Is Government well prepared to maintain the newly acquired road equipment units from Japan?

OVERVIEW

In June 2012, the Government of Uganda (GoU) instituted a policy shift from contracting road maintenance works to use of Force Account. The Government thus acquired a loan from the Republic of China amounting to USD 100 million. The loan was mainly used to purchase 1,425 pieces of new road equipment for maintenance and rehabilitation of district roads by Force Account, however, most of the equipment was obsolete by FY 2014/15. This was attributed to inadequate mechanical imprest for the road units, and the use of equipment meant for light works for heavy works.

Thus, in FY 2015/16, the GoU through the Ministry of Works and Transport (MoWT) acquired a loan from the Japanese International Cooperation Agency (JICA) worth USD 155 million which was used to procure 1,151 units of earth moving equipment from Japan. The road equipment was meant for all the 121 districts including the six newly created districts that came into force in FY 2017/18. Some of the equipment was also to be given to MoWT Force Account units and Zonal Centres, Uganda National Roads Authority (UNRA), Kampala Capital City Authority (KCCA), National Enterprise Corporation (NEC) and Mount Elgon Labour-based Training Centre (MELTEC).

However, there are high chances that this newly acquired equipment from Japan could also suffer a similar fate as that purchased from China in FY 2012/13 if it is not well maintained. This briefing paper analyses the mechanical imprest budget and releases from FY 2013/14 to FY 2017/18; makes analysis of government's readiness to maintain the equipment, and provides recommendations to aid in improving the service life of the acquired equipment.

KEY ISSUES

- *Inadequate mechanical imprest for minor repairs of road equipment at Local Governments.*
- *Under-equipped Regional Mechanical Workshops.*
- *Delays in maintenance due to the centralised repairs and servicing.*

Introduction

The mechanical imprest provided by the Uganda Road Fund (URF) is used for only light preventive maintenance/servicing and minor repairs of the road equipment owned by Local Governments (LGs), and not for repair of hired equipment undertaking contracts on the District Urban and Community Access Roads (DUCAR) network. The LG equipment is used for routine and periodic maintenance Force Account (FA) works on public roads and is supposed to be in a serviceable condition.

Major repairs (such as engine overhaul, replacement of major parts, etc.) are undertaken at the Regional Mechanical Workshops (RMW) at Bugembe, Mbarara and Gulu at a cost borne by the MoWT and not the LGs.

In the FY 2016/17, 736 units (64%) out of the 1,151 unit procured were delivered to the 121 districts in Uganda. Each district received a motor grader, wheel loader, vibro roller, an 8,000 litre water bowser and two 8-ton dump trucks worth Ug shs 2.7 billion. The warranty for the new equipment is two (2) years or 2,000 hours, whichever comes first, and the equipment has a service life of 20-30 years and is thus expected to go obsolete in 2040.

Trends in Equipment Maintenance Funding

The mechanical imprest budget for the LGs under the URF reduced by about 20% from FY 2014/15 to FY 2017/18 and has remained static for three (3) years. In addition, releases for the mechanical imprest dwindled over the years, implying less funding. No funds were released for this activity in FY 2013/14 (Table 1).

Table 1: Mechanical imprest budget for DUCAR funded by URF FY 2013/14 to 31st December 2017

Financial Year	Budget (Ug shs, Billions)	Releases (Ug shs, Billions)	% of Budget released
2017/18	11.995	3.388	28.2
2016/17	11.995	8.494	70.8
2015/16	11.995	8.732	73.2
2014/15	14.999	14.999	100
2013/14	0	0	0

Source: URF Q4 reports FY 2014/15 and 2016/17 & Q2 report FY 2017/18

The annual maintenance need for the new Japanese equipment is at Ug Shs 22 billion at an estimated 70% machine availability. The funding is provided for under the MoWT since the equipment is still under warranty and the LGs are not supposed to carry out any repairs. In FY 2017/18, only Ug shs 10 billion was released for the routine maintenance of the new equipment because some of the units had not been delivered to the respective agencies. In FY 2018/19, Ug shs 16 billion has been budgeted for under the MoWT recurrent budget which brings about a shortfall of 27.2%. Therefore, the mechanical imprest budget for the LGs is inadequate by over 54.5% yet the Chinese equipment which they have been using is aged and associated with frequent break downs.

Incapacitated MoWT Regional Mechanical Workshops

In FY 1999/2000, the GoU through the MoWT established three (3) Regional Mechanical Workshops (RMWs) in Bugembe, Gulu and Mbarara, to facilitate the repair of specialised district feeder road equipment, which could not be undertaken by the individual districts. These were also supposed to provide on-job training to district mechanical staff and promote the retention of the trained staff. The three (3) mechanical workshops were supposed to carry out major repairs of vehicles, road equipment and plant of the 53 District Local Governments (DLGs) country wide then.

The RMWs have remained under funded and ill equipped. A project aimed at re-equipping the RMWs to enable them offer efficient, effective and quality services to the DLGs and urban authorities has been in existence since 2011 but it was considered as an unfunded priority. The RMWs have never been re-equipped after they were handed over to GoU by JICA, and thus cannot adequately address the equipment repair needs.

Inadequate numbers of Trained Operators and Mechanics

The MoWT trained operators from the DLGs in 2012 before the Chinese equipment was handed over, however, these were lost to other government agencies and the private sector due to poor remuneration and most of them are not on the district payrolls. Again before the Japanese equipment was handed over to the LGs, 893 operators were trained by MoWT in order to ensure that the units are operated by skilled personnel.

Failure to match the machinery with the required staff is most likely to occur since currently, the staffing is not in line with the new equipment. Furthermore, the DLGs do not have the capacity to carry out minor repairs since they do not have the trained personnel (mechanics) to perform such operations, in addition to the limited funding for such activities.

Untimely Servicing of the equipment

When the Chinese equipment was handed over to the DLGs in 2012, the sole GoU selected service provider failed to carry out timely maintenance of equipment. This was due to the overwhelming cases of equipment breakdown since the equipment was meant for light works and provision of the service at rates higher than the prevailing market rate. The latter was attributed to the delays in payment the service provider suffered since he was being paid by the LGs.

The new Japanese equipment can carry out heavy duty works and servicing has been centralized. The MoWT has given framework contracts to the equipment agents to service the equipment during the two (2) year warranty period. The agents are yet to establish centers across the country. However, modalities for timely servicing of the equipment are not in place yet the districts are banned from conducting any servicing or repairs of the equipment. While the move is aimed at having qualified specialists handle the equipment, it may cause delays and the equipment might have to be parked pending servicing from the MoWT’s appointed agents.

These agents are paid directly by the MoWT and they monitor the equipment all over the country through a centralized system and thus are able to generate real time data on the performance of the units. This enables defective equipment to be identified as soon as issues start arising and thus get rectified before escalating, which would make repairs more expensive and also save on the time for repairs.

L-R: The obsolete Chinese grader in Moyo District; The new Japanese grader in operation in Butambala District

What has the MoWT done to improve the service?

- The MoWT sought to increase the resource envelope for roads maintenance by proposing the addition tax of Ug shs 100 on each litre of fuel in the FY 2018/19 budget. This is to cater for the maintenance cost of the newly acquired equipment as well as road maintenance works.
- The MoWT sought for donor funding to set up new workshops, re-equip the existing workshops, and set up centers for training of operators, as it waits for GoU funding.
- The MoWT issued guidelines to LGs on the operation and maintenance of the equipment. These include some of the technical aspects like warming the equipment once in two weeks in case it is idle. They also ensured that before equipment was handed over, operators from the beneficially LG were first trained. In addition, the MoWT signed Memorandum of Understanding with the Chief Administrative Officers (CAOs) in order to ensure that the equipment is put to its intended use and not abused.

Conclusion

Government has put in place measures to have the newly acquired equipment maintained by centralising the servicing during the two-year warranty period. However, modalities for the timely servicing have not been put in place, yet the districts are banned from conducting any servicing or repairs on the road equipment units. In addition, the resource envelop of the local governments cannot facilitate their optimal servicing and repair. This implies that the equipment is most likely to become obsolete before its service life of 20-30 years if the servicing of the units is reverted to the Local Government without increasing the mechanical imprest funding.

Recommendations

i. The Ministry of Finance, Planning and Economic Development (MFPED) should increase the Local Government mechanical imprest funding to avoid losing the equipment through breakdown due to lack of a maintenance fund.

ii. The MoWT should put in place clear and acceptable modalities for timely servicing of the road equipment if centralised servicing is to be adopted since the districts are banned from conducting any servicing or repairs with this arrangement.

iii. The URF should raise the allocations for fuel and allowances for operators to DLGs.

References

- The Public Investment Plan 2017/18 – 2019/20
- The URF Q4 Reports FY 2013/14,2014/15, 2015/16, 2016/17, and Q2 2017/18
- MoWT Annual Reports 2014/15, 2015/16 and 2016/17

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