UGANDA MULTI-YEAR COMMITMENT STATEMENT FY 2024-2025 AND PERFORMANCE OF MULTI-YEAR COMMITMENTS FINANCIAL YEARS 2022/23 & 2023/24

Government of Uganda

MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

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GLOSSARY

Arrears	Approved payments (certificates) for goods or services delivered from past years that have not been paid to date.
Contractual Commitments	Commitments entered into as a result of contracts/ purchase orders signed for goods, services or works under each project.
Counterpart Requirements	Specific Government of Uganda (GoU) obligations that have to be undertaken in order for externally financed funding to be disbursed (e.g. Land acquisition, resettlement action plan, certain taxes like Value Added Tax, project supervision costs among others). Counterpart requirements are often spelt out in the Financing Agreements and represent conditions to be met often prior to project execution.
Multi-year commitments	These are development expenditure requirements on projects or project expenditures whose implementation spans more than one year.
Non-contractual commitments	Project expenditures/commitments which are not contractual but resulting from (i) incidental expenses related to projects, (ii) project recurrent commitments, (iii) statutory commitments and (iv) social contracts

EXECUTIVE SUMMARY

Rt. Hon. Speaker and Honourable Members, the Public Investment Plan (PIP) for FY 2024/25 – FY 2028/29 has a total of **341 projects** with an aggregate project life value of **Ushs 98.31 Trillion**. Of this amount, **Ushs 61.71 Trillion** shall be from Domestic sources, while **Ushs 36.60 Trillion** shall be funded through External Financing.

The total budget estimate for FY2024/25 stands at **Ushs 58.34 Trillion** of which Ushs **14.98 Trillion** is development expenditure and **Ushs 43.36 Trillion** is recurrent expenditure. This implies that out of the total budget, 25.7 percent of the resources will be allocated to capital and social investments.

Of the Ushs **14.98 Trillion** provided in the Medium Term Expenditure Framework (MTEF) to finance ongoing and new projects in FY 2024/25, Ushs **5.83 Trillion** is from domestic sources while Ushs**. 9.15 Trillion** is from External Financing.

As regards project performance; the semi-annual financial performance increased from 76% in FY 2022/23 to 83% in FY 2023/24 largely on account of increased releases for domestic resources which were reported at 105% in FY 2023/24 compared to 74% recorded in FY 2022/23. This positive rebound in financial performance of projects is partly attributed to efficiency gains from the Public Investment Management Systems (PIMS) reforms. The PIMS framework requires that only "ready" projects underpinned by detailed feasibility studies are admitted into the Public Investment Plan and the budget for implementation.

Rt. Hon. Speaker, the above notwithstanding, a number of challenges continue to impede efficient execution of projects for better returns to the economy. The key challenges identified include; delayed acquisition of right of way for infrastructure projects, frequent rescoping of projects by a number of Ministries, Departments and Agencies (MDAs) without Development Committee approval, inadequate monitoring and supervision of projects, a poor maintenance culture for public assets, and over commitment of the budget relative to the available fiscal space, among others.

In order to ensure efficiency and effectiveness of public investment in FY 2024/25 and the medium term, Government will continue to implement reforms in Public Investment Management Systems (PIMS) particularly;

a) Ensuring proper sequencing and prioritization that are to be admitted into the PIP relative to the fiscal space.
b) Assess readiness of projects before they are allocated codes and admitted into the budget.
c) Continuous capacity building of MDAs in project preparation, appraisal, project management and monitoring and evaluation.
d) Ensuring adequate budgetary provisions for counterpart funding obligations including Resettlement Action Plan (RAP) activities.
e) Prioritizing of operation and maintenance of already created public assets.
f) Undertaking regular joint monitoring and evaluation of all projects by key institutions including Ministry of Finance, Planning and Economic Development, Office of the Prime Minister, Office of the President and National Planning Authority to identify success factors and areas for improvement. This will enable the underperforming projects to adjust their strategies and ensure that resources are used in the most effective way.

A. INTRODUCTION

1. The Multi-Year Commitment Statement (MYCS) is a record of development expenditure requirements on projects or project expenditures whose implementation spans more than one year.

2. The MYCS for FY 2024/25 is key in informing the planning, prioritisation and budgeting processes of Government development initiatives in the medium term. This helps in supporting decision-making by different stakeholders when approving new capital initiatives and prioritising resources in the annual budget.

3. The MYCS comprises of 7 sections i.e Section A to G. Section A covers the introduction, Section B presents the legal requirements, Section C highlights the purpose of the MYCS, Section D presents the methodology, Section E indicates the analysis of Multi-Year Commitments FY 2024/25 – FY 2028/29 and performance of commitments made in FY 2022/23 and HY 2023/24, Section F highlights the challenges and recommendations to improve project execution whereas Section G presents the Conclusion.

B. LEGAL REQUIREMENTS

4. Section 13 (3) of the Public Finance Management Act (PFMA), 2015 (as amended) requires the Hon. Minister of Finance, Planning and Economic Development to present the proposed annual budget for the next Financial Year to Parliament by 1st April.

5. The financial estimates for the Financial Year to which the annual budget relates under Section 13 (10) c of the PFM Act (as

amended), should include a statement of the multi-year expenditure commitments to be made by Government in the next Financial Year.

6. Section 23 (1) of the PFM Act 2015 (as amended) requires that no Vote shall enter into a contract, transaction or agreement that binds the Government to a financial commitment for more than one year or which results in a contingent liability, except where the financial commitment or contingent liability is authorized by Parliament.

7. In addition, under section 23 (4), the Minister responsible for Finance is also required for every Financial Year to submit to Parliament, a report on the performance of the Multi-Year Expenditure commitments made.

C. PURPOSE OF THE MULTI YEAR COMMITMENT STATEMENT

8. The purpose of the statement is to present the multiyear expenditure commitment obligations to be made by Government during FY 2024/25 and the medium term. The statement also reports on the performance of commitments made during FY 2022/23 and Half Year 2023/24.

9. Furthermore, the statement seeks to request Parliament to authorize Government Ministries, Departments and Agencies (MDAs) responsible for implementing development projects that span more than one year, to enter into multi-year obligations up to Ushs. 14,982 billion in FY 2024/25.

D. METHODOLOGY

10. The data used in the statement was derived from project contracts, financing agreements, project implementation plans, interim payment certificates among others. Multi-Year commitments were categorized as outstanding arrears on projects, counterpart funding requirements, contractual and non-contractual commitments that are critical in implementation of contracts such as Resettlement Action Plan (RAP).

11. The data was further triangulated with relevant systems i.e. the Integrated Financial Management System (IFMS), the Programme Budgeting System (PBS) and the Integrated Bank of Projects (IBP).

12. Further validation was done through interface by the Ministry of Finance, Planning and Economic Development and the respective Planning Units in MDAs using Multi Year Commitment (MYC) guidelines.

E. AGGREGATE ANALYSIS OF MULTI YEAR COMMITMENTS

a) Multi-Year Expenditure Commitments Analysis for FY 2024/25 – FY 2028/29

13. The Public Investment Plan (PIP) for FY 2024/25 – FY 2028/29 has **341 projects** with a total project life value of **Ushs 98.31 Trillion**. Of this amount, **Ushs 61.71 Trillion** shall be from domestic resources, while **Ushs 36.60 Trillion** shall be from External Financing sources.

14. Over the MTEF period, the total value of project commitments is **Ushs 34.142 Trillion**, with **Ushs 15.994 Trillion** funded by Government of Uganda and **Ushs 18.148 Trillion** from External

Financing sources. The annual projects commitments over the MTEF period as indicated in Table 1 and Annex 1.

Table 1: Annual budget requirements for ongoing and new projects FY 2024/25 – FY 2028/29 (Ushs Billion)

Project Requirements by funding Source	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
GoU	5,833	4,145	3,204	1,519	1,293
External Financing (EF)	9,149	4,099	3,677	1,211	12
Total	**14,982**	**8,244**	**6,881**	**2,730**	**1,305**

Source: MFPED, March, 2024

15. The commitments in FY 2024/25 will sharply decline by 45% largely on account of exit of 134 retooling projects from the Public Investment Plan in FY 2025/26 since their duration is aligned to the third National Development Plan timelines.

16. The biggest commitments under domestic resources in FY 2024/25 are under the programmes of **Governance and Security (Ushs 2,045.0 Billion)** followed by **Integrated Transport Infrastructure and Services (Ushs 1,368.0 Billion), Human Capital Development (Ushs 848.8 Billion), Agro-industrialization (Ushs 419.0 Billion)** and **Sustainable Energy Development (Ushs 288.2 Billion)** as shown in Table 2.

Table 2: Composition of the GoU Project Commitments by Programme (Ushs Billion)

S/N	Programme Name	FY 2024-25 commitments (Ushs Bn)	Percentage Share
1	Governance and security	2,045.00	35.06%
2	Intergrated Transport Infrastructure and Services	1,368.00	23.45%
3	Human Capital Development	848.79	14.55%
4	Agro-Industralisation	419.01	7.18%

S/N	Programme Name	FY 2024-25 commitments (Ushs Bn)	Percentage Share
5	Sustainable Energy Development	288.20	4.94%
6	Development Plan Implementation	245.88	4.22%
7	Regional Development	143.51	2.46%
8	Sustainable Development of Petroleum Resources	129.29	2.22%
9	Natural Resources, Environment, Climate Change, Land and Water Management	114.77	1.97%
10	Legislation, Oversight and Representation	63.49	1.09%
11	Administration of Justice	51.78	0.89%
12	Tourism Development	42.74	0.73%
13	Public Sector Transformation	16.46	0.28%
14	Private Sector Development	15.44	0.26%
15	Mineral Development	15.00	0.26%
16	Manufacturing	11.16	0.19%
17	Innovation, Technology Development and Transfer	9.70	0.17%
18	Community Mobilization and Mindset Change	3.00	0.05%
19	Sustainable Urbanization and Housing	1.40	0.02%
20	Digital Transformation	0.82	0.01%
	Grand Total	**5,833.44**	**100%**

Source: MFPED, March, 2024

b) Performance of Multiyear expenditure commitments in FY 2022/23

i. Financial performance of Multi-Year Commitments in FY 2022/23

17. The performance of projects in the Public Investment Plan (PIP) for FY 2022/23 was assessed by the Development Committee (DC) to identify projects to exit the PIP on account of project expiry, poor performance over years and financing related challenges among others.

18. In FY 2022/23, the aggregate performance of projects resulted into an overall budget performance and absorption capacity of 89.9% and 85% respectively as indicated in Table 3.

Table 3: Financial Performance of MYCs in FY 2022/23 (Ushs Billion)

	Budget	Release	Expenditure	Budget Performance	Absorption capacity
GoU	7,849.81	6,529.76	6,080.93	83.2%	93.1%
EF	5,222.27	5,222.27	3,904.73	100.0%	74.8%
Total	**13,072.08**	**11,752.03**	**9,985.66**	**89.9%**	**85.0%**

Source: PBS, MoFPED, June 2023.

19. The Multi-Year Commitments allocation for FY 2022/23 was Ushs. 13,072.08 Billion, of which GoU funding was 7,849.81 Billion and External financing was Ushs. 5,222.27 Billion. In terms of budget performance, Ushs. 11,752.03 Bn was released, out of which Ushs. 9,985.66 Billion was spent, representing a budget performance rate of 89.9% and absorption rate of 85.0%.

20. Budget performance increased from 71% in FY 2021/22 to 89.9% in FY 2022/23 largely on account of increased disbursement for external financing which was reported at 100% in FY 2022/23 compared to 35% recorded in FY 2021/22. This positive rebound is partly attributed to efficiency gains in the Public Investment Management Systems (PIMS) reforms. The PIMS framework strictly requires that only ready projects underpinned by detailed feasibility studies are admitted into the Public Investment Plan.

21. The detailed Multi-Year Commitment performance at Programme and project level in FY 2022/23 is indicated in Table 4 below and Annex 2 respectively.

Table 4: Financial Performance of Multi Year Commitments FY 2022/23 at Programme level

Programme_Name	GoU FY 22/23 (Ushs bn)					Ext. Finaning FY 22/23 (Ushs bn)					TOTAL FY 22-23 (Ushs bn)	
	Budget	Release	Expenditure	Budget Performance (%)	Absorption Performance (%)	Budget	Release	Expenditure	Budget Performance (%)	Absorption Performance (%)	Overall budget Performance (%)	Overall absorption performance (%)
Agro-Industrialization	459.94	428.46	427.53	93.2%	99.8%	311.92	311.92	213.96	100.0%	68.6%	95.9%	86.6%
Mineral Development	17.42	10.58	10.44	60.7%	98.6%	5.82	5.82	5.82	100.0%	100.0%	70.6%	99.1%
Sustainable Petroleum Development	96.67	50.99	50.52	52.7%	99.1%	-	-	-	0.0%	0.0%	52.7%	99.1%
Manufacturing	89.42	47.12	47.10	52.7%	100.0%	-	-	-	0.0%	0.0%	52.7%	100.0%
Tourism Development	11.94	9.44	8.40	79.1%	89.0%	-	-	-	0.0%	0.0%	79.1%	89.0%
Natural Resources, Environment, Climate Change, Land And Water	208.79	168.28	121.86	80.6%	72.4%	213.03	213.03	63.65	100.0%	29.9%	90.4%	48.7%
Private Sector Development	42.24	38.07	37.03	90.1%	97.3%	63.68	63.68	43.64	100.0%	68.5%	96.1%	79.3%
Sustainable Energy Development	509.95	445.90	445.65	87.4%	99.9%	1,241.09	1,241.09	1,241.09	100.0%	100.0%	96.3%	100.0%
Integrated Transport Infrastructure And Services	2,154.20	1,716.58	1,356.84	79.7%	79.0%	1,187.12	1,187.12	1,121.35	100.0%	94.5%	86.9%	85.3%
Sustainable Urbanisation And Housing	1.91	1.88	1.84	98.4%	98.1%	304.36	304.36	269.55	100.0%	88.6%	100.0%	88.6%
Digital Transformation	38.96	20.88	21.67	53.6%	103.8%	5.51	5.51	5.30	100.0%	96.2%	59.3%	102.2%
Human Capital Development	1,127.10	517.14	512.86	45.9%	99.2%	1,742.77	1,742.77	827.29	100.0%	47.5%	78.7%	59.3%
Innovation, Technology Development And Transfer	140.95	107.22	107.13	76.1%	99.9%	-	-	-	0.0%	0.0%	76.1%	99.9%
Public Sector Transformation	11.79	9.30	9.17	78.9%	98.6%	-	-	-	0.0%	0.0%	78.9%	98.6%
Community Mobilization And Mindset Change	3.41	4.16	3.89	122.2%	93.4%	-	-	-	0.0%	0.0%	122.2%	93.4%
Governance And Security	2,445.85	2,476.89	2,458.51	101.3%	99.3%	58.38	58.38	58.38	100.0%	100.0%	101.2%	99.3%
Regional Balanced Development	115.30	111.49	110.14	96.7%	98.8%	46.83	46.83	26.88	100.0%	57.4%	97.7%	86.5%
Development Plan Implementation	240.97	244.96	237.19	101.7%	96.8%	41.75	41.75	27.83	100.0%	66.7%	101.4%	92.4%
Administration Of Justice	65.52	54.55	54.16	83.3%	99.3%	-	-	-	0.0%	0.0%	83.3%	99.3%
Legislation, Oversight And Representation	67.49	65.86	59.00	97.6%	89.6%	-	-	-	0.0%	0.0%	97.6%	89.6%
TOTAL	**7,849.81**	**6,529.76**	**6,080.93**	**83.2%**	**93.1%**	**5,222.27**	**5,222.27**	**3,904.73**	**100.0%**	**74.8%**	**89.9%**	**85.0%**

Source: PBS, MoFPED, June 2023

22. At programme level, Budget performance of projects in FY 2022/23 was lowest under the Sustainable Petroleum Development and Manufacturing programmes at 52.7%; followed by Digital Transformation programme at 59.3%. On the other hand, Community Mobilization and Mindset Change, Development Plan Implementation and Governance and Security

programmes performed at 122%, 101.4% and 101.2% respectively largely on account of supplementary budget extended to the respective programmes. This was followed by Sustainable Urbanization and Housing programme which had budget performance of 100% and Regional Balanced Development and Legislation, Oversight and representation programmes whose budgets performed at 97.7% and 97.6% respectively.

23. In terms of absorption, during FY 2022/23, low absorption was observed in the Natural Resources, Environment, Climate Change, Land and Water programme at 48.7% followed by the Human Capital Development programme whose absorption was 59.3%. High absorption was observed in the Manufacturing; Sustainable Energy Development and Digital Transformation programmes at 100%.

ii. Physical performance of Multi-Year Commitments in FY 2022/23

24. Rt. Hon Speaker and members of this August house, physical performance of projects over the years has recorded positive gains and thus improving the stock and quality of public infrastructure in Uganda. This is largely attributed to improved monitoring and supervision of public works, improved absorption of external financing and improved accountability mechanism among others.

25. Under the Agro-industrilization programme, construction, renovation and equipping of Regional Agriculture Mechanization Centres and the National Agriculture Mechanisation Centre at Namalere registered an overall progress averaged at 65% by 30th

June 2023 at different sites including Kiruhura – Sanga at 15%, Kigumba at 30% whereas the Agwata station in Dokolo district was completed.

26. Rt. Hon Speaker and colleagues, under the Mineral Development Programme, the construction of regional mineral beneficiation centres in Ntungamo and Fort-Portal was completed, and the two facilities were handed over to Ministry of Energy and Mineral Development. During the FY 2022/23, the biometric registration of the artisanal miners commenced and 6,669 Artisanal Small-scale Miners were registered in the mining areas of Kasanda, Busia, Namayingo and Buhweju. There was also good progress under the Karamoja airborne survey project with 80% of all the planned outputs achieved including completion of the magnetic, radiometric and gravity mapping over Karamoja and Lamwo.

27. Under the Sustainable Development of Petroleum Resources programme, 120-line km of Geophysical data, 100 sq. km of Geological and Geochemical data was acquired bringing the total Geophysical, Geological, and Geochemical data acquisition in the Moroto Kadam basin to 78% and Albertine Graben to 50% completion. Under the Midstream sub-programme, annual performance was good for instance the Final Investment Decision for the East African Crude Oil Pipeline (EACOP), Host Government Agreements, and Inter-Governmental Agreements were negotiated and concluded. The construction license for the East African Crude Oil Pipeline was also awarded to the joint venture partners after the Final Investment Decision (FID) for the project had been reached in February 2022. The compensation of the pipeline

corridors for the EACOP by the Joint Venture Partners progressed slowly, especially in the second half of the FY. The cumulative compensation progress was 79% with a total of 177(93%) of the resettlement houses completed, and total of 3,222 compensation agreements approved and 3,649 (80%) Project Affected Persons' cash compensated.

28. Under the Sustainable Energy Development programme, the overall progress of the works at Karuma HPP was at 99.9%. Works at Nyagak III progressed during the financial year with civil works at the powerhouse and penstock at 93% while the defects liability period of Isimba HPP ended on 31st March 2023 but major concerns especially the excessive wear of the concrete at the spillway gates and improper operation of the lower spillway gates were yet to be addressed by the contractor.

29. Several key milestones were reached with the addition of some of the ongoing transmission lines with their associated substations. Notable among these were the 75km of the transmission line connecting Karuma HPP to the Lira substation and the completion of works on the 35km Mutundwe-Entebbe transmission project. However, the works on other key transmission projects were still under implementation with delays notably; the Lira-Gulu-Nebbi-Arua transmission project (85%), Gulu-Agago Transmission Project (85%) and the Mirama-Kabale transmission (35%). The implementation of other projects namely; the Masaka-Mbarara and the Kampala Metropolitan transmission projects was still mired by the slow procurement process.

30. During the FY, a total, 6,129 km of medium voltage distribution (11kV and 33kV) and 10,690 km of low voltage distribution lines were completed. The grid access increased from 19% at the end of FY2021/22 to 22% at the end of FY2022/23 and 132,589 new connections were made country-wide against an annual target of 300,000.

31. Rt. Hon Speaker and colleagues, the Integrated Transport and Infrastructure Services Programme which handles all transport related infrastructure registered good progress in increasing the stock and quality of transport infrastructure. A total of 214.51km (66.8%) against an annual target of 321km were upgraded to tarmac on the national roads network. As a result, the stock of the national paved network increased by 3.6% from 5,878.5km in FY2021/22 to 6,093km in FY2022/23. The following projects were substantially completed in the FY: Selected Access Roads in Rushere Town (3.0km) and Kyamate Access Roads (2.6km); Gulu Logistics Hub (2.2km); Kapchorwa-Teryet High Altitude Training Center (12km); Mbale Town Roads (9.8km); Hoima Town Roads (3.09km) and UWA & UPDF link Roads in Masindi Murchison (8km).

32. Under Air transport, the project of Development of Kabaale International Airport had attained accumulative progress of 93%. Under the project for Expansion of Entebbe International Airport Phase1 the physical progress of works on the passenger terminal building was low at 35% while that of Apron 1 was 85%.

33. Under the Human Capital development programme, Government continued with the construction, upgrading and

equipping of Vocational Education Centres of Excellence in Bushenyi, Lira, and Elgon technical institutions. 97% of the targeted deliverables was achieved in the institutions of Bushenyi, Lira, Elgon and Bukalasa. A total of 36 workshops and laboratories were constructed and renovated,13 classroom blocks, four (4-storeyed) students' hostels, 2 ICT/library blocks, 2 administration blocks and a multi-purpose hall were constructed at different institutions.

34. In addition, the Construction of the Faculty of Computing and Informatics in Mbarara University was completed, The renovation and upgrading of Mandela National Stadium- Namboole and construction of the boundary wall progressed to 70%; construction of the office block for UNMEB progressed to 65%, Construction of the five–storey UBTEB Assessment Center progressed to 22%, Construction of the science lecture hall, under the Support to Kabale University Infrastructure Development Project, progressed to 80%, Construction of the administration block at Muni University progressed to 42%, Construction and restoration of the main administration building at Makerere University progressed to 40% civil works and Civil works commenced in five out of eight beneficiary Technical Institutions: Basoga Nsadhu Memorial, Nawanyago, Sasira, Buhimba and Lwengo Technical Institutions under the OPEC Fund for International Development.

35. Rt. Hon Speaker, in FY 2023/23, Government under the Digital Transformation Programme delivered bulk internet to 1,241 sites and connected an additional 52 sites to the National Backbone Infrastructure (NBI). A total of 11 BPO centers were supported

during this period, three of these were new centers supported through internet connectivity. The bulk internet bandwidth was delivered to a total of 115 sites against a target of 100 during the period. An additional 68 new applications were hosted in the National Data Centre (NDC) cumulatively bringing the total number of applications hosted in the NDC to 264.

c) Semi-Annual Performance of Multiyear expenditure commitments in FY 2023/24

i. Semi-Annual financial performance of Multi-Year Commitments in FY 2023/24

36. As at end of December, 2023, Ushs 5,960 Billion was released of which Ushs 3,198 Billion was GoU funding while Ushs 2,762 Billion was External financing to enable execution of Multi-Year commitments. This translates into 41.5% Budget performance for FY 2023/24 which is below the expected 50% performance as at the end of the second quarter of the Financial Year.

37. Furthermore, Ushs 4,068 Billion was spent as at end December, 2023 representing an absorption rate of 68.3%. This position is however bound to improve as we end the FY since more certificates of works are expected to be paid by Accounting Officers.

ii. Semi-Annual physical performance of Multi-Year Commitments by Programme in FY 2023/24

38. Under the Agro-industrialization programme, physical progress was noted in the remodeling of the Anti-Tick Vaccine facility and the installation of equipment in the Alfasafe facility, construction

of a warehouse at the Acomai Irrigation Scheme had reached 66.7% physical completion and 15 ordinary maize milling equipment were allocated to 15 farmer organizations, along with 23 milk coolers and accompanying implements with a capacity of 63,000 litres provided to farmers among others.

39. The physical progress under the Mineral Development programme included completion of phase one and two Karamoja airbone survey, two mineral beneficiations regional centres were established in Fortportal and Ntungamo districts and six weigh bridges were acquired and the sites for their installation were identified in Sironko, Katakwi and Napak Districts.

40. Civil works for the additional 30-room floor at the Uganda Hotel and Tourism Training Institute (UHTTI) Jinja were at 95% completion for phase I and 17.3% for phase II, redevelopment of the Uganda Wildlife Education Centre (UWEC) in Entebbe reached 25% while construction of the Uganda World Life Research and Training Institute (UWRTI) was at 26% under the Private Sector Development Programme.

41. The overall physical progress of Karuma Hydro Power Plant (HPP) was at 99.98% and civil works for the power house and penstock under Nyagak III was 95% under the Sustainable Energy Development Programme. In addition, the implementation of electricity grid extension projects progressed well under the programme with completion of defects liability monitoring in various regions and ongoing works on schemes under the Uganda Electricity Access Project (UREAP) and Energy for Rural Transformation (ERT III) project.

42. Under the Integrated Transport and Infrastructure Development Programme, 93.68 km of roads were upgraded to paved standards including substantial completion of Kapchorwa – Suam and Masindi Park Junction – Para-Buliisa. However, the Luweero – Butalango and Kibuye – Busega – Mpigi projects had poor progress due to delayed land acquisition and payment challenges. Furthermore, 3 out of 20 bridge structures including Isandalla-Nyamitooma, Kisenyi-Kyangabukama, and Katookye under the programme were substantially completed, but progress on others averaged at 48%, hindered by payment delays, design finalization, and Right of Way acquisition issues.

43. The Open Distance and e-Learning (ODeL) Support system while the Unified Messaging under the Digital Transformation programme was at 40% completion while the Collaboration System (UMCS) was expanded to seven more Government entities, totaling 145 entities with 26,034 active users.

44. Under the Human Capital Development Programme, the following key physical achievements were registered.

a) Construction of Multi-Purpose Health Science Laboratory building and Administration block for Muni University were at 46% and 35% respectively;
b) Construction of main Administration, School of Law Building and perimeter fence as well as renovation of Lumumba Hall for Makerere University performed at 40%, 95% and 70% respectively;
c) The construction of the Main Administration was at 37% while the medical intern residence was completed.

d) The civil works for the faculty of Computing and Informatics (FCI) phase II for Mbarara University at Kihumulo Campus progressed to 95%.

e) The upgrade of 239 out of 340 Health Centre IIs to Health Centre IIIs was completed.

f) Construction of staff houses for Gombe Hospital was completed while the overall progress of Busolwe General Hospital was at 65%.

g) Satellite regional centers for dialysis service provision were established in Lira, Mbale, Mbarara, and Hoima, reducing congestion at the National Referral Hospital.

F. KEY CHALLENGES AND RECOMMENDATIONS TO IMPROVE PROJECT EXECUTION

45. During the annual portfolio reviews of all Government projects for FY 2022/23, several challenges were identified as the key impediments to public investment performance. The key challenges and recommended actions are highlighted below.

No.	CHALLENGE	RECOMMENDED ACTION
1.	**Implementation of ‘unready’ projects**: Previously, a number of MDAs proceeded to implement strategic and core projects before concluding preparatory activities such as procurement, acquisition of right way, setting up project teams, among others activities precedent to civil works. This has resulted into over stay of some projects in PIP resulting into time and cost overruns. For example, projects such as 1657 Moyo-Yumbe-Koboko road, Tourism Roads projects, 1764 Upgrade of Yumbe-Manibe (74 Km) to paved Standard	**Enforce implementation of the project selection criteria** developed by the Ministry**.** This will ensure that only ready projects are included in the PIP and budget respectively.

No.	CHALLENGE	RECOMMENDED ACTION
	were admitted into the PIP but are still undertaking preparatory activities.	
2.	**Delayed acquisition of right of way for infrastructure projects due to poor estimation of compensation of PAPs and legal bottlenecks**. For example; a number of transmission projects have experienced delayed acquisition of right of way. Furthermore, Kitala-Gerenge and Najjanakumbi-Busabala road projects have delayed due to absentee landlords who could not be traced for compensation	▪ **Fast-track implementation of infrastructure corridors.** Ministry of Lands, Housing and Urban Development and National Physical Planning Board should fast-track implementation of the infrastructure corridors to enable faster acquisition of Right of Way. ▪ **Empower the Office of Chief Government Valuer to** undertake land valuation in the timely manner. ▪ **Consider legal amendments** to the land laws in view of absentee landlords.
3.	**Undertaking activities/outputs outside the scope of retooling projects.** A number of MDAs have deviated from scope of retooling projects which are aimed at enabling MDAs acquire fixed assets that are key in the delivery of public service. For example, Missions abroad have continued to use retooling projects for construction activities.	**Adhere to the scope of retooling projects**. MDAs that deviate from the scope of retooling resources will have their resources rationalized to other critical Government interventions
4.	**Re-scoping of projects without approval by the Development Committee.** A number of MDAs have taken on new interventions under existing projects without approval of the Development Committee. For example, UNRA took on new project interventions on existing projects without undergoing the DC processes. These notably include; Mutugga-Semuto-Kapeka, Kiboga-Hoima, Karuma-Packwach under Seeta-	▪ Apply sanctions on non-compliant Votes ▪ Continuous training of MDAs on project appraisal, preparation, implementation, monitoring and evaluation by MoFPED/National Planning Authority/Office of the Prime Minister/Office of the President

No.	CHALLENGE	RECOMMENDED ACTION
	Kyaliwajjala-Matugga-Wakiso-Buloba-Nsangi, Rehabilitation of Mityana-Mubende and Packwach-Nebbi section. These not only affect fiscal sustainability but also lead to scope, cost and schedule creeps.	
5.	**Over commitment of the Budget** demonstrated by the multiyear commitments statement. Votes take on new projects before providing resources for ongoing projects that has led to over commitment of the Development Budget. This leads to spreading of meagre resources over many projects without meaningful impact on execution.	▪ New projects should be taken on a replacement basis to mitigate over commitment of the Development Budget. ▪ MDAs should be sequenced in line with the cash flows to ensure fiscal sustainability.
6.	**Limited Project Management Capacities.** Project management inefficiencies evidenced by poor contract management, poor scheduling, poor team quality control and supervision have continued to persist. This has led to delivery of substandard works, cost overruns and time overruns in projects.	▪ **Strengthen capacity of MDAs in project and contract management through dedicated capacity building programs.** ▪ Certification of all project managers in project management professional courses. This will enhance contract management capabilities, improve on contract negotiation skills and minimize contract related challenges.
7.	Non-consideration of labor-intensive works in the Programmes of ITIS (Road gangs) and Natural Resources, Environment, Climate Change, Land and Water Management (cooperatives) in line with the Parish Development Model.	▪ Maintain Parish Register and National Public Works Labor Register to enable equitable targeting of opportunities within the parish and across the country.

G. CONCLUSION

46. Rt. Hon. Speaker, Government is committed and focused on ensuring that the resources required for the achievement of Uganda's public investment aspirations as enshrined in the NDPIII and Vision 2040 are obtained in the short, medium and long term. Government is also well aware that the resource requirements needed to achieve the above aspirations are enormous amidst national, regional and international challenges.

47. In that regard, we shall continue to accord priority towards accomplishing ongoing commitments within the Programmes, Ministries, Agencies and Departments to enable timely completion of projects, and strengthen mechanisms to reduce wastage of the limited resources, reduction of arrears and improve absorption of funds.

48. Rt. Hon. Speaker and Hon. Members, I beg to submit.

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