WHAT MPS SHOULD CONSIDER WHEN DEBATING THE WORKS AND TRANSPORT SECTOR BUDGET FY 2019/20

CSO Works and Transport Sector Position Paper on the Uganda National Budget Framework Paper FY 2019/20

Presented by the Civil Society Organisations to the Physical Infrastructure Committee of Parliament on 23rd January 2019

1.0. Introduction

This paper presents the issues and concerns within the works and transport sector from the FY 2019/20 NBFP. The paper identifies the inconsistences in the sector and also gives recommendations to respective sector issues.

1.1. About CSBAG

The Civil Society Budget Advocacy Group (CSBAG) is a coalition of more than 100 civil society organizations (CSOs) and individuals jointly formed in 2004. CSBAG brings together CSOs at national and district levels to influence government decisions on resource mobilization and utilization for equitable and sustainable development. CSBAG members are committed to working together and to providing collaborative support to civil society budget work in Uganda.

1.1.1. Acknowledgments

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 various position papers in which the views of the citizenry are expressed. In the authoring of the works and transport position paper for FY 2019/20, CSBAG would like to acknowledge the following CSOs which took part; Uganda Road Sector Support Initiative (URSSI), Green Home Organization for Development. CSBAG extends a hearty vote of thanks for your efforts in making this position paper fruitful as we continue ensuring value for money in bringing out the much-needed infrastructural projects needed to boost the private sector development.

Works and Transport sector

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 Uganda". The sector has 3 strategic outcomes: (i) improving the condition of the road network (both paved and unpaved), (ii) ensuring safe and efficient construction works and (iii) ensuring safe, efficient and effective transport infrastructure and services. The above objectives are achieved through ensuring that all national and district roads are maintained in a good state and meet the standards, all public buildings are monitored and have approved plans and maintaining the functionality of the railway network and air transport infrastructure.

The institutions that contribute to achieving sector objectives include; the Ministry of Works and Transport responsible for Policy issues in the sector, Uganda National Roads Authority (UNRA) responsible for construction, rehabilitation and maintenance of the national roads, Uganda Road Fund (URF) for financing maintenance activities of both UNRA and DUCAR Agencies, Uganda Railways Corporation (URC), and Civil Aviation Authority (CAA) responsible for railway and air transport infrastructure respectively. Other agencies are; the Local Governments responsible for maintenance of district, community access and urban road network through the District, Urban and Community Access Road (DUCAR) Agencies and Kampala Capital City

Authority (KCCA) responsible for city works infrastructure.[1]

Table 1: Sector budget allocation and performance

Vote	**FY 2016/17**		**2017/18**		**2018/19**	**2019/20**
	Budget	Outturn	Budget	Outturn	Approved	Projected
MoW&T	403.319	605.062	403.32	320.185	874.798	1,370.646
UNRA	2,634.119	1,768.386	2,634.12	2,083.892	3,130.414	3,250.404
RF	417.840	343.731	417.84	417.363	542.517	544.228
KCCA	349.114	65.760	345.70	120.339	215.450	128.135
LG	22.840	22.840	22.84	22.840	23.440	23.440
Total	**3827.232**	**2805.779**	**3823.82**	**2964.619**	**4786.619**	**5316.853**

Source: ABPRs 2016/17, Approved budget estimates, FY 2017/18 and NBFP FY 2019/20

The works and transport sector will get a budget increase of UGX 530.3bn in the FY 2019/20 making it the sector with the highest allocation of UGX 5,316.9 bn (20.8% of the total budget). The development budget for the sector constitutes 86.6% (UGX 4,604.622) of the sector budget and GoU will contribute 45% of the development budget. This highlights a financing risk for the sector since 55% of the development budget is to be sourced externally.

We observe that the increase will majorly go to transport services and infrastructure programme whose allocation will increase from UGX 623.760bn to UGX 1,125.131bn in the FY 2018/19 and 19/20 respectively. We note with concern that the program performance for the FY 2016/17 was 20% (the proportion of freight cargo by road, railway and water transport mode) with a budget outturn of UGX 196.764bn yet in the FY 2019/20 the allocation is 5.7 times more, but the target set is 8%. More so, the indicator is vague and hard to track.

National Budgets and NDP II performance

Over the last 3 years of the NDP II, several projects have been implemented under the sector especially in areas of upgrading roads to tarmac. This has increased the coverage of paved roads from 3,919km in FY2014/15 to 4,551km in FY2017/18[2]. However, this still falls short of the NDP II 2020 target of 6,000km by 1,449km implying that the target is likely not to be achieved at the current rate of implementation.

Table 2: NDP II vs sector budget over the NDP II period

	FY 2015/16	2016/17	20171/18	2018/19	2019/20
NDP II	3,328.8	5,044.8	5,019.7	4,856.3	2,996.9
Budgets	3 ,328.79	3,823.82	4,587.275	4,786.619	5,316.854

Source: Approved budget estimates FY 2015/16 – 2018/19 and NBFP FY 2019/20

Misalignment of programme allocations and indicator targets:

With introduction of Program Based Budgeting (PBB), sectors focus on programmes, their indicators and respective targets. This is supposed to improve the alignment to the NDP and Sector development plans for improved results. In line with this, there is supposed to be

[1] Office of the Prime Minister; Government Annual Performance Report FY 2017/18

[2] OPM, Government Annual Performance Report, 2017/18

commensurate allocations guided by the targets in the respective indicators as guided by the budget strategy for the respective FY. In the FY 2019/20 BFP for the Works and transport sector, we observed that the set targets are not aligned to the allocations to the respective programmes.

The Transport Services and Infrastructure programme which got the highest allocation in the Ministry of Works and Transport of UGX 1,125.131bn had its indicator target at 8% of the proportion of freight cargo being transported using road, railway and water transport. This indicator is way below the achievement of 20% in the FY 2017/18 but with budget outturn of UGX 196.764bn. In the same breadth, the percentage of national road network in fair to good condition indicator under UNRA will have its target reduce from 97% achieved with UGX UGX 2.083.892bn in 2017/8 to 85% planned in FY 2019/20 but with UGX 3,250.404bn. We are concerned that there is not enough efficiency demonstrated in this target setting in order to get the best results from the resources allocated.

Recommendation

- The Ministry of Works and Transport should ensure proper alignment of program indicator targets to the allocated resources

Slow progress of key projects.

We acknowledge the progress made on Entebbe express highway that is both within schedule and cost projections, the new bridge on the Nile and the expansion works at the Entebbe international airport. According to the World Bank 7th edition of Uganda's Economic Update[3] published in April 2016, realizing the gains from the ambitious fiscal strategy will require addressing existing investment inefficiencies. The efficiency with which the capital stock is used is a powerful lever with which to increase growth. It has been estimated that if efficiency of infrastructure investments in Uganda was doubled, the economic growth rate would increase by nearly three percentage points. Therefore, it is vital that the country 'invests in its ability to invest."

We note with concern that the sector has failed to satisfactorily implement key infrastructure projects like the Masaka – Bukakata road with no progress since October 2012 yet the project was supposed to end in 2015, the dualling of the Kampala Northern Bypass that was supposed to end in July 2017 and the Tirinyi - Palisa – Kumi road with a 133% time overrun and 20% budget release[4]. Some of the reasons for this poor performance include compensation issues and poor contract management.

We are concerned that the increased budget allocation the FY 2019/20 will not give us the requisite returns unless the above reasons are decidedly dealt with.

Recommendation (s)

- Compensation process for infrastructure projects should commence as soon as a project is approved by Government. Sourcing for funding can then follow.
- The Construction Unit in UNRA should enhance in-house monitoring and supervision so as to deliver the projects within schedule.

Poor alignment of sector workplans to external financing

[3] World Bank, Uganda Economic Update, From smart budgets to smart returns; Unleashing the power of public investment management, 2016

[4] OPM, Government Annual Performance Report 2017/18

In the FY 2017/18 Uganda National Roads Authority received only 72.6% of its approved budget including donor funding because the approved budget allocation of external financing to each project was provided for by Ministry of Finance based on the project appraisal cash flow projections which are often outdated and not synchronized with the revised implementation annual work plans. For instance, only UGX 429.2Bn out of the approved externally financed Development budget was allocated to projects that are under execution representing 22% of the approved budget. This implies that 78% of the approved budget was allocated to projects that were still under preparation or procurement and not ready for implementation. Part of the 78% includes a budgetary allocation for critical oil roads in excess of UGX 1 Trillion despite the procurement of the roads having commenced midway the financial year. Thus, the budget allocation for external financing is rarely aligned to UNRA's actual work plans.

Table 3: Works and Transport Sector Medium Term Budget Performance by Source - end of June 2018.

Category	Funding Source	Approved*	Released	% budget released
GoU Capital Development	GoU	UGX 7,593bn	UGX 7,458bn	98.2%
Loans	IDA, China Exim Bank, Japan – JBIC, EIB, BADEA, OPEC Fund	USD 1,657.74 M	USD 845.4 M	51%

**Bugdet figures exclude taxes and arrears*

Source: MoFPED Annual Budget Performance Reports 2010-2015 and Sector Reports FY2016/17-FY2017/18

This is further illustrated by the fact that in the period from 2010 to 2018, the approved budget for external financing for the sector was USD 1.657bn, only 845 million (51.1%) was released by June 2018.

In the FY 20/19/20, we observe that UGX 2,525.901bn has been scheduled as external development financing but given the poor alignment to the sector workplans in the past there is a risk of this resource not adding value to the sector considering the slow progress and poor management of projects.

Recommendation

- The sector should improve management of projects in its docket to have harmony between the budget and the various financing sources.

Poor performance of the rail subsector

Government through the National Development Plan envisaged increasing the volume of passenger and freight cargo conveyed on the rail network by rehabilitating existing network, increasing the haulage capacity and undertaking construction of the standard gauge rail line. Nonetheless, the performance of the railway infrastructure has remained very unstable characterized by continuous poor operational performance in real terms, low volume of freight, low labor productivity and low levels of both locomotive and wagon productivity among other challenges. The country used to have a total railway length of 1,266km but this had decreased to 330km by 2006 and currently only 325kms[5] is operational. This has led to reduction in market share of railway transport from 12% to 3.5% within the last 8 years. Despite this dire situation, we note with concern that the Works and Transport Sector BFP FY 2019/20 only mentions the rehabilitation for the Tororo – Gulu railway line and a multiplicity of roads. This signals the lack of commitment by the sector to invest in reviving the rail transport especially for transportation of bulky imports to the various industrial parks that the being dotted all over the country.

Recommendation

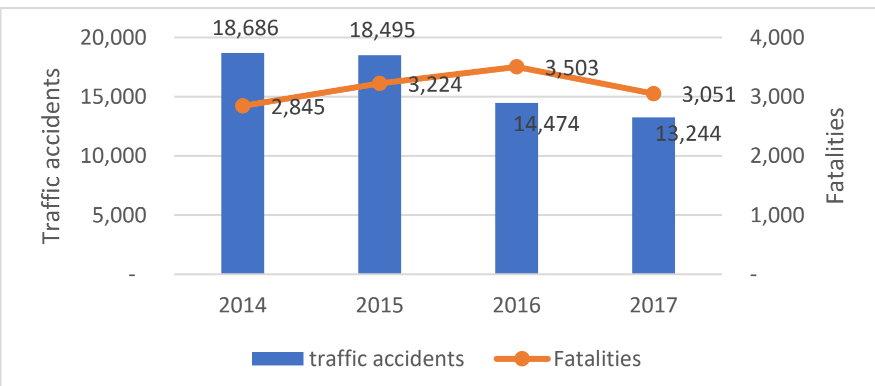
- There is need to fast track construction of the Standard Gauge Railway.

7 Road carnage

Whereas the country has experienced a tremendous improvement in the condition of national roads, there has also been a tremendous increase in the volume of traffic on these roads leading to increased pressure on the existing infrastructure, congestion and traffic jams especially in the Kampala Metropolitan Area; associated with high risks to road users

According to a report from the Uganda Police, a total of 13,244 road traffic crashes were recorded in 2017 which was a decrease from 14,474 crashes recorded in 2016. It can further be observed that the crushes have been decreasing since 2014. On the other hand, fatalities (number of people dying as a result of these accidents) increased from 2,845 to 3,503 persons between 2014 and 2016 before it declined to 3,051 persons in 2017. However, this rate of death as a result of accidents is still alarming since the above statistics indicate that on average **8 persons died on Ugandan roads daily in 2017**[6].

Figure 1: Road traffic accidents and fatalities



Source: Uganda Police Annual Crime and Traffic/Road Safety Report, 2018

We note with concern that the NBFP FY 2019/20 is silent about the matter and has no explicit interventions set aside to address this matter in or outside the works and transport sector.

Recommendations

There is need for Ministry of Works and Transport to work together with the Police Traffic department and other relevant actors in conducting road safety campaigns. Other interventions include;

- Establishment of a Self-Accounting Autonomous government-funded

[5] Malaba-Jinja (159km), Jinja-Kampala (92km), Jinja-Jinja Pier (4km), Tororo-Mbale (55km), Kampala-Nalukolongo (5km) and Kampala-Port Bell (10km)

[6] OPM, Annual Government Performance report 2017/18

legal agency to effectively manage and coordinate road safety interventions and activities

- Strict enforcement of the National Road Safety Policy
- Strict enforcement of Periodic Motor Vehicle Inspection
- More support to Computerization of Driving License.
- Continuous monitoring to enhance compliance to traffic regulation
- Strengthen community awareness for road users to comply with traffic regulations
- Improvement in Road Designs especially for new roads, (widened, pedestrian pathways, with proper drainage systems)

Conclusion

The Works and Transport sector is pivotal to the economic development of the country. Investing in the sector has got various positive spill over benefits to other sectors of the economy. With the sector taking the biggest share of the National Budget, there should efforts geared towards ensuring value for money from the projects earmarked in the sector for the financial year 2019/20

References

1. National Budget Framework Paper FY2018/19 (2017), Ministry of Finance Planning and Economic Development
2. National Planning Authority (NPA) (2014). National Development Plan II (2014/15- 2019/20), NPA, Kampala.
3. Auditor General's Audit Report, FY2016/17 (2017) FY 2017/18 (2018) Office of the Auditor General
4. Government Annual Performance Report (2017) Ministry of Finance Planning and Economic Development

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