



**PUBLIC PROCUREMENT AND DISPOSAL
OF PUBLIC ASSETS AUTHORITY**

"Regulating for Results"

**REPORT ON CONTRACT AUDITS OF PROCUREMENTS AT
MINISTRY OF ENERGY AND MINERAL DEVELOPMENT**

JULY 2026

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CHAPTER 1: INTRODUCTION

The Public Procurement and Disposal of Public Assets Authority (PPDA) herein referred to as the Authority, is the Regulatory body for public procurement and disposal in Uganda. It was established through an Act of Parliament in 2003. The overall objective of the PPDA is to ensure application of fair, competitive, transparent, non-discriminatory and value for money public procurement and disposal standards and practices in Uganda. PPDA is mandated under Section 8 (j) of the PPDA Act Cap. 205 to conduct bid preparatory audits, contract audits and performance audits on Procuring and Disposing Entities.

1.1 Objectives of the Authority

The objectives of the Authority are enshrined under Section 7 of the PPDA Act Cap. 205 and these are to:

- i. Ensure the application of fair, competitive, transparent, non-discriminatory and value for money procurement and disposal standards and practices;
- ii. Advise Government, local governments and other Procuring and Disposing Entities on procurement and disposal policies, systems and practices and where necessary, on their harmonisation;
- iii. Set standards for the public procurement and disposal systems in Uganda;
- iv. Monitor compliance of Procuring and Disposing Entities; and
- v. Build procurement and disposal capacity in Uganda.

1.2 Objectives of the Audits

The objectives of the audits were to:

1. Establish the extent to which value for money was achieved during contract implementation;
2. Assess the overall management of the projects in accordance with the obligations in the contract;
3. Assess compliance with Environmental, Social, Health and Safety requirements; and
4. Assess compliance with local content provisions.

1.3 Audit Scope

The Authority conducted the following ten contract audits at Ministry of Energy and Mineral Development (MEMD) listed in Table 1 below:

Table 1: Contracts Audited

No	Contract Name	Amount
1.	Engineering, Procurement and Construction of Medium Voltage Networks, Installation of Distribution transformers plus the associated Low Voltage Networks across various service territories in the country: Lot 1: Eastern Service Territory (Tororo, Palisa, and Kibuku Districts).	UGX 20,366,778,954.25
2.	Engineering, Procurement and Construction of Medium Voltage Networks, Installation of Distribution Transformers Plus the Associated Low Voltage Networks	UGX 25,660,456,484.57

No	Contract Name	Amount
	in Various Regions of the Country Under 7 Lots (Lot 5): Western, South and South Western STs (Sheema, Mitooma, Isingiro, Rubanda, Ibanda and Kisoro District)	
3.	Engineering, procurement and construction of medium and Low Voltage distribution Networks for various regions of the Country under Seven Lots: Lot 6; Western, Central and Rwenzori STs (Kasese, Kabarole, Wakiso, Kyankwanzi and Bunyagabu Districts)	UGX 13,620,643,852
4.	Engineering, Procurement, Construction works of MV networks, installation and Distribution Transformer plus the associated LV networks in various regions of the Country under Lot 7 Central Service Territory (Bbale in Kayunga, Mukono South in Mukono, Butambala, Mubende and Kiboga Districts). Totalling to 100.90km of MV and 203.401km of LV overhead using treated wooden pole	UGX 21,254,148,391.80
5.	KUWAIT LOT 1 B-1: Completion of Construction of 33Kv and 11Kv Distribution Project in Western and South-western Service Territory Covering Rural Electrification Schemes under 2 Lots in Mitooma and Rukungiri District	UGX 7,852,849,592
6.	EPC contractor to design, procure and construct power distribution networks for Lake Victoria Island Electrification Access	UGX 3,452,270,633
7.	Design, supply and installation of 33kv lines and associated low voltage networks by MTSL Lot 1: Fast track line 3 (Wandi-Yumbe-Moyo)	UGX 17,598,252,705 USD 6,835,824.29
8.	Procurement and construction of medium voltage networks, installation of distribution transformers plus the associated low voltage networks in various regions of the country under seven lots Lot: 2 Eastern Service Territory – Batch II (Busiki in Namutumba, Kumi Municipality – South Division and Kumi DLG, Kachumbala ERT in Bukedea District, Mbale Northern Division/ Mbale City, Serere, Bugiri and Bungokho North in Mbale District)	UGX 22,268,705,082.23
9.	Procurement and construction of medium voltage networks in various regions of the Country under Lot: 4 West Nile, Central North West Service Territories (Ora in Zombo, Aringa South in Yumbe, Kole North Kole. Gulu, Dokolo, Lira District)	UGX 15,191,933,400
10.	Procurement and construction of medium voltage networks in various regions of the Country under Lot: 3 North Western Service Territory (Kibaale, Bugangaizi south in Kakumiro, Hoima City, Kikuube and Buyaga East in Kagadi District)	UGX 27,110,863,566.39

1.4 Methodology

The methodology entailed the following:

- i. On 5th March 2026, the Entity was notified about the upcoming contract audits. An audit launch meeting between the Authority and the Entity's officials was held on 18th March 2026.
- ii. From 19th March 2026 to 10th April 2026, the Authority was involved in document review of the ten projects to ascertain the status of implementation of the contracts. This involved a review of the contract documents, contracting and contract management documentation.
- iii. Interviews were held with key stakeholders at the Entity which was necessary in obtaining crucial information about the status of implementation of the ten contracts.
- iv. The Authority carried out physical verification to establish the level of effectiveness in the delivery of the ten contracts between 13th April to 28th April 2026.
- v. On completion of data collection, the Audit Manager reviewed the working papers for completeness. The working papers contain a detailed chronology of findings on the ten contracts. The audit report presents the key findings, recommendations and conclusions arising from the audit.
- vi. The Authority prepared the Management Letter, which was issued to the Entity on 12th June 2026 with a request to submit a management response by 19th June 2026.
- vii. The management response was submitted by the Entity on 25th June 2026.

CHAPTER 2: AUDIT FINDINGS AND RECOMMENDATIONS

A. Engineering, Procurement, and Construction of Medium Voltage Distribution Networks, Installation of Distribution Transformers, and Associated Low Voltage Networks under Lot 1: Eastern Service Territory Batch 1 (West Budama South, Tororo South and Tororo Municipality in Tororo District, Pallisa and Gogonyo Counties in Pallisa) totalling to 76.68km of MV and 299.24km of LV

The contract summary is indicated in Table 2 below:

Table 2: Contract Summary

Project Reference Number	MEMDWRKS/22-23/00016
Project Provider:	C&G Andijes Group Limited
Contract Amount	UGX 20,366,778,954.25 <i>Inclusive of all applicable taxes</i>
Contract Signature	13 th March 2024
Commencement Date	23 rd March 2024
Launch date	29 th May 2024
Contract duration	18 Calendar months
Initially intended completion date	23 rd September 2025
Extended date of completion	23 rd September 2026
Defects Liability Period	12 months
Project Funder	GoU
% of physical progress reported	30% - as at March 2026
% of financial progress reported	20% - Advance payment (UGX 4,073,333,334.94)
Certified amount (IPCs)	IPC No. 1 - UGX 1,684,726,645.72 (Not yet paid)
%Time progress	83.6% - as of 26 th April 2026

1. Expired Performance Guarantee

Regulation 11(1), (2) and (3) (c) of the PPDA (Contracts) Regulations, 2023 requires the provision of a performance security and stipulate that such security shall remain valid for the period specified in the bidding documents.

The Authority observed that on 7th March 2024, the contractor provided a performance guarantee from Guaranty Trust Bank Uganda Limited amounting to UGX 2,036,677,895, representing 10% of the contract price, with a validity period up to 7th September 2025.

However, it was observed that at the time of the audit (19th - 27th March 2026), the performance guarantee had expired on 7th September 2025 and had not been renewed or extended to cover the revised contract implementation period of 23rd September 2026.

Implication

Invalid performance securities expose the Entity to potential risk of financial loss arising from the contractor's non-performance.

Management Response

The Ministry wrote to the contractor requesting for extension of the guarantee, and the contractor received, and acknowledged the letter. However, it is a challenge for contractors to secure extended bank guarantees when banks are not receiving any payments from the contractor due to delayed payments by the Ministry as a result of unavailability of funds. The Ministry is engaging Ministry of Finance, Planning and Economic Development, and payment to the contractor will be prioritized once this ministry receives funds from Ministry of Finance, Planning and Economic Development.

Recommendation

The Accounting Officer should immediately task the contractor to provide a valid performance guarantee in accordance with Regulation 11(1), (2) & (3) of the PPDA (Contracts) Regulations 2023.

2. Expired Advance Payment Guarantee

Regulation 12(1)(b) and (c) of the PPDA (Contracts) Regulations 2023 provides that a contract shall become effective upon the Procuring and Disposing Entity receiving the required Advance Payment Guarantee and the provider receiving the advance payment, where applicable.

The Authority noted that on 7th March 2024, the contractor provided an Advance Payment Guarantee from Guaranty Trust Bank Uganda Limited amounting to UGX 4,073,355,791, representing 20% of the contract price, with a validity period up to 7th September 2025. Subsequently, the Entity paid an advance payment of UGX 4,073,333,344.94.

However, at the time of the audit (19th - 27th March 2026), the Advance Payment Guarantee had expired on 7th September 2025, while the advance payment had not been fully recovered. Review of IPC No. 1 revealed that only 20% of the advance payment had been recovered, leaving an unrecovered balance of UGX 3,258,666,675.95 unsecured after expiry of the guarantee.

Implication

An expired Advance Payment Guarantee exposes the Entity to the risk of financial loss arising from the contractor's non-performance.

Management Response

The Ministry wrote to the contractor requesting for extension of the advance payment guarantee, and the contractor received the letter, acknowledged and promised to provide the securities before the end of June 2026.

However, it is a challenge for contractors to secure extended bank guarantees when banks are not receiving any payments from the contractor due to delayed payments by the Ministry as a result of unavailability of funds. The Ministry is engaging Ministry of Finance, Planning and Economic Development, and payment to the contractor will be prioritized once this ministry receives funds from Ministry of Finance, Planning and Economic Development.

Recommendation

The Accounting Officer should task the contractor to immediately provide a valid Advance Payment Guarantee in compliance with Regulation 12(1) (b) and (c) of the PPDA (Contracts) Regulations 2023.

3. Delayed delivery of the project

Regulation 53(3)(a)(i) of the PPDA (Contracts) Regulations 2023 places responsibility on the Contract Manager to ensure that the provider meets all performance obligations in accordance with the terms and conditions of the contract.

The Authority observed that the contract commenced on 23rd March 2024 with an initial contract duration of 18 months and an intended completion date of 23rd September 2025. As at March 2026, the physical progress of works was 30%. The details are shown in Table 3 below:

Table 3: Assessment of Timeliness of Delivery

Parameter	Assessment/Status
Contract Commencement Date	23 rd March 2024
Initial Contract Duration	18 months
Initial Completion Date	23 rd September 2025
Revised Contract Duration	30 months (914 Days)
Audit Assessment Date	26 th April 2026
Time Elapsed	764 days
Time Progress	83.6%
Physical Progress	30%
Physical Lag against Time Progress	53.6%
Site Activity Status	No ongoing works observed

As at March 2026, the project had achieved only 30% physical progress despite 83.6% of the contract period having elapsed, leaving approximately 70% of the works outstanding. This reflects a significant implementation lag. The Authority further noted that no construction activities were ongoing at the time of the audit, indicating project stagnation and heightening the risk of non-completion within the approved contract period.

Implication

The substantial disparity between the elapsed time and physical progress, coupled with site inactivity, increases the likelihood of further time extensions, cost escalation, and delayed realization of project outputs, undermining value for money and timely service delivery.

Management Response

The delayed delivery of the project is attributed to slow disbursement of funds to the contractor as a result of inadequate release of funds to this ministry by Ministry of Finance, Planning and Economic Development. We have engaged the contractor and is willing to mobilize the resource and complete the project once the outstanding payments are effected.

Recommendations

- The Contract Manager should request the contractor to submit an updated work program, including clear recovery strategies for delayed works, within one month of issuance of this report.
- The Contract Manager should ensure accelerated implementation of the pending works in accordance with Section 51 of the PPDA Act Cap 205.

4. Delayed Payments

Regulation 49(3) of the PPDA (Contracts) Regulations 2023, requires that payments be made within thirty (30) days of invoice certification, unless otherwise specified in the Special Conditions of Contract.

The review revealed that whereas IPC No. 1 worth UGX 1,684,726,645.72 was certified by the Entity on 24th March 2024, there was no evidence on file that payment had been effected at the time of the audit from 19th - 27th March 2026.

Implication

Delayed payment to contractors could lead to cashflow challenges, delays in project execution and increased project cost due to charging of interest.

Management Response

Management acknowledges the delayed settlement of IPC No. 1. The delays arose from inadequate release of funds from Ministry of Finance, Planning and Economic Development during the implementation period. The delayed payments adversely slowed down the pace of project execution. Management has prioritized settlement of the outstanding certified amounts subject to availability of funds to minimize further delays in the implementation of the project.

Recommendation

The Accounting Officer should pay contractors promptly in accordance with Regulation 49 (3) of the PPDA (Contracts) Regulations 2023.

5. Potential Interest Charges

GCC 52.1 required the Entity to settle certified payments within 30 days from the date of certification. Where payment is delayed, the contractor is entitled to interest on the outstanding amount, computed from the due date to the actual payment date at the prevailing commercial lending rate. The potential interest owed to the contractor is indicated in Table 4 below:

Table 4: Potential interest charges

Parameter	Description	Value
IPC Amount (P)	IPC Value	UGX 1,684,726,645.72
Date Certified	IPC certification date	24 th March 2025
Contractual Payment Period	As per GCC 52.1	30 Days
Expected Payment Date	Due date for payment	23 rd April 2025
Interest Start Date	Day after default	24 th April 2025

Parameter	Description	Value
Audit Cut-off Date	Date up to which interest assessed	27 th March 2026
Delay Period (t)	Calendar days	338 Days
Applicable Interest Rate (r)	BoU Weighted Avg. Lending Rate (April 2025)	16.64% p.a.
Interest Formula	Simple Interest	$P \times r \times (t/365)$
Computed Interest	Interest on delayed payment — Up to Audit date	UGX 259,601,144.33

Application of the Bank of Uganda's indicative lending rate (16.64%) yields an estimated interest exposure of UGX 259,601,144.33 attributable solely to delayed payment.

Implications

- **Efficiency Consequence:** The disparity between elapsed time and physical achievement indicates declining implementation efficiency and reduced productivity under the project.
- **Financial Consequence:** Exposure to an estimated interest liability of UGX 259.6 million, representing inefficient utilization of public funds.
- **Contractual Consequence:** Heightened risk of contractor claims, disputes, and potential disruption of project delivery due to cash flow constraints.

Management Response

Management notes the potential exposure to interest charges arising from delayed settlement of certified Interim Payment Certificates (IPCs). The delays in payment were primarily occasioned by inadequate release of the budgeted funds from Ministry of Finance, Planning and Economic Development. This ministry will continue to engage Ministry of Finance, Planning and Economic Development to ensure that all budgeted funds are released to avoid future potential interest charges.

Recommendation

The Accounting Officer should strengthen internal financial controls, including commitment planning and payment processing systems, to ensure strict adherence to the 30-day payment requirement under GCC 52.1 and prevent recurrence of interest liabilities.

B. Engineering, Procurement and Construction of Medium Voltage Networks, Installation of Distribution Transformers Plus the Associated Low Voltage Networks in Various Regions of the Country Under 7 Lots (Lot 5): Western, South and South Western STs (Sheema, Mitooma, Isingiro, Rubanda, Ibanda and Kisoro District)

The contract summary is indicated in Table 5 below:

Table 5: Contract Summary

Project Reference Number	MEMD/WRKS/22-23/00016
Funding Agency	GOU
Contractor	M&T Construction Co. Ltd
Contract Amount	UGX 25,660,456,484.57
Contract Duration:	18 months
Contract Signature Date:	5 th March 2024

Commencement Date	15 th March 2024
Contract End Date	September 2025
Contract extension	12 months
Revised contract end date	16 th September 2026
Defects Liability Period	12 months
Physical progress % reported	65% as at March 2026
Financial Progress % reported	31.16% as per the Contractor's progress report of December 2025

1. Expired Performance guarantee

Regulation 11(1), (2) and (3)(c) of the PPDA (Contracts) Regulations 2023 requires the provision of a performance security and stipulate that such security shall remain valid for the period specified in the bidding documents.

The Authority observed that the contractor on 8th April 2024, formally submitted a performance guarantee amounting to UGX 2,566,045,649, Reference No. GU/082/HFB/2024, issued by Housing Finance Bank, dated 5th April 2024.

At the time of the audit (19th – 27th March 2026), the performance guarantee had expired on 5th October 2025 and had not been renewed or extended to cover the revised contract implementation period contrary to Regulation 11(3)(c) of the PPDA (Contracts) Regulations 2023.

Implication

Invalid performance securities expose the Entity to potential risk of financial loss arising from the contractor's non-performance.

Management Response

The contractor was reminded of their contractual obligation to maintain a valid performance guarantee. However, it is a challenge for contractors to secure extended bank guarantees when banks are not receiving any payments from the contractor due to delayed payments by the Ministry as a result of unavailability of funds. The Ministry is engaging Ministry of Finance, Planning and Economic Development, and payment to the contractor will be prioritized once this ministry receives funds from Ministry of Finance, Planning and Economic Development.

Recommendation

The Accounting Officer should task the contractor to validate and provide a valid performance guarantee in accordance with Regulations 11 (1) (2) & (3) of the PPDA. (Contracts) Regulations 2023.

2. Expired Advance Payment Guarantee

Regulation 12(1)(b) and (c) of the PPDA (Contracts) Regulations, 2023 provides that a contract shall become effective upon the Procuring and Disposing Entity receiving the required Advance Payment Guarantee and the provider receiving the advance payment, where applicable.

The audit observed that the Contractor submitted an Advance Payment Guarantee through Housing Finance Bank, Reference No. GU/081/HFB/2024, dated 5th April 2024, amounting to UGX 5,132,091,297. The guarantee was valid up to 5th October 2025.

It was noted that the Advance Payment Guarantee had expired on 5th October 2025 and had not been renewed or validated by the time of the audit (19th - 27th March 2026), despite the advance payment not having been fully recovered. Consequently, a portion of the outstanding advance payment remained unsecured following expiry of the guarantee.

Implication

An expired Advance Payment Guarantee exposes the Entity to the risk of financial loss arising from the contractor's non-performance.

Management Response

The Ministry wrote to the contractor requesting for extension of the advance payment guarantee, and the contractor received and acknowledged the letter.

However, it is a challenge for contractors to secure extended bank guarantees when banks are not receiving any payments from the contractor due to delayed payments by the Ministry as a result of unavailability of funds. The Ministry is engaging Ministry of Finance, Planning and Economic Development, and payment to the contractor will be prioritized once this ministry receives funds from Ministry of Finance, Planning and Economic Development.

Recommendation

The Accounting Officer should task the contractor to immediately provide a valid Advance Payment Guarantee in compliance with Regulation 12(1) (b) and (c) of the PPDA (Contracts) Regulations 2023.

3. Delayed Project of works

Regulation 53(3)(a)(i) of the PPDA (Contracts) Regulations 2023 places responsibility on the Contract Manager to ensure that the provider meets all performance obligations in accordance with the terms and conditions of the contract.

The audit established that as at 27th March 2026, the project had achieved only 65% physical progress despite 81.1% of the revised contract period having elapsed.

The Authority further noted that no physical works were ongoing at the project sites at the time of physical verification, an indication of implementation stagnation that could adversely affect the timely completion of the project. The overall project physical progress is summarized in the Table 6 below:

Table 6: Summary of the Project Progress

Parameter	Assessment	Status / Computation	Remarks																
Physical Progress	Actual physical implementation achieved	65%	As reported in the Project Manager's report for December 2025																
Financial Progress	<table><tr><td colspan="2">Certified/paid financial expenditure</td></tr><tr><td>Advance</td><td>UGX 5,132,019,296</td></tr><tr><td>IPC No. 1</td><td></td></tr><tr><td>Part payment 1</td><td>UGX 1,364,150,000</td></tr><tr><td>Party payment 2</td><td>UGX 1,500,000,000</td></tr><tr><td>Total (a)</td><td>UGX 7,996,169,296</td></tr><tr><td>Contract amount (b)</td><td>UGX 25,660,456,484.57</td></tr><tr><td>Financial progress (a/b) %</td><td>31.16%</td></tr></table>	Certified/paid financial expenditure		Advance	UGX 5,132,019,296	IPC No. 1		Part payment 1	UGX 1,364,150,000	Party payment 2	UGX 1,500,000,000	Total (a)	UGX 7,996,169,296	Contract amount (b)	UGX 25,660,456,484.57	Financial progress (a/b) %	31.16%	31.16%	Relied on the Project Manager's report for December 2025
Certified/paid financial expenditure																			
Advance	UGX 5,132,019,296																		
IPC No. 1																			
Part payment 1	UGX 1,364,150,000																		
Party payment 2	UGX 1,500,000,000																		
Total (a)	UGX 7,996,169,296																		
Contract amount (b)	UGX 25,660,456,484.57																		
Financial progress (a/b) %	31.16%																		
Contract Commencement Date	Start of implementation	15 th March 2024																	
Revised Contract Period	Approved revised implementation duration	30 months																	
Revised Completion Date	Extended completion date	16 th September 2026																	
Audit Review Date	Date of audit assessment	27 th March 2026																	
Total Revised Contract Duration (c)	15 th March 2024 – 16 th September 2026	916 days																	
Time Elapsed as at Audit Date (d)	15 th March 2024 – 27 th March 2026	743 days																	
Time Progress	(c/d) %	81.1%																	

Implication

The substantial disparity between the elapsed time and physical progress, coupled with site inactivity, increases the likelihood of further time extensions, cost escalation, and delayed realization of project outputs, undermining value for money and timely service delivery.

Management Response

The delayed delivery of the project is attributed to slow disbursement of funds to the contractor as a result of inadequate release of funds to this ministry by Ministry of Finance, Planning and Economic Development. We have engaged the contractor and is willing to mobilize the resource and complete the project once the outstanding payments are effected.

Recommendations

- The Contract Manager should request the contractor to submit an updated work program, including clear recovery strategies for delayed works, within one month of issuance of this report.
- The Contract Manager should ensure accelerated implementation of the pending works in accordance with Section 51 of the PPDA Act Cap 205.

4. Delayed Payment

Regulation 49(3) of the PPDA (Contracts) Regulations 2023, requires that payments be made within thirty (30) days of invoice certification, unless otherwise specified in the Special Conditions of Contract.

The audit revealed that the contractor submitted IPC No. 3, amounting to UGX 1,232,573,979, to the Entity on 3rd November 2025.

However, by the time of audit (19th - 27th March 2026), the payment had not been effected, representing a delay of approximately three (3) months beyond the prescribed payment period.

Implication

Delayed payment to contractors could lead to cashflow challenges, delays in project execution and increased project cost due to charging of interest.

Management Response

The Ministry acknowledges the delayed settlement of IPC No. 3 which is attributed to inadequate release of budgeted funds. The ministry will continue to engage Ministry of Finance, Planning and Economic Development to ensure that all budgeted funds are released.

Recommendation

The Accounting Officer should pay contractors promptly in accordance with Regulation 49 (3) of the PPDA (Contracts) Regulations 2023.

5. Potential Interest Charges

GCC 52.1 requires the Entity to settle certified payments within thirty (30) days of the certification date. If payment is delayed, the contractor is entitled to interest on the outstanding amount, computed from the due date to the actual payment date using the prevailing commercial lending rate. The potential interest owed to the contractor is indicated in Table 7 below:

Table 7: Potential interest charges

Parameter	Description	Value
IPC Amount (P)	IPC Value	UGX 1,232,573,979.00
Date Certified	IPC certification date	1st December 2025
Contractual Payment Period	As per GCC 52.1	30 Days
Expected Payment Date	Due date for payment	1 st January 2026
Interest Start Date	Day after default	2 nd January 2026
Audit Cut-off Date	End of Audit review period	27 th March 2026
Delay Period (t)	Calendar days	85 Days
Applicable Interest Rate (r)	BoU Weighted Average Lending Rate	18.33% p.a.
Interest Formula	Interest	$P \times r \times (t/365)$
Computed Interest	Potential interest on delayed payment	UGX 51,162,873

Application of the Bank of Uganda's indicative lending rate (18.33%) yields an estimated interest exposure of UGX 51,162,873.0 attributable solely to delayed payment.

Implication

Delayed settlement of certified IPCs exposes the Entity to contractual interest liabilities and negatively affects the Contractor's cash flow position, thereby increasing the risk of implementation delays, reduced productivity, and possible project stagnation.

Management Response

Management notes the potential exposure to interest charges arising from delayed settlement of certified Interim Payment Certificates (IPCs). The delays in payment were primarily occasioned by inadequate release of the budgeted funds from Ministry of Finance, Planning and Economic Development. This ministry will continue to engage Ministry of Finance, Planning and Economic Development to ensure that all budgeted funds are released to avoid future potential interest charges.

Recommendation

The Accounting Officer should ensure timely settlement of certified IPCs in accordance with GCC 52.1 and Regulation 49(3) of the PPDA (Contracts) Regulations, 2023 to minimize exposure to contractual interest liabilities and safeguard timely project implementation.

C. Engineering, Procurement and Construction of Medium and Low Voltage Distribution Networks for various regions of the Country under Seven Lots: Lot 6; Western, Central and Rwenzori STs (Kasese, Kabarole, Wakiso, Kyankwanzi and Bunyagabu Districts)

The contract summary is indicated in Table 8 below:

Table 8: Contract Summary

Project Reference Number	MEMD/WRKS/22-23/00016
Project Provider:	City Harvest Electrical Installation, Supply and Repairs Limited.
Contract Amount	UGX 13,620,643,852 inclusive of all applicable taxes
Contract Signature	13 th March 2024
Commencement Date	23 rd March 2024
Contract duration	12 months
Initially intended completion date	22 nd September 2025
Extended date of completion	22 nd September 2026
Defects Liability Period (DLP)	12 months
Project Funder	GoU
% of Physical progress reported	65% as at 5 th March 2026, progress report
% of Financial progress reported	20% - Only advance payment had been paid

1. Expired Performance Guarantee

Regulations 11(1), (2) and (3) (c) of the PPDA (Contracts) Regulations, 2023 require the provision of a performance security and stipulate that such security shall remain valid for the period specified in the bidding documents.

It was observed that City Harvest Electrical Installation, Supply and Repairs Limited, on 19th April 2024, notified the Accounting Officer of the submission of a Performance Guarantee amounting to UGX 1,362,054,385 dated 18th April 2024 issued by Centenary Bank under Reference No. CRDB/Entebbe Road Corporate/TF/18/04/2024 was on file. And was valid only up to 18th July 2024.

By the time of the audit (19th –27th March 2026), the Performance Guarantee had expired and had not been renewed or extended to cover the revised contract implementation period.

Implication

Invalid performance securities expose the Entity to potential risk of financial loss arising from contractor non-performance.

Management Response

The Ministry wrote to the contractor requesting for extension of the guarantee, and the contractor received, and acknowledged the letter. However, it is a challenge for contractors to secure extended bank guarantees when banks are not receiving any payments from the contractor due to delayed payments by the Ministry as a result of unavailability of funds. The Ministry is engaging Ministry of Finance, Planning and Economic Development, and

payment to the contractor will be prioritized once this ministry receives funds from Ministry of Finance, Planning and Economic Development.

Recommendation

The Accounting Officer should task the contractor to validate and provide a valid performance guarantee in accordance with Regulations 11 (1), (2) & (3) of the PPDA (Contracts) Regulations 2023.

2. Expired Advance Payment Guarantee

Regulation 12(1)(b) and (c) of the PPDA (Contracts) Regulations 2023 provides that a contract shall become effective upon the Procuring and Disposing Entity receiving the required Advance Payment Guarantee and the provider receiving the advance payment, where applicable.

The Authority observed that City Harvest Electrical Installation, Supply and Repairs Limited submitted an Advance Payment Guarantee issued by Centenary Bank, Reference No. CRDB/Entebbe Road Corporate/TF/23/04/2024, dated 23rd April 2024 amounting to UGX 2,724,128,770. The guarantee was valid up to 23rd July 2024 and facilitated the release of the advance payment.

The Authority further noted from the progress report dated 5th March 2026 that the advance payment was fully disbursed to the contractor as demonstrated in Table 9 below:

Table 9: Advance Payment issuance details

S/No	Certificate Details	Amount invoiced (UGX)	Amount Paid (UGX)	Date of Payment
1	Advance Payment	2,724,128,770.40	1,523,310,500	20 th June 2024
			1,200,818,270	14 th March 2025

However, review of IPC Nos. 1 and 2 revealed that only 40% of the advance payment had been recovered. Consequently, 60% of the advance payment, amounting to UGX 1,634,477,262, remained unrecovered at the time of the audit. The Authority further noted that the Advance Payment Guarantee had expired on 23rd July 2024 and had not been renewed or extended.

Implication

An expired Advance Payment Guarantee exposes the Entity to the risk of financial loss arising from the contractor's non-performance.

Management Response

The Ministry wrote to the contractor requesting for extension of the guarantee, and the contractor received, and acknowledged the letter. However, it is a challenge for contractors to secure extended bank guarantees when banks are not receiving any payments from the contractor due to delayed payments by the Ministry as a result of unavailability of funds. The Ministry is engaging Ministry of Finance, Planning and Economic Development, and payment to the contractor will be prioritized once this ministry receives funds from Ministry of Finance, Planning and Economic Development.

Recommendation

The Accounting Officer should task the contractor to immediately provide a valid Advance Payment Guarantee in compliance with Regulation 12(1) (b) and (c) of the PPDA (Contracts) Regulations 2023.

3. Delayed progress of works

Regulation 53(3)(a)(i) of the PPDA (Contracts) Regulations 2023 places responsibility on the Contract Manager to ensure that the provider meets all performance obligations in accordance with the terms and conditions of the contract.

A review of the project records and progress reports established that by the time of the audit conducted between 19th - 27th March 2026, the overall physical progress was 65% versus 80.4% of the contractual time that had elapsed, while financial progress remained at only 20% (advance payment). The details are summarized in the Table 10 below:

Table 10: Summary of the Project Progress

Parameter	Assessment	Status / Computation	Remarks
Physical Progress	Actual physical implementation achieved	65%	As reported in the PM's Progress report, December 2025
Financial Progress		20%	Only advance payment had been paid
Contract Commencement Date	Start of implementation	23 rd March 2024	
Revised Contract Period	Approved revised implementation duration	30 months	
Revised Completion Date	Extended completion date	22 nd September 2026	
Audit Review Date	Date of audit assessment	27 th March 2026	
Total Revised Contract Duration (c)	23 rd March 2024 - 22 nd September 2026	914 days	
Time Elapsed as at Audit Date (d)	15 th March 2024 - 27 th March 2026	735 days	
Time Progress	(c/d) %	80.4%	

Implication

The substantial disparity between the elapsed time and physical progress increases the likelihood of further time extensions, cost escalation and delayed realization of project outputs, undermining value for money and timely service delivery.

Management Response

The ministry advanced the 20% to the contractor who carried out physical works up to 65% which demonstrated commitment to the project implementation amidst financial challenges resulting from inadequate release of funds by Ministry of Finance, Planning and Economic

Development. The ministry has engaged the contractor who is willing to mobilize the resources to complete the project once outstanding certified payments are settled. The Ministry will continue to engage Ministry of Finance, Planning and Economic Development to release the required funds for this project.

Recommendations

- The Contract Manager should request the contractor to submit an updated work program, including clear recovery strategies for delayed works, within one month of issuance of this report.
- The Contract Manager should ensure accelerated implementation of the pending works in accordance with Section 51 of the PPDA Act Cap 205.

4. Delayed Payments

Regulation 49 (3) of the PPDA (Contracts) Regulations 2023, requires that payments be made within thirty (30) days of invoice certification, unless otherwise specified in the Special Conditions of Contract.

The Authority noted that whereas the contractor on 23rd April 2025 submitted IPC No. 1 amounting to UGX 3,044,142,621.80 nearly one year later (19th - 27 March 2026), there was no evidence on file that IPC 1 had been paid by the Entity.

The Authority noted that whereas the contractor on 10th March 2026 submitted IPC No. 2 amounting to UGX 1,733,524,630.39, there was no evidence on file that IPC 2 had been paid by the Entity by the time of the audit (19th - 27th March 2026).

Implication

Delayed payment to contractors could lead to cashflow challenges, delays in project execution and increased project cost due to charging of interest.

Management Response

The Ministry acknowledges the delayed settlement of the IPCs which is attributed to inadequate release of budgeted funds. The ministry will continue to engage Ministry of Finance, Planning and Economic Development to ensure that all budgeted funds are released.

Recommendation

The Accounting Officer should pay contractors promptly in accordance with Regulation 49 (3) of the PPDA (Contracts) Regulations 2023.

5. Potential Interest Charges

GCC 52.1 required the Entity to settle certified payments within 30 days from the date of certification. Where payment is delayed, the contractor is entitled to interest on the outstanding amount, computed from the due date to the actual payment date at the prevailing commercial lending rate. The potential interest owed to the contractor is indicated in Table 11 below:

Table 11: Potential interest charges

Parameter	Description	Value
IPC Amount (P)	IPC value	UGX 3,044,142,621.80
Date Certified	IPC certification date	23 rd April 2025
Contractual Payment Period	As per GCC 52.1	30 days
Expected Payment Date	Due date for payment	23 rd May 2025
Interest Start Date	Day after default	24 th May 2025
Audit Cut-off Date	Date up to which interest is assessed	27 th March 2026
Delay Period (t)	Calendar days	307 Days
Applicable Interest Rate (r)	BoU Weighted Average Commercial Lending Rate (April 2025)	10.14% p.a.
Interest Formula	Simple Interest	$P \times r \times (t/365)$
Computed Interest	Potential interest on delayed payment	UGX 259,626,167.09

Application of the Bank of Uganda's indicative lending rate (10.14% p.a.) yields an estimated interest exposure of UGX 259,626,167.09 attributable solely to delayed payment.

Implication

Delayed settlement of certified IPCs exposes the Entity to contractual interest liabilities and negatively affects the Contractor's cash flow position, thereby increasing the risk of implementation delays, reduced productivity, and possible project stagnation.

Management Response

Management notes the potential exposure to interest charges arising from delayed settlement of certified Interim Payment Certificates (IPCs). The delays in payment were primarily occasioned by inadequate release of the budgeted funds from Ministry of Finance, Planning and Economic Development. This ministry will continue to engage Ministry of Finance, Planning and Economic Development to ensure that all budgeted funds are released to avoid future potential interest charges.

Recommendation

The Accounting Officer should ensure timely settlement of certified IPCs in accordance with GCC 52.1 and Regulation 49(3) of the PPDA (Contracts) Regulations 2023 to minimize exposure to contractual interest liabilities and safeguard timely project implementation.

D. Engineering, Procurement, Construction works of MV Networks and Installation Distribution Transformer plus the associated LV networks in various regions of the Country under Lot 7 Central Service Territory (Bbale in Kayunga, Mukono South in Mukono, Butambala, Mubende and Kiboga Districts) totalling to 100.90km of MV and 203.401km of LV

The contract summary is indicated in Table 12 below:

Table 12: Contract Summary

Project Reference Number	MEMDWRKS/22-23/00016
Project Provider:	Sylver Technical Services Limited
Contract Amount	UGX 21,254,148,391.80 inclusive of all applicable taxes
Contract Signature	13 th March 2024
Intended contract completion	18 months
Intended Commencement Date	23 rd March 2024
Intended completion date as per contract agreement	23 rd September 2025
Actual commencement Date	10 th May 2024
Delay between actual and intended commencement dates	57 days (2 months)
Adjusted contract completion after a changed of commencement date	10 th November 2025
Period of Extension of contract	12 months
Contract duration after Extension	30 months
Extended date of completion	23 rd September 2026
Defects Liability Period (DLP)	12 calendar months from the commissioning date
Project Funder	GoU
% Physical progress reported	73.29% as at January 2026 (progress report)
% Financial progress reported	33.17% as at January 2026 (progress report)
% Elapsed contractual time, <i>as per audit date</i>.	79.1% (686 days out of 867 contract days)

1. Expired Performance Guarantee

Regulation 11(1), (2) and (3)(c) of the PPDA (Contracts) Regulations 2023 requires the provision of a performance security and stipulate that such security shall remain valid for the period specified in the bidding documents.

The Authority observed that on 16th May 2024, the contractor submitted a performance guarantee amounting to UGX 2,125,414,839.18 issued by Bank of Africa Uganda under Reference No. 1039/2024 dated 16th May 2024.

However, the audit noted that the performance guarantee was valid only up to 11th October 2025. Therefore, by the time of the audit (19th - 27th March 2026), the guarantee had expired and had not been renewed or extended despite the contract implementation period having been extended through Contract Change Order No. 1 up to 23rd September 2026.

Implication

Invalid performance securities expose the Entity to potential risk of financial loss arising from contractor non-performance.

Management Response

The Ministry wrote to the contractor requesting for extension of the guarantee, and the contractor received, and acknowledged the letter. However, it is a challenge for contractors to secure extended bank guarantees when banks are not receiving any payments from the contractor due to delayed payments by the Ministry as a result of unavailability of funds. The Ministry is engaging Ministry of Finance, Planning and Economic Development, and payment to the contractor will be prioritized once this ministry receives funds from Ministry of Finance, Planning and Economic Development.

Recommendation

The Accounting Officer should task the contractor to validate and provide a valid performance guarantee in accordance with Regulation 11 (1) (2) & (3) of the PPDA. (Contracts) Regulations 2023.

2. Delayed Site Handover

Regulation 52(1) of the PPDA (Contracts) Regulations 2023 requires works, services, or supplies to commence within the timelines stipulated in the contract to ensure timely project implementation. Further, GCC 26.1 requires the Entity to hand over the site within 10 days of contract signature. Additionally, GCC 1.1(ff) stipulates a start date of 10 days after contract signature.

However, the audit noted that although the contract was signed on 13th March 2024, actual handover of the various project sites occurred between 10th and 12th May 2024, according to the site handover report on file dated June 2024. This represented a delay of approximately 57 days from contract signature.

Implication

Delays potentially contribute to the untimely realization of government initiatives.

Management Response

The delay to handover the site to the contractor by the ministry was occasioned by the delay to secure performance guarantee from the commercial bank by the contractor which was a requirement. Whereas the contractor was supposed to have secured the performance guarantee by 13th March 2024, she secured it on 16th May 2024 hence the delay of the reported 57 days.

Recommendation

The Accounting Officer should task Contract Managers to make certain that future projects commence within the period indicated in the contracts in accordance with Regulation 52 (1) of the PPDA (Contracts) Regulations 2023.

3. Delayed Payments

Regulation 49(3) of the PPDA (Contracts) Regulations 2023 and GCC 52.1 require the Entity to settle certified payments within thirty (30) days from the date of certification.

The Authority noted that the Entity did not comply with the prescribed payment timelines, as significant certified amounts under IPCs No. 2 and No. 3 remained unpaid beyond the contractual payment period, as summarized in Table 13 below:

Table 13: Payments not within the specified Timelines

Details	Amount Claimed (UGX)	Amount Certified (UGX)	Amount Paid (UGX)	Date of Certification of Payment	Balance not paid (UGX)	Status
IPC 2	5,252,343,918	5,252,343,918	2,790,683,263	21 st March 2025	2,453,660,655	Partially Paid
IPC 3	3,399,795,378	2,899,034,370	0	5 th September 2025	2,899,034,370	Unpaid
Total					5,352,695,025	

The Authority noted that IPC No. 2 certified on 21st March 2025 remained partially unpaid by the time of audit (19th - 27th March 2026), leaving an outstanding balance of UGX 2,453,660,655, approximately one year after certification. Similarly, IPC No. 3, certified on 5th September 2025 had not been paid by the time of audit, representing a payment delay of approximately six months. The cumulative outstanding certified amount is UGX 5,352,695,025.

Implication

Delayed payment to contractors could lead to cashflow challenges, delays in project execution and increased project cost due to charging of interest.

Management Response

The Ministry acknowledges the delayed settlement of IPC No.2 which is attributed to inadequate release of budgeted funds. The ministry will continue to engage Ministry of Finance, Planning and Economic Development to ensure that all budgeted funds are released.

Recommendation

The Accounting Officer should pay contractors promptly in accordance with Regulation 49 (3) of the PPDA (Contracts) Regulations 2023.

4. Potential Interest Charges

GCC 52.1 required the Entity to settle certified payments within 30 days from the date of certification. Where payment is delayed, the contractor is entitled to interest on the outstanding amount, computed from the due date to the actual payment date at the prevailing commercial lending rate. The potential interest owed to the contractor is indicated in Table 14 below:

Table 14: Potential interest charges

Parameter	IPC No. 2	IPC No. 3
Outstanding Amount (P)	UGX 2,453,660,655	UGX 2,899,034,370
Date Certified	21 st March 2025	5 th September 2025
Expected Payment Date	20 th April 2025	5 th October 2025
Interest Start Date	21 st April 2025	6 th October 2025
Audit Cut-off Date	27 th March 2026	27 th March 2026
Delay Period (t)	340 Days	172 Days
Applicable Lending Rate (r)	17.74% p.a.	19.71% p.a.
Interest Formula	$P \times r \times (t/365)$	$P \times r \times (t/365)$
Computed Interest	UGX 461,158,498	UGX 269,262,312
Total Potential Interest Exposure (A+B)		UGX 730,420,810

Government is exposed to contractual interest liabilities estimated at approximately UGX 730,420,810 arising from the delayed settlement of certified IPCs.

Implication

Delayed settlement of certified IPCs exposes the Entity to contractual interest liabilities and negatively affects the Contractor's cash flow position, thereby increasing the risk of implementation delays, reduced productivity, and possible project stagnation.

Management Response

Management notes the potential exposure to interest charges arising from delayed settlement of certified Interim Payment Certificates (IPCs). The delays in payment were primarily occasioned by inadequate release of the budgeted funds from Ministry of Finance, Planning and Economic Development. This ministry will continue to engage Ministry of Finance, Planning and Economic Development to ensure that all budgeted funds are released to avoid future potential interest charges.

Recommendation

The Accounting Officer should ensure timely settlement of certified IPCs in accordance with GCC 52.1 and Regulation 49(3) of the PPDA (Contracts) Regulations 2023 to minimize exposure to contractual interest liabilities and safeguard timely project implementation.

E. Completion of Construction of 33kV and 11kV Distribution Project in Western and South-western Service Territory Covering Rural Electrification Schemes under 2 Lots in Mitooma and Rukungiri Districts

The contract summary is indicated in Table 15 below:

Table 15: Contract Summary

Project Reference Number	MEMD-KFAED/WRKS/2023-2024/00093
Project Provider:	City Harvest Electrical, Installation Supply and Repair Ltd
Contract Amount	UGX 7,852,849,592 inclusive of taxes

Contract Scope coverage	MV = 70km, LV=150km & 51 Distribution Transformers
Contract Signature	26 th June 2025
Commencement Date	2 nd July 2025
Site Possession	4 th July 2025
Contract duration	12 months
Intended completion date	2 nd July 2026
Defects Liability Period (DLP)	Expected from 2 nd July 2026 to 2 nd July 2027
Project Funder	Kuwait Fund for Arab Economic Development
Project loan Number	953
Funding Duration as per the loan agreement	11 and 3 months - 3 rd October 2016 to 31 st December 2019, extended to 31 st December 2027
% Physical progress reported	55% as at March 2026
% Financial progress reported	20%- <i>Only advance payment had been issued as be the time of the audit.</i>
Time progress	67% (8 months approx.)

1. Delayed Payment

Regulation 49(3) of the PPDA (Contracts) Regulations 2023, which requires that payments be made within thirty (30) days of invoice certification, unless otherwise specified in the Special Conditions of Contract.

The Authority noted the following from the review of the payment documents submitted for Advance Payment and Interim Payment No.01:

Advance Payment: The Contractor submitted the request for Advance Payment on 16th July 2025. The Entity certified and sent it to the Ministry of Finance, Planning and Economic Development (Ministry of Finance, Planning and Economic Development) on 14th August 2025; the Ministry of Finance, Planning and Economic Development submitted it to KFAED (funder) on 27th August 2025. The funder paid on 7th October 2025, which the Authority noted was 82 days after the date of submission. This was contrary to GCC 60.1, which stated that advance payment will be paid to the contractor within sixty (60) working days upon receipt of and verification of an irrevocable, unconditional on-demand bank guarantee from a bank acceptable to the Entity and invoice from the contractor

Interim Payment Certificate (IPC) No.1: The Contractor submitted the request for Interim Payment No.1 on 21st January 2026. The Entity certified and sent it to the Ministry of Finance, Planning and Economic Development (Ministry of Finance, Planning and Economic Development) on 26th February 2026; the Ministry of Finance, Planning and Economic Development submitted it to KFAED (funder) on 27th February 2026. The funder had not paid the contractor by the end of March 2026. This is indicated in Table 16 below:

Table 16: Interim Payment Certificate Pending Payment

Parameter	Advance Payment	IPC No. 1
Payment Description	Advance Payment	Interim Payment Certificate No. 1

Parameter	Advance Payment	IPC No. 1
Date of Submission	16 th July 2025	21 st January 2026
Amount Requested (Inclusive of VAT) (UGX))	1,570,569,918.40	1,698,022,610
Amount Approved (UGX)	1,287,867,333	-
Amount Paid (UGX)	1,287,867,333	-
Payment Date	7 October 2025	Still Pending
Maximum Contractual Payment Period	60 working days (As per GCC 60.1)	30 days
Actual duration taken to effect payment	82 Days	Payment not yet effected
Elapsed Period as at Audit Date (27 th March 2026)	82 Days	65 days
Compliance to Prescribed Payment Timelines	Non-compliant	Non-compliant
Remarks	Delayed payment	Delayed payment

Implication

Delayed payment to contractors could lead to cashflow challenges, delays in project execution and increased project cost due to charging of interest.

Management Response

This contract is financed by the Kuwait Fund for Arab Economic Development under a loan agreement executed between the Ministry of Finance, Planning and Economic Development, on behalf of the Government of Uganda, and the Kuwait Fund, on behalf of the Government of Kuwait.

The Ministry duly certified the payment applications within the prescribed timelines and submitted them to the Ministry of Finance, Planning and Economic Development for onward transmission to the Kuwait Fund for processing and payment. However, at the time the payment request was forwarded, the Government of Kuwait was experiencing disruptions arising from regional conflicts in the Arab region, which adversely affected financial transactions originating from Kuwait. Consequently, these circumstances contributed to the payment delays that were reported.

Recommendation

The Accounting Officer should follow-up the funder to pay contractors promptly in accordance with Regulation 49 (3) of the PPDA (Contracts) Regulations 2023.

F. EPC Contractor to Design, Procure and Construct Power Distribution Networks for Lake Victoria Island Electrification Access

The contract summary is indicated in Table 17 below:

Table 17: Contract Summary

Procurement Method	Open Domestic Bidding
Reference Number	MEMD/WRKS/23-24/00023
Contract Type	Admeasurement
Contract Amount- VAT inclusive	UGX 2,686,466,487
Contractor	City Harvest Electrical Installation and Repair Ltd
Supervising Consultant	None
Contract Signature Date	1/4/2025
Site Handover Date	Site possession meeting was held on 17/04/2025 at MEMD, however no site handover certificate is on file.
Planned Start Date	Contrary to the start date of 5 days after contract signature provided for in the contract for effectiveness, the provided Form 49 indicates the start date as 1/4/2025 which is the contract signing date
Actual Start Date	17/4/2025
Contract Duration	10 months from the start date
Expected Completion Date	8 th January 2026
Extended Completion Date	31 st December, 2026
Performance Security	5% of the total contract price.
Advance Payment	20% of the total contract price
Value of certified work	55% as of 18/03/2026
Total Payments made to-date	UGX 1,218,168,251 (Correct Value: Ugx 657,293,297)
Status of physical verification	55% as of 18/03/2026

1. Failure to submit a performance security

The review revealed that GCC 61.1 of the signed contract required a performance security of 5% of the contract sum submitted within 28 days after contract signature. However, there was no evidence that the contractor submitted the performance security. The audit further observed that in a letter dated 20th May 2026, the contractor's banker required the Entity to pay the outstanding IPCs prior to issuance of a performance security.

Implication

Lack of performance security exposes the Entity to potential risk of financial loss arising from the contractor's non-performance.

Management Response

Performance securities are secured from commercial banks at a cost to the contractor. At the time, the contractor had outstanding payments for works completed under other contracts in this ministry, which negatively affected its cash flow and ability to obtain the required performance security. The Ministry has since processed the outstanding payments and notified

the contractor to submit the necessary performance security. The contractor has committed to submitting it as soon as possible.

Recommendations

- The Contract Manager should task the contractor to provide a valid performance security in accordance with Regulation 11 (1) (2) & (3) of the PPDA (Contracts) Regulations 2023.
- The Accounting Officer should caution the Contract Manager for failure to ensure that the contractor complied with the requirement of submitting a performance security.

2. Delayed payment of IPC No.1

Regulation 49 (3) of the PPDA (Contracts) Regulations 2023 states that the period for payment shall be thirty days from certification of invoices, except where this is varied in the Special Conditions of Contract.

The Authority observed that on 15th October 2025, the contractor submitted IPC No.1 worth UGX 680,874,953, which was processed and certified in November 2025. However, payment had not been made to the contractor by the time of the audit in May 2026.

Implication

Delayed payment to contractors could lead to cashflow challenges, delays in project execution and increased project cost due to charging of interest.

Management Response

The delayed payment of IPC No.1 was attributed to inadequate release of funds by Ministry of Finance, Planning and Economic Development, however, the Ministry has processed a part payment of Ugx. 393,233,739 to the Contractor in this Q4 of FY 2025/2026 to enable her to continue with execution of the works.

Recommendation

The Accounting Officer should pay contractors promptly in accordance with Regulation 49 (3) of the PPDA (Contracts) Regulations 2023.

3. Lack of Insurance Cover

GCC 18.1 provided for insurance coverage of 100% of the contract value. However, the Authority observed that no insurance policy was submitted by the contractor.

Implication

- The Entity faces substantial exposure to insurance coverage vulnerabilities, especially concerning the risk of violating the contract related to the invalidation of the workman's insurance policy.
- Such a breach could result into an estimated financial liability of UGX 2,686,466,487, plus an extra 10%. There is also a potential risk of penalties.

Management response

The contractor submitted the insurance cover however at the time of audit this insurance cover had been filed on a wrong file. It has since been retrieved.

Authority's comment

The insurance cover was not submitted for review.

Recommendations

- The Contract Manager should ensure that the contractor submits insurance cover in accordance with GCC 18.1 of the contract.
- The Accounting Officer should caution the Contract Manager for failure to ensure that the contractor complied with the requirements of the insurance cover.

4. Delayed progress/completion of works

GCC 22.1 of the Special Conditions of Contract stipulated a contract period of ten (10) calendar months from the effective date of 17th April 2025, with an expected completion date of 8th January 2026. However, the review revealed that the contract remained incomplete as at 8th May 2026 and the Entity subsequently extended the contract period to 31st December 2026.

The status of implementation is presented in the Table 18 below:

Table 18: Status of Implementation

Parameter	Assessment/Status
Contract Commencement Date	17/4/2025
Initial Contract Duration	10 months
Initial Completion Date	8 th January 2026
Revised Contract Duration	22 months
Time Elapsed	14 months
Time Progress	63.6%
Physical Progress	55%

Implication

The disparity between the elapsed time and physical progress increases the likelihood of further time extensions, cost escalation and delayed realization of project outputs, undermining value for money and timely service delivery.

Management response

The delay was due to inadequate release of funds for this project by Ministry of Finance, Planning and Economic Development which led to the extension of the contract period. The Contractor submitted an updated work plan with strategy to complete the works within the revised contract duration. The project is now at 65% with all the materials delivered to the site and pole dressing in progress. Attached is the updated implementation schedule.

Recommendation

The Contract Manager should ensure accelerated implementation of the pending works in accordance with Section 51 of the PPDA Act Cap 205.

5. Inadequate adherence to Environmental, Social, Health and Safety (ESHS) requirements

Under health and safety, the contractor was required to take all reasonable precautions to maintain the health and safety of the personnel. The following exceptions were noted:

5.1.1 Failure to have workers sign the Code of Conduct

The Employment Act 2006 provides for discipline and termination procedures that implicitly support the workers' Code of Conduct. However, it was observed that the workers did not have a signed Code of Conduct.

Implications

- The lapse increases the likelihood of workplace misconduct, including harassment, discrimination and unsafe behavior.
- Exposes the contractor and client to reputational damage and legal risks in case of grievances or social conflicts.
- Unclear employment terms may lead to disputes over compensation and rights.
- Non-compliance with labour standards could trigger administrative penalties.

Management response

The ministry has noted the provisions of the employment act 2006 and has since communicated to the contractor to submit signed copies of code of conduct for all her employees by 30th June 2026.

Recommendation

The Contract Manager should ensure that the contractor enforces the signing of the Code of Conduct by all workers and supervisors. Copies should be displayed at the site notice board for awareness and the signed copies filed for reference.

5.1.2 Inadequate stakeholder engagement and sensitization

The Authority observed inadequate community sensitization on the project. Some community members expressed concerns regarding encroachment on areas currently served by solar systems and there was uncertainty around the compensation mechanisms.

Implication

Insufficient community sensitization may result in low community buy-in, resistance to project activities, misinformation regarding project objectives, vandalism of infrastructure and delay in land access negotiations.

Management response

The ministry has a division of health safety and environment under the department of Finance and Administration which has always carried out stakeholder engagements and sensitization on the projects being implemented by the ministry. This division has engaged the contractor and the following actions have been agreed upon:

1. *A sensitization plan was agreed with Contractor and commenced in June 2026 for all the project sites;*

2. *The project is a PPP between Ministry of Energy and Mineral Development and Engie-Equatorial. The Ministry is providing power distribution network and last mile connections while Engie-Equatorial is to construct the solar plant with all compensations for the land and later operate the minigrid project for a 20-year concession period of the License granted by the Regulator.*
3. *Engie-Equatorial has obtained the financial close for the project and are expected to complete the solar plants within the timeframe for the construction of the power distribution network.*

Recommendation

The Contract Manager should ensure that the contractor conducts targeted community sensitization campaigns to explain the project scope and benefits, clarify the compensation mechanisms and address concerns regarding the solar system overlap.

G. Procurement and Construction of Medium Voltage Networks in various Regions of the Country Under Lot: 3 North Western Service Territory (Kibaale, Bugangaizi South in Kakumiro, Hoima City, Kikuube and Buyaga East in Kagadi District)

The contract summary is indicated in Table 19 below:

Table 19: Contract Summary

Procurement Method	Open Domestic Bidding
Reference Number	MEMD/WRKS/23-24/00023
Contract Type	Admeasurement
Contract Amount- VAT inclusive	UGX 27,110,863,566.39
Contractor	Tetra Technical Services (U) Ltd
Supervising Consultant	None
Contract Signature Date	13 th March 2024
Site Handover Date	Works started on 23 rd March, 2024. Minutes of the kick-off meeting were availed to evidence the site hand over.
Planned Start Date	23 rd March 2024.
Actual Start Date	23 rd March 2024 (GCC 1.1 (ff) 10 days from the date of contract signature by both parties)
Contract Duration	18 months from the start date (GCC 22.1)
Expected Completion Date	23 rd September 2025 (Extension of one year granted) to 23 rd September 2026.
Extended Completion Date	16 th September 2026
Performance Security	10% of the total contract price.
Advance Payment	20% of the total contract price
Value of certified work	60.25% as of April 2026
Total Payments made to-date	UGX 7,006, 346, 558
Status of physical verification	60.25% as of 2 nd April 2026

1. Delayed completion of works

GCC 22.1 of the Special Conditions of Contract stipulated a contract period of eighteen (18) calendar months from 23rd March 2024, with an expected completion date of 23rd September 2025. However, the audit noted that the works remained incomplete as of April 2026 and the contract was subsequently extended to 23rd September 2026.

Physical verification conducted in April 2026 established that project progress stood at 60.25%, despite a significant portion of the contract implementation period having elapsed. The details are provided in the Table below 20:

Table 20: Status of Implementation

Parameter	Assessment / Status
Contract Commencement Date	23 rd March 2024
Initial Contract Duration	18 months
Initial Completion Date	23 rd September 2025 (Extension of one year granted) to 23 rd September 2026
Revised Contract Duration	30 months
Time Elapsed	25 months
Time Progress	83.34%
Physical Progress	60.25%

Implication

The disparity between the elapsed time and physical progress increases the likelihood of further time extensions, cost escalation and delayed realization of project outputs, undermining value for money and timely service delivery.

Management response

The delayed delivery of the project is attributed to slow disbursement of funds to the contractor as a result of inadequate release of funds to this ministry by Ministry of Finance, Planning and Economic Development. We have engaged the contractor and is willing to mobilize the resource and complete the project once the outstanding payments are effected.

Recommendations

- The Contract Manager should request the contractor to submit an updated work program, including clear recovery strategies for delayed works, within one month of issuance of this report.
- The Contract Manager should ensure accelerated implementation of the pending works in accordance with Section 51 of the PPDA Act Cap 205.

2. Delayed payments of IPCs

Regulation 49(3) of the PPDA (Contracts) Regulations, 2023, requires that payments be made within thirty (30) days of invoice certification, unless otherwise specified in the Special Conditions of Contract.

The Authority noted delays in the payments of IPCs 2, 3 & 4 as indicated in the Table 21 below:

Table 21: Delayed Payment of IPCs

Details	Date of Certificate submission	Certified Amount (UGX)	Status	Delays
IPC 2	23 rd May 2025	1,410,991,594.6	Pending payment	276 days
IPC 3	28 th August 2025	3,409,917,712.6	Pending payment	179 days
IPC 4	10 th December 2025	6,815,976,468.13	Pending payment	75 days

Implication

Delayed payment to contractors could lead to cashflow challenges, delays in project execution and increased project cost due to charging of interest.

Management Response

The Ministry acknowledges the delayed settlement of the IPCs which is attributed to inadequate release of budgeted funds. The ministry will continue to engage Ministry of Finance, Planning and Economic Development to ensure that all budgeted funds are released.

Recommendation

The Accounting Officer should pay contractors promptly in accordance with Regulation 49 (3) of the PPDA (Contracts) Regulations 2023.

3. Potential Interest Charges

GCC 52.1 states that the Entity shall pay the Contractor the amounts certified by the Project Manager within 30 days of the date of each certificate. If the Entity makes a late payment, the contractor shall be paid interest on the late payment in the next payment. Interest shall be calculated from the date by which the payment should have been made up to the date when the late payment is made at the prevailing rate of commercial borrowing for each of the currencies in which the payments are made.

There was no evidence on file that payment had been effected at the time of the audit from 19th - 27th March 2026, contrary to Regulation 49(3) of the PPDA (Contracts) Regulations 2023 and GCC 52.1. The potential interest owed to the Contractor is indicated in the Table below 22:

Table 22: Potential interest owed to the Contractor

Parameter	IPC No. 2	IPC No. 3	IPC No. 4
Outstanding Amount (P)	UGX 1,410,991,594.6	UGX 3,409,917,712.6	UGX 6,815,976,468.13
Date Certified	23 rd May 2025	28 th August 2025	10 th December 2025
Expected Payment Date	23 rd June 2025	28 th September 2025	10 th January 2026
Interest Start Date	24 rd June 2025	29 th September 2025	11 th January 2026
Audit Cut-off Date	27 th March 2026	27 th March 2026	27 th March 2026
Delay Period (t)	276 Days	179 Days	75 Days
Applicable Lending Rate (r)	17.74% p.a.	17.74% p.a.	19.71% p.a.
Interest Formula	$P \times r \times (t/365)$	$P \times r \times (t/365)$	$P \times r \times (t/365)$

Parameter	IPC No. 2	IPC No. 3	IPC No. 4
Computed Interest	UGX 189,275,437.9	UGX 296,659,104.1	UGX 48,970,746.1
Total Potential Interest Exposure			UGX 534,905,288.1

Government is exposed to contractual interest liabilities estimated at approximately UGX 534,905,288.1 arising from the delayed settlement of certified IPCs.

Implication

Delayed settlement of certified IPCs exposes the Entity to contractual interest liabilities and negatively affects the Contractor's cash flow position, thereby increasing the risk of implementation delays, reduced productivity, and possible project stagnation.

Management response

Management notes the potential exposure to interest charges arising from delayed settlement of certified Interim Payment Certificates (IPCs). The delays in payment were primarily occasioned by inadequate release of the budgeted funds from Ministry of Finance, Planning and Economic Development. This ministry will continue to engage Ministry of Finance, Planning and Economic Development to ensure that all budgeted funds are released to avoid future potential interest charges.

Recommendation

The Accounting Officer should ensure timely settlement of certified IPCs in accordance with GCC 52.1 and Regulation 49(3) of the PPDA (Contracts) Regulations 2023 to minimize exposure to contractual interest liabilities and safeguard timely project implementation.

4. Inadequate adherence to Environmental, Social, Health and Safety (ESHS) requirements

Under health and safety, the contractor was required to take all reasonable precautions to maintain the health and safety of the personnel. The following exception was noted:

5. Failure to have workers sign the Code of Conduct

The Employment Act 2006 provides for discipline and termination procedures that implicitly support the workers' Code of Conduct. However, it was observed that the workers did not have a signed Code of Conduct.

Implications

- The lapse increases the likelihood of workplace misconduct, including harassment, discrimination and unsafe behavior.
- Exposes the contractor and client to reputational damage and legal risks in case of grievances or social conflicts.
- Unclear employment terms may lead to disputes over compensation and rights.
- Non-compliance with labour standards could trigger administrative penalties.

Management response

The Ministry has taken note of the provisions of the Employment Act, 2006 and has accordingly directed the contractor to submit duly signed copies of the Code of Conduct for all employees by 30 June 2026.

Recommendation

The Contract Manager should ensure that the contractor enforces the signing of the Code of Conduct by all workers and supervisors. Copies should be displayed at the site notice board for awareness and the signed copies filed for reference.

H. Procurement and Construction of Medium Voltage Networks in various Regions of the Country Under Lot: 4 West Nile, Central North West Service Territories (Ora in Zombo, Aringa South in Yumbe, Kole North Kole, Gulu, Dokolo, Lira District)

The contract summary is indicated in Table 23 below:

Table 23: Contract Summary

Procurement Method	Open Domestic Bidding
Reference Number	MEMD/WRKS/22-23/00016
Contract Type	Admeasurement
Contract Amount- VAT inclusive	UGX 15,191,933,400
Variation Amount- VAT inclusive	None
Contractor	M/s Zeta Engineering Services Ltd
Supervising Consultant	None
Contract Signature Date	13/03/2024
Site Handover Date	Works started on 23 rd March, 2024. Minutes of the kick-off meeting were availed to evidence the site hand over.
Planned Start Date	23 rd March, 2026.
Actual Start Date	23 rd March, 2026 (GCC 1.1 (ff) 10 days from the date of contract signature by both parties)
Contract Duration	18 months from the start date (GCC 22.1)
Expected Completion Date	23 rd September, 2025
Extended Completion Date	16 th September, 2026
Performance Security	10% of the total contract price.
Advance Payment	20% of the total contract price
Value of certified work	38% as of March, 2026
Total Payments made to-date	UGX 3,044,986,680
Status of physical verification	38% as of March, 2026

1. Expired Performance Security

The audit reviewed the submitted performance security and noted that it expired on 5th May 2025. However, no record was availed to evidence renewal/extension of the performance security to cover the time extension granted until 16th September 2026.

Implication

Invalid performance securities expose the Entity to potential risk of financial loss arising from the contractor's non-performance.

Management response

The Ministry wrote to the contractor requesting for extension of the guarantee, and the contractor received, and acknowledged the letter. However, it is a challenge for contractors to secure extended bank guarantees when banks are not receiving any payments from the contractor due to delayed payments by the Ministry as a result of unavailability of funds. The Ministry is engaging Ministry of Finance, Planning and Economic Development, and payment to the contractor will be prioritized once this ministry receives funds from Ministry of Finance, Planning and Economic Development.

Recommendation

The Accounting Officer should immediately task the contractor to provide a valid performance guarantee in accordance with Regulation 11(1), (2) & (3) of the PPDA. (Contracts) Regulations 2023.

2. Delayed progress/completion of works

GCC 22.1 of the Special Conditions of Contract stipulated a contract period of eighteen (18) calendar months from 23 March 2024, with an expected completion date of 23 September 2025. However, the audit noted that the contract remained incomplete as of April 2026, approximately six months after the scheduled completion date, and was subsequently extended to 23 September 2026.

At the time of physical verification in April 2026, physical progress had reached only 38%, while financial progress stood at 14.32%, comprising solely the advance payment made to the contractor. This performance was significantly behind schedule given that 83.34% of the contract implementation period had already elapsed. The details are provided in Table 24 below:

Table 24: Status of Implementation

Parameter	Assessment / Status
Contract Commencement Date	23 rd March 2024
Initial Contract Duration	18 months
Initial Completion Date	23 rd September 2025 (Extension of one year granted) to 23 rd September 2026
Revised Contract Duration	30 months
Time Elapsed	25 months
Time Progress	83.34%
Physical Progress	38%

Implication

The disparity between the elapsed time and physical progress increases the likelihood of further time extensions, cost escalation and delayed realization of project outputs, undermining value for money and timely service delivery.

Management response

The delayed delivery of the project is attributed to slow disbursement of funds to the contractor as a result of inadequate release of funds to this ministry by Ministry of Finance, Planning and Economic Development. We have engaged the contractor and is willing to mobilize the resource and complete the project once the outstanding payments are effected.

Recommendations

- The Contract Manager should request the contractor to submit an updated work program, including clear recovery strategies for delayed works, within one month of issuance of this report.
- The Contract Manager should ensure accelerated implementation of the pending works in accordance with Section 51 of the PPDA Act Cap 205.

3. Delayed Payment

Regulation 49(3) of the PPDA (Contracts) Regulations, 2023, requires that payments be made within thirty (30) days of invoice certification, unless otherwise specified in the Special Conditions of Contract.

The Authority noted delays in the payment of advance payment & IPC No. 1 as indicated in Table 25 below:

Table 25: Delayed Payment

Details	Amount Paid (UGX)	Date of Submission of Certificate	Date of Receipt	Days delays for
Advance Payment	3,044,986,680	23 rd May 2024	27 th - November 2024	156 days
IPC No.1	1,701,358,005	17 th April 2025	Pending	313 days

Implication

Delayed payment to contractors could lead to cashflow challenges, delays in project execution and increased project cost due to charging of interest.

Management response

The Ministry acknowledges the delayed settlement of IPC No. 1 which was attributed to inadequate release of budgeted funds. The ministry will continue to engage Ministry of Finance, Planning and Economic Development to ensure that all budgeted funds are released.

Recommendation

The Accounting Officer should pay contractors promptly in accordance with Regulation 49 (3) of the PPDA (Contracts) Regulations 2023.

4. Potential interest Charges

GCC 52.1 requires the Entity to settle amounts certified by the Project Manager within 30 days of the date of certification. The clause further stipulates that where payment is made after the due date, the Contractor is entitled to interest on the delayed payment, calculated from the date the

payment became due until the date of settlement at the prevailing commercial borrowing rate applicable to the currency of payment.

The audit conducted between 19th and 27th March 2026 established that there was no evidence on file to demonstrate that the certified payment had been effected. Consequently, the Entity was exposed to potential interest charges arising from the delayed payment. The estimated interest liability is presented in Table 26 below:

Table 26: Potential interest owed to the Contractor

Parameter	Advance payment	IPC No. 1
Outstanding Amount (P)	UGX 3,044,986,680	UGX 1,701,358,005
Date Certified	23 rd May 2024	17 th April 2025
Expected Payment Date	23 rd June 2024	17 th May 2025
Interest Start Date	24 rd June 2024	18 th May 2025
Audit Cut-off Date	27 th November 2024	27 th March 2026
Delay Period (t)	156 Days	313 Days
Applicable Lending Rate (r)	17.74% p.a.	19.71% p.a.
Interest Formula	$P \times r \times (t/365)$	$P \times r \times (t/365)$
Computed Interest	UGX 230,871,724.32	UGX 143,322,398.34
Total Potential Interest Exposure		UGX 371,194,122.66

Government is exposed to contractual interest liabilities estimated at approximately UGX 371,194,122.66 arising from the delayed settlement of certified IPCs.

Implication

Delayed settlement of certified IPCs exposes the Entity to contractual interest liabilities and negatively affects the Contractor's cash flow position, thereby increasing the risk of implementation delays, reduced productivity, and possible project stagnation.

Management response

Management notes the potential exposure to interest charges arising from delayed settlement of certified Interim Payment Certificates (IPCs). The delays in payment were primarily occasioned by inadequate release of the budgeted funds from Ministry of Finance, Planning and Economic Development. This ministry will continue to engage Ministry of Finance, Planning and Economic Development to ensure that all budgeted funds are released to avoid future potential interest charges.

Recommendation

The Accounting Officer should ensure timely settlement of certified IPCs in accordance with GCC 52.1 and Regulation 49(3) of the PPDA (Contracts) Regulations 2023 to minimize exposure to contractual interest liabilities and safeguard timely project implementation.

5. Lack of Insurance Cover

GCC 18.1 provides for insurance coverage of 100% of the contract value. The Authority noted however that no insurance policy was submitted by the contractor.

Implication

- The Entity faces substantial exposure to insurance coverage vulnerabilities, especially concerning the risk of violating the contract related to the invalidation of the workman's insurance policy.
- Such a breach could result in an estimated financial liability of UGX 15,191,933,400, plus an extra 10%. Additional costs would also include possible regulatory penalties.

Management response

The contractor duly submitted the insurance cover. However, at the time of the audit, the document had been mistakenly filed in the wrong file and was available for verification. It has since been retrieved and placed on the correct file.

Authority's comment

The Entity did not submit the insurance cover for review.

Recommendations

- The Contract Manager should ensure that the service provider submits insurance covers in accordance with GCC 18.1 of the contract.
- The Accounting Officer should caution the Contract Manager for failure to ensure that the contractor complied with the requirements if the insurance cover.

6. Inadequate adherence to Environmental, Social, Health and Safety (ESHS) requirements

Under health and safety, the contractor was required to take all reasonable precautions to maintain the health and safety of the personnel. The following exception was noted:

The Employment Act 2006 provides for discipline and termination procedures that implicitly support the workers' Code of Conduct. However, it was observed that the workers did not have a signed Code of Conduct.

Implications

- The lapse increases the likelihood of workplace misconduct, including harassment, discrimination and unsafe behavior.
- Exposes the contractor and client to reputational damage and legal risks in case of grievances or social conflicts.
- Unclear employment terms may lead to disputes over compensation and rights.
- Non-compliance with labour standards could trigger administrative penalties.

Management response

The ministry has noted the provisions of the employment act 2006 and has since communicated to the contractor to submit signed copies of code of conduct for all her employees by 30th June 2026.

Recommendation

The Contract Manager should ensure that the contractor enforces the signing of the Code of Conduct by all workers and supervisors. Copies should be displayed at the site notice board for awareness and the signed copies filled for reference.

I. Design, Supply and Installation of 33kv Lines and Associated Low Voltage Networks Lot I: Fast Track Line 3 (Wandi Yumbe Moyo)

The contract summary is indicated in Table 27 below:

Table 27: Contract Summary

Procurement Method	Open Domestic Bidding
Reference Number	REA-ERTIII/WRKS/18-19/00540a
Contract Type	Lump sum
Contract Amount- VAT inclusive	USD 6,645,170.33, UGX 17,598,252,705 inclusive of taxes
Contractor	China Jiangxi Corporation for International Economic and Technical Cooperation
Supervising Consultant	None
Contract Signature Date	15/01/2020
Site Handover Date	No details of site hand over after contract effectiveness on 29/01/2020
Planned Start Date	29 th January 2020
Actual Start Date	29 th January 2020. (PC 8.1 14 days from the date of effectiveness)
Contract Duration	27 months from the effectiveness (PC 8.2)
Expected Completion Date	29 th April 2024
Extended Completion Date	None
Performance Security	10% of the total contract price.
Advance Payment	20% of the total contract price
Value of certified work	98% as of March, 2026
Total Payments made to-date	USD 6,645,170.33 inclusive of taxes
Status of physical verification	98% as of March 2026

1. Delayed progress/completion of works

GCC 22.1 of the Special Conditions of Contract stipulated a contract period of 27 calendar months from 15th January 2020, with an expected completion date of 15th April 2022. However, the audit noted that the contract remained incomplete as of April 2026, with the Defects Liability Period inspections still ongoing and one transformer yet to be commissioned.

The audit noted that the Entity took up the project after the consultant's contract had expired and took over management of the project to see it to completion. This is after the merging of Rural Electrification Agency into Ministry of Energy and Mineral Development.

At the time of physical verification on 2nd April 2026, physical progress had reached 98%. The remaining works were expected to be completed within the approved contract extension period of 76 calendar months under Change Order No. 11.

Implications

- Delayed completion of the projects leads to increased project implementation costs such as costs of project supervisions and monitoring.
- The intended beneficiaries are denied timely access to essential energy resources arising from the delays.

Management response

Management acknowledges the finding regarding the delayed completion of works under the contract for the Design, Supply and Installation of 33kV Lines and Associated Low Voltage Networks, Lot I: Fast Track Line 3 (Wandi, Yumbe, Moyo), Reference Number REA-ERTIII/WRKS/18-19/00540a. The position is set out below.

The delay arose substantially from circumstances beyond the original contract framework. Following the merger of the Rural Electrification Agency into the Ministry of Energy and Mineral Development, the Entity took over implementation of the project which has progressed to 99.8% completion and is anticipated to be completed by 30th June 2026.

Recommendation

The Contract Manager should ensure that the contract is expedited and completed.

J. Procurement and Construction of Medium Voltage Networks, Installation of Distribution Transformers plus associated Low Voltage Networks in various Regions of the Country Under Seven Lots Lot: 2 Eastern Service Territory – Batch II (Busiki in Namutumba, Kumi Municipality – South Division and Kumi DLG, Kachumbala in Bukedea District, Mbale Northern Division/Mbale City, Serere, Bugiri and Bungokho North in Mbale District)

The contract summary is indicated in Table 28 below:

Table 28: Contract Summary

Procurement Method	Open Domestic Bidding
Reference Number	MEMD/WRKS/23-24/00016
Contract Type	Admeasurement
Contract Amount- VAT inclusive	UGX 22,268,705,082.23
Contractor	C&G Andijes Group Ltd
Supervising Consultant	None
Contract Signature Date	15/03/2024
Site Handover Date	Works started on 25 th March, 2024. Minutes of the kick-off meeting were availed to evidence the site hand over.
Planned Start Date	25 th March 2026.
Actual Start Date	25 th March 2026 (GCC 1.1 (ff) 10 days from the date of contract signature by both parties)

Contract Duration	18 months from the start date (GCC 22.1)
Expected Completion Date	25 th September 2025
Extended Completion Date	16 th September, 2026
Performance Security	10% of the total contract price as provided for under GCC 61.1.
Advance Payment	20% of the total contract price as provided for under GCC 60.3.
Value of certified work	35% as of 02/2026
Total Payments made to-date	UGX 5,072,993,907.86
Status of physical verification	35% as of 02/2026

1. Expired performance securities

The audit reviewed the submitted performance security and noted that it expired on 5th May 2025. However, the audit was not provided with evidence that the performance security had been renewed or extended to cover the contract extension period up to 16th September 2026.

Implication

Invalid performance securities expose the Entity to potential risk of financial loss arising from the contractor's non-performance.

Management response

The Ministry wrote to the contractor requesting for extension of the guarantee, and the contractor received, and acknowledged the letter. However, it is a challenge for contractors to secure extended bank guarantees when banks are not receiving any payments from the contractor due to delayed payments by the Ministry as a result of unavailability of funds. The Ministry is engaging Ministry of Finance, Planning and Economic Development, and payment to the contractor will be prioritized once this ministry receives funds from Ministry of Finance, Planning and Economic Development.

Recommendation

The Accounting Officer should immediately task the contractor to provide a valid performance guarantee in accordance with Regulation 11(1), (2) & (3) of the PPDA. (Contracts) Regulations 2023.

2. Delayed progress/completion of works

GCC 22.1 of the Special Conditions of Contract stipulated a contract period of eighteen (18) calendar months from 25th March 2024, with an expected completion date of 25th September 2025. However, the audit noted that the contract remained incomplete as of April 2026, approximately six months after the scheduled completion date. The contract period was subsequently extended to 23rd September 2026.

Physical verification established that project progress stood at 35% as of February 2026, while financial progress was 22.7%. This was despite approximately 70% of the contract implementation period having elapsed. The implementation status is presented in Table 29 below:

Table 29: Status of Implementation

Parameter	Assessment/Status
Contract Commencement Date	25 th March 2024
Initial Contract Duration	18 months
Initial Completion Date	23 rd September 2025 (Extension of one year granted) to 16 th September 2026
Revised Contract Duration	30 months
Time Elapsed	25 months
Time Progress	83.34%
Physical Progress	35%

Implication

The substantial disparity between the elapsed time and physical progress increases the likelihood of further time extensions, cost escalation and delayed realization of project outputs, undermining value for money and timely service delivery.

Management response

The delayed delivery of the project is attributed to slow disbursement of funds to the contractor as a result of inadequate release of funds to this ministry by Ministry of Finance, Planning and Economic Development. We have engaged the contractor and is willing to mobilize the resource and complete the project once the outstanding payments are effected.

Recommendations

- The Contract Manager should request the contractor to submit an updated work program, including clear recovery strategies for delayed works, within one month of issuance of this report.
- The Contract Manager should ensure accelerated implementation of the pending works in accordance with Section 51 of the PPDA Act Cap 205.

3. Delayed payments of IPCs

Regulation 49(3) of the PPDA (Contracts) Regulations, 2023, requires that payments be made within thirty (30) days of invoice certification, unless otherwise specified in the Special Conditions of Contract.

The Authority noted delays in the payments of Advance payment, IPC 1& IPC 2 as indicated in Table 30 below:

Table 30: Delayed Payment

Details	Amount Paid (UGX)	Date of Submission of Certificate	Date of Receipt	Days for delays
Advance Payment	4,453,741,016	16 th March 2024	21 st April, 2024	4 days
IPC No. 1	619,252,891.86	27 th June 2025	22 nd November 2025	117 days
IPC No. 2	2,812,878,834.20	1 st December 2025	Pending	

Implication

Delayed payment to contractors could lead to cashflow challenges, delays in project execution and increased project cost due to charging of interest.

Management response

The Ministry acknowledges the delayed settlement of the IPCs which is attributed to inadequate release of budgeted funds. The ministry will continue to engage Ministry of Finance, Planning and Economic Development to ensure that all budgeted funds are released.

Recommendation

The Accounting Officer should pay contractors promptly in accordance with Regulation 49 (3) of the PPDA (Contracts) Regulations 2023.

4. Potential interest Charges

GCC 52.1 requires the Entity to settle amounts certified by the Project Manager within 30 days of the date of certification. The clause further provides that where payment is delayed, the Contractor is entitled to interest calculated from the due date of payment until the date of settlement at the prevailing commercial borrowing rate applicable to the currency of payment.

The audit established that as at 27 March 2026, there was no evidence on file to demonstrate that the certified payment had been effected. This constituted non-compliance with Regulation 49(3) of the PPDA (Contracts) Regulations, 2023 and GCC 52.1 of the Contract. Consequently, the Entity is exposed to potential interest charges arising from the delayed payment. The estimated interest liability is presented in Table 31 below:

Table 31: Potential Interest owed to the Contractor

Parameter	Advance payment	IPC No. 1	IPC No. 2
Outstanding Amount (P)	UGX 4,453,741,016	UGX 619,252,891.86	UGX 2,812,878,834.20
Date Certified	16 th March 2024	27 th June 2025	1 st December 2025
Expected Payment Date	16 th April 2024	27 th July 2025	1 st January 2026
Interest Start Date	17 th April 2024	28 th July 2025	2 nd January 2026
Audit Cut-off Date	21 st April 2024	22 nd November 2025	27 th March 2026
Delay Period (t)	4 Days	117 Days	84 Days
Applicable Lending Rate (r)	17.74% p.a.	19.71% p.a.	19.71% p.a.
Interest Formula	$P \times r \times (t/365)$	$P \times r \times (t/365)$	$P \times r \times (t/365)$
Computed Interest	UGX 8,658,560.6	UGX 39,124,397.1	UGX 127,592,183.9
Total potential interest exposure			UGX 175,375,142.2

Implication

The delayed payment exposed the Entity to an estimated interest liability of UGX 175,375,142.20. This constitutes an avoidable loss of public resources and undermines the principles of economy and value for money in public expenditure.

Management response

Management notes the potential exposure to interest charges arising from delayed settlement of certified Interim Payment Certificates (IPCs). The delays in payment were primarily occasioned by inadequate release of the budgeted funds from Ministry of Finance, Planning and Economic Development. This ministry will continue to engage Ministry of Finance, Planning and Economic Development to ensure that all budgeted funds are released to avoid future potential interest charges.

Recommendation

The Accounting Officer should strengthen internal financial controls, including commitment planning and payment processing systems, to ensure strict adherence to the 30-day payment requirement under GCC 52.1 and prevent recurrence of interest liabilities.

5. Inadequate Insurance Cover

GCC 18.1 provides for insurance coverage of 100% of the contract value. The Authority noted however that no insurance policy was submitted by the contractor.

Implications

- The Entity faces substantial exposure to insurance coverage vulnerabilities, especially concerning the risk of violating the contract related to the invalidation of the workman's insurance policy.
- Such a breach could result in an estimated financial liability of UGX 22,268,705,082.23, plus an extra 10%. Additional costs would also include possible regulatory penalties.

Management response

The contractor provided the Insurance cover for the project with Alliance Africa General Insurance Limited.

Authority's comment

The insurance cover was not submitted for review

Recommendations

- The Contract Manager should ensure that the service provider submits insurance covers in accordance with GCC 18.1 of the contract.
- The Accounting Officer should caution the Contract Manager for failure to ensure that the contractor complied with the requirements if the insurance cover.

6. Inadequate adherence to Environmental, Social, Health and Safety (ESHS) requirements

Under health and safety, the contractor was required to take all reasonable precautions to maintain the health and safety of the personnel. The following exception was noted:

The Employment Act 2006 provides for discipline and termination procedures that implicitly support the workers' Code of Conduct. However, it was observed that the workers did not have a signed Code of Conduct.

Implications

- The lapse increases the likelihood of workplace misconduct, including harassment, discrimination and unsafe behavior.
- Exposes the contractor and client to reputational damage and legal risks in case of grievances or social conflicts.
- Unclear employment terms may lead to disputes over compensation and rights.
- Non-compliance with labour standards could trigger administrative penalties.

Recommendation

The Contract Manager should ensure that the contractor enforces the signing of the Code of Conduct by all workers and supervisors. Copies should be displayed at the site notice board for awareness and the signed copies filed for reference.

Management response

The ministry has noted the provisions of the employment act 2006 and has since communicated to the contractor to submit signed copies of code of conduct for all her employees by 30th June 2026

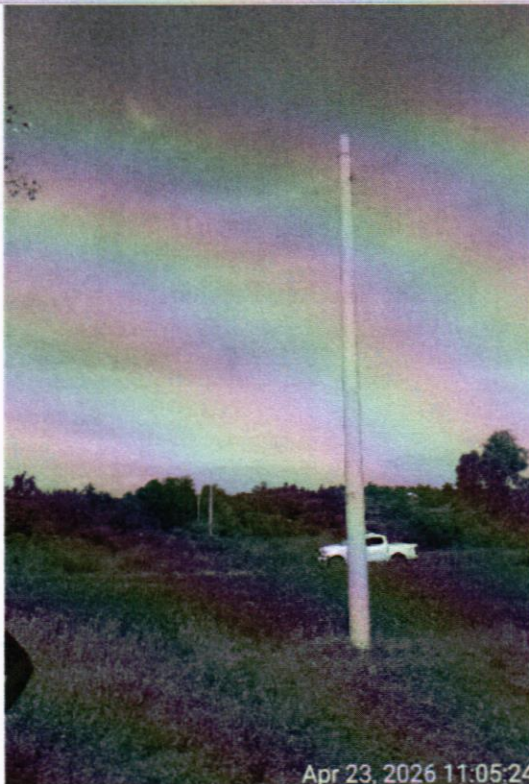
CHAPTER 3: AUDIT CONCLUSION

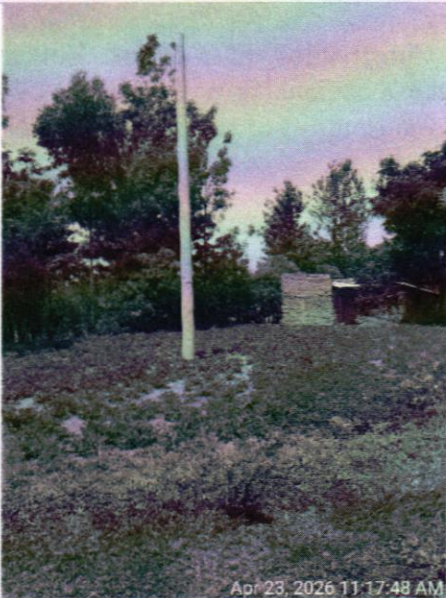
Based on the contract audits conducted, the Ministry of Energy and Mineral Development's contract management and implementation controls were assessed as partially effective. While some projects were progressing and certain contractual requirements had been observed, the audit identified several weaknesses in compliance including expired advance payment and performance securities, delayed payment with potential interest payment and delayed progress of works. The delayed payment was attributed to inadequate release of budgeted funds. This exposed the projects to schedule slippage, contractor cash flow constraints, and potential contractual liabilities.

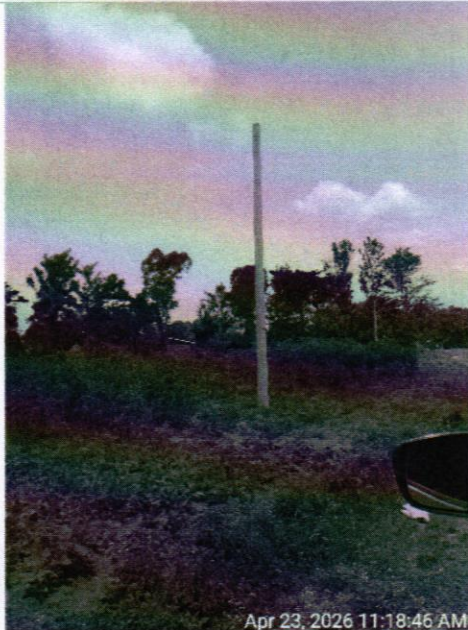
Annex 1: Physical Verification Pictures of the Contracts

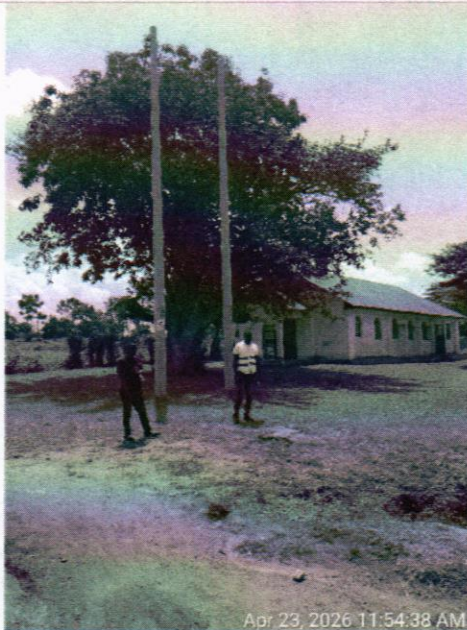
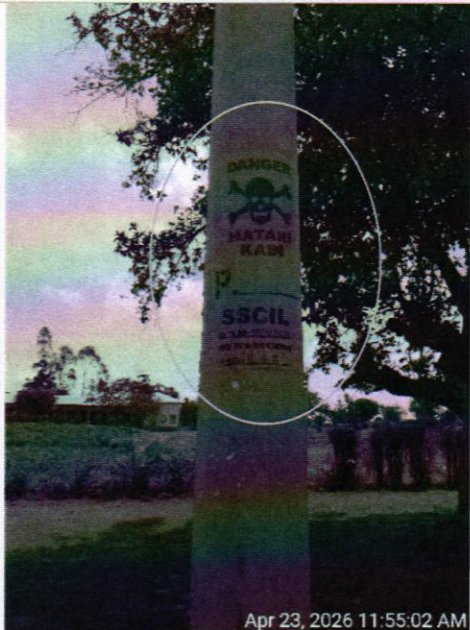
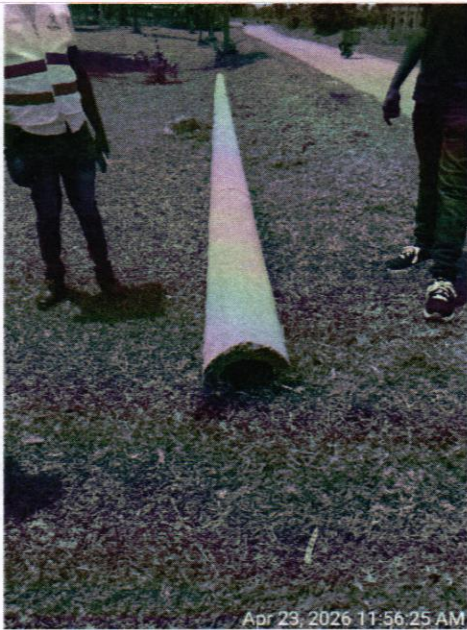
Lot 1: Eastern Service Territory

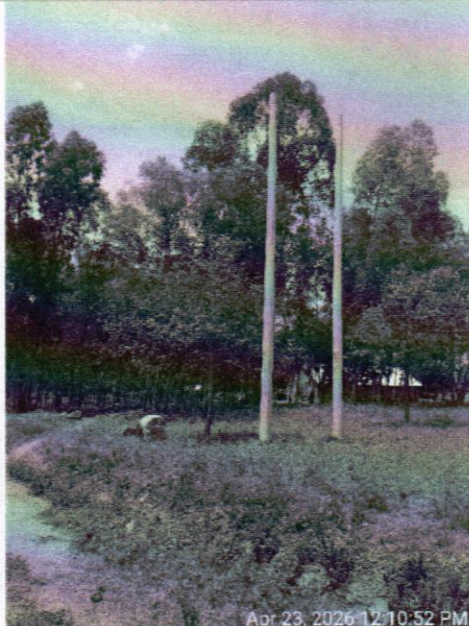
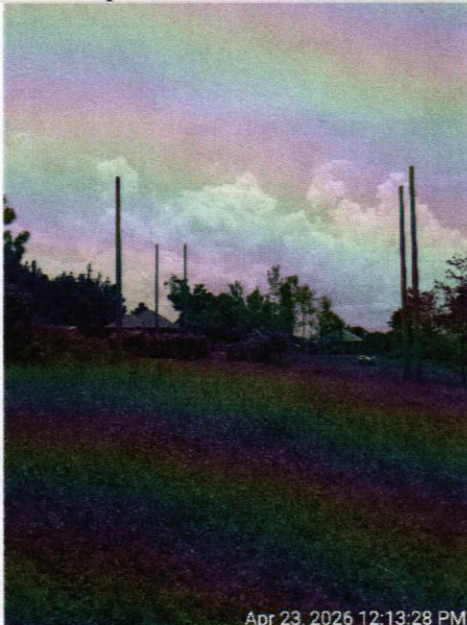
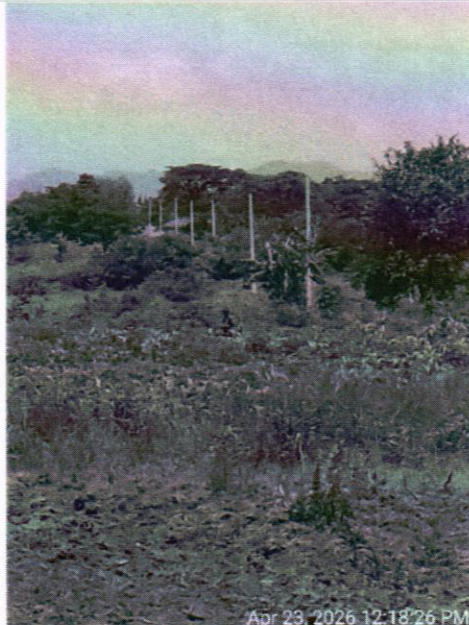
Engineering, Procurement and Construction of Medium Voltage Networks, Installation of Distribution transformers plus the associated Low Voltage Networks across various service territories in the country under seven Lots —Lot 1: Eastern Service Territory (Tororo, Palisa, and Kibuku Districts).

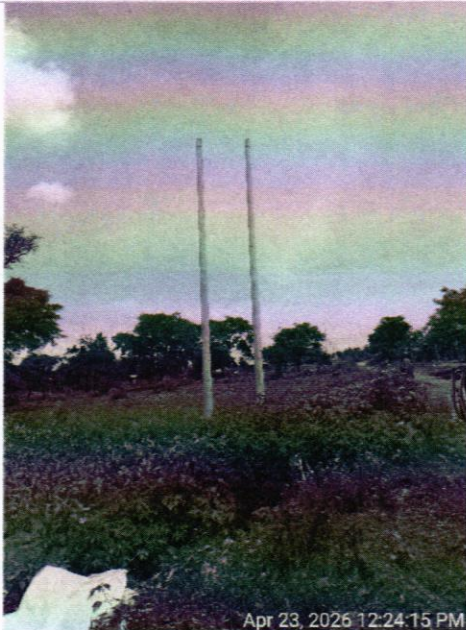
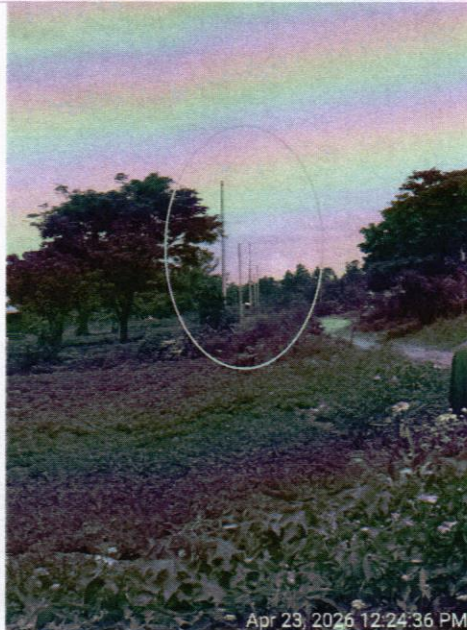
Scheme No.	Scheme Visited	Photographs	
	Tororo District		
No.20	Kwapa Central and LV Extension to Akoret B	 Apr 23, 2026 11:05:24 One of the Elected LV-line 9m Concrete Poles	 Marking on the LV Pole: Signifying compliance with Factory Acceptance Testing (FAT) and Approval for Installation.

Scheme No.	Scheme Visited	Photographs	
No. 24	Kawapa Adamu Village and LV Extension to Kawapa III Village	 LV line 9m Pole Elected	 Another LV line pole

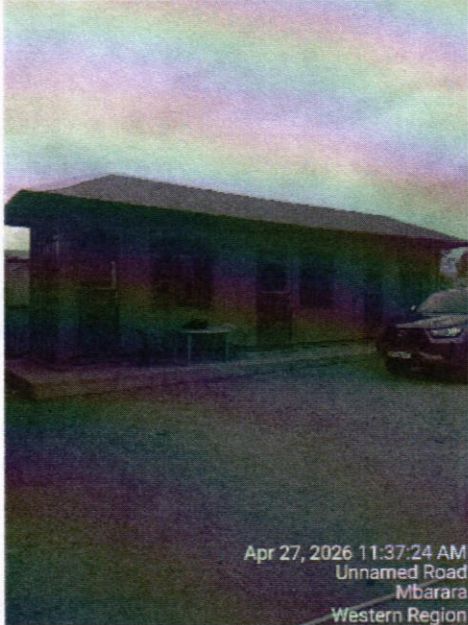
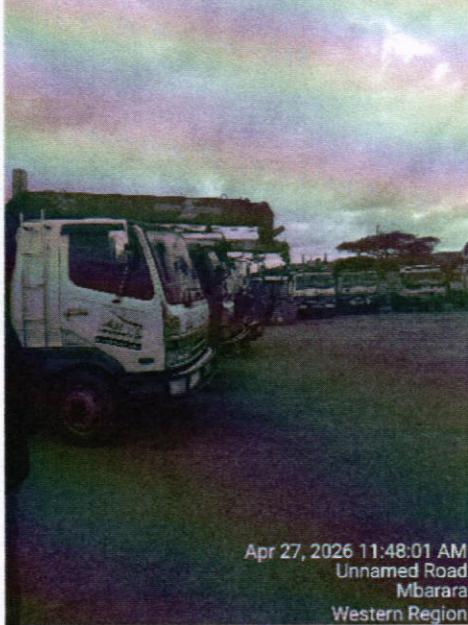
Scheme No.	Scheme Visited	Photographs	
No. 23	Kawapa I Village	 One of the Installed Poles for the LV Line	 One of the installed MV line 12m poles.
No. 25	Angop Memorial Junior School	 One of the last-mile connection LV poles in Angop Village	 Signage for Agop Town Council Headquarters

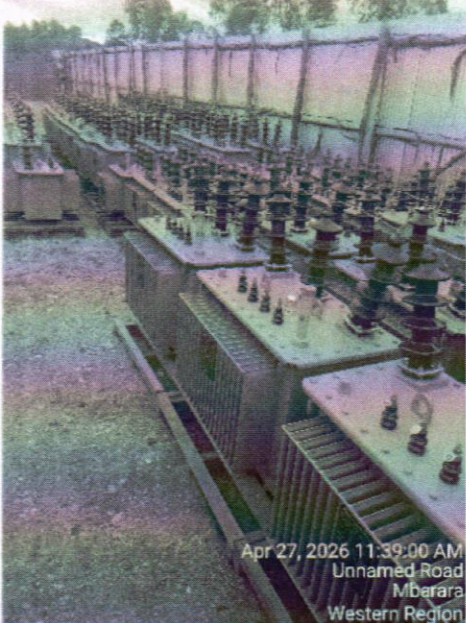
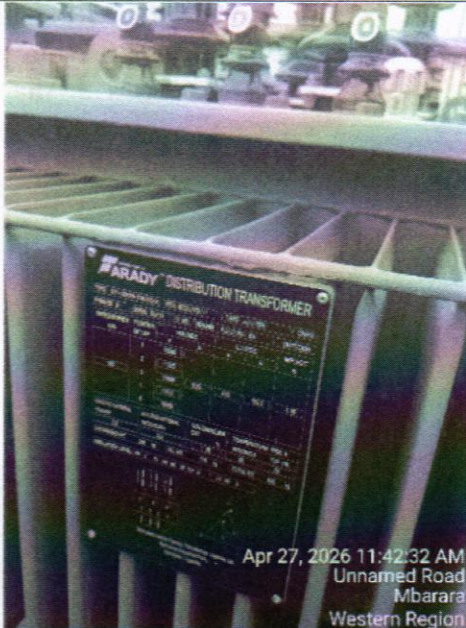
Scheme No.	Scheme Visited	Photographs	
		 Apr 23, 2026 11:54:38 AM 2 Elected concrete poles- Distribution Transformer Support Structure Erected	 Apr 23, 2026 11:55:02 AM Transformers structure pole- Earmarked with FAT Approval Markings and Safety Warning Signage Demonstrating Compliance with Technical Quality Assurance and Social Safeguard requirements.
		 Apr 23, 2026 11:56:25 AM One of the concrete poles pending installation for either the Tee-off or the transformer structure	Basically, the Pole Election activity for the scheme of Angop Memorial Junior School was not completed at the time of the Authority's Visit to the site.

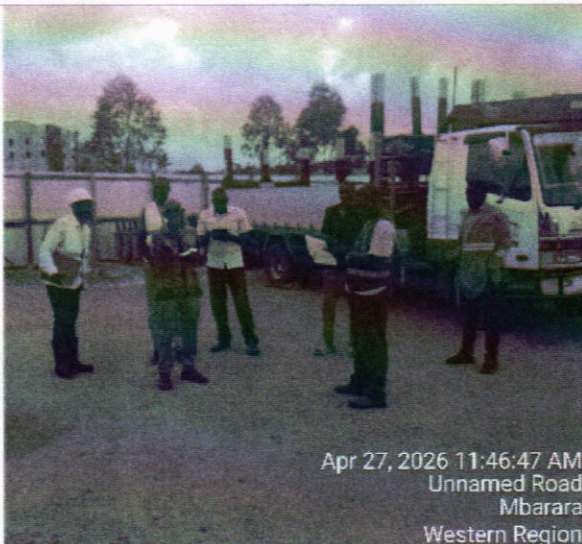
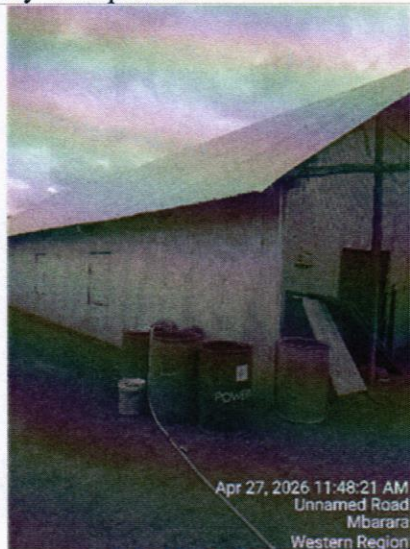
Scheme No.	Scheme Visited	Photographs	
No. 27	Kinyil Central, Kinyil South - Kinyil East/West Villages		
		Apr 23, 2026 12:06:44 PM MV 12 m pole elected for the MV line	Apr 23, 2026 12:10:52 PM Transformer structure Poles
			
		Apr 23, 2026 12:13:28 PM Loading Point, having poles for the transformer structure (Left), Terminal structure (Middle), and the Tee-off structure (Right)	Apr 23, 2026 12:18:26 PM A sequence of LV 9m poles elected in Kinyil East Village.

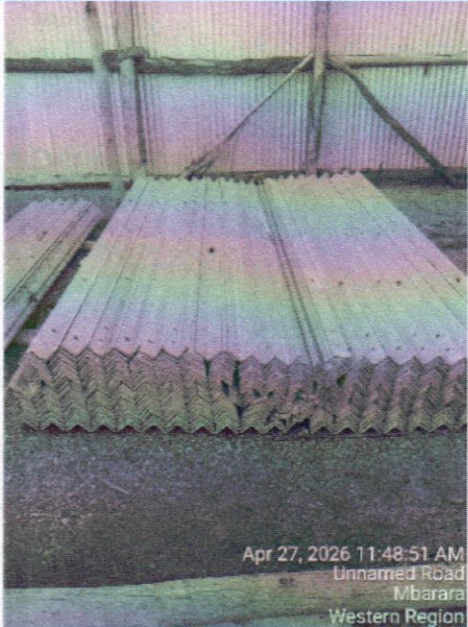
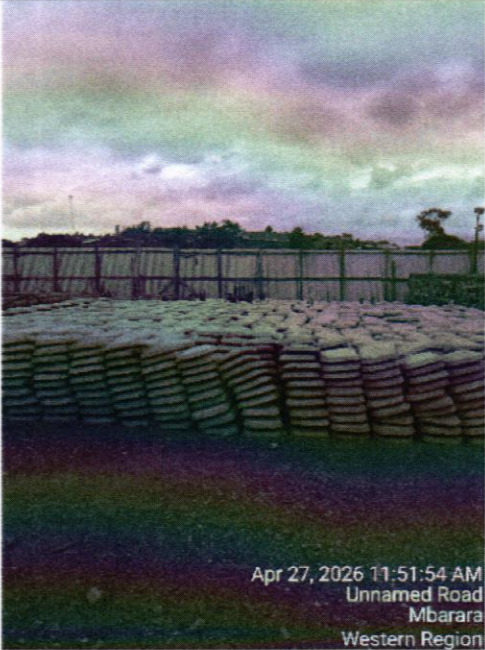
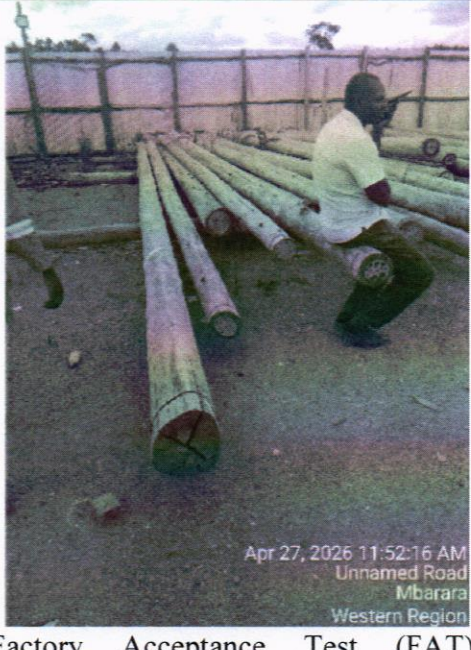
Scheme No.	Scheme Visited	Photographs	
No. 28	Mella Central Village	 Pole for the Transformer Structure-Elected	 A sequence of MV line pole sin Mella Central Village.
		 Site Visit Team composed of the MEMD personnel (Left), consultants for PPDA, and A contractor's personnel in a Reflector jacket	

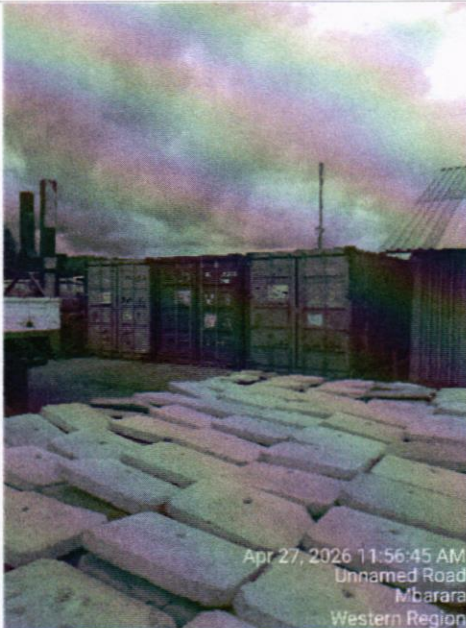
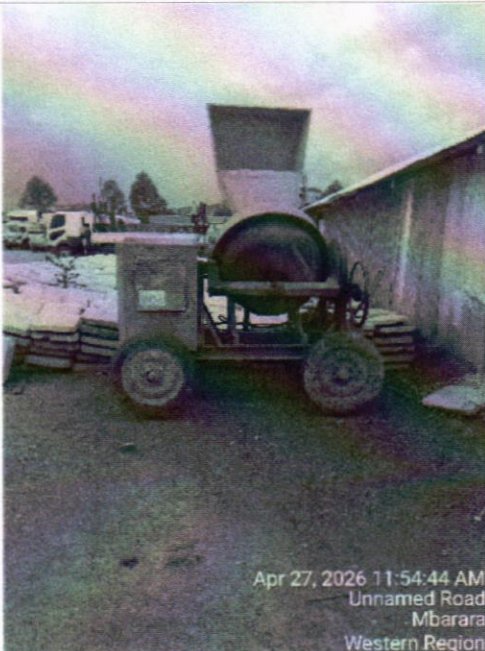
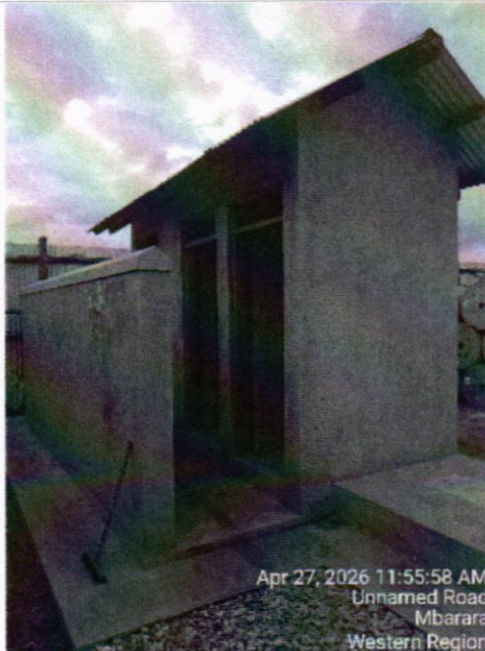
Lot 5: Western, South and South Western STs
Engineering, Procurement, and Construction of Medium Voltage Networks, Installation of Distribution transformers, plus the associated Low Voltage Networks across various service territories in the country under seven Lots —Lot 5: Western, South and South Western STs (Sheema, Mitooma, Isingiro, Rubanda, Ibanda and Kisoro District)

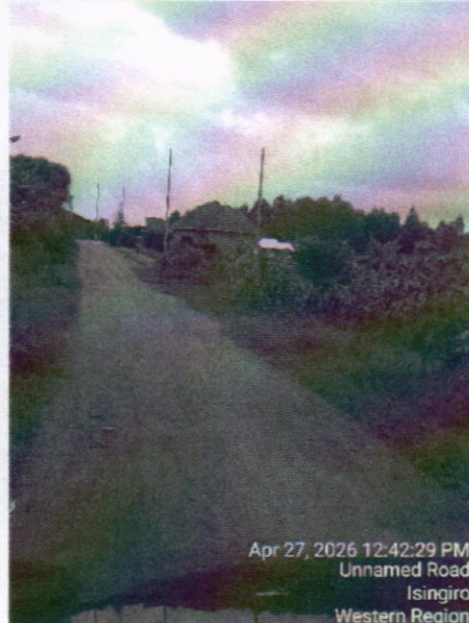
Scheme No.	Scheme Visited	Photographs
	Contractor's Yard in Mbarara City—Mbarara District.	
	 Apr 27, 2026 11:37:24 AM Unnamed Road Mbarara Western Region Contract's yard/ Site Office	 Apr 27, 2026 11:48:01 AM Unnamed Road Mbarara Western Region Project Trucks —Part of the Equipment Parked at the Contractor's Yard and Temporarily Idle Due to staling of Active Works Across the Project Sites

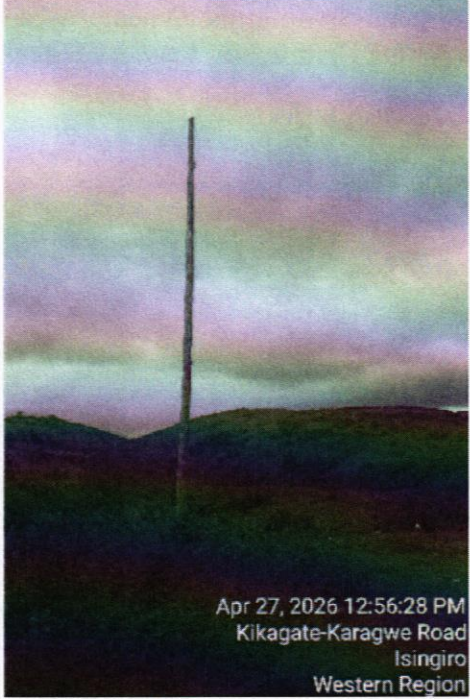
Scheme No.	Scheme Visited	Photographs	
		 73 Distribution Transformers Stored at the Contractor's Yard Pending Installation within the Respective Project Schemes. The Transformers Were Procured from Farady Transformer U Ltd, Demonstrating Adherence to Local Content Requirements Through Utilization of a Local Supplier.	 Manufacturer's Identification and Factory Marking Tag on the Distribution Transformer Indicating Technical Specifications, Equipment Rating, and Compliance Certification Details.
		 Entity Identification Tag Number—Affixed to the Distribution Transformer for Asset Registration, Traceability, and Inventory Control Purposes.	 Contractor's Yard Secured with Hoarding/Fencing Arrangements as Part of Site Security and Social

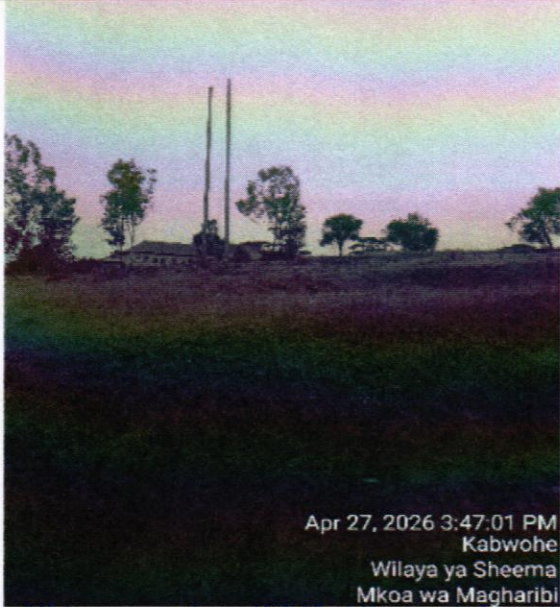
Scheme No.	Scheme Visited	Photographs	
			Safeguard Measures to Restrict Unauthorized Access and Enhance Safety Compliance.
		 Apr 27, 2026 11:46:47 AM Unnamed Road Mbarara Western Region Site Visit Team Comprising PPDA Consultants, MEMD Officials, including the Project Manager, the DFCU Bank Representative, and Personnel from the Contractor's Team During Project Inspection Activities. The DFCU Bank Representative Was Present to monitor and restrict the utilization of Procured Project Materials and equipment pending the settlement of Outstanding IPC Payments.	 Apr 27, 2026 11:48:21 AM Unnamed Road Mbarara Western Region One of the storage facilities at the Yard

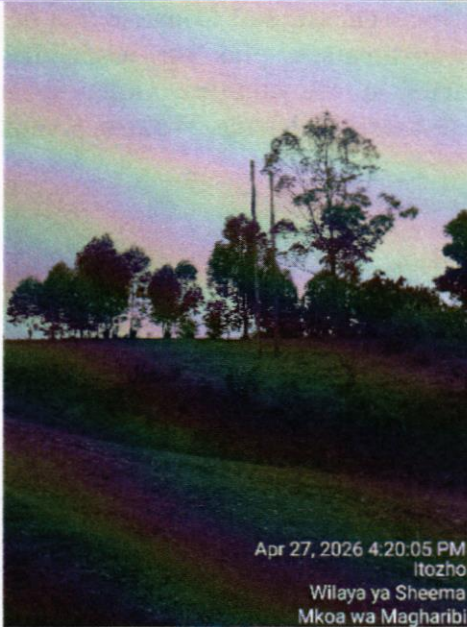
Scheme No.	Scheme Visited	Photographs	
		 Galvanized Steel Cross-Arms Installed for Two-Member Support Structures to Provide Structural Reinforcement and Support for Overhead Conductor wires and Insulator Assemblies	 Galvanized Steel Cross-Arms Installed for Three-Member Support Structures
		 Reinforced Concrete Stay Anchor Blocks Installed to Stabilize Pole Structures and Counteract Mechanical Tension Exerted by Overhead Conductors (Wires) within the	 Factory Acceptance Test (FAT)-Approved Treated Wooden Poles Procured for the Project. ➤ The Remaining Balance of Poles Was Supplied by Ambiance

Scheme No.	Scheme Visited	Photographs	
		Distribution Network System.	Tree Farm Ltd in Furtherance of Local Content Compliance Requirements.
		 Apr 27, 2026 11:56:45 AM Unnamed Road Mbarara Western Region Reinforced Concrete Stay Anchor Blocks in the Foreground, with Storage Containers Housing Smaller Electrical Accessories and Equipment observed in the Background.	 Apr 27, 2026 11:55:03 AM Unnamed Road Mbarara Western Region Medium Voltage (MV) Conductor Rolls Stored at the Contractor's Yard Pending Installation within the Distribution Network Infrastructure Works.
		 Apr 27, 2026 11:54:44 AM Unnamed Road Mbarara Western Region Concrete Mixer Plant Utilized in the	 Apr 27, 2026 11:55:58 AM Unnamed Road Mbarara Western Region VIP Toilet at the Yard

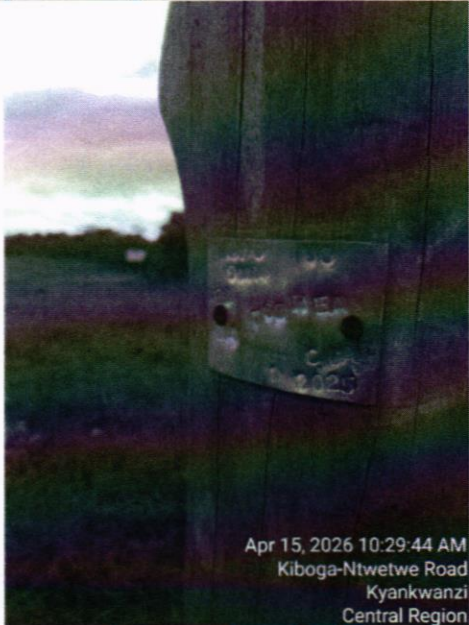
Scheme No.	Scheme Visited	Photographs	
		Production of Precast Concrete Elements for Use in the Construction of Distribution Network Infrastructure Components.	
Isingiro District Schemes visited.			
No. 17	Mile 9 - Nyakakoni - Kabahinda	 Series of Erected Medium Voltage (MV) and Low Voltage (LV) Pole Structures Observed Along the Distribution Network Alignment/Intensification. Conductor Stringing Activities were not yet done.	 LV Pole Line Alignment Erected Along the Distribution Route as Part of the Ongoing Rural Electrification Network Infrastructure Works.

Scheme No.	Scheme Visited	Photographs	
No. 18	Ryakatimba – Kabibi	 Apr 27, 2026 12:56:28 PM Kikagate-Karagwe Road Isingiro Western Region One of the MV poles of the scheme	 Apr 27, 2026 1:00:07 PM Erected Pole Assembly Representing a Three-Member Support Structure Constructed to Provide Enhanced Structural Stability for Medium Voltage Distribution Line Infrastructure within the Project Area.
		Sheema District Schemes visited.	
No. 9	LV Extension Muyenje	 Apr 27, 2026 3:53:29 PM Unnamed Road Sheema Western Region	

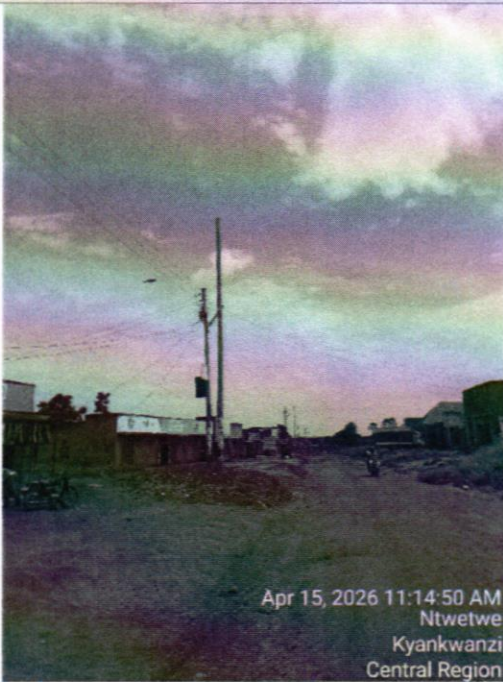
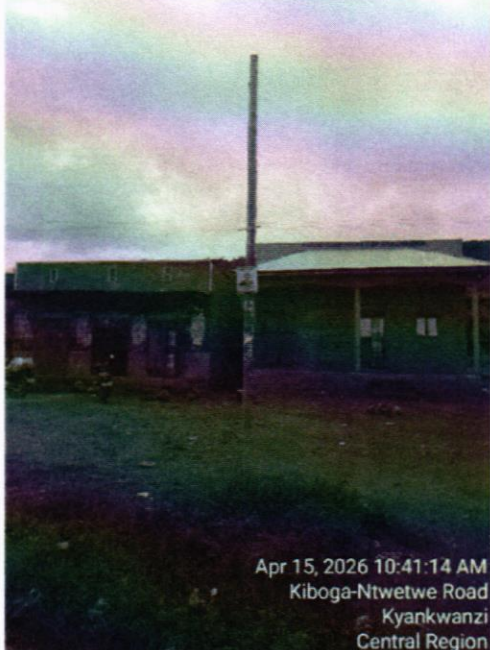
Scheme No.	Scheme Visited	Photographs
		Erected LV Pole Structures within the Scheme Area, Comprising Exclusively 9-Metre LV Poles Installed for the Distribution Network Extension Works.
No. 8	LV Extension 10 Nyakizinga and Rwembirizi	 Pole Erection Works Showing a Two-Member Straight Section Structure Installed Along the Distribution Line Alignment
No. 15	Kyarine and Obukudo Villages	 Distribution Transformer Installation Point Comprising Pole Structures for the Terminal Section, Transformer Support Structure, and Tee-Off Configuration within the scheme area.

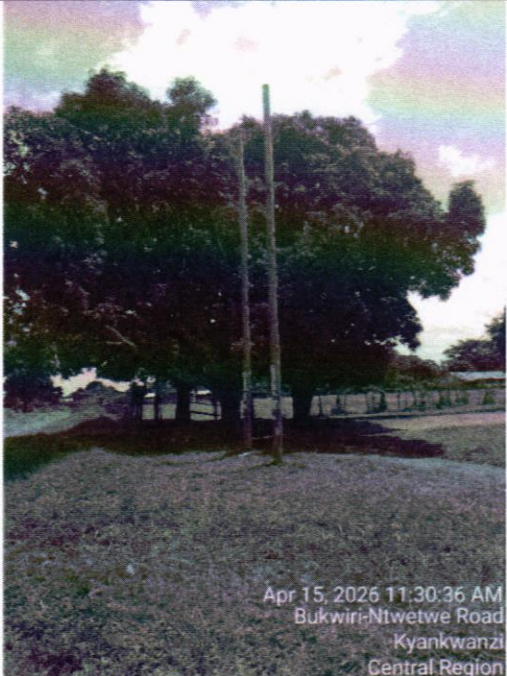
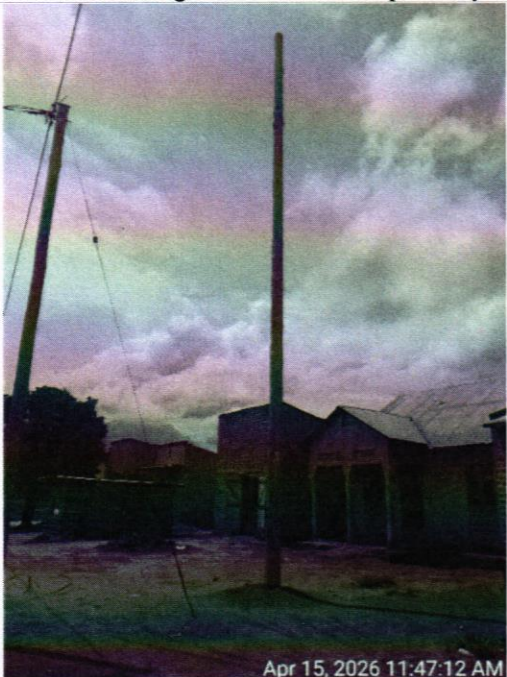
Scheme No.	Scheme Visited	Photographs
No. 10	Butisibo-Kyakasa	 Apr 27, 2026 4:20:05 PM Itozho Wilaya ya Sheema Mkoa wa Magharibi Erected LV Pole Structures within the Scheme Area, Comprising Exclusively 9-Metre LV Poles Installed

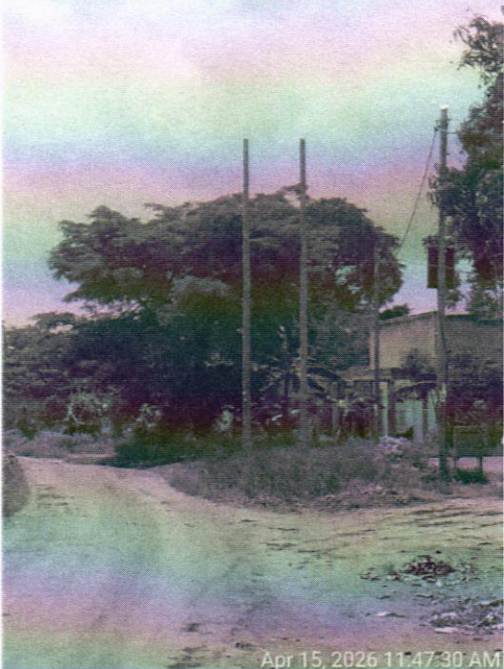
Lot 6: Western, Central, and Rwenzori STs
Engineering, Procurement, and Construction of Medium Voltage Networks, Installation of Distribution transformers, plus the associated Low Voltage Networks across various service territories in the country under seven Lots—Lot 6: Western, Central, and Rwenzori STs (Kasese, Kabarole, Wakiso, Kyankwanzi, and Bunyagabu Districts)

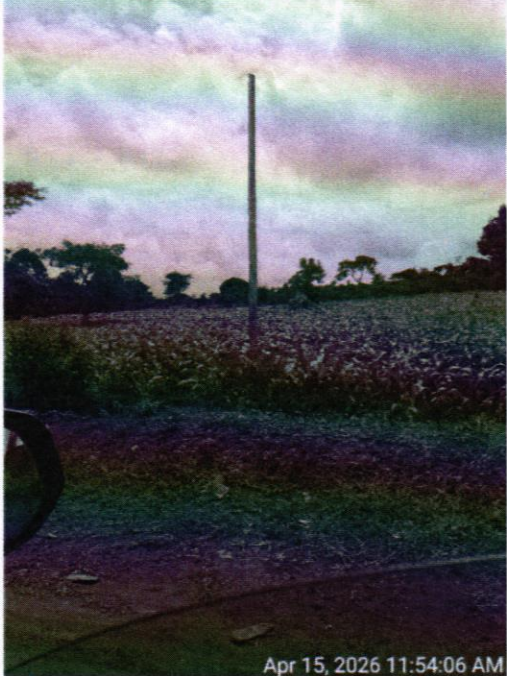
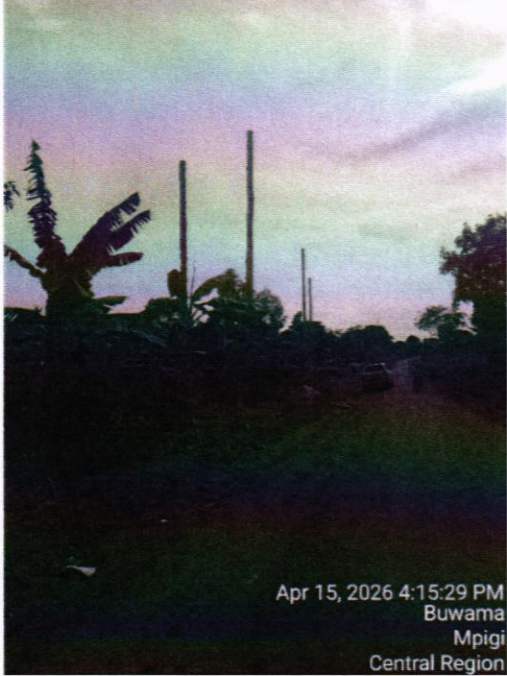
Scheme No.	Scheme Visited	Photographs
	Kyankwanzi District	
No. 23	Kasambya II Village	 Apr 15, 2026 10:39:41 AM Erected Wooden Pole Structures Along the Kasambya II Village LV Distribution Line Corridor.
No. 24	Ntwetwe Kiranongo	 Apr 15, 2026 10:29:44 AM Kiboga-Ntwetwe Road Kyankwanzi Central Region One of the Erected Pole Structures Tagged with an Identification Number Signifying Factory Acceptance Test (FAT) Approval Prior to Installation

Scheme No.	Scheme Visited	Photographs
		within the Distribution Network.  Apr 15, 2026 11:28:04 AM Bukwiri-Ntwetwe Road Kyankwanzi Central Region Erected Pole Structures within the Rural Growth Centre (RGC) Forming Part of the LV Distribution Network Infrastructure under the Rural Electrification Project.  Apr 15, 2026 10:45:38 AM Kiboga-Ntwetwe Road Kyankwanzi Central Region Transformer Tee off

Scheme No.	Scheme Visited	Photographs
		 Apr 15, 2026 11:14:50 AM Ntwetwe Kyankwanzi Central Region MV line pole elected in Bukwiri RGC.
		 Apr 15, 2026 10:41:14 AM Kiboga-Ntwetwe Road Kyankwanzi Central Region Pole election: one of the LV line poles in Bukwiri RGC

Scheme No.	Scheme Visited	Photographs
		 Apr 15, 2026 11:30:36 AM Bukwiri-Ntwetwe Road Kyankwanzi Central Region Transformer Tee off at Kiranongo nest to the premises of Kiranongo R/C St.Kizito primary School.
No. 25	Kidandali - Natyoli - Kanyogoga	 Apr 15, 2026 11:47:12 AM Pole election for the MV line

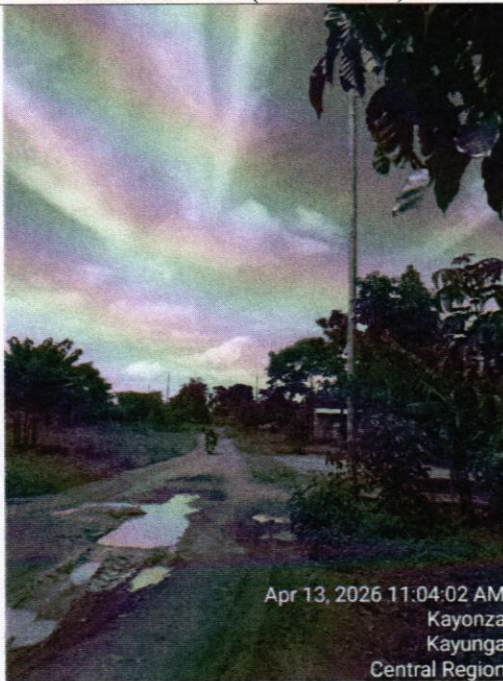
Scheme No.	Scheme Visited	Photographs
		 Apr 15, 2026 11:47:30 AM Pole Structures Configured for a Two-Member Straight Section Installed
No. 26	Misago - Nakatogo	 Apr 15, 2026 11:54:47 AM Poles elected- MV and LV tine

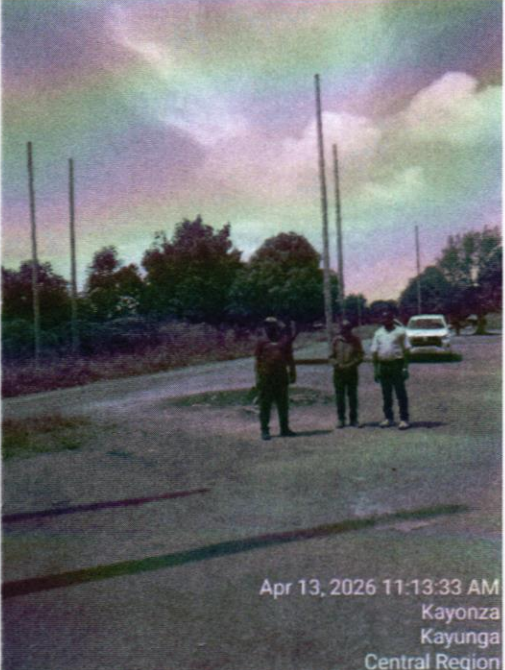
Scheme No.	Scheme Visited	Photographs
		 Apr 15, 2026 11:54:06 AM Pole election- LV line
Mpigi District (part of the Environ of Wakiso- Evacuation line for Bussi Island)		
No. 31	Nsangwa, Buwama (Part of the Environ of Wakiso- Evacuation line for Bussi Island—However, it was in Mpigi and not in Waskiso district.)	 Apr 15, 2026 4:15:29 PM Buwama Mpigi Central Region Poles elected for the transformer, and Tee-off at Nsangwa.

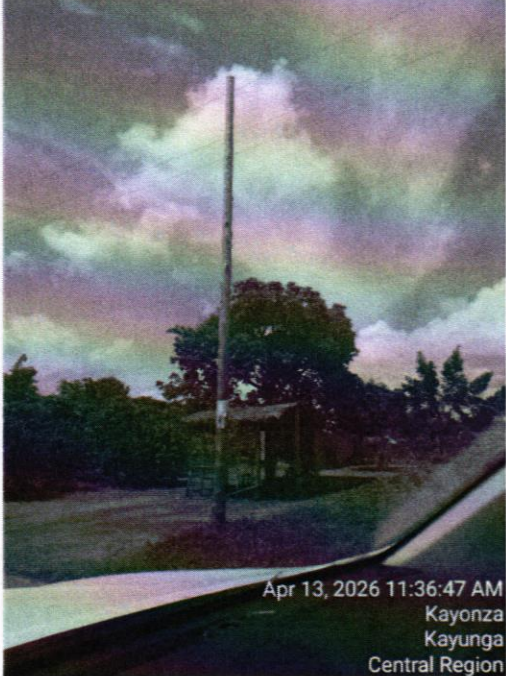
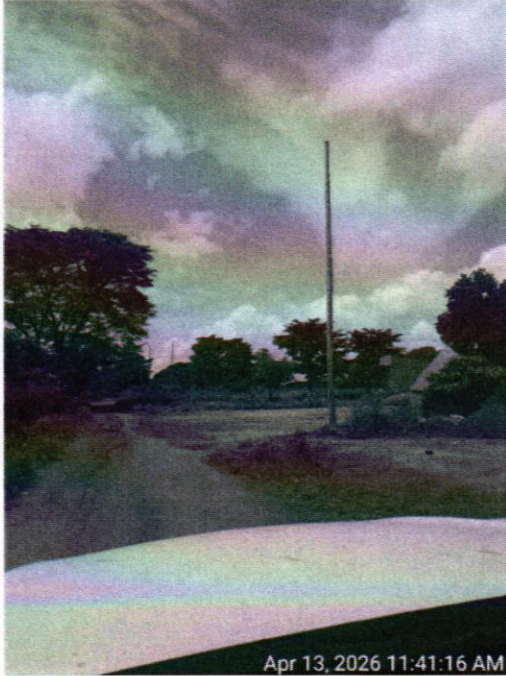
Scheme No.	Scheme Visited	Photographs
		 Apr 15, 2026 4:17:38 PM Pole Tag at Nsangwa LV line.

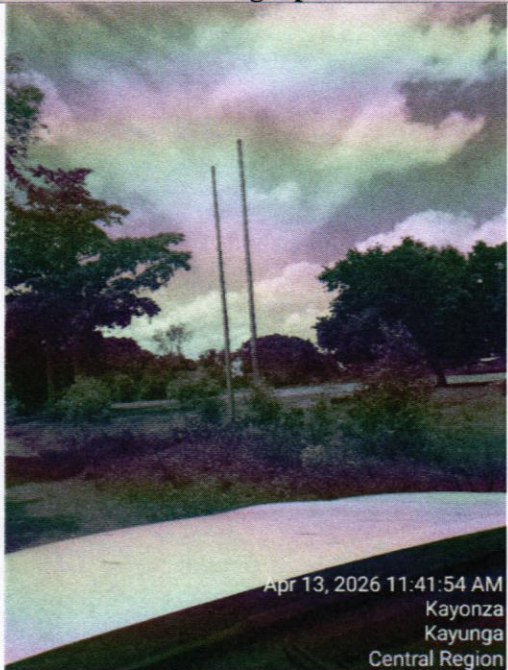
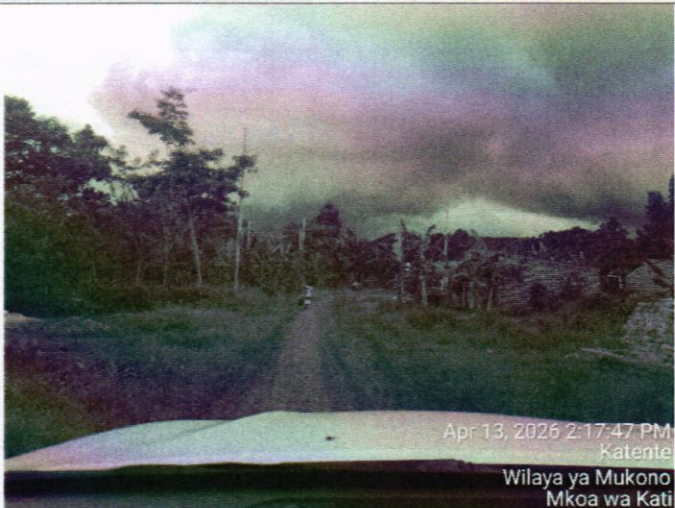
Lot 7: Central Service Station

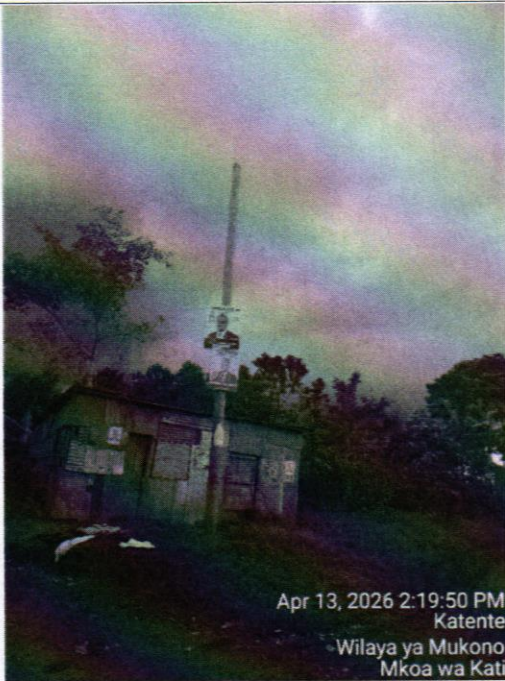
Engineering, Procurement and Construction of Medium Voltage Networks, Installation of Distribution transformers plus the associated Low Voltage Networks across various service territories in the country under seven Lots —Lot 7: Central ST (Kayunga, Mukono, Butambala, Masaka, and Kiboga Districts)

Scheme No.	Scheme Visited	Photographs
	Kayunga District	
No. 1	Kamwokya Kiseta B-Kayonza SC	 Pole Election—installed wooden pole for MV Line Installation (14 m Class)
		 Pole Election—A wooden pole elected for the LV line (9m)

Scheme No.	Scheme Visited	Photographs
		 Apr 13, 2026 11:09:22 AM Kayonza Kayunga Central Region Transformer Installation Zone Showing Structural Configuration ▪ 2poles on the left: Terminal structure marking the line termination point ▪ 2 poles in the middle: Transformer support structure ▪ 2 poles on the right: Transformer tee-off structure (tap-off point)  Apr 13, 2026 11:13:33 AM Kayonza Kayunga Central Region

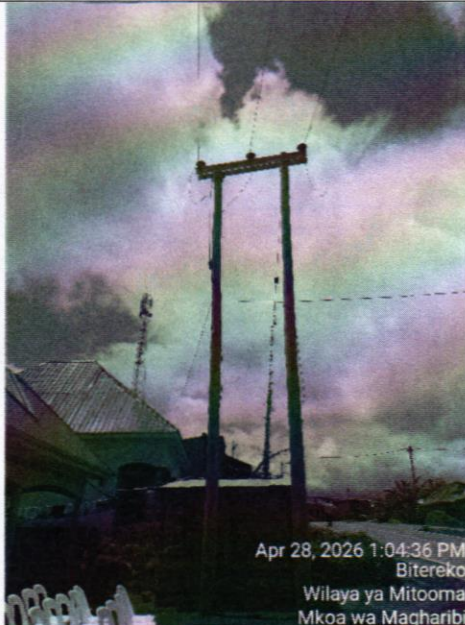
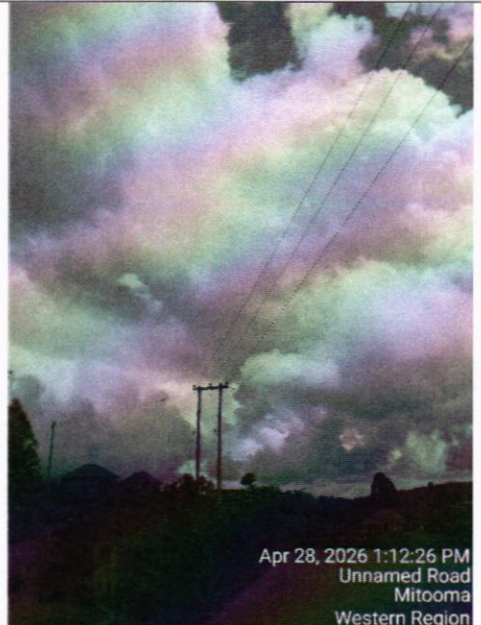
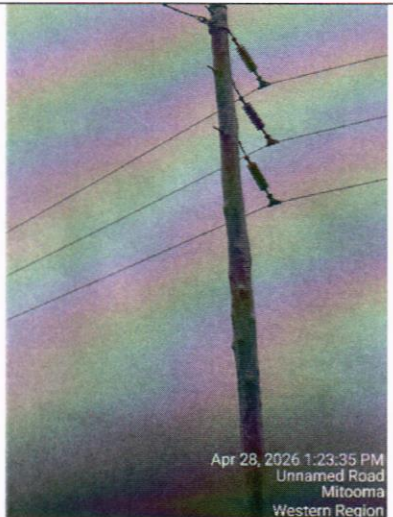
Scheme No.	Scheme Visited	Photographs
		Joint Field Inspection Team Comprising the Consultant and Project Manager During Site Verification
	Kiseta B- LV Extension (2km)	 Pole election: one of the LV line poles for Kiseta LV extension
No.2	Tindiyani Village - Kayonza S/C	 Pole election for the MV line to Tindiyani Modern Primary school

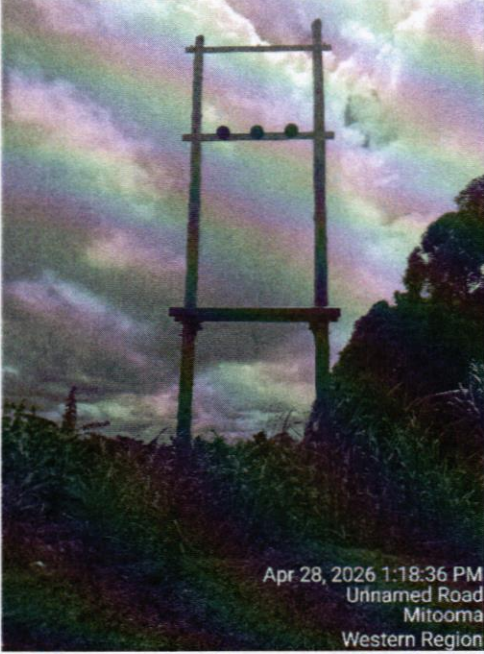
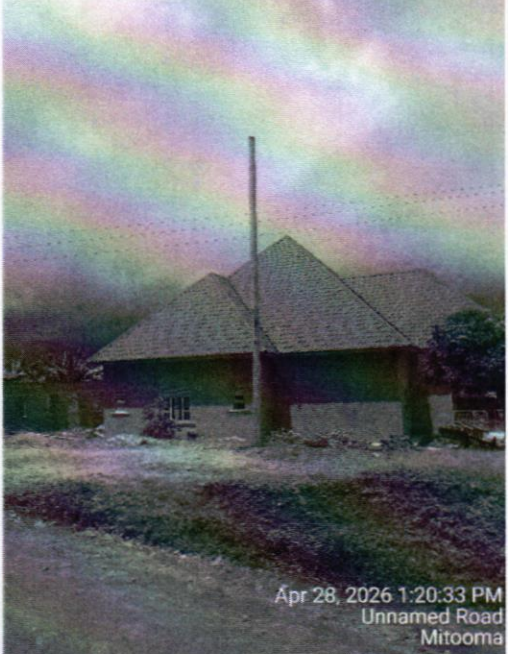
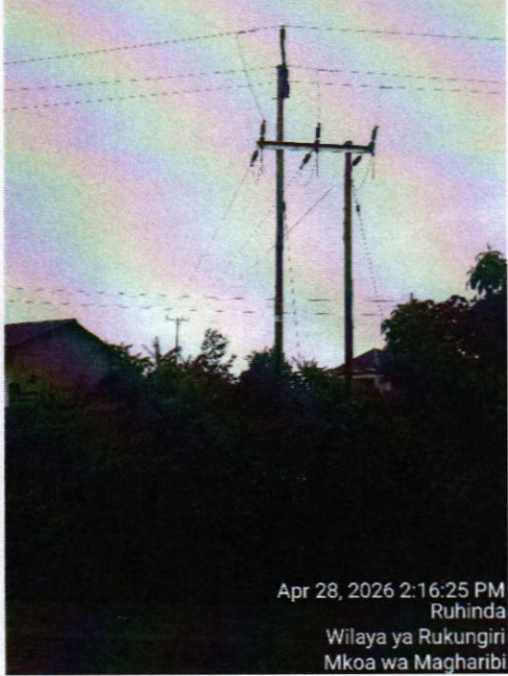
Scheme No.	Scheme Visited	Photographs
No. 3	Nyondo Village B-Kayonza S/C	 Apr 13, 2026 11:41:54 AM Kayonza Kayunga Central Region Selected Pole for Two-Member Straight Section of the MV Line
Mukono District		
No. 12	Kisoko Village in Nakisunga S/C	 Apr 13, 2026 2:17:47 PM Katente Wilaya ya Mukono Mkoa wa Kati Selected Poles for MV and Low Voltage LV Distribution Lines

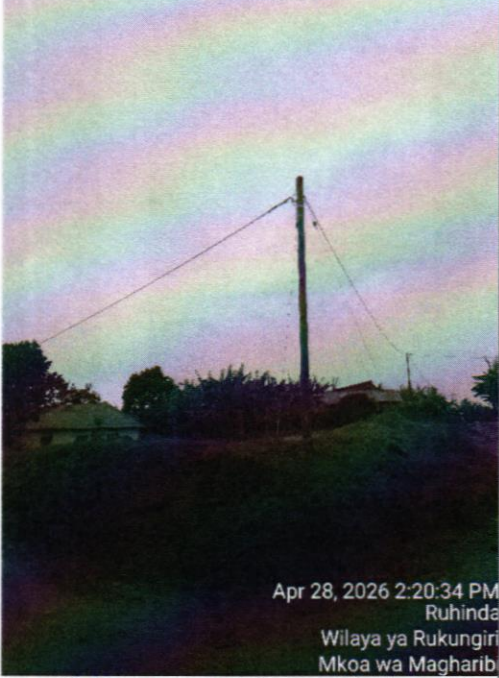
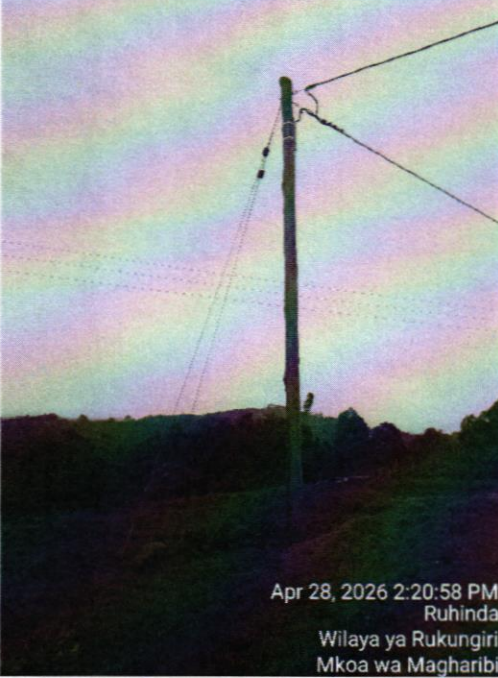
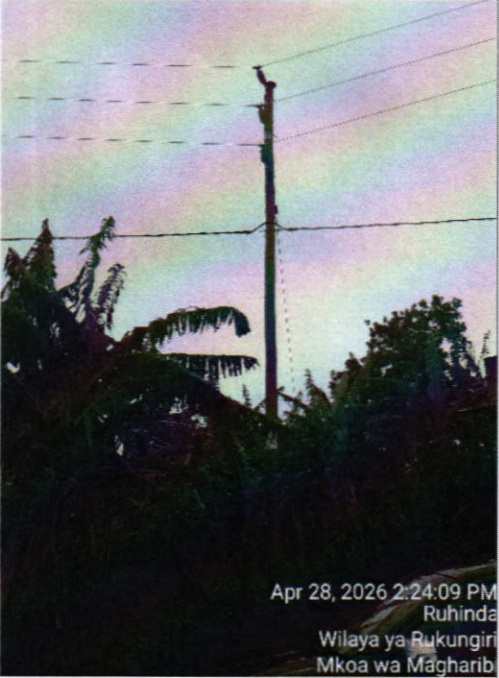
Scheme No.	Scheme Visited	Photographs
		 Apr 13, 2026 2:19:13 PM Pole election – Transformer structure at Kisoko
		 Apr 13, 2026 2:19:50 PM Katente Wilaya ya Mukono Mkoa wa Kati LV 9m Pole elected.

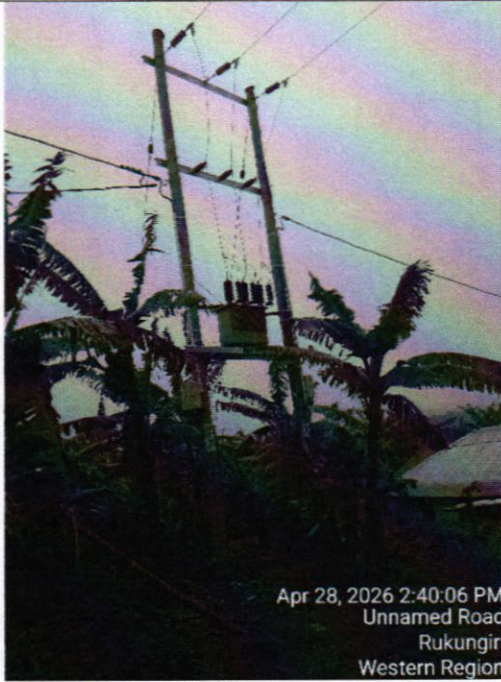
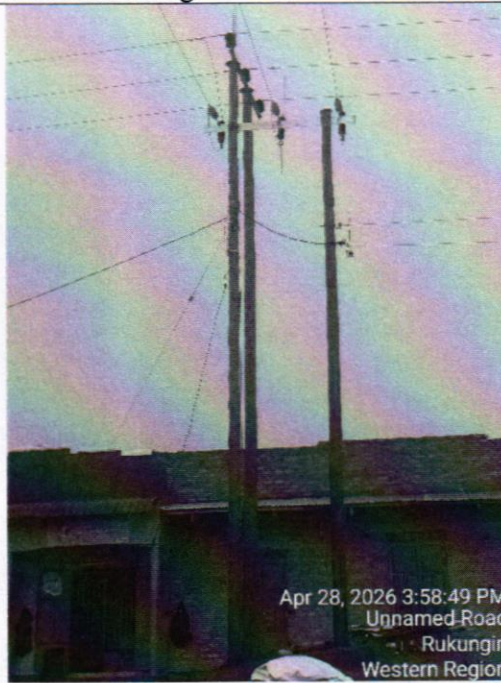
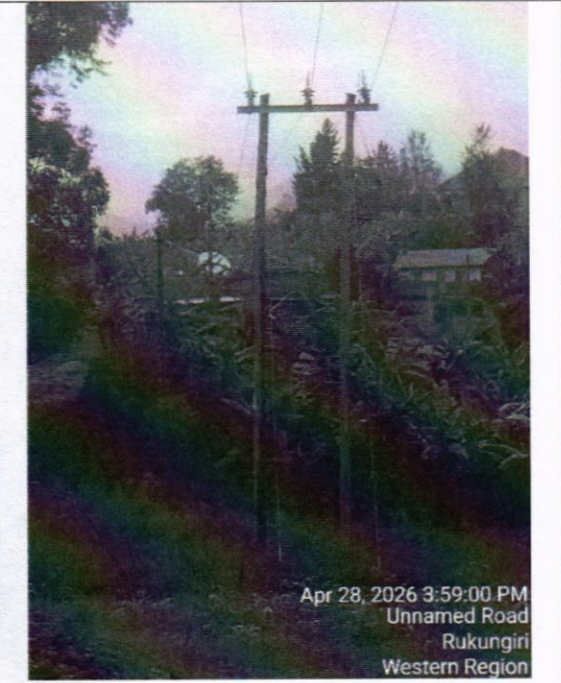
KUWAIT LOT 1 B-1 Project

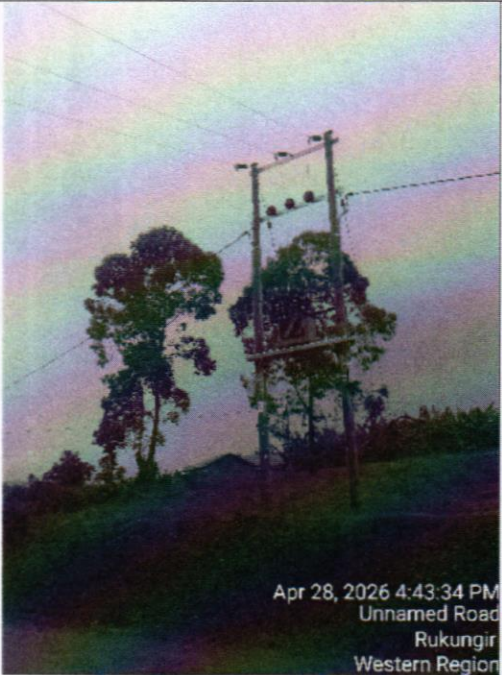
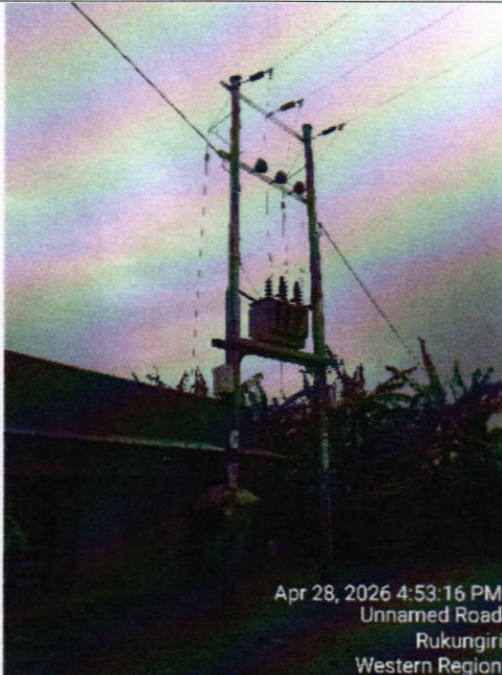
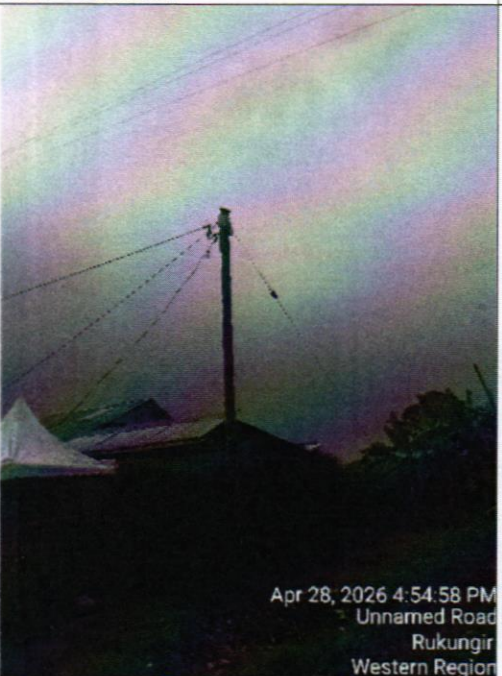
KUWAIT LOT 1 B-1: Completion of Construction of 33Kv and 11Kv Distribution Project in Western and South-western Service Territory Covering Rural Electrification Schemes under 2 Lots in Mitooma and Rukungiri Districts.

Scheme No.	Scheme Visited	Photographs	
Mitooma District			
No. 13	Bitereko-Iraramira-Akakona-Kengeya	 Apr 28, 2026 1:04:36 PM Bitereko Wilaya ya Mitooma Mkoa wa Magharibi	 Apr 28, 2026 1:12:26 PM Unnamed Road Mitooma Western Region
		 Apr 28, 2026 1:11:44 PM Nyakagera Wilaya ya Mitooma Mkoa wa Magharibi	 Apr 28, 2026 1:23:35 PM Unnamed Road Mitooma Western Region
		Both MV and LV poles are strung in the area, with MV conductors and the ABC (aerial banded cable)	Three-Phase MV Overhead Line Installed on Wooden Pole Using Composite Long-Rod Insulators in a Strain/Tangent Configuration

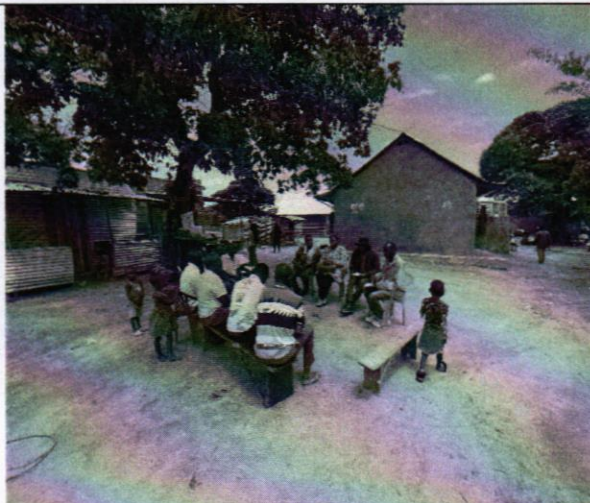
		 Apr 28, 2026 1:18:36 PM Unnamed Road Mitooma Western Region Transformer pole structure fitted with cross-arms, showing incomplete works pending conductor stringing and installation of the distribution transformer.	 Apr 28, 2026 1:20:33 PM Unnamed Road Mitooma Western Region Selected Pole for Low Voltage (LV) Line under the Scheme.
Rukungiri District			
No. 4	Kichamba - Kajwamushana Villages	 Apr 28, 2026 2:12:01 PM Ruhinda Wilaya ya Rukungiri Mkoa wa Magharibi Erected Pole for Extension of the Low Voltage (LV) Line in Ruhinda (Kichamba Section).	 Apr 28, 2026 2:16:25 PM Ruhinda Wilaya ya Rukungiri Mkoa wa Magharibi MV+LV Lines Mounted on Poles at the scheme with Lines Not Yet Energized.

		 Apr 28, 2026 2:20:34 PM Ruhinda Wilaya ya Rukungiri Mkoa wa Magharibi Installed LV Aerial Bundled Cable (ABC) distribution line on poles in Kichamba–Kajomushana section, pending energization.	 Apr 28, 2026 2:20:58 PM Ruhinda Wilaya ya Rukungiri Mkoa wa Magharibi LV distribution pole with ABC conductor anchored using two stay wires, pending energization.
		 Apr 28, 2026 2:24:09 PM Ruhinda Wilaya ya Rukungiri Mkoa wa Magharibi Distribution pole with both MV and LV conductors installed, indicating lines intensification.	 Apr 28, 2026 2:27:58 PM Installed distribution transformer awaiting completion of stringing works, pre-commissioning tests, and commissioning.

		 Apr 28, 2026 2:40:06 PM Unnamed Road Rukungiri Western Region 50 kVA distribution transformer installed in position, awaiting commissioning.	 Apr 28, 2026 2:30:35 PM Ruhinda Wilaya ya Rukungiri Mkoa wa Magharibi Site visit team consisting of representatives from MEMD, the Contractor, and PPDA Consultants (left to right).
No. 2	Nyamashura - Katare Kazinga - Kabira Villages	 Apr 28, 2026 3:58:49 PM Unnamed Road Rukungiri Western Region MV conductors and LV ABC lines installed.	 Apr 28, 2026 3:59:00 PM Unnamed Road Rukungiri Western Region Two-Member Straight Section Structure, with Stringing Works Partially Completed.

No. 11	Kigaga-Kyamurari Village	 Apr 28, 2026 4:43:34 PM Unnamed Road Rukungiri Western Region	 Apr 28, 2026 4:53:16 PM Unnamed Road Rukungiri Western Region
		One of the Five Commissioned 50 kVA Distribution Transformers at Kigaaga Village, with Energized MV and LV Lines.	Another distribution Transformer- 100 kVA with the scheme commissioned and energized.
		 Apr 28, 2026 4:54:58 PM Unnamed Road Rukungiri Western Region	 Apr 28, 2026 4:57:11 PM Unnamed Road Rukungiri Western Region
		Last-mile LV consumer connections established after commissioning of the 100 kVA distribution transformer.	Three-phase consumer connection established following commissioning of the 100 kVA within the scheme.

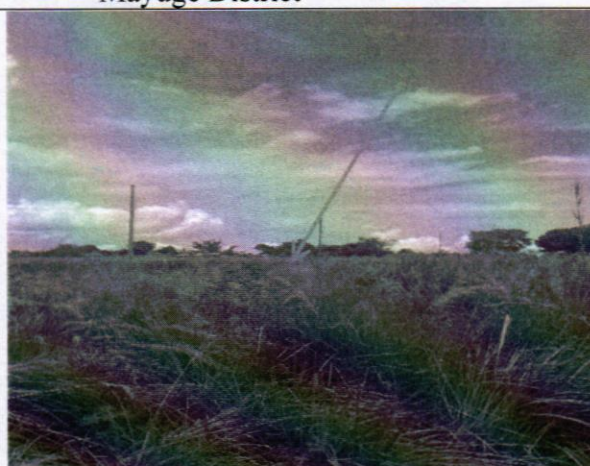
EPC Works for Construction of Low Voltage Power Distribution Networks for Lake Victoria Islands Electrification Access on 24th April 2026 and observed that pole erection within the islands was still ongoing.



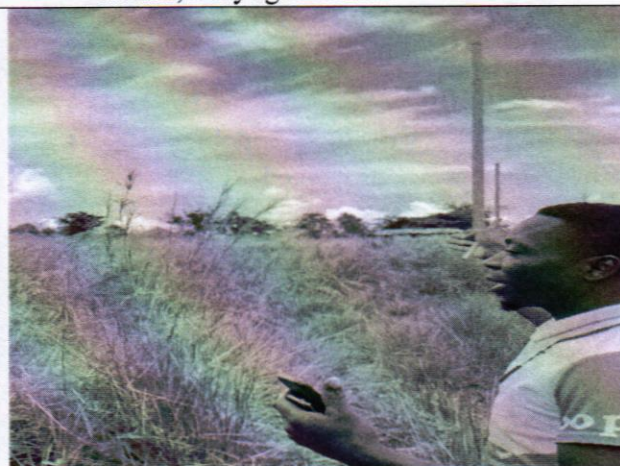
Stakeholder meeting at Sagiti Island, Mayuge District



Pole erection near homesteads Sagiti Island, Mayuge District



Area where solar panels will be setup at Serinyabi scheme in Mayuge district



Site verification of plant location at Kaaza Scheme in Mayuge District.



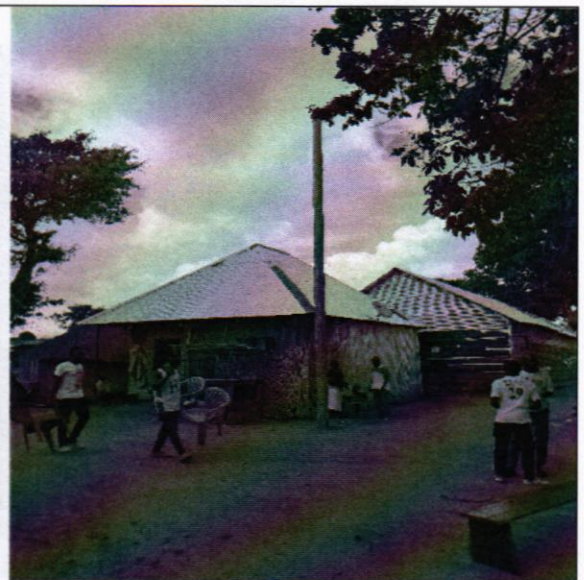
Verification team accompanied by the MEMD representative and the contractor's representative setting off for Sagiti Island, Mayuge District



Verification team arriving at Kaaza landing site, Mayuge District



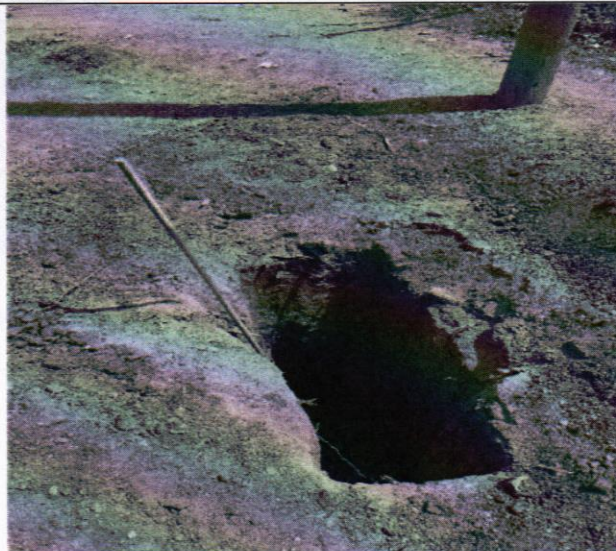
One of the households found using solar as an energy source in anticipation of commissioning of the overhead lines at Sagiti Island Mayuge District.



Businesses eagerly waiting for electricity at Sagiti Island, Mayuge district.

Procurement and Construction of Medium Voltage Networks in Various Regions of the Country under Lot: 3 North Western Service Territory (Kibaale, Bugangaizi South in Kakumiro, Hoima City, Kikuube and Buyaga East in Kagadi District) sites on 13th April 2026, the Authority observed that no works were on going. The Contractor had demobilized from site.

Photos below present evidence of the ongoing civil works, the construction progress of the powerhouse, and the occupational health and safety protocols being implemented at the project site.



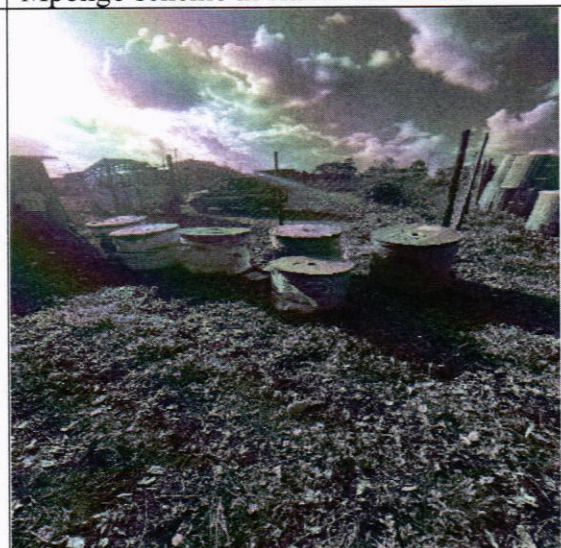
Pit Excavated for stay stamp in Kajiba scheme Kikuube district.



Some of the erected poles at Kyedicho – Mpongo scheme in Kakumiro district.



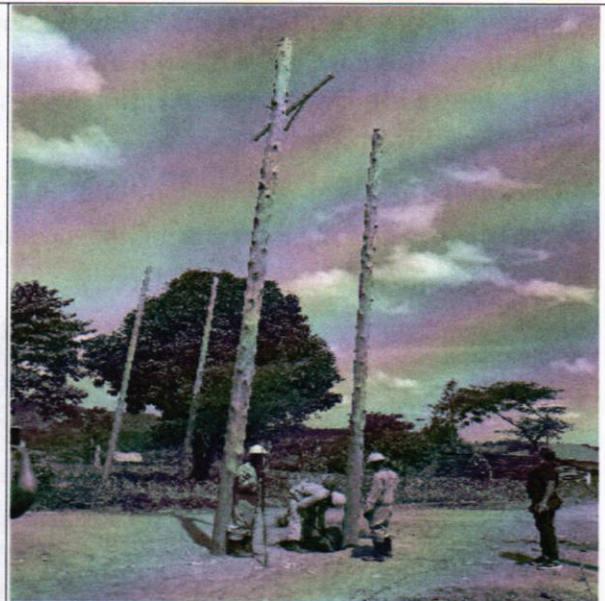
Site works ongoing in Kajiba scheme Kikuube district.



Material delivered at contractor's yard located at Buhimba trading center, Hoima city.

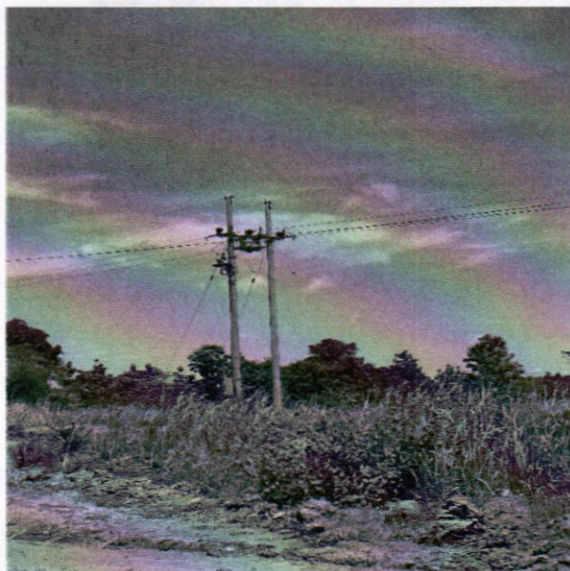


Staggered construction being used on Kajiba scheme in Kikuube district.

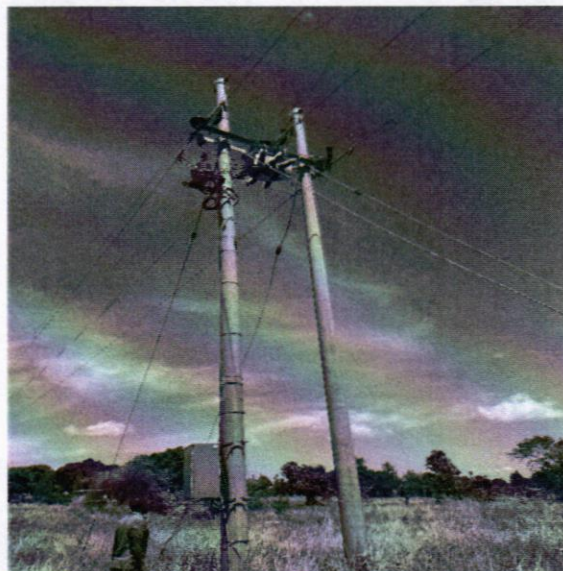


Horizontal construction being used the same Kajiba scheme in Kikuube district.

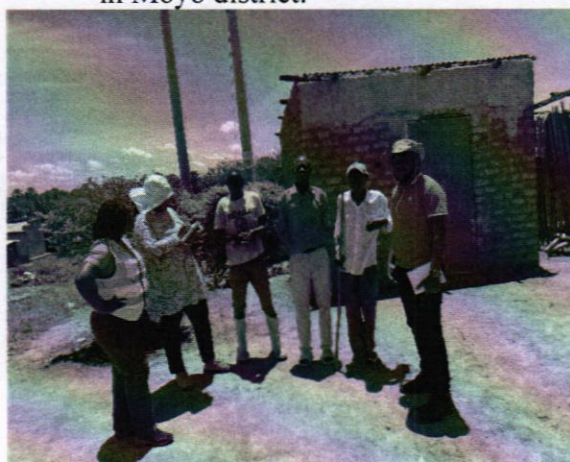
Lot 1 Plant Design, Supply and Installation of Works for The Construction Of 33kv Lines and Associated Low Voltage Networks for Lot 1: Fast Track Line 3 (Wandi-Yumbe-Moyo) on 21st-22nd April 2026 and observed that majority of the construct works and installation works has been done.



One of the installed switch gear lines at the tapping point in Tororo village in Moyo district.



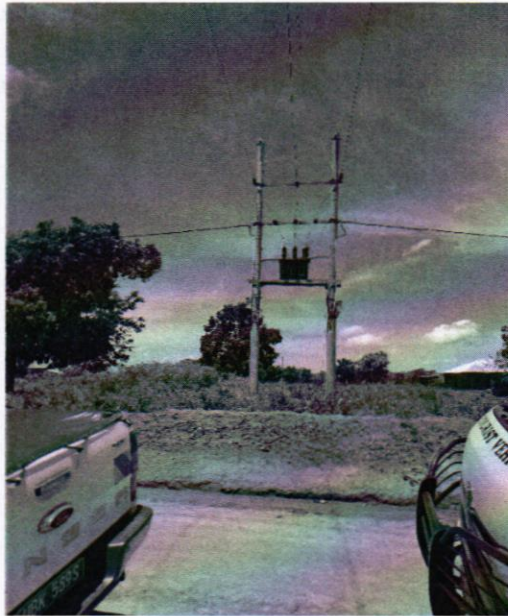
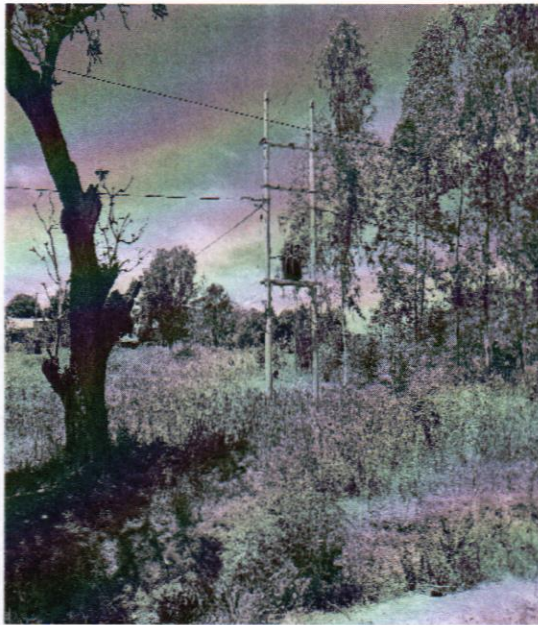
Fully dressed concrete poles in Era Village Moyo District.



One of the Stakeholder engagement meetings with the local community at Cohwe Village in Moyo district.



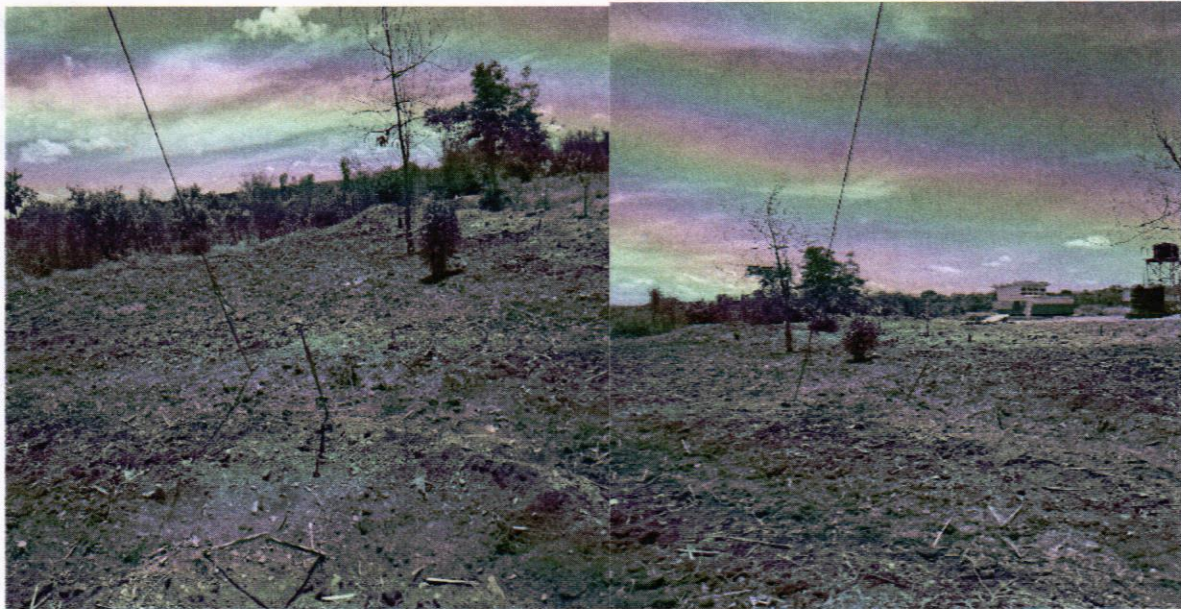
Testing of functionality of one of the installed load break switches in Baringa village, Yumbe district.



Some of the transformers already commissioned and operational with communities already benefitting from them along the Moyo-Yumbe stretch.



Some of the commissioned switch gears already functioning in the Wandí – Yumbe stretch.

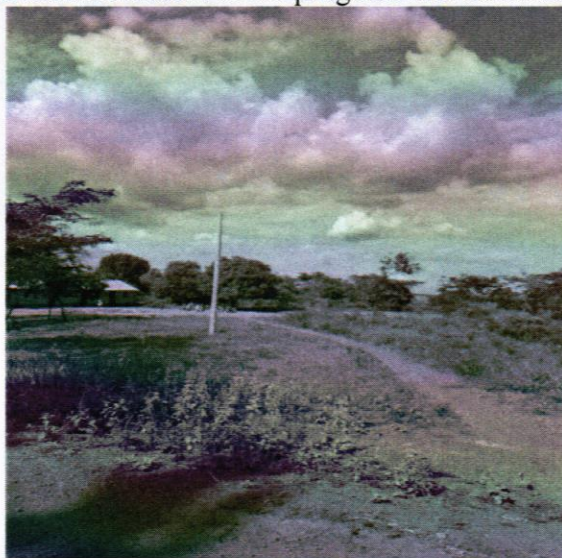


A few broken stays an example of the snugs found at Baringa Village, Kochi subcounty in Yumbe district

EPC of Medium Voltage Networks, Distribution Transformers and Associated Low Voltage Networks Lot 4: West Nile, Central and North-West Service Territories (Ora in Zombo, Aringa South IN Yumbe District, Kole North in Kole, Gulu, Dokolo, Lira East in Lira District) on 21st April 2026 and observed that concrete pole erection was still ongoing and only limited to:

- i. Zombo District: Kuwinyi and Kirkove schemes.
- ii. Dokolo District: Okwor scheme.
- iii. Gulu District: Luwiyadur, Kayi B, and Katikati schemes.

The photographs below provide visual documentation of the progress and current status of works



under Lot 4 at the time of inspection.



Some of the erected poles in Okwor scheme in Dokolo District



Some poles delivered in contractors' yard in Gulu that are yet to be erected in Luwiyadur scheme.



Field verification team together with the contract manager and the contractor's representative



Some of the concrete poles erected at Owogoria Primary school in Kumi District.



Site verifications in Ojan TC scheme in Soroti District



Pole erection at Ochuloi village, in Soroti District