

By Steven Turyarugayo

Government has withheld payment of \$28m to Isimba power station contractor over shoddy work. This was revealed by Harrison Mutikanga, the Uganda Electricity Generation Company Limited (UEGCL) executive director.

Since last year, China Water Engineering Company, which was contracted to construct the Isimba public access bridge over River Nile, connecting Kayunga and Kamuli districts, has been demanding some partial payment of about \$28m.

However, UEGCL rejected the plea, arguing that until the contractor meets the contractual obligation by fixing the defects, like the cracks in the dam and fixing other machines that have broken down, no money would be paid.

This was disclosed during a crisis meeting convened by the Speaker of Parliament, Rebecca Kadaga, to find a solution between the contractor and UEGCL at Parliament yesterday.

"For us to release money for a new plant which is leaking is really unthinkable, they were supposed to complete

# GOVT WITHHOLDS ISIMBA DAM PAYMENT OVER SHODDY WORK



Kasaija

the defects by September last year, but up to today, nothing is going on," Mutikanga said.

He argued that there is frequent system breakdown and the plant was not in good condition as claimed by the contractor.

"There is no way we are going to release money, until we have these defects sorted. Let the contractor fix his

defects in time and we pay him the balance," Mutikanga said.

He informed Kadaga that it was the contractor's mistake to divide the project into two components, instead of constructing the bridge on top of the dam, like it was initially planned.

Xia Nenghai, the project manager of Isimba Hydro power project, represented China Water Engineering Company, while finance minister Matia Kasaija and Mutikanga represented the Government in the crisis meeting.

Last year, the contractor petitioned Kadaga over unpaid money that the Government owes it.

In the petition, the contractor pointed out the continuous unjust rejection by UEGCL to pay the contractor and the effects of delayed payment on



**Kadaga informed the House that she had credible information that some officials in the ministry had swindled the money.**

work progress. "CWE made accomplishment and the engineer did in writing certify \$22m payment for work done.

On the contrary, UEGCL disregarded this accomplishment and found other irrelevant excuses to reject it," read part of the petition.

Kadaga directed the House committee on physical infrastructure to investigate claims that sh24b meant for the construction of the bridge had been embezzled.

She informed the House that she had credible information that some officials in the ministry had swindled the money.

The documents presented to Kadaga indicate how Isimba hydro-power project was estimated to cost \$567m with two components, the power station and the bridge.

The documents indicated that \$22m was sought by the contractor and forwarded to UEGCL for payment.

A sum of \$14m was retention

money that would only be paid after the entire project was complete and money amounting to \$8m was, however, withheld due to powerhouse concrete defects.

Xia Nenghai said the Government breached the contract by not honouring the scheduled payments.

"Can you imagine, for a year of the construction of the road and the bridge, with 96% of the work finished, there is no single payment of the balance," Xia Nenghai said.

However, the project manager challenged this arrangement, saying full payment should be given after 100% completion of the work.

"For the defects, we are working hard to fix them, but it is not a reason to hold over \$22m, I strongly disagree with this because it is a breach of the contract," Xia Nenghai said.

"In the contractual agreement, we didn't say that the employer can withhold both retention money and money meant for defects," Xia Nenghai added.

According to UEGCL, government has paid to a tune of \$525m for the work done, an equivalent of 92.52% of the total amount.