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This action is funded by the European Union

## ANNEX 4

of the Commission Decision on the Annual Action Programme 2016 for Uganda  
to be financed from the 11<sup>th</sup> European Development Fund

### Action Document for Institutional Capacity Building for the Transport Sector in Uganda

#### INFORMATION FOR POTENTIAL GRANT APPLICANTS

##### WORK PROGRAMME FOR GRANTS

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012), applicable to the EDF in accordance with Article 37 of Regulation (EU) 2015/323 in the following sections concerning calls for proposals: N/A; and in the following sections concerning grants awarded directly without a call for proposals: Section 5.4.1

<b>1. Title/basic act/ CRIS number</b>	Institutional Capacity Building for the Transport Sector in Uganda CRIS number: UG/FED/039-149 financed under the 11 <sup>th</sup> European Development Fund (EDF)	
<b>2. Zone benefiting from the action/location</b>	Uganda The action shall be carried out at the following location: Nation-wide but the project team will be based in Kampala	
<b>3. Programming document</b>	Uganda - 11th EDF – National Indicative Programme (NIP) 2014-2020	
<b>4. Sector of concentration/ thematic area</b>	Transport Infrastructures	DEV. Aid: YES <sup>1</sup>
<b>5. Amounts concerned</b>	Total estimated cost: EUR 13 063 399 Total amount of EDF contribution EUR 12 000 000 This action is co-financed in parallel co-financing by: - The Government of Uganda for an amount of approximately EUR 1 000 000 This action is co-financed by potential grant beneficiaries for an indicative	

<sup>1</sup> Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

	amount of EUR 63 399.			
<b>6. Aid modality(ies) and implementation modality(ies)</b>	Project Modality Indirect management with the Government of Uganda/National Authorising Officer (NAO) Direct management – procurement of services Direct management – grants – direct award			
<b>7 a) DAC code(s)</b>	21010 (Transport Policy and Administrative Management) 100%			
<b>b) Main Delivery Channel</b>	Public Sector Institutions - 10000			
<b>8. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	x
	Aid to environment	<input type="checkbox"/>	x	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	x	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	x	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	x	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity	x	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	x	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	x	<input type="checkbox"/>
<b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b>				
<b>10. Sustainable Development Goals (SDGs)</b>	Main SDG Goal: - Goal 9: Build resilient infrastructure, promote sustainable industrialization and foster innovation Secondary SDG Goal(s): - Goal 5: Achieve gender equality and empower all women and girls - Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all - Goal 13: Take urgent action to combat climate change and its impacts			

## SUMMARY

A modernised transport infrastructure is a key aim in Uganda's development Vision 2040, and accordingly, infrastructure investments are prioritised in the current National Development Plan (NDP II). This is reflected in the European Union's National Indicative Programme (NIP) for Uganda under the 11<sup>th</sup> EDF, with the transport sector as the largest focal sector. The EU will support Uganda specifically in developing a multi-modal approach, thus helping the Government in broadening its infrastructure base from its present heavy dependence on road transport.

The Government of Uganda has, over the last years, made significant domestic resource allocations and increased its external borrowing for infrastructure development, but sector capacity is generally considered weak, underlined recently by major cases of misappropriation of public funds and violation of environmental and social standards in major road construction projects. While existing EU activities were not directly affected by fraud, capacity building in the sector to improve overall performance and to safeguard EU grant investments is strongly needed. The proposed action will, therefore, be complementary to our other investments in the transport sector under the 2014-2020 NIP.

The proposed action aims to improve the human resource and institutional capacity in the sector in line with the NIP focal sector objective of reinforcing the sustainability of the national transport system, ensuring the necessary regulatory framework and financial means and applying low cost sealing technology to reduce maintenance costs in rural areas. The results of the action are (a) strengthened capacity of the Ministry of Works and Transport (MoWT) in gender responsive strategic planning and oversight in a multimodal transport environment, contributing to an appropriate investment-maintenance mix, climate change mitigation and building climate resilience of the sector; (b) improved delivery of road development projects; (c) improved operational efficiency of road maintenance and; (d) increased competitiveness of the local construction industry in the transport sector.

These results will be achieved through three separate avenues of support with distinct implementation modalities:

(i) Support to government institutions (result a through c) shall be implemented by indirect management with the Government of Uganda/National Authorising Officer (NAO). The beneficiary institutions (MoWT, Uganda National Roads Authority and Uganda Road Fund) shall be assigned the role of Project Manager and take responsibility for the quality of the individual component outputs.

(ii) Support to the local construction industry (result d) shall be implemented by direct management through a service contract and grant – direct award. The Uganda Institution of Professional Engineers (UIPE) shall take responsibility for the achievement of the component result.

## **1 CONTEXT**

### **1.1 Sector/Country/Regional context/Thematic area**

The Uganda Vision 2040 aims at transforming Uganda from its present Least Developed Country (LDC) status to a competitive, upper middle income country by 2040. The Vision builds mainly on the development fundamentals of infrastructure and human capital in order to be able to harness economic opportunities particularly in agriculture; minerals, oil and gas; and tourism. Accordingly, the present National Development Plan 2015-20 prioritises energy, transport, information and communication technology (ICT), and water for production. The Government's commitment to the transport sector is evident in significantly increasing annual budgetary allocations, from UGX 464 billion (Fiscal Year 2006/2007) to UGX 3.3 trillion (Fiscal Year 2015/2016) in less than 10 years. The sector accounts presently for 18% of the total resource allocation, and similarly EU support will account for 18% of the annual recurrent budget in the sector over the three year duration of the proposed action.

Uganda's transport system is, at present, mainly road-focused with minimal investments and improvements in the water and rail sector (until recently for the planning of the Standard Gauge Railway from Kenya). The total road network consists of 21 000 km of National Roads, 32 000 km of District Roads, 13 000 km of Urban Roads and 85 000 km of Community Access Roads. However, in

order to harness the abovementioned economic opportunities, Uganda needs to move towards an adequate, reliable and efficient multimodal transport network.

On a presidential directive triggered by major recent cases of misappropriation of public funds and further underlined by violation of environmental and social standards in major road construction projects funded by the World Bank, the Government has embarked on a credible initiative for reforms aiming at improved human resource and institutional capacity. In the Uganda National Roads Authority (UNRA) this has led to a complete overhaul of staffing in 2015, with new employment contracts and a widened staff base coming mainly from outside the organisation. The newly appointed Executive Director, coming with a strong track record of a successful reform of the Uganda Revenue Authority, has asked development partners (DPs) for staff capacity building support under the new structure.

### ***1.1.1 Public Policy Assessment and EU Policy Framework***

The present institutional set-up of the sector was established on the basis of a reform programme introduced in 2006 (with support from the World Bank and the European Union), focusing the Ministry of Works and Transport (MoWT) on its core roles of policy formulation, regulation, oversight and strategic planning. The national road network was transferred to the UNRA for the management of its delivery and maintenance. The Uganda Road Fund (URF) was established for financing of routine and periodic maintenance of public roads. However, these reforms have been hampered by inadequate human resource and institutional capacity, leading to gaps in sector governance and public finance management. This has triggered a second wave of reforms in 2015 specifically in UNRA, the main recipient of transport sector investment funding so far.

Substantial sector policies are still very rudimentary, and there is at present no master plan that would allow for a more comprehensive planning approach, based on traffic and freight demand; an assessment of existing asset value; gender analysis; and a Strategic Environmental Assessment (SEA) on a multimodal transport network. Transport is also one of the main contributors of greenhouse gas emissions in the country, and will be the main contributor by 2035, according to Uganda's Second National Communication to the United Nations Framework Convention on Climate Change (UNFCCC). Accordingly, the Government of Uganda is presently fast-tracking amendments to the Inland Water Transport legislation and the Uganda Railways Corporation (URC) Act to devise an improved framework for the development of water and rail transport. Transport has also been rightfully identified as a key sector of attention in Uganda's Intended Nationally Determined Contribution (INDC) (2015) and the Second National Communication (2014) for climate change mitigation and adaptation actions. Therefore, the core of the present sector dialogue with development partners is the protection of assets under a more appropriate investment-maintenance mix and a multimodal transport policy also in view of the protection of existing road assets. The proposed action will therefore strengthen the capacities of the MoWT and the parastatal bodies under its supervision (UNRA, URC, and the Civil Aviation Authority (CAA)) in strategic planning and policy accounting for gender responsiveness and climate change mitigation and adaptation.

The Uganda Road Fund, in the execution of its mandate, has Designated Agencies (DAs) that are responsible for the delivery of road maintenance. However, maintenance operations are stifled by delays and misappropriation of maintenance funds especially the DAs under the Ministry of Local Government (MoLG). Therefore, the proposed activity will strengthen the URF's oversight function and build the capacity of DAs in planning, delivery and accountability of road maintenance.

The 2010 National Construction Industry Policy (NCIP) aims to enhance the performance and growth of local businesses and professions within an organised and continuously improving institutional framework. For its implementation, the Uganda Construction Industry Commission (UCICO) will be established. The progress of the UCICO bill is monitored in the Joint Transport Sector Review (JTSR) Action Plan Matrix (APM) and the proposed action will support the NCIP by building the capacity of the Uganda Institution of Professional Engineers (UIPE) in the advancement of the professional growth of its members in both public and private sectors.

With support from the 8<sup>th</sup>, 9<sup>th</sup>, and 10<sup>th</sup> EDF to road transport, the EU has become a major development partner in the sector and is at the moment the largest grant donor. On this basis, the EU has built up a strong cooperation relationship with the Government and is also chairing the development partners' transport sector working group. EDF-funded projects have not been part of recent allegations of misappropriation and non-compliance in the sector. The EU, nevertheless, takes a strong interest in sector governance reforms and capacity improvements, particularly in light of an increased focus on blending operations under the 11<sup>th</sup> EDF which would rely more on the use of government systems. Under the 11<sup>th</sup> EDF NIP for Uganda, transport infrastructure is one of three focal areas, with the largest fund concentration (about 40% of total support). The specific objectives for this focal area are: (1) to reinforce sustainability of national transport system, ensuring the necessary regulatory framework and financial means and applying low cost sealing technology to reduce maintenance costs in rural areas; and (2) to develop an efficient multimodal transport network including waterways, with particular attention to the connection with the neighbouring countries, urban access and optimisation of intermodal linkages.

### *1.1.2 Stakeholder analysis*

The proposed project has, and seeks to engage with, a range of different stakeholders in both public and private sectors. The public stakeholders have been analysed in the point above (1.1.1). The stakeholders outside the Government sphere include:

- (a) The local construction industry which includes student and professional members, as well as private consulting and contracting engineering firms, are still perceived as insufficiently skilled to participate in large infrastructure projects. The proposed action aims at strengthening the functions of the UIPE and its partners, Uganda Association of Consulting Engineers (UACE) and Uganda National Association of Building and Civil Engineering Contractors (UNABCEC), in promoting the professional and business interests of their members.
- (b) Development Partners (DPs): The transport sector is receiving support from several DPs namely the World Bank (WB), African Development Bank (AfDB), Japan International Cooperation Agency (JICA), the UK Department for International Development (DFID), Danish International Development Agency (DANIDA), European Investment Bank (EIB), Kreditanstalt für Wiederaufbau (KfW), Trade Mark East Africa (TMEA) and the EU. Accordingly, there is a strong DP interest in the status of the management of the transport sector. The proposed activity will seek coherent linkage with ongoing and future support by DPs and aims at improved information sharing and political exchange with the Government of Uganda.
- (c) Civil society does not yet have a strong involvement in the sector, neither in an advocacy role for infrastructure users nor as a watchdog monitoring sector accountability and social and environmental impacts of large infrastructure investments. Recent incidences of negative impact of one World Bank-funded road construction project on local communities underline the need for government and development partners for a widened monitoring framework. Local civil society

organisations can make a constructive contribution to such a framework if sensitised and enabled to do so. Complementarities to this action from the Civil Society in Uganda Support Programme (CUSP) under the 11<sup>th</sup> EDF will be sought.

- (d) The general public, specifically road users such as cargo companies affected by axle load control policies; motorists and pedestrians affected by road safety; and project affected persons (PAPs) in Resettlement Action Plan (RAP) implementation, will be involved through stakeholder consultations to ensure the sustainability of capacity building interventions. The general public can be valuable in the protection of infrastructure assets and thus the appropriate use of communication tools will enhance ownership of public infrastructure investments in the transport sector.

### *1.1.3 Priority areas for support/problem analysis*

The transport sector in Uganda is characterised by premature failures, high construction costs, poor safety of road users, and lack of or poor environmental and social safeguards among others. The above mentioned issues can be ascribed to weaknesses in: (a) Planning and Design; (b) Procurement and; (c) Project implementation/delivery. These factors can be viewed as resulting from various deeper-lying inadequacies affecting the transport sector, such as: (a) Weak legal, policy and institutional frameworks; (b) Inadequate human resource capacities and; (c) Weak local construction industry.

The proposed project is designed to help address the above factors by (a) Developing the transport planning capabilities of the MoWT. The existing National Transport Master Plan including the Master Plan for Greater Kampala Metropolitan Area (NTMP/GKMA) expires in 2023, so it will be appropriate to design a new one to support Vision 2040 with a focus on intermodal/multimodal planning, an appropriate investment-maintenance mix, gender analysis, and climate change mitigation and adaptation; (b) Building capacities of key stakeholders in the delivery of their mandate, especially the UNRA and URF. UNRA has recently undergone restructuring and doubled its staff capacity, thereby addressing previous capacity building implementation bottlenecks. In addition, the URF has been mandated to establish regional Technical Support Units (TSUs) thus increasing their capacity to successfully monitor maintenance operations; (c) Increasing the competitiveness of the local construction industry. The major constraint has so far been the slow progress of the UCICO bill. However, the design of the action has taken this into account such that implementation is not dependent on the enactment of the bill.

## 2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Political interference in transport sector management	H	<p>Linkage of sector-level dialogue with National Partnership Forum dialogue, i.e. high-level policy dialogue between Government and development partners, to raise critical issues if necessary.</p> <p>For the EU: regular review of political relations and impact on EU-Uganda cooperation in Article 8 Cotonou Agreement dialogue.</p> <p>Robust, objective procedures and transparency in the development of sector plans and policies</p>
Lack of sector accountability, risk of corruption	H	<p>Continued application of EU rules and control mechanisms for implementation of EU-funded activities</p> <p>Management of EU funds by the National Authorising Officer (NAO) rather than sector-specific entities</p> <p>Coherent linkage with accountability-strengthening activities under the Governance focal area, e.g. Strengthening Uganda's Anti-Corruption Response 'SUGAR'.</p> <p>Consequent follow-up on sector-specific findings in the Auditor General's annual reports as part of the sector working group agenda</p> <p>Specific capacity building measures as part of the proposed action</p>
Lack of Government due diligence in environmental and social impact assessment, monitoring and mitigation	H	<p>Specific training and institutional capacity building support under this project</p> <p>Close coordination among development partners and advocacy in the sector working group</p> <p>Demand for highest standards at level of infrastructure projects.</p> <p>Support to Government and to civil society for entering into a constructive dialogue</p>
Lack of sector coordination, particularly with non-Development Assistance Committee (DAC) donors	M	<p>Strengthening of planning and coordination capacity in the MoWT</p> <p>EU continues pro-active role as lead development partner in the transport sector</p> <p>Strong advocacy towards Government to include non-DAC donors in sector coordination mechanisms, also at level of the Local Development Partners Group (LDPG)</p>

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>
Uncertainties of government counterparts about EU rules and regulations, leading to ineligible expenditures.	M	Monitoring included in Terms of Reference (ToR) for lead consultants under service contract Specific training measures for government staff as part of the project.
Frequent staff turnover jeopardizes institutional capacity building and sustainability of reforms.	M	Government commitment to avoid frequent staff transfers Government commitment to provide refresher trainings on basis of methodologies established under this project.
<b>Assumptions</b>		
<p>Political, economic and social stability is maintained</p> <p>Progress on the fight against corruption to maintain the underlying principles as laid out in the Cotonou Agreement is sustained</p> <p>The Government of Uganda counterparts will provide suitable staff for implementation of projects and will avail them for training when required</p> <p>The programme will generate tangible results, thus maintaining interest and ownership from the beneficiary institutions</p>		

### **3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES**

#### **3.1 Lessons learnt**

**Comprehensive Sector Support:** The final evaluation of the 10<sup>th</sup> EDF Ugandan Road Sector Policy Support Programme (SPSP) – Capacity Development Component (CDC) - revealed that the capacity building of both public and private actors in the sector is complementary and should be maintained. Support on the public side needs to foster an adequate balance between investment in new infrastructure and maintenance of the existing.

**Sustainability:** The final evaluation of the previous 10<sup>th</sup> EDF CDC also revealed that the project design did not provide any direction for the sustainability of the project outputs and impacts, and that no exit strategy was provided. The design of new activities needs to address sustainability questions already from an early stage of implementation. Capacity building for the local construction industry will help in the local provision of services which can substitute present international support, e.g. in planning and supervision.

**Policy coherence and coordination:** Previous capacity building support to the transport sector has been provided in the form of isolated, smaller-scale activities. The set-up of the present NIP allows for more coherent linkages between focal areas, where transport sector activities can benefit from complementary measures for improved accountability and compliance supported from the governance sector. The new Development Initiative for Northern Uganda (DINU) programme financed by the EU will create synergies between support activities in rural development, transport, and governance, with a specific focus on northern Uganda.

#### **3.2 Complementarity, synergy and donor coordination**

This project is a consistent continuation of the previous 10<sup>th</sup> EDF Ugandan Road Sector Policy Support Programme (SPSP) – Capacity Development Component (CDC) - where Technical

Assistance (TA) was provided to UNRA, URF and the local private sector. This second generation TA will, however, have a stronger focus on sector policy and support to the Ministry of Works and Transport in its guidance and coordination role for the sector.

The WB is presently aiming at lifting their suspensions on two road construction projects, in place since January 2016. In that endeavour, TA to UNRA will be directed towards safeguards management in conformity with WB environmental and social standards and practices guidelines, road safety, and axle load control and enforcement. In addition, this component of the proposed action will build synergies with the EU funded regional Tripartite, Transport and Facilitation Programme in a concerted effort to eliminate infrastructure inefficiencies hampering the integration of the Eastern and Southern Africa Regions.

DFID is supporting UNRA in building the capacity of the Directorate of Procurement, ending in August 2016, by training staff, reviewing procurement checklists, guidelines and the standard bidding documents. DFID is also providing a Policy Advisor to the MoWT to support their policy function until October 2016.

The African Development Bank (AfDB) emerges as a parallel financing partner for the EU for the Kampala-Jinja Express highway, with a need for closer coordination with European financing partners. The joint aim is to support the Government of Uganda in putting together a public and private financing package for the first transport public-private partnership (PPP) in East Africa.

The highest level of dialogue in the country is the bi-annual National Partnership Forum between the Government of Uganda and Development Partners. Regular dialogue is coordinated by the Local Development Partners Group (LDPG). The LDPG oversees a series of Sector Working Group (SWGs), which provide a forum for more technical discussions. The EU is presently chairing the Transport Sector DP Working Group.

### **3.3 Cross-cutting issues**

The recent cancellation of a WB funded transport sector loan revealed several weaknesses and risks in the implementation of transport infrastructure projects with one specific contractor, a Chinese company, such as sexual abuse, child labour, sexual harassment of female workers, poor resettlement practices, poor labour conditions, and inadequate road and workplace health and safety measures. Accordingly, the proposed project foresees to include specific activities related to the promotion of the principles of human rights, core labour standards, and women empowerment. Specific attention will be paid to RAP implementation.

Particularly, the MoWT has a Gender Policy Statement (2008) as well as Guidelines for Mainstreaming Gender in the Road Sub-Sector (2008) which have not been fully disseminated to the sub-sector institutions and actors. In addition, inadequate environmental assessments and enforcement of compliance are part of the weaknesses encountered in the implementation of transport infrastructure projects in Uganda. Therefore, the proposed action will address the development of capacities in Gender Equality and Women Empowerment (GEWE) mainstreaming in transport policy formulation, sector planning and budgeting, and project implementation, also in compliance with the 2015 Joint Staff Working Document on GEWE through EU external relations. Likewise, attention will be given to building the resilience of the sector to climate change, primarily through the development of capacities to use tools to identify adaptation needs and climate-proof transport infrastructure in alignment with Uganda's INDC and its Second National Communication to the UNFCCC.

Youth unemployment remains a serious challenge in Uganda. In 2009, a World Bank report revealed that 83% of youth (18-30 years) are unemployed in spite of improved access to primary and secondary education. This predicament is attributed to inadequate investment/supply side of jobs and insufficient employable skills (combined with a rapid population growth). Therefore, the project aims at strengthening the private transport construction industry in Uganda with the aim of local employment generation and improved skilling of workers and professionals.

## **4 DESCRIPTION OF THE ACTION**

### **4.1 Objectives/results**

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG target 9: Build resilient infrastructure, promote sustainable industrialisation and foster innovation, but also promotes progress towards Goal 5: Achieve gender equality and empower all women and girls, Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all as well as Goal 13: Take urgent action to combat climate change and its impacts. This does not imply a commitment by the Government of Uganda benefiting from this programme.

The **overall objective** of this action is to improve the transport sector in terms of sector governance, planning, implementation and sustainability of infrastructure.

The **specific objective** of the action is to improve the human resource and institutional capacity in the transport sector.

**Result 1:** Strengthened capacity of the MoWT in gender responsive strategic planning and oversight in a multimodal transport environment, contributing to an appropriate investment-maintenance mix, climate change mitigation and building climate resilience of the sector.

**Result 2:** Improved delivery of road development projects.

**Result 3:** Improved operational efficiency of road maintenance.

**Result 4:** Increased competitiveness of the local construction industry in the transport sector.

### **4.2 Main activities**

Linked to Result 1, the indirectly managed *Technical Assistance to the Ministry of Works and Transport* component will provide:

- Funding for a combination of Long Term Technical Assistance (LTTA) and Short Term Technical Assistance (STTA) experts to carry out a mid-term review (2008 – 2016) of the National Transport Master Plan including the Master Plan for Greater Kampala Metropolitan Area (NTMP/GKMA) (2008 –2023). The experts will evaluate the sector's performance on the improvement in the stock and quality of transport infrastructure; increase in volumes of passenger and freight traffic on the multimodal networks; the extent to which gender and climate proofing considerations have been built into transport infrastructure and the environmental and social impact thereof; and the extent of strengthening of the National Construction Industry, among others, with recommendations for its future implementation.
- Funding for LTTA and STTA experts for the preparation of an intermodal/multimodal transport strategy for Uganda (2020 – 2040), including the preparation of a Strategic Environmental Assessment (SEA) to enhance the integration of environmental and climate change considerations in the planning process, and with an additional focus on building capacities to integrate SEA in

MoWT's planning systems. The experts will make recommendations for future investments in light of the prevailing maintenance needs of the network, developing plans that are sustainable, gender responsive, climate resilient and immune from build and collapse practices. It will also include capacity building of MoWT counterparts in the use and maintenance of the transport planning system as well as training in the management of public-private partnership (PPP) projects.

- Administrative and logistical support for workshops, trainings, participation of Ugandan experts and officials at national, regional and international conferences and seminars.

Linked to Result 2, the indirectly managed *Technical Assistance to the Uganda National Roads Authority* component will provide:

- Funding for a combination of LTTA and STTA experts to carry out a situational analysis of the institution including a capacity/needs assessment and an analysis of the status of the implementation of their corporate and business plans. This study will inform the reallocation of the experts' inputs in training staff in contract management (with specific focus on PPP projects), procurement, and environmental and social safeguards to international best practice. The TA will also include building the capacity of counterpart staff in bridge and drainage designs as part of climate change adaptation measures to ensure climate proof transport infrastructure.
- Funding for the establishment of a Monitoring and Evaluation (M&E) Framework and Internal Audit systems in UNRA to support the ongoing restructuring process. Particular attention will also be given to building the capacity of the Authority in axle load control, in line with the EU funded regional Transport and Transit Facilitation Programme, to ensure sustainability of the transport network. This will include administrative and logistical support for professional courses and stakeholder workshops and seminars.

Linked to Result 3, the indirectly managed *Technical Assistance to the Uganda Road Fund* component will provide:

- Funding for a combination of LTTA and STTA experts to carry out a situational analysis of the URF including a capacity/needs assessment and an analysis of the status of the implementation of their corporate and business plans. This study will inform the reallocation of the experts' inputs in the follow up capacity building activities. The TA will also include the building of interfaces in order to integrate URF Information Management Systems with those of their Designated Agencies (DAs). The TA will include training of URF staff, UNRA, KCCA and other District, Urban and Community Access Roads (DUCAR) Designated Agencies, through regional Technical Support Units (TSUs), in the use of these interfaces.
- Funding for STTA experts in the capacity improvement of the internal audit departments of DUCAR DAs and the acquisition of audit management software. It will also include the strengthening of the M&E function of the URF through acquisition of monitoring information systems, training, and updating the Allocation Formula and the Unit Cost Model to reduce cost variations among the DAs.

Linked to Result 4, the directly managed *Support to the Local Construction Industry* component, supervised by the Uganda Institution of Professional Engineers (UIPE), will provide:

- Funding for institutional support to the UIPE in order to increase its capacity in the advancement of the science and practice of engineering in Uganda. This activity will include the provision of

LTTA and STTA experts to carry out a comprehensive review or baseline study of the UIPE strategic and operational plans and activities. The experts will evaluate the institution's performance in nurturing the professional growth of its members; assess the relevance of the institution's activities; with recommendations for future implementation. The TA will provide administrative and logistical support for stakeholder workshops and seminars focusing on strengthening/rebranding the UIPE to improve its significance in the transport sector and subsequently its revenue collections.

- Funding for a Graduate Traineeship Programme (GTP) that will target graduates from universities and other tertiary institutions in equipping them with employable skills to improve the quality of works/services in the transport sector. Support will include the provision of LTTA and STTA experts for the design and supervision of the program; and administrative and logistical support for stakeholder workshops. Funding will also be provided for supplementing the salaries of graduate engineers and technicians, who will participate in this program. A minimum of 30% of the beneficiary graduates will be female and attention will be given to opportunities to integrate environmental sustainability and climate resilience considerations in the training programme.
- Funding for the scaling up of trainings to national technical colleges and the public. The TA will provide administrative and logistical support for the integration of selected academic and professional courses into the curricula of five national technical colleges to equip graduates with employable skills. In addition, it will support stakeholder workshops and seminars for selected public courses to promote the advancement of the engineering profession.

### **4.3 Intervention logic**

In support of Uganda's vision of moving away from a road focused transport system to developing an efficient multimodal transport network, the MoWT's capacities in strategic planning and oversight need to be strengthened. Also, in light of the recent WB suspension of financing on transport sector projects, the Government of Uganda is keen on integrating environmental and social safeguards management in all sector plans, policies and programmes. Therefore, TA in these areas is appropriate.

The UNRA has been under the spotlight, in previous years, for mismanagement of public funds. However, following the recent restructuring at the Authority to enable it to operate in a business-like manner, TA is needed in strengthening its new internal functions in business development, internal audit, and M&E, among others. In addition to this, the core business of UNRA also needs strengthening in procurement, contract management (with a focus on PPP projects), and environment and social management to reduce cost overruns and their successive burden to the tax payer. The latter intervention will support the efficient implementation of both 10<sup>th</sup> and 11<sup>th</sup> EDF infrastructure interventions in transport sector namely the Kampala Northern Bypass II, the Kampala – Jinja Expressway PPP, and the upgrading of the Atiak – Laropi road under the DINU programme.

Support to the Uganda Road Fund is key to ensuring that EU funded road infrastructure projects over the 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> EDF are well maintained. The support offers technical assistance to the URF and its DAs in improving the operational efficiency of maintenance interventions in the sector. The intervention of capacity building of DUCAR DAs through regional Technical Support Units (TSUs) supports the 11<sup>th</sup> EDF DINU programme. There are over 100 DUCAR agencies and capacity building in each of them is unachievable. Accordingly, the URF has obtained a Project Code, 1442, for "Strengthening Capacity of URF", which requires financing from the Government of Uganda for the establishment of regional TSUs. Their mandate will be the capacity enhancement of DUCAR agencies in the fields of planning, reporting and actual delivery of road maintenance works. Therefore, building

the capacity of staff in the regional TSUs will supplement the efforts of the Government of Uganda in reducing incidences of misappropriation and diversion of maintenance funds.

The Support to the Local Construction Industry component supports the NDP II objective of "Improving the National Construction Industry". In spite of the government's heavy investment in the transport sector, the participation of local construction industry is still minimal due to the lack of highly skilled personnel. The UIPE, which is responsible for fostering the professional growth of both its student and professional members, has only 40% of its membership remitting their subscription fees on which it is dependent for its operations. Therefore, the strengthening and/or rebranding of the UIPE to improve its relevance to its members and thus its revenue collections is pivotal in improving the national construction industry. In addition to this effort, the GTP will be designed in such a way as to train graduates in all areas of project cycle management so that they can attract gainful employment in both private and public sectors. This effort will not only reduce operational expenses of their employers through the substitution of foreign expertise but also improve the quality of services/works delivered by the graduates. The sustainability of the GTP is dependent on building the capacity of the UIPE to enable it to co-finance this intervention with the private sector at the end of EU support.

## 5 IMPLEMENTATION

### 5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

### 5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU)/322/2015.

### 5.3 Implementation of the budget support component

N/A

### 5.4 Implementation modalities

#### 5.4.1 *Grant: direct award 'Implementation of the Graduate Traineeship Program' (direct management)*

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

The grant will be one of the modalities for achievement of **Result 4**: Increased competitiveness of the local construction industry in the transport sector, under the *Support to the Local Construction Industry* component. The main objective of the grant is to have a highly attractable/skilled local workforce in the transport sector through supplementing the salaries of fresh graduates from engineering colleges and universities to practice engineering. Currently, most engineering graduates are drawn to other professions such as banking and auditing, due to their lack of practical experience and/or low salaries offered in the engineering profession in Uganda. Therefore, this action will not

only offer the graduates a platform for practical training but also leverage for attracting gainful employment in the future. Accordingly, the expected result of the action is increased local content/expertise in transport sector projects.

Within this grant financial support to 3<sup>rd</sup> parties may take place in the form of:

- Salary subventions, of up to 50%, for a maximum of one hundred graduate engineers and technicians in the first year of the action
- Salary subventions, of up to 25%, for a maximum of one hundred graduate engineers and technicians in the second year of the action

The grant will also cover:

- Administrative costs for quarterly monitoring visits by Professional Support Officers (PSOs) and overall management of the program.

(b) Justification of a direct grant

Under the responsibility of the Commission’s authorising officer responsible, the grant may be awarded without a call for proposals to the Uganda Institution of Professional Engineers (UIPE).

Under the responsibility of the Commission’s authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because the beneficiary is in a legal monopoly situation (Article 190(1) (c) of RAP). In accordance with the Engineers Registration Act (ERA Cap 271) which provides for the registration of engineers in Uganda, membership to the UIPE is recognized by the board as furnishing a sufficient guarantee of academic knowledge of, and practical experience in engineering. Accordingly, the UIPE is mandated to promote the general advancement of the science and practice of engineering and its applications, and to facilitate the exchange of information and ideas for that purpose.

(e) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 76.64%.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. The essentiality of full funding will be justified by the Commission’s authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(f) Indicative trimester to conclude the grant agreement

Third trimester of the year 2017

**5.4.2 Procurement (direct management)**

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Support to the Local Construction Industry	Services	1	Second trimester – 2017

### 5.4.3 *Indirect management with the partner country*

A part of this action with the objective of support to the line ministry and public institutions in the transport sector may be implemented in indirect management with the Republic of Uganda (in particular the Ministry of Finance, Planning and Economic Development, the NAO in Uganda) in accordance with Article 58(1)(c) of the Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of Regulation (EU) 2015/323 according to the following modalities:

The partner country will act as the contracting authority for the procurement and grant procedures. The Commission will control ex ante all the procurement and grant procedures. Payments are executed by the Commission.

In accordance with Article 190(2)(b) of Regulation (EU, Euratom) No 966/2012 and Article 262(3) of Delegated Regulation (EU) No 1268/2012 applicable in accordance with Article 36 of the Regulation (EU) 2015/323 and Article 19c(1) of Annex IV to the ACP-EU Partnership Agreement, the partner country shall apply procurement rules of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012. These rules, as well as rules on grant procedures in accordance with Article 193 of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of the Regulation (EU) 2015/323, will be laid down in the financing agreement concluded with the partner country.

### 5.4.4 *Changes from indirect to direct management mode due to exceptional circumstances*

If for circumstances outside of the Commission's control, the NAO cannot fulfil its role for indirect management as listed above in the section 5.4.3, it is proposed to follow procurement under direct management for the abovementioned components targeted to public sector institutions (TA to MoWT, UNRA and URF).

<b>Subject in generic terms, if possible</b>	<b>Type (works, supplies, services)</b>	<b>Indicative number of contracts</b>	<b>Indicative trimester of launch of the procedure</b>
Technical Assistance to the Ministry of Works and Transport	services	1	4 <sup>th</sup> trimester 2016
Technical Assistance to the Uganda National Roads Authority	servicer	1	4 <sup>th</sup> trimester 2016
Technical Assistance to the Uganda Road Fund	service	1	4 <sup>th</sup> trimester 2016

## 5.5 **Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in

other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

## 5.6 Indicative budget

Budget item	EU contribution (amount in EUR)	Indicative third party contribution (EUR)
<b>Result 1 – Technical Assistance to the Ministry of Works and Transport</b> composed of	<b>4 300 000</b>	
5.4.3. – Service Contract for Technical Assistance to the Ministry of Works and Transport (indirect management)	4 300 000	
<b>Result 2 – Technical Assistance to the Uganda National Roads Authority</b> composed of	<b>3 500 000</b>	
5.4.3 – Service Contract for Technical Assistance to the Uganda National Roads Authority (indirect management)	3 500 000	
<b>Result 3 – Technical Assistance to the Uganda Road Fund</b> composed of	<b>1 600 000</b>	<b>1 000 000</b>
5.4.3 – Service Contract for Technical Assistance to the Uganda Road Fund (indirect management)	1 600 000	
Placing, accommodating and servicing Regional Technical Support Units for DUCAR Designated Agencies (parallel co-financing)		1 000 000
<b>Result 4 – Support to the Local Construction Industry</b> composed of	<b>1 550 000</b>	<b>63 399</b>
5.4.1 – Direct Grant 'Implementation of the Graduate Traineeship Program' (direct management)	208 000	63 399
5.4.2 – Service Contract for Support to the Local Construction Industry (direct management)	1 342 000	
5.9 – Evaluation, 5.10 – Audit	300 000	N.A.
5.11 – Communication and visibility	100 000	N.A.
Contingencies	650 000	N.A.
<b>Totals</b>	<b>12 000 000</b>	<b>1 063 399</b>

## 5.7 Organisational set-up and responsibilities

The programme shall be implemented by both Direct and Indirect Management. Therefore, a strong coordination mechanism and regular dialogue are essential to achieve the intended results under the programme. The overall responsibility for the implementation lies with the NAO, which is the Contracting Authority.

A steering committee of different stakeholders shall be set up to oversee and validate the overall direction, policy and implementation of the project on the basis of the Logical Framework Matrix in Appendix I. The steering committee shall meet bi-annually and shall be chaired by the Permanent Secretary of the MoWT. It shall have a minimum 30% female representation for gender mainstreaming and will comprise of the following members:

- Permanent Secretary of the Ministry of Works and Transport (Chairperson)
- Representative of the Ministry of Works and Transport (Project Manager/Secretary)
- Representative of the National Authorising Office (NAO)
- Representative of the Uganda National Roads Authority (UNRA)
- Representative of the Uganda Road Fund (URF)
- Representative of the Uganda Institution of Professional Engineers (UIPE)
- Representative of the Uganda Association of Consulting Engineers (UACE)
- Representative of the Uganda National Association of Building and Civil Engineering Contractors (UNABCEC)
- Representative of the Civil Society Coalition on Transport in Uganda (CISCOT)
- Representative of the EU Delegation, with observer status

Four project management committees shall be set up to support the smooth implementation of the individual components. They shall meet quarterly and take responsibility for the review of quarterly progress reports, take decisions and agree on follow up actions. The quarterly reports will also report on the progress of achievement of the action's milestones as per the Logical Framework Matrix in Appendix I. The meetings will be chaired by the beneficiaries of the individual actions, who will be assigned the role of Project Manager. The NAO and the EU Delegation will have representatives on each of these committees.

The existing monthly focal sector meetings, which are co-chaired by the Commissioner – Development Assistance and Regional Cooperation (DARC) and the Section Team Leader (EU Delegation) will be used for reviewing the implementation of 11<sup>th</sup> EDF projects in the Infrastructure Sector and agreeing on follow up actions if needed.

## **5.8 Performance monitoring and reporting**

The performance indicators at impact level are drawn from the Transport Sector Annual Reports and the Government Annual Performance Reports (GAPR), and are fully owned by the sector. Similarly, one of the outcome level indicators is monitored by the sector through the annual Road User Satisfaction Survey (RUSS), which is now implemented by the URF. However, outcome indicator (a) and the performance indicators at output levels will, initially, be monitored through progress reports from the action. Subsequently, following the TA to UNRA and the URF in improving their M&E functions, the Transport Sector shall be encouraged to systematically set and publicise targets for the outcome and output indicators.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget

details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

## **5.9 Evaluation**

Having regard to the importance and nature of the action, mid-term, final and ex-post evaluations will be carried out for this action or its components via independent consultants contracted by the Commission.

A mid-term evaluation will be carried out for problem solving, learning purposes, in particular with respect to reorientation of the project components if need arises due to sectoral reforms.

Final and ex-post evaluations will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the GTP will be handed over to the UIPE for its implementation. It will be crucial to assess how the sector manages this action, without external support.

The Commission shall inform the implementing partner at least 30 days in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, one contract for evaluation services shall be concluded under a framework contract in the fourth trimester of 2018.

## **5.10 Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one contract for audit services shall be concluded under a framework contract in the fourth trimester of 2018.

## **5.11 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

The implementation modality for communication and visibility is direct management – procurement of services.

**APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) <sup>2</sup>**

	<b>Results chain</b>	<b>Indicators</b>	<b>Baselines (Ref. year – 2014/15)</b>	<b>Targets (Ref. year – 2019/20)</b>	<b>Sources and means of verification</b>	<b>Assumptions</b>
<b>Overall objective: Impact</b>	To improve the transport sector in terms of sector governance, planning, implementation and sustainability of infrastructure	(a) Percentage of the national paved roads network in fair to good condition* (b) Percentage of the national unpaved roads network in fair to good condition* (c) Total length of road constructed /rehabilitated /maintained with EU support**	(a) 80% (b) 70% (c) ... km (to be defined in Baseline Study at project inception)	(a) 82% (b) ...% (to be defined by the Sector by September 2016) (c) ... km (to be defined in Baseline Study at project inception)	<ul style="list-style-type: none"> <li>▪ Transport Sector Annual Reports</li> <li>▪ Government Annual Performance Reports</li> <li>▪ TA Reports</li> </ul>	
<b>Specific objective(s): Outcome(s)</b>	To improve the human resource and institutional capacity in the transport sector	(a) The status of implementation of internal policies and institutional development plans and human resources plans of MoWT, UNRA, URF and UIPE (b) Overall satisfaction rating for road users' experience (men and women)	(a) ... (to be defined in Baseline Study at project inception) (b) 2.55 <sup>3</sup>	(a) ... (to be defined at end of Inception Phases of individual components) (b) 3.25 <sup>2</sup>	<ul style="list-style-type: none"> <li>▪ TA Reports</li> <li>▪ Road User Satisfaction Surveys</li> </ul>	<ul style="list-style-type: none"> <li>▪ The sustainability of Government policy to invest in the transport sector as top priority</li> </ul>

<sup>2</sup> Mark indicators aligned with the relevant programming document mark with '\*' and indicators aligned to the EU Results Framework with '\*\*'.

<sup>3</sup> On a scale from 1 (very dissatisfied) to 4 (very satisfied)

	Results chain	Indicators	Baselines (Ref. year – 2014/15)	Targets (Ref. year – 2019/20)	Sources and means of verification	Assumptions
Outputs	<p>(a) Strengthened capacity of the MoWT in gender responsive strategic planning and oversight in a multimodal transport environment, contributing to an appropriate investment-maintenance mix, climate change mitigation and building climate resilience of the sector</p> <p>(b) Improved delivery of road development projects</p> <p>(c) Improved operational efficiency of road maintenance</p> <p>(d) Increased competitiveness of the local construction industry in the transport sector</p>	<p>(a) No. of staff trained (men and women) in the use and maintenance of a gender responsive, low-carbon and climate resilient transport planning system in a multimodal environment</p> <p>(b) Percentage of construction projects completed on time and in accordance with environmental and social safeguards and climate proofing considerations</p> <p>(c) Percentage of accountability reports from DAs submitted on time</p> <p>(d) Percentage value of works/services awarded to local contractors/consultants</p>	<p>(a) NIL</p> <p>(b) 60%</p> <p>(c) 30%</p> <p>(d) ...% (to be defined at Baseline Study)</p>	<p>(a) 15</p> <p>(b) 90%</p> <p>(c) 90%</p> <p>(d) 30% (to be monitored under M&amp;E framework through the TA to UNRA)</p>	<ul style="list-style-type: none"> <li>▪ Progress reports from TA</li> <li>▪ Project completion reports</li> <li>▪ URF Annual Reports</li> <li>▪ UNRA Annual Performance reports</li> </ul>	<ul style="list-style-type: none"> <li>▪ The sustainability of Government policy to invest in transport sector as top priority</li> <li>▪ Improved bidding documents</li> <li>▪ Technical Support Units for URF DUCAR Agencies well established</li> <li>▪ Continued government policy in the support of the local construction industry</li> </ul>

**Note:** The indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision.