The Force Account Policy for Road Maintenance Works: Which areas need improvement?

OVERVIEW

In June 2012, the Government of Uganda (GoU) instituted a policy shift from contracting road maintenance works to use of Force Account. This was after the GoU's acquisition of 1,425 pieces of new equipment through a USD 100 million loan from China. Force Account (FA) mechanism is a means of undertaking works of a Procuring and Disposing Entity (PDE) using its own personnel and equipment or of another PDE *(PPDA, 2014)*.

Central to this policy shift was to prevent premature deterioration, accord the roads a longer service life and save the agencies high rehabilitation/reconstruction costs. This overall objective has however not been met. For instance, the road network condition in fair to good condition has had a downward trend from 65% in FY2012/13 to 47% in FY2014/15 *(MoWT, 2015)*. This is partly attributed to the fact that only about half (51.5%) of the road maintenance needs were met in FY2014/15. The unfunded backlog for all roads in poor condition for example significantly increased from USD 629.7million in FY2013/14 to USD 802.4million in FY2014/15 *(MoWT, 2015)*.

This briefing paper examines the Force Account policy focusing on the failures/gaps and proposes the recommendations.

KEY POLICY GAPS

- *Inconsistencies within the URF and URA Acts*
- *Low operation funds allocation to designated agencies*
- *Not fully operational District Roads Rehabilitation Units*
- *Inadequate remuneration to the gangs*
- *Inadequate numbers and funding of the regional mechanical workshops*

INTRODUCTION

The Force Account Policy for road maintenance is being applied for the District, Urban and Community Access Roads (DUCAR); and the National Roads under the Uganda National Roads Authority (UNRA). The DUCAR network (about 57,500km) which represents about 73.2% of the entire network in Uganda is the main beneficiary of this policy shift. This network is maintained by the respective Local Governments (LGs) using funding from Uganda Road Fund (URF) and to a limited extent using locally generated revenue within their jurisdiction. The National Roads Maintenance Programme is implemented by the Uganda National Roads Authority (UNRA) through the 22 stations spread across the country using either Force Account or Contracting.

Following the policy shift, the Ministry of Works and Transport (MoWT) in January 2013 issued guidelines as part of the framework within which to carry out road maintenance planning and implementation. These guidelines were developed to provide the approach, methodology and specific actions Designated Agencies (DAs) would need to effectively implement the force account policy and be able to meet Government's objectives with respect to maintenance of the roads within their jurisdiction.

The Legal and Policy Framework

Both the DUCAR and National Roads Maintenance Programmes are implemented and regulated in line with the following documents:

a. The Constitution of the Republic of Uganda, 1995

b. The Uganda Revenue Authority Act, 1997

c. The Local Government Act, 1997

d. The PPDA Act, 2003

e. The Uganda National Roads Authority Act, 2006

f. The Uganda Road Fund Act, 2008

g. The Force Account Guidelines issued by MoWT in January 2013; and

h. The Road Fund Planning Budget Guidelines (issued annually).

These documents complement each other in financing, planning, budgeting and implementation of the road maintenance works. Important to note is that there are sections in these policy documents/ laws which need to be addressed.

Policy Issues

Section 21 of the URF Act (2008), mandates URF to generate funding through Road User Charges (RUCs) in form of fuel levies, international transit fees (collected from foreign vehicles entering the country), road licence fees, axle load fines, bridge tolls and road tolls and appropriations by Parliament among others. Section 21 (3) of the Act further states that the RUCs shall be remitted directly to URF on a monthly basis. Since enactment, the only source of fund to URF has been appropriation by Parliament from the Consolidated Fund which is contrary to Section 21(3).

Important to note is that Section 14 of the Uganda Revenue Authority Act (1997) does not allow the URA to transfer funds to any other account other than that of the Consolidated Fund. The road licence which is one of the proposed sources of revenue was abolished. All the other possible sources of revenue have not been operationalized.

In view of the above it is inevitable that amendment of the URA Act needs to be expedited such that URA does direct transfers as highlighted by the URF Act.

During the FY2010/11 for instance, fuel levies were estimated at Ug shs 472.5 billion compared to the approved road maintenance budget of Ug shs 280.95 billion. This shows that all proceeds from the fuel levies were not remitted to the URF account.

Capping of agency operational expenses to 4.5% of the budget: The LGs are required at the time of planning to limit their expenses under this heading to 4.5% of the agency Indicative Planning Figure (IPF). The expectation was that DUCAR agencies shall top up from internally generated funds any shortfalls in the requisite expenses. The collected local revenue in LGs is however small and in most cases, the LGs do not prioritise appropriation to roads maintenance.

For instance, the Kalungu district roads maintenance budget for FY2016/17 was Ug shs 435,672,630 while its operational expenses are limited to within Ug shs 19,605,268 (4.5% of the budget) for the whole financial year. This would give an equivalent of Ug shs 4,901,317 per quarter for office operation expenses. In the same district, during FY2016/17, a mere Ug shs 7,833,780 from local revenue was allocated for various activities within the Works Department. Similar situations do occur in other LGs. These allocations are inadequate for the district office operations.

Periodic Maintenance of District Roads: The FA guidelines require LGs to either seek equipment from the pool, or from the neighbouring LGs or hire from the open market following the PPDA guidelines and at rates approved by the Chief Mechanical Engineer of the MoWT. The last two are very hard to achieve because most LGs do not have the equipment suitable for rehabilitation works. The available equipment are only suitable for light grading works and there are few for hire within the private sector. In a few cases where equipment exists in the neighbouring LGs, not available because the owner LGs have work within the same period. This leaves seeking equipment from the pool as the best option.

However, to access this pool equipment, districts are required to prepare their annual work plans indicating the type of equipment they would require, submit such a plan to MoWT, and then the MoWT schedules the equipment. This is not being realized because the regional mechanical workshops (pool centres) are overwhelmed by the number of requests yet the equipment is inadequate.

In most cases, the equipment is not available and feedback to the LGs is not provided or is delayed. The districts have generally not benefited from the services of the regional mechanical workshops.

Ill-equipped Mbarara Regional Mechanical Workshop

Rehabilitation of district roads: The force account guidelines provided for setting up District Road Rehabilitation Units (DRRU). The MoWT set up four DRRUs in; Gulu (northern), Luweero (central), Mbale (eastern), and Mbarara (western) to execute the district roads rehabilitation works. Strategically these units were expected to rehabilitate approximately 200km of district roads and seal 150km of urban roads annually. The level of achievement of the DRRUs is however still low.

During the FY2015/16, a total of 358.73km were planned for all the units, but only 51.54km were completed *(MoWT-ASPR, 2016)*. This was majorly attributed to inadequate funding to the project and dilapidated equipment fleet. This shows that the units are not yet fully operational to meet the targets.

Road gangs/workers for manual routine maintenance of District and Urban roads: The road gangs system is premised on a man-to-2km principle (i.e. one man maintaining 2km of a gravel road or four men maintaining 1km of urban tarmac road per month). This guideline assumed that workers will be assigned work near their homes. In most cases the recruited workers live far from the road sections they are working on. The LGs advocate for a reduction of the scope of works to 1km per month.

Some of the dilapidated equipment at Mbarara Regional Mechanical Workshop

Remuneration to the road gangs and headmen: The guidelines state that road workers will be employed on a one (1) year contract (renewable) and at a gross monthly salary of Ug shs 100,000 for the gangs and Ug shs 150,000 for the headmen. This wage per month is too low to attract the requisite workforce for routine manual maintenance. In cases where recruitment has been done, these workers abandon the work for other competing economic activities.

Road Condition Assessment: The planning guidelines require that annual road maintenance programmes are accompanied by a road condition assessment that has informed the preparation of the work plan of the DA for that FY.

Whereas this is a good procedure to ascertain the roads due for maintenance and therefore be prioritised, the technocrats are sometimes pressured by the political leadership to prioritise maintenance of certain roads for their political gains even when they should not have been considered for maintenance.

Protective wear for the workers: It is a requirement that each worker is provided with protective wear. These should include boots, overalls, vests, dust masks and gloves. The overalls and vests should bear the DAs identification marks and be reflective. The cost of such items is supposed to be borne by the respective DA. This part of the guidelines has not been achieved.

Manual maintenance ongoing in Kabale district with workers that lack protective gear

Equipment repairs/maintenance services: Minor equipment repairs/maintenance services are required to be budgeted for using mechanical imprest ceiling. Such services were as a must to be obtained from FAW (the supplier of the 1,425 pieces of Chinese equipment) under a three (3) year warranty period, use of MoWT workshops or procure using the PPDA guidelines. The agreement with FAW has since expired and is yet to be renewed. The MoWT workshops are: inadequate in numbers to handle the demands of the LGs, under equipped and marginally funded. As part of a sustainability plan for equipment repairs, FAW was supposed to set up and operate "after-sales" service centres at Jinja, Soroti, Moroto, Gulu, FortPortal, Mbarara, Arua, and a central one in Kampala. These upcountry centres were not setup and as a result the LGs continued to seek services from the main after sales centre in Kampala which is far from most of the LGs.

Conclusion

The URF Act, 2008 and the Force Account implementation guidelines issued by the MoWT are not fully operationalized hence realization of road maintenance works remains at stake. There are cases of inconsistencies in the governing laws as well as implementation guidelines. There are still issues of reliability of financing because currently the URA does not remit all the RUCs to the URF budget account. Therefore the URF allocations for roads maintenance are inadequate.

Policy Recommendations

The following recommendations should be undertaken;

a. Amend Section 14 of the URA Act (1997) to allow the authority to directly transfer RUCs to the URF account. This will reduce funding uncertainties for the fund as well as smoothen the operations of the fund.

b. The MoWT and URF should in consultation with other stakeholders increase allocation for office operations. To start with about 7%.

c. The MoWT should review the guidelines for equipment requisition to allow regional managers assign equipment to the LGs.

d. The MoWT should allocate funding to equip the regional mechanical workshops. The number of workshops should be increased from three (3) to about five (5).

e. The MoWT should review the scope of work for the road gangs from 2km per month to 1km or the remuneration doubled for the 2km monthly road maintenance works to match the current cost of living.

f. The MoWT, URF and LGs should ensure that road workers are provided with protective wear.

g. The URF and MoWT should conduct continuous sensitization for the LGs political leadership every after elections regarding the force account guidelines.

References

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