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Outline

- **Main Challenges**
- **The Four Building Blocks**
- **Strategic Aspects**
- **Seminar Goals**

• Main Challenges

Issues

- **Road Development and Condition**
 - Low Density of the Network
 - Substantial Rehabilitation Backlog
 - Inappropriate Maintenance

• Main Challenges Opportunities

- Each US\$1 Spent on Road Maintenance
 - Decreases Vehicle Operating Costs by US\$2 to US\$3
 - and it
 - Decreases Future Road Rehabilitation Requirements



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The Four Building Blocks

Ownership

Financing

Responsibility

Management

• The Four Building Blocks

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

• The Four Building Blocks

Financing

- **Establishing an adequate and stable flow of funds**
 - Mobilizing additional funds
 - Creating a road tariff
 - Channeling funds through a new generation of road funds
 - Defining criteria for allocation of funds to various categories of roads

• The Four Building Blocks Responsibility

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

• The Four Building Blocks 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



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• Strategic Aspects

Private/Public Partnership

- Information Sharing
- Building-up of Mutual Confidence
- Identifying Common Objectives
- Agreeing on Key Policies
- Selecting Performance Criteria

• Strategic Aspects

Fuel Levy

- Fuel Prices in Ethiopia are below Neighboring and European Countries
- Fuel Levy is a Convenient Part of a Road Tariff
- Proceeds of the Road Tariff to be Used Primarily on Road Maintenance
- User Involvement in Tariff-setting and in the Use of the Revenues

• Strategic Aspects Absorptive Capacity

- If Road Expenditures are to be Increased Substantially . . .
- . . . Then Road Management is to be Upgraded Accordingly
 - But
- It is Critical to Match Revenue Raising with Expenditure Capability



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Seminar Goals

- Sharing of Experiences Among Participants
- Reviewing Alternatives
- Assessing Best-Practices
 - Toward
- Identifying a Solution for Ethiopia
- Building-up Consensus on Actions