Transport Governance Indicators for Sub-Saharan Africa

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SSATP
Africa Transport Policy Program

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Policy Program

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Sound policies lead to safe, reliable, and cost-effective transport, freeing people to lift themselves out of poverty and helping countries to compete internationally.

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Acronyms and abbreviations

CSO	civil society organization
CSPR	Civil Society for Poverty Reduction (NGO)
DfID	Department for International Development (UK)
FIDIC	International Federation of Consulting Engineers
GDP	gross domestic product
HDM-4	Highway Design and Maintenance Standards Model
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
IRTG	Improved Road Transport Governance Initiative
JISR	Joint Infrastructure Sector Review
KPI	key performance indicator
M&E	monitoring and evaluation
MDA	ministries, departments, or agencies
MoF	ministry of finance
MoR	ministry of roads
MoT	ministry of transport
MoW	ministry of works
MTEF	medium-term expenditure framework
NGO	nongovernmental organization
OAG	Office of the Auditor General
OECD	Organisation for Economic Co-operation and Development
OECD-DAC	OECD—Development Assistance Committee
PEFA	Public Expenditure and Financial Accountability
PEMFA	Public Expenditure Management and Financial Accountability
PPRA	Public Procurement Regulatory Authority
PRSP	Poverty Reduction Strategy Paper
PRTSR	Poverty Reduction and Transport Strategy Review
RAG	red-amber-green
SSATP	Sub-Saharan Africa Transport Policy Program
TSFG	transport sector governance framework
TSIP	Transport Sector Investment Programme
UEMOA	West African Economic and Monetary Union
UNECA	United Nations Economic Commission for Africa
USAID	U.S. Agency for International Development
VFM	value for money

Foreword

Good governance in transport is critical to sustain the development of the sector and the economic growth in Africa. With an expected growth of six percent per year between 2010 and 2040, responding to the rapidly increasing demand for transport infrastructure and mobilizing funds estimated at $18 billion per year will be a huge challenge. This challenge can be met by optimizing the sector efficiency and as a result minimizing funding requirements in a constrained budgetary environment. Reducing cost and time overruns on civil works contracts to stay within contract values, or reducing overengineering in road design would on average generate savings of 30 percent of road construction costs. At the same time, addressing policy and institutional issues will be required to achieve the objectives and sustain the results of development programs in the sector. Indeed, a review of road transport costs by the World Bank has concluded that the benefits from road improvements were not transferred to the populations when the right policy environment was not in place, such as when road cartels exist as a result of a restrictive regulatory framework. Similarly, a recent review of the European Development Fund has concluded that the European Commission (EC) is partially effective in its support for a sustainable road network in sub-Saharan Africa for reasons such as underfunding of road maintenance and overloading of trucks, which have resulted in accelerated deterioration of the road network and costly rehabilitation earlier than anticipated. The creation of road funds promoted by SSATP was one step towards a more efficient framework for road management. The underlying reasons, other than limited funding, that currently hamper the transport sector efficiency reflect a poor governance environment which is not conducive to improving this efficiency.

The EC has put governance at the top of its agenda. In recent years, the Commission has made major efforts to implement this commitment through the development of a comprehensive policy framework on governance and the promotion of the concept of governance in sector programs. The first dimension of governance is about rules, interests, resources and power and how power is used and how institutions function. The second dimension is about key principles such as participation, inclusion, transparency and accountability. The third dimension is that governance encompasses several themes that impact on the state's ability to serve its citizens: democratization, human rights, rule of law and administration of justice, sole of civil society, public administration reform and decentralization. In the transport sector, the 2000 EC Communication considered that governance is a prerequisite to sustainable develop-

ment of the sector and analyzed governance in the transport sector through the lens of the three dimensions above. In 2011 the EC launched a study on "Assessing Governance in the Transport Sector in Sub-Saharan Africa" in order to assess how to increase the impact and sustainability of infrastructure development on poverty reduction and socioeconomic growth. This effort is now being pursued with the preparation of a document to provide guidance and support to stakeholders of the transport sector in beneficiary countries to address governance issues when designing or implementing transport projects and programs.

The present SSATP publication on governance indicators in the transport sector is an important contribution to moving the governance agenda forward in that sector. The paper identifies a critical subset of indicators that can be used to demonstrate in a clear and measurable way, the level and quality of governance in a particular country / sector / sub-sector. These indicators provide a tool for countries not only to measure governance in the transport sector, but also to monitor results on actions that are taken in this area. I trust that countries will progressively adopt these indicators and that they will be reflected in the programs supported by development partners to contribute to render aid more effective.

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Executive summary

Good governance—or the absence of it—has concerned policy makers and other stakeholders in the transport sector for decades. Most stakeholders recognize that effective governance is crucial if improvements in transport infrastructure are to endure and contribute to sustainable economic growth. In Africa, billions of dollars have been spent on improving and rehabilitating transport infrastructure, but it has been long recognized that the poor performance of the transport sector is due to far more than merely inadequate finance or technical capacity constraints. Governance has been indeed the subject of increasing attention and surveys are regularly carried out by highly respected organizations, measuring people's perceptions of whether "things are getting better".

The underlying reasons for poor governance are complex, and finding a set of easily collectible indicators that can be used not only to track progress but also to advocate for policy change has so far proved challenging. To support further efforts, the SSATP commissioned this study to identify suitable transport governance indicators. The assignment was to carry out a survey and collect data that would identify the main transport sector governance issues in four African countries—Mali, Tanzania, Kenya, and Zambia—and to recommend a methodology for data collection and monitoring that could define a set of easily collectible advocacy performance indicators to measure transport governance at the national level. The indicators would have to be replicable in a consistent fashion in several or all countries, thereby producing a comparable measure of results achieved in the implementation of good governance policies.

Poor governance occurs at many levels of the policy cycle—from the ways in which legislation is drafted and regulations, systems, and procedures are worded and applied in practice, to how services are eventually delivered to the users of transport and whether their expectations are met. The last 10–15 years have seen a vast expansion in the number of indicators being used to measure performance across many sectors (not least transport) and across all phases of the policy cycle. This process is helping to introduce transparency and accountability into the routine operations of many government ministries, departments, and agencies. The practice has complemented a long-term transition from command-type public sector management structures to a more commercialized approach to the transport sector (e.g., the introduction of second-generation road agencies). This transition has included separation of the func-

tions of policy formulation, regulation, planning, programming and budgeting, implementation, and operational activities. These measures all serve to improve the quality of public financial management and budget discipline (and, for example, help enable general budget support).

Much investment has been made in transport sector performance. And yet, even though many highly respected surveys do show improvements in perceptions over recent years, significant negative perceptions persist. If improved institutional structures, systems, and procedures are really in place, and to some extent are being followed, then what is it that is not happening? And how does this relate to governance? And can we shine a light on where things can be done better? Or can we at least highlight success stories where they occur, which might then be replicated more widely?

This paper sets out to identify a critical subset of governance indicators in the transport sector that can be used to demonstrate in a clear, measurable way the quality of governance in a particular country, sector, or subsector. By means of consultation with key transport sector stakeholders, it examines transport sector governance issues in four pilot countries in order to determine whether there is a consensus on what transport sector governance means in practice; why it matters; how it can be measured; and in what priority ways improvements in governance might make a real difference in the sector and its contribution to national development. At its core, the study attempts to reduce the indicator set to what is at the heart of the governance matter. For example, a shrinking budget is sometimes cited as the main cause of ineffective delivery, and yet in reality this rarely explains the difference when comparing planned and actual spending. Rather, the primary problem is inefficient management and the political economy of rent seeking—aspects that can be measured through indicators such as cost or time overruns or contract variations.

The technical approach to the study has drawn on the considerable literature that explores governance in general and the transport sector in particular. A framework of "second-generation" indicators was used to guide and shape the investigation. Complementing earlier work linking governance and development and following the report by Knack et al. (2002), we selected second-generation indicators as those most likely to lead to practical reform because they are generated through a transparent process, are available across many countries, and are accurate and specific. Throughout the work, the stakeholder perspective was of primary concern. Consequently, this perspective shaped both the process and the outputs. This led to a paper that has sought to avoid abstract governance definitions, complex composite measures, and theoretical solutions, which are often perceived by stakeholders to be significant ob-

stacles to understanding, ownership, and action. More practically, it has meant that the study adopted a broad and shared understanding that governance is best understood as the "exercise of authority with discretion and integrity," while recognizing that both "supply" and "demand" side governance should be considered to ensure an appropriate balance between transport sector delivery and external scrutiny.

This report describes the process followed to select potential indicators from an extensive list. The "candidate" indicators were matched against a set of dimensions that reflected different aspects of governance[1] that many involved in the sector would recognize. The indicators were also assessed against a set of criteria that would validate them:

- Are the indicators *actionable*—that is, can the primary institution involved "do things better" in response to the findings?
- Are they *credible*, nationally ownable?
- Are they *relevant*—do they capture a critical dimension of the quality of governance?
- Are they *sensitive* to changes in the underlying phenomena?
- Are they *understandable*?
- Are they *available*—are the data required to measure the indicator available?
- Are they *reliable*—can the data be trusted?
- Can external agencies use the results to promote progress?

The indicators were then tested against other quality assessment criteria to determine whether they could be selected as a mutually reinforcing "set."

Even though a rigorous methodological process was used to develop the indicators, it was essential that they be tested in the field against the criteria just listed. The value of visiting the four pilot countries lay in being able to match possible indicators against the daily, practical, real experiences of those dealing (and living) with aspects of—or the absence of—governance. The time allotted to the country visits was limited, but to the greatest extent possible we met with people from across the public and private sectors and from civil society, from the various transport subsectors, and from different governance levels—from the highest officials to relatively junior employees. Good governance is recognizable no matter the perspective.

[1] These were later refined into a more intuitive transport sector governance cycle.

Table 1 Proposed Indicators Transport Governance for Sub-Saharan Africa

Governance area		*Indicator*
1.	Institutional mandates and responsibilities	Clarity of and distinction between mandates and responsibilities of key ministries, departments, and agencies in the transport sector
2.	Strategic priorities	Coherence of transport sector policy and extent to which its prioritization process is based on objective criteria
3.	Budget discipline	Budget allocations based on reliable financial forecasts and aligned to priorities based on objective criteria
4.	Program design	Quality and use of key performance and value for money indicators
5.	Procurement	Comprehensive and timely public disclosure of transport sector procurement plans (including bidding opportunities, contract awards, and data on resolution of procurement complaints)
6.	Delivery	Comprehensive time and cost reports on progress of work for major (top 10) transport sector projects, disclosed to the public in a timely and accessible manner
7.	Sustainability	Transport sector agency has established benchmarks for routine and periodic maintenance of assets and allocates the budget accordingly.
8.	Information dissemination	Transparency and timeliness of annual budget and expenditure disclosures
9.	External scrutiny	Rules applied to the membership and appointment process for key transport sector governance boards
10.	Accountability	Percentage of recommendations from independent technical and financial auditor reports implemented within one year

In summary, this study sought to identify indicators (listed in table 1) that offer the potential to credibly measure governance in the transport sector, where this potential is understood to be linked not only to the relevance of the indicator to key issues affecting the sector but also to the capacity of local institutions to embrace the indicators by monitoring and recording results and acting on findings. The study recognizes that the majority of indicators rely on data generated by government bodies (i.e., ministries, departments, and agencies) and less so on perception. But this does not necessarily limit the scope for external scrutiny and advocacy. That said, we believe that for the indicator set to be sustainable and a sound basis for the initiation (and improvement) of engagement between internal and external stakeholders, senior officials in the respective ministries responsible for transport across the region should take clear ownership of, and commit to, the further development and use of the indicator sets. They possess much of the data and can exert pressure on the other organizations responsible for generating other elements. Where an outside or ad hoc body is

responsible, there is sometimes a sustainability issue, although many of these non-transport sector institutions (e.g., auditors, the media, and think tanks) have a critical role to play. As for perception data, within the context of this study it was hard to identify sector, or even specific subsector, indicators for which data sets would be robust enough to pass the stringent selection criteria applied. It was thus concluded that others may be better placed to continue to conduct the large-scale surveys needed to provide the necessary statistical integrity. The process adopted and the tentative findings produced suggest some interesting first conclusions and some options for the consolidation of both the approach and the findings as the basis for a wider rollout.

Key findings and conclusions

The following key findings and conclusions emerged from this study.

- It was initially suggested that a transport governance indicator be proposed for each subsector, but because of the many cross-sectoral issues identified in the master indicator list developed in the early stages of the study, it was deemed more appropriate and practical to use governance dimensions to organize the indicators.
- Key transport governance issues identified in the study across the four pilot countries included the following: political interference in projects and key governing board appointments; limited or non-existent integrated transport sector policy; identification of new and strengthened institutional and regulatory arrangements, together with continued evidence of on-going blurred boundaries, unrealistic budgets, and no objective criteria for prioritization; long-term underinvestment and prioritization in maintenance across subsectors; and on-going dominance of roads across the transport sector.
- Easily understood, precise, and actionable indicators are needed. Such a list would exclude some of the internationally recognized robust indicator sets based on composite scores (or indexes). Such sets are thought to obscure realities through artificial "smoothing" and to reduce engagement because of perceptions of external ownership.
- There is an expressed and credible desire among stakeholders to own indicators, but realization of this desire requires taking institutional considerations seriously. Technical competence needs to be balanced against political credibility when advocating particular policy actions.

- The development of the indicator set is only the first step. Monitoring will generate findings indicating that the indicator set needs to be acted on in ways that lead to measurable results, which may require (external) advocacy or support.
- SSATP should receive support to conduct a pilot test in one or more countries in the study (perhaps in all four) of the method proposed (red-amber-green) to rate the indicators and provide a baseline for a needs assessment and prioritization of actions in these countries for improving governance in the transport sector. This report offers a starting point.
- Finally, SSATP should receive support to identify and develop more accessible ways to present the proposed indicator set to key stakeholders in each pilot country. For many stakeholders, their interest in and potential ownership of the indicators may be better achieved through short presentations, short summary guides, and specific forums or meetings.

Introduction

This paper examines transport sector governance issues in four pilot countries by means of a process of consultation with key transport sector stakeholders. The consultation was intended to determine whether there is a consensus on what transport sector governance means in practice; why it matters; how it can be measured; and in what priority ways improvements in governance might make a real difference to the sector and to its contribution to national development.

The technical approach draws on the considerable literature that explores governance in general and the transport sector in particular. A framework of second-generation indicators[2] was used to guide and shape the investigation. However, throughout the study process—from defining governance as a concept, through the evolution of the study methodology, to identifying the key issues and associated indicators—the stakeholder perspective was of primary concern and so shaped both the process and the outputs. This resulted in a study that sought to avoid abstract governance definitions, complex composite measures,[3] and theoretical solutions, because they are perceived by stakeholders to be significant obstacles to understanding, ownership, and action.[4] More practically, the study adopted a broad and shared understanding that governance is best understood as the "exercise of authority with discretion and integrity" and that, as a corollary, poor governance is about the "abuse of power for inappropriate purposes and often personal gain."[5] This working definition facilitated communication and did not limit the scope of inquiry. Moreover, it neither con-

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[2] Second-generation indicators complement an earlier generation of work that helped identify the link between governance and development. Second-generation indicators are selected as those most likely to lead to practical reform because they are generated through a transparent process available in many countries that is accurate and specific (see Knack et al. 2002).

[3] A composite indicator or index is an aggregation of indicators into a single measure, intended to simplify a complex reality but often criticized for obscuring or smoothing those realities.

[4] A considerable literature covers the intellectual challenge of measuring an inherently abstract concept—see, for example, Thomas (2007).

[5] This is in line with definitions of public sector governance—see, for example, World Bank (2007b). It is also consistent with OECD's *DAC Guidelines and Reference Series: Good Practice Guidance for Development Cooperation,* which uses a similar definition for public sector governance (OECD 2006). Also see World Bank (1989) and IMF (2007).

strained discussion nor limited the selection of indicators to those that might broadly be referred to as "supply side" governance.[6] Indeed, the critical role played by civil society in relation to the state was acknowledged by all stakeholders.

Ultimately, the approach adopted focused on the search for indicators that stakeholders agree offer the best (albeit not perfect) opportunity to gather evidence of the extent to which authority is being exercised with integrity—or evidence of the results of efforts to resist the abuse of power. It also led to a focus on how stakeholders believe such indicators could (not should) be measured and on their suggestions for ways in which targets might be set and reached through a program of meaningful change. Inevitably, because of the range of subsector stakeholders interviewed, some of the indicators and intervention options identified are not equally relevant to all transport subsectors; some, however, apply to the full range. What the proposed indicators have in common is that they are widely understood to reveal something critical about governance in the transport sector, as learned from the stakeholders across the countries involved in the study. Furthermore, because they are actionable[7] in the view of these stakeholders, they appear to offer the potential for impact on transport sector performance in ways that would have positive consequences for both national development and confidence.

The rest of the paper is organized as follows. Chapter 2 explains the evolution of the technical approach incorporating stakeholder feedback. Chapter 3 presents indicators the most advocated based on the "governance cycle framework." These indicators are assessed for quality using the study criteria, and the link between these indicators and

[6] Many definitions of governance such as this one from the UN Development Programme, focus on the role of the state: Governance is the exercise of economic, political, and administrative authority to manage a country's affairs at all levels. Good governance, thus, signifies the competent management of resources and affairs in a manner that is open, transparent, honest, accountable, equitable and responsive to people's needs and problems. However, governance is also about the demands made by citizens, civil society organizations, and other non-state actors to hold the state accountable and to make it responsive to their needs. As the experience of many countries has shown, the demand side articulation has led to efforts by supply side actors to strengthen state organs in order to make them more transparent, accountable, and participatory. Thus governance is about the supply-demand relationship.

[7] *Governance and Anti-Corruption Strategy* (World Bank 2007a, 34–35) defines the need for actionable governance indicators that are commonly characterized as "narrowly defined and disaggregated indicators that focus on relatively specific aspects of governance and could provide guidance on the design of reforms and monitoring of inputs." For details, see https://www.agidata.info/main/AboutAGI.ashx.

the various transport subsectors is clarified. Options for using existing indicators and data sets to substitute for or support these indicators are also considered. Chapter 4 suggests systems and institutional arrangements for monitoring and evaluation and demonstrates the proposed scoring system for each indicator. Options for intervention at both the institutional and indicator levels are explored. Chapter 5 reaches some conclusions and explores options and recommendations for the next steps, including wider rollout. Appendix A and B contain the long and short lists, respectively, of the indicators considered. Appendix C consists of worked examples of SSATP transport governance indicators.

The evolution of a methodology: technical approach and stakeholder feedback

The "Inception Report for the Study" described a revised methodology for the three phases of the study: (1) design, (2) country visits, and (3) analysis and reporting.

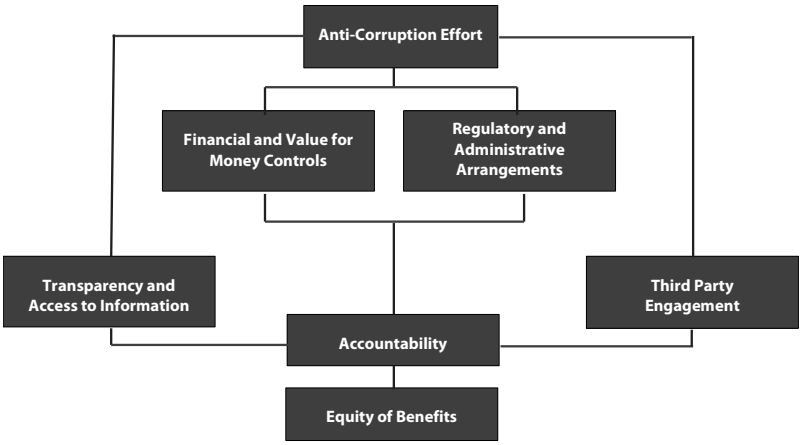
First phase

The eight key steps in the first study phase (the design phase) are described here.

Step 1. This step was a review of literature related to the study.[8]

Step 2. A long list of over 170 candidate indicators was drawn from the literature review and organized using a framework of six governance dimensions (see figure 2.1) and definitions (table 2.1). The indicator long list appears in appendix A.

Figure 2.1 Framework of dimensions for transport sector governance organization



8 Key reference documents appear in the bibliography. A list of the more than 210 documents reviewed as part of this study is available upon request.

Table 2.1 Definitions of Dimensions for the Indicator Organizing Framework

Dimension	*Definition*
Financial management and value for money systems	Extent to which sustainable financial institutions and arrangements have been put in place for maximum rural and urban transport service delivery
Administrative and regulatory procedures	Whether efficient and effective administrative units and regulatory arrangements have been made to maximize delivery of rural and urban transport benefits
Third-party engagement	Degree to which consultation with civil society and the private sector over transport sector development issues helps to ensure the identification of, and action to meet, priority needs
Transparency & access to information	Whether relevant and reliable information is available to all stakeholders
Anticorruption effort	Evidence of specific investment and demonstrable progress to reduce corruption
Accountability	How leaders account for progress in delivering beneficial transport services using public money
Equity of benefits	Whether pro-poor and pro-growth transport sector policies deliver measurable transport benefits to individuals and society

Step 3. This step consisted of developing clearly defined and justified selection criteria. These criteria were then used to score and thereby reduce the indicator long list to a more manageable number and to steer the survey work during the country visits. During a midterm reflection and lesson learning exercise at the end of the second country visit, the criteria were revised slightly (see table 2.2). The shortened list of indicators generated by this process appears in appendix B. This process of indicator selection does not mean that country visits were constrained by a focus on indicators on the list. Rather, the purpose of the list was to offer a starting point for the country visits and to frame conversations that might otherwise range too widely.

Table 2.2 Indicator Assessment Criteria and Definitions

Revised criteria	*Definition*
Actionable	▪ Indicator is narrowly and explicitly defined to provide clarity on the options to be considered in determining what steps can be taken to improve its score. ▪ Knowing about the score will enable an organization or its key stakeholders to do things better or more effectively. ▪ An institutionalized procedure is either in place or could reasonably be set up to collect data on the proposed indicator in the future.
Credible	▪ Indicator does not set direction for progress (and so is neutral) or say when change will be achieved. ▪ "Lead" indicators located in the arena of *formal rules* will be avoided if possible. ▪ Indicator is appropriate to the user's need and unduly affected by exogenous forces.
Nationally ownable	▪ Indicator resonates with the intended audience and is sensitive to concerns of government. ▪ Data are provided by politically acceptable sources and that can be embraced by reformers. ▪ Indicator is defined in a way that permits meaningful discussion on the appropriateness of any given rating. ▪ Data can be easily updated by country champions or members of the public with minimum specialist knowledge. ▪ Indicator is as consistent as possible with those already in use.
Relevant	▪ Indicator captures a critical dimension of the quality of governance. ▪ Indicator reflects important issues that warrant high-level policy advocacy. ▪ Indicator has potential to advance constructive development policy in the transport sector.
Sensitive	▪ Indicator varies sufficiently to allow measurement of changes in the underlying phenomenon. ▪ Unit of measurement is conducive to time-bound targeting. ▪ Interventions can affect this indicator.
Understandable	▪ Indicator is easy to understand by people who are not experts. ▪ Indicator is an unambiguous measurement that is intuitive in the sense that it is obvious what it is measuring and how it would be interpreted in practice. ▪ Indicator makes the same sense to all; easy to communicate. ▪ Potential user's capacity to absorb information is respected.
Available	▪ Data source exists—as primary data (collected by in-country institutions such as the national statistics office) or as secondary data (other organizations). ▪ Data collection is frequent or regularized without high cost or risk. ▪ There is a minimal time lag between the collection and reporting of data to ensure that indicators are reporting current rather than historical information. ▪ Information can be gathered while there is still time to act.
Reliable	▪ Data are trustworthy and defendable. ▪ Data are replicable through a well-documented process. ▪ Measurement process is methodologically sound. ▪ Data do not change according to who collects.

Step 4. The reduced indicator list was scored. The highest scoring indicators were assessed as an "indicator set," using basket criteria[9] (these basket criteria were also revised during country visits)—see table 2.3.

Table 2.3 Basket of Indicator Quality Assessment Criteria

Criterion	*Definition*
Balance between quantitative and qualitative measures	▪ Basket includes both quantitative and qualitative indicators. ▪ Some variables are suitable for rigorous quantitative analysis. ▪ Some variables are included to allow measurement of subjective judgment capturing how key stakeholders perceive the governance environment and outcomes in the transport sector.
Balance among policy, systems, and outcome	▪ The basket of indicators contains indicators that represent all key stages in the policy cycle, from policy formulation through systems to outcome in order to balance the mix of lead and lag indicators.
Coverage across Subsectors	▪ Basket covers all transport subsectors because a sufficient number of indicators can be easily adapted to measure the same or similar outcomes in subsector domains.
Equity for Stakeholders	▪ Basket will generate data that can be disaggregated to allow measurement of progress or impact on different demographic groups, particularly men and women, ethnic and tribal, subnational, professional. ▪ Variables will allow measurement of the underlying factors that shape power relations and changes in power relations between state and society and between different groups in society. ▪ Variables include direct or proxy measures of the empowerment of the poor.
Regional and national application	▪ A sufficient number of indicators are applicable at the regional level to allow comparisons between regions. ▪ A sufficient number of indicators are consistent with those used in other Sub-Saharan Africa countries so that comparisons can be made between nations.

Step 5. Local partners conducted a preliminary assessment of the availability of data to support indicators. An extract of one such assessment (Kenya) is provided in table 2.4. The work of refining the assessment of data availability continued throughout the

[9] The purpose of the basket criteria was to avoid a situation in which the indicator set became simply a list of indicators that *individually* satisfied the indicator assessment criteria, but which collectively did not provide a balanced set. The criticism that many indicator assessment criteria (such as the mnemonic "SMART") overly focus on the quality of the individual indicator at the expense of the collective is set out in the Department for International Development (DFID)-commissioned paper by ITAD (2011).

country visit phase. The selection of an appropriate partner able to access this information and reach these judgments was critical to this assignment.

Table 2.4 Snapshot of Preliminary Data Availability Assessment, Kenya

Indicator	*Data /Documents Requirements*	*Availability*	*Possible Institutional Sources*
Dimension 1: Financial Management and Value for Money Systems			
Funds for maintenance released in an appropriate and timely fashion (to the right agency)	Transport sector budget; transport sector disbursement records (amounts and timing); sub-sector disbursement records (amounts and timing) (all disclosing maintenance figures).	Yes, disbursement of fuel levy funds	Relevant ministry/department records (possible only available from Road Fund Board)
Composition (type of spending) of actual public expenditure in line with original	Transport sector budget down by department and major budget item; actual expenditure record by department and major budget item	Yes, disbursement of funds expenditure	MoF,, relevant ministry / department records
Transport agency receives regular and accurate reports from its department / divisions on the use of funds allocated to them.	Departmental / divisional financial expenditure reports	Yes, funds expenditure returns from agencies to MoR, MoT & MoF	MoT, MoR, sub-sectoral departments
For domestically financed expenditure (i.e. excluding donor financed elements) Capital expenditure / total expenditure as a percentage of capital budget / total budget	Fiscal projection (grants / loans); capital and recurrent budget for all transport sub-sectors; capital and recurrent expenditure for all transport sub-sectors	Budget and expenditure records available	MoF, ministry of planning and Vision 2030
Strategic national priorities are matched with budget allocations (this may be covered above	Medium term sector strategy / national development plan; ministry, department or agency allocations	Yes, strategic national priorities	MoF, ministry of planning and Vision 2030
Maintenance spent per km (on main network categories) broken down by provinces / regions over past three years	Maintenance expenditure by sub-national area (province, district); maintenance expenditure by network category	Yes, from agencies but not readily available	Agencies' annual maintenance expenditure reports

Note: MoF = ministry of finance; MoR = ministry of roads; MoT = ministry of transport; MTP = medium-term plan.

Step 6. In this step, meetings were held for the local partners in each country in advance of the arrival of investigators. A generic list of organizations and individuals

was circulated to local partners and used as the basis for making preliminary contact with stakeholders and scheduling meetings.

Step 7. A short perceptions survey (eight questions) was developed to allow data collection to support comparison of the perceptions of the types of stakeholder consulted. It was to be used as a tool to frame the discussions, particularly among stakeholders where it might otherwise proceed less easily. The limited coverage possible during such short visits meant that only very tentative inferences could be made from the findings generated. The perception survey questions appear in table 2.5.

Table 2.5 Perception Survey Questions

Survey question: **To what extent do you agree with the following statements?**	**Very much**	**To some extent**	**Not very much**	**I disagree**	**I don't know**
1. The government gets its priorities right with regard to transport sector spending.					
2. The public is adequately informed on how government spends public money on transport provision.					
3. There are reasonable opportunities for new market entrants to win transport concessions.					
4. Major transport contracts are awarded on a best value for money basis.					
5. It is now rare for a bribe to be paid in order to access or speed up a transport sector service (e.g., driving license or customs clearance).					
6. I believe corruption allegations are generally properly investigated and can be successfully prosecuted.					
7. If public sector officials in a "lead agency" override regulations and procedures they will be sanctioned.					
8. Complaints from the public are generally handled fairly.					

Step 8. Arrangements were made for the one-week visits to each of the four pilot countries.

Some reflection at the end of the design phase led to the following key observations:

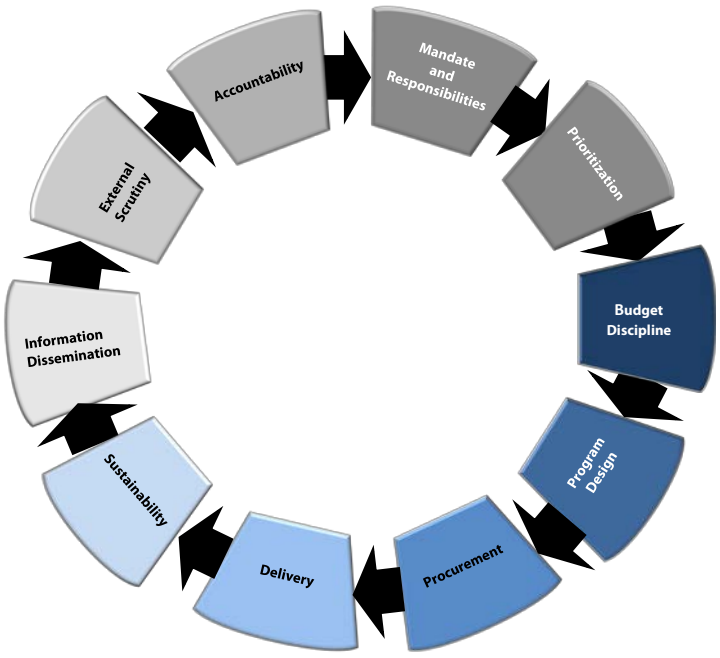
- Numerous indicators are already in circulation.
- Identification of those with greatest potential will require adherence to the quality assessment criteria developed for the study—but stakeholder views will be critical.

- Ultimately, the extent to which indicators are understood, can be monitored, and can help match solutions with "responsible" institutions will be strong signals of potential and productive use.

Second phase

The second study phase—the country visits—involved visits of one-week duration to four pilot countries. Discussions were held with 20–30 stakeholders in each country to gather perspectives on which aspects of governance are most critical to transport sector performance. Stakeholders included those from civil society organizations, the private sector, public administration, and political parties. Also during the visits, data were gathered on key current governance issues and solutions that work. Inevitably, it was not possible to produce a comprehensive report on governance issues across all subsectors after such short visits. However, country visit reports incorporating key findings from individual country visits and generated through cross-country comparisons were produced.

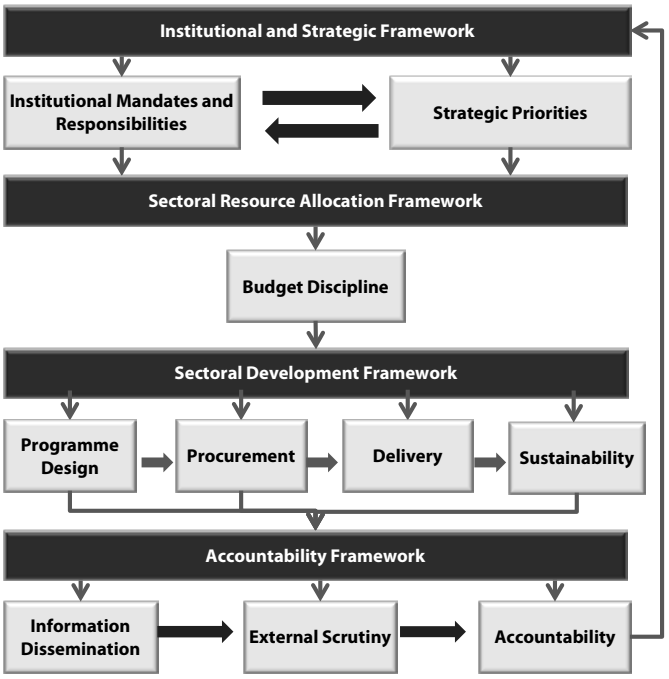
Figure 2.2 Phases of a "Governance Cycle" Appropriate to the Transport Sector



Three important process issues emerged during the data collection phase as a result of stakeholder feedback, all of which led to changes in the overall methodology:

1. *The emergence through conversation of the notion of a governance cycle.* Although the governance dimensions and indicator list helped frame the scope of the inquiry at the design stage, during the visits conversations were inevitably shaped by stakeholders' sectoral experiences and by their specific role in the management of that particular subsector. This role was often closely linked to a phase in the cycle of management activity (such as the procurement phase or the delivery phase). What then emerged quite naturally from the collated stakeholder interviews was a list of governance indicators related to "phases" in the management of the transport sector. Those phases for which indicators were identified appear in the "cycle" in figure 2.2, which presents a phasing of activity in which each phase requires the appropriate governance to secure good outcomes.[10]

Figure 2.3 A Governance Cycle Framework Based on Transport Planning, Management, and Oversight



[10] Although some of these phases are simultaneous or on-going rather than sequential, they are presented for simplicity as separate and distinct phases in figure 2.2.

Figure 2.3 organizes these phases into a governance framework. The relationship between indicators and phases of a governance cycle underscores a healthy perspective for at least some stakeholders—that governance is important at all stages in the translation of budget to benefits and the delivery of best value for money in the transport sector. The option to select a key indicator for each phase offered the possibility of generating an indicator "set" in which the whole would be more than the sum of the parts. Although each indicator would be an important measure in its own right, there would also be interdependence between the indicators, suggesting that progress in one might promote progress in others.

2. *Requests to see the report findings.* Most stakeholders expressed an interest in receiving a copy of the list of governance indicators that might be used to demonstrate progress, to set targets for improvement, and to advocate for change. Perhaps these requests were related to some nervousness about the issues that might surface the report , but also appeared to correspond to a real interest in knowing a little more about what governance looks like, how different sectors "measure up," and how stakeholders might take ownership of what until now has seemed to be an abstract, academic, or externally generated set of standards. Options for institutional ownership of the indicators identified through this study, the monitoring arrangements that might support them, and the potential for intervention to improve each appear in chapter 4 of this report. Encouragingly, that chapter reports clear opportunities to engage local institutions in governance monitoring in each pilot country—both with and without further donor support.
3. *Realization that the perception survey was less important than originally anticipated.* Most meetings held in-country were scheduled for less than one hour. To have framed each conversation around a limited range of questions would have prevented stakeholders from expressing their own views more widely on governance issues and possible responses, which in turn would have limited further refinement of the framework, reduced the opportunity to gather valuable information on stakeholder views about what governance means to them, and reduced the possibility of discovering indicators beyond the initial long list. In any case, because of the limited numbers of stakeholders to be interviewed, a focus on the survey would have narrowed the findings without offering appropriate robustness to justify the results. Therefore, in most meetings the perception questions were posed only during the last

five minutes of the meeting. In all, 67 stakeholders completed the survey..[11] The results of the perception survey appear in chapter 3.

The results of the data gathering during country visits and the stakeholder discussions were collated and assessed during the third study phase: analysis and reporting. The findings, conclusions, and options and recommendations for the next steps are presented in chapters 3–5.

[11] The survey was not conducted in Mali largely because of the more general "reluctance" to discuss governance shortcomings in that country. The study team thus judged that the survey might be more provocative than helpful if conducted.

Selecting and testing transport governance indicators

This chapter summarizes the key governance issues raised by stakeholders in the four pilot countries and attempts to distil the indicators that have the greatest potential to "capture" the critical governance component at the heart of the issues debated.

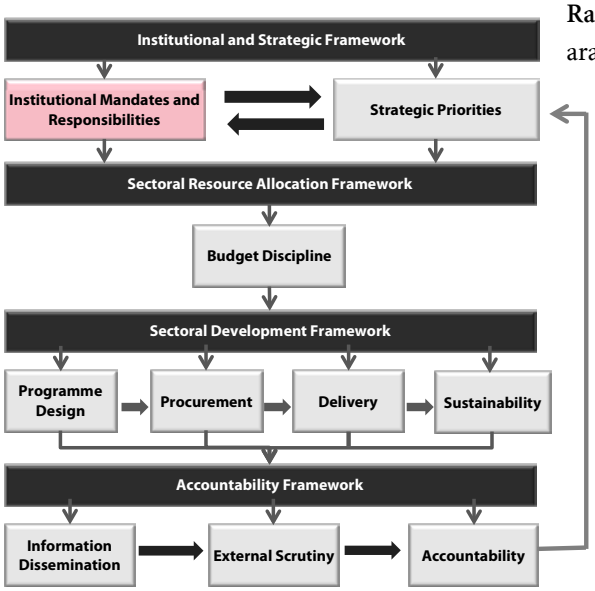
Critical governance indicators: Make or break decision making

In what follows, 10 indicators are proposed, together with a rationale for each to support the proposition that the indicator is critical to transport sector governance. This rationale is based on stakeholder perspectives that decisions related to these indicators are critically important to the successful functioning of the sector because they make or break performance targets. The location of each indicator within the governance cycle framework (see figure 2.3 in chapter 2) is highlighted. The rationale for the indicator is followed by a summary of specific issues related to the indicator as determined by the study.

In this chapter, a RAG (red-amber-green) scoring system is proposed as the basis for establishing baselines and targets for each of these governance indicators and for monitoring performance against targets. To demonstrate this process, one of the pilot countries or subsectors or ministries, departments, or agencies (MDAs) is assessed against each indicator to determine a baseline, suggest a target, and propose some options for policy advocacy and practical intervention.

In all cases, actions in response to the indicator may be assigned to an organization other than the one proposed as responsible for collecting data to support the indicator or for the results that the indicator measures. This is particularly true for *transparency* indicators that encourage public access to information, which may then lead to advocacy actions by external stakeholders. Thus the supply of information encourages a demand for governance. It is also important to emphasize that, although each indicator offers an important insight into governance in its own right—because each sits within the governance cycle framework—the entire set is interlinked. Thus an improvement in one (e.g., clearer priorities) has the potential to leverage improvements in another (e.g., alignment of budget).

Indicator 1: Clarity of and distinction between mandates and responsibilities of key ministries, departments, and agencies in the transport sector



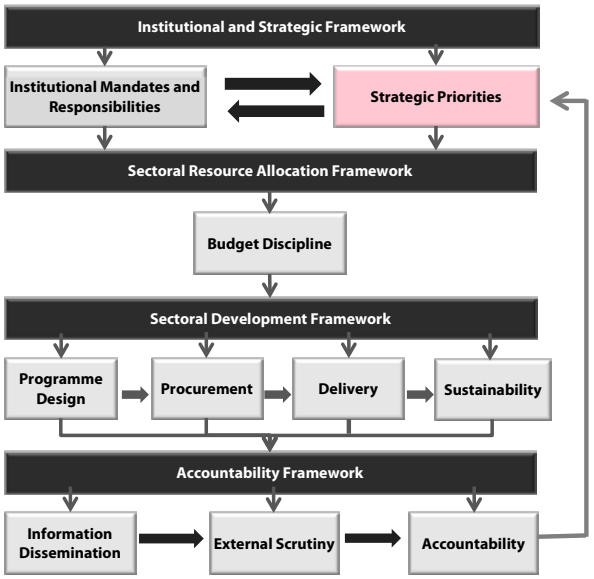
Rationale: Institutional reform and separation lie at the heart of transport sector performance in all four countries. Examples of this reform include separate road fund boards and road agencies created through changes in the law that now governs their establishment and operation; private sector concessions granted across all subsectors to privatize or create public or private partnerships where government had held the monopoly; and procurement and anticorruption agencies established to regulate and review the performance of the sector on a project or an organizational basis. A clear description of the responsibilities of key MDAs is essential for transparency and effective planning and provides clarity for leaders, a focus for delivery, a basis to resist external interference, and a clear locus of accountability.

What are the outstanding issues? This indicator was presented by stakeholders as a transparency, regularity, and accountability issue. In Kenya, road agencies were viewed as "too involved in policy." In Tanzania, senior officials within the Ministry of Transport thought that mandates were "competing rather than complementary." The Ministry of Transport in Zambia also thought there were "tensions between authorities." There was considerable consensus on the value of separating the regulatory function from service delivery, but concern that this should not mean that institutions become "disjointed and dislocated." There remains concern over duplication of mandate—such as in the road sector in Mali where the lines between responsibility for route types remain blurred and where MDAs are involved in direct procurement in ways that appear to be at odds with their mandated responsibilities. In Kenya, distinctions between the Ministry of Transport and Ministry of Roads are blurred, and reportedly there is interference in the work of the road agencies responsible for the network. In Zambia, the procurement authority is in flux despite a clear shared vision of what needs to change.

Potential for action? Across the pilot countries there is scope for changes in the law to tighten mandates, perhaps supported by a corporate planning approach to determine what these responsibilities are and where and why the duplications and gaps prevail. For one thing, mandate mapping exercises could be undertaken. There is also scope for clearer indicators to define institutional performance targets in line with responsibilities, for sanctions against those who step outside their limits, and for service-level agreements that translate these clearer distinctions into functional relationships. Compliance with mandate could be included in external audit processes.

Indicator 2: Coherence of transport sector policy and extent to which its prioritization process is based on objective criteria

Rationale: Transport sector policy must be aligned with the macroeconomic context in order to contribute to high-level national objectives. Within this framework, a consultative and needs-based approach to prioritization is a fundamental basis for political and public sector accountability. A cross-sector plan can help retain balance and integration across subsectors. A hierarchy of plans can then help a public administration to operationalize the government's agenda by assigning priority to objectives and outcomes at all levels. Prioritization should rely on objective criteria to enable the selection of projects on a sound economic and social basis. A number of investment decision tools (such as HDM in the road sector) and economic analysis approaches would be relevant.

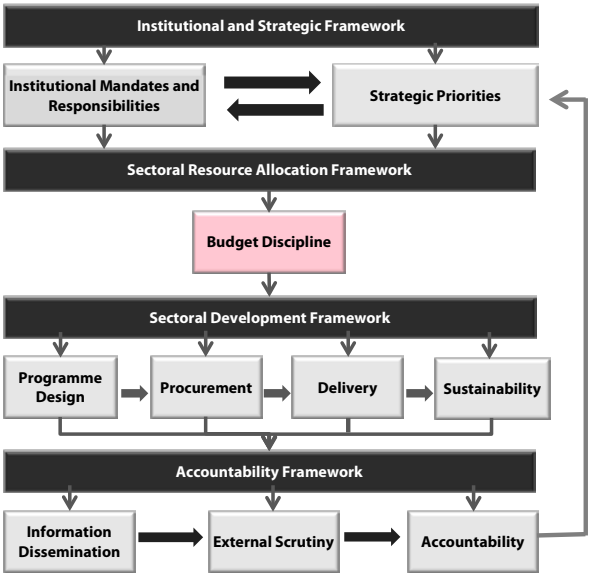


What are the outstanding issues? Across subsectors in Kenya the general view was that it is unclear how policy is developed. In Tanzania, policy was seen to be more about personal agendas than public priorities. And in Zambia, politicians referred to specific *projects* as examples of government *policy*. In that country, there was an expressed need—by donors and public sector officials—for an integrated master plan and a call for clearer criteria on which to base prioritization decisions and to expose political interference, which reportedly were particularly evident in the road project selection process. There was a widespread view that roads have dominated the agenda at the expense of other subsectors—particularly the rail networks in Tanzania and

Zambia. Across the pilot countries, road maintenance has received less investment than is warranted by economic return estimates. There is scope for both wider consultation and better integration in all four pilot countries.

Potential for action? Possibilities include facilitating a cross-government sectoral master plan; initiating wider consultation on priorities, including more decentralization and local participation; setting explicit standards for consultation and coverage; introducing economic analysis and investment decision tools; instigating wider publication of government policy and priorities, including rationale, through more diverse media.

Indicator 3: Budget allocations based on reliable financial forecasts and aligned to priorities based on objective criteria



Rationale: Experience suggests that good progress on outcomes at the sectoral level is achieved where links are well established among planning, prioritization, and realistic budgeting. Much depends on the abilities of governments to agree with MDAs on ceilings and resource envelopes based on reliable financial forecasts (which include grants and loans). Budget alignment with national priorities (objectively determined) should be a measure of both government effectiveness and aid effectiveness because it provides the basis for external scrutiny of public sector spending decisions. Uplifts in budget should be included in the alignment assessment, to prevent delayed allocations and late approval of "special projects" from becoming a vehicle for the diversion of funds away from national priorities.

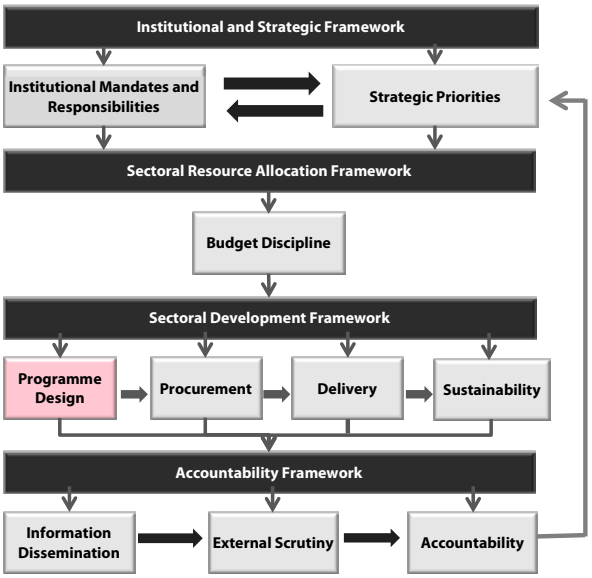
What are the outstanding issues? In the pilot countries, expenditure frameworks aligned to policy and sectoral plans are either not fully developed or not binding. In Mali, for example, the medium-term expenditure framework (MTEF) has limited influence on budget allocations. The Ministry of Transport in Tanzania is constrained by a planning cycle confined to one year. In Kenya, overcommitment of road funds is a major issue, severely curtailing the ability to plan for priorities based on potential

budget allocations. Indeed, in Kenya there are serious over allocation concerns—one stakeholder believed that "a reduction in pending bills would be a good way to show that government is dismantling the poor governance arrangements that allow for over commitment of the budget."

Potential for action? Potential actions include formulating medium-term sector strategies or expenditure frameworks; developing guidelines; pilot testing fiscal projection models and then introducing or improving them to close the gap between projected and actual revenue; and exploring new institutional arrangements such as parliamentary committees to scrutinize and improve budget management.

Indicator 4: Quality and use of key performance and value for money indicators

Rationale: An effective and accountable public sector requires clarity about its objectives in order to better align and justify the activities of MDAs and to improve the delivery of services and programs. Key performance indicators (KPIs) need to be expressed simply, clearly, and precisely in order to contribute to transparency, resource allocation, and accountability. Clearly, KPIs are not an end in themselves, and making the right choices about what is "key" is critical to their real value. MDAs need to be able to identify indicators that measure both performance and value for money—the latter offering opportunities to introduce indicators that may relate specifically to efforts designed to reduce corruption and waste.

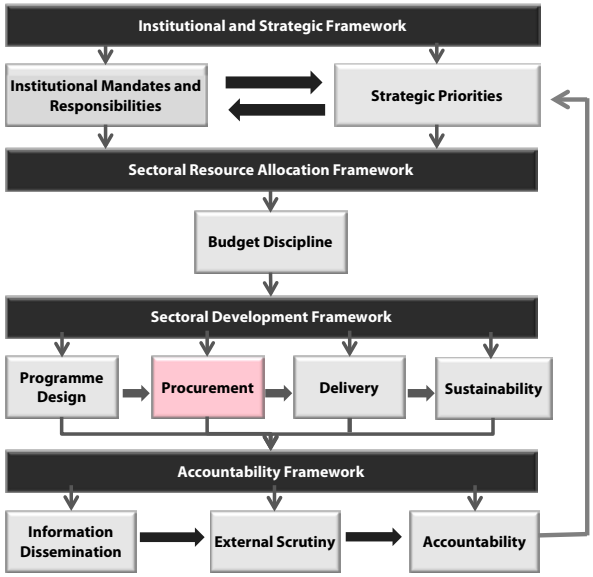


What are the outstanding issues? Across the pilot countries, the subsectors, and the MDAs, there is significant variation in the number and choice of KPIs, the clarity with which they are expressed, whether they are measured and reported publicly, and the extent to which they are felt to be binding. Some progress has been made in determining what the highest priorities are in terms of performance measurement, but monitoring and evaluation (M&E) systems remain weak and poorly integrated and the data unreliable. There is little commitment by leaders to determining levels of

responsibility or to facilitating coordination between institutions or a sense of ownership of the results.

Potential for action? There is considerable scope for improving the selection of KPIs; introducing key value for money measures of economy, efficiency, and effectiveness; building capacity in monitoring and evaluation; and enhancing the standard of reporting to governance bodies.

Indicator 5: Comprehensive and timely public disclosure of transport sector procurement plans



Rationale: A number of initiatives in the transport sector have been based on the premise that greater transparency—through greater disclosure of material procurement and project information—will yield benefits to government, industry, and civil society and to ordinary citizens.[12] Procurement processes are complex, and it is difficult to locate one process or link that—if it holds—reduces corruption significantly. After all, there are a great many examples of how "binding" rules are circumvented by those determined to secure inappropriate personal gain. Although there are no quick fixes, transparency plays a key role in reducing corruption by increasing the risk of corrupt activity being detected. However, transparency only translates into such benefits where the capacity and will to scrutinize and expose wrongdoing have also been developed. Caution is also necessary to ensure that the right information is released in order to avoid facilitating cartelization and price fixing.

What are the outstanding issues? Despite significant investment in procurement institutions and regulations in all four countries, there were many anecdotal examples of the circumvention of rules. Corrupt or collusive practices were initiated by both

[12] See CoST, the Construction Sector Transparency Initiative at www.constructiontransparency.org.

the client and the contractor. Indeed, investigators heard numerous stories of ways in which procurement regulations were being flouted and side-stepped,[13] to the extent that the existence of regulations was deemed to be an inadequate indicator of good governance in procurement. However, there was general agreement with one public sector stakeholder in Tanzania, who believed that "procedures have reduced the amount that can be creamed off." Nevertheless, as another Tanzanian public sector official stated, "Something is still radically wrong somewhere." This view was endorsed by private sector engineers, who spoke of "a conspiracy of silence" to explain the limited number of objections made to contact awards.

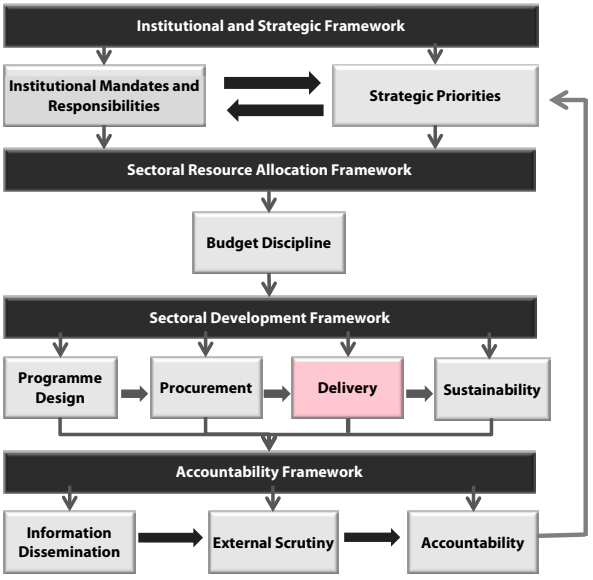
Potential for action? Possible actions include establishing a memorandum of understanding with MDAs on the quality, quantity, and timing of the release of information; supporting the use of appropriate means such as websites, journals, national or regional newspapers, or public posting; building capacity for external scrutiny of procurement plans and awards; including press bodies and not just nongovernmental organizations (NGOs); ensuring timeliness of resolution of complaints to allow contract awards to be reversed if necessary. The Public Finance Management Performance Measurement Framework (initiated by the Public Expenditure and Financial Accountability partnership program, or PEFA) has already developed an indicator (PI-19) that could be used across the region and provide an overlap with the governance framework proposed here.

Indicator 6: Comprehensive time and cost reports on progress of work for major (top 10) transport sector contracts, disclosed to the public in a timely and accessible manner

Rationale: Often neither MDAs nor contractors are under pressure—nor do they have a vested incentive—to prepare periodic progress reports and to establish a comprehensive database that would help track progress and detect early signs of project delays and incompleteness. Without such information, there is no capacity to identify and analyze the root cause of incompleteness or overruns. A range of "evidence" of poor delivery phase governance was cited by stakeholders: pending bills, cost and time overruns, and contract variations. Both cost and time overruns are measurable,

[13] Examples include previewing of tender documents by the preferred contractor, thereby allowing the preparation of a proposal and the building of a team before the requirement is announced; interference with bid documents; colluding on prices to squeeze out legitimate bidders on the grounds of price differentials; fixing the short list to create an "obvious winner"; and signing the contract before announcement of the award to reduce objections.

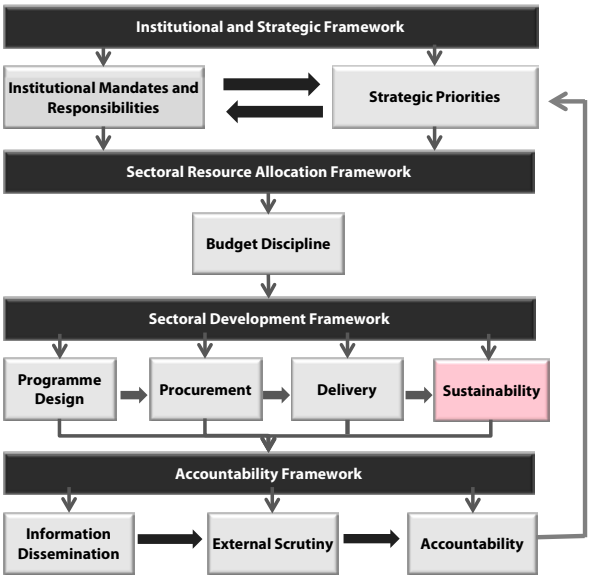
although time overruns were judged to be more accessible—and less politically sensitive—as a measure, as well as possibly slightly more time-sensitive in terms of data collection (i.e., discrepancies emerge sooner).



What are the outstanding issues? Whereas a shrinking budget is sometimes cited as the main cause of project delays, it rarely stands up to the test when comparing planned and actual spending. Rather, the primary problem is inefficient management and the political economy of rent-seeking. Delays in project implementation and the attendant costs overruns are a concern across the pilot countries and subsectors because they are attributed in large part to avoidable factors such as poor project design, signing of contracts for which there is no immediate budget, delayed cash releases and payments, contractor competence, and inefficiencies. Time overruns on projects are common, with some projects experiencing delays of more than a year. Many projects are left on hold without the appropriate acknowledgment that delays cost money in terms of penalty payments.

Potential for action? Possible actions are analyzing the bid price against the engineer's estimate; putting risk mitigation in place; analyzing patterns of poor performance against time and expenditure plans (easier to collect than indicators of quality and easier to standardize than unit cost information); undertaking evaluations to determine lessons learned; providing enhanced information for audit; and establishing an improved basis for accountability (perhaps links to KPIs).

Indicator 7: Transport sector agency has established benchmarks for routine and periodic maintenance of assets and allocates the budget accordingly.



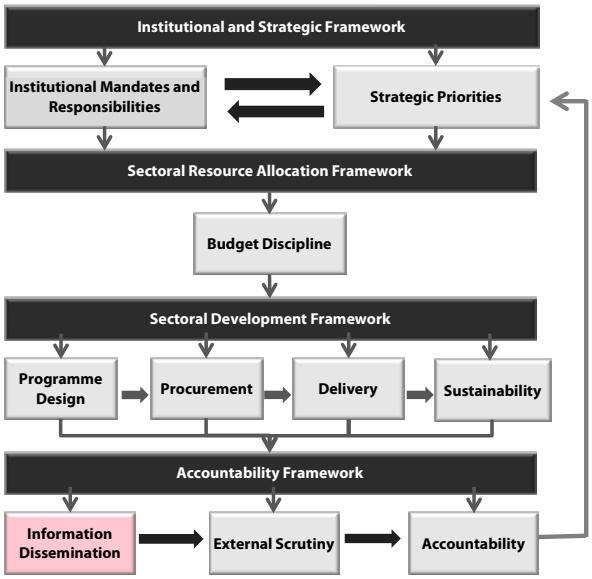
Rationale: Good governance is critical for safeguarding quality transport infrastructure through good budget finance and a professionally competent implementation agency that recognizes the importance of maintenance. According to Gwilliam et al. (2008), countries that devote a large share of their road funds to maintenance exhibit significantly better-quality indicators for their main road network (though not for rural roads). It follows that lower maintenance spending is a problem, because it generates a rehabilitation backlog and the associated high capital expenditure that further diminishes the amounts available for maintenance. In the road sector, countries with road funds and high fuel levies are substantially more successful at raising finances that translate into high road maintenance

What are the outstanding issues? Across the pilot countries but particularly in Mali, the rehabilitation backlog is attributed to poor maintenance spending. In Kenya and Tanzania, the high level of pending bills poses a threat to future maintenance. In Zambia, upgrading projects appears to be crowding out both the rehabilitation and maintenance expenditures. This is not a new phenomenon. Political will has long diverted resources to building new roads, or upgrading (e.g., paving) existing roads, often where there is little economic justification. Funds are diverted from needed routine and periodic maintenance, thereby increasing the downstream maintenance obligation.

Potential for action? A number of initiatives may be necessary before a consensus can be reached on benchmarks for maintenance standards and expenditures on an appropriate basis. This might include support for establishing or successfully operating a road maintenance fund; establishing locally sustainable road management systems; gaining political acceptance of the maintenance problem *and* the benefit that maintenance delivers; bringing stakeholders together for briefings; publishing a position paper; encouraging public comment; engaging civil society monitors; introducing

tools to enable the planning of maintenance based on reasonable estimates—for example, HDM-4[14] or a similar tool (although it is important that the results of tools such as HDM are then used in budgeting processes); commissioning independent surveys (but they can be expensive); building capacity to enable better analysis of needs against budget forecasts; setting up benchmarks for periodic and routine maintenance by establishing timing (e.g., every seven years) against road type (e.g., gravel roads) and prioritizing if necessary against volume of road use.

Indicator 8: Transparency and timeliness of annual budget and expenditure disclosures



Rationale: Full disclosure of financial information to the public is central to institutionalizing good governance, transparency, and accountability. Secrecy and lack of accountability breed corruption, whereas greater transparency can help to ensure the appropriate checks and balances. There is mounting evidence that if civil society organizations are engaged on the ground as actors in the process of budget consultation and expenditure monitoring, it is likely to translate into more efficient use of resources, eventually leading to better service delivery and development outcomes.

What are the outstanding issues? Some progress has been made in Zambia, but civil society representatives suggest that there is scope for wider consultation with and the enhanced credibility of civil society as a key player. Nevertheless, there are good examples of positive responses to civil society scrutiny and suggestion. This view was shared by Zambia's Ministry of Transport: "The comprehensive disclosure of information is the primary governance mechanism which facilitates best outcomes across the transport sector." This position was supported in Kenya, where the view of one official was that "a culture of confidentiality leads to talk of corruption." Progress in Tanzania rested largely on the disclosure of

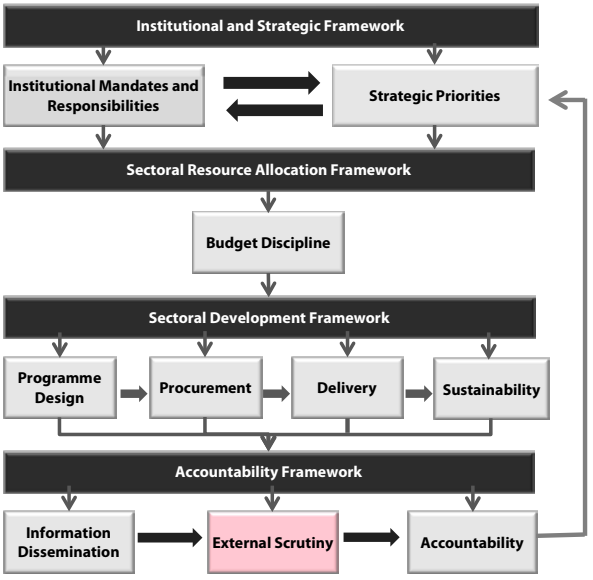
[14] The Highway Design and Maintenance Standards Model (HDM-4) was developed by the World Bank.

procurement rather than financial plans, but on this it was felt that information was presented in a way that obscured meaning. In Kenya, where there has been some attempt to release budget information to the public, the view was expressed that it has not been done in a way likely to be understood by the layman, in part because of the terminology used but also because "information needs to be linked to more pressing issues to excite people's interest." Several stakeholders recommended simplifying the language, disaggregating data, and using the appropriate delivery channels. The key words used to express views on this were accuracy, timing, and detail.

Potential for action? Possible actions include building capacity for monitoring and evaluating units and government officials for their timely and accessible presentation of information; using more diverse media channels; building the capacity of civil society to analyze and interpret data; and supporting civil society monitors.

Indicator 9: Rules applied to the membership and appointment process for key transport sector governance boards

Rationale: Governance boards play a vital role in ensuring that services provided are prioritized and offer the best value for the money. Boards need proper procedures and policies to operate effectively. Members of boards should bring skills and experience as well as vision to enhance decision making. Effective boards understand their role, ensure delivery of organizational purpose, are effective as individuals and a team, exercise control, behave with integrity, and are open and accountable.

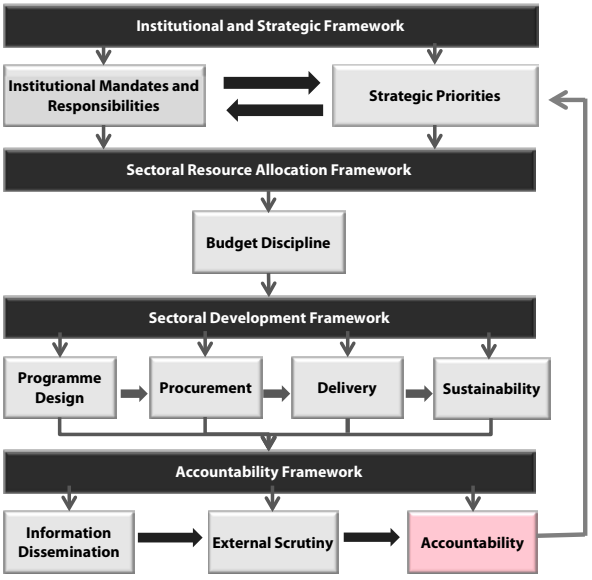


What are the outstanding issues? The political appointment of board members was a significant issue across all the pilot countries. Stakeholders in all four countries expressed the need for independent boards and shared a strong view that board places should be advertised and individuals vetted to ensure that they have the skills and competencies required to govern. There was considerable frustration that patronage dominates the appointment process and shuts out individuals who could make a difference. As one Zambian official put it, "We don't have a shortage of people with integrity." However, problems remain. For example, despite the design of many road

fund organizations to have, in principle, strong road user representation on their boards, a common feature of many is that the actual board members are ”nominated” or ”appointed,” and, although they may represent ”road users” as defined in the applicable road fund legislation, there is a perception that they may not necessarily be the most independent, or challenging, voice. Oversight boards exist in other parts of the sector such as in road traffic and licensing authorities, maritime transport, railways, and so forth. To better represent the interests of the end users, these boards should demonstrate independence and their appropriateness for the role.

Potential for action? Possible actions are revised guidance, support for lobbying and advocacy, and audit reports.

Indicator 10: Percentage of recommendations from independent technical and financial auditor reports implemented within one year



Rationale: Audits play a fundamental role in ensuring that organizations function according to good governance and accounting and auditing standards, as well as adopt appropriate risk management arrangements. Critically, the judgments of auditors on how well an organization has performed against these standards are independent. However, if organizations are not required to respond to the findings of auditors or there is no monitoring of this response, then the value of the entire process is undermined

What are the outstanding issues? In Zambia, an independent audit of the Road Development Agency (RDA) brought such significant discrepancies to light that it stalled donor support, and significant delays are continuing in that support pending implementation of the auditors' recommendations. In Mali, there are some issues related to some duplication of function with the Office of the Auditor General. Across the pilot countries, a review to determine the periodicity, findings, and responses to audits of MDAs would be of value.

Potential for action? Donor support of implementation of the findings and recommendations of audit reports can be very effective (including withholding of funds if

necessary). Other possible actions are providing capacity support for audit officers (including ensuring no duplication); incorporating tested and refined governance framework indicators in audit reports; and using governance indicators as preconditions for donor funding.

For ease of reference, the 10 indicators identified by the study are listed in table 3.1.

Table 3.1 A Framework of Proposed Indicators

Framework location	*Indicator*
1. Institutional mandates and responsibilities	Clarity of and distinction between mandates and responsibilities of key ministries, departments, and agencies in the transport sector
2. Strategic priorities	Coherence of transport sector policy and extent to which its prioritization process is based on objective criteria
3. Budget discipline	Budget allocations based on reliable financial forecasts and aligned to priorities based on objective criteria
4. Program design	Quality and use of key performance and value for money indicators
5. Procurement	Comprehensive and timely public disclosure of transport sector procurement plans (including bidding opportunities, contract awards, and data on resolution of procurement complaints)
6. Delivery	Comprehensive time and cost reports on progress of work for major (top 10) transport sector projects, disclosed to the public in a timely and accessible manner
7. Sustainability	Transport sector agency has established benchmarks for routine and periodic maintenance of assets and allocates the budget accordingly
8. Information dissemination	Transparency and timeliness of annual budget and expenditure disclosures
9. External scrutiny	Rules applied to the membership and appointment process for key transport sector governance boards
10. Accountability	Percentage of recommendations from independent technical and financial auditor reports implemented within one year

Quality assessment of the selected indicators using revised criteria

So that they were consistent with the study methodology, the 10 indicators advocated by stakeholders were rated using the quality assessment criteria to determine whether they were actionable, credible, nationally ownable, relevant, sensitive, understandable, available, and reliable (table 3.2).

Table 3.2 Scores of the Proposed Indicators

Governance cycle stage/indicator	Revised criteria score (0–2)								Total
	A	B	C	D	E	F	G	H	
Institutional mandates									
Clarity of and distinction between mandates and responsibilities of key ministries, departments, and agencies in the transport sector	4	4	4	4	2	4	4	4	**30**
Strategic priorities									
Coherence of transport sector policy and extent to which it directs the prioritization process	4	4	4	4	2	3	4	4	**29**
Budget discipline									
Budget allocations based on reliable financial forecasts and aligned to priorities based on objective criteria	4	4	4	4	3	3	4	4	**30**
Program design									
Quality and use of key performance and value for money indicators	4	4	3	3	3	3	4	4	**28**
Procurement									
Comprehensive and timely public disclosure of transport sector procurement plans (including bidding opportunities, contract awards, and data on resolution of procurement complaints)	4	3	4	3	3	4	4	3	**28**
Delivery									
Comprehensive time and cost reports on progress of work for major (top 10) transport sector projects, disclosed to the public in a timely and accessible manner	4	3	3	4	3	3	4	3	**27**
Sustainability									
Transport sector agency has established benchmarks for routine and periodic maintenance of assets and allocates the budget accordingly.	4	3	3	4	4	4	3	2	**27**
Information dissemination									
Transparency and timeliness of annual budget and expenditures disclosures	4	4	4	4	3	4	3	3	**29**
External scrutiny									
Rules applied to the membership and appointment process for key transport sector governance boards	4	4	4	4	2	3	4	4	**29**
Accountability									
Percentage of recommendations from independent technical and financial auditor reports implemented within one year	3	4	4	3	4	3	3	3	**27**

Note: A = actionable; B= credible; C = nationally "ownable"; D = relevant; E = sensitive; F = understandable; G = available; H = reliable. Assessors rated each indicator against the criteria as 0, 1, or 2, where 0 = poor; 1 = partial; 2 = good.

Scores were high across the indicator set; the strongest indicators were those related to institutional mandate and budget discipline, as well as prioritization, board membership, and disclosure of budgets.

Against the basket criteria test (table 3.3), the indicator set performed as follows:

- There are both quantitative and qualitative measures; the scoring mechanism outlined in chapter 4 allowed each indicator to be scored in a quantifiable way.
- The set is fact-based (see what follows on the importance of perceptions).
- There is a good balance between indicators that focus on policy issues and those related to systems and outcomes.
- All of the indicators have whole sector and all subsector relevance.
- There is significant scope for subnational application.
- The indicators offer only limited potential for disaggregation by social group (unless these are geographically located) because of the high-level nature of the indicators and the generic relevance of the benefits that can be accrued from transport sector development. The table includes (Y) to indicate that there is a possibility for some disaggregation, depending on policy priorities.

Table 3.3 Scores against the Basket Criteria

Basket criteria	*Indicator*									
	1	2	3	4	5	6	7	8	9	10
Balance between quantitative & qualitative	Qual.	Qual.	Quant.	Qual.	Qual.	Qual.	Quant.	Qual.	Quant.	Qual.
Fact (F)/perception (P) balance	F	F	F	F	F	F	F	F	F	F/P
Covers policy (P), systems (S), and outcomes (O)	P	P	P	S	S	O	O	P	S	S
Coverage across subsectors	Y	Y	Y	Y	Y	Y	N	Y	Y	Y
Equity for stakeholders	N	(Y)	(Y)	(Y)	N	(Y)	(Y)	N	N	(Y)
National/subnational application	Y	Y	Y	Y	Y	Y	Y	N	N	Y

Note: Y = yes; N = no.

Subsector relevance and indicator potential

An unplanned but notable potential of the indicator set was highlighted by the basket criteria test and is elaborated in table 3.4. Many of the indicators can be used on a cross-transport sector basis for all of the subsectors (to allow a cross subsector comparison), for individual subsectors, and for MDAs within the sectors. This flexibility in application would facilitate comparative analysis, assuming the methodology used for assessment could be consistently applied. 3.4 records the potential application of each indicator.

Table 3.4 Potential Application of Proposed Indicators

Indicator	Whole sector	All subsectors	All MDAs	Road	Rail	Air	Waterways	Port
1. Clarity of and distinction between mandates and responsibilities of key ministries, departments, and agencies in the transport sector	✓	✓	✓	✓	✓	✓	✓	✓
2. Coherence of transport sector policy and extent to which its prioritization process is based on objective criteria	✓	✓	✓	✓	✓	✓	✓	✓
3. Budget allocations based on reliable financial forecasts and aligned to priorities based on objective criteria.	✓	✓	✓	✓	✓	✓	✓	✓
4. Quality and use of key performance and value for money Indicators	✓	✓	✓	✓	✓	✓	✓	✓
5. Comprehensive and timely public disclosure of transport sector procurement plans (including bidding opportunities, contract awards, and data on resolution of procurement complaints)	✓	✓		✓	✓	✓	✓	✓
6. Comprehensive time and cost reports on progress of work for major (top 10) transport sector projects, disclosed to the public in a timely and accessible manner	✓	✓		✓	✓	✓	✓	✓
7. Transport sector agency has established benchmarks for routine and periodic maintenance of assets and allocates the budget accordingly		✓		✓	✓	✓	✓	✓
8. Transparency and timeliness of annual budget and expenditure disclosures	✓	✓	✓	✓	✓	✓	✓	✓
9. Rules applied to the membership and appointment process for key transport sector governance boards	✓	✓	✓	✓	✓	✓	✓	✓
10. Percentage of recommendations from independent technical and financial auditor reports implemented within one year	✓	✓	✓	✓	✓	✓	✓	✓

Composite indicators: Complexity made simple?

It was not the intention of the study to add another 10 indicators to the already overwhelming number of indicators in circulation; rather, once the most significant governance issues had been identified, the intention was to select indicators already in use that could be used to monitor and manage these issues. The 10 proposed indicators in large part meet this ambition. They are understood by stakeholders in-country and across countries and are already measured in some places and by some institutions—albeit not comprehensively, very well, nor necessarily with consequences when they reveal poor performance. These challenges are considered in chapter 4.

However, in terms of indicators already in use, the study also considered those that have been developed by external players. These often composite indicators or indexes offer a number of arguable advantages, including being independently verified, and bring together a number of sometimes complex measures, transforming these, through a robust methodology, into a single figure. A question for the study was whether these composites would provide a better single measure of the priority governance concerns raised by stakeholders. Would they be more reliable and robust than any "home-grown" variety?

A number of composites were examined in the light of these considerations to determine whether these indicators would stand as better proxies for the governance issue and the associated indicators identified by the study—or perhaps offer an appropriate data source for institutions keen to monitor performance in this regard. Some of the possibilities are listed in table 3.5.

Further consultation would be necessary to assess buy-in from stakeholders to these indicators or others. However, overall and somewhat perversely, the strengths of most composite indicators perhaps also best describe their weaknesses, because the methodology that makes them robust is poorly understood by stakeholders and so reduces transparency and ownership (something critical for advocacy indicators). The "smoothing effect" of combining indicators is perceived to obscure realities and compromises credibility.

Table 3.5 Proposed Indicators and Associated Composites

Indicator	*Composite options*	*Comments*
Coherence of transport sector policy and extent to which its prioritization process is based on objective criteria	Mo Ibrahim Index: public management, budget management	Africa-owned; aggregates a number of indicators, but detail is then lost for the subsequent policy action required in each area
	Bertelsmann Foundation Sustainable Governance Indicators: management index: policy implementation[a]	Explicitly reviews whether government translates its objectives and priorities into implemented policy; only undertaken in Organisation for Economic Co-operation and Development–Development Assistance Committee (OECD-DAC) countries
Comprehensive and timely public disclosure of transport sector procurement plans	Public Expenditure and Financial Accountability (PEFA)	A dimension of one PEFA indicator has been selected for the study (PI-19 (iii))
Transparency and timeliness of annual budget and expenditure disclosures	Mo Ibrahim Index: public management, budget management	Data collected in-country by civil society and research institutes
	International Budget Project: Open Budget Index (OBI)[b]	Unknown how long the OBI project will be funded and available.
Rules applied to the membership and appointment process for key transport sector governance boards	Worldwide Governance Indicators: control of corruption	May not be focused enough because it looks at wider elite capture
Percentage of recommendations from independent technical and financial auditor reports implemented within one year	Mo Ibrahim Index: public management, budget management	As above—at aggregate level includes emphasis on timely and focused audits and responses

a. See http://www.sgi-network.org/ for further details.

b. Developed from a comprehensive study through the Open Budget Survey, the index evaluates whether governments give the public access to budget information and opportunities to participate in the budget process at the national level. The first Open Budget Survey index was developed in 2006 (now biannual). It works with civil society and research institutes in 85 countries to collect data for the survey. See http://internationalbudget.org/ for further details.

The importance of perception

As part of the process of identifying the main governance issues in the subsectors visited, stakeholders were asked to complete a very brief questionnaire. it provided a snapshot of perceptions and allowed individuals to express their own views—often based on personal experience—of governance and reform. The questions were asked

Table 3.6 Survey Data Collated

	INTERNAL STAKEHOLDERS					EXTERNAL STAKEHOLDERS				
Survey question: "To what extent do you agree with the following statements?"	**Very much**	**To some extent**	**Not Very much**	**I disagree**	**I don't know**	**Very much**	**To some extent**	**Not very much**	**I disagree**	**I don't dnow**
The government gets its priorities right with regard to transport sector spending.	11	58	28	3	0	3	52	16	29	0
The public is adequately informed on how government spends public money on transport provision.	3	33	39	25	0	3	16	39	42	0
There are reasonable opportunities for new market entrants to win transport concessions.	53	25	3	11	8	32	26	23	10	10
Major transport contracts are awarded on a best value for money basis.	25	42	11	17	6	6	26	19	32	16
It is now rare for a bribe to be paid in order to access or speed up a transport sector service (e.g., driving license or customs clearance).	6	28	25	36	6	6	13	26	52	3
I believe corruption allegations are generally properly investigated and can be successfully prosecuted.	14	36	22	28	0	0	23	29	48	0
If public sector officials in a "lead agency" override regulations and procedures, they will be punished or sanctioned.	33	39	8	17	3	13	23	42	23	0
Complaints from the public are generally handled fairly.	22	44	14	17	3	0	23	39	32	6

at the end of the interviews, in part to elicit some more insightful observations as people expanded on their answers. Of the 67 persons interviewed in the four countries, an average of 22 (per country) responded to the questionnaire in the three countries in which it was used.[15] The limited numbers of interviewees involved inevitably meant that the results would require far more robust testing to be statistically

[15] The questionnaire was not used in Mali (although it had been translated) in part because of the difficulties of managing the delicately "'nuanced" translation—which was extremely important in the other countries as well. Primarily, though, it stemmed from a reluctance to discuss governance issues as openly. The response that there were few governance issues to address was heard on numerous occasions. Because the questions were to act more as a catalyst for conversation than as a barrier to it, we did not press the matter.

valid. The survey does nevertheless add an interesting dimension to the study, particularly in view of the dominance of fact-based indicators in the proposed indicator list. Although the sample size is insufficient to draw substantiated conclusions, some interesting patterns did emerge. Data supporting the findings appears in table 3.6, with headlines in table 3.7.

Table 3.7 Headline Survey Findings

Survey question: "To what extent do you agree with the following statements?"	*Results by stakeholder type*
The government gets its priorities right with regard to transport sector spending.	Although the majority of both internal and external stakeholders agreed "to some extent," a higher percentage of external stakeholders "disagreed."
The public is adequately informed on how government spends public money on transport provision.	Among both internal and external stakeholders there was clearly a feeling that the public was inadequately informed; disagreement with statement expressed most strongly among external stakeholders.
There are reasonable opportunities for new market entrants to win transport concessions.	Clear majorities of both internal and external stakeholders agreed "very much" or "to some extent" with statement.
Major transport contracts are awarded on a best value for money basis.	Greater sense of agreement among internal stakeholders; lesser sense among external stakeholders.
It is now rare for a bribe to be paid in order to access or speed up a transport sector service (e.g., driving license or customs clearance).	General view of both internal and external stakeholders was that this was *not* the case. Opinion most strongly felt among internal stakeholders.
I believe corruption allegations are generally properly investigated and can be successfully prosecuted.	A range of views on this statement and no clear sense of agreement or disagreement among internal stakeholders, although a stronger sense of "disagreement" was felt among external stakeholders.
If public sector officials in a "lead agency" override regulations and procedures they will be punished or sanctioned.	Greater sense of agreement on "very much" or "to some extent" among internal stakeholders; greater sense of "not very much" or "disagree" among external stakeholders—but no great polarization.
Complaints from the public are generally handled fairly.	More positive perception of how complaints are dealt with among internal stakeholders than external stakeholders.

Note: The survey was anonymous, and respondents were classified in terms of whether they were public (internal) or private or civil society organization (external) stakeholders.

A workable approach to measuring and managing transport sector governance

The purpose of the proposed indicators is to allow policy decision makers to improve governance performance within the transport sector and to provide policy advocates with access to robust information as a platform for appropriate action. Those measuring governance often perceive the indicators being examined as broad in nature, with perhaps abstract institutional setups, structures, and opportunities for development. To help ground governance as a manageable concept, there needs to be a clear and objective basis for the scoring of indicators—and one that can better support decision making at both the policy and planning levels.

A monitoring and evaluation system: Preliminary design and sample scoring

This chapter begins by presenting a possible scoring framework that would allow indicators to be base-lined and then targets to be set as the basis for action. The scoring system is founded on a simple four-level RAG (red–red/amber–amber/green–green) rating approach, allowing assessment of performance along a continuum. The RAG ratings used are presented in table 4.1 and are followed by 10 worked examples to exemplify the indicators.

The chapter then examines the institutional arrangements around these indicators and provides a preliminary "how-to" guide to support the monitoring and evaluation of the data to be collected. This examination is followed by consideration of the kinds of practical action that might be relevant in countries wishing to move their performance along the indicator "score line."

Table 4.1 List of Indicators and Respective RAG Ratings

Indicator	Red	Red/amber
1. Clarity of and distinction between mandates and responsibilities of key ministries, departments, and agencies in the transport sector	Mandates and responsibilities have not been defined or are unclear.	Mandates and responsibilities have been defined, but there is significant overlap.
2. Coherence of transport sector policy and extent to which its prioritization process is based on objective criteria	No transport sector-wide policy. OR Policy does not identify needs of subsectors.	Transport sector policy exists and identifies issues across some subsectors, but not linked to macroeconomic context.
3. Budget allocations based on reliable financial forecasts and aligned to priorities based on objective criteria	More than 50% difference between sector financial ceilings and actual budget allocation (by amount). OR Budget allocation by priority (based on top five projects by value) is so different from sector strategy that a comparison is not possible.	Less than 50% difference between sector financial ceilings and actual budget allocation. OR Budget allocation by priority (based on top five projects by value) is significantly different (more than 50%) from sector strategies.
4. Quality and use of key performance and value for money (VFM) indicators	No key performance indicators (KPIs) developed for the sector, or some KPIs developed but with no targets.	KPIs developed with targets but not monitored or reported. OR Do not include VFM indicators.
5. Comprehensive and timely public disclosure of transport sector procurement plans (including bidding opportunities, contract awards, and data on resolution of procurement complaints)	Government lacks a system to generate substantial and reliable coverage of key procurement information. OR Government does not systematically make key procurement information available to the public.	At least two of the key procurement information elements are complete and reliable for government units representing 50% of procurement operations (by value). AND Elements are made available to the public through the appropriate means.

Amber/green	Green
Mandates and responsibilities have been defined, but there is some lack of clarity or overlap.	Mandates and responsibilities are clear, and there is no overlap.
Transport sector policy exists and identifies issues across all subsectors, but does not prioritize them in an objective way.	Transport sector policy exists and is explicitly linked to macroeconomic policy with issues identified and prioritized in an objective way.
Less than 20% difference between sector financial ceilings and actual budget allocation. AND Budget allocation by priority (based on top five projects by value) is not significantly different (less than 50%) from sector strategies.	Sector financial ceilings and budget allocations are consistent (less than 10% difference). AND There is little discrepancy (less than 20%) between sector strategy and budget allocation in terms of priorities (based on top five projects by value).
KPIs (including VFM indicators) developed, but under 50% monitored and reported.	KPIs (including VFM indicators) developed, and over 50% monitored and reported.
At least three of the key procurement information elements are complete and reliable for government units representing 75% of procurement operations (by value). AND Elements are made available to the public in a timely manner through the appropriate means.	All the key procurement information elements are complete and reliable for government units (90% of procurement operations (by value) . AND Elements are made available to the public in a timely manner and through the appropriate means.

Indicator	Red	Red/amber
6. Comprehensive time & cost reports on progress of work for major (top 10) projects, disclosed to the public in a timely and accessible manner	Information does not provide sufficient detail for analysis, or information on actual budget variations or expenditure not disclosed.	Information does not provide sufficient detail for analysis, or information on variations or actual expenditure incomplete or in non-compatible format.
7. Transport sector agency has established benchmarks for routine and periodic maintenance of assets and allocates the budget accordingly	Benchmarks not established. OR No link between benchmarks and allocation decisions.	Benchmarks established, but routine and periodic maintenance not prioritized (less than 50% of needs met using less than 50% of total subsector budget).
8. Transparency and timeliness of annual budget and expenditure disclosure	Budget information does not provide sufficient detail for analysis, or information on actual expenditure not disclosed.	Budget information does not provide sufficient detail for analysis; information on actual expenditure incomplete or in non- compatible format.
9. Rules applied to the membership and appointment process for key transport sector governance boards	Minority private sector representation on oversight boards and appointed directly.	Majority private sector representation on oversight boards but appointed directly (e.g., by president or minister).
10. Percentage of recommendations from independent technical and financial auditor reports implemented within one year.	Recommendations not published, nor any details of any follow-up actions.	Technical and financial audits published but no details of any follow-up actions, OR follow-up actions published but less than 50% implemented.

Amber/green	Green
Information provided; information on variations or actual expenditure incomplete.	Information provided in appropriate level of detail; expenditure information provided in comparable level of detail.
Benchmarks established and significant evidence of prioritization (more than 50% of routine and periodic maintenance needs met or more than 50%t of total subsector budget allocated to maintenance).	Benchmarks established and more than 80% of maintenance needs met or more than 80% of budget allocated to maintenance.
Budget information provided; information on actual expenditure incomplete.	Budget information provided in appropriate level of detail; expenditure information provided in comparable level of detail.
Majority private sector representation on oversight boards; appointed through competitive process—but process lacking transparency.	Majority private sector representation on oversight boards; clear, transparent, competitive meritocratic appointment process for private sector members.
Technical and financial audits published, but incomplete information on follow-up actions published or only between 50% and 75%nt of recommended actions implemented.	Technical and financial audits published; full information on over half of the follow-up actions published; over 75% of recommended actions implemented.

A snapshot of 10 worked examples taken from the pilot countries follow in order to demonstrate how the indicator scoring system might be applied in practice. In each example, the indicator is applied to a particular country and sector or MDA, and then a RAG rating is provided for the current situation and as a proposed realizable target. Evidence supporting the current RAG rating is provided beneath each example, together with potential interventions to support the target.[16]

1. Transport Governance Framework: Institutional Mandates and Responsibilities (Kenya)

Indicator 1	*Country*	*Sector/MDA*	*Current rating*	*Target rating*
Clarity of and distinction between mandates and responsibilities of key ministries, departments, and agencies in the transport sector	Kenya	Whole sector	Amber / green	Green

Evidence supporting the current rating

Although various roads and other agencies (e.g., Kenyan Civil Aviation Authority) within Kenya[17] have been given clear mandates, there is some confusion in some subsectors, particularly in the ports and inland waterway arena, with overlapping responsibilities between the Kenya Maritime Authority, Kenya Ports Authority, Kenya Ferry Services Limited, and Kenya Railways Corporation.

Potential policy actions in support of the target rating

Kenya's "Integrated Transport Policy: Moving a Working Nation" issued in 2009 provides a comprehensive overview of the institutional situation, recognizing areas of concern and potential action (Ministry of Transport, Republic of Kenya 2009). The document makes extensive recommendations for the reform and restructuring of the wider transport sectors. The steps to be taken have been set out in Kenya's 2009 national transport policy. They include: establishing a directorate of transport, consolidating transport functions under one ministry, separating policy, and strengthening regulatory and service provision functions. Clarity is required about which unit is responsible for taking forward the appropriate initiatives.

[16] Appendix C contains these examples in more detail, with suggestions for improving the influence of this indicator on transport governance in the respective country (if appropriate).

[17] For example, the Kenya Roads Board, Kenya National Highways Authority, Kenya Urban Roads Authority, and Kenya Rural Roads Authority.

2. Transport governance framework: Strategic priorities (Zambia)

Indicator 2	*Country*	*Sector/ MDA*	*Current rating*	*Target rating*
Coherence of transport policy and extent to which its prioritization process is based on objective criteria	Zambia	Whole sector	Red / amber	Amber/green

Evidence supporting the current rating

Zambia's national transport policy was last issued in 2002 (Ministry of Communications and Transport, Republic of Zambia 2002). Many changes were made at that time, including reform of the National Road Fund (from the previous National Road Board) and the Road Development Authority. However, although the transport sector policy exists and identifies issues across some subsectors, it is not linked to the macroeconomic context.

Potential policy actions in support of the target rating

The ministry responsible for transport—until September 2011 the Ministry of Communications and Transport—was very recently merged with the Ministry of Works and Supply. This merger provides an opportunity to rationalize the approach to transport subsector planning. It could include strengthening the capacity of the staff of the Ministry of Transport, Works, Supply, and Communications (MTWS&C) and building the capacity of the Ministry of Finance staff to work in integrated way with transport sector planners and clarify procedures for the preparation of short- to medium-term plans and a prioritization process. The national transport policy could also be updated, rationalized, and clearly prioritized, including improving integration of higher-level macroeconomic planning with the current level of Zambia's 2010/11–2012/13 medium-term expenditure framework. Other actions are to introduce objective criteria to policy prioritization and project selection procedure in a transparent way.

3. Transport governance dimension: Budget discipline (Zambia)

Indicator 3	*Country*	*Sector/ MDA*	*Current rating*	*Target rating*
Budget allocations based on reliable financial forecasts and aligned to priorities based on objective criteria	Zambia	Whole sector	Red / amber	Amber/green

Evidence supporting the current rating

According to the auditor general's report, there was a significant commitment by the Zambia's Road Development Agency between 2006 and 2009. The document reports that in 2008 the RDA committed the government to contracts totaling K 1.643 trillion, despite having a total projected budget of K 1.200 trillion (K 685 billion from the Zambian government and K 515 billion from donors). This allocation resulted in an overcommitment of K 443 billion. This overcommitment was also based on the initial unrealistic budget expectations, particularly for donor funding. The total final expenditure was K 842.42 billion, or about 50 percent of the RDA's original commitments. In addition, a further five road projects, totaling K 182.455 billion, were procured outside the 2008 work plan. The authority to procure these projects was not available for audit (Auditor General's Office, Republic of Zambia 2009, 7–8).

Potential policy actions in support of the target rating

Possible policy actions include: reviewing the fiscal projection and resource allocation mechanisms and considering the appropriateness of the procedures of spending agencies and those entities providing funding and control of the mechanisms governing them. Capacity strengthening would be needed in several agencies. Also need to increase awareness of the importance of routine, regular, and timely checks.

4. Transport governance framework: program design (Tanzania)

Indicator 4	*Country*	*Sector/ MDA*	*Current rating*	*Target rating*
Quality and use of key performance and value for money indicators	Tanzania	Whole sector	Red / amber	Amber/green

Evidence Supporting the Current Rating

Performance indicators are drawn up by MDAs in agreement with development partners, but do not routinely include the value for money indicators. Other indicators across the road and port subsectors are routinely reported (e.g., at the Annual Joint Infrastructure Sector Review, JISR, meetings). Some key indicators are in line with the development partners' performance assessment frameworks for general budget support.

Potential policy actions in support of the target rating

The MDAs should seek to highlight the most effective examples of reporting—and use them as examples for others. Less effective reporting entities should be lobbied to

ensure full sector coverage. Other actions would include: seeking to institutionalize the collection of data in all key organizations; seeking to incorporate data collection processes within financial and management information systems; continuing to work closely with planning and finance ministries and development partners to improve the system over time; and incorporating anticorruption/VFM indicators as key to performance.

5. Transport sector governance framework: procurement (Mali)

Indicator 5	*Country*	*Sector/ MDA*	*Current rating*	*Target rating*
Comprehensive and timely public disclosure of transport sector procurement plans (including bidding opportunities, contract awards, and data on resolution of procurement complaints)	Mali	Whole sector[18]	Red / amber	Amber/green

Evidence supporting the current rating

A report produced in June 2011 for the *Ministère de l'Economie et des Finances* of Mali (ECORYS 2011) focused on shortcomings in the settlement of complaints and disputes to establish a PEFA[19] rating, against the backdrop of the establishment of a Dispute Resolution Committee in March 2010 (Decision No.002/ARMDS-CR). Documents provided for the reporting exercise did not indicate the consequences of complaints. Overall, the rating was red/amber because "a mechanism recording and processing claims relating to the process of procurement is in place but its design is poor and it does not work in a manner allowing a timely resolution of claims." However, it was noted that the creation in 2008 of the ARMD (*Autorité de Régulation des Marchés Publics et des Délégations de Service Public*) represented a major advance and offered real potential to reduce fiduciary risk.

Potential policy actions in support of the target rating

[18] Since the indicator was chosen post visit, data to exemplify its use is taken from a whole country report produced in June 2011 for the Ministry of Finance and Economy of Mali.

[19] The goals of the PEFA program are to strengthen the ability of partner countries and donor agencies to (1) assess the condition of country public expenditure, procurement, and financial accountability systems, and (2) develop a practical sequence of reform and capacity-building actions. PEFA is a World Bank initiative.

Government could assess itself using PEFA standards and methodology, and these could be verified by auditors. Access to information could be improved—in the short term government could use places where people congregate (e.g., courts and churches) to post information. Local councils could publish information affecting the local area; newspapers could be used to further widen dissemination.

6. Transport sector governance framework: delivery (Tanzania)

Indicator 6	*Country*	*Sector/MDA*	*Current rating*	*Target rating*
Comprehensive time and cost reports on progress of work for major (top 10) transport sector projects, disclosed to the public in a timely and accessible manner	Tanzania	Whole sector	Amber / green	Green

Evidence supporting the current rating

The Tanzania National Roads Agency (TANROADS) holds the original road project start and end dates, together with information on revisions to completion dates. Variations are also recorded. According to the data. of the 10 transport projects reviewed, all but one of the projects had time overruns, ranging from 3 percent to over 100 percent (TANROADS 2011). The financial information also available matches spending with progress against the contract in percentage terms; information is provided as well on the issues requiring action. The reasons for delays and cost overruns included rectification of defects, poor site management, delayed mobilization of staff, the resurveys and redesign required, poor utilization of equipment, customs delays, contractor disputes, breakdown of crusher plant, rain delays, slow release of compensation payments (mostly crops), and suspension because of a lack of working space. The presentation of information could be improved to make it easier to interpret.

Potential policy actions in support of the target rating

Overall, the reasons for overruns and overspending could be more thoroughly analyzed in order to find better ways to mitigate risk. TANROADS should tighten its assessments of contractor capacity and track records (without introducing a prequalification phase), so that the best-qualified contractors are engaged to carry out works. Furthermore, the quality of initial designs could be improved—to reduce the scope for introducing variation orders once project teams have mobilized—where conditions on site do not match those anticipated.

7. Transport sector governance framework: sustainability (Tanzania)

Indicator 7	*Country*	*Sector/MDA*	*Current rating*	*Target rating*
Transport sector agency has established benchmarks for routine and periodic maintenance of assets and allocates the budget accordingly.	Tanzania	Whole sector	Amber / green	Green

Evidence supporting the current rating

Using HDM-4 program analysis in April 2011, TANROADS determined the periodic maintenance needs of paved roads over the five years beginning with fiscal 2011/12. The annual financial requirement is some T Sh 88 billion for paved roads. However, T Sh 52 billion was allocated for periodic maintenance of paved roads in fiscal 2011/12, or only 59 percent of the amount needed. The financing gap between maintenance needs and maintenance spending overall fell from 65 percent in fiscal 2000/01 to 45 percent in fiscal 2010/11 (Ministry of Transport, Republic of Tanzania 2011; Ministry of Works, Road Fund Board). Although the coverage of routine maintenance dropped from 82 percent in fiscal 2008/09 to 69 percent in fiscal 2010/11 (this is explained by the expansion of the road network managed by TANROADS), periodic maintenance needs remained at a steadier level, about 58 percent. In line with this situation, the proportion of roads in good or fair condition has fallen.

The backlog for paved road maintenance is estimated at T Sh 442billion, and a plan is in place to carry out this work over the five-year period. The Road Fund Board recognizes that it faces a number of issues, the most pressing of which is insufficient funds to meet the huge backlog of maintenance stemming from deferred maintenance. Other issues include the inadequate capacity of agencies and some contractors to deliver quality road maintenance and the expanding network as the government increases the upgrading and building of new roads. The strategic plan for 2011–14 includes increasing funds and raising efficiency through better monitoring of works and curbing overloading as key objectives.

Potential policy actions in support of the target rating

The growing backlog of maintenance needs could, in theory, be reduced over time by increased funding. However, if full funding is unlikely, then a manageable system for reprioritization is required, which might involve allocating a greater proportion of road funds to maintenance rather than to upgrading. To facilitate such an approach, a

more accessible and more easily communicated set of data might need to be developed that demonstrates the outcome of various potential policy and associated investment decisions over the longer term.

8. Transport Governance Dimension: Information Dissemination (Zambia)

Indicator 8	*Country*	*Sector/ MDA*	*Current rating*	*Target rating*
Transparency and timeliness of annual budget and expenditure disclosures	Zambia	Whole sector[20]	Red	Amber/green

Evidence supporting the current rating

The Civil Society for Poverty Reduction (CSPR), a nongovernmental organization, has introduced a budget tracking and service delivery barometer that bases its assessment on government administrative data. Among other supporting points, the CSPR's 2010 report[21] finds that there is generally a lack of strong structures on the ground to involve citizens or inform them about the available resources, which would then enable them to monitor how these funds are allocated. The use of media such as newspapers to advertise disbursements is perceived to be ineffective because many poor people do not have the money to purchase newspapers and most advertisements are not broadcast on radio. When citizens do receive this information, there is no evidence that those who do receive it even understand it. Furthermore, the government publishes the *Yellow Book* for Zambia budget, but many people do not have access—nor is the Appropriation Act published.

Potential policy actions in support of the target rating

In the short term, government could use places where people gather (e.g., courts, churches) to advertise disbursements and local councils could publish their reports accounting for local resources. In addition, newspaper reporting could be enhanced. The government could also review Uganda's policy on the publication of financial disbursements, which has been cited as good practice.

[20] Since the indicator was chosen post visit, data to exemplify its use is taken from a whole country report produced in June 2011 for the Ministère de l'Economie et des Finances of Mali.

[21] See http://www.csprzambia.org for the latest annual report.

9. Transport Sector Governance Framework: External Scrutiny (Tanzania)

Indicator 9	*Country*	*Sector/ MDA*	*Current rating*	*Target rating*
Rules applied to the membership and appointment process for key transport sector governance boards	Tanzania	Whole sector[22]	Red	Green

Evidence supporting the current rating

The membership and appointment process of the Tanzania Roads Fund Board needs strengthening to increase private sector participation and reduce the proportion of direct appointments. Under the current arrangements, the chair is appointed by the president from people outside the public service, and four road user representatives are appointed by the roads minister from the road transport industry, the tourism industry, the Chamber of Commerce, Industries and Agriculture, the Confederation of Tanzania Industries, the National Cooperatives Organization, and any other organization of road users with no potential conflict of interest. The roads minister calls for nominations, the list of candidates is published, and objections are invited.

Potential policy actions in support of the target rating

SSATP could establish good practice guidelines and encourage the adoption of a standardized approach to membership and appointment rules across its member countries.

10. Transport sector governance framework: accountability (Zambia)

Indicator 10	*Country*	*Sector/MDA*	*Current rating*	*Target rating*
Percentage of recommendations from independent technical and financial auditor reports implemented within one year.	Zambia	Whole sector	Amber / green	Green

[22] Since the indicator was chosen post visit, data to exemplify its use is taken from a whole country report produced in June 2011 for the Ministère de l'Economie et des Finances of Mali.

Evidence supporting the current rating

The 2010 report of the auditor general on the Roads Development Agency recommended action against 51 findings. By November 2011, 34 (66 percent) of these had been implemented.

Potential policy actions in support of the target rating

Findings and associated recommended actions suggested by the Office of the Auditor General should be prioritized (high, medium, low importance) to enable a more strategic approach to implementation. This approach should also be recommended to subordinate auditing bodies. The relevant bodies should receive support to meet five further prioritized goals within the next six months.

Availability of data

Indicators are most likely to be used if the data to support them are already being collected and used. Although it was not possible in the short time available for this study to undertake a comprehensive survey of data availability and reliability, an initial attempt was made to summarize availability in the four pilot countries, and the summary findings of this exercise appear in appendix C. These findings can be verified and improved (see the recommendations in chapter 5).

It is hoped that the prospect of data availability and indicator ownership has been maximized by means of the consultative approach adopted by the study team. Under this approach, stakeholders have played a significant role in identifying the indicators they believe will work in practice.

Institutional arrangements: Balancing internal and external engagement in data gathering and advocacy

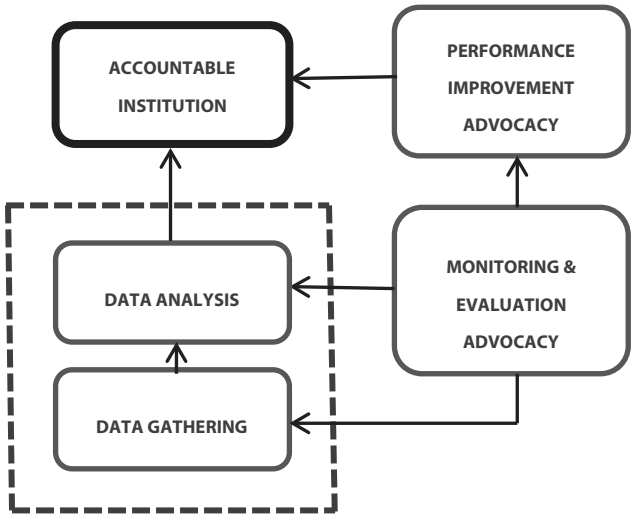
For any monitoring system to work, a number of key questions need to be answered at the institutional level: Who owns the indicators? Where are the data? How reliable are they? How are they gathered? Who collects them? What is the frequency of data collection? Who checks the data? How do feedback mechanisms work to ensure accountability? There are potentially up to five institutions that could

- Gather the information (who is the data collector?)
- Analyze the information (who is the data analyzer?)
- Ensure that the data gathering is done (who is the M&E policy advocate?)

- Ensure that results are acted upon (who is the performance improvement advocate?)
- Assume accountability for the result (who is responsible for reacting to the results?).

Figure 4.1presents this arrangement visually.

Figure 4.1 Institutional arrangements for data gathering and advocacy



Like the indicators themselves, the M&E findings need to be fully owned by those in the best position to interpret and act on them. For this to be achieved, the M&E system, as well as the indicators, needs to be credible. All of the proposed transport governance indicators must to be institutionally owned, and it must be clear who does what—although sometimes more than one of the five roles just listed may be combined in one institution such as data gathering and analysis.

For any monitoring system to be sustainable, the data collection should be routine and accurate. If it requires particular effort, the enthusiasm for collecting it is likely to lapse. Therefore, the decision on which institution will be the primary "owner" of an indicator is to some extent guided by the nature of the indicator itself. Note that the "right" institutional home will also depend on the level of data being examined. It is important that the institution have the competence to do what is required of it in terms of M&E.

In line with these requirements, one of the observed strengths of the indicator set is that much of the data required to support it—as described in the examples—is already being collected (e.g., annual subsector budgets, annual programs, annual income and expenditure reports, and technical and financial audits). There is, however, scope for improvement in process and transparency in many cases.

Table 4.2 lists generic MDAs across the pilot countries and the wider SSATP member country context with ownership potential for both data collection and gathering and policy (M&E system and performance improvement) advocacy. The last two columns show, by way of example, which specific organizations might be the "collecting" and "advocating" MDAs in Zambia.

Table 4.2 MDAs with institutional ownership potential, with Zambia as an example

Indicator	Key MDA	Suggested MDAs for Zambia	
		Collect and analyze the data (owning the indicators)	Use the data (advocating for change)
Institutional mandates and responsibilities			
Clarity of and distinction between mandates and responsibilities of key ministries, departments, and agencies (MDAs) in the sector	Transport Local government Departments responsible for regulation such as civil aviation (airline operators, air traffic), maritime transport, port operations, rail network and operations, road safety, vehicle , driver testing, licensing	Transport, Works, Supply and Communications Departments of Civil Aviation, Road Transport, Maritime and Inland Waterways, Planning Road Transport and Safety Agency Road Development Agency Railway Systems of Zambia Local Government and Housing Department of Housing and Infrastructure	Ministry of Finance and National Planning National Road Fund Agency Zambian Parliament: Parliamentary Committee for Communications, Transport, Works and Supply Government of Zambia: President's Office
Strategic priorities			
Coherence of transport sector policy and extent to which its prioritization process is based on objective criteria	Transport	Transport, Works, Supply and Communications Civil society organizations (CSO), Think tanks	Zambian Parliament: Parliamentary Committee for Communications, Transport, Works and Supply
Financial management			
Budget allocations based on reliable financial forecasts and aligned to priorities based on objective criteria	Finance National planning Line ministries	Finance and National Planning Transport, Works, Supply and Communications Road Development Agency Road Transport and Safety Agency Planning Department Departments of Civil Aviation, Road Transport, Maritime and Inland Waterways, Planning National Road Fund Agency	Office of the Auditor General Central Statistical Office Zambia Zambia Revenue Authority CSOs—such as Civil Society for Poverty Reduction (CSPR) and others

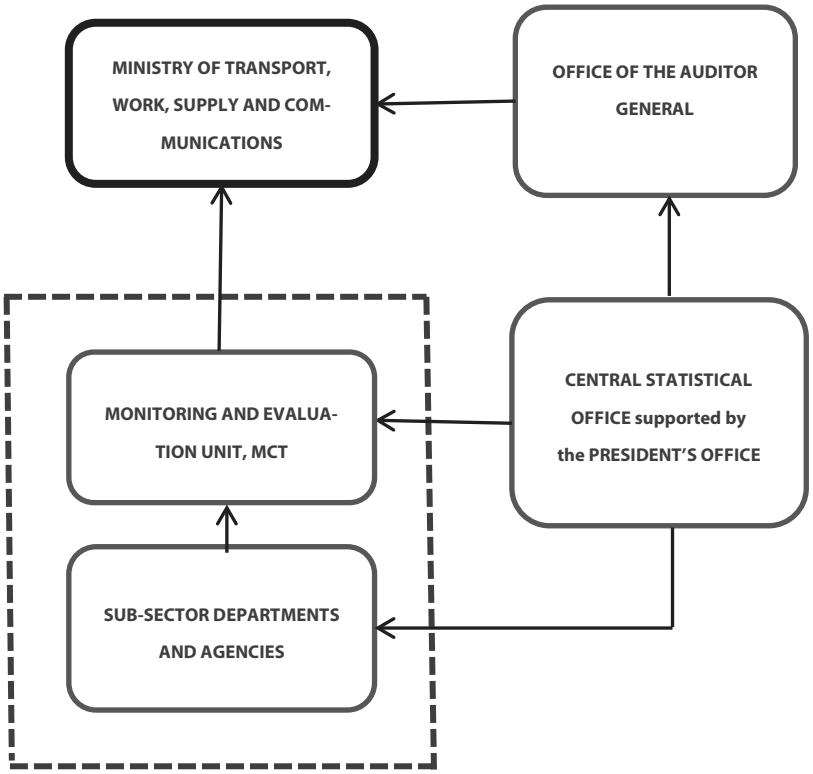
Indicator	Key MDA	Suggested MDAs for Zambia	
		Collect and analyze the data (owning the indicators)	**Use the data (advocating for change)**
Program design			
Quality and use of key performance and value for money indicators	Line ministries, departments, and agencies	Transport, Works, Supply and Communications Finance and National Planning National Road Fund Agency Local Government and Housing Department of Housing and Infrastructure Road Development Agency Road Transport and Safety Agency Planning Department Departments of Civil Aviation, Road Transport, Maritime and Inland Waterways Monitoring and Evaluation Unit	Office of the Auditor General Central Statistical Office Zambia Zambian Parliament: Parliamentary Committee for Communications, Transport, Works and Supply Government of Zambia: President's Office
Procurement			
Comprehensive and timely public disclose of transport sector procurement plans (including bidding opportunities, contract awards, and data on resolution of procurement complaints)	Ministries responsible for transport (including roads) Subsector agencies Procurement authority and regulator	Transport, Works, Supply and Communications Road Development Agency Road Transport and Safety Agency Departments of Civil Aviation, Maritime and Inland Waterways Monitoring and Evaluation Unit, Communications and Transport Zambia Public Procurement Authority ()	Office of the Auditor General Central Statistical Office Zambia Parliamentary Committee for Communications, Transport, Works and Supply Government of Zambia: President's Office Media groups (e.g., *Daily Mail, Post,* and *Times of Zambia*)
Delivery			
Comprehensive time and cost reports on progress of work for major (top 10) transport sector projects, disclosed to the public in a timely and accessible manner	Ministries responsible for transport and roads	Transport, Works, Supply and Communications Department of Road Transport Road Transport and Safety Agency Monitoring and Evaluation Unit Communica-	Central Statistical Office Media groups (e.g., *Daily Mail, Post,* and *Times of Zambia*) CSOs

Indicator	Key MDA	Suggested MDAs for Zambia	
		Collect and analyze the data (owning the indicators)	**Use the data (advocating for change)**
		tions and Transport	
Sustainability			
Transport sector agency has established benchmarks for routine and periodic maintenance of assets and allocates the budget accordingly	Ministry responsible for finance, planning Ministries responsible for transport (including roads) Subsector agencies	Transport, Works, Supply and Communications Road Development Agency Local Government and Housing Department of Housing and Infrastructure	Ministry of Finance and National Planning National Road Fund Agency Office of the Auditor General Parliamentary Committee for Communications, Transport, and Works Government of Zambia: President's Office Donor groups
Information dissemination			
Transparency and timeliness of annual budget and expenditure disclosures	Ministries responsible for finance, planning, national development Ministries responsible for transport & roads Subsector agencies Civil society, media organizations	Finance and National Planning National Road Fund Agency Transport, Works, Supply and Communications Road Development Agency Road Transport and Safety Agency Departments of Civil Aviation, Maritime and Inland Waterways Ministry of Local Government and Housing Department of Housing and Infrastructure Civil society organizations	Office of the Auditor General Donor groups Zambian members of Parliament Parliamentary Committee for Communications, Transport, Works and Supply President's Office District and council administrative officials Media groups

Indicator	Key MDA	Suggested MDAs for Zambia	
		Collect and analyze the data (owning the indicators)	Use the data (advocating for change)
External scrutiny			
Rules applied to the membership and appointment process for key transport sector governance boards	Ministries responsible for transport President's or prime minister's office (if involved) Attorney general (chief legislative authority) Subsector agencies Transport users, civil society. media	Transport, Works, Supply and Communications Road Development Authority Finance and National Planning National Road Fund Agency	Office of the Auditor General Zambian Parliament—members and Committee for Communications, Transport, and Works President's Office Media groups
Accountability			
Percentage of recommendations from independent technical and financial auditor reports implemented within one year	Ministries responsible for transport Subsector agencies Journalists, media	Transport, Works, Supply & Communications Road Development Agency Road Transport and Safety Agency Planning Department Departments of Civil Aviation, Road Transport, Maritime and Inland Waterways Private sector entities (e.g., railway) Contractors and consultants (e.g., Association of Building and Civil Engineering Contractors)	Office of the Auditor General Central Statistical Office Zambia Zambian members of Parliament Zambian Parliament: Parliamentary Committee for Communications, Transport, Works and Supply Government of Zambia: President's Office District and council administration officials Media groups Civil society groups (e.g., community-based church groups)

Figure 4.1 is now repeated as figure 4.2, using Zambia as an example.

Figure 4.2 Indicator 4: Quality and Use of Key Performance and Value for Money



To enable this particular institutional arrangement, support might be required to

- Identify key performance indicators and indicators of value for money
- Build capacity for data gathering
- Provide clarity on what is needed in data for the Monitoring and Evaluation Unit (memoranda of understanding)
- Establish and agree on reporting and risk escalation arrangements
- Form and support working discussions.

Although there will be similarities, institutional arrangements for each indicator will not be standardized across countries, and it will be important to map what is most appropriate to each case. A mapping exercise covering all 10 indicators in one pilot country and establishing frequency and direction of data flow (based on the outline methodology described in the next section) could form the basis for wider replication and comparison across the SSATP countries.

Methodology for data collection

To perform their monitoring and evaluation and policy advocacy tasks well, institutions need clarity on how data should be gathered, baselines established, and targets set. Guidance might be needed on (sampling) methodology, periodicity of data collection, the reporting format, and dissemination channels. Because of the wide scope of this study and the time available, coupled with the fact that the final indicator set was selected after the visits, there has been only limited time and scope to consider methodologies for data collection within specific institutional contexts. However, table 4.3 suggests an approach and preliminary set of standards, proposing the following frequency of indicator assessment:

Annual (institutional, strategic, and accountability indicators):

- Mandates
- Priorities
- Budget and expenditure disclosures
- Board membership
- Audit recommendations

Biannual (budget allocation and sustainability indicators):

- Budget allocation
- Benchmarks

Quarterly (program development and delivery indicators):

- KPIs
- Procurement
- Progress.

A summary of the quarterly (management) and biannual (operational) indicator reports could be incorporated within an annual (strategic) governance assessment. This tentative proposal would need pilot testing before being formalized (see chapter 5).

Table 4.3 Data Collection Considerations

Indicator	*Type of data*	*Frequency of collection*	*Collection method*	*Who collects and analyzes data*	*Challenges*
Clarity of and distinction between mandates and responsibilities of key MDA in the transport sector	Qualitative	Annual	Corporate planning methodology	Ministry of national planning	Mandate overlaps can have implications for staff numbers.
Coherence of transport sector policy and extent to which its prioritization process is based on objective criteria	Qualitative	Annual	Stakeholder workshops	Ministry of national planning	Would require good facilitation of negotiation and consensus building.
Budget allocations based on reliable financial forecasts and aligned to priorities based on objective criteria	Quantitative	Biannual	Database to record forecasts and allocations against priorities—and priorities against criteria	Ministry of finance	Accurate data may be difficult to access.
Quality and use of key performance and value for money indicators	Qualitative	Quarterly	Key performance indicator (KPI) progress reports based on RAG (red-amber-green) ratings submitted quarterly to ministries of finance and national planning	Transport sector departments submit to monitoring and evaluation (M&E) unit, ministry of transport, or central statistical office	Would need initial assistance to ensure KPIs are meaningful. Memorandum of understanding may be necessary to ensure compliance.
Comprehensive and timely public disclosure of transport sector procurement plans (including bidding opportunities, contract awards, and data on resolution of procurement complaints)	Qualitative	Quarterly	Database established to allow easy generation of summary tables and other supporting documentation such as press releases	Procurement authority collects from spending agencies; analyzed by audit office	Accuracy may be difficult to check. Advocacy channels will need to be clear.
Comprehensive time and cost reports on progress of work for major (top 10) transport sector projects, disclosed to the public in a timely and accessible manner	Quantitative	Quarterly	Database established to allow easy generation of summary tables and other supporting documentation such as press releases	M&E unit Civil society monitors	Accuracy may be difficult to check. Advocacy channels will need to be clear.
Transport sector agency has established benchmarks for routine and periodic maintenance of assets and allocates the budget accordingly	Quantitative	Biannual	Expert reports	Ministry of transport	Difficult to communicate results meaningfully; guidance necessary
Transparency and timeliness of annual budget and expenditure disclosures	Quantitative	Annual	Database established for easy generation of summary tables and documentation such as press releases	Civil society monitors	Nil

Rules applied to the membership and appointment process for key transport sector governance boards	Qualitative	Annual	Annual submission to audit office	Audit office	Nil
percentage of recommendations from independent technical and financial auditor reports implemented within one year	Quantitative Supported by qualitative information	Annual	Formal response to audit office based on RAG rating tables to show response and new rating	Audit office	Donor group could support but may be reluctant to delay spending to promote recommendations.

Interventions to support building M&E capacity

A good indicator is only as good as the system that is designed to capture its data requirements, the quality of the data collected, and the capacity of its institutional owner to process and use the data collected. Because of the low data quality and statistical capacity[23] of countries in Sub-Saharan Africa, further work might be needed on producing clearer mandates (and funding) for national statistical and monitoring and evaluation institutions. Binding agreements and related action on providing M&E units with data might be needed between MDAs, along with changes in procedures that lead to institutionalization of information requests and receipt and response processes. Although the methodology suggested for data collection and use is intentionally simple, additional capacity building of institutional personnel to improve data analysis may still be needed.

Intervention options in the governance cycle

From an institutional perspective, not only is monitoring the indicator important but also acting on the findings. As noted earlier, the owner of the indicator in terms of action may be different from the owner in terms of monitoring. The indicators proposed are all actionable, and so should be acted upon. The type of institutional "home" that is appropriate for an action will depend on the action itself, which will in turn depend in part on the nature of the RAG rating. If scores are generally toward the green end of the scale, only minor interventions will be needed (by the accountable agency). If more serious shortcomings are identified, then intervention at a higher institutional level may be needed (by the performance advocacy agency). It is possible

[23] For example, the institution's ability to adhere to international standards on methods and data reporting in social and economic statistics, to collect data at recommended intervals, and to make data available for users in of international data sources. See World Bank (2010)

Table 4.4 Suggested actions to improve indicator rating and country performance

INDICATORS	SUGGESTED POLICY ACTION
	1. Distinct institutional mandates I. Create the appropriate legislation, regulations, and procedures (or amend the existing ones). II. Improve the policy planning capacity of the ministry of transport to oversee the entire sector. III. Develop clear indicators of responsibility to ensure no interference by non-mandated bodies. IV. Introduce corporate planning methodologies to negotiate distinct mandates.
	2. Integrated planning and prioritization I. Strengthen the capacity, within MoT in particular, to develop integrated sector plans, which can be used to guide resource prioritization; develop or improve MoT's ability to link higher-level macroeconomic planning with a medium-term expenditure framework (MTEF). II. Introduce appropriate integrated transport sector coordination and prioritization; adopt a rational approach to resource allocation across subsectors, with linked annual programs and budgets.
	3. Budget alignment I. Seek a binding MTEF that includes linked, objectively verifiable indicators. II. Introduce a fiscal projection model. III. Improve monitoring capacity.
	4. Improved KPIs: Design, data collection, and reporting I. Strengthen the capacity across relevant ministries and subsector agencies to develop the appropriate sector and subsector performance indicators. II. Identify value for money (VFM) indicators and build a consensus around selection. III. Institutionalize quality data collection processes across key organizations. IV. Incorporate data collection processes within financial and management information systems. V. Lobby less effective reporting entities to ensure full sector coverage.
	5. Transparent procurement I. Split procurement from the implementing authority. II. Institute external audit of the processes and key procurement performance milestones. III. Explore self-assessment by government using Public Expenditure and Financial Accountability (PEFA) standards and methodology; these could be verified by auditors. IV. Improve access to information—in the short term, government could use places where people congregate (e.g., courts and churches) to post information. V. Consider having local councils publish information affecting the local area. **VI.** Use newspapers to further widen dissemination.
	6. Reduced time and cost overruns I. At a higher level, make project financial commitments—and contract awards—only when funds are actually available and not expected (pending bills). II. Tighten assessment of contractor capacity and track record to ensure that only qualified contractors are invited to tender. III. Improve the planning, quality, and detail of initial designs.[a] IV. Apply better systems and procedures and adopt some key procurement performance indicators.[b] V. Better apply the International Federation of Consulting Engineers (FIDIC) or a similar approach so contracts are managed more effectively from start. VI. As a longer-term intervention, increase the local contracting capacity; by increasing the size of the pool of qualified contractors, competition can be enhanced and better value for money achieved.[c]

INDICATOR S	
	7. Appropriate investment in maintenance
	I. Agree on a standard for maintenance spending and prioritization and set it as the benchmark.
	II. Establish specific benchmarks for routine and periodic maintenance by classification of road.
	III. Maintain a database on network length and conditions where possible.
	IV. Support periodic surveys where necessary.
	V. Improve the accuracy of budget predictions and the revenue forecasts that accompany them.
	VI. Provide technical assistance to second-generation road funds to improve budget forecasts of the level of demand for fuel and likely receipts.
	VII. Exert budget discipline at the line ministry level to ensure that funds are not diverted between categories (e.g., from maintenance to rehabilitation).
	VIII. Make a clear distinction between capital expenditure and maintenance expenditure.
	8. Improved information disclosure
	I. Create a budget act that would allow for meaningful consultation on the budget-making process.[d]
	II. Encourage government to use gathering places (e.g., courts, churches) to advertise disbursements.[e]
	III. Speed up progress in implementing the Integrated Financial Management Information System (IFMIS) as a component of the Public Expenditure Management and Financial Accountability initiative Encourage local councils to publish their reports accounting for local resources.
	9. Improved board membership and appointment
	I. Change the legislation governing the institution in question.
	II. Draw up good practice guidelines and adopt a standardized approach in the SSATP countries.
	10. Transparent and timely implementation of audit recommendations
	I. Regularly review and publish progress reports by the auditor general and the relevant subsector agencies.
	II. Encourage media and civil society organization involvement and engagement in the process to act as an outside check.

a. Thereby reducing the scope for introducing variation orders once project teams have been mobilized and where conditions on site do not match those anticipated.

b. These measures could reduce the time between the preliminary design and the award of design and supervision contracts if excessive time has elapsed.

c. Steps to be followed could include: (1) building the local agency capacity to manage the procurement process; (2) introducing preferential procurement acts; (3) registering contractors; (4) introducing a training provision for small-scale contractors; and (5) instituting equipment hire arrangements

d. See Afrobarometer on citizen consultation and International Budget Partnership's Open Budget Initiative.

e. Reviewing Uganda's policy on publication of financial disbursement, which has been cited as good practice.

that the intervention of a separate, empowered institution or agency (e.g., parliamentary committee, ministry of finance, ministry of planning and development, or office of the auditor general) may be required to provide the independent push that will change the way things are done. Some changes may only be effected through the drafting and introduction of new legislation. Thus the indicator scores will lead to identification of the institutions that should be the focus of (1) intervention support and (2) advocacy support. Even though the interventions needed to raise the RAG rating of an indicator toward a target will depend both on the level at which the indicator is applied and the country score/rating, a non-exhaustive list of practical policy action options are suggested for each indicator in table 4.4.

Conclusions and recommendations

This study has sought to identify indicators that offer the potential to credibly measure governance in the transport sector. This potential is understood to be linked not only to the relevance of the indicator to key issues affecting the sector but also to the capacity of local institutions to embrace the indicators by monitoring and recording results and acting on findings.

The study deliberately avoids generating "just another set" of governance indicators. Rather, it is firmly focused on the issues that emerged from the views of in-country stakeholders in order to generate indicators that are clear and measurable and that lend themselves to policy action. This focus is apparent throughout the paper, from the refinement of the framework around the governance cycle for transport (enabling the reduction of 170 plus indicators to a subset that makes sense individually to those involved in the cycle and yet operate collectively), through the development of indicators, RAG ratings, and suggested policy actions that themselves aim to track progress, which lies at the core of the governance problem.

The process adopted and the findings produced by the study suggest some interesting first conclusions, as well as options for the consolidation of the approach and the findings as the basis for wider rollout. The key findings of the study are the following:

- Presenting governance as a complex, abstract concept at best constrains stakeholder engagement and at worst provides a smoke screen behind which poor governance can be sustained. Thus indicators need to be very precise and practically applicable, and ironically this excludes some of the more robust (internationally recognized) indicator sets that are based on composite scores (or indexes).
- Although it was initially suggested that a transport governance indicator be proposed per subsector, because of the many cross-sectoral issues identified in the master indicator list developed in the early stages of the study, it was deemed more appropriate and more practical to use governance dimensions to organize the indicators.
- There is an expressed and credible desire to own indicators, introduce a monitoring process, and respond to the results, but for this to be realized, institutional considerations have to be taken seriously. In particular, decisions about where to locate "ownership" of the monitoring and data collection processes, as well as the target for policy advocacy, need to be carefully considered. No matter what MDA or other organization is selected, technical competence

needs to be balanced against political credibility when advocating particular policy actions.

- The collection and sharing of information must be backed by strong policy directives and service delivery agreements in order to facilitate the necessary flow of data to the institutions charged with data compilation. This finding is very country context–specific because of the ministerial rivalries and political undercurrents between MDAs, and so the paper presents possibilities and examples of institutional arrangements rather than proposing a standardized institutional configuration.
- Indicators that are already understood and in use work best. Because of the poor performance against many of these in the countries visited, there appears little reason to embed governance measures in more composite indicator frames. In any case, composite indicators are perceived to obscure realities through artificial "smoothing" and carry the further risk of being seen as the contrivance of external players.
- However, for even a simple set of indicators (and one that is appropriately monitored) to offer any added value in governance, the indicators would need to be acted on in ways that lead to measurable results. These actions may require external advocacy or support—for example, to consolidate the introduction of medium-term expenditure frameworks in Mali.

In order to realize the potential benefits of the indicator set, the following next steps are recommended:

- SSATP should receive the support needed to score one (or more) of the four countries in the study to refine the RAG ratings. Such comprehensive and detailed scoring was not possible during the study because indicators could not be finalized until the last visit had been completed.
- Such a pilot project would also provide an opportunity to produce a first transport sector governance framework (TSGF) report. It would involve setting a baseline and prioritizing according to the needs in the country selected to determine which sectors and or MDAs offer the greatest potential for reform. The pilot project would also help to determine how actionable the indicators are and how easy it would be to develop a program of support and self-help to shift the pilot country toward its targets in view of its priority indicators.
- A scoring and needs assessment methodology could then be formalized for wider use across SSATP countries.

- The pilot country could be the focus of an institutional mapping exercise to determine whether the monitoring and evaluation, advocacy functions, and institutional arrangements to support the indicators are in place and what, if any, capacity-building support would be required. Consideration could also be given to whether it would be appropriate to identify an overall owner of the transport sector governance framework (and reports).
- Later, SSATP could conduct a robust impact assessment to determine the relationship between improvements in the indicator scores in the pilot country and transport sector performance, as well as a cost-benefit analysis to compare the costs of consolidating M&E and advocacy functions around the framework with the potential benefits of improved performance. For governance to become further embedded in the transport sector, further evidence may be required to show the link (or otherwise) between the subset of indicators and tangible improvements in delivery across the transport sector.
- Throughout the process, focused briefing papers and requests for feedback on the transport sector governance framework could be produced regularly for SSATP representatives to maximize engagement and ownership.

Initially, SSTAP could receive support to identify and develop more accessible ways to present the proposed indicator set to key stakeholders in each pilot country (e.g., TSGF charts, graphics). For many stakeholders, their interest and potential ownership of these indicators may be best achieved not just by sharing this paper but also by using it as a basis for more accessible presentations, short summary guides, and specific forums or meetings.

Appendix A. Long list of indicators

The following long list of indicators was drawn from across the wide range of literature reviewed (see bibliography).

1.	Funding mechanism for maintenance and rural access development releases funds in an appropriate and timely fashion.
2.	Composition of actual public expenditure compared with original approved budget.
3.	Average annual expenditure per kilometer of main road.
4.	Capital expenditure as a percentage of rehabilitation needs.
5.	Alignment of national strategy/priorities with budget allocation.
6.	Clearly defined and understood road fund allocation rules.
7.	Average maintenance spending across different parts of the network.
8.	Cost overruns.
9.	Independently verifiable criteria applied to allocation of subsidies to support essential transport services that are not economically viable.
10.	External audits of transport agency are conducted on an annual basis.
11.	Transport agency receives regular and accurate reports from its departments or divisions on the use of funds allocated to them.
12.	Parent ministry (or ministry of finance) has functional reporting systems to follow up on the flow of budgetary resources to the transport agency.
13.	Predictability and accuracy of government financial forecasts.
14.	Percentage of road spending allocated to capital projects.
15.	Time overruns.
16.	Fares are set according to a transparent formula and process.
17.	Transport authority has established an adequate internal control framework, including financial audit.
18.	Road fund has an independent board (i.e., private sector majority representation).
19.	Average time for contractors to receive payments following submission of invoices (approved work).
20.	Road agency's external audit report reviewed by parliament (or other appropriate body).
21.	Transport agency prepares budget execution reports in a timely fashion.
22.	Average unit cost of supervision per kilometer of road.
23.	Balance between investment and maintenance.
24.	Capital budget execution rates.
25.	Average unit cost per kilometer of road.
26.	Road fund in existence.

27.	Transport authority implements all recommendations from external audit reports within one year.
28.	Transport authority monitors and clears expenditure payment arrears on a regular basis, and so there are no arrears over 30 days.
29.	Fuel levy relative to optimal requirements for maintenance and rehabilitation.
30.	Commercial management of road funds.
31.	Adequate scope, nature, and follow-up of external audit reports.
32.	Road agency carries out effective cash flow planning, management, and monitoring.
33.	Transport authority implements all recommendations from internal controls within one year.
34.	Transport agency keeps aggregate budget overruns (if any) within a reasonable range.
35.	Tariff cost recovery.
36.	Fuel prices in cities.
37.	Transport agency gives fiduciary staff sufficient authority on day-to-day execution of fiduciary functions and procedures.
38.	Balance of long- and short-term public expenditure planning.
39.	Sustainability of assets.
40.	Transport agency allocates adequate administrative budget for capacity development of fiduciary staff.
41.	Potential efficiency gains.
42.	Transport agency has an effective payroll control system.
43.	Wage bill as a proportion of government expenditure compared with benchmark.
44.	Application of unit cost in identification of needs.
45.	Perception that complaints from the public are handled fairly.
46.	Transport sector agency periodically collects data on the level of service/condition of its road network.
47.	Explicit criteria applied as the basis for agreement of all transport concessions.
48.	Transport agency adopts clearly defined criteria to evaluate bids.
49.	Transport agency provides bidders with sufficient information, clarification, and time to prepare bids.
50.	Road agency conducts technical audits for large works contracts (or a sample of them).
51.	Percentage of the requested budget actually received on average (over last three years) on an annual basis by the transport sector agency.
52.	Transport agency has established service users' feedback mechanisms, including satisfaction surveys.
53.	Transport agency adopts objective investment decision tools (such as HDM-4 in road sector).
54.	Transport agency periodically updates unit prices used for cost estimates based on the latest contracts or other information available.
55.	Delegated financial authority of transport agency staff commensurate with their level of responsibility.
56.	System for allocation of routes to operators.
57.	Transport agency appoints members of tender commissions who are competent individuals.
58.	Availability of information on resources received by service delivery units.
59.	Regulation of private rail operators.

60.	Safety standards and enforcement.
61.	Impartial contract enforcement procedures.
62.	Transport agency uses procurement selection criteria that adequately consider technical, financial, managerial, and implementation issues and does so in a timely fashion.
63.	Transport agency's share of administration cost, as a percentage of the total budget, is considered reasonable.
64.	CEO has authority to define organizational structure, set salary levels, and hire and fire staff based on functional needs and performance (in line with the applicable labor legislation).
65.	Average number of months between bid opening and contract award.
66.	Percentage of bid submissions out of the total that purchased bid documents.
67.	Unit prices of works (e.g., the cost of a cubic meter of asphalt concrete) carried out by the road agency considered reasonable.
68.	Average number of bidders per contract.
69.	Use of objective planning criteria and analysis.
70.	Competition, value for money, and controls in procurement.
71.	Legal and contractual relationships between the road agency and bidders considered fair.
72.	International firms generally allowed to participate in bidding for works contracts.
73.	Road agency keeps its key positions properly filled with qualified individuals (or, in the case of vacancies, they are filled in less than a year).
74.	Consistency of policy toward infrastructure across modes.
75.	Adequate qualification a main factor in the selection of members of the management team (including board members) of the road agency.
76.	Proportion of expenditures on road maintenance and expenditures on road construction considered reasonable.
77.	Quality of processes, rules, and practices.
78.	Functioning monitoring systems.
79.	Reasonable difference between contract values and engineer's estimates.
80.	Transport agency's management performance periodically evaluated against policy objectives.
81.	Transport agency maintains a well-established and functional management information system.
82.	Effective public sector management.
83.	Transport agency's management and staff regularly discuss skills development needs and service improvement.
84.	Transport agency attracts and retains qualified employees.
85.	Fair procedures.
86.	Transport agency's staff performance evaluated regularly against outcomes and professional behaviors.
87.	Transport agency's overall human resources policy linked with and reviewed against policy objectives.
88.	Checks and balances.
89.	External (civil society, media, or private sector) oversight of public sector resource allocation.
90.	Public hearings are conducted for policy changes or large investment projects.

91.	Citizen engagement in policy, planning, and monitoring processes.
92.	Results of public hearings taken into account in the decision-making process.
93.	Independent venues (Internet, hotline) available for citizens and firms to raise concerns related to the road sector (e.g., large road contracts, quality of works, road condition).
94.	Scope, nature, and follow-up of external audits.
95.	Use of social audits.
96.	Transport sector priorities are consistent with those highlighted through advocacy by civil society organization.
97.	Decentralization and local participation.
98.	Participation in the annual budget process.
99.	Donor coordination.
100.	Number and percentage of bids published in local newspaper.
101.	Disclosure of annual budgets and expenditures.
102.	Extent to which information is made publicly available—e.g., procurement publications.
103.	Publication of progress against performance indicators.
104.	Road work programs and procurement plans disclosed to the public.
105.	Transport service user satisfaction surveys results disclosed to the public.
106.	Disclosure of progress to public.
107.	Publication of corrective action against poor performance.
108.	Road agency's audit report made available to the public.
109.	Public transport works contracts and names of winning bidders disclosed to the public.
110.	Transport agency has a home page or information center that discloses road sector information (e.g., updated road condition).
111.	Progress on and costs of works contracts (particularly large roads) reported to the public.
112.	Progress on performance indicators published in annual reports that are available to the public.
113.	Disclosure of audit reports.
114.	Freedom of information laws.
115.	Road agency action to address concerns raised by the public made public.
116.	Policy objectives of the transport agency disclosed to the public.
117.	Annual reports of the transport agency published.
118.	Disclosure of relationship between contract values and estimates.
119.	Media regularly address an issue.
120.	Transport agency issues regular press releases.
121.	Public access to key fiscal information.
122.	Annual budget and expenditures disclosed to the public.
123.	Extent of unreported government operations.
124.	Public opinion of key performance standards (e.g., levels of corruption, quality of works).

125. Perceptions of unnecessary delay/expense in the customs clearance process.
126. Average time of delays faced by truckers due to authorized or nonofficial "checks."
127. Clearly defined and mandated allocation of responsibilities related to planning and funding of transport infrastructure.
128. Transport agency publicly advertises all tenders.
129. For the selection of consultants, all short-listed firms qualified for the proposed job.
130. Road agency keeps records (including completion reports and communications with bidders) for all contracts.
131. Number of days elapsed from tender advertisement to contract award considered reasonable.
132. Average level of bribes and other facilitation payments paid by truckers.
133. Percentage of investigated anticorruption cases (by sector) leading to prosecution.
134. All bidders meeting published qualification criteria invited to bid openings.
135. Number of complaints for the procurement of goods, works, and services considered reasonable.
136. Explicit procedures in place requiring members of tender commission with potential conflicts of interest to declare these; procedures in place to prohibit noncompliance.
137. Issues of urban mobility—percentage of income spent on transport.
138. Measures to reduce corruption.
139. Percentage of national budget dedicated to anticorruption body.
140. Average number of delays for truckers.
141. Existence of regulatory institutions for rural and urban transport services.
142. Road agency has established a code of ethics.
143. Third parties allowed to attend bid opening sessions.
144. Number of tenders rejected in each bidding considered reasonable.
145. Government supervision focused on monitoring and controlling contracts.
146. Purchase of luxury vehicles for official use.
147. Bribe payments.
148. Distribution of high-level appointments.
149. Levels of administrative discretion.
150. Artificial creation of queues.
151. Key performance indicators have been developed, and performance against these are reported both to the public and to politicians.
152. Perception that public sector officials in "lead agency" override regulations and procedures with impunity.
153. Perception that politicians override regulations and procedures that govern the transport sector with impunity.
154. Implementation of recommendations from external audit reports within one year.
155. Concerns raised in public hearings taken into account in decision making.
156. Annual (or other) report discusses corrective measures taken to address poor performance (e.g., to address poor road conditions).

157. Central authority ensures appropriate coordination of sector strategies according to agreed-on criteria and standards.
158. Capability of core planning ministry for strategic thinking, policy development, and control of plans.
159. Clear sanctions are in place and enforced against explicitly defined standards.
160. Investments in transport activities explicitly linked to economic growth and poverty reduction priorities.
161. Transport user satisfaction.
162. Average passenger fare per kilometer.
163. Percentage of households reporting transport costs as a major constraint to employment.
164. Percentage of paved roads network managed by the road agency in good condition.
165. Percentage of unpaved roads managed by the road agency in good condition.
166. Affordability of transport or portion of household budgets needed to provide adequate transport.
167. Existence of pro-poor and pro-growth transport strategy meeting explicit standards of consultation and coverage.
168. Percentage of schools with reliable access.
169. Percentage of households reporting constraints on access to education or health services because of transport difficulty or cost.
170. Availability of public transport in cities.
171. Number of buses per 1,000 inhabitants.
172. Percentage of population living beyond 2 kilometers of an all-season road.

Appendix B. Short list of indicators

	Dimension 1: Financial management and value for money systems
1.01	Funding mechanism for maintenance and rural access development releases funds in an appropriate and timely fashion.
1.02	Composition of actual public expenditure compared with original approved budget.
1.03	Average annual expenditure per kilometer of main road.
1.04	Capital expenditure as a percentage of rehabilitation needs.
1.05	Alignment of national strategy and priorities with budget allocation.
1.06	Percentage of the requested budget actually received on average (over last three years) on an annual basis by the transport sector agency.
1.07	Average maintenance spending across different parts of the network.
1.08	Cost overruns (amounts).
1.09	Fares are set according to a transparent formula and process.
1.10	Average time for contractors to receive payments following submission of invoices (for approved work).
	Dimension 2: Administrative and regulatory procedures
2.01	All bidders meeting published qualification criteria invited to bid openings.
2.02	Explicit criteria applied as the basis for agreement for all transport concessions.
2.03	Access to market for bus and truck operators (for new entrants).
2.04	Transport agency adopts clearly defined criteria to evaluate bids.
2.05	Transport agency provides bidders with sufficient information, clarification, and time to prepare bids.
2.06	Clearly defined and mandated allocation of responsibilities related to planning and funding of transport infrastructure.
2.07	Transport agency has well-established service users' feedback mechanisms, including satisfaction surveys.
2.08	Transport agency adopts objective investment decision tools (such as Highway Design and Maintenance Standards in road sector).
2.09	Transport agency periodically updates unit prices used for cost estimates based on the latest contracts or other information available.
2.10	Regulatory body exists and functions effectively within subsector (air, rail, road, waterways).
	Dimension 3: Third-party engagement and transparency and access to information
3.01	Disclosure of annual budgets and expenditures.
3.02	External (civil society, media, or private sector) oversight of public sector resource allocation.
3.03	Majority of private sector/civil society representation on road fund board.

3.04 Public hearings conducted for policy changes or large investment projects.

3.05 Key performance indicators have been developed, and performance against these are reported both to the public and to politicians.

3.06 Transport sector work programs and procurement plans disclosed to the public.

3.07 Transport service user satisfaction surveys results disclosed to the public.

3.08 Transport agency's audit report made available to the public.

3.09 Number and percentage of public transport works contracts and names of winning bidders disclosed to the public.

3.10 Clearly defined and understood road fund allocation rules.

Dimension 4: Anticorruption effort

4.01 Perceptions of unnecessary delay or expense in the customs clearance process.

4.02 Average time of delays faced by truckers because of authorized or nonofficial "checks."

4.03 For the selection of consultants, all short-listed firms are qualified for the proposed job.

4.04 Transport agency keeps records (including completion reports and communications with bidders) for all contracts.

4.05 Number of days elapsed from tender advertisement to contract award considered reasonable.

4.06 Average level of bribes and other facilitation payments paid by truckers.

4.07 Percentage of investigated anticorruption cases (by sector) leading to prosecution.

4.08 Perception that public sector officials in "lead agency" override regulations and procedures with impunity.

4.09 Perception that politicians override regulations and procedures that govern the transport sector with impunity.

4.10 Perception that complaints from the public are handled fairly.

Dimension 5: Accountability

5.01 Public opinion of key performance standards (e.g., levels of corruption, quality of works).

5.02 Implementation of recommendations from external audit reports within one year.

5.03 Concerns raised in public hearings taken into account in decision making.

5.04 Legally accountable and responsible (capital) city or metropolitan transport authority in place (with clearly defined mandate and responsibilities).

5.05 Independently verifiable criteria applied to allocation of subsidies to support essential transport services that are not economically viable.

5.06 External audits for transport agency are conducted on an annual basis.

5.07 Transport agency receives regular and accurate reports from its departments or divisions on the use of funds allocated to them.

5.08 Parent ministry (or ministry of finance) has functional reporting systems to follow up on the flow of budgetary resources to the transport agency.

5.09 Publication of corrective action against poor performance.

5.10 Transport sector agency periodically collects data on the level of service or condition of its road network.

	Dimension 6: Equity of benefits
6.01	Investments in transport activities explicitly linked to economic growth and poverty reduction priorities.
6.02	Transport user satisfaction.
6.03	Average passenger fare per kilometer.
6.04	Percentage of households reporting transport costs as a major constraint to employment.
6.05	Percentage of paved roads network managed by the road agency in good condition.
6.06	Percentage of unpaved roads managed by the road agency in good condition.
6.07	Affordability of transport or portion of household budgets needed to provide adequate transport.
6.08	Percentage of schools with reliable access.
6.09	Percentage of households reporting constraints on access to education or health services because of transport difficulty or cost.
6.10	Availability of public transport in cities.

Appendix C. SSATP transport governance indicators

INDICATOR 1: **Clarity and distinction between mandates and responsibilities of MDAs in the transport sector**

Indicator	Red	Red/amber	Amber/green	Green
Clarity of and distinction between mandates and responsibilities of key MDAs in the sector	Mandates and responsibilities have not been defined or are unclear.	Mandates and responsibilities have been defined, but there is significant overlap.	Mandates and responsibilities have been defined, but there is some lack of clarity or overlap.	Mandates and responsibilities are clear, and there is no overlap.

1. **Indicator applicability:** All subsectors; all MDAs
2. **Example country:** Kenya
3. **Example subsector:** Cross-sector
4. **Example agency:** Review across ministries or agencies
5. **Year:** 2010/11
6. **Documentary source:** Legislation or statutes, MDA websites, Kenya's Integrated Transport Policy
7. **Finding or data:** Review of institutional frameworks, assessment of overlap of responsibilities

Situation	*Issue*
Ministry of Transport	Has overall transport sector responsibility.
Ministry of Roads and Public Works	Has primary responsibility for roads.
Ministry of Local Government	Is responsible for unclassified roads . Difficult to balance interest of roads against competing transport modes.
Kenya Roads Board	Clear mandate for managing finance of highways (established 2000)
Kenya National Highways Authority	Clear mandate to manage national highways (established 2007)
Kenya Urban Roads Authority	Clear mandate to manage urban road network (established 2007)
Kenya Rural Roads Authority	Clear mandate to manage rural roads (established 2007)
Kenya Civil Aviation Authority	Regulation of air transport subsector—operations and air navigation
Kenya Airports Authority	Manages nine public airports (of total 156 public aerodromes)
Kenya Ports Authority	Management of Mombasa Port (plus several smaller ports)
Kenya Wildlife Service	Park roads
1Kenya Railways Corporation	Lack of investment, lack of management and commercial autonomy
1Inland waterways	Overlapping responsibilities among the Kenya Marine Authority, Kenya Ports Authority, Kenya Ferry Services Limited, and Kenya Railways Corporation for different aspects of inland waterways and ports

8. **RAG rating (baseline)** Amber/green
9. **Target (plus six months)** Green
10. **Examples of implementation options to achieve the target**

To achieve this target, the following actions would need to be complete within two to five years:

What
Improve policy planning capacity of MoT so that it could oversee entire sector
Create department of transport within MoT to oversee road subsector

To improve the influence of this indicator on governance in Kenya:

Steps to be taken have been set out in Kenya's National Transport Policy 2009. Implementation of these steps will improve clarity and distinction of mandate:

- Establish a directorate of transport.
- Consolidate transport functions under one ministry and separating policy.
- Make regulatory and service provision functions.
- Enhance the role of the private sector in transport infrastructure development and management.
- Integrate non-motorized and intermediate means of transport into the transport systems.
- Consolidate urban public transport.

INDICATOR 2: **Coherence of transport sector policy and extent to which its prioritization process is based on objective criteria**

Indicator	Red	Red/amber	Amber/green	Green
Coherence of transport sector policy and extent to which its prioritization process is based on objective criteria	No transport sector policy. OR Policy exists but does not identify needs of subsectors.	Transport sector policy exists and identifies issues across some subsectors, but not linked to macroeconomic context.	Transport sector policy exists and identifies issues across all subsectors, but does not prioritize them in an objective way.	Transport sector policy exists, explicitly linked to macroeconomic policy with issues identified and prioritized in an objective way.

1. **Indicator applicability:** Across sector
2. **Example country:** Zambia
3. **Example subsector:** Across subsectors
4. **Example agency:** Ministry of Transport, Works, Supply & Communications
5. **Year:** 2011
6. **Documentary source** Ministry, department, and agency websites
7. **Findings/Data:**

The national transport policy was last issued in 2002. Many changes were made at that time, including the reform of the National Road Fund (from the previous National Road Board), and the Road Development Authority. However, currently there is a lack of an overall transport master plan, which has meant there is no overall strategic framework for prioritization. Reports of political interference in project selection continue to create perceived gaps between policy, priority, and expenditure.
The ministry responsible for transport—until September 2011 the Ministry of Communications and Transport—was recently combined with the Ministry of Works and Supply. This provides an opportunity to rationalize the approach to trans-sector planning. At present, however, the transport sector policy exists and identifies issues across some subsectors, but it is not linked to the macroeconomic context. The RAG rating therefore is red/amber.

8. **RAG rating (baseline)**: Red/amber
9. **Target (2011/12):** Amber/green
10. **Examples of implementation options to achieve the target:**

What	Who
Improve integration of development plans across transport subsectors.	MTWS&C
Improve integration of development plans between poverty reduction strategy paper, medium-term expenditure framework, and transport sector.	MTWS&C/Ministry of Finance
Update national transport policy.	Ministry of Transport
Introduce objective criteria to policy prioritization and the project selection procedure in a transparent way.	MTWS&C

To improve the influence of this indicator on governance in Zambia: As above.

INDICATOR 3: Budget allocations based on reliable financial forecasts and aligned to priorities based on objective criteria

Indicator	Red	Red/amber	Amber/Green	Green
Budget allocations based on reliable financial forecasts and aligned to priorities based on objective criteria	More than 50 percent difference between sector financial ceilings and actual budget allocation (amount). OR Budget allocation by priority (based on top five projects by value) is so different from sector strategy that a comparison is not possible.	Less than 50 percent difference between sector financial ceilings and actual budget allocation. OR Budget allocation by priority (based on top five projects by value) is significantly different (more than 50 percent) from sector strategies.	Less than 20 percent difference between sector financial ceilings and actual budget allocation. AND Budget allocation by priority (based on top fove projects by value) is not significantly different (less than 50 percent) from sector strategies.	Sector financial ceilings and budget allocations are consistent (less than 10 percent difference). AND There is little discrepancy (less than 20 percent) between sector strategy and budget allocation in terms of priorities (based on top five projects by value).

1. **Indicator applicability:** Across sector
2. **Example country:** Zambia
3. **Example subsector:** Whole sector
4. **Example agency:** Road Development Agency (RDA), National Road Fund Agency
5. **Year:** 2010
6. **Documentary source:** Published budget, published RDA expenditure reports, road fund reports
7. **Findings/data:**

According to the auditor general's report, [24] there was a significant commitment by the RDA between 2006 and 2009. The document reports that in 2008 the RDA committed the government to contracts totaling K1.643 trillion, despite having a total projected budget of K 1.200 trillion (K 685 billion and K 515 billion from the Zambian government and donors, respectively). This resulted in an over commitment of K 443 billion. This over commitment, too, was based itself on initial and unrealistic budget expectations, particularly for donor funding—see table below—with a total final expenditure of K 842.42 billion, or approximately 50 percent of the RDA's original commitments.

[24] All data in this section were taken from Auditor General's Office, Republic of Zambia (2009, 7–8).

Funding source	Budget (K, billions, 2008)	Releases (K, billions, 2008)	Expenditure (K, billions, 2008)
Government	685	670.40	675.11
Donor	515	264.19	167.31
Total	1,200	934.59	842.42

In addition, a further five road projects totaling K 182.455 billion were procured outside the 2008 work plan; the authority to procure these projects not available for audit.

The report itself suggests that these figures do not reflect a sufficient and statutory duty of care by the controlling officers responsible for planning and controlling the expenditure of public funds.

8. **RAG rating (baseline)**: Red/amber
9. **Target (2011/12):** Amber/green
10. **Examples of Implementation options to achieve the target:**

What
Review the appropriateness of procedures of spending agencies, those entities providing funding, and the control mechanisms governing them.
Strengthen capacity where it is needed, in several agencies.
Increase awareness of importance of routine, regular, and timely checks.

INDICATOR 4: Quality and use of key performance and value for money indicators

Indicator	Red	Red/amber	Amber/green	Green
Quality and use of key performance (KPI) and value for money (VFM) indicators	No KPIs have been developed for the sector. OR Some KPIs developed but with no targets.	KPIs developed with realistic targets, but not monitored or reported. OR KPIs do not include value for money indicators.	KPIs (including VFM indicators) developed, but less than 50 percent monitored and reported.	KPIs (including VFM indicators) developed and over 50 percent monitored and reported.

1. **Indicator applicability:** All subsectors; all MDAs
2. **Example country:** Tanzania
3. **Example subsector:** Road

4. **Example agency:** All main sector ministries or agencies [25]
5. **Year:** 2010/11
6. **Documentary source:** Individual ministry or agency reports presented at 5th Annual Joint Infrastructure Sector Review (JISR) meeting (October 31–November 1, 2011)
7. **Findings/data:**

Based on data presented at the recent 5th Annual Joint Infrastructure Sector Review, particularly those set out in the "5th Joint Infrastructure Sector Review 2011: Policy Analysis Paper" (Ministry of Transport, Republic of Tanzania 2011), it is apparent that performance indicators had been developed and approved across subsectors.

The JISR report also highlights recent European Union support of a functioning transport sector monitoring system through improved fiber optics and installation of a database. Although the report states that the database is available online at the Ministry of Transport website, it was not accessible for review for this SSATP study.

Nevertheless, progress appears evident in this area. Indeed, a recent study supports a move by implementing agencies to set realistic targets for indicators that will be used for assessing subsector performance. This study is currently in draft form, and thus only in later years will evidence of improved indicators targeting emerge.

8. **RAG rating (baseline)**: Red/amber
9. **Target (6 months):** Green
10. **Examples of implementation options to achieve the target:**

To achieve this target, the following actions would need to be complete within 12 months:

What	Who
Highlight the most effective examples of reporting as an example to others.	Government
Lobby less effective reporting entities to ensure full sector coverage.	Media, civil society
Seek to institutionalize the collection of data in all key organizations.	Across MDAs
Seek to incorporate data collection processes within financial and management information systems.	Across MDAs

To improve the influence of this indicator on governance in Tanzania:

- Continue to publish performance criteria and results on an annual basis.

[25] Ministries represented: Works and Transport. Agencies: TANROADS (Tanzania National Roads Agency) , TAZARA (Tanzania-Zambia Railway Authority), RALG (Regional Adiministration and Local Government), RAHCO (Railway Holding Company), SUMATRA (Surface and Marine Transport Regulatory Authority), and Road Fund.

- Routinely make results available on ministry or agency websites; promote media coverage to alert public.
- Continue cross-sector conferences to disseminate and discuss results.
- Continue to review how effective indicators are in measuring the key areas of performance.
- Feed results into medium- or long-term sector planning and prioritization processes and public sector management monitoring frameworks.

INDICATOR 5: **Comprehensive and timely public disclosure of transport sector procurement plans (including bidding opportunities, contract awards, and data on resolution of procurement complaints)**

Indicator	Red	Red/amber	Amber/green	Green
Comprehensive and timely public disclosure of transport sector procurement plans (including bidding opportunities, contract awards, and data on resolution of procurement complaints)	Government lacks a system to generate substantial and reliable coverage of key procurement information. OR Government does not systematically make key procurement information available to the public.	At least two of the key procurement information elements are complete and reliable for government units representing 50 percent of procurement operations (by value). AND Elements are made available to the public through the appropriate means.	At least three of the key procurement information elements are complete and reliable for government units representing 75 percent of procurement operations (by value). AND Elements are made available to the public in a timely manner through the appropriate means.	All key procurement information elements are complete and reliable for government units (90 percent of procurement operations (by value . AND Elements are made available to the public in a timely manner and through the appropriate means.

1. **Indicator applicability:** Whole sector
2. **Example country:** Mali
3. **Example subsector:** not available
4. **Example agency:** Ministry of Economy and Finances of Mali
5. **Year:** 2011
6. **Documentary source:** " *Évaluation de la gestion des finances publiques au Mali selon la méthodologie PEFA," ECORYS.*
7. **Findings/data:**

A report produced in June 2011 for the Ministry of Economy and Finances of Mali (ECORYS 2011) focused on shortcomings in the settlement of complaints and disputes to establish a Public Expenditure and Financial Accountability (PEFA)[26] rating—against

[26] The goals of the Public Expenditure and Financial Accountability program are to strengthen the ability of partner countries and donor agencies to (1) assess the condition of a country's

the backdrop of the establishment of a Dispute Resolution Committee in March 2010 (Decision No. 002/ARMDS-CR). Documents provided for the reporting exercise did not indicate the consequences of complaints. Overall, the rating was red/amber because "a mechanism recording and processing claims relating to the process of procurement is in place but its design is poor and it does not work in a manner allowing a timely resolution of claims." However, it was noted that the creation in 2008 of the ARMDS (*Autorité de Régulation des Marchés Publics et des Délégations de Service Public*) represented a major advance and offered real potential to reduce fiduciary risk.

8. **RAG rating (baseline)**: Red/amber
9. **Target (2011/12):** Amber/green
10. **Examples of implementation options to achieve the target:**

What	Who
PEFA self-assessment	Procurement authority
Verification of PEFA findings	Office of the Auditor General
Publish information in more accessible ways	Local councils
Widen dissemination	Spending agencies and newspapers

To improve the influence of this indicator on governance in Mali:

- Ensure that there is external capacity to review performance.

public expenditure, procurement, and financial accountability systems, and (2) develop a practical sequence of reform and capacity-building actions. PEFA is a World Bank initiative.

INDICATOR 6: **Comprehensive time and cost reports on work progress against major transport sector projects disclosed to the public in a timely and accessible manner**

Indicator	Red	Red/amber	Amber/green	Green
Comprehensive time and cost reports on progress of work against major (top 10) transport sector projects disclosed to the public in a timely and accessible manner	Information does not provide sufficient detail for analysis; information on budget variations or actual expenditure not disclosed.	Information does not provide sufficient detail for analysis; information on budget variations or actual expenditure incomplete or in a non-compatible format.	Information provided; information on budget variations or actual expenditure incomplete.	Information provided in appropriate level of detail; expenditure information provided in comparable level of detail.

1. **Indicator applicability:** All subsectors; implementing MDAs
2. **Example country:** Tanzania
3. **Example subsector:** Road
4. **Example agency:** Tanzania National Roads Agency **(**TANROADS)
5. **Year:** 2010/11
6. **Documentary source:** TANROADS paper for 5th Annual Joint Infrastructure Sector Review meeting
7. **Findings/data:**

Project	*Value (T Sh, millions)*[a]	*debut date*	*Original completion*	*Revised completion*[b]	*% overrun*	*Comments*
Mbwemkuru–Mingoyo design and build (95 km)	118,171	25.02.2003	24.10.2005	10.12.2007	81	Rectification of defects
Outstanding work, weighbridge, Mtukula	354,067	15.10.2007	14.10.2008	n/a	> 100 (to date)	Work suspended due to delayed payments
Rehabilitation, TANZAM highway (149.6 km)	68,900,504	19.09.2008	19.09.2011	n/a	33 (to date)	Work delayed due to equipment failure
Upgrade, Katesh–Dareda	21,666,491,107	11.03.2009	10.12.2011	n/a	3 (to date)	Work delayed by weather
Upgrade, Tanga–Horohoro	3,279557,069	22.10.2010	12.08.2012	n/a	18 (to date)	Poor use of equipment
Upgrade, Songea–Namtumbo	2,555,141,115	14.06.2010	03.09.2012	n/a	11 (to date)	Delayed mobilization of staff
Upgrade, Peramiho–Mbinga	3,749,877,445	09.08.2010	28.10.2012	n/a	7 (to date)	Poor site management.
Upgrade, Tunduma–Ikana	3,472,297,225	11.10.2010	07.09.2012	n/a	13 (to date)	Resurvey and redesign required.
Upgrade, Ikana– Laela	US$11,137,558	04.10.2010	15.08.2012	n/a	18 (to date)	Resurvey and redesign required.
Upgrade, Laela–Sumbawanga	US$20,310,898	01.06.2010	31.01.2013	n/a	0 (to date)	Delayed mobilization of staff by the contractor and delayed relocation of utilities by the employer.

a. Or U.S. dollars are indicated.
b. It is not clear whether the projects are completed. (See note below on improvement suggestions. If this information was available, it is likely that the indicator would be rated amber/red or red).

8. **RAG rating (baseline)**: Amber/green—but see note b to table.
9. **Target (six months):** Green
10. **Examples of Implementation options to achieve the target:**

What	Who
Tighten assessment of contractor capacity and track record.	Procurement authority
Base contract awards on money available and not expected.	Awarding authority
Strengthen role of engineer's survey in approval of designs.	Awarding authority
Reduce time between preliminary design and design/supervision contract.	Awarding authority
Better apply International Federation of Consulting Engineers (or a similar) approach so contracts are managed more effectively from start.	Awarding authority

To improve the influence of this indicator on governance in Tanzania:

The indicator should cover only completed projects. To do this, a progress report must record whether a project is completed.

INDICATOR 7: **Transport sector agency has established benchmarks for routine and periodic maintenance of assets and allocates the budget accordingly.**

Indicator	Red	Red/amber	Amber/green	Green
Transport sector agency has established benchmarks for routine and periodic maintenance of assets and allocates the budget accordingly.	Benchmarks not established. OR No link established between benchmarks and allocation decisions.	Benchmarks established, but routine and periodic maintenance not prioritized (less than 50% of needs met using less than 50% of total budget).	Benchmarks established and significant evidence of prioritization (> than 50% of routine & periodic maintenance needs met or > than 50% of total budget allocated to maintenance).	Benchmarks established and > than 80% of maintenance needs met or > than 8 % of budget allocated to maintenance.

1. **Indicator applicability:** Roads, rail subsectors
2. **Example country:** Tanzania
3. **Example subsector:** road
4. **Example agency:** Tanzania National Roads Agency (TANROADS)
5. **Year:** 2010/11
6. **Documentary source:** TANROADS paper for 5th Annual Joint Infrastructure Sector Review meeting
7. **Findings/data:**

The periodic maintenance needs of the paved roads for the next five years beginning with FY 2011/12 has been determined technically using HDM-4 program analysis un-

dertaken by TANROADS in April 2011. The annual financial requirement is some T Sh 88 billion for paved roads. When this amount is compared with the allocated amount of TSh 52 billion for periodic maintenance of paved roads in FY 2011/12, the needs covered only 59 percent. The financing gap between maintenance needs and maintenance spending overall, however, fell from 65 percent in 2000/01 to 45 percent in 2010/11 (Ministry of Transport, Republic of Tanzania 2011). Although the coverage of routine maintenance dropped from 82 percent in 2008/09 to 69 percent in 2010/11 (this is explained by the expansion in the road network managed by TANROADS), periodic maintenance needs held at a steadier level, at about 58 percent. In line with this situation, the proportion of roads in good or fair condition has fallen. There are also discrepancies between allocated budget and expenditure:

Category	*FY2008/09**	*FY2009/10**	*FY2010/11**
Roads fund maintenance budget	147,205	177,462	177,462
Maintenance, actual expenditure	134,821	146,043	152,117
Difference	–8%	–18%	–14%

* In T Sh, millions

The backlog for paved road maintenance is estimated at T Sh 442 billion. A plan is in place to carry this out over the five-year period. The Roads Fund Board recognizes that it faces a number of issues, the most pressing of which is the insufficient funds to meet the huge backlog of maintenance because of the amount deferred. Other issues include the inadequate capacity of agencies and some contractors to deliver quality road maintenance and the expanding network as the government increases the upgrading and building of new roads. The strategic plan for 2011–14 includes increasing funds and raising efficiency through better monitoring of works and curbing overloading as key objectives.

8. **RAG rating (baseline)**: Amber/green
9. **Target (2011/12):** Green
10. **Examples of implementation options to achieve the target:**

What	*Who*
Improve ability to demonstrate potential outcomes of a range of policy decisions based on benchmarks and allocation options.	Road Fund Board

INDICATOR 8: **Transparency and timeliness of annual budget and expenditure disclosures**

Indicator	Red	Red/amber	Amber/green	Green
Transparency and timeliness of annual budget and expenditure disclosures	Budget information does not provide sufficient detail for analysis, or information on actual expenditure not disclosed.	Budget information does not provide sufficient detail for analysis; information on actual expenditure incomplete or in non-compatible format.	Budget information provided; information on actual expenditure incomplete.	Budget information provided in appropriate level of detail; expenditure information provided in comparable level of detail.

1. **Indicator applicability:** Whole sector
2. **Example country:** Zambia
3. **Example subsector:** National
4. **Example agency:** Government of Zambia
5. **Year:** 2010
6. **Documentary source:** Budget execution and service delivery barometer; Civil Society for Poverty

Reduction (CSPR), Zambia (July –December 2010); two-year pilot project

7. **Findings/data:**

CSPR has introduced a budget execution and service delivery barometer that bases its assessment on government administrative data. Findings include:

- There is generally a lack of strong structures on the ground to involve citizens or inform citizens about the release of funds and the available resources that could enable them to monitor how these funds are executed.
- The media outlets selected to publicize disbursements such as newspapers are perceived to be ineffective. Many poor people do not have money to purchase newspapers, and most notifications about disbursements are not broadcast on radio.
- When citizens do receive this information, there is no evidence that they understand it.
- According to the 2008 Procurement Act and the Budget and Finance Act, the government of Zambia procurement plans and contract award information must be published in the public media (*Daily Mail, Post,* and *Times of Zambia*) in the interest of fiscal transparency and accountability. However, there has been little conformity to publicizing plans and contract awards.
- The government publishes the *Yellow Book*, but many people do not have access—nor is the Appropriation Act published.

8. **RAG rating (baseline)**: Red
9. **Target (2011/12):** Amber/green
10. **Examples of implementation options to achieve the target:**

What	*Who*
Encourage government to use places where people gather (e.g., courts, churches) to advertise disbursements.	Government
Review Uganda's policy on publication of financial disbursements, which has been cited as good practice.	Ministry of Finance
Push forward plans to create a budget act that would allow for meaningful consultation on the budget-making process.	Ministry of Finance
Speed up progress in implementing the Integrated Financial Management Information System (IFMIS) as a component of the Public Expenditure Management and Financial Accountability initiative (PEMFA).	Ministry of Finance
Encourage local councils to publish their reports accounting for local resources.	Local councils

INDICATOR 9: Rules applied to the membership and appointment process for key transport sector governance boards

Indicator	Red	Red/amber	Amber/green	Green
Rules applied to the membership and appointment process for key transport sector governance boards	Minority private sector representation on oversight boards and appointed directly.	Majority private sector representation on oversight boards but appointed directly (e.g., by president or minister).	Majority private sector representation on oversight boards; appointed through competitive process—but process lacks transparency.	Majority private sector representation on oversight boards and clear, transparent, competitive meritocratic appointment process for members.

1. **Indicator applicability:** All subsectors; agencies
2. **Example country:** Tanzania
3. **Example subsector:** Road
4. **Example agency:** Roads Fund Board
5. **Year:** 2010/11
6. **Documentary source:** Roads Fund Board: "Corporate Information: What It Is, What It Does" (August 2010).
7. **Findings/data:**

   Membership and appointment arrangements:
   Chair appointed by president from persons outside the public service
   Senior public servant appointed by roads minister
   Four road user representatives appointed by the roads minister from
   - Road transport industry
   - Tourism industry
   - Tanzania Chamber of Commerce, Industries and Agriculture
   - Confederation of Tanzania Industries
   - National Cooperatives Organization

Any other organization of road users with no potential conflict of interest.
Nominations called for by the roads minister, list published, and objections invited.

8. **RAG rating (baseline)**: Red
9. **Target (2011/12):** Green
10. **Examples of implementation options to achieve the target:**

What	*Who*
Changes required to the Road and Fuel Tolls Act Cap 220 (dating from January 1, 1986, but incorporating all amendments up to November 30, 2006)—Act No. 11 of 1998, Part III, The Board and the Roads Fund Manager (see also Establishment of the Board Acts Nos. 6 of 1998 s. 2; 11 of 1998 s. 3, and 14 of 2011 s. 24)	Roads Fund Board Attorney general Parliament
Good practice guidelines shared and standardized approach adopted across SSATP countries.	SSATP

INDICATOR 10: **Percentage of recommendations from independent technical and financial auditor reports implemented within one year**

Indicator	Red	Red/amber	Amber/green	Green
Percentage of recommendations from independent technical and financial auditor reports implemented within one year	Recommendations not published nor any details of any follow-up actions.	Technical and financial audits published but no details of any follow-up actions. OR Follow-up actions published but less than 50 percent implemented.	Technical and financial audits published, but incomplete information on follow-up actions published. OR Only between 50 and 75 percent of recommended actions implemented.	Technical and financial audits published; full information on over half of follow-up actions published; over 75 percent of recommended actions implemented.

1. **Indicator applicability:** All subsectors; all MDAs
2. **Example country:** Zambia
3. **Example subsector:** Road
4. **Example agency:** Road Development Agency (RDA)
5. **Year:** 2010/11
6. **Documentary source:** "Report of the Auditor General on Road Development Agency 2010"
7. **Findings/data:** The report recommended actions in response to 51 findings. By November 2011, 34 of the actions (66 percent) had been implemented.
8. **RAG rating (baseline)**: Amber/green
9. **Target (six months):** Green
10. **Examples of implementation options to achieve the target:**

To achieve this target, five of the following actions would need to be complete within six months:

What	*Who*
Develop a whistle blower policy and submit it to the RDA board of directors for possible adoption and implementation.	RDA board
Harmonize provisions in the Public Finance Act and the Public Procurement Act on multilayer contracts; they should also address linkages between medium-term expenditure framework annual budgets and procurement plans.	Ministry of Finance and National Planning
Establish a consolidated cash flow that enables identification of variation orders or failure to adhere to contract requirements with a view toward seeking reimbursements from contractors.	Short-term technical assistance support to RDA
Institute an annual work program adjustment based on review of contract status and commitments.	RDA board
Encourage RDA board to lobby government to remove the 10 percent capping on local resources in order to provide adequate operational funds to the three agencies.	RDA board
Address lack of proper handover of assets: RDA to ensure that the items purchased on contracts are handed over to the RDA by the contractor before the retention is released and the completion certificate issued. All vehicles and other assets purchased on projects will immediately be registered in RDA's name. The assets received will be added to the agency's Register of Assets and Books of Accounts.	RDA management
Road matrix dissemination strategy: Develop a dissemination strategy and ensure regular updates of the implementation of the action plan in the press at least twice a year to demonstrate the government's efforts to be accountable in a transparent manner to citizens.	Secretary of Treasury
Transport policy: Update the 2002 transport policy and the 2003 Letter of Road Sector Policy to allow the policy and the strategy framework to take stock of high-level commitments.	Public servant, Ministry of Communications and Transport
Prepare a transport master plan that includes all subsectors.	Public servant, Ministry of Communications and Transport
1Review the Road Sector Management Plan of September 2009 during the next Joint Donor Forum.	Ministry of Communications and Transport

To improve the influence of this indicator on governance in Zambia:

1. Prioritize the findings and associated recommended actions of the Office of the Auditor General (high-medium-low importance) to enable a more strategic approach to implementation.
2. Recommend this approach to subordinate auditing bodies.

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