

Cash flow hitches to blame for delaying Uganda's Bukasa port

Ministry of Finance says the contractor has also suffered delays in receiving payment for invoiced works

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When Uganda's Ministry of Works handed the Bukasa Port site preparation deal to Coil and Coppleters NV JV on May 30, 2024, expectations were high that the Belgian contractor would complete land reclamation and swamp clearance works within 12 months.

But, 18 months later, the project is at 41 percent completion, according to a Ministry of Finance report, which blames the slow progress on cash flow challenges that have led to multiple missed deadlines, derailing the facility's potential to boost regional maritime transport on Lake Victoria.

The handover of the completed site preparatory works has been extended to the end of this month, after the contractor failed to meet two deadlines – May 31 and the revised October 31.

"The contractor faces capacity challenges," conceded Waiswa Bageya, Works and Transport Permanent Secretary.

The staggered issuance of interim payment certificates, according to Mr Bageya, is constraining cash flow, resulting in unending delays.

"You first do the work and then produce a certificate to get paid. But if they do not have finances to deliver the work, they cannot produce that certificate," he said.

The Ministry of Finance says the contractor has also suffered delays in receiving payment for invoiced works, which further interrupted cash flow needed to complete the project.

It is industry practice for engineering procurement and construction contractors to depend on interim payment certificates.

...to a bank's total capital position that determines the amount of lending a bank can do.
GEORGE NGIGI

... industrial sector only 0.8 percent, ... istician Alhassan ... porters.
REUTERS



A vessel next to a pier on Lake Victoria in Uganda. Picture: File

When *The EastAfrican* visited, there were a few casual labourers on site. The head count keeps reducing.

"The project site has a high labour turnover," said Jamali Mugona, a Coil and Coppleters NV JV official, explaining that the company opted to maintain a small workforce it can pay.

For the land reclamation works, the old equipment is prone to frequent breakdowns, slowing progress on the site, which covers over 22 acres.

"The performance of the implemen-

tation of phase one was poor," the Ministry of Finance's Performance of Externally Funded Projects report published in July noted

According to the report, the overall physical progress of the project increased from 18 percent to 41.25 percent between October 2024 and April 2025, with the project's resettlement action plan (RAP) playing a part in this slow pace.

"The poor project performance was majorly due to delays in finalising the implementation of RAP. The slow pace of implementation of phase one activities will affect the commencement of phase two of the project," experts said.

Of the 2,402 project affected persons, 2,205 qualified for compensation at Ush34.273 billion (\$9.6 million).

Acting Commissioner for Development Assistance and Regional Cooperation at the Ministry of Finance Juvenal Ntacho Muhumuza said the preparatory stage of the project is to cost \$16 million and the loan is readily available for the contractor to draw.

Two German financial institutions bankrolling the project, AKA Ausfuhrkredit-Gesellschaft mbH and Commerzbank AG, contributed 85 percent of the loan to the government, which is supposed to contribute the rest.

IMPACT

The missed timelines have dimmed hopes of East African Community logistics players and businesses of having an alternative transport route to the Indian Ocean. The director for transport and logistics at the Private Sector Foundation Uganda Kenneth Ayebare said the business community will continue grappling with high transport costs and unreliable transport on the Central Corridor. Bukasa offers an alternative route via Lake Victoria and has the potential to reduce Uganda's reliance on the congested Northern Corridor.