RMI MATRIX - POLICY REFORM STATUS BY COUNTRY

The RMI Matrix is a summary presentation of transport sector performance indicators which are particularly relevant for measuring progress on implementation of road management and financing reforms, inspired by the Road Management Initiative. The Matrix has been compiled based on information derived from the concerned countries, validated by the respective Bank team leaders and edited and presented by the road management and financing (RMF) team of the Sub-Saharan Africa Transport Policy Program (SSATP). The intention is to periodically update the Matrix and to improve its form and content in response to demand. A first version was widely disseminated at the May 2003 SSATP Annual Meeting in Kigali, Rwanda. A second at the inaugural meeting of the African Road Maintenance Funds Association (ARMFA) in Libreville, Gabon in December 2003. This third version which now covers 28 countries has been expanded somewhat to include more information on the performance of road funds in covering the maintenance needs of the countries' networks.

The RMI Matrix as it currently stands starts from the status of national transport policy and of the road sector investment program which can be considered as the building blocks for a solid performance on improving road management and finance. The Matrix then considers in some detail the structure and performance of road funds which have emerged in the last 5-10 years as a major instrument of sector reform in Sub Saharan Africa (SSA) countries – this also covers now for example the levels of fuel levy applying in each country. The Matrix tracks progress towards the establishment of independent road agencies to manage the network as well as indicating the current status of road network condition, a major indicator of likely customer satisfaction for sector performance.

The RMI Matrix firstly considers the status of ***transport policy*** in each country as this is an indicator of the extent and clarity of the involvement of government in determining sector policy and priorities. The Matrix shows that with relatively few exceptions such policies are in place. The majority of such policies (14 cases) have been put in place since 1999 and can thus be considered to be reasonably current. In addition it can be noted that in two out of three cases without a formal policy framework, this matter is in the process of being addressed.

Secondly is considered the status of the ***long term road investment program.*** As with transport policy, this plays a fundamental role in driving priorities and giving direction to the use of scarce resources in meeting transport demand. The achievement in this regard are fairly substantial in that 19 countries indicate that a long term program is currently in place. Such programs are generally of 5 to 10 year duration, but would need in all cases to be periodically updated regularly, as noted in this case for Benin and Burkina Faso.

Following this, a large part of the Matrix is then devoted to a section entitled ***road fund*** where a large number of indicators are presented in regard to road maintenance performance. It should be recalled that road maintenance has enjoyed a very high priority in RMI inspired reform programs in view of past deficiencies in this area and the impact that this had on road network quality and

availability. The main message of RMI was and is that roads should be managed in a business like fashion and that road users should pay on a fee-for-service basis.
The road funds of the so-called “second generation” evolved in the 1990s to meet the demands of countries which decided to adopt the RMI reforms. These funds were to be organized in a way to ensure user participation, transparency of management and a relentless focus on eliminating the maintenance funding gap. Analysis of the experiences of the early “second generation” road funds underlined the importance of: a solid legal framework; proper oversight from a representative management board; independent professional management of the fund; clear and appropriate procedures for, inter alia, allocating resources, fixing and adjusting road tariffs (user charges).

From the first such fund created in Zambia in 1994, there are now 10 years later at least 24 second generation road funds in existence in SSA (not counting countries which are not yet in the Matrix). With only one exception, all countries report that there is a management board in place. All these boards have mixed representation of private and public sector, though there is yet no conclusive evidence to suggest what is generally the best size and composition for effectiveness. Through the Matrix it is noted though that in only 12 cases is the private sector representation in the majority.

“Second generation” road funds are in principle expected to depend on road user charges for their revenues and to be largely independent of direct treasury funding. In practice, this has not always proved to be the case and for a number of road funds - Ethiopia, Mali, Gabon – road user charges are less than 50 percent of all resources. However for 15 of the countries, road user charges account for 80 percent or more of revenues. Fuel levy has normally been the most important and consistent source of user funding, though the returns from the countries suggest that efforts to diverse towards, for example to axle load charges, vehicle license fees, are having some effect. For the majority (two thirds) of cases however, 80 percent or more of user charge revenue is in the form of fuel levy with only two cases Zambia and Cape Verde where it is 100 percent.

In terms of the adequacy of funds being raised, the Matrix considers how far countries have come towards meeting firstly routine maintenance needs of the public network and secondly all maintenance needs (including periodic). The picture presented is rather mixed, although the level of achievement is somewhat disappointing in view of the increase in the level of resources being raised. This may suggest that road funds are not systematically funding routine maintenance as a first priority. It may also suggest that there is quite wide variability between countries in terms of how maintenance needs are assessed. Nevertheless the reported fact of about one third of countries meeting routine maintenance needs is a large improvement on the situation 10, even 5, years ago. Unsurprisingly the performance on all maintenance requirements is lees impressive, although it is noted that some countries – Ethiopia, Mozambique – are well above 50 percent of needs. For the sake of comparison it is noted that the same applies to one country – Uganda – which has not put a road fund into place.

The Matrix in this version has included comparative information on the levels of fuel levy in each country. There is substantial variation – many countries have established a fuel levy but not all have been successful in adjusting the level to reflect maintenance needs. Studies carried out, inter alia by RMI, suggest that fuel levy would not normally be less than US 10 cents per liter to meet all maintenance needs – and for Sub Sahara Africa the average is probably much higher at about US 13 cents per liter. In no single case have the countries reached this level, although a majority of (11) countries report fuel levy at US 6 cents per liter or better – this ought to suffice in most cases to meet routine maintenance needs.

Channeling of road user charges is a very important consideration to ensure ready availability of funds for works execution. There are still a substantial number of countries however that do not benefit form direct payment of road user charges – and this has been known to cause delays and accountability issues insofar a s road fund revenue is concerned. The Matrix indicates that 13 countries, a slight majority only report direct channeling is in place.

The Matrix then proceeds to consider the ***allocation of road fund resources.*** In not all cases are road funds obligated to fund maintenance on all parts of the road network – in some cases such as Rwanda it all goes to the main road network and in the case of Lesotho none of it does. The majority of countries are using formulae to allocate funding between main, rural and urban in some form or fashion, with on average about two thirds going to main roads.

The Matrix suggests that the reform of road management through the creation of a ***road agency*** has lagged somewhat behind the creation of a road fund – but that the pace of change has started to increase in the recent past such that 12 countries have this in place. There are a handful of long established road agencies – Angola, Ethiopia, Ghana – as well as a number that have recently been created. Even more in two cases – Mali, Zambia – legislation has been passed but the agencies are yet to become operational. The Matrix notes however that only 8 agencies yet have management boards in place and in only three cases, including the two agencies not yet operational, are the private sector in the majority.

One result towards which road management reform is expected to contribute is ***road network condition.*** This datum is added for the first time to this version of the matrix and will be updated in future editions in order to track any forward progress in the numbers. The datum is very approximate and will need to be refined in future and in may be useful to distinguish, for example main, urban and rural networks as the condition can vary significantly between these parts.