



PPIAF

Enabling Infrastructure Investment

JULY 2014



PPIAF Supports Uganda's Roads PPP Program

Since 2000 PPIAF has been providing technical assistance to the government of Uganda to create an environment that enables private investment in infrastructure. In particular a series of three technical grants have supported the government of Uganda to develop the PPP framework at national level, identify a pipeline of PPPs and provide specific support to strengthen the institutions implementing one of the priority projects identified in the road sector, the Kampala-Jinja expressway.

Much of Uganda's road network requires substantial development to meet current and forecast traffic demands. Improving the roads network will help promote equal distribution of, and access to economic and social development across the country.

The road transport infrastructure in Uganda comprises approximately 71,000 km of road that includes 20,000 km of national roads, 17,000 km of district roads, 3,500 km of urban roads and 30,000 km of community access roads. The roads sector carries over 90% of passenger and freight traffic, making it the most dominant mode of transport in Uganda. In addition, the national road network which makes up slightly over 30% of the overall capacity carries well over 80% of the total road traffic. The national road network also provides vital transport corridors linking the land-locked countries of Rwanda, Burundi, Eastern Democratic Republic of Congo (DRC) and Southern Sudan to the Port of Mombasa in Kenya.

To meet the increased demands on the road network, the Government of Uganda is committed to fund a sizeable program of road works over a five year horizon. Public-Private Partnerships (PPPs) arrangements have been considered as an option to meet the funding gap through the use of private sector capital. It is hoped that by implementing identified viable road projects through PPPs, the economic growth of the country will not only be sustained but increased, the level of serious and fatal accidents reduced, the level of service on the roads improved, and pollution reduced through smoother and more efficient vehicle journeys.

PPIAF SUPPORT

In 2007 PPIAF funded a study to help the Government of Uganda (GOU) develop a comprehensive policy, legal and institutional framework for the development and implementation of PPPs to finance infrastructure projects and services in the public sector. The study found that while there was no existing PPP-specific legislation, the existing policies and legislation did not prohibit PPP transactions. However, to streamline PPP procurement and implementation, the study recommended that a PPP law be enacted and a PPP unit established. The grant also supported the development of a draft PPP Policy Outline.

In 2011 PPIAF provided follow-up support to identify and prioritize potential PPP projects. A list of ten priority projects were identified, including the Kampala-Jinja road, the Ayago hydroelectric power plant and a number of small hydropower plants, an oil refinery, a prison, a maternal and neo-natal hospital, and few other projects.

One of the priority projects – Kampala-Jinja – road is now under implementation with IFC appointed as the transaction advisor. PPIAF recently approved a grant in partnership with Trademark EA (TMEA) and IFC to support two main tasks: the development of a tolling policy and an investment appraisal guidance tool, and strengthening the Uganda National Roads Authority (UNRA's) capacity to implement PPP projects.

Many of the proposed PPPs (including the Kampala - Jinja Toll Road) would rely on the roads being tolled, to provide the revenue required. The first task supports the development of a tolling strategy because currently there is no tolling policy in place. This policy would provide the strategic guidance to the GOU in ensuring there is governance over tolling and to make sure there is transparency, fairness and stability in toll setting and collection.

The second task would complement TMEA's work in establishing the key internal processes that will allow UNRA to identify, appraise, manage and implement projects throughout the PPP project cycle.

These two tasks build on PPIAF's long-standing engagement with the GOU on the country's PPP agenda which has seen PPIAF assistance in the development of a comprehensive policy, legal and institutional framework for PPPs .

OUTCOMES

PPP Framework

In March 2010 the Ugandan Cabinet approved the PPP Policy and authorized the drafting of the PPP Bill by the First Parliamentary Counsel in the Ministry of Justice and Constitutional Affairs. The PPP Bill has been approved by Cabinet and was passed by parliament in July 2014.

The Bill seeks to govern the relationship between government and the private party in PPPs and to provide for guidelines and procedures for the development of PPP projects. It seeks to provide for methods of procurement and the engagement of private party partners in PPPs and to provide for roles and responsibilities of government bodies, project officers and the private party during the development and implementation of the PPP projects.

One of the key objectives of the Bill is the creation of a unit to oversee the implementation of PPPs. The priority PPP project pipeline/action plan was adopted and identified the Kampala-Jinja expressway as a major potential project.

In May 2014, IFC's Advisory Services in PPPs signed an advisory agreement with the GOU, through the UNRA, to develop a 77 km greenfield expressway between Kampala and Jinja with a possible extension to include the 17 km Kampala Southern Bypass. Together with the existing Kampala Northern Bypass the expressway would form a ring road around Kampala City. The project, with an estimated capital cost of \$1 billion, will seek a concessionaire to design, build, finance, and operate the road as a tolled facility.

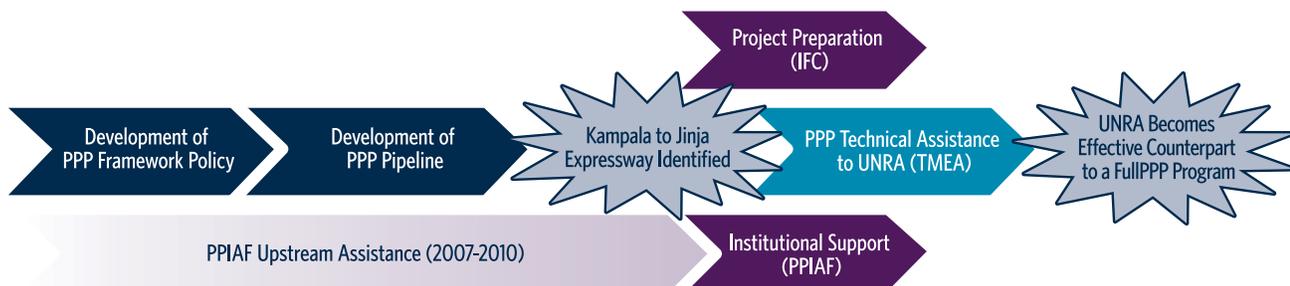
DONOR COORDINATION

These series of grants have been closely coordinated between the World Bank Group, with the World Bank Uganda leading the main initiatives in the PPP Framework. The ongoing grant to support UNRA on a national tolling policy is closely coordinated with the IFC and TMEA. DEVCO funding will facilitate the appointment of consultants who will assist in due diligence and in the implementation phases of the project.

RELATED ACTIVITIES IN UGANDA PPP PROGRAM

- 2007: Uganda: Public Private Partnerships (PPP) Unit Feasibility Study, \$325,000
- 2011: Uganda: Technical Assistance to Prepare PPP Pipeline, \$70,000
- 2014: Uganda: Institutional Readiness Program for the Ugandan National Roads Authority (UNRA), \$325,000

Progression of Donor Support to Uganda's Roads PPP Program



ENABLING INFRASTRUCTURE INVESTMENT

PPIAF is a multi-donor trust fund that provides technical assistance to governments in developing countries to develop enabling environments and to facilitate private investment in infrastructure. Our aim is to build transformational partnerships to enable us to create a greater impact in achieving our goal.