

PARLIAMENT OF THE REPUBLIC OF UGANDA

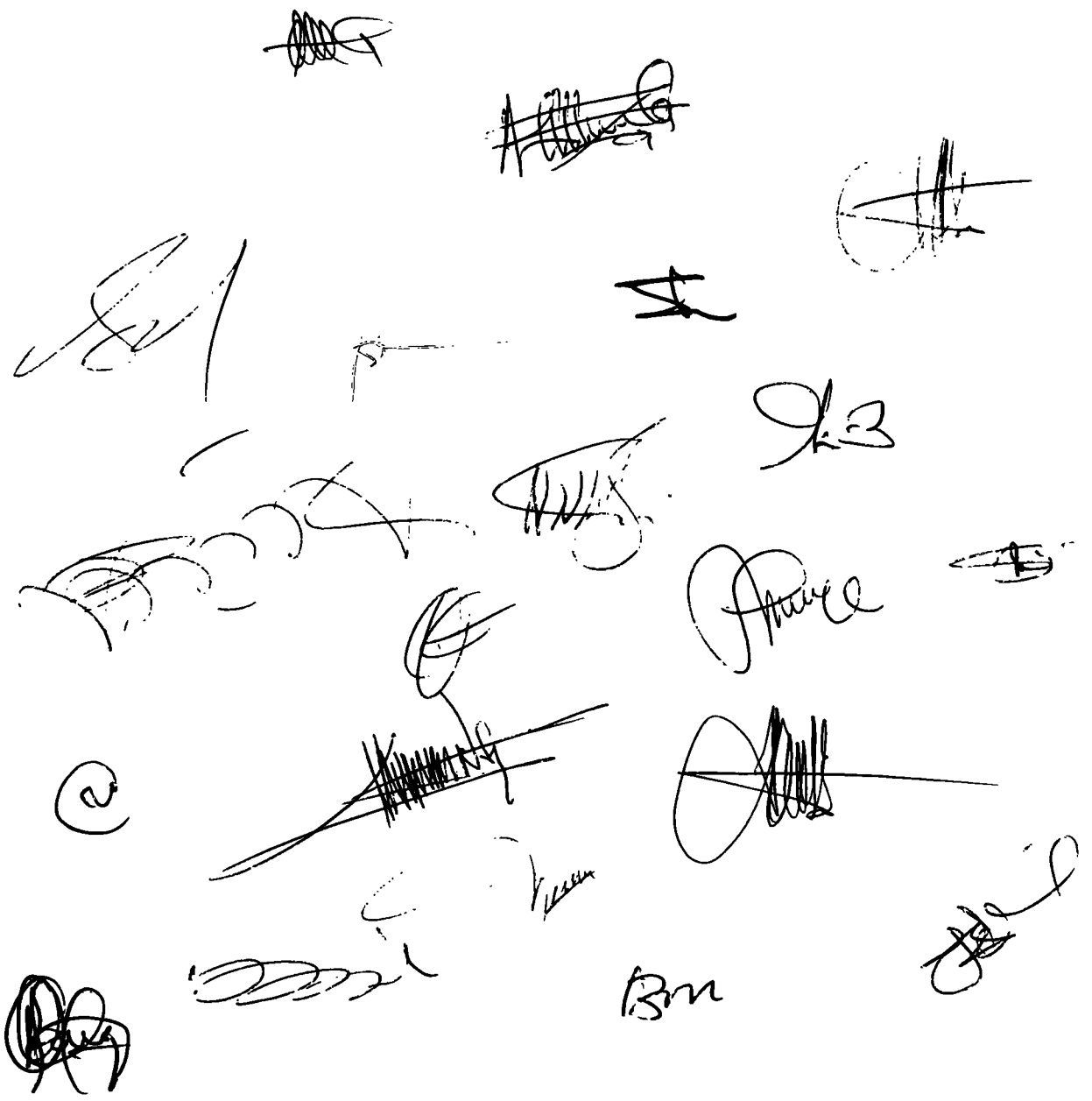
**REPORT OF THE COMMITTEE ON PHYSICAL INFRASTRUCTURE ON THE
UGANDA NATIONAL ROADS AUTHORITY ACT (REPEAL) BILL, 2024**

**OFFICE OF THE CLERK TO PARLIAMENT
APRIL, 2024**

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ACRONYMS

ADF	Allied Democratic Forces
DRC	Democratic Republic of Congo
KCCA	Kampala Capital City Authority
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MoFPED	Ministry of Finance, Planning and Economic Development
MoWT	Ministry of Works and Transport
NEC	National Enterprise Corporation
RMI	Road Maintenance Initiative
UNRA	Uganda National Roads Authority
UPDF	Uganda People's Defense Forces



1.0 INTRODUCTION

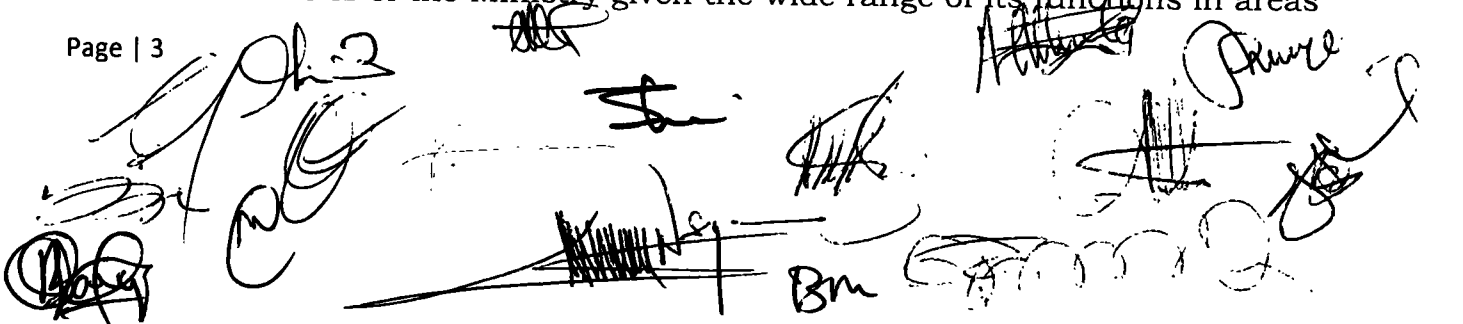
The Uganda National Roads Authority Act (Repeal) Bill, 2024 was read for the first time on Tuesday 9th April, 2024 and referred to the Committee on Physical Infrastructure in accordance with Rules 128 and 129 of the Rules of Procedure of Parliament for consideration and Report to the House.

2.0 BACKGROUND

The Ministry of Works and Transport spearheaded the road sector reforms aimed at improving road maintenance through the Road Maintenance Initiative (RMI) which started in 1989. RMI was implemented in Sub-Saharan Countries under the guidance of the World Bank (WB) and Economic Commission for Africa. Most of the Sub-Saharan Countries adopted road sector reforms and established road Authorities and Road Funds by 2000 which still exist and have made tremendous improvements in road management. Uganda followed much later with the enactment of the UNRA Act in 2006.

Consistent with the road sector management reforms, the MoWT formed UNRA in July 2008 with the aim of improving the management of national roads in Uganda to cure the following challenges;

- a. Decision making; Centralized decision making at MoWT which had resulted in increased delays, frequent diversions from approved work plans and weaknesses in accountability.
- b. Bureaucracy: The Ministry of Works and Transport like any other Government Ministries was bound by the civil service bureaucracy (red tape) and hierarchical and segmented organizational structure which was constraining efficient service delivery and not fostering efficient contract management.
- c. Multiplicity of Functions; There was lack of focus on important functions of the Ministry given the wide range of its functions in areas

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of public buildings, national roads and District, Urban, Community Access Roads (DUCAR), railway, water and air transport which stretched the Ministry and inhibited excellence in any other functional area and;

- d. Human Resource Management; The Civil Service salary structure, staff allowances and other benefits were too low to attract highly trained and experienced engineers to manage the roads sector to the desired performance standards.

In view of the above, UNRA was established as an organization that would primarily focus at the implementation of the national roads Programme and to create an environment that is conducive to the efficient and effective management of the national roads network and other services provided by the Authority.

2.1 POLICY AND PRINCIPLES OF THE BILL

The Policy behind the Bill is to give effect to the Government Policy for Rationalization of Government Agencies and Public Expenditure (RAPEX) which was adopted by Cabinet on 22nd February, 2021.

3.0 OBJECT OF THE BILL

1. The main objective of this Bill is to give effect to the Government Policy for Rationalization of Government Agencies and Public Expenditure adopted by Cabinet on 22nd February, 2021 and contained in Cabinet Minute No. 43 (CT 2021)
2. Without prejudice to the general effect of subsection (1), the following objectives shall be deemed to fall under the Objective specified in that subsection;
 - a) the merging, mainstreaming and rationalization of Agencies, Commissions, Authorities and public expenditure thereby; *inter alia*,

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relieving the Government of the financial drain on its resources and the burden of wasteful administration and expenditure;

- b) the facilitation of efficient and effective service delivery by clearly delineating the mandates and functions of Government Agencies and Departments and thereby avoiding duplication of mandates and functions;
- c) the promotion of coordinated administrative arrangements, policies and procedures for;
 - (i) ensuring the efficient and successful management, financial accounting and budgetary discipline of Government Agencies and Departments;
 - (ii) enabling the Government to play its proper role more effectively;
 - (iii) enforcing accountability; and
- d) the restructuring and re-organization of agencies and departments of Government by eliminating bloated structures and functional ambiguities in Government agencies and departments.

3.1 PURPOSE OF REPEAL OF ACT 15 OF 2006

The purpose of repealing the Uganda National Roads Authority Act, 2006, Act 15 of 2006, is to enable the mainstreaming of the functions of the Uganda National Roads Authority into the Ministry responsible for roads.

4.0 METHODOLOGY

- 1. The Committee reviewed existing reports, legislation and other relevant documents;
- 2. The Committee held meetings and received submissions from the following;

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- (i) The Minister for Works and Transport together with the Uganda Road Fund and Uganda National Roads Authority;
- (ii) The Minister for Public Service;
- (iii) The Office of the Attorney General; and,
- (iv) The Uganda National Association of Builders, Suppliers and Engineering Contractors (UNABSEC).

5.0 SPECIFIC OBSERVATIONS AND RECOMMENDATIONS

5.1 MANDATE OVERLAPS BETWEEN UNRA AND MOWT

According to the UNRA Act (2006), under section 6, UNRA is responsible for the management, development, and maintenance of the national roads and to advise government on policy matters concerning roads and to assist in the coordination and implementation of the policy relating to roads.

The Committee observed that the roles for development and maintenance of the national roads are fully assigned and being executed by UNRA (in accordance with the UNRA Act (2006) which signs a performance agreement with the MoWT on an annual basis. All the tasks executed by UNRA are limited to the mandate for the management, development and maintenance of the national road network. The Committee did not observe any mandate overlap or duplication of services given that the role of the ministry is limited to policy formulation, regulation, setting of standards, monitoring and evaluation.

5.2 PURPOSE FOR CREATION OF UNRA

The Committee noted that one of the objectives of the Bill is to facilitate the efficient and effective service delivery by clearly delineating the mandates and functions of Government Agencies and Departments and thereby avoiding duplication of mandates and functions.

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The Committee established that UNRA was created arising out of the need for:

- (a) Adoption of sound business practices and managerial accountability through effective use of systems and procedures in the management of the national road network;
- (b) Focused, efficient and effective delivery of national road services that was not possible at the Ministry due to the lack of specificity or focus arising from the huge mandate i.e multiplicity of functions at the Ministry;
- (c) Enhanced financial, contract management and data management systems to efficiently manage high value and complex projects and plan and prioritize investments in the national road network.

The Committee noted that the above aspirations are still very relevant and necessary as evidenced by the work executed by UNRA. UNRA has built the National road network to the current net worth level of **USD5.4Billion** based on value of the national road network it is managing. This is a huge portfolio that requires specialized and efficient management to avoid the country incurring major losses.

Since inception, UNRA has fulfilled its mandate as follows:

- (i) For the last 15years, UNRA has constructed 3,686km of new paved national roads, representing an average of 230km per year. This is compared to the 2800km of paved roads that were constructed over a period of 50years, from the 1950s up to the time of UNRA's creation in 2008. To date the total kms of paved roads managed by UNRA stands at 6,486km; (Source: Annual Performance Transport Sector Review Reports (2023).
- (ii) For the last 15years, UNRA has reconstructed 1,820km of national roads to restore their value and serviceability, which together with (i)

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above results in an average of 370km of new/reconstructed paved roads per year for the 15years UNRA has been in operation; (Source: Annual Performance Transport Sector Review Reports (2023)).

- (iii) UNRA currently operates 12 No. ferries from the original No.3 ferries; distributed across the country which have tremendously improved the lives of people living in islands and across water bodies;
- (iv) Introduced alternative financing mechanism such as Public Private Partnerships/ Tolling, contractor facilitated financing, contractor pre-financing and increased financial support from Development Partners.

The Committee also observed that whereas a number of roads have been upgraded by UNRA to the extent that the country is accessible border to border, the country has embarked and still requires to undertake major national road projects such as tolled expressways and managing toll operations, dualling of major road corridors, flyovers and long span bridges (such as the Nile Bridge), on top of the need for efficient operation and maintenance of the network. These undertakings all require more specialist skills and efficient management than even what UNRA has currently; and should rather be enhanced instead of mainstreaming it. The relevance of UNRA is expected to even be more pertinent moving forward when more of these planned complex projects under Public Private Partnerships (PPPs)/ toll roads (such as the Kampala-Mpigi, Kampala-Jinja, Kampala-Southern Bypass, Kampala-Bombo Expressways etc.), Output Performance Based Contracts (OPRCs), and long span/cable stayed bridges are to be implemented.

The Committee further observed that a number of projects under UNRA are financed by loans whose agreements between the GoU and the creditors specify that UNRA is the implementing agency. A change in the implementing agency will require re- negotiation whose outcome and duration is unpredictable.

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The Committee is therefore concerned that Government is likely to suffer a setback of delayed project implementation and completion of such important and strategic road infrastructure because of the shocks that come with the rationalization process.

Further, aware of the challenges that may currently be existing at UNRA such as the bloated structure, inadequate stakeholder management as well as other governance challenges, the Committee notes that UNRA has served the purpose of its creation and it is still relevant given the importance attached to the development of the national roads network.

5.3 BURDEN OF WASTEFUL EXPENDITURE

Objective 2 (2)(a) of the UNRA Act (Repeal) bill, 2024 is to the effect that the mainstreaming and rationalization of UNRA is aimed at relieving the Government of financial drain on its resources and the burden of wasteful expenditure.

The Committee noted that much as UNRA is not entirely a revenue generating entity, it is currently collecting toll revenues (UGX 3.7 Billion per month) from the Kampala-Entebbe Expressway which is deposited into the Consolidated Fund after operational and maintenance costs have been catered for.

The Committee further noted that in 2022 and 2023 UNRA collected total toll revenue of UGX 75 Billion. This revenue is projected to increase upon completion of Busega-Mpigi and Kampala-Jinja Expressways among others.

The Committee was informed that according to the Expressway Development Master Plan, the following eight (8) priority toll roads are expected to be constructed which will lead to the collection of more revenue for the Government;

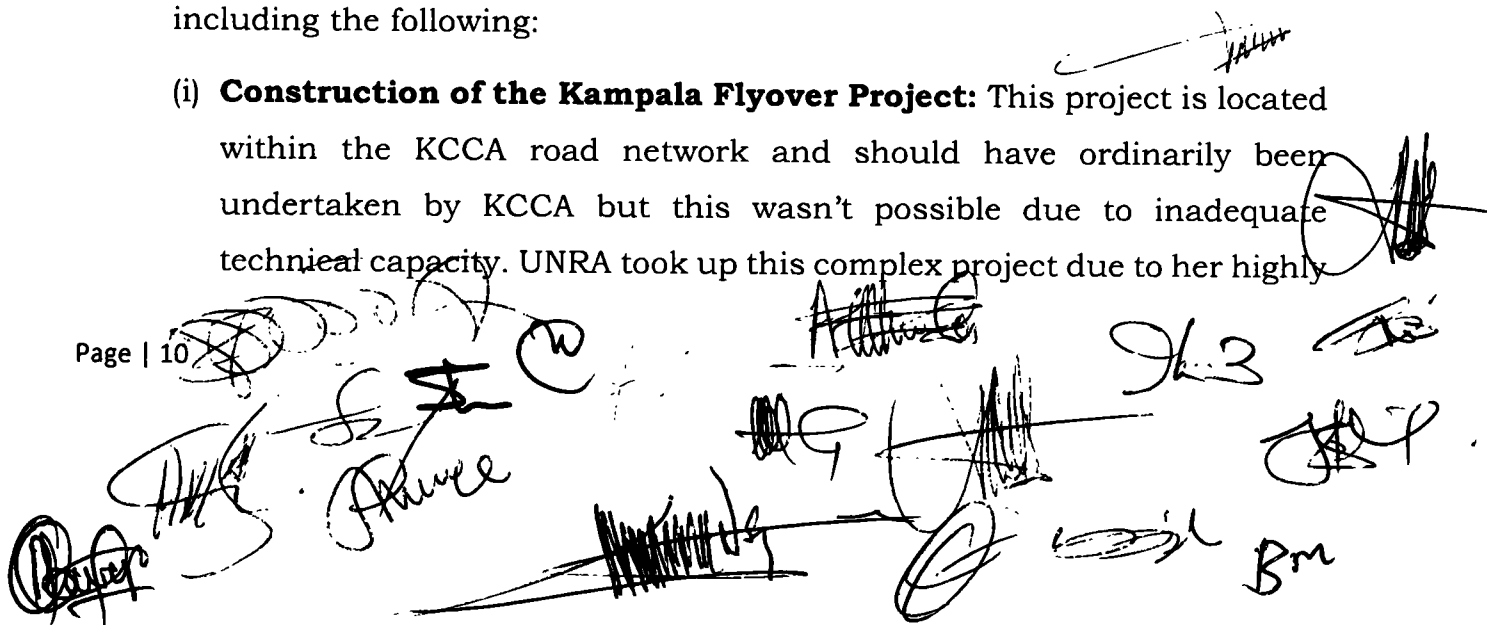
- (i) Busega-Mpigi Expressway;
- (ii) Kampala-Jinja Expressway;
- (iii) Kampala Southern Bypass;
- (iv) Kampala-Bombo Expressway;
- (v) Kampala Outer Beltway;
- (vi) Kampala-Busunju Expressway;
- (vii) Jinja-Malaba Expressway; and,
- (viii) Mpigi-Masaka Expressway.

The Committee therefore recommends that UNRA be maintained as a Semi- Autonomous entity due to the fact that Objective 2 (2) (a) of the UNRA Act (Repeal) Bill, 2024 does not apply to it citing UNRA's contribution to revenue generation.

5.4 TECHNICAL ASSISTANCE AND SUPPORT OFFERED BY UNRA

The Committee was informed that due to the high technical capabilities UNRA has developed over the years, the Authority has offered technical assistance and support to other Government Ministries and Departments including the following:

- (i) **Construction of the Kampala Flyover Project:** This project is located within the KCCA road network and should have ordinarily been undertaken by KCCA but this wasn't possible due to inadequate technical capacity. UNRA took up this complex project due to her highly

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specialized staff and has completed Phase 1 and moving on to Phase 2 covering Kitgum Junction;

(ii) **Isimba Bridge:** The construction of this bridge started under the Ministry of Energy and Mineral Development as part of Isimba Dam project. Due to inadequate technical capacity at the Ministry of Energy and Mineral Development, UNRA was called upon to provide technical support and supervise the bridge construction works. The works were completed successfully and the bridge is now in use.

(iii) **Saka Bridge:** The Construction works for Saka Bridge were initially done by Ministry of Works and Transport but the works done were washed away by floods. UNRA was called upon to take up the project and completed it successfully.

(iv) **Technical Support to UPDF:** Cognizant of the fact that UPDF is currently conducting operation Shuja inside the DRC to fight against the ADF rebels and at some point, UPDF was facing a challenge of crossing Semliki river. UNRA offered technical support by assembling two ferries, one connecting Ntoroko to DRC and the other located at Karuruma inside DRC. The technical support included training of UPDF personnel in ferry operations and maintenance.

(v) **Technical Assistance to Ministry of Agriculture:** UNRA has provided technical support to the MAAIF to supervise the construction of a ferry to support Oil Palm development in Buvuma island. Upon completion of construction, this same ferry (MV PALM) was handed over to UNRA by the MAAIF for management because of UNRA's efficiency in the management of ferries. This efficiency was confirmed in the value for Money Audit report of the Auditor General dated June 2023 which indicated on page 28 that *"UNRA operated ferries generally registered greater cost-efficiency....."*

(vi) **Support to National Enterprise Corporation (NEC):** UNRA is currently supporting NEC to undertake road construction works and

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because of this support, the capacity of NEC has been enhanced and is currently involved in the construction of several roads in the Country.

In light of the above, the Committee observes that UNRA has become a shock absorber for the road infrastructure sector and mainstreaming it may expose the sector to high risks that may result in financial losses in the medium-long run.

The Committee therefore recommends that UNRA should be tasked to enhance in-house technical capacity in order to save the country the huge costs associated with contract management.

5.5 AGENCY MODEL FOR THE ROAD SECTOR

The Committee noted that world over, development and maintenance of the national road (back-bone) infrastructure is through semi-autonomous entities. For instance, all member states of the East African Community have adopted a semi-autonomous road agency/authority affiliated to the respective ministries of works/ infrastructure as shown in the table below:

Country	Uganda	Kenya	Tanzania	Rwanda	South Sudan	Ethiopia
Name of Authority	Uganda National Roads Authority (UNRA)	Kenya National Highway Authority (KeNHA)	Tanzania National Roads Agency (TANROADS)	Rwanda Transport Development Agency (RTDA)	South Sudan Roads Authority (SSRA)	Ethiopian Roads Authority (ERA)
Semi-Autonomous	Yes	Yes	Yes	Yes	Yes	Yes
Part of ministry	No	No	No	No	No	No

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Country	Uganda	Kenya	Tanzania	Rwanda	South Sudan	Ethiopia
Legal Framework	Roads Authority Act of 2006	Kenya Roads Act of 2007	Executive Agencies Act (Cap 245)	Development Agency Act	Roads Authority Act of 2011	Proclamation No. 115/1951
Year of establishment	2008	2008	2000	2015	2011	1951

While Government is striving to establish seamless integration systems in East Africa like single currency, promotion of Swahili, East African Passport among others; it would be inappropriate for the Country to depart from the norm of good practice when it comes to road infrastructure development.

The Committee further examined the practice in other parts of the world and established that a similar semi-autonomous institutional model has been adopted for road management as shown in the table below.

No.	Country	Roads Authority
1.	India	National Highways Authority of India
2.	Israel	Netivei Israel
3.	United Kingdom	National Highways
4.	South Korea	Korea Expressway Corporation
5.	South Africa	South African National Road Agency Ltd
6.	Namibia	Namibia Roads Authority
7.	Malaysia	Malaysian Highway Authority
8.	Singapore	Land Transport Authority

In light of the above and given the drive for East African integration, the Committee observes that it would not be beneficial for Uganda to

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adopt a different model to what has been considered feasible by many countries with better developed road network.

5.6 PAY DISPARITIES BETWEEN AGENCIES AND TRADITIONAL CIVIL SERVICE

The Committee was informed that the objective of the rationalization of UNRA is to relieve the Government of the financial drain on its resources and the burden of wasteful administration and expenditure. The Committee was further informed that there are glaring pay disparities between the Agencies and the traditional Civil Service pay levels leading to demotivation of staff.

The Committee noted the glaring pay disparities between Agencies and the traditional Civil Service are almost threefold. The Committee further noted that in Sec 14 (2) (c) of the UNRA Act, 2006, the Board of Directors is mandated to; among others, to review and approve budgets of the Authority. This mandate gives the Authority power to determine its own emoluments. The Committee observed that in Sec 14 (3) of the UNRA Act, 2006, the Board is; in the performance of its functions, responsible to the Minister responsible for roads.

The Committee notes that one of the objectives for the creation of the Authority with attractive remuneration was because the Ministry had failed to attract highly skilled staff due to low salaries. The same Ministry cannot at this point be indicating that attractive remuneration offered by UNRA is a problem. Furthermore, the issue of salary disparities is not only limited to UNRA and it cuts across the entire Public Service.

The Committee therefore recommends that the Minister responsible for Public Service should institute a Salary Review Board to study and

harmonize salaries of all public servants in the different categories of service. The harmonization should take into consideration the need for efficiency in service delivery.

5.7 BURDEN OF COSTS OF ADMINISTRATION

The Committee was informed that one of the objectives of the merger was to save on administration costs. This is largely to be achieved through reduction of staff salaries. The Committee was further informed that in order to minimize staff redundancies following the repeal of the UNRA Act, 2006, all the technical staff will be absorbed in the Ministry as long as they express interest in joining the main stream Government on pertaining terms and conditions of service while the other cadres like lawyers, surveyors and common cadre staff may be submitted to line Ministries for consideration of any vacant positions.

The Committee observed that according to Clause 6 (3) of the UNRA (Repeal) Bill 2024, the staff of UNRA may be redeployed to serve in the Public Service subject to the availability of positions. This implies that there is no guarantee of employment following the repeal of the UNRA, Act, 2006.

The Committee further observed that in the Certificate of Financial Implications, UGX 11.562 Billion had been mentioned as terminal benefits for UNRA Staff, yet from the interactions, it became apparent that UNRA would require UGX 227.24 Billion as severance package for staff. This is a huge cost which would erode the stated savings from the merger. It is also inappropriate to incur this unjustified cost amidst accumulated contractor debts that have to be paid.

The Committee therefore recommends that instead of repealing the UNRA Act, 2006, the Ministry of Works and Transport should consider the option of restructuring the Authority to streamline its management and create a lean structure that principally takes into account the core business of the agency, which is the management, development, maintenance and protection of the national road infrastructure. This will also help to achieve Government's rationalization objectives of reducing administrative costs.

The Honorable Minister of Works and Transport is fully empowered to have this recommendation implemented under Section 7 of the UNRA Act, 2006. The restructured Agency should be as lean as possible with a competitive remuneration to attract and retain high-quality professionals of the right caliber to drive the Authority's agenda.

5.8 MANAGEMENT OF THE MERGER PROCESS/TRANSITION ARRANGEMENTS

The Committee observed that in spite of the fact that Government took a decision in 2021 to merge, mainstream and rationalize Government Agencies, Commissions, Authorities and public expenditure, in order to facilitate efficient and effective service delivery. At the time of the Committee's engagement with the Ministry, there was no available Business Continuity Plan to manage the transition period. The Committee was informed that the Ministry has appointed the business continuity team to develop a business continuity plan to manage the transition period in terms of handing over and taking over office, managing the on-going projects and contracts, so that there is no disruption in service delivery.

The Committee notes that there was unpreparedness of the Ministry for the process of rationalization of UNRA. This unpreparedness stems

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