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Road Maintenance Funds in Africa
Challenges and Prospects

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Chapter 1

Historical background .

In most African Countries, there is an ongoing conscious effort aimed specifically at improving the various national road networks in a bid to boost transport and trade and to develop their economies.

This objective is based on the fact that the road sector, generally, currently faces major challenges, to varying degrees, in Africa. These include, but are not limited to, the following :

- *project overruns;
- *poor quality of road works;
- * inappropriate procurement systems;
- *failure to cope with project requirements.
- *inadequate and unsustainable funding sources,
- *poor and weak coordination among departments and agencies,
- *numerous challenges in road maintenance.
- *difficulties in prioritizing interventions due to multiple compelling requests for road maintenance activities;
- *inadequate security to safeguard road infrastructure against vandalism.
- *poor road traffic enforcement.
- *limited connectivity to neighboring countries.

It has also been estimated that over 60% of Africa's population live in rural areas which are generally characterized by poor infrastructure and lack of basic social services. For development nationally to be meaningful and sustainable, periodic and routine maintenance of rural roads

is essential to improve accessibility, help farmers to move products to markets and increase access to health centres and schools.

In all of the above, adequate and sustainable funding is an indispensable requirement. It therefore becomes incumbent on African countries to devise ways and means of ensuring that funds are available and are efficiently and transparently managed to achieve the above mentioned objectives.

Chapter 2.

Establishment of Road Funds.

In an effort to enhance the role and operational significance of the road sector in Africa's overall economic development and growth, and to provide secure and sustainable funding for road maintenance, most of the countries decided to establish Road Funds, each with a corporate status and a Board of Directors.

The generally accepted rationale for the setting up of a Road Fund is to oversee and coordinate road maintenance, rehabilitation and development through prudent and optional utilization of the Funds for a country's sustainable road network.

This rationale is anchored on the belief that basic core values like excellence, integrity, inclusiveness and innovation will exist in the institution charged with the responsibility of managing the fund.

Prior to the establishment of most of the Road Funds, the institutions charged with the responsibility of maintaining roads controlled all the remittances for road works, awarded road maintenance contracts and monitored and evaluated them.

This situation was clearly untenable, and called for the creation of an independent entity which would be charged with the responsibility of controlling the funds and periodically remitting them to the relevant agencies for approved maintenance works.

The mandates of the Road Fund Boards are generally along these lines, with a few modifications for some African countries.

The generally prescribed mandates are as follows.

- *coordinate and ensure the optional utilization of the resources in the implementation of maintenance, rehabilitation and development of programmes relating to road works, funded mainly through this channel.
- monitor and evaluate, by means of technical, financial and performance audits, the delivery of goods, works and services financed by the Fund;
 - in implementing the above, pay due regard to public procurement and disposal regulations and any other additional guidelines issued or approved by the Government.
 - recommend to the Ministry of Finance appropriate levels of road user charges, fines, penalties, levies or any sum required to be collected under the Road maintenance Levy, and paid into the Road fund;
 - recommend to the Ministry of Finance/Trade such periodic reviews of the fuel levy as necessary for the purposes of the fund.
 - remit to the various road maintenance authorities funds for operational and administrative expenses as approved by the Boards.

Regional and global development plans have been instrumental in guiding the establishment of Road Funds in Africa generally. Key among these are the Sustainable Development Goals (SDGs), the East African Community (EAC) Vision 2050 and the African Union (AU) Agenda 2063. The AU Agenda 2063 envisages that by 2063, the necessary infrastructure will be in place to support Africa's accelerated integration and growth, technological information, trade and development.

Sustainable Development Goals are informed mainly by the transport sector through goal number 9 on building resilient infrastructure promote inclusive and sustainable industrialization and foster innovation.

Most Road Fund Boards have therefore aligned their strategies in realization of goal 9.1 on Developing quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure to support economic development and human wellbeing, with focus on affordable and equitable access for all.

Additionally, African Road Fund Boards have aligned their strategies in achieving goal number eleven (11) on making cities and human settlements inclusive, safe, resilient, and sustainable by factoring in aspects of 11.2 on providing access to safe, affordable, accessible and sustainable transport systems for all and improving on road safety for all.

The African Union Agenda 2063 is the Continent's strategic framework that is aimed at delivering on its 50 year goal for inclusive and sustainable development through the seven aspirations and flagship projects.

The Boards have generally agreed to contribute towards attainment of their Agenda through the aspirations highlighted in the Table below.

AU Agenda 2063 Aspiration

Development Role for Road Sub sector

Aspiration 1: A Prosperous Africa, based on inclusive growth and sustainable development.

Provision of funds to maintain climate resilient road infrastructure and contribute to high standard of living, quality of life and well-being for all.

Aspiration 2: An integrated continent, politically united, based on the ideals of Pan Africanism and the vision Africa's Renaissance.

Support the delivery of world class road infrastructure.

Aspiration 3: An Africa of good governance, democracy, respect for human good governance. rights, justice, and the rule of law.

Institutions are called upon to embrace

Aspiration 4: A Peaceful and Secure Africa. Improve security through funds for provision of well-maintained road network for ease of access and interconnectivity.

In an effort to achieve the above aspirations, most of the Boards have embraced collaboration with other African Road Funds under the umbrella body of the Association of African Road Maintenance Funds (ARMFA) in order to jointly champion the realization of the AU's Agenda 2063's plans on roads infrastructure.

A key priority for all the various Road funds is a good and integrated infrastructure. Transport Infrastructure is to be enhanced and transformed to provide inter-connected, safe and efficient multi-modal transport networks that can facilitate efficient movement of goods and people thus promoting industrialization. Among the key priorities are the use of harmonized standards of road construction and regulation for increased safety and capacity.

Another top priority is the development and uptake of standards as well as enforcing compliance.

African Road Fund Boards are intent on institutionalising planning and programming for road maintenance, rehabilitation and development, the promotion of policy reviews and uptake and monitoring compliance with standards in the road sector. They also propose to continue with their research and development initiatives.

Chapter 3

Existing Sources of Funds

The current sources of funds for the Road Fund are mainly the fuel levy and road user charges (vehicle and driver licensing, toll gate fees, axle load fees, telecoms fees, mining royalties, infrastructure bonds, etc.)

The collection of the fuel levy, which is the main source of revenue for the Road Fund, is expected to decline in the future, particularly with the high cost of vehicles, the introduction of electric vehicles and soaring oil prices.

More sustainable and economically viable road maintenance techniques need to be explored and embraced through research and development.

The inevitable transitioning from the traditional reliance on fossil fuel to green energy and invention of e-mobility will impact on fuel levy collections and render it an unsustainable source of financing road maintenance.

It therefore becomes crucial for African countries to examine alternative sources of funds for road maintenance.

These include the following:

- issuance of infrastructure bonds for maintenance works and backing clearance;
- introduction of additional road user charges, after consultation with stakeholders.

Most Road Fund Boards have resolved to address the gap in resource requirements by implementing their resources mobilization strategy including seeking;

- support for additional funding from the Ministries of Finance;
- assistance from development partners in the implementation of some of the agencies planned programmes.
- Increase in fuel levy rates, and
- exploration and lobbying for the introduction of other potential sources of additional funds

International inflows into the Road Funds can be derived from the following key development partners:

- The World Bank (WB)
- The European Union (EU)
- The African Development Bank (ADB).
- The Kuwait Fund.
- Ecowas Fund
- Republic of China
- The UNDP
- The International Labour Organization.

Chapter 4.

Challenges Encountered

In the past five years, several African countries have experienced phenomenal increases in fuel prices, leading to a reduction in fuel sales and, by extension, smaller inflows from the fuel levy into the Road fund.

The effects of climate change have also impacted on the road sub-sector, causing overtopping and wash ways during the rainy season. In addition, the sub-sector continues to experience inadequate capacity by people living with disabilities to uptake road construction.

Additionally, development partners' bias towards gravelling of roads as compared to funding for sealed roads has resulted to increased maintenance frequencies and depletion of natural sources of gravel.

Latest technologies are also not being utilised in conducting condition surveys, axle loads monitoring and control structure inspection and diagnosis, thereby impacting on data collection, works inspection and monitoring.

The main challenges facing the sub-sectors can be categorized as follows ;

- the introduction of electric vehicles, hence new dynamics with respect to the application of road user charges.

- an increase in crude oil prices which affects the price of fuel at the pump, resulting in decreased demand;
 - depletion of natural sources especially ground materials;
- High demand for road transport and hence increased road maintenance frequencies against a background of constrained budgets.

5. Prospects

For the various Road Funds to be able to enhance their role and operational significance in the future, they will need to explore alternative sources of financing through exploration of options that exist in the capital markets and lobbying for implementation of recommendations contained in their strategic plans, especially raising funds in the capital markets via issuance of bonds.

The Road Fund Boards will ensure prudent and efficient utilization of resources in their operations. The following strategic systems and measures will be adopted;

1. Leverage on both internal and outsourced expertise in the creation of new knowledge to support innovations;
2. Leverage on technology and business process re-engineering to ensure efficiency in planning, monitoring and evaluation and in automation of Road Agency reporting mechanisms;
3. Ensure prudent priorities of planned road maintenance.
4. Enhance internal monitoring and evaluation capacity ;
5. Ensure effective performance management systems for optimal efficiency in utilization of funds;
6. Maintain an up-to-date road information database;

7. Build staff capacity;
8. Leverage on the Board's established strategic partnership through structured collaborations with key stakeholders;and,
9. Develop an update of Cost Estimation (CE) mechanisms.