



Overseas Development
Institute



Sector Budget Support in Practice (SBSiP) Seminar

Roads Sector Case Study
Geoff Handley (ODI)

Oxford, 7 May 2009

Outline

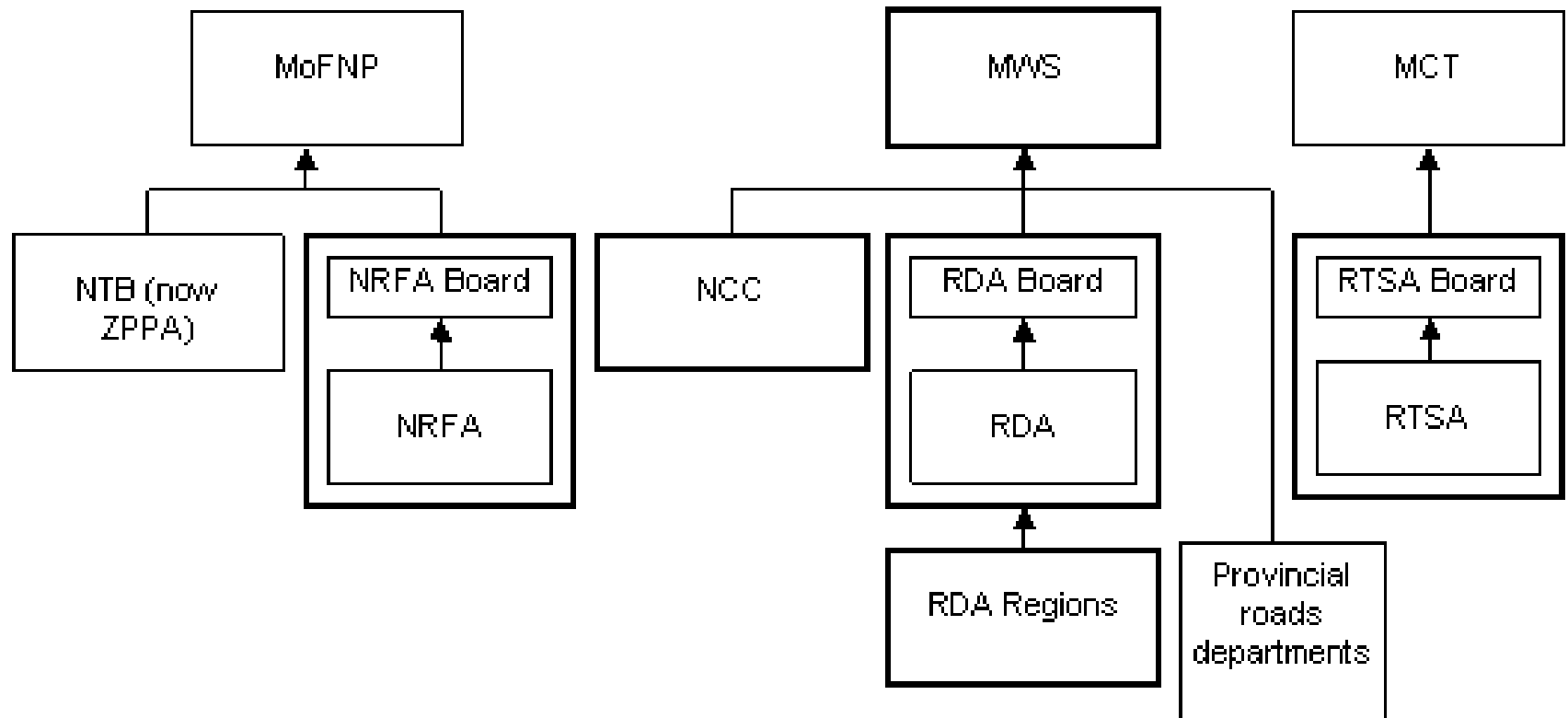
- Roads sector context
- Service delivery and sector outcomes
- SBS in the roads sector (EC)
- Design issues
- Effectiveness of SBS in roads
- Conclusions
- Good Practice Lessons
- Areas for improvement?

Roads sector context

- 68,000km of roads, 40,000km 'core road network' (59%)
- '93 – Present: Transition from 'force account' to private sector
- Early 90s: Road fund & fuel levy estd.
- Early 00s: Three roads agencies estd.
- Some rationalisation as a result, but sector remains fragmented, unclear accountability
- Major donors: EC, World Bank and Danida

Roads sector context

- Jumbled lines of accountability



Roads sector context

- Blacklisting of contractors
- Suspension of advance payments to contractors
- Ongoing legal action against RDA officials
- Limited space for GRZ ownership:
 - Importation of institutional templates
 - Confused lines of management / accountability
 - Reliance on external consultants

Service delivery and sector outcomes

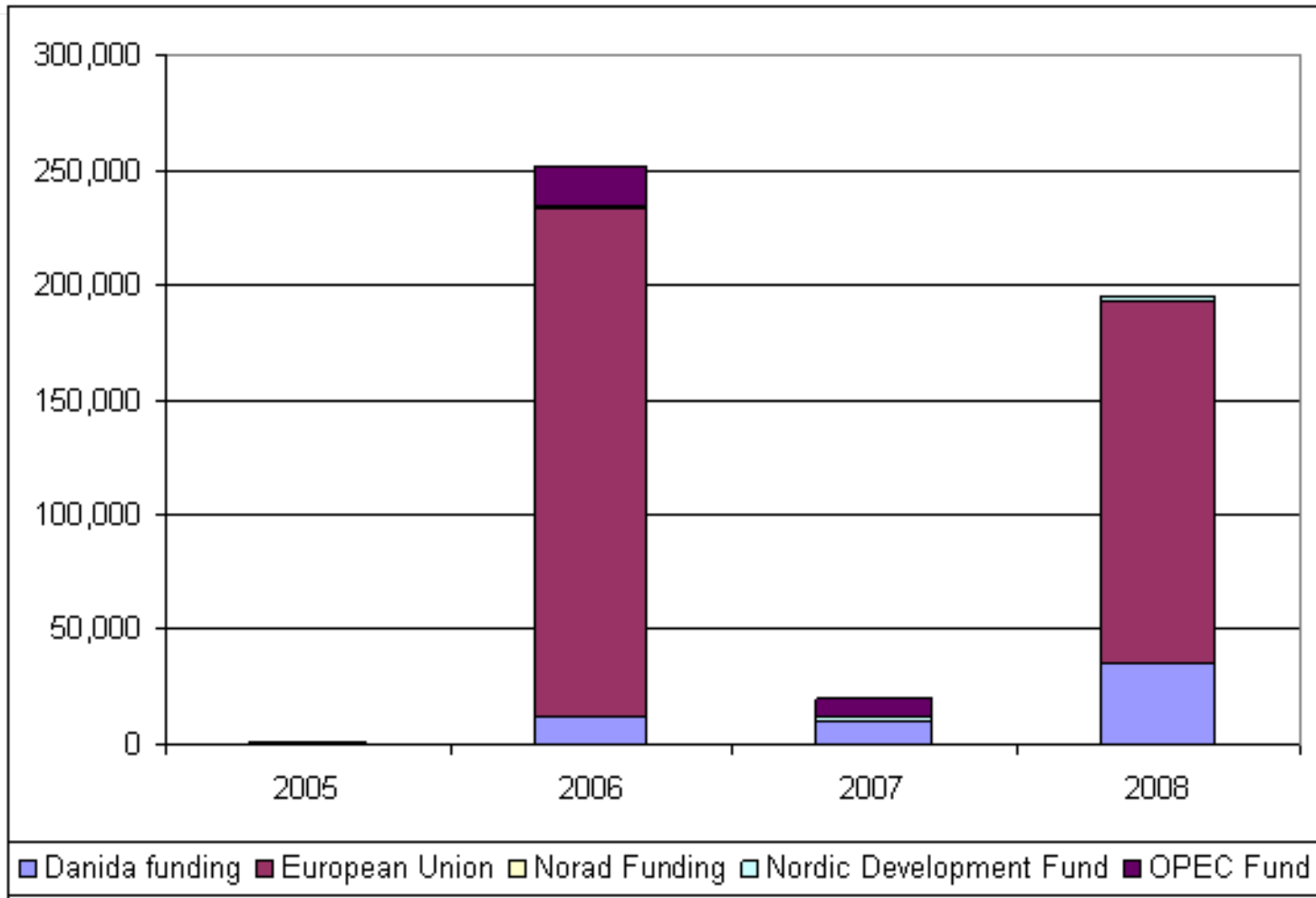
- Very limited and weak data upon which to measure progress
- Road quality only systematically measured since 2006 and data mixed, e.g.
 - Paved in ‘good’ condition from 29% to 33%
 - Unpaved in ‘good’ condition from 22% to 8%
- Additional funds for maintenance has not automatically translated into improved performance (capacity binding constraint)

SBS in the roads sector

- EC moved from EDF projects to SBS (retaining some projects)
 - SPSP I (2004) for 2005 – 2009: €63m SBS, €7m TA
 - Addendum for rural roads (2006) €17m SBS, €3m TA
 - SPSP II (2008) for 2009 – 2013: €69m SBS, €6m TA
- Earmarked to 14 work packages with ‘output performance based contracts’
- Conditionality linked to floating / fixed / variable tranches
- Dialogue uses existing sector groups (esp. Joint Donor Forum)

SBS in the roads sector

- SBS dominates on-Road Fund aid:



Design issues

- Originally designed as a project, 'retrofitted' as an SBS programme
- Strong GRZ involvement in selection of earmarked roads
- Annexes added to contracts exempting them from all taxes and duties

Design issues

- Derogations and additional requirements
 - Feasibility studies for earmarked roads
 - Separate account at road fund for SBS
 - Separate tranche release requests
 - Exemption from taxes and duties
 - TA mandated to focus on earmarked roads
 - Performance based OPRD contracts
 - Technical audits of procurement and civil works
 - Social and poverty impact monitoring for earmarked roads



Overseas Development
Institute

Effects of SBS in practice

Policy, planning budgeting, M&E

- Good practice:
 - Clear roads policy framework (ROADSIP II)
 - Pioneering roads SBS \Rightarrow inc. maintenance funds
 - GRZ discretion in selection of earmarked roads
 - Use of existing M&E indicators for conditionality
- Areas for improvement:
 - Rigid adherence to ROADSIP II
 - Poor overview of roads expenditure
 - Disbursement conditioned on indicators with weak underlying data

Procurement, expenditure, accounting, audit

- Good practice:
 - Technical audits illustrated systemic issues and have been acted upon
 - SPSP I funds fully on-procurement
- Areas for improvement:
 - Delayed disbursement undermines execution and annuality of the budget process
 - OPRC contracts complex and ambitious
 - Tax exemptions!

Capacity of sector institutions & systems

- Good practice:
 - TA supported development of better management information
 - Again, technical audits shed light on how systems could be improved and were acted upon
 - SBS allows EC funds to use non-ACP contractors
- Areas for improvement:
 - Rigid model for TA under EDF9 procedures
 - Fragmented provision of TA amongst sector donors
 - Inattention to day-to-day systems and working arrangements in dialogue

Domestic ownership, incentives and accountability

- Good practice:
 - Increased discretion (cf. projects) has increased GRZ ownership of SBS financed roads
 - Support to development of management information systems key to improving accountability
- Areas for improvement:
 - Limited/poor quality management information and confused lines of accountability preclude accountability for results
 - Heavy reliance on external consultants: produce more important than process
 - Tension between ‘dialogue’ and ‘ownership’ if the former is a one-way street used to address CP concerns only

Conclusions

- Important additional inputs to sector (discretionary funds, TA, audits)
- Very project like approach (tax exemption, tight earmarking etc.) yet with SBS conditionality too
- Difficult sector context (blacklisting, advance payments)
- Undoubtedly delivered some important results, though difficult to quantify (km maintained, sector procurement)
- But failed to get traction on some fundamental issues to date (unclear institutional mandates and accountabilities, weak working arrangements)



Overseas Development
Institute

Thank you!