



Time extensions on road construction or rehabilitation projects: What are the major factors for the delays?

Overview

Road transport is the predominant mode of transport in Uganda, as such, the government allocates over 70% of the budget of the Integrated Transport and Infrastructure Services Programme to roads. This is in effort to develop new and sustain the existing road infrastructure. It is in response to the third National Development Plan (NDPIII) objective of consolidating and increasing the quality of productive infrastructure.

However, the annual targets set in the NDPIII are not being met. For instance, in FY 2021/22, a total of 213.18km were tarmacked out of the planned 353.4km, while 37.9km were rehabilitated out of a target of 58.87km. This brought the total paved network to 27.8% of the total national network, which is lower than the planned target of 30% in the FY 2021/21. Various factors are derailing these efforts as elucidated in this briefing paper.

Key Issues

- **Delayed land acquisition** limiting access to sites. This is the most predominant challenge on the roads upgrading projects. This delay also affects relocation of services.
- **Design reviews** which result from poor scoping at feasibility, as well as the time difference between the design and actual commencement of works leading to change in site conditions.
- **Delayed payments to the contractors** in terms of advance and interim payment certificates (IPCs) which affects the contractors' cash flows.

Background

The construction and rehabilitation of the national road network is under the mandate of the Uganda National Roads Authority (UNRA), since 2008. Therefore, the whole portion of UNRA's development budget is allocated to these activities. The project activities of paving (tarmacking) roads are funded by both the Government of Uganda (GoU) and other development partners (donors). However, over 90% of the road projects in Uganda are not completed on time. Some projects go beyond a lapse by 150%, for instance:

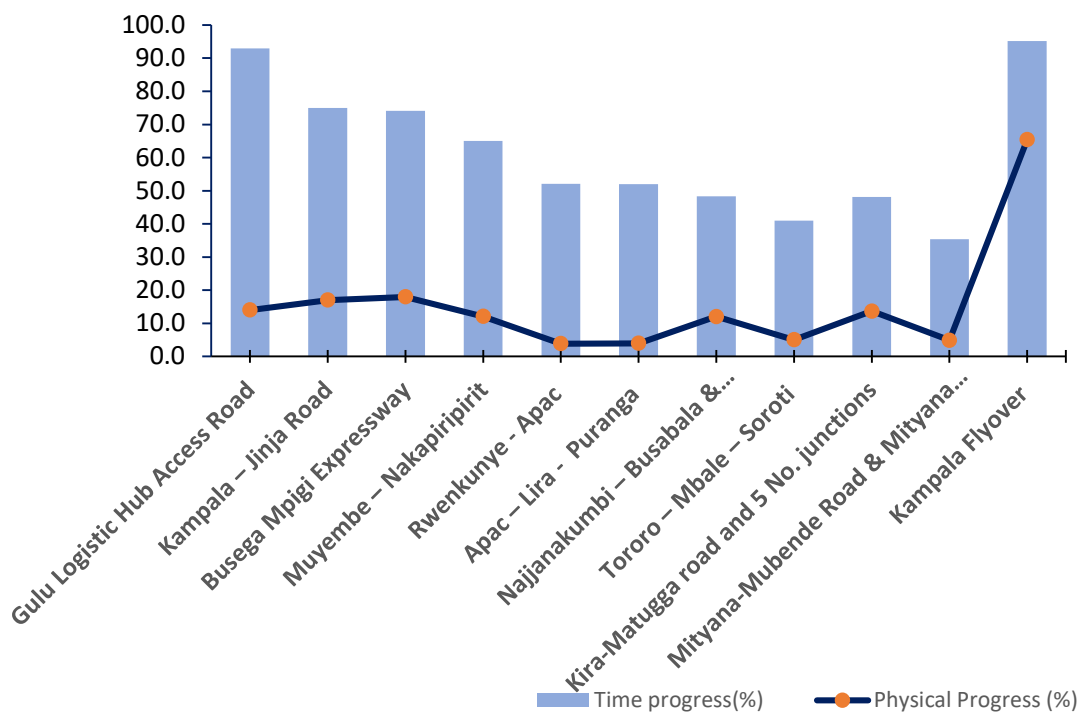
- *Kampala-Northern Bypass* attained substantial completion at a time overrun of over

double its original completion date (249%) and cost overrun of 93%. The project works started on 14th July 2014 with a proposed completion date of 14th July 2017, but the physical progress was at 98.9% by 30th June 2022. Land acquisition was the major challenge.

- *Bumbobi-Lwakhaha Road* was completed at a time overrun of about 214%. The project works started in December 2015 with a completion date of May 2018 but it was substantially completed in January 2021. Delayed access to the site was the major cause of the delay.

Delays have continued to affect the ongoing projects as illustrated in Figure 1 due to various reasons.

Figure 1: Time progress Vs physical progress executed on selected projects by the end of FY 2021/22



Significant delays are observed on projects like Gulu Logistics Hub, Kampala-Jinja Road, Busega-Mpigi Expressway and Muyembe-Nakapiripirit Road. The above projects are likely to get time extensions, some of which may even attract an increase in project costs.

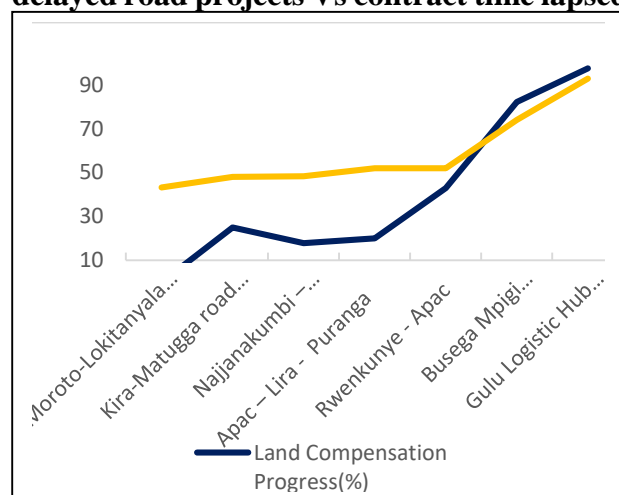
Why do projects delay?

The predominant challenge is the **lack of access to sites**. Delayed land acquisition on upgrading projects (Figure 2) has frustrated the progress of planned works on upgrading (new) road projects. This arises from budget shortfalls, contestation of valuation

payments, delayed approval and payment of compensation awards, and absentee landlords. For instance, only 46% of the required¹ Ug shs 511 billion (bn) was released for land acquisition in FY 2021/22. Therefore, only 459 hectares out of the 2,884 were acquired. In addition, the total land acquisition debt for the UNRA was at Ug shs 128.215bn by the end of FY 2021/22. The delayed land acquisition also affected: (i) the absorption of donor funds as only 67.3% of the released budget was expended, (ii) the process of relocation of services such as power, water and telecommunication lines which are critical path activities on projects.

¹ This figure may also have been inflated due to the rampant corruption.

Figure 2: Land compensation progress of delayed road projects Vs contract time lapsed



Source: UNRA and Author's Compilation

The contract time progress elapsed is leading to the land compensation progress of the delayed projects which portrays limited access to sites. Although the compensation progress on Busega-Mpigi Expressway and Gulu Logistics Hub Access Roads surpasses the time progress, it is still delayed because it happens after 60% of the contract time.

Review of designs as the second major cause of delays during the works contract period affects both the upgrading and rehabilitation construction projects as shown in Table 1. Lack of final designs from the client (UNRA) or the consultant to guide the contractors' scheduling of works affects timely execution. This results from poor scoping at feasibility stages, as well as the prolonged time difference between the feasibility studies and actual execution of construction/rehabilitation works which usually causes significant design changes.

Delayed design reviews and their approval have brought about time overruns. Additionally, most design reviews lead to an increment in project scope and significant project cost overruns. For instance, Busega-Mpigi Expressway had a design review as approved by the consultant that is anticipated to increase the project materials and cost by 10-fold due to the non-availability of materials within the project corridor and the long haulage distances.

Table 1: Status of design reviews by 30th June 2022 Vs time progress

Project Name	Time progress (%)	Status of the design reviews
Kira-Matugga Road and five (5) junctions (21km)	48.1	Completion and approval of the detailed design of the junctions was pending.
Rwenkunya-Apac (90.9km)	52.1	The 31kms design review was issued to the contractor on 8 th October 2021, while the pending designs were issued to the Contractor on 12 th May 2022.
Najjanankumbi-Busabala Road (11km), Munyonyo Spur Interchange and service roads (17km)	48.5	Delayed approval of some of the design submissions made to the client.
Muyembe - Nakapiripirit (92km)	65.0	Design reviews are still ongoing.
Busega-Mpigi Expressway (27km)	74.1	The consultant forwarded the reviewed evaluation to UNRA on 28 th June 2022 for approval, however, the design review increased the scope of work beyond the available project budget.

Source: UNRA and Author's Compilation

Poor cash flows of the contractors due to the delayed payments of advance and interim payment certificates. For instance, Gulu Logistic

Hub Access Road (2.2Km) was partly affected by delayed advance payment while the contractor for Muyembe-Nakapiripirit project (92km) suffered after the advance payment was recalled.



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Specifically, in FY 2021/22, delayed payments were mainly attributed to budget shortfalls on the GoU Budget (75.7% release) and bouncing of payments made towards the end of the FY which caused an accumulation of arrears worth Ug shs 528.5bn inclusive of Ug shs 89.5bn for road maintenance. Therefore, the contractors could not execute the work as planned because of financial constraints.

Only rehabilitation projects like the Kampala-Jinja Road, and Tororo-Mbale-Soroti Road had peculiar delay factors related to the contractor. Kampala-Jinja Road was affected by *limited working time* (night work only) and *long haulage for the materials*, while the Tororo-Mbale-Soroti project works were halted due to the contractor's failure to adhere to the donor's social and environmental safeguards.

Conclusion

The greater portion (80%) of projects were delayed due to issues related to poor planning, management and financing by the client. Therefore, due diligence should be given to planning to cater for proper scoping, access to sites and payments to the service providers as a start. In this way, the GoU will be able to optimise the use of funds and maximise earned revenue from the road infrastructure.

Recommendations

Land acquisition: The UNRA and Chief Government Valuer should ensure that initiation of land valuation and disclosure to Project Affected Persons (PAPs) are done at least six months before the commencement of works. This is to allow for dispute resolution if any.

- The Ministry of Finance, Planning and Economic Development (MFPED) /UNRA should prioritise finalisation for payment of PAPs within the first six months of the project time.
- The UNRA should enhance regular dialoguing with the affected persons to allow civil works to progress especially on undeveloped land portions.

The project works: The UNRA should restructure the contract time in two phases: pre-construction and construction stages.

Pre-construction stage of six months

- The UNRA should procure the consultant earlier than or at the same time as the contractor such that the first six months are dedicated to design reviews and mobilisation.
- Before advance payment is released to the contractor, an expenditure schedule should be presented and closely monitored for compliance. In addition, advance payment should be tagged to some level of broken-down mobilisation and not given as a whole to avoid instances of misuse as was the case of the Muyembe-Nakapiripirit project.

Construction stage: This should start after approval of the final designs by UNRA. All parties involved should collaboratively plan and program the construction works to come up with a feasible schedule to be followed.

Funding: The MFPED/UNRA should prioritise payment of arrears to contractors to reduce accumulated interest on delayed payments in the subsequent financial years.

The UNRA should ensure timely processing of payments due to service providers to avoid last minute delays and system failures at the end of the financial year.

References

- BMAU Integrated Transport and Infrastructure Services Annual Programme Performance Monitoring Report, FY2021/22
- Q4 Uganda National Roads Authority Performance Report, FY 2021/22
- Third National Development Plan (NDPIII)- FY 2020/21-2024/25

For more information, contact:
Budget Monitoring and Accountability Unit (BMAU)
Ministry of Finance, Planning and Economic Development
P.O. Box 8147, Kampala
www.finance.go.ug