

## Action Plan for Road Traffic and Transport

### Overview

#### Introduction

In terms of public administration, four major topics shape the consideration of road transport services. These four are:

- The role of the Government, if any, in actual provision of transport services (i.e., government as service provider);
- The role of the Government in regulating private users and any services they may offer (i.e., government as regulator);
- Proactive roles, if any, required of Government to achieve socio-economic accessibility objectives (i.e., government as policy proponent); and
- The structure of the appropriate Governmental institutions to achieve the foregoing.

The four areas of inquiry are applicable to every jurisdiction, whether in Afghanistan or elsewhere, but the responses are not necessarily uniform. Political philosophy, social needs and human and financial resources all enter into formulating the right answer for a given locale at a given time.

The primary focus of this Overview document as well as its annexed Consultation and Policy Papers relates to the foregoing roles and responsibilities as they affect the mission of Afghanistan's present Ministry of Transport (MOT). The TSR has endeavoured to reflect both global "best practice" as defined in the transport sector today with the ground realities to arrive at a series of appropriate and implementable recommendations.

#### Summary of Policy and Consultation Papers

Attached to this Overview are seven Policy or Consultation Papers, each addressing specific priority aspects of road transport and traffic. The papers include:

##### Policy Paper 1.1: Corporatisation of MOT Truck and Bus Operations

The National Development Framework and Budget have both strongly expressed the position that provision of services in all sectors, to the maximum extent possible, should be left to private enterprise. The role of government is to focus on policy, planning and regulation in the public interest. It would clearly be contrary to today's overall government policy to seek to re-create the system of widespread public sector provision of freight haulage and public transport services.

Accordingly, the TSR Steering Committee adopted the following two policies:

- *Fully commercialise operations of MOT Kamaz trucks and Millie buses; and*

- *Over time, consider privatisation of MOT Kamaz trucks and, possibly, Millie buses.*

By way of implementation, it is recommended that each Kabul-based Kamaz freight agency should be separately corporatised into a government-owned but fully commercial and self-sustaining entity. Non-Kabul based agencies should be gifted to their respective provinces, albeit with the recommendation that they be similarly corporatised.

Similarly, it is recommended that MOT's Millie Bus agency, which is focused virtually exclusively on the City of Kabul, should be converted into a wholly government-owned but autonomous, commercial and self-sustaining corporation. Any portion of the bus fleet that MOT may wish to locate outside the capital could be corporatised separately or simply gifted to the province or municipality. Technical assistance is recommended to assist the Ministry in its implementation process.

### Policy Paper 1.2: Economic Deregulation of Road Transport Services

Regarding regulation in general in the road transport sector, the alternatives tend to reflect varying philosophies as to the extent of involvement of government in commercial affairs. TSR policy is to deregulate the domestic transport industry.

Much of the regulatory activity that occupies the attention of MOT's Private Sector Department appears to be the heritage of a centrally planned economy and in present circumstances to be of little or no value. Examples include the requirement for pre-registration and approval of routes when entering a province, the practice of route licensing in general and the mandatory union membership for all inter-provincial truck and bus operators. The practice of MOT establishing rates for private transport operators is also questionable.

In these purely economic spheres, a more modern approach would imply a more "hands off" approach to allow market forces to function. For freight transport and for intercity and rural bus services, TSR recommends abandonment of economic regulation regarding market entry, operations and pricing (i.e., route-specific licensing and reporting), mandatory union membership and government-set commercial tariffs.

Simultaneously, TSR recommends strengthening the technical and safety regulatory role of the Private Sector Department. (See below.)

### Consultation Paper 1.3: International Transport and Transit

Another policy-related topic involves international inter-modal and transit traffic. Enhancements of practices in both areas represent opportunities for Afghanistan. Enhanced efficiency in international movements and adherence to international agreements could result in faster and lower cost transport for the nation's imports and exports. Promotion of transit traffic can generate revenue as well as contribute to enhanced relations, including trade relations, with neighbouring economies.

TSR has discerned no significant problems or delays caused by the current procedures related to vehicles and drivers, either inbound or outbound. Most of the bilateral agreements examined by

TSR call for reciprocity in acceptance of the vehicles and operators duly licensed in their home country. This is common practice and is reasonable. Standards need not be identical between neighbouring states as long as they are similar in terms of performance and impacts.

TSR has, however, elsewhere recommended that the Private Sector Department re-examine its approach to setting technical standards and upgrade its technical vehicle inspection for domestic licensing. In addition, some of the bilateral agreements are now quite old, and compliance may or may not be actively monitored. Therefore, it is recommended that MOT work jointly with the Ministry of Commerce to define precisely the status of relevant bilateral and multilateral agreements and that these be updated (to reflect the proposed new MOT standards) or re-affirmed as appropriate.

#### Consultation Paper 1.4: Regulation of Safety and Other Public Interest Matters in Road Traffic

Anecdotal evidence suggests that, in the past, Afghanistan had a fairly extensive and effective system of road transport monitoring and regulation. Today, safety and technical standards, to the extent they exist, appear to be no longer subjects of rigorous enforcement. In some instances this is unavoidable, e.g., weight limits are in place (10-tonnes per axle), but all roadside scales have been destroyed so enforcement is impossible.

The explanation for other lapses is less clear. For example, the Technical Section of MOT's Private Sector Department carries out no technical inspection of vehicular applicants for licenses, operating on the assumption that all vehicles will be properly maintained in order to minimise operating costs. This heavy reliance on self-discipline and enlightened self-interest is unusual.

It is recommended that MOT's regulatory role should focus on technical and safety concerns and become more "hands on" than at present. It is further recommended that responsibility for driver and vehicle licensing and for drafting traffic and safety regulations should be shifted to MOT from the Ministry of Interior (MOI) where these functions now lie. It is suggested, however, that actual enforcement of traffic rules and related regulations rightly belongs to a uniformed service. Accordingly, the Traffic Department of MOI should retain this responsibility and enhance its capacity for enforcement.

#### Consultation Paper 1.5: Mandatory Third Party Liability Insurance for Road Vehicles

The Road Traffic Law already requires all vehicles to be insured prior to the vehicle license being issued, but this is currently being enforced, if at all, only occasionally. The re-introduction of a Third Party Liability (TPL) Insurance scheme for Afghanistan is recommended.

There are, however, priority prerequisites that must be addressed prior to enforcing a mandatory scheme for all. Of particular concern are weaknesses in the registration of vehicles and licensing of drivers, poor management of vehicle safety, limitations in the capacity of the Afghan National Insurance Company (ANIC) to provide services, weak enforcement of road traffic laws and poor security on parts of the road network. These basic issues must be rectified before any mandatory TPL scheme could be re-established nationwide.

The strategy for the implementation of a TPL scheme should, therefore, be gradual, introduced progressively over a predetermined schedule. The Road Traffic Law should be amended to allow for this progressive re-introduction and to make it more explicit as to the details of the scheme. Regulations should also be drawn up relating to the detailed nature of the insurance coverage to be issued, limitations and exceptions and the scheme's implementation. As a first step, capacity building for the insurance industry should be undertaken immediately.

#### Consultation Paper 1.6: Road Passenger Transport: Accessibility in Urban and Rural Areas

In the case of passenger transport, there are particular social issues to be taken into consideration. While TSR recommends that on inter-city and rural routes private bus services could be free from economic regulation, this is not necessarily the case for public transport within urban areas.

Low accessibility in rural areas is a problem with no evident solutions. To apply a system of detailed regulations for the private sector would appear non-constructive if the problem is that the commercial incentive is lacking. The possible concept of "concession packages" where the right to operate profitable routes is linked to the obligation of operating "social" routes may work in urban areas, but is not suitable for rural areas. In order to increase the understanding of the situation in rural areas, and to identify possible strategies, it is recommended that as a first step a series of rural transport studies are undertaken in different regions.

Within cities it would be advisable for the respective municipalities to reserve the right to decide how the community should be served and whether the unfettered workings of the free market provide adequate coverage. In short, municipalities should be granted power to apply local regulations and, where necessary, commission particular services (ideally by contracting with private operators).

TSR recommends that individual municipalities, starting with Kabul, establish Public Transport Authorities with responsibilities for network planning and regulation of bus services. Technical assistance is recommended to assist both MOT and Kabul municipality to work together in establishment of such an authority. MOT would thereafter have the skills to advise other cities seeking to establish similar authorities.

#### Consultation Paper 1.7: Reform, Restructuring and Strengthening of Ministry of Transport

Adoption and implementation of the foregoing recommendations will substantially alter the functions of the Ministry. It is, therefore, necessary to restructure MOT accordingly.

The Kamaz truck and Millie Bus agencies would be spun off as autonomous government-owned corporations. MOT's existing Private Sector Department would shift its focus from economic regulation to safety and technical concerns. In addition, it would assume responsibility for vehicle and driver registration. It could appropriately be relabelled as the Regulations Department. The current Planning Department should evolve into a centre for strategy formulation and strategic planning within the newly focused Ministry. The proposed future organisational structure is illustrated in Consultation Paper 1.7.

The personnel required in the future for what will be primarily planning and regulatory functions will be less than for actual provision of transport services. As a result, public sector staff numbers will decline, but a number of employees should be given opportunities in the newly corporatised transport enterprises. Only a commercially sized staff, however, should be assigned to each new corporation with the remainder remaining as MOT employees, to be trained as necessary to assume new responsibilities. Certainly, it would be unrealistic to expect the newly commercialised transport entities to prove successful if they are grossly overstaffed from the outset.

Consultation Paper 1.7 proposes a strategy for how to manage these reforms, and also for how to strengthen the MOT, consisting of

- A proposal for how the MOT should be organised during the process and at the end of its reform and restructuring.
- An approach for how to drive the reform and restructuring process
- The provision of capacity to manage the reform and restructuring process.

The approach proposed to be used to reform and restructure MOT is based on the one outlined in Information Paper 4.1. It is repeated in Consultation Paper 1.7 and adapted to the needs of MOT.