

## Action Plan for Roads

### Overview

#### Introduction

The Action Plan for Roads comprises

- 5 Consultation, Policy and Information Papers (see Background Document)
- A long term investment plan and maintenance budget for national, provincial and rural roads.

The Consultation, Policy and Information Papers are attached to this Overview. The investment plan and maintenance budget is an annex to the Overview document (*Operational Budgets and Financing; Road Infrastructure*, June 2003).

#### Summary of Policy, Consultation and Information Papers

The five Consultation, Policy and Information Papers elaborate on, and make practical proposals for the implementation of the policy recommendations made in the roads section of the Background Document to the Policy Statement for the Transport Sector.

#### Consultation Paper 2.1: The Organisational Structure of the Ministry of Public Works

This Paper provides suggestions for how the MPW should be organised during the coming five to seven years, based on a number of aspects of importance to the future management of the road sector.

Firstly, the MPW has lost nearly all its resources for road construction and maintenance during the more than two decades long conflict. The MPW used to carry out all construction and maintenance work utilising force account. The Ministry should not try to restore the construction and maintenance capacity that it once possessed; see further Consultation Paper 2.2. The way forward should instead be to engage the private sector in road construction and maintenance work. The Ministry should, however, retain a capability to carry out emergency repair and routine maintenance. The Ministry hence needs to reorganise its maintenance units. The Ministry also needs to transfer its construction units to, initially, one or more commercial state-owned enterprises as well as allow private operators to absorb its staff.

Secondly, the MPW should in the short-term retain a centralised organisation structure. A decentralised structure would be more flexible and would be able to react faster and better to local demands. The decentralised organisation structure would, however, demand considerably more trained staff than is available at this stage.

Thirdly, the airport design and construction functions together with relevant staff should be transferred to the Ministry of Civil Aviation and Tourism (MCAT). And finally, rural roads now under the Ministry of Rural Rehabilitation and Development should be transferred to the MPW. This is recommended in order not to stretch the very limited available human and equipment resources too thinly.

### Consultation Paper 2.2: MPW Construction and Maintenance Operations

As mentioned above, the main part of the present road and airport construction staff of about 1,600 that the MPW still employs should, to the extent possible, be transferred to private sector contractors. This can partly be realised in connection with the numerous donor sponsored road rehabilitation projects that will be carried out in the immediate future. Consideration should also be given to the establishment of state-owned companies based on the present construction units.

Part of the Ministry's present maintenance staff should be given training in labour-based road maintenance in order for them to be able to act as trainers for private sector labour-based maintenance units - which may be small-scale contractors and community groups. The rest of the maintenance staff should be formed into units to perform emergency repair and routine maintenance works.

The local contracting industry is very weak at present with virtually only one contractor being able to carry out bigger projects. A stronger local contracting industry has to be created. A clause on compulsory use and training of local subcontractors should be included in rehabilitation contracts in order to develop and train the local contracting industry. The contract with the local subcontractors must include an obligation to employ MPW construction personnel as part of their permanent staff.

### Consultation Paper 2.3: Reform, Restructuring and Strengthening of the Ministry of Public Works

This Consultation Paper sets out a strategy for reform, restructuring and strengthening of MPW. It builds on the recommendations made in Consultation Papers 2.1 and 2.2. It also takes into account the fact that MPW has obtained Priority Reform and Restructuring (PRR) status for one of its departments, in terms of the *Decree on Priority Reform and Restructuring within Ministries and Government Agencies*.

The strategy also takes into account that the MPW already benefits from substantial long term TA, primarily for project management support and to assist with project identification and development. The strategy proposed here for how to move forward consists of three components:

- A proposal for how the MPW should be organised during the process 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.

### Policy Paper 2.4: Financing of the Road Sector

This Paper recommends that a system for the imposition tolls on vehicles using national roads, which have been upgraded and/or rehabilitated, should be introduced in the near future. The toll revenues should be used to finance contracts for routine maintenance (including operations) of these roads, following completion of the upgrading and/or rehabilitation works, and the tolls should be set to provide for full financing of these contracts. The system should

allow for a specific contract to be financed exclusively by the tolls collected on the road concerned, as well as cross-subsidisation between different roads, which have been upgraded or rehabilitated. It is further suggested that a complete design of the recommended new system, including draft legislation, should be prepared. Additionally a plan for its implementation should be prepared.

#### Information Paper 2.5: The Long Term Institutional Arrangements in the Road Sector

The purpose of this Paper 2.5 is to provide a vision of the long-term structure for the management of road infrastructure, in particular as concerns the institutional and funding arrangements.

In line with national policy, the long term institutional and financing framework for road management is envisaged to have the following key features:

- One and the same Ministry is made responsible for all national roads.
- That Ministry will only be concerned with policy, planning and monitoring. The management of roads and funds are delegated to autonomous agencies.
- An autonomous Highway Agency will be responsible for the management of the road network, according to the policy and plans laid down by the Ministry.
- Another autonomous agency will be responsible for the management of a Road Fund, to be responsible for the collection of revenues from road user charges and the financing of the operations and maintenance of the network.
- Commercial consultants and contractors will be responsible for the implementation of the required services and works through competitive contracting.

#### **Operational and Investment Budgets**

Estimates have been made of the annual funding required to rehabilitate and maintain the road network. Due to the long period of neglect and the resultant deteriorated condition of the road network, it will take several years to fully rehabilitate the roads of Afghanistan. Only after the roads that are in a poor condition have been rehabilitated to a “fair” or “good” condition can they be maintained in that state by a well planned and optimised maintenance programme.

The budget for a programme to rehabilitate and maintain the road network over the next five years is shown in Table 1 below.

**Table 1: Summary of Road Budget**

<b>Road Classification &amp; Type of Road Works</b>		<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>
National	Maintenance	23.8	30.9	33.1	34.8	34.8
National	Rehabilitation	184.0	453.7	342.3	156.0	142.0
<b>Subtotal – National Roads</b>		<b>207.8</b>	<b>484.5</b>	<b>375.4</b>	<b>190.8</b>	<b>176.8</b>
Provincial	Maintenance	10.2	12.7	15.3	20.4	25.5
Provincial	Rehabilitation	74.6	74.6	149.3	149.3	298.5
<b>Subtotal – Provincial</b>		<b>84.8</b>	<b>87.4</b>	<b>164.5</b>	<b>169.6</b>	<b>324.0</b>
Rural Feeder Roads	Maintenance	4.4	6.6	8.8	11.1	13.3
Rural Feeder Roads	Rehabilitation	17.0	17.0	17.0	17.0	17.0
<b>Subtotal - Rural Feeder Roads</b>		<b>21.4</b>	<b>23.6</b>	<b>25.8</b>	<b>28.1</b>	<b>30.3</b>
Urban Roads	Maintenance	1.7	2.6	3.5	4.4	5.2
Urban Roads	Rehabilitation	6.0	6.0	6.0	6.0	6.0
<b>Subtotal - Urban Roads</b>		<b>7.7</b>	<b>8.6</b>	<b>9.5</b>	<b>10.4</b>	<b>11.2</b>
<b>Total - All Roads</b>		<b>321.8</b>	<b>604.2</b>	<b>575.2</b>	<b>398.9</b>	<b>542.3</b>

By combining available data on anticipated donor and government funding with the total road budget required, the likely budget shortfall over the next five years can be estimated as shown in Table 2.

**Table 2: Overall Road Budget Financing (USD millions)**

	<b>Donor</b>	<b>Government</b>	<b>Shortfall</b>	<b>Total – All Roads</b>
2003-04	184.0	24.0	113.8	321.8
2004-05	453.7	66.0	84.5	604.2
2005-06	342.3	63.1	169.8	575.2
2006-07	156.0	69.4	173.4	398.9
2007-08	142.0	76.4	323.9	542.3