

A Regional Review of Road Funding Initiatives in Asia

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Note

The views expressed in this paper and presentation are those of the authors, and do not necessarily reflect the views of the Asian Development Bank.

A Regional Review of Road Funding Initiatives in Asia

1. Investigations and Research
2. Asia Region Workshop March 2001
3. The Report:

**ROAD FUNDS AND ROAD MAINTENANCE
AN ASIAN PERSPECTIVE**

4. Where Next?

Asian Development Bank TA5871: Road Funds Study

Consultants

Ron Allan	Study leader
Olga Caday	Researcher/Workshop Organiser
Stephen Vincent	Assistant/Resource Speaker

Asian Development Bank

Marcelo Minc	Initiated the study
Paul Vallely	Workshop and report publication

1. Investigations and Research

Context

Extensive financial assistance to construct and improve roads in many countries ... but roads still deteriorate through inadequate maintenance!

Efforts to solve this problem, eg Road Fund initiatives, often fail, or stall before they are fully implemented.

à Asian Development Bank initiative to find out what countries think about how this problem might be solved.

The “Road Fund” solution

(Implemented through components of Technical Assistance projects)

- Revenue mechanism (eg fuel levy)
- Dedicated fund (for road maintenance)
- Road Fund Board (including stakeholders)
- Objective disbursement (eg PMS)

Initial study (2000/2001)

- Fact finding visits to 6 countries in Asia
- Desk study of existing Road Fund initiatives

Not encouraging!

Typical problems:

- Road Fund not independent of other government accounts
- Road Board membership dominated by government officials
- Lack of accurate/up to date data about roads
- Economic analysis not carried out
- Lack of political support

Existing Road Fund initiatives

Causes of problems:

- Lack of local support for initiatives imposed as loan conditions by funding agencies
- Disjointed support from different technical assistance projects
- Failure to gain public and political support for reforms

2. Asia Region Workshop at the Asian Development Bank March 2001



Countries that participated in the Regional Workshop

Bangladesh

Bhutan

Cambodia

China, People's Republic of

Fiji Islands

India

Indonesia

Kazakhstan

Kyrgyz Republic

Lao People's Democratic Republic

Mongolia

Nepal

Pakistan

Papua New Guinea

Philippines

Sri Lanka

Tajikistan

Thailand

Uzbekistan

Viet Nam

20 countries

Finance Ministries AND Road Administrations

Delegates from Finance Ministries	21
Delegates from Road Administrations	24

Results of Workshop Discussions - 1

- Not enough money is spent on maintenance, and too much is spent on improvements

But also...

- Quality of maintenance could be improved
- Maintenance money could be better spent

à Funding of maintenance is not the only problem

And...

- Investments in new roads are justified even when existing roads cannot be maintained properly

Results of Workshop Discussions - 2

- Almost all countries can learn from the experience of other countries
- A Road Maintenance Fund is a good idea

Results of Workshop Discussions - 3

- National “self-reliance” is essential for sustainable improvement in road sector performance
- It is essential to make road sector information available to stakeholders
- International exchanges of knowledge should be improved
- In the long term, lending agencies should be able to trust local decision making processes

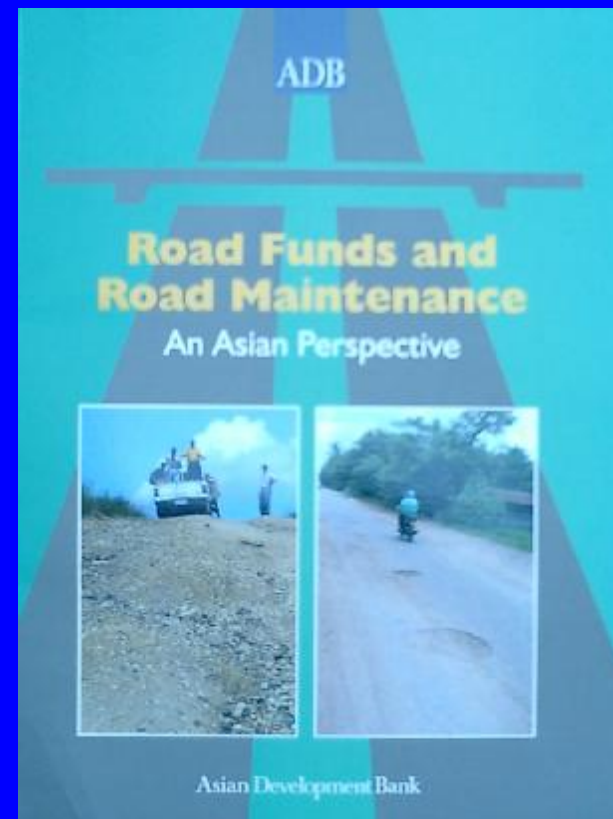
3. The Report

Road Funds and Road Maintenance

An Asian Perspective

Available online
(free download)

<http://www.adb.org>



4. Where Next?

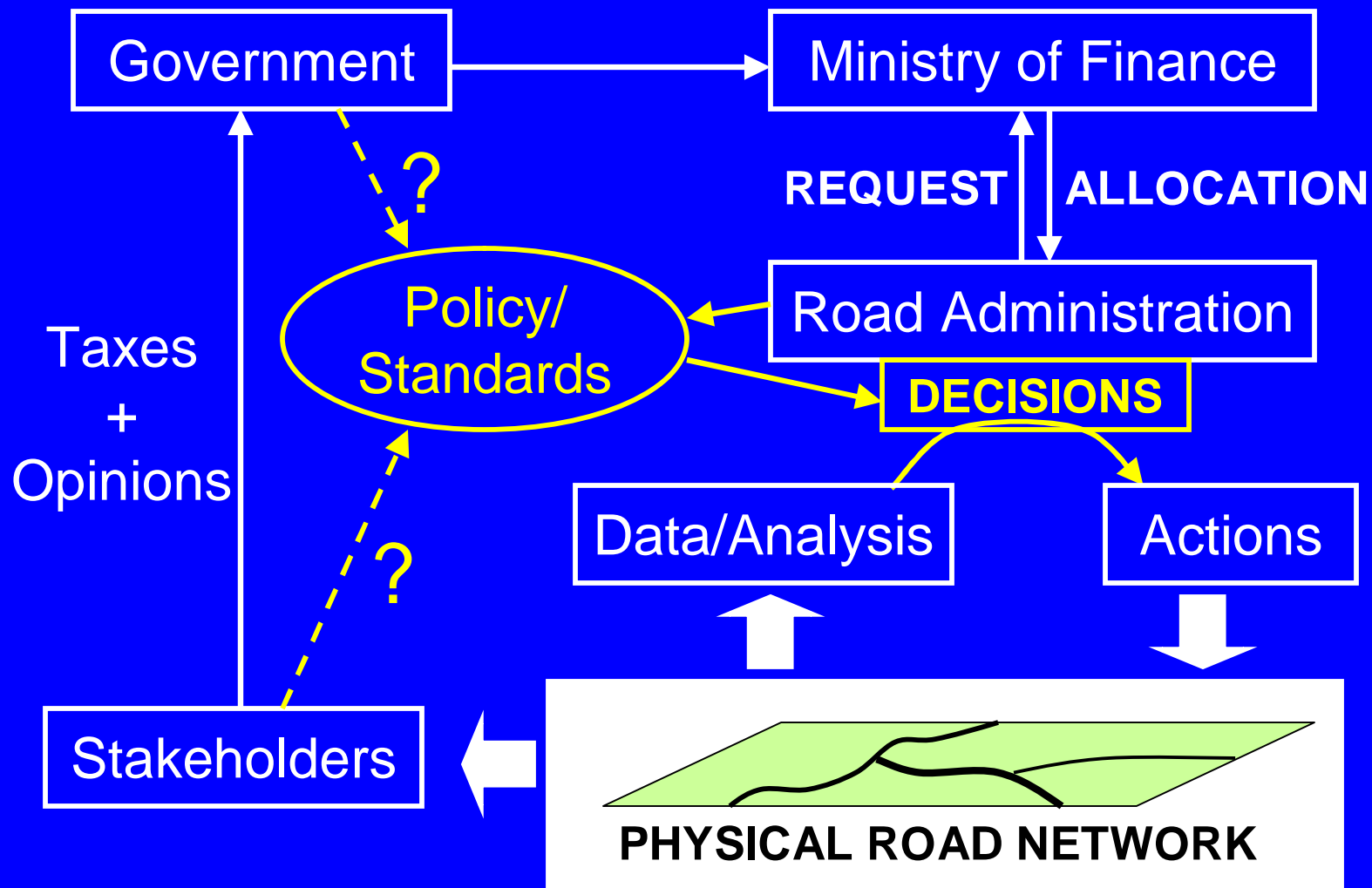
ROAD FUNDING – Road Fund Solutions Back to Basics...

- Reasons for developing the Road Fund solution...

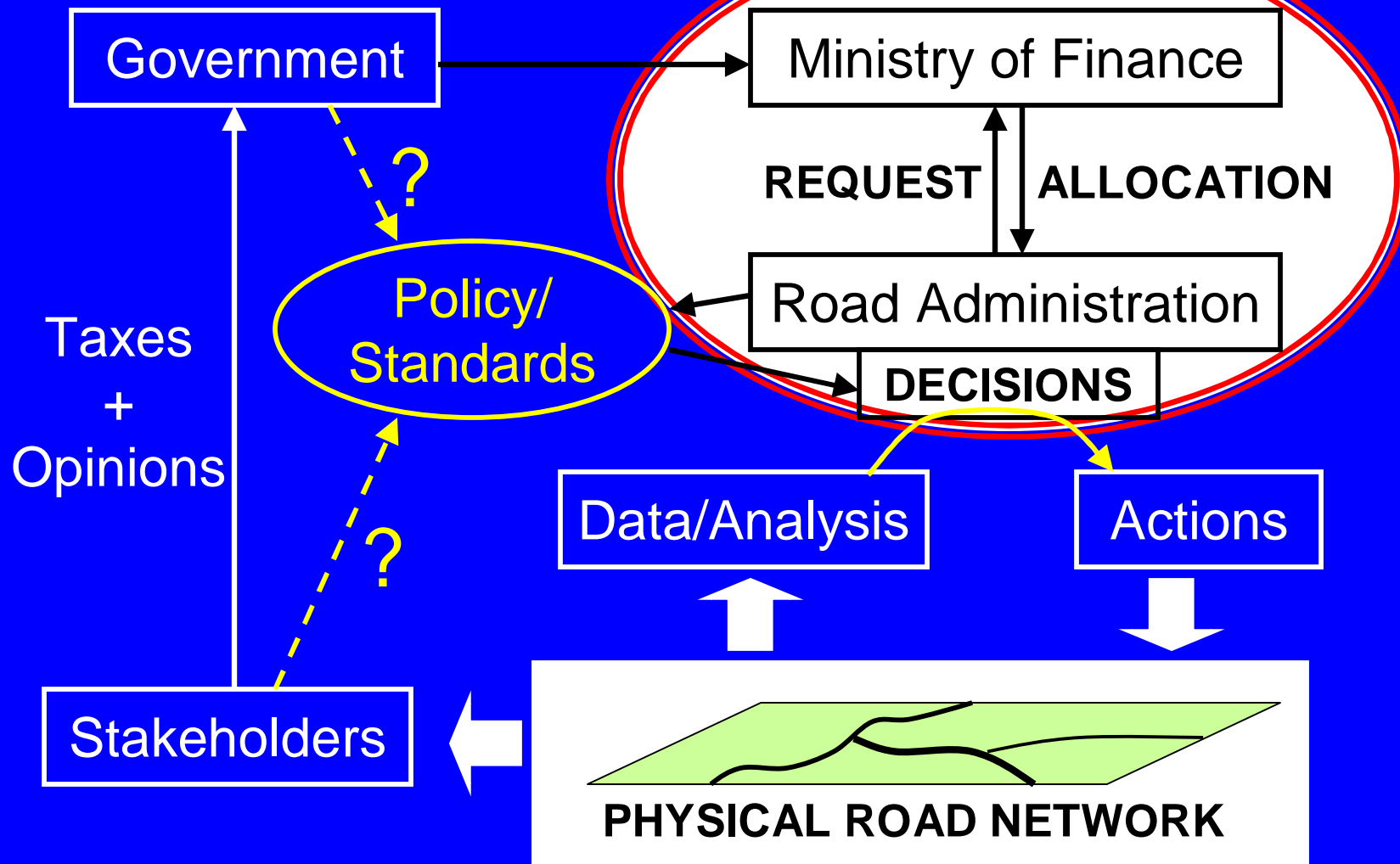
Road Asset Management

- The lack of road maintenance, and hence the need for a Road Fund, is all part of getting Road Asset Management right.
- Consider the “big picture” of managing a road network...

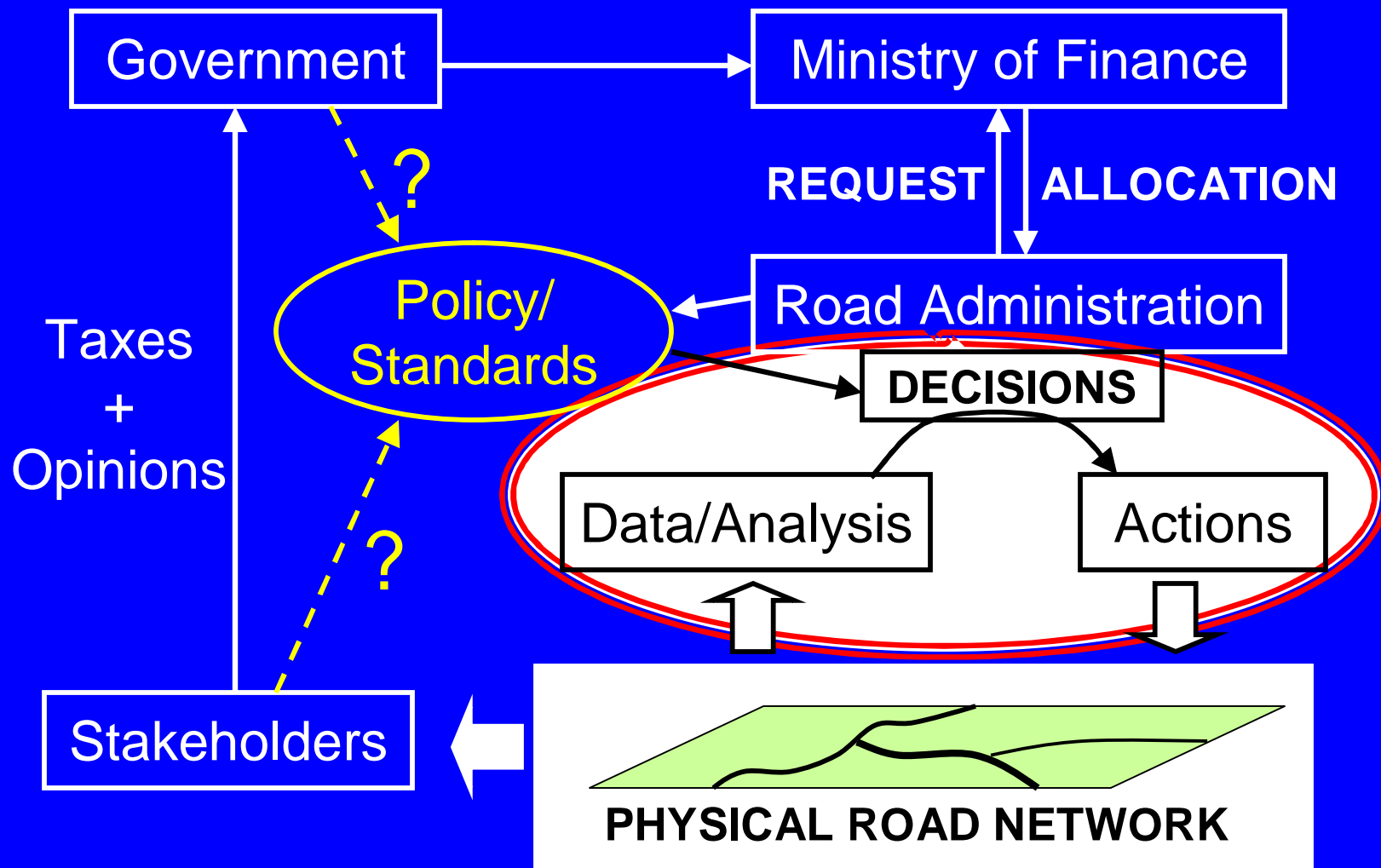
ROAD ASSET MANAGEMENT



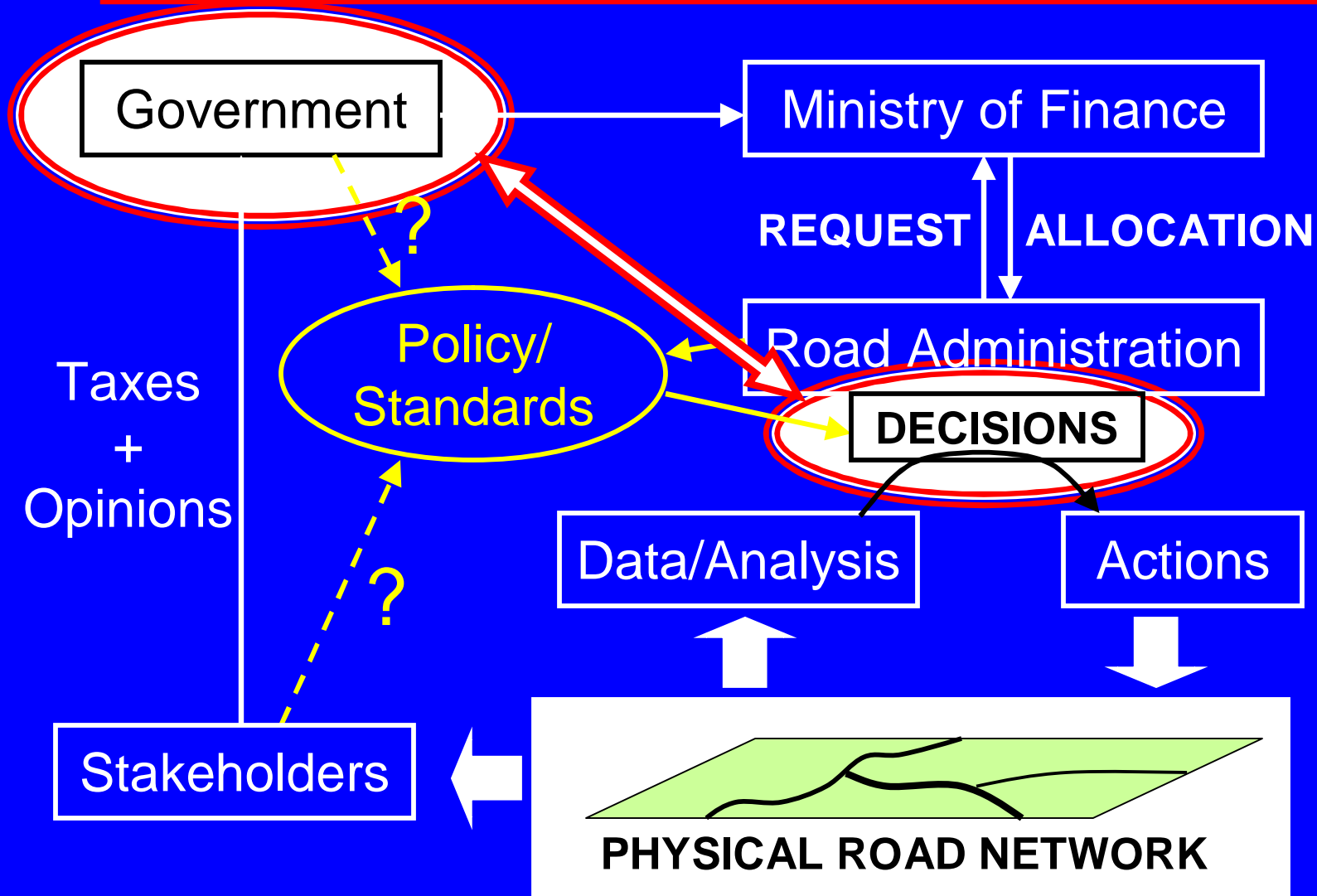
Confrontation or Partnership?



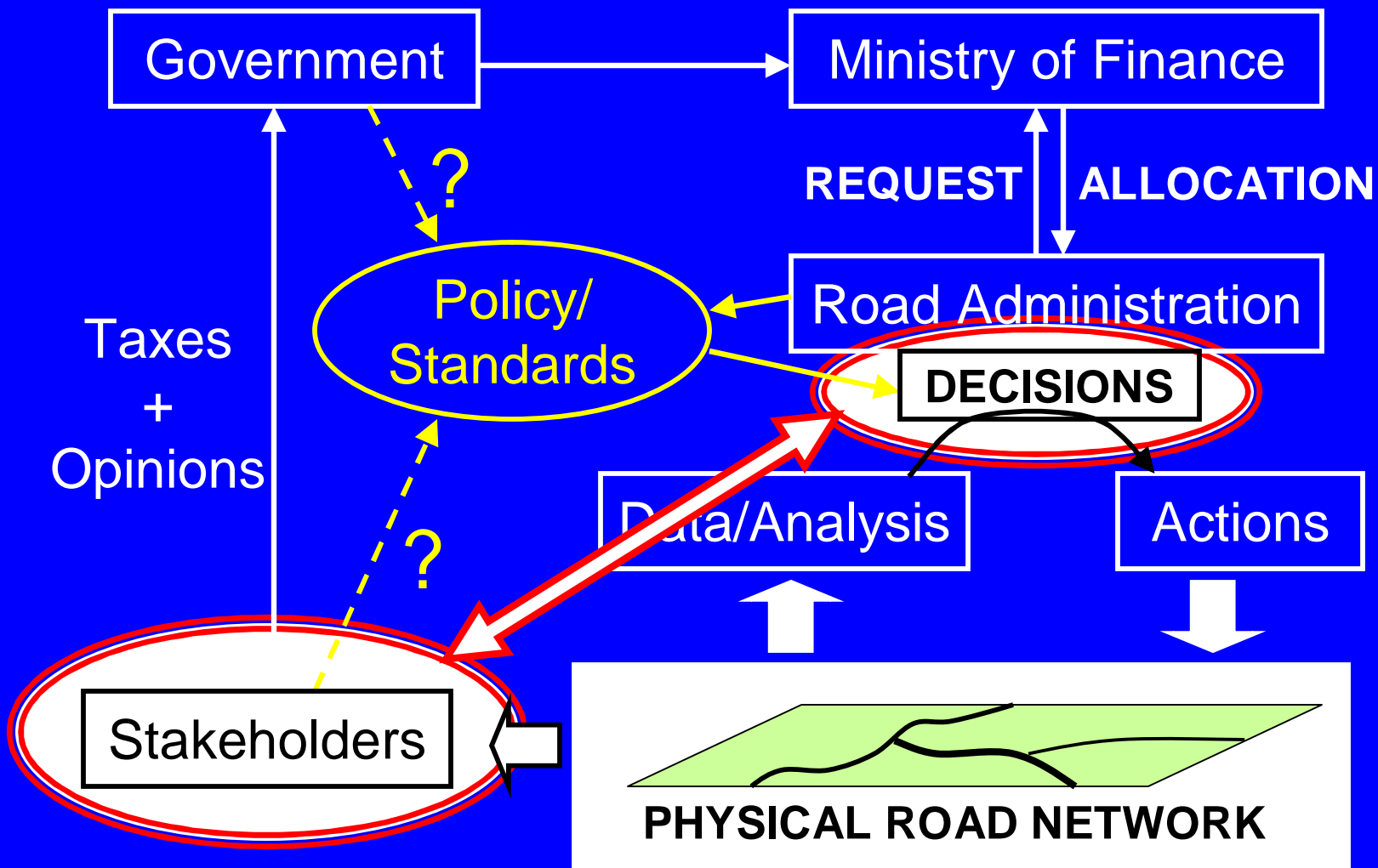
Quality of Data/Decisions/Actions



Political influences/Governance



Road Users – the people affected!

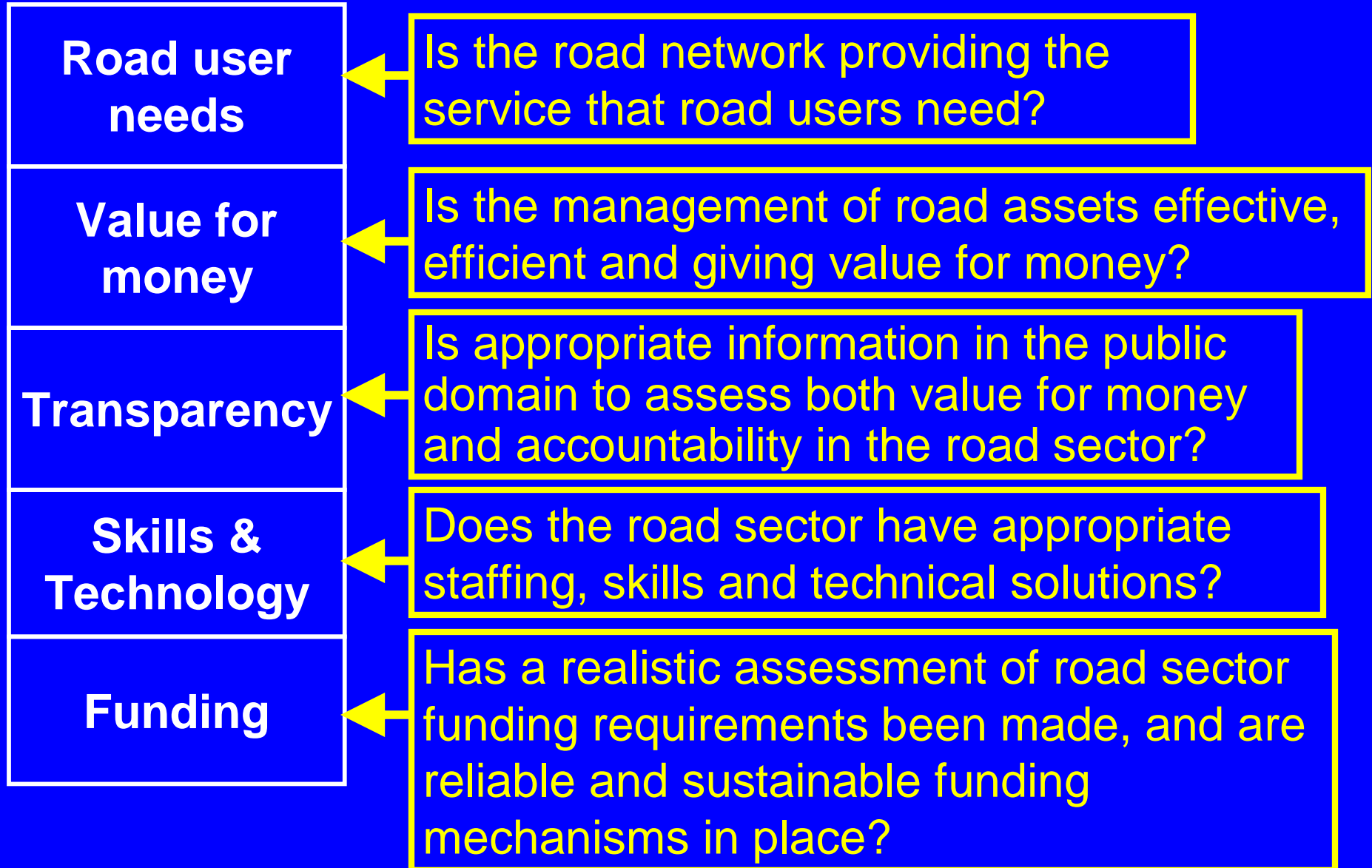


Further Discussions (2003)

Recommendations:

- Holistic road sector performance measurement to drive and monitor interventions and improvements
- Sub-regional exchange of knowledge

Road Sector Performance



Measurement values for each high level measurement

Understandable by everyone

Including:

- Road Users
- Politicians
- Media

Example of good practice

Satisfactory

Minor failings

Cause for concern

Problems understood but not being solved

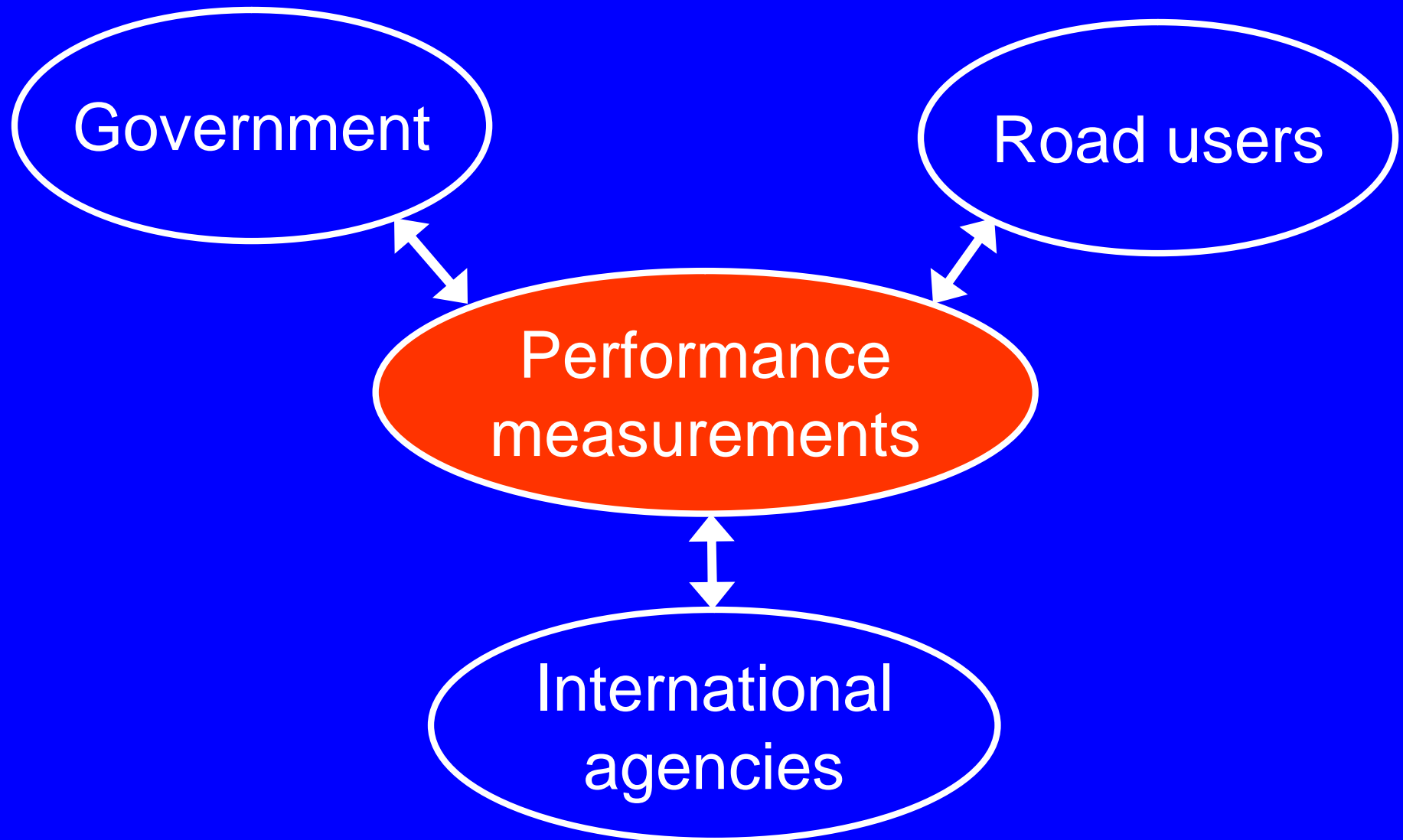
Serious cause for concern

Problems not understood (or being ignored)

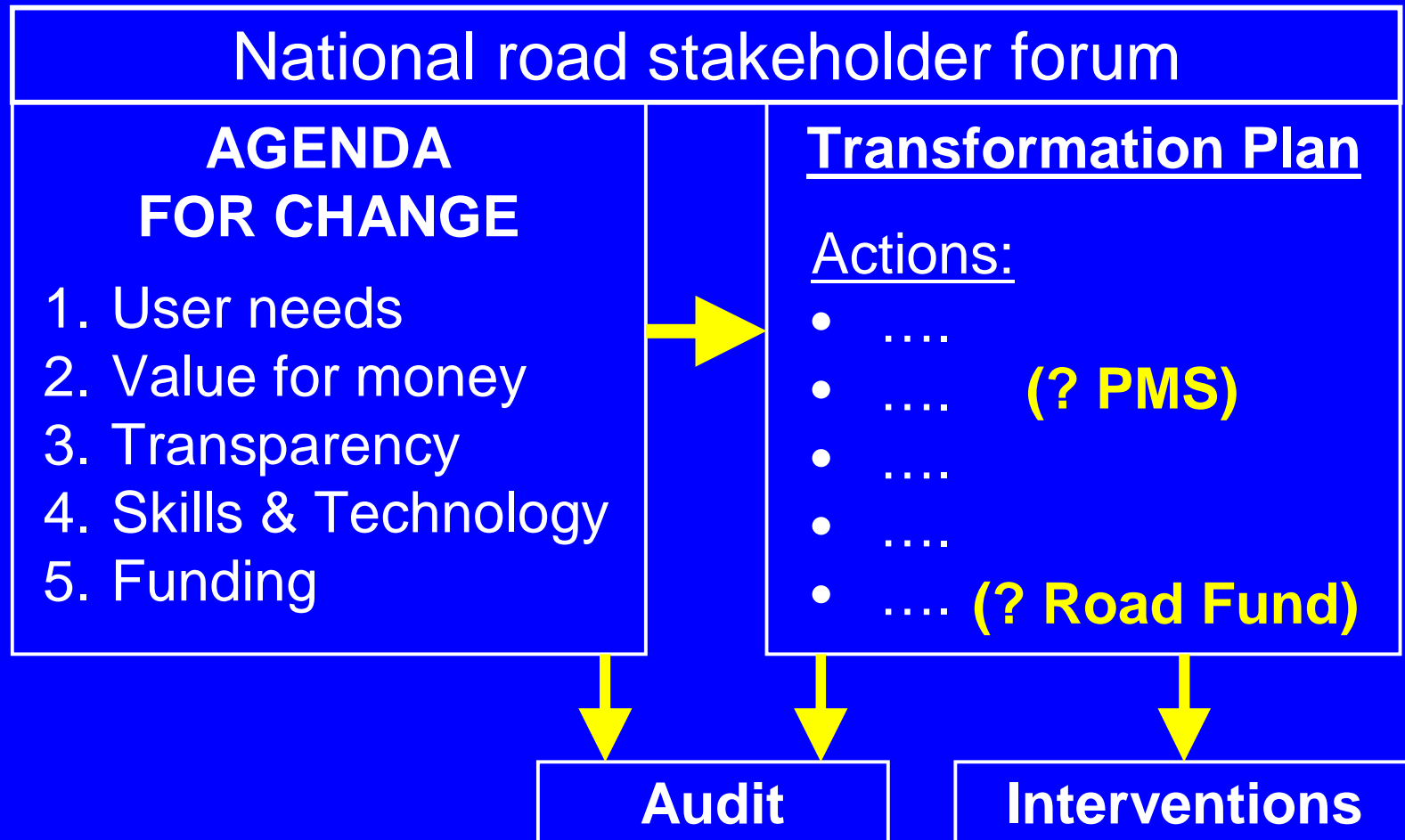
Status/Priority Matrix

	Serious cause for concern	Cause for concern	Minor failings	Satisfactory	Example of good practice
Road user needs					
Value for money					
Transparency					
Skills & Technology					
Funding					

Discussion / Interaction



Agenda for change



Sub-regional knowledge exchange

- Extensive experience of road sector reform in many countries
- Need direct exchange of knowledge between countries (rather than mainly through consultants & funding agencies)
- Sub-regional meetings/workshops more cost effective and sustainable than regional workshops

CONCLUSIONS

- A holistic approach to road sector reform is needed
- Focus on national self-reliance and locally driven reforms
- Performance measurement is needed to guide and monitor reforms
- More exchange of experience directly between countries