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**REPLIES OF THE COMMISSION TO THE SPECIAL REPORT OF THE  
EUROPEAN COURT OF AUDITORS**

**"THE EUROPEAN DEVELOPMENT FUND (EDF) CONTRIBUTION TO A  
SUSTAINABLE ROAD NETWORK IN SUB-SAHARAN AFRICA"**

# **REPLIES OF THE COMMISSION TO THE SPECIAL REPORT OF THE EUROPEAN COURT OF AUDITORS**

## **"THE EUROPEAN DEVELOPMENT FUND (EDF) CONTRIBUTION TO A SUSTAINABLE ROAD NETWORK IN SUB-SAHARAN AFRICA"**

### **EXECUTIVE SUMMARY**

I. The sub-Saharan road network is composed by about 2,2 million km of roads.

II. Since 2004, the European Commission grants have helped build, rehabilitate or maintain over 36.200km of roads with a focus on some of the most important paved roads of the African network. This represents 1,7% of the total network.

IV. The Commission has made substantial progress in its support for a sustainable road network in sub-Saharan Africa. However, the progress is not yet sufficient to ensure overall sustainability of the entire African road network.

V. The Commission agrees. The Commission observes that the two thirds of roads found by the Court to be in fair to very good condition represents 90% of kilometers.

The Commission considers that the varying degree of premature deterioration refers only to segments of these roads. This reflects the recurrent bias towards investments over maintenance.

VI. The Commission considers that the commitment of partner countries is limited by their capacity. Reducing vehicle overloading is therefore a long lasting problem that needs to be addressed at regional level and at many different sub-sector levels (transport liberalisation, port operation reforms, and coordinated actions at regional level). The Commission would like to underpin that it has been working in the solution of this problem since many years and that progress has been made today even if success is not yet achieved. The Commission carries out policy dialogue on the matter with the governments in order to pursue efforts towards better results.

VII. The Commission is deeply engaged in policy dialogue with positive results.

The Commission's leverage depends on the commitment and capacity of its partners, the amounts invested and the policies pursued by other donors in the sector.

VIII. The Commission will take into account the Court's observations where possible to further improve the effectiveness of development support.

### **INTRODUCTION**

4. Since 2004, the European Commission grants have helped build, rehabilitate or maintain over 36.200km of roads with a focus on some of the most important paved roads of the African network. This represents 1,7% of the total network.

### **AUDIT SCOPE AND APPROACH**

### **OBSERVATIONS**

Reply to title before paragraph 10.

The problem is acknowledged but it is less acute for EDF funded roads.

11. The Commission observes that the two thirds of roads found by the Court to be in fair to very good condition represents 90% of kilometers.

12. The Commission recognises that vehicle overloading is a major reason for premature road deterioration in several African countries and it is consistently working with National Authorities in addressing this matter.

13. These problems are indeed recurrent in most developing countries. The Commission is consistently working with National Authorities in addressing this matter. Since more than 10 years now (e.g.: since 1995 in Cameroun), most of the programmes financed by the EDF on road transport cooperation have included relevant specifications, activities and conditions related to road maintenance. Today, the Commission, along with the World Bank, is a leader among development partners on the matter.

14. The Commission recognises that poor design or construction may be relevant problems affecting road infrastructures performance and, consistently, supports National Authorities with appropriate technical assistance to improve the quality of design and supervision of road works.

Reply to sub-title before paragraph 16.

The Commission considers that whilst road maintenance problems persist, countries have made significant progress during last decade in improving their road maintenance capacities.

17. The Commission considers that African states may choose different institutional structures to ensure road maintenance works. The Commission works at national level with the competent authorities in addressing problems linked to the planning of road maintenance works, including support to the improvement of tendering procedures, aiming at an appropriate balance between delay, liability and transparency. However, it is true that the Commission has supported in many African countries the setting up of road agencies.

18. The Commission overall agrees and works consistently since many years to improve National Authorities capacities to organise studies, collect data on the condition of roads, programme road maintenance in accordance with needs, manage works contracts and supervise maintenance.

19. The Commission agrees that a significant number of countries needs to improve public and private technical capacities to perform and supervise road maintenance works and it is working consistently in many countries on this matter.

22.

(a) The Commission considers that Burkina Faso and Benin have recently demonstrated an increased level of commitment to address vehicle overloading. However, this has not yet resulted in significant progress.

(c) The Commission considers that its interventions have contributed to this positive result.

Reply to title before paragraph 23.

The Commission actively promotes the sustainability of road infrastructure and has achieved real progress in many countries. However, the Commission agrees that there is room for improvement.

Reply to title after paragraph 24.(c)

The Commission considers the impact of conditionality satisfactory, but considers that there is still room for improvement.

25. The Commission considers that Financing Agreements increasingly set out the expected reforms in a clear and structured manner. This strengthens the foundation for the disbursement decision.

26. In countries where road SBS is implemented, the Commission as part of its support, generally provides assistance to the strengthening of the performance monitoring system to improve government's capacity of collecting and analysing data. Concerning the performance indicators of the variable tranches, the Commission's practice is to use the targets set up by the government in its 5 or 10 years Road Sector Development Plan. It could happen that the Road Agency in its Annual Working Plan reduces the targets in line with the latest forecast. This does not mean that the targets set initially are unrealistic.

27. A financing agreement for an EDF project can have an implementation period of 5 to 7 years which should allow in principle enough time for a partner country to implement a certain conditions. But because of the problems linked to the suspension of EDF funding in case of signed contracts, the only possibility left is to impose pre-conditions to be achieved before the launching of tenders or signature of works contracts (reducing the time to achieve the pre-condition to a few months). This system has been often proved unsuccessful. Therefore, the Commission tends to establish realistic and relevant accompanying measures to be closely monitored together with incentives instead of strict pre-conditions putting the success of the programme in question.

The Commission has in numerous cases expressed its concerns to National Authorities, as that commitments taken were not living up to its commitments under the financing agreement, and indicating that a consequence of this (if not addressed) will be the non-endorsement of a road works contract that is currently out to tender. This approach has yielded mixed results.

To improve this situation the Commission and other donors have shifted to output-based performance assessment frameworks, as an alternative to the system of direct process-based conditionality.

28. Intervention such as the establishment of road funds and road agencies or other intervention related to axle overloading control need several years to be achieved. Therefore, it is often undesirable to set the achievement of these interventions as a condition to the signature of a Financing Agreement. The situation has to be assessed case by case and what is successful in one country shall not necessarily be successful everywhere. The Commission prefers to carry out a comprehensive dialogue together with the other donors which involve institutional reforms in the broadest spectrum and experience shows that using conditions is not always the best solution. In the last 20 years, 30 road funds and 20 road agencies have been set up in the sub-Saharan African countries, with very small use of conditions.

29. The Commission especially in the countries where SBS programme are implemented is focussing on outputs-based performance assessment frameworks and does not any longer make use of strict conditions for new programmes (see reply to paragraph 27 & 28). This approach allowed the achievement of all the substantial improvements described by the Court.

30. The Commission is encouraging partner countries to pay more attention to the problem of vehicle overloading. However, this problem is complex and concerns other important sector stakeholders, such as the transport enterprises, the shippers, the logistic operators, the port authorities, and other administrations such as the Ministry of Finances, the Customs, etc.

The Commission is shifting to tackle this problem in the sector dialogue at the national level, and in the framework of transport facilitation programmes at the regional level.

31. Effective action against vehicle overloading cannot be limited to the installation of more control points, weighbridges and legislation. It must be extended to the sector stakeholders directly responsible for truck overloading, mainly the transport enterprises, the shippers and the logistic operators. For example, in Tanzania the Commission is formulating a very innovative programme called "One stop inspection stations" to improve efficiency in monitoring and controlling overloading. This programme is the result of a long dialogue with all stakeholders from the public and private sector. This illustrates that a broad set of actions are needed to tackle the problem.

32. The Commission searches consistency in fighting vehicle overloading, and is shifting to tackle this problem also at regional level. Indeed, fighting overloading in some countries and not in the others may cause distortions in competition and traffic diversion. Two new regional 10<sup>th</sup> EDF projects of transport facilitation in Western Africa are in the formulation phase, and include both several activities to address overloading at regional level.

33. The Commission is shifting to a more holistic and pragmatic approach to reduce overloading step by step.

Reply to title before paragraph 34.

The Commission notes that many positive assessments were made by the Court on policy dialogue in paragraphs 35, 36, 38 and 39. The Commission will strive towards using the full potential.

34. See replies to paragraphs 25 and 33.

37. Investments are mainly related to rehabilitation works on the existing primary backbone road network and much less to network upgrading. The Commission notes that its efforts have been instrumental in promoting increased spending on maintenance in most of the partner countries.

38.

(b) The Commission is focussing on outputs and does not any longer make use of strict conditions for new programmes (see reply to paragraph 27). The programme is co-financed by EIB, AFD and AfDB.

(c) The donors established a formal structure for consultation and the basis of policy dialogue with the government through the Technical and Financial Stakeholders Committee (Comité des Partenaires Techniques et Financiers - CPTF) in 2011. A working group on transport and infrastructure was formed in 2012. Outside this formal structure, dialogue continues through the quarterly progress meetings involving representatives of the NAO, the Ministry, and EUD, with annual meetings at Minister and Ambassadors level.

The budgetary changes referred to were instigated at the highest level of government without the implication of those involved in road maintenance, and came about following the construction of an oil refinery on Chadian territory, which completely altered the mechanism of collection of fuel levies. While initially respecting the sovereignty of government to amend its financial circuits according to the changing circumstances of the country, the EUD reacted when it became aware of the resulting short fall in maintenance budget these changes produced.

39. The Commission notes the Court's positive assessment and that in the three remaining countries there have been recent positive developments.

(d) In order to pave the way for policy dialogue, action has been taken to address the problem at technical level: 9th and 10th EDF funded technical activities have included the development of strategies aimed at vehicle overloading (see Court's observation, paragraph 44b) and the introduction of additional vehicle load control infrastructure.

Reply to title after paragraph 39.(d).

The Commission fully agrees with the opinion that the results have been useful. Where results have been limited, this is due to the difficult context and the weak capacity of the national administrations.

40.

(c) The capacity building programme in Tanzania addressed also the road agency, and, to a limited extent, the LGAs.

42.

(b) The difficulties mentioned occurred after the rebel attack of 2008 (at the beginning of the implementation of the technical assistance). Now budgets have been largely allocated in all but one contract, and some contract amounts have increased. The road agency (AGER) is in its early days of operation.

(d) This is part of the sector dialogue and the delegation is engaged in promoting the implementation of the study recommendations.

(e) The Commission agrees that one of the most difficult challenges is the decentralisation process, especially in view of the weak technical and financial capacity of local authorities.

43. In the last 20 years, the Commission is involved in supporting axle load control virtually in every country where it finances road projects. Often this is also done through Technical cooperation.

44.

(c) Consistently with this, the Commission is now preparing with competent Authorities two regional programmes (12,5 and 15 m€) on transport facilitation in Western Africa, which support vehicle overload control systems at national and regional levels (e.g. weight bridges, joint border posts, GPS systems to monitor trucks and containers).

(e) Tanzania as part of the EAC has signed the Vehicle Load Control Bill agreed at the level of Ministers. It is foreseen for enactment into Community law in 2012.

## **CONCLUSIONS AND RECOMMENDATIONS**

### ***Conclusion***

45. The Commission has made substantial progress in its support for a sustainable road network in sub-Saharan Africa. However, the progress is not yet sufficient to ensure overall sustainability of the entire African road network.

46. The Commission agrees. The Commission observes that the two thirds of roads found by the Court to be in fair to very good condition represents 90% of kilometers.

The Commission considers that the varying degree of premature deterioration refers only to segments of these roads. This reflects the recurrent bias towards investments over maintenance.

47. The Commission is deeply engaged in policy dialogue with positive results, and notes progress on road maintenance spending and attention given to axle overload.

The Commission's leverage depends on the commitment and capacity of its partners, the amounts invested and the policies pursued by other donors in the sector.

The Commission acknowledges that the success level of the technical cooperation funded by the Commission may be improved.

## **Recommendation 1**

### **Allocation of resources**

(a) The Commission agrees to support countries which implement appropriate sector policies in general and specific measures to improve maintenance and control axle overloading. However, it should be noted that all intervention financed by the Commission are always originated by partner countries demands.

(b) The Commission agrees in principle. However, in cases of minimal progress or continued unsuccessful sector dialogue the Commission would consider withdrawing its support.

(c) The Commission agrees with the recommendation.

## **Recommendation 2**

### **Conditions and policy dialogue**

(a) In general, the Commission agrees on the need to reinforce the dialogue and to monitor continuously the government performances in the sector. However, in accordance with the principle of aid effectiveness and in coordination with other donors, the Commission is gradually shifting from a system based on direct conditions to a more articulated system of output-based performance assessment frameworks.

(b) The Commission agrees but notes that for the reasons given in paragraph 27 this will only be possible in a limited number of cases.

(c) The Commission agrees with the recommendation and is already carrying out periodic performance assessments in most of the countries. It has also the intention to introduce ex-post project evaluations for projects above a certain level of financing.

(d) The Commission agrees with the recommendation and it is already engaged in most of the countries in following up the conclusions of the various performance assessments.

(e) The Commission considers a good option withdrawing from the sector in case of unsuccessful dialogue with a country partner. However, the Commission recalls that it cannot suspend funding when a specific works contract is signed and on-going.

## **Recommendation 3**

**Technical cooperation**

- (a) The Commission agrees with the recommendation.
- (b) The Commission agrees with the recommendation.
- (c) The Commission agrees with the recommendation.