

Roads Board Nepal – A Step forward to Sustainable Road Maintenance Management



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Moving goods, products, and people becomes prohibitively expensive without cost-effective road transportation in a land locked country with varied topography such as Nepal. It becomes expensive and time consuming. As a result, apart from other, tourism – main foreign currency earning sector - also suffers and the country's competitiveness is reduced. Economic development, commerce, and poverty alleviation are also negatively affected by underinvestment and inadequate management of road maintenance. Unfortunately, the amount of financing and technical skills needed to provide even a reasonable road service is simply not within the means of most public sector agencies.

Nepal's transport sector objective as defined in the National Transport Policy is *to provide uninterrupted flow of goods and people with safety and transport services available at least cost, and help poverty reduction effort through broad based economic growth including balancing regional development by generating employment, providing access to the market to local products and accelerating the potential economic growth in other sectors like tourism and hydropower.*

In a country with scarce resources and competition between various sectors for resource allocation from the government, challenges to institutionalize road maintenance prevail due to resource constraint and outgrown financial need for road maintenance than the government budget for it. Other challenges include lack of commitment and willingness on maintenance from all concerned together with lack of institutional arrangement and capacity on the part of road agencies. Further, the traditional management system in general is not efficient and effective, and lacks stakeholder participation and ownership.

In order to address to these challenges, an appropriate model of reform based on public-private partnership was the call of the day. New

progressive approaches have emerged elsewhere for more than a decade and gratifyingly the results are found encouraging. Such reforms have typically entailed restructuring of road network management; improvement in management and sustainability of road assets; introduction of private sector financing and off-budget mechanism, and change in procurement of road maintenance works and quality control/assurance.

In Nepal, a Road Maintenance Management and Finance Reform Committee [RMMFRN] prepared the Roads Board Act and environment for its establishment. The Roads Board Act was enacted in 2002 with many changes in the draft. The Roads Board Nepal [RBN] is established under the Roads Board Act 2002 to provide sustainable fund for planned maintenance to keep the roads serviceable with cheaper operation cost and travel comfort. The Government and the World Bank were instrumental in developing the RBN to collect, manage, and allocate fund for road maintenance to Road Agencies [RA]. RBN ensures participation, increasing sense of ownership, and responsibility from the public and private sectors. Road User Public actually pays for the service in the form of direct road toll, fuel levy, vehicle registration fee etc. RBN is held accountable for use of public money. Private sector shall be involved in user charge collection, road maintenance activities and evaluated based on their performance. The RBN is envisaged to achieve same results which have been achieved in other developing countries. RBN is represented by 4 ministries and department of roads [DOR] at government level, 8 private/other sector representatives and is Chaired by the Secretary of Ministry of Physical Planning and Works.

Restoration value of existing road asset in Nepal is about Rs hundred billion. It is a prime challenge to preserve this asset. This can be achieved by implementing a planned maintenance management system [PMMS] comprising of a series of inter-dependent

routine, recurrent, periodic, and emergency activities carried out both on and off the road and bridges. It reduces rate of deterioration of road prolonging its life, reduces vehicle operating cost, and provides reliable/safer transportation of goods and passengers. It also helps push back the need of much expensive rehabilitation and reconstruction.

However, need based budget is required to maintain roads properly and to keep them in good condition. It is estimated that the country requires about two billion rupees annually for the road maintenance whereas the allocation is much less. Apart from under-financing of regular maintenance, the annual increase in road length projected at 6.5 % in the strategic road network [SRN] alone requires additional fund for its maintenance.

Policies concerned with the road maintenance in Nepal are based on short term, medium term and long term plans such as annual program, medium term expenditure framework [MTEF], five year plan, priority investment plan and 20 year road master plan. Central level government agency's role shall shift to that of a facilitator. Self-reliant capacity for arrangement of source of investment is to be developed. Priority is given to maintain central level transport infrastructure with due attention to environmental concerns and appropriate institutional arrangement. Local network is to be gradually handed over to local bodies. However, financial requirement for maintenance can not be fulfilled by the government as the growth of road maintenance need exceeds the national growth. Road fund collected from users is the only possible way.

In this line, the establishment of the RBN to collect and manage the road fund is justified. RBN works together with road agencies [RA], which actually implement the road maintenance works. The DOR is identified as the RA for the maintenance of strategic road network [SRN]. Maintenance of urban, district, and local roads is governed through the department of local infrastructure development and agricultural roads [DoLIDAR], which coordinates the district development committees [DDC] and municipalities [MC] recognized as the road agencies for local road network [LRN]. RBN has to report to and communicate with the government through the ministry of physical planning and works [MPPW].

Twenty first century public sector service such as roads can not be managed in isolation. The participation of users shall be defined. Other stakeholders are equally important and their voices shall be heard. Transparency in the process of road maintenance management is of paramount importance. This can be enhanced through the efficient work of RBN as it constitutes representations from government, private and civil sectors.

The primary objective of the RBN is *to create a stable fund through involving road users, channel it to the road sector to implement the integrated annual plan [IAP] and other road development and research activities*. This is compatible with main objective of road sector mentioned earlier.

RBN prepares comprehensive IAP based on annual road maintenance programs [ARMP] submitted by the RA. RBN ensures the optimum utilization of scarce resources based on its prioritization methods. Priority is linked with the traffic flow, terrain type, pavement condition, and maintenance type such as routine, recurrent, periodic, rehabilitation, reconstruction and upgrading. Emergency Maintenance is addressed to through predetermined reserve fund. Road not in maintainable condition is not given priority for regular maintenance, as it has to be brought to maintainable condition by rehabilitation or reconstruction first. RBN decides final allocation to RAs. RBN has authority to monitor, control and check, evaluate, and to withhold the money release to non-performing RA.

Resources in the road fund are road user fees, fuel levy, vehicle registration fee, charges for use in Nepal for vehicles registered abroad, penalties for non-complier to the rules under this Act, and any subsidy and grant from GON or any support from donors and international agencies. However, till now RBN is authorized to collect road maintenance toll at three road sectors; namely a) Naubise – Mungling, b) Narayanghat – Hetada and c) Narayanghat – Butwal, certain fuel levy at the rate of Rs. 1 per lt. in Petrol and Rs. 0.50 per lt. in Diesel, and certain vehicle registration charge during the initial registration.

Total expected resources while formulating the draft Roads Board Act in 2000 was Rs. 1'000 ml [1 billion] in the first year. However, RBN is receiving around 400 ml. annually in the form of user charges till this date. RBN thus has faced an acute resource constrain to address to all the need already from its formation. This type of problems is anticipated in this initial stage of fee for the service model as it is a progressive process. At the same time, it is the only process for sustainable road maintenance in order to preserve the asset and to provide better and cheap service to the people. The success of the RBN could also contribute to the development of Roads Transport Authority and ultimately National Transport Board as envisaged by the development plan and could pave a way towards initiation of Private-Public Partnership in road development, maintenance, and operation. The participatory procedure of the RBN and efficient management ensures user's voice and safeguards transparency, accountability and ultimately helps alleviate corruption. For this RBN accounts are audited by external auditors with final audit carried out by the office of Auditor General, financial statement [balance sheet] and key activities are made transparent through annual publication in national newspapers and uploaded in its website [<http://www.roadboardnepal.org>].

However, towards this end, the commitment from all stakeholders and committed work from its staff are required to fully establish the RBN as an effective and autonomous agency to manage the Road Fund comprising road user charges. At this juncture it is very relevant to mention that the general revenue and user charges are to be considered differently.

As the road service is very essential for all sectors of life and for economic activities, and as RBN is based on representative participation from government, private sector, and civil societies, the anticipated action outlined by the Roads Board Act 2058 is bound to occur in the workplace in due course of time.

RBN is now in its fourth year of actual operation as it received the fund since F/Y 2060/61.

Experience accrued during last couple of years suggest that some review has to be made regarding RBN Act, its Rules and Regulations in order to do away with the shortfalls already

identified and to improve it in line with emerging new ideas. For this, networking with national and international individuals and organizations working with the similar modality has to be established and their experience shared.

The challenges encountered so far, for an example are: lack of maintenance culture in local road agencies, public demand for rehabilitation of roads in non maintainable condition, expressed difficulty to come up with required counterpart fund and lack of technical capability within such agencies. Very often enough, even the department of roads – road agency designated to take care of the strategic road network – is not coping with the requirement of timely procurement, implementation, supervision and most of all reporting.

Similarly fund flow modality to and from the RBN has to be enhanced. Key persons in the administrative and political level of decision making are yet to be sensitized regarding the need, appropriateness of this model together with success stories elsewhere in developing countries.

Way forward is the development of various directives, guidelines, and manuals for technical standard, implementation modality, fund flow mechanism etc. Implementation practice by RA has to improve in order to demonstrate better result than earlier and acquire user satisfaction for paying additional road related charges. A comprehensive model for the monitoring, key supervision, evaluation is the call of the day.

At the same time, to move progressively ahead, financial plan as well as medium term technical plan for the road maintenance has to be worked out for future together with the RAs. Contemporary improvement based on feedback has to be made together with capacity development of RBN and institutional strengthening of RA. Lastly, in order to win the support from the actual user charge payers – the road users - a wider consultation with public and other stakeholders are to be made also to raise their awareness.

The planned maintenance is essential to minimize life cycle cost of the road. The challenges to road maintenance could be overcome through the initiated reform process

of efficient management of road fund through RBN and implementation of road maintenance through RAs in order to deliver more effective road service to the road user public. However, support from policy making level, decision

makers in the government, road agencies, donor community, and mostly the stakeholders and its customers – the road users - is of paramount importance in order to institutionalize the Roads Board in Nepal.

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