CSO POSITION PAPER ON THE WORKS AND TRANSPORT SECTOR BUDGET FY2018/19

Developed by the Civil Society Budget Advocacy Group and Submitted to the Parliament Committee on Physical Infrastructure Sector.

12th April 2018

ABOUT CSBAG

Civil Society Budget Advocacy Group (CSBAG) is a coalition formed in 2004 to bring together civil society actors at national and district levels to influence Government decisions on resource mobilization and utilization for equitable, gender responsive and sustainable development. Since 2004, CSOs under the umbrella of CSBAG have engaged Government in influencing the budget process to ensure that both the local and national budgets address the needs and aspirations of the poor and marginalized groups of people in Uganda.

ACKNOWLEDGEMENT

In its continued efforts to ensure that the national budget is sensitive to the needs of the citizens, CSBAG collaborated with like-minded CSOs in producing this position papers following the release of the Ministerial Policy Statement for FY 2018/19 in which the views of the citizenry are expressed. In authoring of the Works and Transport Sector position paper for FY 2018/19, CSBAG would like to acknowledge the contribution of Green Home Organization for Women Development, Uganda Road Sector Support Initiative (URSSI), East African Business Council, Uganda Lorry Transporters Association, Uganda Shippers Council and KACITA.

CSBAG extends a hearty vote of thanks for your efforts in making this position paper fruitful as we continue ensuring value for taxpayers money through transparency and accountability in the fiscal process.

1 Introduction

The key strategic objective for the Works and Transport Sector is to: "Promote Adequate, Safe and Well-Maintained Works and Transport Infrastructure and Services for Social Economic Development of the Country. The sector has 3 strategic outcomes that is;

1) Improving the condition of the road network (both paved and Unpaved)
2) Ensuring safe and efficient construction works
3) Ensuring safe, Efficient and effective transport infrastructure and services for the people of Uganda.

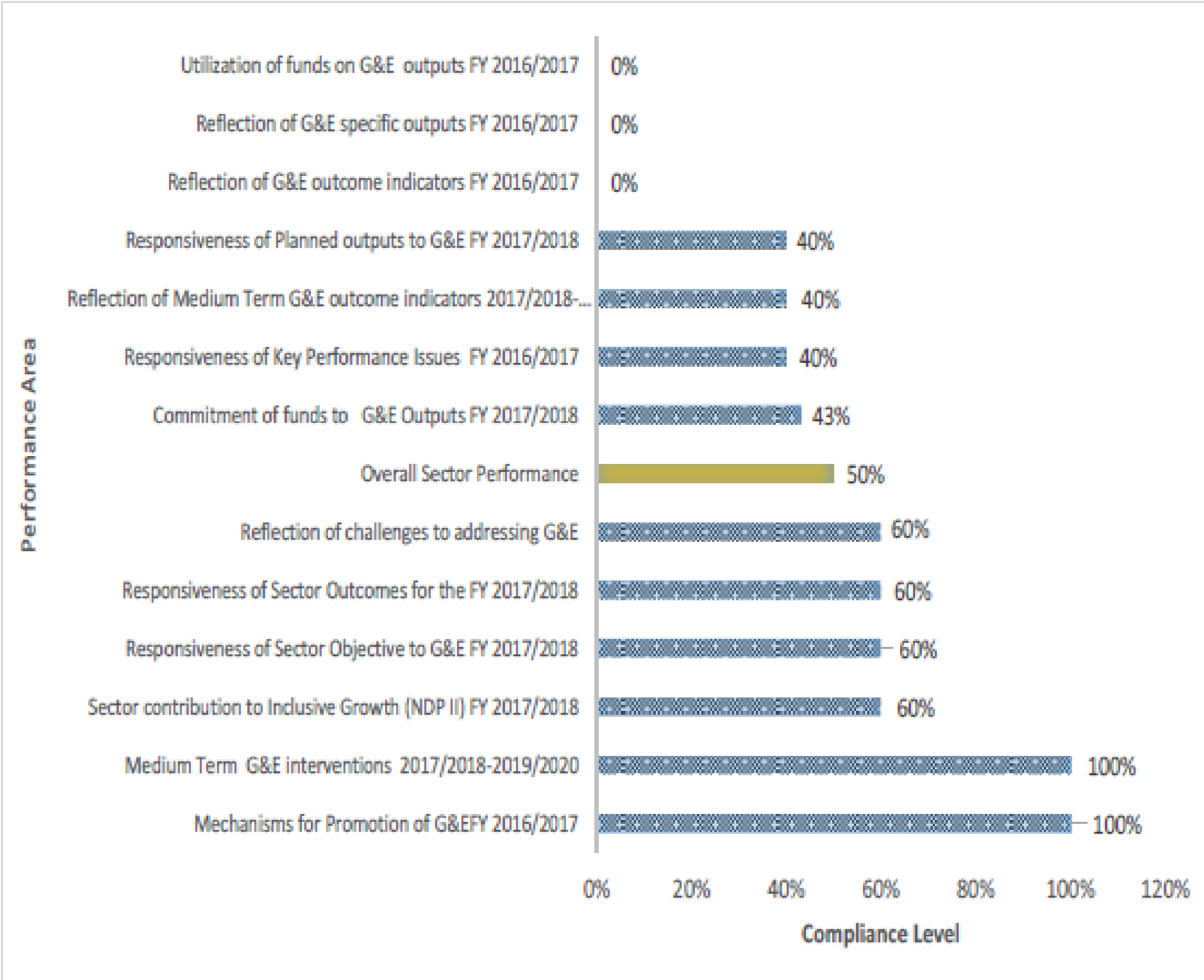
These objectives are in tandem with the NDPII objective of improving access to markets and social services, reduced transport cost, increased production and competitiveness, improved trade, industrial growth and Job creation.

1.1 Medium Term Plans

Development of Kampala Malaba Standard Gauge Railway and rehabilitation of Meter Gauge Railway; expansion of Entebbe International Airport; Development of Kabaale Airport; Revival of the National Carrier; development of the New Kampala Port in Bukasa, Portbell and Jinja Piers; strengthening the National Road Safety Council; Rehabilitation of DUCAR; development of the National Construction Industry; strengthening Policy, Planning and monitoring and evaluation capacity of the Ministry.

2 Compliance to Gender and Equity performance

The Works and Transport sector is responsible for delivery of reliable and safe engineering works and transport infrastructure and services to all Ugandans. The Sector is constituted by four Votes, namely; (i) Ministry of Works and Transport, (ii) Uganda National Roads Authority, (iii) the Road Fund, (iv) Kampala Capital City Authority. Figure 1 below presents the assessment results on the Sectors' level of compliance to Gender and Equity for the Financial Year 2017/2018;



Source: EOC Assessment Report for Fy 2017/18

The overall compliance level of the Works and Transport Sector with Gender and Equity requirements were 50%. Out of the 13 performance areas that were assessed, the sector scored below 50% in seven of the areas.

3 Financial allocations

The sectoral allocations are projected to reach UGX 6 trillion in FY 2019/20 representing 35% nominal increase in the allocations from FY 2017/18. UNRA continues to account for the largest share (65%) of the works and transport sector with the projected allocations of UGX 3,217.87 billion for FY 2018/19. **The fastest nominal increment is the work and transport sector and specifically the Works and Transport vote** reflecting the increased allocations to SGR, airport development and capacity enhancement as well as increased undertakings on Bukasa and Port bell ports

Table 1: Sector MTEF Financial Projection

Year	Wage	Non-Wage	Domestic Dev't	External Financing	Total
2017/18	83	502	1,762	2,240	4,587
2018/19	83	708	1,764	2,360	4,914
2019/20	91	863	2,152	3,090	6,196
2020/21	96	993	2,577	2,149	5,814
2021/22	100	1,191	2,577	3,720	7,589
2022/23	105	1,430	2,577	4,890	9,002

Table 1 shows sector allocations FY 2017/18 and 2022/23 projection.

Table 1: Vote allocations in the Works and Transport sector

SECTOR/VOTE	FY 2016/17 Approved Budget	FY 2017/18 Approved Budget	FY 2018/19 Budget Projections	FY 2019/20 Budget Projections
Works and Transport	403.32	460.79	649.15	1257.46
UNRA	2,454.61	3110.08	3,217.87	3745.90
Road Fund	417.84	417.39	622.52	759.17
LG Works and Transport	22.84	22.84	22.84	27.87
Transport Corridor Project	179.51	179.51	179.51	219.00
KCCA Road Rehabilitation Grant	345.70	96.69	222.16	186.69
SUB-TOTAL ROADS	**3,823.82**	**4,287.30**	**4,914.05**	**6,196.09**

Source: MTEF

The transport sector is increasing and predominated by external funding

The sector external finance allocations for FY 2018/19 are projected to decrease by 0.81% to 48.02% from 48.83% in FY 2017/18. External funding is comprised of large loans. UNRA external financing for FY 2018/19 is projected to decrease by over UGX 190 billion from the FY 2017/18 allocation of UGX 1,971.54 billion.

Key sector achievements

- The coverage of paved national roads increased by 100kms in 2016/17 reaching 4,257km compared to 3,264km in FY2010/11. However, the added KMs in 2016/17 is less than the average annual KMs over the last 4 years, not commensurate with the increases in allocations to the sector for the road network.

Financial Year	Stock (Km)	Annual Increase(Km)
2007/08	2,877.6	
2008/09	3,034.6	159
2009/10	3,200	165.4
2010/11	3,264.1	64.1
2011/12	3,317.1	53
2012/13	3,489.6	172.5
2013/14	3,795	305.4
2014/15	3,919	124
2015/16	4,157	238
2016/17	4,257	100
		1381.4[1]

Source: MoWT Performance Report FY 2016/17

- The proportion of paved national roads and for unpaved roads in fair to good condition respectively reached the targeted 80% and 70% in FY 2016/17.
- Road maintenance budget was increased to UGX 417.4 billion compared to FY 2016/17 outturn of UGX 343.7 billion as shown in the Table xx and is expected to continue increasing. However, the road maintenance backlog continued to grow in excess of USD 1 Billion[2].

Table XX: National and District Road maintenance (Uganda Shillings in Billions)

FY 2016/17	2017/18	2018/19	2019/20
417.84	417.39	622.52	759.17

Source Second BCC 2018/19

As such, in 2016/17 there was a notable improvement in maintenance of unpaved and paved roads. The sector met the target on routine maintenance of unpaved roads (mechanized) and 160km of the paved roads were rehabilitated to reinstate their serviceability.

[1] Deductively the KMs constructed since the establishment of UNRA (1381.4kms) is not commensurate to the allocations of resources to the institution.

[2] MoWT, Annual Sector Performance Report FY 2016/2017, Page 28.

Output and outcome performance for FY 2016/17 Vs the FY 2018/19 targets (source document is GAPR 2016/17)

Indicators	Comment
Sector outcome: Improved Transportation System	The suggested indicators are not outcomes but rather outputs or induced outputs. The last outcome indicator on page 56 indicates proportion but targets are in millions
Sector Outcome: Enhanced sector implementation capacity	The indicator is not an apt choice for measuring implementation capacity.
Improved safety of transport services	Sector indicators are appropriate. On fatalities, the target on 57 and 58 for the same indicator vary
Improved transportation system	SGR target for 2018/19 seems ambitious as the construction loan is yet to be fully attained and also the NBFP doesn't reflect the funding associated with this planned output
Number of staff trained	The indicator is an output and not an outcome. Additionally, the indicator is no SMART. The capacity enhancement is beyond just training. There is need to look at specialized training. E.g. as an outcome have an indicator showing the extent to which UNRA has staffed in tandem with the new institutional framework.
Vibrant and operational national construction industry	The

Broadly PBB does not cost the outcomes as was the case with OBB.

3 Sector budget issues and concerns

3.1 The under-performance in funds utilization

This was mainly by Transport Regulations and safety department. This was due to the delays in the procurement processes for the construction of a new building for the Uganda Computerized Driving Permits (UCDP) and Phase 2 automation of the licensing system for TLB which were not yet concluded.

Recommendation: Ministry should improve the procurement process to minimize delays that lead to loss of sufficient money and profitable time**.**

3.2 Unrealistic projection of funds that are to be used in the support for the Uganda computerized Driving Permits project.

Table 1: Allocations to the Support to Computerized driving permits

Transport Regulation	**Outturn**	**2016/2017**		**2018-2019**
Billion (UGX)	**2016/2017**	**Approved**	**Spend by end of Dec**	**Proposed**
1096 support to Computerized driving permit	6.774	4.500	0.030	4.200

Source: Ministry of Works and Transport, MPS FY 2018/19

According to output 72, government buildings and administrative infrastructure: The indicator shows the percentage progress on the new premise for Uganda computerized driving permits will be 10% for 2018/2019, and then 100% for the 2019/2020; thereafter, the work will be complete, yet the budget of 5bn continues for the rest of the two years, 2020/2021 and 2021/2022. This means the budget for the next two years has no activity since by then the work could have been completed. The fact that Govt has to look for this money in advance may cause a scenario where the nation will borrow money whose activities are not clear, that is why incidences of delays in procurement process may happen because the sector is not yet ready to spend the money.

Recommendation

There should be clear indications of how much work will be completed and when so that the government does not budget does not budget for tasks whose activities are not clear

3.3 Variance in the number of Environmental Audits conducted and the number of construction sites monitored for compliance with standards.

Sub programmer 14: Construction standards, Output 03: monitoring compliances for construction standards and undertaking research gives indicator on number of environmental audits conducted as 40 for 2018/2019, and 48 for 2019/2020, but the indicator number of buildings for construction site monitored for compliance with standards (in the same output) as 70 in 2018/2019 and 100 for 2019/2020. This means that some construction contracts are passed without environmental audits which are one of the compliance criteria for any project.

Recommendation

We recommend that all construction contracts are audited for environmental compliance where tree planting and water management initiatives are mandatory.

3.4 Limited Road Safety awareness/ education campaigns conducted in the Local Governments.

It is of our great concern that Road Safety awareness/ education campaigns were conducted in Mbale and Masaka on Motorcycle safety and boda-boda regulation; 5 Road Safety Awareness Campaigns carried out (Busega, Kyengera, Lukaya Boda-Boda stages in Kampala, Nsangi) and 01 Road Safety inspection along major National Road corridor carried out (Kampala Kafu road). The MPS also shows that the number of road safety campaigns to be conducted for the FYs 2018/19 to 2020/21 remains five.

As much as we commend the work done on the above interventions, our observation is that majority of the work was done in the central corridors, yet some other areas equally have many road carnage cases as noted above.

Recommendation:

Safety campaigns should be decentralized to local governments so the capacity of each zonal Police installations is empowered to undertake that as one of its mainstream activities. However, there is also need to increase the number of campaigns that are to be conducted for the next financial Years.

3.5 Low standard specialized machinery and equipment purchased

In June 2012, The Government of Uganda (GoU) made a policy shift from contracting the road maintenance works in Local Governments (LGs) to Force Account. This was subsequently followed by the acquisition of a fleet of 1,425 pieces of new equipment through a USD100 million loan from China which was distributed to local governments. However, Local Governments have not been able to successfully carry out road maintenance activities by the force account, due to the following:

- The Chinese equipment given to the LGs in 2012 was meant for light works. The equipment is operated beyond its capacity as most roads require heavy intervention leading to frequent breakdowns.
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Recommendation

Adequate purchase of Specialized Machinery & Equipment which is up to the standard but give more attention to maintenance.

4.6 Nonfunctional and incomplete Road Crash Database System (RCDS)

The objective of Government to establish RCDS was to enable the establishment of a well-functioning reliable Road Crash Data System (RCDS) that contributes to improved road crash data collection, analysis and utilization. The system would enable the Ministry of Works and Transport to make an informed decision based on concrete evidence and be able to make specific interventions.

Accordingly, the MOW entered into a contract for consultancy services of USD 1,829,236 and Government was to contribute UGX 685,285,000. At the time of writing this report, USD 1,454,161.20 and UGX 483,911,200 had been paid out to the consultant leaving an outstanding balance to the contract of USD 375,074.80 and UGX 201,373,800 respectively. However, it was noted that the Road Crash Data System (RCDS) had not been completed and therefore was not functional following cancellation of funding by the World Bank. In essence, it will require MoFPED to finance the project to completion. It was noted by OAG that equipment such as computers and CPS devices procured for the project were in store unutilized.

There is a likelihood of loss of the investment funds earlier spent, as the final project outputs have not been achieved. Non-completion of the project has deprived the Ministry of establishing an effective and well-functioning Road Crash Data System (RCDS) in Uganda that would serve all the different stakeholders in road safety like NRSC, UNRA, KCCA, MoWT, and Local Governments among others in providing a reliable database for future evidence-based road safety interventions and enhancement in Road safety research.

Recommendation

The Accounting Officer attributed the delay in completion and operationalizing of the Road crush Database system to lack of funds. There is a need for government to prioritize and allocate funds for the completion of the RDCS.

Construction of 14 bridges in Northern Uganda-IDB (LOAN NO. UG –006)

The government of Uganda received a loan from the Islamic Development Bank (IDB) towards the construction of fourteen (14) small Bridges in the Northern and North Eastern of Uganda. The loan agreement was signed on 24th November 2008 and became effective in April 2009. After the revision of the contracts, the completion date for the works was extended to 31st July 2017.

The Government of Uganda was to co-fund USD 1.185 million representing 10%, while IDB would contribute USD 10.642 million. The works were clustered into 4 lots implemented under the Ministry of Works and Transport. However, it was observed that Lot-4 was cancelled and funds to a tune of UGX. 6bn were returned to the Bank due to non-performance. As a consequence, construction of Ajeleck, Opot and Ojanal bridges were not undertaken.

This is an indicator that the project was not properly managed.

Recommendation

There is a need for government to ensure proper due diligence is undertaken on contractors and supervision enhanced to avoid wastage of borrowed funds and the projects not undertaken should be prioritized and resources allocated to them with the domestic development component of the government financing.

Standard Gauge Railway-Land acquisition

Government plans to undertake construction of standard Gauge Railway at an estimated development cost of USD.12.8bn. It has been observed that there have been delays in carrying out disclosure after securing approvals of the land assessment reports from CGV and effecting payments to the beneficiaries and this has affected the rate at which compensations are being made thus affecting the provision of the right of way for the construction of the SGR.

The delays were attributed to;

- Delayed compensation: Out of 3,481 Project Affected Persons (PAPs) planned to be compensated in 5 districts, only 2,053 PAPs had been compensated at the time of audit constituting 59% with 41% outstanding.
- Delayed valuation; Valuation of PAPs in 4 districts had not been completed therefore the process of compensating the PAPs could not start.
- The slow rate of acquiring ROW; there were delays in acquiring Right of Way (ROW) for PAPs that had been fully paid up. Only 60km in Tororo and Butaleja districts had been demarcated considering that 59% of PAPs in the districts had been compensated already.

The slow progress of the project increases costs as PAP's valuations tend to increase with each passing year. Further, harmonization of implementation with partner regional states may not be achieved as it was noted that the partners were ahead of schedule, which may affect service delivery.

Recommendation

The government should ensure that the land acquisition process is expedited so as to enhance the progress of the project in line with the regional partners.

Express Penalty Scheme (EPS)

Section 179 of the Traffic and Road Safety Act, empowers the Uganda Police Force to enforce the Express Penalty Scheme (EPS). The major objectives of the scheme were:-

- To have minor offences handled expressly to reduce the workload at Police Stations.
- To reduce congestion at the Police Station and Courts
- To reduce inconveniences to motorists who commit offences which are considered minor in the Traffic and Road Safety Act.
- The scheme is also important for generating non-tax revenue for the Uganda Police and Government in general.

It has been noted that enforcement under this scheme is inadequate. Tickets are currently issued manually to traffic offenders throughout the country. Lack of computers with internet connectivity in almost all stations outside Kampala and issuing tickets to offenders manually makes it difficult for traffic officers to reconcile with URA EPS defaulters.

Because of the challenges noted above, revenue has not been collected as anticipated. Over the past 10 years, revenue from penalties to a tune of UGX 52,685,427,000 has remained outstanding. Many offenders have continued to default after realizing that Police could not follow up on unpaid tickets, therefore the outstanding amount is likely to increase.

Recommendation

The Police Force should strategize to ensure effective implementation of the EPS as a measure to reduce road accidents and generation of revenue for the government.

Presence of Wasteful/ Nugatory Expenditure within the sector

Good practice requires Accounting Officers to reduce cases of apparent waste, extravagant administration or failure to achieve value for money due to Management's laxity in the conduct of operations. However, the OAG report for 2017 noted wasteful expenditure to the tune of UGX. 2,740,998,670 out of which UGX 1,911,807,863 was from the road sector as a result of Interest on late Payment on VAT and breach of contracts. This affected the implementation of activities in the sector and on the overall service delivery.

Recommendation

The sector is advised to adhere to the contractual arrangements with a view of avoiding such expenses and the accounting officer who commits the government to such expenses as a result of negligence should be held personally liable and be reprimanded for such actions.

Acquisition of land for government projects. As aforementioned for most of the loan funds which fund the development segment of the sector budget, the execution has been low and in part due to land compensation challenges. For example, the works on Kampala Northern Bypass registered a cumulative progress by end of June 2017 of 46.7% against the programmed 97.95%. The elapsed time was 98.81% based on the Original Program of Works. The major issues affecting progress is delayed site access, Design issues and Relocation of services. The same constraint was experienced on the Kampala-Entebbe expressway which should have been completed by December 2017 but execution rate stood at 88% end June 2017. Kampala Northern Bypass highlighted as a project to be concluded in FY 2018/19. This is not feasible as none of the six roundabouts which have sizable infrastructural and structural undertakings has been commenced on. The land acquisition process is also hampered by encroachers on wetlands and forest reserves as is the case for SGR acquisition on Right of Way[3].

Recommendation:

Parliament should challenge the minister to present the Resettlement Action Plan for the projects listed in the BFP and the associated implementation plan. The budget should also demonstrate explicitly the respective compensation budgets for each project. An example is the compensation budget for the Greater Kampala Flyover Project and the oil road projects.

High Incidence of Road accidents

There is no mention of road safety in the NBFP and yet the Road Fatalities/Injuries

[3] As at end of December 2017, 101 kms of land out of the 273kms of the eastern route have been acquired.

in Uganda are on the increase. Uganda is one of the African countries with very high rates of accidents

- In the year 2016, 4,474 accidents were reported of which 2,981 were fatal, 7,153 were serious and 4,340 were minor.
- This resulted in 3,503 deaths on Uganda Roads during the year 2016 p from 3,224 in 2015.

Recommendations

4 CONCLUSION

The works and transport sector has been allocated the largest percentage of the national share in the approved and the proposed. However, the largest percentage of the funds allocated to the sector is from external financing that is UGX 1,928.178bn approved for FY 2017/18 and UGX 2,061.115bn proposed for the FY 2018/19.

This means the country will continue to be in debt for the purposes of improving the transport infrastructure which is a big threat to the economy. On the construction of the roads, there is a great need for maintenance to reduce the breakdown of the newly constructed roads not forgetting that it is also required that the construction companies use up to date equipment.

5 REFERENCES

- Ministry of Works and Transport, Ministerial Policy Statements for the FY 2018/19.
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