

Two years of progress towards improving Uganda's road sector



CrossRoads
Supporting the national road construction industry

OUR VISION is to “create a sustainable market system that will encourage both public and private sector actors to develop a more efficient and competitive road construction and maintenance industry in Uganda.”

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Foreword

The CrossRoads Programme began in January 2011 and since then has embedded itself in Uganda’s road sector. Detailed countrywide studies have ensured that the CrossRoads Secretariat has a solid understanding of the resources available in the country’s road market, including who is working in the sector and the issues that affect them. The Programme’s interventions have already begun to address these issues in a variety of different ways, such as providing innovative new funding mechanisms, countrywide training initiatives for contractors, and work to improve the transparency of the procurement process.

This report outlines CrossRoads’ work during the last two years and the thinking behind it. Measurable impacts on the sector include 438 contractors currently being given in-depth training in business skills, a new state-of-the-art facility set up to train equipment operators, a range of innovative proposals from Ugandan companies being funded through the CrossRoads Challenge Fund, and the fact that contractors have already used the Programme’s Construction Guarantee Fund to bid on UGX 60 billion (around USD 25 million) worth of contracts that they might otherwise not have been able to tender for.

Ensuring an understanding of the variety of approaches taken by CrossRoads is important as Uganda’s road sector is a complex web of cause and effect. In order to have a long-term, sustainable impact on the market, CrossRoads has to address a range of different issues. This report covers not only the various achievements in each strategic area being dealt with but also seeks to inform readers how these strategic areas are related to each other and how, through its various interactions, CrossRoads will have a strong and sustainable impact.

Roads Industry Council

The Roads Industry Council (RIC) is made up of 12 representatives drawn from Ugandan Government and private sector organisations plus representatives of the Programme’s two donors and the World Bank, who are leading the Transport Sector Development Programme. The RIC guides the CrossRoads Secretariat as it decides what areas of work and capacity building to invest in – providing strategic guidance that fits with Uganda’s needs and priorities.



Members of the Roads Industry Council (RIC) from left to right: (back) S. Mutabazi (URSSI); Dr. F. Baziraake (URF) – Chairperson; L. Arras (EU); Eng. F. Lwanga (UACE) (front) C. Mugoya (DFID); P. Mugerwa (Contractors); Eng. B. Ssebugga-Kimeze (UNRA) – Vice Chairperson; Dr. A. Mugisa (MoWT) Members not present: E. Kikoni (Uganda Bankers Association); V. Ocaya (World Bank); N. Byengoma (UNABCEC) and Dr. A. Mbabazi (UIPE)

Section 1: Understanding the Programme

What is CrossRoads and why is it needed?

The economic importance of roads

In almost every country in the world, roads play a key economic role involving a wide range of industries and services. The economic effects of roads are seen at every level, and range from gravel roads that make it possible for small-scale farmers to send goods to market and boost local incomes, to transnational highways that can affect the economy of an entire region. In Europe, for example, roads contribute 11.5% of the gross domestic product, generating around EUR 2,290 billion and contributing to around 5% of the total number of persons employed.

A key role in poverty reduction

Their economic importance makes improving the management, construction and maintenance

of road networks a key priority for anyone working to boost economic growth, combat poverty and achieve the Millennium Development Goals in developing countries like Uganda – where 90% of the country's imports and exports are moved by road. Recognising this, since 2008 both the Government of Uganda and donors like the World Bank and European Union have greatly increased their commitment to Uganda's road sector – by increasing budgets and through ongoing reforms and technical assistance.

CrossRoads' vision and aims

Within this context of increased donor and government commitment, DFID and the European Union designed the Creating Opportunities for Sustainable Spending on Roads (CrossRoads) Programme to work with the Government of Uganda and key private sector players to improve Uganda's road sector.

Basically, CrossRoads is playing two key roles to improve road maintenance and construction in Uganda: (1) it is working to boost the private sector's ability to provide road construction and maintenance services, and (2) it is working to increase the efficiency with which road sector maintenance and construction work is managed (so that better use is made of the funds available) by government departments. Although this work includes some technical assistance, the Programme is mainly focused on long-term capacity development.

The overall aim (or vision) of the Programme is to create a sustainable road market that will encourage both public and private sector actors to develop a more efficient and competitive road construction and maintenance industry in Uganda.

“...a policy for development and strengthening the national construction industry was launched in May 2011”

Increased commitment to Uganda's road sector

The Government of Uganda has shown considerable commitment to improving the country's roads and road sector. This includes increasing the national budget for road construction and maintenance from UGX 400 million in 2008/09 to over UGX 1 trillion in 2012/13. It has also implemented road sector reforms such as the creation of the Uganda National Roads Authority (which is tasked with planning, procuring and overseeing work by private firms to build and maintain roads).

This financial commitment now needs to be followed by full implementation of the policy to strengthen the national construction industry. A key element of this policy is the reduction of force account operations, as the continued use of subsidised direct labour units undermines the confidence of the private sector to make the investments required for the industry.

Understanding CrossRoads' market systems approach

What is a market system?

CrossRoads is applying a market systems approach to its work to improve Uganda's road sector. For development initiatives like CrossRoads, a 'market' is:

“an arena controlled by the forces of demand and supply in which buyers, sellers and intermediaries interact to trade goods and services.”

The market-based approach focuses on identifying why the systems in a market (often known as the 'ways of doing business') are failing to provide long-term solutions. These ways of doing business can be formal (for example government policy requiring a performance bond for a contract) or informal (for example lack of trust between banks and contractors).

Markets require a level competitive playing field

One of the important points to bear in mind when approaching a market like Uganda's road sector is that markets function best when they contain a high level of fair competition. Having a group of road contractors competing against



What is 'force account'?

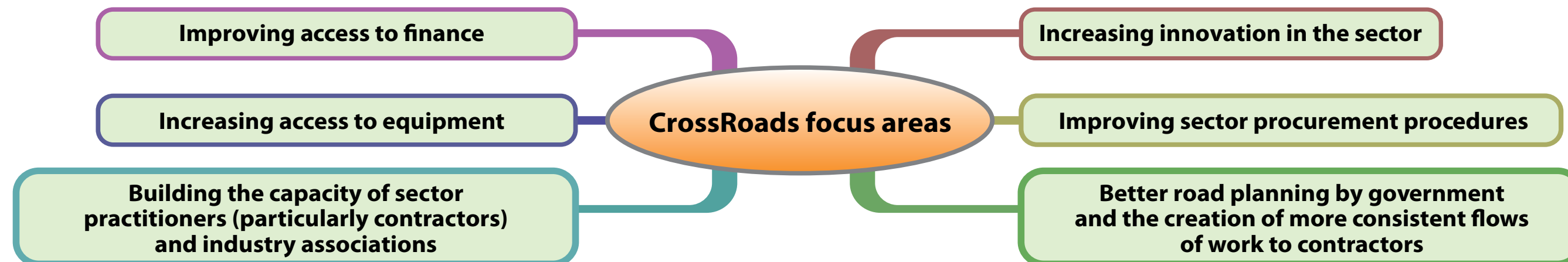
'Force account' is the use by a government agency of its own labour force and equipment to perform work such as road construction or road maintenance. Although force account can be useful in emergency situations, in Uganda it is perceived to be a cheaper way of undertaking maintenance work than by using the private sector. However, force account only appears to be a cheaper option because costs (such as the agency's staff, vehicle costs and equipment depreciation) are not fully taken into account.

The reduction in the use of force account is important in encouraging investment into the roads industry. With investment, competition will increase, prices will fall and the result will be an efficient and high quality road sector.

each other with similar resources and levels of skill will result in lower prices, more efficiency and better quality work. Uganda's road market is skewed in a number of ways that means that this is not happening.

Examples of Uganda's skewed road market

Finance and equipment access are two good examples of areas in which Uganda's market is skewed. Because Uganda's banks perceive Uganda's road contractors to be financially risky businesses they charge high rates of interest when lending to them. As a result, underfinanced contractors find it difficult to win contracts and access the machinery that they need to carry out jobs. In addition, the continued use of force account results in inconsistent work opportunities for contractors and makes it difficult for all but the biggest contractors to be able to keep good quality staff (who demand good salaries) fully employed. This is particularly the case with equipment operators.



CrossRoads' approach to meeting its aims

During the Programme's six month planning phase, the Secretariat used a detailed market analysis (including in-depth interviews with all key players) to identify the key issues affecting Uganda's road sector. These became CrossRoads' areas of focus.

For the contractors, the key issues were the difficulties that they have accessing finance and equipment, coupled with a countrywide lack of

skilled equipment operators and experienced works foremen, and their lack of business planning and financial management skills. Also highlighted was the issue that contractors receive little support from the country's under-resourced professional membership organisations. Other key areas include the need for more innovation in the sector, for better notice of when works will be put out to tender, and for more consistent letting of contracts throughout the year – to ensure steady income streams.

Gathering the evidence required

Based on the market systems analysis it undertook during its first few months of work, the CrossRoads Secretariat realised that a much stronger, evidence-based understanding of the various problems facing Uganda's road construction and maintenance sector was needed, as there was limited verifiable data on the roads industry when the Programme began. Work to gain this knowledge (such as the 2012 national equipment survey) now very much guides the Secretariat's approach to the interventions funded.

“CrossRoads' work is very much about building links with key Ugandan partners and ensuring that what we do is appropriate to the Ugandan road market we're working to help Uganda build.”

Careful survey and review work at the end of 2011 and throughout 2012 has also allowed the Secretariat to gather the baseline information that it needs to assess the success of its work. This is an approach that has characterised the first two years of Programme implementation. In many cases, it has been found that assumptions commonly made about Uganda's road sector were incorrect – and knowing this it has been possible to make better use of Secretariat resources.

Identifying key issues

The CrossRoads team has also always been strongly aware of the need to identify and harness issues that can be used to encourage key players in the road sector to introduce reform – such as public concern over the state of the road network. This resulted in CrossRoads commissioning an extensive Road User Satisfaction Survey (RUSS) in 2012. The results of RUSS will also allow the Programme to observe changes in road users' opinions of the quality of Uganda's roads year on year, because the survey is to be repeated each year.

Building links with key players

CrossRoads' work is very much about building links with key Ugandan partners and ensuring that the interventions made are appropriate for the Ugandan road market it is working to help build. The Roads Industry Council (RIC) has been formed to bring capable Ugandans and Ugandan institutions into the Programme – groups that have the potential to drive forward the vision of a stronger road market.

The Programme's links with finance organisations are also strong, thanks to the Construction

Guarantee Fund and other financial initiatives. Plus, CrossRoads is well known and trusted by most of Uganda's road contractors as a result of the equipment and contractors surveys – which have been conducted to build a detailed national database of contractors and consultants.



Section 2: Building the Programme's foundation

Strategic area 1: Understanding Uganda's road sector resources – the CrossRoads equipment, capacity and human resources surveys

Road maintenance is vital to ensuring a good quality road network. However, in Uganda many roads are inadequately maintained. Improving road maintenance is therefore an important

Reasons for poor road maintenance in Uganda

The private sector

It is difficult for private sector companies to consistently secure government contracts, and payment for work can be late. Road construction and maintenance is cash hungry work, as large machinery can consume around 40 litres of fuel per hour. As a result, delays in payment put contractors at risk of not completing their work on time or to the desired quality. Sporadic work also means that contractors often cannot retain experienced staff.

The public sector/force account

By contrast, incentives such as the need to out-compete others, keep costs to a minimum and ensure quality work whilst trying to make a profit (all of which drive private contractors) do not exist in the public sector. The fact that quality control and assessment is often done in-house also makes it very difficult to ensure that the work done by publically employed groups is of a consistently high quality.

Despite this, the Government continues to use force account to the detriment of the private sector. CrossRoads surveys show that there are sufficient contractors and equipment in Uganda to undertake all road maintenance activities and the Government should provide greater encouragement to the private sector.

focus of CrossRoads' work, because maintaining roads in a fair and good condition and stopping them degrading is much more cost effective than upgrading unsurfaced roads to a surfaced standard – which is why priority must be placed on improving the maintenance of the nation's roads. The recently completed Road Sector Development Programme has proposed putting maintenance at the forefront of the road sector's goals for the next 10 years.

The way forward – a healthy private sector

Early on in the planning for the Programme it was concluded (in line with the CrossRoads' market systems approach) that encouraging the development of competitive, good quality private road contractors is the best way to improve the standards of road construction and, in particular, maintenance in Uganda. This will leave the public sector free to focus more on quality control, regulation and properly run contract procurement, rather than undertaking construction and maintenance work.

Creating a competitive private sector

One particular area that requires focus to develop a healthy road-related market is the supply, distribution and use of heavy equipment such as motor graders. Strategically, identifying how to address the issue of creating an environment which encourages the supply of cost effective, good quality plant and equipment has been a key focus for CrossRoads.

The 2012 plant, equipment and private contractor surveys

To better understand what road maintenance equipment was available in Uganda (as well as the unique business dynamics of the road sector), in 2012 CrossRoads ran a large-scale, countrywide survey of Uganda National Roads Authority (UNRA), Ministry of Works and Transport (MoWT) and private contractors' equipment. Simultaneously, the Programme also ran a survey to assess the capacity and skills of local contractors. Implementing the

surveys together kept costs down and reduced questionnaire fatigue on what is, as far as we know, one of the largest road-related data gathering exercises the country has undertaken. The results of all this work have informed various strategic strands of the Programme, and will continue to do so over the next two years.

The equipment and skills survey work

The detailed surveys recorded information ranging from the organisational structure of each UNRA and MoWT facility and the amount of road it covered, to the tools and workshop facilities available. They also assessed the mechanical condition of any equipment available.

“The surveys covered 104 private contractors who owned and operated plant and 741 other construction companies across Uganda, as well as 22 UNRA stations and Ministry of Works and Transport depots.”

Similar surveys were carried out with national contractors and their technical and business capabilities established where possible. This information is important for the capacity building strand of the Programme. The surveys also recorded the equipment available and its exact state of repair – with photos being taken so that conclusions could be cross-checked and verified. Contractors were also asked what, in their opinion, are the key constraints that prevent them winning contracts or carrying out work efficiently.

Survey findings

Lack of trained operators and mechanics:

The survey provided a number of key findings to guide the next stages of the Programme's equipment focused work. Contrary to what CrossRoads had been told by public sector bodies, lack of equipment is not the key problem in

Uganda – there is sufficient heavy equipment in the country to maintain its roads. Instead, the major equipment issues are distribution of equipment across the country, the inability of operators to use plant efficiently and the lack of trained auto-electricians and mechanics able to repair these complex machines and keep them operating at their optimum performance.

Lack of coordination and hire facilities:

Another key issue affecting contractors is that there are very few businesses hiring out equipment in the country (so contractors cannot hire the equipment that they need to do a job at reasonable rates). What's more, there is no culture of trust between contractors – so two contractors with different equipment seldom join forces to tender for work that they are not able to undertake individually.

Looking forward

Based on the results of the survey, the Programme is working to help road contractors in a variety of ways. One way is by providing equipment simulators as a value-for-money option for training plant operators. Providing initial training using simulators is efficient and cost effective – as there are no fuel costs, no damage to expensive machinery, and no safety or environmental issues that need to be factored in. The seven simulators provided by the Programme (grader, dozer, front end loader and excavator) at a cost of approximately USD 300,000 will provide cost effective training and capacity building work for many years into the future.

Another area of focus is the Programme's work with UNRA to set up and run a commercialised plant hire pool and to roll out a commercialised equipment management system for UNRA's equipment. This will provide depots of equipment from which Ugandan contractors can hire the machinery that they need to carry out work on time and at a profit. The Programme will also be training a core group of vocational skills instructors to teach mechanical and electronic/electrical diagnosis and repair, in order to provide skills for the future.

Strategic area 2: Understanding Uganda's roads – the problems users face



Running Uganda's first Road User Satisfaction Survey

What is a Road User Satisfaction Survey?

Road User Satisfaction Surveys are commonly conducted in countries with well functioning road-related markets. They should be seen as a key tool in development efforts to improve road networks in countries where systems are not efficient. Road User Satisfaction Surveys allow the measurement of the quality of a road network based on road user responses, and the identification of their key needs. They also allow the measurement of progress in efforts to improve the network, as users' perceptions of the roads are recorded each year.

CrossRoads' Road User Satisfaction Survey

During the Programme's planning period, the Secretariat confirmed that a detailed Road User Satisfaction Survey would help road

institutions to gain a better understanding of the country's road-related market system. Carrying out the survey would also give the Programme key information – such as how Uganda's roads are being used and by whom, what particular areas of service road users see as being good or poor, whether users feel that roads are safe, and whether they would be willing to pay tolls to improve their roads.

Building capacity for the future

The first survey was run in 2012 and, in line with the CrossRoads policy of building road-related capacity and sustainability in Uganda, the Secretariat worked with a local company, Insight Research, to design a detailed and rigorous methodology that could be used again in the future.

The steps taken included training survey staff (to ensure that the survey was properly administered) and translating questionnaires into local languages (to ensure they were clearly understood). Time was also taken to cross-check the quality of the translation. In addition, a statistician was asked to double-check the data captured and entered by the survey team.

Coverage of the survey

The 2012 countrywide survey interviewed almost 3,000 road users across the 5 regions of Uganda. A minimum of 400 people were interviewed in each region and in Kampala. A similar survey has just been completed in 2013.

“The survey's findings indicate key avenues for advocacy and lobbying over the next two years of the Programme.”

The results of the 2012 survey

More than half (53%) of the 2012 survey's respondents were travelling to or from work, while another 27% were travelling on business. Overall, the survey found that road users are dissatisfied with the condition of the road network, with truck drivers and motorcyclists expressing the most dissatisfaction. Major reasons for this widespread dissatisfaction include the narrowness of the roads and potholes (the top reasons given by all groups) coupled with poor maintenance and drainage, dust, poor signage, lack of pedestrian paths, congestion and poor driving by other road users.

The long-term benefits of the Road User Satisfaction Survey

Baseline information for assessing progress:

The Road User Satisfaction Survey feeds into the programme's strategy in a number of ways and will be used to register the opinions of

people actually using the road network. By comparing the year-by-year results of the survey, it will be possible to assess not only the impact of Programmes like CrossRoads, but also the effects of a whole range of road reforms currently taking place in Uganda.

Guidance for policy and lobbying work: The Road User Satisfaction Survey will also play an important role in policy focused lobbying and advocacy work due to start in 2013. Public opinion has a major influence on policy professionals, and having hard evidence of that provides CrossRoads with an important tool.

A framework for future surveys: Because of the care taken to construct the first survey in 2012, the Road User Satisfaction Survey provides strong foundations that can be built on to create more comprehensive surveys in the future. This will form part of the Programme's legacy to Uganda's road sector.



CrossRoads Programme highlights 2012/13

Countrywide surveys and databases

Comprehensive database of road contractors and consultants developed by AfroCorp International. Over 850 contractors and consultants are in the database to date.

Countrywide Road User Satisfaction Surveys carried out in 2012 and 2013 by Insight Research. These covered every region of the country and nearly 3,000 people were interviewed during each. This is the first time this key road monitoring activity has been run on such a scale in Uganda.

Comprehensive countrywide surveys carried out by the CrossRoads Secretariat and KL Supplies of (i) contractors owning heavy machinery (plant), (ii) equipment held by UNRA and MoWT and (iii) the capacity of national contractors.

Six module training course developed in business and financial management. This is being delivered by Multitech Business School in Kampala, Mbarara, Mbale, Soroti, Arua, Gulu, Lira and Fort Portal. Training of more than 400 personnel is ongoing. This is the first course of its kind for road contractors in Uganda.

Countrywide funds

The GBP 2 million Construction Guarantee Fund has been developed to encourage banks to provide bid securities and performance bonds to national contractors. Projects to the value of GBP 15 million were being supported by early 2013. This is the first guarantee fund for the road sector in Uganda.

The GBP 1 million CrossRoads Challenge Fund has been set up to provide grants for organisations to develop new ideas for improving Uganda's road sector. The initiative has been promoted by road shows around the country and funding has already been provided to five organisations across Uganda. This is the first funding mechanism of this kind to encourage road-related innovation in Uganda.

Equipment simulators purchased to supplement operator training at Luwero training centre. This is the first equipment training facility using simulators in Uganda.

Roads Industry Council established. This is composed of respected industry practitioners from Uganda's private, public and financial sectors. This is the first time representatives of all three key groups have been brought together to address common problems affecting the industry in this way.



Section 3: Changing the landscape



Strategic area 3: Finding smart ways to finance Uganda's road sector

Problems of gaining finance for road projects in Uganda

Improving access to finance has been a key focus of CrossRoads' strategy from day one. Finance affects all aspects of a road contractor's working year, as loans are needed both to win and guarantee contracts and to provide the funds needed in the early stages of a contract to pay wages and fuel costs before payment is received for work done.

Ideally contractors need to have a continuous stream of work – so that they can retain staff, and build expertise and good business systems.

Achieving this means having the money to run contracts and to guarantee them. Unfortunately, many contractors only have the collateral to guarantee one contract at a time – which means that they must finish one job before bidding for another. This inevitably results in a gap in their stream of work. Periods without work mean that staff have to be laid off and skills are either lost or never fully built. This affects quality, the efficiency and the competitive advantage of a company and is a serious constraint to the market.

One way that CrossRoads is addressing the finance issue is through capacity building to improve national contractors' relations with the banks. However, another more direct approach is the establishment of a Construction Guarantee Fund to help contractors access funds now, while trust is still being built.

What is the Construction Guarantee Fund?

Understanding bid securities and performance guarantees

In order to win jobs, contractors need to have access to finance – because the Government demands that they provide a range of financial securities when bidding. A contractor bidding to build a 12 kilometre stretch of road, for example, will firstly have to pay for the tender documents. Then he will have to provide a bid security as a guarantee that he will sign the contract if it is awarded to him – this is simply a legal way of excluding time-wasters. If he wins the contract, he will then have to provide a substantial bond to guarantee his company's 'performance' (i.e. that they will successfully complete the contract).

High charges by banks

The problem is that because the banks don't view the contractors as 'good bets' financially, they demand large amounts of collateral and high interest rates to provide these guarantees. As a result, very few Ugandan contractors have enough resources to bid for and win multiple contracts at the same time. This difficulty in accessing finance skews the Ugandan road market in favour of international companies, who don't have the same difficulties accessing credit.

Making it easier for banks to fund contractors

The Construction Guarantee Fund (CGF) is a pool of money which banks and other financial institutions (such as insurance companies) can apply to when providing bid securities or performance guarantees for road, construction or maintenance contracts. Should their client company perform poorly, the CGF will underwrite a percentage of any guarantee claimed by the contractor's employer. Set at GBP 2 million (around UGX 8 billion), the Fund can guarantee contracts to the value of UNRA's annual maintenance budget.

One of the really innovative aspects of the Fund is that unless contractors default (which is something they will avoid at all costs because it puts their collateral at risk) the Fund should

“CrossRoads is working to improve contractors' access to finance through its Construction Guarantee Fund (CGF).”

never shrink. This means that potentially there is no limit to the number or value of contracts that the Fund could support in the future.

How is the CGF managed?

To ensure that the Fund is carefully controlled, it is being managed long term by a trusted local partner - the Agribusiness Initiative (aBi) Trust. Further control rests in the fact that banks can only access the Fund to guarantee loans if they sign up to it. Five Ugandan banks (dfcu, Equity, Ecobank, Centenary and Fina) and one micro-finance institution (UGAFODE) have signed up so far, and more are expected to join over the course of 2013.

The impact so far

The CGF is having a clear impact. Local contractors have already been able to use the Fund to secure 16 bid bonds and 7 performance bonds that they would otherwise have had difficulty securing. This means that local contractors are now either bidding for or have already captured contracts valuing UGX 60 billion (around GBP 15 million), which might very well otherwise have been captured by international contractors.

Strategic area 4: Finding new ways to develop Uganda's road sector – the CrossRoads Challenge Fund

Why support innovation in the road sector?

Developing innovation in Uganda's road sector is an important focus for CrossRoads because of the market systems based approach being taken. Identifying new ways of tackling issues will itself have an impact of course, but more important is the fact that supporting successful new ideas encourages a culture of innovation. Once one organisation starts making money from a new idea, other organisations will soon be encouraged to develop new ideas and a greater number of solutions should result. This will increase competition, drive down costs and improve the quality of work done.

Finance to support innovation

Fortunately, there is no shortage of good ideas that could be used to improve Uganda's road



sector. These range from ideas for new ways of promoting road safety to innovative engineering solutions for sealing road surfaces. So the problem that Ugandan organisations face isn't inspiration – it is finance. Getting new ideas off the ground requires funds to either develop a new concept or build on ideas that have already been shown to work.

What is the CrossRoads Challenge Fund?

CrossRoads is tackling the need for finance to support innovation through the CrossRoads Challenge Fund (CCF). This GBP 1 million (about UGX 4 billion) initiative provides grants designed to finance organisations that wish to test or scale up innovative projects and research solutions to improve any aspect of Uganda's road sector.

Typically, Ugandan organisations have been reluctant to invest in such ideas on their own, because the history of such investment in the Ugandan road sector is not very encouraging. The CCF will therefore provide extra venture capital to help these organisations develop, test and market their ideas.

The Fund began accepting applications for two types of grants in September 2012: 'innovation grants' (which successful applicants can use to develop completely new ideas) and 'scale-up grants' (which can be used to test ideas that may have been developed previously).

Once CrossRoads began to advertise the Fund, a large number of proposals were received from various organisations. Five of these have already been awarded funding, with work beginning on them in January 2013:

- Termite saliva as a potential stabilisation material for road base and sub-base layers – Makerere and Ndejje Universities
- Evaluation of soil types treated with Probase – Makerere University

- "Friends of Roads – Uganda" road safety initiative – NGO Forum
- Using vetiver grass to bind loose soils and control erosion – Femisa International
- Using rice husk ash as a low cost option to stabilise soils – Joadah Consult.

The Fund is continuing to judge new applications, and new projects will be approved throughout 2013.

"Supporting new, innovative ideas is one of the best ways to strengthen the Ugandan road market."



Strategic area 5: Building skills in Uganda's road sector – CrossRoads' capacity building work

Building finance and business management skills

Being able to build and maintain roads and operate and maintain plant are all key skills that contractors require to build an efficient road market in Uganda. But, they are not the only skills that matter. There is a range of business and financial skills that contractors need to acquire if they are to compete professionally in a properly functioning marketplace.

Having these skills will allow contractors to deal more professionally with banks, thus building trust and making it simpler for them to get finance. This focus therefore links strongly with the parallel work being done through the CGF to improve banks' willingness to fund contractors. Professional business training also helps contractors to run ongoing contracts more efficiently, by teaching them how to keep proper accounts and how to plan the use of their human resources.

Developing a business skills course for Uganda

Business skills courses for the construction sector did not exist in Uganda when CrossRoads started work and were identified early on as a key area of focus for the Programme's market systems approach. The Secretariat therefore spent the first part of 2012 working with a local company – Multitech Business School (MBS) – to develop a detailed six module business and financial management course for national contractors. In order to ensure that the learning acquired on the course is valued, contractors are being charged to participate. However, costs are kept relatively low to ensure that anyone who wants to attend can do so.

What does the course cover?

The six modules of the course (each ranging from 2 to 3 days) are designed to take contractors through all the key skills required to run their businesses and finances efficiently. These range from giving participants a thorough understanding of the sector in which they are competing (module 1) to teaching them how to produce business plans, cash and profit projections, management reports and budgets (modules 2 and 3).

Modules 4 and 5 deal with understanding finance and risk management, and how to work with banking systems and build professional relationships with banks. Module 6 teaches participants skills such as how to cost and bid for tenders, how to understand contracts, how to keep inventories and how to manage their resources.

Impacts of the courses so far

Module 1 commenced in July 2012 and has been completed by more than 430 contractors. Because of the number of contractors who have signed up, the module was repeated 22 times with each class containing around 20 people. Modules 2 and 3 will be completed by May 2013, after which students will be assessed to identify how much they have learned and how much they are applying these new ways of doing business to the contracts that they are running. All six modules will have been delivered by March 2014.

Building vocational skills

The importance of vocational qualifications

In countries with efficient road-related markets, vocational qualifications are used to allow contractors and clients to realistically judge the skills and competence of the people they are employing to, for example, operate equipment or supervise site work. Such qualifications are important because they confirm to employers that users can, for example, operate plant safely and with appropriate expertise. Unfortunately, these kinds of standardised qualifications are lacking in Uganda, something which affects the quality of work and competition within the market.

Putting vocational qualifications in place

The first step in CrossRoads' work to address this lack of vocational qualifications in Uganda took place in October 2011, when the Programme held a consultation meeting that brought together the Government, contractors and other stakeholders in order to identify which key skill areas they felt needed to be accredited.

Following this consultation work, Programme specialists worked with the Directorate of Industrial Training (part of the Ministry of Education) throughout 2012 to create three standardised vocational qualifications, equivalent to a first grade supervisor in other countries: Plant Operator, Plant Mechanic and Site Supervisor. These qualifications were officially agreed in December 2012.

Perfect for Uganda's road market

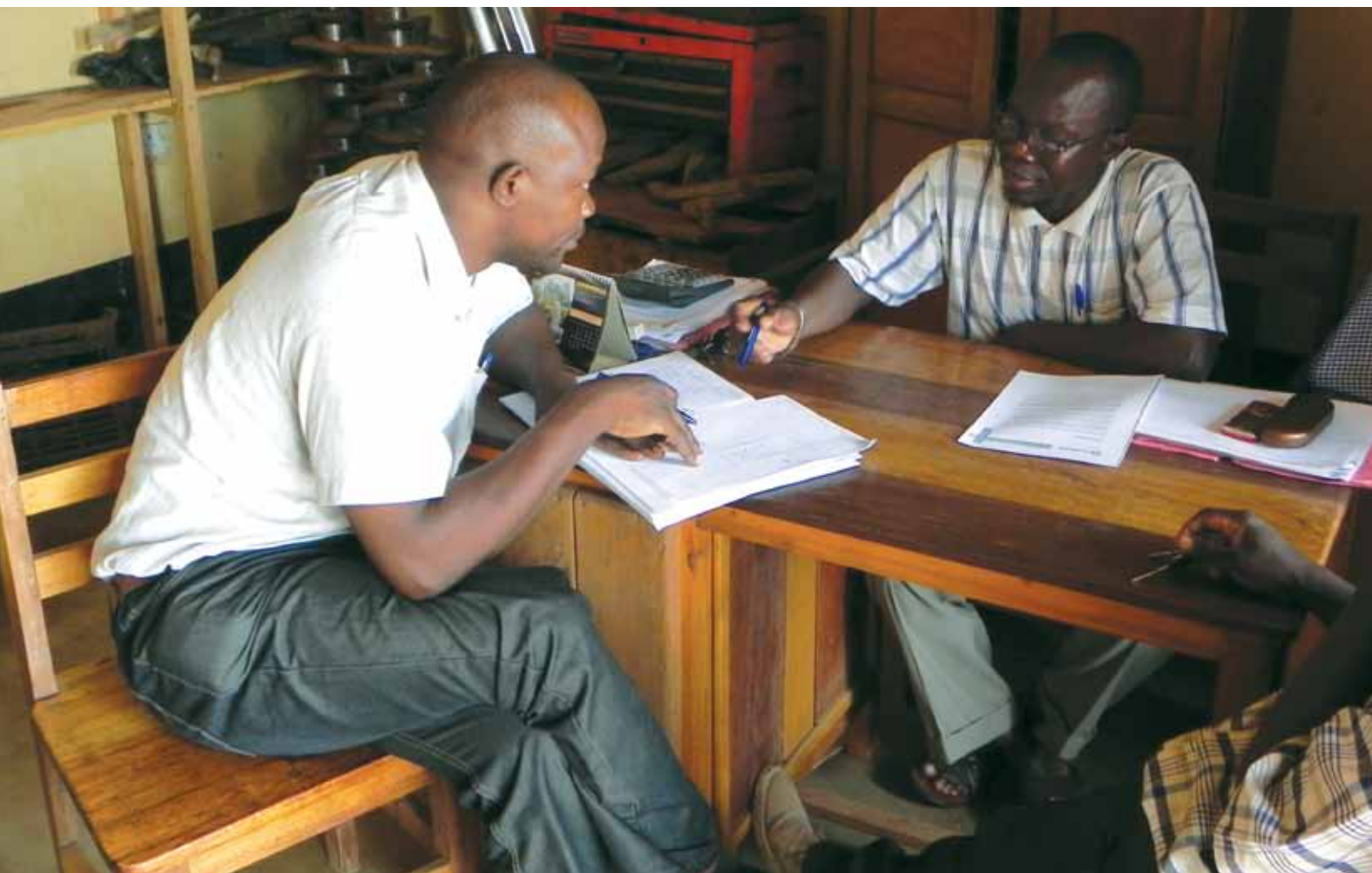
Many Ugandan construction workers don't have formal qualifications, but have developed the skills needed to operate plant 'on-the-job'. This makes these kinds of vocational qualifications perfect for implementation in Uganda's roads industry, as they can be awarded based on individuals being assessed on their on-site performance. The Programme is now working to train assessors and examiners so that these qualifications can be granted.

Strategically, this work links to the equipment training and use of simulators being undertaken in other parts of the Programme. It also links to the lobbying and advocacy focus of the



Programme being developed in 2013, as work will be needed to encourage the Ministry of Works and Transport (MoWT) and the Uganda National Association of Building and Civil Engineering Contractors (UNABCEC) to recognise the qualifications.





Database of contractors and consultants The importance of contact databases

Another feature of a healthy road market is accessibility of information. In developed markets, databases of contractors and consultants are commonplace – allowing organisations to quickly distribute new information like changes in the law, requests for tenders, etc. These kinds of linkages enhance quality and competition in the sector and help markets to mature. Unfortunately, such contact databases didn't exist in Uganda until CrossRoads began work.

Building a database of contractors and consultants

Ugandan consultants, AfroCorp International, have been employed to build a database of consultants and contractors. The consultants have gathered extensive information and the Secretariat is inputting their data into a database. The database is comprehensive, containing information on almost 850 contractors, which ranges from each organisation's contact details, to its membership of professional organisations, its staffing profile, and each individual's skills and position held, etc.

Impacts of this database

Having a database in place opens up a whole range of options for building Uganda's roads industry. Organisations like UNABCEC will be able to use it to disseminate information, while UNRA and MoWT will be able to use it to distribute requests for tenders. It could also be used by the Ugandan Construction Industry Commission as the foundation of a consultants and contractors registration database – which will be a major step in regularising the market.

Supporting member-based organisations

In many countries, professional organisations (sometimes known as 'member-based organisations') provide important support to the contractors and consultants who join them. These organisations provide advice, communicate job opportunities, lobby on key issues, help their members to network and obtain training, and help them to raise and maintain professional standards.

Because of the long-term support that they can provide to the road sector, the CrossRoads Secretariat is working to strengthen three key professional associations in Uganda – where the capacity of such organisations is weak. These are the Uganda Association of Consulting Engineers (UACE), the Uganda Institution of Professional Engineers (UIPE) and the Uganda National Association of Building and Civil Engineering Contractors (UNABCEC).

Examples of the work being done include working with UACE to help them to set up and run a forum to research, develop and implement strategies to tackle policies hindering the development of a more efficient and competitive roads industry. Similarly, UNABCEC and UIPE are receiving support to improve their organisational development, change management, strategic and business planning and resource mobilisation capacities.

“Professional organisations provide important support to the contractors and consultants who join them.”



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