

STATEMENT OF THE AUDITOR GENERAL
ON THE PERFORMANCE AUDIT
OF
JUBA-RUMBEEK ROAD
25, October, 2023.

Right Honourable SPEAKER

1. Legal Basis

I am honored and privileged to render this Performance Audit Report pursuant to Section 15 of the National Audit Chamber (NAC) Act 2011 (as amended; which provides in Section 1 that:

The Auditor General may, for the purposes of establishing the economy, efficiency and effectiveness of any expenditure or use of resources by any Ministry or department ... enquire into, examine, investigate and report, in so far as he or she considers necessary.

I made the necessary determination and conducted the enquiry, investigation, and examination of the contract and execution thereof of the Juba-Rumbek Road.

Accordingly, I have generated a report and delivered it to the Office of His Excellence the President on 18th August 2023. The Speaker of this August House was notified and copied.

Today, it is my constitutional responsibility to tender the same report to the Revitalized National Legislative Assembly of the Republic of South Sudan.

For this great honour I thank the Speaker and leadership of this House the invitation and great privilege and honour.

2. Background to the Performance Audit

The Juba-Rumbek Road is a project which connects Juba and Bahr El Ghazal region with a total length of **396 Kms**. The road is designed as an asphalt concrete surface with **10 meters** width, **2 ways – 2 lanes**, and an optimized pavement structure.

The Ministry of Roads and Bridges contracted Shandon Hi-Speed Nile Investment and Development Co. Ltd to construct the Juba-Rumbek Road at an initial cost of

US\$ 711,125,700 which was later raise to **US\$ 736,533,725** as per Addendum Contract

It was to be completed by **12 July 2023**.

3. Project Financing.

In the meeting of February 1, 2019, the Council of Ministers approved an allocation of **10,000 barrels** of crude oil per day to be remitted to China Exim for financial infrastructures developments including Juba-Rumbek Road

4. Audit objective

The audit objective was to assess whether the Ministry of Roads and Bridges constructed the Juba-Rumbek Road within the **agreed time, at reasonable cost and according to the required quality**.

5. Scope and Audit Methodology

The scope of the audit covered the contracted project site visits to examine the quality of the road, existence of the bridges, culvert, and bus bays.

The audit team examined project implementation with regards to the design process, procurement processes of the contractor and consultant, funding, and timelessness in the implementation of the project.

6. Audit Findings

The Juba-Rumbek Road project started on the 12 November 2019, and as of February 2023, **63 Km** from Juba to Terekeka was substantially completed.

Auditors observed the following setbacks which affected efficient implementation of the road project:

- a) Noncompliance with Section 28 of South Sudan Public Procurement and Disposal of assets Act. 2018. The contractor for Juba–Rumbek Road construction was not procured through open competitive tendering, but through single sourcing. It was therefore not possible to confirm whether the contract was awarded to the most competent contractor (efficiency) at the most reasonable contract price (economy).
- b) The South Sudan Roads Authority Act, 2011 mandates the Authority to take the role of project manager for all trunk roads in South Sudan. Juba-Rumbek Road is a trunk, but the audit revealed that the Authority was not involved in the construction of the road.
- c) The Roads authority was only involved when a committee was formed to investigate and recommend remedial actions after the road was destroyed by flood in May 2022. It was not clear why the Road Authority was not involved in the road construction. There is therefore a risk that, the quality of the road may be comprised when the Ministry of Roads and Bridges prepares the policies, standards, and specification for road construction and again monitor and supervise the implementation of the road construction.
- d) There was a delay in Juba-Rumbek construction as the construction work started on 12 November 2019 and was expected to be completed by 11 July 2023, but as of February 2023, **36 months (82%)** out of **44 months of** allotted time has elapsed and **63 Km (16%)** out of **396 km** of the work had been done, leaving **333 Km (84%)** of work not been done. The delay was mainly attributed to delay

in making advance payments and nonpayment of Interim Payment Certificates (IPCs).

e) There was inadequate supervision of the road construction as the appointed consultant worked for only one year (2020-2021), as the contract was not renewed due to lack of funds. In the absence of the consultant, the resident engineer who was supposed to monitor the implementation of the road was doing supervisory work. Therefore, the risk is that supervision of the road may not have been properly done and the quality of the road works may have been compromised.

f) The Ministry of Environment and Forestry was not initially involved in feasibility study for the construction and upgrading of Juba-Rumbek Road. As a result, the design was inadequate and hydrological information on the volume of water was missing in the feasibility study. Consequently, the river catchment areas along the route were grossly underestimated. As a result, the contractor installed inadequate drainage structures causing water accumulation near Bilpam which eventually washed out a section of the road. Construction work was halted, and the design was revised causing delay in execution of the work and an additional cost of **USD 25,408,025** which increased the contract price from **USD 711,125,700** to **USD 736,533,725**.

The delays and the extra cost could have been avoided if the Environment Social Impact Assessment had been properly done from the beginning.

g) Unclear Financial Agreements. The financing for the construction of the road was a bilateral agreement between the Government of South Sudan and the Government of China. As at the time of audit in February 2023 the Ministry of Finance had not given the National Audit Chamber a clear breakdown of how the construction of the road was being financed.

h) The records of the Ministry of Petroleum indicate that **21,780,134 barrels** of crude oil worth **USD 1,558,763,802** had been shipped between 2019 to 2020. Auditors could not determine how much of that oil was meant for financing the construction of Juba-Rumbek Road. Audit did not receive information on shipments between 2021 and 2023.

The contractual financing and payment details are provided on page twenty of the main body of the report. A synopsis is as follows:

Initial Value of Contract.....	USD 711,125,700
Advance Payment (5%) Required.....	USD 106,668,855
Advance Payment Made.....	USD 104,037,200
Interim Payment Certificates submitted.....	USD 109,348,047
Interim Payment Certificates Paid.....	USD Nil

7. CONCLUSIONS

- I. The Road has not been constructed within the agreed time. As at the time of audit in February 2023, only **63 Km or 16 %** of the whole works had been done, leaving **333 Km or 84 %** for the remaining months. The slow pace in the road construction was mainly attributed to delay in making advance payment and nonpayment of Interim Payment Certificates.
- II. The Road may not be constructed at the most reasonable cost. There was no open competitive tendering, the contractor was acquired through single sourcing, thus there is a possibility that the Ministry did not procure the best contractor at the best market price. In addition, the original contract was not properly drawn up at the additional cost of **USD 25,408,025.**
- III. The Road may not have been constructed in accordance with the required design and specifications. The design of the road was inadequate since the Ministry of Environment and Forestry was not involved in the Feasibility Study and Environment and Social Impact Assessment. In addition, construction of the road was not adequately supervised, since the ministry of Roads and Bridges was both the implementer and the supervisor, and the Roads Authority was not involved at all.

8. RECOMMENDATIONS

From the audit findings and conclusions, the Auditor General proposes the following.

- 1) The Juba-Rumbek Road project be returned to the Ministry of Roads/Bridges and the Roads Authority for reevaluation and possible relaunch on new basis.
- 2) The Government should always ensure that procurement of the road construction contractors is done by the Public Procurement and Disposal of Assets Authority in collaboration with the Ministries of Roads and Bridges, Finance and Planning and the Road Authority.
- 3) To ensure that the desired quality of the roads is achieved the Road Authority should implement the project in line with the policies, standards, and specifications of their legal mandate.
- 4) To ensure the road works meet the required specification, the Roads Authority should ensure the works are effectively supervised by competent engineers and corrective action taken on a timely basis.
- 5) To ensure that road construction projects are completed within the contract period, there should be clear financing arrangements, the project amount should be budgeted for, and the contractor's payments are made on time.
- 6) To ensure that adequate road design and specification are properly done. The Ministry of Roads and Bridges should ensure all the relevant Government institutions are involved in the design process. These includes Feasibilities Studies and Environmental and Social Impact Assessment.
- 7) All major construction contracts should provide for payment of performance bank guarantee and punitive measures in case of nonperformance according to the terms of the financing agreement.

- 8) Standard disbursement procedures (Quantum Meruit) must be adopted in all construction contracts.

Right Honourable Speaker, it is my privilege to declare this Performance Audit Report a public document and can be accessed on our website: **www.nac.gov.ss**.

Thank you for your Attention. God Bless South Sudan.

Ambassador Steven Kilion Wonda

Auditor General

Republic of South Sudan

Juba.