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# PLANNING A SEMINAR ON ROAD FINANCING

(Prepared by Ian G. Heggie, revised March 1999)

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## I. GENERAL PRINCIPLES

One of the best ways to get a country to agree to reform its road financing arrangements is by exploring the issues through a well designed country workshop. However, to be successful, the workshop needs to be carefully designed. A badly designed workshop will often put back the reform process by several years.

Key elements to be borne in mind when designing the workshop are as follows:

- (i) The workshop may be designed as a one-day affair (a second day being available for follow-up), as a two-day affair, or as a longer single country or regional workshop. More than one day is usually best, since it gives the participants time to digest the ideas overnight before joining in the final debate.
- (ii) The audience for a one-day workshop should be restricted to about 25 to 50 people; a two-day workshop can handle up to about 100 people, while larger audiences usually require three or more days.
- (iii) Participants must represent all the key constituencies with a strong vested interest in road management and finance. They should include the business community, farmers, road transport interests, tourist interests (where relevant), and the professions (engineers, accountants, etc.). The government side is usually reluctant to invite them. So you generally have to put a lot of effort into persuading government to invite the private sector and you also need to go around to the key private sector constituencies to persuade them to attend (chamber of commerce, road haulage association, etc.). The initial reaction of the private sector is usually that road management and finance has nothing to do with them. You therefore have to work on it and explain that they are the people who are paying for the roads and their businesses are dependent on an effective road network. They are the “customers” and are entitled to have their voices heard.
- (iv) You need at least one or two good resource persons. I have been regularly using resource persons from New Zealand (operation of Transfund), South Africa (Roads Board and road fund), Latvia (road fund), Japan (road fund), USA (Federal Highway Trust Fund), Zambia (National Roads Board which manages the road fund) and Ghana (road fund). Jordan and Pakistan have also been used as examples of how to build consensus on the need for a commercially managed road fund.
- (v) You need good facilitators. One per group is sufficient, as long as someone from the audience helps them by taking notes. There are usually suitable people in-country, either working for consultants or at a local university. Professional facilitators can make a world of difference to the outcome of a workshop.
- (vi) It is important that the MOW (or equivalent) presents a paper outlining the problems as they see them. Their staff are usually not good presenters, so it pays to help them beforehand with their transparencies and the organization of their presentation. The same goes for the in-country people who are invited to add their thoughts. A check-list of the sorts of issues in-country speakers might want to consider in their presentations follows the workshop programs as item V below.

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## **II. WORKSHOP PROGRAMS**

Below are suggested programs for the workshops. They include one-day, one and a half day and two-day country workshops, and a four-day regional workshop.

### **(i) Outline for a One and a Half Day Workshop on Road Financing**

Sponsored by Ministry of Public Works and  
Federation of Jordanian Chambers of Commerce  
February 1997, 1 1/2 days

#### **Day 1:**

- 08.30 - 08.50 Opening Statement by Minister of Public Works and Housing
- 08.50 - 09.10 Opening Statement by Representative of Business Community
- 09.10 - 09.45 Presentation by the Steering Committee of the Report on the Proposed Road Fund
- 09.45 - 10.15 Discussion
- 10.15 - 10.45 Break for tea/coffee
- 10.45 - 11.45 Road Financing in New Zealand: Operation of Transfund, ( staff member from Transit NZ)
- 11.45 - 12.45 Initial Experience With the Yemen Road Maintenance Fund, Chairman, Yemen Road Fund
- 12.45 - 14.30 Lunch
- 14.30 - 15.30 Financing Road Maintenance in Saudi Arabia, ??
- 15.30 -16.30 Experience With the South African Road Fund and the Urban Transport Fund, (staff member from SA Roads Department)
- 16.30 - 17.30 Discussion

#### **Day 2:**

- 08.30 - 09.30 Introduction to Facilitated Discussion Session
- 09.30 - 11.30 Facilitated Discussion of the Paper Presented by the Steering Committee
- 11.30 - 12.30 Break for tea/coffee and to enable the facilitator and selected members of the audience to prepare a summary of agreements reached
- 12.30 - 13.00 Facilitator Reports Back on Document to be Forwarded to Ministers
- 13.00 - 14.30 Lunch

End of Workshop

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**(ii) Outline for a Two-Day Workshop on Road Financing**

***Day 1:***

08.00 - 08.45	Registration
08.45 -09.00	Objectives of the Seminar (Permanent Secretary, Ministry of Works)
09.00 - 09.30	Road Sector Problems in [country X] (Director of Roads or equivalent)
09.30 - 10.30	Discussion with formal comments from representatives of Chamber of Commerce, Farmers Association, and Tourist Industry (10-15 minutes each)
10.30 - 11.00	Break
11.00 - 11.30	I. How to Establish an Adequate and Stable Flow of Funds for Roads (resource person)
11.30 - 12.00	Discussion
12.00 - 12.30	II. Designing a Road Fund that Works (resource person)
12.30 - 13.00	Discussion
13.00 -14.30	Lunch
14.30 -15.00	III. Innovations in Management and Financing Rural and Community Roads (optional: deals with which agencies are entitled to receive money from the road fund)
15.00 - 15.30	IV. Detailed Management of a Road Fund (resource person from New Zealand, FHWA, or Zambia)
15.30 - 16.00	Discussion
16.00 - 16.30	Break
16.30 -17.00	Introduction to group discussions and presentation of questions to be discussed.

(Ministers and other VIPs can leave 13.00. They only need to be present from 09.00 to 13.00. If necessary, Ministers can leave at 12.00 noon, because the discussion on road funds would deal primarily with implementation issues. The Road Fund presentation should be attended by senior officials from MOF, but not necessarily other senior officials.)

Form into discussion groups to consider two topics: (i) how to secure an adequate and stable flow of funds; and (ii) how should these funds be managed and channeled to each road agency? The audience can be divided into groups of about 15 each and each group should be chaired by a representative from the business community, MOF and the road agency (maybe also local government, depending on how many people are present). Each group should be given about 3 questions to answer and a trained facilitator should lead the discussions and produce summarized answers for presentation in the plenary session.

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**Day 2:**

08.30 - 10.30	Discussion I: Financing
	(i) What options are available to persuade road users and other stakeholders of the need to mobilize additional revenues for roads?
	(ii) What options are available for generating the required revenues?
	(iii) What should the priority be for expenditures on roads and when and where might cost-sharing be appropriate?
10.30 - 11.00	Break
11.00 - 13.00	Discussion II: Channeling and Managing Funds
	(i) What options are available for channeling funds to the different agencies responsible for roads?
	(ii) What are the advantages and disadvantages of involving road users and other stakeholders in overseeing how road revenues are used?
	(iii) What steps might be taken to ensure that the public gets value-for-money from spending on roads?
13.00 - 14.00	Lunch
14.00 - 15.00	Discussion groups report back in plenary
15.00 - 15.30	Break
15.30 - 16.30	Discussion on next steps and the content of the message to be taken back to the Ministers of Works and Finance.

**(iii) Example of a Four-Day Workshop on Management and Financing of Road Maintenance, Bangkok, Thailand, 17 to 20 September, 1996**

**Day 1: Tuesday:**

**Opening Session**

08.00 - 08.45	Registration
09.00 - 10.00	Opening Statement by Mr. Adrianus Mooy, Executive Secretary, ESCAP
	Statement by Mr. Anil Bhandari, Sr. Transport Engineer, Infrastructure Division, East Asia & Pacific Department 1, World Bank ( <i>World Bank policies towards road maintenance in Asia</i> )
	Inaugural address by H.E. Mr. Chaiyapak Siriwat, Deputy Minister of transport and communications, Royal Thai Government

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10.00 - 10.30	<i>Coffee break</i>
10.30 - 11.10	Regional overview of issues and experiences by Mr. M. Rahmatullah, Director, Transport, Communications & Tourism Division, ESCAP
11.10 - 11.50	Innovations in road management—worldwide trends by Mr. Ian G. Heggie, Principal Roads Adviser, World Bank
11.50 - 12.30	OECD experience with the road sector in Asia by Mr. Hiroshi Togo, Senior representative, The Overseas Economic Cooperation Fund of Japan, Bangkok Office
12.30 - 14.00	<i>Lunch break</i>
<b>Plenary Session</b>	<b>Theme I: Innovations in Road Management—Experience From Other Regions</b>
14.00 - 14.40	Developments in management and financing of road maintenance in the Latin America region by Mr. Gunther Zietlow, Director, GTZ German Technical Assistance program with the International Road Federation (IRF), Washington
14.40 - 15.20	Developments in management and financing of roads in the Africa region by Mr. Kwesi Abbey-Sam, Chief Director, Ministry of Roads and Highways, Ghana
15.20 - 15.50	<i>Coffee break</i>
15.50 - 16.30	Asset management in the road sector by Dr. Gerhard Metschies, Senior Sectoral Planner, Energy and Transport Division, German Agency for Technical Cooperation (GTZ), Germany
16.30 - 17.30	Panel discussion
17.45	<i>Dinner hosted by Department of Highways, Road Association of Thailand and Contractors Association</i>
<b>Day 2: Wednesday</b>	
<b>Plenary Session</b>	<b>Theme II: Adequate and Sustainable Financing for Road Maintenance</b>
08.30 - 09.10	How to establish an adequate and stable flow of funds for road maintenance by Mr. Ian G. Heggie, Principal Roads Adviser, World Bank
09.10 - 09.50	Involvement of road users in the management and financing of roads by Mr. Raymond Jhala, Chairman, National Roads Board, Zambia
09.50 - 10.30	Panel discussion
10.30 - 11.00	<i>Coffee break</i>
<b>Workshop Session</b>	
11.00 - 11.15	Introduction to facilitated workshop sessions and presentation of Theme Questions for Themes I and II
11.15 - 12.30	Facilitated workshop session on: (i) how can we establish an adequate and stable flow of funds?

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- (ii) what role might road users play in winning public support for more road spending?  
(iii) how can one ensure that additional funds are securely channeled to the road sector?

12.30 - 13.45 *Lunch break*

**Workshop Session:**

13.45 - 15.00 Workshop session continued

15.00 - 15.30 *Coffee break*

**Plenary Session: Theme III: Improving Management and Financing of Main Inter-Urban Roads**

15.30 - 16.10 Strengthening management of roads and road transport by Mr. Peter J. Wilcox, General Manager, NZ Works Consultancy Services

16.10 - 16.50 Restructuring and commercializing management and maintenance of trunk roads: recent UK experience by Mr. Peter Collis, Director for Private Finance, Highways Agency, UK

16.50 - 17.30 Panel discussion

17.45 *Cocktail reception hosted by ESCAP and the World Bank*

**Day 3: Thursday**

**Plenary session Theme III continued**

08.30 - 09.10 Assessment of prospects and limitations for adoption of best practices in the present Asian environment by Mr. D.P. Gupta, former Director General (Road Development), Ministry of Surface Transport, India

09.10 - 09.30 Panel discussion

**Plenary Session Theme IV: Establishing Consistent Institutional Structures For Efficient and Effective Management of Rural and Community Roads**

09.30 - 10.10 Establishing a clear and consistent institutional structure for managing and maintaining rural and community roads by Mr. Ian G. Heggie, Principal Roads Adviser, World Bank

10.10 - 10.30 *Coffee break*

10.30 - 11.10 Contracting out planning and management of local government roads: UK experience by Mr. Pat Wingfield, Director, The Babbie Group, UK

11.10 - 11.50 The institutional framework for effective rural road management by Mr. Q.I Siddique, Chief Engineer, Local Government Engineering Department, Bangladesh.

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11.50 - 12.30	Panel discussion
12.30 - 14.00	<i>Lunch break</i>
<b>Workshop Session</b>	
14.00 - 14.15	Introduction of facilitated workshop sessions and presentation of Theme Questions for Themes III and IV
14.15 - 15.30	Facilitated workshop session on: (i) what realistic options are available for strengthening management and maintenance of main inter-urban roads? (ii) what mechanisms might be used to strengthen management and maintenance of rural roads? (iii) which options appear best suited to conditions in Asia?
15.30 - 16.00	<i>Coffee break</i>
16.00 - 17.30	Facilitated workshop session continued
<b>Day 4: Friday</b>	
08.30 - 12.00	Preparation of draft conclusions/recommendations and distribution to country delegations for consideration
12.00 - 13.30	<i>Lunch break</i>
<b>Plenary Session</b>	
13.30 - 15.30	Consideration of draft conclusions/recommendations
15.30 - 16.00	<i>Coffee break</i>
<b>Closing Session</b>	
16.00 - 16.30	Concluding Statement by World Bank
05.10 - 05.30	Concluding Statement by ESCAP
	Closure by Mr. Mahidol Chantragkul, Permanent Secretary, Ministry of Transport and Communications, Royal Thai Government

**(iv) Suggested Issues Which Private Sector Participants May Wish to Consider in their Workshop Presentation**

- Why and how is road transport important for your business/members?
- Are you wholly satisfied with the level of service you experience as a user of the road network?

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- Do you have any particular views about ways of financing road maintenance and other road expenditures?
  - Do you think there should be road tolls and, if you agree in principle, should the revenues go to the Ministry of Works, to a separate toll road organization or to a private concessionaire?
  - What do you feel about commercialization and the idea of putting roads on a fee-for-service basis?
  - If it appears that commercialization is the only feasible option, do you feel that the revenues from user charges should be managed by a separate organization managed by a representative board of management with road users on the board?
  - Do you agree that the funds should be used to maintain *all* roads and that appropriate allocation procedures should be developed to divide the funds between the various agencies entitled to draw from the fund?
  - Do you have any views about the Ministry of Works: should they remain as executing agency for most road works (planning, design, preparation of bid documents, letting of contracts, supervision of works, and certification of completed work)?

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### **III. SAMPLE PRESS RELEASES**

#### **(i) Press Release Issued Prior to Workshop in Bangladesh**

#### **“Private Sector Participation in Road Management and Financing”**

##### **International Workshop, November 1-2, Pan Pacific Sonargaon Hotel**

This workshop will bring leading road specialists from around the world together with representatives of Government, the Federation of Bangladesh Chambers of Commerce, road transporters, farmers and other society groups, to discuss recent international trends in road management and finance. Speakers will include senior representatives of Government, staff from the Roads and Highways Department, Local Government Engineering Department, Federation of Bangladesh Chambers of Commerce, the World Bank, University of Birmingham, UK, the UK Highways Agency, the Zambia National Roads Board, the Ghana Road Fund and the National Highway Authority, Pakistan.

The foreign speakers will be sharing experience on the major developments taking place in relation to managing the national road network and financing roads, including rural roads and roads in urban areas. In the case of road management, the foreign experience will emphasize the world-wide trend towards “managing roads like a business, not like a bureaucracy”. Among other things, this means turning the road agency into a more autonomous, commercially oriented undertaking managed by a public-private board which includes road users on the board. This development clearly recognizes that road agencies deliver services to road users and that their customers should have some say in how these agencies are managed.

With regard to financing, the foreign experience will emphasize two things. First, that the road sector has grown so large – with traffic and the needs of the road sector growing significantly faster than the government’s tax revenues – that many countries are finding it increasingly difficult, if not impossible, to fully-finance the road sector from the government budget. They will then discuss how these countries have moved their roads onto a fee-for-service basis. The road user pays, generally through vehicle license fees and a levy added to the price of fuel, and the proceeds are deposited into a road fund managed by a separate road fund administration under a board made up of representatives of central government, local government, the business community, road users, farmers and the professions. These so-called “second generation road funds” (i.e., road funds set up after 1990) ensure that the fees paid by road users are spent on roads, that the work is done efficiently and that road users have some say in how priorities are set.

Each day of the workshop ends with a facilitated discussion session where participants are invited to reflect on the international experience presented, to decide whether any of it appears relevant to Bangladesh and, if so, how the ideas might be further developed and implemented in Bangladesh. It is hoped that these facilitated discussions will lead to preparation of an Action Plan which will be presented by the Joint Secretary, Roads and Railways Division of the Ministry of Communications, to the Hon. Minister of Finance and the Principal Secretary, Office of the Prime Minister, during the final closing session of the workshop.

The workshop is being sponsored by Ministry of Communication, Federation of Bangladesh Chambers of Commerce, Swiss Agency for Development and Cooperation, UK Department for International Development, the Economic and Social Commission for Asia and Pacific (ESCAP), and the World Bank.

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## IV. SAMPLE WORKSHOP SPEECHES

### (i) Draft Speech for Minister of Finance Stating His Views on Setting up a Road Fund

#### Prepared for Country Workshop in Jordan

Distinguished Delegates, Ladies & Gentlemen:

I appreciate the opportunity of being invited to deliver an opening statement to this seminar outlining the financial concerns which my ministry – and indeed which any Ministry of Finance – might have about the possible establishment of a road fund. These are furthermore the same concerns which are regularly raised by the International Monetary Fund who, at least in the government budgetary field, act as the guardians of fiscal orthodoxy.

Road funds are not a new idea. They have been around since before the Second World War and there are currently at least 30 road funds in existence. About a quarter are considered “good” examples and set a standard for others to follow, while most of the others are “bad” examples which not only fail to deliver a secure and stable flow of funds for roads, but also undermine overall budget management and weaken financial discipline. Our concern at the Ministry of Finance is to make sure that IF we establish a road fund, it is designed from the outset to be a model of “best practice”, rather than being another financial mill-stone around the government’s neck.

First you must be clear about WHY you feel you need a road fund. The road funds established just after the Second World War in Japan and USA had a very specific purpose. In Japan, the road fund was introduced to help modernize the road network in the face of rapidly growing traffic. In the USA, it was established during the height of the Cold War to construct an inter-state “defense” network. We do not need that kind of road fund.

Likewise, the road funds established in Africa during the 1960s and 1970s – the so-called first generation road funds – were set up to deal with chaotic budget management. These funds were similar to the ones set up more recently in the former FSU countries – notably in Russia and Georgia – which were faced with a tough budget squeeze AND chaotic budget management. I also hope we do not fall into that category.

That leaves us with the third group of road funds. The funds which reflect a desire to pursue an agency model of service delivery for roads under which the management of roads is commercialized with expenditure on roads being financed from user charges. This is the so-called “user-pay” or “fee-for-service” principle. It reflects the view that “roads should be managed like a business, not like a bureaucracy”. My ministry has no objection to this approach. But it involves more than the simple establishment of a road fund. It involves re-thinking our whole approach to the road sector which, among other things, often leads us to conclude that we need to establish a road fund.

Let me spell this out in more detail. I call these my TEN GOLDEN RULES and they embody the main concerns which any Ministry of Finance has about establishment of a road fund.

**First**, we would want assurance that the establishment of the road fund is part of a longer term strategy to commercialize the road sector, and that it is not simply a means of avoiding strict budget discipline.

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**Second**, we would expect the road fund to be dedicated to maintenance, or at least to have maintenance a the first charge on the road fund. We must make sure that we maintain what we have, before starting to build anything new. We cannot afford to continue mortgaging our future by living off our assets, and leaving the re-instatement of these assets to the next government or to the next generation.

**Third**, we would expect to see the road fund as a purchaser, not a provider of services. In other words, we would not want to see the road fund buried within an existing ministry. It should be a separate agency with a clear mission statement, transparent objectives, physical output indicators and it should ideally also work within an envelope of total input costs. The road program must be limited to what road users and the country can afford.

**Fourth**, we would expect the road fund revenues to come only from road user charges, not from any earmarked taxes. That would not prevent the government from topping up the road fund from the consolidated budget, but topping up would only be done on a discretionary basis. The typical user charges we would expect to see going into the road fund would be vehicle license fees ( a charge for “access” to the road network) and a clearly identifiable levy on transport fuels (a charge for “use” of the road network).

**Fifth**, the most fundamental requirement of all. The user charges going into the road fund must not take revenues away from other sectors. We would like to see a clean break between the tax revenues which belong to the consolidated budget, and the user charges which belong to the road fund. The only existing revenues which should go into the road fund, must be confined to what is already allocated for roads through the annual budgeting process. Any additional revenues must come from extra payments made by road users.

**Sixth**, we would expect to see the road fund managed by a strong and independent management board. The board should include significant private sector interests – both road users and the business community – and should be genuinely free from any vested interest groups. The chairman should be impartial and able to speak on behalf of the national interest, and not in the interests of any particular party.

**Seventh**, we would expect the day-to-day management of the road fund to be handled by a small secretariat – let’s call it the **road fund administration**. They would be expected to employ commercial accounting systems and to have annual performance targets. And we would naturally expect the road fund to be subject to an efficient, independent audit.

**Eighth**, we would want to see a fair degree of cost recovery through the user charges. It would not be possible initially, but the long term intention should be to move towards a position where the road sector was financially independent. In other words, we are looking in the long term for a road public utility which does not receive any government subsidy.

**Ninth**, we cannot escape from the fact that fuel is a convenient tax handle from the point of view of fiscal policy. That will inevitably put a burden on the road fund administration to explain to the public why all fuel price increases are not equal. Increases in the levy dedicated to the road fund will have to be de-politicized and justified separately to the public. I know this is a hard thing to ask of the road fund administration, but I am advised that some of the more successful road funds spend a great deal of time on public outreach programs to explain and justify any increases in the road user charges.

**Finally**, I would be derelict in my duty as Minister, if I did not state that my ministry expects to have access, at least for the time being, to any cash balances of the road fund for purposes of overall government cash management.

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So, to sum up the position of my ministry. We are perfectly willing not only to consider establishing a road fund, but even to actively help to get it established. However, you have to assure us that what we are establishing is the right kind of road fund and that its workings will be based on sound fiscal principles. We would not support a road fund which was simply designed to avoid strict budget discipline.

With those few words of advice, I commend you to your task. Think carefully about your recommendations and, provided they meet my ministry's concerns, you can rest assured that you will have our support.

Thank you Ladies and Gentlemen.

(About 6-8 mins)

**(ii) Draft Speech for Minister of Public Works and Housing Stating Need for Better Road Management and Finance**

Prepared for Country Workshop in Jordan

Distinguished Delegates, Ladies & Gentlemen:

Welcome all of you to this important seminar on Creation and Management of a Road Maintenance Fund. As you probably know, the Ministry of Public Works and Housing attaches great importance to sound road maintenance policies. Roads are a key element of the basic infrastructure which makes up the enabling environment which supports our regional and international trade and commerce. Roads also play an important role in the rural areas where they support agriculture and tourism and enable the rural population to gain access to essential services.

In most countries in the Middle East, 80 to 90 percent of all goods and passenger transport moves by road, including most of our export traffic which eventually travels by sea. So if our roads are badly maintained, or if they are poorly managed, we hamper inter-regional trade, discourage international investors (who can always go elsewhere) and undermine our position in international markets. We also undermine the agricultural sector which depends entirely on reliable road access.

So, whether we like it or not, a well-managed road network is one of the essential pre-requisites for economic growth and – given the growing focus on developing rural areas – on balanced and equitable economic growth.

During the early stages of economic development, ministries of works tend to concentrate on construction of basic road infrastructure. That is what we in this country have been doing for the past 20 years and we have now constructed quite an extensive network of high quality roads. Of course, much remains to be done, but we have really reached a water-shed where the main pre-occupation of the various road agencies should no longer be *how to build* more roads, but *how to conserve* our existing road assets.

What does that mean? It means that the emphasis in road management now needs to shift from a focus on building roads – and on developing the kind of skills needed to manage the construction and improvement of roads – to acquiring the skills and building the kind of institutional structures needed to effectively maintain our existing road network.

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But institutional structures and management skills are not enough. We also need money. And the money needs to come from domestic revenue sources. We can continue borrowing – either from the domestic capital market or from donors – to finance new construction and exceptional rehabilitation works, but the funds required to maintain these roads needs to come from domestic revenue sources. So we also need an adequate and stable source of domestic revenues.

Another fact of life in this world of constrained resources – where fiscal revenues world-wide are in short supply – is that our maintenance financing cannot continue to come from the government's general budget. The needs of a fully-financed road sector now go well beyond what can be financed out of the consolidated budget which is subject to so many other competing claims from the health and education sectors, the social sector and from law and order and defense. The general budget in most countries is simply unable to provide the finance needed to maintain the growing and extensive road networks on a sustainable basis.

That is what this workshop is all about. It is about the dual foundations which underlie an efficient road sector: first, effective road management and second, a secure and stable flow of funds for maintenance. The two are intimately linked. Without effective management, you cannot make best use of the available resources. And without sufficient resources – no matter how effective your management – you cannot deliver quality road services.

So, to summarize the position of my Ministry. We attach high priority to sound road maintenance policies. We have learned the hard way that repeated cycles of road building, followed by no maintenance, followed by further rehabilitation, which is again followed by no maintenance, is both unsustainable and unaffordable. It simply postpones the inevitable need to develop the institutions – and mobilize the necessary domestic resources – needed for effective maintenance.

Now, guided by your own thoughts and our international panel of experts, you will be able to spend the next two days pondering the answer with them and with yourselves. Three of our experts are from the World Bank in Washington – Ian Heggie, the Principal Roads Adviser, Piers Vickers, his Assistant and joint author of the consultant study on the Jordan road fund, and Terje Wolden, Task Manager for the ongoing Third Transport Project. Our other two guests are from New Zealand and South Africa: Mark Cairns, Regional Manager for Transit New Zealand and Nazir Alli, Director of Roads at the South African Department of Transport. With people of such stature and experience around, I am sure you will be in good hands.

In conclusion, may I wish you all an interesting and rewarding seminar. It will be hard work and it is not simply a question of THEM telling US what to do. This is a participatory workshop in which you all have to play your part. The resource people can merely share experience of what is being done elsewhere. It is then up to us to decide which experiences appear relevant to Jordan, in what form might they be usable here, and what we need to do to make things happen.

Finally, once again, may I wish you all success with the seminar and I look forward to reading the conclusions and recommendations you produce at the end of the second day.

Thank you Ladies and Gentlemen.

(about 5-6 mins)

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**(iii) Draft Speech for World Bank Resident Representative on Need for Sound Road Maintenance Policies**

Prepared for Country Workshop in Bangladesh

Chairman, Member, Secretaries, Engineers, Distinguished Delegates:

I thank you most sincerely for inviting me to participate in the inaugural session of this important seminar. As you probably know, the World Bank attaches great importance to sound road maintenance policies. Roads are a key element of the basic infrastructure which makes up the enabling environment supporting trade and commerce. Roads also play an important role in rural areas where they support agricultural productivity and enable the rural population to gain access to essential services.

In most countries now-a-days, 80 to 90 percent of all goods and passenger transport moves by road, including most of the export traffic which eventually travels by sea. So if your roads are poorly maintained and badly managed, you hamper inter-regional trade, discourage international investors (who can always go elsewhere) and undermine your position in international trade. You also undermine the agricultural sector which is entirely dependent on reliable road access.

So, whether we like it or not, a well-managed road network is one of the essential pre-requisites for economic growth and – given the growing focus on developing rural areas – on balanced and equitable economic growth.

During the early stages of development, road management tends to focus on the development of basic road infrastructure. That is what this country has been doing for the past 20 years and it has now constructed quite an extensive network of high quality roads. Of course, much remains to be done, but we have really reached a water-shed where the main pre-occupation of the various road agencies should no longer be *how to build* more roads, but *how to conserve* the road assets that you already have.

What does that mean? It means that the emphasis in road management now needs to shift from a focus on building roads – and developing the kind of skills needed to manage construction and upgrading projects – to acquiring the skills and building the kind of institutional structures needed to effectively maintain the existing road network.

But management skills are not enough. You also need money. And the money needs to come from domestic revenue sources. You can borrow – whether from the domestic capital market or donors – for new construction or for exceptional rehabilitation works, but funds for maintaining existing road assets need to come from domestic revenue sources. So you need a stable source of domestic revenues.

Another fact of life in this world of constrained resources in which we live, where fiscal revenues world-wide are in short supply, is that your maintenance financing cannot continue to rely on the government's general budget. The needs of a fully-financed road sector now go well beyond what can be financed out of the consolidated budget which is subject to so many other competing claims from the health and education sectors, the social sector and from law and order and defense. The general budget in most countries is simply unable to provide the finance needed to maintain the road network on a sustainable basis.

That is what this seminar is all about. It is about the dual foundations which underlie an efficient road sector: first, effective road management and second, a secure and stable flow of funds for maintenance.

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When I was in the Africa region, we used to talk about the “four basic building blocks” which underlie sustainable road maintenance policies -

First, **Responsibility**. Clearly identify who is responsible for what? Each part of the road network, including important undesignated roads, need to be managed by a clearly designated road agency.

Second, **Road User Involvement**. Involve road users in management of roads to help win public support for more road spending.

Third, **Stable Finance**. With road user support, establish an adequate and stable source of finance and secure arrangements for channeling the funds to each road agency. Note that there are two elements to this. Adequate finance and secure arrangements for channeling the finance. One is unlikely to work without the other.

Finally, **Sound Business Practices**. Introduce sound business practices into road management to ensure the public gets value-for-money from additional road spending.

So, to summarize the World Bank’s position. We attach high priority to sound road maintenance policies. And it is not only the World Bank that does so. It is the donor community as a whole. Donors have learned the hard way – and so have our borrowers – that repeated cycles of road building, followed by no maintenance, followed by rehabilitation, which is again followed by no maintenance, is unsustainable. It simply postpones the inevitable need to develop the institutions – and mobilize the necessary domestic resources – needed for effective maintenance. That is why this seminar is being supported by the World Bank, Swiss Development Cooperation and the New Zealand Government. And it is also why we have so many delegates from the other donor agencies attending the seminar. Sound road maintenance policies are one of our highest priorities.

Now, guided by your own thoughts and your international panel of experts, you will be able to spend the next two days pondering the answer with them and with yourselves. Two of our experts are from the World Bank – Ian Heggie, Principal Roads Adviser and Dieter Schelling, our newly appointed Senior Rural Transport Specialist – while the other two are from New Zealand and South Africa: Martin Fletcher, Secretary of Transfund New Zealand and Albert du Plooy, Director for Financial Programming at the Department of Transport.

In conclusion, may I wish you all an interesting and rewarding seminar. It will be hard work and it is not simply a question of THEM telling US what to do. This is a participatory seminar in which you all have to play your part. The resource people can merely share experience of what is being done elsewhere. It is then up to you to decide which experiences appear relevant to Bangladesh, in what form might they be usable here, and what you need to do next to make things happen. On the assumption of course, that you decide you want to make things happen.

Finally, once again, may I wish you all success with the seminar and I look forward to reading the conclusions you reach at the end of your second day.

Thank you Chairman.

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## V. EXAMPLES OF WORKSHOP RECOMMENDATIONS AND CONCLUSIONS

- (i) **ESCAP/World Bank Seminar On Management and Financing of Road Maintenance, 17 to 20 September 1996**  
*Conference Room 2, Level 2, United Nations Conference Centre (UNCC), Bangkok*

### DRAFT RECOMMENDATIONS/CONCLUSIONS

The ESCAP region has a vast and expanding road network, as road transport is the dominant mode of transport in most Asian countries. Road infrastructure is a key element of the enabling environment which supports industry and commerce, and provides the only form of access to most rural communities.

Despite their importance, many of the region's roads are poorly managed, badly maintained, and suffer from large backlogs of deferred maintenance. Only recently, a new approach has been emerging by attempts to include the roads among invaluable national assets which need to be preserved by proper maintenance, for which sufficient funds must be found or generated, and subsequently allocated.

Such initiative has been lacking so far in the ESCAP region, while it has been developed and introduced in some of the regions, both in developed and developing countries. The Road Maintenance Initiative by World Bank and the United Nations Economic Commission for Africa could be a promising example.

This Seminar was therefore considered very timely and useful to Asia and the Pacific, with an intention to learn from the experience of others and also with a view of creating a forum at which the existing experience could be transferred into the Asian ground.

As the management and financing of road maintenance involves not only road administrators and engineers but also finance managers, a possibly wide spectrum of officials professionals have been invited to participate in this Seminar, with a challenging task to discuss all relevant issues and to develop the guidelines of how to proceed further.

The following has been found to be best reflecting the spirit of the deliberations as well as the recommendations agreed by this Seminar.

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**1. Financing for road maintenance**

The issue of road maintenance financing is summarized under three main headings:

How to establish an adequate and stable flow of funds for maintenance

What role road users could play in winning public support for more road spending

How could we ensure that additional funds are securely channeled to the road sector

**1.1 Adequate funding**

Two main themes emerged on this topic, the first focused on improving financing through the existing government budgetary framework, while the second emphasized the creation of a radically new one.

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It was felt that additional revenues could be provided through the government budget, particularly if taxes on spare parts, vehicle imports and tyres were raised. It was also felt that additional revenues for maintenance could be found by reallocating funds from investment to maintenance, and improved planning of works. It is fair to say that this view commanded minority support.

The general consensus of the meeting was that countries needed to seriously consider creating a commercially managed road fund to finance maintenance of existing road assets. The fund needed to have an appropriate management structure - there was strong support for a public-private management board - together with a firm legislative base. Revenues would come from a road tariff comprising additional fuel taxes, vehicle licence and registration fees, increased property values, a levy on agricultural produce (particularly for maintenance on village roads), road tolls and a levy on bus passenger and freight charges, together with supplementary passenger car licences. Cost sharing at the local level should also be considered to expand the revenue base. It is important to "sell the idea" of a commercially managed road fund to all concerned parties, including government ministers, officials, road users and the private sector as a whole.

## **1.2 Road user involvement**

The road users can play an important part in raising awareness, demonstrating the importance of sound road maintenance policy, enforcing the regulatory framework, acting as a watchdog and participating in road management. To be effective, they need to be organized in to road user associations.

Road users can raise awareness by explaining the role of roads in economic and social development, the impact of better maintenance on vehicle operating costs and the importance of the road sector in creating income and employment. They might do this through active participation in workshops and seminars, combined with public awareness campaigns linked to use of the mass media. To effectively demonstrate the importance of sound maintenance policies they would need to ensure the benefits are passed on to the public, particularly to users of public transport and that journey times and vehicle emissions are reduced.

Road users also have an important role to play in enforcing the regulatory framework. They can help to enforce road safety measures, raise awareness in road safety and encourage better vehicle maintenance. They can also play an important role in strengthening overall management of roads. They improve coordination between individual road users in government, can improve community participation in the planning and implementation of works, and can be actively involved in a representative management board. In addition to their role on these boards, road users can also contribute on other key road sector committees.

## **1.3 Channeling funds**

It was agreed that any attempts to create secure financing presupposes government commitment to maintenance of roads supported by appropriate laws and legislation.

The key conclusion was that secure channeling required establishment of an independent road fund with its own separate bank account, supported by clearly defined responsibilities toward the various line agencies and ministries involved. It would have to be supported by clear financial rules and regulations governing utilization and control of funds and may need to be supported by legislation. There should also be sanctions to prevent diversion of funds raised from road user charges. One way of providing such safeguards was through appointment of a representative roads board to manage the road fund. This would ensure road user involvement in prioritization of work,

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monitoring implementation, and would provide safeguards to ensure funds were spent for the purpose collected. To ensure transparency and accountability, the road fund would need to establish independent internal and external auditing procedures to regularly evaluate financial performance and publish regular financial statements.

## **2. Management and maintenance of inter-urban roads**

Again, any attempts to deal with this issue required firm government commitment. Stable financing was a precondition for any successful management arrangement. It was agreed that solutions had to simultaneously deal with several aspects. The road agency might be restructured by creating an autonomous, commercially oriented highway agency, but this reform would have to be complimented by clear division of responsibility (for urban, rural and regional roads), between different levels of government, between the policy and executive arms, together with better coordination by all key actors. Restructuring must also be accompanied by efforts to build local capacity, this should focus on improved management systems and techniques, better information databases, and more office technology. There was also a need to strengthen local consultants and to choose appropriate maintenance technology (labor vs. equipment). Training programs were also important and should focus both on management and staff.

Restructuring would probably also lead to greater involvement of the private sector in service delivery. They could be involved in executing maintenance contracts, and supervision and execution of works. Compulsory competitive tendering could also be introduced for maintenance works. These reforms would also require strengthening the local consulting and construction industry.

Implementation of the above reforms would be facilitated by better enforcement of road regulations, extended planning horizons and greater involvement of road users in management (perhaps through a roads board). Among other things, this would also improve accountability.

## **3. Management and maintenance of rural roads**

Again, there was a strong feeling that an adequate and stable flow of funds was a precondition for any successful innovations in this area. It was felt that portion of the road fund should be set aside for rural roads (particularly to help poorer communities), communities should be encouraged to mobilize local resources (with appropriate financial incentives) and that fiscal authority be devolved to local government.

The main conclusion under this heading was that local communities should be involved in all aspects of road planning, construction and maintenance. This would create a sense of ownership by rural communities by giving all roads an “owner”. They should be involved in decision-making, including being represented on national roads boards or other forms of local road user groups. More authority should be delegated to the local level and more effort should be made to build up district level technical capacity.

The role of central government should be more clearly defined in relation to rural roads and should cover coordination, preparation of policy guidelines and development of specifications and quality standards.

Responsibility should devolve to local government and coordination between government and local authorities should be improved. Central government should also define the legal status of rural roads.

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Options to build local government and road agency capacity include setting up a contract executing agency, increasing use of local consultants and contractors for planning implementation, providing technical assistance from central government, and providing incentives to encourage high quality engineers in rural areas. Complimentary actions should focus on improving local level planning, decentralizing it to the extent possible, improving the balance between construction and maintenance and developing longer-term strategies. There was also a need to ensure appropriate initial design and construction standards, and related maintenance interventions. All of this should be supported by an appropriate monitoring mechanism and feedback process.

#### **4. The way forward**

The following initial steps were identified to facilitate the implementation of the above reforms:

It was unanimously agreed that there was a need to disseminate the findings of the regional seminar at national level through country workshops to create increased awareness among all stakeholders. It should also be used to share international experience on innovations in the management and financing of roads in both industrialized and developing countries. Other suggestions included holding annual seminars on the management of road maintenance at national and local level.

It was also agreed that a public awareness campaign would be instrumental in fostering ownership in roads amongst all stakeholders. This would also ensure continued momentum to the reform process. The campaign would need to lobby politicians and policy makers and convince the general public. It might operate through public, private or voluntary organizations. A task force should be established to spearhead the country initiative and to plan and coordinate the overall reform process.

The donor community should be encouraged to continue their ongoing support to various country initiatives. Donors should also progressively introduce the concept of commercialization into all future donor-financed programs.

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(ii) **Draft Conclusions and Recommendations of the Seminar on the Creation of the Proposed Jordan Road Maintenance Fund**

**Hashemite Kingdom of Jordan,  
Amman, 3-4 June, 1997**

**[These recommendations are fairly specific, because the workshop considered a report recommending the type of arrangements which might be adopted for the proposed road fund. The audience therefore concentrated on discussing the specific operating modalities.]**

*Having established the need for a road maintenance fund, which road works should it finance?*

There was overwhelming support for the proposed road maintenance fund to finance all maintenance works, together with some selected road safety activities, as the first priority. Once all requirements for a high standard of maintenance have been fulfilled, the road maintenance fund board should consider supporting a proportion of rehabilitation up to the level of funding available. No new works should be covered by the road maintenance fund for the time being at least.

*Should the road maintenance fund eventually channel some funds to the municipalities and if so over what time scale and how much?*

Most of the delegates were in favour of providing some resources to the municipalities, the exact proportion and at what stage to be decided by the road maintenance fund board. However, there were some reservations expressed due to the fact that local governments had their own revenue sources to fund road maintenance and legal obligations which they ought to fulfil. Furthermore, control of road maintenance fund moneys disbursed to local governments would not be easy. Of the majority who were in favour of the road maintenance fund partially financing local government roads, most felt that the Municipality of Greater Amman should be excluded from such a transfer due to their existing revenue sources. It was important that the municipal authorities supported the establishment of a road maintenance fund. Their exclusion from the road maintenance fund's mandate would jeopardize this.

*Where should the revenues for the road maintenance fund come from?*

There was overwhelming support for the existing allocations for road maintenance to be channeled into the proposed road maintenance fund, although no specific existing charges were identified as potential road user charges. A reluctance was expressed for road users to pay any additional taxes or charges for the foreseeable future. It will be the responsibility of the road maintenance fund board to recommend ways to raise extra revenues if necessary, taking into account this unwillingness to pay more. Some felt that there was scope for existing user charges, such as transit and license fees as well as fines for overloading, to be increased when the conditions were appropriate. If charges were to be increased, then price controls on the transport industry would need to be relaxed.

*How should the level of road user charges be set?*

All the groups agreed that the level of road charges should be set by the road maintenance fund board within an annual agreement made with the Ministry of Finance. The level of charges should be reviewed annually in conjunction with the road programmes submitted by the road agencies, although charges need not necessarily increase each year. The board will need to justify any increase in the level of charges to the general public.

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*Over what timescale should the road maintenance fund aim to cover all maintenance and some rehabilitation expenditures?*

The consensus was that five years was an appropriate timeframe for achieving this.

*Should the road maintenance fund be entitled to take out loans?*

The participants unequivocally agreed that the road maintenance fund should not be entitled to take out loans. There was a small minority who felt that, once further research had been conducted into the state of the network, the only option may become the taking out of loans, however unpalatable this might be.

*Should the road maintenance fund be a separate agency?*

The participants were divided as to whether the road maintenance fund should be under the MPWH, MOF or MOT. Some argued that the MOT has the legal obligation and authority for ensuring an efficient transport system in Jordan. Others argued that the MPWH had the necessary technical expertise. Furthermore, if the board was to be set up soon, Jordan needs a Minister to take things forward and perhaps the most practical action is to house the fund under MPWH for the time being. Fewer argued that the purpose of the fund was essentially financial and therefore it should belong under the MOF. A compromise was reached that the road maintenance fund would be attached to the MPWH for the time being at least and the board should consider after some time where it should reside more permanently.

*Who should be on the board?*

Most felt that twelve was appropriate number for the road maintenance fund board. For the government bodies, there was a total agreement that MPWH, MOF and MOT should be represented on the board. Most agreed on MOMRAE. Others recommended MOP and MOI. It was pointed out that MOMRAE was planned to be amalgamated with MOI. The final decision was therefore to include MPWH, MOF, MOT, MOP and MOI.

From the private sector, it was decided to recommend general constituencies rather than specific institutions. Representatives from trucking, agriculture, and chamber of commerce were recommended by the vast majority. A consensus was reached for the last two representatives to come from industry and road association.

Two floating members would come from the private sector, selected by the board.

*How should the members be nominated and appointed?*

The public sector members should be appointed by their respective ministers and be of director level as a minimum. The private sector members should be nominated by the constituents they represent. A three year term was recommended for all members, re-electable once consecutively. The two floating members would be elected by the board itself.

*How should the chairperson be nominated and appointed?*

A consensus was reached that the chairperson should be elected by the board itself and endorsed by the minister under which the board falls. A minority felt that the chairperson should also be approved by the cabinet while others felt that the board's nomination should be final.

*How should the road maintenance fund be managed on a day to day basis?*

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The delegates agreed that the chief executive officer (CEO) should be appointed by the board and it should be left to the board to decide whether the CEO should come from the public or private sector. The CEO should be an engineer with management qualifications.

*How should expenditures be disbursed and priorities set?*

All agreed that expenditure on maintenance conducted by MPWH should be spent on a road programme which is prepared by a maintenance management system. Rehabilitation works should be subjected to cost/benefit analysis but it might take time to put in place an appropriate system for achieving this.

*How should the road maintenance fund be audited?*

The delegates agreed that it was essential that the fund is systematically audited. Two groups felt that this should be done by the Auditor General's Office while two groups felt it was more appropriate for the task to be contracted to a firm of private sector accountants. The majority decision reached by the participants was that a private sector company, nominated by the board and approved by the Audit General's Office, should audit the road maintenance fund accounts. This would ensure that the accounts would be audited in a timely fashion. The Audit Bureau could continue to carry out its own audit as stipulated in law.

*What should be done now, by whom and by when?*

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## V. SAMPLE CABINET MEMOS

### (i) **Draft Memo from Minister to Cabinet summarizing discussions on setting up a Road Fund (Jordan)**

Memo from Minister of Works to Cabinet

Dear ??

I am writing to inform you about the outcome of the workshop on “Creation and Management of Road Maintenance Fund” which I mentioned to you briefly during the Cabinet meeting on 3rd June, before H.E. Minister of Finance and I had to leave to deliver the opening speeches to the workshop.

The workshop was well attended and attracted an audience of over 50 persons representing key government departments – ministries of finance, planning, transport, local government, interior, etc. – and, just as important, from the key constituencies who are the customers for sound road maintenance policies – the truckers, bus operators, chambers of commerce, freight forwarders, road society, farmers, and the press. There was strong commitment to the topic of the workshop and virtually all participants stayed the entire two days.

The World Bank’s Roads & Highways Adviser, who is not directly connected with the Bank’s lending program in Jordan, helped to organize the workshop with my staff and, with his assistance, we were able to attract resource persons from New Zealand, South Africa and Latvia to share with us their experience of commercializing their road sector, i.e. making it more responsive to the needs of the road users, and of operation of their road funds. The participants were particularly impressed by the Latvian experience, since they are also a land-locked country and face many problems similar to our own.

The workshop arrived at a set of recommendations and conclusions which are attached to this note which all point in the same direction:

- There is strong support for a road maintenance fund, provided it is managed by a board which includes representatives of the road users and the business community.
- Participants were generally in favor of eventually channeling some funds to municipalities outside Greater Amman.
- The revenues for the road maintenance fund would initially come from the existing allocations made available to my ministry through the existing budget. The board would decide if additional revenues were required and, if so, how they might be financed. Suggestions put forward included higher license and registration fees, higher transit fees, and higher overloading fines.
- There was also a strong feeling that the road maintenance fund should be a separate entity (a road fund administration) which would purchase an annual road maintenance program from the existing implementing agencies – my ministry and, eventually, the municipalities.

I have invited the Steering Committee which has been considering this matter for some time to review the conclusions of the workshop, together with a study on a possible road fund prepared in advance

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of the workshop, and to advise me on how I should proceed. I have also offered the following advice to the Steering Committee:

- (i) There should be no new laws proposed during the course of this Parliament. I am nevertheless willing to forward draft legislation to the Attorney general's office with a view to preparing a draft law for consideration by the next Parliament.
- (ii) If there is strong support in favor of some action in the immediate future, I am willing to consider establishment of an Advisory Board to advise me on the annual maintenance program implemented by my ministry to try and improve cost-effectiveness and responsiveness to the needs of our customers, the road users.

I will be reporting back to you within a few weeks on the recommendations put forward by the Steering Committee. Meanwhile I would value any comments or suggestions you might have on the idea of having a public-private roads board – whether as an interim advisory board or a longer term executive board – to try to improve the quality and cost-effectiveness of maintenance in this country to ensure we preserve the large sums of money already invested in our road assets.

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**(ii) Draft Memo from Minister to Cabinet summarizing discussions on setting up a Road Fund (Surinam)**

Memo from Minister of Works to Cabinet

Dear ??

I am writing to inform you about the outcome of the seminar on “Op weg naar een verantwoord wegenbeheer” which was held at the Torarica hotel on 5 and 6 December 1997. The opening session was attended by the Minister of Tourism, Minister of ?? and myself, and the Minister of Finance and myself also attended the closing ceremony on the 7th.

The seminar was well attended and attracted an audience of over 100 persons who stayed throughout the two days, in spite of the last day being a Saturday. They included representing key government departments – ministries of works, ??, etc. – and, even more important, from the key constituencies who are the main customers for sound road maintenance policies – the business community, the road association, ??, consultants, contractors, the university, and the press. There was strong commitment to the topic of the seminar and virtually all participants stayed for the entire two days.

The seminar was organized by the university and my staff, with the assistance of the European Union and the Dutch Government. With the assistance of the Dutch Government, we were also able to invite Mr. Ian G. Heggie, the World Bank’s Roads Adviser, to participate in the seminar so that he could share with us the World Bank’s experience of dealing with road management and financing issues in other parts of the world.

The workshop arrived at a set of recommendations and conclusions which are attached to this note. All point in the same direction – the public would like to see the present Ministry of Works roads department, which is financed from the consolidated fund, replaced by a commercially-managed highway authority financed from dedicated user fees. During the discussion, the participants suggested the following type of arrangement:

- The new road authority, let’s call it the Surinam Roads Authority (SRA), would initially take over responsibility for planning and management of the principal road network (about 1,200 km). All maintenance and construction work should be contracted out to the private sector.
- The costs incurred by the SRA would be financed through a road fund. The fund would receive about G1 2,000 billion from the consolidated fund (this is what Cabinet currently allocates for roads), while the balance would come from a levy added to the price of diesel and gasoline and, in due course, from a supplementary heavy vehicle license fee.
- Within two years, the authority should also take over responsibility for the roads which are currently under the responsibility of the Ministry of Natural Resources (about 1,70 km) and the road fund would also start to channel some funds to the roads currently under the responsibility of the Ministry of Regional Development. The base of the road fund would be expanded to accommodate these added commitments.
- The participants expressed willingness to pay for an expanded program of maintenance – through the above fuel levies and supplementary license fees – provided the SRA and associated road fund were managed by a representative board which included representatives of the road users themselves. They also requested the Minister of Finance to continue seeking bilateral and multi-lateral funds to assist with the ongoing road rehabilitation programs.

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- Although the seminar did not recommend the specific membership of the board, there were suggestions that it might be made up of 7 to 9 members representing key government ministries and road user organizations. I am inclined to favor a 9 member board made up of 4 persons representing government ministries – Public Works, Industry, Tourism and Finance – and 5 members representing road users – Chamber of Commerce, Farmers Association, road transport industry, Surinam Road Association and Tourism Association. The members should be nominated by the organizations they represent.
  - The chairman of the board would be appointed by the Minister of Works from among the existing members of the board.
  - It was also suggested that, once the road fund started channeling funds for secondary and district roads, it should be managed by a sub-committee of the SRA board to ensure it had a membership reflecting its widened responsibilities. I was attracted to the idea that the finance sub-committee should comprise three members of the main board – the representatives of the Ministry of Finance, Chamber of Commerce (who would become ex officio chairman) and Farmers Association – and one representative of the districts and one representative of the Ministry of Regional Development.
  - It was suggested that the SRA should be a relatively small, white collar organization consisting of no more than about 100 to 200 staff. A small division within SRA would act as secretariat to the finance sub-committee and this division would likewise consist of no more than about 5 staff with qualifications in accounting, planning and finance.
  - Finally, recognizing that the above arrangements would result in some redundancies, the seminar strongly recommended a parallel program to develop the local consulting and construction industries and to design the program to help existing staff in the affected ministries to become small-scale entrepreneurs. It was suggested that these programs should be managed by the respective consulting and contractors associations.

I have invited the Secretary general of the Surinam Roads Association, Mr. Marcel Meyer, to convene a small Task Force from persons who participated in the seminar with the task of: (i) recommending an appropriate membership for the board of the SRA and its finance sub-committee (within 3 months); (ii) developing an action plan for handling redundancies and developing the local consulting and construction industries; and (iii) working with my staff on preparation of legislation to establish the SRA and the associated road fund (within 6 months). Once I have reviewed the draft legislation and am satisfied with it, I will bring it to Cabinet with a view to submitting it to Parliament at the earliest opportunity.

I will be reporting back to you from time to time on the work of the Task Force. Meanwhile I would value any comments or suggestions you might have on the idea of establishing the SRA and associated road fund and having both of these managed by public-private boards as a way of improving the quality, cost-effectiveness and funding of maintenance to ensure we preserve the large sums of money already invested in our road network.