



## Mobilisation gaps by both the client and contractors: A challenge to road construction projects in Uganda

### OVERVIEW

Road construction projects have majorly been a responsibility of the Uganda National Roads Authority (UNRA) under the National Road Construction/Rehabilitation Programme since 2008. Various key stakeholders are involved in projects and play different roles i.e., the client-which is UNRA, the financier - the Government or donors, the supervision engineer (client or consultant), and the service provider (in-house or contractor).

Projects undergo a series of stages from start to completion and these can be summarised in five namely; inception, planning, execution, monitoring and control, and closing out. At inception and planning stage, the client which is UNRA in this case, is obliged to ensure that quality designs are in place, land is acquired in the road corridor and the project affected persons are paid before the contract is awarded. However, it has been noted that these take place during execution stage which disrupts smooth progress of works.

After the contract is awarded, an advance payment is usually provided to the contractor by the client before execution of any physical work to aid site mobilization, and other preliminaries. The objective of the fee is to overcome financial difficulties of small and medium scale contractors in construction projects. It normally constitutes between 10%-20% of the accepted contract amount. This money is an interest free loan for mobilisation; upon submission of a performance security guarantee acceptable by the client.

For the past two years, over 80% of the projects have not been completed within the planned cost, time and have faced various obstacles including suspension of works in some instances. This was majorly attributed to mobilization gaps by both the client in terms of designs, land acquisition and payments to implementers; as well as inadequate contractor mobilization especially in terms of personnel, plant and equipment.

This policy brief provides an analysis of mobilization obligations of the client and the contractors as key players in the construction projects for FY 2016/17 and FY2017/18, how different mobilisation aspects affected projects, and gives possible recommendations.

### KEY ISSUES

- *Delayed land acquisition and inadequacy of road designs by UNRA* is slowing progress of works.
- *Inadequate mobilisation by the contractor* especially in terms of personnel, plant and machinery is frustrating the planned schedule at implementation stage.

### Introduction

Road construction projects are of two kinds - Upgrading and Rehabilitation. Upgrading means improving a gravel or an earth road by paving, while rehabilitation involves reworking a previously paved road whose surface had deteriorated without changing dimensions. In both cases, either asphaltic concrete or surface dressing is used as the top most layer in Uganda.

**Mobilisation** refers to the activities carried out after the client (UNRA) has appointed contractors, but before the latter commences work on site. It is a preliminary stage which consists of preparatory work and operations necessary for the movement of personnel, equipment, and supplies to the project site; for the establishment of offices, buildings, and other necessary facilities.

Six on-going projects were randomly selected for FY 2016/17 and FY2017/18 to study their trends in mobilisation by both the client and contractor. A rating criterion (1-4) was used for table 2 to analyse the extent to which obligations for both UNRA and the contractors are fulfilled as follows:

Very Good	-	1
Good	-	2
Fair	-	3
Poor	-	4

The scale of 1 to 4 was scored according to level of achievement in the obligations against the contract time elapsed on the project.



**Table 2: Analysis of mobilization responsibilities of both the client and the contractor as key players in construction projects**

Reporting Period		By 31st December 2017 (FY 2017/18)			By 30th June 2017 (FY 2016/17)			
S/N	UNRA's Obligations Project Name	Kyenjojo Kagadi Kabwoya (100.4km)	Bulima-Kabwoya (66km)	Kyenjojo Fort Portal (50km)	Namunsi-Sironko-Muyembe-Kapchorwa (65km)	Musita Lumino/Busia – Majanji road (104) km	Gulu Acholibur (77.7 km)	Comment
1	Payments to the consultant	1	2	4	2	3	3	Overall mobilisation by the client (UNRA) towards projects was rated as fair at 2.6. Payments to the contractor were good, while land acquisition remains the main challenge.
2	Payments to the contractor	2	3	1	2	1	2	
3	Land acquisition	4	2	NA <sup>1</sup>	NA	3	3	
4	Adequacy of designs	3	3	4	4	3	2	
	<b>Overall Score</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	
	<b>Rating</b>	<b>Good</b>	<b>Fair</b>	<b>Fair</b>	<b>Fair</b>	<b>Fair</b>	<b>Fair</b>	
S/N	Contractor's Obligations Project Name	Kyenjojo Kagadi Kabwoya (100.4km)	Bulima-Kabwoya (66km)	Kyenjojo Fort Portal (50km)	Namunsi-Sironko-Muyembe-Kapchorwa (65km)	Musita Lumino/Busia – Majanji road (104) km	Gulu Acholibur (77.7 km)	Comment
1	Equipment	4	4	2	3	4	4	Overall mobilisation by the contractors on projects was rated as fair at 3.1. Mobilisation of major resources especially equipment, key personnel are still a challenge. Consequently this leads to delayed implementation.
2	Personnel	2	2	2	4	4	4	
3	Materials and approvals	2	2	3	4	4	3	
4	Relocation of services	2	2	3	3	3	3	
5	Works executed	1	4	4	4	4	3	
	<b>Overall Score</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>3</b>	
	<b>Rating</b>	<b>Good</b>	<b>Fair</b>	<b>Fair</b>	<b>Poor</b>	<b>Poor</b>	<b>Fair</b>	

Source: Monthly Progress Reports to UNRA June 2017, and December 2017 as well as author's compilation

<sup>1</sup> Rehabilitation projects do not have a land acquisition item rest there is a change in the existing road alignment.



From the Table 2,

- **Client's Obligations:** Overall payments to the contractors were good, however there was a slack in paying some consultants which was likely to attract interest. There were delayed payments on Bulima-Kabwoya (66km) of about Ug shs 1.78bn from Interim Payment Certificate (IPC) Number 8, 10, 11, and 12 and Kyenjojo-Fort Portal (50km) where 12 out of 19 invoices were paid to the consultant by 31<sup>st</sup> December, 2017. This was anticipated to attract interest amounts that were under review.

Land acquisition was the biggest threat to the client on about 80% of the projects under study. For instance, along Kyenjojo-Kagadi-Kabwoya (100.4km), only about 48% of the project site had been handed over to the contractor by 31<sup>st</sup> December 2017 (at a time progress of 59.45%). This was followed by inadequacy of designs like on Kyenjojo-Fort Portal road (50km) which was expected to attract an increase in contract price by 39% due to change in bills of quantities.

- **Contractor's Obligations:** Fulfillment of mobilization contractual obligations still left a big room for improvement especially in areas of equipment and key personnel. For instance, Kyenjojo-Kagadi-Kabwoya Road (100.4km) had only 77 pieces of equipment (65%) of the required minimum of 119 on site. In addition, there was frequent breakdown of the available equipment such as dump trucks, graders and vibro-rollers which slowed down earthworks and sub base works. In December 2017, only two out of the six mobilized graders were in sound condition.

- **Impact of mobilization of both the client and contractor to projects**

It was observed that on Kyenjojo-Kagadi-Kabwoya road (100.4km) where mobilization for both the client and the contractor is good, the progress of the project was also satisfactory. This led to good physical progress of 32.96% against planned 36.8%.

The results also show that for projects where mobilization for both the contractor and the

consultant is fair, they suffered project delays. Project works for Bulima-Kabwoya road (66km) commenced on 1<sup>st</sup> December, 2015 and were expected to end on 31<sup>st</sup> May, 2018. The physical progress by January 2018 (83.46%-time progress) was at 55.45% against planned 87.63% hence; the project was behind schedule by 32.18%. This was mainly attributed to non-compliance to environmental and social safeguards which led to suspension of works for a period of 36 days; as well as poor mobilization of equipment as highlighted earlier.

The delays were also complimented by delayed payments to the contractor as there were outstanding payments amounting to about Ug shs 1.78bn from IPC 8, 10, 11, and 12 which were most likely to attract interest.

Where the mobilization of the client was fair and that of the contractor was poor, the projects suffered more adverse setbacks like suspension of works and at times termination of the works contract. This was the case of Musita-Lumino/Busia-Majanji road (104 km) where the works contract was terminated on 12<sup>th</sup> June, 2017 owing to slow progress and poor mobilisation of the contractor. The contractor was expected to pay liquidated damages<sup>2</sup>.

- **It was also evident that about 80% of the projects lagged behind mainly due to inadequate contractor mobilization rather than breach of client responsibilities.** Despite the fact that the client honored advance payment to zero balance, contractors failed to mobilize the required key resources to aid smooth implementation of works.

The major effects of mobilisation gaps are illustrated in table 2.

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<sup>2</sup> Liquidated damages apply when the contractor breaches the contract by not finishing the work on time

**Table 2: Major effects of mobilization gaps**

<i>Effect</i>	<i>Schedule change</i>	<i>Delayed project completion</i>	<i>Increased cost</i>
<b>Projects affected</b>	Kyenjojo-Fort Portal road (50km)	Kyenjojo-Fort Portal (50km) was behind schedule by 70%. Bulima-Kabwoya (66km) was lagging by 32%.	Kyenjojo-Fort Portal contract price was expected to increase by about 39%.
<b>Notes</b>	The works for Kyenjojo-Fort Portal road started on 29 <sup>th</sup> June, 2016 and were expected to be completed by 28 <sup>th</sup> December, 2017. However, the physical progress of works was at 29.18% by 31 <sup>st</sup> December 2017. The completion date was therefore revised to 30 <sup>th</sup> April, 2018. Consequently, this at times attracts claims in terms of extra costs.	A total of five (83%) out of six projects under study were behind schedule especially Kyenjojo-Fort Portal (50km) and Bulima-Kabwoya (66km) by 70% and 32% respectively. Projects were further delayed by failure to adhere to environmental and social safeguards as was the case on Bulima-Kabwoya (66km) which led to occasional suspension of permanent works.	It was forecasted that the works contract price for over 80% of projects in FY 2017/18 was forecasted to increase considering the prevailing conditions although the final revised prices were not in place.

*Source: Author's Compilation*

### Conclusion

Road construction projects are a high risk activity which must be managed effectively in all stages both at planning and execution stage by both the UNRA, and the contractors respectively. Mobilisation challenges by the contractor such as inadequate equipment and personnel had greater negative influence than those of the UNRA such as land acquisition and inadequate designs. Possible recommendations are highlighted hereafter for UNRA to take charge as the agency in charge of planning, monitoring and control unit of these road construction projects.

### Recommendations

- 1) The UNRA's evaluation committee should intensify due diligence in evaluation before tendering out works, to obtain the most suitable contractor to carry out construction.
- 2) The UNRA should provide for ample time (mobilisation period) to enable contractors mobilise the required resources for the smooth implementation of road construction works.
- 3) The UNRA and the Public Procurement and Disposal of Assets Authority (PPDA) should tag payment of advance money to the level of mobilisation to eliminate misuse of advance paid.
- 4) The UNRA should carry out routine monitoring of contractor mobilisation in terms of both personnel and equipment to ensure that work programmes are followed.
- 5) The Ministry of Finance, Planning and Economic Development and UNRA should expedite payments to road construction implementers especially the consultants to avoid attracting interest over delayed payments.

### References

- Uganda National Roads Authority Project Status Report for December 2017 and January 2018.
- Uganda National Roads Authority Projects Status Report for December 2017
- Vote 113 Uganda National Roads Authority Vote Performance Report for Q2 FY 17/18.
- Vote 113 Uganda National Roads Authority Vote Performance Report for Q4 FY 16/17.
- Uganda National Roads Authority Monthly Progress Reports (December 2017) for Kyenjojo-Kagadi-Kabwoya Road (100.0km), Bulima-Kabwoya Road (66km), Kyenjojo-Fort Portal Road (50km).
- Uganda National Roads Authority Monthly Progress Reports (June 2017) for Namunsi-Sironko-Muyembe-Kapchorwa Road (65km), and Gulu – Acholibur (77.7 km).

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