

UNITED REPUBLIC OF TANZANIA

Roads Fund Board

Tanzania

Corporate Information

What it is and What it does

August 2010

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CORPORATE INFORMATION OF THE ROADS FUND BOARD

What it is and what it does

1. RECENT ECONOMIC PERFORMANCE

The Government continues to maintain macroeconomic stability with the aim of attaining the objectives of the National Development Vision 2025, the Millennium Development Goals and other national priorities. The budget for 2010/11 is expected to benefit from the projected recovery in the global and domestic economies, leading to a robust GDP growth and domestic revenue collection as well as continued implementation of prudent fiscal and monetary policies.

During 2009, Tanzania's macroeconomic performance strengthened despite the drought in the 2008/09 season, floods toward the end of 2009 and the impact of the global financial and economic crisis. Real GDP grew by 6.0 percent in 2009, slightly higher than the projected growth of 5.5 percent. Nonetheless, the growth was lower than 7.4 percent achieved in 2008 due to drought during the 2008/09 season which affected agricultural production, hydro power generation as well as industrial production, all of which have a significant share in total GDP. The economy was also adversely affected by the global financial crisis, albeit to a much lesser extent than the advanced and middle income economies. The crisis has affected growth through the trade channel particularly tourism, export crops, regional manufacturing exports and lower capital inflows in the form of Foreign Direct Investments (FDIs). Going forward, the growth of the economy will benefit from the expected recovery in the global economy, leading to improved demand for exports and increase in domestic economic activities fostered by effective implementation of Kilimo Kwanza. Thus, the economy is projected to rebound to the trajectory levels to reach 7.0 in 2010 and 7.8 by 2013.

Industry and construction economic activities recorded a growth rate of 7.0 percent in 2009 compared to 8.6 percent in 2008, mainly due to low performance in mining and quarrying, manufacturing and construction sub-activities. The manufacturing sub-activity grew by 9.0 percent in 2009, compared to 9.9 percent in 2008, primarily on account of the decline in demand for manufactured exports as a result of the impact of the global financial crisis coupled with the effect of power shedding which started in the third quarter of 2009. In addition, there was a decline in the construction sub-activities due to slowdown in the construction activities in anticipation of the adverse impact of the global financial crisis. On the other hand, growth rate of electricity and gas sub-activity was 8.4 percent in 2009 up from 5.4 percent recorded in 2008 due to Government effort to improve power infrastructure as well as increased gas production.

The medium term projection indicates that the growth of industry and construction economic activities will trend upward from 7.0 percent in 2009 to 7.5 percent in 2010 and up to 8.8 percent by 2013. This growth is expected to accrue from improved performance in manufacturing leading to improved power supply, development and expansion of the Export Processing Zones (EPZs) and Special Economic Zones (SEZs), implementation of the SME policy and the Tanzania Trade Integrated Strategy (TTIS) and other supportive trade policies. The growth in construction economic sub-activity will benefit from increased infrastructure developments, including roads and bridges, water supply projects, construction of power plants, construction of commercial residential and non-residential buildings and land development. Further, the growth in electricity and gas economic

subactivity is expected owing to the implementation of measures aimed at addressing the power crisis through installation of additional gas-based power generators to complement the hydro-based power generation capacity.

Tanzania has sustained strong macroeconomic performances since 2001 to mid – 2008, with the economy growth averaging 7.0 percent and inflation below 10 percent. However, the downward trend exhibited during 2009 was a consequence of drought season, floods and the impact of the global financial and economic crisis in 2008/09. Nonetheless, the economic has been resilient to the shock by registering a 6.0 percent growth in 2009, slightly higher than initially forecasted, on account of the implementation of short term measures to mitigate the adverse impact of the global economic crisis and drought, as well as continued implementation of prudent monetary and fiscal policies geared towards achieving broad based economic growth and poverty reduction objectives. The monthly inflation has continued to ease in the recent months due to the improvement in food supply in the region following the harvest season. Thus, overall inflation declined to 9.4 percent in April 2010 from 12.2 percent in December 2009, with food inflation leveling at 9.8 percent compared to 14.5 percent in recorded in December 2009. It is projected that inflation will further slow down to 8.0 in June 2010 and remain below 5 percent in the medium term.

Roads are important for various reasons. Firstly, in connecting different parts of the country for ease of travel. Secondly, good quality roads allow for fast movement of goods and people, thus opening up markets. Thirdly, an efficient roads network stimulates investment, not only with Tanzania, but also within the region, and allows for development of ancillary service industries.

Good general economic performance and the macro framework is key to successful NSGPR implementation. But the links to poverty reduction and NSGPR implementation works in other ways as well.

Additional challenges for the roads sector in particular, in contributing to the main goal of poverty reduction, include the following:

The roads sector must contribute to the main goal of poverty reduction by bringing about total quality management and also expansion of the road networks. This forms a major challenge, because this must be achieved through quite a number of actions like reforms in policy, institutional framework, financing arrangements, private sector involvement and participation, capacity building for sustainability of road industry especially at local level, road safety improvement and above all sustainable maintenance management of roads.

There is need to put more emphasis on capacity building by training local communities in the maintenance and management of local community roads in order to ensure the sustainability of feeder roads.

2. THE NATIONAL ROAD NETWORK

2.1. Overview

Tanzania has a surface area of 945,000 square kilometres and a total road network of approximately 91,049 km categorised as follows:

Category	Paved (km)	Unpaved (km)	Total (km)
Trunk Roads	5,150	7,636	12,786
Regional Roads	722	19,504	20,226

Category	Paved (km)	Unpaved (km)	Total (km)
District Roads	0	29,337	29,337
Feeder Roads	0	22,703	22,703
Urban Roads	790	5,207	5,997
TOTAL	6,662	84,387	91,049

Source: TANROADS 3rd Quarter Progress report 2009/2010 and PMORALG's Operational plan for 2010/2011

In terms of asset value the road network value is estimated to be as shown in the table below:

Table: Roads Asset Value as of June 2010

Value in million USD				
	Good	Fair	Poor	Total
Trunk Roads				
Paved	1,524.50	229.53	19.15	1772.68
Unpaved	19.33	45.49	7.60	72.42
Regional Roads				
Paved	194.77	9.64	0.59	205.00
Unpaved	305.63	99.75	13.81	419.19
Sub Total	2,044.23	384.41	41.15	2,469.79
District, Feeder and Urban Roads				
Paved	161.92	43.53	22.28	227.73
Unpaved	503.40	389.12	278.90	1,171.42
Sub Total	665.32	432.65	301.18	1,399.15
Total				3,868.94

2.2. Road Types

2.2.1. Paved roads

These are roads provided with a water resistant pavement designed to withstand traffic wear. They include bituminous surface dressing, asphalt pavements and also concrete roads.

2.2.2. Unpaved “gravel roads”

These roads are mainly engineered and provided with drainage and running surface of gravel materials.

2.2.3. Unpaved “Earth roads”

These are the roads formed or shaped by use of compacted local material. Mostly, these are within the District and Village roads. The current inventory of this category is not well established.

2.3. Road Conditions

2.3.1. Good condition

A road in good condition is one that can be maintained.

Roads are classified under this category if they are free from defects and require only routine maintenance to keep them in that state. Road condition can objectively be measured by roughness index which indicate the extent of rutting and surface cracking. For gravel roads, gravel loss is also used to measure condition.

Driving comfort which also measures road condition can be indicated by attainable speeds. For paved and gravel roads they range between 100 – 120 and 70 – 80 km/h respectively.

2.3.2. Fair condition

Under this category it is anticipated that the road will have significant defects and requires both routine and periodic maintenance to prevent failure.

Driving speeds range from 70 – 90 and 20 – 40 km/h for paved and unpaved roads respectively.

2.3.3. Poor condition

For paved roads, poor roads can be termed as those with pavement failure for over 20% of the paved area, as shown by rutting and cracking. For gravel roads failure will result in parts of the sub-grade to be exposed and significantly deformed.

Roads in poor condition require rehabilitation or reconstruction to bring them to the original condition.

The results of road condition surveys carried out by TANROADS and PMORALG are as shown below:-

	Good		Fair		Poor		Total
	%	km	%	km	%	km	
Category: Trunk And Regional Roads							
Trunk Roads							
Paved	74%	3,811.00	22%	1,133.00	4%	206.00	5,150.00
Unpaved	50%	3,818.00	37%	2,825.32	12%	916.32	7,636.00
	60%	7,629.00	31%	3,958.32	9%	1,122.32	12,786.00
Regional Roads							
Paved	90%	649.80	9%	64.98	1%	7.22	722.00
Unpaved	47%	9,166.88	38%	7,411.52	15%	2,925.60	19,504.00
	48%	9,816.68	37%	7,476.50	15%	2,932.82	20,226.00
SUBTOTAL	53%	17,445.68	35%	11,434.82	12%	4,055.14	33,012.00
Category: District, Urban And Feeder Roads							
District, Urban and Feeder Roads							
Paved	51%	404.81	28%	217.67	21%	167.52	790.00
Unpaved	22%	12,584.96	34%	19,455.93	44%	25,206.25	57,247.14
SUBTOTAL	22%	12,989.77	34%	19,677.60	44%	25,273.77	58,037.00
Grand Total	33%	30,435.45	35%	31,108.422	32%	29,328.91	91,049.14

Source TANROADS 3rd Quarter Progress Report FY 2009/10 and LG RICS 2009/2010

3. ROAD MAINTENANCE ACTIVITIES

“Road maintenance” means all works carried out to preserve the various components of a road in the required condition in order to provide safe and effective passage to the road users. The components (maintenance scope) include the pavement, shoulders, drainage, road signs, structures and ancillary works.

The “required condition” (maintenance levels) is prescribed by a set of norms and standards for various types of roads and other considerations. In the ideal world this would obviously be as close as possible to the as-new condition. “Safe and effective passage” is also subject to qualification, depending on a number of issues.

3.1 Routine Maintenance: This term shall incorporate all the activities previously defined separately as routine and recurrent maintenance.

The term routine maintenance shall therefore mean all maintenance works required continuously or at intervals on every road whatever its engineering characteristics or traffic volume, and comprises of activities such as grass cutting, drain cleaning, culvert and bridge cleaning and - maintenance, road furniture and bridge guide rails maintenance, paved road patching, edge repair, crack sealing, and line remarking, and also unpaved road grading, shaping, and pothole repairs.

3.2 Bridge Maintenance: The term bridge maintenance shall include all maintenance works on bridges that aim to repair or restore the bridge and its various components to the original specification. Upgrading by widening or improving a bridge beyond its original design shall be included under Development activities.

3.3 Spot Improvement: The term spot improvement shall mean localised maintenance works carried out on short sections (typically 1 km or less) of roads in order to ensure a reasonable level of passability, and comprises of activities such as road surface repairs, embankment repairs, culvert and drainage repairs, localised road reshaping and regravelling, and the construction of diversions. Spot improvement is usually done due to the excessively poor condition of a road over a short section that threatens the flow of traffic.

Spot improvement can be used on both paved and unpaved roads, and includes some works previously defined as emergency maintenance.

3.4 Emergency Maintenance: The term emergency maintenance shall mean all maintenance activities required to open or repair roads, bridges and other parts of the road infrastructure after a natural or other unforeseen disaster like fire, major accidents that cause damage to the road and natural events like floods.

Repairs to roads and bridges that have deteriorated over time cannot be included in this category.

3.5 Periodic Maintenance: The term periodic maintenance shall mean all maintenance works carried out at intervals of several years. Some activities included here are also referred to as preventative maintenance. Typical activities on paved roads include resealing, overlays of less than 100 mm, fog sprays and shoulder re-forming. Pavement layer reconstruction or the addition of a pavement layer must not be included here, but under rehabilitation.

Typical activities on unpaved roads include regravelling, rip and re-compact and cross-section reforming.

3.6 Rehabilitation: Includes activities that aim to restore the original condition of the road through relatively extensive works like pavement layer reconstruction, mill and replace,

reshaping of the cross-section, reconstruction of the shoulders, drainage works and thick overlays.

- 3.7 Development:** Projects that improve the level of service of the road to beyond that of the original specification. It includes upgrading of a road, widening, geometric changes and improvements, pavement works and related ancillary works.

It should be noted that the Road and Fuels Tolls Act Cap 220 (Revised edition 2006) defines Development such as to include Rehabilitation.

- 3.8 Backlog Maintenance:** Backlog maintenance includes all maintenance works needed as a result of insufficient maintenance done previously as a result of a lack of funds. Therefore all maintenance on roads in poor condition can be included under this definition, because they should never have deteriorated into a poor condition if sufficient maintenance funds were available. Many, or even most, rehabilitation projects may fall into this category as well.

Due to the potential large scale of activities under this definition, as well as the duplication with other activities, no activities should be recorded as such but the other categories of maintenance should be used.

The expenditure on backlog maintenance can be calculated by adding the expenditure on various activities on all roads in poor condition. Note that this result should be reported separately, and not included in the total expenditure as it would result in duplication.

- 3.9 Development expenditure:** All expenditure on projects that will significantly lengthen the service life of a road is classified as Development expenditure. It includes periodic maintenance, rehabilitation and development. The table below explains the relationship between Maintenance, and Development.

Table: Functional and Financial Classification of Activities

Functional grouping	Activity	Financial Classification
Maintenance	Routine maintenance	Recurrent
	Bridge maintenance	
	Spot improvement	
	Emergency maintenance	
	Periodic maintenance	Capital
Development		
Development	Rehabilitation *	Capital
	Development	

* Note: The current Act defines Rehabilitation to be part of Development, but HDM-4 and others define Rehabilitation and Repair as part of the overall Maintenance strategy on a road network.

4. REFORMS IN THE ROAD SECTOR

4.1. Background of reforms

Up until 1970's the economy of the country performed well with both agriculture (3.3% p.a) and industry growing at moderate rates. Impressive gains were recorded in education, health and rural development. In transportation, pan-territorial prices were introduced and this encouraged production in some isolated parts of the country. Road Maintenance was fairly well managed and resources were adequate. In 1968 for instance, funds were allocated for road maintenance at the rate of US\$ 800 per km for bitumen roads. For Engineered gravel and earth roads, the allocations were US\$ 400 per km and US\$ 230 per km respectively.

By early 1980's the gap between public expenditure and aggregate supply widened, the current account deficit was about 15% of GDP, inflation was about 30% and the shilling was substantially overvalued. These economic imbalances were caused primarily by the high level of government expenditures and were exacerbated by the decline in the country's terms of trade, decline in donor aid and the war with Idi Amin in 1979-1980.

With these difficulties, the level of public expenditure allocated for construction and maintenance started to decline resulting in severe deterioration of road infrastructure. Funds allocated for maintenance had dwindled to US\$ 396 per km for trunk roads, US\$ 194 per km for regional roads and US\$ 24 per km for district roads. Thus, by 1990, only about 15% trunk and 10% of the rural roads respectively were in good condition.

In response the government mounted a number of recovery measures. They included National Economic Survival Program (NESP), the Structural Adjustment Program (SAP) and in 1986, the government launched the Economic Recovery program (ERP). The objectives of ERP were among others, to achieve a positive growth rate in per capita income through policy and institutional reforms, market liberalisation, export promotion etc. These measures stimulated production, integration of domestic markets and changes in production pattern.

With the agricultural sector responding favourably to the ERP, it was obvious that deteriorated road infrastructure, high transport costs and lack of reliable means of transport became serious constraints to increased production to agriculture and industry. At that time, the World Bank (1990) estimated that Tanzania was losing about US\$ 200 million per annum in direct costs as a result of road deterioration and inefficient operations in the road sector.

The Government, in December 1987 prepared a program for the transport sector recovery which sought to invest up to US\$ 900 million (with donor support) in the roads sector mainly for rehabilitation of roads network, acquisition and maintenance of equipment, institutional support etc. However it was realized that the solution to the problem required much more than rehabilitation of roads or training of staff. It required major reforms in attitudes and institutional arrangements towards maintenance, particularly at the policy making levels; adequate allocation of resources for both routine and periodic maintenance and streamlining the centralized and ineffective administration of the roads sector.

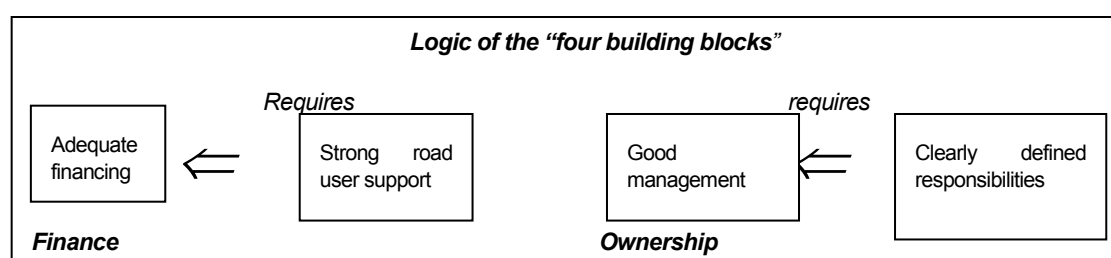
4.2. Need for Reforms

The Government recognized the problems mentioned and started to put the sector back on track through reforms in Road Financing and Management.

The ideas behind the current reforms were conceived under the World Bank's Road Maintenance Initiative (RMI). Its main contribution is given in Heggie's Management and Financing of Roads, (1995) which prescribes four basic building blocks to start the process of reforms leading to commercializing road management to preserve and rebuild the road networks. These blocks are:

1. Creating ownership by involving road users so that they can take part in decisions on levels of service and charges,
2. Stabilizing financing by securing an adequate and stable flow of funds,
3. Clarifying responsibility by establishing who is responsible for what, and
4. Strengthen management of roads by providing effective systems and procedures.

According to Heggie the financing problem is unlikely to be solved without strong road user support. Road user support is unlikely without efficient use of resources. Efficient use of resources cannot happen without good management and good management requires clearly defined responsibilities. This is illustrated as follows:



The link between management and responsibility is clear since you cannot manage something well unless you know what it is. The link between ownership and finance is strong, since you expect to own what you buy. The link between ownership and management is also there since efficient use of resources or good management will result in support from the owners. It has been experienced in other African countries particularly Zambia, South Africa and Namibia that this building block is the only way of ensuring sustainability in road maintenance.

The Government of Tanzania has a commitment to provide good roads for her people. Efforts, which commenced in 1980 with the Integrated Roads Project, will be continued into the next century. The Government has in fact embarked on a long-term development strategy known as vision 2025. In this strategy the transport sector will have an important part to play. The plan is to undertake an economic transformation of the country that will enable it to move from the category of least developed countries. In the process therefore, the transport sector is expected to have the following outlook:

- An extensive road network that is well maintained, serving all parts of the country as well as neighbouring countries;
- The road networks to be well integrated to the other modes of transport such as rail, air and water transport;
- A well-established communication network using modern technology to complement the transportation networks;
- A major agricultural transformation network of rural roads to enable proper integration of agricultural production with industrial development; and
- Environmental protection that will feature prominently in all road development programmes.

In the spirit of bringing reforms to the roads sector, the Government has set up a Roads Fund, a Roads Fund Board and Roads agency known as the Tanzania National Roads Agency (TANROADS).

5. THE ROADS FUND

The purpose of the Roads Fund is to provide an adequate and stable flow of funds for road maintenance and rehabilitation and to enhance the transparency between revenues collected from road users and the spending on the road network. It would further provide a direct linkage between the road users and the road agencies that are spending the money to provide an agreed service.

It should be strongly noted that the funds collected for the Roads Fund are not taxes but are road user's money.

The Roads Tolls Act, 1985 enacted by the Parliament of the United Republic of Tanzania on 26 July 1985 provided for the imposition and collection of tolls on the vehicular use of public roads and for other matters related to roads tolls. The tolls were treated as normal government revenues. Two Road Funds were established under two separate declarations made by the Minister for Finance at different times. The first declaration called the "DECLARATION TO ESTABLISH A SPECIAL ROAD FUND" or "THE ROADS FUND" was made in August 1991, and the second, the "DECLARATION TO ESTABLISH THE LOCAL GOVERNMENT ROADS FUND" was made in August 1992. The Roads Fund was to be used to meet maintenance costs for regional core roads as well as to fund the rehabilitation and maintenance of urban and district roads. Funds were to be derived from the road toll levied on petrol and diesel and various sources levied on motor vehicles such as motor vehicle licenses, motor vehicle registration etc.

As the funds were established in accordance with section 17(i) of the "Exchequer and Audit Ordinance" (Cap 439) which empowers the Government to establish a special fund, and being only an administrative procedure, the declarations had no legal force and hence no legal liability for failure to comply with the declarations. Thus, in order to give the Fund some legal force and secure more stable financing for road maintenance and the management of the funds, the Parliament of the United Republic of Tanzania enacted the Roads Tolls (Amendment) (No.2) Act,

1998 which established the Road Fund and the Road Fund Board. The Act has been revised and is currently called the Road and Fuels Tolls Act, Cap 220 (Revised edition 2006).

The need to have Reforms in the road sector in Tanzania was initiated by the World Bank's Road Maintenance Initiative (RMI) and catalysed by the signing of the SADC protocol on Transport, Communications and Meteorology. Governments in the SADC region have moved rapidly towards partnerships with the private sector to overcome the inefficiencies in the roads infrastructure. The reforms brought about the establishment of the Roads Fund, the Roads Fund Board and a road agency TANROADS.

Pursuant to the Road and Fuels Tolls Act, Cap 220 (Revised edition 2006), the Road Fund has been established for which the following provisions apply:

1. All monies collected as roads tolls imposed on diesel and petrol, transit fees, heavy vehicle licenses, vehicle overloading fees, or from any other source at the rate or rates to be determined by Parliament from time to time shall be paid into the Fund.
2. All monies collected as roads tolls shall be deposited in the account of the Fund.
3. At least ninety percent of the money deposited in the Fund shall be used for maintenance and emergency repair of classified roads and related administrative costs in Mainland Tanzania in accordance with approved operational plans made by: -
 - TANROADS in respect of trunk and regional roads; and
 - Local authorities in respect of district and urban roads,in accordance with the budgets approved by the Parliament.
4. Not more than ten percent of the money deposited in the Fund shall be used for roads development and related administration costs in Mainland Tanzania in accordance with the plans and budgets approved by the Parliament.

The Act has ring-fenced sources for the Roads Fund which are:

1. Fuel levy (contributes more than 95% of the Roads Fund's income)
2. Transit fees
3. Vehicle overloading fees
4. Heavy vehicle license fees (this was abolished from July 2005)

From the Road and Fuels Tolls Act, Cap 220 (Revised edition 2006) we can see that the Roads Fund is mainly for maintenance works. However, in the long term, the road sector will probably have to become financially independent and the Roads Fund will then have to finance all road expenditures.

6. THE ROADS FUND BOARD

6.1. Vision

The vision of the Roads Fund Board is to be a role model institution in Road Maintenance Financing in Africa.

6.2. Mission

The mission of the Roads Fund Board is to provide adequate and stable flow of funds for sustainable road maintenance and monitor its utilization by implementing agencies.

6.3. Core Values

Integrity

We observe and maintain high standards of ethical behaviour and the rule of law.

Transparency

We are open, accountable and responsible to stakeholders

Team Work

Work as team to achieve our objectives

Competence

We depend on skills, knowledge and experience in all fields of our operations.

6.4. Objectives

The activities of the Roads Fund Board will focus on the following objectives within the planned period of 2008/09 – 2010/11

Objective A: Revenue Collections Increased.

Objective B: Disbursement of Funds to Implementing Agencies Improved.

Objective C: Performance and Capacity of Implementing Agencies Improved

Objective D: RFB Operations Improved

Objective E: HIV/AIDS Infections Reduced and Services Improved.

6.5. Composition of the Board

Currently the Roads Fund Board consists of nine members who are:

THE BOARD MEMBERS



Mr. P. A Magani
Chairman



Eng. O. Chambo
Permanent Secretary
Ministry of Infrastructure
Development (MOID)



Mr. M. Akunaay
Vice Chairman
Representing Association of
Tour Operators



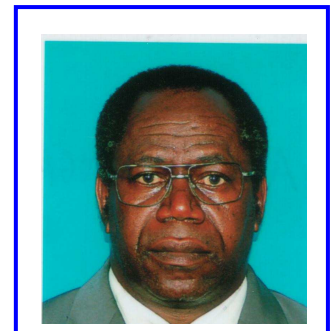
Mr. R.. Kijah
Permanent Secretary
Ministry of Finance and
Economic Affairs



Mrs. M. Tarishi
Permanent Secretary
PMORALG



Eng. P.A.L. Mfugale
MOID



Eng. A. J. Mwamanga
Representing Tanzania
Chamber of Commerce,
Industries and Agriculture



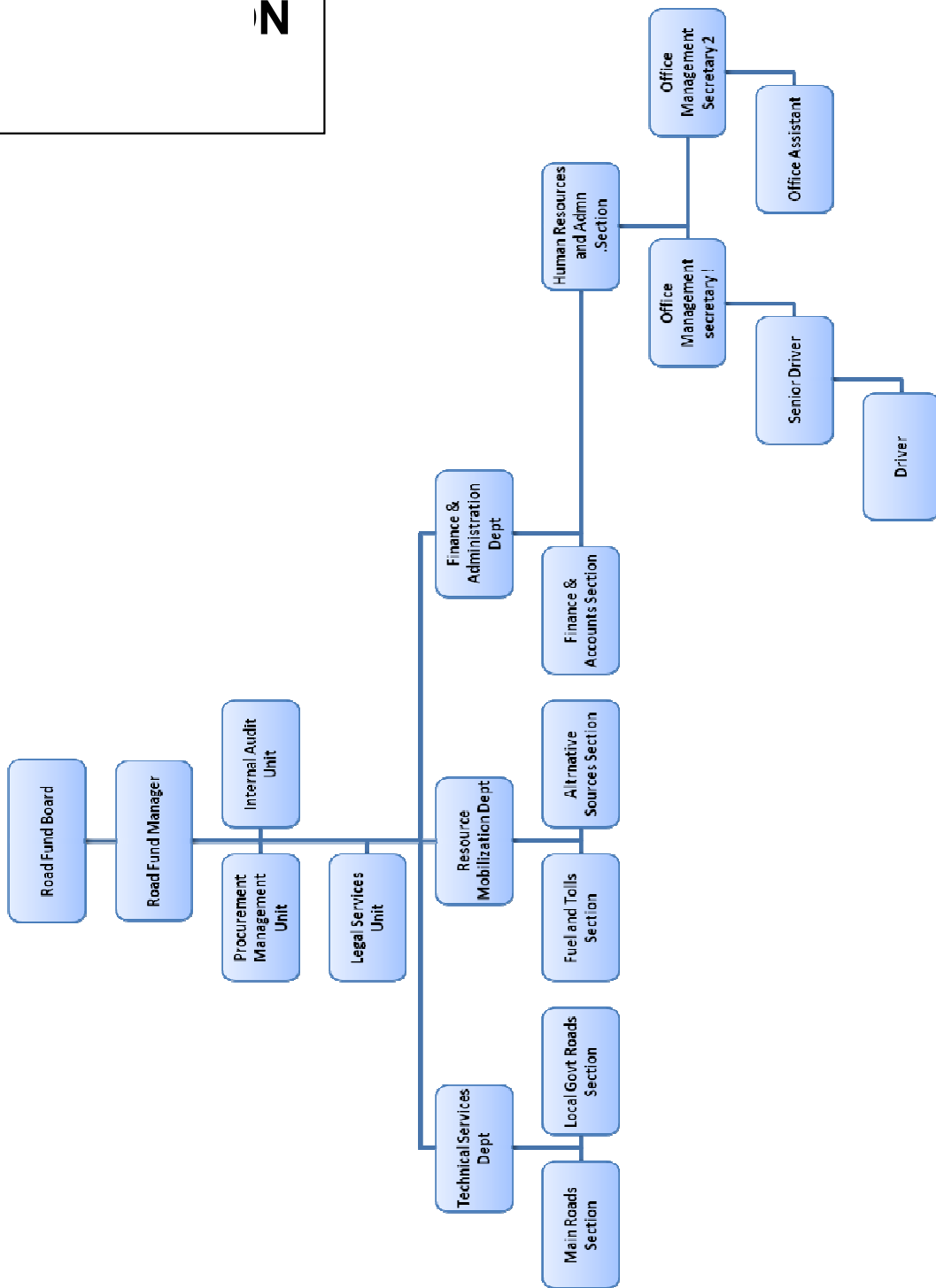
Mr. A. Said
Representing Truck Owners
Association



Hon. W. O.Mbogoro
Representing Confederation of
Co- operatives



Mr. J. O. Haule
Secretary
Roads Fund Board
Corporate Information



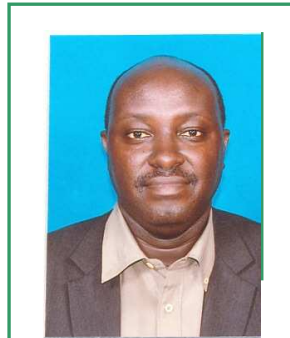
THE SECRETARIAT



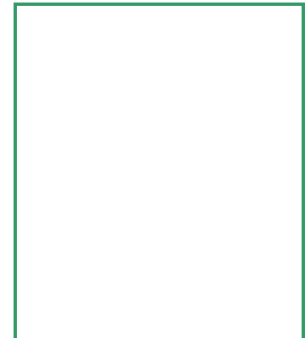
Mr. J.O. Haule
Roads Fund Manager



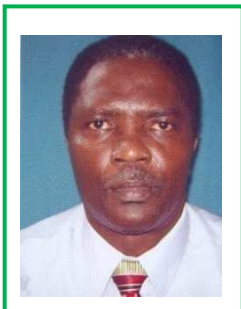
Mrs. R. Masenga
Deputy Manager Finance
and Administration



Eng. R. M. Lwakatare
Deputy Manager Technical
Services



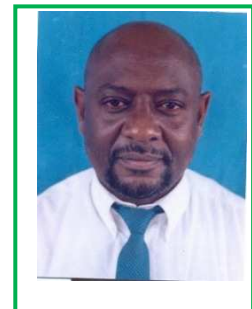
Mr. E. Nyauhenga
Deputy Manager Resource
Mobilisation



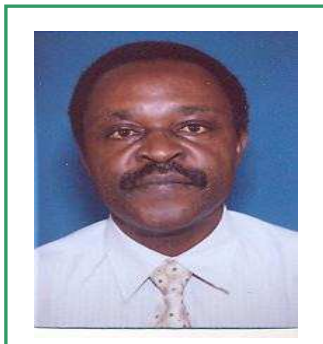
Mr. M. Kiwayo
Internal Auditor KOJ



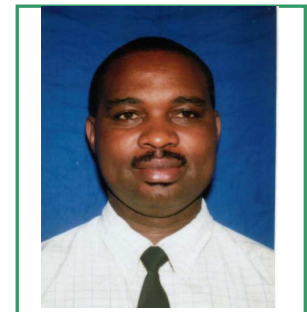
Eng. R. Kalimbaga
Principal Planning & Monitoring
Engineer



Mr. A. James
Internal Auditor



Eng. C. R. Massawe
Senior Planning & Monitoring
Engineer



Mr. K. Nyabusalo
Senior Accountant



Ms. A. M. Kadendula
Office Management Secretary



Ms. A. B. Macha
Office Management Secretary



Mr. M. Malongwe
Driver / Messenger



Ms. L. Mdoe
Office Attendant / Registry
Clerk



Mr J. Mwalulwa
Driver/ Messenger

6.6. The Address of the office of the Board is:

Location:	1 st Floor Mawasiliano Towers, Sam Nujoma road, Dar es Salaam.
Postal address:	P.O. Box: 12497, Dar es Salaam.
Telephone:	+255 22 2412016 / 7
Fax:	+255 22 2412019
E-mail:	roadfund@raha.com
Web:	www.roadfundtz.org

6.7. Functions of the Board

The functions of the Board as provided in the Road and Fuels Tolls Act, Cap 220 (Revised edition 2006) with respect to the Fund are:

- a) to advise the roads Minister on new sources of roads and fuel tolls, adjustment of rates of existing tolls and on regulations for the collection of road tolls for the purpose of ensuring an adequate and stable flow of funds to road operations;
- b) to apply the money deposited into the Fund for the purposes approved by the Parliament;
- c) to set out procedures for agents with respect to the collection of roads and fuel tolls for the purpose of the Fund;
- d) to ensure full collection and transfer of collected roads and fuel toll to the Fund's account;
- e) to develop and review periodically the formula for Allocation and disbursement from the Fund to TANROADS, local authorities and other road agencies and advise the roads minister accordingly;
- f) to recommend to the roads Minister an allocation of funds for TANROADS, local authorities and other road agencies to undertake road management at a level that is suitable and affordable;
- g) to disburse funds from the Fund to TANROADS, local authorities and other road agencies;
- h) to ensure that the operations of TANROADS, local authorities and other road agencies and the Fund are technically and financially sound;
- i) to monitor the use of the funds disbursed to TANROADS, local authorities and other road agencies for the purpose of the objects of the Fund;
- j) to appoint the Road Fund Manager and Road Fund Accountant;
- k) to appoint, subject to approval by the Controller and Auditor General an auditor or auditors to carry out the audit of the Fund;
- l) to make any other recommendations to the roads Minister as it considers necessary to enable the Board to achieve its objectives.

In addition the Road and Fuels Tolls Act, Cap 220 (Revised edition 2006) requires the Roads Fund Board to:

- o enter into performance agreements with the Chief Executive of TANROADS or other agency to which money from the Fund is disbursed
- o submit an annual report to the roads Minister within three months, after the end of each financial year based upon its own activities and of those organisations to which money was disbursed.

7. PROCEDURES FOR COLLECTING, DISBURSING AND MONITORING THE ROADS FUND

7.1. Introduction

According to the Road and Fuels Tolls Act, Cap 220 (Revised edition 2006) section 5 (4) (d), (g) & (i), the Roads Fund Board is required to collect, disburse and monitor the Roads Fund.

The Roads Fund is disbursed to TANROADS, the Local Authorities and the Ministry of Infrastructure Development. Ninety percent of the funds are used for road maintenance works and related costs as stipulated in the Performance Agreements between the implementing agencies and the Roads Fund Board.

Ten percent of the Road Fund is used to finance development works which are mainly reconstruction and upgrading works. Currently these works are financed largely by Development Partners and the Government contributes counterpart funds which are normally used to cover acquisition of the right of way, compensation and relocation of utilities where necessary.

Monitoring of the use of the funds is the key responsibility of the Roads Fund Board. Monitoring is effected through receipt of progress reports, inspections by the Secretariat and also through financial and technical auditing by the National Audit Office (NAO) in collaboration with appointed consultant(s).

7.2. Collecting Procedures

Currently the Roads Fund constitutes three road user charges which are:

1. Fuel levy
2. Transit charges
3. Overloading fees

7.3. Fuel Levy

Collection procedure is as follows:

Fuel levy is collected by Tanzania Revenue Authorities (TRA). In Dar es Salaam this is collected from importers by three instalments. Payment is spread over 45 days, 25% paid after 15 days, 50% after 30 days, and the remaining 25% after 45 days. of 25%, 50%, The collections are banked at the Bank of Tanzania (BOT). Collections from upcountry importers is first banked in a Commercial bank at the Regional offices, then remitted to TRA Headquarters on a monthly basis. The Ministry of Finance and Economic Affairs finally transfers the money to the accounts of Roads Fund Board on a monthly basis.

7.4. Transit Charges

There are eight transit charge entry points in Tanzania. The transit charges from the collection centres are collected by Tanzania Revenue Authority (TRA) and banked at Bank of Tanzania (BOT) on a weekly basis. The Ministry of Finance and Economic Affairs authorizes transfer of the transit charges to the Roads Fund account every month.

7.5. Vehicle Overloading Fees

Overloading fees are collected at Weighbridge stations located at various locations along paved Trunk Roads. This is done by TANROADS through their Regional Managers in respective region and subsequently transferred to the Road Fund accounts. These fees are supposed to deter overloading and hence their collection should decline as transporters realise the importance of adhering to axle load limits.

7.6. Recommendations for improvement of the collection process

The establishment of the Roads Fund Board responsible for the management of the collection and of the disbursement of the road tolls will imply a modification of the collection processes which were described above. The Roads Fund Board in accordance with Sections 4 and 5 of the Road and Fuels Tolls Act, Cap 220 (Revised edition 2006) had resolved to open a Checking Account which would absolutely be managed and operated under its authority.

The Roads Funds have been collected since 1991 / 92 and the table below shows the annual collections from the year 2000/2001 when the Board starting its operations up to the year 2009/2010. There has been a remarkable increase in collections since the Board started collecting and disbursing funds in FY 2000 / 01.

Table: Roads Fund Disbursements to Implementing Agencies from FY 2000/2001 to FY 2009/2010

FINANCIAL YEARS	TANROADS TSHS.	PMORALG TSHS.	MOID TSHS.	RFB TSHS.	TOTAL TSHS.
FY 2000/2001	25,632,258,395.00	10,846,876,607.00	2,927,882,809.00	623,589,707.00	40,030,607,518.00
FY 2001/2002	31,390,279,740.00	15,239,600,000.00	3,487,808,860.00	620,384,578.00	50,738,073,178.00
FY 2002/2003	41,647,968,815.00	19,302,000,000.00	4,449,670,000.00	674,270,000.00	66,073,908,815.00
FY 2003/2004	40,206,256,272.00	19,145,836,320.00	4,467,361,808.00	690,545,600.00	64,510,000,000.00
FY 2004/2005	45,788,351,959.00	21,803,977,123.00	5,087,594,662.00	734,141,000.00	73,414,064,744.00
FY 2005/2006	46,737,789,226.00	22,256,090,107.00	5,193,087,692.00	862,206,115.00	75,049,173,140.00
FY 2006/2007	53,322,369,787.00	25,441,604,570.00	5,924,707,755.00	1,054,217,801.00	85,742,899,913.00
FY 2007/2008	144,191,692,967.00	63,640,599,066.00	14,791,757,587.00	1,811,606,592.00	224,435,656,212.00
FY 2008/2009	150,471,283,094.00	69,586,565,143.00	15,163,211,000.00	1,857,100,000.00	237,078,159,237.00
FY 2009/2010	178,971,281,000.00	85,525,530,000.00	20,217,957,000.00	2,414,900,000.00	287,129,668,000.00
TOTAL	758,359,531,255.00	352,788,678,936.00	81,711,039,172.00	11,342,961,393.00	1,204,202,210,757.00

TANROADS releases FY 2002/03 comprises of release for normal allocation (Tshs.40,154,866,000) and special allocation (Tshs.1,493,102,815)

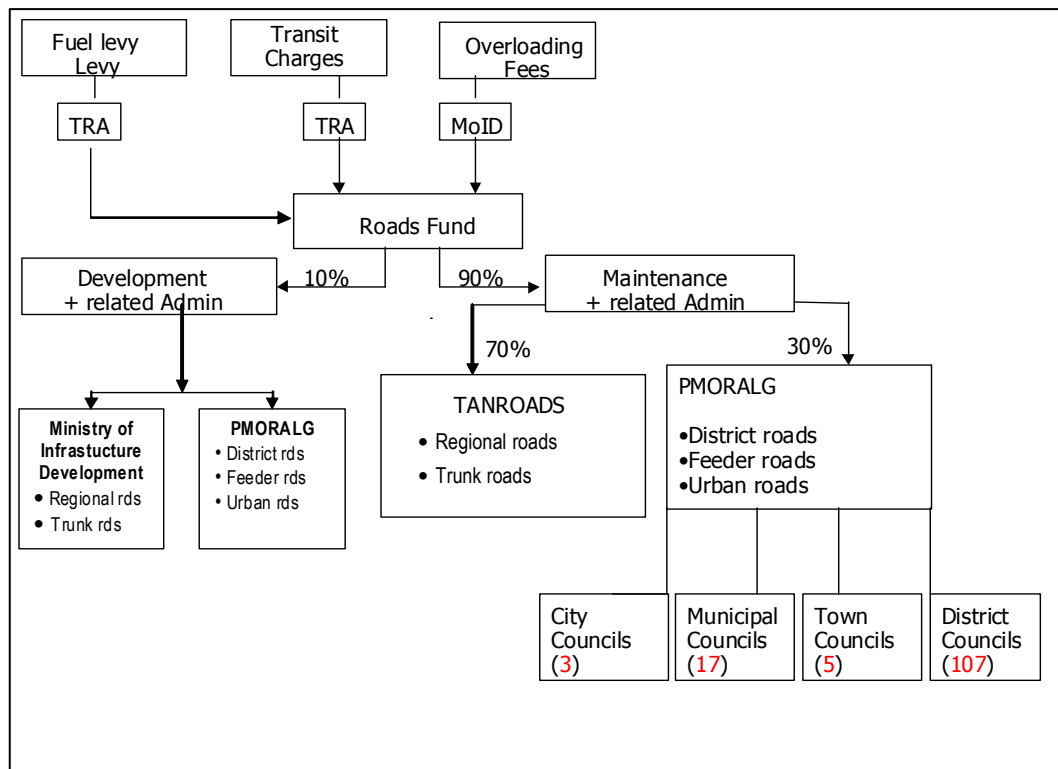
PMORALG releases FY 2006/2007 includes Tshs.50 million being funds for supervision Shekilango road in Kinondoni DC

7.7. Current Disbursement Procedures

7.7.1. Disbursement Criteria

The distribution criteria of the Road Fund to the implementing agencies are shown in the figure below:

Figure



7.7.2. Allocation Criteria for Councils

The allocation formula of Roads Funds to Councils is based on maintenance needs that considers road network length, road condition, and road type.

7.7.3. Activities for Disbursements

Disbursements are made on a monthly basis to TANROADS and each individual Local Authority, into their individual bank accounts. After three months, the implementing agencies must submit quarterly reports on their activities. If the reports are accepted by the Board, the next disbursements are made.

7.8. Performance Agreement

Before funds disbursement, the Roads Fund Board enters into performance agreements with the Chief Executives of TANROADS, Local Governments or any other agency to which the Board disburses funds.

The main salient features of the Performance Agreement include targets of works to be achieved, total yearly financial allocation, administrative costs, compliance to government policies, performance and quality targets and requirement for submission of performance reports.

Other important aspects include operational plans indicating which activity will be performed, when, where on the network and how. Inventory and condition of roads are also included so as to track changes on the condition of network.

Performance indicators and their corresponding targets are also included in the agreement to be used for measuring performance by the implementers.

Generally, the performance agreement emphasizes the need of ensuring that all roads in good condition receive full maintenance so as to preserve the inherent asset value.

For Accountability of the Funds released, the following are to be performed on quarterly and mid-year basis:

1. Quarterly expenditure reports Vs physical performance (output) – (To be prepared by implementing agencies)
2. Technical and Financial audits of the funds - (to be prepared by Consultants and the National Audit Office).
3. Works inspection reports - (to be prepared by the Secretariat, PMORALG Headquarters, RAS offices, and TANROADS Headquarters).

8. MONITORING THE ROADS FUND

Monitoring the Road Funds is done by reviewing submitted progress reports from road implementing agencies, visits by the Roads Fund Board and conducting Technical and Financial audits by the Office of Controller and Auditor General and a consultant. Basically, the Roads Fund Board monitors activities of the implementing agencies to verify if they are complying with clauses and schedules of the Performance Agreements.

The Technical Services unit's main scope of work is to advise the Roads Fund Manager on funding needs for maintenance, adequacy and viability of maintenance policies and plan and whether disbursed funds are being used as agreed and in a cost-effective manner.

8.1. Technical Audit Manual for the Roads Fund Board

The Roads Fund Board with assistance from JICA, Japan has prepared a Technical Audit Manual whose objective is to show the basic concepts and standard procedures of the technical audit conducted by the Roads Fund Board. The contents of the manual are as follows

Section 1: Introduction

- Application and objective of the manual
- Legal basis and objective of Technical Audit
- Professional Ethics as the Basic principle
- Definition of Terms
- Type of Technical Audit and Methodology

Section 2: Preparation

- Annual Technical Audit Plan
- Selection and Appointment of Audit Team
- Selection of Projects to be Audited
- Timing of Auditing
- Notice to the Implementing agency
- Review of the Quarterly reports and other relevant documents and understanding of the project.
- Preparation of Audit Plan and Schedule

Section 3: Document Examination

- Meaning of Document Examination
- Documents to be Examined
- Methodology of Document Examination
- Evaluation

Section 4: Site Inspection

- Meaning of Site Inspection
- Methodology
- Recording
- Evaluation
- Wrap up Meeting

Section 5: Evaluation and Reporting

- Evaluation
- Reporting

The recommendations of the reports by monitoring teams are first be discussed by the General Purposes Committee which finally gives recommendations to the Board for approval for implementation. In case there is an issue that needs urgent action to be taken e.g. Withholding funds to an implementing agency; the Permanent Secretary of the parent Ministry is consulted before action is taken and the matter is reported in the following Board meeting.

8.2. Oversight by PMORALG and TANROADS Headquarters

The Board has prepared guidelines for utilisation and supervision by the road implementing agencies.

Monitoring of the Councils is done by PMORALG headquarters and Regional Secretariat Engineers in Regional Administrative Secretary's (RAS) offices in all the regions.

Monitoring of the TANROADS Regional offices is done by TANROADS Headquarters.

Copies of the reports on visits by PMORALG, RAS, and TANROADS are given to the Roads Fund Board.

Findings from the Monitoring reports by PMORALG and TANROADS are also incorporated in the quarterly progress reports submitted to the Roads Fund Board.

The reports by RAS are sent to PMORALG for review and consolidation before they are sent to the Board.

8.3. Technical Auditing by Consultants

The Controller and Auditor General approved that Technical Audits be carried out by consulting engineering firms. Procurement of the consultant commences upon getting the consent of the National Audit Office.

The Auditing Standards followed are based on techniques and processes used previously by the Auditors in Audits (not necessarily maintenance audits) carried out in other SADC countries and similar to those used internationally and reported in the literature. The field Auditors are all qualified Engineers, registered by the Engineers Registration Board assisted by experienced graduate engineers.

The Technical Auditor focuses on maintenance and development works funded by the Roads Fund and executed by TANROADS and PMORALG. Technical Audits have been carried out annually since financial year 2000/2001.

The audits aim at providing an independent assurance to the Board, the Government, and other interested parties that resources earmarked for Road maintenance and development activities are judiciously applied for the intended purpose.

Coverage of the Technical Audits is a 20% sample of road works carried out. Performance of TANROADS and PMORALG (on behalf of local governments) is measured.

Procurement of consultant process takes a few months to complete, and thus the Board needs to start the process well in advance in order to ensure the consultant is on site when planned.

The terms of reference has always been improved year after year to ensure a better audit is carried out.

The terms of reference for the Technical Audit normally covers the following areas briefly described below:

- a. Carry out desk study of relevant documents: The Consultant reviews the progress reports in relation to the Performance Agreements.
- b. Prepare a sample for detailed site technical audit. A random sample of about 20% of executed works is audited to establish value for money. A region that has been previously audited is not selected until all others have been audited. The audit covers all the works executed within the sample.

The technical audit will focus on whether the work formed part of an approved performance agreement, was carried out according to specification and whether the specifications were spelled out in sufficient detail to ensure good quality work.

The audit should seek to verify:

- that all work to which funds are applied is according to the approved works programme, approved contracts and implementation schedules.
- that contracted services are carried out with due professional care according to expectations and as set out in the winning bid.
- that all project related problems are managed and the completion thereof ensured – to include dispute resolution between contractors and agencies, re-works, and contract termination.
- that all funds disbursed can be accounted for and are applied as is intended.
- That there is value for money for the works executed. Value for Money is determined by giving a score based on the aspects of Planning and Design, Procurement, Contract Administration, Quality and cost.
- That the interventions carried is fit for purpose.

8.4. Performance Indicators for road implementing agencies

A convenient way of monitoring the effectiveness and efficiency of an organisation is through the use of performance indicators.

The Board has prepared the following set of performance indicators and performance targets to assess the performance of implementing agencies. (See appendix A)

9. FINANCIAL AUDITING

Financial Audit of the expenditures incurred by each road authority shall be carried out for the Roads Fund Secretariat. Authorities shall be required to produce quarterly reports to the Road Fund Secretariat, which will be the basis for the monitoring process and production of reports to the Board. The reports from the implementing agencies will include:

- Comparisons of actual against budget figures.
- Comparison of progress against the implementation schedule.
- Other technical reports.

Typical areas to be investigated would include

- Inflation of invoices for materials or services not delivered.

- Conflict of interest by heads of the implementing agencies or other employees.
- Application of funds in areas not approved by the Fund.
- Projects behind schedule.
- Variation orders or other changes in works specifications implemented against authorised procedures.
- Disputes between agencies and contractors negatively affecting work progress.

10. BUDGETING FROM THE ROADS FUND BY IMPLEMENTING AGENCIES

Budgeting by implementing agencies shall preferably commence in mid-December so as to reach the Board latest by end of second week of March. The Board shall review and consolidate the budgets of the implementing agencies and its own and submit to the Roads Minister who will then table them to the Parliament for approval.

Prior to preparation of the budgets, the Board shall advise the implementing agencies on the projected Roads Fund Collection and their allocation based on the allocation formula.

The Budgets shall clearly indicate which activity shall be done on which road, when and how. Details of administrative and supervision costs shall be indicated separately and clearly. The same shall not exceed the percentage earmarked by the Board.

The details of the budget as mentioned above shall originate from the project level implementers i.e. the Councils in respect to PMORALG and Regional Managers in respect to TANROADS. PMORALG and TANROADS (HQ) shall summarize the budgets at network level and submit them with the details as attachments.

11. ROAD FUND PERFORMANCE INDICATORS

The Fund was established primarily for the purpose of financing road maintenance and related administrative costs. In addition all monies collected as road toll shall be deposited in the account of the Fund and shall not be used for other purposes as provided for in the Act. The Fund is audited by the Controller and Auditor General whose report is the basis of preparing annual report to be submitted to the Parliament by the Minister within two months of receipt of the same. Performance of the Fund is therefore assessed by how its meets these objectives by using indicators that will address these issues as follows:

Table: Performance Indicators for the Roads Fund

S/NO	Performance Indicator	Performance Target(s)	Means of Verification	Objective(s)
1	Percentage share of Road Fund to Road User Charges	Compared to baseline figure of FY 2000/2001	Annual reports	To assess level of reforms as per Road Maintenance Initiative (RMI)
2	Percentage share of fuel levy to the Roads Fund	Compared to baseline figure of FY 2000/2001	Annual reports	To assess level of reforms as per RMI
3	Percentage coverage of routine maintenance needs	Compared to baseline figure of FY 2000/2001	Annual reports	To assess level of asset preservation

S/NO	Performance Indicator	Performance Target(s)	Means of Verification	Objective(s)
4	Percentage coverage of periodic maintenance needs	Compared to baseline figure of FY 2000/2001	Annual reports	To assess level of asset preservation
5	Percentage coverage of total maintenance needs	Compared to baseline figure of FY 2000/2001	Annual reports	To assess level of maintenance funding
6	Time period of transferring funds	Compared to baseline figure of FY 2000/2001	Fund transfer reports	Road Fund efficiency
7	Percentage of annual disbursed funds compared to budgets	100% of annual budget disbursed	Annual financial statement	To assess fulfilment of annual maintenance budget
8	Annual reports submitted to the Minister within six months after end of FY	Compared to baseline figure of FY 2000/2001	Annual reports	To assess timeliness of submitting annual reports
9	Number of serious audit queries.	Compared to baseline figure of FY 2000/2001	Audit reports	To assess adherence to Acts and regulations

12. PERFORMANCE REVIEW

This chapter looks at the performance of the Road Fund by reviewing the performance indicators highlighted in chapter 11.

12.1. Trend of Percentage share of Road Fund to Road User Charges

The objective of this performance indicator is to assess the level of reforms as per the Road Maintenance Initiative (RMI).

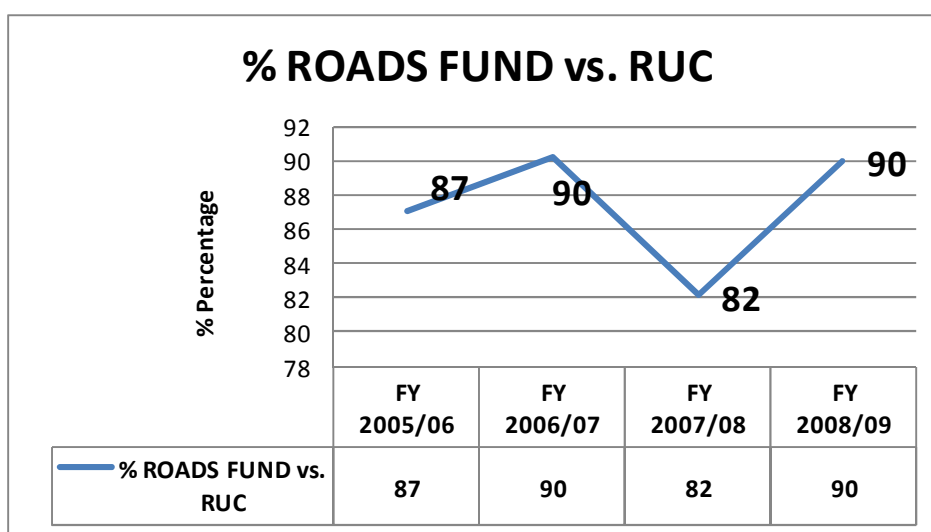


Table: Road Fund Revenue versus Total Road User Charges collected

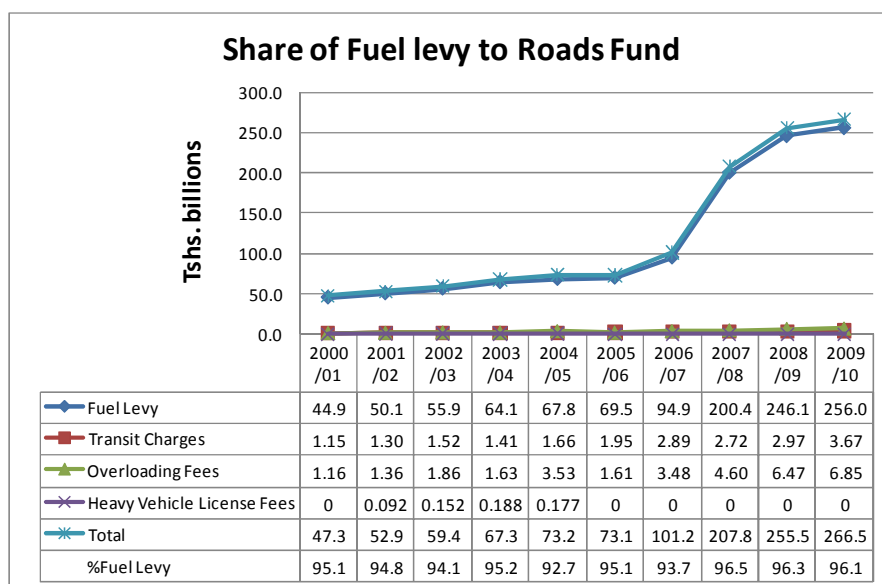
S/No.	Source	FY 2005/06	FY 2006/07	FY 2007/08	FY 2008/09
1	Fuel levy	69.5	94.9	200.4	246.1
2	Transit charges	1.95	2.89	2.72	2.97
3	Overloading Fees	1.61	3.48	4.6	6.47
4	Heavy Vehicle License Fees	0	0	0	0
5	Motor Vehicle Registration Fees	8.41	6.48	16.26	0.68
6	Annual Motor Vehicle License Fees	2.47	4.49	28.95	27.85
	TOTAL RUC	83.94	112.24	252.93	284.07
	TOTAL ROADS FUND	73.06	101.27	207.72	255.54

Source: Roads Fund Board and TRA

The table and the chart above show that not all Road User Charges are reverted to the Roads Fund.

12.2. Trend of Percentage Share of Fuel Levy to Road Fund

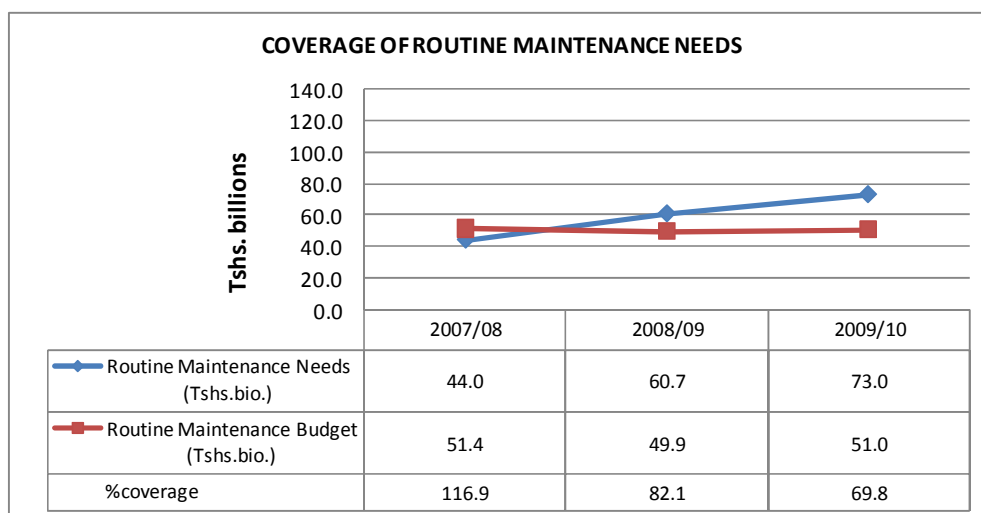
The objective of this performance indicator is to assess the level of reforms as per the RMI.



The table and graph above show that the Fuel levy has been the dominant source of revenue by having a share of more than 90% since FY 2000/2001.

12.3. Trend of Percentage coverage of routine maintenance needs

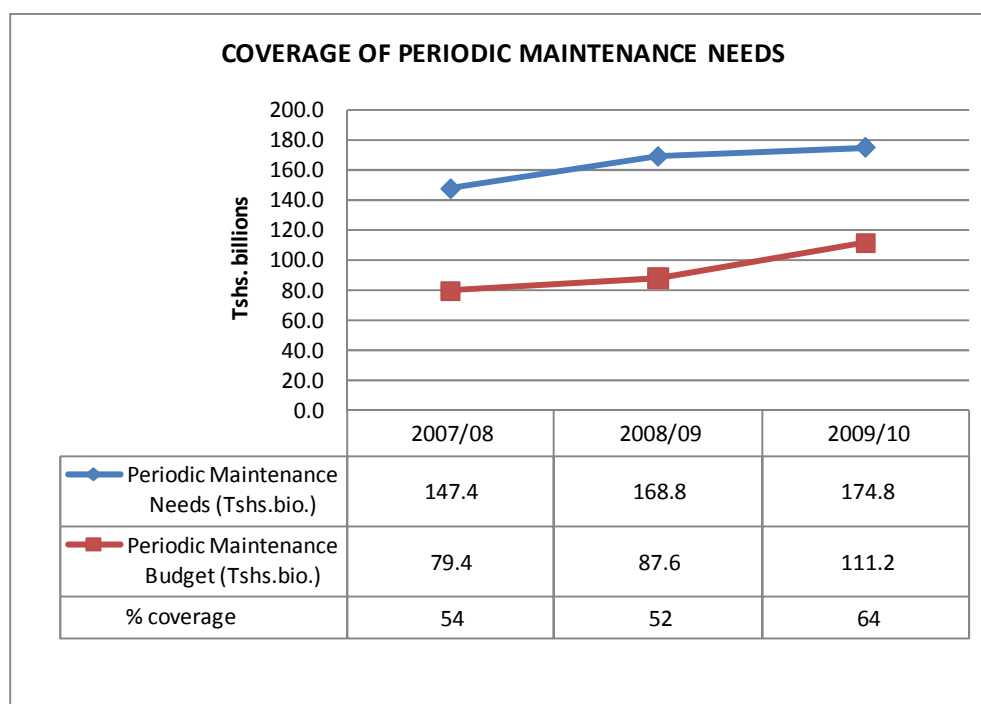
The objective of this performance indicator is to assess the level of asset preservation.



The table and graph above show that the coverage of routine maintenance for the whole road network was well covered in FY 2007/2008 but dropped to 82% in FY 2008/09 and 69.8% in FY 2009/10. It is noted that the maintenance needs in FY 2009/10 have increased due to a number of reasons including expanded road networks managed by both TANROADS and the LGAs.

12.4. Trend of Percentage coverage of periodic maintenance needs

The objective of this performance indicator is to assess the level of asset preservation.

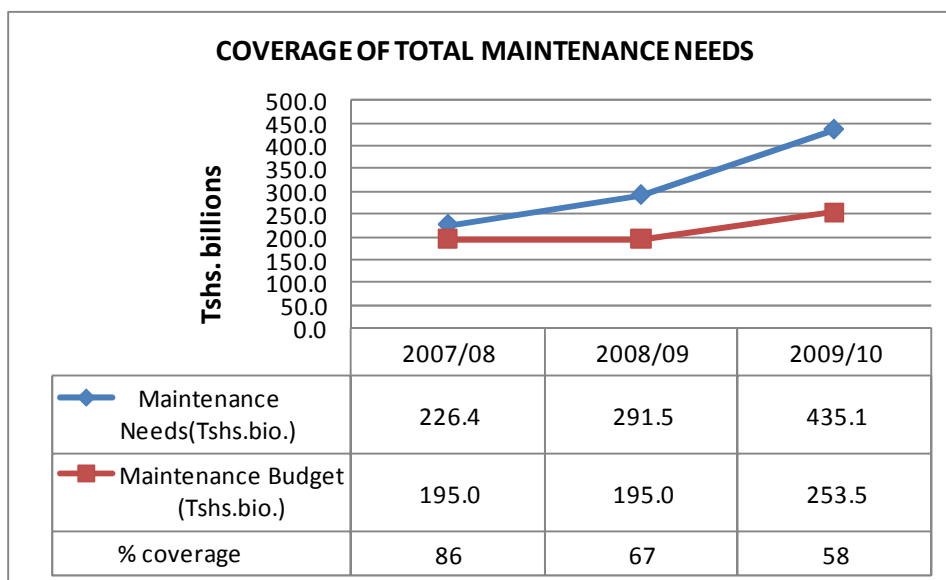


The table and graph above show that coverage of periodic maintenance after the substantial increase in the Roads Fund Budget in FY 2007/2008 increased to 54%. In FY 2008/2009, coverage is 52% and in FY 2009/2010 the coverage increased to 64%. However, inadequate

funding for periodic maintenance is a serious problem as roads that do not get periodic maintenance in time, deteriorate further and need more expensive interventions in the form of rehabilitation and even reconstruction.

12.5. Trend of Percentage coverage of total maintenance needs

The objective of this performance indicator is to assess the level of asset preservation.



The table and graph above show that the coverage of maintenance needs was 86% in FY 2007/2008 after the increase of fuel levy by 100% from Tshs.100 to 200 per litre of petrol and diesel. In FY 2008/2009, the coverage dropped to 67% due to maintaining the same budget as the previous year and increased maintenance needs. In the FY 2009/2010 the coverage has dropped further to 58%.

The table below shows coverage of maintenance needs including the backlog.

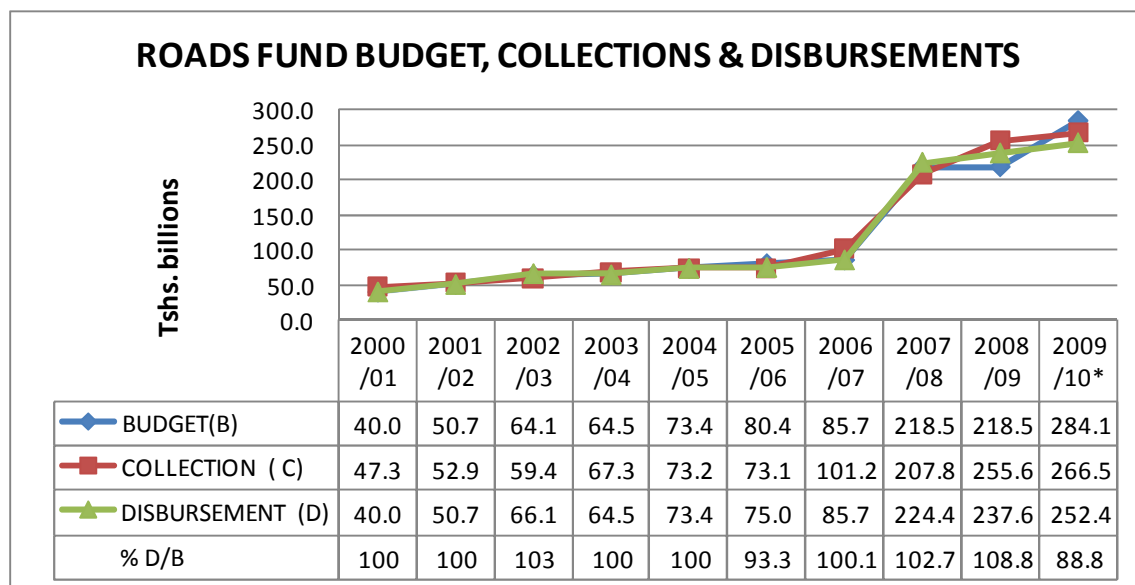
Table: Road Maintenance Needs including Backlog for FY 2010/2011

INSTITUTION	Annual Maintenance Needs Tshs. billion	Annual Backlog maintenance Tshs. billion	Total Annual Maintenance Needs including Backlog Tshs. billion
TANROADS (Trunk and Regional roads)	292	107	399
PMORALG (District, Feeder and Urban roads)	188	109	297
TOTAL	480	216	696

The Roads Fund budget figure for FY 2010/11 of **Tshs.286.9 billion** covers 41% of the maintenance needs including backlog. The maintenance budget figure of **Tshs.256.3 billion** covers 53% of the maintenance needs.

12.6. Trend of Annual Disbursed Funds compared to Budgets

The objective of this performance indicator is to assess fulfilment of the annual maintenance budget.



*Collections up to June 2010. The collections for month of June which are received in July 2010 have not been included here. Disbursements up to June 30th 2010 do not include June 2010 collections which are received in July 2010

The graph and table above show that the Roads Fund disbursements have been meeting the Roads Fund budgets since 2000/2001 with the exception of FYs 2005/2006 and 2007/2008. In those two years, the deficits that were caused by under collections were fully covered in the following budgets.

12.7. Performance linked to the National Strategy for Growth and Reduction of Poverty (NSGRP or MKUKUTA): 2005/06 – 2009/10

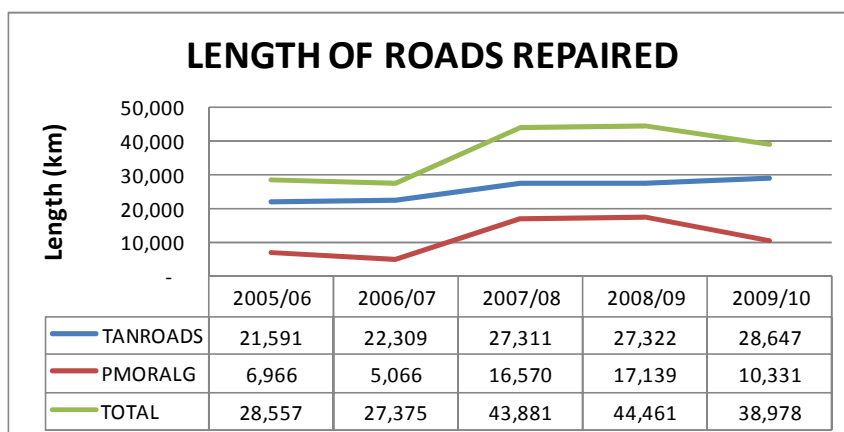
This section describes how the Roads Fund Board's operations link with the MKUKUTA. The Roads Fund Board has put in place mechanisms to ensure that the roads sub-sector contributes directly and indirectly towards the attainment of the outcomes of the three clusters of the NSGRP as shown below. However, it should be noted that apart from the outputs that are linked to length of roads repaired and road condition, not much has been done in the form of studies or monitoring mechanisms to quantify the impact of the Roads Fund to many of the MKUKUTA goals. A study financed by the EU and the Roads Fund Board was conducted this year and it mainly determined the base line data. The next study which will be a follow up will show the impacts of road works.

Cluster 1: Growth and Reduction of Income Poverty

Goal 2: Promoting sustainable and broad-based growth

(i) **Operational target 8: Repaired 15,000 km of rural roads annually by 2010 from 4,500 km in 2005.**

In order to provide adequate level of physical infrastructure needed to cope with the requirements of poverty reduction targets, the Roads Fund revenue has been increasing over the years as can be seen in the chart under para 3.2 above. The chart below shows the length of roads repaired between FYs 2005/06 and 2008/09.



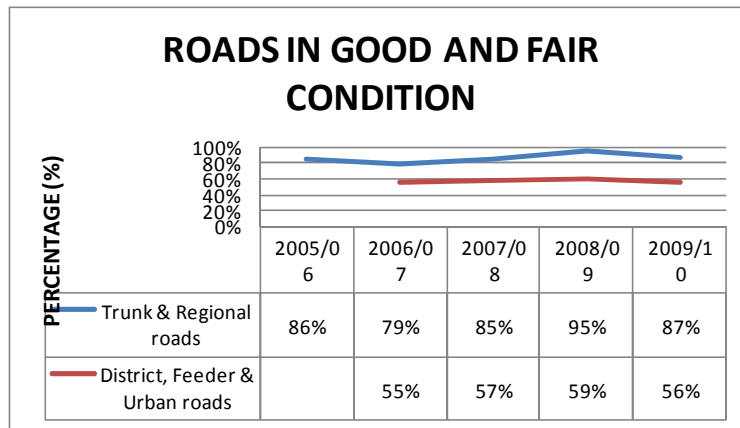
The lengths attained (though includes urban roads) exceeds the target of 15,000km required annually by 2010. There is a performance indicator in the Performance Agreements with TANROADS and PMORALG that requires them to achieve not less than 75% of the annual physical and financial targets.

Cluster 2: Improvement of Quality of Life and Social Well Being

Goal 5: Systems in place to ensure effective universal access to quality public services that are affordable and available

(i) **Operational Target 5.1: Improve passable (good/fair condition) rural roads from 50% in 2003 to at least 75% in 2010.**

The chart below shows the percentage of roads in good and fair condition.



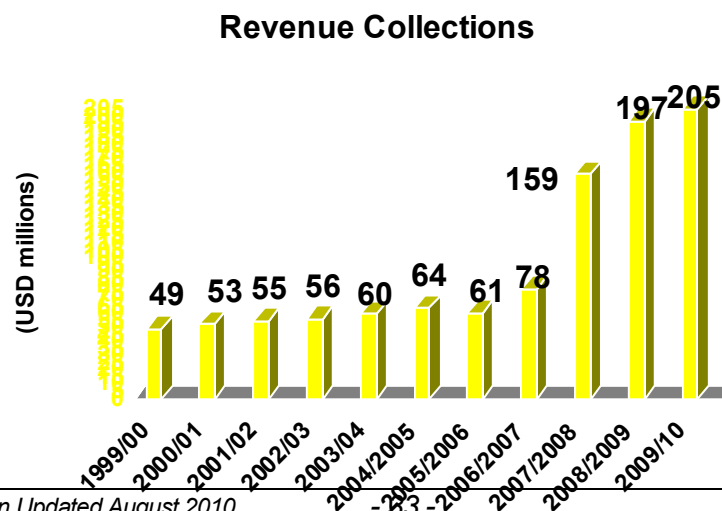
The Trunk and Regional roads in good/fair condition is 87% and the District, Feeder and Urban roads in FY 2009/10 is 56%. In FY 2006/2007 and also FY 2009/2010 abnormal heavy rains affected the road condition of unpaved roads which comprises 93% of the whole road network. In FY 2009/2010 the roads in good/fair condition dropped to 88% because of 3,165 km of district roads that have been reclassified to be Regional/Trunk roads and their condition is generally poor. The LGAs have also added more than 5,000km to its network from community roads. The roads under TANROADS have achieved the target of 75% while those under PMORALG are still below target.

The road agencies TANROADS and Local Authorities are taking measures to improve on management of the rural roads. TANROADS and the Local Authorities are training their technical staff on procurement, contracts administration; and use of computerised road maintenance management systems that will greatly assist in preparing annual work plans and budgets. The road agencies are measuring the road network condition on a regular basis using harmonised procedures; have procured vehicles to enhance supervision; and have recruited qualified technical staff.

13. SUCCESSES AND CHALLENGES

13.1. Successes

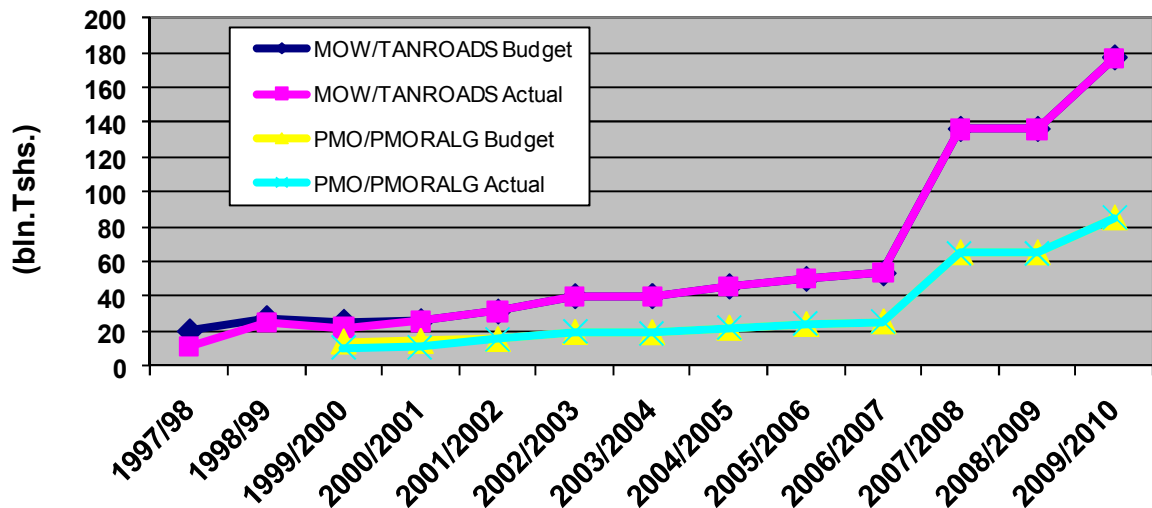
1. Increased Road Fund Revenue



The chart above shows that revenue collections have been increasing over the years. There was a remarkable average annual increase of collections from 3% a year before the Board was established to 20% after establishment of the Board and ring fencing of the funds.

2. Maintenance Budgets Being Met

The chart below shows how maintenance budgets were being met from the roads fund.



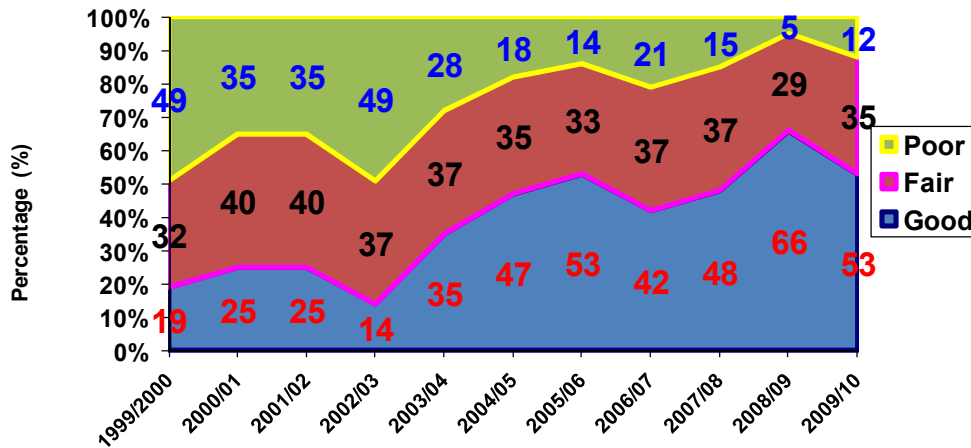
* The last disbursement for the then PORALG in FY 2000/2001 was received in June 2001 but disbursed in July 2001 because of delay in getting fund allocation to Councils from PORALG headquarters.

The chart shows that since establishment of the Roads Fund Board, allocations for maintenance has increased and the achievement in meeting the budgets has improved substantially.

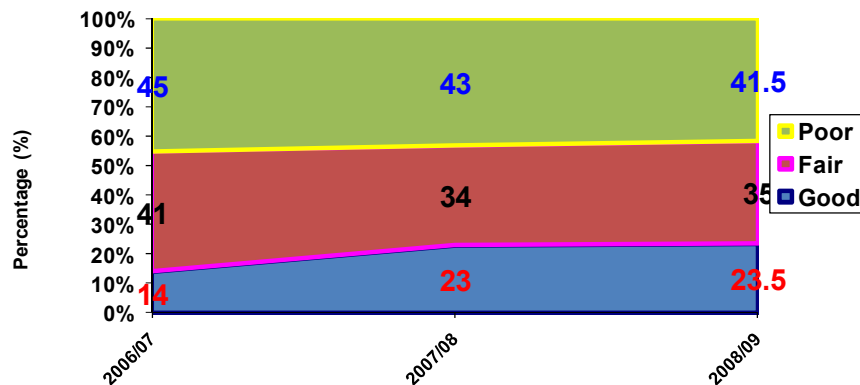
3. Road condition improved

The chart below shows the road condition for Trunk and Regional roads.

ROAD CONDITION (TRUNK & REGIONAL ROADS)



ROAD CONDITION (DISTRICT, FEEDER & URBAN ROADS)



The road network condition has visibly improved due to increased maintenance activities. It is noted that the improved road condition is not attributed only to the Roads Fund, but also from funds from the Government's Consolidated budget and Development Partners that finance Development works. The situation for roads under the Councils is not good as most its roads are in poor condition needing rehabilitation to bring the roads to maintainable condition.

4. Streamline procedures for collection and disbursement of Funds

The Roads Fund Board streamlined procedures for collection and disbursement of funds including opening of Road Fund disbursement and administration accounts with a commercial bank (CRDB). Funds to Councils are now sent directly to their account by Telegraphic Transfer (TT) unlike in the past where cheques had to be collected from Dodoma and wait for 28 days in order for the cheques to be cleared.

5. Financial and Technical audits are conducted

Financial and Technical Auditing of the implementing agencies have been conducted annually since FY 2000/01.

6. Improved performance in utilisation of Roads Funds

Institution	FY 2000/01	FY 2001/02	FY 2002/03	FY 2003/04	FY 2004/05	FY 2005/06	FY 2006/07	FY 2007/08	FY 2008/09
RFB	Clean report	Clean report	Clean report	Clean report	Clean report	Clean report	Clean report	Clean report	Clean report
PMORALG	Disclaimer opinion	Qualified report (Except for opinion)	Adverse opinion	Adverse opinion	Clean report	Clean report	Clean report	Clean report	Clean report
TANROADS	Qualified report (Except for opinion)	Qualified report (Except for opinion)	Qualified report (Except for opinion)	Qualified report (Except for opinion)	Clean report	Clean report	Clean report	Clean report	Clean report
MOID	Qualified report (Except for opinion)	Qualified report (Except for opinion)	Qualified report (Except for opinion)	Qualified report (Except for opinion)	Clean report	Clean report	Clean report	Clean report	Clean report

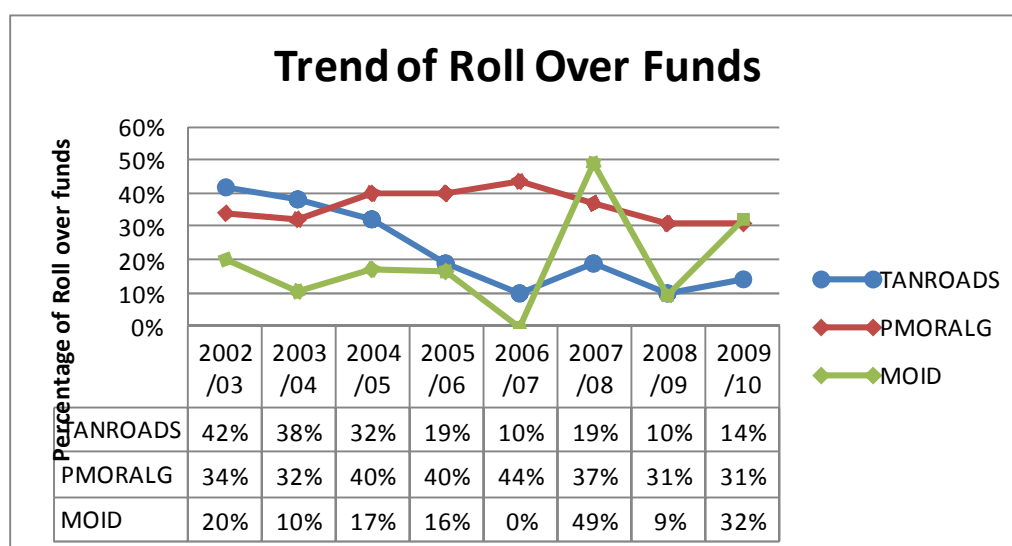
The table above shows that the implementing agencies in the early years were getting qualified reports with the Local Government Authorities under PMORALG getting even worse opinions such as disclaimer and adverse. However, following actions taken by the Board and the Government performance has improved since FY 2004/05 when they all started getting clean reports.

13.2. Challenges

- 1. Shortfall in Revenue collections:** Any shortfall of revenue especially the fuel levy which is estimated to be Tshs.283.907 billion for FY 2009/2010 can affect the maintenance programmes that have been budgeted for. This will result in further deterioration of the road condition thus increasing vehicle operating costs, transport costs, and travel times.

2. **Absorption capacity:** Not implementing the strategies to improve absorption capacity may result in negative impact to the road condition and socio-economic development of the country.

The chart below shows the trend of roll over funds over the past years.



3. **Inadequate funding for Development projects:** Roads that need to be upgraded or rehabilitated using Development funds but do not get adequate allocations become a burden to the Roads Fund as it has to allocate part of its funds for Spot improvement and emergencies. This denies funding for normal routine and periodic maintenance activities.
4. **Inadequate funding for periodic maintenance:** If the road network will not get optimum periodic maintenance, some roads will deteriorate further requiring bigger and expensive interventions in the form of rehabilitation and reconstruction. In FY 2009/2010 the budgets met 64% of the periodic maintenance needs.
5. **Increased inflation:** Increased fuel prices, labour wages and costs of construction materials can result in higher costs of the maintenance activities and reduce physical outputs.
6. **Unstable network:** With the road network generally unstable because 92.6% is unpaved, there is a risk in situations where there is unfavourable weather such as long heavy rains. Such a situation can require additional funding or changes to the maintenance programmes in order to deal with emergencies.
7. **Overloading:** Overloaded vehicles cause damage to road pavements and reduce its life. This has to be reduced, but if left to thrive will defeat the strenuous efforts done in rehabilitating, upgrading, reconstructing and maintaining the roads. In FY 2009/2010 the percentage of overloaded vehicles was 25%.
8. **Audit reports:** The Auditor's reports revealed the following weaknesses on utilisation of the roads funds particularly by Councils:
- Ineligible expenditure, Transfer, and diversion of funds.
 - Poor accounts and stores records.
 - Outstanding imprests.
 - Questionable expenditures
 - Diversion from the Performance Agreement
 - Poor procurement procedures
 - Poor contract administration, supervision, and works.

The following actions are being implemented following the report:

- Stop further disbursement to implementing agencies which diverted funds until when the same is remitted back to the roads accounts.
- Engineers responsible for poor supervision be reported to the Engineers Registration Board for disciplinary action.
- Contractors responsible for poor works be reported to Contractors Registration Board for disciplinary action.
- Investigation be carried out to implementing agencies where funds have been mismanaged or where there is suspicion of fraud.
- Disciplinary action be taken against the Director, Treasurer and Engineer of a Council and responsible officers of other implementing agencies where funds have been misused or where expenditures are questionable.

14. STRATEGIC TARGETS

The Roads Fund Board is implementing its second strategic plan for the period FY 2008/09 to 2010/2011. The mission of the Board is to ensure there are adequate funds for road maintenance.

14.1. Strategic Plan for period FY 2008/2009 to 2010/2011

The following describe the Objectives, strategies, expected outputs and key performance indicators.

Objective 1: Revenue collections increased

One of the main duties of the RFB as stipulated in the Road and Fuel Tolls Act as revised 2006 is to 'ensure full collection and transfer of collected roads tolls to the Funds account.' At the moment the major revenue sources are limited and the dominant source is the fuel levy which contributes to more than 95% of total revenue. It is risky to rely on the fuel levy whose market price is fragile and from which other taxes are based. It is in that spirit that this strategic plan has the objective to increase revenue sources and collections. To address this challenge, the following broad strategies will be implemented:

- Diversify Revenue Sources and Adjust rates
- Monitor revenue collections
- Institute Measures to plug Revenue Leakage

The following outputs are expected:

- Study on Diversification of Revenue Sources and Adjustments of rates conducted by June 2009
- Road maintenance Requirements for implementing agencies established by June 2011.
- Recommendations on sources of revenue and new rates prepared and implemented by June 2011
- Collection Systems reviewed and implemented by June 2011
- Road Fund Revenue collections accounted for by June 2011
- Revenue collections Audited by June 2011
- Measures to rectify discrepancies in Revenue collection undertaken by June 2011
- Recommendations of the Study on measures to Plug Revenue Leakage implemented by June 2011

The following KPIs will be used to measure the outcome of the above objective:

- Revenue Collections Increased
- Percentage change in Revenues

- Percentage change in Revenue sources

It is expected that with increased funds to the implementing agencies will allow for higher levels of road maintenance activities to be undertaken – thus making it possible to have an improved road network in Tanzania.

Objective 2: Disbursement of funds to implementing agencies improved

Disbursement of the funds to Implementing Agencies is one of the core functions of the RFB. Currently, the disbursement is done through the transfer of funds by the NMB bank to the respective Road fund account of the respective councils in the case of PMO-RALG. For TANROADS, the amount of disbursement is paid directly to the TANROADS H/Q for the requirements of both H/Q office and Regional offices. The Regional offices received funds from the TANROADS H/Q. There is a need to modernise the disbursement process by harnessing the use of ICT.

The following broad interventions will be implemented to address the above challenges:

- Monitor Disbursement of Funds
- Revise disbursement procedures

The outputs expected are:

- Verification of disbursed Funds conducted monthly by 2011
- Measures to rectify discrepancies in Disbursed Funds undertaken by June 2011
- Roads Fund Allocation formula Reviewed by June 2011
- Study on Disbursement procedures undertaken by March 2009
- Recommendations of the study Implemented by June 2011

The following KPIs will be used to measure the outcome of the above objective

- Percentage of implementing agencies satisfied with Disbursement Process
- Time taken to Disburse Funds to implementing Agencies
- Percentage of implementing agencies satisfied with allocation Formula

Objective 3: Performance and capacity of implementing agencies improved

One of the functions of the Board is to ensure the operations of the implementing agencies are technically and financially sound. Implementing agencies need to have the capacity to utilise their Roads Fund budgets within a respective financial year, and also have the responsibility of managing the roads under their jurisdiction and ensure that they are well maintained and contributing to socio-economic development of the nation. The Roads Fund accounts need to be managed in accordance with the Public Finance Act.

The implementing agencies face a number of challenges that include low absorption of funds within a year leading to roll over funds and works, inadequate capacities in planning, procurement, supervision and reporting road works, and low capacity of contractors. According to recent audit reports, there have been sub standard works and irregularities in management of road funds. These challenges have affected the performance and capacities of implementing agencies in their role of ensuring that roads are maintained using funds and better management of the funds.

The following broad interventions will be implemented to address the above challenges:

- Monitor Utilization of Funds
- Sensitize involvement of communities in road works
- Undertake M & E of implementing agencies

The outputs expected are:

- Utilization of funds by the implementing agencies monitored by June 2011
- 3 Awareness Seminars on involvement on communities in roads works to implementing agencies conducted by June 2011
- Impact Assessment on community involvement in road works conducted by June 2011
- Road Management Systems implementation by implementing agencies monitored by July 2008
- Road maintenance works by implementing agencies monitored annually
- 3 Technical Audit of implementing agencies conducted by June 2011
- Roads Fund budgets of implementing agencies reviewed by June 2011
- Performance Agreements with implementing Agencies Reviewed by June 2011
- Concept paper on upgrade and improvement roads prepared by June 2011

The following KPIs will be used to measure the outcome of the above objective

- Absorption rate of the implementing Agencies
- Percentage of disbursements meeting implementing agencies approved budgets
- Percentage change in amount of funds involved in Audit Queries in implementing

Objective 4: RFB operations improved

The Road Fund Board core functions among others include ensuring full collection of fund, disbursing and monitoring utilization of the same. At present, RFB is facing challenges related to modernization of operations, inadequate equipment and facilities, systems and processes. In addition, the public is not aware of the RFB. These affects smooth operations of the fund.

The following broad interventions will be implemented to address the above challenges

- Strengthen Capacity
- Institute Performance Management Systems
- Strengthen Internal Control Systems
- Strengthen MIS
- Strengthen Information, Education and Communication

The outputs expected are:

- Training needs analysis carried out by Dec. 2008
- Training program prepared, approved and implemented by June 2011
- Impact assessment on skills enhancement conducted by June 2011
- Organization & Method Studies Conducted by June 2009
- Recommendations of O & M studies implemented by June 2011
- Board functions Facilitated by June 2011
- Service Delivery Surveys conducted by June 2009
- Client service charter Developed and implemented by June 2011
- Monitoring and Evaluation systems designed, installed and operationalised by June 2011

- Implementation of operationalised M& E reviewed by 2011
- Strategic plan reviewed by 2011
- Review of internal control systems conducted and measures to enhance controls implemented by 2011
- MIS Designed, installed and operationalised by June 2009
- Awareness creation to the public on RFB operations and functions carried out by June 2011
- Annual Reports and promotional materials prepared by June 2011

The following KPIs will be used to measure the outcome of the above objective

- Percentage of staff satisfied with operations of the Fund
- Perceptions of the Public on operations of the Fund
- Usage of MIS in decisions making
- Time taken to conduct Technical Audits

Objective 5: HIV/AIDS infections reduced and services improved

HIV/AIDS is a national pandemic that has an implication in the supply and demand of human resource and future operations of the Government. The major effects of the pandemic are reduction of human resource through deaths from HIV/ AIDS related cases, low productivity associated with unhealthy staff suffering from diseases associated with HIV /AIDS and loss of man-hours attending affected members of the family.

However, RFB staffs are not an exception in this situation. HIV/AIDS can as well have an impact in performance deterioration. As a result of these facts, the Government has directed all public institutions to put serious measures in place to support alleviation of this pandemic disease. In relation to this the RFB is to undertake the following strategies in addressing this situation:

- Develop programs to fight the spread of HIV/AIDS
- Provide support to HIV/AIDS infected staff

The above effects have an impact on the operations of RFB. The situation necessitates the office to take initiatives to increase preventive sensitization measures and support to infected staff

The outputs expected are:

- RFB Staff sensitized on VCT annually.
- All staff counselled and given HIV/AIDS education by June, 2011.
- Economic and social support provided to those affected by HIV/AIDS annually

The following Key Performance Indicators (KPIs) will be used to measure the outcome of the above objective:

- Number of staff counselled in HIV/AIDS
- Level of awareness on HIV/AIDS issues
- Number of staff given HIV/AIDS supportive services

14.2. Annual Plan for FY 2010/2011 and next 3 years

The annual budget for FY 2009/2010 and strategies for next three years are described below by first looking at the maintenance requirements, the approved budgets, and projections of revenue for the coming few years.

14.2.1. Road Maintenance Needs

The maintenance needs have increased to **Tshs.435 billion** from **Tshs.297 billion** that was determined last year.

Maintenance needs have increased due to the following reasons:

- Maintenance needs determined in financial year 2009/2010 for the entire road network by TANROADS and PMORALG included providing spot improvement to all the roads which are poor condition to ensure passability. In previous determinations the coverage of spot improvement was limited to smaller sections of roads in poor condition.
- Increased maintenance needs as a result of added maintainable roads after road improvement and rehabilitation of roads.
- Deferred maintenance which has resulted in increased deterioration and thus increased intensity of the interventions resulting in higher costs.
- Depreciation of the Tanzanian shilling from **Tshs.1,233** per dollar in 2007 to **Tshs.1,394** in 2010.
- Inflation caused by increased fuel prices, increased labour wages, increased costs of construction materials (bitumen, cement, aggregates and iron bars). Inflation has increased from 7% in 2007 to 10% in 2010.
- Expansion of road network on both National and Local Government roads from 85,000 km to 91,049 km. TANROADS has received 3,165 km from the Councils. The Councils have also received more roads that were community roads and are verifying the figures.
- Adverse weather in the FYs 2006/07 and 2009/10 that mainly affected the unpaved roads.

Table: Road Network Maintenance Needs for FY 2009/09 – 2016/17

ROAD NETWORK MAINTENANCE NEEDS FOR EIGHT YEARS (Tshs billion)									
TRUNK AND REGIONAL	FY2009/10	FY2010/11	FY2011/12	FY2012/13	FY2013/14	FY2014/15	2015/16	2016/17	TOTAL
Routine Maintenance	42.202	46.422	51.064	56.171	61.788	67.967	74.763	82.240	482.617
Periodic Maintenance(Paved)	47.250	51.975	57.173	62.890	69.179	76.097	83.706	92.077	540.346
Periodic Maintenance (Unpaved)	70.750	77.825	85.608	94.168	103.585	113.944	125.338	137.872	809.089
Spot Improvement	29.782	32.760	36.036	39.640	43.604	47.964	52.761	58.037	340.585
Bridge Maintenance	14.684	16.152	17.767	19.544	21.499	23.648	26.013	28.615	167.923
Emergency Repairs	12.013	14.211	15.632	17.195	18.915	20.806	22.887	25.176	146.835
Non-works Activities (Planning etc)	3.800	4.180	4.598	5.058	5.564	6.120	6.732	7.405	43.456
Supervision, Administration etc	19.772	21.749	23.924	26.317	28.948	31.843	35.028	38.530	226.113
Spot Improvement (Re -classified roads)	24.030	26.433	29.076	31.984	35.182	38.701	42.571	46.828	274.804
SUB-TOTAL TSHS BILLION	264.283	291.708	320.879	352.967	388.263	427.090	469.799	516.779	3,031.768
DISTRICT, FEEDER & URBAN									
Routine Maintenance	30.987	34.086	37.494	41.244	45.368	49.905	54.895	60.385	354.364
Periodic Maintenance	56.840	62.524	68.776	75.654	83.219	91.541	100.696	110.765	650.016
Bridge Mtce and Repairs	3.638	4.002	4.402	4.842	5.326	5.859	6.445	7.089	41.604
Emergency Repair	7.763	8.539	9.393	10.333	11.366	12.502	13.753	15.128	88.777
Spot improvement/mtce	63.129	69.442	76.386	84.025	92.427	101.670	111.837	123.021	721.936
Supervision, monitoring & Adm.	8.414	9.255	10.181	11.199	12.319	13.551	14.906	16.397	96.222
SUB-TOTAL TSHS BILLION	170.771	187.848	206.633	227.296	250.026	275.028	302.531	332.784	1,952.918
TOTAL ALL ROADS IN TSHs BILLION	435.054	479.556	527.512	580.263	638.289	702.118	772.330	849.563	4,984.686

Source: TANROADS and PMORALG, March 2010

The table above shows that the maintenance needs in FY 2010/2011 is **Tshs.479.6 billion**. The budget for FY 2010/2011 **Tshs.286.9 billion** of which the allocation for maintenance **Tshs.256.3 billion** meets 53% of the maintenance needs.

From the table it can be observed that the estimate for spot improvement covers 21% of the maintenance needs. If requirements for rehabilitation were fully met meaning there would be no spot improvement to keep poor roads passable, the allocation for maintenance would meet 75% of the maintenance needs (**Tshs.342.1 billion** excluding spot improvement). It is strongly suggested that efforts be made to address the rehabilitation requirements that include the backlog in order to minimise allocations for spot improvement and enable provision of more funds for the normal maintenance i.e. routine and periodic maintenance.

14.2.2. Roads Fund Budget for FY 2010/2011

The approved Roads Fund budget figure for FY 2010/2011 is **Tshs.286.941 billion**. Based on this, the approved budgets for the implementing agencies are as shown in table below:

Table: Summary of Roads Fund Budget for the Implementing Agencies for FY 2009/10

INSTITUTION	Approved Budget FY 2010/2011 (Tshs. Millions)
TANROADS	177,461.613
PMORALG	84,505.530
MOID	19,717.957
RFB	2,414.900
Emergency works	2,814.000
TOTAL	286,914.000

14.2.3. Projection of Revenue Sources

The table below shows projection of revenue sources for the next five years.

Table: Projection of Current Revenue Sources for FY 2009/10 – 2013/14

	ITEM	2009/10	2010/11	2011/12	2012/13	2013/14
1	Fuel Levy (billion Tshs.)	256	286.9	307.0	328.5	351.5
2	Transit (billion Tshs.)	3.67	3.93	4.20	4.50	4.81

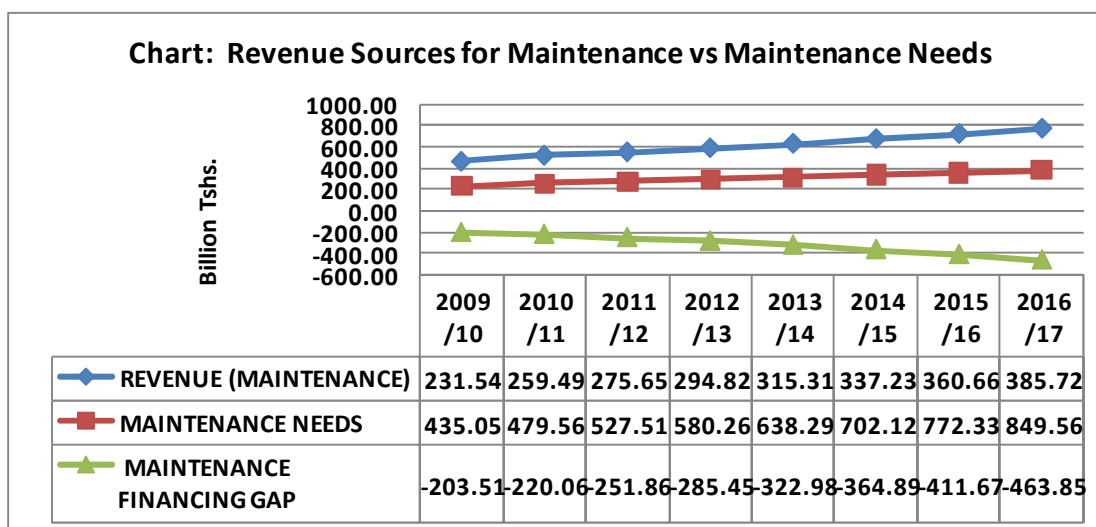
ITEM	2009/10	2010/11	2011/12	2012/13	2013/14
Total	259.67	290.83	311.2	333	356.31

Source: TRA and RFB

Growth based on GDP growth rate of 7% in 2007 (Economic Survey, 2007) for Fuel levy from FY 2010/11 and for Transit Charges from FY 2009/10.

14.2.4. Financing Gap

The chart below shows that the maintenance needs are higher than the collections and that it will take more than five years to bridge the gap of maintenance needs.



Note: The revenue for maintenance was obtained after deducting the allocation for RFB and Road Safety activities and Development works.

There is need to bridge this gap in order to meet the maintenance requirements of the road network. Options for bridging the gap include introducing new sources of revenue, increasing rates of existing sources and allocation of funds from the Consolidate budget of the Government and from Development Partners. It should be noted apart from the maintenance needs there is a requirement of funds to clear the cost of backlog of maintenance estimated to be Tshs.107 billion and Tshs.109 billion annually for the main and local roads respectively.

15. EFFECT OF INSUFFICIENT FUNDING

The effects of not implementing the proposed recommendations are as stated below:

1. Roads will not be maintained or rehabilitated

(i) Growing Backlog

Experiences show that inadequate funding for maintenance has led to a steady increase in the backlog of road repairs and loss of development impact. For instance; in Sub-Saharan Africa, Tanzania included, for every kilometre of road rehabilitated, an estimated three kilometres of road fall into disrepair, leading to a net deterioration in the total road network. It

is perceived that, if the backlog is allowed to continue, each shilling not spent to reduce the backlog leads to an increase of 2 to 3 shillings in vehicle operating costs. (World Bank, 2003)

It is estimated that the cost of rehabilitation is about **Tshs. 750 million** for a kilometre and reconstruction about **Tshs. 1,200 million**. On other hand, if maintenance is done accordingly the cost would be in the range of **Tshs. 450 million** per kilometre and the road would last in good and fair condition for another five to seven years.

Rehabilitation of Shekilango road (3.8km) in Kinondoni Municipality cost around **Tshs.3 billion** because the road had deteriorated to poor condition after not getting regular maintenance such as periodic maintenance that would cost around **Tshs.300 million**.

(ii) List of Roads that will be left out

If status quo is maintained, a number of roads will not get adequate maintenance or rehabilitation to restore them to maintainable condition. The tables below show the physical and financial figures for the Needs and Budget allocations for Routine and Periodic maintenance.

Table: Needs versus Actual allocations for Routine and Periodic Maintenance of Trunk and Regional roads under TANROADS for FY 2010/2011

S/No.	Type of Maintenance	Needs FY 2010/11 (km)	Budget FY 2010/11 (km)	Length not allocated (km) FY 2010/11	Needs FY 2010/11 Tshs. Mio.	Budget FY 2010/11 Tshs. Mio.	Shortfall Tshs. Mio.
1	Routine maintenance	29,050.6	26,050.7	3,961.4	46,202	34,636	11,566
2	Periodic maintenance	3,699	2,267.4	1,431.6	129,800	82,811	46,989
			Total	5,393			58,555

Table: Needs versus Actual allocations for Routine and Periodic Maintenance of District, Feeder and Urban roads under the Councils for 2009/2010

S/No.	Type of Maintenance	Needs FY 2009/2010 (km)	Budget FY 2010/2011 (km)	Length not allocated (km)	Needs FY 2009/10 Tshs. Mio.	Budget FY 2010/11 Tshs. Mio.	Shortfall Tshs. Mio.
1	Routine maintenance	32,618	20,312	12,306	30,987	17,071	13,916
2	Periodic maintenance	2,690	1,817	873	56,840	28,319	28,521
			Total	13,179			42,437

Roads in fair and poor condition require periodic maintenance and rehabilitation. Under constrained budgets they get less than what they need which is used to do either of the following:

1. Do spot improvement on critical sections to keep the road passable
or
2. Do the required interventions but in shorter lengths every year with the purpose of eventually covering the whole length in a period of time. This approach is unfavourable if the remaining unattended bad sections of the road deteriorate further and become impassable. E.g. For one travelling on 20km road, it would be make no sense to travel comfortably on an improved section of 5km and then fail to get to the end of the road because the remaining 15km are in very bad condition and impassable.

2. Economic Impact

- (i) The Government will not be able to bridge the gap between maintenance needs and revenue collections.
- (ii) Maintenance will not be sustainable.
- (iii) Many roads will not be maintained adequately and the end result is the vicious circle of rehabilitation-inadequate maintenance-rehabilitation.
- (iv) Travel fares and Freight costs will rise due to increased vehicle operating costs.
- (v) Prices of foods and other merchandise will rise.
- (vi) Agricultural produce in rural areas will be sold at low prices due to inadequate access to markets.
- (vii) The rural communities will experience further hardship in terms of accessibility to public services such as medical care and education.
- (viii) The net cost to the economy will rise as a result of the multiplier effect of (i) to (vii) above.

3. Loss of Road Asset due to poor maintenance

Inadequate financing of roads maintenance will lead to loss of the road asset through reduced asset value. Some of the network which is in fair condition and in need of periodic maintenance will degenerate into poor condition as a result of inadequate financing.

4. Reduction in transport corridor competitiveness

The impact of not allocating enough funds for roads development and maintenance will result in poor condition of road network and making it uncompetitive compared to other neighbouring countries in EAC and SADC Regions. COMESA, EAC and SADC are in process to adopt a Single Free Trade Area whereby regional integration is emphasized through efficient transport corridors linkages.

16. ENVIRONMENT AND ROAD WORKS

Growing environmental awareness amongst the public in developed and developing countries has pressured road authorities and funding agencies into taking a more responsible attitude towards the environment.

The road works are now carried out taking into consideration the environment by ensuring that the works carried out do not bring adverse effects to the environment.

17. FIGHT AGAINST AIDS

The whole world is now threatened severely by the disease AIDS. In the early 1980s, only about 100,000 adults worldwide were thought to be infected with HIV. As of the end of 1998, the number of adults and children living with HIV or AIDS rose to more than 33.4 million. More than 95% of all HIV-infected people now live in the developing world, which has experienced 95% of all deaths to date from AIDS. Tanzania, a developing country, has not been left out in the spread of one of the most frightening and devastating disease the world has ever known. Although AIDS is a slow-acting virus that can take a decade or more to cause severe illness and death, HIV has already cost the lives of nearly 14 million adults and children. An estimated 2.5 million of these deaths occurred during 1998, more than ever before in a single year. According to the WHO Global summary of the HIV/AIDS epidemic of December 2008, the number of people living with

HIV in 2008 was 33.4 million, people newly infected with HIV in 2008 was 2.7 million; and the number of AIDS deaths in 2008 was 2 million.

All unprotected acts of sexual actions carry a risk of HIV transmission. This risk is reduced, although not entirely eliminated, by the proper use of condoms.

It has been observed that AIDS spreads fast at locations of road works. Also it has been observed that AIDS spreads fast at locations that are frequently visited by transporters drivers.

The Roads Fund Board, joining the National campaign against AIDS, emphasises that each one of us should be aware of the presence of the disease and thus should take measures to avoid contracting the disease and be responsible for our own health. The leaders in the TANROADS and the local authorities are advised to take lead in informing people of the need for change of behaviour to reduce the risk of contracting the disease.

APPENDIX A: PERFORMANCE TARGETS AND INDICATORS

TANROADS MAINTENANCE PERFORMANCE INDICATORS AND TARGETS FOR FY 2010 /2011

S/NO	Performance Indicator	Performance Target(s)	Means of Verification	Objective(s)
1	Percentage of roads in good, fair and poor condition	Road condition level above or same as at June 2010	Condition surveys report Progress repor	To monitor roads condition improvement
2	Percentage completion of annual maintenance programme	75% or above completed	Progress reports Inspections	To assess the capacity to deliver
3	Vehicle overloading	Percentage overloaded not higher than reported in June 2010 and not exceeding 10%	Progress Report	To monitor and control overloading
4	Percentage of funds spent at the end of the year	75% or above spent at the end of the year	Progress report Inspections	To assess the capacity to deliver
5	Grass kept at minimum height	Height less than 50 cm at all time	Visual	Keep safe sight distance Cover to soil
6	Presence of potholes on paved network	Potholes patched within one week	Visual	Keep safe and comfortable driving speed
7	Number of roads with road closure per year	No road should be closed for more than two days	Progress reports Inspections	To assess TANROADS response to emergencies
8	Number of road closures above two days per year	No road should be closed for more than two days	Progress reports Inspections	To asses level of maintenance
9	Percentage of contracts adhering to procurement Act and regulation	100% of all contracts should adhere to procurement Act and regulation	Monitoring and audit reports	To asses transparency

S/NO	Performance Indicator	Performance Target(s)	Means of Verification	Objective(s)
10	Percentage of Periodic Maintenance contracts adhering to standards and specifications	100% of all Periodic Maintenance contracts should adhere to standards and specifications	Monitoring and audit reports	To assess professionalism
11	Percentage of outsourced works	At least 90% of works should be outsourced.	Progress Reports Monitoring and Audit reports	Efficient programme delivery through private sector participation To address national policy

PMORALG - Performance Indicators and Targets for Financial Year 2010/2011

S/NO	Performance Indicator	Performance Target(s)	Means of Verification	Objective(s)
1	Percentage of roads in good, fair and poor condition	Road condition level above or same as at June 2010	Condition surveys report (ADRICS) Progress report	To monitor roads condition improvement
2	Percentage completion of annual maintenance programme	75% or above completed	Progress reports Inspections	To assess the capacity to deliver
3	Percentage of funds spent at the end of the year	75% or above spent at the end of the year	Progress report Inspections	To assess the capacity to deliver
4	Grass kept at minimum height	Height less than 50 cm at all time	Visual	Keep safe sight distance Cover to soil
5	Presence of potholes on paved network	Potholes patched within one week	Visual	Keep safe and comfortable driving speed
6	Number of roads with road closure per year	No road should be closed for more than two days	Progress reports Inspections	To assess PMORALG response to emergencies
7	Number of road closures above two days per year	No road should be closed for more than two days	Progress reports Inspections	To assess level of maintenance
8	Percentage of contracts adhering to procurement Act and regulation	100% of all contracts should adhere to procurement Act and regulation	Monitoring and audit reports	To assess transparency
9	Percentage of Periodic Maintenance contracts adhering to standards and	100% of all Periodic Maintenance contracts should adhere to standards and specifications	Monitoring and audit reports	To assess professionalism

S/NO	Performance Indicator	Performance Target(s)	Means of Verification	Objective(s)
	specifications			
10	Percentage of outsourced works	At least 90% of works should be outsourced.	Progress Reports Monitoring and Audit reports	Efficient programme delivery through private sector participation To address national policy

MOID - Performance Indicators and Targets for Financial Year 2010/2011

Development Activity		Reference	Performance Criteria (Expected outcome)	Performance Target	Performance Indicators	Means of Verification
Rehabilitation / upgrading & Design	Procurement		Improved transparency and accountability	100%	%ge of contracts adhering to Procurement Act and Regulations.	Audits
	Variations / addenda		Reduced number of variations / addenda	Less than 10%	%ge of contracts that will involve variations or addenda.	Audits . Progress reports
	Contract duration		Contracts completed as originally planned.	Less than 25%	%ge of contracts that will exceed originally planned completion dates	Audits . Progress reports
	Quality of works		Well finished road works/structures that are maintainable, durable, safe and with good riding quality.	100%	%ge of contracts Adhering to MoID Pavement and Materials Manual 1999 and Standard Specification for Road Works 2000	<ul style="list-style-type: none"> • Contract Specifications and Drawings. • Progress Reports (quality control)

APPENDIX B: ROADS AND FUEL TOLLS ACT, CAP 220 (REVISED EDITION 2006)