Report No. PID9134

Project Name: Uganda-Road Development Program, Phase II (RDPP2)

Region: Africa Regional Office

Sector: Highways

Project ID: UGPE65436

Borrower(s): GOVERNMENT OF UGANDA

Implementing Agency:
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Environment Category: A

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Projected Board Date: July 3, 2001

1. Country and Sector Background
Since the late 1980s, Uganda has been one of the fastest growing economies in Africa. The government has developed a comprehensive policy and institutional reform program designed to deregulate the economy, eliminate direct state involvement in all but the essential public services, and improve institutional efficiency; and has embarked on a major privatization program, a comprehensive civil service reform and public expenditures reform, for both development and recurrent budgets, and a decentralization process. As part of the overall strategy to promote growth and poverty alleviation, the Government has prepared a 10-year Road Sector Development Program (RSDP-1997/8-2006/7) for main roads which aims to provide an efficient, safe and sustainable road network in support of market integration and poverty alleviation; to improve the managerial and operational efficiency of road administration; and to develop the domestic construction industry. Overall, projected total expenditure under RSDP is estimated at US$1.8 billion. Expenditures under the first phase (FY 1997-2001), estimated at US$ 904 million, reflect a strategy focusing on the preservation and selective upgrading of existing road assets. IDA is supporting this first phase of RSDP with an Adaptable Program Loan (APL) in four phases over eight years. The first phase is under way; this PID describes the second phase (RDPP2), which has an implementation period of five years.

2. Objectives
The objective of the Project is to improve access to rural areas and economically productive areas and to gradually build up road sector planning, design and program management capability, as well as road safety management. These objectives complement the objectives of the Phase 1
project in meeting the overall objectives of the Program

3. Rationale for Bank’s Involvement
An important source of value added by Bank support is its comparative worldwide experience in the preparation and implementation of major capital expenditure programs. The donor community active in Uganda has acknowledged and recognized the Bank’s leadership role during preparation of the RSDP. The Bank also benefits from the experience, both positive and negative, gained in implementing comprehensive road sector development programs with institutional reforms in African countries such as Ethiopia, Mozambique, Tanzania, and Zambia. Another source of advantage is the Bank’s experience in road sector reform in the Region gained over the last ten years through the steering of the Road Maintenance Initiative (RMI). This has provided the Bank with the goodwill of beneficiaries and donors in creating a cooperative framework where sector reform has gradually been shaped, implemented and monitored. The Bank has responded to the Government’s request by flexibly targeting, and quickly delivering, its array of lending instruments (including a PPF and a technical assistance credit (RSISTAP)), in support of a credible assistance strategy, emphasizing sector and institutional reform prior to the commitment of resources to finance physical components. The APL instrument is also providing greater flexibility in adapting project design and financing to client needs as they evolve as evidenced by the redesign of the Phase II project components including the inclusion of NDF-financed components to be administered by the Bank. The Bank’s participation thus provides for better continuity for the implementation of the long-term national program.

4. Description
The Project comprises:
(i) upgrading and strengthening of the two high priority national roads;
(ii) improvement of safety at selected road black spots, and the associated road safety enforcement and management
(iii) pilot studies of innovative technologies and non-conventional materials in construction of low-volume-traffic roads;
(iv) consultancy services of the design and construction supervision of a future proposed Road Agency headquarters building.
(v) feasibility study and detailed engineering design of new Road Agency headquarters building

5. Financing

<table>
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<tr>
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<th>Total ( US$m)</th>
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<tbody>
<tr>
<td>Government</td>
<td>23.58</td>
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<tr>
<td>NDF</td>
<td>8.90</td>
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<tr>
<td>IDA</td>
<td>64.52</td>
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<tr>
<td>Total Project Cost</td>
<td>97.00</td>
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6. Implementation
1. Administrative. The Ministry of Works, Housing and Communications (MOWHC) would have the overall responsibility for the implementation of the proposed Program. GOU is taking action to investigate needs for establishment of an Road Agency by FY 2002 aimed at fostering improved managerial capability through performance-based management and the contracting-out of services, which can be more efficiently provided by the private sector. As a transitional measure, a Road Agency Formation Unit
(RAFU) has been established with IDA support under RSISTAP. RAFU, through its management divisions, forms the nucleus for the future Road Agency during the transition period. RAFU has been mandated to be in charge of (i) road network development and management; (ii) planning and management of network maintenance; and (iii) overseeing the implementation of the Program, with emphasis on technical and financial monitoring and performance evaluation. MOWHC’s new role will concentrate on technical and economic regulatory functions, sector planning, environmental protection; and budget programming and execution.

2. Financial Management and Auditing. The Finance and Administration Division (FAD) of RAFU has been established within the institutional framework of the Ministry of Works, Housing and Communications (MOWHC), with responsibility for Project financial management.

3. Monitoring and Evaluation. (i) A monitoring and evaluation system has been developed under RDPP1 which will be continued under Phase 2; (ii) semi-annual progress reports will be prepared on the basis of the project implementation plan; and (iii) a completion report will be submitted by the Government to IDA within six months of Credit closing. Annual reviews of project implementation will be carried out before the beginning of each fiscal year to facilitate annual program budgeting. A mid-term review will be carried out 30 months after Credit effectiveness.

4. Implementation Period. The implementation period for RDPP2 will be about five years. Pre-contract activities are being carried out with the assistance of consultants.

7. Sustainability
The critical factor required for sustainability of Program and Project benefits is continued Government commitment at the highest level to sector and institutional reform. By involving, right from the start, key stakeholders, including direct beneficiaries, lawmakers and the civil society, the framework has been set for the sustained mobilization of Government support. Another key element for sustainability is that producers and road users, through improved accessibility and infrastructure condition quickly realize benefits from the reforms. To this end, RAFU will contribute to ensuring the successful and timely implementation of the proposed project through its highly professional staff. In addition, Government should strictly adhere to providing the financial requirements for road rehabilitation and maintenance projected under the TSIREP. Government should be prepared to evaluate alternative financing, including private sector participation, in light of the expanding investment in the road sector.

8. Lessons learned from past operations in the country/sector
Experience from past projects in Uganda indicates that the main risk has been the limited capacity of the implementation agency, in particular, the ability of the agency to effectively address problems related to contract management, contract administration, and financial and technical monitoring. There have been substantial delays in the processing and awarding of contracts, leading to substantially higher costs at the initial stages of commencement and to delayed completion. The lessons from the modest success of technical assistance provided to develop the implementation and planning capacity of MOWHC is that major policy changes need to be carried out prior to undertaking major investment programs, and need full commitment by Government to ensure success. The structure of road administration in Uganda has been subject to frequent changes, resulting in confusion, poorly organized planning and administration, and
ineffective long-term institutional and staff development. Therefore, major institutional and policy changes, including reorganization and institutional strengthening of road administration, as well as changes in the decision-making process, have been undertaken by the Government. These include an option for establishment of the proposed Road Agency by FY 2002, with RAFU in the interim. RAFU has so far facilitated successfully the implementation of the increasing size of the road program under RDP Phase 1. Other lessons are that inadequate engineering design and weak documentation resulted in implementation delays and cost overruns. Steps are therefore being taken during Program Phase 1 project implementation to ensure the readiness and availability of completed contract documentation before commencement of works. These steps include, inter alia, recruitment by RAFU of the proper skill mix of highly professional staff with the ability to manage and procure the works to be carried out by various consultants and contractors.

9. Program of Targeted Intervention (PTI)  N

10. Environment Aspects (including any public consultation)

Issues : : An environmental assessment was carried out for each road project as part of the detailed feasibility studies. The main purpose of the road specific EIAs was: (i) to prepare a comprehensive investigation delineating any environmental impacts of the proposed road works; (ii) to describe and quantify these impacts; (iii) to draw up feasible mitigation measures for minimizing, eliminating, or offsetting any adverse effects; and (iv) to recommend the most appropriate mitigation and/or enhancement measures. Funds have been provided under RSISTAP for the establishment of an environmental management/liaison unit within MOWHC. This support will provide the needed capacity to coordinate and monitor the environmental and social mitigation measures under the RSDP. This would facilitate coordination between RAFU, MOWHC, NEMA and Uganda Wildlife Authority (UWA) on the implementation and monitoring of the mitigation measures. These teams would work closely with the Engineer, the Contractors, members of the local communities that are affected by the road rehabilitation and representatives of the respective Parks, QENP and MFNP. Well defined mitigation measures will be implemented to control construction activities and vehicle speeds. These mitigation measures have been developed and agreed with the Uganda Wildlife Authority and Park authorities. Particular care will need to be given to controlling and restricting the extraction of construction materials, construction of camp development, and restoration of construction sites to natural habitat. A key mitigation activity will also be control of vehicle speeds and road signing to limit the occurrence of wildlife kills as well as providing some support to UWA for monitoring impacts of project activities. The success of the proposed EMP rests with: (i) ensuring adoption of appropriate work practices through their specification in a management plan; (ii) contract documentation; (iii) costs and schedules; and (iv) on-site monitoring. The relevant parties have agreed to the institutional, financial, technical, legal, and logistical implications of the implementation of the proposed mitigation measures. In addition, MOWHC/RAFU have ensured that mitigation measures are incorporated in final road designs and contract documentation, and that appropriate expertise is included in the supervision consultants’ staff to carry out such measures.

Road Sector EA: In addition to the road specific EIAs, a Sector Environmental Assessment has been undertaken under the PPF to review the
environmental aspects of the RSDP with respect to (i) the adequacy of the current national system of environmental policies and regulations regarding environmental impact assessment, resettlement (framework), policies and strategies, mitigation, monitoring, and management of road work activities; (ii) the capacity of the MOWHC and the National Environmental Management Authority (NEMA) to commission, facilitate and implement future environmental assessments of road projects; (iii) the identification of programs and organization of training courses targeted to appropriate government staff and consultants in environmental assessment techniques and methodologies for road projects, and (iv) an assessment of local consultant capacity and training needs to conduct relevant environmental assessments.

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Note: This is information on an evolving project. Certain components may not be necessarily included in the final project.

This PID was processed by the InfoShop during the week ending May 4, 2001.