



**INSPECTION REPORT INTO ALLEGED INFLATED
PLANNING COSTS FOR COMMUNITY ACCESS ROADS FOR
CONSTRUCTION/REHABILITATION UNDER THE NATIONAL
OIL SEEDS PROJECT**

ENTITY: MINISTRY OF LOCAL GOVERNMENT

**COMPLAINANT: HON. MEMBER OF PARLIAMENT FOR
KOLE NORTH**

DECEMBER 2024

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Acronyms

BOQs	-	Bills of Quantities
FY	-	Financial Year
MoLG	-	Ministry of Local Government
MOWT	-	Ministry of Works and Transport
NOSP	-	National Oil Seeds Project
PPDA	-	Public Procurement and Disposal of Public Assets Authority
UGX	-	Uganda Shillings

1.0 BACKGROUND

The Government of Uganda through the Ministry of Agriculture, Animal Industry and Fisheries, and the Ministry of Local Government is implementing a seven year (2021-2027) National Oil Seeds Project (NOSP). The project is funded with a loan by the International Fund for Agriculture Development (IFAD) and the Opec Fund for International Development (OFID).

NOSP has two mutually interdependent components: (a) Component 1: Support to Oil Seed Value Chain Development and (b) Component 2: Support to Market Linkage Infrastructure Serving the Oilseed Sector.

Under Component 2: Support to Market Linkage Infrastructure Serving Oilseed Sector, the objective is to improve local-level public transportation infrastructure to facilitate the commercialization of the oil seed sector and the implementing agency is Ministry of Local Government.

It is against this background that on 5th May 2024, Engineer Gilbert Okwong initiated the procurement of construction/ rehabilitation of community access roads under Batch A in 81 District Local Governments under the National Oil Seeds Project (NOSP) at UGX 110 billion.

On 25th July 2024, the Authority received a copy of the complaint from the Hon. Member of Parliament Kole North to the Hon. Minister of Local Government alleging that the planned figures for the construction/rehabilitation of community access roads were inflated under the Ministry of Local Government National Oil Seeds Project (NOSP). That the planning costs for construction/rehabilitation of roads were inflated from the Ministry of Works and Transport figure of UGX 30 million to UGX 90.53 million shillings as indicated in the Budget Framework Paper of FY 2021/2022 and 15 million per km for the District Local Governments.

During an interview with the Authority, the Hon. Member of Parliament further alleged that the Entity irregularly provided the reserve prices to Serere District before the Form 5 initiating the procurement process was approved by the Accounting Officer.

In accordance with Section 8 (1) (i) of the PPDA Act Cap 205, the Authority instituted an inspection into the matter.

2.0 LAW APPLICABLE

- i. The Public Procurement and Disposal of Public Assets Act Cap 205;
- ii. The PPDA (Rules and Methods for the Procurements of Supplies, Works and Non-Consultancy Services), 2023) Regulations, 2023;
- iii. The Public Procurement and Disposal of Public Assets Guidelines, 2023; and;
- iv. The bidding documents.

3.0 OBJECTIVES OF THE INSPECTION

The objectives of the inspection were to establish whether:

- i. The planning costs for construction/rehabilitation of community access roads under the National Oil Seeds Project were inflated; and
- ii. The Entity irregularly provided the reserve prices to Serere District.

4.0 SCOPE OF THE ASSIGNMENT

Six Districts were sampled out of the total 81 Districts. They included Abim, Koboko, Kole, Nakaseke, Nwoya and Tororo where the National Oil Seeds Project (NOSP) is to be implemented. Selection was based on at least one District per region where the procurements were being carried out.

5.0 METHODOLOGY

The Authority adopted the following methodology:

5.1 Review of the following documents:

- i. The invitation to bid;
- ii. Record of issue of bids;
- iii. Bills of Quantities (BOQs) of the sampled Entities comparing them with the unit rates for work items that were deemed to be cost drivers and thereafter comparing the average cost per kilometer of road in the various regions; and
- iv. Secondary data sources to summarize information from the following documents:
 - a) Ministerial Policy Statement for FYs 2021/2022 and 2024/2025;
 - b) Ministry of Works and Transport Budget Framework Paper;
 - c) Solicitor General's clearance,
 - d) Engineers estimates from Ministry of Works and Transport (MOWT) for the FYs ranging from 2021/2022 to 2024/2025; and
 - e) Bills of Quantities for the selected roads projects.

5.2 The Authority held a meeting with the following persons on 7th October 2024 Table 1:

Table 1: Persons met by the Authority

No.	NAME	DESIGNATION
1.	Hon. Samuel Opio Acuti	Member of Parliament Kole North
2.	Eng. Gilbert Okwong	Project Engineer, NOSP
3.	Mr. Alexander Muhwezi	Project Procurement Specialist, NOSP

6.0 LIMITATION TO SCOPE

Not all the 81 lots under the procurement could be reviewed. In addition, physical verification of the sites was not conducted due to limited time.

7.0 FINDINGS OF THE AUTHORITY

7.1 Whether the planning costs for construction/rehabilitation of community access roads under the National Oil Seeds Project were inflated

1. On 8th May 2024, the Entity initiated the procurement for rehabilitation/construction of roads (1,034kms) in 81 Districts at UGX 110,000,000,000 billion.
2. The Authority reviewed budgets for Ministry of Works and Transport for the FYs 2021/2022 and 2023/2024 as summarized in Table 2 below indicating the average cost per km of road for rehabilitation of community access roads:

Table 2: Budget Review for Ministry of Works and Transport

SN	FY	Km Budgeted	Budget in UGX (Bn)	Average Cost per km in UGX (Million)	Remarks
1.	2021/2022	673.3	40.398	60	400 km were new roads and 273.3 km were backlog
2.	2023/24	320	32.390	100	UGX 200 million was for upgrading internal roads in Mwiri

3. Regulation 3 (3) of the PPDA (Rules and Methods for the Procurements of Supplies, Works and Non-Consultancy Services), 2023 states that *“in estimating the value of the supplies, works or non-constancy services required and confirming the availability of funds required under sub-regulation (2) (c), a Procuring and Disposing Entity shall (a) base the estimate on an assessment of the market price; (b) seek technical advice, where required; and (c) ascertain that the confirmation of availability of funding takes into account the total cost of acquiring the requirement.”*
4. Regulation 5 of the PPDA (Rules and Methods for the Procurements of Supplies, Works and Non-Consultancy Services), 2023 states *“In order to determine the market price of a procurement requirement, the Accounting Officer shall use the prices of supplies, works or non-consultancy services that conform to the guidelines on prices issued by the Authority.”*
5. In a meeting with the NOSP Project Engineer, Eng. Gilbert Okwong, the Authority established that the Engineers’ estimates for the Bills of Quantities (BOQs) were developed by a team of Engineers comprised of Ministry of Local Government Engineers (under NOSP), Ministry of Works and Transport and the respective District Engineers. The Project Engineer further stated that the respective District Engineers were further requested to fill in/price the BOQs in areas where they had experience and the areas where they had no experience were left blank and filled in by himself. He also stated that the prices were further revised downwards as per the prevailing market price of the items.

6. The Authority sought the technical opinion of the Ministry of Works and Transport, the competent authority on construction works, during the inspection. On 11th September 2024, the Ministry of Works and Transport nominated Engineer Edward Gabula Kitamirike a Principal Engineer who reviewed the BOQs and the rates per bill item to establish the unit cost used by NOSP in comparison to the unit costs used in the Ministry of Works and Transport. His findings of the six sampled districts in the six regional hubs out of the 81 Districts are indicated below:

6.1 EASTERN REGION

The sampled District was Tororo. The comparison of the bill rates in Tororo District is indicated below:

Table 3: BOQs of Tororo DLG

SN	Description	Bill Rates from Ministry of Works		Bill rates from NOSP	Remarks
		FY 2021/2022	FY 2023/2024		
1.	Filling (G15)	-	30,000	-	
2.	Filling (G7)	18,000	19,500	-	
3.	Filling (G3)	-	15,000	15,000	
4.	Rock fill	80,000	96,000	-	
5.	Grading	900/sm (4,860/m)	10,000/cm 5,400/m	6,000/m	
6.	Gravelling	25,000	34,500	28,000	
7.	C30 concrete	700,000	800,000	-	
8.	C20 concrete	-	600,000	600,000	
9.	600mm diameter culverts	330,000	396,000	350,000	
10.	900mm diameter culverts	430,000	495,000	500,000	
11.	Common excavation	5,500	9,250	12,000	
12.	Rock excavation	-	39,600	-	
13.	Grouted stone pitching	100,000	120,000	60,000	The thickness for NOSP is 150mm while MOWT is 300mm

In Tororo District, the unit rates per bill item used by Ministry of Works and Transport in the FY 2021/2022 gave the cost per km as UGX 69.6 million. Also, in FY 2023/2024, the procurement carried out by Ministry of Works and Transport in Tororo District gave a cost per km of UGX 96.186 million. This compares well with the unit cost of UGX 84.968 million per kilometer as the budget estimate for NOSP for FY 23/24. The unit rates are reasonable as rates are developed basing on the haulage distances of input materials and availability within the region.

6.2 KARAMOJA REGION

The sampled District was Abim but the Ministry of Works and Transport had no project in Abim. Therefore, the nearby District of Pader was considered. The comparison of the bill rates between Abim and Pader Districts is indicated below:

Table 4: BOQ Comparison of Abim and Pader Districts

SN	Description	Bill Rates from Ministry of Works and Transport		Bill rates from NOSP	Remarks
		FY 2021/2022	FY 2023/2024		
		Pader	Pader	Abim	
1.	Filling (G15)	-	23,000	-	
2.	Filling (G7)	18,000	19,500	-	
3.	Filling (G3)	-	15,000	15,000	
4.	Rock fill	80,000	96,000		
5.	Grading	900/sm (4,860/m)	10,000/cm	5,000/m	
6.	Gravelling	25,000	32,500	35,000	
7.	C30 concrete	-	800,000	-	
8.	C25 concrete	700,000	-	-	
9.	C20 concrete		600,000	600,000	
10.	600mm diameter culverts	330,000	396,000	350,000	
11.	900mm diameter culverts	430,000	495,000	550,000	
12.	Common excavation	5,500	7,150	12,000	
13.	Rock excavation	-	39,600	-	
14.	Grouted stone pitching	130,000	120,000	60,000	The thickness for NOSP is 150mm while MOWT is 300mm

For Abim District, the Ministry of Works and Transport did not have a project in the two financial years and therefore the nearby District of Pader was considered. In Pader District, the unit rates per bill item used by Ministry of Works and Transport in the FY 2021/2022 gave the cost per km as UGX 111.427 million. Also, in FY 2023/2024, the procurement carried out by Ministry of Works and Transport in Pader District gave a cost per km of UGX 92.088 million, which is above the estimate for Abim of UGX 70.915 million per kilometer as estimated by NOSP in the FY 2023/2024. The unit rates are reasonable as rates are developed basing on the haulage distances of input materials and availability within the region.

6.3 LANGO REGION

The sampled District was Kole but the Ministry of Works and Transport had no project in Kole. Therefore, the nearby District of Lira was considered. The comparison of the bill rates between Kole and Lira Districts is indicated below:

Table 5: BOQ Comparison for Lira and Kole

SN	Description	Bill Rates from Ministry of Works		Bill rates from NOSP	Remarks
		FY 2021/2022	FY 2023/2024		
		Lira	Lira	Kole	
1.	Filling (G15)	-	23,000	-	
2.	Filling (G7)	-	19,500	-	
3.	Filling (G3)	10,000	15,000	14,000	
4.	Rock fill	80,000	96,000	--	
5.	Grading	900/sm (4,860/m)	10,000/cm	5,000/m	
6.	Gravelling	23,000	32,500	34,000	
7.	C25 concrete	-	800,000	-	
8.	C20 concrete	700,000	-	-	
9.	C20 concrete	-	600,000	550,000	
10.	600mm diameter culverts	300,000	396,000	350,000	
11.	900mm diameter culverts	400,000	495,000	450,000	
12.	Common excavation	5,500	7,150	10,000	
13.	Rock excavation	-	39,600	-	
14.	Grouted stone pitching	100,000	120,000	60,000	The thickness for NOSP is 150mm while MOWT is 300mm

In Lira District, the unit rates per bill item used by Ministry of Works and Transport in the FY 2021/2022 gave the cost per km of UGX 115.891 million. Also, in FY 2023/2024, the procurement carried out by Ministry of Works and Transport in Lira District gave a cost per km of UGX 90.601. This compares well with the unit cost of UGX 93.808 million per km as the budget estimate for NOSP in Kole District in the FY 2023/2024. Ministry of Works and Transport had no project in Kole District. The unit rates are reasonable as rates are developed basing on the haulage distances of input materials and availability within the region.

6.4 WEST NILE

The sampled District was Koboko but the Ministry of Works and Transport had no project in Koboko in the FY 2023/2024. Therefore, the nearby District of Arua was considered. The comparison of the bill rates between Koboko and Arua Districts is indicated below:

Table 6: BOQ Comparison for Koboko and Arua Districts

SN	Description	Bill Rates from Ministry of Works		Bill rates from NOSP	Remarks
		FY 2021/2022	FY 2023/2024		
		Koboko	Arua	Koboko	
1.	Filling (G15)	-	23,000	-	
2.	Filling (G7)	18,000	19,500	-	
3.	Filling (G3)	-	15,000	15,000	
4.	Rock fill	80,000	96,000	100,000	
5.	Grading	900/sm (4,860/m)	10,000/cm (5,400/m)	5,000/m	
6.	Gravelling	25,000	35,200	35,000	
7.	C30 concrete	700,000	900,000	650,000	
8.	C20 concrete	-	800,000	-	
9.	C15 concrete	-	600,000	500,000	
10.	600mm diameter culverts	330,000	415,000	-	
11.	900mm diameter culverts	430,000	515,000	550,000	
12.	Common excavation	5,500	8,250	12,000	
13.	Rock excavation	-	39,600	-	
14.	Grouted stone pitching		130,000	60,000	The thickness for NOSP is 150mm while MOWT is 300mm

In Koboko District, the unit rates per bill item used by Ministry of Works and Transport in the FY 2021/2022 gave the cost per km of UGX 55.818 million. Also, in FY 2023/2024, the procurement carried out by Ministry of Works and Transport in Arua District which is a nearby District gave a cost per km of UGX 74.714 million. This is far below the unit cost of UGX 101.546 million per km as the budget estimate for NOSP in Koboko District. The high value is attributed to the incorporation of box culverts that is part of the works to be executed; the difference is attributed to the different scope of works to be undertaken. The unit rates are reasonable as rates are developed basing on the haulage distances of input materials and availability within the region.

6.5 CENTRAL REGION

The sampled District was Nakaseke District but the Ministry of Works and Transport had no project in Nakaseke in the FY 2023/2024. Therefore, the nearby District of Nakasongola was considered. The comparison of the bill rates between Nakaseke and Nakasongola Districts is indicated below:

Table 7: BOQ Comparison for Nakaseke and Nakasongola District

SN	Description	Bill Rates from Ministry of Works		Bill rates from NOSP	Remarks
		FY 2021/2022	FY 2023/2024		
		Nakasongola	Nakasongola	Nakaseke	
1.	Filling (G15)	25,000	23,000	-	
2.	Filling (G7)	-	19,500	20,000	
3.	Filling (G3)	-	15,000	-	
4.	Rock fill	80,000	96,000	85,000	
5.	Grading	1000/sm 5000/m	10,000/cm 5000/m	1,350/m	
6.	Gravelling	30,000	32,500	30,000	
7.	C30 concrete	-	900,000	-	
8.	C20 concrete	700,000	800,000	850,000	
9.	C15 concrete		600,000	-	
10.	600mm diameter culverts	350,000	396,000	350,000	
11.	900mm diameter culverts	450,000	495,000	450,000	
12.	Common excavation	6,500	7,150	20,000	
13.	Rock excavation	42,000/cm	39,600/cm	350,000/day	
14.	Grouted stone pitching	100,000	130,000	60,000	The thickness for NOSP is 150mm while MOWT is 300mm

In Nakaseke District, the unit rates per bill item used by Ministry of Works and Transport in the FY 2021/2022 gave the cost per km of UGX 74.617 million. Also, in FY 2023/2024, the procurement carried out by Ministry of Works and Transport in Nakasongola District which is a nearby District gave a cost per km of UGX 98.832 million per km. This is above the unit cost of UGX 60.353 million per km as the budget estimate for NOSP in Nakaseke District. The difference in the bill item for common excavation of UGX 20,000 as compared to UGX

7,150 is high and also higher than the rates in other lots. Unless this is attributed to the very long overhaul distances for disposal of the excavated material, the rate seems high. However, this can be managed during evaluation to ensure that the best evaluated bidder does not provide a rate that is high.

6.6 ACHOLI REGION

The sampled District was Nwoya District but the Ministry of Works and Transport had no project in Nwoya District in the FY 2023/2024. Therefore, the nearby District of Kiryandongo was considered. The comparison of the bill rates between Nwoya and Kiryandongo Districts is indicated below:

Table 8: BOQ Comparison for Nwoya and Kiryandongo

SN	Description	Bill Rates from Ministry of Works		Bill rates from NOSP	Remarks
		FY 2021/2022	FY 2023/2024		
		Nwoya	Kiryandongo	Nwoya	
1.	Filling (G15)	25,000	23,000	-	
2.	Filling (G7)	-	19,500	-	
3.	Filling (G3)	-	15,000	15,000	
4.	Rock fill	80,000	96,000	120,000	
5.	Grading	1000/sm 5000/m	10,000 5,400	5,000/m	
6.	Gravelling	30,000	32,500	35,000	
7.	C30 concrete	-	-	700,000	
8.	C20 concrete	700,000	800,000	600,000	
9.	C15 concrete	-	-	500,000	
10.	600mm diameter culverts	350,000	396,000	350,000	
11.	900mm diameter culverts	450,000	495,000	500,000	
12.	Common excavation	6,500	7,150	12,000	
13.	Rock excavation	42,000/cm	39,600/cm	500,000/day	
14.	Grouted stone pitching	100,000	12,000	60,000	The thickness for NOSP is 150mm while MOWT is 300mm

In FY 2023/2024, the procurement carried out by Ministry of Works and Transport in Kiryandongo District which is a nearby District to Nwoya District gave a cost per km of UGX

84.201 million. This is below the unit cost of UGX 193.492 million per km as the budget estimate for NOSP in Nwoya District. The high cost is attributed to the inclusion of a bridge construction in the lot for Nwoya District. Further analysis of Alingiri – Saleh road (3.10km) which has no bridge gives a unit cost of UGX 70.196 million per km. The unit rates are reasonable as rates are developed basing on the haulage distances of input materials and availability within the region.

In his report to the Authority, Engineer Edward Gabula Kitamirike further stated the following:

1. All bills of the selected lots were assessed and compared with roads projects procured under Ministry of Works and Transport in the same District or nearby Districts in the FYs 2021/2022 and 2023/2024 to aid in comparison of the unit rates for each bill item.
2. In extraction of key unit rates to be used for comparison, the cost drivers were found to be construction of bridges, grading, gravelling, filling of low spots, culvert installations and common excavations.
3. Units of measurement in the BOQs for NOSP differed from those of Ministry of Works and Transport basically on two items of grading and rock excavation but on conversion, the unit rates for executing these works compared well.
4. The average unit cost per kilometer of road differs from District to District. The differences are attributed to the scope of works to be carried out. Also, the unit rate per bill item should be the guiding factor in determining the overall cost as quantities to be executed under a similar work item differ from road to road even in the same District.
5. The overall cost for rehabilitation of roads includes preliminary items which contribute to a higher cost per kilometer yet in actual sense, these items are facilitative in nature.
6. As per the Budget Framework Paper for Ministry of Works and Transport for FY 2021/22, the average unit cost per km for rehabilitation of community access roads was 60 million per kilometer whereas that for FY 2023/2024 was 100 million per kilometer.
7. The estimated unit rates for the various bill items generally compared well with those of the Ministry of Works and Transport.

Decision: In light of the above expert opinion, the Authority found that the estimated planning costs or Engineers' estimate of the National Oil Seeds Project compared well with those of Ministry of Works and Transport.

7.2 Whether the Entity irregularly provided the reserve prices to Serere DLG

1. During an interview, the complainant referred to the contents of a letter dated 6th March 2024 from the Entity addressed to the Chief Administrative Officer of Serere District and stated the following:

- i. Form 5 which had the reserve price was approved on 8th May 2024, by the Accounting Officer of Ministry of Local Government, two months after the bidding document had been issued to Serere District Local Government.
 - ii. That the designs were done in house by the ministry engineers which demonstrate that the district engineers had little input in the generation of the bills of quantities yet they are the user departments.
2. The Entity in response stated that the submission of the bidding document to Serere District Local Government was a precursor to the initiation of the procurement process since the Engineers' estimates were not yet available at that time. It further stated that the bidding document was not shared externally but rather with the district local governments to aid in the development of the BOQs by the district engineer.
3. The bidding documents that were issued had the designs; that had been designed inhouse by the Project Engineers and was shared for input of the district engineer.
4. The Authority reviewed the submissions and noted the following:
 - i. The letter referred to above by the complainant indicated that the design process was still ongoing and provided a planned schedule for invitation of bidders and issuance of bidding document as 15th March 2024. The bidding document shared did not contain BOQs, however on 11th July 2024, Serere District Local Government issued out the bidding document that contained BOQs/ reserve prices to bidders after initiation of the procurement process which was done on 8th May 2024; and
 - ii. Whereas the initial designs were developed in house by the project engineers at Ministry of Local Government, these were shared with the district local governments for the input of the district engineers as stated in the letter referred to by the complainant.
5. The Authority found that:
 - i. Form 5 with the estimated price (or reserve price as referred to by the complainant) initiating the above procurement process was approved on

8th May 2024 and issuance of bidding documents was done on 11th July 2024 after commencement of the procurement process in accordance with Section 57 of the PPDA Act Cap 205;

- ii. Additionally, the letter indicated a procurement schedule and confirmed that the design process was still on going at the time the letter was sent.

Decision: The Authority found that the Entity's submission of bid documents to Serere DLG was done as part of the procurement planning process and Bills of Quantities were not included at the time of submission and therefore found no merit in the allegation that the Entity irregularly provided reserve prices to Serere District Local Government.

8.0 CONCLUSION AND RECOMMENDATIONS

In conclusion, the Authority found that the planning costs for the rehabilitation and construction of community access roads under the National Oil Seeds Project compared well with the Ministry of Works and Transport rates and the submission of bid documents to Serere District Local Government was part of the procurement planning process without providing reserve prices and therefore found no merit in both grounds.

In accordance with Section 10 of the PPDA Act Cap 205 and in light of the above findings the Authority found no merit in both grounds and advises the Accounting Officer to proceed with the implementation of the procurement to its logical conclusion.