

Findings

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Best Practice
Infobrief



Findings reports on ongoing operational, economic and sector work carried out by the World Bank and its member governments in the Africa Region. It is published periodically by the Knowledge, Information & Technology Center on behalf of the Africa Region.

Commercialization of Roads: A New Generation of Road Funds

Africa Road Funds: What Works and Why? reviews the experience of road funds in ten African countries (Benin, Central African Republic, Chad, Ghana, Mozambique, Rwanda, Sierra Leone, South Africa, Tanzania and Zambia). It identifies examples of best practices and provide guidance on how to design a new generation of road funds. The Road Maintenance Initiative (RMI) started in 1988 is the vehicle for this program of assistance. It is co-funded by the World Bank, the Governments of Denmark, France, Germany, Japan, The Netherlands, Sweden, Switzerland and the European Union.

Objective: The establishment of a reliable and well-managed source of finance to address the issue of building institutional and financial capacity for maintenance of the road network.

Impact on the Ground:

- Several countries are pursuing this objective through road tariffs, with the proceeds being deposited in a special account or road fund to be managed by an independent board, with private participation.
- Ghana installed an advisory board to oversee the management of the road fund and to appoint a Secretariat (1995).
- Lesotho and Malawi have decided to create autonomous road funds and road boards. This is a result of their participation in workshops where the study was presented. Lesotho passed legislation in late 1995, and Malawi is in the process of doing so. Revenues will come from a road tariff including a fuel levy, vehicle license fees and international transit fees. Road funds will operate along the recommendations made in the study.

- The Central African Republic is initiating the restructuring of its road fund, based on the recommendation of a national seminar (1996).
- Togo and Gabon have carried out studies introducing a new generation road fund along commercial principles.

Lessons Learned:

- The involvement of road users and other stakeholders in the management of funds wins public support and strengthens market discipline.
- The introduction of sound business practices in the operations of road funds provides incentives for more efficient management.

Key Documents:

Heggie, Ian G., 1995, *Management and Financing of Roads: An Agenda for Reform*. Technical Paper No. 275, World Bank, Africa Technical Department, Washington, D.C.

Heggie, Ian G., 1994, *Commercializing Africa's Roads: Transforming the Role of the Public Sector*. SSATP Working Paper No. 10, World Bank, Africa Technical Department, Washington, D.C.

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