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SAMPLE TERMS OF REFERENCE

I. SETTING UP A NEW ROAD AGENCY

1. Development of a New Roads Administration, West Bank-Gaza

Background

The TA program, which is part of the overall Emergency Assistance Program to the Gaza Strip and the West Bank, consists of more than a 100 priority activities phased over the next three year period with an estimated aggregate cost of US\$75 million. Fourteen donors have pledged US\$ 29 million to establish a separate Trust Fund to be administered by the World Bank to finance the most urgent priority activities, mainly policy and feasibility studies, institution-building activities and development of human resources. One important element of this program is to assist the Palestinian authorities in developing an institutional capacity and capability to manage the highway network, severely deteriorated after minimal maintenance over the last 27 years. Initially the intention is to focus on the Gaza strip and the Jericho area, but the intention is that following agreement with the Israelis it is expected that the established Roads Administration will take over the authority and responsibility for the main road network on the whole of the West Bank.

The total length of the road networks in the West Bank and Gaza are 2000 and 168 km, respectively. This network consists of main, regional and local roads. The main road network, constructed before 1967, is about 750 km long and was meant to serve the major population centers at the time it was constructed. The regional road network is about 550 km in length, and the local road network, about 850 km, connects smaller communities and provides access to regional and main roads. It is also expected that there are other low standard roads, tracks and trails serving local communities.

Currently most of the road works in the West Bank are carried out by the Department of Public Works of the Israeli Civil Administration. A Ministry of Transportation has recently been established under the Palestinian Authority with offices in Gaza and Jericho. It is proposed to establish a new Central Roads Administration (CRA) as a Directorate within the Ministry. It's highest priority, once it is appropriately staffed and equipped, will be to manage the main road network. Other roads may also be placed under the jurisdiction of the CRA, or may be assigned to the municipalities. The CRA will undertake planning, programming, budgeting, financing, maintenance, rehabilitation and, eventually, new construction for all main roads in the WBG. Most of the services and physical works will be carried out by private consultants and contractors. To manage all of these services and works, CRA will require an appropriate management and administrative structure, adequate staff, and clear rules and regulations.

The objective of this consultancy is to assist the Palestinians in creating a functioning CRA. This will include a number of activities that will have to be carefully sequenced and implemented in coordination with ministries, and the Palestinian Economic Council for Development and Reconstruction (PECDAR).

Scope Of Work

The consultant will be expected to undertake the following tasks:

- (i) Recommend an appropriate institutional structure for managing the overall road network, including the local roads ,tracks and trails left in the hands of local communities.
- (ii) Recommend an appropriate financing mechanism which ensures that maintenance is adequately funded and that sufficient funds are available for rehabilitation, improvements and new construction.
- (iii) Recommend appropriate management structures for managing each part of the road network.
- (iv) Provide administrative support to the Roads Administration to enable it to recruit staff, undertake an initial road inventory, and develop systems and procedures to manage the road network effectively.
- (v) Assist CRA to prepare an initial 5-Year Road Improvement Program.
- (vi) Review the draft laws being prepared under another consultant contract and turn them into a draft Roads & Highways Bill for consideration by PEC DAR.

Institutional Structure

The main task of the consultants under this heading is to seek agreement from the various parties involved on the way in which roads are to be administered. Among other things, they will be expected to examine the following options:

- (i) Should there be a single highway authority responsible for all classified roads and, if so, should any special steps be taken to ensure that municipal and regional roads receive adequate attention (i.e., should there be separate municipal and regional roads departments within the CRA)?
- (ii) Under the above unitary arrangement, what role would be played by the municipalities?
- (iii) Should the above arrangement provide for CRA to hand over management of municipal roads to the municipalities (or other competent bodies) when they have the capacity to manage them on their own?
- (iv) Should some, or all of the municipalities be designated as highway authorities in their own right, with the responsibilities of CRA being primarily confined to main roads? Furthermore, in this case, should CRA remain responsible for all main roads, even the sections of main road which pass through urban municipalities?
- (v) What should be done about the unclassified network of roads, tracks and trails? Should local communities be encouraged to take ownership of these roads with a view to taking responsibility for maintaining them?
- (vi) In the latter case, what institutional mechanism might be used to persuade them to take ownership of these roads, tracks and trails? Should it take the form of road cooperatives, local roads boards, village roads committees, or what?

Financing

It is generally accepted that one of the best ways to finance most road expenditures is by putting roads on a fee-for-service basis. The key elements of this approach are a road tariff and a road fund managed by a representative board of management. The representative board of management wins public support for more road spending and provides road users with the assurance that the funds will be spent wisely, and that road spending will be constrained to what road users are willing to pay. When the fund is used to finance roads under the jurisdiction of different highway authorities, it should be managed independently of the main road agency (in this case, CRA) to avoid any conflict of interest. Against this background, the consultants will be expected to:

- (i) Estimate how much money needs to be spent on routine and periodic maintenance to keep the road network in a stable long-term condition. Also estimate counterpart funds for any proposed rehabilitation programs. Separate estimates should be prepared for main roads, regional roads, municipal roads, and unclassified roads, tracks and trails.
- (ii) Review existing road user taxes and charges and estimate how much money is currently collected in the form of vehicle license fees, bridge and ferry tolls (if any), and any other genuine road user charges (i.e., payments by road users, but excluding service fees and general taxes).
- (iii) The road tariff is expected to consist of vehicle license fees, a road maintenance levy added to the price of fuel, and international transit fees (if any) paid by foreign vehicles entering WBG. Recommend an appropriate level for the various charges to ensure that they generate sufficient revenues to maintain the road network and provide counterpart funds for rehabilitation (it is expected, at least for the time being, that new works would be financed through the PECDAR budget). In this connection, the tariff should finance all maintenance costs on the main road network, and part of the costs on the municipal and unclassified networks. Recommend appropriate cost-sharing arrangements for municipal and unclassified roads (and hence the overall costs to be financed through the road fund), together with the best ways of collecting the road tariff and depositing the proceeds into the road fund.
- (iv) Recommend the composition of the board of management, bearing in mind the need to include persons representing the main constituencies whose support is needed to win broad-based public support for introduction of a road tariff and an increase in user charges. The board should include representatives of the key ministries involved in decisions on road financing, together with representatives of the business community, road users, farming interests, etc.
- (v) Recommend how board members should be nominated (e.g., by the constituencies they represent) and appointed (e.g., by the Minister of Finance, or the President). Also recommend procedures for selecting the Chairman and Vice-Chairman (e.g., by appointing an outside Chairman after consultation with the board, or by leaving it up to the board to select a Chairman from among their members).
- (vi) Recommend a suitable structure for the road fund secretariat, including an Executive Secretary, an internal auditor and other accounting, planning and engineering staff. It is not expected that the secretariat would consist of more than five persons. Also recommend how the staff should be appointed (e.g., the Executive Secretary to be appointed by the board, or in consultation with the board) and under what terms and conditions of service.
- (vii) Recommend procedures for revising the road tariff to ensure that the board is able to raise and lower charges to meet agreed revenue targets and also to maintain the real value of

- the road tariff. Outline the sort of guidance that MOF might offer regarding the setting of the road tariff and also define areas where the board should be able to act on its own.
- (viii) Recommend basic procedures for allocating funds to the different road agencies entitled to draw from the fund.
 - (ix) Recommend procedures for withdrawing funds from the road fund to avoid any undue delays (e.g., by having all cheques signed by two signatories: either the Executive Secretary or Accountant from the roads board, plus either the Chairman or Vice-Chairman of the board).
 - (x) Recommend how the road fund should be managed on a day-to-day basis to ensure that funds are used efficiently. In this connection, recommend the financial systems to be used, and the role of the board and the secretariat. Draw up terms of reference for the board and recommend what the relationship should be between the board and the Ministry of Transportation.
 - (xi) Recommend procedures for disbursing funds from the road fund. In particular, examine ways in which the board can use disbursement arrangements to strengthen financial discipline (e.g., should funds only be disbursed for tendered work after certification that the work has been carried out according to specification).
 - (xii) Recommend suitable financial reporting arrangements, together with appropriate internal and external auditing arrangements. Also propose the nature of the regular reports to be published for submission to concerned government agencies and the public, together with an indication of the scope of such reports.

Management Structures

The institutional analysis should have determined how each part of the road network is to be managed. The task of this part of the TOR is to recommend appropriate organizational and management structures for each highway authority, and also for unclassified roads, tracks and trails. The intention is to do most road works under contract. CRA should thus be primarily staffed to plan and manage the road network, and to hire and supervise consultants and contractors to carry out any required civil works. In this connection, the consultant will be expected to:

- (i) Recommend an appropriate organizational structure for the CRA. The recommendations should include the need for a management Board and, if so, its functions, composition, remuneration of Board members, etc. Also recommend the management structure (e.g., Chief Executive Officer and line managers), procedures for appointing the CEO and, if thought necessary, the Deputy CEO and spell out the relationship between Ministry of Transportation, the Board and the CEO.
- (ii) Define the middle-management structure indicating the way in which it is proposed to deal with municipal roads, if any. Such arrangements should spell out the regional structure of the proposed organization. The proposals should indicate the middle management structure, how it relates to the CEO and appropriate terms & conditions of employment for staff. Terms & conditions of employment should be sufficiently attractive to ensure the agencies can attract and retain suitably qualified staff.

- (iii) Propose suitable financial reporting and accounting arrangements. The proposals should include recommended formats for simple accounts to aid CRA in maintaining effective control over its finances. Among other things, it should enable CRA to identify costs by activity and project. It should also enable them to prepare a consolidated Income Statement, partial Balance Sheet and Cash Flow Statement. Also advise on the most appropriate way of reflecting in the accounts shortfalls in regular road maintenance and erosion of capital.
- (iv) Propose arrangements for establishing a performance budgeting system for planning, implementing and monitoring road maintenance. Also propose an appropriate auditing system, including internal audit and control procedures, together with independent external audit arrangements.
- (v) If some, or all municipalities are to be designated as highway authorities, recommend how they should deal with planning and management of their road networks. Should they manage the roads themselves, or have it done on an agency basis by CRA or other competent bodies? If planning and management are to be contracted out, recommend what in-house capacity the municipalities need to monitor these arrangements effectively, the contractual arrangements they should use, and what role CRA might play to support the municipalities in this matter.
- (vi) What arrangements should be put in place to deal with the unclassified network. Should some form of cost-sharing arrangement be put in place to encourage local communities to take ownership? When they agree to take ownership of these roads, tracks and trails, how should their commitment be registered, how should advice and technical assistance be provided, and what arrangements should there be to ensure the funds allocated from the road fund are used effectively?

Administrative Support

It is expected that the consultants would assist PEC DAR to establish the CRA as a going concern and would assist it to undertake its initial work program. To do this the consultants would:

- (i) Assist in recruitment of appropriate staff to make CRA operational. Staffing should be increased gradually, taking into account the gradually evolving road program and the managerial capacity of CRA.
- (ii) If experienced professional local staff are in short supply, assess technical assistance needs and develop TORS for the required technical assistance personnel.
- (iii) Assist CRA staff to carry out a simple road inventory of all main, regional and municipal roads. The initial inventory, which would be repeated later in greater detail, should at least identify the road cross-section, surface type, condition, and the characteristics of significant structures. Estimate the likely extent of the network of roads, tracks and trails serving local communities (to remain as the unclassified network).
- (iv) Carry out simple traffic counts to establish the broad order of magnitude of traffic flows. On major routes, simple traffic counts should be carried out using local consultants. On other routes, moving observer methods may be used in conjunction with carrying out the road inventory.

- (v) Carry out a functional re-classification of the road network and assign each class of road to an appropriate legal entity (central administration, or municipality). Ensure, to the extent possible, that all main roads – even when they pass through areas under the jurisdiction – are assigned to CRA.
- (vi) Prepare guidelines for identifying road projects, evaluating them and establishing priorities. In the first instance, these guidelines are expected to be relatively simple, because of CRA's limited technical capacity and shortage of experience. Proposals should also be made for the manner in which these procedures might be refined under a separate consultancy assignment. Guidelines dealing with road works involving municipalities and the unclassified network, should be simple and robust enough to be used and understood at the local level.
- (vii) Prepare guidelines which ensure that all road projects take adequate account of environmental issues. Where appropriate, these guidelines should be developed to involve public consultation.
- (viii) Prepare guidelines for dealing with road safety matters, including collecting information on road accidents, analyzing it, and preparing programs to generally improve road safety. These programs should at least cover physical interventions, vehicle inspection, publicity and driver training.
- (ix) Prepare specifications and sample bid documents for all works expected to be contracted out (design, supervision, routine maintenance, periodic maintenance, rehabilitation, and new works). Also prepare sample contract documents under which such work might be carried out. In the case of unclassified roads, tracks and trails, prepare simple contracts and guidelines suitable for use by local communities.
- (x) Review the local consultant and construction industries and detail what work they can do, the amount of road work they can handle on an annual basis, and the sort of support (training and otherwise) they might need to improve their effectiveness.

Initial 5-Year Road Improvement Program

The main task under this heading is to help the staff of CRA to prepare an initial 5-Year Road Improvement Plan (RIP) covering main, regional and municipal roads and unclassified roads, tracks and trails. It is expected that the first RIP will be a relatively simple affair, developed using simple tools and a limited amount of data. As part of this task, the consultants will therefore also be expected to recommend the basic principles which should cover preparation of future RIPs and the consulting services needed to support the analytical tools and data needed to prepare them. The main tasks of the consultants under this heading will therefore be to:

- (i) From the road inventory and information on traffic volumes, identify roads requiring emergency repairs, routine and periodic maintenance, rehabilitation, and urgent improvements (particularly where road safety is a consideration). To minimize budget requirements, short-term spot-patching (rather than rehabilitation) should be considered for roads in poor condition.
- (ii) Based on the recommended evaluation procedures, and in discussion with CRA and municipalities, agree on main priorities and on a tentative time-scale for their

implementation. In this connection, maintenance of all roads in fair to good condition should generally receive highest priority.

- (iii) Review proposals put forward by community groups (e.g., road cooperatives, local roads boards, etc.), draw up a tentative plan for the unclassified network and, in consultation with community leaders, agree on priorities.
- (iv) Use the above information to prepare a tentative 5-Year RIP, clearly separating maintenance, rehabilitation, and new works. The information should also be presented separately for main, regional, municipal and unclassified roads, etc.
- (v) Bearing in mind the funds likely to be generated by the proposed road fund (which will probably build up from a narrow base over several years), and funds likely to be available from donors and other sources (e.g., the central budget), adjust the above tentative program to be consistent with the available resources.
- (vi) Also prepare an action plan to improve road safety, divided into the items to be financed through the road fund, and those to be financed by donors.
- (vii) Prepare a plan for strengthening the local consulting and construction industries to be financed as part of donor programs.
- (viii) Prepare bid documents for the above works, making sure that those prepared for projects to be financed by donors meet their procurement requirements. In doing this, attempt as far as possible to use local WBG consultants and contractors.
- (ix) Oversee implementation of the agreed RIP and prepare monthly and quarterly progress reports detailing physical progress, disbursements, quality of work completed, any problems encountered, and how they might be resolved.
- (x) Prepare TORS for consultants to be recruited to develop the methodology for preparing future RIPs.

Roads & Highways Bill

The consultant will be expected to review the draft laws being prepared under another consultancy and, taking into account the work specified in the above TOR, to prepare a draft Roads & Highways Bill. The Bill should be divided into sections and should have separate sections dealing with:

- (i) The general responsibilities of MOT with regard to classifying roads, assigning them to a legally constituted highway authority, promulgating authorized road signs and signals, setting appropriate geometric standards for the construction of roads, issuing of notices regarding regulation of roads and road traffic (e.g., regulations governing vehicle weight and dimensions), delegating administration of the above responsibilities to a designated highway authority, and initiating research on matters related to roads.
- (ii) Depending on the outcome of the institutional study, the section dealing with the responsibilities of MOT may also cover the manner in which management of municipal roads is to be dealt with.

- (iii) The detailed responsibilities of CRA, including its role (if any) in negotiating and signing contracts to have part of the road network under its jurisdiction managed under a concession agreement.
- (iv) The establishment of the road fund and its basic working modalities. The preference here is for short, enabling legislation, supported by regulations to be published (and updated) by MOT.

Timing And Implementation Schedule

It is expected that the above consulting services would be provided over a period of about 2 years.

Reporting Arrangements

The consultants shall indicate in their technical proposal the reports that will be submitted during the course of the assignment. The contents, frequency and number of copies of such reports will be discussed during contract negotiations and agreed between the consultants and PECDAR and recorded in the minutes of negotiations.

In addition to the preparation and submission of reports, documentation, schedules, etc., specific to each task, the consultants shall submit to PECDAR within five days of the end of each month, a composite report on the performance and achievements in respect of each task during the previous month. Such reports shall be preceded by an Executive Summary. Two copies of the monthly Executive Summary shall also be submitted by consultants directly to the IDA Office, Att. -----, World Bank, 1818 h Street, NW, Washington, DC 20433, USA, and also to the Project Coordinator.

All communications, reports, documents and instructions for staff in PECDAR prepared by the consultants shall be in English.

Services To Be Provided By MOT

PECDAR will provide copies of draft legislation being prepared by other consultants and will arrange for consultations with other agencies as, and when, needed. The government will not provide any office space, vehicles, or any other support services to the consultants. PECDAR will make available to the consultants the services of one or two counterpart staff on a part-time basis to assist the consultants with their work and strengthen the capacity of the ministry. All fieldwork should be planned to involve counterpart staff.

Equipment To Be Provided By Consultants

Since PECDAR is seriously short of office equipment to support the work of the consultants, the consultants should include in their proposal the supply of the following office equipment: (i) three computers (486s); (ii) one laser printer; (iii) one photocopier; and one fax machine. This equipment will become the property of the government at the end of the contract.

Staff Requirements

It is expected that the above activities would require about 96 man-months of consulting services, including the services of a Project Manager to manage the program and liaise with

interested parties. Foreign consultants are encouraged to employ, or associate with local WBG consultants for purposes of carrying out the work. The bulk of the consultants will probably be road specialists, management and financial specialists, construction industry specialists, a legislative draftsman knowledgeable in Arabic law, and personnel specialists.

II. STRENGTHENING THE CAPACITY OF AN EXISTING ROAD AGENCY

Modernization Action Plan (MAP) to Enhance the Capacity of General Directorate for National Roads and Motorways, Poland

Introduction

Poland has a national road network of about 18,100 km. Only 394 km have been built to motorway standard (including 109 km constructed before the Second World War and 237 km constructed before 1990) and the pavement standards on the rest of the road network do not meet EU standards (they are designed to carry 6 to 10 ton axle loads, compared to the EU norm of 11.5 tons). As a result, the network needs to be urgently upgraded, extended and strengthened as part of the national program to prepare the country for EU accession.

To address the deficiencies in the road network, the government has prepared a bold plan to upgrade the national road network. The strategic road plan covers a 12-year period, while a fairly detailed 6-year rolling plan has been prepared to cover the period 2004-2009. The rolling 6-year plan envisages spending a total of nearly \$12 billion during this period. Annual spending is expected to rise from about \$1.2 billion in 2003 (the current spending level) to \$2.4 billion by 2009. The total of \$12 billion would be spent on construction of motorways and expressways (58 percent of the total), maintenance and rehabilitation (15 percent), strengthening pavements (11 percent) and construction of bypasses and miscellaneous works (16 percent).

While GDDKiA has been able to manage the current level of spending fairly effectively – with some delays and slippages – a doubling of the size of the annual road program is beyond their current capacity. Furthermore, the above road program does not need a *permanent* increase in GDDKiA's capacity. By 2015 the estimated annual spend will have declined to \$1.6 billion p.a. as new works are completed and the main focus of the annual spending program reverts to maintenance of the existing road network, rather than implementation of new works. Hence, over the 12-year strategic planning period, the importance of maintenance will gradually increase, while new construction (including strengthening works and rehabilitation) will increase sharply and then decline to a very much lower ongoing annual level.

Objectives of the Technical Assistance

The main objectives of this TA are to ensure that, in the context of growing traffic volumes and a greatly expanded road expenditure program, GDDKiA develops its capacity to:

- (i) Plan, prioritise and arrange finance for a major expansion of the annual road expenditure program;
- (ii) Manage traffic and improve road safety (i.e., road network management must be both efficient and safe);
- (iii) Manage the growing amounts of maintenance – much of it on high volume roads – associated with a higher quality road network;
- (iv) Manage the rapid increase in new road works. Furthermore, the added capacity to manage new road works must be flexible, since it will mainly be required during the next 12 years and not thereafter;

The above objectives should, to the extent possible, be realised within existing staff constraints and within GDKiA's existing overall organisational structure.

The Technical Assistance is to be divided into two phases: (i) I: A Quick Diagnosis With Recommendations for Immediate Changes (i.e., preparation of a Modernisation Action Plan (MAP)); and (ii) II: Further Refinements and Implementation of the Modernisation Action Plan.

Phase I: A Quick Diagnosis With Recommendations for Immediate Changes

This diagnostic phase will focus on GDDKiA's Headquarters and one selected Regional Office (RO). It needs to answer the following question, "What does the Government need to do to ensure that the 6-year rolling road expenditure program is implemented on time and within budget?" Key activities to be examined during the diagnostic phase should include, but not be limited to, the following tasks:

- (i) A brief review of how decisions are taken within GDDKiA and its ROs. This should cover how projects are planned, how they are implemented and reasons for delays and cost overruns. The consultants should prepare flow charts for all major tasks to show how GDDKiA carries out short, medium and long term investment planning, financial planning and project preparation and implementation (documentation, land acquisition and administrative permits for preparatory works, tender documentation and letting of contracts, and project tracking and reporting). The tasks of units and sub-units should be separately identified.
- (ii) A brief review of current managerial staff (deputy directors and unit heads), their roles and responsibilities, current job descriptions and what changes in tasks/skills are required to make the decision-making process work more efficiently. This task should also look at the way job descriptions are prepared for junior staff.
- (iii) Desirability of making any immediate adjustments to GDDKiA's organisational structure, bearing in mind the need to minimise any disruption.
- (iv) Recommendations for immediate allocation of scarce staff resources, including the scope for redeployment of existing staff to make better use of their skills and experience. The need to bring in particular technical and/or managerial skills from outside GDDKiA by recruiting specific individuals as short-term consultants. Job descriptions should be provided for all senior posts, together with guidelines specifying how job descriptions should be prepared for junior staff during Phase II.
- (v) Whether certain in-house functions can be improved through redeployment, staff changes, system changes, or by outsourcing, using voluntary competitive tendering procedures¹, or other procurement methods. In the latter case, what in-house skills are

¹ Voluntary competitive tendering, which has been used extensively in UK, is a procedure under which the bidders are required to employ all – or most – of the departmental staff whose work is being outsourced on the same (or better) terms and conditions of employment. The bidder is usually given a long-term contract with guaranteed work and has to agree not to make any of the transferred staff redundant within the term of the contract.

required to ensure that the outsourced services are effectively managed in the interests of the government.

- (vi) Advice on how the investment program should be managed, given that the staff working on it will increase greatly during the 12-year strategic plan period, but will fall off sharply thereafter. In this context, how much work might usefully be outsourced and what kind of Client Unit would GDDKiA need to establish to ensure that the outsourced work was effectively controlled.
- (vii) How best to operate the strategic planning function – coupled with the annual rolling program – and how best to integrate it with the financial planning function. The latter to include financial monitoring, tracking of cost overruns, long-term cash flow projections and triggering of the need for bond finance.
- (viii) Flow charts should be produced clearly showing the new organisational arrangements and indicating which functions would remain in-house, outsourced and, if outsourced, which in-house unit should remain responsible (i.e., becomes the Client Unit). The flow charts should be accompanied by lists of the responsibilities of the restructured units and sub-units. Recommendations should also be made regarding coordination between key units and sub-units.
- (ix) The need for a Human Resource strategy to support the above actions. This should include the need for professional development courses (local and foreign), study tours, training to support redeployment and – as a last resort – compulsory redundancy payments. It should also include the feasibility and desirability of introducing a bonus scheme to encourage better staff performance.
- (x) A brief review of the effectiveness of relationships between GDDKiA headquarters and the regions and the need for any further work to strengthen/improve this relationship.
- (xi) An indication of the broad content of both a long-term and annual Performance Agreements to be signed between MoI and GDDKiA specifying key deliverables, monitoring indicators and penalties for non-compliance.
- (xii) Finally, preparation of a brief report summarising key strengths and weaknesses, what might be done to strengthen the capacity of GDDKiA and recommendations on what should be done during the Phase II technical assistance to implement the outline MAP emerging from the Phase I studies.

Phase II: Further Refinements and Implementation of the MAP

The outcome of the Phase I study would be reviewed by MoI and the Executive Overview would be circulated for comment to other concerned agencies. Depending on the scope and scale of the Phase I recommendations, the Executive Overview may also be submitted to Cabinet for their endorsement.

Once the recommendations emerging from the Phase I study had been agreed, the draft Terms of Reference for Phase II would be updated and used as the basis for the technical assistance designed to implement the recommended MAP. The main tasks to be covered during Phase II should include, but not necessarily be limited to, the following:

- (i) Detailed procedures for planning and financing investments within a 12-year strategic planning framework and ensuring that they are properly coordinated.
- (ii) Procedures for handling all preparatory works, including documentation, permits, land acquisition, etc., combined with target dates for completion of each activity.
- (iii) Procedures for outsourcing selected tasks, together with responsibilities for preparing bid documents, arranging finance, supervising implementation and adopting the results.
- (iv) Procedures for coordinating project inputs and monitoring and reporting on project progress, including highlighting potential problems (e.g., delays, cost over-runs, etc.) and proposed solutions.
- (v) Financial management systems that link network-level planning, with project programming, financial budgeting, payments and accounts, financial reporting and financial control.
- (vi) Detailed relationships between GDKiA Headquarters and the ROs.
- (vii) Scope for using an integrated IT system to link network level planning and budgeting, to project level monitoring, to agency wide financial reporting.
- (viii) Guidelines for agency wide standardisation of procedures and manuals.
- (ix) Procedures for monitoring and improving cost accounting procedures and the roads database, to ensure that the costs used in planning investments are improved and made more accurate.
- (x) Suggestions for generally improving the flow of management information to support timely and effective decision-making within GDDKiA.
- (xi) Finally, what steps might be taken to enhance quality control of all aspects of the project cycle, from planning and implementation through to the civil works themselves.

It is expected that the review of the Phase I report would take 2 months, that the consultants required for Phase II could be mobilised within another 2 months and that the services themselves could be carried out in 6 months. In other words, any redeployment of staff, outsourcing, creation of Client Units, etc., would have been completed by the end of this 6-month period.

Technical Assistance Team

The TA team will consist of three senior managers from the Finnish Road Administration (FinnRA), combined with three consultants who will work as counterparts to the FinnRA team. The FinnRA team will cover the following skills: (i) overall management of GDDKiA (i.e., the functions of the Director and his two Deputies); (ii) financial management of the annual road program, including monitoring performance and triggering the need to borrow; (iii) planning and implementing new road investments, including pavement strengthening and rehabilitation works. The three FinnRA members will lead the TA, while the three consultants will work as their Assistants. The Assistants will be responsible for preparing supporting material to assist the team, writing reports and preparing detailed Terms of Reference for the Phase II action plan.

Timescale and Reporting

It is expected that Phase I would be completed within 5 calendar weeks. The FinnRA team would spend 3-4 weeks on site, while the Assistants would spend an additional 1-2 weeks finalising the report for submission to MoI. The final report should be limited to no more than 50 pages of text (plus accompanying tables and diagrams) and must be accompanied by an Executive Overview suitable for submission to the Cabinet. The Executive Overview should be limited to 4 pages of text and should, among other things, cover the following topics:

- The challenge
- Strengths and weaknesses of the existing institution
- Recommended strategy
- Implementation arrangements
- Likely costs

The reports will be delivered in Polish (three copies) and English (one copy).

For each report the consultants will develop a Power Point representation, both in Polish and English language versions.

All the reports and the presentations will be delivered in hard copy and on CD ROM.

Upon submission, all reports are subject to review and subsequently to acceptance by the Client. Acceptance will be given to the reports covering all the items assigned to the particular report. Acceptance will be acknowledged in the form of receipt minutes issued within 21 (twenty one) days after submission of each report. Shall the report, in its whole or in a part, be not acceptable to the Client, the latter will notify the Consultants in writing and establish an additional period for remedy.

carry out maintenance works. The condition of the RB network is reasonable, partly due to its age.

The RB in-house construction operations are currently implemented by two separate construction organizations: the Road Improvement Unit (RIU) and the Road Construction Unit (RCU). These are set up in entirely different manners, for historical reasons.

- RIU is a quasi-autonomous unit and operates as an almost completely discrete cost center, with its own bank account (rolling fund). The work undertaken is the improvement of largely existing gravel roads to paved road standards. For day-to-day purposes the contact with RB is via the Planning Engineer in the RB Projects and Planning Section. The RIU Manager ultimately reports directly to the Chief Roads Engineer.
- RCU is a sub-section of the Design and Materials Section of RB managed by a Roads Engineer, with some measure of independence from the bureaucracy of the Branch, including keeping control accounts and ordering materials and supplies directly. The Unit was originally set up to upgrade existing gazetted roads to higher (gravel) standards, as part of the stage construction process. In recent years, this gravel road construction work has continued, but been interspersed with some bridge and paved road construction.

2.1.3 The Labour Construction Unit (LCU)

This department differs from the function of the Roads Branch in that it constructs and maintains its road network using labour-based methods (i.e. a combination of labour-intensive and plant-based methods). The LCU constructs roads to all-weather gravel standards, and to date has constructed and is responsible for maintaining 900 kms of gravel roads. LCU roads tend to be of local importance with many of them being cul de sacs. Together with its objective of providing all-weather road access in rural areas, LCU also has the objective of creating employment through the utilization of labour-based methods in road construction. Wages and salaries account for about 60 % of the total project cost, with the wages being paid fully in cash at the government approved rate for casual labour. Roadworks are prioritised by way of both economic and other criteria.

The LCU is headed by a Chief Engineer and currently has two regional offices (North and South) which are managed by Regional Engineers. Each established regional office currently has three construction units and one regravelling unit. All construction and rehabilitation works are carried out in-house, while maintenance is gradually involving a greater proportion of private contractors as a result of the World Bank/GOL funded project. This commenced in 1993 and sought to train local small-scale contractors in the execution of labour-based routine and periodic maintenance of gravel roads within the LCU. The condition of the network is poor with a substantial backlog of deferred work.

2.1.4 The Civil Works Section (CWS)

This was established in 1968 for the purpose of providing drought relief on a food-for-work basis. It is responsible for the construction and maintenance of some 1570

- stimulating participation of the private sector in the implementation of works at the same time as gradually reducing the dependence on force account road units;
- improving cost recovery from road users;
- ensuring the participation of all stakeholders from both the public and private sectors in the management of roads at both national and local level;
- giving priority to routine and periodic maintenance; and
- initiating an integrated planning approach for the sector as a whole.

2.3 Developments to Date in Commercialising the Management of Roads

As a first step in commercialising the road sector, the GOL created a Road Fund in 1996 as a separate administrative body. The objectives of this fund are to ensure that i.) sufficient resources are available for the maintenance of all roads in Lesotho; ii.) road users participate in the management of the sector to improve decision making and consumer willingness to pay iii.) financial discipline is strengthened so that the public gets value for money iv.) the fiscal burden on the government is reduced to manageable proportions; and v.) road users pay more equitably for the damage they inflict on roads. The Road Fund, hereafter the Fund, has been established by Legal Notice published in the Government Gazette. This specifies its purpose, sources of revenues, its management by a representative board and the manner of its auditing. A copy is attached at Appendix A.2.

At present, revenues come from four main sources: (i) road toll-gate fees collected on all vehicles leaving Lesotho, including government vehicles; (ii) border fees/short-term SACU permits charged on all foreign trucks entering Lesotho; (iii) annual license fees collected from all types of vehicles; (iv) a road maintenance levy *added* to the price of all transport fuels, including the fuel consumed by government. Total annual revenues of the Fund are in the region of US\$11 million and are being paid directly into a special account at the Central Bank.

The Government has given road users an active role in the road sector by creating a representative Road Board, hereafter the Board. The members of the Board come from relevant institutions in both the public and the private sectors. Their role is to advise on the management of the Fund and monitor the use of the resources. The Board reports to the Ministry of Finance and is an advisory body only with Government retaining ultimate decision-making powers. The Board reviews the annual expenditure programs put forward by the various road agencies and decides, in light of these requests and in consultation with Ministry of Finance (MOF), on the overall size of the road program to be financed through the Fund. Based on these revenue requirements, it then recommends to MOF the required levels of road user charges. A senior public officer has been seconded to be the Secretary to the Board who is the chief executive and accounting officer of the Fund. She is supported by a secretariat composing of a number of staff from a local firm of chartered accountants.

Concurrent with this move and on the implementation side, the GOL continues with:

- (i.) the training and encouragement of the Local Road Construction Industry, to a size appropriate for the amount of work available, for the purpose of eventually undertaking all routine and periodic maintenance in the country, as well as minor construction work; and
- (ii.) the associated reduction in government activity in road construction and maintenance, which will be based on a carefully planned and gradual restructuring of selected force account operations.

2.4 Road Legislation

The Roads Act of 1969 is the fundamental legislation concerning “the locating, constructing, opening, maintaining, protecting/deviating, working and closing of roads, and for matters incidental thereto”. The Minister of Works is responsible for the administration of the Act, and may declare, or gazette, any existing road to be a road within the meaning of the Act, as well as appoint a public officer by name or office to be a road authority for all roads, or for specific roads. Currently, only the RB is appointed as such a roads authority with responsibility for the administration of all declared roads at the beginning of the 1970’s. All the roads administered by the Labour Construction Unit (whether declared or non-declared), and all those administered by the Civil Works Section are therefore administered outside the jurisdiction of a roads authority.

As already stated above, the Town and Country Planning Act, 1980, and the Urban Government Act, 1983, indicate that the ultimate intention is that planning and control of urban development, including roads, is to be the responsibility of municipal councils. However, urban streets and roads within municipal and town boundaries currently fall under the Ministry of Local Government which in turn commissions one of the main road agencies to undertake the work. The consultant should be aware that the GOL is currently trying to decentralise decision making and public service provision to sub-national governments. Moreover, there are also many undeclared rural access roads and tracks, the length of which is unknown but is thought to be substantial, and whose legal status is unclear.

In addition, two legal notices have been gazetted which established and circumscribed the existing Road Fund and Board, as described above.

2.5 Other Relevant Studies

This terms of reference must be approached in the light of other connected studies, to which the consultant must relate this work. Studies have or are to be conducted on:

- (i.) the reclassification of the overall road network (MOW);
- (ii.) the definition of environmental standards, quality control procedures, and adapted design standards for road works (MOW);
- (iii.) the performance of the Road Fund, Board and its secretariat as part of the legally required audit for FY 1997/98 (Auditor General’s Office); and
- (iv.) broad based civil service reform (Ministry of Public Service).

degree of guidance that the MOF might offer regarding the setting of the road user charges and where any future road management board should be able to act autonomously in relation to setting such charges;

- (ii.) how to ensure an equitable road user charge structure which distinguishes, to the extent possible, between users and the differential damage they do to the road;
- (iii.) where resources for the construction of new roads might come from and whether it is possible or desirable to use the Lesotho Highlands Development Fund proceeds for such investment;
- (iv.) how, if at all, proposals and budgets for construction of new roads, upgrading/rehabilitation of existing roads should be submitted to Parliament;
- (v.) whether the Food for Work Program should move from a mix of food aid and cash incentives to a labour-wage only basis and, if so, where the money should come from in the longer term;
- (vi.) whether road user charges should be sufficient to resource all items in the upkeep of the road network, i.e. the salaries and pensions of staff at the MOW who work on roads
- (vii.) the procedures for allocating funds to the different road agencies entitled to draw from the Fund;
- (viii.) how best to provide incentives for the complete financing of the conservation of existing road assets before any further expenditure on new construction;
- (ix.) the procedures for disbursing money from the Road Fund, especially ways in which the Fund can use its disbursement arrangements to strengthen financial discipline in the road agencies;
- (x.) ways in which local resources, both financial and other, could be combined with the Fund in the upkeep of municipal or village roads; and
- (xi.) ways in which the results of audits should be reflected in subsequent budget allocations such as to ensure that road agencies wasting the funds are suitably penalized.

5.3 *Managing the Sector*

In the Letter of Sector Policy, the GOL stated its commitment to the creation of an environment that allows road agencies to operate on a commercial, autonomous and accountable basis. In the light of this commitment, the consultant will be required to carry out the following tasks.

- (i.) Recommend what needs to be done to ensure that the agencies responsible for managing the road network have the capacity to do so effectively. Options might include: (a) restructuring these road agencies within the existing civil service framework; (b) establishing a new Road Authority to manage the trunk road network; (c) establishing a separate organisation to manage urban roads on behalf

of urban district councils; (d) establishing a separate organisation to assist with the management of rural district roads; (e) if the previous two options apply, advise on what basis the two organisations should be operated (as departments under a Ministry as now, semi-autonomous or autonomous); or (f) whether all roads should be managed by a single Road Authority with the ability to hand over selected roads to local authorities as and when they have developed the capacity to manage them effectively.

- (ii.) Review the current role and status of the existing Roads Board and recommend how it should evolve in future to ensure it can manage the Road Fund effectively and in the light of recommendations from para 5.3 (i.). Recommend whether the Board should: (a) remain as presently constituted as an advisory board; (b) evolve into a fully autonomous board; (c) evolve into a semi-autonomous agency, i.e. be merged with the management board of any eventual Road Authority. If (c.) relates, propose what should happen to the existing Fund secretariat.

Thereafter, on the assumption that the conclusion of the consultant is for the establishment of a single autonomous road authority², the following tasks are to be fulfilled.

- (i.) Recommend functions for any new Road Authority, hereafter RA, clearly circumscribing its roles as a planner, purchaser, and if deemed necessary, provider of services.
- (ii.) Recommend options for the senior management structure of the RA and whether the RA should have a board. Suggest a mission statement, a clear terms of reference and accompanying performance indicators for such a board. Recommend the composition of its members, their nomination, appointment, tenure and remuneration as well as functioning procedures for the RA board. Indicate what the relationship would be between this board and the GOL, particularly in relation to strategic decision making such as major new road construction. Propose to whom and how this board would be accountable.
- (iii.) Recommend how the RA should make the public aware of the changed arrangements and how it might conduct a public outreach campaign to win public support.
- (iv.) Recommend whether the RA should have a Chief Executive Officer (CEO). If so, provide a terms of reference and accompanying performance indicators for the post and the procedures for appointing and removing the CEO.
- (v.) Spell out the relationship between the relevant ministries, any board and the CEO in the RA.

² In the event that the conclusion is for the establishment for two agencies, for example one for national and one for local roads, the consultant is to carry out the tasks in this section for both. In this case, the consultant would also be required to spell out the relationship between the two.

- (vi.) Recommend the number and type of staff required to operate any RA, together with the level of logistical support. The consultant should bear in mind that the RA must maintain a minimum number of competent staff, who can be adequately compensated and provided with appropriate office space, transport and support services, to manage the road network effectively.
- (vii.) Define the middle-management structure, including providing an organogram. Particular attention should be paid to: (a.) illustrating the regional structure of the proposed organisation to promote de-centralization of responsibility to subnational units; (b.) how the middle management structure relates to the CEO; (c.) defining the various departments and their core functions, especially whether a financial department is required; and (d.) providing the terms of reference of the directors of the various departments suggested.
- (viii.) Assist the MOW in the production of a staff development plan. Particular attention should be paid to professional development, job rotation, short term training requirements, the timescale and manner of the phasing out of long term TA, and incentive schemes.
- (ix.) Advise as to whether there will be a requirement for redundancies to take place and, if so, estimate the number, type of staff and timescale over which this might reasonably be achieved. Recommend how any such redundancies might best be mitigated and estimate the costs of any such mitigation plan.
- (x.) Recommend appropriate terms and conditions of employment for all staff in the RA, bearing in mind the ongoing civil service reforms. Terms and conditions of employment should be sufficiently attractive to ensure the agencies can recruit and retain qualified staff. Suggest other non-economic incentives for staff and sanctions against poor performance.
- (xi.) Suggest how quality management procedures might, to the extent possible, be introduced over time.
- (xii.) Recommend whether the RA should maintain some in-house implementation capacity to provide for emergency cover and a means to compare the cost effectiveness of contractors in such a small market as Lesotho's. If so, suggest the number of resources required to fulfill this capacity.
- (xiii.) Recommend suitable financial reporting and accounting arrangements for the RA. The proposals should include recommended formats for simple accounts. The consultant is also expected to advise on the most appropriate way of reflecting shortfalls in regular road maintenance and erosion of capital. In addition, the consultant will propose arrangements for establishing a performance budgeting system for planning, implementing and monitoring road maintenance, and an appropriate auditing system, including internal audit and control procedures, together with independent external audit arrangements.

5.4 Legal Framework

The above changes need to be set in the context of existing road legislation. The GOL recognises the need to prepare new legislation to provide a firm basis on which any

new management and financing arrangements can be soundly based as well as to consolidate changes already made to road funding, road classification and road management responsibility. Any new legal framework should, to the extent possible, be designed to be consistent with that of adjoining countries and provisions entered into under regional agreements such as SATCC. The consultant will conduct the following tasks.

- (i.) Provide a summary of where the government stands in revising and amending the existing road related laws and regulations. Summarise the shortcomings in road legislation, using as necessary other recent reports. Recommend whether it is possible and preferable simply to amend existing legislation or whether new legislation is required. Thereafter, on the assumption that new legislation is required:
- (ii.) Recommend whether a single new bill encompassing all aspects of road transport should be put before Parliament. Alternatively, consider whether all matters pertaining to the management and financing of roads should be placed in a separate act, for example such as the National Road Administration Act in Malawi, rather than combined with other matters relating to road classification, declaration and safety and the regulation of road traffic.
- (iii.) Draft the new bill(s) and accompanying initial regulations for the consideration of Ministry of Law, Constitutional, and Parliamentary Affairs. Ensure that any new legislation is grounded in the legislative environment in Lesotho and is as brief and flexible as possible with the detail of the new arrangements left for inclusion in regulations.
- (iv.) Recommend whether any new legislation should make provision for private individuals and groups, or road co-operatives, to become the legal owners of as yet undeclared urban and village roads. The details of the way in which such private or co-operative roads might be partially supported by resources from any road fund should be provided in the regulations.

6. Outputs and Timescale

The full study will be carried out over a period of about five months. The consultants shall indicate in their technical proposal the reports that will be submitted to MOW during the course of the assignment. However, the actual contents, frequency and number of copies of such reports will be discussed during contract negotiations, agreed between the consultant and MOW, and then recorded in the minutes of negotiations. However, as guidance only at this stage, the following outputs will certainly be required;

- (i.) a draft three page summary for presentation as a Cabinet Paper;
- (ii.) a schematic diagram illustrating recommended changes in the operation of the Road Fund, the Road Board and MOW;
- (iii.) a draft bill(s) and accompanying regulations; and
- (iv.) a draft timetable of actions to implement the process.

At mid term of the study, the draft proposals are to be discussed at a national policy seminar. The consultant will liaise closely with the Executive Secretary of the Fund to assist in the organisation of this. The objectives of this seminar are to elicit ideas from relevant stakeholders and build a consensus as to the way forward. This will require a number of resource people including an international facilitator, and one or two senior staff from other existing RAs (e.g. Sierra Leone, Ghana and perhaps Malawi). The costs of this seminar will be met through the Roads Rehabilitation and Maintenance Project.

In addition to the preparation and submission of reports, documentation, schedules, etc., specific to each task, the consultant shall submit to MOW and the Executive Secretary, Roads Board within five days of the end of each month, a composite report on the performance and achievements in respect of each task during the previous month. Such reports shall be preceded by an Executive Summary. Two copies of the monthly Executive Summary shall also be submitted by consultants directly to IDA, and to the RRMP Project Coordinator.

All communications, reports, documents and instructions for staff in MOW prepared by the consultant shall be in English and shall be provided in both hard copy and diskette form (MS Word).

7. Services To Be Provided By The Government

Within two days of their arrival in Maseru, the consultant will attend a one-day meeting chaired by MOF and relevant staff from the Road Fund and MOW to obtain information on how staff view the actions that are required to transform the existing institutions into more efficient instruments for delivering road services. A meeting will also be held with senior representatives of the MOF to confirm government policy regarding the road tariff levels and general taxation of the road transport sector.

MOW will furnish copies of the relevant legislation governing construction, operation and management of roads and will arrange for consultations with other government ministries, Road Board members and private sector stakeholders as necessary. The government will provide office space, vehicles, and any other required support services to the consultants.

MOW would also make available to the consultant the services of one or two counterpart staff on a part-time basis to assist the consultant with the study and strengthen the capacity of the Ministry. All fieldwork outside Maseru should be planned to involve counterpart staff.

8. Staff Requirements

It is expected that the above activities would require about 14 man-months of consulting services, including the services of a Project Manager to be accountable for the programme and liaise with interested parties. The consultant is encouraged to employ, or associate with local Basotho consultants and will be expected in their proposal to state how many such staff they intend to use on their team. The bulk of the consultants should be economists, management and financial specialists, and personnel and institutional development specialists. CVs of all proposed staff are to be provided.

- the planning, implementation and management of road construction programs;
- the development and management of efficient, cost-effective and rationally-determined road network maintenance programs;
- the generation of increased, dedicated and sustained levels of funds for ongoing road network maintenance needs and planned road investment requirements;
- the effective use of private sector resources in the engineering and execution of AP roads projects/programs; and
- interaction with private and commercial road users in AP in the planning of road network developments and investments for the facilitation of road transport.

This carries the inherent aim of an increased role and capacity for GOAP's roads-related technical and management resources in roads network planning, policy advising/formulation, budgeting/financial management and program management. Simultaneously , there should be a lessened need for dedication of GOAP resources to the design and operational aspects of road works execution, wherein private sector resources can play an increasingly larger role.

Scope Of Work

The Review should focus on at least the following matters in appropriate detail:

- (a) the current main GOAP functions, roles and priorities in the roads and road transport infrastructure contexts;
- (b) whether the present technical, managerial and operational capabilities and arrangements in relevant GOAP agencies/entities match these, and whether any gaps/deficiencies are being satisfactorily addressed;
- (c) important aspects of the present organizational structures, legislation and regulations, delegation of powers, processes and/or systems that may be significant constraints on efficiency and effectiveness in this context;
- (d) the adequacy of current finances and financing mechanisms for re-current (non-Plan) needs for effective road network asset maintenance, and the scope for alternatives such as a dedicated Roads Fund; and
- (e) the appropriate Institutional Development strategy and measures (both short-to-medium term and medium-to-long term) realistically available to GOAP to achieve significant sustainable improvements in key areas, including any transitional stages/steps, for implementation during the proposed Project.

In devising the proposed Institutional Development strategy, close regard should be given to:

- the scope for achieving **significant early improvements** in relevant key capacities and performance through modification and strengthening of **existing** GOAP institutions, within **existing** GOAP powers, regulations and procedures, feasible without prejudice to the possibility of more substantial later institutional changes/developments;

- the possible advantages of establishing a dedicated institution(s) specifically for the management of the major road network in AP, and the major role, features and requirements of such an organization(s);
- the present GOAP provisions for funding of road maintenance and works, in terms of the actual funding **levels** and the **sources and mechanisms** generating these, and any relevant previous GOAP experiences with alternate road funding mechanisms/approaches; and
- the appropriate model(s) for a possible AP Roads Fund, aimed at integration of a dedicated roads revenue base and road network asset maintenance financing in future, achievable within the GOAP's powers and jurisdictions.

The Review should take into account the findings of relevant international case studies and “best practice,” particularly in relation to other “developing country” contexts with similar roads-financing constraints and comparable needs for institutional strengthening in the roads sector.

The operational, financial and business objectives of any proposed new organization(s) and/or structure(s) should be clearly defined, at least in broad terms. To be practicable and sustainable, any institutional changes proposed must either be feasible within the present GOAP legal and policy frameworks, or involve amendments and/or initiatives which in that context are realistic, coherent and persuasive.

Finally, the Review should present outlines of both the necessary transitional strategy(-ies) and the timetable(s) to achieve any new institutional framework(s) from the existing structures and arrangements for AP road network management and financing. Such outlines should cover estimated time, resources and broad costs for the transitional strategy(-ies), together with broad draft Terms of Reference (TOR) identifying the scope of services/inputs likely to be required for further preparation during the Project of (inter alia) such tasks as:

- the development of **specific action plans** for any proposed transformation(s) of GOAP institutional structure(s) and responsibilities in the road transport field;
- the **detailed financial and strategic planning** for the initiation of new financing and/or revenue-collection mechanisms for AP road network funding needs;
- the **pre-implementation planning** for the organizational, administrative and financial aspects of any proposed new structure(s),
- the identification of **needs for enhanced/new systems, processes, technologies and resources**, particularly in relation to financial management and accounting, information technology/systems, procurement and contract administration, technical planning and project management; and
- assistance with implementation of new approaches, systems and processes, and the introduction of appropriate longer term training programs for the organization(s) and staff concerned.

Review Approach

The Review process should involve substantial participation by relevant GOAP officials and professional staff, as well as taking directly into account feedback from representatives of road users (particularly the providers of road transport services) in the State. In particular, the Review must have early confirming inputs from the GOAP on:

- (a) the over-arching objective of the GOAP administration for road transport infrastructure in AP;
- (b) which entity/organization(s) should henceforth carry principal responsibility for (and provide the dedicated focus for) the effective management and financing of AP's road network assets; and
- (c) the role and mission of that organization(s).

Accordingly, a high-level GOAP officials' workshop should be convened in early December 1995, with an external facilitator provided to assist the participants to undertake a comprehensive, candid and constructive engagement of these three matters. The workshop should produce specific positive recommendations on each of these, for subsequent higher-level GOAP consideration and confirmation. The workshop's duration should be about 1-2 days only, the participating numbers should be constrained carefully and the main participants should be drawn from:

- (a) the highest available senior representatives of the main GOAP authorities for road transport issues (namely the Transport (Roads & Buildings) Department, the Transport Commission/-er, the Finance & Planning Department and the Police, at least):
- (b) representatives of the main external assistance agencies currently engaged in efforts in this sector in AP; and
- (c) high-level nominees of organizations representing road users and providers of road transport services in and across AP.

While some prior development of materials for consideration by the workshop would be necessary, this should be kept to a minimum and the emphasis should be on vigorous discussion-based exploration of current institutional strengths, weaknesses, opportunities and dangers, as a basis for firm proposals by the end of the workshop on these matters. The workshop's proposals should be prepared for formal presentation to the GOAP through the Chief Secretary within two (2) weeks of the workshop's conclusion. The outcome of the GOAP's considerations would then frame the directions, possibilities and priorities of the proposed Institutional Development strategy.

During the course of the Review, at least one other mid-Review seminar/workshop should be convened to engage all main stakeholders in direct consideration of the issues, the range of options and the viability of likely solutions in the AP context. Progressive consultations should also be held (e.g. starting within two weeks of the Review commencement and at three weekly intervals thereafter) with the RBD's Head Office and Regional Management staff. These consultations should particularly cover the origins, purposes and expectations of this study, and to elicit staff inputs to the Review's work program and endeavours, particularly concerning the

possibility of adjustments between public and private sector roles in this field in AP and/or devolution to new institutional forms.

Timeframe And Reporting Requirements

The overall duration of the Review is expected to be four (4) months from inception in November 1995 to submission of the Final Report, which is due no later than March 31, 1996.

The consultant will be required to submit the following Reports and documents to the GOAP:

- (a) an Inception Report within three (3) weeks of starting the Review, which should contain:
 - (i) a summary of the proposed overall Review work program and the timetable;
 - (ii) any suggested enhancements to these TOR for greater benefits from the Review;
 - (iii) many issues or strategic choices (beyond those to be addressed in the inaugural GOAP officials' workshop) needing early resolution by the Client in the overall interests of the Review; and
 - (iv) an outline of the arrangements proposed for participation by the affected staff and for the proposed open seminar/workshop(s) to be conducted at mid-Review;
- (b) a draft Final Report, due at the end of three (3) months from the Review's commencement, which addresses the substantive requirements identified above and which in particular details the proposed Institutional Development strategy; and
- (c) a Final Report, which takes into account the comments of the Client on the draft Final Report, due with the Client within one month of the receipt of such comments and in any event no later than March 31, 1996.

The consultants should also arrange regular progress meetings with the GOAP's Steering Committee for this Review (see paragraph 26 below), at intervals of no more than three (3) weeks. Progress to date, provisional ideas for change, problems encountered, and the program for the next few weeks should be discussed at these meetings.

Following receipt of the Final Report on the review, the GOAP will determine the nature and scope of the next phase (for example, on development and implementation of agreed re-organizations), which may or may not require the further engagement of consultants.

The Review Team Composition

The review team to be provided by the consultant should across its membership offer a sound combination of high-level professional expertise in the engineering, managerial and financial dimensions of public roads programs, including the key fields of relevant network planning, procurement, works management and maintenance operations. Between them, team members' qualifications and backgrounds/experience should therefore ideally include:

Institutional reform and management in public and/or private sector contexts, with experience in reform strategies involving important human resource development (HRD) and

staff rationalization/redeployment aspects and the introduction of modern business management practices, systems and standards;

Road sector planning, engineering, works programming and management for the enhancement, rehabilitation and maintenance of public sector road networks in developing countries, including experience in the comparative economic and qualitative merits of using road agencies' own workforce/plant/facilities/resources and the alternate use of private consultants, contractors and project supervision/management services;

Economics of highways/roads-related activities and the application of computer-based road investment and maintenance management models, preferably in a “developing country” context;

Financing systems design and implementation as applicable to the dedicated financing of public/semi-public infrastructure in a “developing country” context, and the related technical accounting, financial management and audit methods/requirements;

Legal systems under parliamentary government such as in India, and the implications for institutional changes/reforms in public sector services and finances; and

Study management and leadership in a “developing country” context and involving sensitive public sector reform/change issues.

It is expected that the review team proposed by the consultant will comprise two or more senior experts including the review team leader, all of whom will stay with the study for its duration. The team is also expected to include a number of national experts having extensive familiarity with India's socio-economic conditions, governmental and administrative frameworks, and the relevant aspects of the cultures, structures and capacities of the Indian public and private sectors, preferably as these relate to infrastructure matters.

Data And Assistance To Be Provided By The Client

The following will be provided to the consultant by the GOAP:

- access to all documentation and data on the present organizational arrangements and structures in GOAP for the administration of State highways and roads, in terms of planning, regulation, financing, auditing and physical operations, covering both the RBD and those other GOAP departments and instrumentalities with a direct role in these aspects;
- information on the activities, resources, systems and facilities of the RBD in relation to all its responsibilities for State, District and Local roads;
- details of current GOAP statutes, powers, authorizations, delegations, policies and arrangements for the approval, procurement and management of road works and maintenance operations in AP; and
- current data on the overall AP budgets, expenditure and finance and of the State's roads funding in that context.

Steering Committee

The GOAP will establish a Steering Committee, comprised of (i) senior officials of the Transport, Finance and Planning portfolios of the GOAP Secretariat, (ii) nominated representatives both of major stakeholders in the AP private sector, and (iii) donors active in the AP infrastructure area. The Steering Committee, to be chaired by the GOAP Chief Secretary, will guide the consultant's work and ensure that the Review is aiming at a future institutional framework appropriate to agreed sector reforms in AP and compatible with the objectives of the GOAP.

A secretary to the Steering Committee will also be appointed by the GOAP to (inter alia) undertake the necessary liaison and coordination between the consultants/review team and the Committee. The Steering Committee will meet as deemed necessary by the Chairman to give effective guidance to the study and respond to each of the consultant's Reports, but in any event at least once every three (3) weeks.

Contractual Arrangements

The consultant's contract will be with the GOAP, and will be based on a Contract Agreement consistent with the current GOI-endorsed Contract For Consultants' Services for externally-assisted projects.

interested parties. The consultants are encouraged to employ, or associate with local Zambian consultants and will be expected in their proposal to state how many Zambians they propose to use on their team. The bulk of the consultants will probably be economists, management and financial specialists, and personnel specialists.

- (vii) Summarize the above findings in a short report for consideration by the National Steering Committee and, subject to their concurrence, for consideration by the Central Road Board.

Study Team

It is proposed that the above study should be carried out by a Tanzanian consultant working under the direction of an MOW Steering Committee consisting of the Principal Secretary, MOW, the RMI Coordinator, DRA, DAP and representatives from the Ministry of Finance and the Civil Service Department. It is proposed that the MOW Steering Committee should accompany the consultant on the field visits to Southern and Eastern African countries. Since a government team has already visited Sierra Leone and Ghana, the Director Generals or their alternates, should be invited (under URT/90/010) to visit Tanzania for 3 weeks to present their employment conditions and to work with the MOW Steering Committee and the local Tanzania consultant advising them.

The MOW Steering Committee should also participate in the formulation of the subsequent recommendations. The visit to Zimbabwe would be arranged in collaboration with the RMI coordinator who would arrange meetings with representatives from both the Roads Departments and the local consulting industry.

Timing and Costs

The above study should be completed by the end of December 1993. It is expected that the study would be done by one or more local consultants and would cost about \$50,000. IDA funds for IRP I may be used for the consultant contract and the visits to Southern and Eastern African countries.

- (f) Works records and returns are provided promptly and accurately to the HA including immediate return in the event of incidents which are to be the subject of such returns.
 - (g) Information Systems (such as the HAs IHMS) are fully utilised for recording works data and financial information.
- 3.3 It is not envisaged that special access arrangements will be required by the Contractor for any work at the sites of Structures.

Availability of Data

- 4.1 Most of the data required for the technical audits, including condition, traffic, existing construction, detailed and visual survey data, inspection and assessment reports and test information, plus considerations and decisions leading up to the submission of maintenance proposals are held by the MAs. Some data may be available in the IHMS and NATS databases.

