo Technical Institutes began in March 2014. Of these, only Nyamango Technical Institute was completed in November 2017. Lyantonde and Bukomero Institutes achieved practical completion. However, unresolved issues during the defects liability period left Bukomero at 80% and Lyantonde at 90% completion. Bukedea stalled at 80%, while Amelo stalled at 80%, which led to the contract termination for the four sites.

In 2019, MoES re-tendered the remaining works for the four incomplete sites and awarded the contract to Complant Engineering & Trade (U) Ltd for US\$ 5.558 billion (inclusive of VAT). However, progress was severely affected by COVID-19 and cash flow issues of the contractor, leading to contract termination in 2022 and liquidation of their US\$ 555 million performance guarantee. Only Lyantonde Technical Institute was substantially completed.

Following the termination of the second contractor, the SFD issued a “No-Objection” in 2022, allowing the MoES to directly procure suitable replacement contractors to complete the outstanding works, and contracts were signed on 16th April 2024, with site handovers in May 2024.

Financial Performance

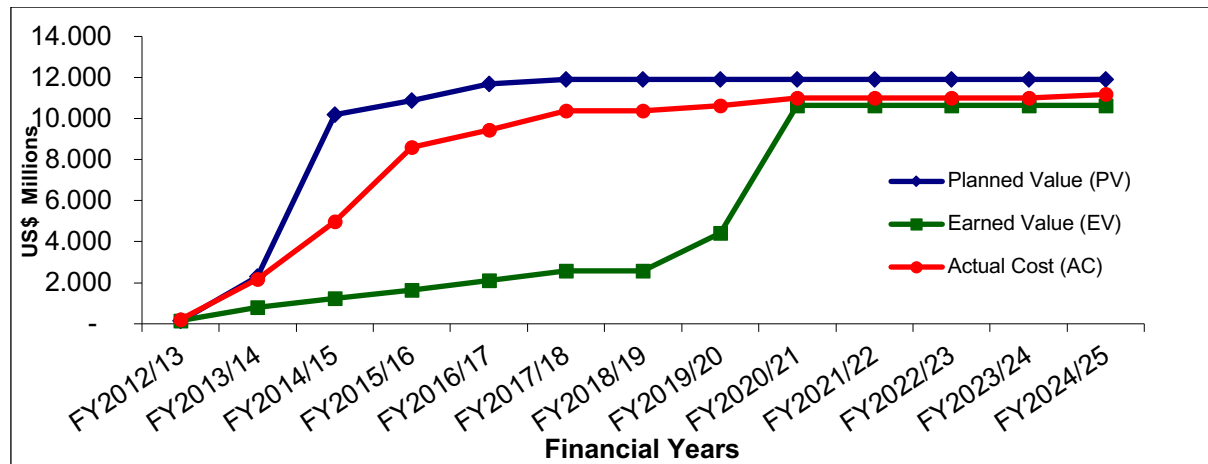
The total loan disbursement to the project was USD 12.781 million (95.8%). The GoU counterpart funding has been fully disbursed. However, there was a notable cost overrun of USD 38,000 under the project management component. This is because the project has been executed for more than 14 years as opposed to the initial five-year duration.

Physical Performance

Overall physical progress of the project was 72.9% against the funds disbursement performance of 95.8%. The physical performance of the project was not commensurate to the financial expenditure (Figure 3.3.5). This was because the project implementation has taken

longer than originally planned. The project is behind schedule, having experienced two separate contract terminations, which severely impacted its implementation. This repeated cycle of contract failures highlights critical issues in contractor selection and performance monitoring.

Figure 3.3.5: Performance of the Vocational Education and Training (VET) Project as by November 2024



Source: Compiled from project reports.

The overall physical progress across Amelo, Bukomero, and Bukedea Technical Institutes averaged 50% of the newly contracted scope (Table 3.3.7). Contracts for these institutes were awarded in April 2024 with a six-month completion timeline ending in November 2024. Construction progress was hindered by delayed advance payments. This delay was worsened by the slow reactivation of the SDF project account with the Bank of Uganda. Given these setbacks, a six-month contract extension was being processed for all three projects to allow adequate time for completing construction, addressing equipment issues, and ensuring final payments to the contractors.

Table 3.3.7: Status of the construction progress at the three technical institutes as of November 2024

Lot No.	Scope (Technical Institute)	Contractor	Contract Sum (US\$)	Physical Progress of the new contracted scope
Lot 1	Completion of Amelo TI	M/s Zawadi Construction Ltd	1,348,603,830 (excl. VAT)	At 70% physical progress and was behind schedule due to delayed payment of the advance
Lot 2	Completion of Bukomero TI	M/s Frematex Construction	1,152,176,025 (excl. VAT)	Progress was 20% of the contracted scope. Work was limited to the contractor's own financing.
Lot 3	Completion of Bukedea TI	M/s Amono Engineering	564,633,510 (excl. VAT)	At 60% with slow progress largely attributed to non-payment for completed works. Quality of works was not good due to poor construction materials. There was no clerk of works.

Source: Field findings.

The equipment provided under the project at Amelo and Bukedea was vandalised and stolen. Documentation was poor at Amelo, as no records including goods received notes were found for the training equipment.



Left–Right: Non-functional guided bending training equipment at Amelo Technical Institute, with parts vandalised; and incomplete magnetic particle testing training equipment at Bukedea Technical Institute, delivered with missing components, rendering it unusable.

Substantially refurbished Administration Block at Amelo Technical Institute in Adjumani District.

Implementation Constraints

1. Contract management challenges as the project experienced termination of contracts for two different contracts, mainly due to cash flow problems. Even after the termination of these contracts, the re-tendering process revealed difficulties in finding capable and reliable contractors.
2. Administrative delays, particularly the lack of timely communication between the Project Coordination Unit (PCU) and SFD, led to delays in obtaining necessary “No-Objection” approvals from SFD.

Conclusion

The VET Project had an overall performance of 72.9% against a loan disbursement of 95.8%. The project was significantly behind schedule despite being implemented for 14 years; and the expenditure not commensurate to the physical performance. There were contractual issues, payment delays and administrative inefficiencies, which greatly contributed to delays in project implementation. The GoU expenditure on the project exceeded budget. These challenges underscore the urgent need for improved project management to ensure adherence to both schedule and budget in the remaining phase.

Recommendation

1. MoES should strengthen coordination, and establish clear and structured communication protocols between the PCU and SFD to mitigate delays.
2. MoES should improve overall project execution through strict monitoring of the pending contracts.

4. Business, Technical, and Vocational Education and Training Support Project - Phase II (1433)

Introduction

The Business, Technical, and Vocational Education and Training Support - Phase II (BTJET II) Project is financed by the Islamic Development Bank (IsDB) and the Government of Uganda (GoU), at a total cost of USD 51.140 million. The IsDB is providing USD 45 million (88%) of the funding, while the GoU initially committed USD 6.140 million (12%). The GoU funding was later increased to USD 11.706 million after an additional commitment of USD 5.566 million to include a parking deck and VIP/facility management areas.

The loan was approved on 16th February 2020, the loan agreement was signed on 19th April 2020, and it became effective on 26th July 2020. The project is scheduled for closure on 1st March 2025. The project development objective is to enhance access to quality Business, Technical, and Vocational Education and Training (BTNET) in Uganda. The project is operationalised in five components as outlined in Table 3.3.8.

Table 3.3.8: Summary of Project Components and Financing for Business, Technical and Vocational Education and Training Support - Phase II

Component	Scope	Budget (USD)		Total (USD)
		Loan	GoU counterpart	
1: Improving Access to BTNET	Construction of the new Skills Development HQ building in Kyambogo; (2) expansion of 9 existing TIs i.e. Moyo, Minakulu, Moroto, Nalwire, Nkoko, Kitovu, Lutunku, Kabale & Birembo with classrooms, workshops, labs, resource centres, administration blocks, multipurpose halls, sickbays, dormitories, staff housing & toilets; equipment, furniture, and tools; and the related design and supervision services.	35.891 M	3.825	39.716 M
2: Improving Quality of Service Delivery;	Improving the overall quality of teaching and learning to the 9 beneficiary TIs through the provision of ICT training infrastructure, curriculum review and development for core training areas, learning materials, and instructor skills upgrading (advanced scholarships for PhDs and Masters).	2.875 M	0.523	3.398
3: BTNET Institutional and Mgt Capacity Building	Improving the overall Institutional management of the 9 TIs covering; Institutional Governance and Management training, Support the TVET Management Information System (MIS) to be offered & accreditation of training programmes.	0.440 M	-	0.440 M
4: Project Management	Support to Project Management Unit costs, knowledge development visits/meetings, and Audit services.	1.713 M	1.234 M	2.947 M
5: Base Costs	Financial Contingencies (approx.5%). Physical Contingencies (approx.5%).	4.081 M	0.558 M	4.639 M
Grand Total		45.00 M	6.140 M	51.140 M

Source: IsDB project appraisal documents, 2020.

Financial Performance

As of 30th October 2024, total disbursements for the project amounted to USD 12.492 million (24.4%) of the USD 51.140 million original budget, despite 94.2% of the project timeline being completed. The Islamic Development Bank (IsDB) disbursed USD 10.450 million (23.3%), while the Government of Uganda (GoU) contributed USD 2.042 million (33.26%), with all funds fully utilised.



The project remains under budget, as indicated by a positive Cost Variance (CV) of 0.66 (Figure 3.3.6). However, the low absorption rate under IsDB funding is attributed to delays in executing activities, particularly those under Component 1 (Access to TVET), which accounts for 80% of the loan. With only four months remaining until the 1st March 2025 project closure date, time overruns in implementing core activities are likely. Additionally, based on performance trends, the Estimated Cost at Completion (EAC) may rise to USD 49 million, highlighting potential cost escalations due to declining project performance efficiency.

At the component level, Project Management had the highest disbursement and absorption across both funding modalities, with IsDB disbursement at 88.4% of its allocation and GoU disbursement at 53% (refer to Table 3.3.9).

Table 3.3.9: Disbursement performance by component for the BTJET II Project as of 30th October 2024

Component	IsDB Budget (USD million)	IsDB Disbursement (USD million)	GoU Budget (USD million)	GoU Disbursement (USD million)
Access to TVET	35.891	7.975 (22.2%)	3.825	1.387 (36.3%)
Quality Services	2.875	0.979 (34.1%)	0.523	-
Institutional Capacity	0.440	-	-	-
Project Management	1.713	1.514 (88.4%)	1.234	0.655 (53%)
Contingency	4.081	-	0.558	-
Total	45.000	10.450 (23.3%)	6.140	2.042 (33.26%)

Source: Compiled from BTJET II project reports and MoFPED-IFMS & PBS.

With only 22.84% of physical progress achieved against 94.2% of time progress, cost overruns are likely at the current pace of implementation. More effort is required to accelerate progress and manage potential financial challenges, given that the project will not be completed within the remaining four months.

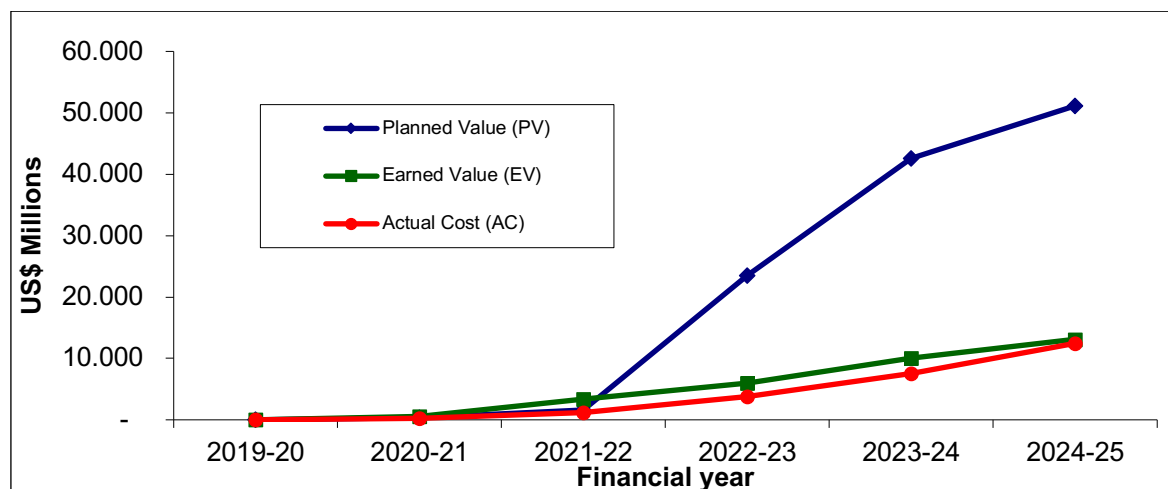
Notably, no funds had been disbursed under the Contingency and Institutional Capacity components. These components are yet to require significant funding, which explains the lack of disbursements from either IsDB or GoU.

Physical Performance

The overall performance of the BTJET-II Support Project is poor, averaging 22.84%. The project is behind schedule³¹ (as evidenced by the EV-PV gap) with 52.7 months (94.2%) of the 60-month project execution period already spent (Figure 3.3.6).

³¹ Schedule Variance (SV) was -38.02= -ve "Behind schedule".
Schedule Performance Index (SPI) was 0.26 = <1 "Behind schedule".

Figure 3.3.6: Performance of the Business, Technical and Vocational Education and Training Support - Phase II Project as at 30th October 2024



Source: Compiled from BTVET-II project reports.

The delay was largely due to the first three years of the project being dedicated to preparatory activities, including the procurement of contractors and consultants, as well as extended timelines for developing structural designs, particularly for the MoES Technical and Vocational Education and Training (TVET) Headquarters.

The MoES should accelerate project implementation by prioritising critical components like the TVET headquarters, addressing bottlenecks such as resource constraints, and strengthening oversight mechanisms to ensure timely decision-making.

Detailed performance by component are highlighted below.

Component 1: Enhancing Access to BTVET

The component includes constructing and equipping the new Ministry of Education and Sports Skills Development Headquarters Building, expanding and equipping nine (9) technical institutes, and providing infrastructure-related consultancy services.

The construction of the MoES Skills Development Headquarters commenced under a joint venture between Sadeem Al-Kuwait General Trading & Contracting Company and Dott Services Limited, at a total cost of US\$ 61.933 billion (approximately USD 16.815 million), exceeding the initial estimate of US\$ 52.7 billion. This increase resulted from the addition of a parking deck, VIP/facility management area, and price escalation of construction materials. As of 15th November 2024, overall physical progress stood at 26% of the contracted scope against time progress of 46%.

The key challenge facing the project is the delayed release of the GoU counterpart funding. Out of the total GoU-required contribution of US\$ 20.13 billion, only US\$ 5.241 billion has been disbursed, leaving US\$ 14.889 billion still outstanding. These delayed payments pose a risk to the contractor's ability to maintain steady progress and could potentially hinder the timely completion of the project if not resolved promptly.

The expansion of the nine technical institutes experienced delays due to its exclusion from the Annual Budget for FY 2021/22 and design adjustments required to address an initial cost overrun of 13.63%. To align with available funds, the project scope was reduced by 12.36%, which resulted in the exclusion of non-teaching facilities and caused a delay in the project's commencement.

Despite these challenges, the procurement process was completed, and contracts were signed in April 2024, with site possession taking place between late June and early July 2024, except for Kabale TI, which was possessed on 9th September 2024. All seven lots are scheduled for execution in 15 months.

Construction was underway at the time of monitoring, with progress varying across sites. Most sites were either at the substructure or superstructure level, achieving an overall average physical progress of 16.1% against an average planned progress of 25%. Overall, the quality of work across the sites was satisfactory, with adequate supervision, as evidenced by monthly site reports detailing progress.



Left: Right: Ongoing construction of Girls Dormitory at Minakulu TI in Oyam District; and the Boys Dormitory at Moyo Technical Institute in Moyo District.

Detailed performance for each site is presented in Table 3.3.10.

Table 3.3.10: Status of the construction progress at the nine technical institutes as of 30th October 2024

Lot No.	Scope	Contractor	Contract Amount (US\$)	Advance Paid (US\$)	Current Progress
Lot 1	Minakulu TI	M/s Prisma Limited	9,313,758,764	1,862,751,753	Progress was 13%, compared to the planned 25%, with some structures at the substructure or superstructure level.
Lot 2	Moyo TI	M/s Prisma Limited	8,256,053,954	1,651,210,791	Overall progress was 13% against 26% planned (substructure/superstructure level).
Lot 3	Moroto TI	M/s Ambitious Construction Company Limited	11,907,711,798	2,381,542,360	Progress was 20% (superstructure level). Design reviews are ongoing for cost optimisation.
Lot 4	Birembo TI	M/s Zhongmei Engineering Group Limited	8,543,991,349	341,759,654	At 16.1 progress and behind schedule (substructure level). Slow progress noted.
Lot 5	Lutunku & Kitovu TIs	M/s Ambitious Construction Company Limited	18,349,645,251	3,669,929,050	Physical progress for Kitovu was 27.6% (on schedule) while Lutunku was 25% (slightly behind schedule).

Lot No.	Scope	Contractor	Contract Amount (US\$)	Advance Paid (US\$)	Current Progress
					Both were at the superstructure level.
Lot 6	Kabale TI	M/s Ambitious Construction Company Limited	11,287,378,195	2,257,475,639	Progress was 09% (on schedule) against 9.7%-time progress (substructure/superstructure level). Relocation and demolition completed.
Lot 7	Nkoko & Nalwire TIs	M/s CRJE (EA) Ltd	18,210,279,081	3,642,055,816	At 5% and behind schedule (substructure level). Inadequate progress; layout revisions are ongoing.

Source: Compiled from field findings.

Lot 5 (Lutunku and Kitovu Technical Institutes) achieved better progress, with 26.3% average physical progress, reflecting relatively strong performance compared to the other sites and aligning with expectations for this stage of the project. This better progress was likely due to the contractor's capacity to execute the works. In contrast, the lowest progress, recorded was 5% for Lot 7 (Nkoko and Nalwire Technical Institutes) at the substructure level, which was partly attributed to the ongoing site layout revisions. These revisions, while necessary to address design or site-specific issues, may further slow progress as they require additional time for planning, approval, and implementation.

Environment, Social, Health, and Safety Safeguards

The integration of Environment, Social, Health, and Safety (ESHS) Safeguards into the project was generally consistent across the monitored sites. The overall compliance with the safeguards was generally satisfactory. However, there were areas for improvement:

Conflict resolution mechanisms: Although most sites had safety officers, there was no formalised conflict resolution mechanism in place. Introducing grievance redress systems would offer a structured approach to resolving disputes or concerns from workers and community members, helping maintain project harmony and reducing potential tensions.

Worker safety and PPE compliance: Personal protective equipment (PPE) was provided to workers at all sites, to ensure their safety. However, regular safety audits and additional worker training on proper PPE usage and safety protocols would help maintain a safe working environment.

Gender equality and inclusion: The involvement of women at the different sites was minimal, primarily due to the nature of manual labour, which traditionally does not attract female workers. On-site roles for women were largely limited to tasks such as cooking, storekeeping, and cleaning. Only two women were observed participating in the construction work at Minakulu Technical Institute, while Kabale Technical Institute had a lady as an assistant site engineer. To enhance gender equality, the project could consider promoting gender-inclusive hiring practices and provide support for women to engage in roles beyond traditional expectations.



Component 2: Enhancing Quality of Service Delivery

This component focuses on improving teaching and learning quality across nine technical institutes by providing ICT training equipment, updating curricula in key training areas, and offering skills development opportunities.

For skills upgrading and development, all 32 selected scholars began their studies across 13 institutions in India, Kenya, Tanzania, and Uganda. Of these, 40% are female (01 PhD and 12 master's candidates), and 60% are male (04 PhD and 15 master's candidates). All scholars progressed to the second academic year of their studies.

The Competency-Based Education and Training (CBET) curriculum development and review: M/S Mamza Consulting Ltd (Uganda) and M/S Impetus Consulting & Skills Development (South Africa) were awarded a consultancy contract through a restricted bidding process at a cost of USD 386,055. The development and review process encompass the adoption of four World Bank-funded areas (Animal Husbandry, Building Construction, Road Construction, and Light Manufacturing), two areas for upgrading (Electronics and Telecommunications; and Tourism and Hospitality), and three new areas (Agricultural Value Addition-Textiles, Agricultural Mechanization-Mini-irrigation, and Mineral Development). As of November 2024, the Consultant had initiated DACUM³² workshops, covering Agricultural Mechanisation Electronics and Telecommunications.

Component 3: TVET Institutional and Management Capacity Building

This component aims to enhance institutional management across nine technical institutes through (1) governance and management training; (2) integrating the TIs into the TVET Management Information System (MIS); and (3) accrediting training programmes. However, MoES already included the nine TIs in the TVET MIS, developed under the World Bank-funded Uganda Skills Development Project (USDP). The remaining activities under this component are yet to be implemented, pending the completion of infrastructure.

Implementation Constraints

1. Delayed disbursements of GoU counterpart funding, which has hindered the timely execution of key activities, particularly in the construction of the MoES Skills Development headquarters.
2. Inadequate preliminary project preparation, primarily caused by poor planning and misalignment in prioritising critical activities, severely delayed the timely commencement of construction works. For instance, the failure to complete and review structural designs within the necessary timeframe had a cascading impact on the procurement processes. This delay prevented timely contractor procurement, further hindering the project's progress.

Conclusion

Project performance was poor, averaging 22.84% against 94.2% of time progress. While there has been some progress, particularly in institutional capacity building, the overall physical and financial performance is behind schedule. The delay in key activities has been caused by several factors, including procurement delays, design revisions, and the slow disbursement of GoU counterpart funding, which threatens the project's ability to maintain momentum and

³² DACUM stands for *Developing a Curriculum*. It is a method used in curriculum development that involves subject matter experts in identifying the tasks, skills, and knowledge required for a particular occupation or training area.

meet its objectives on time. To avoid further delays and cost increases, MoES must strengthen oversight, to meet the project's goals.

Recommendation

MoFPED should ensure the timely release of GoU counterpart funding to facilitate uninterrupted progress in key activities, particularly in construction processes.

5. Uganda Intergovernmental Fiscal Transfers Programme (UgIFT)

Background

The Uganda Intergovernmental Fiscal Transfers (UgIFT) for Results programme is supported by the World Bank to implement the Inter-Governmental Fiscal Transfer-Reform Program (IGFT-RP) and strengthen fiscal decentralisation.

Initially, the UgIFT programme (2018/19 – 2020/21) focused exclusively on Education and Health sub-programmes, with a credit allocation of SDR 145.9 million (USD 200 million). However, it was later restructured in August 2020 to include Water and Environment, and Agriculture (micro-scale irrigation), as well as support interventions in refugee-hosting communities. Subsequently, an Additional Financing (AF) of USD 300 million, including a USD 60 million grant, was approved, bringing the total financing to USD 500 million, and the programme's end date was also revised from 30th June 2022 to 30th December 2025.

The restructured IGFT-RP is anchored on four key objectives:

- i. Improve the adequacy and equity, and increase discretion in the financing of local service delivery.
- ii. Improve Central Government performance in the oversight, management and delivery of LG services.
- iii. Improve LGs' performance in the management of local service delivery.
- iv. Improve the effectiveness and efficiency of service delivery by frontline providers.

The programme development objective is “to improve the adequacy, equity, and effectiveness of financing and the oversight, management, and delivery of Local Government (LG) services in Education, Health, Water and Environment, and Micro-irrigation in Agriculture, including refugees and their host communities”.

The UgIFT programme focuses on four Key Result Areas (KRAs), grouped into six (6) Disbursement-Linked Indicators (DLIs)³³ whose achievement triggers the disbursement of funds (Table 3.3.1).

³³ **DLIs** are performance metrics used to track the disbursement of funds based on achieving specific milestones or targets. The DLIs are designed to ensure that funds are used effectively and efficiently by tying disbursements to the achievement of predetermined goals.

**Table 3.3.1 UgIFT Result Areas, Disbursement Linked Indicators, and Actions**

Disbursement Linked Indicators (DLIs)	Description
Result Area 1: Enhancing Adequacy and Equity of Recurrent and Development Financing of Local Service Delivery.	
DLI 1: Adequacy and Equity of Recurrent Financing of Local Service Delivery	Wage Allocations, Recruitment; and Non-Wage-Recurrent Allocations: Focus on financing the incremental cost of recruiting additional health workers, teachers and Water Officers in the least-staffed Local Governments and of staffing the new facilities, as well as the costs of transitioning staff to the LG payroll in refugee-hosting LGs. It also provides incentives for providing adequate financing for critical higher and Lower Local Government (LLG) staff such as Education Inspectors and Water Officers.
DLI 2: The Adequacy and Targeting of Development Financing for Service Delivery Infrastructure and Equipment Improves and is Linked to Performance	Development Conditional Grants: Aims to increase the allocations to development conditional grants to the Education, Health, Water & Environment, Micro-Scale Irrigation, and Discretionary Development Funding (i.e. DDEG grant) sectors.
Result Area 2: Improvement in Central Government Oversight and Management of Service Delivery	
DLI 3: Key Actions from the Local Service Delivery Improvement Matrix	Improving systems, processes, and capacity for improved service delivery within and across Education, Health, Water and Environment, Micro-Scale Irrigation, and cross-cutting areas.
DLI 4: Central Government Core Functions in Oversight Functions for MDAs	Strengthening Central MDAs to carry out their core functions: In the oversight of service delivery to agreed levels in specified areas, including essential guidance; performance assessment and improvement support; routine oversight; performance information; monitoring of service delivery; and construction and safeguarding requirements.
Result Area 3: Improvement in LG Management of Service Delivery	
DLI 5: LG Management of Service Delivery	LG management of service delivery is strengthened overall and for the weakest performing Local Governments in Education, Health, Water & Environment, and Irrigation sectors, and in cross-cutting areas.
Result Area 4: Improvement in the Effectiveness and Efficiency of Delivery of Services and Infrastructure by LGs	
DLI 6: Service Delivery Improvement of Frontline Service Delivery Entities, Schools, Health Facilities and LLGs	Frontline service delivery assessments: The efficiency and effectiveness of LLGs and service delivery units (primary schools and health facilities) will be assessed, and the incentives provided to stimulate improvements, including the provision of performance improvement support to weak performing entities; and reporting and verification procedures for these actions as well as the associated disbursements.

Source: UgIFT Programme Operations Manual (POM), 2020.

Overall Financial Performance of the UgIFT Programme

By 31st October 2024, the overall disbursement was USD 390 million (of which USD 73.8 million was an advance) on account of the achieved DLI actions, representing 78% of the World Bank financing, while USD 110 million (22%) remains undisbursed. This represents a 20.34% increase in the disbursement of funds between June 2024 and October 2024.

There has been a notable improvement in the timeliness of resource releases to Local Governments and an enhancement in the adequacy of financing, evidenced by 111% overall growth between the financial years 2017/18 and 2023/24. During this period, fiscal transfers increased significantly from USh 1,789 billion in 2017/18 to USh 3,771 billion in FY 2023/24.

Below is the detailed performance of the UgIFT Programme in the Education, Health, Water and Environment, and Micro-Irrigation (Agriculture) sectors.

UgIFT Education

A total of three (3) (DL1, 2 &3) out of six (6) DLIs under the Education Sub-programme were monitored, namely: a) Adequacy and Equity of Recurrent Financing of Local Service Delivery; b) The Adequacy and Targeting of Development Financing; and c) Key Actions from the Local Service Delivery Improvement Matrix.

Financial Performance

The budget allocation for the education sector increased consistently from USh 938.4 billion in FY 2016/17 to USh 2.1 trillion in FY 2021/22 in nominal terms. However, it experienced a slight decline in FY 2023/24, reducing to USh 2.55 trillion from USh 2.59 trillion in FY 2022/23, and further decreased to USh 2.47 trillion in FY 2024/25.

The budget allocation reductions in the last two financial years (FY 2023/24 and FY 2024/25) were attributed to the scaling down of some programme activities as the programme approaches its conclusion on 30th December 2025. The focus has shifted to completing ongoing projects and operationalisation of facilities in terms of staffing (wage) and provision of operational funds (non-wage). Additionally, the completion of several planned interventions has reduced the need for further funding

Physical Performance

The programme's physical performance aligns with the monitored Disbursement-Linked Indicators (DLIs).

DLI 1: Adequacy and Equity of Fiscal Transfers

The focus of DLI 1 is to enhance the provision of wage allocations by funding the incremental costs of recruiting staff for new seed schools, additional teachers, and School Inspectors in the least-staffed Local Governments. It also aims to improve allocations of Non-Wage Recurrent (NWR) conditional grants based on an equitable formula.

a) Wage Allocations, Recruitment, and Releases: Wage grants for both primary and secondary education have shown consistent growth. However, the Government has not fully met its commitments to wage provision for education with a shortfall of USh 4.4billion still to be allocated.

- **Primary education wage grants:** These increased from USh 918.4 billion in FY 2017/18 to USh 1.03 trillion in FY 2024/25, representing a 12.3% rise.
- **Secondary education wage grants:** There was a significant rise in secondary education wage grants, from USh 217.6 billion in FY 2017/18 to USh 746.5 billion in FY 2024/25, marking a 243.1% increase. This substantial growth was mainly due to the recruitment of educational personnel in underserved local governments and the staffing of seed secondary schools established under the UgIFT program. The salary enhancement for scientists in FY 2021/22 also contributed to improved wage adequacy.



- **Staff recruitment:** A total of 5,269 staff were recruited, of which 329 were head teachers, 4,415 teachers, and 525 support staff. However, only 2,938 of these staff were deployed, leaving 2,331 staff members undeployed, with a wage requirement of US\$ 54.65 billion. To address this, a supplementary budget of US\$ 111 billion for FY 2023/24 was allocated to facilitate the deployment of already recruited staff and the recruitment of an additional 3,441 staff (2,775 teaching and 666 non-teaching staff) for Phase II Seed Schools.
- **Challenges in recruitment:** Staff recruitment targets have not been met due to poor Human Resource (HR) planning, budgetary constraints, and a recruitment ban in FY 2023/24. These challenges were further exacerbated by salary increases for science teachers. To address these delays, MoES and the Education Service Commission have moved from school-based recruitment to a more centralised process, which is expected to accelerate recruitment this FY 2024/25.
- **Staff allocation:** The projection of 31 staff members per school may not be entirely realistic, given the varying sizes of student enrolments across different schools. Larger schools may require more staff to maintain adequate teaching and support levels, while smaller schools may need fewer.

Therefore, the distribution of staff should not be uniform across all schools but based on a thorough assessment of each school's specific needs, especially the student population. A more flexible approach would be adopted to ensure that staffing allocations align with the actual needs of each school. Periodic reviews should also be conducted to assess staffing adequacy about enrolment changes and other evolving requirements.

b) Non-Wage-Recurrent (NWR) Allocations and Releases: Overall, the NWR allocations for both primary and secondary education have become more equitable and consistent since the introduction of formula-based allocations under the UgIFT programme.

- The non-wage recurrent funding targets have already been met, with sector budget allocations reaching US\$ 663 billion, exceeding the MTP target of US\$ 593 billion. Overall, non-wage recurrent allocations grew by 112% from US\$ 231.4 billion in FY 2016/17 to US\$ 490.3 billion in FY 2024/25. However, the targets were missed for FY 2022/23 and FY 2023/24 due to fiscal constraints.
- Funding for primary education rose from US\$ 67.8 billion in FY 2017/18 to US\$ 298.7 billion in FY 2024/25, a 340.5% increase.
- Similarly, secondary education non-wage recurrent funding increased from US\$ 127.0 billion in FY 2017/18 to US\$ 159.2 billion in FY 2024/25, reflecting a 25.4% rise.
- Capitation grants for the Universal Primary Education (UPE) grant rose from US\$ 10,000 to US\$ 24,000 per pupil annually, while the Universal Secondary Education (USE) grant increased from US\$ 123,000 to US\$ 199,000 per student per year between FY 2018/19 and FY 2023/24. Similarly, the Universal Post O'Level Education and Training (UPOLET) grant increased from US\$ 240,000 to US\$ 315,000 per student annually (Table 3.3.2). In addition, the Inspection grants increased from US\$ 336,000 to US\$ 352,800 per year, and District Education Officers' (DEOs') monitoring grants increased from US\$ 100,000 to US\$ 330,000 per year.

Table 3.3.2: Changes to the primary and secondary education capitation grants (USh) in FY 2018/19 to FY 2023/24

Grant	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	% Increase (FY 2018/19 to FY 2023/24)
UPE capitation grant per school	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	0%
UPE capitation grant per student (regular)	10,000	12,000	17,000	20,000	14,500	24,000	140%
USE capitation grant per student	123,000	165,000	175,000	180,000	190,000	199,000	62%
UPOLET capitation grant per student	240,000	264,000	270,000	285,000	260,000	315,000	31%

Source: Author's compilation from field findings.

- Despite the progressive increase in capitation grants, they remain insufficient to meet the growing demands of schools, particularly in covering operational costs, infrastructure maintenance, and the provision of scholastic materials. This shortfall undermines the overall quality of education and the learning environment.
- Additionally, newly enrolled pupils in refugee schools face challenges with integration into the Education Management Information System (EMIS). The thirteen-digit identification numbers assigned to these new pupils cannot be processed within the EMI+-S, affecting accurate capitation grant allocation to the schools.

DLI 2: The Adequacy and Targeting of Development Financing

The Education Sector Development grant aims to support the construction and procurement of essential education infrastructure, including secondary schools and technical schools, in sub-counties that previously lacked access to secondary education. It also seeks to increase funding for the rehabilitation of existing primary schools. The implementation of these deliverables under DLI 2 is structured into three phases, as shown in Table 3.3.3

Table 3.3.3: Phased construction of Seed Secondary Schools, school labs, and rehabilitation of technical schools

Description	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Phase I	117						117
Phase II		115					115
Phase III			27				27
Additional School Labs					134		134
Rehabilitation of Technical Schools			13				13

Source: UgIFT Programme Operations Manual (POM), 2020.

- The funding for education development grants allocation, particularly for UgIFT Seed Secondary Schools, had a significant increase. The allocation grew from USh 135.9 billion in FY 2019/20 to USh 161.9 billion in FY 2024/25, marking a 19.1% increase.

- As of 31st October 2024, a total of 114 (all from Phase I) out of the planned 259 Seed Secondary Schools were completed, fully operational, equipped, and staffed. Of these, 68 schools have already been commissioned. However, three schools from Phase I, i.e. Bubentsye Seed Secondary School in Mbale, Mukoto Seed Secondary School in Namisindwa, and Kihanga Seed Secondary School in Ntungamo, were still under construction but nearing completion.
- Student enrolment in completed Seed Secondary Schools surged from 27,967 in 2022 to 62,670 by October 2024, with some schools exceeding 1,000 students, particularly in Buyende and Pallisa Districts. This increase reflects the rising demand for secondary education in rural and underserved areas. However, the growing enrolment has led to challenges, including overcrowded classrooms, high student-to-teacher ratios, and insufficient resources, highlighting the need for improved infrastructure and staffing to accommodate the larger student population.
- Equipment, including ICT devices (computers and accessories), science kits, and reagents, were procured, delivered, and installed in completed Seed Secondary Schools. However, several schools, particularly in Eastern Uganda, experienced thefts of computers due to inadequate security, including lack of fencing. Procurement of ICT equipment for Phase II and III schools is planned for the FY 2024/25, with USh 35.6 billion being allocated for this purpose.
- The construction of 111 Seed Secondary Schools under phase II was still underway, with sites at varying stages of completion, but mostly at the roofing stage, while some had stalled. The four (4) traditional schools (Butobere/Kabale, Sir Samuel Baker/Gulu, Busoga High/Kamuli, and Teso College-Aloet/Soroti) were repurposed to the ULEARN project.
- Construction of the 27 schools under Phase III also commenced, except for Kazo District Local Government, where construction works have not started.



Stalled construction of school facilities at Mamba Seed Secondary School in Nebbi District.



Left – Right: Partially roofed classroom block and an incomplete classroom block in use by Senior 1 students in Mamba Seed School, Nebbi District.

- **Technical institutions:** Technical institutions received a total investment of US\$ 6.31 billion across five institutions. Rwentanga Farm Institute is the only completed project, with an investment of US\$ 2.41 billion. Kumi Technical Institute and Tororo Cooperative College were at the contract award and evaluation stages, respectively. Construction was also underway at Jinja School of Nursing and Midwifery and Jinja Medical Laboratory School. These disparities highlight the need for improved project management and timely implementation to ensure efficient resource use.
- **Primary school infrastructure:** There was significant progress in improving primary school infrastructure between FY 2020/21 and FY 2023/24, with 28,981 interventions completed. This includes the construction of 1,998 new classrooms and the renovation of 643 existing ones. Furthermore, 6,681 VIP latrines were built, improving sanitation, while 19,414 three-seater desks enhanced classroom seating capacity. However, the completion of only 245 teachers' houses underscores a persistent gap in addressing accommodation needs for teaching staff. This shortfall negatively impacts teacher retention and performance, particularly in remote areas.

DLI 3: The Service Delivery Improvement Matrix (SDIM)

a) Key Actions from the Service Delivery Improvement Matrix (SDIM)

One of the key actions to improve service delivery was to harmonise the inspection tool, staffing structure, and model for the inspection of primary and secondary schools, with the integration of Teacher Effectiveness and Learner Achievement (TELA), e-inspection and other instruments that were developed and disseminated.

The TELA is a performance management system focused on time-on-task that captures evidence-based information. The Directorate of Education Standards (DES) managed the contract, under the UgIFT Project.

The integration of the TELA system and the e-inspection system has significantly enhanced school inspection processes in Uganda.

Key Achievements under TELA

- **Distribution of devices:** A total of 12,009 mobile phone-enabled biometric devices were distributed to primary and secondary schools, including Certificate-Awarding Institutions.
- **System rollout:** The TELA system was implemented in 14,459 primary and secondary schools, including certificate-awarding institutions.
- **Training of head teachers:** All head teachers in the target institutions were trained: 4,850 in the Northern Region, 7,677 in the Eastern Region, 8,346 in the Western Region, and 7,150 in the Central Region.
- **Application upgrade:** The TELA application was upgraded to incorporate lessons learnt from the pilot phase.
- **Development of user manuals:** Step-by-step user manuals were developed and distributed.



Key Outcomes

- ***Strengthened school inspection:*** The combined systems have improved the efficiency and effectiveness of school inspections.
- ***Enhanced communication and feedback:*** There is now better communication among stakeholders, facilitating collaboration and informed decision-making.
- ***Timely feedback and follow-up:*** Local Governments and schools requiring immediate attention receive prompt feedback and follow-up actions.
- ***Standardised inspection process:*** The inspection process has been standardized across all inspectors, ensuring consistency.

Despite improved teacher attendance rates (85–90%), time-on-task remains a challenge, especially for science teachers. Many rural schools also struggle with poor internet and electricity connectivity, and some face difficulties affording data.

Implementation Constraints

1. Lack of operation and maintenance plans as there are no infrastructure and equipment maintenance strategies after the programme ends.
2. The lack of fencing has resulted in security lapses, leading to the loss of computers, especially in Eastern Uganda.
3. Slow staff recruitment, which is hindering the effective operationalisation of Seed Secondary Schools.
4. Contract management challenges, including the low capacity of some contractors and project abandonment, pose a risk to the completion of 145 schools by June 2025.
5. Some schools lack electricity and water connections, affecting the operationalisation of the ICT and science laboratories.
6. The surge in enrolment, from 27,967 in 2022 to 62,670, has strained resources, exceeding the capacity of infrastructure and staff, potentially compromising the quality of education.

Conclusion

The UgIFT Programme has demonstrated good progress in improving service delivery through enhanced fiscal transfers, recruitment of staff, and establishment of Seed Secondary Schools in underserved areas. While financial disbursements and physical achievements are commendable, challenges such as time overruns in Phase II and Phase III which project contractor capacity issues, budgetary shortfalls, delayed recruitments, inadequate capitation grants, and overcrowding in schools, need urgent attention to ensure the programme meets its objectives by the end of June 2025.

Recommendations

- MoES, in collaboration with the affected Local Governments, should prioritise the completion of construction projects by addressing contractor issues. This includes closely monitoring project timelines to prevent delays and ensure the timely delivery of infrastructure.
- MoFPED should allocate additional funding (in real terms) for operations and maintenance (O&M).
- MoES and the Education Service Commission (ESC) should strengthen Human Resource planning to align recruitment with budgetary provisions. Centralised recruitment should be expedited to address staffing gaps as quickly as possible.
- Monitoring mechanisms should be strengthened to ensure the timely completion of Phase II and III Seed Secondary Schools and the operationalisation of all facilities.

UgiFT - Health

The UgiFT programme under health targeted to:

- (i) Ensure adequacy and equity of recurrent financing of local service delivery. This involves funding the recruitment of additional health workers for the least-staffed Local Governments to ensure that all Local Governments have at least 82% of primary healthcare positions filled by FY 2022/23. Transition 15 humanitarian partner-run health centres serving refugee and host communities spread across 12 refugee-hosting districts. All 15 facilities to be transitioned are Health Centre IIIs and, as such, will be staffed by 19 health workers each.
- (ii) Ensure the adequacy and targeting of development financing for service delivery infrastructure and equipment improve and is linked to performance (upgrading and equipping 371 Health Centre IIs to IIIs in phases, i.e. 124 in FY 2018/19, 62 in FY 2019/20, 64 in FY 2020/21, 58 in FY 2021/22 and, finally, 63 in FY 2022/23).
- (iii) Implement key actions from the Local Service Delivery Improvement assessments.
- (iv) Implement Central Government core functions in oversight functions for MDAs.
- (v) Undertake service delivery improvement of frontline service delivery entities, health facilities and LLGs.

Financial Performance

The overall budget, across the seven financial years 2018/19 to 2024/25, allocated to the health development grants, sub-grant upgrading of health facilities was USh 527.2 billion, of which USh 509.9 billion was released and 78% spent (Table 3.3.4). It should be noted that funds were absorbed after multiple revoting as funds were perpetually not absorbed in a single financial year partly because of late award of contracts and inadequate capacity of contractors.

Table 3.3.4: Financial performance of Health Development – HC Facility upgrades (USh billion)

FY	FY2018/19	FY2019/20	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25
Budget	39	40	133.1	120.1	102.1	40.5	52.4
Releases	39	40	133.1	120.1	102.1	40.5	35.1
Expenditure	39	40	133.1	120.1	43.2	40.5	

Source: MoH, World Bank Missions report (2024), MoFPED approved estimates.



Physical Performance

The overall performance of UgIFT improved from 69% to 84% as of 31st October 2024. Performance of the UgIFT Project, though initially behind schedule in the first two financial years, showed systematic improvement, with some projects completed, health centres equipped, health workers recruited and health facilities functional. Several ancillary performance measures were also undertaken. Details of performance per Disbursement-Linked Indicator (DLI) for the five out of the six DLIs is presented subsequently.

i). Disbursement Linked Indicator-1: Adequacy and Equity of Recurrent Financing of Local Service Delivery

a. Staffing for the 250 Upgraded Health Centres

The project further planned to fund the recruitment of additional health workers for the least-staffed Local Governments, as well as the additional 10³⁴ staff required to upgrade an HC II to HC III and staff the transitioned 15 refugee-serving health centres with 19 health workers each. Allocations in the Medium-Term Plan are meant to cover the recruitment.

A total of US\$ 30.9 billion was provided in FY 2024/25 to recruit staff for upgraded health facilities and US\$ 5.9 billion to recruit staff for 20 transitioned health facilities in refugee-hosting districts.

In addition, the GoU provided US\$ 15.7 billion in FY 2024/25 for PHC non-wage (including Result-Based Financing and transitioned facilities) for upgraded and existing health facilities in FY 2024/25. A total of US\$ 33.5 billion was provided in FY 2024/25 to National Medical Stores (NMS) for essential medicines and health supplies to new and existing health facilities

ii). Disbursement Linked Indicator-2: The Adequacy and Targeting of Development Financing for Service Delivery Infrastructure and Equipment improves and is linked to Performance

a. Upgrade of Health Centre IIs to IIIs

The scope of the upgrade entailed the construction of a new Maternity/General Ward; renovation of the old Out-Patient Departments (OPDs); construction of two (2) twin staff houses; construction of one 4-stance VIP latrine with shower rooms for patients; a 2-stance VIP-lined staff latrine; construction of a placenta pit and medical waste pit; and provisions for solar power, water supply, waste management systems, and medical equipment.

Between FY 2018/19 and FY 2023/24, a total of 373³⁵ health centres were to be upgraded from HCII to HCIII. These projects were to last for eight (8) months and were expected to be completed by November 2022.

³⁴ When the project started in 2017, MoH Guidelines required that a fully operational Health Centre III should have 19 staff, including a Senior Clinical Officer, a Clinical Officer, a Laboratory Assistant, a Laboratory Technician and a Nursing Officer, Health Information Assistants, Porters and Askaris. Health Centre IIs were expected to have 9 staff. The requirement has since changed to 55 staff for Health Centre IIIs.

³⁵ 124 Health Centre IIs, in FY 2018/19, 62 HCs in FY 2019/20, 64 HCs in FY 2020/21, 58 HCs in FY 2021/22 and 63 in FY 2022/23; including other two new HCIIIs.

Of the 373, 316 (84%) were completed as of 31st October 2024, while 57 (16%) were still under construction. The completed facilities that were in use yielded a couple of benefits, including:

- i) Reduced distance to health facilities.
- ii) Ability to deliver mothers and offer other primary healthcare services.
- iii) Increased access to adolescent related services, including family planning.
- iv) Improved the availability of health workers for the facilities that had staff accommodation,



Substantially completed General Maternity Ward at Tombwe HCIII.

Conversely, those under construction varied in performance. Some facilities were ongoing or substantially complete while others had stalled.

In Bundibugyo, for instance, Buhanda HCIII construction was ongoing averaging 65% physical progress, Mirambi at 95%, Tombwe at 96%, Bundi-Mulangya at 95%, Busunga at 95% while Works at Kyondo HCIII had stalled.

In Kabarole District, Kichwamba, Iruhuura, Kidubuli and Kiko HCIIIs were all substantially complete but not in use.

Several facilities remained underutilised mainly because the equipment was still under procurement, while others had stalled. Examples of stalled sites was Nyabuswa HCIII in Kabarole District where the district was procuring a new contractor to complete the works. It should be noted that even the staff house at the same facility was completed by another contractor after the initial one abandoned the site. Examples of sites where the procurement of equipment was still ongoing included Kiko, Kidubuli, and Nyantabooma HCIII in Kabarole District.

Some health facilities lacked staff houses, especially those ones implemented during the FY 2018/19 while others were completed and awaited commissioning. In some health facilities which had staff houses, some houses lacked the attendant VIP latrines even when there were no waterborne toilets, as was the case for Nyakitoli HCIII in Kabarole District.

In addition, some facilities lacked any source of energy to support night deliveries. For instance, Kicwamba HCIII in Kabarole district lacked electricity connection and recorded several snags. These included poorly installed sinks some of which were broken, the equipment remained installed.

b. Equipping of the Health Centres

As part of the operationalisation of the health centres, the project planned to equip all the newly constructed health centres with cold chain equipment, laboratory and maternity equipment, and upgrading the Health Centre III drug kit. It is important to note, however, that for FY 2018/19

facilities, equipment was not planned under the UgIFT Programme as it was supposed to be provided under the Uganda Reproductive, Maternal and Child Health Services Improvement Project (URMCHIP).

Of the 316 completed health centres, 316 (100%) reported having received equipment. The received equipment was assorted, including cold chain equipment, maternity equipment, and laboratory equipment.

Although the delivery performance was good, it was observed that in some instances equipment was delivered but not installed at sites due to some sites not being fully completed. Therefore, the equipment was being stored at the district. For instance, the equipment for Kituule HCIII and Nyabuswa HCIII remained in the Kabarole District store, awaiting completion of the civil works.

In other instances, the equipment was delivered, installed but not put into use, awaiting commissioning.

There were also cases of delivery of substandard equipment, some of which was broken even before use, as the case was for Tombwe HCIII in Bundibugyo District.



Delivery bed and other equipment at Busunga HCIII, Bundibugyo District

i) Disbursement Linked Indicator-3: Key Actions from the Local Service Delivery Improvement Matrix



Some of the broken furniture delivered to Tombwe HCIII, Bubandi Sub-County, Bubandi Parish.

Overall, the MoH was on course to improve local service delivery. MoH and OPM provided support to all refugee-hosting districts (RHDs) to develop transition plans and transition critical workers and facilities to government status. All RHDs have developed transition plans.

Out of the 35 Health Centre IIIs planned for transition in the refugee-hosting districts, 15 were transitioned to Government in FY 2021/22. The remaining 20 HC IIIs have been transitioned in this FY 2024/25.

Budgetary allocations for wages, operational costs, essential medicines, health supplies were also provided for all the transitioned facilities. In relation to the blood transfusion services, three regional blood banks were constructed and equipped in Arua, Hoima, and Soroti to support the referral system and improve blood availability in the three regions.



Left-Right: Hoima Blood Bank; Selected blood donation equipment at Hoima Regional Blood Bank.



L-R: Soroti Blood Bank; Arua Blood Bank at substantial completion.

The physical progress was at 99% progress for the construction of Hoima, Soroti and Arua Blood Banks. To support effective operationalisation of the facilities, MoFPED provided supplementary funding to the Uganda Blood Transfusion Service (UBTS) to recruit staff for the blood banks in FY 2024/25.

ii) Disbursement Linked Indicator-4: Central Government Core Functions in Oversight Functions for MDAs

The MoH was on course in relation to the DLI 4. Coordination meetings were held, and performance improvement plans in place and were under implementation (Table 3.3.5).

Table 3.3.5: Performance of DLI 4: Central Government core functions in oversight functions for MDAs for health sector

Indicator	Progress
Essential Guidance, Preparation and Dissemination	MOH developed and disseminated the FY 2024/25 Primary Healthcare (PHC) grant and Budget guidelines.
Performance Assessment & Improvement Support	MOH supported 10 least performing local governments and these developed performance improvement plans
Monitoring and Technical Support	MOH held regional performance reviews for Local Governments to strengthen planning and budgeting processes. MOH reviewed monitored and reviewed performance for all the 4 Quarters of FY 2023/2024. The Health Facility Quality of Care Assessment Program was ongoing in Local Governments.
Data Quality Assurance and Mentorships	Targeting all local governments and sampled HFs was ongoing

Source: MoH, field findings.



iii) Disbursement-Linked Indicator 6: Service Delivery Improvement of Frontline Service Delivery Entities, Schools, Health Facilities and LLGs

The MoH was on track to achieve the DLI6. Assessments were ongoing for 1,830 health facilities targeted for FY 2024/25. The details are summarised in Table 3.3.6.

Table 3.3.6: Performance of DLI 6: Service delivery improvement of frontline service delivery entities for health

ACTIVITY	COMMENT
Health Facility Quality of Care Assessment (HFQAP)	Assessments were completed in 1,701 health facilities in FY 2023/24. Assessments currently in progress for 1,830 health facilities targeted for FY 2024/25.
Semi-Annual Verification	Verifications were ongoing for 4 sampled health facilities in all eligible Local Governments.
Regional/LG Performance Review and Planning Mentorship Workshops	Capacity building/support to complete/generate integrated work plans was completed for FY 2023/24. All 176 LGs were supported to develop work plans for current FY 2024/25.
Other Activities	Performance review and planning workshops completed (countrywide). Data quality assurance and mentorships (91 LGs, 192 HFs) completed. Support supervision and service delivery monitoring done. Updating the sector grant and budget guidelines completed for FY 2024/25.

Source: MoH, field findings.

Implementation Constraints

- Delays in initiating and finalising the procurement processes in the earlier years of implementation, which caused significant delays in the project schedule.
- Low capacity of the contractor in terms of manpower and machinery, as well as contractors managing multiple sites, leading to abandonment of sites.
- Poor planning, exemplified by exclusion of key project components such as staff houses and incinerators at several sites. This compromised the functionality of facilities.

Conclusion

Project performance improved from fair to good. The early years of the project were negatively impacted by procurement delays (specifically in the first year of implementation), the 2-year COVID-19 pandemic that impacted the second and third years of implementation, delays in re-voting funds and low capacity of contractors, leading to site abandonment.

However, despite considerable delays in the early stages of implementation, there has been an upward trend in performance, with several fully operational currently in use. There is, therefore, urgent need for the stalled and abandoned sites to be re-contracted and their completion prioritised for the project to get back on track.

UgIFT-Water and Environment

Overall four (DLI 1, 2 and 3) under the Water and Environment were tracked specifically: a) Adequacy and Equity of Recurrent Financing of Local Service Delivery; b) The Adequacy and Targeting of Development Financing; and c) Key Actions from the Local Service Delivery Improvement Matrix.

Financial Performance

The Water and Environment UgIFT programme budget allocation to the District Local Government started in FY 2020/21 and ended in FY 2024/25. The original budget of the District Local Governments (DLGs) before UgIFT was US\$ 48.4 billion (Development), 4.5 billion (Non-wage) and US\$ 0.8 billion (ENR). Table 3.3.7 shows the total development grant with UgIFT contribution to date. The development budget alone increased from US\$ 77 billion in FY 2020/21 to US\$ 91 billion in FY 2024/25.

Notable cases of unutilised funds have been a recurring issue over the years. For example, in FY 2022/23, MoFPED revoked US\$ 1.62 billion not spent by 16 DLGs³⁶ with justifiable reasons. Furthermore, by the end of FY 2023/24, US\$ 915.7 billion from nine (09) DLGs³⁷ was not expended.

Table 3.3.7: Total budget allocations for the financial years 2020/21-2024/25

Type of Budget	Total	GoU	UgIFT
Non-Wage	50	22.5	27.5
ENRs	17.32	4.32	13
Development	410	248	161.4
Total	477.32	274.82	201.9

Source: MWE reports and author's analysis.

DLI 1: Adequacy and Equity of Fiscal Transfers

The DLI focused on reinstating adequacy and equity of recurrent financing of local service delivery by improving equity in allocation of wage and nonwage finances. The target was to recruit 98 officers (Environment, Forestry, and Borehole Technical Assistant Officers); and by end of FY 2023/24, only 56 officers had been recruited. This was affected by the ban on recruitment across the country, which halted the activity, and salary enhancement for scientists.

Wage Allocation

The UgIFT programme provided funding to reduce vacancy rates for critical staff positions in the water and natural resources offices across Local Governments. Under the Medium-Term Plan, in FYs 2021/22 – 2024/25 US\$ 1.9 billion was allocated for the recruitment of 98 staff, including 16 Environment Officers, 41 Forest Officers, and 41 Assistant Engineering Officers/Borehole Maintenance Officers.

The recruitment budget went into salary enhancement since most officers are scientists. By the end of September 2024, a total of 69 officers were recruited as follows: 15 Environment Officers, 24 Forest Officers, and 30 Assistant Engineering Officers/Borehole Maintenance Officers.

Non-Wage Allocations

These grants enable Local Governments (LGs) to prepare for development projects. Grant funding is allocated based on predetermined formulae to ensure social and environmental responsibility, cover operational expenses, and facilitate monitoring activities conducted by the

³⁶ Bududa, Bunyangabu, Ibanda, Kaabong, Kazo, Kitgum, Koboko, Kyenjojo, Lamwo, Mayuge, Namutumba, Napak, Nebbi, Oyam, Yumbe.

³⁷ Adjumani, Kabarole, Namayingo, Napak, Nakasongola, Kabale, Bududa, Kyenjojo and Kazo.



LG technical and political staff. The grant is categorised into two main components: Rural Water and Sanitation, and Natural Resources and Environment grants.

The LGs implemented various software activities. These initiatives facilitated the establishment of infrastructure and ensured the efficient operation and maintenance of the water infrastructure. These include formation and training of Water User Committees (WUCs) that take care of the established water facilities.

Challenge

The communities are reluctant to collect Operation and Maintenance (O&M) fees, which are necessary for minor repairs that are within the capacity of the users to ensure regular supply of water. This renders the water facilities non-functional.

Recommendation

MWE should seek political support while sensitizing communities to ensure proper O&M, of established water and sanitation facilities.

DLI 2: The Adequacy and Targeting of Development Financing

The UgIFT fund under water is meant to increase funding in the following areas: i) investments in water supply for public institutions, including for newly constructed/upgraded Seed Secondary Schools and health facilities; ii) increase in the number of sub-counties with safe water coverage; and iii) increasing the functionality of existing potable water supply sources.

Over the last four financial years, the DLGs were able to construct new piped systems/boreholes, extend piped systems, and rehabilitate piped systems/boreholes under the UgIFT programme (Table 3.3.8). A few rainwater harvesting tanks and public latrines were implemented before FY 2022/23. This was attributed to lack of guidelines for the DLGs to plan and implement piped water systems. Due to limited budgets, DLGs implement piped water systems in phases, typically spanning two to four phases, to ensure feasible execution within the available financial resources over multiple FYs.

Table 3.3.8: The UgIFT completed outputs since FY 2020/21

Type of Technology	No. Completed	People Served
New Piped Water Systems	217	259,341
Extension of Existing Piped Systems	142	100,746
Rehabilitation of Piped Systems	41	164,938
Boreholes	698	209,400
Borehole Rehabilitation	439	131,700

Source: MWE project reports FY 2024/25.

Under the UgIFT Programme, a number of schools and health centres benefitted. For example, DLGs registered 28 seed schools and 31 health centres connected to a safe and clean water source out of the planned 35 seed schools and 46 health institutions to serve in FY 2023/24. Overall, improved water services reached 866,025 people through piped systems and boreholes in the financial year. The major challenge faced was delayed procurement.



L-R: A tap stand at Atar Village, Kirwoko Parish, Kween District; a reinforced concrete water tank at Bumakusa Upper Village, Ikaali Parish, Manafwa District.

DLI 03: Local Government Service Delivery Improvement Matrix

Strengthened system of delivery of water supply services at the sub-county level: The Ministry of Water and Environment (MWE), under the Rural Water Department, developed and launched the “National Framework for Operation and Maintenance of Rural Water Infrastructure in Uganda”. The framework provides a structured approach to managing water supply and sanitation facilities, ensuring their optimal performance, reliability and sustainability. It clearly defines the roles and responsibilities of various stakeholders.

A sub-county performance assessment and improvement framework designed: The sub-county performance assessment and improvement framework development was finalised and the LGs staff trained to effectively utilise it. This was applied during the regular Lower Local Government performance assessment exercise.

Digitisation of the management of rural water supply services: The Water and Environment Information System (WEMIS) was successfully established pending rollout to the various stakeholders. This is meant to strengthen LG management for water and environment information and facilitate decision-making. It incorporates asset inventory, sub-county performance, water user committees, community applications, technical and financial reporting.

DLI 04 Central Government Core Functions in Oversight Functions for MDAs

The Ministry of Water and Environment (MWE) typically develops and approves LG grants, budgets, and implementation guidelines on an annual basis. The planned review and update of the District Water and Environment Implementation Manual (DIM) was at the final stages of completion. Performance Improvement Plans were developed for the least performing LGs. These approved documents are shared with respective LGs to guide their planning and implementation processes. Follow-ups are done by the MWE regional teams that monitor the LGs.

MWE provided monitoring and technical support to the LGs by reviewing their Budget Framework Papers (BFPs). Additionally, quarterly monitoring reports were produced on LG ensuring compliance with service delivery management processes, including Human Resource



Management Information, Reporting, Financial Management and Procurement. Technical support to LGs in the procurement of contractors/suppliers for water and sanitation works and supplies was provided.

Implementation Constraints

- 1) The current budgetary allocations fall significantly short of the required funding necessary to ensure that each LG can complete at least one water supply system within a single financial year.
- 2) Delays in finalising water system designs, completing construction works, and procurement processes, which hinder full utilisation of allocated funds.
- 3) The Environment and Natural Resources (ENR) sub-programme is currently understaffed, with some offices being led by acting officers, impacting on service delivery.

Conclusion

In conclusion, the UgIFT programme has made notable strides in strengthening the LGs' capacity to deliver essential services in the water and environment sub-sectors. Increased funding, improved equity in resource allocation, and targeted recruitment have contributed to enhanced access to safe water and sanitation services. However, despite these achievements, the programme has faced challenges, including delays in system designs and procurement, inadequate finances and salary enhancement issues. Addressing these issues will be critical to ensuring the sustained success and impact of the UgIFT programme.

Recommendations

- 1) MWE should continuously monitor the LGs' adherence to procurement plans and ensure project designs are finalised in time.
- 2) MWE should provide oversight on the implementation of the resolution for LG to prioritise budgeting for completion of ongoing works, especially the piped systems using the Rural Water and Sanitation Grant.
- 3) The Ministry of Public Service should exert pressure on LGs that have budget provisions for critical staff recruitment but have not yet filled these positions to do so.

UgIFT- Agriculture

Introduction

The Micro-Scale Irrigation Programme (sub-grant) is part of the Uganda Intergovernmental Fiscal Transfer (UgIFT) programme additional financing costing USD 50 million. The objective of micro-scale irrigation is to support subsistence farmers to transit to commercial agriculture through the purchase and use of individual irrigation equipment under a matching grant arrangement. The intervention started in FY 2020/21 and was expected to end in FY 2023/24. However, the project was granted an extension up to December 2025.

The intervention is implemented by the DLGs under the Production and Marketing Department and supervised by MAAIF. The intervention covers 135 DLGs and is targeting farmers with irrigable area of less than one hectare. The programme key outputs over the four-year period were: farmers and other stakeholders sensitised; farm visits conducted; irrigation demonstration sites established; farmers trained in irrigation technology; and irrigation equipment installed (5,000).



Financial Performance

Credible information was not accessible from the implementing agencies.

Physical Performance

The programme was first piloted in 40 districts in FY 2020/21 and rolled out in another 95 districts in FY 2022/23. A total of 364,916 stakeholders were reached through awareness events that targeted primarily smallholder farmers, but also the district technical staff and leaders and leaders from Lower Local Governments (LLGs). As result of the awareness events carried out, 85,102 farmers expressed interest in acquiring irrigation equipment and 26,659 farm visits were conducted.

By December 2024, a total of 566 irrigation demonstration sites ranging from 0.5 to 1.5 acres were established in the 135 LGs, mainly at seed schools and host farmers to showcase drip, hosepipe and/or sprinkler irrigation technologies. Installation of irrigation equipment at individual farms under the matching grant (25% farmer co-funding) arrangement were 3,986 against the targeted 5,000 installations.

The performance of irrigation equipment installation was good at 79.7% achievement of the sub-grant target against 77% time progress. It was observed that 60% of the monitored DLGs were not able to spend all the available resources under the development component (farmer installations) in a given financial year due to inability of farmers to co-fund the intervention.

The monitored farmers and demonstration sites were growing horticultural crops like cabbages, tomatoes, sukuma wiki, eggplants, passion fruit and onions, while others were growing perennial crops like coffee and bananas. Approximately 95% of the demonstration sites monitored were functional and the host farmers were able to plant ahead of season compared to their counterparts who had not accessed irrigation technologies.

The non-functionality of some of the sites was mainly due to the breakdown of equipment (pumps), destruction of irrigation equipment by hailstorms, floods and semi-permanent water sources, and theft of solar panels. The status of implementation of the monitored DLGs is given Table 3.3.9.

Table 3.3.9: Status of micro-scale irrigation programme in monitored district by December 2024

District	Expression of interest received	Demonstration sites established	Farmer installations made	Remarks
Isingiro	3466	7	47	The district received overwhelming demand for the irrigation equipment and the funds were not adequate.
Kiruhura	651	3	24	The project utilised all the availed funds and had a shortfall of USh 569 million.
Ntungamo	1356	8	128	The district did not spend all the allocated funds for FY 22/23 and FY 23/24 due to delays by MAAIF in pre-qualifying equipment suppliers and low uptake of the facility by eligible farmers (non-payment).



District	Expression of interest received	Demonstration sites established	Farmer installations made	Remarks
Mbarara	95	2	15	Inadequate budget allocation to cater for the farmer installation. 15 installations were made against 59 farmers committing US\$ 1 million.
Bushenyi	1189	4	47	The district did not spend all the allocated funds for FY 22/23 due to farmer inability to afford the co-funding.
Hoima	491	4	12	The district did not spend all the allocated funds for FY 23/24 due to farmer inability to afford the co-funding.
Buliisa	416	2	8	The district did not spend all the allocated funds for FY 23/24 due to farmer inability to afford the co-funding.
Kagadi	803	8	22	The district did not spend all the allocated funds for FY 23/24 due to high co-funding cost.
Kakumiro	859	7	60	Achieved the intended farmer installations for FY 23/24 in FY 24/25.
Gomba	84	3	11	The district did not spend all the allocated funds for FY 23/24 due to delayed payment of co-funding by farmers. However, the installation of irrigation equipment at farmer gardens happened in FY 24/25.

Source: Field findings.

Implementation Constraints

- i) High co-funding costs (25%) that eliminate willing and eligible farmers as evidenced by the 15% outturn from farm visits to individual installations made.
- ii) Lack of collateral for some farmers who wish to acquire the irrigation system using a loan from the MAAIF-recommended financial institutions.
- iii) Low turn up of pre-qualified irrigation equipment suppliers in the remote districts during bidding.
- iv) Weak contract management.

Conclusion

The performance of the Micro-Scale Irrigation Programme was good, with 80% of the targeted farmer installations achieved. It was observed that most of the visited DLGs were not able to spend within a given financial year due to delayed payment of farmer co-funding the beneficiary farmers appreciated the support and were able to crop all year round. The programme performance can be enhanced by revising the co-funding obligations for targeted farmers and also by allocating funds based on previous performance.



Recommendations

- i) MoFPED and MAAIF should consider increasing the Government contribution of the matching grant from 75% to 90% to enhance uptake of the irrigation equipment by the targeted beneficiaries.
- ii) MAAIF and MoFPED should revise the funds allocation criteria to LGs to be based on previous performance and effective demand.
- iii) MAAIF should conduct routine training of the district technical staff on procurement and contract management.

3.3.2 Health Projects

This section presents the performance of eight externally funded projects under the health sector that contribute to the performance of the Human Capital Development (HCD) programme.

1. East Africa's Centres of Excellence for Skills and Tertiary Education in Biomedical Sciences – ADB Support to Uganda Cancer Institute Project (1345)

Introduction

The key project development goal is to transform the Uganda Cancer Institute (UCI) from a modest specialised health facility to a higher institute providing leadership in postgraduate education, clinical training, research, and clinical services to cater for the growing oncology demands.

The project also aims to address the crucial labour market shortages in highly skilled professionals in the oncology sciences and cancer management in Uganda, and the East African Community (EAC) region in general. The project is jointly funded by the African Development Bank (ADB) and the Government of Uganda (Table 3.3.1).

The project has two components, namely:

- i) Establishing Centres of Excellence in Biomedical Sciences with the key aim of expanding and improving infrastructure; and providing equipment at the Uganda Cancer Institute (UCI), thereby turning it into a Centre of Excellence in cancer research, care and management in the region.
- ii) Support to the EAC regional integration agenda in higher education and labour mobility to respond to labour market needs.

Table 3.3.1: Basic project data for ADB support to Uganda Cancer Institute Project

Coverage	Kampala (Uganda Cancer Institute), equipping of satellite Regional Cancer Centres.
Lead agency	Uganda Cancer Institute (UCI)
Source of financing	African Development Bank and Government of Uganda.
Total project cost	UA 22.5 million (USD 31,500,000) – Loan UA 2.25 million (USD 3,850,000.00) – Counterpart
Project implementation period	1st January 2016 to 31st December 2024
Date signed	26th October 2015
Date loan declared effective	1st February 2016
Project closing dates	Original closing date: 31st December 2019; First revised closing date: 31st December 2021; Second revision: June 2023; Third revision: June 2024; Fourth revision: June 2025

Source: UCI.



The planned deliverables for the project include:

- a) Works (construction of the Multipurpose Building for Cancer Treatment and Research) completed.
- b) Equipment and furniture for laboratories, training facilities procured and installed.
- c) Equipment and furniture for cancer diagnosis and care; a Linear Accelerator (LINAC) procured and installed.
- d) Information and Communication Technology (ICT) equipment for training and telemedicine procured and installed.
- e) Research undertaken.
- f) Equipment for outreach centres (Arua, Mayuge, Jinja) procured and installed.
- g) Motor vehicles (4 SUVs, 1 pickup, 1 van, and 1 mobile van) procured and installed.
- h) Training for in-post staff undertaken.
- i) Scholarships for postgraduate training in cancer provided.

Financial Performance

As of 31st October 2024, the loan disbursement rate was 90.41%, while that for the counterpart funding was 100% (Table 3.3.2). The expenditure breakdown was: Civil works for the multipurpose building and training (45%); equipment (23%); and 32% on consultancy services.

The project experienced cost overruns partly due to rises in manufacturer, freight, and operating costs; escalation in the price of construction materials; and changes in models for equipment procured such as Magnetic Resonance Imaging (MRI).

The initial funding was insufficient to support the completion of the remaining works. A request for additional financing was approved in November 2023. However, the signing has not been executed due to delays in GoU approval.

Table 3.3.2: Financial performance of the ADB support to Uganda Cancer Institute Project

ITEM	ADF		GOU	
	UA	USD	UGX	USD
Loan amount	22,500,000.00	31,500,000.00	14,052,500,000	3,850,000.00
Disbursement to date	20,342,250.00	28,479,150.00	14,052,500,000	3,545,923.19
Undisbursed amount	2,665,429.44	4,480,420.75	0	0
% Disbursement	90.41	90.41	100	100

Source: Uganda Cancer Institute, field findings.

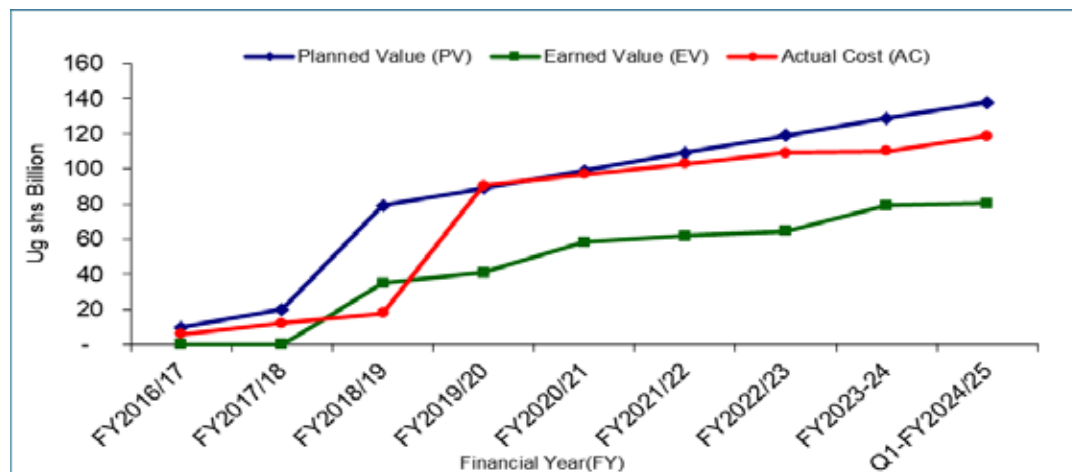
Physical Performance

The overall performance of the project was fair and static at 69%. The project, however, achieved substantial completion on equipping outreach centres in Jinja and Arua; research in oncology; and training of health workers. The implementation of the civil works for the construction of level 2 of the Multipurpose Building for Cancer Treatment and Research under the new contract³⁸ was completed (100%).

³⁸ The contract for additional works towards the completion of the construction of the Multipurpose Building for Cancer Treatment and Research, valued at USD 2,756,604, was signed in May 2023 with SMS Construction Ltd (SMS) upon termination of the contract with Roko Construction Ltd. The scope that was contracted was to facilitate the execution of already running contracts under the project.

Despite the completion of some of the outputs, the project was behind schedule as of 31st October 2024³⁹(Figure 3.3.1). The contractor, however, completed works intended to make level two ready for installation of the MRI. The procurement of the MRI equipment was ongoing following the Solicitor General's (SG) approval. Approval for the procurement of laboratory furniture was pending. Some ICT equipment delivered remained in storage pending final completion works, installation, and commissioning.

Figure 3.3.1: Performance of ADB support to Uganda Cancer Institute Project



Source: Author analysis based on UCI Project data.

The installation of equipment, however, remains unattainable due to pending works awaiting approval of additional financing.

Delays in the completion of works partly led to cost variations in contracts, particularly those whose delivery was tied to the completion of the Multipurpose Building, i.e. ICT and telemedicine, MRI equipment contract, and laboratory furniture contracts. Consequently, available projects funds were inadequate to complete the works and support the acquisition of these equipment.

Detailed performance by component and outputs is presented hereunder:

Component 1: Establishing Centres of Excellence in Biomedical Sciences with the Key Aim of Expanding and Improving Infrastructure and Providing Equipment at the Uganda Cancer Institute

a) Construction of the Multipurpose Building for Cancer Treatment and Research

The scope for the current contract involves: a) Finalising all works (architectural finishes, mechanical, electrical and IT) as designed for level 2 of the building to enable the installation of the MRI; and finishing up of the building exterior. This involves the installation of all external doors, windows, and all external finishes. b) Selecting electrical works to include main power reticulation to the building from the mains; and installation of the transformer, ring main unit, main distribution board and stabiliser. c) Installation of an elevator to facilitate the installation of laboratory furniture on level 6 of the building. d) Assorted mechanical works to functionalise level 2 of the building.

Overall progress on construction of the Multipurpose Building for Cancer Treatment and Research was estimated at 73%. The key pending works include internal finishes for the rest of the floors at the building.

³⁹ Schedule Performance Index, 0.58 and Cost Performance index, 0.68.



b) Equipment and furniture for laboratories and training facilities

Delivery, installation, and commissioning of the Magnetic Resonance Imaging (MRI) scanner, as well as procurement and installation of furniture for the laboratories, and training facilities was put on hold pending completion of the Multipurpose Building. The delay in completion of the building affected the cost of delivery of the procurements. For example, the supplier of the MRI submitted a claim of USD 400,000 to cover the extra cost of the current/newer model since the earlier models were phased out by the manufacturer. The laboratory equipment is to be procured using GoU additional counterpart funding. This is because the initial allocation was expended on the procurement of the Linear Accelerator (LINAC) for the UCI in March 2021.

c) ICT equipment for training and telemedicine

The equipment was procured and was in storage pending completion of the building. The supplier stored the goods and waited for site readiness, as agreed upon during the Mission Visit on December 10th–11th, 2020. However, in August 2023, the Mission advised UCI to stop storage from the supplier due to high storage costs⁴⁰.

As of 31st October 2024, preliminary works for the installation of the conduits for ICT equipment in the Theatre, Bone Marrow treatment and laboratory rooms were completed. The final installation of the ICT equipment however awaited final completion of the civil works.

d) Research

The project supported improvement of institutional research capacity through identifying research bottlenecks and establishment of research infrastructure. A national cancer surveillance programme was established and is being implemented collaboratively between UCI, Kampala Cancer Registry (Makerere University Department of Pathology), Mbarara University Faculty of Medicine, and Gulu Cancer Registry (Lacor Hospital).

UCI established and piloted processes and procedures to support the National Cancer Registry. A road map was completed for scaling up cancer surveillance to cover 25% of the population over the next 5 years and standardised the cancer registration process for the country. The UCI fast-tracked cancer surveillance for the three active population-based registries (Table 3.3.3).

Table 3.3.3: Cancer cases registered in the country

Year	Cancer Registry		
	Kampala	Gulu	Mbarara
2015	1,729	489	-*
2016	1,257	345	-*
2017	1,257	334	220
2018	1,160	387	250
2019	1,100	372	749
2020	1,042	-*	220
Total	7,545	1,927	1,439

Source: UCI.

⁴⁰ The supplier delivered the equipment in line with the contract terms. The equipment, however, arrived before completion of the works, causing the need for the supplier to first store the equipment pending site readiness, and this attracted a cost.

e) Equipment for outreach centres (Arua, Mayuge, Jinja)

The contract for procurement of equipment for outreach centres (Arua and Mayuge) was fully implemented and delivered. All items under Lot 1 and Lot 2 were delivered and received. Installation, training and commissioning for Lot 2, which had initially delayed due to site lack of readiness was delivered. Sagewood Ltd delivered Lot 1, and Lot 2 was delivered by Jos Hansen and Soehne Ltd. These were installed subsequently.

f) Motor vehicles (pick-up, van and mobile van)

Four vehicles were procured by the project, including three double cabin pick-up trucks and a fourteen-seater van. The van was given to Makerere University College of Health Sciences to facilitate student transportation.

Component 2: Support to Regional Integration in Higher Education and Labour Mobility Which Aims to Support the EAC Agenda in Higher Education to Respond to Labour Market Needs**a) Training for in-post staff**

As of 31st October 2024, the project had a total number of 197 long-term trainees (master's, PhD, and fellowships). Eleven (11) fellows were trained in the three fellowship programmes. Twenty-five (25) fellows in the Paediatric Oncology, Medical Oncology and Haematology programmes completed training.

UCI supported 201 trainees to attend short courses and cancer seminars, including Oncology Nursing, Radiology and Imaging in Cancer, Clinic Master, and Paediatric Oncology. These seminars and courses were offered in collaboration with international partners, including Seattle Cancer Care Alliance, the Fred Hutchinson Cancer Research Centre, Baylor College of Medicine, Clinic Master, and the Radiological Society of North America.

As of 31st October 2024, 182 trainees had completed long-term training programmes. These include 22 fellows in different programmes, including Paediatric Haematology and Oncology, Adult Medical Oncology and Haematology, Surgical Oncology, Gynaecologic Oncology, and 1 in Interventional Radiology, 25 MMEDs (Radiology, Surgery, Internal Medicine, Pathology, Anaesthesia, and Paediatrics), 1 in Radio Pharmaceuticals, 17 other master's programmes, and 42 other programmes.

b) Scholarships for postgraduate training in cancer

Three (4) postgraduate oncology fellowship programmes were established with a total of 35 fellows by 2023. These included: Pediatric Hematology-Oncology (PHO); Gynecological Oncology; Radiation Oncology and Adult Medical Oncology and Hematology.

Implementation Constraints

1. Delayed approval of the loan for additional financing. This has nearly led to a standstill in project implementation.
2. Variations in contracts, particularly those with deliverables, awaiting the completion of the Multipurpose Building, i.e. ICT and telemedicine, MRI equipment and laboratory furniture.

Conclusion

The performance of the UCI project was fair, and behind schedule. The project was greatly affected by cost overruns that emanated from delayed completion of works and consequent changes in price and technology relevant in the management of cancer. The estimated cost at completion was US\$ 191 billion. The undesirable Cost Performance Index (CPI) was attributed to the advance payments made for the equipment whose procurement nearly remained on halt



due to project site unreadiness. The delays in GoU approval of the loan for additional financing has greatly hampered progress of works.

Recommendation

The Parliament of Uganda should prioritise approval of the loan for additional financing. This will support the attainment of the value for money for the funds already spent on the project.

2. Global Alliance for Vaccines Initiative Vaccines and Health Sector Development Plan Support Project (1436)

The Global Alliance for Vaccines Initiative (GAVI) Health Strengthening Project in Uganda focuses on improving healthcare by: increasing access to vaccines and essential medicines; strengthening healthcare systems; and supporting immunisation programmes. It aims to reduce child mortality and improve overall health outcomes in Uganda by collaborating with the Government and other partners to implement effective health interventions.

The project objectives in Uganda are aimed at: reducing the burden of vaccine-preventable diseases; improving health outcomes; and contributing to the country's broader efforts to achieve universal health coverage and sustainable development.

The total project cost for the current grant phase 1st January 2024 to 31st December 2028 is USD 310,697,92741. The project is jointly funded by a grant from GAVI to the tune of USD 281,579,469 and USD 29,118458 as Government of Uganda (GoU) counterpart funding.

The project has four components, namely:

- (i) Health systems strengthening;
- (ii) Yellow fever campaign;
- (iii) Malaria vaccine introduction;
- (iv) Strengthening of the rotavirus campaign;
- (v) Health strengthening phase II;
- (vi) Health strengthening phase III; and
- (vii) Performance-based funding.

The planned project deliverables for the monitoring period (January to December 2024) included: The yellow fever vaccination campaign completed at 100%; the rotavirus immunisation campaign (Rota Switch) completed at 100%; operational costs met at 100% using COVID-19 Vaccine Delivery Support Phase III (CDS3) activities; residual activities for the Health Strengthening Project Phase II (HSS2); Health Strengthening Phase III (HSS3); and performance-based funding.

Financial Performance

The total release was USD 32.694 million (44%), of which USD 29.461million (90%) was spent by 30th November 2024 (Table 3.3.4).

⁴¹ Of the total project cost only USD 50,450,618 accounts for the funds that will directly be disbursed to Uganda for the implementation of fund-agreed priorities. The rest of the funds, including the GoU counterpart for vaccines procurement, is spent at the GAVI headquarters.

Table 3.3.4: Financial performance of Global Alliance for Vaccine Initiative by 30th November 2024

Component	Budget USD	Release USD	Expenditure USD
The Rotavirus Immunisation Campaign (Rota Switch)	552,317	552,317	544,010
Yellow fever vaccination campaign	21,317,142	14,766,396	14,491,012
COVID-19 Vaccine Delivery Support Phase III	6,708,400	4,263,283	3,089,159
COVID-19 Vaccine Delivery Support	3,000,000	3,000,000	2,995,648
Health Strengthening II	3,334,043	3,334,043	3,305,209
Health Strengthening III	36,033,851	3,866,240	2,156,232
Performance-based Funding	2,912,000	2,912,000	2,880,688
Total	73,857,753	32,694,280	29,461,958

Source: MoH Project Implementation Unit.

Physical Performance

Overall physical performance was fair at 56% of the set targets.⁴² The district health teams were fully trained in preparation for the vaccination campaigns; and vaccination cards, the vaccine and injection monitoring control book, tally sheets and other stationery were printed and distributed to support the vaccination campaigns.

Consequently, the project successfully implemented the yellow fever and rotavirus vaccination campaign across the country, achieving 27% and 75% vaccine coverage, respectively. Under the HSS2 and COVID-19 Vaccine Delivery Support, the project achieved 95% diphtheria-tetanus-pertussis third dose (DPT3) and 98% DPT1 coverage.

The Health Strengthening Grant Phase III supported immunisation of up to a total of 1,542,560 children with measles rubella second dose (MR2) to interrupt measles outbreak transmission and 96% MR2 coverage was achieved.

The project also used funds under the COVID-19 Vaccine Delivery Support Phase III grant to meet the operation and administrative costs.

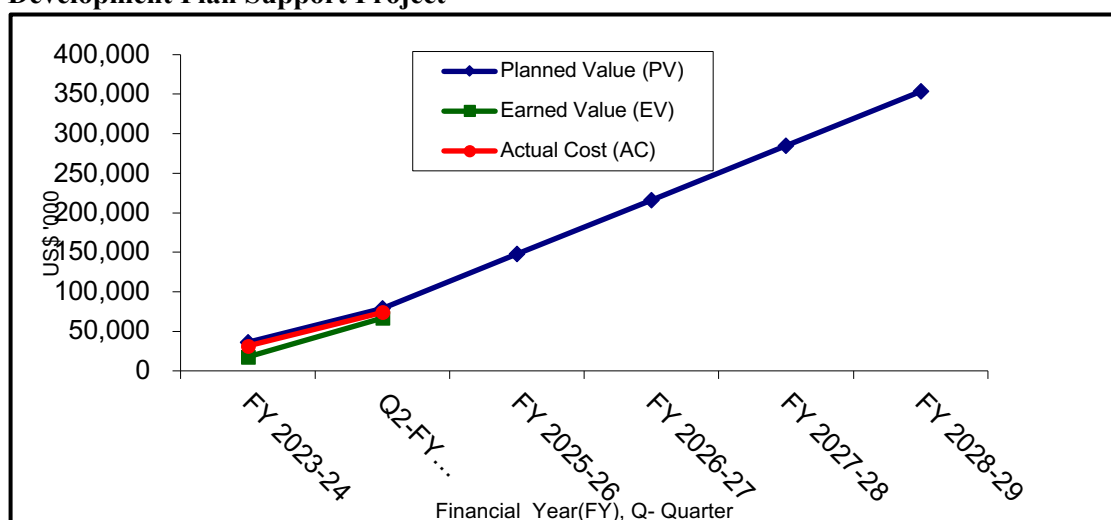
The project was behind schedule⁴³ and this was attributed to the late start of implementation of the planned activities under Phase III of the Health Strengthening Project. The project, however, achieved its targets for the residual activities under the components rolled over from the previous phase. The project was also inefficient in the utilisation of the resources, as reflected by the CPI.⁴⁴ The earned value was less than the actual costs partly because there was low demand for some vaccination services. It should be noted that the GOU incurred costs to support acquisition and transportation of the vaccines and cold chain equipment, including payment of allowances to health workers (Figure 3.3.2).

⁴² Planned deliverables for FY 2024–25.

⁴³ The Schedule Performance Index was 0.85, implying that the project behind schedule.

⁴⁴ The Cost Performance Index was 0.9, implying that the project did not convert its resources efficiently into results.

Figure 3.3.2: Performance of Global Alliance for Vaccines Initiative Vaccines and Health Sector Development Plan Support Project



Source: Author analysis based on GAVI Project data.

The delayed receipt of the decision letter from GAVI for project effectiveness delayed full implementation of the planned activities under HSS3. It was also established that the GoU counterpart for the rest of the vaccines for FY 2024–25 had not been met fully and this could affect the vaccines access to Uganda.

Implementation Challenges

- i) Delayed receipt of the decision letter from GAVI affected timely commencement of activities for the main HSS3 grant.
- ii) The low demand for yellow fever vaccination attributed to low risk perception of yellow fever disease and the gradual transitioning from Rotarix to Rotasil, which affected vaccination coverage under Rota switch
- iii) Inadequate counterpart funding, for instance GoU released US\$ 12 billion out of the agreed US\$ 44 billion towards the project. This partly constrains implementation of the project activities.

Conclusion

The project performance was fair and behind schedule, and the project did not efficiently convert resources into results. The HSS3 planned activities had just commenced due to delayed receipt of the decision letter for the HSS3 grant. It is critical that the government of Uganda, through MoH, meets substantially its counterpart obligations under the HSS3 grant to ensure effective implementation of all project activities and redeem the time that has been lost as a result of the late receipt of the decision letter.

Recommendations

- i) MoFPED and MoH should disburse the GoU counterpart funding in a timely manner to GAVI to ensure seamless provision of vaccines to the country every financial year.
- ii) MoH should fast-track all project activities to ensure that the six months lost are redeemed during project implementation.
- iii) MoH should enhance community sensitisation to improve uptake of the new vaccines.

3 Global Fund for HIV/TB and Malaria Project (220)

Introduction

The Global Fund is a partnership with governments, civil society, technical agencies, the private sector, and people affected by HIV/AIDS, tuberculosis, and malaria. Project implementation is designed to accelerate the end of AIDS, tuberculosis, and malaria as epidemics.

The project is jointly funded by grants from the Global Fund and GoU counterpart for the period between 1st January 2024 to 31st December 2026. The summary of basic project data is presented below (Table 3.3.5).

Table 3.3.5: Basic project data for Global Fund for HIV/TB and malaria

Project objectives	i). To reduce TB incidence by 20/100,000 from 199 in 2022 to 179/100,000 population by 2026. ii). Increase productivity, inclusiveness, and well-being of the population through ending HIV/AIDS as an epidemic by 2030. iii). By 2025, reduce malaria infection by 50%, morbidity by 50% and malaria-related mortality by 75% of the 2019 levels.
Project cost	USD 615,479,526
Cost for Component 1: MALARIA	Malaria: USD 217,056,092; COVID-19: USD 94,784,269; HIV: USD 246,220,613; TB: USD 54,418,552.
Counterpart funding	USD 3,000,000
Coverage	Countrywide
Lead Agency	Ministry of Health (MoH)

Source: Authors' compilation, field findings.

The project scope has four components, namely: a) Uganda's Response to HIV; b) Uganda's Strategy for the Acceleration towards the Elimination of Malaria; c) Uganda's Response to Tuberculosis (TB); and d) COVID-19 Response Mechanism Interventions.

Financial Performance

The grant amount for the current three-year period is US\$ 2.272 trillion, of which US\$ 346.483 billion (15%) was disbursed⁴⁵ and all spent (Table 3.3.6). Most of the expenditure was on direct disbursements to suppliers offshore for most grants, except for the TB grant, where 53% of the expenditure was made in the country.

Table 3.3.6: Financial performance of Global Fund for HIV/TB and Malaria (US\$) as of 31st December 2024

Grant Category	Grant Amount	Disbursements	Expenditure	%Disbursement	% Spent
HIV	913,724,694,843	117,558,002,301	117,558,002,301	13	100
Malaria	805,495,157,412	142,167,661,788	142,167,661,788	18	100
TB	201,947,246,472	69,170,919,349	69,170,919,349	34	100
COVID-19	351,744,422,259	17,587,221,113	17,587,221,113	5	100
Total	2,272,911,520,986	346,483,804,551	346,483,804,551	15	100

Source: MoH Global Fund progress report.

⁴⁵ The disbursement excludes the US\$ 73,745,215 disbursed to The Aids Support Organisation (TASO) based on the exchange rate of 3,711.

Physical Performance

The performance of the Global Fund for HIV, Malaria and TB as of 31st October 2024 improved from poor to fair in relation to achievement of set targets. The fair performance was attributed to the completion of procurement for medicines and health supplies and increased



Mobile TB Clinic at Fort Portal Regional Referral Hospital.

monitoring and inspection of civil works by the MoH Health Infrastructure Department.

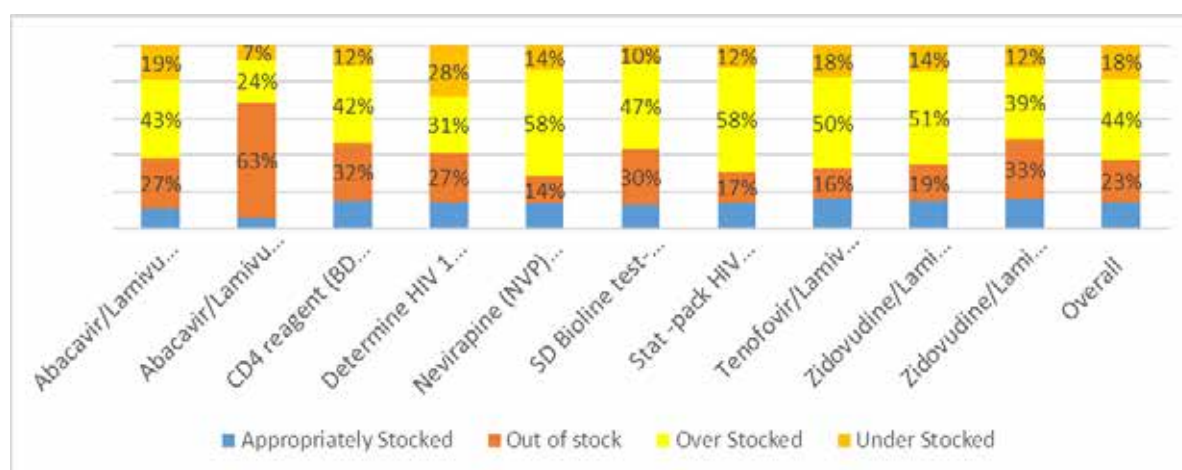
Procurement of medicines and health supplies both for the country and offshore was completed. Subsequently the deliveries were made to the health facilities through the National Medical Stores and Joint Medical Stores. among other delivery mechanisms.

The project procured and distributed mobile TB clinics to the Regional Referral Hospitals of Fort Portal, Mbale, Mbarara and Lira. Trucks for the transportation of medical waste were also procured and distributed to

the regional centres where incinerators were under construction.

In relation to the availability of medicines and health supplies at the national level, there were cases of overstock of medicines in health facilities. Overstock of antimalarials was at 43%, HIV at 44%, anti-TB at 46% (Figures 3.3.3, 3.3.4, and 3.3.5). This occurrence, if not well managed, leads to expiries of medicines.

Figure 3.3.3: HIV medicines stock status at health facilities (%) as of 31st October 2024

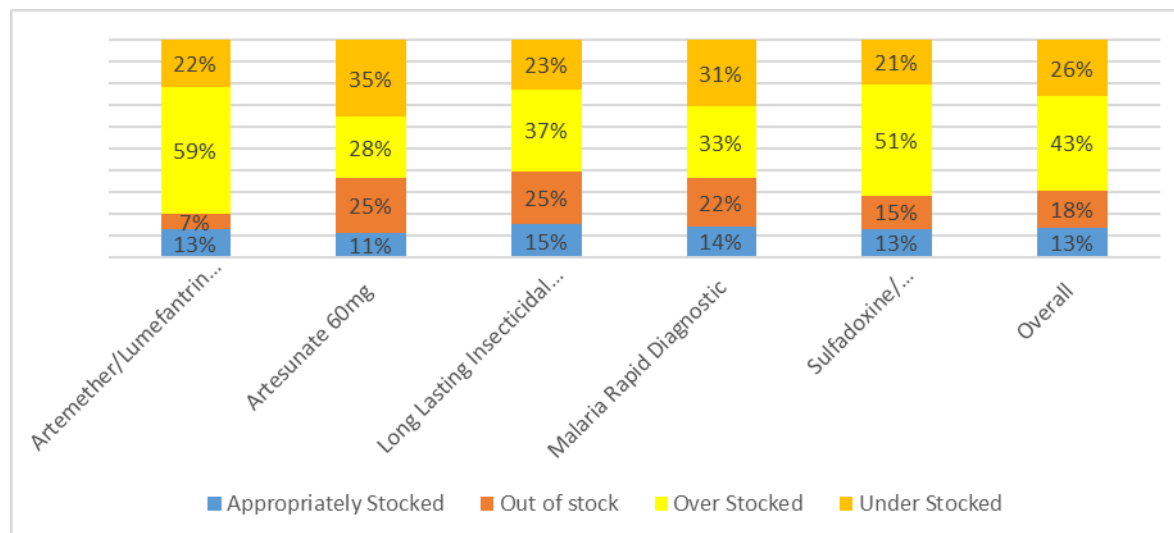


Source: MoH-HMIS.

At programme level for HIV, Niverapine and Stat-Pak HIV confirmatory rapid tests, and Nevirapine (NVP) 10mg/ml oral suspension were equally overstocked at 58% for the HIV programme. The medicine most stocked out was Abacavir/Lamivudine/Dolutegravir (ABC/3TC/DTG) 60/30/5mg at 63% of the reporting health facilities (Figure 3.3.3).

At programme level for malaria, Artemether/Lumefantrine 20/120mg and Sulfadoxine/Pyrimethamine tablet 500/25mg were the most overstocked. The medicine most stocked out was Artesunate 60mg at 25% of the reporting facilities (Figure 3.3.4).

Figure 3.3.4: Malaria medicines/supplies stock status at health facilities (%) as of 31st October 2024



Source: MoH- HMIS.

At programme level for tuberculosis, Ethambutol 100mg, and RHZE 150/75/400/275mg were equally overstocked at 50% for the TB programme (Figure 3.3.5).

Figure 3.3.5: Ant-TB medicines/supplies stock status at health facilities (%) as of 31st October 2024

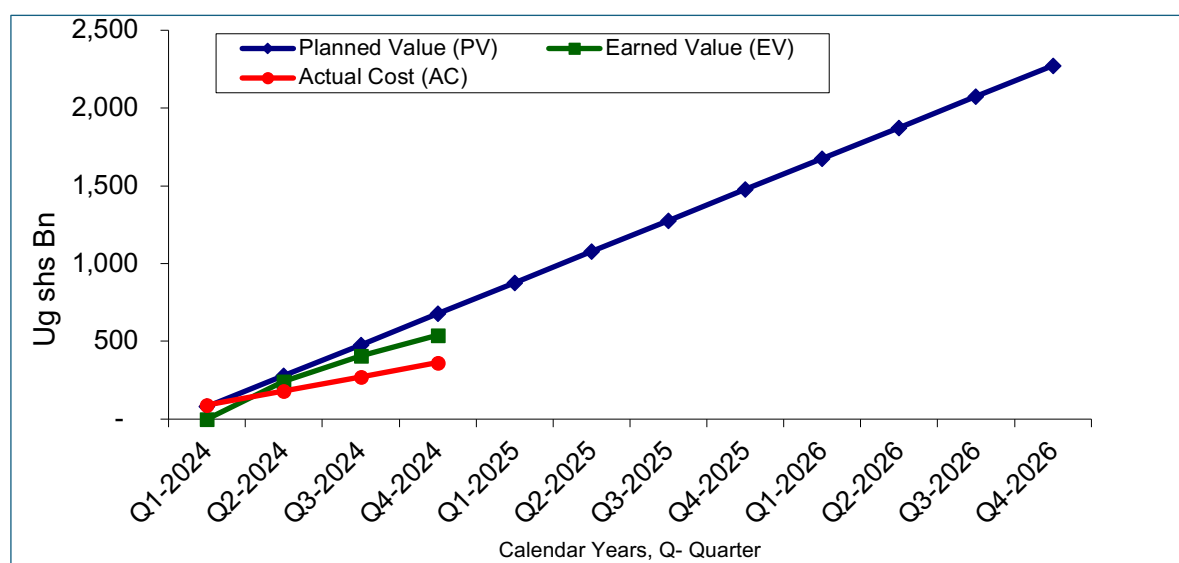


Source: MoH- HMIS.

As of 31st October 2024, some key project components remained behind schedule⁴⁶(Figure 3.3.6). The project earned slightly more value⁴⁷ compared to the actual costs for the first three quarters of the current grant 2024–2026. The project exhibited a positive cost variance, which is indicative that the project was performing well on cost management. This was partly on account of infrastructure developments, some of which were completed and awaited payments.

⁴⁶ The Schedule Performance Index (SPI) was 0.79.

⁴⁷ The project recorded a positive cost variance of 175 billion.

Figure 3.3.6: Performance of Global Fund for HIV/TB and Malaria

Source: Author analysis based on Global Fund project data.

The construction of regional incinerators in Lira, Mbarara, Gulu, Mukono and Fort Portal, and oxygen plants in Mbale, Mbarara, Lira and Hoima Regional Referral Hospitals under the COVID-19 funding that were previously lagging behind, recorded an improvement in the last three quarters (Table 3.3.7). The civil work averaged 87% and 95%, respectively. The installation of the equipment for the incinerator, however, continues to lag behind.

There is a risk of cost overruns arising from the extension of time for the contractor to undertake components of the work beyond equipment installation. The oxygen plants establishment was on schedule. The housing facilities for all four oxygen plants were complete. Installations were ongoing at the different sites.



L-R: Oxygen plant at practical completion; filling station in the oxygen plant at Mbarara Regional Referral Hospital.

The performance of the other project components is presented in Table 3.3.7.

Table 3.3.7: Performance of Global Fund for HIV, Malaria and TB



Component	Planned Outputs	Achievement
Supporting Uganda's Strategy for the Acceleration towards the Elimination of Malaria	<p>Medicines and health supplies procured and distributed.</p> <p>Quarterly in-country partnership meetings conducted, Technical Working Group coordination meetings, Malaria Annual Review meetings conducted.</p> <p>MoUs with the sub-recipients finalised and funds transferred for funds implementation.</p> <p>World Malaria Day commemorated.</p> <p>Medicine stores constructed for selected health facilities.</p> <p>VHTs and community members trained in larviciding; ToTs of CHWs trained in disability; malaria epidemic guidelines and SOPs disseminated; malaria epidemic thresholds updated; malaria policy and guidelines disseminated to districts; monthly (12) collections of adult mosquitoes from 3 sentinel sites conducted per district; mosquito larvae and adults' densities after interventions determined; mosquito samples analysed for species identification and presence of sporozoites.</p>	<p>The offshore and in-country procurements were completed as planned.</p> <p>The quarterly in-country partnership meeting and Technical Working Group coordination meeting were all implemented through the Malaria Annual Review meetings conducted in February 2024.</p> <p>The process of onboarding the sub-recipients was completed. These included MoES, MoGLSD, Malaria Consortium, WHO and MoLG.</p> <p>The commemoration was conducted on 2nd May 2024 in Kibuku and was graced by the Head of the Global Fund. MoH also successfully participated and organised the pre-commemoration activities, including a scientific conference and a malaria ride, among others.</p> <p>A request for "No-Objection" for the bid evaluation report for the construction/refurbishment of medicines stores was sent to the Global Fund on 05th September 2024. The "No-Objection" had not been received.</p> <p>The rest of the activities were at planning stage (either initiation stage or approval stage).</p>
Supporting Uganda's Response to HIV	<p>Medicines and health supplies procured and distributed.</p> <p>Mentorships were undertaken, hotspots verified for functionality.</p> <p>1 annual training conducted all through the 3 years; capacity of SRs and SSRs to deliver grants and mitigate risks enhanced; 80 facilities mentored; 10 laptops, 3 multi-function printers and software bought; 105 district mentors trained; 16 regional referral hospitals mentored; 300 hotspots verified for functionality and condom availability; 35 districts mentored in condom programming per quarter; IEC materials completed and linked to the guidelines for PWD; training of health workers on comprehensive PMTCT package to boost testing for integrated testing for HIV, syphilis and hepatitis B; two call centres strengthened for effective</p>	<p>The offshore and in-country procurements were completed as planned. Distributions were ongoing.</p> <p>Mentorships were undertaken, hotspots verified for functionality.</p> <p>The rest of the planned outputs were ongoing at varying completion stages.</p>



Component	Planned Outputs	Achievement
	emergency responses and reporting of adverse events.	
Supporting Uganda's Response to Tuberculosis	<p>Medicines and health supplies procured and distributed.</p> <p>5 mobile labs were procured.</p> <p>Gaps in Laboratory Information System identified; updated Laboratory Information System; improved sample transportation system; scaled-up private riders in 40 selected hubs across the country; 80% of health facilities supervised; 120 quality managers trained; 40 lead and technical assessors trained by the consultant; sample tracking accessories procured and distributed to sites; referrals systems enhanced; 6 integrated support supervision activities conducted by the national team in three years; 170 case investigations conducted for every MDR TB patient identified; health workers in 180 sites mentored in DETECT TB.</p>	<p>The offshore and in-country procurements were completed as planned. Distributions were ongoing.</p> <p>The mobile labs clinics trucks were procured and delivered to the referral hospitals, including Mbale, Mbarara, Lira and Fort Portal.</p> <p>Other activities including mentorship of health workers were ongoing at various completion stages.</p> <p>The rest of the planned outputs were ongoing at varying completion stages.</p>
COVID-19 Response Mechanism	<p>Construction of incinerator house in selected Regional Referral Hospitals; oxygen plants constructed in Mbarara Regional Referral Hospital; procurement of 1500 KVA generator for power back-up for CPHL; procurement of A/Cs 150 for 100 hubs, 5 mobile labs and National Referral Hospitals; procurement of advanced ambulances for evacuation; track and trace systems hardware and software enhancements; training of district IPC focal persons on IPC SOPs at regional level; training of Infection Prevention and Control (IPC) focal persons on IPC SOPs at national level.</p> <p>Recruitment of 638 community health extension workers (CHEWs) in 4 districts: Maracha, Kyotera, Namutumba and Kazo.</p> <p>Development of a costed operational plan for phased scale-up of the national community health strategy to other districts beyond the current pilot districts. This should include a phased plan for rollout to other districts; and costings and annual mapping of investments (domestic and external) for community health against costed plans.</p>	<p>The civil works for the incinerators and oxygen plants averaged at 87% and 95%.</p> <p>5 mobile labs were procured.</p> <p>The installation work, especially for the incinerators, continues to lag behind. Only the Lira incinerator may become operational during FY 2024/2025. There is a risk of cost extension of time since the contractor must keep at site up to equipment installation time, since some work can only be done after installation.</p> <p>At total of 642 CHEWs were recruited, including 222 for Namutumba, 182 for Maracha, 132 for Kyotera and 106 for Kazo. This is 100.63%, thus the target was surpassed.</p> <p>A total of 1,162 CHEWs have been earmarked for training by January 2025. These are from 8 districts, including Kyenjojo (334), Ngora (146), Koboko (124), Amudat (88), Kitgum (166), Rubirizi (10^0 Kalangala (56), Buliisa (78) and Arua (64).</p> <p>The rest of the planned outputs were ongoing at varying completion stages.</p>

Source: Field findings.



First phase for equipment installation and incinerator building at Mbarara.

Implementation Constraints

- i) Delayed initiation of procurements, especially those managed in locally leading to time overruns.
- ii) Overstocking of HIV, anti-TB and ACTS, contributing to expiries of medicines.
- iii) Lack of clear cooperation framework for health financing, leading to duplication of efforts. A number of interventions supported by global fund were receiving financing from other partners.

Conclusion

The performance of the Global Fund for HIV, Malaria and TB, and COVID-19 response improved from poor to fair. Despite the improvement, the project remained behind schedule.⁴⁸ The project, however, was efficient as it was operating under the budget.⁴⁹

The estimated cost at completion (EAC) for the period under review for the new grant was slightly less than the budgeted cost. This indicates that if cost efficiency is maintained and schedule performance is improved, the project will be completed on cost and time. There is, however, need for a cautious approach to avoid overstocking medicines, which may cause expiries and loss of value for money.

Recommendations

- i) The MOH Pharmacy Department, National Medical Stores (NMS), in collaboration with the health facilities should actively monitor stock levels to ensure optimal distribution of the medicines and health facilities.
- ii) The MOH Infrastructure Department should prevail on the contractors to fast-track or crash the works to meet the December 2025 deadline for the investments funded under the COVID-19 funding.
- iii) MoH should enhance monitoring, supervision and inspection of all the investments.

⁴⁸ Schedule Performance Index of 0.79.

⁴⁹ Cost Performance Index of 1.482.



4 Rehabilitation and Construction of General Hospitals – Refurbishing and Equipping of Busolwe General Hospital (Project 1243)

Introduction

The Government of Uganda (GoU) received funding of USDn16,830,353.79 from the Kingdom of Spain under the Debt-Swap Programme towards the improvement of the delivery of healthcare services. The funding targets improving healthcare services at Kawolo and Busolwe General Hospitals. The project commenced on 7th January 2012 and was expected to end on 30th June 2021. It has, however, had several project extensions due to delays in finalising the designs for the refurbishment works, particularly at Busolwe General Hospital.

The overall project objective is to contribute to delivery of the Uganda National Minimum Healthcare Package (UNMHCP) through refurbishment, expansion and equipping of Kawolo and Busolwe Hospitals. A summary of the project basic data is presented in Table 3.3.8.

Table 3.3.8: Basic Project Data for Rehabilitation and Construction of General Hospitals (Project 1243) Refurbishing and Equipping of Busolwe General Hospital

Coverage	Busolwe and Kawolo
Lead agency	Ministry of Health
Project financier/donor	Spanish Debt-Swap grant
Total project cost	Grant of USD 16,830,353.79
	GoU USD 5,746,608.53 – Counterpart

Source: MoH project progress reports, MoFPED-BMAU budget monitoring reports.

All scoped civil works at Kawolo Hospital, including the perimeter wall and medical gas installations, medical equipment, and furniture were completed in FY 2019/20 at a total cost of USD 11,546,085.296, of which USD 911,273.18 was counterpart funding. Thus, the analysis under this project focuses on the component of refurbishment and equipping of Busolwe General Hospital.

The refurbishment works at Busolwe General Hospital were undertaken by two contractors: Excel Construction Company for the refurbishment of the medical buildings; and UPDF Engineering Brigade for the staff quarters.

The scope of works included: refurbishment of service block; construction of three VIP latrines; a kitchen; renovation of the hospital's old utility systems; a new casualty block; the mortuary; the main operating theatre; delivery suites; existing wards; three VIP latrines; the attendant's laundry; and external works.

Financial Performance

The total cost for refurbishing Busolwe Hospital amounted to USD 12,627,929.90, of which USD 6,195,542 was a grant under the debt swap, while USD 6,432,388.26 was counterpart funding. The counterpart contribution includes USD 1,597,042.38 allocated specifically for the refurbishment of the staff quarters.

The contract awarded to Excel Construction Company was valued at USD 7,367,822.17, of which USD 4,457,428.71 had been disbursed by August 2024. By November 2024, the total amount certified for payment was USD 5,227,843.28. In contrast, the UPDF Engineering Brigade had received full payment for the contracted works.

Physical Performance

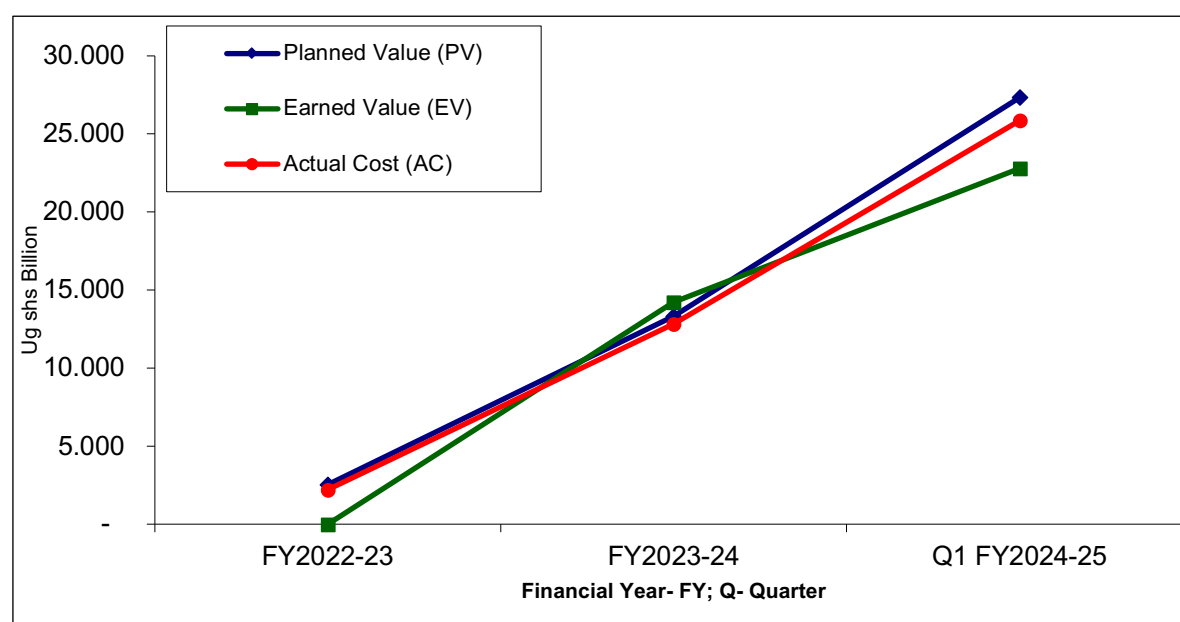
The overall performance was estimated at 97%, though behind schedule.⁵⁰ This was attributed to delays in equipment delivery and minor construction work, which impacted on the timelines.

Despite the slippage, key infrastructure, including the administration block, new casualty block, mortuary, existing wards, delivery suites, theatre, guard house, and incinerator tank shed, were achieved, with water supply successfully installed. Some facilities were already in use. The quality of the completed work was good.

Medical equipment was supplied from China and Malaysia, and this was assembled and installed to the appropriate units. Deliveries of medical equipment from Turkey and Germany, however, were pending.

The project demonstrated cost inefficiency, demonstrated by the undesirable Cost Performance Index (CPI)⁵¹ as of 31st October 2024 (Figure 3.3.7).

Figure 3.3.7: Performance of Busolwe General Hospital Refurbishment Project



Source: Author's analysis based on MoH Project data.

⁵⁰ The Schedule Performance Index was 0.83 as of October 2024.

⁵¹ The Cost Performance Index was 0.88.



L-R: Casualty Block and OPD Block.



L-R: Completed Hospital Block housing the casualty ward, theatre, delivery suites and mortuary; Some of the medical equipment installed.

Implementation Constraint

Delayed transportation and delivery of some critical imported equipment affected implementation.

Conclusion

The overall performance was good though behind schedule. Major civil works for this project were completed. The planned medical equipment deliveries from China and Malaysia were achieved. However, those from Turkey and Germany were pending. There is, therefore, need for strict follow-up with the contractor to ensure the deliveries are achieved.

Recommendation

MoH should engage the contractor to expedite delivery of the remaining equipment to facilitate operational readiness.

5 U.S. Agency for International Development (USAID) Support to Regional Referral Hospitals (1767)

Introduction

The USAID support to regional referral hospitals in Uganda aims to strengthen the healthcare system and contribute to better health outcomes for the population. The support comes through Government-to-Government (G2G) assistance to Uganda and related support through other USAID implementing partners.

The agreement was signed on 25th June 2018 to accelerate inclusive education, health and economic development through Uganda's systems. At inception, the project was fully off-budget support, but the funder is transiting to budget support to finance the Regional Referral Hospitals (RRH) activities.

The project start date was 1st October 2021 and completion date is 1st October 2026.⁵² The total estimated cost for the project is USD 39,950,941⁵³ as a grant from the USAID and counterpart funding from GoU.⁵⁴

The project scope involves strengthening the capacities of the RRHs to implement a comprehensive package of HIV/AIDS and TB services and a select set of reproductive, maternal, neonatal and adolescent and child health (RMCHAH) and family planning interventions. The project is implemented in Jinja, Mbarara, Lira, Moroto, Mbale, Gulu and Kabale.

Financial Performance⁵⁵

The total budget cost for the Lira, Mbarara and Gulu RRHs (for the three financial years) was USD 5,362,030.89, which was all released, and USD 5,215,899.89 (97%) spent as at 30th September 2024. The project exhibited very good release and expenditure performance. This was attributed to disbursement which is linked to verified outputs (fixed amounts reimbursement) and cost reimbursement (direct disbursements to cater for salaries, fringe benefits and teleconference equipment, among others). Details are highlighted below in Table 3.3.9.

Table 3.3.9: Financial performance of the Lira, Mbarara and Gulu RRHs by November 2024

Hospital Name	Category	FY 2021/22 USD	FY 2022/23 USD	FY 2023/24 USD	Totals USD
Lira RRH ⁵⁶	Budget	488,918	283,727	167,840	940,485
	Release	488,918	283,727	167,840	940,485
	Expenditure	433,313	274,904	86,137	794,354
Mbarara RRH	Budget	1,226,472	1,083,153	1,183,060	3,492,685
	Release	1,226,472	1,083,153	1,183,060	3,492,685

⁵² The USAID support to Gulu RRH was revised to 30th September 2027.

⁵³ The total commitments from USAID are to support Jinja, Mbarara, Lira, Moroto, Mbale, Gulu and Kabale Regional Referral Hospitals as highlighted in the Consolidated Implementation Letter of September 2022.

⁵⁴ GoU contribution is in kind, part of salaries to staff, and other interventions addressing HIV and other interventions under the project. The precise monetary contribution of GoU could not be determined.

⁵⁵ The financial performance is based on the USAID planning framework where the financial year is between 1st October and 30th September.

⁵⁶ The financial performance for Lira RRH excludes salaries, fringe benefits and teleconference equipment, among others. These were not readily provided to the BMAU monitoring team.



Hospital Name	Category	FY 2021/22 USD	FY 2022/23 USD	FY 2023/24 USD	Totals USD
	Expenditure	1,226,472	1,083,153	1,183,060	3,492,685
Gulu RRH	Budget		359,036.83	569,824.06	928,860.89
	Release		359,036.83	569,824.06	928,860.89
	Expenditure		359,036.83	569,824.06	928,860.89

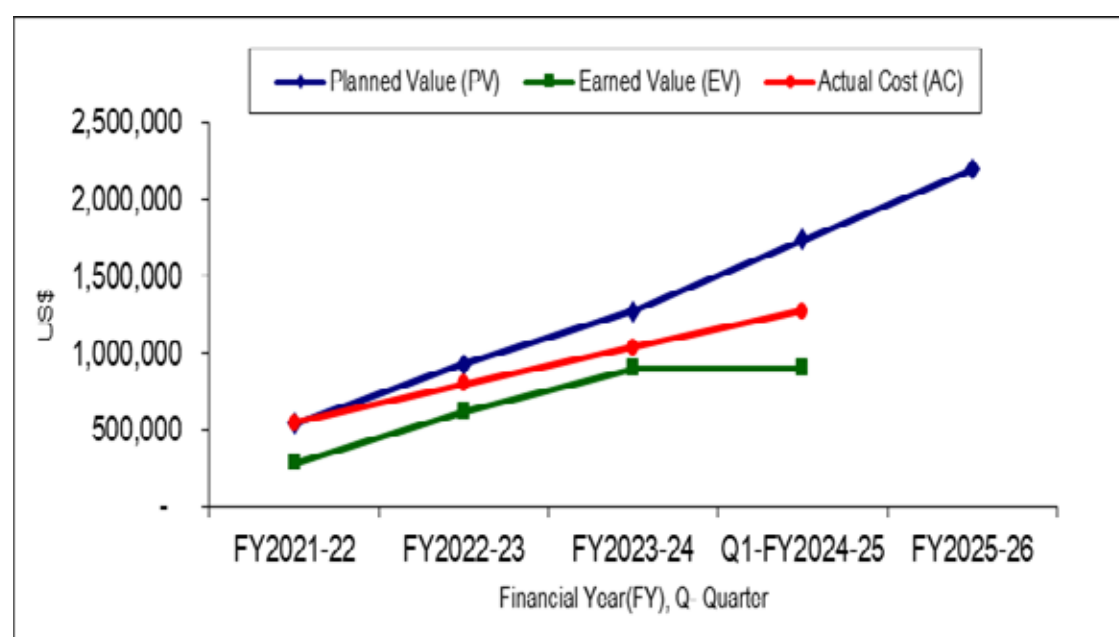
Source: Regional Referral Hospitals.

Physical Performance

Overall, the project exhibited good performance. There was a slight improvement in performance from 70% in April 2024 to 72% in October 2024.

Despite the good performance, the project was behind schedule⁵⁷ and ineffective at converting the resources to results⁵⁸ (Figure 3.3.8). This was partly inherent in the project design as the project disburses the cost reimbursement fees to cater for salaries and other statutory deductions. The cost reimbursements are not necessarily tagged to the project activities. In addition, there were instances of late recruitment of workers which consequently delayed the commencement of some activities across the different RRHs.

Figure 3.3.8: Performance for the Mbarara, Gulu and Jinja RRHs as of 31st October 2024



Source: Author's analysis based on MoH Project data.

In relation to the attainment of milestones, the project recorded improvements between April 2024 and October 2024. These were noted among key indicators such as: Number of individuals, excluding those newly enrolled that return for follow-up visit or re-initiation visit to receive pre-exposure prophylaxis (PrEP), which increased by 0.2%.

⁵⁷ The Schedule Performance Index was 0.52.

⁵⁸ The Cost Performance Index was 0.71.

Others were: Number of adults and children receiving antiretroviral therapy (ART) improved by 1% for Mbarara and Lira RRHs; number of ART patients who completed a standard course of TB preventive therapy and women with known HIV status at first antenatal care visit, among others, surpassed the target of 100% (Table 3.3.10).

Table 3.3.10: Performance of selected Regional Referral Hospital under the USAID Project as of 31st October 2024

Milestone	Target	LIRA RRH	MBARARA RRH	GULU RRH
		Achieved (%)	Achieved(%)	Achieved (%)
Number of adults and children currently receiving antiretroviral therapy (ART)	1,000	96	100	95
Percentage of ART patients with a suppressed viral load (VL) result (<1000 copies/ml) documented in the medical or laboratory records/laboratory information systems (LIS) within the past 12 months	1,000	95%	100%	33%
Number of HIV-positive women on ART screened for cervical cancer	607	100%	90%	100%
Percentage of infants born to HIV-positive women who received a first virologic HIV test (sample collected) by 2 months of age	700	100%	-	100%
Number of newly diagnosed HIV-positive persons who received testing for recent infection with a documented result during the reporting period	894	71%	100%	66%
Number of people receiving post-gender-based violence (GBV) clinical care based on the minimum package	338	100%	100%	100%
Number of males circumcised as part of the voluntary medical Male circumcision (VMMC) for HIV prevention	3,880	95%	-	100%
Number of new and relapse TB cases with documented HIV status during reporting period	6,300	99%	70%	-

Source: Field findings.

Implementation Constraints

- Key population (KP) and priority population PPs keep changing their locations and most of the KPs do not have fixed telephone contacts. This affects follow-up for effective service delivery.
- Nutritional assessment is poorly documented at the triage points of the health facilities.

Conclusion

The performance of the project was good at 72% of the targets set. There is positive impact on adult and children enrolling at the ART clinic, ART patients having viral load suppression and accreditation of laboratories, and improved laboratory services, among others. The project has potential to further contribute to the attainment of health outcomes if the key binding constraints demonstrated by the unsatisfactory SPI and CPI are addressed.



Recommendations

- i) MOH and RRHs should strengthen systems tracking key population and priority population.
- ii) MoH should mentor the care givers in nutritional assessment at triage points of the health facilities.

6 Uganda COVID-19 Response and Emergency Preparedness Project (1768)

Introduction

The Government of Uganda received support from the World Bank to the tune of USD 195.57 million to implement the Uganda COVID-19 Response and Emergency Preparedness Project (UCREPP). The project aims at enhancing the country's ability to respond to the COVID-19 pandemic and other public health emergencies. The project became effective on 31st August 2020, and it is expected to end on 31st December 2024. Initially the project was supposed to end on 31st December 2022. However, it received additional financing (AF) and its scope increased from three components to five components.⁵⁹ The project data is presented in Table 3.3.11.

The project was designed to benefit all the people of Uganda, specifically the suspected and confirmed COVID-19 cases, medical and emergency personnel, port of entry officials, medical and testing facilities, and other public health agencies engaged in the response. The project was later expanded to include other public health emergencies, and it supported response to the Sudan Ebola fever.

Table 3.3.11: Basic Uganda COVID-19 Response and Emergency Preparedness Project

Project cost	USD 195,500,000
Cost for Component 1: Case Detection, Confirmation, Contact Tracing, Recording and Reporting	USD 9,370,000
Cost for Component 2: Strengthening COVID-19 Case Management and Psychosocial Support	USD 22,950,000
Cost for Component 3: Implementation, Management and Monitoring and Evaluation	USD 4,100,000
Cost for Component 4: Vaccination Acquisition and Deployment	USD 137,150,000
Cost for Component 5: Strengthening Continuity of Essential Health Services	USD 22,000,000
Coverage	Country wide
Lead agency	Ministry of Health (MoH)

Source: MoH, project documents.

Financial Performance

Initially, the project was funded by the World Bank at USD 15.2 million, of which USD 2.7 million was from the Pandemic Emergency Financing Facility (PEFF), and USD 12.5million

⁵⁹ Component: Case Detection, Confirmation, Contact Tracing, Recording and Reporting; Component 2: Strengthening COVID-19 Case Management and Psychosocial Support; Component 3: Implementation Management and Monitoring and Evaluation; Component 4: Vaccination Acquisition and Deployment; Component 5: Strengthening Continuity of Essential Health Services.

was credit from the International Development Association (IDA). This was meant to be implemented under Components 1, 2 and 3.

In 2022, the project received additional financing (AF) of USD 180.3 million from the World Bank comprising USD 163.4 million as IDA grant and USD 16 million as trust funds from the Global Financing Facility for Women, Children and Adolescents (GFF). With this additional financing, two components were brought on board, i.e. vaccine acquisition and deployment; and continuity of essential health services affected by the COVID-19 pandemic. The detailed financial performance by component is summarised in Table 3.3.12.

Most of the funds (USD 85.26 million) were spent on procurement of the COVID-19 vaccines through the United Nations International Children's Emergency Fund (UNICEF) and cold chain equipment. The cold chain equipment is to support the introduction of malaria vaccine (Table 3.3.12.)

In addition, the project experienced a foreign exchange loss to the tune of USD 10.1 million across both the IDA grant and IDA credit. This was a result of the currency appreciation of US dollars against the Special Drawing Rights.⁶⁰

Table 3.3.12: Project financial performance by component as of 30th September 2024

Component	Allocation (USD)	Disbursement (USD)	Expenditure (USD)
Case Detection, Confirmation, Contact Tracing, Recording and Reporting	9,370,000	18,510,392	11,624,899
Strengthening COVID-19 Case Management and Psychosocial Support	22,950,000	33,753,437	14,293,529
Implementation, Management and Monitoring and Evaluation	4,100,000	11,574,387	9,534,840
Vaccination Acquisition and Deployment	137,150,000	90,307,133	85,263,013
Strengthening Continuity of Essential Health Services	22,000,000	38,547,685	17,937,926
Total	195,570,000	192,693,034	138,654,208

Source: MoH Project Implementation Unit, field findings.

The estimated cost at completion was USD 171 million against the budget of USD 195 million, implying that the project was still within the budget.

Physical Performance

Overall, the project performance was fair, with 69% achievement of the set targets. The project was behind schedule⁶¹(Figure 3.3.9). In addition, the project was also less effective in conversion of the resources to results as the Cost Performance Index (CPI) was undesirable.⁶² This undesirable CPI was attributed to the advance payment for civil works and on procurement of medical equipment for the laboratories.

The project performance was in part affected by the delayed response from the World Bank to the request by the Government to restructure the project. The need to restructure emanated

⁶⁰ At the time of signing the agreement the USD was 1.415159 against 1SDR. By 21st September 2023, the SDR against the USD had dropped to 1.31895.

⁶¹ The Schedule Performance Index was 0.69.

⁶² The Cost Performance Index was 0.97.

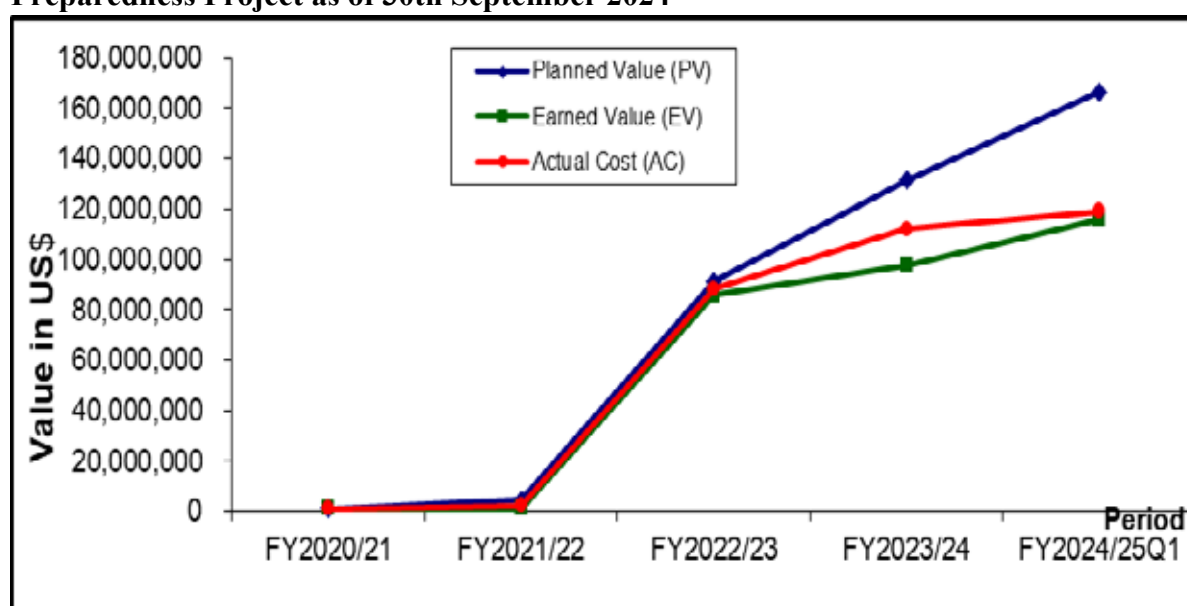
from the World Health Organisation (WHO) declaration that COVID-19 was no longer a pandemic.

This consequently rendered acquisition and deployment of COVID-19 vaccines irrelevant.

The infrastructure (ICU, NICUs, theatres, and maternity wards, among others) being developed are inclusive. They all have ramps and other assistive facilities to support access and use. The quality of civil works for the sites was good.

The environmental and climate change concerns were addressed. Environment and Social Impact Assessments (ESIAs) were carried out and all the proposed mitigation measures implemented. There was evidence of compliance with the health safety and environment concerns.

Figure 3.3.9: Performance trends of Uganda COVID-19 Response and Emergency Preparedness Project as of 30th September 2024



Source: Author analysis based on MoH Project data.

The detailed project performance by component is presented hereunder.

Component 1: Case Detection, Confirmation, Contact Tracing, Recording and Reporting

This component supports strengthening national disease surveillance capacity, including for climate-related diseases. Following the AF, it was expanded to enhance interventions in refugee-hosting communities and settlements, which remained vulnerable, given the constant threat of cross-border transmission (of COVID-19 and other diseases).

Planned outputs of the component included: Construction of a biosafety laboratory at Lira and Fort Portal Regional Referral Hospitals (RRH); procurement of motorcycles for surveillance activities in refugee-hosting districts (RHDs); and procurement, maintenance, and repair services for thermal scanners at points of entry (POEs). Others are procurement polymerase chain reaction (PCR) test kits for the confirmation of public health emergencies (PHEs); operational funds for the Central Public Health Laboratory (CPHL) and the National Tuberculosis Reference Laboratory (NTRL); and operational funds for seven satellite laboratories.⁶³

⁶³ Mulago NRH, Mbale RRH, Mbarara RRH, Fort Portal RRH, Arua RRH, Moroto RRH, and Lacor RH.

By 30th September 2024, the component had fair performance, achieving 73% of the set target. The project was behind schedule, given that 89% of the project time had elapsed. A total of 220 motorcycles against the target of 200 were procured. Thermal scanners at points of entry (POEs) were repaired and maintained. PCR test kits were procured, and operational funds for CPHL and NTRL as well as for seven satellite laboratories were also provided.

Other project component achievements include surveillance and contact tracing for COVID-19, Ebola outbreak and other public health emergencies, such as screening of travellers at the points of entry. Provision of operational funds were for seven satellite laboratories (Mulago, Mbale, Mbarara, Fort Portal, Arua, Moroto, Lacor) and eight vertical autoclaves were procured and installed for Butabika NTRL, Mulago National Referral Hospital, Mbale RRH, Mbarara RRH and Soroti RRH

Construction of the biosafety laboratory was ongoing, albeit behind schedule. Works for the biosafety laboratory at Lira RRH were substantially complete, while additional works for Fort Portal were on schedule. Overall, the works at Fort Portal were behind schedule as the contractor was still undertaking works that should have been completed. These were meant to have been completed in February 2024 but were extended to July 2024 and, subsequently, to January 2025.

There were notable delays in starting the construction activities for the biosafety laboratories. The projects were meant to have started in September 2022 but commenced in April 2023 due to delays in procurement of the supervising consultants.

The laboratory at Fort Portal further experienced delays in approving additional works that arose from the variations in project scope.



L-R: Substantially complete satellite laboratory at Lira RRH; ongoing works at Fort Portal satellite laboratory.

Component 2: Strengthening Case Management and Psychosocial Support

This component involved investing in critical care health infrastructure, procurement of equipment and medical supplies, strengthening health workers' capacity as well as psychosocial support for both health workers and patients.

Planned outputs under the project component included: Management of critical patients, orientation and training of critical care specialists for short and long-term training; payment of hazardous allowances to frontline health workers; procurement of personal protection equipment (PPE); procurement of motorcycles for refugee-hosting districts; construction and remodelling of Intensive Care Units (ICU) at Arua, Hoima, Kabale, Entebbe, Mulago and Mbarara; construction of isolation units (Mulago Hospital, Rwekubo HCIV, Kisoro Hospital, Bwera Hospital); and procurement of 23 ICU beds.

By 30th September 2024, the project had achieved 65% of the set targets. Key achievements included procurement of 23 ICU beds, procurement of PPE, and payment of hazardous allowance for health workers.



L-R: ICU at Kabale RRH and ICU at Hoima RRH.

The construction of operation theatres, high dependency units and isolation units was, however, way behind schedule. The average performance of the construction of the ICUs at Kabale, Hoima and Arua was 65% against the planned progress of 100%. The progress of the construction of the high dependency units and operation theatres averaged at 65% against the planned target of 80%. The quality of civil works was noted to be good across the sites visited.

There is need to fast-track civil works under this component if they are to be completed within the project lifetime. The contractors should double both manpower and materials to execute the works at a faster rate without compromising the quality.

Component 3: Implementation Management; and Monitoring and Evaluation

This component constitutes project management as well as monitoring and evaluation aspects of implementation. Achievements under the component included recruitment of staff for the Project Management Unit; monitoring and supervision of the project activities; and support to Uganda Bureau of Statistics (UBOS) to conduct and disseminate the 7th Uganda Demographic and Health Survey 2022.

Other achievements were: procurement of Information and Communication Technology (ICT) tools to facilitate data capture, analysis, and reporting; and strengthening of internet connectivity to allow real-time data reporting from the sub-national levels (including RHDs) to the central database. Supporting national- and community-level meetings for sensitisation and awareness of COVID-19 prevention and management and other public health emergencies.

The Project Implementation Unit (PIU) has continued to plan, manage, implement, and monitor interventions undertaken to ensure that the project development objectives are achieved.

Component 4: Vaccination Acquisition and Deployment

This was concerned with the procurement and deployment of COVID-19 vaccines, including immunisation sundries to enable the country to end its protracted lockdown of the economy resulting from community-wide transmission of COVID-19. The procurement of the vaccines was through a signed MoU with the United Nations International Children's Emergency Fund (UNICEF). A total of 8,967,600 doses of COVID-19 were procured, of which 6,907,200 doses were from Johnson and Johnson while 2,060,400 doses were from Sinopharm. These had been delivered by December 2022.



The project supported the nationwide deployment of vaccines, including in RHDs, with emphasis on strengthening critical areas such as vaccine delivery; and immunisation risk communication and community sensitisation; enhancing reporting; and immunisation data management.

MoH, in collaboration with NMS, progressively managed the waste disposal of expired and used vials of COVID-19 vaccines in the different phases. The initiative aimed at retrieving accumulated vaccine waste from health facilities in line with the established waste management guidelines.

Under this component, the project was on schedule and on budget. However, the procurement and deployment of COVID-19 vaccines stopped due to low uptake following WHO's declaration of an end to the pandemic. The project supported the procurement of the cold chain equipment in preparation for the introduction of the malaria vaccine.

Component 5: Strengthening Continuity of Essential Health Services

This component focuses on sustaining the continuity of health services which were disrupted by the COVID-19 pandemic due to nationwide lockdowns and travel bans. This supported a wide range of activities, including the upgrade of 38 health facilities⁶⁴ in refugee settlements, RHDs and non-refugee-hosting districts.

Others include strengthening emergency medical services; improving the availability of essential health commodities; strengthening community systems for continuity of essential health services; and supporting blood collection and blood storage equipment.

The performance of this component was fair at 62% achievement of planned targets. The project was behind schedule, especially for the civil works at Rwenkubo HCIV, which were very slow. There is a likelihood that these works will not be completed within the project timeframe. The contractor does not have the technical and financial capacity to progress with the works.

Under the component, 44 ambulances were procured and distributed to Local Governments and Regional Referral Hospitals. The project supported blood collection drives and the procurement of storage equipment and blood administration supplies for the HCIVs in RHDs and settlements. The project under the component supported the strengthening of capacity to stimulate the demand for health services by sensitising the population eligible for vaccinations and the delivery of comprehensive community-based health services.

The project further supported the construction of the call and dispatch centres at Mbale RRH, Mbarara RRH and Lira RRH. The average physical performance was 55.7% against the planned progress of 73.3% and a time-lapse of 83%.

⁶⁴Construction of isolation unit and main operating theatre at, among others, Kisoro General Hospital, Omugo HCIV, Terego District; Rhino Camp HCIV, Madi Okollo District; Padibe HCIV, Lamwo District; Rwenkubo HCIV, Isingiro District; and Busanza HCIV, Kisoro District.

None of the sites will be complete within the contractual time and, thus, will experience time overruns. The construction of the national call and dispatch centre at Mulago was not approved by the World Bank and, therefore, not implemented.



L-R: Call and dispatch centre and Neonatal Intensive Care Unit at Mbarara Regional Referral Hospital.

Despite the above achievements, the project did not implement some⁶⁵ of the planned outputs because of the World Bank decision not to grant a “No-Objection” to undertake these works.

Implementation Constraints

- a) There was delayed procurement of the supervising consultants, which affected commencement of works. Works that were meant to start in 2022 started in 2023. There were also design changes at some sites to suit the site constraints.
- b) Forex losses to the tune of over USD 11 million in September 2023, resulting in rescoping of some outputs whose activities had already started.
- c) Delayed response by the World Bank on the government request to restructure the grant which has made some resources idle as some planned outputs are no longer relevant for the public health emergencies.

⁶⁵ Renovation and remodelling of Masindi General Hospital; remodelling of Bukwo General Hospital; remodelling of Rukunyu General Hospital; remodelling of theatre at Koboko General Hospital; remodelling of theatre at Adjumani General Hospital; procurement of equipment for: Kisiita HCIII, Kaserem HCIII and Kinyogoga HCIII; procurement of equipment and furniture for Kolir HCIII, Aukum HCIII, Burunga HCIII, Ober HCIII, Mbehenyi HCIII, Rukoki HCIII, and Mpara HCIII Bukuku HCIII; procurement of equipment and furniture for 5 HCIIIs upgraded to HCIII level: Kapchesombe HCII, Amini HCIII, Ntonwa HCII, Melere HCII, and Kasaalu HCII; construction of Lira Regional Blood Bank and Jinja Regional Blood Bank; and procurement of vehicle for supervision of EMS activities.



Clockwise: Ongoing construction works for the operating theatre at Kisoro General Hospital; operating theatre at Padibe HCIV, Lamwo District; HDU at Kyangwalli HCIV, Kikube District, and operating theatre at Busanza HCIV, Kisoro District.

Conclusion

The performance of the project was fair over the period of its implementation. It was behind schedule by 31% and there are likely to be time overruns beyond the extended period (end of June 2025).

The World Bank did not approve the restructuring for civil works, necessitating the removal of several planned outputs. This is likely to affect full utilisation of the grant and achievement of the intended objectives.

There is a need to double efforts for the implementation of the ongoing civil works, especially those under Component 5 that are largely behind schedule to ensure that the works are completed on time.

Recommendations

- Due to forex losses, there is a need to further rescope the planned outputs in consultation with the intended beneficiaries to fit within the remaining resources.
- The Project Management Team, through the consultant, should instruct the contractors for civil works to double their implementation capacities so as to make up for the lost time and ensure completion of works.
- Considering the delays in civil works implementation, it is important to prioritise and accelerate these activities to ensure that the project stays on track. There is need for close coordination with stakeholders and regular monitoring of progress to address any potential bottleneck and mitigate further delays.



7 Uganda Heart Institute Infrastructure Development Project (1526)

Introduction

The Uganda Heart Institute Infrastructure Development Project is funded by the Arab Bank for Economic Development in Africa (BADEA), the Saudi Fund for Development (SFD) and the OPEC Fund for International Development at a cost of USD 73,000,000 for a period of five years.

The project commenced on 31st July 2019 to improve the number of patients receiving quality cardiovascular care at the Uganda Heart Institute (UHI) and consequently reduce the number of referrals abroad. The financing agreements were concluded on 6th September 2023. The project became effective in January 2023, with an expected completion date of 31st December 2027. Table 3.3.13 details the project basic data.

The project comprises six components, namely: i) Civil works and ancillaries; ii) Consultancy services; iii) Procurement of furniture and equipment; iv) Project management; v) Project launch workshop; and vi) Auditing project account.

Table 3.3.13: Uganda Heart Institute Infrastructure Development Project basic data

Table 5.11.15: Uganda Heart Institute Infrastructure Development Project basic data			
Project Title		Construction and Equipping of Uganda Heart Institute Project – UHIP	
Project location		Plots 18-24, Naguru, Kampala	
Financing agency and amounts		BADEA	USD 20 million
		OPEC Fund	USD 20 million
		SFD	USD 30 million
		GoU	USD 3 million
Total project cost		USD 73,000,000	
Executing agency		The Uganda Heart Institute	
Project Key Dates			
Funder	Date of Loan Signature	Date of Loan Effectiveness	Project Completion Date
OPEC Fund	3rd January 2023	9th February 2023	31st December 2025
BADEA	23rd May 2023	26th September 2023	30th September 2027
SFD	6th September 2023	30th October 2023	31st December 2027
			30th June 2027 (by MoFPED Development Committee)

Source: UHI Quarterly Project Progress Report August 2024.

The project expected outputs are: i) Environmental Impact Survey conducted; ii) Consultant for civil works hired. iii) Bills of quantities drawn up and construction of the perimeter wall complete; and iv) State-of-the-art 250-bed modern heart facility constructed at Naguru, including the clinical block, research and training block and the researchers mess; and modern medical, non- medical equipment and furniture procured and installed.

Financial Performance

The project cost is USD 73,000,000, approximately US\$ 275.210 billion. Additionally, the project received a total of US\$ 10.972 billion from FY 2021/22 to FY 2023/24, beyond the USD 3 million provided for in the financing agreement under the GoU component for preparatory activities. By October 2024, a total of US\$ 13.274 billion (4.82%) had been spent on consultancy services, project management, project launch workshops and preliminary activities.

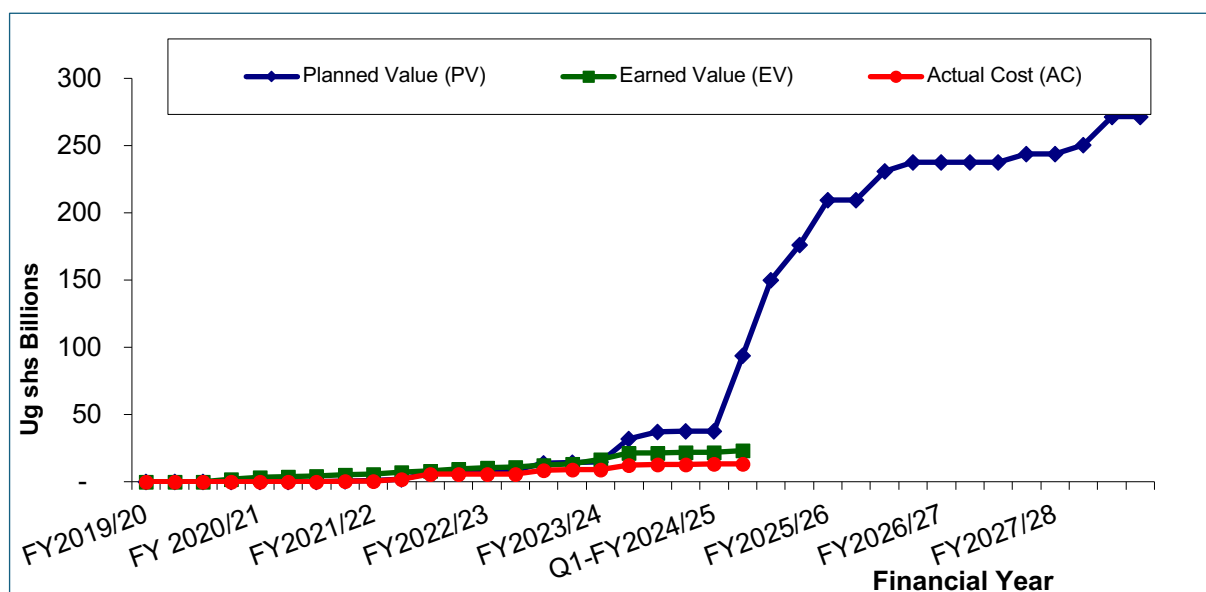
There was a positive cost variance as less was spent compared to what was planned for the corresponding level of progress. However, the underutilisation stemmed from delays rather than efficiency.

Physical Performance

The project's overall physical performance was fair (50%), with progress falling behind schedule.⁶⁶ Delays in finalising the financing agreement caused the initial loss of time. The project experienced further setbacks due to prolonged delays in obtaining “No-Objection” approvals from the funders, which took up to 54 days instead of the expected 14 days.

Despite these setbacks, significant preparatory activities for the civil works were largely completed. These included securing and fencing 10 acres of land, conducting environmental and social impact assessments, hiring a design review consultant, recruiting a project architect, and fully establishing the Project Implementation Unit (PIU). Additionally, vital infrastructure such as water and sewerage networks were completed at the project site. By December 2024, a contractor for the civil works had been procured, with ground-breaking scheduled for January 2025.

Figure 3.3.10: Performance of Uganda Heart Institute Infrastructure Development Project



Source: Author's analysis based on UHI Project data.

Challenges

- Delay in obtaining a “No-Objection” from funders: The project experienced significant delays in receiving “No-Objection” approvals from the funders. Securing “No-Objection” from all the funders took 54 days instead of 14 days.
- Delay in project commencement: The signing of the financing agreements, originally planned for February 2022 with an expected effectiveness in May 2022, was delayed. The actual signing occurred on 3rd January 2023, with the last funder completing the

⁶⁶ The Schedule Performance Index was 0.25



process on 6th September 2023, resulting in a delay of nearly two years, hence leaving the project behind schedule.

- iii) Discrepancy in closing dates: The project is further complicated by having four different closing dates: one for each external financier and another for the MoFPED Development Committee, creating challenges in aligning project timeline.

Conclusion

The project performance was fair and behind schedule. The project lost time as a result of delays in securing a “No-Objection” from all the external funders. As a result, about two years were lost to commencement. The project has to date undertaken preparatory activities for execution of the works. The contractor was procured and was to commence works in January 2025. There is, therefore, need to closely monitor the contractor’s progress to prevent any further slippage.

Recommendations

- i). MoFPED, UHI and MoH should continue to engage the funders to expedite the approval process, particularly in obtaining “No-Objection” responses. Setting clear timelines for these approvals and incorporating buffer periods to accommodate any potential delays will help avoid further setbacks.
- ii). For future projects, the MoFPED and MoH should prioritise early engagement with funders to ensure all documentation and conditions are prepared ahead of time, aiming for timely signoffs. A contingency plan should be in place to address any delays in the signing process, such as identifying alternative funding sources or adjusting project milestones accordingly.
- iii). Alignment of project closing dates: To address the challenges posed by differing closing dates, the project team should work closely with all funders to negotiate a unified closing date or at least synchronise the dates for key deliverables and reporting requirements. This would allow for more efficient management and coordination of activities across stakeholders. If aligning all dates is not possible, an internal project management strategy should be developed to accommodate and track the various deadlines without impacting overall project delivery.

3.3.3 Social Development

1. Generating Growth Opportunities and Productivity for Women Enterprises (GROW) Project

Introduction

The Generating Growth Opportunities and Productivity for Women Enterprises (GROW) Project was officially signed between the Government of Uganda and the World Bank on 30th September 2022. It became effective for implementation on 20th January 2023, and is set to close on 30th June 2027. The project’s goal is to enhance access to entrepreneurial services, empowering female entrepreneurs to grow their businesses in selected areas, including both host and refugee districts. The primary beneficiaries are women and their enterprises, who will receive direct support through the project.

The initiative aims to benefit over 60,000 women-owned enterprises, including 3,000 refugee-owned businesses. It also targets 280,000 women entrepreneurs and employees, including 42,000 refugees, 14,000 members of host communities, and 1.6 million indirect beneficiaries. The project is financed by a USD 217 million IDA grant from the World Bank, covering all districts, municipalities, and cities across Uganda.

The project is implemented through four components as described below:

Component 1: Support Women's Empowerment and Enterprise Development Services

- 1A: Support for the creation and strengthening of women's platforms, community mobilisation, and mindset change.
- 1B: Support for core business development for micro and small enterprises (core training courses).
- 1C: Support for trade-/sector-specific skills.
- 1D: Women's Entrepreneurship Work Placement/Apprenticeship Programme.

Component: Access to Finance for Women Entrepreneurs

- 2A: Grant support for micro-enterprises through business plan competition.
- 2B: Facilitating access to credit for enterprise growth.
- 2C: Sustainable loan products and processes for women entrepreneurs.

Component 3: Enabling Infrastructure and Facilities for Women Enterprise Growth and Transition

- 3A: Multipurpose service and production facilities to boost women enterprise productivity.
- 3B: Enabling access to gender-inclusive workplace infrastructure.

Component 4: Programme Management, Evidence Generation, and Policy Innovation

- 4A: Project management support for high-quality implementation at MoGLSD.
- 4B: Project management support for high-quality implementation at PSFU.
- 4C: Policy innovation and evidence generation.

Financial Performance

By 30th September 2024, cumulatively USD 32,931,200 had been disbursed to both PSFU and MoGLSD and USD 16,305,165 spent, representing 49.5% absorption rate.

Table 3.3.11: Summary of the GROW Project financial performance as at 30th September 2024

Components	Budget Allocation Million (USD)	Disbursement Million (USD)	% Disbursement	Total Expenditure Million (USD)	% Absorption to Component Disbursements
1	42.00	14.38	34%	5.50	38%
2	90.00	10.00	11%	7.79	78%
3	70.00	1.12	2%	0.23	21%
4	15.00	7.43	50%	2.76	37%
Total	217.00	32.93	15%	16.28	49%

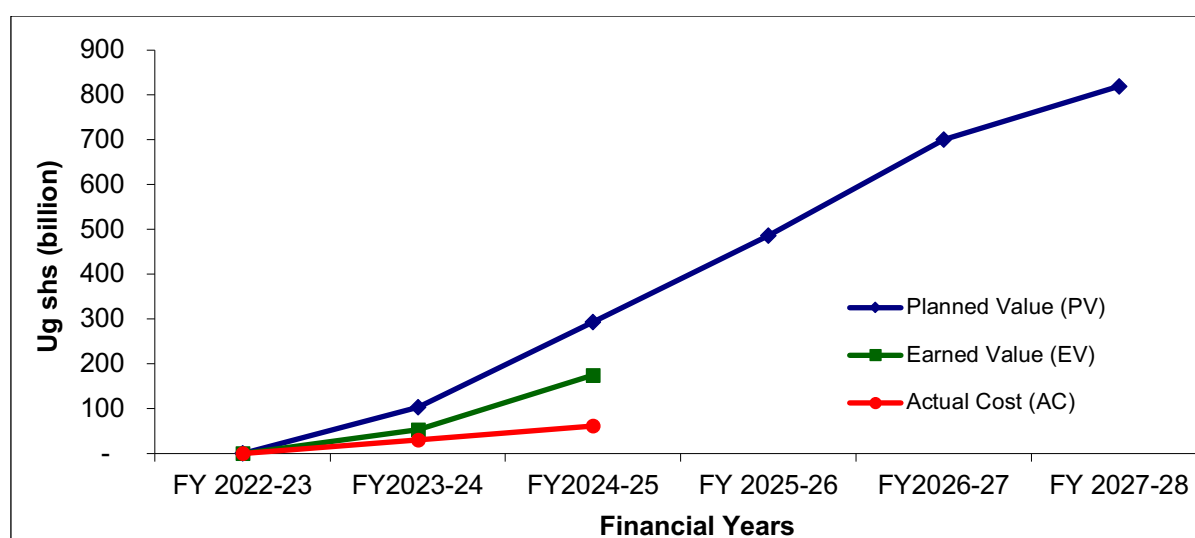
Source: GROW progress report, December 2024.

Physical Performance

The overall physical performance of the project was poor, with 38% progress, and lagged behind its scheduled timeline. This delay is evident from the earned value, which was lower than the planned value, as shown in Figure 3.3.12. The project initially focused on preparatory activities, including the development of project manuals and the recruitment of staff, which were prerequisites for disbursement and expenditure in FY 2023/24.

The civil works required comprehensive technical, environmental, and social assessments, and were completed in FY 2023/24. In addition, extensive stakeholder engagements were necessary to finalise the project manuals, which, in turn, were prerequisites for initiating major procurement processes. Despite these early challenges, the GROW Project had made notable progress in mobilising women entrepreneurs and advancing financial inclusion through the provision of loans as at the time of assessment.

Figure 3.3.12: Performance trends of the GROW Project by December 2024



Source: GROW project report, 2024.

Performance across the components and indicators varied, with some demonstrating stronger results than others. Component 1 achieved a score of 50%, Component 2 scored 30%, Component 3 recorded 20%, and Component 4 reached 50%. The detailed component performance is outlined below while performance of selected indicators is annexed (1.0).

a) Women Empowerment and Enterprise Development Services

This component focuses on providing enterprise development services to women through a combination of technical, life skills, and digital training, alongside business advisory services. It also strengthens women's networks via platforms that facilitate market linkages and value chain development, with the aim of addressing and changing the negative social norms that hinder women's participation in business activities.

As of December 2024, a total of 105 district-level platforms were successfully established and reinforced in collaboration with the Uganda Women Entrepreneurs Association Limited (UWEAL). These platforms engaged 22,305 women in various Women's Empowerment Programme (WEP) activities, and the WEP handbook was developed and widely distributed.



Sensitisation and awareness campaigns aimed at educating Members of Parliament, district and city leaders, as well as women entrepreneurs, were successfully carried out across 12 sub-regions. These campaigns primarily focused on the GROW Project's implementation strategies, the available products and services for women entrepreneurs, and the processes for accessing them.

In total, the campaigns reached 13,227 beneficiaries, with more than 90% being women entrepreneurs. Notably, districts such as Kyenjojo, Mubende, Jinja, Mbarara, and Masaka had trained district officials, Commercial Officers, and focal persons. However, districts like Kabarole and Kamuli had not yet received training at the time of the assessment.

The initiative trained 5,117 women in business development services (BDS) and trade-specific skills, out of a target of 8,060 women, indicating a need for expanded outreach. The training covered a broad range of skills, including tourism experiences, tailoring, garment production, fashion and design, arts and crafts, hairdressing, cosmetology and skin care, catering, soap and detergent making, and energy-saving cooking devices. Participants also gained exposure to packaging, marketing opportunities, and various other business development aspects.

In addition to these technical skills, women were introduced to or further developed their abilities in savings, lending, and cooperative associations (SLAs), digital marketing, financial literacy, record-keeping, climate adaptation, and the use of smart technologies. To further enhance learning, Makerere University Business School (MUBS) developed a core curriculum, which was translated into nine major languages, including Swahili, Arabic and French, ensuring accessibility for a wider audience.

Additionally, 26 enterprises were selected to serve as host institutions for the Women's Apprenticeship and Work Placement Programme, providing valuable hands-on experience and strengthening the connection between training and practical business operations. The Ministry of Education and Sports (MoES) partnered to develop an apprenticeship curriculum, and a management firm was identified to oversee work placements.

b) Access to Finance for Women Entrepreneurs

This component aims to address financial barriers faced by women-led businesses by providing grants and loans to facilitate their growth from micro to small and medium-sized enterprises. It includes two main initiatives:

- i) Business expansion grants ranging from USD 5,000 to USD 30,000 for women looking to enter male-dominated sectors like technology or construction, or expand into social enterprises or climate change-related ventures.
- ii) The Grow Financing Facility (GFF) supports women entrepreneurs, including refugees and those in refugee-hosting districts (RHDs), to access loans from financial institutions to scale their businesses and enhance productivity.

The GFF, with a budget of USD 70 million (US\$ 260 billion), focuses on overcoming capital access challenges and helps women entrepreneurs in sectors such as agriculture, manufacturing, tourism, construction, and services.



❖ Features of the GROW Loan

- i) A GROW loan is accessed under three funding levels as presented in the table below:

Table 3.3.13: Proposed funding levels

Beneficiary	Loan Level	Targeted Beneficiaries
Level 1	4 – 20 million	17,000
Level 2	20+ to 40 million	10,500
Level 3	40+ to 200 million	1,250

Source: *GROW Project Progress Report, 2024.*

- ii) Any woman entrepreneur, including leaders with an eligible business, is eligible to apply for the GROW loan.
- iii) Affordable interest rate between 10 and 10.5% per annum for a period not exceeding 24 months.
- iv) No loan fees, except for the statutory requirements, such as the Credit Reference Bureau, Environmental Impact Assessment (EIA) by NEMA, insurance of the collaterals and some process fees, such as collateral valuation.

Women who repay the instalments consistently for half of the loan period receive a grant as a bonus and will have their loan values reduced by 5%.

The GROW loan and the participating banks were launched on 28th August 2024 and the banks are Equity Bank, Centenary Bank, Post Bank, Finance Trust Bank, DFCU Bank and Stanbic Bank. These PFIs demonstrated having specialised products for women entrepreneurs that would ensure GROW loans can be accessed by as many women entrepreneurs as possible. Relatedly, the project was in the final process of selecting micro-finance institutions (SACCOs and MFIs) under cohort 2 to supplement the disbursement of credit facilities to women entrepreneurs.

By November 2024, a total of US\$ 39,798,000,000 had been released to five PFIs and US\$ 36,701,343,450 was disbursed to 1,883 beneficiaries.

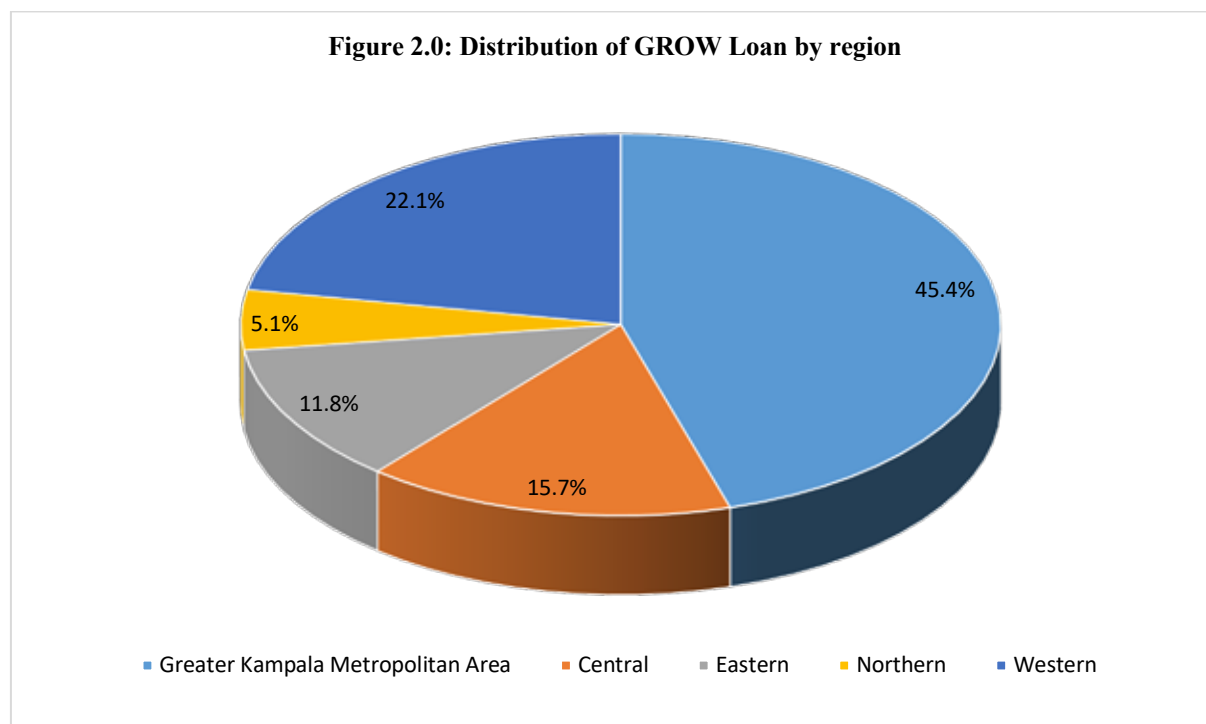
Table 3.3.x: Number of loans and amount disbursed by each PFI as at 30th November 2024

No.	PFI	Contract Amount (US\$)	Amount Govt Has Disbursed to FIs to date	Amount of GROW Loans Disbursed by PFIs	No. of Beneficiaries
1	Centenary Bank	22,500,000,000	12,000,000,000	12,000,000,000	728
2	DFCU Bank	22,500,000,000	7,998,000,000	4,904,400,000	109
3	Equity Bank	8,550,000,000	1,800,000,000	1,800,000,000	111
4	Finance Trust	22,500,000,000	12,000,000,000	11,996,943,450	567
5	Post Bank	22,500,000,000	6,000,000,000	6,000,000,000	368
	Total	98,550,000,000	39,798,000,000	36,701,343,450	1,883

Source: *GROW report December 2024.*

The distribution of loans across regions revealed significant disparities, with Central and Western Uganda receiving a higher proportion of loans compared to the Northern and Eastern Regions. This uneven distribution highlights the need for stronger enforcement of equitable

loan allocation across all 19 sub-regions. Figure 2.0 visually illustrates these disparities in loan disbursement.



c) Enabling Infrastructure and Facilities

This component focuses on facilitating investments in infrastructure and facilities that address the specific challenges women face in expanding and growing their MSMEs. It aims to improve access to essential economic and social infrastructure by providing common-user facilities and childcare services. These initiatives are designed to support women entrepreneurs in overcoming barriers to growth and development.

As of November 2024, three locations – Kampala, Kololo, and Lweza – had been identified for the establishment of a multipurpose enterprise centre. Preliminary designs and cost estimates for these centres were completed, with the objective of setting up dedicated spaces for women’s entrepreneurship training and production.

Additionally, to support women entrepreneurs with shared resources, three common-user production facilities (CUPFs) were identified. These facilities aim to reduce the financial burden of individual investments in equipment by providing access to shared production spaces. The selected CUPFs are the Makerere University Food Technology Centre, Rwentanga Farm Institute, and the Kawanda Agricultural Research Laboratory. These centres are expected to enable women entrepreneurs to access necessary infrastructure without the prohibitive costs of private ownership. Furthermore, the infrastructure grants manual was finalised to support childcare, sanitation, and digital facilities. Two studies on childcare affordability and workplace integration were launched in November 2024.



d) Programme Management and Policy Innovation

This component focuses on governance, monitoring, and policy innovation to sustain the GROW Project. The key achievements included operationalisation of Project Steering and Technical Committees, deployment of focal point persons across 146 districts, launch of the Management Information System (MIS) and the initiation of two policy studies, that is, the impact of taxation on women entrepreneurs and the integration of mental health support for women in business.

Implementation Challenges

- i) Delays in procurement processes that impacted on hiring of the training providers and grant management firms.
- ii) Geographical disparities in loan disbursement.

Conclusion

The GROW Project's future success depends on improving the speed and efficiency of implementation, ensuring sustainability, and making sure women entrepreneurs across all districts benefit equitably from its interventions.

3.4 Integrated Transport and Infrastructure Services Programme

This section presents performance of 21 out of the 25 externally funded projects under the programme. The four projects were excluded from analysis for various reasons (Table 3.4.1).

Table 3.4.1: Excluded funded projects in this assessment

Project Code	Project Name	Reasons for Omission
1097	New Standard Gauge Railway Line	Financing has not yet been concluded.
1546	Kisoro-Nkuringo-Rubugiri-Muko Road	Exited from the PIP on account of lack of financing.
1547	Kebisoni-Kisizi-Muhanga Road	Exited from the PIP on account of delay to conclude financing.
1656	Construction of Muko-Katuna Road	Loan not yet signed.

Source: Author's compilation.

3.4.1 Atiak-Moyo-Afoji: Atiak-Laropi (66 km) – Lot 1 (0265)

Introduction

The upgrading of the Atiak-Laropi Road is part of the bigger Development Initiative for Northern Uganda (DINU) Programme that is funded by the European Union (85%) and GoU (15%). The total project cost for civil works was estimated at US\$ 242.137 billion.

The objective of the project is to provide an adequate and suitable road link between Atiak, Adjumani, Moyo and Afoji at the Sudan border for efficient and effective transport services.

The analysis under this project focuses on upgrading the existing 66 km (Atiak-Laropi) and 4.2 km of selected Adjumani town roads from gravel road to paved standard. A summary of the project information is presented in Table 3.4.2.

Table 3.4.2: Summary of Atiak-Laropi Road Project details and performance as of 31st October 2024

Funding agency	Government of Uganda (15%) European Development Fund/European Union Delegation (85%)
Loan amount	USD 55.504 million
Date of effectiveness	13th January 2020
Original date of closure	5th August 2025
Cumulative loan disbursement	51%
Original contract price	US\$ 242,137,248,444 inclusive of 18% VAT
Contract period	30 months
Revised contract period	50.78 months
Contract start date	1st June 2020
Original contract end date	30th November 2022
Revised contract end date	5th August 2024
Contract time elapsed	53 months (as of 31st October 2024), equivalent to 176.7% of the original period

Source: Author's compilation, project documents.

Financial Performance

By the end of October 2024, a total of US\$ 229.061 billion (94.6%) had been spent on civil works against a plan of 100%. The contractor submitted several financial claims totalling EUR 7,965,381 because of idle time on the project site.⁶⁷ In relation to right of way (RoW) acquisition, the total approved valuation was US\$ 14.864 billion, of which US\$ 13.966 billion (93%) was paid to the PAPs.

Physical Performance

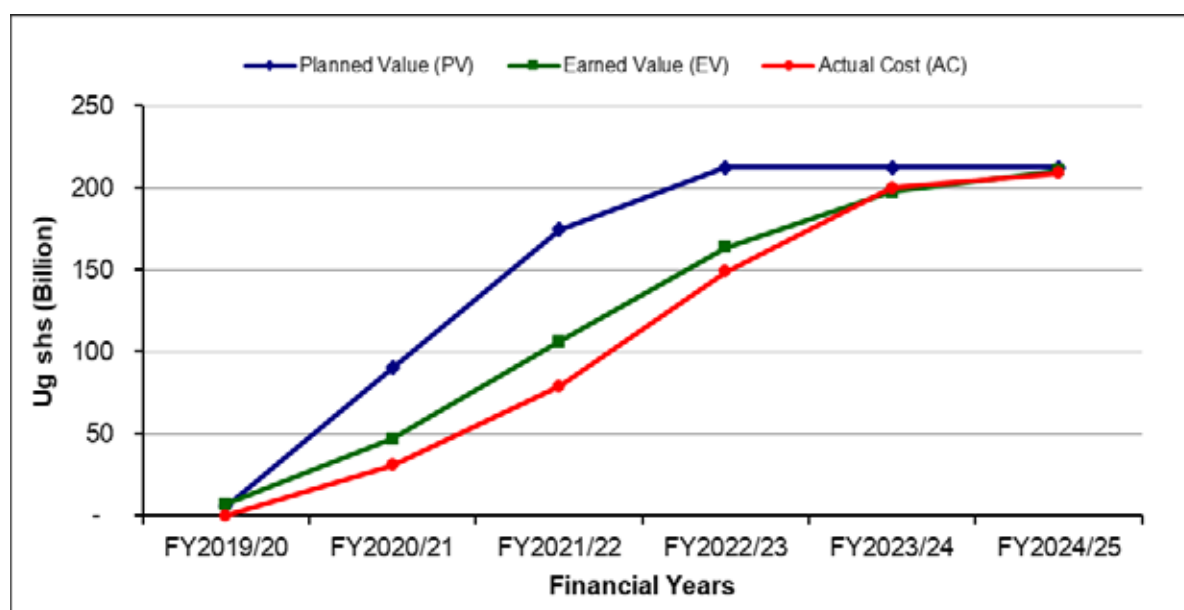
Overall, the physical performance of the Atiak-Laropi Road Project was good. The cumulative physical progress achieved by the end of October 2024 was 99% against a plan of 100% and a time-lapse of 176.67% based on the original contract period.⁶⁸ (Figure 3.4.1). The main road was completed except for road marking, while the town roads were at 86.84% physical progress.

The progress across the various project scope was as follows: asphalt concrete surfacing at 98.9%; earthworks and pavement layers of gravel at 100.0%; drainage works at 79.6%; bridge structures at 100%; and ancillary roadworks at 70.5%. A total of 1,222 PAPs (96.8%) were paid out of 1,262 PAPs.

⁶⁷ The idle time was attributed to delayed RoW acquisition.

⁶⁸ The schedule performance index was 0.99.

Figure 3.4.1: Performance of Atiak-Laropi Road Project as of 31st October 2024



Source: Author's compilation, project monthly progress reports.



Completed road section of urban centres of Atiak-Laropi Road featuring street lighting.



Bus stops with shelter provided along Atiak-Laropi Road.

Conclusion

The performance of the project was very good at 99%. The project was substantially completed, and the value of executed works was commensurate with project expenditure and within the project budget. A few pending items require fast-tracking to support complete project closure.

Recommendation

MoWT should closely monitor the contractor to ensure that all the few pending items are completed to allow formal project closure.

3.4.2 Busega – Mpigi Expressway Project (1404)

Introduction

The Kampala-Mpigi Expressway is part of the Northern Corridor, leading from the port of Mombasa in Kenya to Uganda, Burundi, the eastern regions of the Democratic Republic of Congo (DRC), and Rwanda; it also carries some traffic from/to Western Tanzania.

The project aims to increase capacity of the existing road from the Kibuye roundabout to Mpigi Town whose capacity to carry existing traffic volumes has diminished. Consequently, there are high travel times, vehicle operating costs, and high rate of accidents.



The scope of the project involved the construction of a dual carriage expressway (26.905 km) with limited access, 21.3 km of link roads, construction of 13 bridges, box culverts and the installation of culverts and four (4) toll plazas. The total project cost was estimated at US\$ 547.543 billion. A summary of the project information is presented in Table 3.5.4.

Table 3.4.4: Summary of Busega-Mpigi Project details as at end of October 2024

Date signed	29th December 2016
Effective date	14th February 2017
Original closure	31st December 2020
New closure date	31st December 2025
Loan amount	USD 188 million
Cumulative disbursement of the loan as at end of October 2024	73%
Loan duration elapsed	87%
Funding agency	Africa Development Bank (AfDB), Africa Development Fund (ADF) and Government of Uganda (GOU)
Original contract price	US\$ 547,543,072,124 including VAT
Revised contract price	Not yet determined but anticipated
Contract period	Initial: 30 months (917 days) Revised: 44 months (1345 days); then revised to 1,805 days
Contract start date	22nd November 2019
Construction end date	Original – 27th May 2022 Revised – 29th July 2023 Second revision – 31st October 2024
Contract time elapsed	60 months (as of 31st October 2024), equivalent to 100%

Source: Field findings.

Financial Performance

By the end of October 2024, the total approved budget of the project was US\$ 715.748 billion, of which US\$ 525.182 billion (73.3%) was released and US\$ 427.976 (81.5%) expended.

The project has spent 102% of the counterpart funding majorly on the acquisition of the RoW and project management. The project had an outstanding amount of US\$ 22.741 billion to pay the PAPs. The project expenditure was within the contract sum, although at risk of cost overruns estimated at US\$ 223 billion.⁶⁹

Physical Performance

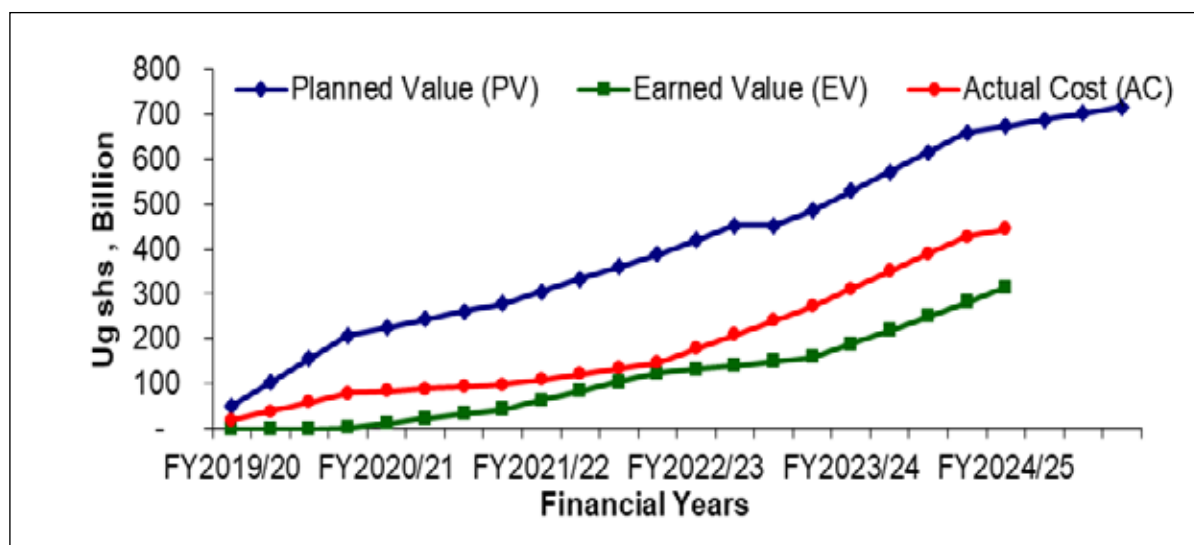
The physical progress was at 45.48 % against a target of 56.52% and time progress of 96.9% as at end of October 2024. The progress represents an increase of 9.26%. Despite the increase in physical progress, the project was behind schedule⁷⁰ and would require an extra 35 months to be completed (Figure 3.4.2). The loss in time was majorly attributed to poor planning and monitoring of the project, which led to delay in finalising the design review; inadequate financial disbursements for RoW acquisition; delays in payments; and procurement delays.

As at the 31st October 2024, the Resettlement Action Plan (RAP) was at 78.55%, with a total of 486 PAPs yet to be paid.

⁶⁹ The Cost Performance Index was 0.71.

⁷⁰ The Schedule Performance Index was 0.47.

Figure 3.4.2: Performance of the Busega-Mpigi Expressway Road Project as at end of October 2024



Source: PBS reports 2019/20 – 2024/25 and field findings.



Completed abutments for one of the bridge structures.



Completed fills in the swampy sections along the road.

Implementation Constraints

- i) Design reviews that increased the scope, leading to exhaustion of the original contract amount. The revised project cost estimate was US\$ 1,346 billion (145% increment). Negotiations for additional financing to enable project completion was ongoing.
- ii) Delayed finalisation of the RAP/acquisition of RoW.

Conclusion

The performance of the project was poor (45.48%) against a time-lapse of 96.9%. The disbursement to the project was 73.3% within a duration of 87%. The project was, therefore, behind schedule on both physical performance and loan disbursement. The loss in time was estimated at 35 months. This implies that the project would end on 14th February 2027 outside the current loan end date. The original contract sum for the project was exhausted and, as such, the project would require additional financing to cover the entire scope.

Recommendation

1. MoWT should negotiate for additional financing to cover the entire project scope.
2. MoWT/MoFPED should prioritise allocation of funding to the project for payment of the outstanding amount for the RoW.

3.4.3 Entebbe Airport Rehabilitation Phase 1 (1373)

Upgrading and expansion of Entebbe International Airport is a project initiated by the Government of Uganda upon application for a loan from the Chinese Infrastructure Financing Institution (EXIM Bank). The project is a design and build contract between the Uganda Civil Aviation Authority (UCAA) and China Communications Construction Company Limited.

The project objectives are:

- To provide adequate infrastructure and facilities at Entebbe International Airport to accommodate current and future traffic.
- To upgrade the facilities and infrastructure to a modern system for more efficient operations.
- To provide convenient and relaxing facilities for the airport users.
- To provide a bedrock for increased numerical and non-numerical revenues for the airport.

The original scope of works entailed: construction of the New Cargo Centre; construction of the New Passenger Terminal Building; strengthening of runway 17/35 and associated taxiways (A1, A2, A3 and A4); strengthening and expansion of Apron 1; expansion of Taxiway A (renamed B); strengthening of Apron 4; rehabilitation of Apron 2; strengthening of runway 12/30 and associated taxiways (J1, J2, J3 and H1); water supply system (domestic and fire) and associated facilities; and the exploration design.

The additional scope included the construction of the following: a guard house; a temporary cargo commercial centre; a police post and canine unit; new cold rooms; an additional low voltage switch room; sheds for waiting trucks; and a new electrical sub-station. It also included remodelling of rooms at the cargo centre, procurement of an additional 400 kVa generator and construction of the reinforced concrete base.

A summary of the project information is presented in Table 3.4.4.

Table 3.4.4: Summary of the project

Financier	The Export – Import Bank of China (EXIM)
Date signed	31st March 2015
Effectiveness date	17th December 2015
Original closure	5th Dec 2022
New closure date	7th February 2025
Loan amount	CNY 1,260,000,000 (USD 200,000,000)
Loan duration	64 months
Loan disbursement performance	102%
Original contract price	Civil works contract: USD 200,000,000; revised to USD 199,990,415
Contract start date	10th May 2016
Contract period	1,825 days (5 years)
Original completion date	9th May 2021
Revised contract period	3198 days (10th February 2025)
Contract time elapsed	96.78%
Physical progress	Cumulatively achieved 96.16% against a planned of 100%

Source: Field findings.

Financial Performance

As of December 2024, the cumulative financial progress of the project was at 95.47% (USD 190,931,523.20). The total value of certified works was USD 183,571,144.49, most (99%) of which was paid. The unpaid balance was attributed to the exhaustion of loan funds.

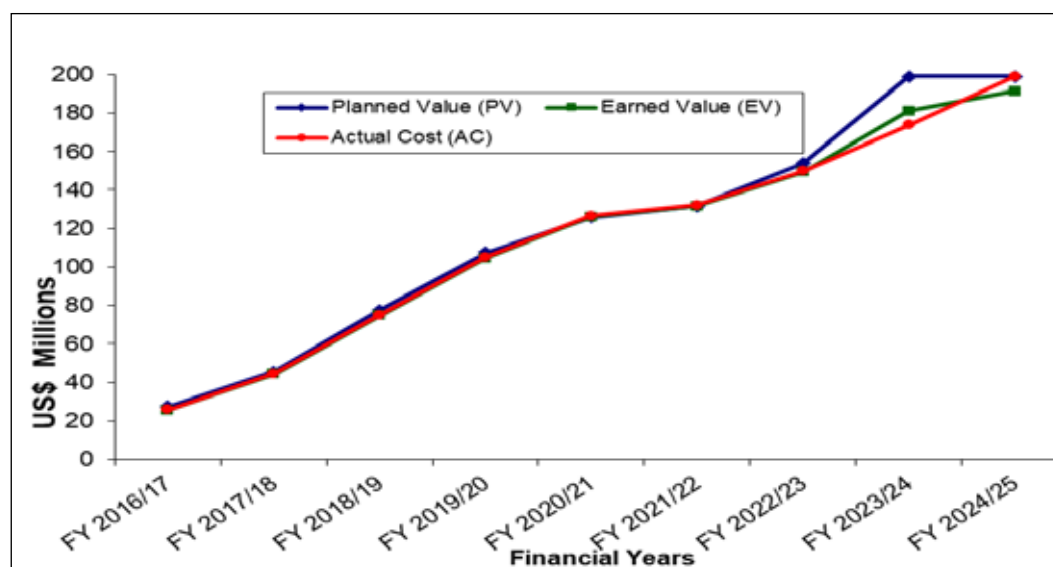
The project is experiencing significant cost overruns⁷¹, exceeding its original budget by approximately USD 14 million, with the estimated cost at completion (EAC) projected at USD 221,981,333.11. The overruns are mainly attributed to MoFPED delays in approving price adjustment indices.

The price adjustment delays stemmed from a shift in price index systems from the China Economic Monitoring and Analysis Centre (CEMAC) to the Hong Kong system. In addition, the project experienced a foreign exchange loss of approximately USD 14 million emanating from the variation of the contract currency (USD) and the payment currency (Chinese yuan).

Physical Performance

By the end of December 2024, the overall progress of the airport works was at 96.16%, against the planned 100% completion, while time progress was at 98.7%. The project was slightly behind schedule⁷²(Figure 3.4.5). The delays were primarily attributed to late payments to service providers, challenges in the procurement of complementary equipment such as Energy Dispersive Spectroscopy (EDS) scanners and generators, and unresolved disputes related to funding gaps and price adjustments.

Figure 3.4.5: Performance of the Entebbe International Airport as of December 2024



Source: Monthly progress reports from FY 2016/17 to December 2024.

Implementation Constraints

- 1) **Delays in procurement of critical equipment:** The procurement of EDS scanners and generators, essential for system integration and backup power, has not been completed. The lack of EDS scanners, which fall outside the contractor's scope, poses a high risk of delaying system testing and rendering the PTB non-operational. Similarly, generator procurement delays, including unclear specifications and configurations, have impacted project timelines and planning.

⁷¹ with Cost Performance Index (CPI) of 0.96.

⁷² with a Schedule Performance Index (SPI) of 0.96.

- 2) **Unresolved disputes and arbitration risks:** The Dispute Adjudication Board (DAB) required by the contract was not engaged within the stipulated timeframe. Although a draft agreement was submitted, it remains unsigned, increasing the risk of unresolved claims and potential arbitration. The contractor's claim for additional work on the CIP lounge is also awaiting DAB resolution.
- 3) **Financial constraints and payment delays:** Exchange rate fluctuations have caused a USD 14 million financial gap due to the contract being in USD while payments are made in RMB. Additionally, interest on delayed IPC payments has accumulated to USD 1,679,980.95, risking contractual breaches and arbitration. Payment delays for relocation works done by agencies have also strained financial commitments.
- 4) **Cost adjustment and budget overruns:** The contract allows for cost adjustments on materials like cement, steel and fuel, but approval for switching from the CEMAC to the Hong Kong price indices is still pending. The delay in approving these adjustments risks further cost accumulation.
- 5) **Integration challenges for the new PTB:** The contract did not include the harmonisation of the new Passenger Terminal Building (PTB) with existing structures. Proper architectural and engineering coordination is required to ensure efficient airport operations.

Conclusion

The Entebbe International Airport Expansion Project has made significant progress towards achieving its objectives of modernising infrastructure, enhancing operational efficiency, improving user experience, and boosting revenue generation. By December 2024, the project had reached 96.16% physical completion and 95.47% financial progress, with six components fully completed and handed over, four at substantial completion, and one at 78.3%.

Despite this progress, the project has faced financial and schedule-related challenges that have hindered timely completion. The cost overruns, amounting to approximately USD 14 million, have resulted from delays in price adjustment approvals, exchange rate fluctuations between the USD and Chinese yuan, and funding gaps due to the exhaustion of the loan facility. The estimated cost at completion (EAC) has risen to USD 221,981,333.11, surpassing the original contract budget.

Schedule performance has also been impacted by delays in procuring essential equipment, including EDS scanners and backup generators, and unresolved contractual disputes, such as pending payments, claims for additional works, and the lack of a signed Dispute Adjudication Board (DAB) agreement. These issues have slowed down final completion and increased financial liabilities, with accrued interest on delayed payments reaching USD 1,679,980.95 by the end of December 2024.

Recommendations

- 1) UCAA should urgently finalise the procurement of EDS scanners and generators, ensuring timely system integration, testing, and commissioning. Clear communication with all stakeholders is essential to prevent further delays.
- 2) UCAA should prioritise the signing of the Sole Dispute Adjudication Board (DAB) agreement and engage it immediately to resolve disputes, including the CIP lounge design and cost evaluation. Fast-tracking these resolutions will help avoid costly arbitration.
- 3) UCAA should confirm financial arrangements to address the contract currency devaluation issue and ensure the contractor receives the equivalent value to prevent



work suspension or termination. UCAA should also settle outstanding financial charges and agency reimbursements promptly to maintain the contractor's cash flow and prevent contractual breaches.

- 4) UCAA should approve the requested cost adjustments based on the revised cost indices to prevent further cost escalations and financial strain.
- 5) UCAA should prioritise the harmonisation of the new Passenger Terminal Building (PTB) with existing structures, ensuring early planning and coordination for smooth airport operations.

3.4.4 Development of the New Bukasa Port Project (1284)

Introduction

The Government of Uganda, through Ministry of Works and Transport, plans to construct a modern high-capacity port at Bukasa on the shores of Lake Victoria. This is a flagship infrastructure project in the Third National Development Plan, the National Transport Master Plan and Uganda Vision 2040. The funders of the project are: European Export and Trade Bank (42.48%), Commerzbank (42.48%) and GoU (15.04%). The loan was signed on 24th April 2016, became effective on 27th September 2016, and the closure date is 15th May 2025.

The port will be linked by trio-modal transport modes (water, rail and road). It will form part of the Central Corridor, i.e. Bukasa-Mwanza-Musoma-Tanga-Dar es Salaam, and link Kisumu via Lake Victoria and Mombasa by rail.

Bukasa Port will be constructed on 400 hectares and will handle international cargo transported by trio-modal (ship-railroad), acting as a gateway for international traffic along the Central and Northern Corridors to facilitate trade. The port will serve as a logistics centre for the assembly, storage and redistribution of imports and exports.

The main objective of developing Bukasa Port is to address the country's rapidly growing traffic demands using the Central Corridor on Lake Victoria to Kenya and Tanzania. This will reduce over-dependence on the Northern Corridor through improved infrastructure. In addition, this will promote regional integration and trade; reduce transport corridor competition; and reduce traffic on the Northern Corridor, road maintenance costs, and the cost of doing business, and hence increase socio-economic development.

The scope of the project is structured into three phases:

Phase 1: This is the preparation phase, which covers: the construction of a 6 km Kinawataka-Bukasa Road; the preparation of a master plan; the preliminary design; a Resettlement Action Plan (RAP); an Environmental and Social Impact Assessment (ESIA); swamp removal and reclamation work; a ship simulation study; a 3D model and animation; and training. This phase was originally planned to commence in June 2016 and run for three years but was revised for completion in May 2025.

Phase 2: Construction of Bukasa Port to the capacity of 2.3 million tons per year, and that of a shipyard and a floating dock. This phase was expected to commence in November 2019 and continue for three years but was revised to be completed by June 2025.

Phase 3: Future extension of the port to a capacity of 5.2 million tons per year and to a maximum peak of 7.5 million tons per year. This phase is expected to be completed by 2030.

The estimated cost of project implementation for Phases 1 and 2 is EUR 350 million (equivalent to US\$ 1,400 billion). Phase 1 was estimated to cost EUR 50 million, while Phase 2 would cost EUR 300 million. The project is currently funded for only Phase 1, which is discussed hereafter.

Financial Performance

The estimated cost of Phase 1 activities of the project is EUR 50 million. The contractor cumulatively invoiced EUR 32.383 million (64.7%), of which EUR 30.936 million (61.9%) was disbursed for the certified works, implying poor loan absorption.

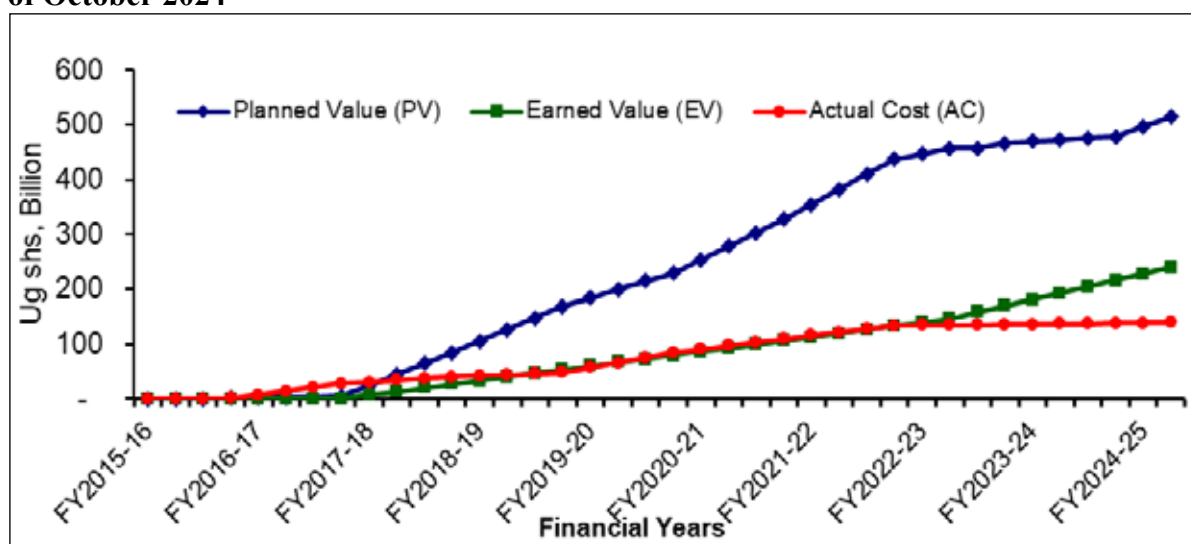
In relation to counterpart funding, the project had a cumulative allocation of US\$ 39.235 billion, of which US\$ 85.086 billion (216%) was released and US\$ 81.837 billion expended. Despite the excellent release, the project experiences inadequate funding relative to the financial requirements for RAP.

Physical Performance

The overall weighted physical progress of the project was poor, estimated at 18%. The project is significantly behind schedule⁷³(Figure 3.4.4). The contractor had suspended major swamp reclamation works due to delays in remittance of the balance of the required advance payment. Consequently, the pace of implementation of work further reduced. The physical progress of the reclamation works was estimated at 15%, while the swamp removal was at 27.5%.

Figure 3.4.4 shows the performance of the project.

Figure 3.4.4: Performance of the Development of the New Bukasa Port Project as at end of October 2024



Source: PBS and author's compilation.

Implementation Constraints

- Inadequate funding for the RAP.
- Delayed full remittance of advance payment to the contractor, leading to suspension of works.

Conclusion

The performance of the Development of the New Bukasa Port Project was poor and behind schedule. Implementation of Phase 1 activities was ongoing, although at a slow pace. The slow pace of implementation of Phase 1 activities will affect the commencement of Phase 2 of the project.

⁷³ The Schedule performance Index was 0.46.



Recommendation

MoWT should prioritise the compensation of the pending PAPs to avoid stoppage of works by the property owners.

3.4.5 Kampala-Jinja Expressway Project (1278)

Introduction

The Kampala-Jinja Expressway (77km) is part of the Northern Corridor Route (NCR), which starts from Mombasa and continues all the way to Burundi. The corridor is of strategic importance as it connects the landlocked countries in the Great Lakes Region to the sea at the port of Mombasa. Kampala-Jinja Road is one of the busiest roads in Uganda, with average daily traffic of over 25,000 vehicles on sections closer to Kampala City. The road links Jinja to the Greater Kampala Metropolitan Area (GKMA).

The transport system along the Kampala-Jinja Road section in the GKMA is highly inefficient, resulting in high transport costs (vehicle operating and travel time costs), which is injurious to the growth of the national economy. The Kampala-Jinja Expressway (KJE) is expected to reduce the travel time and transport operating costs.

MoWT is seeking to partner with the private sector to design, build, finance, operate and transfer a limited access 97 km tolled expressway under a Public-Private Partnership (PPP) arrangement. The project comprises the following components: 77 km of the Kampala-Jinja Mainline Expressway with a design speed of up to 120 kph; and a 20 km Kampala Southern Bypass (Urban Expressway) with a design speed of up to 100 kph.

The total project cost (TPC) was estimated at USD 1.4 billion, and the project was expected to start on 1st January 2014 and close on 30th June 2023. The project is funded⁷⁴ by the GoU (USD 600 million of which 42.86% will be provided under PPP) and an African Development Bank (AfDB) loan of USD 229.5 million (24% of the TPC). The loan was signed on 16th March 2021 with an effectiveness date of 5th July 2021 and expiry date of 30th June 2027 for Phase 1 (Kampala-Namagunga, covering 35 km).

Currently, the project is experiencing a funding shortfall of 34% of the project cost. Consequently, the project has been phased. The analysis under this project focuses on Phase 1, i.e. the Kampala-Jinja Expressway (Kampala-Namagunga, with a length of 35 km); and the Kampala-Southern Bypass section (18 km).

Financial Performance

As of December 01, 2024, the financial performance of the project was poor, with only USD 343,983.5 disbursed by the AfDB, accounting for just 0.15% of the total loan amount. This was for preliminary activities. In addition, the financing through the PPP was not finalised, hence no disbursements made. The GoU is in the process of sourcing funding to close the current financing gap.

⁷⁴ Currently the secured funding is 66% of the project cost, contributed by 24% from AfDB and 42% by GoU. The project has a financing gap of 34%.

Physical Performance

The physical progress of the project was 0%. The contracting and commencement of works awaited securing of all the required financing. The project was behind schedule.

Implementation Constraint

Inadequate funding partly due to unattractiveness of the investment. The project has a 34% financing gap.

Conclusion

The project performance was poor at 0% targets achieved. The key binding constraint was inadequate funding attributed to non-attractiveness of the investment. It is therefore critical that GoU addressees these surmountable constraints to support realisation of the economic and logistical benefits envisioned for the project.

Recommendations

- i) The Government of Uganda should prioritise securing the necessary financial resources by actively engaging potential investors, development partners, and commercial lenders to close funding gaps.
- ii) MoWT should restructure the project to make it a more attractive investment to the private sector players.

3.4.6 Kampala Flyover Construction and Road Upgrading Project (1319)

Introduction

The Kampala Flyover Construction and Road Upgrading Project is part of the measures for improving traffic flow within the Greater Kampala Metropolitan Area (GKMA) funded by Japan International Co-operation Agency (JICA). The project loan was approved on 3rd September 2015, signed on 11th September 2015, and became effective on 26th February 2016 with a closing date of 31st August 2023. This has been revised twice. The first revision was to 26th February 2024, while the second revision is 26th February 2027.

The total estimated project cost is USD 380 million, while the current total loan amount is USD 181.72.⁷⁵ The loan is phased into two, and the amount made available so far is USD 181.72 million (60.75% of project cost).

Project implementation was divided into three (3) packages implemented in two lots, namely: Lot 1 (Package 1 – Clock Tower Flyover and Package 2 – Nsambya Road) at USD 81.72 million (21.5% of project cost) and Lot 2 (Package 3 – Kitgum House Flyover) at US USD 289.28 million (78.5% of project cost). The design of Package 3 required significant modifications to harmonise with the railway viaduct for the SGR (Standard Gauge Railway) Project. Consequently, UNRA proceeded with the procurement of the contractor for Packages 1 and 2 under Lot 1 at a cost of USD 81.72 million (44.97% of Phase 1 loan) that had no impacts from SGR under the Phase 1 of the loan. The remaining amount (USD 100 million) is earmarked for Lot 2.

The major works of Lot 1 of the project consists of the construction of bridges, road improvement, road widening, signalisation of roundabouts, and underpass construction. It involves the Clock Tower flyover (584 m, including a bridge measuring 366 m), two-lane; the Shoprite pedestrian bridge (92 m); the Clock Tower pedestrian bridge (229 m); the Kibuli

⁷⁵ This implies that the project has a shortfall of approximately USD 200 million.



pedestrian bridge (40 m); the Nsambya underpass (360 m, including an open cut box culvert of 132 m), four-lane; the New Clock Tower Square; road widening/improvements (3,190 m); and junction improvements (Shoprite, Clock Tower, Nsambya Hospital and New Kibuli). The contract for Lot 1 commenced on 4th May 2019 with an original completion date of 28th December 2021, which was revised to 31st August 2023.

Financial Performance

The disbursement performance of the Phase 1 loan was 38% against the loan lifetime of 78.9% as at the end of October 2024. The financial progress of the Lot 1 works, including advance payment up to the end of October 2024, was 75.15% against a planned 100%. The estimated cost of Lot 2 is USD 300 million, of which USD 100 million (33.3%) is available under the first phase of the loan. An additional USD 200 million (66.6%) will be required under the second phase.

The JICA had delayed dispatching an appraisal mission for Lot 2, which had delayed the procurement of the Lot 2 contract. Therefore, the commencement of Lot 2 continues to be delayed, and the exact additional amount required to complete the Lot 2 scope may not be ascertained until when the contractor has been procured.

Physical Performance

The overall performance of the project was poor and behind schedule at 49% achievement of the set targets⁷⁶ (Figure 3.4.5). This was attributed to the delayed commencement of Lot 2. Despite the project experiencing time overruns⁷⁷, the works under Lot 1 continued attaining a cumulative physical progress of 97.9% against a planned 100%.

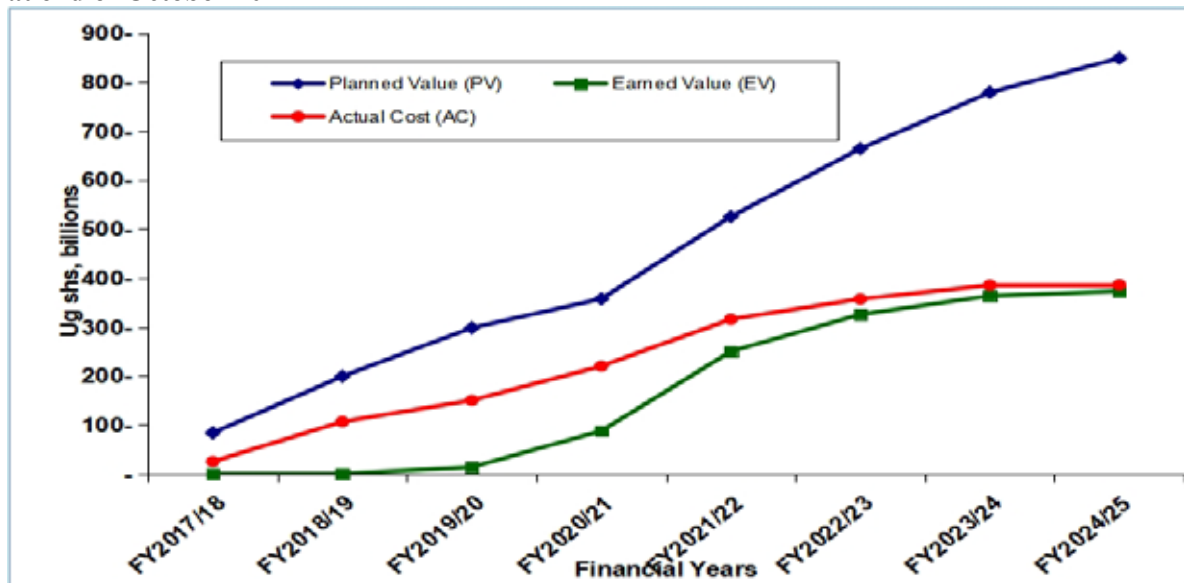
The construction of roadworks for the project and carriageway paving were complete, with the road marking done and some of the signage installed. The Clock Tower flyover bridge works, the Nsambya underpass works, all the three (3) pedestrian bridges (Kibuli, Clock Tower and Shoprite), and construction works of all box culverts within the project area had been completed.

The construction of the Clock Tower monument and walkways had been completed. The installation of road and directional signage, as well as that of pedestrian guardrails, street lighting, and traffic lights was ongoing. Also ongoing were landscaping and placing of utilities in the available ducts. RAP implementation was at 98%.

⁷⁶ The Schedule Performance Index was 0.44.

⁷⁷ The project time progress was at 207% and, as a result, UNRA issued a notice to recover the maximum delay damages that had been issued to the contractor.

Figure 3.5.5: Performance of the Kampala Flyover Construction and Road Upgrading Project as at end of October 2024



Source: Author's compilation based on monthly progress reports (FY 2018 to 2024/25).

Following the full opening to traffic of the project at the end of December 2023, the traffic jams have significantly reduced at the Nsambya and Clock Tower junctions. Near-miss accidents have significantly reduced at the Clock Tower junction following the operationalisation of the traffic signals.



Mechanised cleaning equipment and a supervision vehicle procured for the maintenance of the project.



Pedestrian walkway along Queensway with safety protective features of guardrails and concrete bollards.



The improved Clock Tower junction with the pedestrian bridge, flyover and tower in the background.



The improved Nsambya junction with the underpass in the background.



Implementation Constraint

The delayed commencement of Lot 2 works, which accounts for 55% of the Phase 1 loan amount, is significantly contributing to the poor performance of the loan.

Conclusion

The performance of the project was poor at an estimated 49%, much as the Lot 1 project progress had advanced to 97.9%. The poor performance of the project was attributed to the delayed commencement of Lot 2, which is negatively affecting the loan performance. Despite being in advance completion stages, the implementation of Lot 1 contract had delayed with a time progress of 113%. Time was lost majorly due to delayed relocation of utilities, which affected the project's pace of works and poor planning of the contractor.

Recommendation

MoFPED should engage JICA to conclude the process for the approval and availability of Lot 2 additional financing to avoid delays in Lot 2 implementation on which the full functionality of Lot 1 is hinged.

3.4.7 Kampala City Roads Rehabilitation Project (1253)

Introduction

The Government of Uganda (GoU) received USD 288 million to be financed by the Bank Group (ADB: USD 224 million (77.8%) and ADF: USD 51 million (17.7%)), the Global Environmental Fund (GEF) (USD 2 million (0.7%)) and GoU (USD 11 million (3.8%)) towards the cost of the Kampala City Roads Rehabilitation Project (KCRRP). The loan effectiveness date was 7th July 2021 with the original end date of 31st December 2024 that was revised to 31st December 2027.

The original project implementation period was 42 months (3.5 years), which was revised to 78 months (6.5 years). The project was designed to ease congestion in Kampala City; support institutional and sector reforms for efficient urban mobility; reduce carbon emissions per capita; mitigate floods; and improve the resilience of the city.

The development objective of the project is to accelerate Uganda's competitiveness by shoring up productivity gains from infrastructure development in Kampala and integrating the growth spillovers via efficient transportation networks to the rest of the country.

The KCRRP scope entails:

- i) Improvement of 69.70 km of roads, complete with associated drainage works of 5 km, improvement to 22 traffic junctions, 134 km of NMT facilities of sidewalks and cycling tracks, parking places for commercial vehicles, parking areas/stands, stormwater channels, and installation of 1,600 energy efficient streetlights, and tree planting.
- ii) Provision of scheduled eco-bus services with supporting infrastructure (bus depot, dedicated lanes, bus stops, fare collection system).
- iii) Social infrastructure, comprising thirty (30) public toilets and six (6) markets along project roads for women vendors.
- iv) Women and youth skills and entrepreneurship development.
- v) Institutional strengthening of KCCA to manage and maintain the expanded road network.
- vi) Compensation and resettlement.

Financial Performance

The financial progress of the project at the end of October 2024 was 23.8% exclusive of GoU funding and 22.9% inclusive of GoU. A total of USD 65,700,864.55 (ADB (85.8%), ADF (14.1%) and GoU (0.1%)) had been released and expended on the project, out of the total project cost of USD 288,000,000.

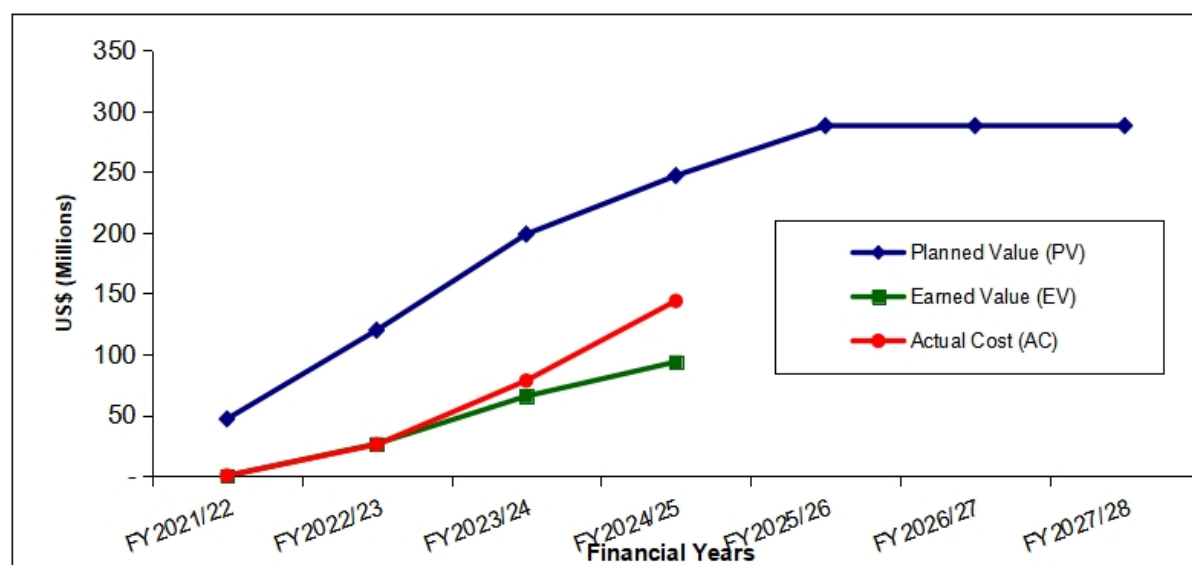
The expenditure performance under the different funding components was: ADB loan: USD 56,393,882.46 (25.3%); ADF loan: USD 9,239,986.56 (18.2%); and GoU: USD 66,995.53 (0.6%). No funds had been released and expended under the GEF grant. The GoU counterpart funding was utilised for the Resettlement Action Plan (RAP).

Physical Performance

The overall performance of the project was poor at 32.5% against a time progress of 50.7%⁷⁸. (Figure 3.4.6). This performance was attributed to the COVID 19 lockdown which caused delays in the procurement process for the various civil works contracts, especially at the beginning of the project implementation period; increased scope of work resulting from the design reviews; and delays in procurement of the civil works contractor. For instance, the contract for Lot 4 was signed on the 21st June 2023 after an investigation by the Inspectorate of Government and a re-evaluation of the bids.

All the five (5) civil works road contracts had commenced; all the 12 contracts for the supply of goods had commenced (eight were complete and four were ongoing); and five out of the nine service contracts had been signed. The civil works contracts progress was negatively affected by the slow mobilisation by the contractors; delayed relocation of utilities; delayed acquisition of the right of way; and poor site management by some of the contractors. The loan disbursement date was, however, extended from the 31st December 2024 to 31st December 2027 to allow delivery of the project milestones.

Figure 3.5.6: Performance of the Kampala City Roads Rehabilitation Project as at end of October 2024



Source: Project progress reports.

It was agreed between the ADB and the MoFPED that the funds budgeted for the procurement of the 50 eco-buses should be reallocated to the financing of additional roads, amounting to 15.67 km. The process of seeking a “No-Objection” for the procurements for the additional

⁷⁸ The Schedule Performance Index was 0.38.

roads (Mpererwe-Kiteezi-Kiti (10.7 km), Ntinda-Kisaasi (2.7 km) and Old Kiira-Bukoto (1.17 km)) was still ongoing. This was after KCCA received guidance to suspend the procurement of eco-buses due to plans to manufacture eco-buses locally to support the Buy Uganda Build Uganda initiative.

The RAP implementation was progressing well, with an estimated average of 93% of the RoW acquired. After undertaking free and prior informed consents, voluntary consent agreements were entered into with PAPs whose land take was minimal. For the affected structures, replacement and/or compensation was ongoing.



A section of Mugema Road in Rubaga Division under Lot 5 at Km 1+800 where placement of CRR works were ongoing.



A section of Kyebando Ring 2 Road in Kawempe Division under Lot 5 at Km 1+600 where drainage works were ongoing.



A section of Eighth Street in Makindye Division under Lot 3 at Km 0+300 where sub0-base works were ongoing.



Ongoing bridge works on the Old Port Bell Road under Lot 2 in Nakawa Division at Km 0+780.

Implementation Constraints

- i) Delay in the acquisition of the RoW due to delayed approval of valuation reports by the Office of the Chief Government Valuer (CGV).
- ii) Delayed release of funding for compensation of PAPs and acquisition of land for bus depots and lorry parks.
- iii) Delayed relocation of utility services, especially for water, power, telecom, the Uganda Police and NITA-U infrastructures. Often, new utilities are identified as the works progress, whose relocation delays the works.

- iv) Delays in the mobilisation of required equipment and materials by contractors, which disrupts the progress of works.
- v) Non-adherence to the social safeguards provisions on the project. Dust abatement, cordoning off deep excavations and provision of access to properties are not satisfactorily handled. This might cause the funder to give a notice of suspending disbursement if certain conditions are not fulfilled.

Conclusion

The project performance was poor at 32.5% targets achieved. This was attributed to the COVID-19 lockdown, which caused delays in the procurement process for the various civil works contracts, especially at the beginning of the project implementation period; increased scope of work resulting from the design reviews; and delays in the procurement of the civil works contractor for Lot 4, which was signed on the 21st June 2023. The RAP implementation was progressing well with an estimated average of 93% of the RoW already acquired. The financial performance of the loan was at 23.8%.

Recommendations

- i) KCCA should fast-track the acquisition of the RoW and relocation of utilities to avoid implementation delays of civil works.
- ii) KCCA should closely and continuously monitor the project components with the aim of mitigating any issues that might cause delays on the project.

3.4.8 Kyenjojo- Hoima-Masindi-Kigumba Road (1041)

Introduction

The Government of Uganda received financing support from the African Development Fund (ADF) and the United Kingdom Department of International Development (DFID) to implement Road Sector Support Project 4 (RSSP4), which involved upgrading the Kigumba-Masindi-Hoima-Kabwoya Road (135 km) from gravel to bitumen.

The total project cost was UA 95.65 million (USD 145.15 million) co-financed by the ADF, DFID and GoU in the proportions of 77.45%, 21% and 1.55%, respectively. The loan agreement equivalent to UA 72.94 million (USD 110,690,091) was provided by the ADB. Funding by DFID amounting to GBP 8.90 million in the form of a grant was confirmed on the 16th December 2014.

The project objectives were to improve sustainable road access and the quality of transport service levels in the western and southwestern parts of Uganda by reducing road maintenance costs, vehicle operating costs and travel time.

This was to enable the rural people to access socio-economic facilities and contribute to their integration into the rest of the country. This would contribute to poverty reduction; support regional integration and cross-border trade with Rwanda and DRC; and facilitate the oil exploration and extraction activities.

The scope of works majorly involved upgrading 135 km (Lot 1: Kigumba-Bulima (69 km) and Lot 2: Bulima-Kabwoya (66km)) from gravel to bitumen standard; construction of town roads in Kigumba, Masindi and Hoima; provision and installation of a weighbridge; and construction of a market at Kigumba. A summary of the project details is presented in Table 3.4.7.



Table 3.4.7: Summary of the Road Sector Support Project 4 (RSSP4) details and performance as the end of March 2024

Source of Funding	African Development Fund – 77.45%, United Kingdom Department for International Development (DFID) – 21% and Government of Uganda – 1.55%
Loan signature date	11th December 2013
Date of effectiveness	26th March 2014
Original date of closure	30th June 2018
Revised date of closure	31st December 2024
Loan amount	USD 110,690,091
Disbursement performance	96.3%
Lot 1: Upgrading of Kigumba-Bulima Road (69 km)	
Original contract price	US\$ 159,608,817,498
Revised contract price	US\$ 214,829,488,882 (increment of 34.59% of original)
Contract start date	1st March 2018
Contract end date (original and revised)	16th August 2020 and 27th October 2021
End of the defects liability period	31 December 2022 – main road and 31 December 2023 – town roads
Land acquisition	The number of PAPs paid was 2,572 (92.64%) out of 2,572 PAPs valued
Lot 2: Upgrading of Bulima-Kabwoya Road (66 km)	
Original contract price	US\$ 141,941,840,327
Revised contract price	US\$ 158,914,317,568 (increment of 11.95% of original)
Contract start date	1st December 2015
Contract end date (original and revised)	31st May 2018 and 27th January 2021
End of the defects liability period	14th July 2022 – main road and 31st December 2022 for town roads and weighbridge works

Source: Author's compilation, project documents.

Financial Performance

The disbursement performance of the loan was good at 96.3% at the end of October 2024. The total loan disbursement to the project was USD 106,591,749. All the IPCs for both lots had been settled. The construction of Kigumba Market was sub-contracted out at US\$ 7,721,195,740 and no payment had been made yet as of October 2024 due to the slow progress of implementation of the works.

Physical Performance

The physical performance of the project was very good at 98%. The project was efficient at conversion resources to results for most project deliverables⁷⁹ (Figure 3.5.7). The construction activities of upgrading the entire project road section of 135 km were completed. Under Lot 1, 13.6 km of town roads were undertaken and completed in Masindi and Kigumba.

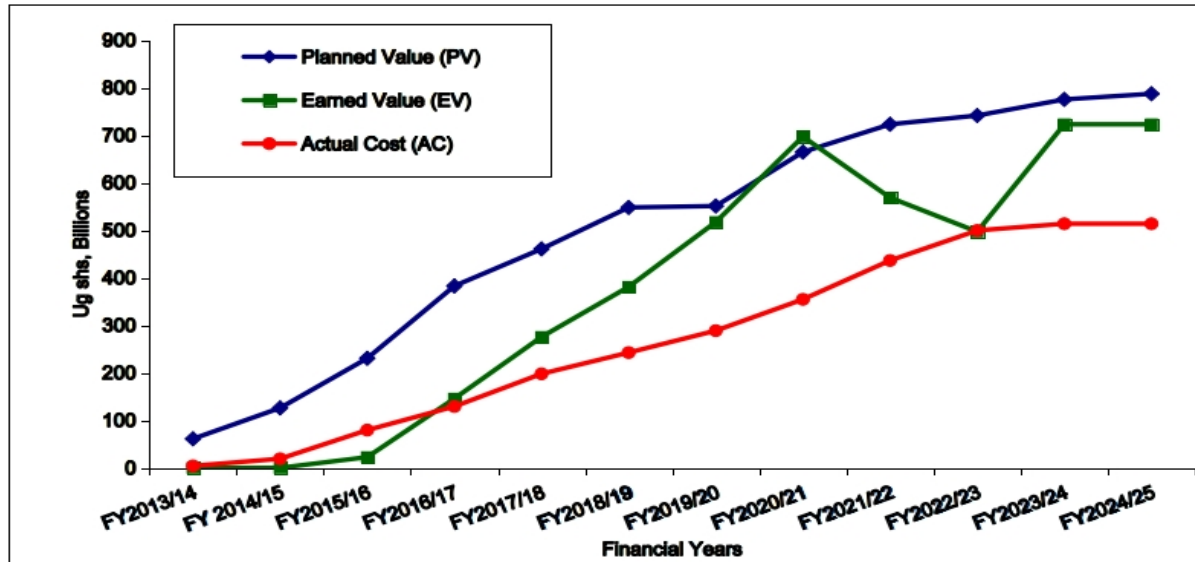
However, works on the market in Kigumba, which started on 8th April 2024 with a scheduled end date of 15th December 2024, were progressing, though behind schedule⁸⁰ at an estimated progress of 11% as at the end of October 2024. Under Lot 2, 3.1 km of town roads in Hoima Town and the provision and installation of a weighbridge at Kikoboza were undertaken and completed. However, the weighbridge was not operational due to budgetary constraints and

⁷⁹ The cost performance index was 1.41.

⁸⁰ The schedule Performance Index was 0.92.

rationalisation of UNRA. RAP implementation for Lot 1 and Lot 2 was at 89.1% and 98.72%, respectively, as at the end of October 2024.

Figure 3.4.7: Performance of the RSSP 4 as at end of October 2024



Source: Author's compilation and project quarterly progress reports for FY 2013/14 to FY 2024/25.



Ongoing foundation works for the market at Kigumba.



One of the completed town roads in Kigumba Town.



Kigumba-Bulima main road towards Kigumba Town.



The Kikoboza weighbridge station.



Implementation Constraint

Delayed commencement of Kigumba Market by UNRA.

Conclusion

The Road Sector Support Project 4 (RSSP4) ended on 31st December 2024 with a good loan disbursement performance of 96.3%. The construction activities of upgrading the entire project road section of 135 km from Kigumba to Kabwoya were completed. This was in addition to 13.6 km of town roads in Masindi and Kigumba; 3.1 km of town roads in Hoima Town; and the provision and installation of a weighbridge at Kabwoya. However, the weighbridge was not operational due to budgetary constraints and the rationalisation of UNRA. Construction of the market at Kigumba under Lot 1 was slowly progressing at an estimated progress of 11% as at the end of October 2024.

Recommendations

MoFPED and MoWT should budget for the completion of the construction of Kigumba Market with GoU funding estimated at US\$ 8 billion in the FY 2025/26 to fulfil the conditions for the Road Sector Support Project 4 completion.

3.4.9 Multinational Kapchorwa-Suam-Kitale and Eldoret Bypass Road Project (1040)

Introduction

The project is multinational between the Governments of Uganda and Kenya. The Kapchorwa-Suam-Kitale Road Project is intended to facilitate the movement of goods and services to boost trade between Uganda and Kenya. The total project cost was originally estimated at US\$ 331,359 billion. The African Development Bank (AfDB), the African Development Fund (ADF), and the Government of Uganda (GoU) provided financing for the project.

The project's objectives include improving access and connectivity between Uganda and Kenya, stimulating economic activity in the eastern parts of Uganda and the western part of Kenya, and easing traffic congestion along the Northern Corridor and within Eldoret Town.

The project scope includes a 77 km road (Kapchorwa Town-Bukwo-Suam border with Kenya (77 km); construction of a One-Stop Border Post (OSBP) at Suam, the upgrading of a 10.5 km road to the High-Altitude Training Centre (HATC), the construction of 10 pedestrian footbridges in collaboration with Bridges to Prosperity (B2P), and the refurbishment of Kapraron Post-Crash Centre.

The additional works⁸¹ included the construction of Kapraron Hospital, OSBP holding grounds, and a footbridge to enhance the safety of school children. Other improvements comprised landslide protection retaining walls, concrete barriers to prevent accidents in steep hill areas, lighting installations on steep escarpments to improve night-time visibility in misty or foggy conditions, and the installation of rockfall barriers in critical locations. A summary of the project information is presented in Table 3.4.8.

⁸¹ The additional works require an additional US\$ 64.175 billion that was requested to enhance climate resilience and road safety, bringing the final contract price to US\$ 429.624 billion. Whereas the Bank approved the additional financing, the GoU counterpart funding was not yet approved.

**Table 3.4.8: Summary of Kapchorwa-Suam Road Project details and performance as of 31st October 2024**

Funding agency	Government of Uganda African Development Bank (AfDB) African Development Fund (ADF)
Loan amount	USD 109.4 million
Loan signature date	19th January 2018
Date of effectiveness	24th May 2018
Original date of closure	30th June 2024
Loan disbursement performance	99%
Original contract price	US\$ 268,461,095,349 inclusive of 18% VAT
Revised contract price	US\$ 365,448,503,575 inclusive of 18% VAT
Contract period	36 months
Revised contract period	60.1 months
Contract start date	1st October 2018
Original contract end date	30th September 2021
Revised contract end date	12th November 2023
Contract time elapsed	72.1 months (as of 31st October 2024), equivalent to 200% of the original contract period
Status of land acquisition	A total of 5,037(97%) were paid out of the total 5,188 PAPs. The total approved valuation was US\$ 67,845,331,573, of which US\$ 65,794,089,977 (96%) was paid.

Source: Author's compilation, project documents.

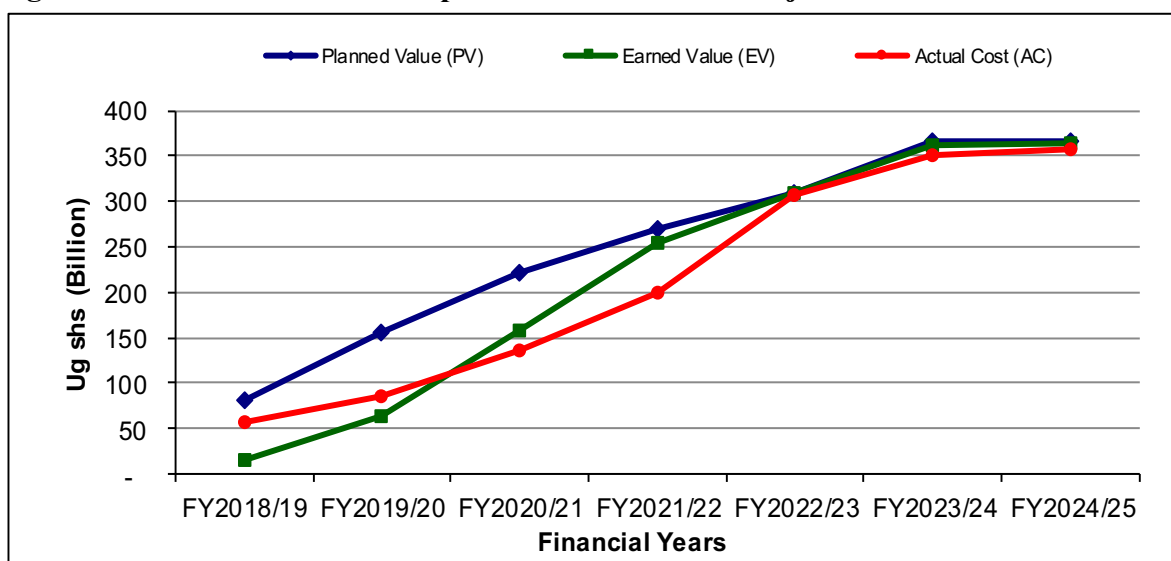
Financial Performance

By the end of October 2024, the project's overall financial progress was at 99.0%. The total expenditure on civil works amounted to US\$ 356.841 billion, representing 97.6% of the revised contract price. In relation to RoW of acquisition, the total approved valuation was US\$ 67,845,331,573, of which US\$ 65,794,089,977(96%) was paid.

Physical Performance

The physical performance of the project was very good at 99.5%. The project was substantially completed⁸²(Figure 3.4.8). The quality of the completed works was good; lighting and pedestrian walkways were provided in urban centres along the project corridor, in addition to safe pedestrian crossing zones. The project is currently in the defects liability period.

⁸² The schedule performance index was 1.

Figure 3.4.8: Performance of Kapchorwa-Suam Road Project as of 31st October 2024

Source: Author's compilation, project document.



A completed section of a rigid pavement along Kapchorwa-Suam Road.



Rock fall fencing barrier installed to protect Kapchorwa-Suam Road.

Implementation Constraint

Delayed land acquisition, which affected the contractor's progress.

Lessons learnt

- i) Inadequate feasibility studies and scoping result in a significant increase in the scope of work and project cost overruns. The project experienced increased scope, which partly led to revision in completion dates.
- ii) Delayed acquisition of the RoW is the main contributor to project delays and claims.

Conclusion

The physical performance of the project was very good. The project was substantially completed and is under the defects liability period, with a few snags that were being addressed by the contractor.



3.4.10 Multinational Lake Victoria Maritime Comm. & Transport Project (1456)

Introduction

The Multinational Lake Victoria Maritime Communication and Transport Project (MLVMC&T) is an intervention by the East African Community (EAC) to reduce maritime accidents, save lives, improve security and bring efficient and affordable communications to the Lake Victoria communities.

The principal objective of this project is to contribute to broad-based poverty alleviation and improvement of livelihoods of people through increased investment in maritime transport and fishing on Lake Victoria. The project is funded by the African Development Bank; the European Union – Africa Infrastructure Fund (EU – AIF) and the Government of Uganda. The estimated total project cost was USD 36,583,822. The proposed financing from AfDB amounted to USD 25,014,522 (68.4%). The European Union –Africa Infrastructure Fund (EU-AIF) was expected to contribute USD 4,770,000 (13%), and participating countries' contributions will amount to approximately USD 6,799,300 (18.6%).

Specifically, it seeks to address maritime transportation and navigation safety through the provision of safe and efficient transport links; and also to cater for the safe conduct of fishing activities that are essential to achieving the goals of poverty reduction and sustainable development.

The targeted project area is the Lake Victoria Basin (LVBC), which is shared by Kenya, Uganda, Tanzania, Rwanda and Burundi. The project is implemented by MoWT and is expected to be executed over a period of four years.

The project has three components:

- i) Component 1: Establishment of a Maritime Communications System for Safety on Lake Victoria.
- ii) Component 2: Maritime Transport for Lake Victoria Study.
- iii) Component 3: Project Management and Capacity Building

In Uganda, the estimated project cost is UA 12,851,696 (USD 18,120,891.36).

Table 3.4.9 shows a summary of the project information for the MLVMC&T as at end of October 2024.

Table 3.4.9: Multinational Lake Victoria Maritime Communication and Transport Project details as at end of October 2024

Loan signature & effectiveness date	19th January 2018
Original loan closure date	30th April 2021
New loan closure date	30th September 2025
Planned project start date	1st July 2017
Project start date	30th April 2018
Project end date	30th June 2023; revised to 31st December 2024
Estimated project cost	UA 11,819,929.6
Loan amount	USD 14.71 million
GoU counterpart funding	USD 2.2 m
Funding agency	African Development Bank and Government of Uganda
Disbursement performance	47%

Source: Author's compilation.

Financial Performance

The overall financial performance of the project was poor. By the end of October 2024, the project had an approved budget of US\$ 172.806 billion, of which US\$ 25.769 billion (15%) was released and US\$ 17.830 billion (69%) expended. The project implementation was within budget, although not commensurate to the value of the works done. The loan disbursement to the project was estimated at 47% against a remaining loan duration of 11%.

Physical Performance

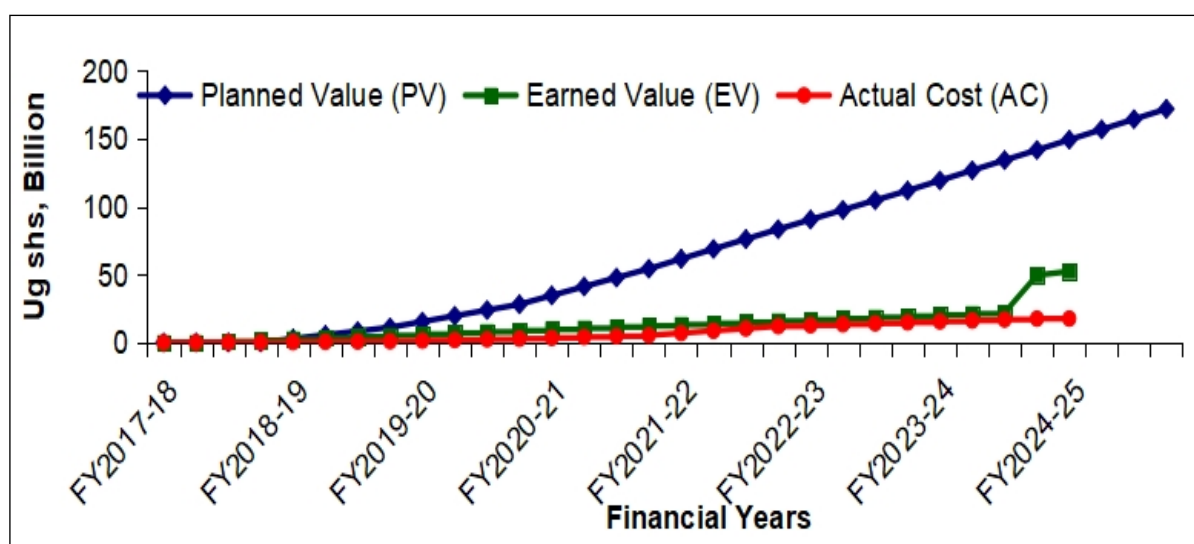
The overall performance of the project was estimated at 37% progress against a remaining loan duration of 11%. The project was, therefore, behind schedule. (Figure 3.5.9). The implementation of the civil works under this project was ongoing while procurement of some of the project components were yet to be finalised.

The physical progress of the ongoing civil works for the construction of the search and rescue (SAR) centres, and fish drying sheds at Panyimur, Kaiso and Zengebe landing sites was estimated at 68%. The procurement of a fresh contract for the stalled/terminated contractors for the SAR centres/site at Kazi and Masese was not completed. Supply of nine (9) rescue boats and one (1) piece of firefighting equipment was not achieved.

The contract for the construction works for the Maritime Rescue Coordination Centre at Entebbe had not been signed.

The poor performance of the project was attributed to poor contract management, evidenced by the late procurements, and inadequate financial disbursements. With the above performance, there will be need for additional time for full implementation of the project outputs.

Figure 3.4.9: Performance of the Multinational Lake Victoria Maritime Communication and Transport Project as at end of October 2024



Source: PBS and field findings.

Implementation Constraint

Poor performance of the civil works contracts leading to low disbursement of the loan.

Conclusion

The performance of the Multinational Lake Victoria Maritime Communication and Transport Project was poor (37%). The rate of implementation of the project activities was slow, leading to poor (47%) absorption of the loan within the 89% loan duration. There is a high likelihood that the entire project scope will not be achieved within the remaining loan duration.

Recommendations

- i) The Project Management Team/MoWT should undertake strict monitoring of the non-performing contractors, including issuing of warning letters.
- ii) MoWT should halt the procurement process for contracts that have not been signed yet; and focus on implementation of the ongoing components of the project.

3.4.11 Luwero-Butalangu Road (1490)

Introduction

The existing Luwero-Butalangu Road (29.72 km) is a Class C gravel road connecting Luwero and Nakaseke Districts. The project aims to improve access to modern facilities and work opportunities in Nakaseke and Luwero Districts by upgrading the existing Luwero-Butalangu (29.72 km) gravel road to a Class II paved road.

The total project cost was estimated at USD 40 million. This was to be funded by GoU (USD 15.5 million), the Arab Bank for Economic Development in Africa (BADEA) (USD 13.0 million) and the OPEC Fund for Economic Development (OFID) (USD 11.5 million).

However, the funding arrangement changed, as shown in Table 3.4.10. The project started on 1st July 2017 and was to be completed on 30th June 2024. However, the procurement process for civil works was halted in 2017 after the bank advised UNRA to procure a supervision consultant who would update the design and tender documents for the civil works contract.

Table 3.4.10: Summary of the project details as of 31st October 2024

Loans signature dates	19th February 2017 (BADEA) 23rd March 2017 (OFID)	
Loan effectiveness dates	31st August 2017 (BADEA) 7th February 2019 (OFID)	
Loan closure dates	Original 31st December 2020 (BADEA) 31st December 2023 (OFID)	Revised 1st June 2026 (BADEA) 31st December 2024(OFID)
Loan amount	USD 23,000,000 (US\$ 89,246,900,000) where: USD 11,500,000 (OFID), USD 11,500,000(BADEA)	
Loan disbursement performance	22.6% (USD 5.148million)	
Expected counterpart funding (GoU)	USD 17.0 million	
Contractor	M/s Dott Services Limited	
Civil works contract price	US\$ 93,846,360,134 (USD 24,185,336)	
Contract start date	1st June 2023	
Contract period	24 months	
Contract completion date	30th May 2025	
Supervision consultant	M/s Beza Consulting Engineers & Serefaco Consultants Ltd	
Supervision amount	USD 1,272,000 (US\$ 4,935,741,600) where BADEA 50% & OPEC 50%	
Status of land acquisition	At 71.3% (1,533 PAPs paid US\$ 15,947,960,476 out of 2,150 to be paid 21,448,002,895)	

Source: Field findings and monthly progress report, October 2024.



Financial Performance

The project's financial performance was poor as USD 9.9 million (17.1% of the planned expenditure) was absorbed by 31st October 2024. This was mainly attributed to the poor progress of works resulting from the lack of an approved programme of works. The loan disbursement was at 22.6 % (USD 5,148,807.36) while the GoU expenditure was at USD 3.52 million (18.8% of the counterpart funding).

Specifically, the cumulative financial progress of the civil works was at 29.05% against the planned 89.05% by 30th October 2024. The advance payment was paid by all the co-funders (GoU, BADEA and OFID) although this was delayed, which affected the timely mobilisation of resources by the contractor. The certified value of works was USh 19.730 billion out of USh 16.216 billion – 82% of the expected value was paid. The project was operating over the budget⁸³ due to an advance payment to the contractor which was yet to be recovered.

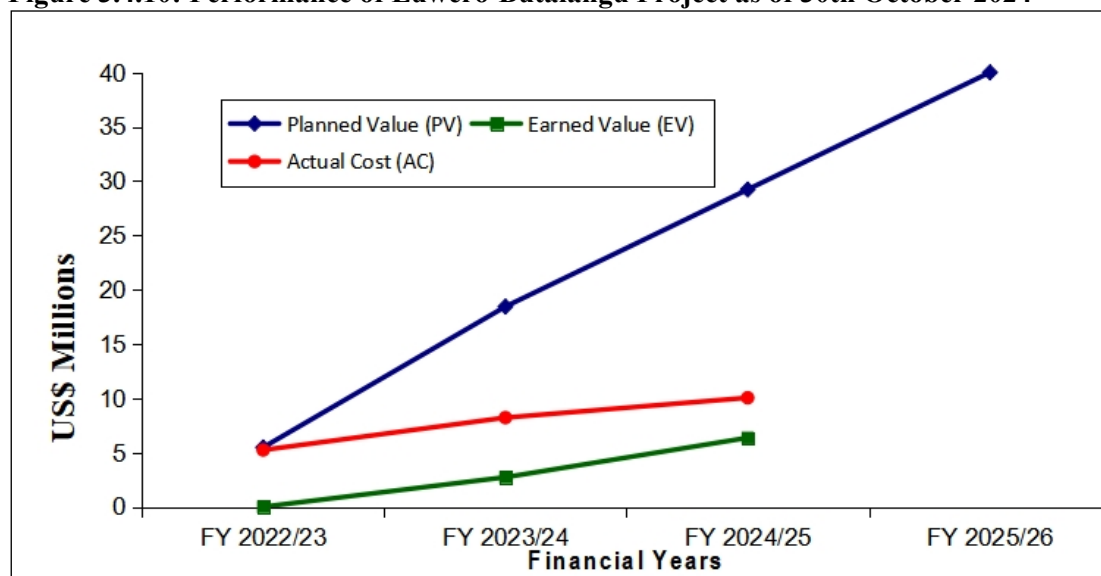
In relation to RoW acquisition, a total of USh 16 billion was paid out to the PAPs out of the USh 21 billion provision for the RAP.

Physical Performance

The performance of the Luwero-Butalangu Road Upgrade Project was poor at 32.6%. The cumulative physical progress of the civil works was at 15.88% against a plan of 88.39% by 30th October 2024. Overall, the project was behind schedule⁸⁴ (Figure 3.4.10).

This was mainly attributed to delayed acquisition of the right of way, with some pockets of Kiwoko Town, especially 14+500- 14+700, blocking the contractor's works. A total of 1,500 (69%) PAPs had been paid out of the planned 2,150.

Figure 3.4.10: Performance of Luwero-Butalangu Project as of 30th October 2024



Source: IFMS data, monthly progress report – December 2023 and October 2024.

⁸³ The Cost Performance Index was 0.63.

⁸⁴ The Schedule Performance index was 0.22



Three cell pipe culverts under construction on Luwero-Butalangu Road.



Earthworks on Luwero-Butalangu Road.

Other implementation constraints at the procurement stage were:

- Limited loan amount (US\$ 89.246 billion) for civil works compared to the required cost of US\$ 98.782 billion due to the design review update.
- Delayed procurement of the vehicle for PIU support.

Conclusion

The performance of the Luwero-Butalangu Road Upgrade Project was poor at 32.6%. The project was behind schedule due to delayed land acquisition, and slow payments to contractors and consultants, which hindered the timely mobilisation of resources. Financial performance of the loan was also poor, with only 17.1% of the planned expenditure absorbed by October 2024, and the loan disbursement stood at 22.6%. It is critical that GoU expedite resolution of the key binding constraints on project implementation.

Recommendations

- i) The employer should expedite the RAP process such that the contractor has full access to the site.
- ii) The GoU should expedite the payment of service providers, especially the GoU component.

3.4.12 Moyo-Yumbe-Koboko Road Project (1657)

Introduction

The Koboko-Yumbe-Moyo Road is a 105 km gravel road situated in the West Nile Region bordering the Democratic Republic of the Congo (DRC) and the Republic of Southern Sudan (RSS), and connects the headquarters of Koboko, Yumbe and Moyo Districts. The project road provides access to several refugee settlements, including Imvepi, Bidibidi, Lobule and Palorinya. In addition to being an important link in the response to the refugee situation, the project road also facilitates cross-border trade between Uganda, the DRC, the Republic of Southern Sudan and the Central African Republic (CAR) and is an alternative route to access the town of Moyo, which is separated from the rest of the country by the River Nile.

The project aims to upgrade the 105 km road from gravel to bitumen to enhance:

- i) Road transport connectivity in select refugee-hosting districts of Uganda.
- ii) The capacity of Ministry of Works and Transport to manage environmental, social, and road safety risks.



The project has three components, i.e. road upgrade works, institutional strengthening and road safety.

The project works are fully funded by the World Bank with a grant of USD 131,251,062 that became effective on 20th April 2021 with a closure date of 31st December 2025. GoU's responsibility was to ensure availability of the road corridor, including land acquisition and resettlement of the PAPs. The project summary is provided in Table 3.4.11.

Table 3.4.11: Summary of Moyo-Yumbe-Koboko Road Project details and performance as of 31st October 2024

Funding agency	World Bank and Government of Uganda
Total project finance	USD 131,251,062
Grant amount	USD 130.8 million
GoU counterpart funding	USD 20 million
Loan signature date	21st October 2020
Date of loan effectiveness	20th April 2021
Loan date of closure	31st December 2025
Disbursement performance	26%
Contract price	US\$ 430.264 billion
Possession of site by the contractor	31st November 2024 (93 % right of way)

Source: Author's compilation, project documents.

Financial Performance

The financial performance of the project was poor as a total of USD 34,400,000 (26%) of the grant had been disbursed by the World Bank by 30th October 2024. The low disbursement was attributed to the delayed commencement of the civil works.

Physical Performance

The civil works contract was signed on 25th March 2024, and the commencement was issued on 2nd July 2024 at 75.2% of the grant duration by the end of October 2024. Similarly, the contract for the supervision services was awarded on 21st March 2024.

The project performance was poor (0%) as the actual civil works had not yet commenced against a time progress of 11.05% by 31st October 2024 (a situation similar to end of March 2024). This was due to the pending approval of the contractor's Environmental and Social Impact Assessment (ESIA) for the campsite and other auxiliary works required by the contract and the World Bank guidelines. Contractor's mobilisation, which commenced on 2nd July 2024, was ongoing. The project was behind schedule by three years. Land acquisition was at 93%.

Implementation Constraints

- i) Difficulty in procuring individual consultants due to the Solicitor General's requirements for each to have professional indemnity.
- ii) Challenges in sourcing the materials due to exploitation of the contractor by the locals who charge exorbitant prices.
- iii) Unexploded ordinances along the road corridor reserve.
- iv) Incomplete land acquisition, which was at 93% against the desired 100%, such that the contractor has full access to site for execution of physical works.

Conclusion

The project performance was poor as the civil works had not yet commenced by the end of October 2024 at 75.2% of the grant duration due to pending approval of the contractor's ESIA for the campsite and other auxiliary works required by the contract and the World Bank guidelines. The grant disbursement by the World Bank was at 26%. The project was behind schedule by three (3) years and was at risk of experiencing further delays due to incomplete acquisition of the project right of way and delayed approvals.

Recommendations

- i) MoFPED should prioritise the acquisition of the project right of way/corridor to avoid further delays on the project.
- ii) The World Bank and NEMA should expedite approvals for the ESIA for the campsite and other auxiliary works to enable the contractor to start the road construction works.

3.4.13 Namagumba-Budadidiri-Nalugugu Road Project (1794)

Introduction

The Government of Uganda, through UNRA, is upgrading the Namagumba-Budadidiri-Nalugugu Road (39km) from gravel to bituminous standard. The project is estimated to cost US\$ 296.450 billion and is funded by a loan from the African Development Bank and GoU.

The objectives of the project are: (i) to improve accessibility in Eastern Uganda to spur diversification of economic opportunities, thereby facilitating a transition from subsistence farming to cash-cropping and entrepreneurship; and (ii) to reduce the physical burden of transport on the community, particularly for women in the area, to widen the participation of women and youth in gainful employment.

The project's main components include the construction of the Namagumba-Budadiri-Nalugugu (37 km) Road, the implementation of cobblestone technology to construct 60 km of feeder roads with support from MELTC, the construction of footbridges by Bridges to Prosperity (B2P), and construction supervision services, including design and feasibility studies of new road projects.

A summary of the project information is presented in Table 3.4.12.

Table 3.4.12: Summary of Namagumba-Budadidiri-Nalugugu Road Project details and performance as of 31st October 2024

Funding agency	African Development Bank and Government of Uganda
Loan amount	USD 71.000 million
Loan signature Date	31st May 2023
Date of loan effectiveness	11th July 2023
Original date of closure	31st December 2027
Disbursement performance	12.6%
Original contract price	US\$ 129.865 billion
Date of contract signature	20th December 2023

Source: Author's compilation, project documents.

Financial Performance

The overall release to the project by the end of October 2024 was US\$ 33,842,438,419, representing a 12.6% loan disbursement.



Physical Performance

By the end of October 2024, the project had not achieved any physical progress. The delay in starting civil works was due to the delayed procurement of the supervision consultant. The compensation of PAPs for 30% land for the Nalugugu-Budadiri section was ongoing.

Project Implementation Constraints

- i) Delays in the procurement of the civil works supervision consultant have led to delayed commencement of civil works.
- ii) The procurement of contractors for the construction of the 60 km of cobblestone feeder roads was hindered by the delayed approval of specifications by the Ministry of Works and Transport (MoWT).

Conclusion

The civil works for the project were behind schedule. Given that 31% of the loan disbursement period has passed, failure to hasten the implementation of civil works is likely to result in project delays.

Recommendations

- i) MoWT should expedite the procurement of the supervision consultant.
- ii) MoWT should expedite approval of the specifications for the cobblestone construction of the 60 km feeder roads so that the procurement of contractors commences.

3.4.14 The North-Eastern Road Corridor Asset Management Project (1313)

Introduction

The Government of Uganda introduced the Output and Performance-based Road Maintenance Contracts (OPRC) to the Uganda road sector through the World Bank funding for periodic maintenance of the North-Eastern Road-Corridor Project. The project is aimed at reducing transport cost, enhancing road safety, and improving and preserving the road assets sustainably along the Tororo-Kamdini road corridor.

The total financing of NERAMP was estimated at USD 255 million, with IDA supporting 95.6% (USD 243.8 million) while GoU was to finance the remaining 4.4% (USD 11.2 million) of the project cost.

The project has two components:

Component 1: Road rehabilitation, operations and maintenance of Tororo-Mbale-Soroti-Lira-Kamdini Road (340 km); and consultancy services for supervising the OPRC. The contract to undertake the works on this project was structured into Lots 1 and 2 with the same contractor. Lot 1 is the Tororo-Mbale-Soroti (150.8 km) section; Lot 2 is the Soroti-Dokolo-Lira-Kamdini (189.4 km). This component was estimated to cost USD 241 million.

Component 2: Institutional support to UNRA with a focus on technical assistance on designing, awarding, and managing OPRC contracts, estimated to cost USD 14 million.

A summary of the project details is presented in Table 3.4.13.

Table 3.4.13: Summary of Northern Eastern Road Corridor Asset Management Project details and performance as at end of October 2024

Loan signature date	16th February 2015
Date of effectiveness	16th June 2015
Original date of closure	31st October 2024
Revised date of closure	12th February 2027
Loan amount	USD255.08 million
Disbursement performance	86%
Funding agency	The World Bank and Government of Uganda
Lot 1: Tororo-Mbale-Soroti (150.8km)	
Original contract price	US\$ 290,976,512,298.25 incl. of VAT (approximately USD 78.70 million)
Revised contract price	US\$ 668,050,519,798.34 excl. of VAT (approximately USD 180.7 million)
Contract period	8.5 years (102 months)
Contract start date	13th August 2018
Contract end date	12th February 2027
Contract time elapsed	75.7 months (as of October 2024), equivalent to 73%
Physical progress	Works resumed and works were ongoing
Lot 2: Soroti-Dokolo-Lira-Kamdini	
Original contract price	US\$ 331,623,758,818.88 incl. of VAT (approximately USD 89.70 million)
Revised contract price	US\$ 543,858,406,581.18 excl. of VAT (approximately USD 147.10 million)
Contract period	8.5 years (102 months)
Contract start date	13th August 2018
Contract end date	12th February 2027
Contract time elapsed	75.7 months (as of October 2024), equivalent to 73%

Source: Field finding.

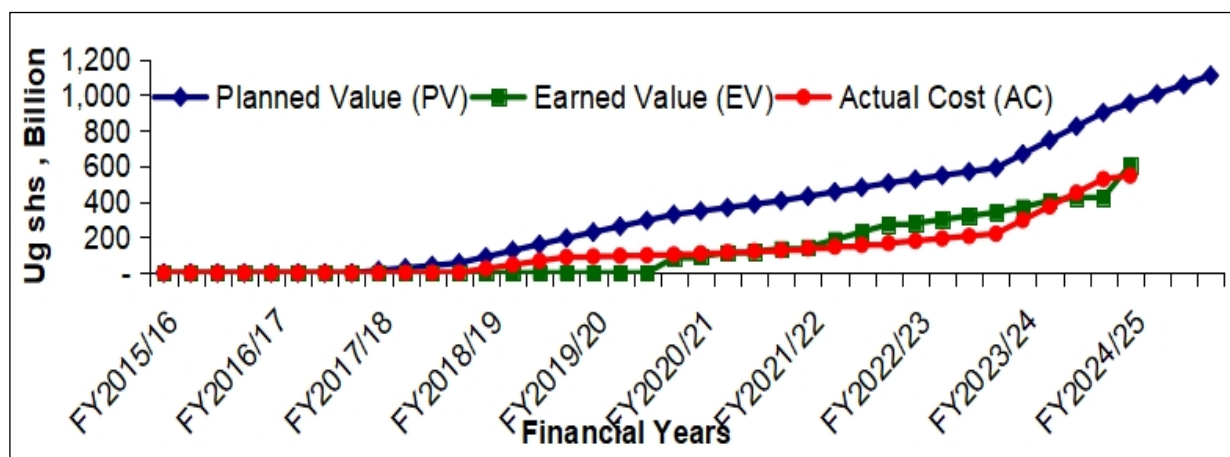
Financial Performance

By the end of October 2024, the total approved budget of the project was US\$ 1109.478 billion, of which 98.2% was external financing and 1.8% GoU counterpart funding. A total of US\$ 750.336 billion (67.6%) was released and US\$ 506.381 billion (67%) expended. **Physical**

Performance

The overall physical progress of the project was estimated at 55% against a time progress of 73%. Thus, physical progress of the NERAMP was behind schedule (Figure 3.4.11).

Figure 3.4.11: Performance of the North-Eastern Road Asset Management Project as at end of October 2024



Source: PBS reports and field findings.

The suspension of works on the 27 km of Lot 1: Tororo – Mbale – Soroti (150.8km) was lifted. Works on this section resumed. The rehabilitation works for the 123.8 km would be undertaken using GoU funding.

Lot 2 works involving reconstruction of the Lira-Kamdini (66.5 km) section and strengthening of the Soroti-Lira (122.9 km) section were ongoing. The cumulative progress on this lot was estimated at 68%. A cumulative total of 50 km and 17 km of asphalt on the Lira-Kamdini and Lira-Soroti sections, respectively, were completed. The quality of works was satisfactory.

Overall, the pace of implementation of this project was slow majorly due to previous suspension of works on the project arising from non-compliance with the social and environmental requirements of the World Bank and delay in finalising the design after commencement of the contract due to increased scope of the project. These were recently resolved, and the project was starting to pick up the pace. Figure 3.5.11 shows the performance of the project over time.



Base works ongoing along the Lira-Kamdini section. Asphalt works along the Dokolo-Lira section.

Conclusion

The overall performance of the project increased from an estimated 47% to 55%; thus, there was an improvement in the performance over the period. Despite the improvement, the project was behind schedule. The project had, however, resolved most of the challenges that affected progress in the earlier years of implementation.

Recommendation

The project monitoring and contract management team should strictly monitor progress to ensure the remaining project outputs are achieved within the remaining period.

3.4.15 Uganda Railway Corporation Capacity Building Project (1563)

Introduction

In 2019, Uganda Railways Corporation (URC) undertook a feasibility study for capacity building to identify the gaps in human resource, physical infrastructure and rolling stock to justify the proposed investment in addressing these capacity gaps. This was to enable URC to play a significant role in the transport and logistics industry, contributing to economic growth of the country and regional integration. As a result of the feasibility study report, the URC Capacity Building Programme was conceived with an estimated cost of EUR 330 million. In May 2021, the Parliament of Uganda approved the loan application to be financed by the



African Development Bank (AfDB) and the Spanish Export Credit Agencies (CESCE) for the URC Capacity Building Programme.

This project implementation is scoped under two (2) components:

- i) Component 1 – The Emergency Phase, funded by CESCE (EUR 25.984 million – 7.87%), includes: Preliminary engineering design of the Kampala multi-modal hub; a detailed engineering design for refurbishment of the Kampala-Namanve and Tororo-Malaba sections of the railway line (28 km); capacity building of URC staff and refurbishment of a project management office; and refurbishment of the Kampala-Namanve and Tororo-Malaba sections of the line (28 km).
- ii) Component 2 – Funded by AfDB (EUR 301.1 million – 92.13%) includes: The preparatory stage which includes an Environmental and Social Impact Assessment study (ESIA) and a preliminary engineering design study; purchase of workshop equipment and rolling stock (locomotives and wagons); refurbishment of the Namanve-Tororo line, the Port Bell line, the Jinja pier line and the Kampala-Kyengera line totalling 245 km; construction of passenger halts and hubs; railway reserve fencing; procurement of wagon ferries; procurement of DMUs for passenger services; and rehabilitation of coaches, among others.

The analysis of this project was based on Component 1, funded by CESCE, which was under implementation. However, the location of the activity of refurbishment of the Kampala-Namanve and Tororo-Malaba line (28 km) changed from the Tororo-Malaba railway section to the Namanve-Mukono railway section at the request of URC due to lack of funds to cater for refurbishment of extra level crossings along the Tororo-Malaba railway section.

Hence the project location changed to Kampala-Namanve (12.4 km) and Namanve-Mukono (12.9 km) railway sections, making a total track length of 25.3 km. The difference of 2.7 km of track length was compensated for with double loop lines of 0.6 km each (1.2 km) at Namanve station and 0.3 km loop line at Interfreight which reduced the 2.7 km by 1.5 km. The shortfall length of 1.2 km was compensated for through the following elements: 18 transition mix rails and five (5) non-self-normalising turnouts.

The Government of Uganda and the Spanish Export Credit Agencies signed the loan on 6th August 2021, and it became effective on 10th September 2021 with an end date of 15th August 2026.

Financial Performance

The disbursement performance of the loan at the end of October 2024 was 71.3% at a time progress of 62.7%. A total of USD 22,384,547 million had been released to the project. There were no cost variations encountered on the project so far, an indication that the project would be completed within budget. The performance of the URC Capacity Building Project is indicated in Figure 3.5.12.

Physical Performance

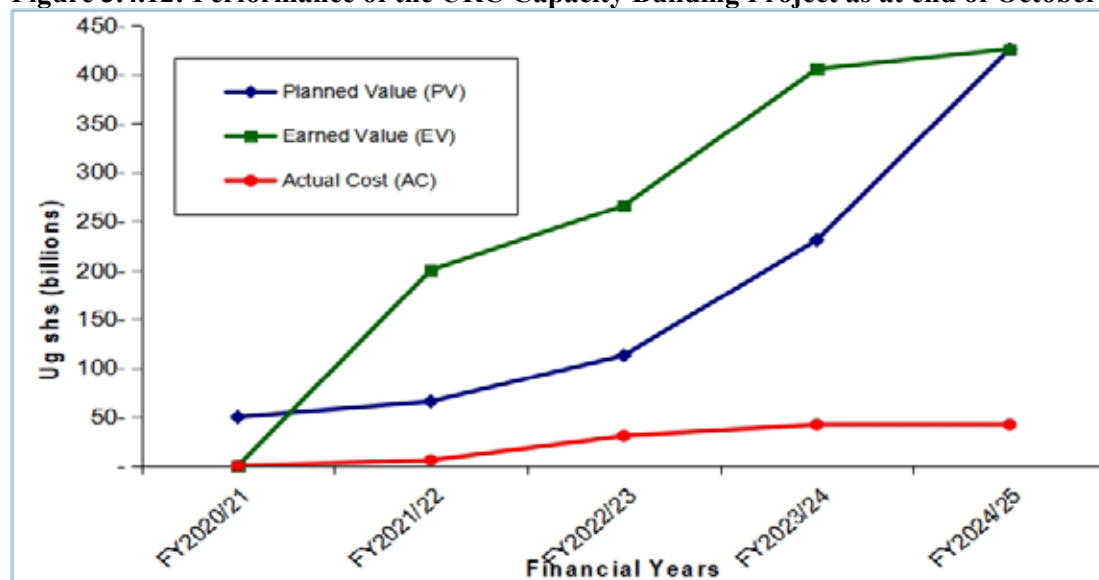
The performance of Component 1 of the project was good, at 90%. The project was on schedule and operating under the budget⁸⁵(Figure 3.4.12).

The completed activities by the end of October 2024 were: the preliminary engineering design of the Kampala multi-modal hub; the detailed engineering design for refurbishment of the

⁸⁵ The schedule performance index was 1.0, while the Cost Performance index was 10.9

Kampala-Namanve and Tororo-Malaba sections of the railway line (28 km); refurbishment of a project management office; refurbishment of the Kampala-Namanve railway section of length 12.4 km (including the station line at Namanve); and the Namanve-Mukono railway section measuring 12.9 km, which were under DLP.

Figure 3.4.12: Performance of the URC Capacity Building Project as at end of October 2024



Source: PBS reports and field findings.

The railway section between Kampala and Mukono was open for railway operations, with passenger services having resumed. Ongoing activities involved the capacity building of URC.

Staff



The railway lines and Interfreight level crossing at Nakawa.



The Kinawataka drainage gabion protection works.



The railway lines at Namanve Station and the metallic pedestrian loading platform



The railway line, passenger waiting shed and loading platform at Kyungu in Mukono District.

Implementation Constraint

Human activities (such as walking and vending) on and along the track, causing ballast contamination and dispersion from the line; and unsafe train operations.

Conclusion

The performance of Component 1 of the project was good (90%). The loan disbursement towards the component was at 71.3% against a time of 62.7%. The completed activities were: the preliminary engineering design of the Kampala multi-modal hub; the detailed engineering design for refurbishment of the Kampala-Namanve and Tororo-Malaba sections of the railway line (28 km); refurbishment of a project management office; and refurbishment of the Kampala-Mukono Line (28 km), which was under DLP. Ongoing activities were in connection with capacity building training of URC staff. The project had no cost-related variations.

Recommendation

URC should do more sensitisation of the communities along the railway line to value it as a national asset and stop human activities that cause damage to the track; and also to provide safe crossing points for passengers.

3.4.16 Upgrading of Muyembe – Nakapiripirit Road Project (1322)

Introduction

The upgrading of Muyembe-Nakapiripirit Road (92 km) from gravel to paved road was intended to foster socio-economic integration between Karamoja and the rest of the country by facilitating the movement of people and goods. The total project cost was estimated at US\$ 411.805 billion. A summary of the project information is in Table 3.4.14.

Table 3.4.14: Summary of Muyembe-Nakapiripirit Road Project information as at 31st October 2024

Date signed	2nd October 2019
Effectiveness date	2nd October 2019
Original closure	30th October 2021
New closure date	7th February 2025
Loan amount	USD 110 million
Loan duration	65 months
Loan disbursement performance	67.06%
Funding agency	Islamic Development Bank
Original contract price	Civil works contract: US\$ 399,958,528,511 Supervision contract: US\$ 8,561,483,499 & USD 890,500
Contract period	36 months
Revised contract period	50 months
Contract start date	30th March 2020
Contract end date	30th March 2023
Revised contract end date	08th May 2024
Contract time elapsed	55 months (111%)
Loan duration elapsed	62 months (95%)

Source: Field findings.



Financial Performance

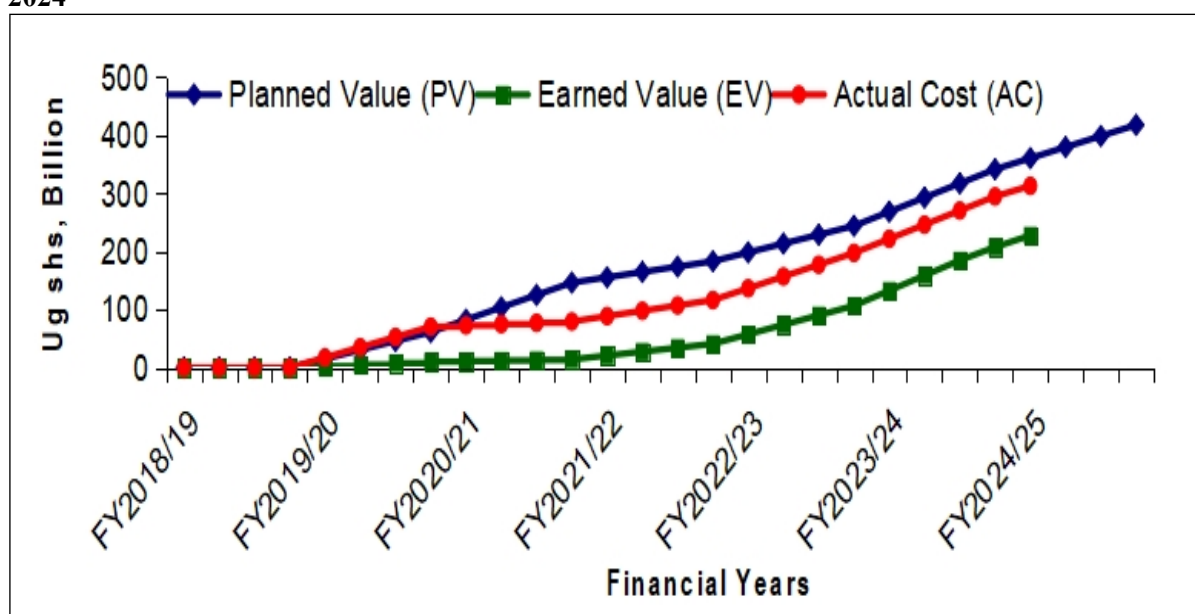
The project planned budget was US\$ 457.026 billion for the FYs 2019/20- 2024/25. On average 97% was external financing and 3% GoU. Overall US\$ 377.449 billion (82%) of the funds were released. The absorption of external financing was low considering the level of undisbursed funds (32.94%) against the remaining duration loan of 5% (3.3 months) to the drawing limit date of 7th February 2025. Therefore, the financial performance of the project was rated fair.

Physical Performance

The civil works for this project were ongoing although the project was behind schedule (Figure 3.5.13). The cumulative physical performance of the civil works contract was estimated at 70.29% against a time-lapse of 95% for the loan. The project had achieved an equivalent of 78km of roadworks and completed major structures such as bridges and box culverts. The quality of the works was good.

The progress of the RoW acquisition on the project was estimated at 85.9% with a total of 349 PAPs yet to be paid an outstanding amount of US\$ 2.236 billion.

Figure 3.4.13: Performance of the Muyembe-Nakapiripirit Road Project as at end of October 2024



Source: PBS and field findings.

Implementation Constraints

The project performance was affected by delays in right of way (RoW) acquisition arising from inadequate budget allocation for this component of the project.

Conclusion

The performance of the project was rated as fair. The physical progress was at 70.29% against a loan duration of 95%. The loan disbursement performance was low in comparison to the time-lapse. The project was, therefore, behind schedule and would require a time extension.

The project spending was above the value of the works achieved, with an estimated completion cost of US\$ 416 billion. The anticipated cost overrun was, therefore, US\$ 17 billion. There is, therefore, need for immediate intervention to restore the project to its normal course and budget.

Recommendations

MoWT should prioritise allocation of financing for the acquisition of the RoW. Additionally, there should be strict supervision and monitoring of the remaining works.

3.4.17 Upgrading of Rwenkunya-Apac-Lira-Acholibur Road Project (1402)

Introduction

The Government of Uganda identified the need to upgrade the Rwenkunya-Apac-Lira-Acholibur Road, 250 km long, from gravel to paved standard to provide an adequate and suitable road link between the districts of Kiryandongo, Apac, Lira and Pader. However, due to the inadequate resource envelope, the available funding could only handle a total of 191 km between Rwenkunya and Puranga.

The total financing for the project was estimated at US\$ 760 billion, which is provided entirely by a loan from the Islamic Development Bank. The Government of Uganda provides financing for land acquisition for the project corridor.

The project objective is to promote equal access to social and economic development opportunities. The project aims to enhance road transportation and trade facilitation along the project corridor, thereby enhancing transport services and agricultural productivity by connecting remote and disadvantaged districts to the main road network.

The project's scope includes upgrading the road from gravel to a Class II standard paved road with an asphalt concrete carriageway. The project is implemented in two lots: Lot 1: Rwenkunya-Apac Road (90.9 km); and Lot 2: Apac-Lira-Puranga Road (100.1 km). A summary of the project information is presented in Table 3.4.15.

Table 3.4.15: Summary of Rwenkunya-Apac-Lira-Acholibur Road Project details and performance as of 31st October 2024

Funding agency	Islamic Development Bank (100%)
Loan signature date	12th March 2020
Date of loan effectiveness	30th April 2020
Date of closure	1st May 2025
Loan amount	USD 210.0 million
Loan disbursement performance	57%
Lot 1: Rwenkunya-Apac Road (90.9 km)	
Original contract price	US\$ 337,526,153,350
Revised contract price	US\$ 363,702,779,301 (Engineer's estimate)
Contract period	The original contract period was 3 years (36 months). The contract period has been revised to 47 months.
Contract start date	07th December 2020
Original contract end date	07th December 2023
Revised contract end date	27th November 2024
Contract time elapsed	46 months (as of 31st October 2024) equivalent to 98.4 %.
Land acquisition	The number of PAPs paid was 1,345 (48.4%) out of 2,775 PAPs valued.
Lot 2: Apac-Lira-Puranga Road (100.1 km)	
Original contract price	US\$ 416,337,936,348.42



Contract period	The original contract period was 3 years (36 months). The contract period has been revised to 53 months.
Contract start date	14th December 2020
Contract end date	14th December 2023
Revised contract end date	23rd May 2025
Contract time elapsed	46 months (as of 31st October 2024) equivalent to 87.4%.
Land acquisition	The number of PAPs paid was 3,511(70.9) out of 4,947 PAPs valued.

Source: Author's compilation, project documents.

Financial Performance

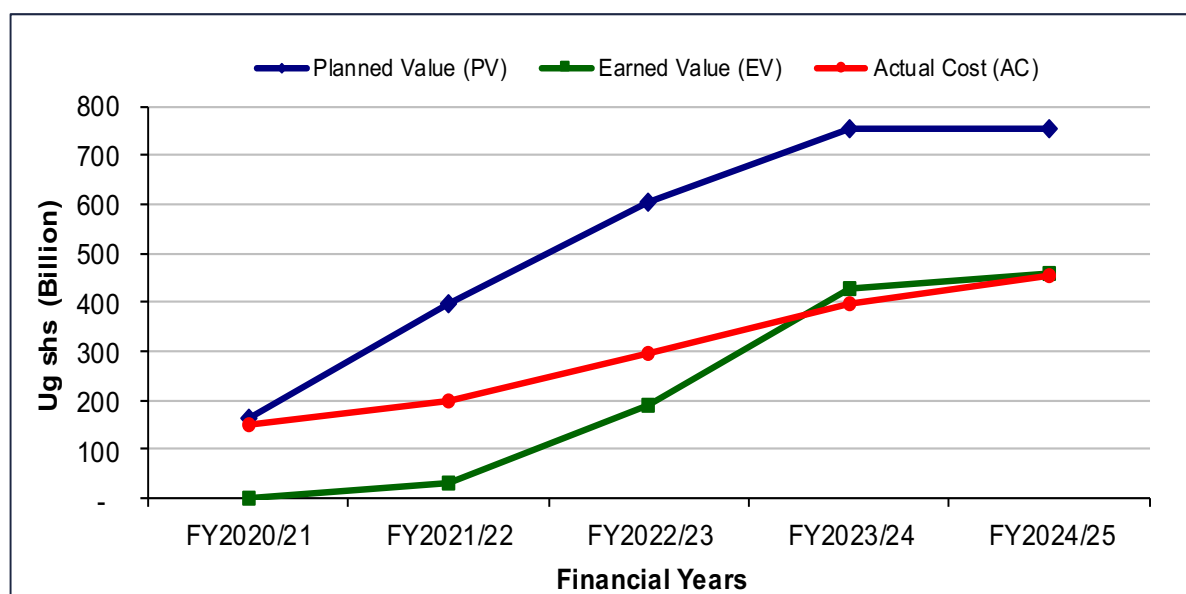
The overall cumulative budget of the project by the end of October 2024 was US\$ 753.864, of which US\$ 468.683 billion (62.2%) was released and US\$ 357.190 billion (76.2%) expended. The cumulative loan disbursement was at 57% (USD 119,507,656). The land acquisition budget under the GoU funding was estimated at US\$ 125.567 billion, of which US\$ 60.489 billion (48.2%) was paid.

By the end of October 2024, the financial progress of the civil works for Lot 1 was at 56.5% against a plan of 97.3%, while that of Lot 2 was at 63.1% against a plan of 65.2% (based on the revised programme).

Physical Performance

Overall, the performance of the Rwenkunya-Apac-Lira-Puranga Road Project was fair but behind schedule⁸⁶ (Figure 3.4.14). Lots 1 and Lot 2 achieved an average physical progress of 60% against a plan of 99%. In addition, both contracts were performing below the planned budgets due to the slow progress of work.

Figure 3.4.14: Performance of Rwenkunya-Apac-Lira-Puranga Road Project as of 31st October 2024



Source: Author's compilation, project documents.

⁸⁶ The project had a schedule variance of -294.857billion and a SPI of 0.61.

The detailed physical performance for both lots by the end of October 2024 was as follows:

Lot 1: The cumulative physical progress achieved was 55.4% against a plan of 97.45%, representing a slippage of 42.0%. Along the 90.1 km road section under Lot 1, the contractor had achieved 45.9 km of asphalt concrete surfacing (64.5%), 47.9 km of subbase (67.2%), 84.1 km of base coarse (67.4%), 4.5 km of swamp treatment (78.2%), 26 box culverts (53.0%), and 81 pipe culverts (69.2%). The quality of work executed was satisfactory.

Lots 2: The cumulative physical progress achieved by the end of October 2024 was 65.3% against a plan of 100%, hence a slippage of 34.7%. Out of the 100.1 km road section under Lot 2, the contractor had achieved 50.4 km of asphalt concrete surfacing (50.0%), 51.4 km of base coarse (51.0%), 52.2 km of subbase (52.0%), 16.7 km of swamp treatment (96.8%), 80 box culverts (77.0%), and 42 pipe culverts (45.0%).

The project's slow progress is primarily attributed to delays in obtaining the right of way and the prolonged design review process. As of now, right-of-way acquisition has been completed for 77% of the total road length. Consequently, contractors are experiencing a shortage of workspaces, leading to a decline in productivity.

The reduced productivity has prevented contractors from meeting the minimum Interim Payment Certificate (IPC) threshold, negatively impacting their cash flow. Given the current efficiency levels, the project is projected to experience a time overrun of 41 months⁸⁷, with the anticipated completion date of 31st May 2027.



Construction of base layer along Rwenkunya-Apac Road.



Tarmacked section of Lot 2-Apac-Lira-Puranga Road.

Project Implementation Constraints

- i) The project performance was affected by delays in right of way acquisition arising from inadequate budget allocation for this component to the project.
- ii) Delay in finalisation of design changes

Conclusion

The performance of the project was fair at 66%. The implementation of the civil works on both lots was behind schedule, which could lead to a time overrun of 41 months. This would push the project end date to 31st May 2027 against a loan withdrawal limit of 1st May 2025. The value of the civil works accomplished was commensurate with the expenditures; nonetheless,

⁸⁷ The Project Estimated Schedule at Completion is 77 months.



the projected increase in the scope of works will likely result in a cost overrun of US\$ 83.432 billion. Therefore, the project's duration and budget do not align with the loan disbursement terms.

Recommendations

UNRA should prioritise payment of PAPs along the project corridor to enable the contractors to execute construction works uninterrupted.

MoFPED should renegotiate the loan disbursement period to ensure uninterrupted funding throughout the project duration.

3.4.18 Upgrading Rukungiri-Kihihi-Ishasha/Kanungu Road (1311)

Introduction

The Road Sector Support Project V (RSSP V) was formulated to facilitate the upgrading from gravel to bitumen standard of Rukungiri-Kihihi-Ishasha/Kanungu (78.5km) and Bumbobi-Lwakhakha (44.5km) roads, including: capacity enhancement; consulting services for technical and financial audits; compensation and resettlement.

The RSSP V was co-financed by the African Development Fund (85.11%) and the Government of Uganda (14.89%). The total project cost is UA 82.25 million (USD 126.27 million), which was made up of UA 70.00 million (USD 107.46 million) ADF contribution and UA 12.25 million (USD 18.81 million) as GoU counterpart financing.

The project objective was to improve road access to socio-economic facilities and quality of transport service levels in the south-western and eastern parts of Uganda by upgrading the Rukungiri-Kihihi-Ishasha (Lot 1) and Bumbobi-Lwakhakha (Lot 2) roads from gravel to bitumen standard. These interventions were expected to contribute to improved standard of living of the beneficiaries; provide support to the tourism industry; and promote regional integration and cross-border trade with the Democratic Republic of Congo and Kenya. Both Lot 1 and Lot 2 contracts had come to an end. Table 3.4.16 presents a summary of the project information.

Table 3.4.16: Summary of the Road Sector Support Project V as at end of October 2024

Funding agency	African Development Bank (85.11) and GoU (14.89%)
Loan signature date	3rd February 2015
Date of loan effectiveness	20th April 2015
Original date of closure	31st December 2020
Revised date of closure	31st December 2024
Loan amount	USD 107,064,700
Loan disbursement performance	96.50%
Lot 1: Rukungiri-Kihihi-Ishasha (78.5 km)	
Original contract price	US\$ 207,834,646,967
Revised contract price	US\$ 245,091,706,731 (increment of 17.9%)
Contract start date	5th November 2018
Original contract end date	4th November 2021
Revised contract end date	17th November 2023
Lot 2: Bumbobi-Lwakhakha (44.5 km)	
Original contract price	US\$ 140,724,306,533
Revised contract price	US\$ 171,323,485,532.38 (increment of 21.7%)
Contract start date	6th December 2016
Contract end date	6th December 2018
Revised contract end date	21st December 2020

Source: Author's compilation, project documents.

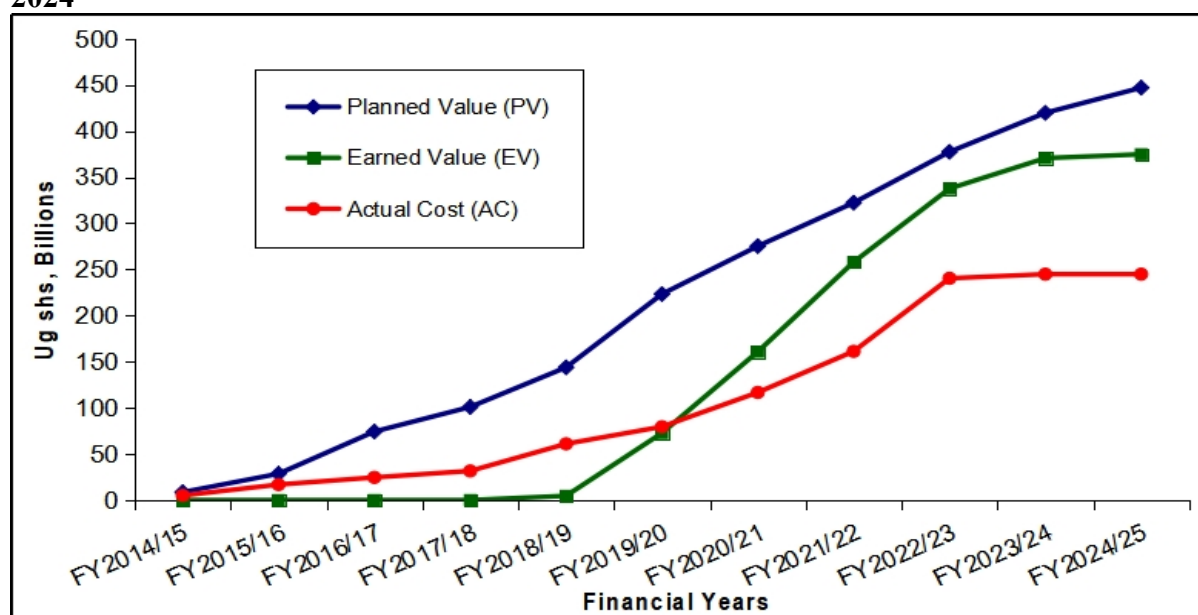
Financial Performance

The disbursement performance of the loan was good at 96.5% at the end of October 2024. A total of USD 103,609,296 had been disbursed by the AfDB. The cumulative financial progress of Lot 1 was 108.21% against planned of 100% as at the end of the contract. The overall revised cost of Lot 1 at completion was USh 359,966,409,577, out of which USh 245,091, 706,731 was approved. The required amount above the approved contract amount, needed to ensure full execution of the Lot 1 scope was USh 114,874,716,503 (46.9% of the contract amount), which the GoU had committed to fund. Figure 3.5.15 shows performance of the RSSP V project over the years.

Physical Performance

The physical performance of the project was very good at 96%. The construction activities of the upgrading of the main roadworks achieved completion on 17th November 2024 and 20th February 2022, for Lot 1 and Lot 2, respectively. The project demonstrated efficiencies in conversion of resources to results⁸⁸(Figure 3.4.15).

Figure 3.4.15: Performance of the Road Sector Support Project V as at end of October 2024



Source: Author's compilation, project documents.

As of 31st October 2024, both lots were under use by the general public and Bumbobi-Lwakhakha road (44.5km) had been handed over to UNRA. RAP implementation was at 88.08% and 99.2% for Lot 1 and Lot 2, respectively. The pending cases on Lot 2 were mainly absentee PAPs and those with court disputes that are yet to be resolved.

It should be noted that both lots had had suffered delays, majorly attributed to delayed land acquisition of the right of way (RoW) and extreme wet weather conditions during implementation. Specifically, for Rukungiri-Kihihi-Ishasha (Lot 1), there was delayed access to the Ishasha bridge on the border of Uganda and DRC. Full implementation of the Lot 1 scope was affected by the increased quantities beyond the approved cost of the civil works. The

⁸⁸ The cost performance index was 1.53

procurement of the contractor for the additional works for Lot 1 was ongoing at the stage of negotiation.

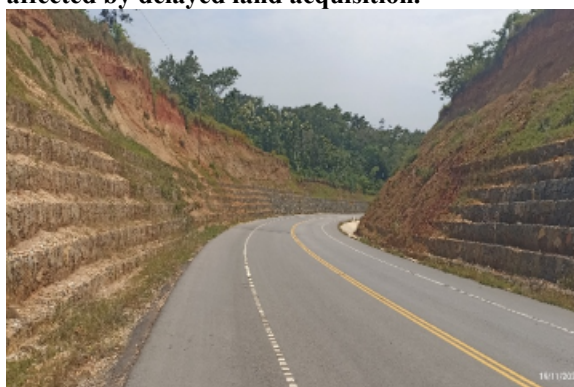
The additional amount needed to ensure full execution of the Lot 1 scope was required for: construction of 6 km town roads (2 km in each of the town councils of Ishasha, Kihhihi and Kanungu); construction of the access to Kihhihi Airstrip (1.3 km); construction of Ishasha DRC bridge; cost for variation of price; lining of drains along the cut sections and construction of embankment toe drains, and turnout/mitre drains within the RoW; unforeseen ground conditions/unforeseen rock excavation works; additional slope protection works using gabions/boxes at locations with collapsing/shearing soils; additional cross culverts and access culverts; relocation of utilities for town roads; to pay for time-related cost due to the awarded extension of time of 24 months that ended on 30th November 2023; increased quantities for precast barrier kerbs at high fills; and super-elevated road section costs for chutes.



The completed section at Km 5 which had been affected by delayed land acquisition.



The completed Ntungu bridge at Km 29 at the border of Rukungiri and Kanungu Districts.



Gabion protection works and collapsing embankments at Km 39+500.



The end of the road at Kanungu Town.

Implementation Constraints

- i) Delayed procurement of service providers. For example, Lot 1 delayed due to whistleblower complaints and multiple administrative reviews occasioned by aggrieved bidders. Whereas the loan effectiveness was on 20th April 2015, commencement of the Bumbobi-Lwakhakha road was on 6th December 2016 while the Rukungiri-Kihhihi-Ishasha/Kanungu road commenced on 5th November 2018.
- ii) Delays in the acquisition of RoW affected the project's performance/progress which, in turn, affected the performance of the loan. The contractor was given access to and possession of the site for the entire road section but with some sections not yet acquired due to grievances, ownership disputes and sections that required extra land take due to high fills and deep cuts.



- iii) Target quantities for the Ishasha bridge, access to the Kihikihi Airstrip and the town roads exceeded the project approved budget and this affected full implementation of the Lot 1 scope.

Conclusion

The disbursement performance of the loan as at the end of October 2024 was 96.77%. Both Lot 1 and Lot 2 main road upgrading works were completed; and the RSSVP V ended in December 2024. However, the scope of Lot 1 was not fully implemented due to an increase in target quantities beyond the approved project budget. The required amount needed to ensure full execution of the Lot 1 scope was US\$ 114,874,716,503. The procurement of the contractor for the additional works for Lot 1 was ongoing at the stage of negotiation.

Recommendation

MoWT should expedite the procurement of the additional Lot 1 works to enable full execution of the project scope.

3.4.19 Kisoro-Mgahinga Road Upgrading Project (1545)

Introduction

The project has two road links: Kabale-Lake Bunyonyi (15.1 km) and Kisoro-Mgahinga (18.1 km) roads. The scope of the project involves civil works for the upgrading of the Kabale-Lake Bunyonyi and Kisoro-Mgahinga (33.2 km) from gravel to paved (bituminous); and consultancy services for supervision. The road links are to be upgraded to Class III paved road.

The project is aimed at contributing to the tourism development and well-being of the immediate communities. Table 3.4.17 presents a summary of the project information.

Table 3.4.17: Summary of the Kisoro - Mgahinga Road Upgrading Project as at end of October 2024

Funding agency	African Development Bank
Loan signature date	11th May 2021
Date of loan effectiveness	21st July 2021
Date of closure	31st December 2025
Loan amount	USD 36.06 million
Loan disbursement performance	15%

Source: Author's compilation, project documents.

Financial Performance

The disbursement performance of the loan was poor at 15% at the end of October 2024. A total of USD 5,279,312 had been disbursed by the bank. The counterpart funding budget for the project between FY 2019/20 to FY 2024/25 was US\$ 24.544 billion of which US\$ 23.836 billion (97.1%) was released and US\$ 23.834 billion (99.9%) expended by the end of October 2024. The project had a poor absorption of the external financing component.

Physical Performance

The contract for the civil works for the upgrading of the Kabale-Lake Bunyonyi and Kisoro-Mgahinga roads (33.2km) from gravel to paved (bituminous) standards was signed on 19th September 2023. The supervision contract was signed on 24th January 2024. The civil works commenced on 8th February 2024 and the contractor was yet to fully mobilise for the works.



The status of acquisition of the RoW was estimated at 87.38% along the Kisoro-Mgahinga section, and at 93.22% along the Kabale-Bunyonyi section. If acquisition of the RoW is not handled in time, it will significantly affect the progress of the project.

The progress of the project was poor with the remaining loan duration (4%). The poor performance of the project was attributed to delays in the procurement of the contracts for both the civil works and consultancy services. Additionally, the delay in mobilisation by the contractor further affected the project performance. It was evident that the project could not be completed within the loan duration, and as such there is a need for negotiation of additional time.

Conclusion

The implementation of the Kisoro-Mgahinga Road upgrading project was behind schedule. The project will not be completed within the stipulated loan timelines and as such there is a need for additional time to achieve the full scope.

Recommendation

- i). MoWT/MoFPED should negotiate with the African Development Bank for an extension of the loan duration to take into consideration the construction contract timelines.
- ii). MoWT/MoFPED should allocate resources for the pending acquisition of the RoW to avoid further delays.

3.4.20 Upgrading of Katine-Ochero Project (1796)

The Government of Uganda identified the need to upgrade the Katine-Ochero Road (69.3 km) from gravel to a paved standard to improve transportation infrastructure in the Teso sub-region. The project's primary objective is to enhance connectivity, facilitate economic activities, and improve access to essential services for the local population.

The total project cost is estimated at USD 108 million, funded through a combination of loans and GoU contribution. The OPEC Fund for International Development (OFID) provided a USD 30 million loan (27.8% of project cost), while the Islamic Development Bank (IsDB) provided a USD 70 million loan (64.8% of project cost). The GoU is responsible for financing land acquisition along the project corridor. Table 3.4.18 presents a summary of the project information.

Table 3.4.18: Summary of the Katine-Ochero Road Project as at end of October 2024

Funding agency	OPEC Fund for International Development	Islamic Development Bank
Loan signature date	7th February 2024	29th April 2024
Date of loan effectiveness	23rd April 2024	29th October 2024
Date of closure	31st March 2028	30th April 2029
Loan amount	USD 30 million	USD 70 million
Loan disbursement performance	0%	0%

Source: Author's compilation, project documents.

The project's scope includes upgrading the existing gravel road to a Class II paved road with an asphalt concrete carriageway. Additionally, 2.9 km of town roads in Kaberamaido and Kalaki Towns will be constructed to improve urban connectivity.

As of October 2024, the procurement process for both the contractor and the project consultant was ongoing, pending the required "No Objection" approvals from the respective financing institutions.

3.4.21 Kyenjojo (Kihura)-Bwizi-Rwamwanja-Kahungye/Mpara-Bwizi Roads (1785)

Introduction

The Kyenjojo (Kihura)-Bwizi-Rwamwanja-Kahungye/Mpara-Bwizi (68km) road is a civil works project for upgrading the roads to bituminous standard. The project, when completed, will serve as a vital trade and transportation route connecting Uganda with neighbouring Rwanda and the Democratic Republic of Congo (DRC). The project is also aimed at boosting tourism within the region. Table 3.4.19 presents a summary of the project information.

Table 3.4.19: Summary of the Kyenjojo (Kihura)-Bwizi-Rwamwanja-Kahungye/Mpara-Bwizi Roads Project as at end of October 2024

Funding agency	Islamic Development Bank
Loan signature date	29th April 2024
Date of loan effectiveness	29th October 2024
Date of closure	30th April 2028
Loan amount	USD 110 million
Loan disbursement performance	0%

Source: Author's compilation, project documents.

Physical Performance

The civil works for the project had not commenced. Procurement of the civil works contractor was ongoing and awaiting the bank's "No-Objection" approval. Procurement of the supervision consultant was ongoing and under negotiation. Acquisition of the RoW was not undertaken due to inadequate financing.

Conclusion

Procurement of the project was ongoing. However, the procurements for the civil works and consultancy services must be expedited if the project is to be completed within the loan period. Additionally, acquisition of the RoW must be prioritised.

Recommendations

1. MoWT/the bank should expedite the procurement of the contractor and consultant.
2. The MoWT/MoFPED should prioritise allocation of funding for the acquisition of the RoW.

3.5 Manufacturing

This section provides the cumulative performance of Project 0994: Development of Infrastructure at Kampala Industrial and Business Park (KIBP), Namanve. The project is intended to facilitate industrialisation in Uganda which will, in turn, lead to job creation, add value to locally available raw materials, enable technology transfer, as well as skilling citizens with the objective of transforming the country into a middle-income economy.

3.5.1 Development of Industrial Parks Project -0994

Introduction

The Kampala Industrial and Business Park is a 2,200-acre facility located partly in Wakiso (Kira Municipality) and Mukono (Mukono Municipality), about 14 km east of Kampala along the Kampala-Jinja highway at Namanve.



The focus of this project is to provide critical infrastructure connecting all estates in the KIBP. The project is financed through a loan valued at EUR 219 million from United Kingdom Export Finance (UKEF) and Standard Chartered Bank UK (SCB), with counterpart funding from the Government of Uganda. The development of the infrastructure at the KIBP, Namanve Project is being delivered through an Engineering Procurement and Construction (EPC) contract based on Fédération Internationale des Ingénieurs-Conseils (FIDIC) Conditions of Contract for EPC/Turnkey Projects “Silver Book 1999” guidelines.

The park is subdivided into four estates, namely North Estate, South A Estate, South B Estate, and South C Estate. The land was allocated to 322 investors for development in various sub-sectors such as agro-processing, mineral processing, ICT, logistics and freight, warehousing, general manufacturing, as well as tourism promotion and accommodation activities.

In 2018, a commercial EPC contract for the infrastructure development of KIBP was signed between the Government of Uganda through Uganda Investment Authority (UIA) and M/s Lagan in Joint Venture with M/s Dott Services, which transformed into M/s Lagan Dott Namanve Limited (LDNL). The contract commenced on 6th July 2020, with the initial expected completion date of 5th January 2024, which was extended by 20 months to 4th September 2025.

To provide technical, management and coordination assistance to ensure delivery of the project on time, within cost, and to the required quality, a contract was signed on 19th August 2019 between the consortium of Owner’s Engineer (OE) that included M/s Roughton International Ltd., Turner and Townsend International Ltd, Joadah Consult Limited and Basic Group Ltd, on one hand, and the Employer (UIA), on the other hand, supported by a Project Management Team (PMT). The contract provided for a Technical Committee⁸⁹ and the overall supervision was entrusted in a Project Steering Committee.⁹⁰ According to the loan agreement, payments are directly disbursed to the contractor. Table 3.12.1 shows the summary of the contract.

Table 3.5.1: The Kampala Industrial and Business Park Contract Summary

Project Name	Development of Infrastructure (Design and Build) at Kampala Industrial and Business Park, Namanve
Funding agencies	The Government of Uganda with support from United Kingdom Export Finance (UKEF) and Standard Chartered Bank UK (SCB)
Employer	The Government of Uganda represented by Uganda Investment Authority
Initial Owner’s Engineers	Consortium: M/s Roughton International Ltd, Turner and Townsend International Ltd, Joadah Consult Ltd. and Basic Group Ltd
Current Employer’s representative (ER)	MBW Consulting Ltd in joint venture with PM Excellence appointed on 1st August 2023
EPC contractor	Lagan Dott Namanve Ltd
Project commencement date	6th July 2020
Initial expected completion date	05th January 2024
Project duration	42 calendar months (revised to 62 months)
EPC contract value	EUR 215,065,212.41
Original Owner’s Engineer contract amount	EUR 8,805,781.4

⁸⁹ Composed of officers from MoJ&CA, MoFPED, MoWT, MWE, MoICT&NG, MEMD, Mukono DLG, Kiira Municipality, NEMA, KCCA and UIA.

⁹⁰ Composed of Permanent Secretaries/Accounting Officers from MoFPED, MoWT, MWE, MEMD, MoICT&NG, UIA, and NEMA.



ER's contract	US\$ 17,134,514,500.
Revised completion date	4th September 2025.
Scope of works	<p>Project studies (economic studies, park management studies, flood risk assessment, and drainage masterplan).</p> <p>Design and construction of 44.35 km road network, bridges, and weighing bridges facility (upgrade roads to asphalt pavement and walkways plus greening).</p> <p>Design and construction of drainage network (complete surface water drainage network in the road corridors using stone pitch and concrete culverts).</p> <p>Design and construction of a 20 km sewerage network including sewer underground pipe network.</p> <p>Design and construction of a 32 km water supply and distribution network plus reservoirs.</p> <p>Design and construction of waste treatment plant plus toilets and a solid waste treatment plant.</p> <p>Design and construction of an SME park. This will include a common facility centre, a market promotion centre and individual SME workspaces.</p> <p>Design and construction of power network including the supply and laying of 33 KV single core cable (an underground power distribution system).</p> <p>Installation of CCTV services, street lighting and fibre optic services.</p> <p>Other amenities such as water hydrants.</p>

Source: UIA- Project progress report, March 2024.

Financial Performance

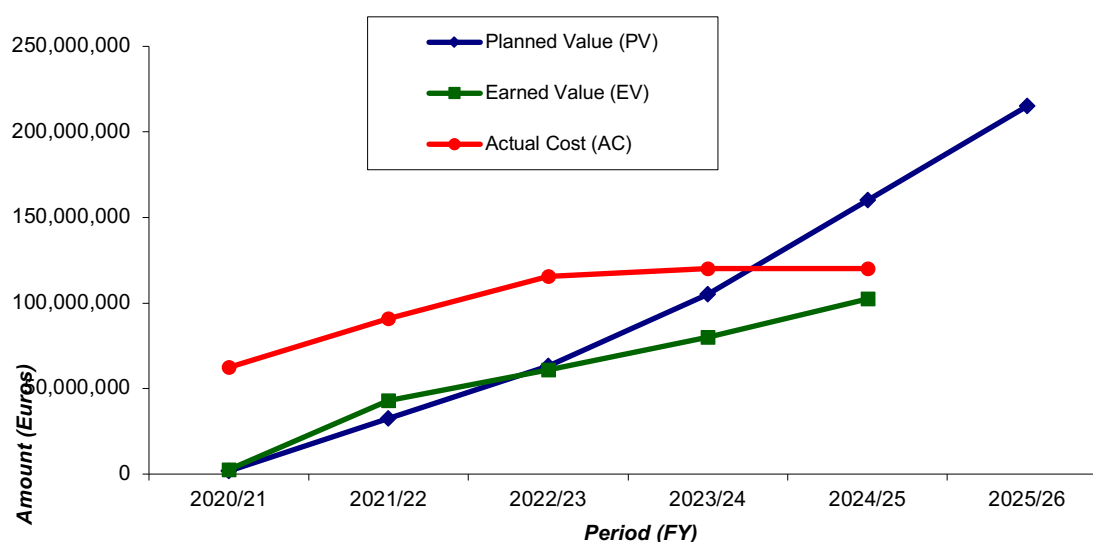
The overall project budget was estimated at EUR 223.87 million, equivalent to US\$ 896 billion, of which EUR 219 million is a loan. By 30th October 2024, the overall contract financial performance was 54.5% against a time progress of 83.8%. A total of 24 Interim Payment Certificates (IPCs) worth EUR 117.242 million were certified. It was observed that the contractor had submitted claims on delayed payments which was causing cost overruns. On the other hand, the original Owner's Engineer was paid EUR 1,896.674.46 (21.54% of the contract) before UIA terminated the contract due to poor performance.

The new Employer's Representatives' (MBW Consulting Limited) invoices were also still pending payment due to no releases on the counterpart funding in FY 2024/25.

The Cost Performance Index (CPI) depicts that the project operated over the planned budget in the first five years, with a value of 0.85, and having a cost overrun shown by the cost variance (CV) of (-17,777,520.71 Euros). The project was spending more money than the value of work completed so far and activities were behind schedule. This is partly explained by the initial advance payment to the contractor of more than EUR 50 million. Figure 3.5.1 shows the performance trends of KIBP by 30th October 2024.

Physical Performance

The cumulative physical progress was 54% against the revised planned progress of 69%. This was attributed to the delayed identification of the three sites for the wastewater treatment plant, solid waste treatment plant, and SME park which contribute 30% of the project scope. This delay has resulted in lost time of over 15 months. Figure 3.5.1 shows the performance trends while Table 3.5.2 shows the project progress.

**Figure 3.5.1: Performance trends of KIBP by 30th October 2024**

Source: UIA, MoFPED and field findings.

Table 3.5.2 KIBP summary performance by 30th October 2024

No.	Activities	Planned Progress	Achieved	Remarks
1	Consultancy fees (economic and marketing analysis)	100%	100%	Completed
2	Survey works (topo, hydro, environmental, and site investigations)	100%	100%	Completed
3	Engineering design and supervision	100%	91.0%	Work in progress. Extension of time (EoT) of 20 months was approved at no cost.
4	Road network and bridge construction	69.1%	55%	38 km of roads opened. Roads in the North Estate prepared to pavement level, ongoing works in South A, B, and C Estates. The contractor slowed down work due to non-payment of certificates.
5	Water supply network construction	60%	51%	Work in progress across the park but behind schedule.
6	Sewerage network construction	56%	37%	Works were delayed due to difficulty in identifying the sewage treatment plant site but now identified.
7	Industrial wastewater collection & solid waste treatment facility construction	0%	0%	Land for the solid waste treatment facility is not yet identified/purchased by UIA.
8	Power supply services construction	47%	16%	The contractor had not addressed the concerns of the distributor's (UMEME) comments on the power design between contractor and distributor to have the main ring re-designed.

No.	Activities	Planned Progress	Achieved	Remarks
9	Fibre optic and CCTV services construction	52%	15%	Slow progress due to delays in progressing the designs for CCTV & fibre optic network in KIBP occasioned by delayed engagement of NITA-U by the contractor to review designs, approval and sharing of the as-built network within the KIBP. NITA-U delayed the review and feedback on the designs.
10	Street lighting (solar) and traffic lights construction	47%	16%	The designs for street lighting (solar) and traffic lights by the contractor not fully done.
11	SME Park construction	0%	0%	Land for SME Park not yet identified/purchased by UIA.
12	TOTAL	69%	54%	EUR 117,242,008 (54.5%) was certified to the contractor as per IPC 24. The major cause of delay was the lack of the 3 key sites for the wastewater treatment plant (identified), solid wastewater treatment plant and SME Park that contribute to about 30% of the project scope.

Source: UIA 2024, and field findings.

It was observed that both the Technical Committee and the Steering Committee hardly meet to guide progress and address the issues arising between the contractor and the client.

Project Risks

The overall project performance is poor, with anticipated cost and time overruns arising from idle time, delayed payment to the contractor and delayed acquisition of alternative sites for waste treatment facilities and the SME Park. Subsequently, the contractor was granted a no cost extension of 20 months which have hardly been utilised well. The project is experiencing cost overruns, including payments to the Owner's Engineers.

Implementation Constraints



Up: A lined 5-metre side drain along the paved circular road in the North Estate.

Down: Earthworks in South C Estate and water and ICT conduits in the North Estate at KIBP.



1. Delayed approval of the site for wastewater treatment plant and solid waste treatment plant and delayed commencement of construction by the contractor even after the approval for the wastewater site was obtained on 18th April 2023.
2. Encroachment on parkland and green spaces by some tenants and issuance of illegal titles on KIBP land by the Mukono DLG. This is common in the South C8 section, where three titles were issued and were overlapping on the drainage way.
3. Failure by the Project Technical and Steering Committees to regularly convene meetings, which delayed the settling of some disagreements between the contractor, the supervisor, and the client.
4. Absence of an Independent Environmental and Social Consultant (IESC) – Ramboll UK Ltd at site. The absence of an IESC risks the continued breach of a financing obligation, which may eventually lead to a stop to funding and/or eventual cancellation of the loan.
5. Delayed processing of interim payment certificates cleared by the Owner's Engineers (IPC 18-24), which affects the contractor's cash flow, leading to limited work covered. All certificates for the Owner's Engineers, worth US\$ 10.28 billion had not been paid due to lack of counterpart funds.
6. Low construction work progress (54%) compared to the revised time progress (69%).
7. Substandard quality of some works by the contractor which does not conform to standards.

Conclusion

The overall project performance is fair (54%) against the target of 69%, with most of the planned outputs behind schedule and several outputs yet to commence. The main reason for the poor performance is the delayed acquisition of sites for the WWTP, SWTP and the SME Park, which contribute 30% of the project work. This points to a lack of project readiness by the client. The Cost Performance Index (CPI) of 0.85 (Table 3.6.3) shows that the project will be completed above the budget, with an estimated cost at completion (EAC) of EUR 252,419,678.81, while the negative Schedule Variance (SV) and Schedule Performance Index (SPI) below 1 shows that the project is behind schedule. The delay in the commencement of the pending works has resulted in time and cost overruns.

The UIA should in the future desist from establishing Industrial and Business Parks in wetlands, which comes with multiple compliance requirements. The development of brownfield Industrial and Business Parks (operational industrial and business parks) before detailed studies and master planning are done causes lots of delays in the development of infrastructure. For example, the project suffered a lot of insufficient corridor spaces and, in some areas, lack of space, especially for drainage, and encroachment by developers, among others. For the development of other Industrial and Business Parks, complete studies and designs informing the master planning must be done before land is allocated to investors for development.

Recommendations

1. The Government of Uganda should provide adequate counterpart funding to meet the financial obligations of the Owner's Engineer and project management team. The lack of sufficient funds to meet the Project Management Team's expenses as well as the Supervising Consultant's fees has grossly affected the implementation of the KIBP infrastructure development.

2. UIA should earnestly identify suitable sites for solid waste and SME park or have these scoped out and phased.
3. The Mukono DLG Land Office should desist from the issuance of titles on the KIBP land.
4. The Project Steering Committee should take a more vigilant oversight role in the implementation of the project by holding periodic meetings to address the concerns of stakeholders.
5. NEMA should be engaged at all stages of acquiring the land for the infrastructure in fragile and sensitive ecosystems.
6. The contractor should conform to standards to avoid further delays.

3.6 Mineral Development

3.6.1 Airborne Geophysical Survey and Geological Mapping of Karamoja (1542)

Introduction

The Airborne Geophysical Survey and Geological Mapping of Karamoja Project aims at exploring the mineral potential in the Karamoja sub-region and Lamwo District. These areas are endowed with undiscovered metallic and industrial minerals due to the diverse nature of their geology.

The project is implemented by the Ministry of Energy and Mineral Development (MEMD). The total cost for the contractor of the Airborne Survey is EUR 23.663 million, comprised of a loan from the Corporate Internationalization Fund of Spain (FIEM) of EUR 20.113 million (85%) and Government of Uganda (GoU) funding amounting to EUR 5.549 million (15%). The loan signing date was 27th June 2019, with a project start date of 1st July 2019 and an initial completion date of 30th June 2023, revised to 30th June 2025. There was also further GoU counterpart funding to cater for costs of staff field activities and payment of the Quality Control Consultant.

Project Scope

The survey includes magnetic and radiometric mapping for magnetic minerals (iron), gravity surveys for high-density minerals (gold) and radiometric surveys for radioactive minerals (uranium). The airborne survey also aims at using magnetic and radiometric techniques to survey the Karamoja sub-region covering an approximate distance of 350,000 to 378,957 line-kilometres. The electromagnetic survey will cover three targets with a potential of high mineral occurrence by geological observation with a total of 8,157 line-kilometres.

The project work was categorised into three phases, namely:

- **Phase One:** Survey of a total of 227,993 line-km of magnetic and radiometric data; and 23,189 line-km of gravity data for the Karamoja sub-region and Lamwo District. The data for this survey helps in identifying the target areas where additional project activities should be undertaken.
- **Phase Two:** A detailed survey of 40% of the potential areas identified in phase one using a narrower line spacing to provide high resolution information. This targeted: 90,000 line-km of magnetic and radiometric data; 8,600 line-km of gravity data; and 90,000 line-km of electromagnetic data using magnetic, radiometric and gravity

technologies. Electromagnetic technology will also be undertaken to improve the quality of data.

- **Phase Three:** Geological and geochemical activities to improve the existing data and confirm anomalies detected in phases one and two airborne surveys.

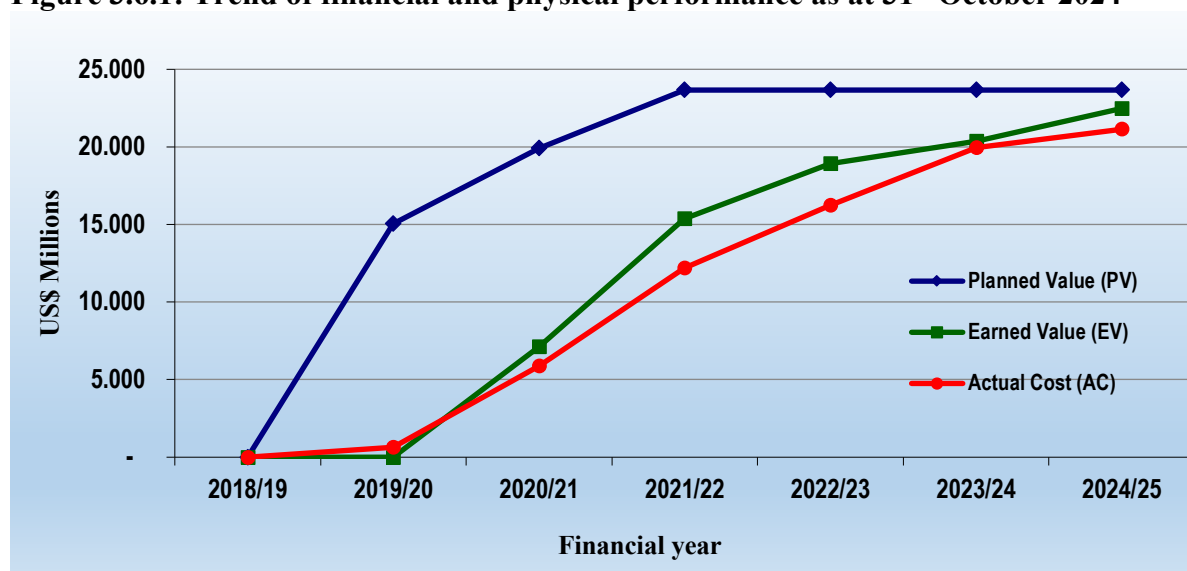
Financial Performance

The cumulative disbursements were at 92%. The project was operating below budget as at 31st October 2024.⁹¹ This was because the Quality Control Consultant had pending payments due to poor release of GoU funds.

Physical Performance

The overall physical progress was at 95%. The project was behind schedule⁹² with the earned value (EV) less than the planned value (Figure 3.6.1) by 31st October 2024. The schedule lag arose because the survey commenced in April 2021, which was two years late. In addition, the GoU contribution (15%) was paid late, yet this was a precedent condition for disbursement of the loan.

Figure 3.6.1: Trend of financial and physical performance as at 31st October 2024



Source: Progress reports, Author's analysis based on field findings.

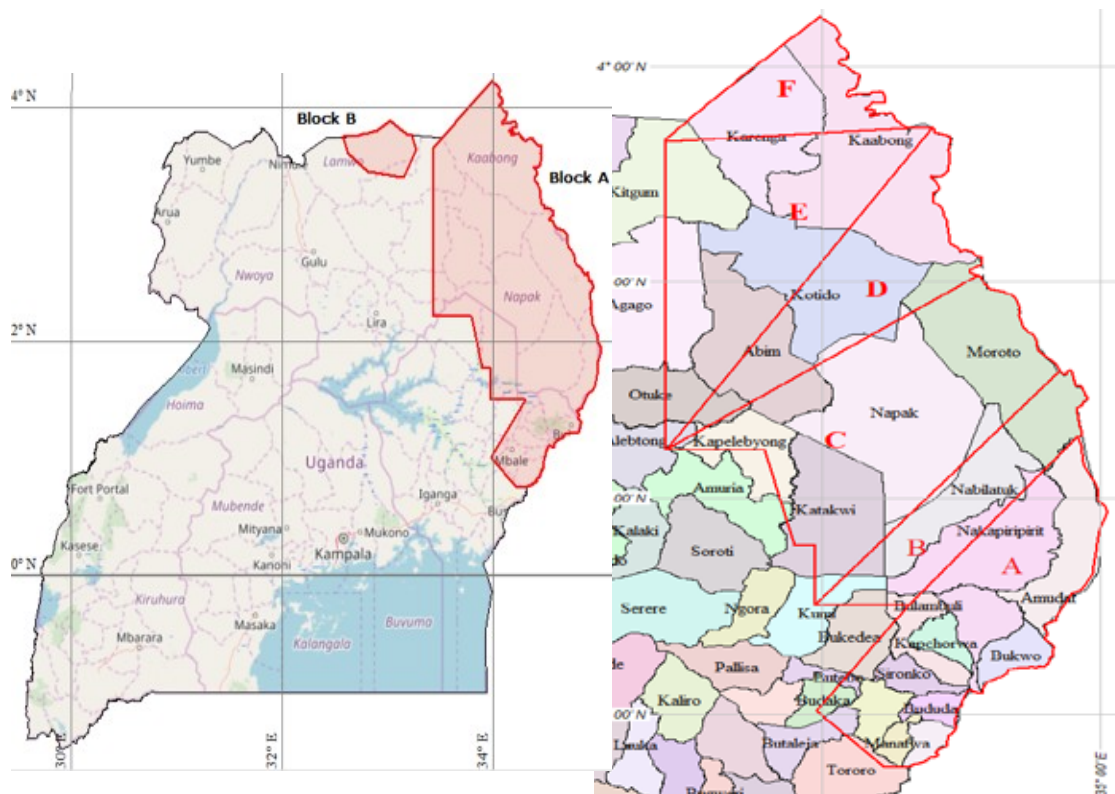
Phases One and Two of the geophysical, geochemical and geological data acquisition were completed in the Karamoja and Lamwo areas. The geophysical data included gravity, magnetic, radiometric and electromagnetic details for the respective minerals. A sensitisation and joint security framework was implemented to ease flights and geochemical ground activities within the communities.

Figure 3.6.2 highlights the geographical coverage for Phases 1 and 2 completed areas in Karamoja (Block A) and Lamwo (Block B).

⁹¹ CPI = 1.06

⁹² Schedule Performance Index = 0.95

Figure 3.6.2: Location of Karamoja airborne survey blocks



Source: MEMD – Geological Survey and Mines Department (GSMD) reports.

Phase Three geological and geochemical activities were ongoing but behind schedule. These included sample collection in the Karamoja and Lamwo areas for mineral content analysis to confirm the anomalies of data acquired in Phases One and Two.

Some of the collected samples were kept at the data preparation and sample storage facility at Entebbe; others were taken for final analysis to the designated International Standard Organisation (ISO)-certified laboratories in Spain and Canada due to lack of a state-of-the-art laboratory at the Directorate of Geological Survey and Mines (DGSM).

The sample collection activity was affected by the poor release of the counterpart funding to undertake the activity and the delay to pay the Quality Control Consultant.



A data preparation and sample storage room at Entebbe.

Implementation challenge

- i) The inadequate allocation of counterpart funding to the project was delaying payment to the quality control consultancy firm. This was hindering project progress with less than six months left to project closure.



Conclusion

The airborne survey progress was good at 95%, although slightly behind schedule by 5%. The project was also operating slightly under budget due to pending payments to the supervision consultant. With the project scheduled to end by June 2025, the delay in payment of the consultant increased the risk of not closing the project on schedule, with the performance trend indicating cost at completion at EUR 22.3 million. There was a risk of not completing the planned activities in the allocated time if the counterpart funding was not made available as budgeted.

Recommendation

- i) The MEMD should prioritise funding to the project so that pending activities can be completed before project closure.

3.7 Natural Resource, Environment, Climate Change, Land and Water Resources Management

Introduction

Nine externally financed projects were assessed under the Natural Resources, Environment, Climate Change, Land, and Water Management Programme. These included: i) Enhancing the Resilience of Communities and Fragile Ecosystems to Climate Change Risk in Katonga and Mpologoma Catchments; ii) Farm Income Enhancement and Forestry Conservation-III; iii) Investing in Forests and Protected Areas for Climate Smart Development; iv) Integrated Water Management and Development Project; v) Kampala Water –Lake Victoria Water and Sanitation Project; vi) Strategic Towns Water Supply and Sanitation Project; vii) South Western Cluster Project; viii) Support to Rural Water Supply and Sanitation Project; and ix) Water and Sanitation Development Facility North Phase II.

3.7.1 Enhancing Resilience of Communities and Fragile Ecosystems to Climate Change Risk in Katonga and Mpologoma Catchments Project (1799)

Introduction

The Enhancing Resilience of Communities and Fragile Ecosystems to Climate Change Risk in Katonga and Mpologoma Catchments Project is jointly financed by a grant from the Climate Adaptation Fund and the Government of Uganda, at a total cost of US\$ 72.03 billion. The grant agreement was signed on 23rd November 2023, and the project is scheduled to be implemented from 1st July 2023 to 30th June 2027.

The project is jointly implemented by the Ministry of Water and Environment (MWE) and WaterAid International. It aims to help local communities adapt to the effects of floods and landslides by developing and implementing integrated flood early warning systems, climate-resilient Water, Sanitation, and Hygiene (WASH), and catchment management measures. The interventions target selected catchments of Katonga in south-central Uganda and the Mpologoma catchment in Eastern Uganda, within the Kyoga Water Management Zone (KMZ).

The project is implemented through three components: i) Strengthening institutional capacity for planning, designing, implementing, and monitoring integrated flood early warning systems (FEWS) and climate-smart WASH technologies; ii) Facilitating communities to undertake



adaptation actions for reinforcing the resilience of populations and ecosystems against floods and landslides; and iii) Enhancing knowledge management and skills sharing in FEWS, climate-resilient WASH and catchment management technologies.

Expected Outputs:

- Water storage technologies for increased availability of water for production and food security established.
- The establishment of 5 nature-based enterprises (coffee, rice, dairy, beef and fish) for improved community livelihoods supported.
- Climate-smart WASH catchment management plans developed.
- Adaptation actions for the reinforcement of resilience of populations and fragile ecosystems against floods and landslides identified and supported (5 agricultural enterprises).
- Capacity in planning, designing implementation, and monitoring of integrated FEWS.
- Knowledge management and skills transfer in FEWS, climate-resilient WASH, and catchment management technologies enhanced.

Financial Performance

The total project cost is US\$ 72.03 billion. As of 31st September 2024, total expenditure was US\$ 1.67 billion (2.3%), of which US\$ 927 million is the Government of Uganda contribution and US\$ 772 million was from the grant. The project's financial performance was poor, with only 2.3% expenditure against 31% time-lapse. The project is in its early implementation stage.

Physical Progress

By the end of November 2024, the project had only completed some preliminary activities under Components 1 and 2. The progress is indicated in Table 3.7.1.

Table 3.7.1: Progress of planned outputs by 30st November 2024

Outputs	Progress of Activities
Component 1: Strengthening institutional capacity for planning, designing, implementing, and monitoring integrated FEWS and climate-smart WASH technologies	
Efficient and effective FEWS and climate-resilient WASH technologies developed in place.	Assessed the status of FEWS at different levels and incorporated indigenous/traditional FEWS options with modern FEW technologies.
Climate-smart WASH catchment management plans developed.	The tools and checklists to collect this information were prepared. The progress of activity was 10%. It will form part of the baseline study. Terms of Reference (ToR) for the development of two (2) climate-smart catchment management plans were developed and under review before submission to the Contracts Committee.
Component 2: Facilitating communities to undertake adaptation actions for reinforcing resilience against floods and landslides	



Efficient and sustainable WASH technologies demonstrated.	The output progress was at 10%. Terms of Reference (TORs) were developed and reviewed. Procurement of a Consultant was underway to conduct a KAP survey ⁹³ on WASH in the catchment.
Adaptive catchment protection measures promoted.	Assessed the status of water points and protection measures in the catchment: Progress was at 10%. All the tools were prepared and the survey had not commenced. Generate, package, and develop information materials on FEWS, climate-resilient WASH technologies and practices: The Information, Education Communication (IEC) materials were printed to improve visibility of the project amongst stakeholders and beneficiary communities. Progress was at 3%.
Component 3: Enhancing knowledge management and skills sharing in FEWS, climate-resilient WASH and catchment management technologies	
Knowledge management and skills transfer in FEWS, climate-resilient WASH and catchment management technologies enhanced.	No activity done yet.

Source: MWE Project Implementation Plan FY 2024/25, MWE reports FY 2023/24-2025, author's analysis.

Implementation Constraints

- 1) Delayed implementation of key project activities due to late signing of the financing agreement. The agreement was signed 4 months and 23 days after the official project start date, delaying project commencement and slowing overall project implementation.
- 2) Separate funding and reporting structures for the project make assessing overall progress challenging. The project is divided into two parts: Mpologoma, funded by both the Climate Fund and the Government of Uganda (GoU); and Katonga, funded solely by GoU. Each part has distinct outputs, budgets, and implementation plans. This division complicates the coordination and consolidation of project data.

Conclusion

The project was behind schedule, with 15 months already spent but minimal progress made. The financing agreement was signed in November 2023, despite the planned start in July 2023, due to the Adaptation Fund's hesitation to channel funds through MoFPED, opting instead for direct payments to MWE, which slowed overall progress and momentum. By November 2024, only preliminary works had been completed. The funding structure adds complexity, as the Adaptation Fund solely supports Mpologoma, while the GoU contribution supports both Mpologoma and Katonga, with distinct outputs.

⁹³ Knowledge, Attitudes, and Practices Survey.

Recommendations

- MWE should fast-track procurement and engage the contractor/consultant to phase and prioritise outputs focusing on critical activities and high-impact outputs to maximise progress and minimise further delays.
- MWE should strengthen coordination mechanisms and establish a unified reporting and monitoring framework that consolidates all components of the project (Mpologoma and Katonga). This framework should integrate distinct outputs, budgets, and implementation plans, enabling clearer tracking of progress across the entire project, improving accountability, and keeping the project on track.

3.7.2 Farm Income Enhancement and Forestry Conservation Project Phase III (1417)

Introduction

The Irrigation Scheme Development in the Unyama, Namalu, and Sipi Regions Project was designed under the umbrella of the bigger program entitled “Farm Income Enhancement and Forest Conservation”, hence referred to as FIEFOC-III. The first phase of the project (FIEFOC-I) was concluded in 2013. FIEFOC-II was extended and is expected to be completed by 30th June 2025. It was financed by the AfDB, ADF, and the Government of Uganda.

The Irrigation Scheme Development in Unyama, Namalu, and Sipi Regions Project Phase III (FIEFOC-III) is financed by a loan from the Islamic Development Bank (IsDB), the Arab Bank for Economic Development in Africa (BADEA), and the Government of Uganda (GoU) counterpart funding amounting to USD112.12 million (Table 3.7.2).

Table 3.7.2: Project Financing Data

Project code	1417 (to be assigned a new code)
Approved loan amount	USD 101.50 million (Islamic Development Bank USD 86.5 million BADEA USD 15million)
GoU counterpart funding	USD 10.62 million
Date of loan approval	18th December 2021
Date of signing a financing agreement	4th July 2022
Date loan declared effective	8th October 2022
Initial disbursement date	20th March 2023
Closing date	Originally 31st December 2024, but was revised to April 2027

Source: MWE.

The Ministry of Water and Environment (MWE) is the Executing Agency (EA)⁹⁴, while the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) is a Key Implementing Partner⁹⁵ of the project’s activities that fall within its mandate.

⁹⁴ The Executing Agency (EA) is the primary institution responsible for overall project management, coordination, and accountability for project implementation.

⁹⁵ A Key Implementing Partner is an entity responsible for carrying out specific activities within its area of expertise, but it does not have overarching responsibility for the entire project. It works under the guidance of the Executing Agency to implement designated project components.



The overall goal of the project is to contribute to poverty reduction and economic growth in Uganda through enhanced productivity and commercialisation of agriculture. The project is expected to improve household incomes, food security, and climate resilience through sustainable natural resources management and agricultural enterprise development.

The specific objective is to improve farm incomes, rural livelihoods, food security, and climate resilience, through sustainable natural resources management and agricultural enterprise development. The expected outcomes of the project include: i) Improved incomes for farmers and rural entrepreneurs; and ii) Improved integrated natural resources management practices.

The project has four components, namely: 1) Agricultural Infrastructure Development; 2) Agribusiness Development; 3) Integrated Natural Resources Management; and 4) Project Management.

The project scope entails constructing irrigation schemes covering 2,900 ha in the Northern and Eastern Regions of Uganda. The specific locations are: Unyama in Adjumani, Amuru, Nwoya, and Gulu Districts; Sipi in Amudat, Bukedea, Kapchorwa, Bulambuli, Sironko, and Kween Districts; and Namalu in Moroto, Napak, Nakapiripiriti, Soroti, Katakwi, Ngora, Kumi, Nabilatuk and Amuria Districts.

Financial Performance

The overall project budget is USD 112.12 million, of which 1% (USD 1.05 million) was released and spent by 30th October 2024. The low disbursement under external financing was attributed to delayed procurement of goods and services. There was no disbursement registered under GoU counterpart funding and thus no compensation of PAPs was achieved.

Physical Performance

The overall physical performance was poor, estimated at 2%. Procurement of consultants and contractors for the supervision and construction of the three gravity-fed irrigation schemes registered limited progress. In particular, the contract for construction supervision consultancy was rejected on the grounds of the inclusion of a performance guarantee and a clause on aligning the payments under the contract to physical progress. Additionally, the procurement for civil works in Namalu and Unyama Irrigation Schemes had to be re-tendered as bidders quoted prices exceeding the available budget. However, consultations were conducted with stakeholders in the districts benefitting from the three irrigation schemes.

Detailed performance is indicated as follows:

Component 1: Agricultural Infrastructure Development (AID)

The planned outputs included:

- a) Designs for three gravity-fed irrigation schemes covering 2,900 ha (Unyama – 1,500 ha, Namalu – 1,000 ha, Sipi – 400 ha) completed.
- b) Feasibility studies for 96 on-farm reticulation systems finalised.
- c) Designs for the construction of 96 off-farm irrigation infrastructure and facilities for micro-irrigation systems across four regions (Northern, Karamoja, Central, and Eastern), each covering 4 ha completed.

By November 2024, the detailed design and preparation of bidding documents had been completed but were behind schedule, delaying the procurement process for contractors and consultants. This delay was primarily due to inadequate counterpart financing from the GoU.



Procurement for the construction and supervision of the three gravity-fed irrigation schemes had commenced, but progress remained slow.

The contract for construction supervision consultancy had not yet been signed by the successful bidder (consultant) due to disagreements over new contractual requirements. These disagreements stemmed from a requirement for a performance guarantee capped at 5% of the contract price. Additionally, a clause was introduced to align payments under this contract with the physical progress of the works in the contract being supervised. The consultant objected to these provisions, arguing that they were introduced after negotiations and were inconsistent with IsDB's standard contract documents. The Executing Agency (EA) notified the IsDB and was awaiting guidance on how to proceed.

The procurement of civil works for the Namalu and Unyama Irrigation Schemes was set to be re-tendered after recommended bidders quoted prices exceeding the available budget. Consultations between MoFPED, MWE, and IsDB resolved that these packages be re-tendered. Consequently, the designs for the two schemes were under review and rescoping to align with budgetary constraints. The contract for consultancy services covering the design, review, and supervision of 96 solar-powered irrigation schemes was under the design phase, with construction planned for FY 2025/2026.

Component 2: Agribusiness Development

Planned outputs included:

- a) Post-harvest handling equipment (rice equipment) procured and distributed to farmers.
- b) Aquaculture and horticulture practices promoted in the 5 schemes.
- c) Agribusiness needs assessment survey for apiculture, rice and aquaculture value chain investments undertaken in the 19 catchment districts under FIEFOC-III.

By November 2024, the procurement of consultancy services for conducting the agribusiness needs assessment survey was still ongoing. Consultancy services for the establishment of sustainable farmer-based management organisations for the Unyama, Namalu, and Sipi irrigation schemes were ongoing.

Component 3: Integrated Natural Resources Management (INRM)

The procurement of 3.2 million assorted tree seedlings for distribution to farmers in the Gulu, Amuru, Nakapiripiriti, and Bulambuli catchments was completed. Management plans for the Unyama, Namalu, and Sipi Irrigation Schemes had been prepared. Additionally, 150 km of degraded river/stream banks in hotspot areas within the three catchments were restored.

By November 2024, the procurement of consultancy services for the supply of tree seedlings and the certification of high-quality tree nursery seedlings was still ongoing. A needs assessment and efforts to enhance community understanding of Integrated Natural Resource Management (INRM) Component objectives were conducted through risk assessments and community awareness activities in the Unyama catchment. The initiative attracted participants from Gulu City, Gulu, Nwoya, Amuru, and Adjumani Districts. A total of 70 participants benefitted from the activity, with 37 women and 33 men involved.



Component 4: National Project Coordination Unit

Coordination of project implementation activities in MWE and MAAIF was effectively undertaken. By November 2024, the Project Management Unit (PMU) had been established and staff provided in the structure recruited. The office was supplied with furniture and office equipment. The M&E system development for the project was not concluded and yet it is a key requirement for the project.

Start-up meetings/workshops for the Namalu irrigation scheme in Nakapiripirit District as well as stakeholder engagement for the DLGs for the Sipi Irrigation Scheme, Bulambuli District were conducted.

Additionally, all the required community engagement and mobilisation meetings were conducted. The PMU finalised the identification of most PAPS for the three irrigation schemes and were awaiting compensation to vacate the project construction sites.

Implementation Constraints

- 1) Delayed procurements: This is due to limited exposure and experience with the IsDB procurement procedures and rules. The introduction of requirements for performance guarantees, as well as pegging payments for consultancy to the physical progress of works, exacerbated delays. High quotations of contractors' bids, compared to the budget provisions, stalled progress.
- 2) Delays in the preparation of detailed designs and drawings of the irrigation infrastructure. The detailed design and preparation of bidding documents were completed but behind schedule.
- 3) Complex requirements for signing the financing agreement: Although the IsDB approved the project on 18 December 2021, the financing agreement was not signed until 4 July 2022, resulting in a delay of approximately 6.5 months. The project was officially launched on 3 May 2023, nearly 10 months after the financing agreement was signed.
- 4) Delayed land acquisition for the construction of the three gravity-fed irrigation schemes in Unyama, Sipi, and Namalu affected project timelines. This was due to delayed compensation of PAPS. Although MWE, LGs, and community members identified the PAPS, the completion of the Resettlement Action Plan (RAP) process was delayed due to a lack of GoU counterpart funding.
- 5) Lack of an M&E system for the project limits timely tracking of project progress.

Conclusion

The project registered poor performance with an overall progress of 2%. The duration between approval of the loan and signing of the financing agreement was more than one year, indicating increasing financing costs for no actual works. Software activities involving the establishment of a Project Management Unit, holding of regional stakeholder engagements, and identification of PAPS were achieved. Although PAPS were identified, no compensation was paid for lack of GoU counterpart disbursement to the project. The construction of three irrigation schemes at Unyama, Namalu, and Sipi, which constitute 90% of the project funding (USD 100.20 million), experienced prolonged procurement with limited progress. The procurement for consultancy services stalled and it is not clear when this will be resolved. Component 2: Agribusiness Development and Component 3: Integrated Natural Resources Management were under procurement for consultancy services. This indicates a risk of further delays for the project and cost overruns.

Recommendations

1. MWE, in collaboration with PPDA, should build the capacity of stakeholder institutions in IsDB procurement guidelines and requirements.
2. MWE, in consultation with the Attorney General, should resolve the requirements of performance guarantees for projects and have this communicated early in the solicitation of bids.
3. MWE should expedite awarding of contracts of firms for the construction of civil works and for the supervision of construction of the three irrigation schemes of Sipi, Namalu and Unyama.
4. MoFPED should prioritise the provision of GoU counterpart funding to compensate PAPs and, in turn, access land for the project's civil works.
5. MWE and MoFPED should design systems to address requirements by the IsDB to minimise durations between loan approvals and initial disbursements of funds.
6. MWE, in collaboration with DLGs, should harmonise land valuation for the same size in different regions or districts to ensure equity and transparency in land compensation. This would minimise the duration of settlement of PAPs.
7. The MWE should develop and disseminate a detailed M&E system for the project.

3.7.3 Investing in Forest and Protected Areas for Climate Smart Development (1613)

Introduction

The Investing in Forests and Protected Areas for Climate Smart Development (IFPA-CD) Project is funded by the International Development Association (IDA) and the Government of Uganda (GoU). The total cost of the project is USD148.2 million (US\$ 548.34 billion).⁹⁶The GoU counterpart contribution is US\$ 111 billion. The project period is from 1st July 2020 to June 2025. The loan became effective on 18th August 2021 and closes on 30th August 2026.

The objective of the project is to “improve sustainable management of forests and protected areas in the Albertine Rift and West Nile regions, while also increasing benefits to communities from forests in these target landscapes”. The project’s geographical scope covers the Albertine Rift and West Nile, focusing on selected protected areas, including seven (7) National Parks (NPs), four (4) Wildlife Reserves (WRs), 28 Central Forest Reserves (CFRs), and 19 refugee-hosting districts. The Ministry of Water and Environment (MWE) is the lead Implementing Agency, supported by the Ministry of Tourism Wildlife and Antiquities (MTWA), Uganda Wildlife Authority (UWA) and National Forestry Authority (NFA).

The project is structured into four components: 1) Improved Management of Protected Areas; 2) Increased Revenues and Jobs from Forests and Wildlife Protected Areas; 3) Improved Landscapes Management in Refugee-Hosting Areas; and 4) Project Management and Monitoring.

⁹⁶ Exchange rate is USD 1 = US\$ 3,700.



Financial Performance

The financial performance of the project was poor in terms of disbursements/releases and expenditures considering the age of the project. Out of the current total project cost (USD 145.8 million), only USD 33.78 million (23%) has so far been disbursed, and USD 12.6 million (9% of the project amount) expended (Table 3.7.3).

Table 3.7.3: Financial performance of investing in forest and protected areas for climate-smart development as of 30th September 2024

Description	USD Currency	US\$ Currency
Original amount (appraised)	148,200,000	548,340,000,000
Current value amount	145,800,000	539,460,000,000
Disbursement	33,780,313(23%)	124,987,158,100
Expenditure	12,600,000(37%)	46,620,000,000

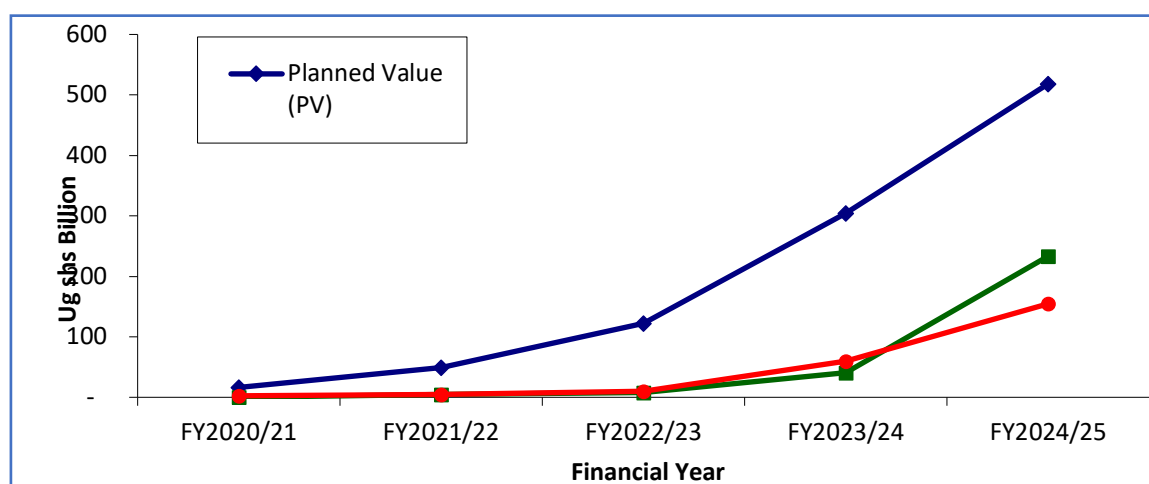
Source: MWE, IFPA-CD progress report October 2024; Programme Budgeting System reports FY 2019/20 – FY 2023/25.

There was an increase in disbursements (11% – 23%) and absorption (33% – 37%) compared to the previous monitoring. The project implementation was within the budget since the value⁹⁷ of work performed was more than the expenditure⁹⁸, as indicated in Figure 3.7.1.

Physical Performance

The overall physical progress was poor at 45% and behind schedule⁹⁹ by 55%. However, there was notable improvement from 10% in April to 45% by the end of October 2024 (Figure 3.7.1). The project faced setbacks due to a one-year delay in loan effectiveness, as well as late recruitment of project staff, delayed procurement reviews, inadequate coordination, and capacity gaps, all of which hindered the timely execution of outputs.

Figure 3.7.1: Performance trend of the Investing in Forest and Protected Areas for Climate Smart Development Project as at 30 September 2024



Source: Authors' analysis based on MWE, IFPA-CD project progress report October 2024; Programme Budgeting System reports FY 2019/20 – FY 2024/25.

⁹⁷ Earned Value = USh 233.5 billion.

⁹⁸ Actual Cost = USh 154.7 billion.

⁹⁹ Schedule Performance Index = 0.45

The detailed progress is presented below:

Component 1: Improved Management of Protected Areas

This component has four sub-components namely: (i) Improvement of infrastructure and equipment for the management of forest protected areas; (ii) Increasing the involvement of local communities in the management of forest and wildlife areas by increasing their access and benefits from those areas; (iii) Restoration of degraded natural forests and habitats in wildlife and protected areas; and (iv) Increased forest protection in CFRs and WRs near refugee settlements.

Several activities were completed or ongoing, although civil works were yet to be advertised and supervision consultancy services for these works were yet to be secured. Notable progress was achieved with activities that strengthened the management of protected areas. For example:

- A total of 34 motorcycles for field activities and a fire truck were procured and delivered to the Uganda Wildlife Authority (UWA) and distributed to various National Parks. Additionally, 10 vehicles were procured and deployed to support conservation efforts.



Left-Right: Motorcycles and a fire truck that were delivered at Murchison National Park.

- Construction of a 23 km electric fence in Queen Elizabeth and Murchison Falls National Parks was ongoing, alongside murram road construction to improve accessibility.
- A total of 9 km stone/buffalo wall was completed in Mgahinga Gorilla National Park to mitigate human-wildlife conflicts.



Left-Right: A 5,000-litre tank in Ayavu Market, Inde Town Council, under Ajai Wildlife Reserve in Madi Okollo District; a 10,000-litre tank at Kabwoya Wildlife Reserve in Kikuube District.

- In terms of community support initiatives, rainwater harvesting tanks were installed in various communities to enhance water access and resilience.
- Boundary demarcation: A total of 106.48 km of park perimeters were successfully demarcated to enhance conservation and prevent encroachment.
- Both UWA and NFA have continued engagement with communities under Collaborative Forest Management (CFM) and Collaborative Resource Management (CRM) arrangements, including the provision of livelihood support (245 stoves constructed in communities adjacent to Semuliki NP, Kibale NP, and Rwenzori Mountains NP; 107 rainwater harvesting tanks constructed across 6 NPs & 2 Wildlife Reserves out of a target of 1,098 by end of the project).
- In addition, contracts were signed to support the building capacity of UWA and NFA staff for the scale-up of CFM and CRM and to support the establishment of additional groups. Importantly, activities targeting the Batwa were initiated in Semuliki NP, Bwindi Impenetrable NP, Mgahinga Gorilla NP, and Echuya CFR, consistent with the approved Vulnerable and Marginalised Groups Plans.
- Forest restoration advanced well, with an additional 1,279 ha of enrichment planting and 600 ha of restoration planting achieved in Kasyoha-Kitomi, Kakasi, Matiri, Nkera, Kibego, Nyakarongo, S. Maramagambo, and Muhangi CFRs. Forest restoration was also done in Bugoma and Kagombe CFRs (through restoration planting of 600 ha) and in Katonga WR (where removal of invasive weeds continued).



Left-Right: Removal of invasive species; forest restoration in Ajai Wildlife Reserve in Madi

Component 2: Increased Revenues and Jobs from Forests and Wildlife Protected Areas

This component has two sub-components: (i) Investments in tourism; and (ii) Investments in productive forestry.

Under the tourism sub-component, road construction linked to the support of tourism concessions commenced. Terms of reference for the support to community-based tourism enterprises (CBTE) by strengthening market linkages and constructing small infrastructure were finalised and procurement was expected to be completed by December 2024. The UWA zipline activity was under conceptualization, while the NFA canopy walkway in Budongo CFR was at the pre-ESIA stage.

A total of three (3) graders, two (2) excavators, two (2) bulldozers, two (2) water bowsers, and one (1) tipper lorry were procured. One (1) other tipper lorry was at URA for clearance. Designs for the entrance gates and associated facilities for National Parks/Wildlife Reserves

(BINP, MGNP, KNP, SNP, QENP, and MFNP) were completed and the procurement of a contractor was initiated.

Progress on the procurement for the establishment of a performance-based grant (PBG) scheme for commercial plantation forestry has been slow, with the process only reaching the technical proposal evaluation stage. As a result of delays in procurement, the activity is no longer feasible in its current form. The scope will be scaled back during restructuring, as there is insufficient time for implementation, even with the reduced scope.

Component 3: Improved Landscape Management in Refugee-Hosting Areas

The component has two sub-components: (i) Increased tree cover on community and private land; and (ii) Supporting farm forestry for refugee fuel wood supply.

Procurements under this component were ongoing, after considerable delays. The scoping and design consultancy for support to community forests was underway, with an agreed widening of scope to include natural forest blocks on private land. The agroforestry expansion activity was yet to commence, waiting for MWE to sign the contract.

The small-scale woodlots package had advanced to the opening of financial proposals, with a target to complete contracting by December 2024. The bid evaluation report for firewood distribution to Persons with Specific Needs (PSNs) within target refugee settlements was finalised and cleared during the mission. Five MWE Wood Fuel Monitoring Officers were engaged and on-board. Given the delays, sub-component timeframes were reduced to between 18 and 20 months.

Component 4: Project Management and Monitoring

This component supports project management activities to ensure the efficient, timely, and high-quality delivery of project outputs and results, including monitoring and evaluation (M&E) and reporting. The Project Coordination Unit (PCU) was established to lead this component. However, key staff, such as the Project Officer, Procurement Officer, and Social Risk and Management Specialist, were recruited late, with their appointments finalised in the third quarter of FY 2022/23, three years after the project began.

During 2024, two PCU specialists for M&E and environmental safeguards announced their intention to leave. MWE had not yet recruited suitable specialist consultants, which are crucial for implementation. The PCU had completed the candidate evaluation stage and expected the specialists to be on-board by December 2024.

Implementation Constraints

1. Prolonged procurement processes that require both Government and the World Bank procurement procedures to be followed.
2. Delays in fund disbursements and management across the entire value chain, primarily due to issues at the input level, multiple approval stages, and slow document processing between offices.
3. The late recruitment of the Project Officer, Procurement Officer, and Social Risk and Management Specialist and the resignation of some specialists affected performance.



Conclusion

The IFPA CD project performance was poor at 45% and behind schedule by 55%. The project has made commendable progress in advancing sustainable forest and wildlife management. Achievements were majorly in component one, where several activities, such as the construction of an electric fence, procurement and delivery of motorcycles and a fire truck, construction of the buffalo wall in Mgahinga Gorilla NP, and boundary demarcation, were either completed or almost. These activities promoted environmental conservation and addressed human-wildlife conflicts in target regions. On the other hand, civil works were yet to be advertised and supervision consultancy services for these works were yet to be secured, which affected the project absorption rates and general performance to be low.

Recommendations

1. The World Bank/MWE responsible officers should expedite the procurement reviews to salvage lost time.
2. MWE and MoFPED should extend the duration of the project for 3 years to complete the works as per changes that were introduced.

3.7.4 Integrated Water Management and Development Project (1530)

Introduction

The Integrated Water Management and Development Project (IWMDP) is financed through a combination of loans and grants from the International Development Association (IDA), Kreditanstalt für Wiederaufbau (KfW) and counterpart funding from the Government of Uganda (GoU). The total project cost is USD 313 million (US\$ 1,162.17 billion).¹⁰⁰ Key project timelines and financials are summarised in Table 3.7.4.

Table 3.7.4: Basic Project Data

Item	Description
Date of World Bank Board approval	14th June 2018
Date of project effectiveness	27th June 2019
Initial closing date	2nd December 2024
Revised closing date	31st January 2026
Total project cost	USD 313 million, of which USD 8 million is the estimated GoU counterpart, USD 25 million is KfW financing and USD 280 million is IDA committed amount

Source: IWMDP 1st quarter project progress report FY 2024/25.

The project development objective is to improve access to water supply and sanitation services, capacity for integrated water resources management, and the operational performance of service providers in the project areas.

The Ministry of Water and Environment (MWE) and the National Water and Sewerage Corporation (NWSC) are the implementing agencies. The project comprises four components,

¹⁰⁰ Exchange rate is USD 1 = US\$ 3,713.

namely Component 1: Water Supply and Sanitation (WSS) in Small Towns and Rural Growth Centres (RGCs), and support to refugee host districts; Component 2: WSS in large towns and support to a district hosting refugees; Component 3: Water resources management; and Component 4: Project implementation and institutional strengthening.

Financial Performance

By 30th September 2024, the financial performance was fair. Loan disbursements improved from 54% in March to 57.8% in September 2024, of which 70.8% was absorbed (Table 3.7.5). Overall, there was more value¹⁰¹ on outputs achieved than what was spent¹⁰² (Figure 3.7.2). The GoU expenditure, however, exceeded its commitment level by 52% due to increased land compensation costs, and the implementation of extra work, for example the redesign of River Nyamwamba that was not in the original scope.

Table 3.7.5: Financial performance of the Integrated Water Management and Development Project as at 30th September 2024

Funder	Committed Funds (USD million)	Disbursement (USD million)	Expenditure (USD million)	% disbursed or released	% of disbursement spent
IDA	280.00	160.20	97.69	57.20	61.0
KfW (Grant)	25.00	18.62	18.62	74.48	100
GoU counterpart	8.00	12.20	11.94	152.50	97.87
Total	313	181.02	128.25		

Source: NWSC; MWE, externally funded projects' report September 2024; Programme Budgeting System progress reports FY 2019/20 - FY 2024/25.

Physical Performance

Overall, the project's performance improved from a poor 35% in March to fair 58% in November 2024 (Figure 3.7.2). This improvement was due to progress in ongoing works and the commencement of new systems, such as in Mbale and Adjumani. In spite of these gains, the project was behind schedule¹⁰³ by 49%. The project experienced delays arising from land acquisition challenges in Busia, Mbale and Namasale; design reviews; delayed importation of materials; financial constraints on the part of some contractors; and re-tendering due to overpriced bids, among others.

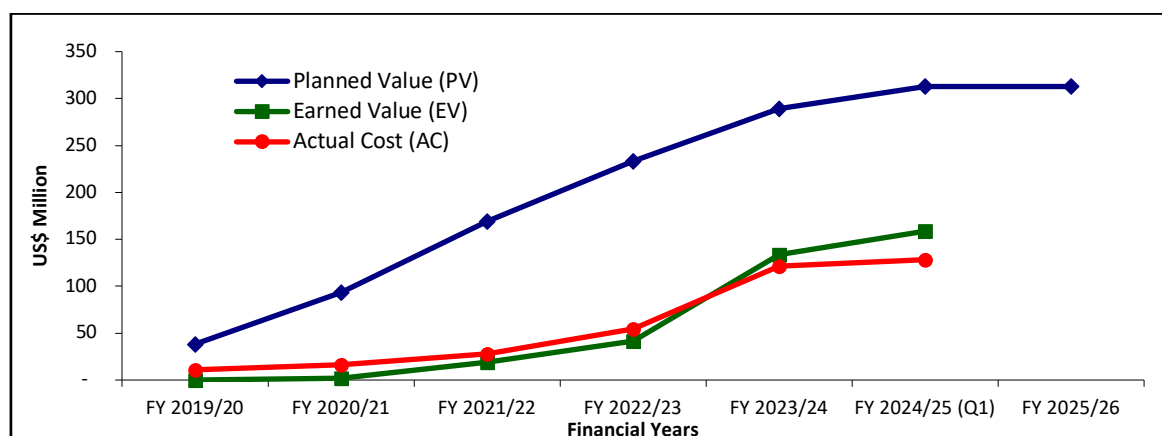
There were improvements on ongoing works of various piped water systems that progressed to the following completion levels: Busia WSS (99%), Karuma water treatment plant (90%), and Karuma-Gulu transmission pipeline (98%), Bitsya (75%), Namasale (71.3%), Kaliro-Namung'alwe WSS (42%), Butaleja-Busolwe (41%) and Tirinyi-Budaka-Kibuku-Kadama (24.3%). New works commenced for the water schemes of Mbale (5%) and Adjumani (3%). The implementation of priority catchment management measures in Lwakhakha was at 88%, Aswa (91%), Awoja (70%), Kochi (79%) and installation of the water and environment information system (98%).

¹⁰¹ Earned Value (EV) = USD 158.65 million

¹⁰² Actual Cost (AC) = USD 128.25 million

¹⁰³ Schedule Performance Index = 0.51 which is less than one (1) implying behind schedule

Figure 3.7.2: Performance of the Integrated Water Management and Development Project as at 30th September 2024



Source: Authors compilation from MWE, externally funded projects report September 2024; PBS progress reports FY 2019/20 – FY 2024/25.

The following sections provide a detailed breakdown of performance status for key project outputs and activities under each component.

Component 1: Water Supply and Sanitation in Small Towns, Rural Growth Centres, and Support to Refugee Host Districts

This component focuses on the implementation of activities to improve access to water supply and sanitation services in selected small towns, rural growth centres and in refugee-hosting districts as follows:

(i) Water supply and sanitation services for small towns

The outputs under small towns are: (i) Piped water supply systems, inclusive of public and institutional sanitation facilities constructed for: Busia, Namasale, Kaliro-Namungalwe, Tirinyi-Kibuku-Budaka-Kadama, Butaleja-Busolwe, and Kyegegwa-Mpara-Ruyonza Towns; (ii) Faecal sludge treatment facilities (FSTF) constructed for Busia, Ngora, Koboko, and Rukungiri Towns; (iii) Pipes, fittings, micro and bulk water meters procured, supplied and installed for the six Umbrellas of Water and Sanitation (UWS)¹⁰⁴; and (iv) Capacity of the UWS strengthened and the Water Utility Regulation Department of MWE supported to effectively undertake its roles. The performance status of each output by 30th November 2024 is presented below:

• Piped water supply systems and their associated sanitation facilities constructed

The overall physical progress for the *Busia water supply system and sanitation facilities* was at 99% completion level. The contractor was issued a certificate of substantial completion. All the major components, such as the intake, water treatment plant structures, transmission and distribution mains pipework, reservoir tanks, public waterborne toilets, and institutional VIP latrines were complete. These had passed the functionality test to deliver water to the consumers. The VIP toilets were handed over to the respective institutions for use.

However, about 2.6 km along the distribution pipework was experiencing bursts due to non-conformity to materials specifications. In addition, a 300 m section of the distribution pipe was destroyed by a contractor executing roadworks for the Local Government. Plans for the replacement of the damaged pipes were underway.

¹⁰⁴ The six Umbrellas of Water and Sanitation are South-West, Mid-West, Central, Karamoja, North and East.

Generally, the water system faced significant delays, leading to three contract extensions for the contractor, totalling 15 months beyond the original timeframe. Consequently, additional supervision costs amounting to 24.96% of the original supervision contract were incurred through three addendums submitted by the supervision consultant.

The overall physical progress for the *Namasale water supply system and sanitation facilities* was at 71.3% against a 97.3% time-lapse. The works contract duration of 15 months elapsed on 21st October 2024 and a time extension of 3.5 months was granted. The 13-stance waterborne toilet in Namasale Market and two blocks of six-stance VIP latrines for boys and girls in Namasale Primary School were completed, and the quality of work was satisfactory. The water treatment plant components, reservoir tanks, and the transmission and distribution pipes network had good progress. However, the intake, pump house, and mechanical installations were behind schedule. The time extension due to delayed completion of works poses risks of cost implications for the supervision of work.



A VIP latrine for girls in Namasale Primary School

The works for the *Kaliro-Namung'alwe water supply and sanitation system* were at 42% physical progress against a time-lapse of 72.2%, indicating significant delays. Fair progress was noted for the construction of the sludge drying bed, booster stations, water office, waterborne public toilets, and the transmission and distribution pipe network.



A public toilet for Kaliro-Namung'alwe

However, works had not commenced for the intensification pipe network, consumer connections, and the six (6) reservoir tanks. Challenges included slow implementation due to the contractors' cash flow constraints, orders for imported goods were not yet placed, and the heavy rains that disrupted earthworks. There is a risk of time and cost overrun. This calls for enhanced contract management in order to catch up with time and prevent any extra supervision and administrative costs.

The construction works for *Tirinyi-Kibuku-Budaka-Kadama* were at 24.3% against a time-lapse of 63.6%. The works were behind schedule, with risks of time and cost overrun. Pipe laying for the transmission and distribution network had commenced, reservoir tank sites were cleared, and the construction of septic tanks for the sanitation facilities was ongoing. The works were being delayed by difficult rocky ground conditions, access rights challenges, and unavailability of PVC pipe materials from the supplier.

The works for the *Butaleja-Busolwe water supply and sanitation system* were at 41% physical progress level against 60% time spent. Fair progress was noted on the construction of public toilets and the distribution pipe network. The transmission main pipe works and the reservoir tanks installation were behind schedule. These were pending the importation of pipe materials and reservoir tank plates. Further delays were due to the heavy rains and difficult rocky ground conditions, among others.



A sanitation facility for Butaleja-Busolwe WSS

For *Kyegegwa-Mpara-Ruyonza*, the detailed design, ESIA, RAP and tender documents were finalised but the water system will not be constructed due to a funding gap under the project.

- ***Faecal sludge treatment facilities constructed***

The scope of work for faecal sludge treatment facilities (FSTFs) involve the construction of components such as the screen and grit chamber, planted drying beds, constructed wetlands, horizontal rock filters, drainage pipes and guards' house in Busia, Ngora, Koboko and Rukungiri.

The progress completion levels were as follows: Busia 97%, Ngora 90%, Koboko 80% and Rukungiri 90%. All the civil works for the FSTFs components and structures for the public and institutional toilets were complete. The key pending works for the FSTFs included drainage systems, landscaping, and planting of the vegetative wetland materials in the constructed wetlands. The public and institutional toilets were complete in all the towns apart from Koboko, where finishes were ongoing.



L: Planted drying beds for Busia FSTF; R: Sludge ponds for Koboko FSTF

Pipes, fittings, micro and bulk water meters procured, supplied and installed for the six Umbrellas of Water and Sanitation

The procurement, supply and delivery of pipes, fittings, and micro and bulk water meters were completed. A total of 765,560 m of pipes and fittings, valued at US\$ 3.215 billion, and 25,000 water meters were delivered to all the six Umbrellas of Water and Sanitation. The delivered pipes, fittings and water meters were installed through labour contracts with five service providers.

- ***Capacity of the UWS strengthened and the Water Utility Regulation Department of MWE supported to effective undertaking of its roles***

The assignment involves two objectives: (i) To develop the Umbrellas of Water and Sanitation (UWS) into well-performing utilities; and (ii) To build the capacities of the Support to Utility Management Division and the Water Utility Regulation Department of MWE to effectively undertake the supportive and regulatory roles.

The consultancy services for the capacity enhancement of the UWS and for the MWE Water Utility Regulation Department had progressed to 83% against the 100% contract time period. An inception report and a baseline report were completed. The consultant developed a number of standard operation procedures/manuals under four modules: Governance and Internal Organisation; Finance and Accounting; Commercial and Customer Management; and Technical Operations. The following deliverables were behind schedule:

- ✓ Review the criteria for water systems gazetting and takeover – 0% progress level.
- ✓ Development of a legal and institutional framework (land disposal procedures, Board matters etc.) – 60% progress level.
- ✓ Training on the review of tariff structure – 50% progress level.
- ✓ Implementation of Enterprise Resource Planning (ERP) – Procurement of hardware/software, installation – 40% progress level.

(ii) Water Supply and Sanitation for Rural Growth Centres

The planned activities are: (i) Two large gravity flow schemes (GFS) and associated sanitation facilities constructed (Nyamugasani GFS in Kasese District and Bitsya GFS in Buhweju District); and (ii) 32 large solar-powered piped systems, inclusive of sanitation facilities constructed. The implementation status by 30th November 2024 is presented below:

Nyamugasani water supply and sanitation system: The overall physical progress was at 2.5% completion level against 12.5% time spent. The works were awarded under two contracts (Lot 1 and Lot 2). The scope of work entails the construction of the intakes, water treatment plant components, transmission and distribution pipework, reservoir tanks, service connections and sanitation facilities. The commencement was on 1st August 2024 and ends in November 2025. The contractors were fully mobilised and the construction of sanitation facilities had commenced.

Bitsya water supply system: The scope of work includes the raw water mains, the water treatment plant, transmission and distribution pipework, public and institutional sanitation facilities and water offices. The works were behind schedule at 75% physical progress and 98% time spent. The delays were due to limited access to the pipeline routes due to delayed compensation of PAPs since only 14% were paid. In addition, there were delayed importation of construction materials (pumps, electro mechanicals and steel plates) and cash flow challenges with the contractor.



Bitsya treatment plant (raw water abstraction tank, coagulation, sedimentation, filtration and clear water tanks)

Solar-powered water supply systems for Rural Growth Centres: The original plan was to construct 32 water systems but these were reduced to 15 due to limited water resources, and high capital investment costs among others. On average, the physical progress was at 15.25% from four (4) water systems under construction, and 11 systems whose contracts were fully signed.

(iii) Water Supply and Sanitation for Refugee-Hosting Communities

The planned outputs are: (i) Ala-Ora WSS constructed; (ii) A total of 20 solar-powered systems and their associated sanitation facilities constructed; and (iii) Micro-catchment management plans prepared and implemented around water sources for refugee-hosting communities. The status progress was as follows:

Ala-Ora water supply system in refugee-hosting districts: The work was divided into four lots due to the expanse of the water scheme, in four districts. The contracts for all four lots were fully signed. The commencement date was 16th September 2024 for all lots. By 1st November 2024, contractors were mobilising.

The 20 solar-powered systems were scaled down to 13 due to budget constraints. These were distributed as follows: Yumbe (3), Moyo (2), Adjumani (2) Lamwo (3), and Kiryandongo (3). The water systems for Yumbe, Moyo, Adjumani, and Lamwo were at procurement with draft contracts. The works for the three schemes in Kiryandongo had progressed to 15% level of completion but stalled. The contract was terminated due to the contractors' non-performance. Plans were underway to procure another contractor.

Micro-catchment management plans were developed for six micro-catchments, namely: Ora, Anyau, Laropi, Ayugi, Nyimur and Mutunda. However, despite the approval of tender documents, the procurement of service providers to implement the plans was halted because of insufficient project funds.

Component 2: Water Supply and Sanitation for Large Towns and a Refugee-Hosting District

This component involves activities to improve water supply, sanitation and sewerage services in Gulu and Mbale Cities, and Adjumani-Pakele Town Councils including selected areas of the Adjumani District. Additionally, the execution of full-scale source protection measures for Arua, Gulu, Mbale, and Bushenyi. The implementation status was as detailed below:

- *Karuma-Gulu Water Supply and Sanitation system.* The work is divided into two packages. **Package 1** involves the construction of a water intake at R. Nile (capacity of 30,000 m³/day), a water treatment plant¹⁰⁵ (capacity 10,000 m³/day) at Karuma and the construction of six reservoir tanks in Gulu City, Karuma, Minakulu, Kamdini, Bobi, and Koro trading centres. The works contract commenced on 1st August 2022 and was set to end in July 2024, but was extended to 31st October 2024. The overall physical progress was 90% at 100% time spent by November 2024. All civil works, electrical, and mechanical installations were completed. Testing of the system components was ongoing.



A 5200m³ concrete clear water reservoir at custom corner in Gulu district

Overall, there were delays arising from: (i) The need for a redesign of some foundations as a

¹⁰⁵ The water treatment plant structures include the raw water collection tank, sedimentation/flocculation tank, filtration tank, clear water tank, backwash tank, pump houses and staff houses.

result of poor soil conditions; (ii) delayed clearance of goods at the Mombasa Port; (iii) land acquisition challenges for some components, leading to late handover of sites to the contractor, and (iv) Variations in the scope of work such as the installation of a crane for lifting of the treated water pumps.

Package 2 entails laying of a 69.5 km transmission pipeline from Karuma to Gulu City. The contract period is from 1st November 2022 to December 2024. A total of 68 km (98% of the total length) was laid by the end of November 2024 against 83% payment. Pressure testing was complete for 38% of pipes laid. However, a section of 55 km of the pipework had failed the pressure test due to defective gaskets procured, so the contractor was relaying the pipes at his own cost.



A section of the transmission pipeline along the Kampala-Gulu highway.

Overall, the works were behind schedule affected by: Numerous variations requests from the contractor because of difficult ground conditions; changes in pipe pressure ratings; unforeseen utility lines necessitating realignment; and delays within the wetland sections due to late issuance of wetland use permit by NEMA.

- *Mbale City water supply and sanitation system*; The scope of work includes the construction of a raw water transmission main, upgrade of water treatment plants, laying of transmission and distribution pipe works, construction of water storage reservoirs, upgrade of waste treatment ponds, sewerage system networks, and the construction of public toilets. The work was divided into two lots/contracts:

Lot 1 entails the construction of the sewerage component and water treatment plants. The contract commenced on 2nd April 2024 and ends in October 2025. By the end of November 2024, the construction of sludge drying beds at the waste treatment ponds had commenced. Fencing of the water treatment plant sites was ongoing. The overall physical progress was 5.6% against 31% time-lapse, implying the works were behind schedule.

Lot 2 consists of the construction of the water distribution pipes network and public sanitation facilities. The contract commenced on 30th October 2024 and the end date is 29th January 2026. The contractor was at the mobilisation stage.

- *Adjumani-Pakele water supply system and associated sanitation facilities*: The scope of work includes the development of raw water sources, a new water treatment plant, transmission and distribution water pipes network, consumer service connections, and public sanitation facilities. The works contract commenced on 3rd April 2024 and ends on 2nd October 2025. As of November 2024, the contractor had commenced works for the intake and the water treatment plant. The overall physical progress was 3% against 31% time-lapse. Hence work was behind schedule.
- *Source protection measures for Arua, Gulu, Mbale and Bushenyi*: The implementation of activities had not commenced in all the districts. For Arua, Gulu and Mbale, procurements for 9 out of 15 activity contracts were at signature stage, two were awaiting approval of the Solicitor General while bidding was unsuccessful for four others. For Bushenyi, the procurement of contractors was at initiation stage.



3: Water Resources Management

This component focuses on the implementation of priority catchment management measures, and improved water resources monitoring and information systems across the country. Specifically, the planned interventions are:

- (i) Implementation of priority catchment management measures in four sub-catchments, namely: Lwakhakha, Aswa-II, Kochi, and Lower/Middle Awoja.
- (ii) A comprehensive situation assessment and preparation of the Albert Water Management Zone (AWMZ) strategy and action plan.
- (iii) Preparation of catchment management plans for the four catchments of Nyamugasani, Kafu, Sezibwa, and Okweng.
- (iv) Quantification of the available groundwater and assessment of its sustainability in Uganda, (v) Roll out of the Water Information System to the regional centres.
- (v) Establishing hydro-meteorological monitoring systems plus supply and installation of associated equipment.
- (vi) Supply and installation of equipment for the regional laboratories
- (vii) Floods management activities in Kasese along River Nyamwamba.
- (viii) Establishment of a flood early warning system (EWS) for Kasese District.

The detailed performance of the above interventions is presented below:

The implementation of priority catchment management measures: A combination of priority catchment management measures were implemented in the four sub-catchments. The overall performance was good, estimated at 82% completion level. The performance status for the individual sub-catchments was as follows: Lwakhakha (88%), Aswa-II (91%), Kochi (79%) and Lower/Middle Awoja (70%). A total of 2,673 ha was planted with various tree species, and 1,190 households¹⁰⁶ benefitted from alternative livelihood activities like apiary, energy-saving stoves, fish farming, and fruit growing (Table 3.7.6).

Table 3.7.6: Performance of catchment management measures in the four sub-catchments as at 30th September 2024

Catchment Management Measure	Target	Achieved	% Progress
Tree planting (ha)	2,948	2,673	90.7
Soil and water conservation measures (ha)	840	841.52	100.2
Water source protection (number)	55	44	80.0
Riverbank stabilisation (km)	633.4	546.7	86.3
Gullies control (km)	6.73	2.7	40.1
Wetland restoration (ha)	1,602.5	1,125.17	70.2
Alternative livelihoods (households)	1,700	1190	70.0
Average performance			76.2

Source: MWE, IWMDP project report September 2024.

¹⁰⁶ Total for three catchments – Lwakhakha, Kochi and Awoja.



L: A fish pond; R: Beehives for alternative livelihoods in Kochi catchment, Koboko District.

Albert Water Management Zone Strategy: The strategy and action plan for Albert Water Management Zone (AWMZ) were successfully developed. This strategy establishes a foundation for long-term sustainable water management and development by promoting a participatory, integrated planning process at the catchment level.

Catchment Management Plans (CMP): The preparation of the CMP for Nyamugasani and Kafu progressed to 99%, while that for Sezibwa and Okweng was at 82% completion level, in two separate contracts, respectively. It was noted that there was limited time remaining on the Sezibwa and Okweng contract, set to end in December 2024. The timeline was affected by the consultant's delayed response to concerns raised during the stakeholders' workshop on the options evaluation report.

Groundwater assessment: A countrywide study assessing groundwater quantity and sustainability progresses to 65% completion level. Progress was delayed due to prolonged field investigations as well as delays in finalising the report on threats, pressures and impacts.

The Water Information System (WIS): The rollout of the WIS in regional laboratories was substantially completed, with system maintenance nearing conclusion. A capacity-building plan was being implemented. Other ongoing activities included integrating the system with other MDAs, data cleanup and importation, enhancing visibility and awareness, promoting adoption and operationalisation, and providing end user support and maintenance.

Monitoring stations: The establishment of 17 hydro-meteorological monitoring stations (5 surface water, 5 groundwater, 2 climate, and 5 atmospheric deposition) and equipment supply was 83% achieved. Five atmospheric deposition equipment were supplied and installed, and air quality monitoring for the shorelines of Lake Victoria in the Greater Murchison Bay was ongoing. Equipment installation had commenced for the modelling centre at the Water Resources Institute in Entebbe. Civil works for the surface water stations were 50% complete, though progress was delayed by rising water levels. For groundwater stations, works were 80% complete in Arua, Buliisa, Kaliro and Mityana but progress was affected by the contractors' financial challenges. The climate stations were 70% complete, with towers fabricated.

Water quality laboratories: The rehabilitation of the National Water Quality Reference Laboratory was rescoped due to insufficient funds. New laboratory equipment was procured, supplied and installed in all four regional laboratories based in Lira, Mbale, Mbarara and Fort Portal, and they were in use. However, some equipment was found to be non-functional since it needed additional installations in the laboratories such as direct water supply. Benefits realised from the new equipment included increased revenue generated, increased number of samples analysed, increased accuracy of information generated, and reduced turnaround time and analysis costs. Sustainability efforts were through framework agreements for equipment servicing and recruitment, training, and deployment of additional laboratory staff.



River Nyamwamba floods management in Kasese District: The works for Nyamwamba were not initially included in the original scope. This was approved by the Bank as a measure to mitigate the damage caused by the annual flooding of the river, and its impact on the surrounding communities. The planned activities were: (a) Implementation of catchment management measures in Nyamwamba; (b) Emergency maintenance works on River Nyamwamba; and (c) Preparation of ESIA for the River Nyamwamba maintenance works.

The implementation of priority catchment management measures was completed in May 2023. 1775.7 ha were reforested, 660 ha of land was restored through soil and water conservation measures, and 30 km of river banks were stabilised. Furthermore, 795 beehives, 6450 energy-saving cook stoves, and 8 fish ponds were provided to the community beneficiaries for alternative livelihood. A sustainability strategy for these was being implemented with Kasese DLG.

For the emergency maintenance works, three hotspots along River Nyamwamba totalling 5.4 km were reinstated and handed over to MWE. However, a long-term solution requires additional work on 20 km, with an estimated cost of US\$ 132 billion. A comprehensive engineering design for the entire river flood protection commenced funded by the GoU at US\$ 2.2 billion.

Flood early warning system: The establishment of floods early warning system in Kasese district was deprioritised due to insufficient project funds.

Component 4: Project Implementation and Institutional Strengthening

The Water and Environment Sector Liaison Department coordinated and supported the project stakeholders. A Project Support Team composed of individual specialists offered technical support to the project. Other achievements included: (i) Preparation of quarterly and annual work plans, budgets, and reports; (ii) provision of trainings to MWE and NWSC on aspects such as financial management, procurement, environmental and social policies and procedures; and (iii) support to safeguards monitoring among others.

Implementation Constraints

1. Project financial losses resulting from increased construction supervision costs, inflation pressures and escalating output costs, leading to an increase in expenditures beyond initial projections.
2. Land acquisition challenges for most schemes such as Bitsya, Busia, Mbale, and Namasale. In Bitsya, only 14% of PAPs were paid.
3. Non-performance and subsequent contract termination of the contract for three water schemes of Kiryandongo District under refugee-hosting communities, leading to time losses.

Conclusion

The overall physical progress improved from poor (35%) in March to fair (58%) in November 2024, but behind schedule¹⁰⁷ by 49%. The improved performance was attributed to a positive progress of ongoing works and commencement of new water schemes like Mbale and Adjumani. Component 3 exhibited good performance while Component 2 was lagging. Based on this performance, the estimated budget at completion is USD 252.87 million and the project

¹⁰⁷ Schedule Performance Index = 0.51, which is less than one, meaning behind schedule.

will require approximately 12 more years to complete the pending outputs. Given the 13-month time extension, ending on 31st January 2026, there is need for enhanced project management to redeem lost time.

Recommendations

1. MWE should fast-track and conclude all procurements, and strengthen contract management for the implementation of all civil works contracts signed. This will expedite the project timelines and minimise delays and potential cost overruns.
2. MoFPED should prioritise the release of counterpart funding to cater for PAPs as this is curtailing works, such as in Nyamugasani and Bitsya.
3. MWE should make prompt payments for approved contractors' certificates in order to improve absorption levels and contractors cash flows for faster delivery of works.

3.7.5 Kampala Water-Lake Victoria Water and Sanitation Project (1193)

Introduction

The Kampala Water-Lake Victoria Water and Sanitation (KW-LVWATSAN) project is funded through a Mutual Reliance Initiative whose partners include KfW Entwicklungsbank (KfW), the European Union Africa Infrastructure Trust Fund (EU-ITF), the European Investment Bank (EIB), Agence Française de Développement (AFD) and the Government of Uganda (GoU).

The initial project cost was EUR 222 million. However, this was revised to EUR 372¹⁰⁸ million to accommodate outstanding investments which were not initially envisaged under the KW-LVWATSAN. The loan was signed on 28th April 2011 with a planned end date of December 2019 which was revised to December 2025. The project start was January 2011, with a planned end date of February 2022, and was revised to December 2025.

The goal of KW-LVWATSAN is to ensure sustainable expansion of the water supply and sanitation systems of Kampala. Furthermore, to anchor reliable, appropriate and affordable service provision up to the year 2040 for the city's dwellers.

The specific objectives of the KW-LVWATSAN project include:

- (i) To address the growing water supply challenges to meet the water demand of the rapidly increasing urban population within the Greater Kampala Metropolitan Area.
- (ii) To improve the socio-economic and health situation of the people living in the Greater Kampala Metropolitan Area and hence further stimulate urban growth through the provision of safe and reliable water supply.
- (iii) To contribute to environmental protection through the adoption and implementation of raw water source catchment protection interventions.
- (iv) To upscale pro-poor WATSAN services provision initiatives being implemented by National Water and Sewerage Corporation (NWSC).
- (v) To promote efficiency in the management of water supply systems.

¹⁰⁸ KfW-EUR 30 m, EU-Africa ITF grant; EUR 8m, AFD-EUR 225m; EIB-75 m; GoU-EUR 34 m.



Scope: The project is composed of five components that were progressively rescope during the implementation period to complement the original outputs (Table 3.7.7).

Table: 3.7 7: KW-LVWATSAN original and rescope outputs

Project Component	KW-LVWATSAN Original Scope	KW-LVWATSAN Rescope to include:
Component 1: Upgrading and Rehabilitation of the Ggaba Water Treatment Complex	Full Rehabilitation of the Ggaba Water Treatment Plant (WTP) Construction of Ggaba-Namasuba Transmission Mains (10 km DN700) Construction of Namasuba Reservoirs (8,000 m ³)	Ggaba WTP Complex Sludge Management System
Component 2: Network Restructuring & Rehabilitation	Diagnostic study, modelling of the Kampala water supply network Preparation of Kampala Water and Sanitation Master Plan	Network construction works related to the distribution of water from Katosi (initial 80,000 m ³ /day). Network construction works related to distribution of water from Katosi II (additional 80,000 m ³ /day) and re-distribution of water from Ggaba WTP, i.e. Naguru, Namasuba, and Muyenga sub-system development and expansion. Design and supervision services for the Katosi Water distribution and Ggaba water re-distribution network.
Component 3: Extension of Water Supply in Informal Settlements	Preparation of feasibility study for the improvement of water and sanitation services for the urban poor. Procurement of design/ supervision and accompanying measures consultants. Detailed design of the works and procurement of contractor. Construction of 400m ³ /d Nalukolongo Faecal Sludge Treatment Plant. Construction of 200 sanitation stances. Technical Implementation and accompanying measures consultancy services.	Construction of 2,500 prepaid meters, and 70k m water network intensification. Additional accompanying measures, and project design and supervision services.
Component 4: Construction of New Water Treatment Plant East of Kampala and Associated Network	Preparation of feasibility study and water quality monitoring for the development of new WTP. Procurement of design and supervision consultants. Detailed design of the works and procurement of contractors. Construction of Katosi Water Treatment Plant (80,000 m ³ /d), Nsumba Reservoir (10,000 m ³), and 9Km DN1200 Pumping Main. Construction of Katosi-Kampala Transmission Mains (55 km DN1400 to DN700).	Construction of Katosi II Water Treatment Plant (80,000 m ³ /d). Construction of additional storage at Nsumba Reservoir (30,000 m ³). Alternative construction of 9 km DN1400 Pumping Main. Additional construction supervision services.
Component 5: Accompanying Measures	Procurement and supply of non-revenue water reduction equipment. NWSC capacity needs assessment study. Support to the regionalisation process, asset management and capacity building. Technical audits and quarterly reporting. Preparation of Terms of Reference for PIU strengthening.	PIU programme management support. Additional technical audit services. Institutional support and restructuring, encompassing, among others, HR enhancement, IT systems strengthening, long-term water quality monitoring, and NRW reduction. Ecosystem services restoration and source protection & management through, wetland restoration, tree planting, and related

Project Component	KW-LVWATSAN Original Scope	KW-LVWATSAN Rescoped to include:
	Refinement of the catchment management activities required for the protection of the Katosi catchment.	activities focusing on Katosi and Inner Murchison Bay. Preparation and operationalisation of a Memorandum of Understanding between NWSC and Mukono District Local Government for the regulation of development activities within the Katosi catchment area.

Source: NWSC.

Financial Performance

The overall project budget is EUR 372 million, out of which 86% (EUR 321 million) was disbursed and 96% (EUR 310.227million) absorbed by 30th November 2024. Although funds absorbed remained 96%, in real terms expenditure under Component 3: Water Supply and Sanitation Improvements in Informal Settlements, which was the only component ongoing, increased to EUR 23.989 million in November 2024 from EUR 21.678 million in April 2024 (Table 3.7.8).

The GoU counterpart funding registered 15% (EUR 6 million) disbursement, which the NWSC bridged through internally generated revenue sources.

Table 3.7.8: Financial performance of KW-LVWATSAN Project by 30th November 2024

Component	Disbursed EUR	Cumulative Expenditure EUR	% Disbursement Spent	Status
Component 1: Ggaba Water Treatment complex and Minor Transmission Improvement	45,920,896	45,920,896	100	Completed
Component 2: Kampala Water Network Rehabilitation, Restructuring and Extension	55,040,589	55,040,589	100	Rescoped outputs completed
Component 3: Water Supply and Sanitation Improvements in Informal Settlements	35,483,775	23,989,858	68	Ongoing
Component 4: Development of New Water Treatment Plant at Katosi	185,276,247	185,276,247	100	Completed
Total	321,721,507	310,227,590	96	

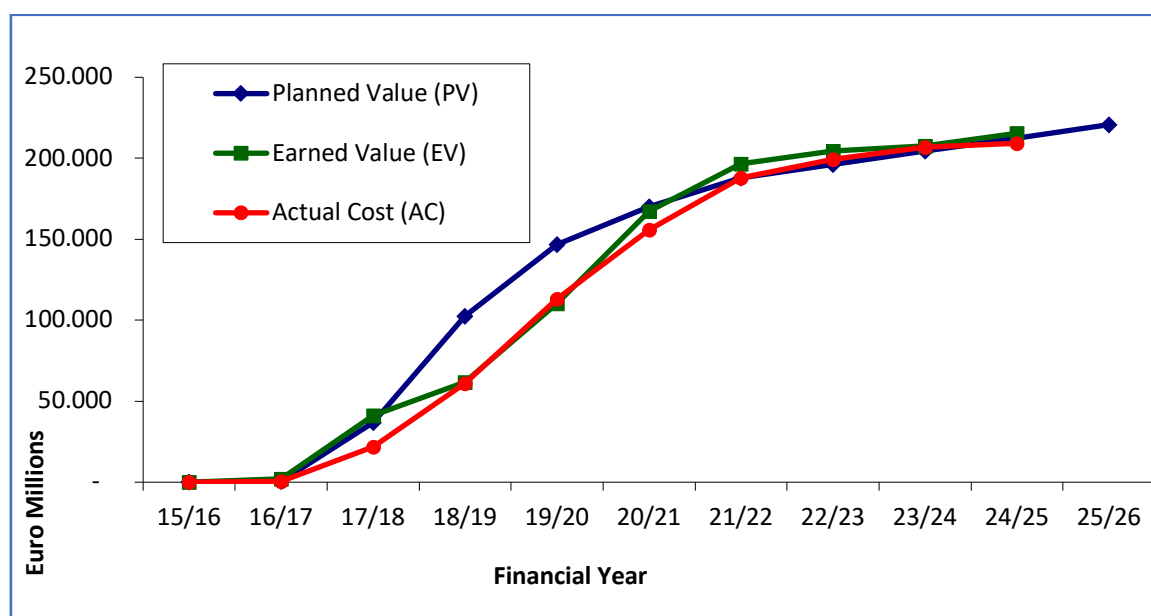
Source: NWSC.

Despite the rescoping of the project and the limited GoU disbursement (15%) against 85% time progress, the project was on schedule¹⁰⁹ and on budget¹¹⁰. The earned value was marginally higher than actual costs, indicating higher outturns for the resources input (Figure 3.7.3).¹¹¹

¹⁰⁹ Cost variance (CV)= 6,171,351 and Cost Performance Index (CPI)=1, indicating value of works equal to cost and on time.

¹¹⁰ Schedule variance (SV)= 2,903,996 and Schedule Performance Index (SPI)=1.

¹¹¹ Financial performance for components 1 and 2 do not form part of the EVM metrics as the related scheduling were not made available.

Figure 3.7.3: Performance trends of KW-LV WATSAN

Source: Authors' compilation from NWSC, IFMS and PBS data.

Physical Progress

By November 2024, only Component 3: Water Supply and Sanitation Improvements in Informal Settlements had ongoing works at 93% from 55% progress registered in April 2024. Components 1 and 2 were completed in December 2019 and January 2020, respectively, while Component 4 was completed by end of June 2022.

Component 1: Upgrading and Rehabilitation of the Ggaba Water Treatment Complex

The works were aimed at restoring the production capacity of the Ggaba Water Treatment Plant. These were rescope to include treatment capacity from 150,000 cubic metres to 230,000 cubic metres per day through appropriate rehabilitation and extension activities. Construction of new reservoirs to serve water-stressed communities, installation of clear water pumps, procurement of new meters and capacity development, and Non-Revenue Water Management (NRW). The works were completed and the water treatment optimisation measures at Ggaba WTP completed. The network extensions and enhancements, as well as NRW interventions in the Kampala network were achieved. This increased the storage capacity (construction of Namasuba reservoir) and bulk water transfer to some critical low water supply areas in the Kampala water supply area. The works commenced in 2014 and were completed in December 2019, and are functional.

Component 2: Kampala Water Network Rehabilitation, Restructuring and Extension

The component intended to improve bulk water transfer and supply within the Kampala Water Supply Area. Consultancy services, which entailed the network diagnostic study and master plan preparation, were key outputs. The diagnostic study was completed and it was on the basis of which the network interventions and work packages were detailed for subsequent design and work tendering. The network modelling and master planning for the Greater Kampala Water Supply Area identified, the necessary infrastructure required to optimise transmission and distribution of water in the city upon which further tendering works for densification were premised. The works commenced in 2016 and were completed in January 2020.

Component 3: Water Supply and Sanitation Improvements in Informal Settlements

The planned outputs included a functional faecal sludge treatment plant capacity of 400 cubic metres; laying 51 km of a water supply pipeline; the supply of 1,400 prepaid water meters (PPMs); and construction of 64 sanitation facilities.

By November 2024, the planned outputs had attained 93% overall progress against set targets.

The faecal sludge treatment plant at Nalukolongo was at 95% completion from 80% achieved by April 2024. Completed works included earth excavation; backfilling and compaction of ground; erection of the sedimentation tank; constructed wetlands, including clay sealing and filter layers; wetland pumping stations; and a retaining wall. Others included sewerage pumping stations with sewer pressure pipes installed, and sludge drying beds and sludge dumping and pretreatment areas completed. Pending works included biological filtering tank and mechanical dewatering, and road, landscaping and fence works.

Of the planned 51 km of the water supply pipeline, 50.8 km (91% progress) was laid. This was an improvement from the 33 km (65% progress) laid by April 2024.

Supply of prepaid meters was at 65% overall progress in November 2024 from 10% in April 2024. This involves erecting public standposts in informal settlements connected with prepaid cards fixed to the national water billing system. Of the planned 1,400 PPMs, 386 were installed and 680 were connected to water mains. The activity experienced delays from limited capacity of sub-contractors and in the importation of the PPMs. More delays were caused by interference from the KCCA political leadership on the location of PPMs.



L-R: Sanitation toilet facilities constructed at Kyambogo university playground. Water borne sanitation facility at Kitebi Primary School

Of the planned 64 sanitation facilities, 30 were completed and 100% were in use. This was an improvement from the 6 that were fully completed by April 2024. The remaining 34 were at various levels of completion, with an average of 92% completion. The completed sites included Kansanga Primary School Public Stand Posts (PSP), Police Children Primary School, Kibuli, Mbuya Primary School, Mutundwe Primary School, St. Paul Primary School, Nsambya, Lubiri Primary School, and Kitebi Primary School. Others include Kyambogo University, Kyambogo Primary School, Naguru Police Barracks, Ntinda Primary School, Luzira Murchison Primary School, Kiswa Market, Nakawa Market and Mbuya Primary School. There was increasing demand for sanitation facilities in the institutions and sanitation informal settlements and a need to have more facilities completed.



L-R: Constructed sedimentation tank at Nalukolongo faecal treatment plant; prepaid meter installation in Mulago informal settlement.

Component 4: Development of New Water Treatment Plant at Katosi

The purpose of the Katosi Water Treatment Plant (WTP) Project was to augment the drinking water supply quantity for Kampala City and surrounding towns by increasing the water production.

The planned outputs included construction of a 54 km water pipeline from Katosi to Kampala; a booster station and reservoir at Sonde; consultancy services for the Kampala Katosi Treatment Main (KKTm) and construction supervision; construction of a new water treatment plant of 240-million-litre capacity and reservoirs; and consultancies for the water treatment plant. The outputs were completed by the end of June 2022. A completion report and site handover were conducted.

The completion and operationalisation of the Katosi WTP has improved the water supply situation in the formerly dry zones. The water supply to areas of Mukono, Seeta, Sonde, Namugongo, Kyaliwajala, Kira, Bulindo, Naguru, Buwate, Kasangati, Gayaza, Namanve, Bweyogere, Kirinya and neighbouring areas which previously experienced intermittent water supply are more reliably served by the Katosi system.

Implementation Constraints

1. Political interference with the planned location of the prepaid meters in the settlements.
2. Increasing demand for sanitation facilities in institutions and informal settlements.

Conclusion

The works under Component 3 achieved very good progress of 93% and the works are expected to be completed on time and within budget. The installation of prepaid water meters that registered poor progress of 10% in April 2024 steadily improved to fair performance in November 2024. The ongoing work for sanitation facilities has achieved faster progress, although some are pending completion amidst the growing demand for sanitation facilities. Works at the faecal sludge treatment plant were of satisfactory quality and achieved on time.

The completion of the Kampala Katosi Transmission Main (KKTm) was a key milestone that greatly improved water supply to the rapidly increasing urban population on the eastern side of Kampala. The completed components (1, 2 and 4) represent 80% of the project. The quality of work was good and is positively impacting the livelihoods of beneficiaries.

On the other hand, although the GoU counterpart funding continued to perform poorly at 15% disbursement, NWSC found alternative funding internally to bridge the gap and achieve planned completion timelines.

Recommendations

1. KCCA and NWSC should conduct sensitisation initiatives for political leaders to minimise interference with prepaid meter sites.
2. NWSC should expedite ahead of time the completion of the sanitation facilities to meet the increasing demand in the institutions and settlements.

3.7.6 Strategic Towns Water Supply and Sanitation Project (1529)

Introduction

The Strategic Towns Water Supply and Sanitation Project (STWSSP) is financed by the African Development Bank (ADB) loan and the Government of Uganda (GoU) counterpart contribution. The initial project period was 1st July 2019, to 30th June 2024 but this was extended to June 2025. The project objective is to support the Government of Uganda's efforts to achieve sustainable provision of safe water and hygienic sanitation for the urban population by the year 2030. A summary of project information is provided in Table (3.7.9).

Table 3.7.9: Strategic Towns Water Supply and Sanitation Project basic data

Project initial cost	UA 48.9 million
ADF loan	UA 4.9 million
Government of Uganda's contribution	UA 4.9 million
Cost variation	US\$ 16.941 billion (to be funded by GoU)
Current project cost	US\$ 267.53 billion
Scope variation	Construction of Bihanga WSS in Kamwenge; contract addendum in Kayunga-Busana water supply system; Nakasongola WSS additional network expansion in Kyenjojo-Katooke water supply system.
Contract signing	September 2018
Loan tenure	40 years
Loan effective date	September 2018
1st disbursement	December 2018

Source: Owner's compilation; project appraisal report 2018; project quarterly reports (FY2019/20-2024/25).

The Scope of Works

- (i) Construction works in 10 towns of Kyenjojo-Katooke (Kyenjojo District), Nakasongola (Nakasongola District), Kayunga-Busana (Kayunga District), Kamuli (Kamuli District), Kapchorwa (Kapchorwa District), Dokolo (Dokolo District), Bundibugyo (Bundibugyo District) and Buikwe (Buikwe District).
- (ii) Improved urban sanitation and environmental management.
- (iii) Sector programme support.

Financial Performance

By the end of September 2024, US\$ 236.172 billion had been released and spent on the project. There was good expenditure on external financing. However, GoU financing exceeded the budget by 121%. Overall, the project remained within budget (refer to Figure 3.7.4). This was



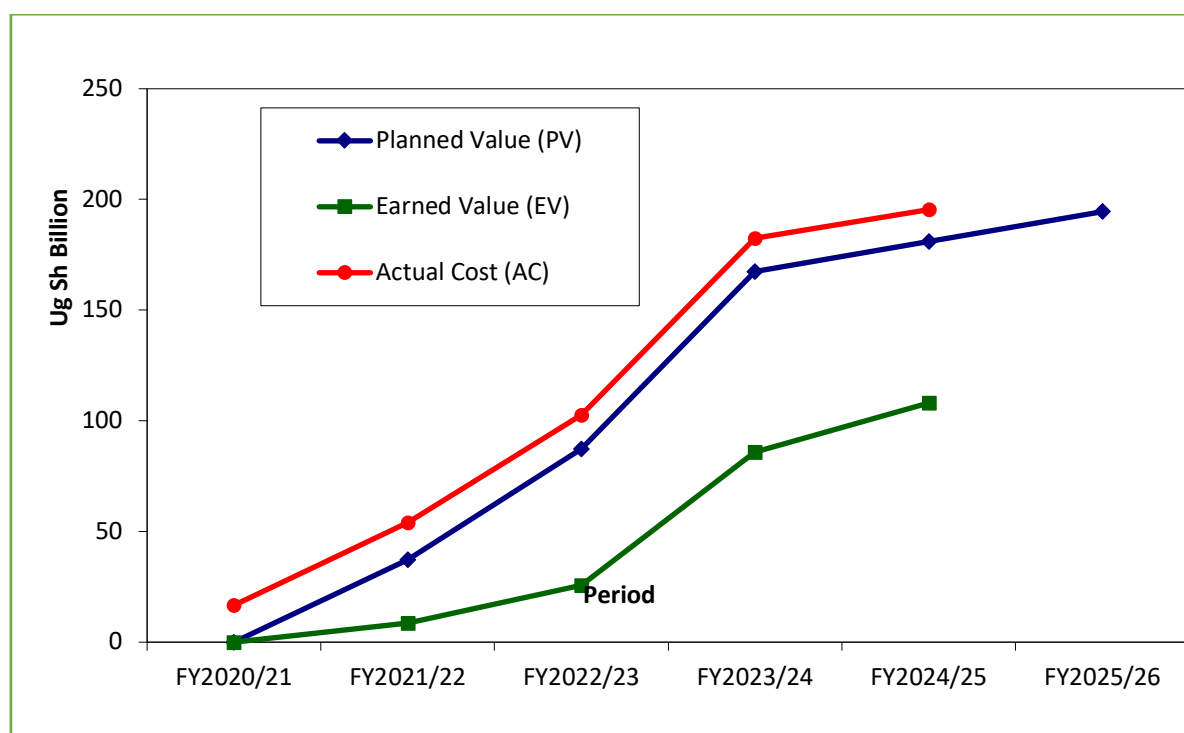
because of pending payment of certificates worth US\$ 19.45 billion and retention money. The project timeline was severely impacted by the COVID-19 pandemic, resulting in significant time losses and logistical challenges due to government-imposed lockdown. Consequently, the pandemic had a ripple effect on the supply chain, leading to escalating costs and delays in material deliveries.

Physical Performance

The physical progress of the project was rated good at 90% since construction of nine out of the planned 10 WSSs¹¹² were completed. The remaining town was at 90% by November 2024. However, the project was behind schedule¹¹³ (Figure 3.7.4). Construction of faecal sludge treatment facilities and the countrywide bulk water transfer study were excluded due to worldwide supply chain challenges that caused price escalation of inputs.

Amidst the cost challenges, the scope was reviewed to include construction of an additional town water supply system (Bihanga, Kamwenge) co-financed with water for people and extra works in the Kayunga-Busana water supply system and network expansion in Kyenjojo-Katooke WSS.

Figure 3.7.4: Performance of Strategic Towns Water Supply and Sanitation Project



Source: Owner's compilation and project quarterly reports (FY2019/20-2024/25).

The detailed achievements against the targets of the STWSS project outputs are in Table 3.7.10.

¹¹² Dokolo, Nakasongola, Kayunga-Busaana, Kyenjojo-Katooke, Busia, Kapchorwa and Bundibugyo.

¹¹³ Schedule Variance (SV) = -28.389 was a negative meaning the project was behind schedule.

Table 3.7.10: Project achievements against targets by 30th November 2024
Component 1: Urban Water Supply

- i) **Detailed engineering designs for 10 towns:** The planned detailed designs for 10 towns of Kayunga, Busana, Dokolo, Kyenjojo, Katooke, Nakasongola, Buikwe, Kapchorwa, Bundibugyo and Kamuli were completed.
- ii) Town water supply schemes rehabilitated: Rehabilitated Kibale (Kibale District) and Kabingo (Kamwenge District); works for support to Umbrellas of Water and Sanitation were completed.

a) Construction of WSS in 10 towns

The nine constructed in the towns of Kayunga, Busana, Dokolo, Kyenjojo, Katooke, Nakasongola, Buikwe, Kapchorwa, and Bundibugyo were completed.

Kayunga-Busana and Kyenjojo-Katooke were commissioned and handed over to the National Water and Sewerage Corporation (NWSC) for management and any necessary expansions.

Dokolo has 36.7 km of transmission and 24.6 km of distribution pipelines, serving 35,800 users. Nakasongola has 18.96 km of transmission lines and 152.2 km distribution pipelines, serving 104,256 people. Kayunga-Busana WSS has 25 km of transmission and 68 km of distribution pipelines, serving 54,000 users.

Kyenjojo-Katooke WSS comprises 29.8 km of transmission lines and 156.79 km of distribution pipelines, serving approximately 26,300 users. Bundibugyo WSS has 3.2 km of transmission mains and 96.6 km of the distribution network, serving 37,626 people. Buikwe WSS has 20.9 km of transmission mains 13.5 km of distribution network, serving 110,600 people.

Kapchorwa WSS serves the parishes of Basar, Kapnyikew, Kapteret, Katung, Tegeres, Kween, Kwoti, Teryet, and Kapenguria. Completed works include 25 km transmission mains and 77.71 km of distribution network. The system serves 31,029 persons.

Kamuli WSS was at 80% progress. The project will serve 85,354 people in Kamuli Municipality, Mbulamuti SC and Butansi SC. Transmission mains were 17 km out of the planned 18 km, while the distribution network was at 28.2 km; and 400 connections had been made serving 56,633 people. The project progress was affected by the hard rock along the transmission main; unprecedented heavy rains; rising water levels of the Victoria Nile and a higher water table level affected earthwork for the water treatment plant and intake.

b) Additional works

In collaboration with the non-governmental organisation, Water for People, water supply was extended to Kabingo/Bihanga Town near Kyenjojo-Katooke. The construction was completed and technically commissioned, benefitting an additional 11,400 people across 13 villages in Kabingo Parish, Kamwenge District. Additionally, the intervention served 3,890 more beneficiaries in Kibale.

Component 2: Improved Urban Sanitation and Environmental Management

The planned construction of 3 faecal sludge treatment facilities was not done due to insufficient funds. Six (6) cesspool emptiers were procured and 36 out of the planned 40 gender-segregated and disabled-friendly public sanitation facilities were constructed, including in schools/institutions.

The construction of 42 public and institutional sanitation facilities in the implementation towns was completed in Kyenjojo, Kayunga, Kapchorwa, Nakasongola, Buikwe, Bundibugyo, and Kamuli.

The training of people in appropriate urban sanitation (masonry/mechanics/artisanship/waste management) was completed. A total of 850 women and youth were trained in water and sanitation services as a business. The water and sanitation services regulation tools were developed (technical and commercial).

Component 3: Sector Programme Support

- The water and sanitation services regulation tools (water services, technical and commercial) were completed and disseminated to stakeholders, including the MWE Policy Committee. Development of the new Water and Sanitation Atlas was also completed.
- The water and sanitation services tariff regime was reviewed and the tariff policy was updated.
- Feasibility studies and detailed designs for 10 towns identified under the Climate Change Resilience Programme for Uganda were completed. The project proposal for a potential project funding request to the Green Climate Fund was finalised. Submission of the proposal will be concluded with further consultations within MWE.
- The water and sanitation services tariff regime was reviewed and the tariff policy was updated.
- The Uganda Water and Sanitation Atlas was updated but a strategy and framework for implementation of bulk water supply was not developed. The consultancy was put on hold due to a lack of confirmed financing.
- Water source protection in catchments in the 8 project water sources was achieved.
- Annual programme review reports and meetings were conducted and project management was at 95% achievement.
- Development of a strategy and framework for the implementation of bulk water supply was not achieved.

Source: Project Q1 report FY 2024/25; field findings.



L-R: Water treatment plant for Bundibugyo WSS; and reservoir tank for Buikwe WSS

Implementation Constraint

1. The change in scope of works caused an increase in the GoU budget for the construction of Bihanga WSS in Kamwenge, extra works for Kayunga-Busana WSS, Nakasongola WSS, and network expansion in Kyenjojo-Katooke WSS, among others. The outstanding debt for these works is equivalent to US\$ 34.31 billion.

Lesson Learnt

Stakeholder engagement, including beneficiaries, is vital in project preparation to ensure their needs are captured in the project design to reduce variations and the associated costs. The changes in project scope significantly increased the GoU contribution, which increases the project cost.

Conclusion

The STWSS Project achieved 90% physical progress, reflecting very good performance in delivering most of the targeted outputs. Construction and commissioning of nine of the planned 10 towns were completed, marking a significant milestone in the project's implementation. The remaining town, Kamuli, had reached 80% completion level, up from the previous reported

70%. Additional completed works included the construction of 36 institutional/public latrines, the development of a comprehensive Water Tariff Policy, Implementation Plan and Guidelines, and the procurement of six cesspool emptiers.

The project had outstanding financial obligations to clear in terms of scope variations and unpaid certificates.¹¹⁴ The estimated cost of the project at completion was US\$ 291.947 billion, which is a cost overrun risk that is over and above the planned cost value of US\$ 267.53 billion. The estimated duration at completion was one year, thus the remaining time is enough to complete all the works.

Recommendation

MWE should maintain regular progress tracking and monitoring to ensure the project is completed on time within the adjusted timeframe. This will enable prompt identification and resolution of emerging issues, facilitating smooth project implementation.

3.3.7 South Western Cluster Project (1531)

Introduction

The South Western Cluster (SWC) project is implemented by the National Water and Sewerage Corporation (NWSC) and funded by a loan from the Agence Française de Développement (AFD). The total project cost is approximately US\$ 529.2¹¹⁵ billion (EUR 126 million), of which US\$ 504 billion (EUR 120 million) is a loan from AFD and US\$ 25.2 billion (EUR 6 million) is GoU co-financing. The project start date is 1st July 2019 and the end date is 30th June 2024, although the last date of drawing right was extended to 1st May 2025.

The project objective is to improve access to water supply and sanitation services in Mbarara, Masaka, and surrounding towns.

Scope

The project has three (3) components, namely: i) Kagera waterworks; ii) Mbarara waterworks; and iii) Masaka waterworks. The expected outputs of the project are:

- i) A new water intake on the Kagera River at Nshungyezi constructed.
- ii) A new water treatment plant in Kagera and associated infrastructure constructed.
- iii) Mbarara water supply expanded from 7,000 to 12,000 cubic metres per day and sanitation system rehabilitated.
- iv) Masaka water supply expanded from 8,000 to 14,000 cubic metres per day and the sanitation system rehabilitated.

Financial Performance

A total of US\$ 360 billion (68% of the total loan amount) was disbursed, of which US\$ 216 billion (60% of the disbursement) had been spent by 31st December 2024, against 92.86% time progress, considering the revised completion date.

There were no disbursements of the GoU counterpart fund during the period under review. The activities to be funded by the GoU counterpart such as compensation and Environment and Social Impact Assessment (ESIA) were undertaken using the NWSC internal revenue. This was in anticipation that the GoU would disburse its counterpart fund in due course.

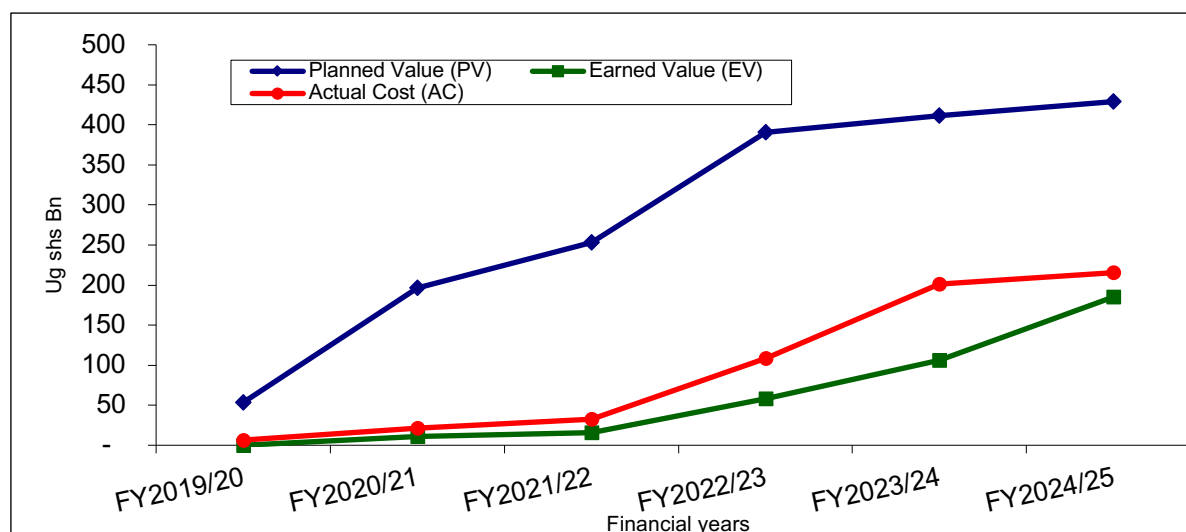
¹¹⁴ Cost performance Index = 1.6 which is more than one in this case the project had outstanding debt payments to clear.

¹¹⁵ Exchange rate of 1 Euro – US\$ 4,200.



The project earned value was below the actual cost, which means that the project was operating over the budget (Figure 3.7.5). This is partly because the earlier intake works were rejected by the client due to quality-related issues and were being redone by the contractor. This negatively affected the percentage of physical progress against the financial performance.

Figure 3.7.5: Performance of South Western Cluster Project by the end of September 2024



Source: Project documents and field findings.

Physical Performance

The overall project performance was poor at 35% against time progress of 92.86%. This is because there were no civil works for the first three years on all the project components except feasibility studies and designs. Civil works commenced in the fourth year of the project under one component (Kagera waterworks). For the other two components (Mbarara and Masaka), works had not commenced.

The project was behind schedule (with a schedule performance index¹¹⁶ of less than one), pointing to inefficiency (Figure 3.7.5 above). This arose from delayed commencement of civil works for Kagera, repackaging of Masaka, and bids for the Mbarara component that were three times higher than the component budget, leading to halting of procurement. At that current rate of implementation, the project risks time extension and may require an additional US\$ 86.8 billion to complete the scope of works. Detailed performance of the three components is discussed hereunder:

¹¹⁶ Schedule Performance Index is 0.43.

Component 1– Kagera waterworks: The plan is to construct a new water intake on River Kagera at Nshungyezi Village; and a new water treatment plant in Kagera, as well as the associated infrastructure.¹¹⁷ Civil works for Kagera commenced on 1st November 2022, with an end date of 31st August 2024. However, this was revised to 28th February 2025 (6-month



Ongoing works at the water treatment plant and pumping station site at Kagera, Isingiro District.

extension).

By 31st December 2024, overall physical progress for Component 1 (Kagera) was at 77.5% against 92.86% time progress, considering the extension. The construction of intake works and the treatment plant progressed to 78%, while construction of the transmission mains and the attendant infrastructure progressed to 77%. The progress on the raw water pumping station was the least performing at 16% progress, of all the sub-components. This was due to the consultant rejecting all the concrete works for the foundation, as they did not meet the required standards. The contractor was in the process of rectifying the foundation concrete works.

The right of way (RoW) for sections 7.1 and 7.2 had not been acquired because Mbarara City Council had not allowed the contractor to cut through the road for the transmission. This has led to a delay because it requires a supplementary RAP to be planned, evaluated and implemented.



L-R: Intake works for Kagera waterworks along Kagera River; an 800m³ steel reservoir tank at Kaberere in Isingiro. district.

By 31st December 2024, overall physical progress for Component 1 (Kagera) was at 77.5% against 92.86% time progress, considering the extension. The construction of intake works and the treatment plant progressed to 78%, while construction of the transmission mains and the attendant infrastructure progressed to 77%. The progress on the raw water pumping station was the least performing at 16% progress, of all the sub-components. This was due to the consultant rejecting all the

¹¹⁷ Associated infrastructure includes transmission line, booster station reservoir tanks, and sanitation facilities.



concrete works for the foundation, as they did not meet the required standards. The contractor was in the process of rectifying the foundation concrete works.

The right of way (RoW) for sections 7.1 and 7.2 had not been acquired because Mbarara City Council had not allowed the contractor to cut through the road for the transmission. This has led to a delay because it requires a supplementary RAP to be planned, evaluated and implemented.

Component 2 – Mbarara waterworks: The plan is to rehabilitate and expand the existing water supply and sanitation infrastructure in Mbarara Municipality and surrounding areas. The procurement for Mbarara civil works was halted due high bid quotations that were three times higher than the budget cost for the system. As a result, this component was dropped under this funding and NWSC is preparing to package it into a project and find alternative funding.

Component 3 –Masaka waterworks: The plan is to rehabilitate and expand the existing water supply and sanitation infrastructure in Masaka Municipality and some towns along the Lukaya-Masaka highway. The procurement of a contractor to undertake works was at the contract award level as of 31st December 2024. Implementation of this component was behind schedule. This delay was attributed to the AFD's request for a comparative study between groundwater and surface water sources, which took a long time before a resolution was reached to abstract water from Lake Victoria (a groundwater source).

Implementation Constraints

- Delayed commencement of civil works which affected the project's progress. This was attributed to the water source reviews for the Masaka waterworks.
- Difficulty in obtaining way leaves for pipeline routes and key sites for key installations under the Kagera waterworks, especially under Component 2 of the transmission line within Mbarara City Council.
- High bid prices, especially for Component 2– Mbarara waterworks, which led to removal of the component from the project until additional funds are secured.

Conclusion

The project performance was poor at 35% with over 92% of the time spent. This indicates time and resource inefficiency, evidenced by the schedule performance index of less than one.¹¹⁸ The works for Masaka had not commenced since the contract was at award stage and contracting for Mbarara was halted and the component stopped due to higher bidding prices. By end of December 2024, the remaining time, in line with the revised date of the last drawing rights, was five months. This implied that the project requires an additional US\$ 86.8 billion and additional time to be completed.

Recommendations

- NWSC should expedite the finalisation of the contract award for Masaka waterworks so that the construction can start within the remaining five months of the last drawing rights.
- NWSC should continue engagements with key stakeholders/landlords and find alternative routes and sites for the project, where possible.
- NWSC should repackage works for Component 2–Mbarara waterworks and find alternative funding for it.

¹¹⁸ EV=0.43



3.7.8 Support to Rural Water Supply and Sanitation Project (1614)

Introduction

The Support to Rural Water Supply and Sanitation Project (SRWSSP), implemented by the Ministry of Water and Environment (MWE), is funded by a loan from both the EXIM Bank of India and Agence Française de Développement (AFD), plus GoU counterpart funding. The project start date was 1st July 2020 and the end date is scheduled for 30th June 2025. The project aims at increasing access to and the functionality of sustainable safe water supply, and sanitation facilities in the District Local Governments (DLGs). The objective is to develop solar-powered water pumping systems in rural sub-counties with safe water coverage of less than 50%. Additional project data is provided in Table 3.3.11.

Table 3.3.11: Basic project data

Approved loan amount	USD 119 million (USD 30 million Exim Bank of India and USD 89 million from AFD)
Counterpart funding amount (GoU)	USD 5.3 million
Date of loan approval	8th September 2021
Date the loan was declared effective	01st July 2022
Closing date	30th June 2027

Source: MWE externally funded project progress report, September 2024.

Scope

The project intended to serve 20 districts. However, this was revised upwards to 22¹¹⁹, covering 26 sub-counties, 63 parishes, and ultimately over 600 villages, with an approximate population of 460,000 people. The key project planned outputs are:

- i) Solar-powered systems in the rural communities rehabilitated (130).
- ii) New and dilapidated piped water supply system rehabilitated and/or expanded (16).
- iii) High-yield boreholes with solar-powered systems motorised and upgraded (344).
- iv) Capacity of District Local Governments (DLGs) built through the regional decentralised unit (127 districts).
- v) DLGs monitored to ensure compliance with sector standards (127).
- vi) District databases on the existing water and sanitation systems updated (127 districts).
- vii) Support to Rural Water Supply and Sanitation Project benchmarked and documented (2).

¹¹⁹ Kyegegwa, Buyende, Lyantonde, Kyankwanzi, Namayingo, Buliisa, Bulambuli, Mityana, Agago, Amudat, Yumbe, Kaabong, Sembabule, Rakai, Buvuma, Kasese, Mubende, Kisoro, Rubanda, Kassanda, Nakaseke and Bulambuli Districts



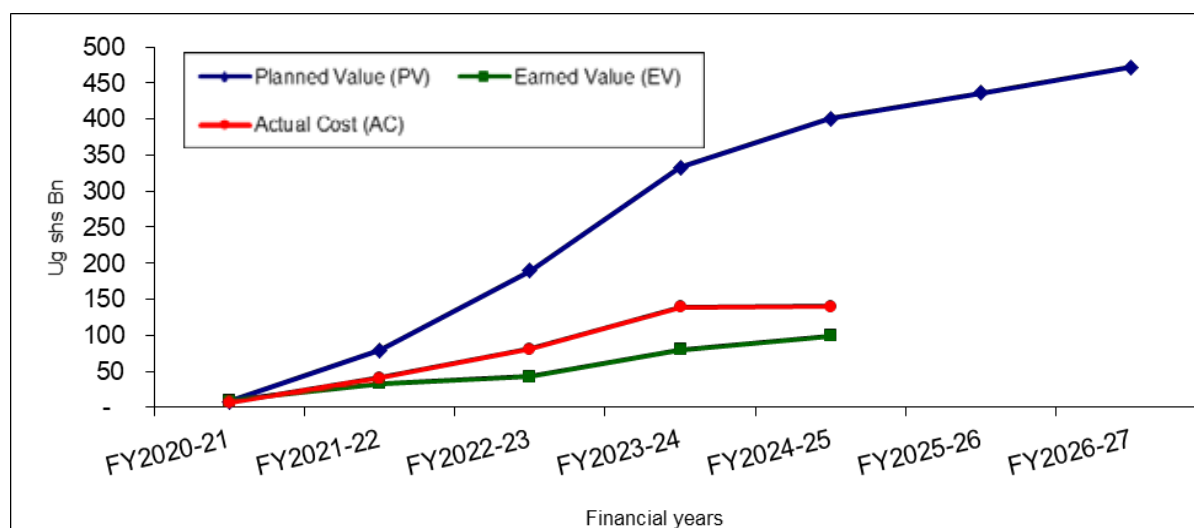
Financial Performance

The overall financial performance was poor, with a total disbursement of US\$ 177 billion (44.1%) against a cumulative budget of US\$ 401.5 billion¹²⁰ since FY 2020/21. A total of US\$ 140 billion (79.1% of the disbursed funds) was absorbed by 30th September 2024. The loan disbursement accounted for 25.51% of the total disbursement and loan absorption was 42.6% by 30th September 2024. The poor disbursement and absorption were attributed to the delayed submission of the performance guarantee and advance payment guarantee leading to delayed commencement of works.

It was observed that there were expenditures for arrears on some projects such as Kabuyanda WSS, Kahama WSS, and Nyabuhikye-Kikyenykye WSS that were originally not included in the project budget due to poor planning.

The earned value was below the actual cost, which points to inefficiency. The project presented a less-than-one-cost performance index¹²¹, meaning that the project was spending more resources for less value (Figure 3.7.6). This reflected a risk of cost overruns in the long run.

Figure 3.7.6: Performance of the Support to Rural Water and Sanitation Project by end of September 2024



Source: Author's compilation, project progress reports, and PBS reports – MWE.

Physical Performance

The overall performance of the project was poor at 21%, with most of the works behind schedule.¹²² This was against a financial progress of 31% and a time progress of 81%. This was attributed to the delayed commencement of civil works that constitute a bigger percentage of the budget. Four out of the 50 schemes were completed under the EXIM loan and construction of Isingiro WSS under the AFD funding was in the initial stages.

The supply of solar-powered water pumping systems in rural sub-counties with safe water coverage of less than 50% funded by the EXIM Bank of India was poor at 37%, representing a 20% progress in the last six (6) months, while its financial performance was also poor at 20%, including advance payments. Only four rural water supply schemes were completed and commissioned against the targeted 50 schemes. However, the construction of 40 schemes was

¹²⁰ Exchange rate of USD 1=US\$ 3,800.

¹²¹ Cost performance index of 0.71.

¹²² With a schedule performance index of 0.25, which is less than one.

ongoing at various levels of progress. Others were in the final stages of land acquisition and site handover.

The construction of the Isingiro water supply system, funded under the AFD, started in August 2024, and physical progress was poor at 5%. Progress was behind schedule and the contractor was undertaking preliminary works, including acquisition of project sites. This was attributed to delayed fulfilment of the conditions for the loan by MWE, culminating in delayed commencement. The detailed performance of Project 1614 is in Table 3.3.12.

Table 3.3.12: Detailed performance of the Support to Rural Water Supply and Sanitation Project by 30th November 2024

Output	Target	Achieved	Remarks
Solar-powered systems in rural communities rehabilitated.	50	4	<ul style="list-style-type: none"> Four water supply systems (WSS) were completed and commissioned in two districts.¹²³ Construction of 40 schemes in 16 districts¹²⁴ was ongoing at different levels. Construction of eight sites had not started awaiting sub-contractors.
New and dilapidated piped water supply system rehabilitated and/or expanded.	16	0.05 ¹²⁵	Funding was secured for only Isingiro WSS under Agence Française de Développement (AFD). The contracts for the construction and support supervision of Isingiro WSS were signed after re-tendering. Construction commenced in August 2024 and progressed to 5%.
High-yield boreholes with solar-powered systems motorised and upgraded.	344	83	63 boreholes were assessed and some were motorised to serve some of the targeted 50 schemes.
Capacity of District Local Governments built through the regional decentralised unit.	127	127	Regional support units continuously supported the DLGs to build their capacity in areas of engineering design, policy issues and procurement. among others.
District Local Governments monitored to ensure compliance to sector standards.	127	127	This was done in all Local Governments (LGs).
District databases on the existing water and sanitation systems updated.	127	0	Output not reported on.
Support to rural water supply and sanitation project benchmarked and documented.	2	1	A project mid-term review and the documentation exercise of the project were completed.

Source: Field findings, project progress reports.

Implementation Constraints

- Delayed commencement of civil works as a result of delayed acquisition of land for project components in some cases.

¹²³ Kyankwanzi-2, Bulisa-2.

¹²⁴ Mityana-2, Agago-4, Yumbe-2, Amudat-3, Kaabong-2, Kasese-2, Kakumiro-4, Sembabule-3, Kisoro-4, Bulambuli-2, Kyankwanzi-2, Mubende-3, Kyegegwa-2, Kassanda-1, Buyende-2, Nakaseke-2.

¹²⁵ This is a percentage progress on the Isingiro water supply system against the overall output target.

- ii) Reducing groundwater potential resulting from climate change effects has rendered some water points non-functional.



L-R: Water reservoir that serves Nkandwa Region 2 in Kyankwanzi District; a pump and guard house at Lamingonen Village in Agago District.

Conclusion

The overall support to the Rural Water Supply and Sanitation Project performance was poor at 21% against 81% project time-lapse. The project is behind schedule, with only four (4) out of the 50 planned schemes completed and commissioned. Additionally, there was overspending on the GoU counterpart funding, although it was still within the overall project budget. This overspending was caused by the payment of arrears for projects that were not incorporated in the project budget, an indication of poor planning. At the current pace of implementation, the project presented a risk for a time extension of approximately 17 years and a cost overrun of approximately US\$ 196 billion.

Recommendations

- i. MWE should continue to engage Local Governments on land acquisition and the contractors should optimise the workforce/machinery to fast-track implementation in the remaining period.
- ii. MWE and the consultant should task the contractor to develop realistic schedules and strictly monitor progress to avoid further delays.
- iii. MWE should consider bulk water supply systems, especially from surface water sources, which is sustainable in the long run as opposed to using groundwater sources.

3.7.9 Water and Sanitation Development Facility North Phase II (1534)

Introduction

The Water and Sanitation Development Facility North-Phase II (WSDF-N II) is a project implemented by the Ministry of Water and Environment (MWE) and funded through two grants from the Federal Republic of Germany (KfW Bank) and GoU counterpart funding. The total project cost is US\$ 172.73 billion (USD 45.46m).¹²⁶ A third grant, amounting to EUR 45.16 million and EUR 7.58 million in counterpart funding, is in the pipeline and is awaiting

¹²⁶ Exchange rate is USD 1 = US\$ 3,800.

clearance from the Solicitor General (SG) for utilisation. The project's timeline¹²⁷ runs from 1st July 2019 to 30th June 2025. The grant financing details are presented in Table 3.7.13.

The project objective is “to improve the socio-economic situation and the opportunities for people living in the small towns and rural growth centres through the provision of safe, adequate, reliable, sustainable and accessible water supply and promotion of improved practices of hygiene and sanitation”. The achievement of this objective is expected to alleviate the pressure on existing clean water supply and sanitation facilities in the urban areas of Lango, Acholi and West Nile sub-regions where the project operates. The focus, therefore, is to develop new water supply and sanitation facilities, including the expansion of existing ones for optimum utilisation.

Table 3.7.13: Basic data for the Water and Sanitation Development Facility North II Project

Project code	1534		
Project financiers	Federal Republic of Germany through KfW, and the GoU		
Type of financing	Grants		
	Grant 1	Grant 2	Grant 3
Date of approval	23rd October 2018	30th September 2020	20th December 2023
Date grant declared effective	01st July 2019	12th November 2020	7th May 2024
Approved grant amount	USD 9.48 m	USD 17.78 m	EUR 45,155,775 (NB: Utilisation is awaiting SG clearance)
Counterpart funding amount	USD 4.84 m	USD 5.56 m	EUR 7,576,934
Grant closing date	23rd December 2023 (NB: Closed)	12th November 2025	May 2029

Source: MWE/WSDF-N.

The scope of work includes:

- (i) A total of 62 piped water supply systems, including public and institutional sanitation facilities, constructed for small towns (ST), rural growth centres (RGCs), and refugee settlements.
- (ii) Engineering designs for 52 piped water schemes and sanitation facilities completed.
- (iii) The construction of ten (10) faecal sludge treatment facilities completed.
- (iv) Ten (10) piped water schemes in small towns and rural growth centres rehabilitated/improved.
- (v) Sanitation and hygiene promotion practices conducted.

Financial Performance

As of the end of November 2024, grant disbursement stood at 79.5%, unchanged since March 2024 (Table 3.7.14), of which 64.07% was absorbed. The project spent more¹²⁸ funds than the value¹²⁹ of work achieved (Figure 3.7.7), indicating inefficiency in implementation.¹³⁰ This was partly due to the increased costs of construction inputs/materials such as fuel, pipes,

¹²⁷ Public Investment Plan.

¹²⁸ Actual Cost = USD 27.39 m.

¹²⁹ Earned Value = USD 19.43 m.

¹³⁰ Cost Performance Index (CPI) = 0.71; this is less than one (1), meaning the project is over budget hence the cost efficiency is poor; more money is being spent than the value of work delivered.



cement and iron bars, which affected the overall cost of works as well as monitoring and supervision.

Table 3.7.14: Financial performance of the Water and Sanitation Development Facility North II Project as of 30th September 2024

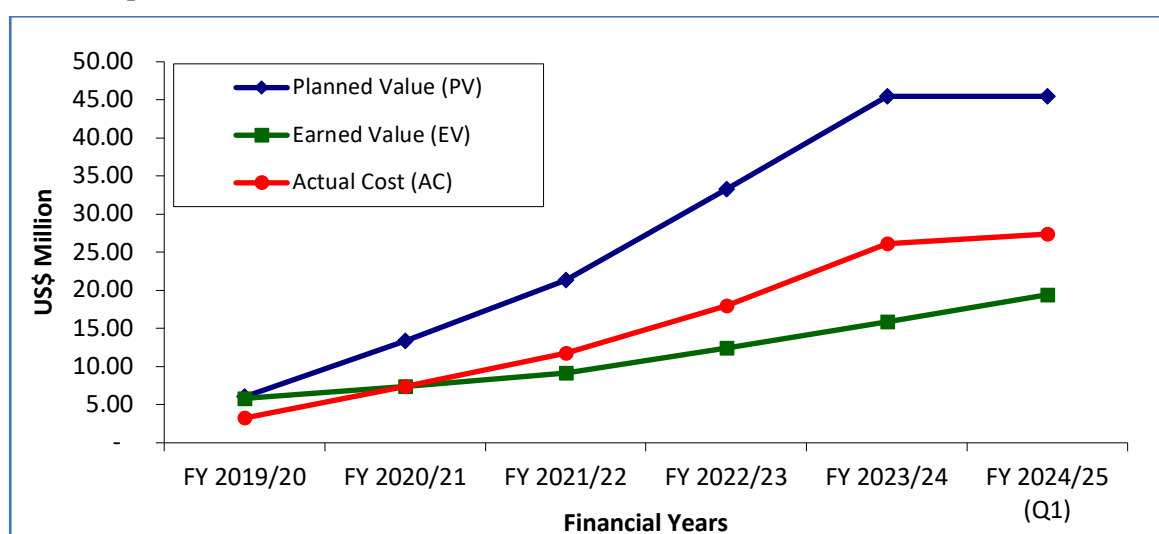
Funder	Committed funds (USD million)	Disbursement / releases (USD million)	Expenditure (USD million)	% Disbursed or released	% of disbursement spent
The Federal Republic of Germany through KfW (total of Grants 1 and 2)	27.26	21.68	13.89	79.5	64.07
GoU	18.20	13.49	13.49	70.9	100
Total	45.46	35.17	27.38		

Source: MWE; Programme Budgeting System progress reports FY 2019/20 – FY 2024/25.

Physical Performance

Overall, there was minimal improvement on the physical front, from 41% in March to 42% in November 2024. This performance remained poor and behind schedule¹³¹ by 57% (Figure 3.7.7). Only 18 out of the planned 62 piped water schemes and three (3) faecal sludge treatment facilities (FSTFs) were completed and commissioned. These were functional and the quality of work was satisfactory, thus increasing the number of people accessing safe water supply and sanitation services. The completed facilities were handed over to either the National Water and Sewerage Corporation (NWSC) or Umbrella Water Authority (UWA) for operations and maintenance as a sustainability measure and further expansion, as needed. Public and institutional sanitation facilities were constructed alongside the water systems. These had separate stances for ladies, men and persons with disabilities (PWDs), an indication of gender sensitivity. Hygiene promotional campaigns were also conducted for the completed towns.

Figure 3.7.7: Performance trends of the Water and Sanitation Development Facility North II as at 30th September 2024



Source: Author's compilation from MWE; PBS progress reports FY 2019/20 – FY 2024/25.

¹³¹ Schedule Performance Index = 0.43, which is less than one, an indicator of time lag. The project is behind schedule by 57%.

The detailed performance of the key project outputs is presented hereafter:

i) A total of 62 piped water supply systems, inclusive of public and institutional sanitation facilities, constructed for Small Towns (ST), Rural Growth Centres (RGC), and refugee settlements

Overall, 18 piped water systems¹³² were completed, commissioned, and functional. Notably, one additional WSS (Keri-Oraba) was completed after the last monitoring period in March 2024. The quality of work was good for the water schemes monitored. The systems were handed over to either the National Water and Sewerage Corporation (NWSC) or Umbrella Water Authorities (UWA) for operation and maintenance.

Eight (8) other water systems were ongoing at various progress levels as follows: Zombo Town Council (TC) (97%), Parabongo in Amuru (91%), Lacekocot (80%), Obongi TC (95%), Lamwo TC (80%), Palabek-Kal (86%), Araa Difule (10%), and Rhino Camp (15%). Procurement of contractors was at the contract signature stage for two water schemes in the Lobule and Boroli Refugee Settlements. The remaining 34 water schemes had not commenced construction, with some at a detailed design or feasibility study stage.



L: A reservoir tank and chlorine house; R: A functional yard tap for Lamwo water supply system in Lamwo Town Council, Lamwo District.

The construction of public and institutional sanitation facilities was done along with the piped water schemes. The public sanitation facilities were waterborne, whereas the institutional toilets were Ventilated Improved Pit (VIP) latrines. These had separate stances for males, females and PWDs. The performance levels of the sanitation facilities were consistent with those of the piped systems and the quality of work was good.



¹³ L: A seven-stance VIP latrine for boys in Zombo Lower Primary School; R: A four-stance VIP latrine for girls in Ayago Primary School in Lamwo District.



ii) Engineering designs for 52 piped water schemes and sanitation facilities completed

Overall, 21 designs were finalised and approved by the Design Review Committee of the Directorate of Water Development. Additionally, designs for eight (8) piped water schemes progressed to the detailed design stage, while five (5) others were at the feasibility study phase.

iii) The construction of ten (10) faecal sludge treatment facilities completed

Three (3) faecal sludge treatment facilities (FSTFs) were completed with good quality works. These facilities are: Dzaipi RGC, Yumbe, and Rhino Camp. In addition, the engineering design for Loro FSTF was finalised. Its construction and those of the remaining planned facilities were pending financing.

Ten (10) piped water schemes in small towns and rural growth centres rehabilitated/improved

This output was rescoped. An assessment of the existing schemes to be rehabilitated/improved revealed that they would require an overhaul. Therefore, new water schemes for those towns were proposed.

iv) Sanitation and hygiene promotion practices conducted

The promotion of sanitation and hygiene activities were carried out in towns where piped systems were constructed, spanning pre-construction to post-construction phases. These activities included community trainings, awareness campaigns, drama performances, and radio talk shows. Cross-cutting issues involving HIV/AIDS awareness were also integrated into the community campaigns. Local Governments and other stakeholders were empowered to sustain the sanitation and hygiene promotion efforts. Furthermore, environmental and water source protection measures were implemented around the completed schemes. Activities such as fencing and tree planting were done to safeguard the water sources.

Implementation Constraints

1. Increased costs of construction inputs/materials such as fuel, pipes, cement and iron bars, which affected cost estimates, resulting in increased project costs.
2. Delayed disbursement of Government of Uganda funds hindered the timely execution of planned outputs.

Conclusion

The overall performance was poor, with minimal progress, increasing slightly from 41% in March to 42% in November 2024. The project also lagged behind schedule by 57% due to non-achievement of the planned targets. More funds¹³³ were utilised for less the value of outputs achieved. Based on the current trend, the estimated budget for completion is USD 64.03 million, and an additional 13 years will be needed to achieve the remaining targets. This was an indication of poor cost and schedule efficiency. However, with a third grant worth EUR 45.2 million and counterpart funding of EUR 7.8 million awaiting clearance by the Solicitor General, these funds should be sufficient to complete all the project targets. Therefore, the project timeline can be extended to match the third Grant's closing date.

¹³³ Cost Variance (CV) = USD (-7.96 million), a negative CV emphasises further that the project is over budget whereby the actual cost exceeds the earned value.

Recommendations

1. MWE should strengthen the project management capacity of the WSDF-North staff for better project management.
2. The Development Committee of MoFPED should consider extending the project's completion timeline to align with the closing date of Grant 3.

MWE and the Development Committee of MoFPED should ensure thorough cost and time projections, including tools like Gantt charts at project appraisal, taking into consideration the scope of works for future projects.

3.8 Private Sector Development

The funded projects under the Private Sector Development programme were: The Investment for Industrial Transformation and Employment (“INVITE”), and the Competitiveness and Enterprise Development Project (CEDP), both funded by the World Bank.

3.8.1 Investment for Industrial Transformation and Employment Project (1706)

Introduction

The Investment for Industrial Transformation and Employment (“INVITE”) is a collaborative programme between the Government of Uganda, represented by MoFPED and Bank of Uganda (BoU), the private sector and development partners (the World Bank Group, the Swedish International Development Cooperation Agency (SIDA), the United Kingdom (UK) Government, and the Ministry of Foreign Affairs of the Netherlands).

The project was initiated in response to the effects of COVID-19 that put Uganda's growth trajectory at risk. COVID-19 exacerbated structural constraints and increased pressure on the poor and vulnerable, particularly those in urban informal sectors and Refugee-Host Communities/Districts (RHC/D).

The USD 200 million (comprised of a loan USD 96 million and grant USD 104 million) INVITE Project aims to create private-sector manufacturing jobs and increase incomes across Uganda by supporting manufacturing and exporting firms. The project will operate a range of products through the Private Sector Foundation Uganda (PSFU) and the Bank of Uganda – INVITE Trust.

The project target beneficiaries are 140,000 Medium, Small and Micro Enterprises (MSMEs) and 120,000 refugees; of these, at least 40,000 are expected to be women-led micro-enterprises. The project focuses on manufacturing and/or exporting supply chains. Larger-size firms will also benefit from project interventions. The five-year project was planned to start in 2022 and end in 2027. However, due to delays in approval, the project effectiveness date was 13th November 2023 and the closing date is 31st January 2027.

Objectives and Scope

The overall objective of the project is to mitigate the effect of COVID-19 on private-sector investment and employment and to support new economic opportunities among refugees and host communities.



The project is structured to provide liquidity to MSMEs through three key innovative products, designed and adapted for the context:

1. Extending the amortisation period of loan providing firms and banks with the capacity to sustain such extensions, buying precious time and reducing risks of excessive insolvencies;
2. Providing liquidity to small and micro firms on better terms to cope with the fall in demand and economic opportunities; and
3. Establishing an innovative factoring facility for MSMEs. This component also supports financial services to refugee-hosting district (RHD) communities where transaction costs are high and communities are vulnerable.

The project is subdivided into three components:

- **Component 1:** This focuses on relief and restructuring phases; supporting the provision of loans to the MSME sector by providing partial credit guarantees and long-term investment loans using a subordinated loan product, particularly in RHDs; and facilitating investments and expansion of viable and sustainable supply chains in RHDs.
- **Component 2:** This focuses on restructuring and resilient recovery phases. The project will also follow key principles such as transparency, financial sustainability, and sharing of the burden of financing with participating financial institutions (PFIs).
- **Component 3:** This focuses on building the capability of institutions and firms, financed by the Multi-Donor Trust Fund (MDTF), and Partnership for Support to the Implementation of the National Development Plan, indicatively of up to USD 18 million over the next five years by the Netherlands, the United Kingdom, and Sweden.

The execution of the project is through the INVITE Trust at Bank of Uganda. Funds disbursement will commence on meeting the following conditions set out in the aide-memoire and project appraisal documents: a) Incorporation of the INVITE Trust; b) Completion of the BoU operational manual; c) Preparation of the BoU INVITE Trust and Private Sector Foundation Uganda (PSFU) Environmental and Social Management Framework (ESMF); and d) Finalisation of the Environmental and Social Capacity Building Plan for participating financial institutions under the INVITE Trust.

Financial Performance

The overall budget for the project is USD 200 million, of which USD 0.50 million (0.25%) was disbursed but not utilised by 30th November 2024. Table 3.8.1 shows the disbursement plan and releases.

Table 3.8.1: Project Budget, Disbursement Plan and Actual Releases by 30th November 2024

S/N	Item	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
1	Planned annual disbursement (USD)	42.10	127.90	10.0	10.0	5.0	5.0
2	Planned cumulative disbursement (USD)	42.10	170.0	180.0	190.0	195.0	200.0
3	Actual disbursement (USD)	0.00	0.50				
4	Actual expenditure (USD)	0.00	0.00	0.21			

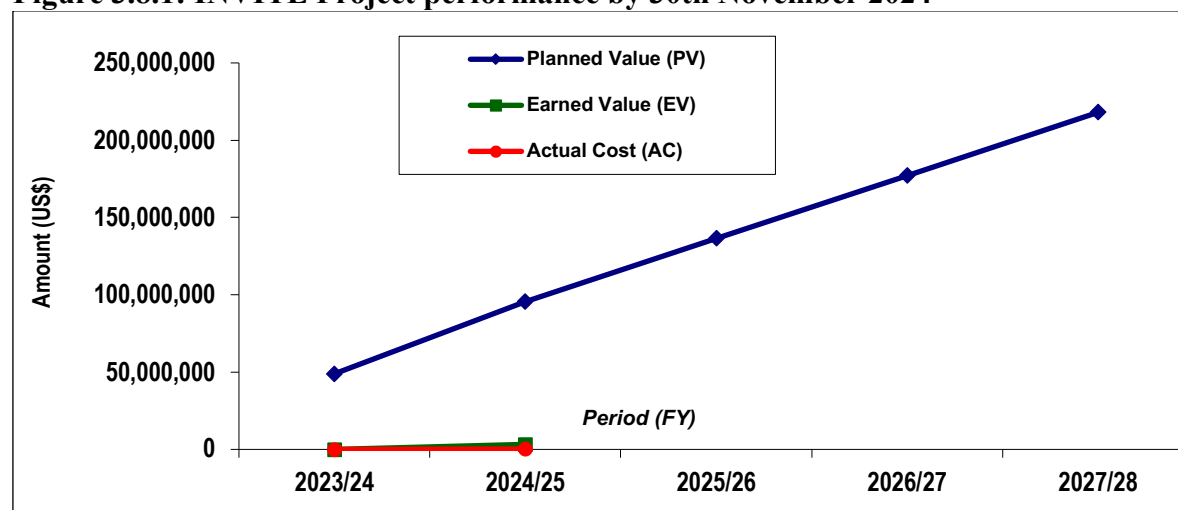
Source: World Bank, INVITE project appraisal document, and PSFU.

Physical performance

By 15th November 2024, the INVITE Trust was incorporated. Other conditions precedent to disbursement had not been met. Therefore, the project was at the preliminary stage for the last 12 months.

The project's cumulative earned value was far below the planned value, at USD 3.2 million against a target of USD 95.7 million. The project was operating below the budget¹³⁴, with a cost variance indicative of less spending than the value of work done. The project was behind schedule¹³⁵ (Figure 3.8.1).

Figure 3.8.1: INVITE Project performance by 30th November 2024



Source: PSFU & MoFPED.

Conclusion

The overall project performance was poor as most prior conditions had not been met. The project was performing below budget and was behind schedule. The project's objective of addressing COVID-19-related constraints requires to be reviewed for better value.

Recommendation

- i) The implementing partners MoFPED, BoU, and PSFU should expedite the fulfilment of the conditions precedent to the disbursement of funds to fast-track project implementation.

3.8.2 Competitiveness and Enterprise Development Project – Additional Financing (1289)

Introduction

The initial phase of the Competitiveness and Enterprise Development Project (CEDP) worth USD 100 million started in 2014 with an initial end date of 2019 (extended to 2022). The overall aim was to improve the competitiveness of enterprises in Uganda and contribute to the socio-economic transformation of the country. The objectives included strengthening the role of the Government in unlocking investments in strategic economic sectors and the organisational and institutional capacity of the private sector to drive growth. The Government

¹³⁴ Cost Performance Index (CPI) = 15.36.

¹³⁵ Schedule Performance Index (SPI) = 0.03.



of Uganda and World Bank-funded project is housed at the PSFU, while the beneficiaries are at various Ministries, Departments, and Agencies (MDAs).¹³⁶

At inception, the project components included land administration and management reform, business registration and licensing reform, tourism competitiveness and development, and a matching grants facility. These were largely successfully implemented by 2021.

The Government sought to scale up the existing operations through the provision of additional financing (AF) worth USD 98 million to effectively complete the implementation of the land and tourism components while consolidating and deepening both the sustainability and impact of the original project. The AF was approved by the World Bank on 9th November 2020 and became effective on 6th April 2021, with an initial completion date of 30th May 2022 which was revised to 30th November 2024.

Scope and Objectives

Under the AF, the overall project objective is to support measures that facilitate increased private-sector investment in the tourism sector and strengthen the effectiveness of the land administration system.

Under the Tourism Component, the planned outputs were; a) Uganda Wildlife Education Centre (UWEC) redeveloped, retooled, and modernised; b) Uganda Wildlife Research and Training Institute (UWRTI) reconstructed, expanded and transformed into a Centre of Excellence; c) Uganda Hotel Tourism and Training Institute (UHTTI) three-star application hotel expansion completed; d) UHTTI School and other related facilities completed; e) Presidential CEO forum offices refurbishing completed and Defects Liability Period (DLP) concluded; f) Tourism Information Management System (TIMS) fully developed and operational; g) Uganda Museum refurbished, remodelled, and modernised ; and h) Uganda Museum laboratory storage facilities retooled.

The Lands Component had an added objective of creating an efficient and corruption-free land administration system by rolling out the Land Information System (LIS) to all regions of the country; and strengthening the capacity of the Land Division of the Judiciary on the technical use of the portals, land records and access to the National Land Information System (NLIS).

The specific outputs were: The construction of the additional floor at the National Land Information Centre (NLIC); Enhancement and rollout of the Uganda National Land Information System (UgNLIS); Development of Parish Physical Development Plans; Adjudication and demarcation of parcels; Systematic Land Adjudication and Certification (SLAAC) of Oyam and Apac districts; Production and issuance of SLAAC titles; and development of the Land Valuation Management Information System (LaVMIS).

Financial Performance

The approved project loan was USD 99.8 million, which was revised downwards to USD 97.027 million owing to the foreign exchange rate loss of the SDR to the dollar. The loan allocation was as follows: USD 51.7 million for land administration; USD 41.6 million to the tourism component and USD 3.5 million to project administration.

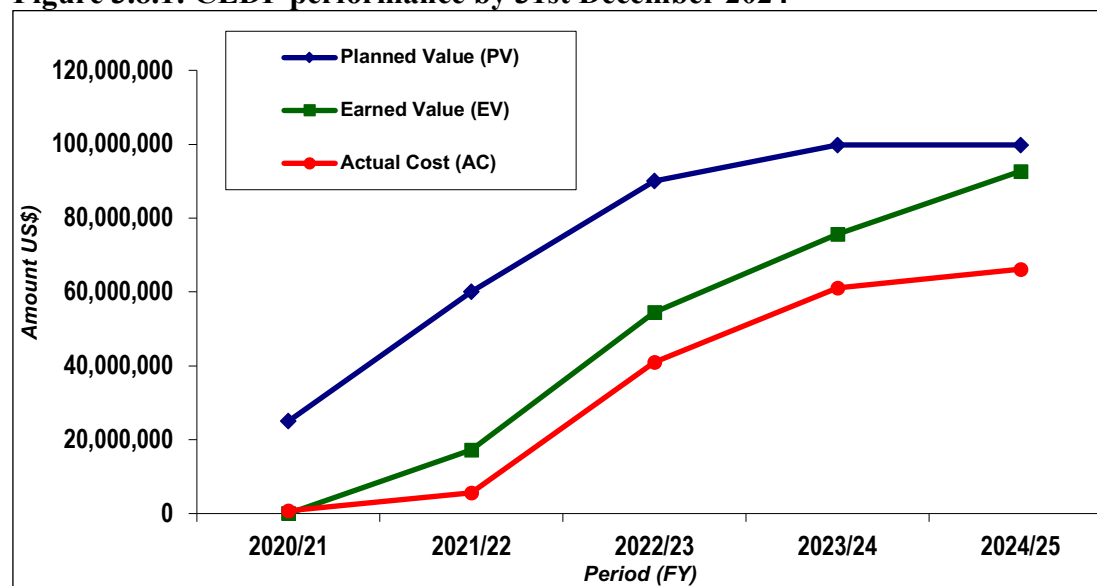
¹³⁶ Ministry of Lands, Housing and Urban Development, Ministry of Tourism Wild Life and Antiquities, Uganda Registration Services Bureau, Uganda Tourism Board, Uganda Exports Promotions Board, Capital Markets Authority, and Uganda Investment Authority.

By 31st December 2024, USD 97.027 million (100%) had been committed, of which USD 66.173 (68%) was spent. The disbursement under the lands component was 76% compared to 73% under the tourism component. Both components were behind schedule. The poor resource absorption was due to the low commitment of some implementers at the Ministry of Lands, Housing and Urban Development (MoLHUD), delayed administrative reviews for procurements, and cash flow constraints faced by some of the contractors. The trends in financial performance are shown in Figure 3.8.1. The allocated funds were not fully absorbed at the time of project closure.

Physical Performance

The cumulative earned value of the project was estimated at USD 92.6 million against the planned value of USD 97 million. This was because several disbursement-linked indicators had not been achieved to trigger payment. The Cost Performance Index (CPI) shows that the project was executed under the budget, owing to unpaid certificates, while the Schedule Performance Index (SPI) and Schedule Variance (SV) show that the project was behind schedule.

Figure 3.8.1: CEDP performance by 31st December 2024



Source: PSFU, MoLHUD.

The progress on each planned output is discussed hereunder:

1. Uganda Wildlife Education Centre (UWEC), in Entebbe redeveloped, retooled, and modernised: The contract was awarded to Seyani International at US\$ 12 billion, with Studio FN as the supervising consultant. The scope of works included a National Wildlife Hospital block extension, administration block extension, a chimpanzee enclosure building, Kidepo fencing, aviary, an African hunting dog enclosure building, an elephant enclosure, a car park, and roadworks.

The works commenced on 3rd October 2023, with the expected completion date of 30th May 2024, which was extended to 30th October 2024. By 20th November 2024, the overall physical progress was 97%, against time progress of 100% and financial progress of 70%.

All the enclosures were completed and handed over to UWEC except the aviary, which was at 95% progress and road paving works at 65% completion. All materials for the civil works were on site, and the output was expected to be completed by 30 November 2024.

The contract for the UWEC Information, Education, Communication, and Marketing (IEC&M) materials, including public shades and trash bins, design, construction and installation of animal sculptures, directional signage, information boards, and billboards, was implemented, and the sculptures were installed along Entebbe Road.

2. Reconstruction, expansion and transformation of the Uganda Wildlife Research and Training Institute (UWRTI) into a Centre of Excellence in Kasese District: The contract worth US\$ 12.5 billion was awarded to Ambitious Construction Company with a start date of 26th September 2023 and end date of 25th June 2024. The supervising consultant was Strategic Friends International. The scope of works included the construction of a perimeter wall, gate and gatehouse, chain-link, a two-storey administration block, a two-storey classroom block, a powerhouse, an access road to the office from the gate, an animal protection trench, and the supply of furniture.

By 30th November 2024, the overall physical progress was 99%. The site was handed over to the institute, and the occupation permit was issued. The consultant generated a snag list which was addressed by the contractor. The furniture and fixtures for the institute had been procured pending delivery.

3. Completion of the Uganda Hotel Tourism and Training Institute (UHTTI) three-star application hotel, training school and other related facilities in Jinja: Phase 1A, consisting of a hotel block with 50 guest rooms, a conference room, a kitchen and a reception, was completed and was under the defects liability period. The equipping and retooling of the institute was still ongoing, including the installation of a public address system in the conference hall, television screens, a bar, a kitchen, tables, chairs, beds, an air extraction system, and laundry equipment. The overall progress for phase 1A was 99%.



L-R: Ongoing external works at UHTTI and inside the Main Conference Hall in Jinja.

Phase 1B, consisting of 32 additional hotel rooms (second floor) and a service lift, was contracted to M/s ROKO Construction company. The overall progress of Phase 1B was estimated at 90% against 100 % time progress. The contractor experienced cash flow constraints during implementation, which slowed down progress. There were variations in power requirements that necessitated transformer and generator upgrades. The furniture and fixtures under this phase had not been delivered. The remaining civil works required about 90 days to be completed.

Phase II construction of the training institute was contracted to M/s CRJE East Africa Limited under the supervision of Symbion Uganda for nine months running from 21st September 2023 to 20th April 2024. This was further extended to 30th November 2024. The scope of work covered the demolition of old structures and construction of a classroom block, an administration block, and a multipurpose hall.

The overall physical progress of Phase II was 80% against 97 % time progress, and 78% financial progress (including advance payments). The old structure was demolished and the superstructures for the classroom block, administrative block, and multipurpose hall were constructed and most of the finishes were completed pending installation of final electrical and water fixes.

The pending work included the completion of external works (landscaping and compound paving), final painting, terrazzo floor screeding/shining for the multipurpose hall, connection to the water tank and installation of fire hydrants, and furniture. The project was delayed by late approval and issuance of the demolition permit by the Jinja City Council, and inclement weather. The variations included the installation of an air conditioning system in the mock-up rooms and the installation of a kitchen hood.

4. The Tourism Information Management System (TIMS) developed and operational:
The design of the TIMS was completed.

5. Uganda Museum refurbished, remodelled, modernised and the lab storage facilities retooled: The development of schematic designs and Bills of Quantities (BoQs) for the Uganda Museum's planned infrastructure were finalised and the World Bank approved the process of acquiring the contractor to undertake civil works. The M/s CRJE was contracted to undertake civil works at the Museum and took possession of the site on 30th July 2024. The project commenced on 16th August 2024 and is expected to end in April 2025, although donor funding was ending on 30th November 2024.

The scope of works included the construction of a perimeter wall, restoration of the roofs, creation of new storage with a laboratory and office space, installation of a lift, storm-water management, rehabilitation of galleries, construction of new toilet facilities, curing the walls, and reinstating them to the old look, among others.

The overall progress for the civil works was estimated at 24% against a target of 34% as of 15th November 2024. The superstructure of the toilet and the excavation of the lift area had been completed. The weak plaster on the walls was removed in the reception area; the old toilets were demolished; and the walls strengthened to support the planned rooms on the upper floor.

The replacement of old roofing sheets was ongoing. The interlocking roof slabs were being prepared to receive a chemical upgrade. At the Transport Gallery, the construction/replacement of the roof was ongoing. The pending work was at the Natural History room where the floor will be replaced with epoxy raisin, lighting change, display boards, and repainting.

Perimeter wall: The excavation and concrete lining of 300 metres out of 700 metres of the perimeter wall foundation had been completed with some sections of the wall constructed.



Storage building: The two-level superstructure for the temporary storage had been completed and the construction of the substructure for the permanent storage was ongoing. The Uganda Museum signed a partnership agreement with an international museum to modernise and improve its management.

The project faced the following challenges: a) Non-approval of five (5) independent teams as requested by the consultant for the completion of the works in due time; and b) Unfavourable weather conditions and delayed approval to start works. All the works under the tourism component started late and the project runs a risk of lack of funding at the expiry of the loan if a time extension is not granted and no supplementary budget is approved under the Government of Uganda.

6. Land administration component: Progress was made in the enhancement and automation of the NLIS and version 7.0 was rolled out to the 22 Ministry Zonal Offices (MZOs) with enhanced capacities, including Short Messaging Services (SMS) notification to registered landowners. The portal was functionalised and can be accessed at <https://www.ugnlis.mlhud.go.ug/>.

Data/Disaster Recovery Centre: The procurement of equipment for a disaster recovery site was concluded in September 2024, and implementation started in October 2024. However, some equipment will not be delivered by the project closure.

Under the systematic registration of communal and individually owned land, grievance redress mechanism committees were established, and the Systematic Land Adjudication and Certification (SLAAC) data processing centre was operationalised. In Apac and Oyam districts, 17,000 certificates of title were processed and some were issued.

The Phase 2 SLAAC had a target of 250,000 certificates of titles issued. By 20th November 2024, all surveys and data cleaning activities in four out of six lots had been completed, while surveying activities in two of the lots were ongoing. The overall progress under this component was 70%. MoLHUD had set up regional data processing centres to facilitate batch printing of titles, and signing would be done in groups running in two shifts (day and night). The Land Valuation Management Information System (LAVIMIS) was completed and hosted by NITA-U.

Purchase of specialised equipment: Procurement of survey equipment, including drones, for the Institute of Land Management and Department of Surveys at Makerere University delayed due to administrative reviews. The best-evaluated bidder in Lot 1 closed shop in Uganda, while orders under Lot 2 were made. The procurement of assorted ICT equipment for MZOs and other institutions was undertaken, and new printers were delivered to all the MZOs. The equipment procured will be used to support Local Governments in implementing the PDM physical planning.

A master's degree programme in Land Management at Makerere University was launched and 10 government staff enrolled and were funded to undertake the training. Other capacity-building trainings were undertaken and the pending ones were slated to be completed by 30th November 2024.

The construction of an additional floor at the NLIS was not done due to occupational health and safety concerns raised by the World Bank. The renovation of part of the Department of Surveys and Mapping Offices in Entebbe was at 95% physical progress.

reviewing and developing of land-related laws had not been initiated and some disbursement-linked indicators remained pending. The performance of the land component was behind schedule as compared to the tourism component. The 72 new parish physical development plans were integrated into the NLIS.

The land management outputs were over-ambitious and left out critical aspects outside the zonal offices. For example, the Area Land Committees and District Land Boards were not facilitated to conduct critical roles that support the achievement of the project targets.



L-R: Structural work for the lift area and the temporary storage at the Uganda Museum, Kamwokya.



A Land Registry with some of the processed files in Fort Portal.

Implementation Constraints

- i) Delay in the approval of the project by the different stakeholders and a consequent delay in effecting its operations.
- ii) Approximately USD 2.8 million was lost as a result of the SDR-USD exchange. This will greatly affect the budget and activities to be implemented.
- iii) Delays in signing of major contracts due to the large amount of funds coupled with administrative reviews, securing “No-Objections” from the World Bank and clearance from the Solicitor General.
- iv) Poor contract management, mainly under the lands component, and poor institutional ownership of the project.



- v) Flaws in project designs, especially the land component, that did not consider facilitation to Area Land Committees and District Land Boards, which led to constraints on approval.
- vi) Inadequacy of the budget to allow effective project implementation.

Conclusion

The overall physical progress was estimated at 74% and the project was behind schedule. The project was operating below the planned budget and had spent less money as compared to the value of work completed, as indicated by the cost variance (CV) of USD 26.5 million. Critical deliverables were behind schedule, as shown by the schedule variance (SV) of -7.12 value.

The contracts for the civil works for the Uganda Museum, Crested Crane Hotel, and the Uganda Hotel and Tourism Training Institute were behind schedule. The pending civil works would not be completed by 30th November 2024, a date for the financial closure. The procurements for furniture (beds, chairs and tables) for all institutions were yet to be finalised.

Whereas the NLIS was upgraded to undertake batch title printing, it was unlikely that the targeted 250,000 titles would be printed and manually signed in time. It was observed that the project was less likely to be completed within the remaining project time, given the delays in procurement and implementation. The closure process needed to be reviewed to ensure an alignment with the project management principles.

Recommendations

- i) MoFPED should engage with the World Bank to extend the project's financial closure by six months to enable the completion of all pending activities, including civil works, printing and distribution of land titles to the beneficiaries.
- ii) The PSFU and MoFPED should adjust the budget and activities to cater to the exchange rate loss or find counterpart funds to bridge the deficit of USD 2.5 million.
- iii) The PSFU and MoFPED through the Project Steering Committee should regularly engage with PPDA and the World Bank to resolve the administrative complaints in time to avoid delays.
- iv) GoU should invest funds in surveying all the land in the country and having it titled and registered to leverage the benefits of the databases created, increase revenue and improve the business environment.
- v) The Lands sub-programme should invest in mindset change among leaders at Local Government level, especially Area Land Committees and District Land Boards, to improve efficiency in land administration.
- vi) MoLHUD and MTWA should prioritise the operations and maintenance requirements arising from the outputs of the project with effect from FY 2025/26.

3.9 Regional Development

3.9.1 Local Economic Growth Support Project (1509)

Introduction

The Local Economic Growth Support (LEGS) Project is a Government of Uganda (GoU) initiative aimed at improving household incomes for smallholder farmers in selected districts through increased agricultural productivity and development of priority value chains. The project is co-financed by GoU and the Islamic Development Bank (IsDB). The project profile is presented in Table 3.9.2.

Table 3.9.1: Project profile of LEGS Project

Project Name	Description
Project goal	To improve individual and household incomes in districts that have low levels of water availability for both production and domestic use.
Project development objective	To enhance agricultural production and productivity through: (i) Water for enhanced agricultural productivity and environmental conservation; and (ii) support to value chain development.
Coverage	Component A: Alebtong, Bunyangabu, Gomba, Kabarole, Katakwi, Kibuuku, Kumi, Kyenjojo, Nakaseke, and Ntoroko Districts. Component B: 10 districts of Component A and an additional 7, namely – Adjumani, Buikwe, Buyende, Luweero, Nwoya, Rukungiri, and Tororo.
Lead agency	Ministry of Local Government
Total project cost	USD 50.4 million to be contributed as follows: USD 43.0 million by IsDB; USD 4.8 million by GoU; USD 2.60 million community input. ¹³⁷
Project financier	Islamic Development Bank (IsDB)
Date loan declared effective	7th January 2018
Date signed	25th February 2019
Original completion date	30th June 2022
Revised completion date:	31st August 2025

Source: LEGS progress reports.

Component A: Support to Rural Infrastructure for Enhanced Agricultural Productivity and Environmental Conservation: This component aims at improving rural infrastructure with a major focus on developing water resources for irrigation and domestic use. This is implemented through three sub-components, with each sub-component having a set of activities with clear deliverables and these are; water for production and for consumption, irrigation-farm access-market roads, bulking and storage facilities, markets, milk coolers, agro-processing units, environment and natural resources management.

Key Planned Outputs:

- 1) Seven valley tanks, surface water schemes constructed and rehabilitated for irrigation.
- 2) Eight valley tanks, surface water schemes constructed and rehabilitated for consumption.
- 3) Water harvesting schemes rehabilitated and constructed in seven project sites.
- 4) 200 km of community access roads rehabilitated.
- 5) Seven community-based and shared solar panels with accessories installed.
- 6) 10 community-based bio-gas structures constructed.
- 7) 90 community-led artificial insemination (AI) units established.
- 8) 24 heavy-duty tractors and 600 walking tractors with accessories provided for agricultural mechanisation.
- 9) Six milk collection centres constructed and equipped.
- 10) Agro-processing plants in 12 sites provided in collaboration with cooperatives/unions.
- 11) Bulk marketing sites renovated.

¹³⁷ Community contribution was either in-kind or in-cash. The in-kind contribution includes land, labour, local materials and participation in community meetings.



Component B: Support to Household Livelihood and Value Chain Development: The component focuses on increasing access to affordable and sustainable rural microfinance, and the adoption of improved agronomic and livestock production practices, as well as sustainable rural microfinance.

Key Planned Outputs

- 1) 15,000 smallholders supported with rural microfinance for agricultural inputs
- 2) 24 heavy-duty tractors and accessories and 600 walking tractors procured
- 3) 36 Modern equipment for processing, sorting, grading and branding procured
- 4) Farmer groups organised and reactivated into registered cooperatives to access rural finance (voucher system).
- 5) Capacity built for rural financial intermediaries, specifically Savings and Credit Cooperatives Organisations (SACCOs).
- 6) Local Enterprise and Business Agency (LEBA), Rural Agricultural Credit Association (RACA) and participatory value chain mapped.
- 7) Farmers' training and demonstration centres set up for improved agronomic practices and livestock technologies.

Financial Performance

The approved budget was US\$ 176.4 billion, of which US\$ 104.8 billion (90%) was disbursed and US\$ 99 billion (95%) was spent by December 2024, indicating good funds absorption. However, US\$ 5 billion was encumbered to ongoing civil works in 10¹³⁸ districts. The project under spent by 67%¹³⁹ due to ongoing procurements and civil works against the overall project cost.

Physical Performance

The project registered good physical progress from 67 % in July 2024 to 72% by December 2024. The detailed performance by component is presented below:

Component A: The achievement of key outputs improved from 77% in July to 82% in December 2024. The improvement was due to the completion and commissioning of several key projects, including multipurpose bulking centres, rehabilitation of 156 out of 200 km (78%) of the community access roads (CARs), and the completion of five out of eight piped water systems.

Component B: The achievement of key outputs improved from 40% to 46% from July to December 2024, respectively. Progress was mainly attributed to capacity-building and training efforts, with 3,500 out of 6,000 farmers trained in value addition and 7,500 out of 10,000 community members educated on the importance of agro-processing and market linkages.

From July to September 2024, there were delays due to logistical challenges with training materials and transportation. However, partnerships with local agricultural extension workers in August helped accelerate the training process. From October to December 2024, the programme gained momentum, completing more training sessions. Awareness campaigns expanded through radio spots, reaching a broader audience. The project also focused on disbursing microfinance to beneficiary groups, utilising Islamic financing methods.

¹³⁸ Alebtong, Bunyangabu, Gomba, Kabarole, Katakwi, Kibuuku, Kumi, Kyenjojo, Nakaseke, and Ntoroko districts.

¹³⁹ Cost Performance index was 1.67.

Other key achievements were: completion, commissioning and operationalisation of two (100%) multipurpose bulking centres; construction and renovation of farmer produce storage facilities (bulking and storage centres) at 100%; establishment of community AI units (100%); establishment of community biogas systems (100%); distribution of seedlings for horticulture production (100%); mapping of Local Enterprise and Business Agency (LEBA), Rural Agricultural and Agricultural Credit Association (RACA) and participatory value chain at 100%.

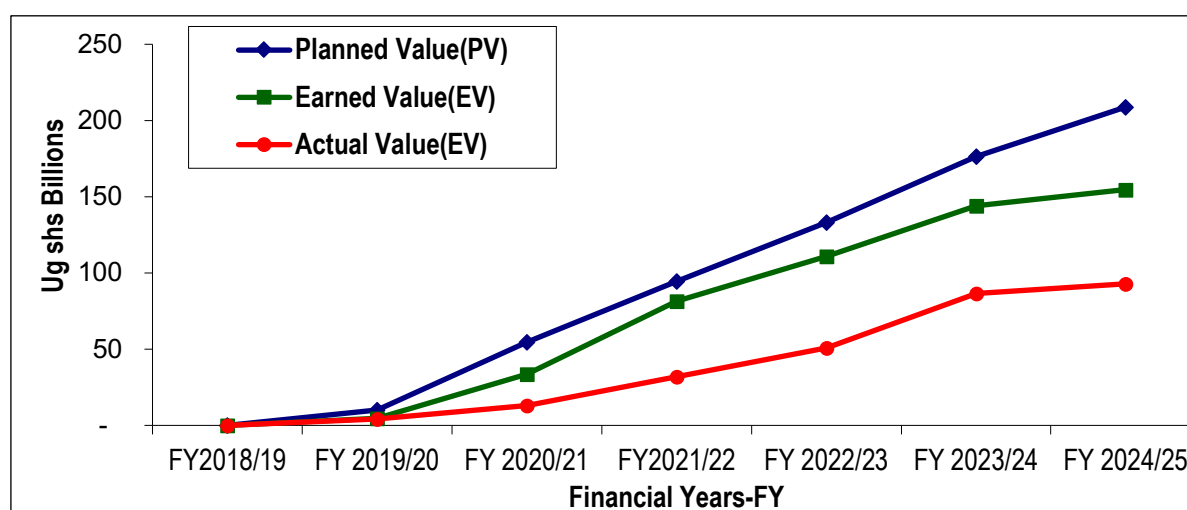
The project was behind schedule by 26%¹⁴⁰ due to additional works for milk collection centres, pending works at abandoned sites as well as contractors that had underquoted. A case in point was the Gatyanga coffee processing plant in Bunyangabu District, where pending works were worth US\$ 400 million; and another example was the abandonment of the site at the Ocorimongin rice processing plant in Katakwi District. MoLG has since contracted new contractors to continue with the civil works.

The Ministry of Local Government (MoLG) procured works for the rehabilitation of three additional roads in Bunyangabu District, namely: Kanyansi-Bukika-Kiboota-Mitandi-Kinyankende, measuring 4 km; Mahumbuli-Kabanda, measuring 2 km; and the rehabilitation of Nyamiseke-Mahoma, measuring 5.4 km. These roadworks increased the total length of motorable CARs in the district by 13.5 km. The districts of Bunyangabo and Kyenjojo successfully completed and commissioned most key projects, achieving a physical performance rate of 100%.

Figure 3.9.1 shows the performance of the project with a higher earned value against actual cost.

The overall analysis indicates a moderate delay¹⁴¹ in LEGs project activities. This delay stems primarily from additional civil works at abandoned sites. Conversely, the Cost Performance Index¹⁴² indicates that the project is underspending, because of delays in procurement; delays in submission and payment of certificates; and weak contract management by sector specialists, particularly the District Engineers.

Figure 3.9.1: Performance trends of the LEGs Project by December 2024



Source: LEGS project financial reports.

¹⁴⁰ Schedule Performance Index was 0.74.

¹⁴¹ Schedule Performance Index (SPI) of 0.74.

¹⁴² Cost Performance Index of 1.67.

The implementation of the LEGS interventions under the two components was at varied stages, as elaborated below.

Component A: Support to Rural Infrastructure for Enhanced Agricultural Productivity and Environmental Conservation

Water for Production

Construction/rehabilitation of seven valley tanks, surface water schemes (irrigation)

A total of three out of seven valley dams were undergoing procurement processes/initial works: heavy earthworks commenced in Kajamaka Valley Dam in Kumi District with physical progress of 25%; and procurement processes for Rwakibira Dam in Gomba District and the Kinoni pipeline in Nakaseke District were completed, and land boundaries established. Evaluation bids for the Ominya/Palam water supply scheme in Katakwi District were in progress. The designs of the rehabilitation of the earth dams and construction of the water pipeline were developed jointly by the Ministry of Local Government (MoLG), the Ministry of Water and Environment (MWE), District Engineers of the benefitting districts and Millennium Promise Alliance (MPA).



L-R: Ongoing excavation works at Kajamaka Earth Dam in Kumi District.

Construction and/or rehabilitation of eight (8) valley tanks, surface water schemes (consumption)

Five of the eight piped water systems were completed and commissioned. These are: Alanyi Water and Sanitation System in Alebtong; Kaizikasya Piped Water System in Kyenjojo; Bunaiga Piped Water System in Bunyangabu; Buyanja Gravity Flow Scheme in Gomba; and Orungo Corner Gravity Flow Scheme in Katakwi District. The systems provided a reliable source of clean and safe drinking water for the local community, which contributed to a reduction of waterborne diseases and overall improvement in public health. The remaining three (3) piped water systems were at different levels of completion, ranging from 60% to 93%. These are: (i) Mugusu Water Supply System in Kabarole (90%); (ii) Kanapa Gravity Flow Scheme (60%) in Kumi; and (iii) Nyakatoke Gravity Flow Scheme (93%) in Ntoroko District, pending tasks including painting, scaling of a reservoir tank and installation of an intensification network.

The Kanapa Gravity Flow Scheme in Kumi District was at a physical progress of 60%. Slow advancement was linked to the contractor's insufficient financial flow, despite having a strong technical team on-site. The contractor installed 1,432 metres of pumping main and 11,287 metres of distribution main pipe network. Pending works were the installation of the tank reservoir and household connections.



Left: Water point for Bunaiga in Bunyangabu District. Right: Laid foundation for the reservoir at Kanapa piped water supply in Kumi District.

Construction/ rehabilitation of 200 km of community access roads (CARs)

A total of 156¹⁴³ out of 200 km (78%) CARs were rehabilitated. The Batch One CARs were completed and handed over to the districts for maintenance. The emerging defects were addressed by the districts using a force account.

The Kahondo-Bubwika-Yerya bridge (2.1 km) in Bunyangabu District has significantly improved connectivity between the villages of Kahondo and Bubwika, allowing trucks to access matooke and other produce more easily. Previously, reaching the Health Centre IV was difficult for residents, but this issue is largely resolved with better connectivity.

Construction of the Kijenibarora-Bweyayo road (12 km) in Kyenjojo District improved connectivity and accessibility since there was no direct linkage between Kyenjojo Town Council and Bweyayo Parish. This has eased access to schools and health centres.

Five of the CARs required extra works to be fully functional. Hence MoLG submitted to the Islamic Development Bank (IsDB) a Special Procurement Notice (SPN) to tender out these works. Out of the submitted roadworks, the bank agreed to process works for two roads through NCB. These are Kisembo-Mureju (8.7 km) in Ntoroko, which were completed and commissioned. This has enabled physical access to the Karugutu, Kihondo and Kyakagusha markets.

MoLG issued contracts for two additional CARs: (i) 7 km of the Rwebisango-Kiranga CAR in Ntoroko; and (ii) 12 km of the Kijjanabarora-Bweyayo CAR in Kyenjojo. The Kijjanabarora -

¹⁴³ These included Alebtong TC, Awei Rd – 10.8 km, in Alebtong District; Kahondo-Bubwika-Yerya Bridge – 2.1 km, in Bunyangabu District; Kyabagamba-Kigayaza-Kyetume-Kyayi Rd – 30.3 km, in Gomba District; Harugongo- Kakundwa-Busoro – 7.4 km, in Kabarole District; Ngariam-Palam-Ising Rd – 13 km, in Katakwi District; Saala -Nakawa-Bikombe – 5.6 km, in Kibuku District; Kakuresi-Kanyamutamu-Kamaca – 13 km, in Kumi District; Aswa- Butiti- Nyobya- Karugaya- Kaihuru Rd – 5.7 km, in Kyenjojo District; Kijjanabirora-Bweyayo – 12 km CAR, in Kyenjojo District; Gomero- Migani- Kagongi- Buwana – 33 km, in Nakaseke District; Gayaza-Kalungu-Mityomere – 27.4 km, in Nakaseke District; Kisembo-Mulejju Rd – 8.7 km, and Rwebisengo Kiranga – 7.0 km, in Nakaseke District.

Bweyayo CAR was substantially completed. The works on the Rwebisango-Kiranga CAR were at 90% completion level.

MoLG procured works for the rehabilitation of three additional roads in Bunyangabu District. These are: Kanyansi-Bukika-Kiboota-Mitandi-Kinyankende, covering 4 km; Mahumbuli-Kabanda, covering 2 km; and the rehabilitation of the Nyamiseke-Mahoma CAR, covering 5.4 km. These roadworks will increase the total length of motorable CARs in the district by 13.5



L-R: Unraised Kalinda Swamp and part of the 17 km road not done along Gayaza-Kalungu-Mityomere Road in Nakaseke District.

Overall, the CARs rehabilitated under the LEGS Project were serving a total of 104 parishes in the 10 LEGS districts. The CARs were directly benefitting a total of 48,546 households, comprising a population of approximately 242,716 people.

The rehabilitation of the Gayaza-Kalungu-Mityomere road, a 27.5 km stretch in Nakaseke District, encountered multiple challenges. So far, 8 km of the road were completed with murrum filling, but poor drainage issues arose because the swamp in Kalinda lacked culverts. Only bush clearing was done on the remaining 17 km, indicating that substantial construction works were yet to commence. A key challenge was that the contractor under-quoted the project scope and costs. Although the contractor was fully paid, the road had not been commissioned by MoLG.

Construction of the two multipurpose bulking centres

Two multipurpose bulking centres were completed, commissioned and handed over to the communities and these were the Ongongoja multipurpose bulking centre in Katakwi District and the Goli multipurpose bulking centre in Kibuku District.

The quality of the civil works was good in both centres in terms of structural works, roofing and ventilation. All processing and storage equipment was installed and tested for functionality, the bulking centres are operational and the extension of electricity and electric installations was completed at Goli. The two facilities were furnished with 200 pallets, two weighing scales, eight roof wind-driven fans, two moisture meters, two heavy-duty loading trolleys, two file cabinets and two office desks. The impact of the completed bulk centres has improved post-harvest handling; and farmers had access to proper storage facilities, which significantly reduced post-harvest losses for key crops like maize, beans and sorghum.

For example, farmers in Ongongoja Sub-county in Katakwi District reported that the new bulking centre drastically reduced maize wastage during harvest seasons. They were able to store up to 20 tons of maize per season in the centre, which enabled them to bulk and negotiate better prices. Farmers got a 15–20% increase in profits due to the ability to store and sell in bulk.



L-R: Exterior of Goli bulking centre in Kibuku District; interior of Ongongoja farmers' produce bulking store in Katakwi District.

In Kibuku District, the centre benefitted the Bumaya Rice Growers Association where farmers processed and packaged their rice, giving them access to higher-end markets in Iganga and Jinja Districts. The packaging and processing unit at the centre improved the quality of the rice, enabling farmers to command 25% higher prices. Rice production increased and farmers are benefitting from value-added services such as milling and packaging.

Construction of 6 milk collection centres

Out of the planned target of six milk collection centres¹⁴⁴, one was completed and commissioned, and was operational namely Tisai Milk Collection Centre (MCC), in Kumi District. The quality of works was satisfactory in terms of structural integrity, roofing and ventilation. The milk handling and cooling systems were installed, and adequate drainage systems and wash areas were included to maintain high hygiene standards.

The MCC provided local dairy farmers in Tisai with a reliable platform for selling their milk and significant increase in the volume of milk collected daily as farmers were assured of consistent market access and increased incomes at 25% as they sell milk daily. Key challenges faced by the MCC included the rural nature of Tisai Sub-county, which complicated access and transportation of milk; and poor road conditions, especially during the rainy seasons, which hindered timely delivery of milk increasing the spoilage levels. These challenges limited the number of farmers who fully benefit from the MCC.

The construction of the additional civil works for the remaining five milk collection centres was ongoing. The contractors for the Katooke MCC in Kyenjojo District and Buseta in Kibuku District abandoned the sites largely due to underquoting. MoLG procured and reallocated funds for other contractors who were on site with a progress of 75%. The civil works at the Buwana milk collection centre in Nakaseke District, and the Kifampa and Kigezi milk collection centres in Gomba District were at 85% completion. The three-phase power line supply has reached the site, but transformer installation and commissioning were still outstanding for both locations.

¹⁴⁴ Kigezi MCC in Gomba District, Buwana MCC in Nakaseke District, Katooke MCC in Kyenjojo District, Tisai MCC in Kumi District, Buseta MCC in Kibuku District.



The Dairy Development Authority (DDA) recommended modification of the designs for the buildings in line with the hygiene and food handling standards. Key modifications included providing for more aeration, extending the drainage system within the structure, providing for more controlled movement, tiling of walls and terrazzo for the floor.

Establish 90 Community-led Artificial Insemination (AI) Units

Millennium Promise Alliance and MoLG aim to establish 90 Community-led Artificial Insemination (AI) Units in dairy farmers' cooperatives¹⁴⁵, successfully training and equipping community-based AI technicians to provide services. The initiative aims to shift dairy farmers' mindsets from traditional methods and local breeds to modern AI practices, making these services affordable for smallholder farmers and enhancing milk production for milk collection centres.



Ongoing civil works at Buseta milk collection centre in Kibuku District.

Under this programme, MoLG conducted AI training for dairy farmers and sponsored 90 community technicians (8 females and 82 males), who completed a month-long training course at the National Animal Genetics Resource Centre & Data Bank (NAGRC & DB) in Kiruhura District. These technicians were selected from cooperatives managing the milk collection centres.



Trained local Artisans handed start up AI kits

To support the AI services, MoLG distributed 90 AI toolkits across seven districts: Kibuku, Kumi, Gomba, Nakaseke, Kyenjojo, Ntoroko, and Katakwi. Each toolkit included essential

equipment like field flasks, hormone vials, and liquid nitrogen tanks. This initiative was expected to benefit over 52,000 cattle keepers and foster knowledge of AI in livestock communities.

The community-based model created 90 jobs for AI technicians, with increasing employment as demand grows. So far, the technicians have successfully inseminated 1,532 heifers with an 80% success rate in all the seven ¹⁴⁶districts.

¹⁴⁵ Maddu Dairy Farmers' Cooperative – 8 community-based AI technicians; Kifampa/Kabulasoke Dairy Farmers' Cooperative – 8 community-based AI technicians; Katooke Dairy Farmers' Cooperative – 12 community-based AI technicians; Buwana Dairy Farmers' Cooperative – 10 community-based AI technicians; Ntoroko Dairy Farmers' Cooperative – 12 community-based AI technicians; Buseta Dairy Farmers' cooperative – 8 community-based AI technicians.

¹⁴⁶ Kibuku, Kumi, Gomba, Nakaseke, Kyenjojo, Ntoroko, and Katakwi

For example, in Gomba District at Kusinza Farm, an AI technician inseminated 21 heifers, resulting in 12 calves. This service provided job opportunities for local youth who participated in the training. However, MoLG re-tendered the supply of motorcycles for the community-based AI technicians.



L-R: AI off-spring at Kusinza Farm in Gomba District.

Under the AI intervention, the following challenges were noted:

- i) Farmers adoption of AI was low as farmers preferred natural mating services, which were free and more accessible.
- ii) Poor mindset of the local farmers who believed AI would harm their animals.
- iii) High transport costs to get liquid nitrogen and semen from Entebbe.

It is recommended that:

- i) NAGRC&DB and districts should train farmers about the benefits of artificial insemination (AI) over natural mating, such as improved genetics, disease control, and better breeding outcomes.
- ii) Success stories should be shared from local farmers who have used AI effectively to improve their livestock, highlighting tangible benefits.

Construction of 11 processing plants for select crops (maize, groundnuts, sesame seeds, coffee)

The construction of 11 agro-processing facilities (APFs) across various districts, include: Apala seed oil processing factory in Alebtong District; Gatyanga coffee processing factory; Rwimi rice processing factory in Bunyangabu District; Ocorimongin rice processing factory in Katakwi District; Kajamaka rice processing factory in Kumi District; Kasiina and Kigoyera maize processing facilities in Kyenjojo District; Kiwoko maize processing facility; Kikwata coffee processing factory in Nakaseke District; Nombe coffee processing facility; and Itojo maize and rice processing factory in Ntoroko District.

By December 2024, a total of five out of the planned 11 facilities had been completed, commissioned, and operational. These included Nombe coffee processing facility and Itojo maize and rice processing factory in Ntoroko District; Rwimi rice processing factory in Bunyangabu District; Kasiina maize processing facility and Kigoyera maize processing factory in Kyenjojo District. The quality of works for all facilities was satisfactory.

The remaining six were at 56% to 94% completion, and these included: Apala oil seed factory in Alebtong District, Kiwoko maize processing facility and Kikwata coffee processing factory in Nakaseke District, Ocorimongin rice processing factory in Katakwi District, Kajamaka rice factory in Kumi District, and Gatyanga coffee factory in Bunyangabu District.

The Kikwata coffee factory had successfully installed and tested the processing machines using a generator. However, the factory's location was over two (2) km from the national grid, which created challenges in obtaining electricity. MoLG was in talks with the Uganda Electricity Distribution Company Limited (UEDCL) to discuss the possibility of extending the national grid to the facility.

Additionally, outstanding tasks in Kikwata coffee processing factory included electrical and plumbing installations, environmental mitigation measures (like tree and grass planting), tiling the office space, and constructing a waste room (for coffee husks), which was not included in the contractor's BoQs, despite available funding for these items



L-R: Exterior of the factory; and installed coffee processing equipment at Kikwata coffee processing factory in Nakaseke district

Two sites, the Gatyanga coffee processing factory in Bunyangabu District and the Ocorimongin rice processing factory in Katakwi District, had been abandoned and were significantly behind schedule due to the weak technical and financial capacities of the contractors; however, the core problem stemmed from underquoting. Despite two contract extensions, the contractors failed to continue work, leading to contract termination, and MoLG was in the process of securing new contractors.



L-R: Abandoned sites of Gatyanga coffee processing plant in Bunyangabu district; Ocorimongin rice processing factory in Katakwi District.

In contrast, completed agro-processing facilities (APFs) positively impacted beneficiary cooperatives and neighbouring communities. For example, in Ntoroko District, local coffee farmers no longer travelled long distances for processing, prompting increased coffee cultivation to match the new processing capacity. The Itojo maize processing facility greatly benefitted the Karugutu Women Village Savings and Loans Association (VSLA), boosting cash flows by 60% and enabling the association to become a leading supplier of maize flour to schools, repay credit facilities, and offer larger loans to members.

The Rwimi rice processing plant in Bunyangabu District had been operational and improving farmer incomes through better market prices for processed rice. It provides training on best agricultural practices to local farmers, enhancing rice quality. However, challenges like limited market access, frequent power outages, and the need for a standby generator impede operations.

Similarly, the Kigonyera maize processing plant in Kyenjojo District boosted local farmers' incomes by offering nearby processing services, allowing them to sell maize at higher prices. Special programmes have been introduced to encourage women's participation in maize production, resulting in increased involvement and benefits for women cooperatives in the area.

Environmental restoration

The LEGS Project prioritised restoring three rapidly degrading ecosystems: The Dokya landing site at Lake Lemwa in Kibuku District, the wetland at Lake Bisinai in Kumi District, and the Nyansimbi wetland in Kyenjojo District. District authorities collaborated with local communities to demarcate buffer zones, restore tree cover using indigenous species, relocate livelihood activities from protected areas, and identify alternative income sources. Districts developed implementation plans and allocated funds for these activities.

In Kibuku District, 50 households bordering Lake Lemwa received 30,000 tree seedlings for planting on 150 acres. Three community nurseries were established, and 27 nursery operators were trained. An engine boat was provided to facilitate safe transport for farmers across Lake Lemwa. Farmers cultivating rice in the wetland were relocated to the Kapanyi irrigation scheme, resulting in a 50% reduction in wetland degradation.



The district mobilised communities to demarcate the buffer zone for Lake Bisinai, where 180 marker stones were placed, and 30,000 tree seedlings were planted to restore tree cover along the buffer area.

Setting up of 6 shared solar mini-grid systems

Three out of six solar mini-grids were completed, commissioned and operationalised in Accera Village (Tisai Sub-County, Kumi District), Katungulu (Kyenjojo District), and Kanapa (Katakwi District). The mini-grid in Gomba District was at 60% complete, the Nakaseke shared mini-grid had not been set up due to ongoing land conflicts, and works at the Kabarole shared mini-grid were scheduled to commence. Millennium Promise Alliance (MPA) procured the major components for the installation of the shared solar mini-grids. These were metering software, a smart meter, smart inverters, and smart batteries.

The solar mini-grid in Accera village in Kumi district, Katungulu in Kyenjojo district, Kanapa villages district, in Katakwi district were designed to supply electricity to over 200 households, small businesses and community services such as schools and healthcare centres. The grid was comprised of a centralised solar photovoltaic system with battery storage; a distribution network connecting homes, schools, health centres and small businesses; and power sharing mechanisms that ensure equitable access to connected users.

The introduction of solar energy in Kumi and Kyenjojo Districts boosted local businesses, particularly those involved in value addition and small-scale enterprises. Several kiosks, salons and tailoring shops. Small grocery stores emerged benefitting from the reliable electricity provided by the solar mini-grids.

The healthcare centre in Accera Village in Kumi District and Katungulu Primary School in Kyenjojo District experienced significant improvements in service after being connected to the solar mini-grid. The facility in Kumi District had a reliable power supply, allowing for the refrigeration of vaccines and the use of essential medical equipment. The number of night-time deliveries increased by 40% as reliable lighting now enables midwives to work efficiently at night in Accera Health Centre. While in Katungulu Primary School, pupils could now do night study, unlike before.

Several challenges remained. For example, regarding maintenance and sustainability, there were instances of outages due to insufficient technical capacity within the villages to maintain and repair the system. While many households were connected to the solar grid, some low-income families were still unable to afford the connection fees.



L-R: Exterior of Katungulu shared solar mini-grid; laid solar panels. Below: Shop dealing in electrical items, supported by Katungulu shared mini-grid.

Energy-saving cookstoves, charcoal briquettes and biogas

Capacity building: The objective of the training was to build skills of local artisans to construct and maintain biogas units and energy-saving stoves; empower communities by providing affordable and sustainable energy solutions; and promote job creation and income generation for artisans trained under the program

A total of 150 local artisans were trained in the construction of biogas units, institutional energy-saving cook stoves and moulding of household energy-saving cook stoves in the 10 LEG districts; each district had 15 local artisans. Following the training, local communities had skilled artisans who could construct and maintain biogas units and energy-saving stoves. The training accelerated the adoption of biogas and energy-saving cooking stoves across the 10 LEGs districts. Twenty-five (25) households installed biogas units within six months of the training.

For example, in Kumi District, focus was on constructing household energy-saving cooking stoves. In a short period of time, 20 homes adopted the stoves, benefitting from reduced cooking times and lower fuel costs. Women in the community noted that the stoves required 50% less firewood, allowing them to spend less time gathering fuel and more time on productive activities like farming.

Institutional cookstove (IC) at Katakwi Vocational School

The stove was in use by the Katakwi Vocational School and feedback from the Principal was positive. There was a huge reduction by almost 55% volume of firewood used per day. The IC was provided as a full package, including aluminum saucepans, which help in conserving heat. When sauce or food was left in the pans, it remained hot.



L-R: The old cook stones before the installation of energy-saving cooking stoves; after installation of the institutional energy-saving cooking stove at Katakwi vocational school

Charcoal briquettes

The training was conducted using the guidelines outlined in the training manuals developed by MEMD. The groups were provided with briquette-making machines that produce 12 pieces of briquettes per round. The equipment is manually operated, requiring no power or fuel costs. The equipment is portable, it can easily be moved from one location to another, and can easily fit on a boda for easy transportation.



The group carrying out the painting process in Kumi district.

For example, in Kumi District farmers were trained to convert agricultural residues into charcoal briquettes. As a result, small businesses emerged that supply affordable and eco-friendly briquettes to households and local markets. This initiative reduced reliance on traditional charcoal, provided an additional income source to farmers and contributed to reforestation efforts by reducing the demand for firewood.

Biogas

The training was conducted using the guidelines outlined in the training manuals developed by MEMD. Biogas systems which convert organic waste into methane gas for cooking were introduced as a sustainable energy solution for household with livestock. These systems also generated bio slurry which were used as fertilisers.

For example, in Kyenjojo District a biogas system was installed in one demonstration home with dairy cattle. Families used animal waste to generate biogas which fuelled their cooking stoves. This eliminated the need for firewood entirely, significantly reducing deforestation in the area. The bio-slurry produced was used by farmers to fertilise their crops, leading to improved yields and additional economic benefits.

Despite the success, some households faced challenges in affording biogas systems and energy-saving cook stoves. Despite the subsidies provided by the LEGs Project, many rural families found it difficult to invest in these technologies. In some areas, the adoption of charcoal briquettes and biogas was slow due to lack of awareness and reluctance to switch over from traditional methods. The success of biogas systems requires ongoing technical support as some households reported difficulties in maintaining the biogas units due to lack of technical expertise in their communities.



L-R: A biogas demonstration site at Kyenjojo District.

Construction of 11 market sheds

A total of nine (09) out of eleven (11) market sheds were completed, commissioned and operational. The project made considerable efforts to enhance economic growth through the construction of storage facilities and market sheds which are crucial components for improving value chains, reducing post-harvest losses and increasing market access for local farmers and businesses.

The completed markets facilitated better access to local markets, allowing smallholder farmers and artisans to sell directly to consumers and wholesalers. This boosted incomes in some communities where sheds were well maintained and operational.

These are: Katalekamese in Nakaseke District and Alebtong market shed in Alebtong District; Ocorimongin market shed in Katakwi District; Saala market in Kibuku District; Kagera market in Bunyangabu District; Kihondo Market shed; Maddu in Gomba District and Butungama livestock market in Ntoroko District. The quality of civil works was satisfactory. Despite completion of the Magoma market in Nakaseke District, there were no vendors due to the long travel distances to the facility and ongoing roadworks.

The other two markets – Kadama and Agule livestock markets located in Kibuku and Kumi Districts, respectively – were at varying levels of completion, ranging from 60% to 80%. Civil works at the Kadama livestock market experienced delays due to the contractor's financial difficulties, while progress at Agule was hindered by land conflicts. However, by October 2024, the contractors were back on site. Pending works included the water supply system, fencing, waste skip, toilets, and the office. At the Agule livestock market in Kumi District, water system work and fencing were ongoing, while levelling and repairs for water leakage from the water source were pending.

Kihondo market in Kabarole District was completed but has not been operational despite being commissioned, due to the contractor's failure to pay the material supplier whom he owes 60 million. This disagreement was being handled by MoLG. However, there were several

outstanding works which were not included in the BoQs, such as the garbage skip, fence, paving, toilets, management office for vendors, and a breast-feeding shed.

However, the capacities to accommodate all previous vendors who range from 300 to 600 in most markets visited was limited. For instance, in Maddu market in Gomba District, vendors set up temporary sheds alongside the LEGS project to sell their products inside and outside the constructed market.



L-R: Completed Kihondo market in Kabarole District; market day at Ocorimongin market shed in Katakwi District. Bottom: Temporary structures along Maddu market in Gomba District.

Component B: Support to Household Livelihood and Value Chain Development

Affordable and sustainable rural microfinance

The LEGS Project has a Rural Credit Scheme (RCS) through which smallholders access microfinance for agro-inputs and machinery using Islamic financing modes. The RCS is administered through the Microfinance Support Centre (MSC). The Rural Credit Scheme targeted to provide Islamic microfinance to 15,000 smallholders and 300 groups in 17 districts.

The scheme also aims to support smallholders to purchase 3,000 farm tools and equipment, 24 heavy-duty tractors, 600 walking tractors, 1,250 household energy-saving cookstoves, 36 pieces of modern equipment for processing, packaging and branding, and 18 transportation facilities. The total budget for the Rural Credit Scheme is USD 10 million. The MSC disbursed US\$ 7.775 billion, equivalent to USD 2.16 million, to 214 client projects by December 2024.

Three (3) community groups were supported with value-addition technologies in the areas of: (i) honey processing, involving modern honey storage equipment, packing and branding, modern beehives, and safety gear; (ii) maize processing, which involved a maize mill, packing and packaging unit; and (iii) soya bean processing, which involved soya bean threshers.

The uptake of rural financing products, however, was relatively low. The MSC had not financed any purchase of heavy-duty tractors or walking tractors. The beneficiaries attributed the low performance to the rigorous and stringent appraisal process of accessing microfinance. The MSC attributed the low uptake to the limited understanding of the Islamic financing principles by the target communities, and the high risks the smallholders presented as they attempted to move from subsistence to commercialised farming.

MoLG, the Microfinance Support Centre, and the District Local Governments revised the appraisal criteria to customise the parameters to the target beneficiaries. Particularly, the criteria were revised to permit start-ups, especially where community groups/associations/cooperatives were benefitting from the infrastructure interventions under Component A. The criteria were also revised to permit MSMEs) that are supporting agricultural value chains within the project area.

For example, the MSC supported 77 projects of 10,722 community members with a total of US\$ 5.335 billion in the districts of Kabarole, Ntoroko, Kyenjojo, Bunyangabu. Projects included the following:

Kabarole Dairy and Biogas with over 101 beneficiaries, who received US\$ 700 million for the construction of a modern milking parlour and new modern cow sheds.

Bunyangabu Beekeepers Cooperative Society (BBC), which was registered on the 25th October 2011 and is located in Lubona Town Council in Bunyangabu District. The cooperative is involved in beekeeping and honey production through various out-growers within the region organised as associations. It comprises 500 members (300 females, 200 males) who have also impacted 993 individual beneficiaries (bee farmers). Under the LEGS Project, BBC was financed with US\$ 120 million as working capital for bee-keeping and honey production.

The funds were used to strengthen the capacity of farmer groups, for example by providing them with honey storage boxes, weighing scales, and honey reflectometer for quality purposes and value addition to the honey supplied from different farmers. However, storage of honey was a challenge since it is supposed to be stored in specific spaces. BBC adds value to the harvested honey and supply to different buyers, majorly in supermarkets around Western Uganda and Kampala areas.



L-R: Cattle feeding at Kabarole Dairy and Biogas in Kabarole District; displayed products at Bunyangabu Beekeepers Cooperative Society (BBC) in Bunyangabu District.

The cooperative aimed to boost the capital of its beneficiaries so as to increase their production/purchase of more honey and other products, hence higher supplies and higher



profits, and promoted value addition from the by-products of honey. BBC has been able to produce propolis, wattles to make candles and other products, which has increased revenues.

Agro-Machinery Scheme

MoLG, together with the MSC and Millennium Promise Alliance (MPA), further developed an Agro-Machinery Financing Scheme. Under the scheme, smallholders will purchase heavy-duty tractors, transportation trucks and agro-processing technologies at subsidised prices. Using this approach, community groups/cooperatives will be supported to purchase 36 tractors, 10 trucks (for produce and/or dairy products and fish), 10 agro-processing, packing and branding technologies, and a solar power source for the Tisai milk collection centre.

The MSC identified and appraised 119 community enterprises which were ready for financing. Whereas the Agro-Machinery Scheme demonstrated high prospects to increase uptake of the credit scheme and, most importantly, increase the outputs for agro-machinery, the remaining time was not sufficient to implement the scheme.

Capacity building for financial intermediaries

The Islamic University in Uganda (IUIU) was contracted to support the Micro Support Centre (MSC) in designing client-centric rural financing products, building capacities of intermediary financial institutions – SACCOs and self-help groups – and develop an information management system to report on the performance of the financing products.

IUIU conducted four regional workshops where representatives of financial intermediaries and cooperatives were oriented on the principles of Islamic financing, structuring of Islamic financing products and the appraisal process for accessing funds through the Microfinance Support Centre. The university embarked on preparing user manuals and a reference document on Islamic financing for the targeted financial intermediaries and community institutions.

Setting up farmers training and demonstration centres for improved agronomic and livestock practices

MoLG planned to set up six (6) demonstration centres. These are the Butalangu vegetable growing demonstration centre in Nakaseke District; the Kadindima banana growing demonstration farm in Bunyangabu District; the Kibuku District Organic Farmers Association (KIDOFA) vegetable and fruit growing farm in Kibuku; the Getom livestock farm in Katakwi; the Katooke livestock breeding and demonstration centre in Kyenjojo District; and the Alebtong Town Council crop production demonstration farm.

With support from Millennium Promise Alliance (MPA), Nakaseke District completed preliminary work for the Butalangu demonstration farm, which included bush clearing, boundary opening, land surveying, site layout, water source location, water infrastructure design, and crop selection. However, despite the clearance, no demonstration farm had been established as the site was bushy. The four demonstration farms were yet to be established.

Overall Challenges

- i) The LEGS Project has faced significant delays in procurement of materials and services, especially for Component A (infrastructure development) and Component B (value chain development). This contributed to schedule slippage and increased costs.
- ii) Poor communication between various stakeholders LGs, contractors, beneficiaries and implementing partners hindered effective execution of activities especially capacity

building. This resulted in delayed approvals and slow decision-making among project partners.

- iii) Inconsistent budget allocations for some components e.g. funds to Component B were not consistently disbursed in a timely manner. The lack of a clear financial plan for each activity affected the progress of the project.
- iv) Some stakeholders, particularly in Component B, have not been fully engaged to participate in value chain activities. Limited community involvement has impacted the overall success of community-led initiatives. Low stakeholder engagement, especially from local farmers and beneficiaries, can undermine the impact of value chain initiatives and reduce project effectiveness.
- v) Environmental challenges such as land acquisition issues, local protests and regulatory barriers, have slowed down project implementation in some areas. Environmental and social factors often delayed approvals for construction and infrastructure activities, thereby extending project timelines, for example in the Agule livestock market in Kumi District.

Recommendations

- i) MoFPED and MoLG should streamline procurement processes by revamping procurement processes through introducing automated systems, clear timelines and robust tracking mechanisms to ensure timely delivery of materials and services.
- ii) MoLG should set up a centralised communication platform for stakeholders to ensure constant communication and updates on the project. Regular coordination meetings should be organised between all key stakeholders to review progress and address challenges.
- iii) MoLG and MoFPED should collaborate to create a transparent budget system, ensuring funds are allocated and disbursed according to project needs and timelines.
- iv) MoFPED and MoLG should organise campaigns and community engagement forums to ensure that the local population is fully aware of the project's benefits.
- v) MoLG should work closely with LGs, environmental experts and community leaders to address land acquisition issues and mitigate environmental concerns.
- vi) MoLG should engage more private sector actors in the value chain development activities under Component B to increase investment, innovation, and sustainability.

Conclusion

The overall project performance was at 72%. However, the overall Schedule Performance Index (SPI) of 0.74 signals a moderate delay in project activities. This delay was primarily due to the additional civil works of abandoned sites. Conversely, the Cost Performance Index (CPI) of 1.67 shows that the project was underspending and this was largely attributed to delays in procurement; delays in submission and payment of certificates; and weak contract management by sector specialists, particularly the District Engineers. The Earned Value Management (EVM) indicates that, despite these challenges, the project was progressing towards its targets, with actionable strategies implemented to address delays and cost.

3.9.2 Rural Development and Food Security in Northern Uganda Project - 1760

Introduction

The Rural Development and Food Security in Northern Uganda (RUDSEC) Project is a GoU initiative aimed at unlocking agricultural production potential and increasing the income of smallholder farmers in Northern Uganda. This will be achieved through rehabilitation and



upgrading of road transport and market infrastructure. Improving the accessibility of agricultural production areas will reduce the transportation cost of farm inputs and outputs along agricultural value chains which, in turn, is expected to translate into increased farm gate incomes.

The project is financed under the framework of German Financial Cooperation (FC), implemented by the KfW Development Bank. MoLG is the Project Executing Agency (PEA). Implementation of activities is coordinated by the Project Support Team (PST) of MoLG. The JV of GOPA-Infra and OCA is engaged as the Implementation Support Consultant (ISC) to assist the PEA/PST in implementing the project. The project implementation started on 2nd May 2023 and ends on 1st May 2028.

Planned Project Outputs and Indicators

The attainment of the project outcome shall be measured by the following outputs and indicators of achievement.

Roads Component

The roads component aims to invest EUR 18.65 million in the rehabilitation and upgrading of community access roads (CARs) and district roads. The study selected and ranked a total of 1,327 km of roads for rehabilitation under the project. The roadworks will be designed and implemented in batches. The first one (Batch 1) will be designed by contracted national design consultants, while Batch 2 is being designed by the Ministry of Works and Transport (MoWT) in consultation with the respective District Engineers. All construction supervision will be undertaken by the contracted consultants.

Outputs and Indicators

1. Length of strategic district and community access road network improved and sustained to an all-year round climate-resilient access standard (target 800 km rehabilitated).
2. Number of people benefitting from the rehabilitated roads (people living in the road area of influence).
3. Time and travel cost savings to main socio-economic destinations (health, administrative centre, tertiary education, market).

Markets Component

The markets to be rehabilitated under the project will be proposed by the District Local Governments (DLGs) and selected following a Call for Proposals (CfP) approach. The selection / identification of the markets is ongoing.

Outputs and Indicators

1. Increased trading capacities on markets maximised through strategic market improvement.
2. Number of markets rehabilitated to full capacity and functionality (target 9–12 markets improved).
3. Increase of market users selling agricultural produce.

Planned Key Activities/Outputs in FY 2024/25

1. Undertake design of Batches 1 and 2 (total 477 km) of district and community access roads.
2. Construction of 477 km of district and community access roads.
3. Procure Design and Environmental Social Impact Assessment (ESIA) consultants for markets.
4. Procure contractors to undertake the markets construction works.



5. The Office of the Auditor General (OAG) to conduct the annual project audit.

Financial Performance

The total project cost is estimated to amount to EUR 32.1 million, financed by a KfW Grant for EUR 28 million, and EUR 4.1 million (equivalent) in Government of Uganda contributions.

KfW financing

The KfW contribution will finance consultancy services, road rehabilitation works, markets improvement works, cost of vehicles for MoLG, the Implementation Support Consultant (ISC), and audit services.

As at September 2024, a total of EUR 1,427,831.52 was disbursed, of which EUR 1,127,831.52 was disbursed under the direct disbursement method to the ISC, and EUR 300,000 was disbursed to the special account of the disposition fund. A total of EUR 98,618 has so far been expended from the disposition fund.

GoU financing

The GoU contribution comprises staff costs at district and ministerial levels, related public services, costs of operation and maintenance, cost of public infrastructure/assets, contribution to investment costs (equivalent to some taxes) and costs for the preparation of detailed designs for roadworks (to be implemented by MoWT).

In FY 2023/24 the budget was US\$ 100 million, of which US\$ 75.625 million was released for project activities. This financial year 2024/25, the GoU budget is US\$ 105.862 million and US\$ 6.125 million was released for Quarter 1 (July–Sep 2024). However, there were no planned outputs and reports for the GoU funding.

Physical Progress

The project is in its second year of implementation and the focus is on procurement of road design and ESIA consultants for the Batch 1 roads (324 km). The Batch 2 roads (153 km) were being designed by MoWT and was in advanced stages. The exercise of pre-qualifying contractors to undertake the roadworks and identification of markets to be rehabilitated under the project was ongoing.

By December 2024, the accomplishments were:

1. Inception report.
2. The Initial Procurement Plan (18 months).
3. Due diligence and validation report of Batch 1 (324 km) and Batch 2 – in-house design (153 km) roads.
4. Environmental and social screening report of Batch 1 and Batch 2 roads.
5. Conducted M&E baseline surveys.
6. Combined technical and financial evaluation report of the short-listed consulting firms to undertake design and construction supervision of roads.
7. Technical evaluation report of the short-listed consulting firms to undertake ESIA services on the Batch 1 selected roads.
8. The in-house design of Batch 2 roads (153 km) is 80% completed.
9. Pre-qualification of roadworks contractors ongoing.
10. Identification and selection of markets for rehabilitation under the project.
11. Procured 2 double cabin pick-up vehicles for MoLG.



Implementation Constraints

- i) Complex procurement processes for infrastructure development have led to significant delays and challenges in ensuring transparency and accountability in financial and material allocations.
- ii) Delays in the release of funds for project activities, impacting timelines.
- iii) Ineffective communication among implementing partners and Government agencies.
- iv) Low absorption of the disposition fund due to delayed procurement of the road designs and ESIA consultants.

Recommendations

- i) MoLG should streamline the procurement process by setting clear timelines, ensuring transparency.
- ii) The procurement of civil works for the roads and markets should be carried out by the respective DLGs with guidance from MoLG. This will quicken the procurement process and further strengthen participation of the DLGs in the project implementation.
- iii) The MoLG should establish a coordination mechanism among ongoing projects to share information on priorities and resources. This collaboration can help align efforts and avoid duplication.
- iv) MoLG should set clear performance benchmarks for MoWT regarding the completion of in-house road designs.

Conclusion

Despite the initial delays, the rural development and food security project remains a promising initiative poised to transform rural livelihoods and enhance food security in Northern Uganda. With strong commitment and lessons learnt from the initial challenges, RUDSEC is expected to deliver impactful and long-lasting benefits, empowering local communities and fostering economic growth in the Acholi, Lango and Teso sub-regions.

3.10 Sustainable Energy Development

3.10.1 Mirama-Kabale Transmission project (1409)

Introduction

The Government of Uganda (GoU) plans in the Mirama-Kabale Transmission Project to construct an 88.5 km long transmission line operating at a voltage of 132 kV to connect Kabale to the transmission grid from the Mirama substation. The project will improve reliability of the electricity supply to the Kabale region, which is supplied by two long 33 kV medium-voltage lines from Nkenda and Mbarara that are unreliable.

The project implementing agency is the Uganda Electricity Transmission Company Limited (UETCL). Funding is from GoU (US\$ 40 billion) and a loan from the Islamic Development Bank (IsDB) of USD 83.75 million (USD 37.82 million for the transmission project and USD 45.93 million for the rural grid extensions).

The project commenced on 22nd June 2015 with an initial planned completion date of 25th October 2019. After several extensions, the revised completion date was December 2024. The scope of the project was as follows:

- 1) Construction of the 88.5 km long Kabale-Mirama 132 kV steel lattice transmission line.
- 2) Construction of the 132 kV Kabale substation and extension of the 13 2kV busbar at the Mirama substation.
- 3) Preparation of tender documents, project supervision and management of works.
- 4) Resettlement Action Plan (RAP) implementation funded by GOU.

Financial Performance

By September 2024, the project was under-spending as the works were behind schedule, with the value of completed works being less than the planned value (Figure 3.10.3). The total loan disbursement on the transmission component was USD 19.064 million (50.41%). The low disbursement was due to the delayed invoicing for the substation works, which had significantly progressed. In addition, the cost of the engineering, procurement and construction (EPC) works was much lower than the initial budgeted loan amount, leading to savings of approximately USD 22 million.

The total amount released for the GoU RAP budget was US\$ 45.153 billion, with US\$ 33.216 billion (73.56%) spent on the project by 30th September 2024.

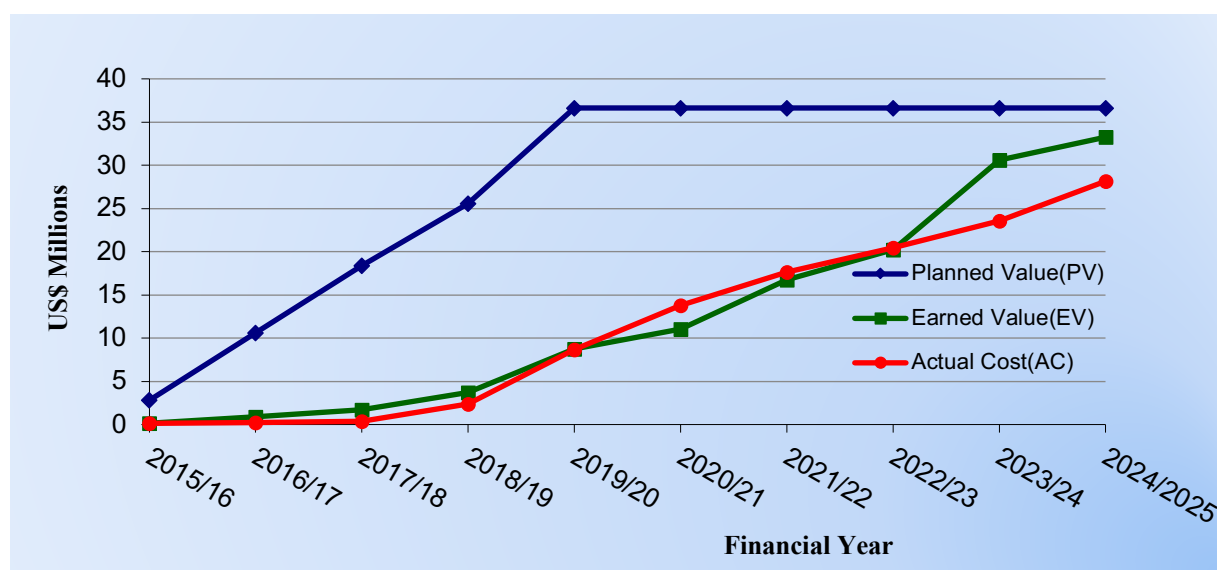
The project total cost at completion is expected to be above budget due to several contract amendments. Two contract amendments totalling USD 1,517,119 were made to cater for the project supervision consultant due to the extension of the project beyond the initial contract. Another contract amendment was made on 8th February 2024 to cater for changes in the prices of inputs as a result of the effects of COVID-19, increasing the contract for Lot 1 works by USD 1.79 million. The total cost overrun on the project was USD 2.2 million, which is still within the total loan amount.

Physical Performance

Overall, the project implementation was behind schedule, with the earned value consistently below the planned value (Figure 3.10.5). The project delay was attributed to delayed start of the substations work (Lot 2) and failure by the T-line contractors (Lot 1) to undertake the works within the agreed time.

The overall progress of the works on the transmission line improved from 78.4% in April 2024 to 99.4% in October 2024, with all the 294 foundations completed and 240 of the planned 294 towers erected. The stringing of 62.5 km (70.6%) of the planned length of 88.5 km had been undertaken. Although works were behind schedule, the contractor had put an effort into completing the remaining works before the end of 2024. Figure 3.10.1 shows performance of the Mirama-Kabale transmission project.

Figure 3.10.1: Performance of Mirama-Kabale Transmission Project by October 2024



Source: Author's compilation and UETCL progress reports FY 2015–2024.

Works on the substations (Lot 2) started on 3rd July 2023 and registered an improvement from 41.3% progress in April 2024 to 89.1% by October 2024. All the earthworks at the substation sites, construction of the control room building and electrical and busbar connections were completed. Control and protection panel installation was ongoing as well as the installation of the medium-voltage (MV) GIS and cable laying for MV and low voltage.

The RAP implementation on the project was at 96%, with 2,446 of the 2,540 PAPs paid. Construction of the 10 resettlement houses for vulnerable PAPs who opted for in-kind resettlement was ongoing. The first five sites were completed by October 2023. Work on the remaining four houses was ongoing, with progress at roofing and finishes.

Implementation Constraints

The terrain of the Kigezi region posed major logistical challenges in the construction of tower sites and delivery of materials to the sites.

Slow decision-making by UETCL and MEMD, for example when the need to approve a price variation for the Lot 1 contractor arose, which cost the project a lot of time.

Conclusion



Top: Ongoing final works at Kabale substation.

Bottom left: Completed section of the Kabale-Mirama transmission line in Rubanda District.

Bottom right: Ongoing commissioning testing in the Mirama substation switchyard

The project performance had, overall, improved and the contractors for both the transmission line and substations were on target to complete the remaining works before end of 2024. It was also noted that the project implementing agency (UETCL) had managed to overcome the major



challenges that had hindered project implementation with progress of the T-line at 99.4% and that of the substations at 89.1%.

Recommendation

- i) The UETCL should closely supervise the remaining tasks on the project to ensure works do not suffer further delays.

3.10.2 Gulu-Agago Transmission Project (1391)

Introduction

The Gulu-Agago Transmission Project aims at constructing an overhead transmission line (OHTL) between the Gulu 132/33kV substation and Agago/Achwa Hydro-power Plants (HPPs) 132 kV switchyard via the proposed Agago 132/33kV S/S. The project targets to provide adequate transmission infrastructure to meet the power supply needs of the West Nile and Northern Regions in Uganda, and will provide capacity to evacuate the electricity generated from the Agago/Achwa HPPs.

The project is jointly financed by KfW (transmission line and associated substations) through a loan of EUR 40 million and the Government of Uganda (GoU) contribution of US\$ 32.6 billion towards the supervision costs and RAP implementation costs. The project implementing agency is UETCL.

The project commenced in September 2019 with an end date of 30th June 2023. The project was in the defects liability monitoring period and rectification of snags by December 2024. The planned project components were:

1. Construction of Agago 132/33 kV substation, two 132 kV bays extension at Gulu 132/33 kV substation, two 132 kV bays extension at Agago 132 kV HPP switchyard and the associated works (USD 14.9 million).
2. Construction of Gulu-Agago HPP 132 kV double circuit overhead transmission line (USD 11.72 million).
3. Supervision and project management (USD 1.53 million).
4. Implementation of the Resettlement Action Plan and livelihood restoration (US\$ 28,597,270,684).

Financial Performance

The financial performance of the project was good, with the project planned value and earned value converging in FY 2023/24. The actual costs for the works done were also lower than planned value (Figure 3.10.4). The total loan disbursement by Q1 FY2024/25 was EUR 18.553 million (46%). The low disbursement was attributed to the bidding process, which led to contracting for Lot 1 and Lot 2 at much lower than initially budgeted. The project was projected to have savings of over EUR 15 million of the loan amount. The disbursement on the two works contracts by end of September 2024 was EUR 23.198 (80%) of the total contract amount.

The cumulative release of the GoU-funded RAP budget was US\$ 25.480 billion and total payments of US\$ 28.221 billion had been made. The project borrowed US\$ 3.0 billion from other projects due to insufficient funds in order to make some of the payments.

There were two contract amendments for the supervision contract (14th March 2023 and 15th May 2024) amounting to a cost increase of USD 1.1 million to cater for extension of time on the works. This cost was likely to rise due to the remaining works on the substations and defects

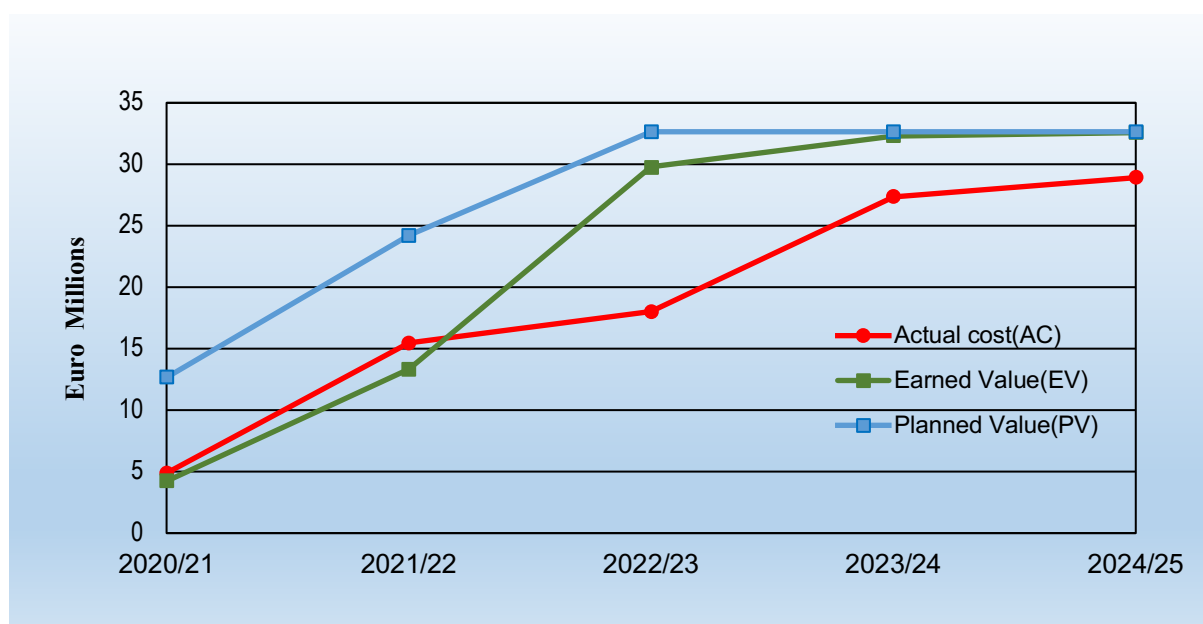


identified in the defects liability period (DLP). Under Lot 2 (substation works) a change order of USD 1.53 million was approved, to cater for the contract variation due to unforeseen challenging soil conditions at the two substation sites.

Physical Performance

The project performance was good, with all major works substantially completed. The earned value analysis of the project in Figure 3.10.2 shows that most of planned works were undertaken within the planned cost.

Figure 3.10.2: Performance of the Gulu-Agago Transmission Project



Source: Author's compilation and UETCL progress reports FY2018 – 2024.

The progress of works for the transmission line (Lot 1) were completed and the line energised on 18th November 2023 and the rectification of the snags was also completed during the DLP. The overall progress of substation works (Lot 2) was 99.95%. The extension bays at the Gulu substation and Agago HPP switchyard were energised on 18th November 2023. The new Agago substation was energised on 9th August 2024 and commenced supplying electricity to the 33 kV network in areas of Gulu and Kitgum. The minor outstanding works at the Agago substation were the stone pitching, drainage works, roadworks, gravelling and water supply to the fire suppression system.



Completed switchyard at the new 132 kV Agago substation.



L-R: Completed substation plant house; commissioned control/protection panels at the Agago 132 kV substation switchyard.

The RAP implementation was at 98.9%, with 468 of the 473 PAPs paid. There was little progress in the payment of PAPs in the period April to November 2024 due to three disputes that were being resolved while processing of payments for others was ongoing. However, the construction of all the planned 16 resettlements on the project was completed.

Implementation Constraints

- i) Low release of GOU funds delayed the execution of the pending RAP and Livelihood Restoration Plan (LRP) activities for the project. The completion of the RAP and LRP were a key requirement by the KfW in order to extend funding for the project to cover the defects liability period for the completed substation works.
- ii) Delayed approval of the change orders totalling EUR 2.63 million (approx. US\$ 5.6 billion) hindered the contractor's ability to complete the remaining works at the Agago switchyard.

Conclusion

The project performance rating was good with over 99.95% of the works completed although there was a schedule overrun of more than 18 Months. The project cost was also within budget although there were several pending invoices to be paid amounting to EUR 2.63 million. The



project was short on funding required to complete the pending compensation cases, an issue that needs to be addressed before closure.

Recommendation

- i) The MEMD should prioritise funding for RAP and LRP to enable completion of compensation cases and the planned livelihood restoration program activities.

3.10.3 Masaka-Mbarara 400kV Transmission Line Project (1497)

Introduction

The Masaka-Mbarara Transmission Project Plan is to construct a new double circuit transmission link between Masaka West and Mbarara North substations. The project is implemented by UETCL with funding by GoU (US\$ 128 billion) and loans from KfW¹⁴⁷ (EUR 37.1 million) and AFD¹⁴⁸ (EUR 35.0 million). The project will upgrade the existing single circuit 132 kV and 135 km single circuit transmission line between Masaka West and Mbarara North substations to 400 kV to improve the power grid backbone and eventually provide transmission (wheeling) of electricity to Rwanda.

The project commenced in April 2018 with planned completion in December 2024. The project scope comprises four components, namely:

1. Construction of a 132 km long 400 kV double circuit transmission line between the 220 kV Masaka substation and the 220kV Mbarara North substation.
2. Addition of two new line bays at both Masaka West and New Mbarara North substations.
3. Preparation of tendering documents and supervision of works.
4. Implementation of the Resettlement Action Plan.

Financial Performance

The disbursement on the loan funds was still very low due to a delay in the procurement of the EPC contractors. By Q1 FY2024/25 the disbursement registered was EUR 120,687 (0.33%) on the AFD loan and EUR 119,907 (0.32%) on the KfW loan. Under the GoU-funded RAP implementation component (budgeted at US\$ 128 billion), the cumulative released funds under the project were US\$ 82.458 billion, of which US\$ 80.948 billion (98%) had been disbursed.

Due to the long delays in the project, MoFPED was awaiting a response from KfW regarding an extension of the loan until 30th June 2026. An extension was also sought on the AFD loan for the period up to 31st December 2026.

Physical Performance

Works on the project were yet to commence due to delays in the procurement of the EPC contractors. The delays in the procurement arose due to whistle-blower complaints to the Inspector General of Government (IGG) and the Public Procurement and Disposal of Public Assets Authority (PPDA), leading to investigations. UETCL was, therefore, instructed to select the second-best evaluated bidder. The funders gave a “No-Objection” to the selection of the second-best evaluated bidder on 23rd August 2024 and contract negotiations were planned for December 2024.

¹⁴⁷ German Development Bank

¹⁴⁸ French Development Agency



The RAP implementation was at 76% (2,025 of the 2,673 PAPs) compensated. A total of 211 (37%) of the original land titles were received from the PAPs out of the expected 572 land titles. The sub-division of 83 out of 162 titles was completed by the consultant and returned to UETCL.

Implementation Constraints

- i) Delayed procurement of the contractors for both the transmission line and substations works due to the administrative review after complaints were raised.
- ii) Slow pace of the RAP implementation, with only 76% of payments. This was likely to hinder the progress of works once the delayed procurement of the contractors has been concluded.

Conclusion

The project performance was rated as poor, with all the major project components stagnant at the procurement stage. The project earned value analysis was not made. The project needs close supervision, and there was a high risk of losing the financial support from the lenders due to the excessive delays.

Recommendation

- i) The UETCL should expedite conclusion of the remaining aspects of the procurement and RAP so that works can commence unhindered.

3.10.4 Kampala Metropolitan Transmission System Improvement Project (1492)

Introduction

The Kampala Metropolitan Transmission System Improvement Project aims to construct a 220 kV transmission grid around the Greater Kampala Metropolitan Area (GKMA) to ensure a reliable future supply of electricity for the growing population. The project is being implemented by Uganda Electricity Transmission Company Limited (UETCL) with a loan of Japanese yen (JPY) 13.659 billion from the Japan International Corporation Agency (JICA) and GoU counterpart funding (US\$ 32.267 billion) to cater for implementation of the Resettlement Action Plan (RAP).

The project commenced in 2017 with initial completion date of May 2021, revised to August 2023. The scope of the project includes the following components:

1. Lot 1: Construction of Buloba substation and associated transmission lines and upgrading of Mutundwe and Bujagali substations (USD 34.4 million).
2. Lot 2: Construction of new Mukono substation and associated transmission lines, upgrading of Kawaala substation, and reconductoring of Mukono-Kampala North, Kampala North-Lugogo, and Kampala North-Mutundwe transmission lines to High Temperature Low Sag (HTLS) conductors (USD 53.1 million).
3. Lot 3: Procurement of a mobile substation (USD 3.627 million).
4. Supervision of works (USD 22.5 million).
5. Resettlement Action Plan (GOU funding US\$ 32.267 billion).

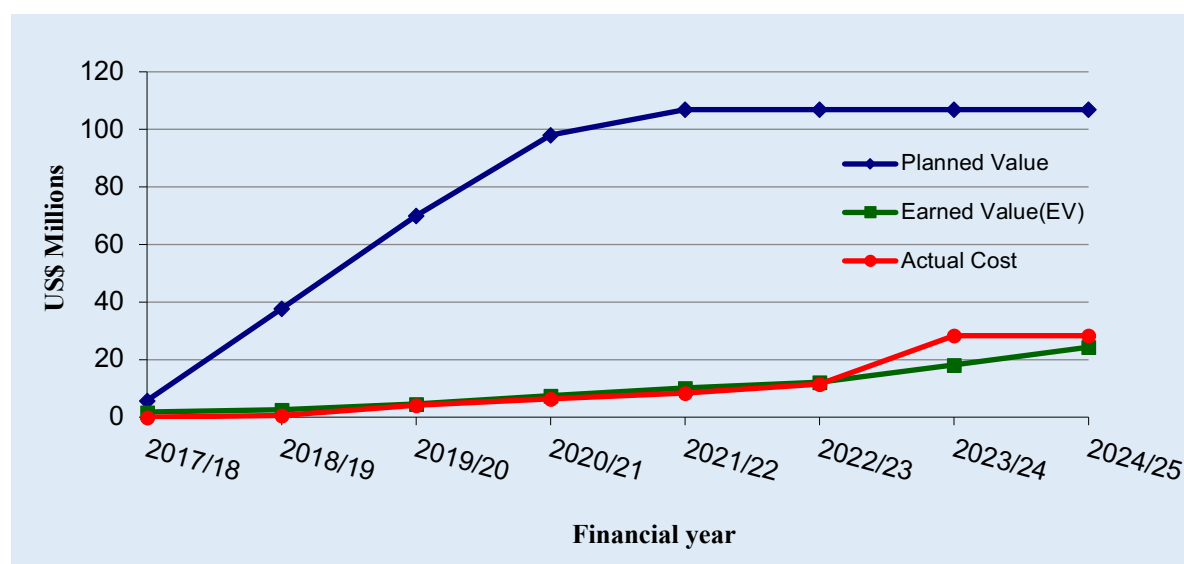
Financial Performance

Total disbursement by Q1 FY2024/25 was JPY 2,741,573,801 (20%) of the total loan amount of JPY 13,569,000,000. Most of the disbursement was from payments made to the supervision consultant and advance payments made to the Lot 1 and 2 contractors in December 2023. The total GOU funds released for RAP were US\$ 27.128 billion of which US\$ 11.74 billion had been spent.

Physical Performance

The overall project performance was poor, with the project earned value less than the planned value (Figure 3.10.3). The actual cost of the project was higher than the earned value because advance payments had been made to the contractors to enable them to mobilise equipment. There were delays of over 2 years related to designs, preparation of tender documents for the project and the procurement process, all of which were impacted by the COVID-19 period.

Figure 3.10.3: Performance of the Kampala Metropolitan Transmission Project



Source: Author's compilation and UETCL progress reports FY2018 – 2024.

The contracts for Lot 1 and Lot 2 were signed on 7th August 2023 with planned completion date of 11th February 2026. Physical works commenced in March 2024 and the following progress had been recorded between April and November 2024:

Buloba substation (Lot 1)

- Works on the basement and foundation of the control building commenced on 28th September 2024.
- Construction of the boundary fencing was ongoing and 50% of the brick foundation for the external wall had been completed.
- The materials required for the substation earthing system had been delivered to the site and the earthing work at the Buloba substation was at 50% completion.

Mukono and Kawaala substations (Lot 2)

- The levelling of the Mukono substation site was completed.
- The shipment of High Temperature Low Sag (HTLS) conductors for the new Mukono transmission line was in transit from Mombasa Port.
- Site levelling was ongoing for the Kawaala substation.

Mobile substation (Lot 3)

- The contract for the supply of the mobile substation was signed on 19th May 2023 with a planned completion date of 11th June 2026.
- The manufacturing of the transformer and control panel for the mobile substation was ongoing, giving the overall progress at 86.5% for the supply of the mobile substation.



L-R: Excavation of equipment foundations at Mukono substation; completed equipment foundations and ongoing excavations at Buloba substation.

The RAP implementation and the corridors of the transmission line and substations along the Mukono, Kawaala and Buloba project area were demarcated and extra land required for the Mukono substation was acquired. Overall, progress of RAP implementation payments was 134 (97%) of the total 138 PAPs on the project.

Implementation Constraints

The project has lost over two years of implementation, mainly due to design delays, and it is highly unlikely that the works will be completed within the loan period, without the need for an extension.

Conclusion

The project performance was still rated poor in November 2024 compared to April 2024, although there was some progress in the works. The works were still behind schedule, with the previous delay of 18 months not yet recovered and the Schedule Performance Index (SPI) was estimated at 0.23.

Recommendation

- i) The implementation of the project should be closely supervised by UETCL and MEMD to avoid further slippage of the project schedule as a result of previous delays.

3.10.5 Bridging the Demand Supply Gap through the Accelerated Rural Electrification Programme/AREP (1517)

Introduction

The Bridging the Demand Supply Gap through the Accelerated Rural Electrification Project aims at accelerated rural electricity access of all unserved sub-county headquarters. The focus is on the construction of power distribution infrastructure in priority load growth centres within 13 service territories countrywide. The implementing agency is the Ministry of Energy and Mineral Development (MEMD).

The grid construction works are financed by a loan to the tune of USD 212.67 million from the Export-Import (Exim) Bank of China and GoU funding of USh 28.95 billion to cater for supervision of works. The loan agreement was signed on 16th January 2019, and loan effectiveness was on 3rd April 2019, with the final revised completion time of 3rd April 2025.



Project Scope

The planned project outputs were: construction of 3,839.68 km and 5,921 km of medium- and low-voltage networks, respectively; installation of 3,401 transformers; implementation of 172,589 last-mile connections in 287 sub-counties in a total of 106 districts; and construction of two regional warehouses.

Financial Performance

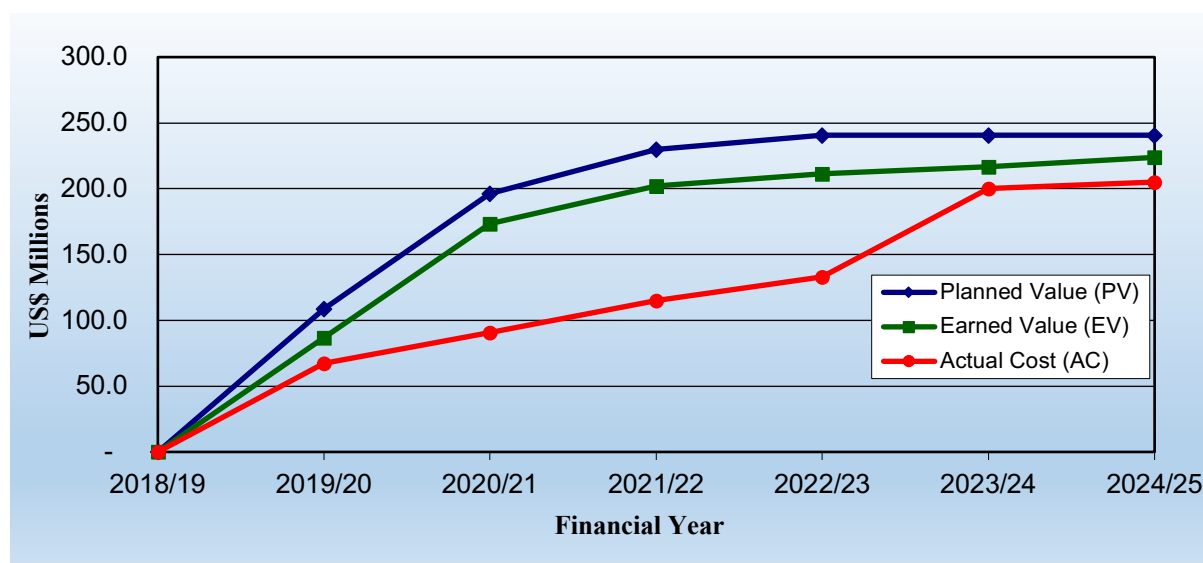
The overall cumulative loan disbursements for the construction works stood at USD 205.06 million (96.4%) as at 31st October 2024 with all the extension works funded by the loan. There was a loan balance of USD 7.61 million as a result of downward revision of the medium-voltage (MV) scope and three-phase connections.

The project's disbursements (AC) was below the projections (PV) between FY 2020/21 and FY2022/23 (Figure 3.10.4) due to delays in payment of the contractor's Interim Payments Certificates (IPCs) by the China Exim Bank because the project had no supervision consultant to approve invoices in that period.

Physical Performance

Works commenced in October 2019 and the initial completion date of October 2022 (36 months) was not met. The key constraints were lack of a supervising consultant for about a year and half; and the impact of COVID-19 mid-way. As a result, the project earned value (EV) of works was more than the disbursements (AC) within that period.

Figure 3.10.4: Performance of the Accelerated Rural Electrification Programme



Source: AREP Reports, IFMS, author's analysis.

The lack of a supervising consultant led to non-payment of the main contractor's IPCs and this spilt over to the sub-contractors, who abandoned works in some areas mid-way through the project. Since some of the works were undertaken without supervision, quality issues arose, which further delayed commissioning of the works.

Grid Extensions

Grid extensions were undertaken in 86 of the planned 106 districts. The lower coverage was due to the detailed engineering surveys, designs and financial appraisal conducted in FY

2021/22 that concluded that the available loan funds could only accommodate the scope for 86 districts.

By end of October 2024, a total of 3,202.46 km of MV 6,827.82 km of LV and installation of 1,744 transformers for the 33 kV scope had been completed and commissioned across different regions of the project (Table 3.10.1).

Table 3.10.1: Summary of AREP Project achievements by 31st October 2024

Region	Districts	Achieved		
		MV (km)	LV (km)	TXs (No.)
Eastern	23	952.85	2,675.48	608
Central	19	773.47	1,443.1	404
Western	23	697.22	1,670.19	441
Northern	21	778.92	1,039.05	291
Total	86	3,202.46	6,827.82	1,744

Source: MEMD AREP reports.

However, works for the 11kV networks were behind schedule compared to those of the 33 kV networks. This was as a result of inadequate project planning, which led to omission of the design and scoping of the 11 kV lines. In the approved change order to include this scope in the contractor's proposed material rates were 43% higher than the prevailing market rates. It was, therefore, decided that the construction of the 11 kV lines be undertaken by the contractor using funds from the loan financing with the procurement of the 11 kV materials, majorly the transformers, to be undertaken using GOU counterpart funding.

The progress of the construction of 11 kV networks (78.9 km of MV and 176.9 km of LV) was at 80% and works in Kumi, Jinja and Kassanda were completed and handed over to the utility companies for operation. However, works in Soroti, Pallisa, Serere and Manafwa were awaiting transformer installations and MEMD was in the process of procuring the remaining thirty-two 11kV/415V transformers.

Progress of Last-Mile Connections

The target was revised from 172,589 to 168,335 connections. Only 50,779 (30%) had been made due to delayed start of the activity under the UMEME service territory where most connections (59%) are targeted.

Compensation Progress

Compensation had not commenced, awaiting the availability of counterpart funding, yet most of the project works were complete. The overall RAP budget was estimated at US\$ 28 billion. There was low prioritisation of funding for the activity due to lack of clear guidelines and a plan for the compensation process. The RAP studies commenced three years late in FY 2022/23 and were completed in FY 2023/24.

Construction of Regional Warehouses

The construction works for the warehouse in Kakiri, Wakiso for storage of line construction materials was complete. The works for the Mbarara warehouse stalled at site levelling and the site was found to be unsuitable for such works.



Top: A commissioned scheme in Odeyo Trading Centre, Dokolo.



Right: No-pole connections on a completed line in Bukyave B Trading Centre, Iganga.



Left-Right: Completed works at Buloki village, Budaka; a scheme in Kikondeka trading centre, Sembabule.

Implementation Constraints

- i) Poor project planning led to lack of clear guidelines of RAP implementation, which adversely affected the line construction works.
- ii) There was delay in approvals of the BoQs for the 11 kV schemes.
- iii) The delay in rectifying quality issues regarding completed lines meant they could not be commissioned, leading to vandalism.
- iv) The lack of the supervision consultation mid-way through the project further paralysed project implementation for about 18 months.

Conclusion

The project progress was good at 95%, with the loan disbursement for grid extension works at 96%. The project was within budget but behind schedule by two years, mainly due to the lack of a consultant to approve payments in the earlier financial years, the slow pace of compensation and delayed construction of the 11 kV schemes. However, the scope for the 33 kV extensions had been completed but the last-mile connection implementation had lagged behind at 30%, and the cash compensations had not started, pending the availability of funds.

Recommendations

- i) MEMD should allocate the required funds and manpower to undertake the completion of the RAP implementation in the remaining project timeframe.

- ii) MEMD should formulate a plan on how to complete the remaining scope of works, especially the installation of transformers for the remaining 11 kV schemes and consumer connections under the UMEME service territory.

3.10.6 Electricity Access Scale-Up Project (1775)

Introduction

The Electricity Scale-Up Project (EASP) Project's focus is to increase access to energy for households, commercial enterprises, industrial parks, and public institutions. The project implementing agency is MEMD.

The total project funding is USD 638 million, which comprises a World Bank loan of USD 331.5 million, total grants of USD 276.5 million, USD 20 million from the private sector, and GoU counterpart funding of USD 10 million. The project commenced in FY 2022/23 and the completion date is scheduled for 30th June 2027. The loan became effective in July 2023.

Project Scope

The project financing matrix details per component are given in Table 3.10.2.

Table 3.10.2: Project cost and financing sources in USD millions

Project Components	Loan	Grants ¹⁴⁹					Private Sector	GoU	Total
	IDA Credit	IDA Grant	IDA-WHR Grant	CTF CRG	CTF Grant	ESMAP-MDTF Grant			
Component 1. Grid Expansion and Connectivity	331.5	26	--	--	--	--	--	--	357.5
Component 2. Financial Intermediation for Energy Access Scale-up	--	56	--	25	5	6	15	--	107
Component 3. Energy Access in Refugee-Hosting Communities	--	13.5	107	--	--	--	5	--	125.5
Component 4. Project Implementation Support and Affordable Modern Energy Solutions	--	17	17	--	--	4	--	10	48
Total financing	331.5	112.5	124	25	5	10	20	10	638

Source: EASP PAD (World Bank).

Component 1: Grid expansion and connectivity targets network expansion and strengthening through the construction of grid extensions, upgrades, and intensification to electrify schools, health centres and other public institutions. The component also intends to achieve more than a million no-pole and one-pole service connections.

Component 2: Financial intermediation for energy access scale-up, on the other hand, focuses on the provision of a credit facility to boost household solar connections through the Result-Based Financing (RBF) Programme and Credit Support Facility (CSF), and also the installation

¹⁴⁹ WHR - Window for Host Communities and Refugees; CTF CRG – Clean Technology Fund Contingent Recovery Grant; ESMAP-MDTF - Energy Sector Management Assistance Program Multi-Donor Trust Fund

of stand-alone solar technologies to public institutions, water supply schemes, schools and health centres.

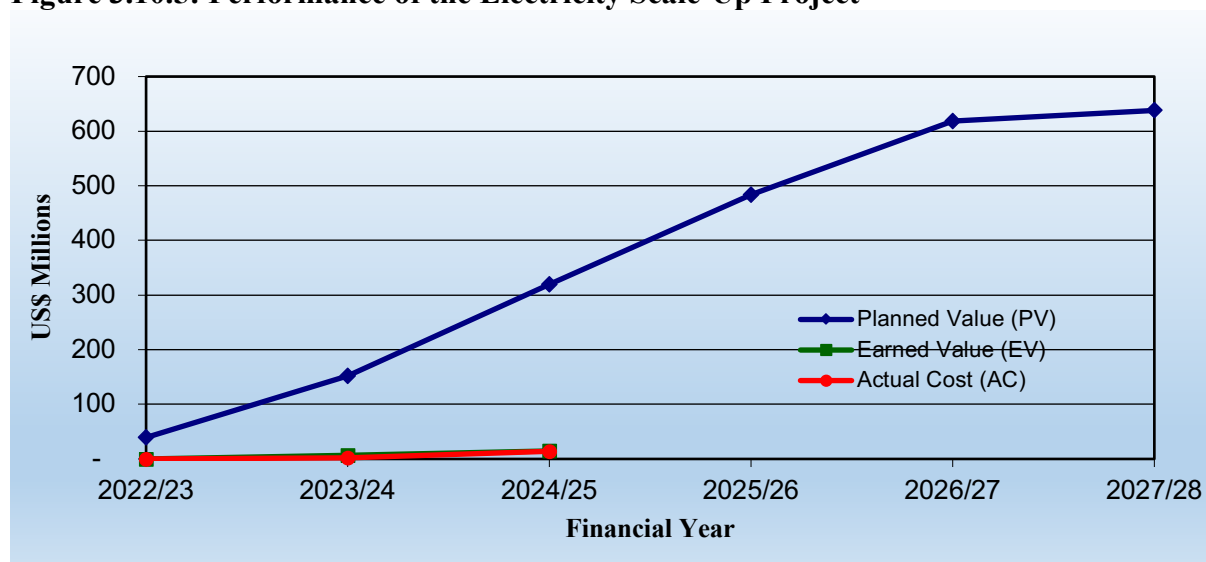
Component 3: Energy access in refugee-hosting communities (RHCs) will support increased energy in refugee-hosting districts (RHDs) through the construction of grid extension lines and the provision of household solar technologies. Grant resources allocated to this component will finance interventions of Components 1 and 2 within the selected 12 RHDs.¹⁵⁰

Component 4: This will create an enabling environment to cater for the project administration costs of the respective Project Implementation Units (PIUs) at MEMD and Uganda Energy Credit Capitalisation Company (UECCC) and the Project Coordination Units (PCUs) at MEMD.

Financial Performance

The loan disbursement was at USD 64.02 million (10.53%) while the absorption (AC) stood at USD 14.02 million (2.31%), but the grant and GoU were at 0%. This is because the construction works had not started and the funds expended were majorly for household connection and project operational costs (Figure 3.10.5).

Figure 3.10.5: Performance of the Electricity Scale-Up Project



Source: EASP Reports, IFMS, author's analysis.

Physical Performance

The project was behind schedule by two years, with a schedule performance index of 0.92. There has not been any significant progress in the period April to October 2024. Of the planned activities, only no-pole connections in the UMEME service territory had commenced. Other components, namely the grid line constructions, institutional solar PV system installations and solar household connections, had not begun.

This was due to the slow pace of procurement of the supervision consultant, contractors, energy service companies and recruitment of staff for the Project Implementation Units (PIUs) and the Project Coordination Unit (PCU).

¹⁵⁰ Adjumani, Isingiro, Kamwenge, Kikuube, Kiryandongo, Koboko, Kyegegwa, Lamwo, Obongi, Madi Okollo, Terrego and Yumbe.

The progress under the respective project components is highlighted below:

Component 1: A total of 75,186 no-pole connections were made. However, one-pole connections in the UMEME service territory and connections in the Uganda Electricity Distribution Company Limited (UEDCL) territory had not commenced. Procurement of contractors to undertake connection in the UEDCL territory was at bid evaluation stage.



A grid household connection at Loro trading centre, Oyam District.

The construction on the medium- and low-voltage networks was yet to commence. The procurement of a consultant to undertake planning, engineering designs and supervision of works was concluded. The consultant was undertaking final surveys for detailed designs, BoQs and line installation contractor (LIC) requirements. In turn, MEMD, in partnership with the consultant, had also commenced the respective procurements of contractors to undertake RAP, material supply, line construction and material logistics with progress at bid evaluation.

Component 2: UECCC was in the process of accreditation of a total of 87 energy service companies (ESCOs) and signing of grant agreements worth US\$ 47.28 billion to kick-start the household solar connections. As part of the Credit Support Facility (CSF), lines of credit amounting to US\$ 43.5 billion for Six (06) Participating Financial Institutions (PFIs) were undergoing the approval process.

Contracts for solar installations at 40 water stations worth USD 4.8 million were signed with the ESCOs. The Ministry of Health (MoH) and the Ministry of Education and Sports (MoES), on the other hand, were in the process of developing BoQs and draft service agreements for the ESCOs.

Component 3: The construction of voltage networks in the respective refugee settlements was awaiting conclusion of engineering designs and procurement of contractors by MEMD.

Challenge

- i) The project was not likely to be completed on time because of the slow procurement process. The only procurement undertaken was the recruitment of the supervision consultant and some of the project staff, one and half years into the project.

Conclusion

The project progress was poor, with a very low loan disbursements level. The project was largely behind schedule with a time progress of 40% against a physical progress of less than 5%. Only the no-pole connections had begun, while other grid extension and solar installation works in the various areas were pending the conclusion of procurement of contractors and some



staff under the project implementation and coordination units. With this trend in the delays, the project would not be completed by 30th June 2027 and there were anticipated cost overruns.

Recommendation

- i) The World Bank and MEMD should fast-track the procurement processes to commence the planned grid construction works.

3.11 Sustainable Housing and Urbanisation

Introduction

The Sustainable Housing and Urbanisation Programme aims to attain inclusive, productive, and livable urban areas for socio-economic development. The achievement of this overall objective is majorly contributed to by the following agencies: The Ministry of Works and Transport; the Ministry of Kampala Capital City and Metropolitan Affairs (MoKCC&MA); the Ministry of Lands, Housing and Urban Development (MoLHUD); Kampala Capital City Authority (KCCA); and Local Governments (LGs).

One (1) project under the Sustainable Urban Development Programme, the Greater Kampala Metropolitan Area Urban Development Programme (GKMA-UDP), was reviewed. The findings are presented below:

3.11.1 Greater Kampala Metropolitan Area Urban Development Program (1798)

Introduction

The Government of Uganda, through the Ministry of Kampala Capital City and Metropolitan Affairs (MoKCC&MA), is implementing a five-year Greater Kampala Metropolitan Area Urban Development Programme (GKMA-UDP). The programme supports nine sub-national entities, including Kampala Capital City Authority (KCCA), the District Local Governments of Mukono, Mpigi and Wakiso, and the urban authorities of Mukono, Entebbe, Kira, Nansana, and Makindye-Ssabagabo. MoKCC&MA oversees coordination, while the sub-national entities are responsible for implementation.

The total programme cost is USD 1,793.94 million. The World Bank is the primary funder, contributing USD 566 million (47.97%), comprising credit of USD 518 million and a grant of USD 48 million. Agence Française de Développement (AFD) contributes EUR 40 million (equivalent to USD 42.66 million (3.6%)) as co-financing and GoU (GKMA-UDP Project (48.42%)). Only the World Bank funding was utilised for the project, as the AFD loan had not yet been signed.

The GKMA-UDP project was approved on 31st May 2022, with a five-year implementation period. The World Bank Financing Agreement was signed on 17th November 2023, one year and five months after programme approval. The programme became effective on 28th December 2023 and is scheduled to close on 31st December 2027. Implementation commenced in FY 2023/24.

The programme development objective is “to improve the institutional capacity of the MoKCC&MA and the GKMA sub-nationals for metropolitan management and increase access to improved infrastructure and services”. The programme seeks to improve urban productivity in the GKMA under four (4) major programme pillars, namely:

- i. Mobility, accessibility, and connectivity-infrastructure development in GKMA targeting over 443 km of road for an upgrade in five (5) years.
- ii. Improvement of urban resilience and climate-change/disaster risk management focusing on establishing green parks/belts and tree planting along roadsides, developing solid waste management strategies, and stormwater drainage to address the challenge of flooding in the entire GKMA, among others.
- iii. Job creation, with a focus on the creation of workspaces, market improvement, innovation/incubation centres and artisan parks that target the unemployed youths, women, and economic clusters. This focuses on the improvement of 18 markets in various locations within GKMA, mini-industrial parks, and agro-processing zones for value addition, among others.
- iv. Institutional strengthening for metropolitan coordination and management.

Financial Performance

By the end of October 2024, the disbursement performance was at 8% for the loan and 27% for the grant. Total disbursements from the World Bank amounted to USD 53,626,841, representing 9.5% of the approved contribution. This comprised a loan of USD 41,202,631 (76.8%) and a grant of USD 12,474,210 (23.2%). However, only 6.58% of the disbursed funds had been released by MoFPED to the project, resulting in overall financial progress of just 0.2%. The released funds were primarily used for preparatory activities for capital investments, wages for project specialists, and operations of the project support team. The Government of Uganda had not yet made any financial contributions to the project.

Physical Performance

By the end of October 2024, overall progress was poor compared to the project time progress of 21%. Preparatory activities were at different stages across the implementing entities, as detailed below:

Pillar 1: Mobility, accessibility, and connectivity-infrastructure development in GKMA: MoKCC&MA contracted three consulting firms for nine months, starting 1st March 2024, to review and update selected feasibility studies, engineering designs, Environmental and Social Impact Assessments (ESIA), and Resettlement Action Plans (RAPs). The consultants are also responsible for preparing tender documents and terms of reference (TORs) for the construction supervision of the first batch of infrastructure projects across nine entities, grouped into 3¹⁵¹ clusters.

Regarding construction and civil works, progress as of September 2024 was as follows: Kira and Mukono Municipalities had commenced flagship projects covering 29.74 km, divided into three contracts, with all contractors in the mobilisation phase.

Procurement processes were ongoing for 13 road project lots covering 81.25 km across six entities: Wakiso District Local Government, Mpigi District Local Government, Kampala Capital City Authority (KCCA), Makindye-Ssabagabo Municipality, Nansana Municipality, and Entebbe Municipality.

Pillar 2: Resilience and environment: Key activities undertaken included initiating procurement for the Programme Environment and Social Management System (ESMS) and

¹⁵¹ Cluster 1: KCCA, Nansana MC and Makindye Ssabagabo MC; Cluster 2: Entebbe MC, Mpigi DLG, and Wakiso DLG; Cluster 3: Kira MC, Mukono MC, Mukono DLG.



the Strategic Environmental Assessment (SEA), as well as training staff on managing environmental and social safeguards in procurement processes.

The Environmental and Social Impact Assessment (ESIA) processes for flagship road projects in Kira and Mukono Municipal Councils were fast-tracked, while support was provided to entities in finalising and submitting their ESIA reports.

Additionally, technical support was offered for sustainable procurement processes for priority projects, along with guidance and input during the design review process. Lastly, contractors' readiness and compliance with Environmental and Social Safeguards (E&S) requirements were assessed in preparation for the project launch and associated roadworks.

Pillar 3: Job creation, with a focus on the creation of workspaces, market improvement, innovation/ incubation centres, and artisan parks: The following activities were implemented: a) Tracked progress on designs and design review for markets¹⁵²; b) Conducted stakeholder engagement on establishment of markets; c) Conducted preliminary market assessments and vendor census for selected markets; and d) Land verification and acquisition for the Local Economic Development (LED) projects.

Pillar 4: Institutional strengthening for metropolitan coordination and management. This involved three key categories of institutional support activities across the nine entities. These included Human Resource Development, which focused on short-term skills development programs (not exceeding nine months); Institutional Capacity and Systems Development, which encompassed the roll-out of e-government services and other metropolitan management systems; and retooling, aimed at improving the working environment, strengthening urban governance, and enhancing service delivery.

While stakeholders initially faced challenges in understanding and adapting to systems like e-GP and IFMIS, these obstacles were eventually overcome. As a result, the project is now fully operational, and smooth progress is expected as implementation continues.

Implementation Constraints

1. The lack of funds for compensating PAPs, who lose a substantial part of their properties during the acquisition of the right of way (RoW), has caused delays in the commencement of civil works.
2. Several proposed activities and infrastructure projects from the implementing entities fall outside the originally defined scope submitted to the Cabinet and the Parliament of Uganda during the loan approval process, leading to further delays in implementation.

Conclusion

The programme became effective on 28th December 2023 and was in its first year of implementation, with progress at 21% by the end of October 2024. Disbursement performance for the World Bank loan and grant stood at 8% and 27%, respectively, while the financial progress of the programme was estimated at 0.2%. Preparatory activities were well advanced across the various implementing entities, and numerous activities under the four pillars had commenced. While there had been a learning curve for stakeholders in understanding the different systems, the project was now operational and expected to progress smoothly.

¹⁵² KCCA – 4, Wakiso DLG – 2, Kira MC – 1, Mukono MC – 1, and Mukono DLG–1



However, there is a risk of further delays in civil works due to the non-release of funds from the Government of Uganda to support programme operations.

Recommendation

- i) MoKCC&MA should continuously engage with MoFPED to support the programme implementation and its operations, especially with the allocation and release of funds for the acquisition of the RoW.
- ii) Certain roads scoped under the GKMA-UDP were taken on with funding from other agencies, like the UNRA; it is thus imperative that implementing entities are allowed to submit their change requests for approval since the project is in the first year of implementation.



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Annexes

Annex:1. Externally funded projects excluded from the assessment

Project code	Project name	Reasons for omission
1097	New Standard Gauge Railway Line	Financing has not yet been concluded.
1546	Kisoro-Nkuringo-Rubugiri-Muko Road	Exited from the PIP on account of lack of financing.
1547	Kebisoni-Kisizi-Muhanga Road	Exited from the PIP on account of delay to conclude financing.
1656	Construction of Muko-Katuna Road	Loan not signed yet.

Source: Authors compilation.

Annex 2: Status of performance for individual projects by programme

Programme	Project Name	Status of Performance, April-November 2024			Reasons for Stagnated Performance	Key Recommendations
		Completed	Improving	Stagnated		
Agro-Industrialisation	Agriculture Value Chain Development Programme					
	Developing a Market-Oriented and Environmentally Sustainable Beef Meat Industry				Poor planning with delayed initial activities causing cost overruns, while donor funding has ended,	Government to fund project to completion, and institute sustainability plans.
	Development of Solar-Powered Irrigation and Water Supply Systems					
	EU-EAC Market Access Upgrade Programme MARKUP					
	Farm Income Enhancement & Forestry Conservation II				The contractor had abandoned site. There were also disagreements with unpaid Project Affected Persons (PAPs)	MWE should closely supervise new contractor, and prioritise paying off the PAPs.
	Irrigation for Climate Resilience				Contractor was terminated.	MWE should expedite recruitment of new contractor, and consider scaling down the project scope.
	National Oil Palm				Delayed acquisition of land	MoFPED should provide resources for land acquisition. The Project Management Unit should focus implementation on hubs where land has been acquired.
	The National Oil Seeds				Delayed securing of clearance from NEMA,	The PCU should fast-track certification from NEMA, and



Programme	Project Name	Status of Performance, April-November 2024			Reasons for Stagnated Performance	Key Recommendations
		Completed	Improving	Stagnated		
Digital Transformation Human Capital Development					and overall procurements from IFAD	request phased procurement approval from IFAD.
	Promoting Environmentally Sustainable Commercial Aquaculture				Terminated	MAAIF should mainstream pending activities into departmental operations.
	The Project on Irrigation Scheme Development in Central and Eastern Uganda					
	Uganda Climate Smart Agricultural Transformation Project				Delayed fulfilment of the donor prior conditions, delayed approval of work plan and budget and late initiation of procurements by user departments	MAAIF to fast-track implementation of the three pending disbursement conditions for effectiveness, and increase readiness to implement activities.
	UgIFT					
	Uganda Digital Acceleration Project					
	Global Fund for HIV, TB and Malaria Project					
	UgIFT					
	Rehabilitation and Construction of General Hospitals – Refurbishing and Equipping of Busolwe General Hospital					
	East Africa's Centres of Excellence for Skills and Tertiary Education in Biomedical Sciences – ADB Support to Uganda Cancer Institute				Delays in the loan approval for additional financing.	MoH/MoFPED to fast-track loan approval for the additional funding.



Programme	Project Name	Status of Performance, April-November 2024			Reasons for Stagnated Performance	Key Recommendations
		Completed	Improving	Stagnated		
	Uganda COVID-19 Response and Emergency Preparedness				Delays in issuance of the restructuring report from the Word Bank.	The MoH PCU should engage the WB to fast-track issuance of the restructuring report.
	Global Alliance for Vaccines Initiative Vaccines and Health Sector Development Plan Support					
	Uganda Heart Institute Infrastructure Development					
	USAID Support to Regional Referral Hospitals					
	GROW					
	Uganda Secondary Education Expansion					
	Vocational Education II					
	Vocational Education and Training					
	Business, Technical, and Vocational Education and Training Support					
	Uganda Skills Development in Refugee and Host Communities				Not funded yet	
	UgIFT					
	Atiak-Moyo-Afoji: Atiak-Laropi (66 km) – Lot 1					
	Multinational Kapchorwa-Suam-Kitale and Eldoret Bypass Road Project				Additional works were approved by the African Development Bank to improve climate resilience, road safety	MoWT and MoFPED should expedite the approval of GoU counterpart funds and the direct procurement of the contractor.



Programme	Project Name	Status of Performance, April-November 2024			Reasons for Stagnated Performance	Key Recommendations
		Completed	Improving	Stagnated		
					and security. However, approval for GoU counterpart funding; and the direct procurement for these works have been delayed	
	New Standard Gauge Railway				Financing has not been concluded.	MoFPED should expedite resource mobilisation.
	Kampala City Roads Rehabilitation Projects					
	Development of the New Kampala Port in Bukasa				Delayed compensation of 540 PAPs, and approval for the feasibility study report for phase 2.	MoWT should prioritise compensation of the PAPs, and expedite the approval process of the feasibility study report.
	Upgrading Rukungiri-Kihihi-Ishasha/Kanungu Road				The project had an 18% cost overrun to be funded by Government. This is yet to be budgeted for under MoWT.	MoWT should budget for the additional funds under its budget.
	The North Eastern Road Corridor Asset Management					
	Kampala Flyover Construction and Road Upgrading				Lot 2 has delayed as JICA has not appraised the works to facilitate procurements.	MoFPED should engage JICA to dispatch an appraisal mission.
	Upgrading of Muyembe - Nakapiripirit Road					
	Entebbe Airport Rehabilitation Phase 1					
	Upgrading of Rwenkunywe-Apac-Lira-Acholibur Road				Delayed land acquisition.	MoWT should prioritise payment of PAPs.



Programme	Project Name	Status of Performance, April-November 2024			Reasons for Stagnated Performance	Key Recommendations
		Completed	Improving	Stagnated		
	Busega-Mpigi Expressway					
	The Multinational Lake Victoria Maritime Communication Transport					
	Upgrading of Luwero Butalangu					
	Kisoro-Mgahinga National Park Headquarters					
	Kisoro-Nkuringo-Rubugiri-Muko Road				Was exited from the PIP on account of lack of financing.	
	Kebisoni-Kisizi-Muhanga Road				Exited from the PIP on account of delay to conclude financing.	
	Uganda Railway Corporation Capacity Building					
	Upgrading of Koboko-Yumbe-Moyo Road					
	Construction of Muko - Katuna Road				Loan not signed yet.	
	Rwamwanja-Kahunge (68 km)/Mpara-Bwizi					
	Namagumba-Budadidiri-Nalugugu Road				Delayed procurement of the civil works supervision consultant.	
	Upgrading of Katine-Ochero road					



Programme	Project Name	Status of Performance, April-November 2024			Reasons for Stagnated Performance	Key Recommendations
		Completed	Improving	Stagnated		
Manufacturing						
Mineral Development	Airborne Geophysical Survey and Geological Mapping of Karamoja				In adequate funding to pay the data quality control consultant.	MEMD to prioritise funding this project.
Natural Resources, Environment, Climate Change, Land, and Water Management	Enhancing Resilience of Communities and Fragile Ecosystems to Climate Change Risk in Katonga and Mpologoma Catchments				Late signing of the grant agreement that in turn delayed procurements.	MWE should fast-track procurement.
	Farm Income Enhancement and Forestry Conservation Project Phase III				Project just commenced.	MWE should fast-track the procurement of contractors and consultants.
	Integrated Water Management and Development Project					
	Kampala Water-Lake Victoria Water and Sanitation					
	Local Climate Adaptive Living				Project just starting.	
	Investing in Forest and Protected Areas for Climate Smart Development				Procurement reviews.	The World Bank/MWE should expedite the procurement reviews.
	Strategic Towns Water Supply and Sanitation					
	Water and Sanitation Development Facility North Phase II					
	South Western Cluster					
	Support to Rural Water Supply and Sanitation					
Private Sector Development	Competitiveness and Enterprise Development Project				Most of the disbursement -linked indicators for land component progressed	The World Bank should extend the project by six months to substantially complete DLIs.



Programme	Project Name	Status of Performance, April-November 2024			Reasons for Stagnated Performance	Key Recommendations
		Completed	Improving	Stagnated		
Regional Development					but not met by financial closure.	
	Investment for Industrial Transformation and Employment					
	Local Economic Development Project					
	Rural Development and Food Security				Poor coordination, weak project management and inadequate funding.	MoLG to strengthen financial planning and resource mobilisation.
Sustainable Energy Development	Kabale-Mirama transmission					
	Gulu-Agago Transmission					
	Kampala Metropolitan Transmission System Improvement					
	Masaka-Mbarara Grid Expansion				Procurement delayed at the contract award stage due to PPDA administrative reviews and investigations by the Office of the IGG.	UETCL and funders should expedite the completion of the procurement.
Sustainable Housing and Urbanisation	Bridging the Demand Supply Gap through the Accelerated Rural Electrification Programme				Lack of funding to procure the required 32 transformers.	MEMD to prioritise funding for the generators.
	Electricity Access Scale-Up				Prolonged procurement processes.	MEMD and the World Bank should expedite the procurement.
	GKMA Urban Development Project					

Source: Field findings.



Ministry of Finance, Planning and Economic Development
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