



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

**INSPECTION REPORT INTO THE ALLEGED IRREGULARITIES IN THE
PROCUREMENT AND MANAGEMENT OF THE CONTRACT FOR CIVIL
WORKS FOR CONSTRUCTION OF SOLAR POWERED PIPED WATER SUPPLY
AND SANITATION SYSTEMS LOT 1 FOR THE RURAL GROWTH CENTRES OF
GWERE (LEFORI) AND LAROPI IN MOYO REFUGEE HOSTING DISTRICT REF
NO. MWE/WRKS/23-24/00008/1**

ENTITY: MINISTRY OF WATER AND ENVIRONMENT

COMPLAINANT: RESIDENT DISTRICT COMMISSIONER, MOYO DISTRICT

SEPTEMBER 2026

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Acronyms

BDS	- Bid Data Sheet
BoQ	- Bills of Quantities
CESMP	- Contractor's Environmental and Social Management Plan
CRVWWDA	- Central Rift Valley Water Works Development Agency (Kenya)
DAAB	- Dispute Avoidance and Adjudication Board
EOT	- Extension of Time
ES	- Environmental and Social
GCC	- General Conditions of Contract
IDA	- International Development Association (World Bank)
IPA / IPC	- Interim Payment Application / Interim Payment Certificate
ITB	- Instructions to Bidders
IWMDP	- Integrated Water Management and Development Project
MWE	- Ministry of Water and Environment
PCC	- Particular Conditions of Contract
PPDA	- Public Procurement and Disposal of Public Assets Authority
RDC	- Resident District Commissioner
RGC	- Rural Growth Centre
RVWWDA	- Rift Valley Water Works Development Agency (Kenya)
SPD	- Standard Procurement Document (World Bank)
UEDCL	- Uganda Electricity Distribution Company Limited
UGX	- Uganda Shillings
WHT	- Withholding Tax

EXECUTIVE SUMMARY

The Authority received a complaint from the Resident District Commissioner Moyo District alleging irregularities in the above procurement process which resulted into the award of contract to Tesla Technical Services Limited.

The complainant specifically alleged that:

1. Tesla Technical Services Limited lacked both the technical and financial capacity to execute the contract, raising concerns as to how the firm was procured; and
2. The contract which commenced in March 2025 with a proposed completion date of January 2026, had to date not registered significant progress on ground thereby worsening the water stress situation in the refugee hosting district.

In accordance with Section 8 (1) (i) of the Public Procurement and Disposal of Public Assets Act, Cap. 205, the Authority instituted an inspection into the above procurement and implementation of the contract and found that:

1. The procurement was conducted through the International Competitive Bidding method using the World Bank's Standard Procurement Document, subject to prior review and the World Bank issued its no-objection at each key stage from the bidding document to contract award. Tesla Technical Services Limited met the financial resources, turnover, equipment and specific experience thresholds set out in Section III of the Bidding Document, scoring 85% on the rated technical criteria and its specific experience on the Naivasha Industrial Park Water Supply Project in Kenya was independently confirmed by the Rift Valley Water Works Development Agency. The Authority found no merit in the allegation that the firm lacked the capacity to execute the contract or was irregularly procured.
2. The contractor breached the contract from the onset: The Performance Security and Environmental and Social Performance Security were not provided within the contractual 28 days; there was no contractor presence on site for the first five months; key personnel absconded and workers and suppliers went unpaid. Five Notices to Correct were issued between May 2025 and May 2026, works were suspended on 17th October 2025 and the Consultant recommended termination on 17th September 2025. By the Employer's Notice of Intention to Terminate of 19th May 2026, certified physical progress stood at only 21.37% against 83% of the elapsed contract period. Following the reconstitution of the Ministry's Contract Management Team in June 2026, performance improved and certified progress changed to 40.4% as at 31st July 2026 and a four-month no-cost extension of time to 20th November 2026 was granted to which the World Bank issued a no-objection on 29th July 2026 subject to six conditions.

The Authority's physical verification of both sites in August 2026, however, found continuing gaps in worker welfare and environmental, health and safety compliance, including absent hoarding and warning signage, inadequate toilets at Laropi and no solid-waste management system at either site in spite physical progress of 40% for both sites. The Authority found merit in the allegation that the contract was not implemented within its established terms and conditions.

In light of the above, the Authority found no merit in the allegation regarding the procurement and award of the contract, but found merit in the allegation regarding its implementation.

The Accounting Officer remains responsible for ensuring value for money and for completion of the outstanding works by the revised completion date of 20th November 2026 in accordance with the terms and conditions of the contract.

The Ministry should maintain close supervision of the Contractor, enforce the World Bank's conditions attached to the no-objection of 29th July 2026 and submit a progress report to the Authority by 30th October 2026 stating the certified physical progress of the works as at that date.

1.0 BACKGROUND

The Authority received a complaint from the Resident District Commissioner Moyo District alleging irregularities in the procurement process which resulted into the award of contract to Tesla Technical Services. Specifically, the complainant alleged that the contract was awarded to Tesla Technical Services that lacked both the technical and financial capacity to execute the contract raising concerns as to how the firm was procured. The contract commenced in March 2025 with a proposed completion date of January 2026 but has to date not registered significant progress on the ground thereby worsening the water stress situation in the refugee hosting district. The Authority instituted an inspection into the matter in accordance with Section 8 (1) (i) of the Public Procurement and Disposal of Public Assets Act, Cap. 205.

2.0 OBJECTIVES OF INSPECTION

The objectives of the inspection were to establish whether:

- i. The bid submitted by Tesla Technical Services Limited was evaluated and the contract awarded in accordance with the requirements of the bidding document; and
- ii. The contract was implemented within its established terms and conditions.

3.0 LAW APPLICABLE

- i. The World Bank Procurement Regulations for IPF Borrowers (referenced in ITB 2.1 and BDS ITB 50.1), including prior review of the evaluation report, award, contract amendments, extensions and termination; and the Bank's Anti-Corruption Guidelines and Sanctions Framework (ITB 3 and Section VI of the bidding document);
- ii. The bidding document issued to bidders on 18th June 2024, in particular ITB 27 (Clarification of Bids), ITB 30 (Determination of Responsiveness), ITB 31 (Eligibility and Qualifications of the Bidder), ITB 32 (Detailed Evaluation of Technical Part), BDS ITB 11.2(h) (contact details of previous employers), BDS ITB 32.2 (rated criteria) and Section III – Evaluation and Qualification Criteria; and
- iii. The contract signed on 21st March 2025, and the Occupational Safety and Health Act, 2006.

4.0 METHODOLOGY

The Authority reviewed the following records:

- i. The complaint of the RDC Moyo District dated 3rd June 2026;
- ii. The bidding document;
- iii. The Evaluation Report dated November 2024;
- iv. The technical and financial bid submitted by Tesla Technical Services Limited, including the Letter of Bid, Forms FIN-3.1 to FIN-3.4, Forms EXP-4.1 and EXP-4.2(a)–(c), audited financial statements for 2019 to 2023, the Centenary Bank letter of 30th July 2024 and the Naivasha contract documents;
- v. The signed contract agreement of 21st March 2025;
- vi. The Engineer's Notices to Correct Nos. 1–5, recommendation to terminate (17th September 2025), instruction suspending works (17th October 2025) and approval of the Zenith subcontract (23rd February 2026) with the subcontract bundle;

- vii. Contract management documents including the extension of time (14th July 2026) and the Bank's no-objection (29th July 2026) and the Engineer's Monthly Progress Report No. 16 for July 2026; and
- viii. Written statements and interviews from the RDC and Contract Managers indicated in Table 1 below:

Table 1: Persons interviewed

S/N	Name of interviewee	Title
1.	Mr. Geoffrey Filbert Ocailap	Resident District Commissioner, Moyo District
2.	Eng. James Ashaba	Regional Manager, Ministry of Water and Environment Lira Office
3.	Eng David Kabugo	Principle Engineer, Ministry of Water and Environment Lira Office

5.0 SUMMARY OF FACTS

1. The Government of Uganda received a loan from the World Bank worth USD 313,000,000 towards the cost of the Integrated Water Management and Development Project (IWMDP), Credit No. 62760-UG. Part of the proceeds was applied to civil works for the construction of solar powered piped water supply and sanitation systems in three lots. Lot 1 covers the Rural Growth Centres of Gwere (Lefori) and Laropi in Moyo Refugee Hosting District, with an Engineer's estimate of USD 3,850,000 (UGX 16,872,525,000).
2. On 12th February 2024, the procurement was initiated at an estimated cost of UGX 16,872,525,000.
3. The Bank approved International Competitive Bidding, single-stage two-envelope using the World Bank Standard Procurement Document for Works with a rated criterion. The procurement was subject to prior review by the Bank.
4. On 12th April 2024, the Contracts Committee approved the method of procurement and Evaluation Committee comprising Eng. James Ashaba (Senior Engineer, Chairperson), Eng. David Kabugo (Senior Engineer), Ms. Joyce Ikiai (Senior Electro-mechanical Engineer), Mr. Vincent Okurut (Procurement Specialist, Secretary) and Mr. Ivan Odeke (Procurement Officer).
5. On 13th June 2024, the Bank issued a no-objection to the bidding document and the General Procurement Notice was published on UN Development Business online.
6. On 18th June 2024, the Invitation for Bids was advertised in the New Vision paper. Bidding documents were issued from 18th June to 31st July 2024. A site visit was conducted on 1st and 2nd July 2024 and a pre-bid meeting on 4th July 2024. Minutes of the meeting were issued on 11th and 12th July 2024. One addendum was issued on 16th July 2024 following the Bank's no-objection of 11th July 2024. 29 firms purchased the bidding document under Lot 1.
7. On 1st August 2024, bids were received and the technical bids were opened. 10 bids were received under Lot 1 from: Royal-Velko Joint Venture; Tesla Technical Services Limited; Mango Tree Construction Company Limited; Nexus Green Limited; Zhonghao Overseas Construction Engineering Co. Limited; CJIC & CJIC-Kenya Joint Venture; C&G Andijes Group Limited; Thomas Chase Limited; Suleigh Engineering Works Limited; and Crestanks Limited. The bid validity was 180 days to 28th January 2025 and was later extended to 25th April 2025.

8. The Technical Evaluation Report dated 25th November 2024 found Tesla Technical Services Limited compliant at preliminary examination and awarded it a technical score of 85% under the rated criteria of eligibility, financial and experience criteria and recommended it for financial opening. Two bidders Tesla Technical Services Limited and C & G Andijes Group were recommended for financial opening. The other eight bidders were eliminated mainly for failing on specific experience that was stipulated under (Section III sub-factors 4.2(a) and 4.2(b) of the bidding document or financial resources.
9. Tesla Technical Services Limited and C & G Andijes Group's financial bids were subsequently opened with contract prices of 16,678,843,571 including 18% VAT and UGX 20,087,102,588 respectively inclusive of VAT. C & G Andijes Group was eliminated for having a higher financial bid.
10. On 25th January 2025, the Contracts Committee awarded the Lot 1 contract to Tesla Technical Services Limited. The Bank granted a no-objection to the award on 19th January 2025 and on 5th March 2025, the Solicitor General cleared the draft contract.
11. On 21st March 2025, the contract agreement was signed by the Permanent Secretary, Dr. Alfred Okot Okidi and by Eng. Abudallah Ssenyonjo, Technical Director of Tesla at a Contract Price of UGX 16,678,843,571 including 18% VAT of this amount UGX 14,134,613,196 is the cost of works exclusive of VAT while the balance of UGX 2,544,230,375 represents the 18% VAT component which is not paid to the Contractor in cash but is deemed to have been paid by Government directly to Uganda Revenue Authority on behalf of the project in accordance with the tax exemption arrangement applicable to works financed under the World Bank credit. The contract duration was 12 months for construction and a 365-day Defects Notification Period. Supervision was contracted to SGAPI Consulting Engineers.
12. On 3rd and 4th April 2025, the sites were handed over and the Supervising Engineer issued a commencement notice under GCC 8.1. Substantial completion was due on 31st December 2025. The commencement date changed to 21st July 2025 due to the Contractor's failure to fulfill its obligations. The completion date was then revised to 20th July 2026.
13. Between 20th May 2025 and 11th May 2026, the Consultant issued five Notices to Correct under GCC 15.1, which grew from 7 items to 119 items. They recorded, among other things, no contractor presence for the first five months, non-delivery of the Performance Security and ES Performance Security within 28 days, no insurance, absconding of key personnel, unpaid workers and suppliers, unauthorised suspension of works, and by May 2026, abandonment of all sites with the contractor's camp repossessed by the landlord and defects in the completed work.
14. On 16th July 2025, KCB Bank Uganda Limited issued the Performance Security of UGX 1,501,095,922 and the ES Performance Security of UGX 166,788,436 on behalf of Tesla, both expiring on 16th July 2026. Extended guarantees for the same amounts were granted expiring on 16th January 2027.
15. On 17th September 2025, the Consultant formally recommended termination of the contract under GCC 15.2.1 and advised the Employer to claim the advance payment guarantee and performance security. On 17th October 2025, works were suspended under GCC 8.9 for non-compliance with statutory regulations and the contract, listing thirteen conditions for resumption. Works resumed on 1st December 2025.
16. On 12th December 2025, the Engineer approved Interim Payment Certificate No. 1 for UGX 1,131,633,582 (exclusive of VAT) invoiced by the contractor "for work done in November

- 2025". Payment was made on 29th January 2026. No advance payment was made under the contract.
17. On 13th February 2026, Tesla Technical Services Limited entered into a subcontract arrangement with Zenith Technical Services (U) Limited for the transmission mains and storage reservoirs at both Rural Growth Centres (Bills W-7 and W-8) for UGX 2,255,592,581 exclusive of VAT. On 23rd February 2026, the Engineer approved the subcontract under PCC 5.1(a) and (b) of the Contract document.
 18. On 9th March 2026, the Consultant submitted Interim Payment Certificate No. 2 worth UGX 473,924,766, it was certified on 11th March 2026 and paid on 29th April 2026.
 19. On 19th May 2026, the Permanent Secretary, Ministry of Water and Environment issued a Notice of Intention to Terminate under GCC 15.2.1, recording physical progress of 21.37% against 83% of the elapsed contract period and giving the contractor 14 days to fulfil four conditions.
 20. On 28th May 2026, the contractor submitted Interim Payment Application No. 3 (revision 3) claiming new works of UGX 1,933,009,044 bringing the cumulative gross value to UGX 3,591,825,699 (25.4% of the contract) of which UGX 1,051,564,349 falls within the bills subcontracted to Zenith Technical Services (U) Limited.
 21. On 3rd June 2026, the Resident District Commissioner Moyo District lodged the complaint with the Minister, PPDA and the Chief Administrative Officer, alleging that the contract had been awarded to a firm without technical and financial capacity and that no significant progress had been registered and requested for an investigation into the procurement. The Authority received the complaint on 8th June 2026.
 22. On 8th July 2026, the contractor requested an extension of time under GCC 8.5 and 8.6. On 14th July 2026, the Contract Manager, Eng. James Ashaba, granted a no-cost extension of four months from 20th July 2026 to 20th November 2026, citing Regulation 53 of the PPDA (Contracts) Regulations 2023. On the same day, the Ministry requested the Bank's no-objection.
 23. On 29th July 2026, the Bank issued its no-objection to the extension subject to the following conditions : i) The contract target matrix forms part of a signed addendum; ii) The contractor's 28-day notices under GCC 20.1 be availed on record "for the EOT entitlement to hold"; iii) The Ministry resolves outstanding land access issues at Borehole DWD 22770 and the Laropi Water Office site; iv) Supervision be secured for the extended period; v) Delay damages be enforced if substantial completion is not achieved by 20th November 2026.
 24. The Engineer's Monthly Progress Report No. 16 for July 2026 records physical progress of 40.42% against 77% of a revised contract period of 488 days, amounts certified of UGX 4,238,354,325 including VAT (25.41%), eleven key personnel, 123 workers on site and an environmental, health and safety compliance status of "Compliant".
 25. In August 2026, the Authority inspected both sites and interviewed the Consultant, Contract Manager, the Engineers and the contractor's site staff and workers.

6.0 FINDINGS OF THE AUTHORITY

6.1 Whether the bid submitted by Tesla Technical Services Limited was evaluated, and the contract awarded, in accordance with the bidding document and the applicable rules

The allegation

The complainant alleged that the contractor awarded the contract lacked both the technical and financial capacity to execute the project.

The procurement process and approvals

The Authority confirmed that the procurement was financed by the World Bank, was subject to a prior review process and used the Bank's Standard Procurement Document throughout. The records show publication of the procurement notice, a site visit and pre-bid meeting, an addendum issued on 16th July 2024 following the Bank's no-objection of 11th July 2024 and an Evaluation Committee approved by the Contracts Committee on 12th April 2024. Bid opening was conducted in the presence of bidders on 1st August 2024, bid securities were verified with the issuing banks and the Technical Evaluation Report of 25th November 2024 was prepared in accordance with the criteria in Section III of the bidding document. The Contracts Committee approved the evaluation report and awarded the contract to Tesla Technical Services Limited as the Best Evaluated Bidder on 25th January 2025. The World Bank's no-objection was obtained at each of these stages as confirmed by the procurement records and by the Contract Managers who were part of the Evaluation Committee. The Solicitor General cleared the draft contract on 5th March 2025 and the contract agreement was signed on 21st March 2025. The Authority found no merit on this aspect.

The evaluation process

The Authority found that the Evaluation Committee applied the criteria set out in the bidding document. The preliminary examination consisted of six rated technical weighted aspects under ITB 32.2 (Method Statement 30 points, Site Organisation 9, Construction Schedule 40, ES Management Strategies 6, Key Personnel 10, Equipment 5) and Section III qualification thresholds for Lot 1 of USD 962,000 in financial resources, USD 6,160,000 in average annual construction turnover, specific experience of one contract of at least USD 5,780,000 or two contracts of at least USD 2,890,000 each, four key construction activities and seven environmental and social aspects.

The Authority noted that Tesla Technical Services Limited submitted in its bid a letter of credit from Centenary Bank dated 30th July 2024 confirming a line of credit of USD 962,000 and an average five-year cash flow of USD 132,000 which met the financial resources threshold. The Authority noted the declared and audited construction turnover figures worth USD 25,003,493.53 for both 2022 and 2023. Its audited accounts record a 2022 turnover of UGX 84,013,275,435 equivalent to USD 22.1M. both the declared and audited figures exceeded the USD 6,160,000 threshold. Tesla Technical Services Limited's equipment was to be leased which the bidding document expressly permitted as an alternative to ownership.

Tesla Technical Services Limited's specific experience was based on the Naivasha Industrial Park Water Supply Project in Nakuru County, Kenya worth (KES 995,396,658.80 / USD 9,663,519.84 that was implemented from November 2019 to October 2021 which was within the permitted five-year window and above the USD 5,780,000 single-contract threshold. The Evaluation Committee independently confirmed in writing from the Rift Valley Water Works Development Agency in a letter on 3rd September 2024 and the response dated 17th September 2024 stated that the contract was diligently performed as per the contract provisions. Tesla Technical Services Limited scored 85% on the rated technical criteria with non-disqualifying

weaknesses addressed through the scoring mechanism provided in the bidding document. The Authority found no merit on this aspect.

Statements of the persons interviewed

In the interviews conducted by the Authority in August 2026, Eng. James Ashaba, who chaired the Evaluation Committee and now serves as the current Contract Manager and Eng. David Kabugo, who was a member of the Evaluation Committee and was the first Contract Manager both confirmed that the procurement was conducted through open international competitive bidding in accordance with the World Bank's guidelines. Tesla Technical Services Limited's bid was found satisfactory at the technical and financial stages and that the award was made with the approval of the Contracts Committee and the World Bank at each stage.

Authority's Conclusion on issue 1

The procurement was conducted through the International Competitive Bidding method using the criteria set out in the Bidding Document. Tesla Technical Services Limited met the financial and technical qualification thresholds stipulated in Section III of the bidding document and its specific experience was confirmed by the evaluation committee and found satisfactory. The Authority found no merit under issue 1.

6.2. Whether the contract was implemented within its established terms and conditions

The allegation

The complainant alleged that the contract was to run from March 2025 to January 2026 and that by June 2026 no significant progress had been registered on ground, leaving the water situation in the refugee-hosting area worse and requiring urgent intervention.

The Contract

The Authority noted that Tesla Technical Services Limited signed the contract with the Ministry of Water and Environment on 21st March 2025 for construction of a solar-powered piped water supply and sanitation system for the Rural Growth Centres of Gwere and Laropi in Moyo District at UGX 16,678,843,571 inclusive of VAT. The initial commencement date was 4th April 2025 but changed to 21st July 2025 due to the Contractor's failure to fulfill its obligations on submission of a performance security and full mobilization on site. The completion date was then revised to 20th July 2026. SGAPI Consulting Engineers supervised the works and the Ministry's Contract Management Team was led by Eng. David Kabugo. Tesla Technical Services Limited subcontracted the transmission mains and storage reservoirs to Zenith Technical Services (U) Limited at UGX 2,255,592,581 exclusive of VAT. The subcontract agreement was approved on 23rd February 2026.

Implementation of the contract

The Authority noted that the Contractor was required under GCC 4.2 of the contract to submit the Performance Security and Environmental and Social Performance Security within 28 days of the contract signature date. The contract was signed on 21st March 2025, which implied that the Guarantees were due by 18th April 2025. However, the Guarantees were issued on 16th July 2025 and works commenced on 21st July 2025. This presented a delay of 89 days beyond the contractual deadline for submission of the prescribed securities.

Between 20th May 2025 and 11th May 2026, the Supervising Consultant issued five Notices to Correct under GCC 15.1 of the conditions of the contract growing from 7 to 119 items across.

The notices recorded no contractor presence for the first five months, absence of key staff and a work programme, unpaid workers and suppliers and eventual abandonment of both sites. The Authority noted that works were suspended on 17th October 2025 under GCC 8.9 of the contract. The Consultant then recommended termination under GCC 15.2.1 on 17th September 2025 following the Contractors full non- adherence to the notice to correct.

The Authority noted that the Ministry and the Consultant conducted a meeting with the Contractor on 18th November 2025 at which the Contractor undertook to establish a camp site, provide security and insurance, install signboards and deploy key personnel by 24th November 2025. A compliance tracking matrix of 8th December 2025 recorded partial compliance with insurance and signboards submitted and some key personnel replaced but the certificate of registration of workplace, waste disposal permit, site clinic, health and safety measures and payment of stranded workers and outstanding supplier debts remained outstanding.

The Employer's Notice of Intention to Terminate was issued on 19th May 2026, recording physical progress of only 21.37% against 83% of the elapsed contract period and requiring the Contractor within 14 days to complete mobilization, pay all workers and service providers, bring physical performance in line with time performance and fulfil outstanding environmental and social safeguards.

Corrective actions, extension of time and World Bank no-objection

The Authority noted that on 20th June 2026, the Ministry appointed Eng. James Ashaba as the new Contract Manager and as Regional Manager for the Lango, Acholi and West Nile sub-regions and reconstituted the Contract Management Team. The RDC in an interview with the Authority stated that the reconstitution of the supervision/contract management team yielded increased level of activity on both sites. Critical material required for the major outstanding works such as pipes, reservoir tanks and solar panels were delivered to site. Eng. James Ashaba and Eng. David Kabugo attributed the earlier delays mainly to the Contractor's cash-flow difficulties which were as a result of other contracts with the Ministry of Energy and Mineral Development through the Rural Electrification Agency and with Uganda Electricity Distribution Company Limited to which they had not been paid. The RDC in his written statement further highlighted that there is currently visible material improvement in the management and execution of the contract.

The Authority noted that the Contractor requested for an extension of time on 8th July 2026. On 14th July 2026 the Contract Manager granted a four-month extension of the completion date to 20th November 2026, citing Regulation 53 of the PPDA (Contracts) Regulations 2023. The World Bank issued its no-objection on 29th July 2026 subject to the following conditions:

- i) The contract target matrix forms part of a signed addendum;
- ii) The contractor's 28-day notices under GCC 20.1 be availed on record "for the EOT entitlement to hold";
- iii) The Ministry resolves outstanding land access issues at Borehole DWD 22770 and the Laropi Water Office site;
- iv) Supervision be secured for the extended period; and
- v) Delay damages be enforced if substantial completion is not achieved by 20th November 2026.

The Performance Security and Environmental and Social Performance Security were extended to 16th January 2027 with a revised completion date of 20th November 2026 following the Bank's no-objection.

The Authority further noted that the Engineer's Monthly Progress Report No. 16 certified physical progress at 40.42% as at 31st July 2026.

The Authority conducted a physical verification of both sites in August 2026 and found the Site Engineer and Safety Officer on site and the remainder being casual labourers. The sites did not have hoarding tape or warning tape and safety signages. Most workers had boots and helmets but with no gloves. The Laropi site had inadequate toilets, neither site had a solid-waste management system and the Casual workers at Gwere reported that they were not being given meals. The Authority noted that the Ministry had to date paid UGX 1,492,394,990 exclusive of VAT against two interim certificates (IPC 1&2) issued by the Supervising Consultant equivalent to 11% of the contract sum pending payment of IPC 3 worth UGX 1,739,708,139.

Authority's conclusion on issue 2

The Authority found merit in the allegation. The contract was not implemented within its established terms and conditions. The Contractor breached the contract from the onset on securities, mobilization, staffing, site presence and payment of workers and suppliers. Notices to Correct accumulated, works were suspended and by May 2026 certified progress was 21.37% against 83% of elapsed time.

The Authority further noted that the Ministry reconstituted the Contract Management Team, secured delivery of critical materials and obtained the World Bank's no-objection to an extension of time to 20th November 2026. Certified progress has risen to 40.42% as at the progress report dated 31st July 2026. The Authority's August 2026 inspection, however, found continuing gaps in worker welfare and environmental, health and safety compliance, including absent hoarding and warning signage, inadequate toilets at Laropi and no solid-waste management system at either site in spite physical progress of 40% for both sites. The Authority found merit in the allegation that the contract was not implemented within its established terms and conditions.

7.0 CONCLUSION AND RECOMMENDATION

On issue 1, the procurement followed the prescribed method and criteria. Tesla Technical Services Limited met the qualification thresholds and its specific experience was confirmed by the Evaluation Committee. There is no merit under issue 1.

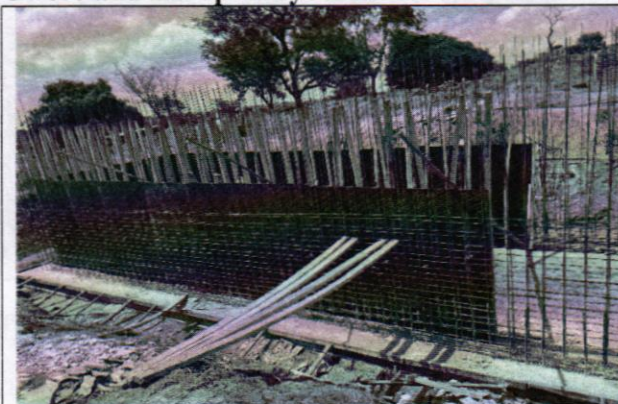
On issue 2, the contract was not implemented within its established terms and conditions. The Contractor defaulted early in the contract and certified progress remained behind time. The allegation has merit. The Ministry's action and the World Bank's no-objection to an extension to 20th November 2026 has placed the contract on a recoverable path but certified progress of 40.42% as at 31st July 2026 and the Authority's inspection show that completion within the revised schedule is not yet assured.

The Accounting Officer remains responsible for value for money and for completion of the pending works by 20th November 2026.

The Ministry should maintain close supervision, enforce the Bank's conditions and submit a progress report to the Authority by 30th October 2026 stating the current certified progress of works.

ANNEXES

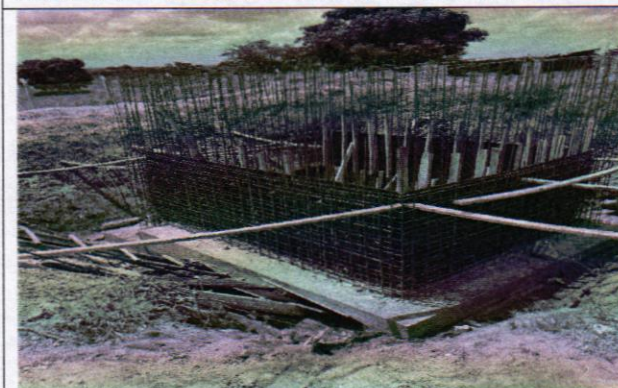
Annex 1: Physical verification of the progress of the Solar Powered Water System at Gwere and Laropi Moyo District



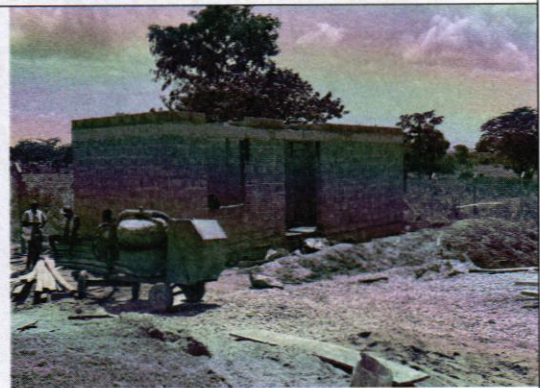
Aerator & sedimentation tank at Gwere WTP



Filtration Tank at Gwere WTP



Clear water Tank & Pump house at Gwere WTP



Staff House at Gwere WTP



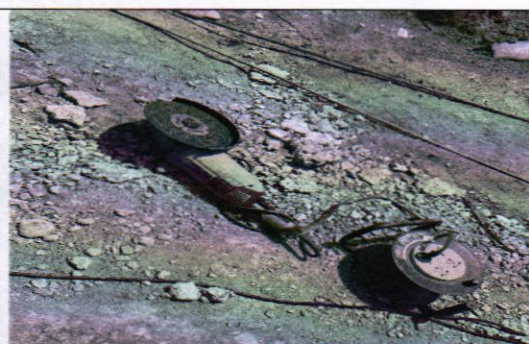
The chemical house still at excavation stage at Gwere WTP



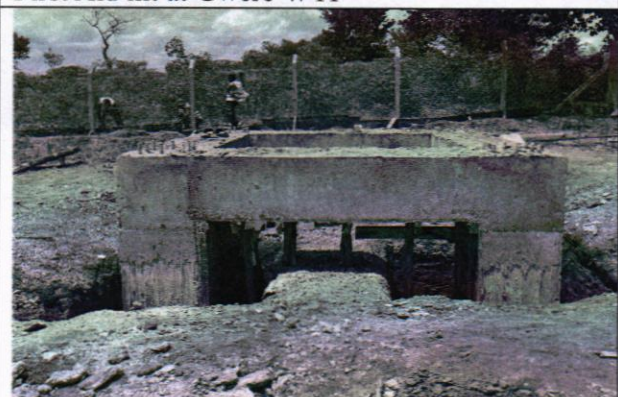
Provisional pit latrine at Gwere WTP



Equipment at Site at Gwere WTP: Generator



First Aid kit at Gwere WTP



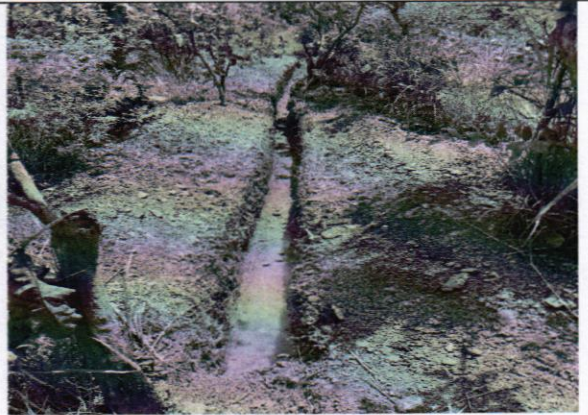
Tank area at Gwere WTP

The guard house at Gwere WTP

Gwere Water Tank



Concrete Water tank stand at Gwere WTP



Trench excavation in progress at Gwere WTP



3km Transmission PVC pipe laying in progress

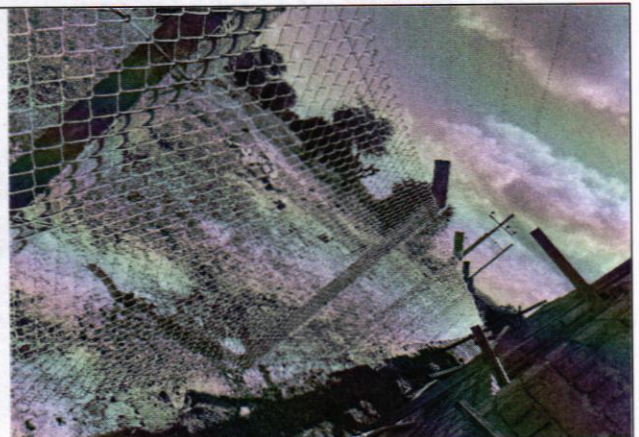


42km Distribution PVC pipe laying in progress

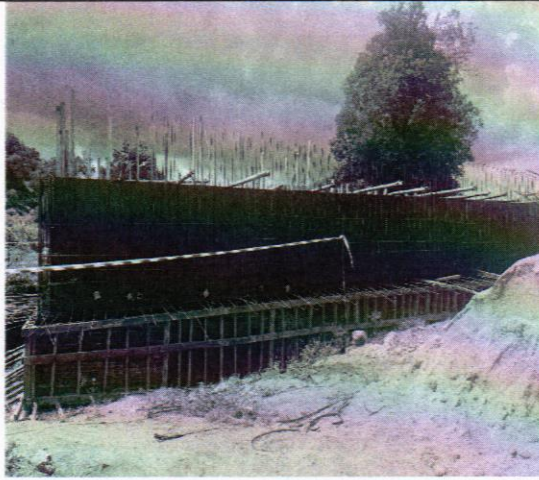
LAROPI SITE



Guard house at Laropi WTP



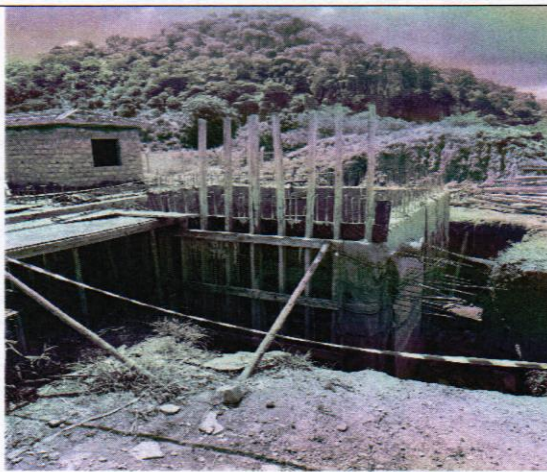
Chain Link installed at Laropi WTP



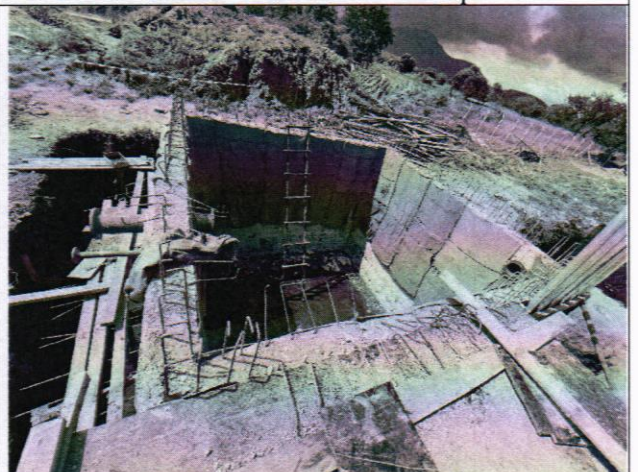
Aerator & sedimentation tank at Laropi WTP



Aerator & sedimentation tank at Laropi WTP



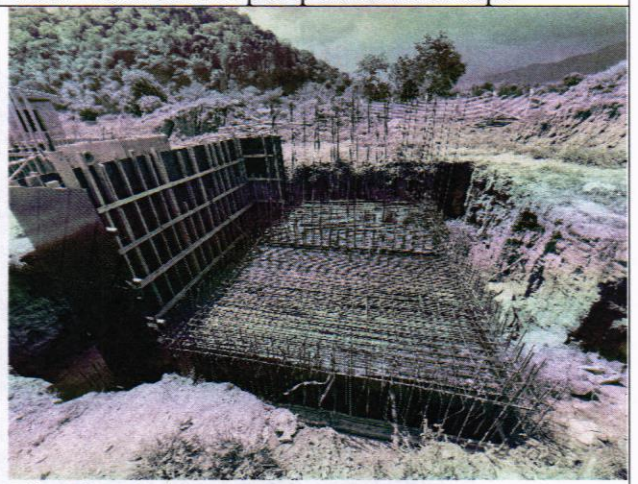
Clear water tank & pump house at Laropi



Clear water tank & pump house at Laropi



Filtration tank



Filtration tank



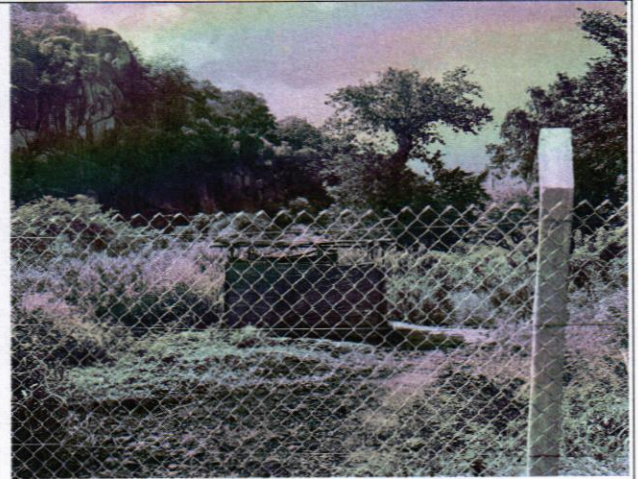
Extension of 3-phase power grid line to Laropi WTP



Borehole at Laropi WTP



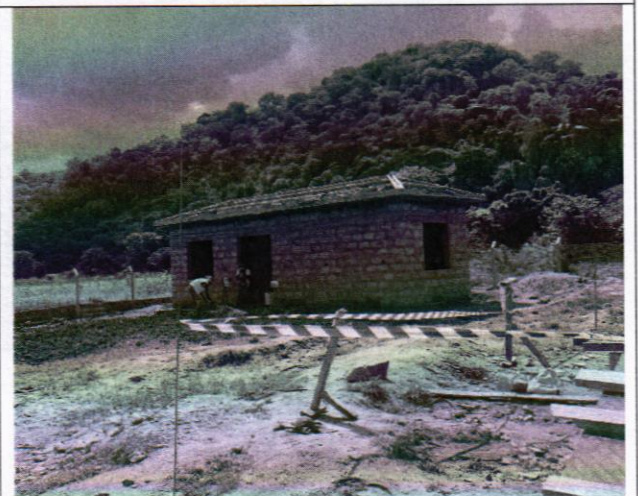
Tank area



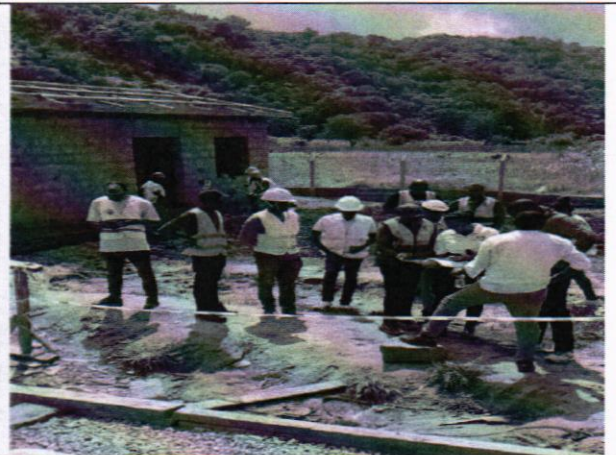
Provisional latrine for workers



Chemical house still under construction at Laropi



Staff house at Laropi WTP

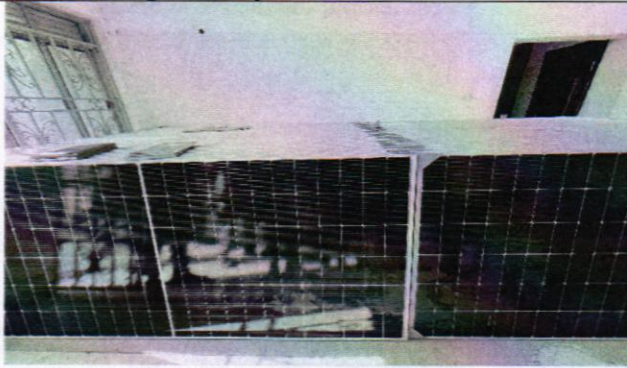


Staircase to the top of the reservoir at Laropi

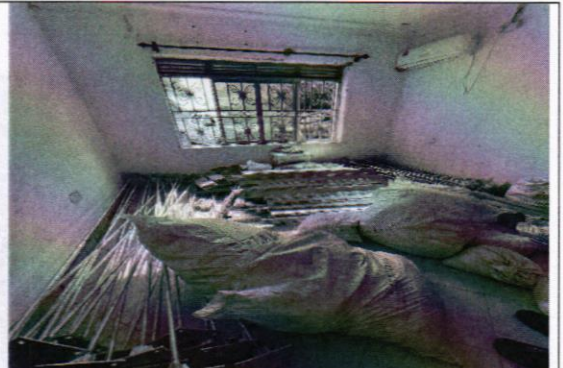


Tesla staff ferrying material to the top of the rocky site

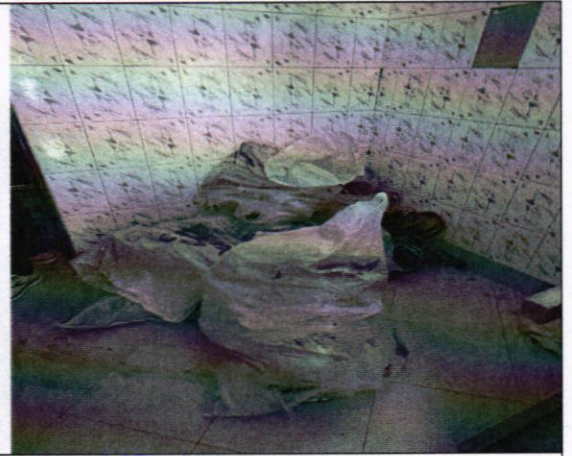
Store/ Storage facility



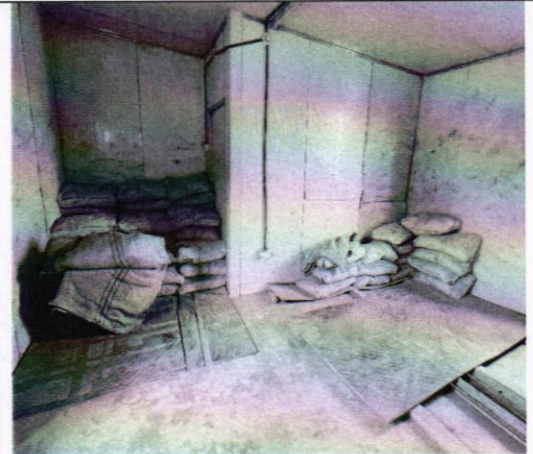
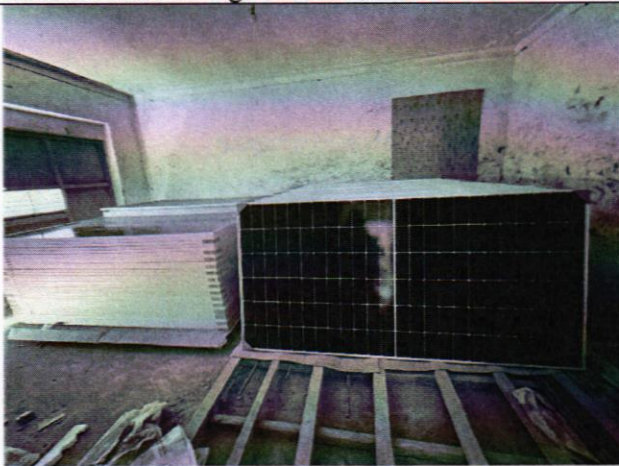
270 solar panels of 590 watts each



Tank pipes and connectors

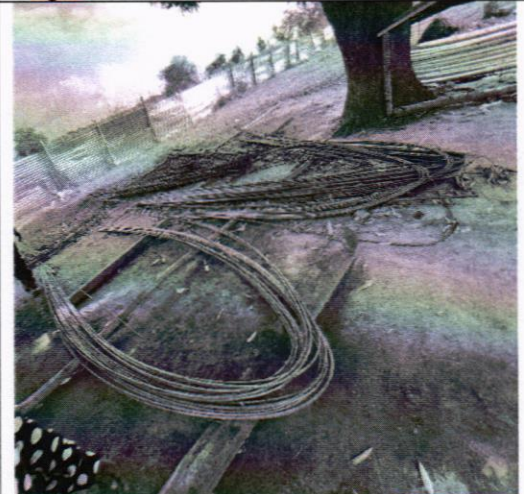
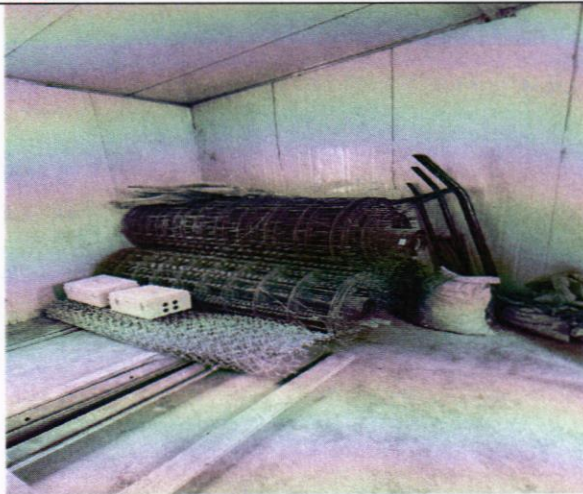


Metallic tank fittings

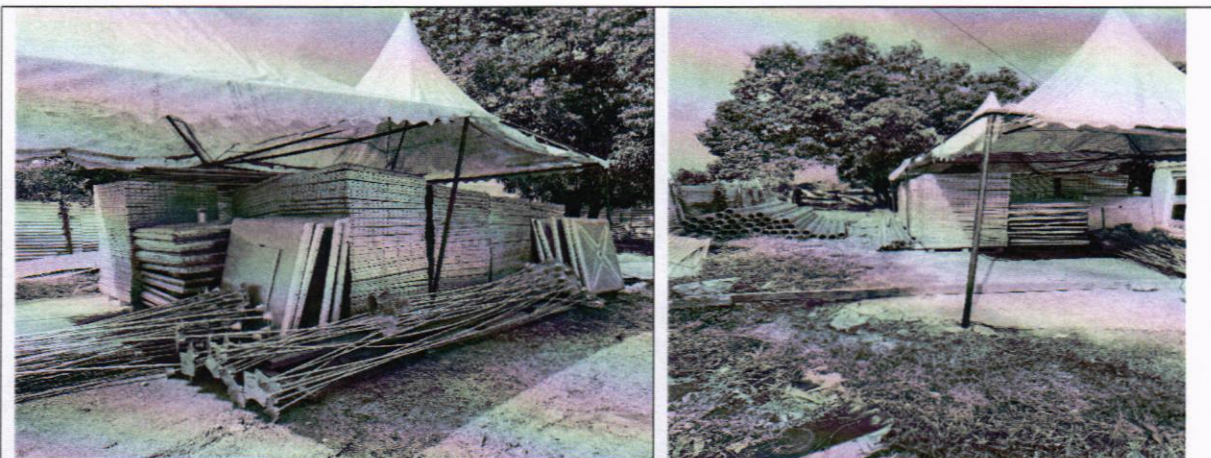


Solae

Bags of cement



Mesh and British re-enforced concrete (BRC)



Un assembled metallic tanks for the reservoirs at Gwere and Laropi