



# **WORKS AND TRANSPORT SECTOR**

## **LOCAL GOVERNMENT BUDGET CONSULTATIVE WORKSHOPS**

**AUGUST 2015**

# **Presentation Outline**

- 1. Progress of implementation of recommendations**
- 2. Implementation Challenges to service delivery**
- 3. Key policy and administrative issues**
- 4. IPFs and Allocation; Consolidation of transfers, allocation formulae and budget guidelines**

# 1. PROGRESS OF IMPLEMENTATION OF RECOMMENDATIONS/ ISSUES

## a). Inadequate funding for maintenance of district roads

### Response to the issue

- *This trend continues due to the limited resource*
- *URF still working with MoFPED on cabinet Memo for amendment of URA Act*

## b). Road equipment provided to LG were to handle simple maintenance works

### Response to the issue

- *Government is in the advanced stages of procuring from Japan complimentary heavy equipment. Expected in Feb. 2016., each District Local Government to be allocated 6pcs, then in zonal Centres to support districts and other entities including UNRA, KCCA and proposed NCC*

## c). Implementation of Projects by UNRA, within LGs, without Prior Knowledge

### Response to the issue

- *Ministerial Policy Statement exists. In addition the Policy has always been that a LG is given notification of award of contracts with copies to area MPs, CAOs, LCV and RDC. Officials attend ground breaking ceremonies.*

# 1. PROGRESS OF IMPLEMENTATION OF RECOMMENDATIONS/ ISSUES.....

- *While during maintenance, before the contractor is introduced to district leaders, Regional engineers (Station Engineers). Who are also part of District Road Committees. Projects are commissioned and hand over on completion.*

## **d). Increase of encroaching on Road Reserves**

### **Response to the issue**

- *The Roads Act 1964 and Access to roads Act 1964 under review with drafting Principles approved by Cabinet.*
- *Also Designs now incorporate these works depending on the financial resources available and road reserves are now being opened basing on laws.*

## **e) FAW Company charges exorbitantly high prices for the parts of their equipment**

### **Response to the issue**

- *Ministry of Works and Transport engaged FAW to reduce and improve their service levels. The warranty is expiring 2015 and expect open tendering as it was difficult to open when equipment was still under warranty.*
- *Note no improvement in the Ministry's budget for repair of equipment with increase in number of equipment.*

## 2. IMPLEMENTATION CHALLENGES TO SERVICE DELIVERY

- **Lack of adequate equipment/staff**
- **Untrained staff who operate equipment**
- **Failure to attract and retain Engineers in the Local Governments.**
  - . Hiring and firing
  - . Specifications for LG. Engineers not attractive.
- **Poor procurement process noted in some Local Governments.**
  - . PPDA regulations not followed.
- **Failure to maintain roads in time which cause accidents and loss of life.**
- **Unplanned humps made by communities to some roads which cause economic losses.**
  - . Communities provide these with no clear road signs
- **Vandalism of Road Signage**

Communities to be sensitised on dangers and factories should be followed up. Still police should enforce with penalties.

## 2.IMPLEMENTATION CHALLENGES TO SERVICE DELIVERY....

- **Poor reporting by the Designated Agencies (DAs) , hence affecting timely the release of funds;**
  - . Not adhering to the reporting timelines as stipulated the URF planning and budgeting guidelines.
  - . URF is in the process of developing a web based Road Management and Monitoring System (RMMoS) that will improve reporting by DAs.
- **Poor contract management. This leads to delays and cost overruns;**
  - . A number of DA personnel lack contract/project management leading to delays and cost overruns.
  - . Need for capacity building of Engineers at Agency level by PPDA.
- **Grey areas in the implementation of force account policy in local governments;**
  - . Failure to attract road gangs. MoWT is in process of reviewing the FA guidelines
- **Weaknesses in oversight by District Road Committees;**
  - . A number of Districts have not formed District Road Committees as required by the URF Act, 2008, and it is now required that DRCs approve Work Plans before submission to URF.

## 2.IMPLEMENTATION CHALLENGES TO SERVICE DELIVERY....

### **Misuse of road maintenance funds by Designated Agencies (DAs);**

- Audits and Monitoring Visits by URF have revealed misuse of road maintenance funds involving garnishing of funds by URA, diversions of funds, unaccounted for funds, expenditure on activities outside the approved work plans, etc.
- URF making follow up on affected DAs to recover misused funds

# 3. Key policy and administrative issues

## **Non- Motorised Transport Policy (NMT)**

- Municipal authorities are urged to implement the policy which is aimed at increasing the recognition of NMT as one of the key transport modes and integrate NMT as an essential element of public transport by providing safe NMT infrastructure

## **Rural Transport Policy**

- LGs need to embrace the policy for rural development. The policy aims at efficiently and effectively develops and manages rural transport infrastructure, modes and services in a sustainable way; policy lays down the basic rules and requirements that can guide all decisions and actions that need to be taken with regard to rural transport infrastructure and transportation.

## **Maintenance of District Equipment**

- Districts should take note that the equipment allocated to them are for Light Mechanized Routine Maintenance of Local Government roads. These equipment are being used to perform heavy road works such as road opening and rehabilitation contrary to the guidelines issued by the Ministry to all Local Governments.



# 4. SECTOR IPFS AND GUIDELINES FOR FY 2016/17.

## U-Growth

### a). U-GROWTH

The Danida supported programme is a 4 year programme aimed at facilitating agriculture as vehicles' for economic development and poverty reduction, focusing on pro poor growth generating income and employment in rural areas. The U-growth programme comprises of three components:

- Public Sector Agriculture Support
- Rural Transport Infrastructure Support for Agricultural Development; and
- Agribusiness Development Initiative

The Rural Transport Infrastructure is implemented through Ministry of Works and Transport and is a continuation of 12years of Danish support to the Ugandan Road Sector in the Road Sector Programme Support (RSPS) I &II and the Rural Roads Programme (RRP).

The component is focused on North and North Eastern districts where the civil war lasted for two decades.

### **Benefiting Districts**

#### **Old Districts (15 No.)**

- Apac, Gulu, Oyam, Amuru, Amuria, Kitgum, Pader, Lira, Kaberamaido, Amolatar, Dokolo, Soroti, Katakwi, Kumi, Bukedea,

#### **New Districts (8No.)**

- Ngora, Nwoya, Serere, Otuke, Lamwo, Alebtong, Kole, Agago

# SECTOR IPFS AND GUIDELINES FOR FY 2016/17..... U- Growth....

## Allocation Formula

- **Old Districts**

$$F_o = 70.4 * T / 100 * N_o$$

Where;

T = Total funds available

$N_o$  = Number of old districts (15 $N_o$ .)

- **New Districts (8No.)**

- $F_n = 29.6 * T / 100 * N_n$

Where;

T = Total funds available

$N_n$  = Number of new districts (8 $N_o$ .)

As you may be aware FY2015/16 is supposed to be the final year of implementation as per the project appraisal document. However, efforts are underway to extend the project duration to enable utilization of the remaining funds. IPFS will therefore be communicated as soon as these efforts are fruitful.

# **SECTOR IPFS AND GUIDELINES FOR FY 2016/17..... U- Growth....**

## **Implementation guidelines**

- FY2015/16 is supposed to be the final year of implementation as per the project appraisal document. However, efforts are underway to extend the project duration to enable utilization of the remaining funds. IPFS will therefore be communicated as soon as these efforts are fruitful.
- All works are to be executed using labour-based trained contractors
- Having achieved significant progress on other outputs of the project, efforts will be directed on low-cost seals.
- Operational costs shall be limited to 5% of the approved budget

# SECTOR IPFS AND GUIDELINES FOR FY 2016/17..... Uganda Road Fund

## b) Uganda Road Fund

### ALLOCATION FORMULAE

#### *Allocation principles*

- In FY 2016/17, maintenance of public roads shall continue to be financed from appropriations by Parliament via the consolidated fund in line with section 21(c) of URF Act, 2008. Allocations for the available funding will be based on the New budget allocation formulae developed by the secretariat which uses a three stage process allocating to the surface types, road network types and finally to the designated agencies.
- The New budget allocation formula gives effect to section 22 (2) of the URF Act, 2008 which states that *“Allocations from the Fund to the designated agencies shall be based among other factors, on the conditions of the public roads, maintenance requirements, the length of the road network and the relevant volume of traffic or derived from an approved maintenance management tool”*. The New budget allocation formulae puts into consideration most of the road maintenance related aspects shown below:
  - Effect of traffic on road maintenance;
  - Asset value of road surface types;
  - Equity to reflect social concerns and needs of the population;
  - Climate factor/ rainfall;
  - Variations in unit cost of road maintenance across the country;

# SECTOR IPFS AND GUIDELINES FOR FY 2016/17.....

## Uganda Road Fund.....

- Unlike the old formula which eliminates the above factors and also assumes the budget estimate for UNRA is properly estimated in an objective way, the new formula has the potential for fair and equitable allocation of funds amongst designated agencies provided that a robust and reliable set of data is collected and managed by the URF.
- For stage 1, Allocation to Road surface types, the percentage allocations to Road surface types using the new Budget allocation formula are 39%, 51% and 9% of the amount allocated to surface types; for paved, gravel and earth roads respectively.
- For stage 2, Allocation to Road networks, the results obtained are comparable to global allocations (old formula) for previous financial years.
- For stage 3, Allocation to Designated Agencies, due to insufficient available data, reasonable assumptions were made in the allocation of funds to the DAs.

# SECTOR IPFS AND GUIDELINES FOR FY 2016/17..... Uganda Road Fund.....

## – *Formula Data Update*

- Agencies will be required to update their network metrics by providing data for the allocation formula by completing forms attached as Annexure 1.0 before the last working day of the third quarter in the FY.

## – *Allocation Outputs*

- The available MTEF ceiling of UGX 418bn is globally allocated amongst designated agencies as outlined in Table 1(next page) which shows the FY 2016/17 global allocations for the various network types.

# SECTOR IPFS AND GUIDELINES FOR FY 2016/17..... Uganda Road Fund.....

**Table 1: Global allocations for FY 2015/16 road maintenance funds**

No.	Programme Item	Proposed FY 2016/17	
		Amount (US\$ bn)	% of Total
1	UNRA maintenance	257.917	61.713%
	UNRA operations	10.000	2.3936%
<b>Total National Roads Maintenance</b>		<b>267.917</b>	<b>64.106%</b>
2	KCCA	19.525	4.672%
<b>Total KCCA Roads Maintenance</b>		<b>19.525</b>	<b>4.672%</b>
3	Districts	48.307	11.559%
	Community Access roads	8.170	1.955%
	Town Councils	20.900	5.001%
	Municipal councils	21.064	5.040%
	Mechanical Imprest	11.996	2.870%
	<b>Total for DUCAR network</b>	<b>110.436</b>	<b>26.424%</b>
	Extended PM of Town councils	<b>10.000</b>	<b>2.393%</b>
	Special intervention on DUCAR Network	3.000	0.718%
<b>Total DUCAR and KCCANetwork Maintenance</b>		<b>142.961</b>	<b>34.207%</b>
4	Items administered by the Secretariat	7.052	1.687%
<b>URF Secretariat</b>		<b>7.052</b>	<b>1.687%</b>
<b>Grand Total</b>		<b>417.930</b>	<b>100.000%</b>

# SECTOR IPFS AND GUIDELINES FOR FY 2016/17..... Uganda Road Fund.....

## *Programme preparation process*

- Designated agencies have overall authority over their road networks including planning programming and executing various works meant to keep the network open and efficiently operational. The URF Act envisages direct interface between URF and designated agencies for purposes of sourcing finances for maintenance of roads. This is formalized in annual performance agreements that schedule key deliverables for each party in the year to implement agreed works scope in the agency. Designated agencies commence preparation of their annual programs as part of their annual planning and budgeting process.
- Guidelines on programme content, timing, physical and financial scope and approvals are issued by the URF well in advance of formal commencement of process and can be accessed on the URF website, [www.roadfund.ug](http://www.roadfund.ug). In the not too distant future for prioritization of road works, the Fund intends to promote use of program preparation tools by agencies such a



# SECTOR IPFS AND GUIDELINES FOR FY 2016/17..... Uganda Road Fund.....

## *Delivery approaches*

- All works on DUCAR network shall be implemented by force account / direct labour. The guidelines have already been issued by MoWT to all DAs. All Local governments were provided with equipment sets for the purpose especially to carryout routine mechanized maintenance and associated emergency works. The Force Account planning and reporting tables to be used during the FY 2016/17 have previously been issued to agencies.

# SECTOR IPFS AND GUIDELINES FOR FY 2016/17..... Uganda Road Fund.....

## *Maintenance interventions*

- As mandated by the Act, URF provides funding for the routine and periodic maintenance of both paved and unpaved roads. Periodic maintenance of paved roads includes works such as resealing, overlays sometimes mixed with minimal spot strengthening. On unpaved roads it involves mainly re-gravelling works. Routine maintenance works on paved roads include asphalt patching, shoulder recharging/resealing and drainage improvements. On unpaved roads it will involve grading, spot re-gravelling, drainage improvements and vegetation control. Maintenance of bridges and other highway/road structures are by implication included in this funding mandate. Special works are more related to addressing unplanned emergencies that occur on the network. It should be noted that routine maintenance works on the maintainable network should be given first priority before other interventions can be considered. Additionally, agencies are encouraged to prioritize completion of ongoing projects before embarking on new ones.

# SECTOR IPFS AND GUIDELINES FOR FY 2016/17..... Uganda Road Fund.....

## ***Budget Performance Contract (Form B)***

- The performance contract highlights the deliverables for the agency for the financial year. These deliverables will be the basis for which actual budgetary allocation will be made. Currently all the work plans will be generated by the Output Budgeting tool (OBT). The deliverables in this performance contract will be the same as that presented in the performance agreement signed with URF.

## ***Work plans requirements***

- The work plans will be drawn by an agency indicating how they will utilize funds allocated to the agency – IPFs. Work plan preparation and submission will follow the following procedures;
- The work plans will be drawn in quarters.
- Activities presented in the work plans will be for only qualifying works,
- in the prescribed formats,

# SECTOR IPFS AND GUIDELINES FOR FY 2016/17..... Uganda Road Fund.....

## *Reporting format, schedules and feedback*

- The programming and accountability reporting formats have been previously provided to all Agencies and must be completed in both hard and soft copy. The forms must be completed and submitted at specific dates during the financial year. The Programming Manual (copies which are to be sent to all Agencies) includes a schedule of deadlines for submission of documents for both internal and external operations.

## *Release frequency*

- Funds to agencies will be released on a quarterly basis. The releases will be against quarterly work plans that are extracts of the approved annual work plans. This frequency of releases derives from the agreed frequency traditionally pursued by MoFPED and gives ample time for preparation for next round of releases.

# SECTOR IPFS AND GUIDELINES FOR FY 2016/17..... Uganda Road Fund.....

**Table 2: Key disbursement triggers to DUCAR agencies & KCCA**

<b>S/N</b>	<b>Trigger Description</b>	<b>Key actions</b>	<b>Due dates</b>	<b>Remarks</b>
1.0	Performance agreements clearly outlining key deliverable by the agencies in consideration of the sums to be disbursed;	Signing of the performance agreements	31 <sup>st</sup> July of every financial year	All agreed works form annexure to performance agreement
2.0	Satisfactory annual work plans with clear targets to be achieved and adequate elaboration of the methods to be applied;	Submission of Satisfactory annual work plans	1 <sup>st</sup> April of every financial year	Agencies will be required to submit only one annual work plan detailing the planned quarterly outputs.
3.0	Satisfactory physical and financial accountability of previous funding	Agencies shall be expected to submit quarterly accountabilities	30 <sup>th</sup> of the first month of the next quarter	Based on agreed format
4.0	Evidence of receipt of funds	Submission of receipts for funds disbursed for the previous rounds as a first step towards accountability	30 <sup>th</sup> of the first month of the next quarter	General receipt of Agency
5.0	Transfers to sub agencies	Submission of receipts showing timely transfer of funds for Town Councils and Sub counties based on a signed sub-agency agreement between the district and each of these sub-agencies	30 <sup>th</sup> of the first month of the next quarter	Town Councils and Sub counties are sub agencies of Districts
6.0	New bank accounts for the FY	Timely provision of bank account returns at the beginning of the Financial Year	31 <sup>st</sup> July of every financial year	Upon appointment of accounting officers

# SECTOR IPFS AND GUIDELINES FOR FY 2016/17..... Uganda Road Fund.....

- All designated agencies shall adhere to and observe the principles of quarterly reporting and accountability to URF on physical and financial progress as per timelines in Table 3 below.
- **Table 3: Reporting timelines for FY 2016/17**

S/N	Description	Deadline
1.0	Quarter 1 (one) accountabilities	Last working day of October 2016
2.0	Quarter 2 (two) accountabilities	Last working day of January 2017
3.0	Quarter 3 (three) accountabilities	Last working day of April 2017
4.0	Quarter 4 (four) accountabilities	Last working day of July 2017

**END**

**THANK YOU**