



Performance of road funds in SSA

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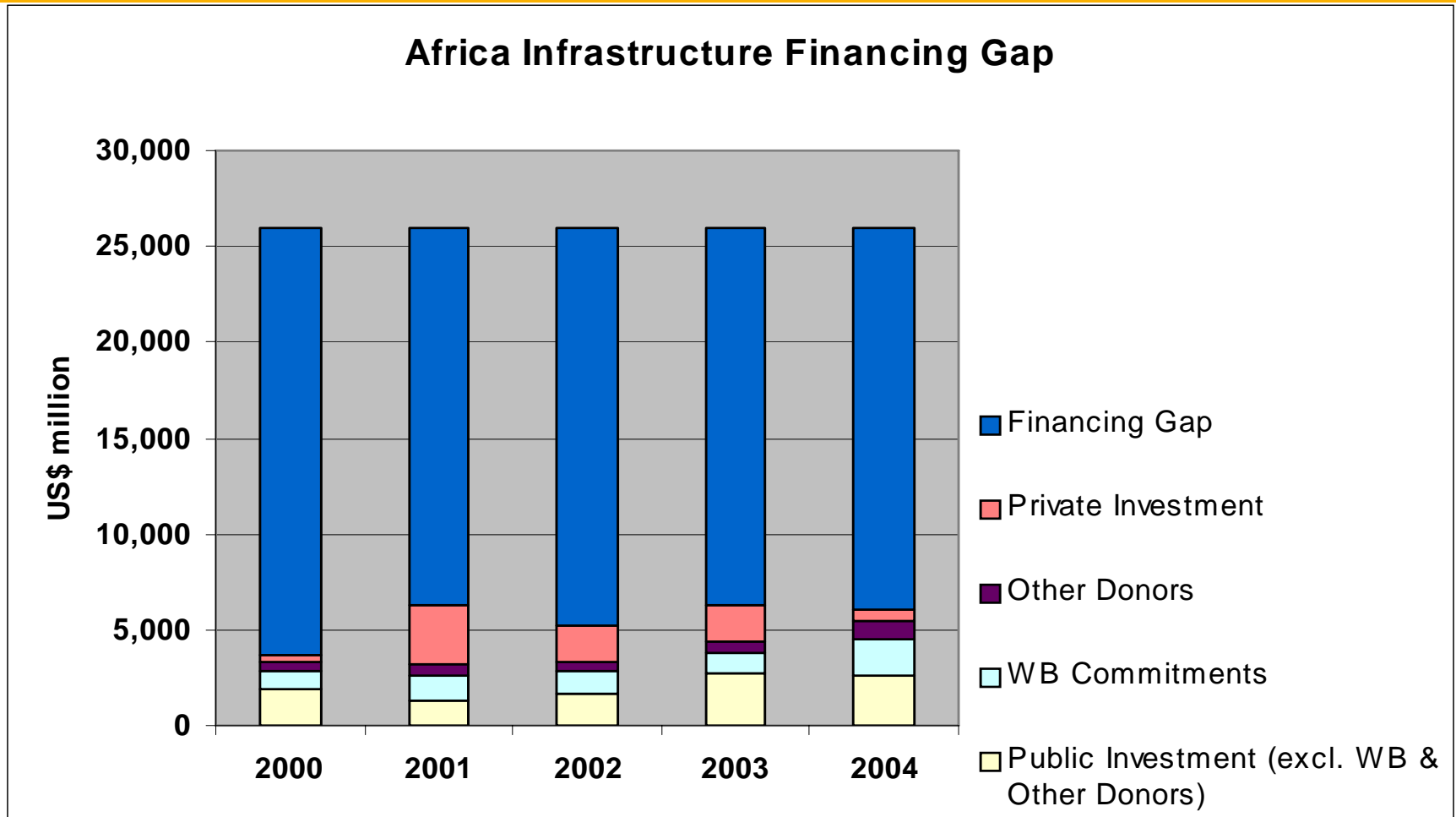
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Overview

- **Transport financing gap in SSA**
- **Road Management and Financing:
Outcomes to date**
- **Constraints encountered**
- **Commercialisation of Roads in SSA:
Challenges**

Africa infrastructure financing gap (I)



Financing gap (II)

Massive underinvestment in transport in SSA :

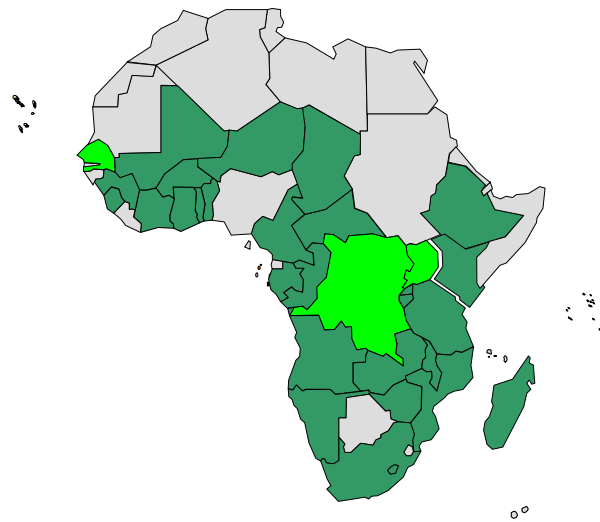
- **The highest investment needs is in transport, 40% of infrastructure financing gap**
- **This requires US\$ 7.5 billion/year**
- **US\$ 4.1 billion for new roads and 3.4 billion for maintaining existing roads)**
- **The road maintenance crisis is not over yet**

Road Financing and 2G Road Funds

Thirteen years following the establishment of the first 2G RF in SSA:

- Are road maintenance needs becoming more visible?**
- Have we sustained more funding for road maintenance?**
- Are we covering our maintenance needs?**
- Are road funds managed according to "the user pay" and to second generation road funds principles?**
- Are the available resources efficiently used – value for money?**
- What needs to be done?**

2G RFs in SSA: Practice extended

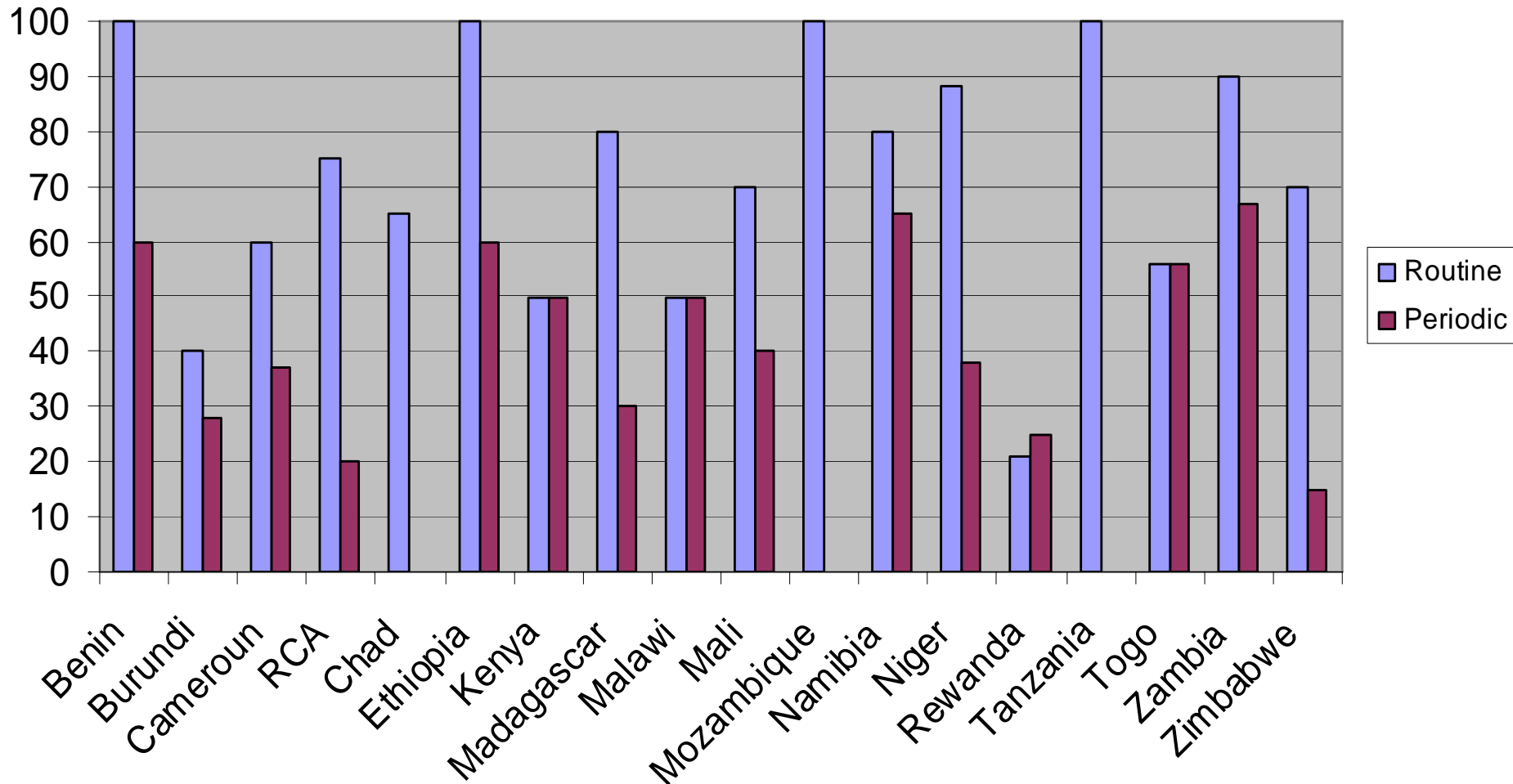


28 Road Funds in SSA – 31 by end 2007 (Uganda, Senegal and DRC)

Some Indicators of Performance of "Second Generation" Road Funds in SSA

- - 27 active road funds are in place – of which 9 established since 2000 and 7 in Francophone Africa
- - 18 out of 27 are established by a law
- - 12 with a board with private sector majority
- - 14 road funds rely 80% or more on road user charges as revenues
- - In nearly all cases, fuel levy is the principal means of raising road user charges
- - Average fuel levy in US cents/liter is 8 and 7 for petrol and diesel respectively
- - 11 road funds have their revenues channeled directly to their bank account
- - Only about one third of road funds may now be meeting routine maintenance expenditure needs on a regular basis. But this is a large improvement on the situation 10, even 5, years ago

Coverage of routine and periodic maintenance needs (Av. = 65% routine and 54% periodic)



Outcome to date

- - Overall, the road maintenance needs are becoming more visible
- Road funds have secured a more stable and predictable flow of funds for road maintenance but country progress varies widely
- More transparency in the management of funds
- Greater coordination between development partners – EU, AfDB and bilateral agencies....



Constraints Encountered

- **A number of road funds need restructuring**
- **Fuel levy assessment and adjustment process**
- **Diversification to other road user charges**
- **Release of resources to the Road Fund**
- **delays, leakages**
- **Efficiency of use of the available resources**

Challenges for Road Financing in Africa (1)

FINANCIAL:

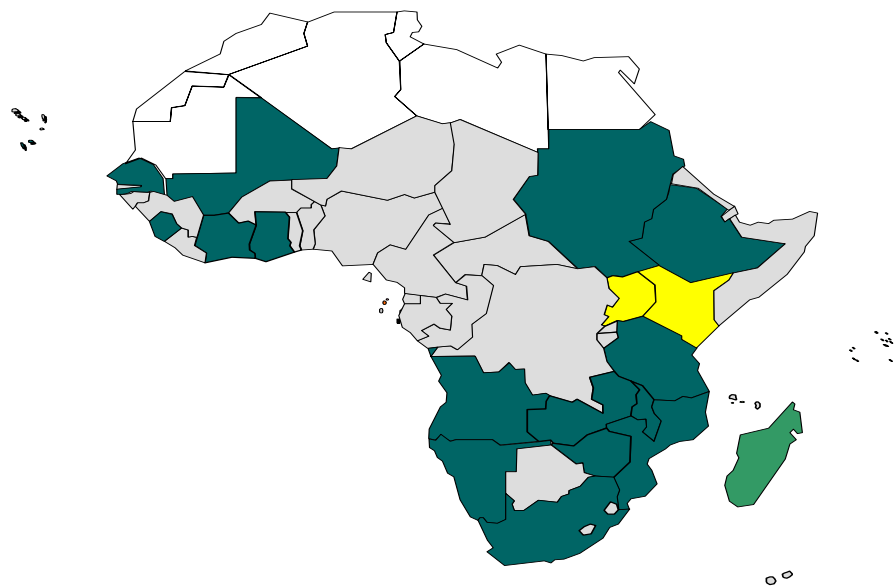
- Ensure equitable distribution of user charges: Vehicle license fees -particular regard to heavy vehicles;
- Develop a communication strategy to negotiate road tariffs- Mobilize road users and stakeholders more effectively
- influence decision-making
- Right sizing the network for road user financing

Challenges for Road Financing in Africa (2)

INSTITUTIONAL:

- Road boards to play effectively their role and be accountable to road users
- Finance is not enough – **a RF is a means to an end...** Road fund as a part of a move towards commercial management of roads
- **The RF initiative is at risk** - Need for road management restructuring – to capture cost reductions that could be passed on to road users;
- Need to close the gap between road financing (RFs) and management (RAs) -Intermediate steps – Performance based contracts for road management and maintenance – requires stable flow of fund flows...

Road Agencies in SSA



Commercialisation of roads: An unfinished agenda

- The process of commercialisation of road management in SSA requires both a political will and a change of attitude in the way in which roads are managed. The general direction of the reforms

- 1- **Financing:** Stay the course towards 2nd G Road Funds
- 2 -**Management:** Establishing a more autonomous road agency which operates at arms length from government;
- 3- **Responsibility:** Identifying clear roles and responsibilities between the autonomous road agency and the parent ministry; and
- 4 -**Ownership:** Improve the effectiveness of road boards through effective participation of road users.



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