

·  
·  
·  
·  
·  
·  
·  
·  
·  
·

# Road Sector Reform Best-Practice in Africa



**Pedro Geraldes**  
**The World Bank/RMI Unit**  
**May 1996**

•  
•  
•

# Outline

- **Issues and Background**
- **Reforming the Road Sector**
- **Road Financing and Management**
  - Where do we stand ?
- **The RMI, 1996-1998**

# Issues and Background

## Road Transport and Network

- **Road Transport Share**      80 - 90%
- **Network**      2 million Km
- **Asset Value and Depreciation**
  - Replacement cost      US\$150 billion
  - Annual maintenance      US\$1.5 - 2 billion
- **Return on Expenditures in Maintenance**
  - EIRR      Over 35%

# :Issues and Background

## Current Status

- **Insufficient Maintenance Spending**
  - 5 - 10% of Government recurrent expenditures
- **Full Restoration Invest. (rehab. & reconstr.)**
  - US\$ 43 billion (30 % of the total asset value)
- **Economically Justified Restoration Invest.**
  - US\$15 billion (10 % of the total asset value)
- **Total Road Spending to Increase**
  - From 1% to 2% of Africa's GNP

# Issues and Background

## RMI, 1988-1991

- **Scope: Operations & Administration**
  - Network-based programming
  - Reduction of force account works
  - Reduction of public equipment fleets
  - Use of labor-based methods
- **Message: Priority for Maintenance programs**
  - Involving the key public agencies
  - Sourcing out of construction works
  - Donors consensus on rehabilitation programs

# • Issues and Background

## RMI, 1992-1995

- **Scope:** **Institutional Reform**
  - Planning, programming, and financing
  - Operational efficiency
  - Institutional and human resource development
- **Message:** **Commercialization**
  - Sustainable funding
  - User involvement

# Outline

- Issues and Background
- **Reforming the Road Sector**
- Road Financing and Management
  - Where do we stand ?
- The RMI, 1996-1998

# Reforming the Road Sector

## The Four Building Blocks

Ownership

Financing

Responsibility

Management



# Reforming the Road Sector Ownership

- **Empowering Road Users**
  - Fostering a constituency for more funding
  - Testing willingness to pay
  - Creating a surrogate for market discipline
  - Improving road safety and vehicle axle load control

# Reforming the Road Sector Financing

- **Establishing an adequate and stable flow of funds**
  - Mobilizing additional funds
  - Matching revenues with expenses
  - Establishing a user-driven road tariff
  - Channeling funds through a new generation of road funds

# • Reforming the Road Sector Responsibility

- **Assigning Responsibilities for Network Management**
  - Implementing road inventory
  - Developing functional classification
  - Clarifying relationships between agencies and various levels of Government

# • Reforming the Road Sector Management

- **Following Sound Business Practices**
  - Clarifying management objectives
  - Establishing competitive terms and conditions of employment
  - Implementing accounting and management information systems
  - Adopting internal and external auditing procedures

•  
•  
•

# Outline

- Issues and Background
- Reforming the Road Sector
- Road Financing and Management
  - Where do we stand ?
- The RMI, 1996-1998

# • Road Financing and Management

## Countries with Road Funds

- Benin
- CAR
- Mozambique
- Rwanda
- Sierra Leone
- South Africa
- Tanzania
- Chad

•  
• Road Financing and Management  
Main Sources of Revenue

- Fuel Levy (often over 80%)
- Transit Fees
- Tolls
- Government allocations

- 
- Road Financing and Management

# Fuel Levy





# • Road Financing and Management

## Countries with Road Boards

- Benin
- CAR
- Mozambique
- Rwanda
- Sierra Leone
- South Africa
- Tanzania (national and regional)
- Zambia

•  
• **Road Management and Financing  
Road Boards with Private Represent.**

- **Benin (two)**
- **Rwanda (one)**
- **Sierra Leone (three)**
- **South Africa (three)**
- **Tanzania (four)**
- **Zambia (seven)**

# Outline

- Issues and Background
- Reforming the Road Sector
- Road Financing and Management
  - Where do we stand ?
- The RMI, 1996-1998

# • The RMI, 1996-1998

## Vision

- **Economic**
  - Commercialization of Africa's roads
- **Social**
  - Participation
  - Capacity building
  - Poverty reduction
- **Environmental**
  - Natural resource management
  - Road safety

# • • The RMI, 1996-1998

## Strategic Aspects of Policy Reform

- **Differentiated Country Strategies**
  - Country action plans
- **Participatory Approach**
  - Process driven by country stakeholders
- **Private/Public Partnership**
  - Information availability
  - Transparency of decision-making
  - Accountability for key measures

# • :The RMI, 1996-1998

## Role of the RMI Unit

- **Facilitator of the Public Reform Process at the Country Level**
- **“Honest Broker” Between the Private and the Public Sectors**
- **Disseminator of Best-Practices in the Region**
- **Liaise with Regional Organizations**
- **Catalyst of Donor Coordination (including the World Bank)**

# • • The RMI, 1996-1998

## Scope

- Direct Support to 14 Country Programs (from nine in 1992)
- Dissemination (Two Regional Policy Seminars, Workshops, Others)
- Thematic Studies (Regional)
- Operational Support to Sector Investment Programs
- Program Management (Annual Meeting)