PUBLIC PROCUREMENT AND DISPOSAL
OF PUBLIC ASSETS AUTHORITY
"Regulating for Results"

PROJECT INSPECTION REPORT ON THE PERFORMANCE OF WATER FOR PRODUCTION REGIONAL CENTRE - CENTRAL PROJECT - UNDER THE MINISTRY OF WATER AND ENVIRONMENT

JULY 2026

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ACRONYMS

BoQs	-	Bills of Quantities
ESHS	-	Environmental, Social, Health and Safety
FY	-	Financial Year
GCC	-	General Conditions of Contract
MOWE		Ministry of Water and Environment
PMT	-	Project Management Team
PPDA	-	Public Procurement and Disposal of Public Assets Authority
PPE	-	Personal Protective Equipment
SoRs	-	Statements of Requirements
UGX	-	Uganda Shillings
WFPRC-C	-	Water for Production Regional Centre - Central Project

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) conducted an inspection of the Water for Production Regional Centre – Central (WfPRC-C) Project under the Ministry of Water and Environment (MOWE). The audit assessed performance in delivering water infrastructure for agricultural production across 29 districts in the Central and Bunyoro sub-regions i.e Buliisa, Hoima, Kagadi, Kikuube, Kiryandongo, Kakumiro, Kibaale, Kyankwanzi, Masindi, Nakasongola, Kiboga, Mityana, Nakaseke, Wakiso, Mubende, Butambala, Kassanda, Luwero, Mpigi, Mukono, Kalungu, Buikwe, Bukomansimbi, Buvuma, Kalangala, Lwengo, Masaka, Gomba, and Kayunga.

The project (Vote 019, Project No. 00027-019) was approved on 9th July 2023 with a total budget of UGX 94.808 billion over five years (FY 2022/23 – FY 2026/27) with a start date in FY 2023/24. The key deliverables include 35 communal valley tanks, 3 earth dams, 2 medium-scale irrigation schemes, 5 solar-powered commercial irrigation schemes, and expansion of irrigated area from 45.7 ha to 266 ha.

The inspection covered four valley tanks at (Tuura in Masindi District, Nabisojo in Nakasongola District, Kikoota in Kalungu District, and Kiryanpungula in Kiryandongo District) and one irrigation scheme at (Kirema in Nakaseke District). As of December 2025, the project had utilised 20% of its timeline but achieved only 18.8% physical progress with UGX 3.19 billion (3.36%) of the total budget disbursed.

The inspection established that the project registered notable achievements including the completion of Kirema Irrigation Scheme Phase 1 on time, within budget and to specification; the completion and handover of the Tuura and Nabisojo Valley Tanks and Kikoota Valley Tank at 94% completion.

However, implementation and contract management weaknesses were noted that require Management's attention. These included overall implementation behind schedule with only 18.8% physical progress achieved against 20% of the project timeline utilised and UGX 3.19 billion (3.36%) of the approved budget of UGX 94.808 billion disbursed, domestic arrears of UGX 1,688,249,782 across 23 contracts resulting in stalled and suspended works, substantial time overruns on the Kikoota and Kiteredde contracts which consumed 474.7% and 556.6% of their planned durations respectively, ESHS non-compliance across all five inspected sites and the absence of post-handover support at completed facilities.

While these weaknesses did not diminish the significance of the progress registered, they indicate deficiencies in budget planning and financial programming, contract time management, inadequate ESHS enforcement and post-handover sustainability arrangements that if not addressed, will continue to delay the realisation of the intended benefits, constrain the attainment of value for money envisaged under Section 51 of the PPDA Act Cap. 205 and adversely affect service delivery to the intended beneficiary communities.

The following key findings were noted;

1. **High domestic arrears of UGX 1,688,249,782 causing stalled works.** Certified invoices worth UGX 1.688 billion across 23 contracts remained unpaid as at December 2025 and were not provided for in the FY 2025/26 budget, stalling works at Kiteredde and slowing

implementation at Kiryanpungula contrary to Regulation 49 (3) of the PPDA (Contracts) Regulations, 2023 which requires payment within thirty days from certification of invoices and Regulation 7(3) of the PPDA (Contracts) Regulations, 2023 which requires the Entity's annual budget to provide in each financial year of a multi-year contract for the payments due to the provider in that year.

2. **Absence of post-handover sustainability measures.** The prescribed post-handover support provided in the project document comprised of five harvest seasons of declining input support, training of Water User Committees and a UGX 10,000 monthly community maintenance fund was not implemented at the completed Tuura and Nabisojo Valley Tanks resulting in a broken tap stand with wasted water at Nabisojo and deterioration of handed-over infrastructure contrary to Regulation 9 (1) (e) of the PPDA (Contracts) Regulations, 2023 which requires contracts to include adequate and clear delivery, acceptance and handover arrangements.

3. **Inadequate Environmental, Social, Health and Safety (ESHS) compliance.** All five sites showed ESHS gaps that comprised of no safety or facility-awareness signage, no sanitation facilities contrary to Regulation 52 (3) (a) (i) and (v) of the PPDA (Contracts) Regulations, 2023 which requires the contract manager to ensure the provider meets all performance obligations and complies with the best practice requirements at all times of which site hoarding, signage and worker sanitation are baseline elements.

4. **Delayed implementation undermining value for money.** Kikoota Valley Tank stood at 94% completion after 474.7% of planned time, Kiteredde at 80% after 556.6% of the planned time with its sprinkler and hydrant systems not completed, Kiryampungula at 65% and the completed Tuura/Nabisojo contract took 17 months against an original six months contrary to Section 51 of the PPDA Act Cap. 205 which requires all procurements to be conducted in a manner that achieves value for money and Regulation 52 (3) (a) (iv) and (vi) of the PPDA (Contracts) Regulations, 2023 which requires adequate control of the cost, quality and time of the contract and completion of all contract obligations before expiry.

In light of the above, the Authority recommends the following:

1. The Accounting Officer should;

   i. Prioritise settlement of all outstanding certified arrears and ensure multi-year contractual commitments are budgeted for in each financial year and engage Ministry of Finance, Planning and Economic Development (MoFPED) with documented evidence of the funding shortfalls in accordance with Regulation 7(3) of the PPDA (Contracts) Regulations, 2023.

   ii. Develop and fund a post-handover support and monitoring programme for all completed facilities including Water User Committee training, documented SOPs, activation of the community maintenance fund and quarterly monitoring for at least 18 months after handover in accordance with Regulation 9 (1) (e) of the PPDA (Contracts) Regulations, 2023.

   iii. Conduct an urgent ESHS compliance audit across all sites, install all missing signage and sanitation facilities, and make ESHS performance a condition for the approval of payment certificates, in accordance with Regulation 52 (3) (a) (i) and (v) of the PPDA (Contracts) Regulations, 2023.

iv. Ensure that all outstanding works in particular the solar abstraction system at Kikoota, the sprinkler and hydrant systems at Kiteredde are completed fully and in accordance with the respective contracts and submit a progress report to the Authority by 31st September 2026 in accordance with Regulation 52 (3) (a) (iv) and (vi) of the PPDA (Contracts) Regulations, 2023.

CHAPTER 1: INTRODUCTION

1.1 Background

The Water for Production Regional Centre – Central (WfPRC-C) Project is a Government of Uganda initiative under NDP III designed to strengthen agricultural resilience to climate change through reliable water access for irrigation, livestock, aquaculture, and domestic use. The project targets 29 districts in the Central and Bunyoro sub-regions i.e Buliisa, Hoima, Kagadi, Kikuube, Kiryandongo, Kakumiro, Kibaale, Kyankwanzi, Masindi, Nakasongola, Kiboga, Mityana, Nakaseke, Wakiso, Mubende, Butambala, Kassanda, Luwero, Mpigi, Mukono, Kalungu, Buikwe, Bukomansimbi, Buvuma, Kalangala, Lwengo, Masaka, Gomba, and Kayunga.

The project was approved by the Development Committee of the Ministry of Finance on 9th July 2023. It runs over five financial years (FY 2022/23 – FY 2026/27) with an approved budget of UGX 94.808 billion (75% capital and 25% recurrent). Implementation effectively began in the FY 2023/24.

The project aligns with the Parish Development Model (PDM) and the Agro-Industrialisation Programme. Its targeted outcomes by FY 2026/27 are:

i. Expand irrigated area from 45.7 ha to 266 ha; and
ii. Increase cumulative water storage from 3.2 million m^3 to 5.5 million m^3

1.2 Main Audit Objectives

The Public Procurement and Disposal of Public Assets Authority (PPDA) conducted a contract audit of the Water for Production Regional Centre – Central (WfPRC-C) Project under the Ministry of Water and Environment (MOWE) with overall objective of assessing the performance of the project in delivering water infrastructure for agricultural production and productivity

The specific objectives for undertaking the contract audit were to:

i. Establish the level of achievement of value for money (Time, Quality, and Cost)
ii. Assess the overall management of sampled projects against each party's obligations
iii. Assess adherence to Environmental, Social, Health and Social safeguards (ESHS) and Local Content requirements during contract implementation

1.3 Methodology

The Authority adopted the following methodology during the project inspection:

i. Review of documentation of the project for the sampled contracts.
ii. Physical verification of the project sites.
iii. Debriefing the Entity's management on the preliminary findings from the inspection and receipt of management's responses.
iv. Issuing a report on inspection findings and providing recommendations.

1.4 Scope of the Project Inspection

The project inspection covered the review of contract management records for the Contracts listed below:

The audit covered five sites representing the broader project:

No	Site	Type	District	Contract Value (UGX)
1.	Kirema	Medium-Scale Irrigation Scheme	Nakaseke	4,745,408,145
2.	Kikoota	Communal Valley Tank (Force Acct)	Kalungu	427,460,187
3.	Kiteredde	Small-Scale Irrigation Scheme	Kassanda	841,651,626
4.	Tuura/Nabisojo	Two Valley Tanks	Masindi/ Nakasongola	1,464,299,175
5.	Kiryampungura	Communal Valley Tank (Force Acct)	Kiryandongo	647,435,910

1.5 Laws Applicable

The Authority made reference to the following laws and Regulations during the project inspection:

i. The project appraisal and budget appropriation document;
ii. The Public Procurement and Disposal of Public Assets Act Cap. 205; and
iii. The Public Procurement and Disposal of Public Assets Regulations, 2023.

CHAPTER 2: FINDINGS AND RECOMMENDATIONS

This section presents the findings arising from the project inspection based on the objectives of the exercise.

A. CONSTRUCTION OF KIREMA MEDIUM SCALE IRRIGATION SYSTEM

The contract was awarded to a consortium of providers comprising of Mucho International Limited, Jolish Investment Company Ltd, Bernoulli Engineering Services Limited, Bresun Enterprises (U) Limited and Oriental Business Group Ltd. Works commenced on 18th January 2023 with an overall estimated cost of UGX 4,745,408,145 and an anticipated completion date of 10th December 2027. Phase 1 was completed at UGX 1,750,112,572 which delivered a functional irrigation infrastructure for 64 hectares with a daily demand of 880 m^3.

The scope of works comprised of;

- Construction of a solar-powered abstraction systems (two boreholes with Solar tech and Day lift pumps delivering a combined design flow of 65 m^3/hr and total head up to 170 m). Installation of pump houses, guard rooms, chain-link fencing, and solar energy packages (Chloride panels totaling 180 panels at 330–345 Wp).
- Laying of transmission and distribution pipelines (uPVC and HDPE, diameters OD 50–160 mm, pressure ratings PN6–PN10, total lengths exceeding 4,670 m).
- Provision of storage reservoirs (100 m^3 circular steel tank on a 3.5 m concrete ring beam, plus additional plastic tanks on towers).
- Installation of hydrant-based irrigation distribution network covering the command area.

Future phases include expansion of the existing valley tank from 15,000 m^3 to 30,000 m^3, construction of intake structures, additional solar abstraction, increased storage capacity to 1,500 m^3, pipe extensions and enhanced hydrant systems to ultimately irrigate 105 hectares with a projected demand of 1,855 m^3/day.

Key Findings:

1. Assessment on level of achievement of value for money (Time, Quality, and Cost)

Section 51 of the PPDA Act Cap. 205 requires all procurements to be conducted in a manner that achieves value for money. The following was noted;

Performance Area	Findings
Time	Phase 1 completed on time. Full scheme expected by December 2027.
Cost	Phase 1 executed within budget. No cost overruns recorded.
Quality	Technical specifications fully met. Tomato, passion fruit and coffee yields increased.

2. Inadequate non-compliance to ESHS measures/aspects

Regulation 52 (3) (a) (i) and (v) of the PPDA (Contracts) Regulations, 2023 requires the Contract Manager to ensure the provider meets all performance obligations and complies with the Act, Regulations, guidelines and best practices requirement that entities at all times apply recognized industry standards of which site hoarding, signage and worker sanitation are baseline elements.

The Authority conducted physical verification in December 2025 and noted an inadequate implementation of environmental, health and safety compliance measures. ESHS gaps included complete absence of site signage (both safety warnings and facility awareness signboards) and the absence of sanitary facilities. The absence of sanitary facilities increases the risk of hygiene-related illnesses among workers or care takers of the facilities while the lack of signage reduces awareness and public knowledge of the facility.

Management Response

The observations and recommendations have been noted.

However, the compliance audit for ESH and corrective actions (such as safety or visual warnings) are in the next Financial Year 2026/2027 attached as Annex 1. The KPI's have been recorded and will be included in the periodic performance reviews. The same performance measures will be considered during approval of payments. Provision of sanitary facilities at the pump house will be considered once additional funds are secured. Meanwhile, the attendant being employed by the farm is using the existing farm sanitary facilities.

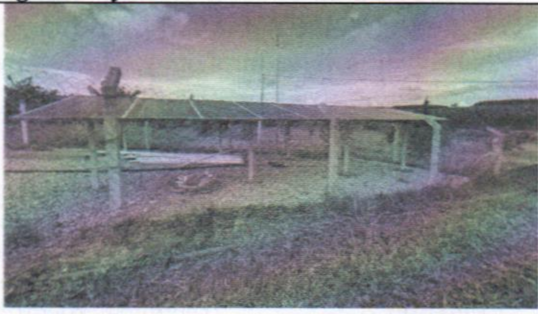
Authority's Comment

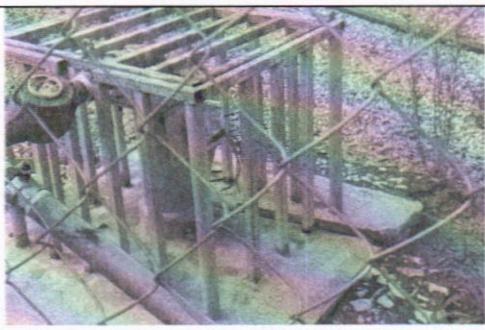
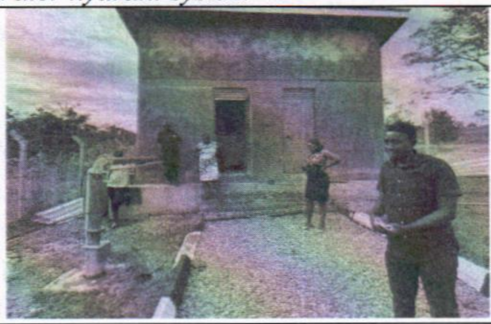
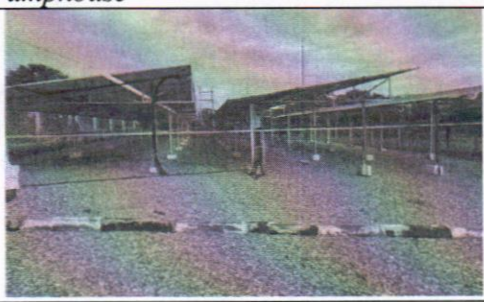
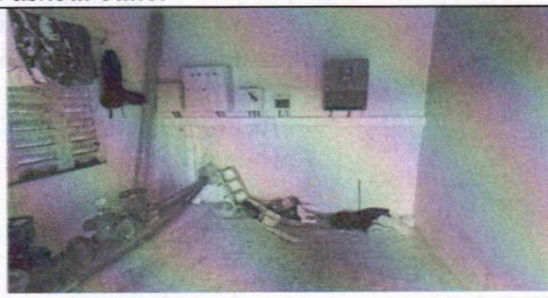
The Authority takes note of Management's response and the plan to implement ESHS corrective actions including installation of safety signage and sanitary facilities in the FY2026/2027. However, the reliance on existing farm sanitary facilities as an interim measure does not meet the minimum occupational health and safety standards required at a public infrastructure site and exposes workers and site attendants to avoidable health risks.

Recommendation

The Accounting Officer should put in place an implementation plan with clear timelines and provide photographic evidence of full ESHS compliance upon completion. In the interim temporary measures should be put in place to safeguard workers and site attendant health and safety pending the installation of permanent sanitary facilities in accordance with Regulation 52 (3) (a) (i) and (v) of the PPDA (Contracts) Regulations, 2023.

Photographic evidence of the medium scale irrigation system

	
1st borehole	*Solar system with 18 pannels*

	
Concrete tank stand with two 10,000 litre tanks	
	
Water hydrant system	*Pump house and 162 solar pannel system*
	
Pumphouse	*Washout outlet*
	
162 solar pannel system and pumphouse	
	
100cubic litre tank	*Wateroutlet of the tank*

B. CONSTRUCTION OF KIKOOTA VALLEY TANK IN KALUNGU DISTRICT

The construction of Kikoota Valley Tank in Kalungu District was implemented using the Force Account mechanism. The contract has an approved cost of UGX 427,460,187 (VAT inclusive). The contract commenced on 10th July 2023 with an original planned duration of 12 months from contract signature (i.e. 10th July 2024) and revised the completion date to 30th December 2025.

The scope of work involved excavating a 10,000 m³ capacity valley tank and a 1,200 m³ sedimentation/silt trap, constructing stone-pitched inlet and outlet/spillway channels, fencing the site with 2,000 mm high barbed wire on treated poles, building a pump house (3 m × 3 m inner dimensions), a 2-stance VIP latrine, livestock watering troughs, a 2.5 m high concrete tank stand supporting a 20 m³ reservoir (2 × 10,000 L plastic tanks), laying pipe networks and fittings for water delivery to troughs and installing a solar-powered abstraction system, all aimed at mitigating livestock water scarcity in Kikoota Village, Bugomola Parish, Lwabenge Sub-County.

As of 8th December 2025, physical progress stood at 94% with only the solar abstraction system installation remaining.

Key Findings

1. Assessment on level of achievement of value for money (Time, Quality, and Cost);
Section 51 of the PPDA Act Cap. 205 requires all procurements to be conducted in a manner that achieves value for money. The following was noted;

Performance Area	Findings
Time	Works commenced on 10th July 2023 under a 12-month initial duration with a completion date of 10th January 2024, the contract had achieved only 94% physical completion as of 8th December 2025. The Entity attributed the delays to severe flooding (April–May 2024), funding shortfalls, access disruptions via the River Katonga corridor, high water table issues, machinery breakdowns and persistent financial constraints which led to procurement delays for inputs like fuel. The substantial deviation from the original schedule contravenes the efficiency and value-for-money principles enshrined in Section 51 of the PPDA Act Cap. 205 thus delaying critical livestock water benefits to the community in Kikoota Village.
Cost	No cost variations recorded, but experienced financial constraints arising from inadequate and delayed budget releases which affected the smooth implementation of works and contributed to the extended timelines.
Quality	The Completed civil works were in line with the approved drawings, specifications and method statements. However, pending activities included the installation of the solar abstraction system, final painting of structures and ESHS gaps such as the absence of site signage and safety warnings. The contract risks long-term functionality, worker and community safety and overall quality standards if not addressed before handover.

2. **Fulfilment of obligations by the Entity (Ministry of Water and Environment / Water for Production Regional Centre-Central)**

Regulation 52(3) (a) (iv) and (vi) of the PPDA (Contracts) Regulations, 2023 requires adequate control of the cost, quality and time of the contract and completion of all contract obligations before expiry. Regulation 7(3) of the PPDA (Contracts) Regulations, 2023 which requires the Entity's annual budget to provide, in each financial year of a multi-year contract for the payments due to the provider in that year

The Entity partially fulfilled its obligations provided overall supervision, technical guidance and community engagement. However, inadequate and delayed budget releases contributed to the prolonged suspensions of works, extended timelines and operational challenges including the inability to deliver materials resulting into prolonged site inactivity. While remedial measures were eventually applied and the project nearing completion, the Entity's slow response to funding constraints and procurement delays (e.g. fuel supply) undermined timely execution.

Management Response

i. *The Ministry continues to engage Ministry of Finance, Planning and Economic Development (MoFPED) for additional resources to facilitate full implementation of the approved work plan attached as Annex 2 and settlement of outstanding arrears. By the reporting period, less than 30% of the planned budget had been released, adversely affecting timely implementation of activities and resulting in the accumulation of unpaid commitments. Nevertheless, with regard to this project, significant efforts have been made to address outstanding obligations with approximately 95% of verified supplier claims under the project settled. Consequently, project works have progressed steadily and are now at the stage of substantial completion.*

ii. *The Auditors' observations and recommendations have been noted. A compliance audit for ESHS is planned in the next FY 2026/2027.*

Authority's Comment

The Authority takes note of Management's response. Whereas the Ministry's continued engagement with MoFPED for additional resources is acknowledged, the fact that less than 30% of the planned budget was released during the reporting period resulting in 474.7% of planned time points to gaps in financial programming for capital projects. The delayed and inadequate fund releases directly caused prolonged site suspensions, procurement delays and extended timelines undermining value for money contrary to Section 51 of the PPDA Act Cap. 205.

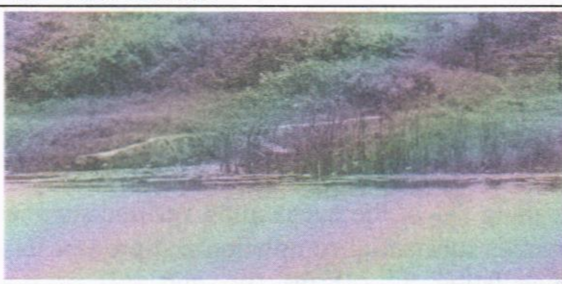
Recommendation

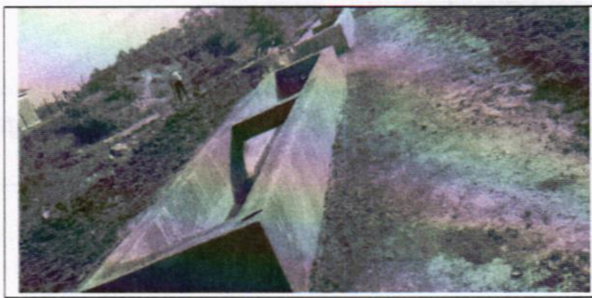
The Accounting Officer should;

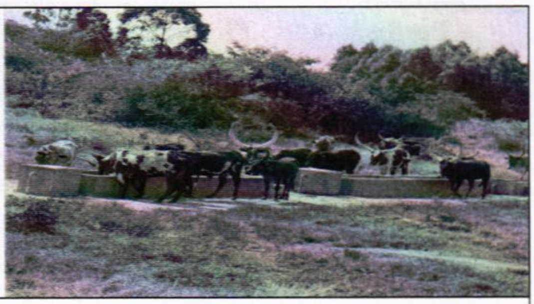
- Prioritize the settlement of the remaining 5% of the outstanding verified supplier claims to ensure uninterrupted progress towards substantial completion and prevent further cost escalations in accordance with Regulation 52 (3) (a) (iv) and (vi) of the PPDA (Contracts) Regulations, 2023.

- Document the financial impact the inadequate budget releases have had on the project timelines and costs and put in place a cash flow projection mechanism that aligns budget releases with critical project milestones to prevent future project suspensions and cost escalations in accordance with Regulation 7 (3) of the PPDA (Contracts) Regulations, 2023.

Photographic evidence of Kikoota Valley Tank in Kalungu District

	
Entrance to the facility with no signage	
	
Solar panel modules installed at Kikoota valley tank site	*Pump house, tanks and solar system at the facility*
	
Water inlet channel	*Clearing of the water channel*
	
Exit of the Water inlet channel	





Cattle feeding troughs

C. CONSTRUCTION OF KITEREDE SMALL SCALE IRRIGATION SCHEME IN KASSANDA DISTRICT

The Construction of Kiteredde Small-Scale Irrigation Scheme in Kassanda District Uganda was awarded to Nexus (U) Limited at UGX 841,651,626 (VAT inclusive). Works commenced on 30th January 2023 with an initial contract duration of 12 months.

The scope of work included borehole development and test pumping, supply and installation of a solar-powered abstraction system (submersible pump, monocrystalline solar panels, control systems, fencing and pump house), construction of a 15m high elevated steel tower supporting a 54 m^3 galvanized steel reservoir tank, laying of a 1,300 m transmission pipeline (OD 63 mm HDPE), a 900 m distribution pipeline (OD 90 mm HDPE), installation of 900m submains and 2,500m laterals to support a 13-acre hydrant irrigation system and a 5-acre sprinkler system, construction of a two – stance VIP latrine, landscaping and drainage around the abstraction area, chain-link fencing of the solar abstraction zone all aimed at providing reliable year-round irrigation to enhance agricultural productivity in Kiteredde village.

Key Findings

1. Assessment on level of achievement of value for money (Time, Quality, and Cost)

Section 51 of the PPDA Act Cap. 205 requires all procurements to be conducted in a manner that achieves value for money. The following was noted;

Performance Area	Findings
Time	The contract was signed on 8th August 2022 and works commenced on 30th January 2023 under a 12-month contract (completion: 29th January 2024 but later revised to 6th January 2026). Only 80% physical progress had been achieved as of 8th December 2025 at a 556.6% of planned time elapsed. Several critical components including sprinkler and hydrant installation remained at 0%. The Entity attributed the delays to the Ebola quarantine, and funding constraints.
Cost	No cost variations recorded, but experienced financial constraints arising from inadequate and delayed budget releases which affected the smooth implementation of works and contributed to the extended timelines.
Quality	The works were in line with the Entity's requirements. Completed components included full borehole test pumping (139m depth), the entire 1,300m transmission pipeline, pump control house construction, partial reservoir tower erection (95%) and material approvals. However, pending

Performance Area	Findings
	activities such as the solar abstraction installation, distribution and irrigation network and construction of a VIP latrine have not been completed.

Management Response

The audit recommendation is noted.

However, Significant progress has been made on the project, which currently stands at approximately 90% completion. Key outstanding works are limited to completion of the sprinkler/hydrant system for which implementation is scheduled to resume before the end of the month and are expected to be completed by the end of July 2026.

The delay in completing the project within the initially planned timeframe was largely attributed to inadequate release of funds during the third quarter of the Financial Year 2025/26, which affected payment of outstanding obligations and disrupted implementation schedules.

Following the release of funds and management plans settlement of most outstanding claims to complete the pending works, Management and the Contract Manager continue to closely monitor progress and engage the contractor to ensure timely completion of all remaining deliverables. The completion reports will be submitted to the Authority once the pending works are completed.

Authority's Comment

The Authority takes note of Management's response. However, critical irrigation components specifically the sprinkler and hydrant installations remain incomplete. As a result, farmers are unable to access irrigation water exposing them to continued crop failure and loss of household income thereby negating the intended socio-economic objectives of the project.

Recommendation

The Accounting Officer should prioritize completion of the sprinkler/hydrant system, irrigation network including payment of outstanding balances in accordance with Regulation 52 (3) (a) (iii) and (iv) of the PPDA (Contracts) Regulations, 2023. A report on implementation status should be submitted to the Authority by September 2026.

3. Inadequate logistical and material challenges impacting progress

Regulation 52(3)(a) (i) of the PPDA (Contracts) Regulations, 2023 requires Contract Managers to ascertain that the provider meets all the performance or delivery obligations in accordance with the terms and conditions of the contract;

The contract required the Contractor to manage logistics and materials efficiently and the Client was required to support access and community involvement to meet the revised completion date of 6th January 2026. However, ongoing issues such as high material costs from remote sourcing, poor access roads causing delays and vehicle wear, rejection of substandard items, water scarcity (sourced 10.8 km away) and hard compacted soils left key irrigation works like the installation of (sprinklers for five acres and hydrants for 13 acres) at remains oustanding despite 80% overall progress. The absence of the sprinkler and hydrant installation implies that the irrigation scheme remains non-functional and farmers cannot access any irrigation water leading to continued crop failure during dry spells and reduced household income.

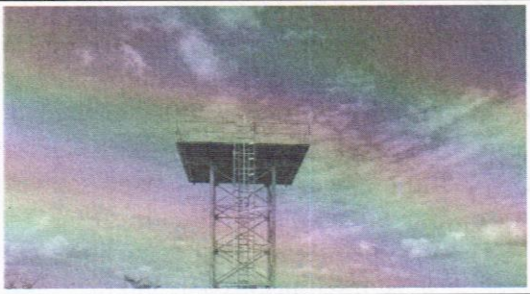
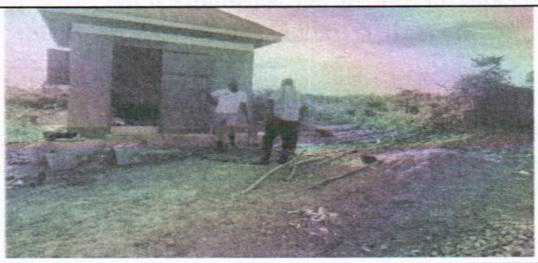
Management Response
The audit observation is noted.

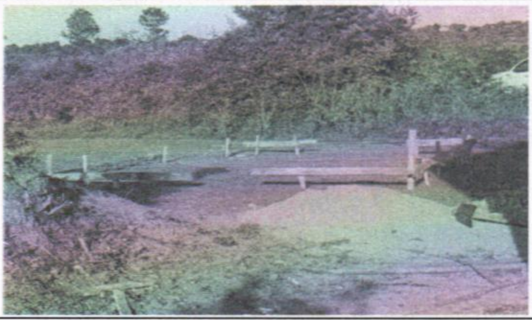
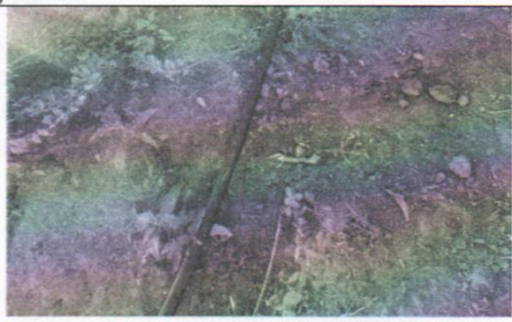
However, Management has continued to closely monitor and engage Nexus (U) Limited to ensure that all outstanding works are completed in accordance with the terms and conditions of the contract and the provisions of Regulation 52(3)(a) of the PPDA (Contracts) Regulations, 2023. The contractor has been instructed to complete the remaining sprinkler and hydrant installations which constitute the major outstanding deliverables under the contract. The project has currently attained approximately 90% completion and the contractor is expected to resume the outstanding works before the end of June with full completion targeted by the end of July 2026 attached as Annex 4.

Authority's Comment
The Authority takes note of Management's response. Although the delayed release of funds by MoFPED directly deprived the contractor of the financial capacity to mobilize and execute the outstanding works, the irrigation scheme remains entirely non-functional, denying farmers access to irrigation water leading to crop failure during dry spells contrary to the intended socio-economic objectives of the project.

Recommendation
The Accounting Officer should ensure that Nexus (U) Limited meets all its performance and delivery obligations in accordance with the terms and conditions of the contract and in accordance with Regulation 52 (3) (a) of the PPDA (Contracts) Regulations 2023. A report on the completed works should be submitted to the Authority by September 2026.

Photographic evidence of Kiterede Small Scale Irrigation Scheme in Kassanda District

	
Aluminium elevated tank stand	*Some of the agricultural crops found on the 18acres of land*
	
Contractor found on site with minimal personnel	*Pumphouse pending installation of pipes*

<table>
<tr><td></td><td></td></tr>
<tr><td>Personnel clearing the area for the installation of the VIP latrine</td><td>Water transmission pipe installed in the ground</td></tr>
<tr><td></td><td></td></tr>
<tr><td>Solar structural stand under construction</td><td></td></tr>
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D. CONSTRUCTION OF TUURA VALLEY TANKS IN MASINDI DISTRICT AND NABISOJO VALLEY TANKS IN NAKASONGOLA DISTRICTS RESPECTIVELY CONTRACT NO. MoWE/WRKS/21-22/00069

The contract for the construction of two 10,000 m³ valley tanks with ancillary livestock watering facilities in Masindi and Nakasongola districts was awarded to TMS Engineering Limited. The total contract sum was UGX 1,464,299,175 (VAT inclusive). It commenced on 12th December 2022 with an original contract duration of six months (initial completion was 11th June 2023 but extended to 14th May 2024 followed by a six-month defects liability period ending 14th November 2024.

The scope of work involved excavating two 10,000 m³ capacity valley tanks (one at each site) along with 1,200 m³ sedimentation/silt traps per site, constructing stone-pitched inlet and spillway channels, planting vegetation around the tanks, installing 2,000 mm high barbed wire fencing on treated poles, building a 3 m × 3 m pump house, a 2-stance VIP latrine, 3 livestock watering troughs (cattle and goat), a 2.5 m high concrete tank stand supporting 2 × 10,000 L plastic tanks per site, installing a solar abstraction system (Grundfos SQF 7-4 pump, 6 × 330 Wp monocrystalline panels, 4.5 kVA petrol generator backup, controller, lightning/earthing protection and auxiliary lighting), laying transmission and distribution pipe networks with fittings to supply water to troughs and a tap stand for domestic use and completing associated civil works such as concrete steps across bunds and landscaping, all aimed at mitigating livestock water scarcity through reliable, multi-purpose water storage infrastructure.

Physical works achieved 100% completion by 14th May 2024, followed by successful handover and a defect-free liability period ending 30th November 2024.

Key Findings

1. Assessment on level of achievement of value for money (Time, Quality, and Cost)

Section 51 of the PPDA Act Cap. 205 requires all procurements to be conducted in a manner that achieves value for money. The following was noted;

Performance Area	Findings
Time	Completed in 17 months against the original six months. The delays were attributed to flooding, poor road access, and delayed payments.
Cost	No cost variations recorded, but experienced financial constraints arising from inadequate and delayed budget releases which affected the smooth implementation of works and contributed to the extended timelines.
Quality	Core works were completed to specification. However, the two stance VIP latrine on verification had a cracked wall and vegetation overgrowth at the Nabisojo Valley tank.

2. Absence of Community maintenance guidelines

Regulation 9 (1) (e) of the PPDA (Contracts) Regulations, 2023 requires a contract to include adequate and clear delivery, acceptance and handover commissioning arrangements.

The Authority noted that there were no formal Standard Operating Procedures (SOPs) or training for beneficiary communities despite Parish Development Model's (PDM) emphasis on sustainability. There was no evidence that the Entity conducted follow ups after the handover of the sites to the community which was provided for under the technical description in the budget appropriation document for the project that provided that Regional Centres shall provide support towards farmers after construction for a period of 1.5 years (5 harvest seasons) with decreasing support i.e 100% support for inputs for the 1st season, 70% for the 2nd season and 30% support for the subsequent 3 seasons.

During the physical verification by the Authority in December 2025, it was noted that the tap stand for domestic use at Nabisojo Valley tank was broken and the water kept running. This implied there was inadequate sensitization in the area to safe guard the functionality of the project thus the negligence of responsibility by the community. The complete absence of SOPs, community training and the Ministry's post-handover support results into a lack of community ownership and responsibility of the facility.

Management Response

The audit observation is noted.

However, guidelines for post-handover support and monitoring of valley tanks are already in place and are based on the Ministry's existing Water for Production Operation and Maintenance Manuals for Valley Tanks attached as Annex 5. In addition, beneficiary communities are adequately trained during project implementation and Water User Committees are established and equipped with the knowledge and skills required to oversee the routine operation and maintenance of the facilities. Following the observation, the Ministry will follow up with Nakasongola District Local Government and the respective Water User Committee to ensure that the access road is worked upon, damaged tap stand at Nabisojo Valley Tank is repaired and that routine maintenance of the facility is strengthened.

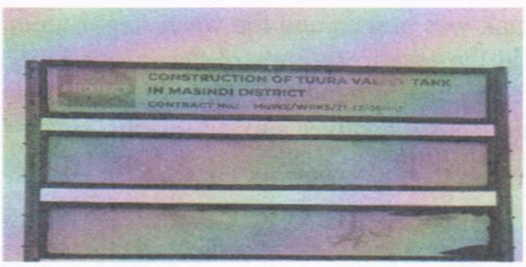
Management acknowledges the importance of continued post-handover support, including refresher training for Water User Committees, periodic monitoring visits, and reinforcement of Standard Operating Procedures (SOPs) to strengthen community ownership and promote sustainable management of the facilities. However, funding for these activities remains limited, constraining the Ministry's ability to provide adequate follow-up support and technical backstopping across the growing portfolio of Water for Production infrastructure requiring monitoring and assistance.

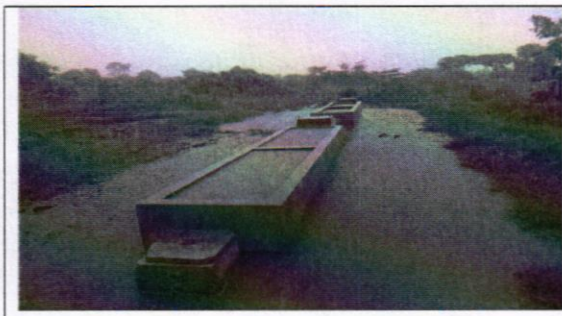
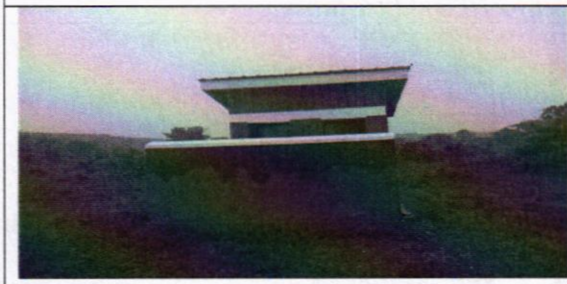
Addressing these funding gaps will be critical to fully realizing the benefits of the established guidelines and ensuring the long-term functionality and sustainability of the facilities. Consequently, the Ministry is developing a resource mobilization strategy to secure additional funding from MofPED for post-handover support, rehabilitation of non-functional Water for Production facilities, and implementation of critical operation and maintenance interventions. These interventions, although not initially provided for under the current five-year work plan, have emerged as priority requirements for sustaining service delivery, restoring infrastructure functionality, and maximizing the socio-economic benefits of the investments.

Recommendation

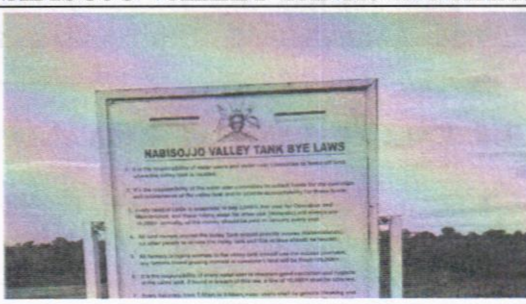
The Accounting Officer should develop and fund a comprehensive post-handover support and monitoring programme for all completed valley tanks in line with the project document. This should include; training of Water User Committees with documented Standard Operating Procedures (SOPs), activation of the UGX 10,000 monthly community maintenance fund, quarterly monitoring visits for at least 18 months after handover. Urgent clearance of overgrown vegetation at Nabisojo outlet channel should be done with routine maintenance schedules established to prevent further deterioration and maximize the long-term benefits of the completed facilities in accordance with Regulation 9 (1) (e) of the PPDA (Contracts) Regulations, 2023.

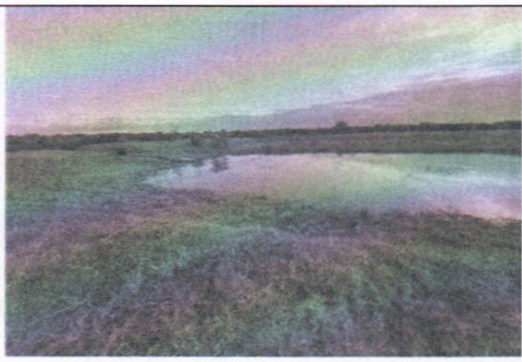
Photographic evidence of construction of Tuura Valley Tanks in Masindi District

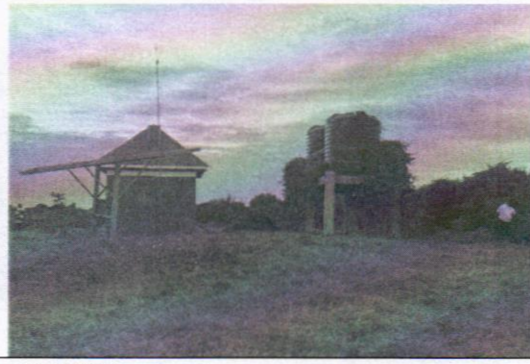
TUURA VALLEY TANK	
	
	

	
Cattle troughs	
	
2-stance latrine ,pumphouse,concrete stand and two 10,000 litre tanks	
	
Solar pannel system and two 10,000 litre tanks	

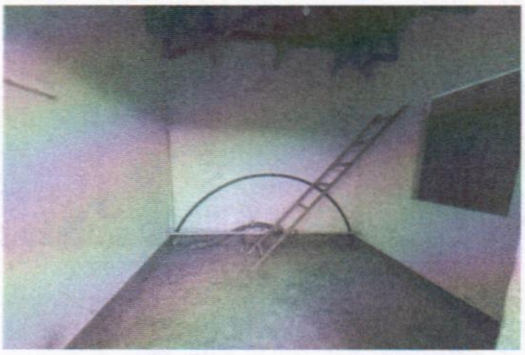
Photographic evidence of construction of Nabisojo Valley Tanks in Nakasongola Districts

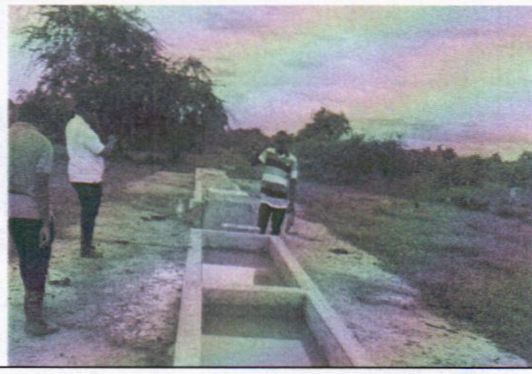
NABISOJO VALLEY TANKS IN NAKASONGOLA DISTRICTS	
	
	Poorly maintained valley tank



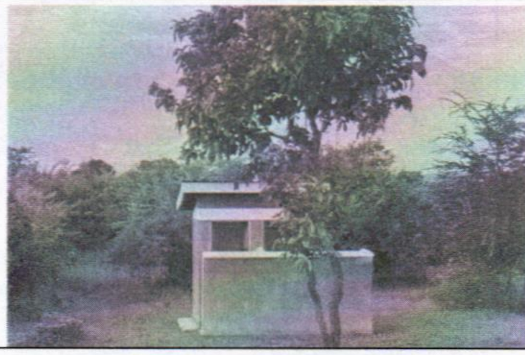


Valley tank ,pumphouse, concrete stand with two 10,000 litre tanks





Pumphouse and cattle trouphs



Broken tap and two stance latrine

CONSTRUCTION OF KIRYAMPUNGULA VALLEY TANK AT KIRYANDONGO DISTRICT

The construction of Kiryanpungula Valley Tank in Kiryandongo District, Uganda was implemented under the Force Account mechanism. The project has an approved total cost of UGX 647,435,910 (VAT inclusive). It commenced on 14th November 2024, with a planned project duration of 20 months and a completion target of 30th June 2026.

The scope of works was phased into earthworks (completed), civil works, solar installations and involved enhancing an existing deteriorated valley tank from its reduced 5,000 m^3 capacity back to a designed 15,000 m^3 storage through excavation of the basin, inlet channel, spillway and silt trap; spreading excavated material to form embankments; topographic survey and site clearance; followed by supply and installation of a solar-powered abstraction system (including 550 W monocrystalline solar panels, solar pump, control system, and machine-crushed aggregates under the array); construction of a pump house with chain-link fencing and double-leaf gate; laying transmission and distribution mains via trench excavation and backfilling; construction of a 3.5 m high concrete tank stand supporting one 10,000-litre plastic storage tank; and installation of livestock watering troughs connected to the distribution network all aimed at improving water security for livestock watering, domestic use and productive activities in Kiryampungura Village.

As of November 2025, overall progress stood at 65%, with earthworks fully completed but civil and solar components remined incomplete.

Key Findings

1. Assessment on the level of achievement of value for money (Time, Quality, and Cost)

Section 51 of the PPDA Act Cap. 205 requires all procurements to be conducted in a manner that achieves value for money. The following was noted;

Performance Area	Findings
Time	The contract commenced November 2024. By December 2025, earthworks were complete but civil and solar works remained incomplete.
Cost	No cost variations recorded, but experienced financial constraints arising from inadequate and delayed budget releases which affected the smooth implementation of works and contributed to the extended timelines.

2. Site abandonment and contractor demobilization

Section 51 of the PPDA Act Cap. 205 requires that all procurement and disposal are conducted in a manner which promotes economy, efficiency and value for money. The Authority observed that funds committed to earthworks as a result of the abandonment of site were now exposed to siltation and re-excavation.

The Contractor had fully demobilized from the site and was absent during the Authority's physical verification in December 2025. No construction personnel, equipment, or active works were present, confirming that the Kiryanpungula Valley Tank project had been abandoned and left in an incomplete state with no ongoing activity. The Entity attributed this to the delayed payment.

3. Non-compliance with Environmental, Social, Health and Safety (ESHS) requirements

Regulation 52 (3) (a) (i) and (v) of the PPDA (Contracts) Regulations, 2023 which requires the contract manager to ensure the provider meets all performance obligations and complies with the Act, Regulations, guidelines and best practices requirement that entities at all times apply recognized industry standards of which site hoarding, signage and worker sanitation are baseline elements.

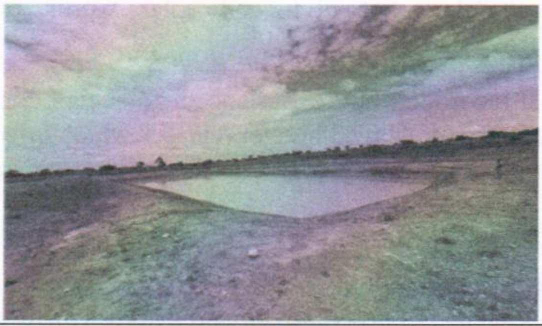
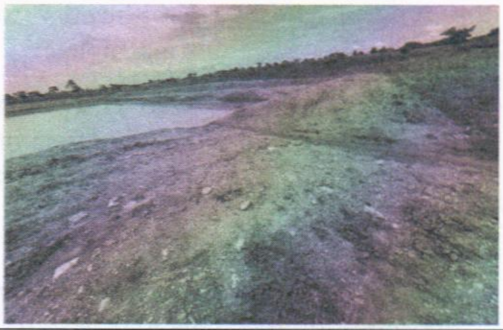
The site was not hoarded off or secured with any form of perimeter fencing or barrier, exposing the public including infants observed walking freely along the unprotected edges of the valley tank to immediate and severe risk of slippage, fall, drowning or fatal accidents. This failure to implement basic site safety measures constitutes a critical violation of ESHS standards and presents danger to community members particularly children.

4. Absence of mandatory project signage and high erosion vulnerability

Section 48 of the PPDA Act Cap. 205 requires that all procurement and disposal are conducted in a manner which promotes transparency, accountability and fairness. The absence of any signage identifying a publicly funded works site denies the community the transparency the Act guarantees over the use of public funds.

The Authority observed that there was no contract or project information signage at the site to identify the ongoing works or raise public awareness of the activity. As a result, this deprives the local community on information that a publicly funded valley tank is under construction. Additionally, the edges and boundaries of the valley tank remain inadequately protected with no stone pitching, vegetation cover or erosion control measures in place creating a high likelihood of severe soil erosion during the next heavy rains which would result in substantial siltation of the excavated volume leading to structural instability and the need for re-excavation and remedial works.

Photographic evidence construction of Kiryanpungula Valley Tank at Kiryandongo District

Excavated valley tank not hoarded off


Infants seen walking along the unhoarded excavated tank posing a safety risk to the community

Management Response

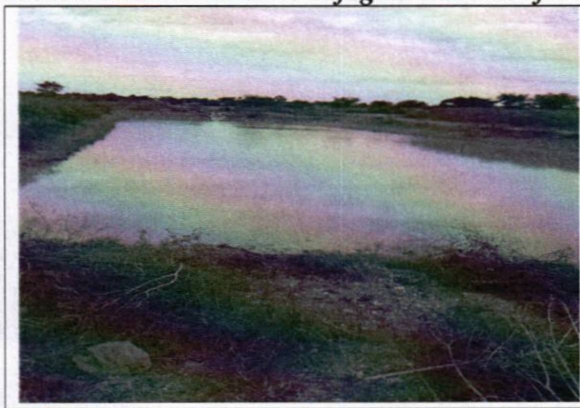
The audit observation is noted.

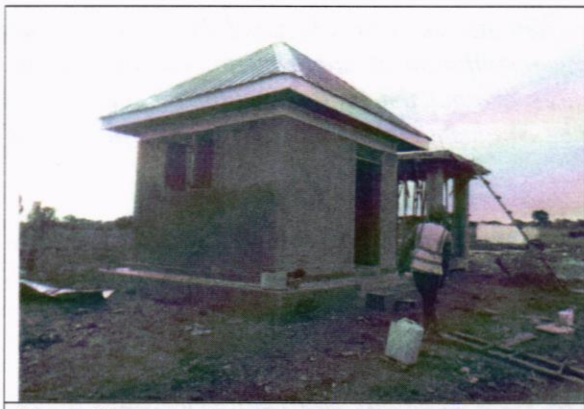
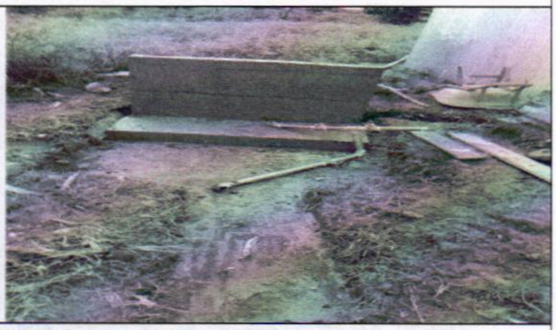
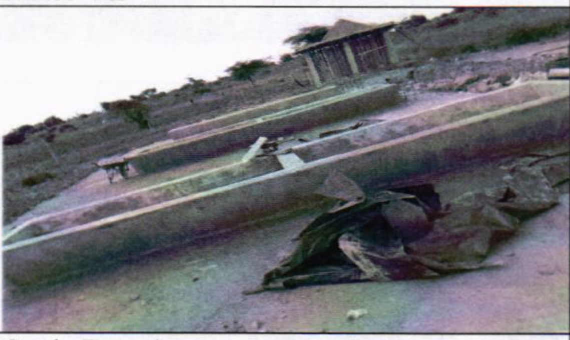
The delay in completion of the Kiryampungula Valley Tank was occasioned by funding constraints, which affected timely settlement of supplier claims and slowed project implementation. However, additional funds have since been secured, and priority has been accorded to completion of the facility. Management is currently processing the outstanding obligations to facilitate full remobilization and ensure completion of the remaining works by 30th July 2026.

In the meantime, Management has undertaken measures to safeguard the site and protect the public from potential accidents, including installation of appropriate warning signage and implementation of access control measures around the facility pending completion of the works. Regular site inspections will also be conducted to monitor site conditions and address any emerging safety concerns.

Erosion has been minimized through the construction of earth bunds around the valley tank. In addition to planting of grass to minimize soil erosion and siltation of the valley tank. These interventions, together with completion of the outstanding works, will enhance the safety, functionality, and long-term sustainability of the facility for the intended beneficiaries.

Measures undertaken to safeguard the site from accidents and current progress on site ;

	
Valley Tank Basin	fence
	
No access signage	Deep excavation signage
	
No swimming warning	Water user committee members

	
Pump House	Tank stand
	
stance VIP	PSP in operation
	
Cattle Troughs	lined channel

Authority's Comment

The Authority takes note of Management's response and acknowledges the corrective measures undertaken post-inspection including the installation of warning signage, fencing of the valley tank basin, erosion control interventions through earth bunds and grass planting, the progress on associated facilities and the establishment of a Water User Committee. However, the Authority observes that the civil and solar works remain complete and require urgent resolution to enable the community fully benefit from the facility.

Recommendation

The Accounting Officer should prioritize completion of the outstanding civil and solar works and submit to the Authority verified evidence of completion, together with a certified ESHS compliance assessment conducted in accordance with Regulation 52 (3) (a) (i) and (v) of the PPDA (Contracts) Regulations, 2023 by 31st September 2026.

CONCLUSION

The inspection established that the project registered notable achievements including the completion of Kirema Irrigation Scheme Phase 1 on time, within budget and to specification; the completion and handover of the Tuura and Nabisojo Valley Tanks and Kikoota Valley Tank at 94% completion.

However, implementation and contract management weaknesses were noted that require Management's attention. These included overall implementation behind schedule with only 18.8% physical progress achieved against 20% of the project timeline utilised and UGX 3.19 billion (3.36%) of the approved budget of UGX 94.808 billion disbursed, domestic arrears of UGX 1,688,249,782 across 23 contracts resulting in stalled and suspended works, substantial time overruns on the Kikoota and Kiteredde contracts which consumed 474.7% and 556.6% of their planned durations respectively, ESHS non-compliance across all five inspected sites and the absence of post-handover support at completed facilities.

While these weaknesses did not diminish the significance of the progress registered, they indicate deficiencies in budget planning and financial programming, contract time management, inadequate ESHS enforcement and post-handover sustainability arrangements that if not addressed, will continue to delay the realisation of the intended benefits, constrain the attainment of value for money envisaged under Section 51 of the PPDA Act Cap. 205 and adversely affect service delivery to the intended beneficiary communities.