

## Information Paper 4.2

### The Structure of Government in Transport in the Longer Term

#### Executive Summary

The 21st century transport industry, the transport network is seen to incorporate four broad Constituent elements. The four are:

- infrastructure
- regulation
- operations, and
- services.

The Policy Statement for the Transport Sector and most modern governmental organisations consider the provision of *services* to be best undertaken by the private sector. (Services include such activities as running trucks and buses and constructing/maintaining infrastructure.) The responsibility for planning and providing *infrastructure*, however, although occasionally privately funded, remains public worldwide. System *operations* or management, albeit public, are increasingly the purview of autonomous agencies rather than traditional governmental entities such as ministries. *Regulation* remains a public sector responsibility.

The key to an effective and efficient transport system is to integrate, to the maximum extent possible, the functions within the three public sector areas of responsibility (Infrastructure/operations/regulation). To accomplish this in Afghanistan, TSR recommends a phased transition from present to modern practices.

1. The first phase consists of strengthening, reforming and restructuring separately the existing three transport ministries.
2. The second phase consists of increased rationalisation of transport institutions including inauguration of independent authorities and (partial) privatisation of state-owned enterprises.
3. The final phase is envisaged to consist of implementation of all recommended independent authorities, privatisation and the establishment of one ministry for the transport sector, to replace the current three ministries, to focus on policy, regulation and monitoring.

The implementation period of this reform process is expected to be about 10 years as from 2003.

This Paper is for information only. Recommendations as to what to do during the first phase of reform and restructuring are contained in primarily Papers 1.7, 2.1 and 3.7.

## Introduction

This Information Paper on long term institutional reform presents the TSR vision of the development and restructuring of the three transport sector ministries over time. It is based on and consistent with the Policy Statement for the Transport Sector.

## The Modern Transport Paradigm

In the 21<sup>st</sup> century transport industry, the transport network is seen to incorporate four broad constituent elements. The four are:

- Infrastructure;
- Regulation;
- Operations; and
- Services.

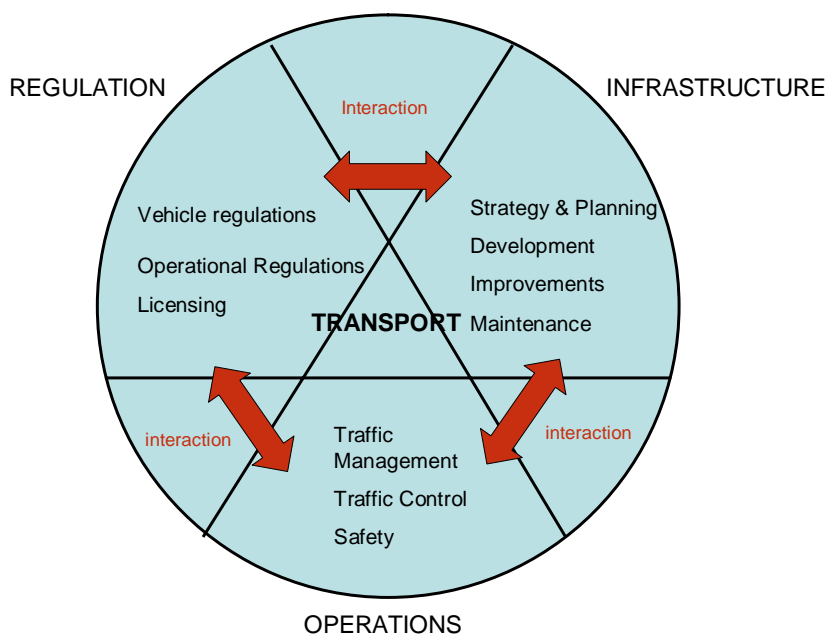
“*Infrastructure*” consists of the physical network, such as roadways or airports. Component activities for the government include responsibility for the long-term provision and care of this network, but the operative word is “responsibility”. Ordinarily this no longer means actual in-house services (i.e., construction and maintenance); it does, however, entail the policy, planning and control functions necessary to ensure that road and airport development, improvement and maintenance occur on appropriate budgets and timely schedules and that they meet adopted standards for design, construction and safety.

“*Regulation*” refers to the standards imposed on the mechanised users of the physical transport network, whether these be aircraft, trucks or private cars, and on their operators, e.g., pilots, commercial drivers or individual licensees.

“*Operations*” for the public sector are defined as “management and control” of the actual use of the physical network. Component activities include traffic management, traffic control and safety considerations, whether for surface vehicles or for aircraft.

“*Services*” consist of the commercial activities involved in creating and utilising infrastructure, e.g., constructing roads or running buses. The Transport Sector Policy Statement and most modern governmental organisations consider provision of “services” to be the role of the private sector.

Figure 1 illustrates the integrated nature of the three **public sector** constituents of the network.



*Fig. 1 An integrated transport system*

## **Approach to Transport Reorganisation in Afghanistan**

### Phasing

The TSR examination of the three transport ministries, and of others with varying degrees of responsibility in Afghanistan, has revealed a far different structure than that depicted in Figure 1. Today, transport sector responsibilities are fragmented and dispersed with relatively little integration or even intercommunication between agencies.

TSR recommends a phased transition from present practice to the modern paradigm.

1. The short term consists of strengthening and restructuring separately the existing three transport ministries. The rationale is that shifts that are largely internal should be accomplished relatively readily.
2. The medium term consists of increased rationalisation of transport institutions including inauguration of independent authorities.
3. The final phase is envisaged to consist of implementation of all recommended independent authorities as well as an all-encompassing sectoral ministry reflecting all the transport policy, planning and control attributes shown in Figure 1.

The timing for these three phases is seen to be as follows

- Short term: Restructure and re-focus existing Ministries; corporatise selected activities (commence immediately, and, allowing for possible delays caused by adoption of the constitution and subsequent elections, complete no later than 2006);
- Medium term: Commence development of independent authorities (2005 - 2009); and
- Long term: Complete the creation of independent authorities and establish an Integrated Transport Ministry (by about 2013).

### **Short Term Institutional Measures**

The individual consultation papers 1.7, 2.1, 2.2 and 3.7 include recommendations on initial individual adjustments at the three ministries. These are summarised below.

#### Road Infrastructure

Road infrastructure recommendations include the following:

- The Ministry of Public Works (MPW) should assume responsibility for Afghanistan's entire road network for the time being, with a decentralised regime to follow as and when appropriate.
- MPW should restructure and focus on the following responsibilities:
  - Policy and strategy formulation
  - Network management
  - Data base creation and maintenance
  - Formulation of road maintenance and construction standards
  - Planning and budgeting for maintenance, rehabilitation and construction
  - Contract and project supervision and management
- MPW should cease its in-house service involvement in road construction and rely instead on private contractors. MPW should transfer its road construction operations to state-owned entities.
- MPW should focus its in-house service involvement on routine road maintenance and emergency repairs, and rely on contractors for periodic maintenance as well as long-term maintenance operations.
- The Ministry of Rural Rehabilitation and Development (MRRD) should shift its current responsibility for rural roads to the MPW, as per a) above.

#### Road Transport Regulation and Organisation

Recommendations regarding institutional aspects of road transport regulation and operations include the following:

- The Ministry of Transport (MOT) should restructure and focus on following responsibilities:
  - Policy and strategy formulation
  - Planning and budgeting
  - Traffic regulation

- Data base creation and maintenance
- MOT should strengthen its technical and safety regulation of all road vehicles (e.g., vehicle standards).
- MOT should assume responsibility for classification and licensing of all drivers and the registration of all vehicles.
- MOT should cease its economic regulation of trucks and buses (e.g., routes, prices, mandatory union membership) in domestic operations.
- MOT should expand its role in international and transit traffic, both in regulation and in promotion.
- MOT as a Ministry should, by means of corporatisation of its current in-house service agencies, cease to offer public passenger and freight services.
- The Ministry of Interior (MOI) should shift its current responsibilities for driver licensing and vehicle registration to MOT, per a), b) and c) above.
- MOI should retain and strengthen its enforcement capabilities.

### Aviation Infrastructure, Regulation and Operations

Institutional recommendations from the consultation papers pertaining to aviation infrastructure, regulation and operations include the following:

- The Ministry of Civil Aviation and Tourism (MCAT) should restructure and focus on the following responsibilities:
  - Policy and strategy formulation
  - Planning and budgeting
  - Data base creation and maintenance
- MCAT as a Ministry should cease its hands-on responsibility for airports through creation of a self-sustaining airports corporation.
- The new airports corporation should assume responsibility for provision of and maintenance of air transport infrastructure.
- MCAT should transform its Air Traffic Management responsibilities into a separate, self-financing corporation.
- MPW should transfer responsibility for overseeing airport construction to the new airports corporation, per d) above.

### State-owned Transport Corporations

By the end of the first phase of restructuring, a number of separate and autonomous state-owned transport corporations are envisaged. These include:

- Kabul-based freight transport trucking companies;
- Kabul-based passenger bus companies, for Kabul city and inter-provincial services;
- National Airports Corporation (new);
- Ariana Airlines (existing).
- Road construction companies

## **Medium Term Institutional Measures**

The medium term is expected to consist of two important and interrelated activities. First, the process to create a number of independent authorities is to commence. Secondly, the sale of the government-owned companies and a number of other rationalisation actions. Thereafter, as the focus of the two road transport ministries becomes increasingly concentrated on network management, i.e., policy, planning and control, they should merge into a single comprehensive surface transport ministry with infrastructure, regulation and operations all together under a single roof.

### Autonomous Authorities

Independent statutory authorities which have been recommended in the consultation papers and / or in the Transport Sector Policy Statement include:

- Highway Authority
- Road Fund Authority
- Road Safety and Traffic Authority
- Road Transport Licensing Authority
- Public Transport Authority
- Aviation Route Licensing Authority
- Aviation Safety Authority
- Airways Authority (navigation, communications, etc.)

Work is expected to commence in the medium on establishment of all of the foregoing.

### Other Medium Actions

These would include the following:

- Initiation of partial or full privatisation of the state-owned companies
- The transfer of tourism activities from MCAT to an independent authority under the Ministry of Commerce.

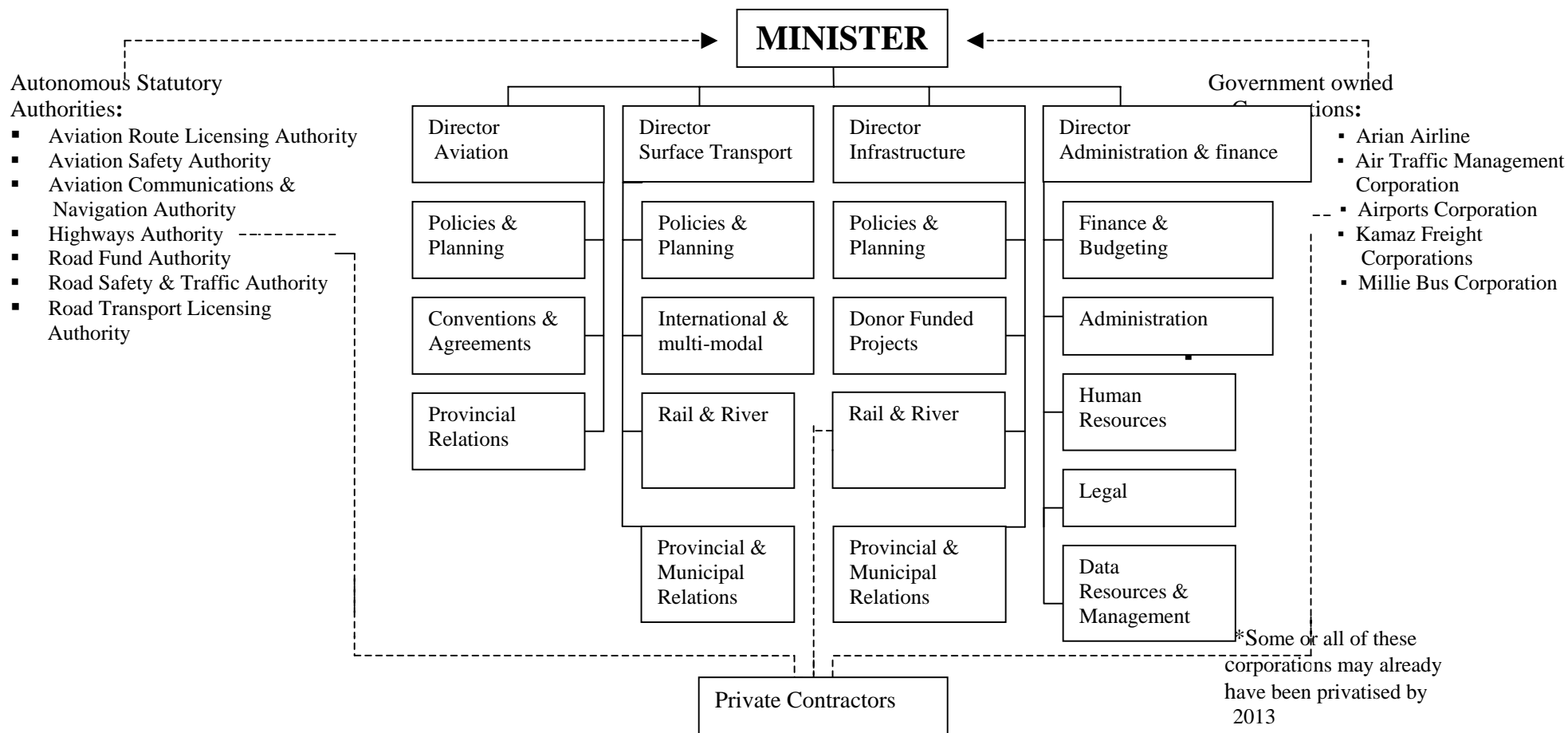
## **Long Term Institutional Measures**

The vision is that during the third phase, with corporatisation already accomplished and with the foregoing and possibly additional autonomous authorities having been created, the time would be appropriate to merge all remaining governmental actions in the transport sector into a single unified entity. It is envisaged that such an integrated transport ministry could be structured as depicted in Figure 2. However, this is one possible approach. Another possibly structure would entail building the future unified ministry not around modes but functions, consisting of e.g.

- Policy and Legislation
- International Relations
- Budgeting and Planning
- Supervision of Authorities and State-owned enterprises

# Integrated Transport Ministry

(By about 2013)



**Fig. 2 An Integrated Transport Ministry**