

REPUBLIC OF RWANDA



***FONDS D'ENTRETIEN ROUTIER
ROAD MAINTAINANCE FUND
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STRATEGIC PLAN

2009 – 2013

KPS Associates

This Document contains 19 pages

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EXECUTIVE SUMMARY

This is a five year rolling strategic plan for the Road Maintenance Fund. The plan is set out to give a direction of what the Road Maintenance Fund intends to achieve and specifies actions to be undertaken, it projects the FERØs activities into the future to ensure that its mandate is adequately and effectively addressed as well as to put in place mechanisms to overcome the challenges that have been faced in the past.

The Road maintenance cannot be overstated. A road begins to deteriorate from the moment construction is complete and without adequate maintenance works; the lifespan of the road will be severely reduced. The expected life span of a road depends on type of construction and the Traffic which will use the road but can also be influenced by environmental factors such as weather.

This plan clearly enumerates the goals that the Road Maintenance Fund has and sets performance indicators for each key area. These performance indicators will enable the FERØs employees meet their performance objectives as well as a form a basis of reporting of the funds achievements.

The plan will also provide a basis for resource allocation as well as provide a basis for additional fund raising , which is required for the FER in order to better achieve its mandate. This plan will assist the Fund in increasing the percentage of roads maintained while at the same time providing the options available to the government in case the required funds are not obtained. It also highlights the importance of the FER claiming the resources that are due to it as prescribed by law while at the same ideas with regard to road maintenance.

The strategic plan emphasizes the importance of undertaking timely procurement and programming by MININFRA so that funds are not carried forward to the following year thus making it appears as if the fund is not fulfilling its mandate.

1 INTRODUCTION

To ensure good service, prosperity and sustainability in the long term, it is necessary for FER to be able to respond to, come to terms with and always maintain a professional relationship with its employees, potential donors, MININFRA and other key and important partners. This could entail changing strategic thrusts and capabilities, moving into new programs and services, adopting a new organizational structure as well as new operating methods or assuming new directions for future operations, altogether.

Therefore, in this plan, various programs and services have been recommended as well as organizational and financial restructuring. Thus, for Road Maintenance Fund to enhance efficiency and effectiveness in its future operations and, to align with its Vision 2020, it needs to achieve the following objectives:

- ✓ Seek ways to broaden and review the existing revenue base and tariffs levied
- ✓ Undertake periodical reviews on the progress of the roads being maintained throughout the country
- ✓ Put in place efficient mechanisms for revenue collection
- ✓ Follow and implement the government of Rwanda vision 2020 policies with regard to developing and maintaining road infrastructures
- ✓ Undertake monthly financial reporting and reconciliation of our revenue and expenditures
- ✓ Put in place and develop tools (program and financial tools) that will enable FER to meet its vision, goals and plans
- ✓ Lay down and discuss a road map with our beneficiaries/partners and stakeholders.

In addition to setting the direction for FER's effective functioning, the plan also serves as a resource allocation guide for the whole institution. It indicates how the resources available, both human and financial, will be utilized to achieve the Fund's objectives. In so doing it seeks to ensure that resources are deployed in the right places and in a productive manner, thus furnishing a framework for guiding the institution's thinking and action, thereby preventing it from straying into activities it cannot properly do or those which do not contribute to organizational strategic goals.

1.1 FER Historical background

The Road Maintenance Fund (FER) is an institution established by the Government law number 52bis2006 of December 12, 2006 that modified law No. 14bis/98 of November 5, 1998 establishing and determining the organization and functioning of the Road Maintenance Fund and determining the source of its financial resources. Ever since its establishment in 1998, the Road Maintenance Fund has achieved some progress with regards to funding road maintenance, in spite of limited resources currently availed to the Fund.

FER is the institution responsible for collection and disbursement of money intended for road maintenance. Money is allocated to classified roads network against the Ministry of Infrastructures maintenance programme, submitted for each financial year (July-June). The Road Fund is also required from time to time to make funds available for road rehabilitation and construction and this dramatically reduces the funds available for maintenance. In addition to this, fuel levies and tariffs were last revised in 1989 yet the road maintenance needs have continued to grow.

Therefore, the Fund ensures funding for road maintenance on the basis of an annual program of activities. This program is established by the Ministry and all entities responsible for management of road infrastructures and approved by the Cabinet Meeting.

The Fund carries out payment for maintenance activities, monitoring, and technical audits as well as financial audits. The former are done on the basis of invitations to tender; in conformity with the law regarding the awarding of public offers as well as the cost of the evaluations and programming of road maintenance activities. In any case, verification of execution of road maintenance works comes under the scope of the Ministry responsible for roads and bridges.

1.2 Context

1.2.1 Classified road network

The national and district road networks were proposed reclassified in 2005 as follows:

- 13 Paved National Roads of total length 1,075 km
- 30 Gravel National Roads of total length 1,785 km
- 77 Gravel/Earth District Roads of total length 1,838 km

This leads to a total classified network length of 4,698 km, which is used for both national and international purposes. This classification also included average information on the condition of the classified network which described each road as good, passable, or very bad.

1.2.2 Sources of Revenue

The Law¹ that set up the Road Maintenance Fund determines the sources of revenue for the Road Maintenance Fund; however some of these revenues when collected do not get to the FER accounts. Due to Financial constraints the Fund has only managed to meet approximately 30% of any annual maintenance needs. Much of this has been routine maintenance.

¹ N° 52 bis/2006 of 12/12/2006 determining the attributions, structure and functioning of the Road Maintenance Fund (FER)

2 SWOT AND PESTLE ANALYSIS

The Road Maintenance Fund is made up of two departments ó Administration and Finance and Technical services departments; each of which is headed by a director who reports to the Director General. The Fund was set up to ensure that classified roads are sustainably maintained. It achieves its mandate through the use of funds determined by Law.

The following lines entail comprehensive analysis through SWOT and PESTLE analysis so as to come up with an effective diagnosis of FER. SWOT analysis method describes Strengths and Weaknesses for internal diagnosis on one hand and Opportunities and Threats for external diagnosis on the other hand. PESTLE Analysis method give more insight on external environment of FER through an analysis of Political, Economic, Social, Technological and Legal issues in relation with the Fund.

SWOT Analysis

SWOT Analysis was used to arrive at an overall understanding of all the issues affecting the Fund and which in turn reflect its current situation. The aim of doing this was to determine the ability of the fund to undertake the strategic initiatives identified in this plan as well as to align the fund to its external environment.

Strengths: <ul style="list-style-type: none">▪ The fund has a pool of qualified and committed staff▪ The fund has consistently obtained a clean bill on Financial management from the Auditor Generals office▪ Budget subsidy by government▪ Low operating costs▪ Conducive working environment▪ Availability of road monitoring and evaluation officers.	Weaknesses: <ul style="list-style-type: none">▪ Processes and procedures used in the departments have not yet been revised to reflect changes in funds operations, legal status and structure of the transport industry▪ Lack of capacity building for employees▪ Limited resources for maintenance of Roads▪ Failure to achieve second generation Road Fund status.
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Opportunities: <ul style="list-style-type: none"> ▪ Willingness by development partners to provide financial and technical support ▪ The transport sector is in continual growth ▪ Economic growth spurred by vision 2020 ▪ Membership of the East African community ▪ Establishment of Road Agency in the coming future. ▪ Improved technical capacity in MININFRA & MVK. 	Threats: <ul style="list-style-type: none"> ▪ The funds legal/financial autonomy is generally compromised. ▪ Budget subsidies by the government may not always be released ▪ Neglected environmental concerns may negatively impact on FERØ achievements ▪ The fund has periodically executed less than 30% of required annual maintenance needs due to financial constraints. ▪ Road owners at times delay programming and procurement decisions which in turn result in delays in road maintenance.
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2.2 External Analysis

An external analysis was undertaken to highlight the external factors that FER has to take into account when considering strategic options.

On the basis of the PESTLE (Political, Economic, Social, Technological and Legal factors) analysis carried out, the following were found to be the key variables in ensuring that FER is effectively fulfilling its mandate.

Political

- The stable political environment creates certainty in investment generation, which in turn promotes growth in the transport sector in which the Road Maintenance Fund operates.
- Good governance policies have been implemented and this is likely to impact positively on the Fund's decision making.
- Strong political relationships with Multi-lateral and bilateral agencies will put the Fund in a good position to attract additional resources for its maintenance operations.
- Strong political support and commitment to Vision 2020 as a tool to promote development of the country and the people. Road maintenance activities will need to be aligned to Vision 2020 .
- Commitment to the development of a strong private sector which may form the basis of establishing public-private partnerships in road maintenance.

Economic

- The fairly stable economic environment will allow the Fund to effectively manage its budgets while at the same time undertaking long term planning
- Development partner support in both financial and technical areas is likely to promote the growth and development of the Fund's maintenance activities

- The improved labour market will give the Road Maintenance Fund access to the skills it requires in order to realize its long term vision.
- GDP growth helps Road Maintenance Fund to operate better.

Social

- Population growth has increased due to an increase in fertility combined with a decline in infant mortality. High population density implies elevated maintenance needs.

Technological

- The Information and Communication Technology (ICT) sector is one of fastest growing sectors in Rwanda. The Road Maintenance Fund will need to explore ways of better integrating this technology into both its internal activities and in its maintenance operations.

Legal

- The law setting up FER was updated in 2006 and has therefore taken into account the emerging issues relating to the operational activities of the fund.

2.3 Challenges encountered

- ✓ The budget that FER manages is not sufficient to effectively run all its roads maintenance commitments.
- ✓ FER is not yet a second generation Road Fund.
- ✓ Government budget subsidies and axle load limit charges do not get to the fund

2.4 Strategic issues resulting out of the internal and external analysis

1. There is need for Road Maintenance to ensure its Financial and Administrative autonomy.
2. There is need for FER to improve its reporting system to meet stake holder's needs.
3. There is a need for FER to periodically undertake the external technical audit on roads maintained to ensure quality and value for money
4. Review and broaden revenue tariffs with a view to increasing FER's revenue.
5. There is a need for FER to create public awareness about its role.

3 VISION, MISSION and VALUES

Vision:

Our vision is *to maintain efficiently within our financial means the classified road network thus supporting the sustainable development of the national economy in line with the national policies in place.*

Mission:

The Mission of the Road Maintenance Fund is *to fulfill our mandate, as a public institution, defined by the organic law establishing the fund of receiving, effectively managing and disbursing funds for the maintenance of public roads with excellence in accordance with the regulations in place.*

Values:

The Road Maintenance Fund espouses the following values in its relationships both internally and with its stakeholders and partners.

Diligent leadership

People who demonstrate integrity, openness, honesty, team work oriented and committed to their work and ready to serve the public.

Quality

People who deliver services with courtesy, competence and excellence with respect to those we are serving.

Relationship

People who build relationships with all our stakeholders aiming at doing the right thing

4 STRATEGY

4.1 Strategic Directions

1. Diversify and strengthen our resource base, with a focus on levy collection and other sources to boost our revenue hence maintain roads to the highest level of standards.
2. Develop people and Mechanisms in order to translate our vision and values into actions.
3. Enhance and strengthen reciprocal and healthy collaboration between Road Maintenance Fund and all stakeholders in the road maintenance sub-sector.
4. Demonstrate excellence in program management through systems and structures.

4.2 Goals:

1. Improvement of Road Maintenance in an efficient and timely manner to align with vision 2020, which focuses on improvement of Infrastructure and the transport sector in particular.
2. To strengthen, outsource revenue collection as determined by the law, in order to maintain efficiently and effectively the classified Road Network.
3. Update and strengthen operating systems and procedures that will enable the Fund to meet its vision, mission and plans.
4. To setup training programs of capacity building in order to ensure optimal staff performance.
5. Enhance collaborations with key partners and donors.

4.3 Goals, objectives, outputs and activities

Overall Goal:

Road Maintenance Fund s overall goal is to ensure well maintained road network:

- ✓ In the execution of relevant National Transport policies
- ✓ To create an enabling premises for the execution of Rwanda's Economic Development and Poverty Reduction Strategy (EDPRS)
- ✓ As its overall contribution or role in the realization of Rwanda's vision 2020

Goal 1: *Improvement of Road Maintenance in an efficient and timely manner to align with vision 2020, which focuses on improvement of infrastructure and the transport sector in particular*

Performance indicator: Number and length of roads maintained

Objectives	Output	Activities	Timeframe/Cost (Frws)					Responsible	Total Cost in (Frws)
			2009	2010	2011	2012	2013		
To have relevant data for budgeting, planning and programming of maintenance works	Road Data bank established	-Establish a Road Maintenance Data Bank. - Share Data bank with stake holders/partners	February					DT	-
Efficient and effective Road Maintenance.	Road management and maintenance systems.	A Road Management software purchased, installed, tested and implemented.	Jan-March 800,000	800,000	800,000	800,000	800,000	DT	4,000,000

Goal 1: Improvement of Road Maintenance in an efficient and timely manner to align with vision 2020, which focuses on improvement of infrastructure and the transport sector in particular									
Performance indicator: Number and length of roads maintained									
Objectives	Output	Activities	Timeframe/Cost (Frws)					Responsible	Total Cost in (Frws)
			2009	2010	2011	2012	2013		
Monitoring and Evaluation Road Maintenance.	Institutionalised Monitoring and Evaluation systems in place.	- Training staff on: <ul style="list-style-type: none"> • M&E • Technical Auditing. • Financial Auditing. • Contract management • Reports & records • Management & Maintenance techniques. - Establish partnerships with road owners.	March 1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	DT/DAF	8,000,000

Goal 2: To strengthen, outsource revenue collection as determined by the law, in order to maintain efficiently and effectively the classified Road Network									
Performance indicator: Revenue collected									
Objectives	Output	Activities	Timeframe					Responsible	Cost
			2009	2010	2011	2012	2013		
To improve mechanism on revenue collection.	All due revenues collected and accounted for.	- Make sure that all due revenues are timely and accurately collected and accounted for.	January-December 300,000	300,000	300,000	300,000	300,000	DAF/DG	1,500,000

Goal 2: To strengthen, outsource revenue collection as determined by the law, in order to maintain efficiently and effectively the classified Road Network									
Performance indicator: Revenue collected									
Objectives	Output	Activities	Timeframe					Responsible	Cost
			2009	2010	2011	2012	2013		
Increased revenue collection	Relevant tariffs reviewed favourably	- Cabinet papers prepared and submitted for consideration.	January-December					DAF/DG	-

Goal 3: Update and strengthen operating systems and procedures that will enable the Fund to meet its vision, mission and plans.									
Performance indicator: Operating systems and procedures updated and strengthened									
Objectives	Output	Activities	Timeframe					Responsible	Cost
			2009	2010	2011	2012	2013		
Efficient and effective service delivery	-Zero customer complaints. - No outstanding requests, payments or reports.	- Design and implement a staff performance appraisal system. - Annual performance contract signed between staff and DG.	August	December	December	December	December	DAF/DT	-
Enforceable Procedure manuals.	Procedure manual updated and validated	-Review of existing procedure manuals, update and present it to the board for validation and approval. - Distribution of validated procedure manual to every employee to better	March					DAF	-

Goal 3: Update and strengthen operating systems and procedures that will enable the Fund to meet its vision, mission and plans.									
Performance indicator: Operating systems and procedures updated and strengthened									
Objectives	Output	Activities	Timeframe					Responsible	Cost
			2009	2010	2011	2012	2013		
		understanding of attributions and working procedures.							

Goal 4: To setup training programs of capacity building in order to ensure optimal staff performance									
Performance Indicator: Optimal staff performance ensured									
Objectives	Output	Activities	Timeframe					Responsible	Cost
			2009	2010	2011	2012	2013		
Acquisition of state of art skills in FERs operationalisation.	- Quality of service delivery. - Effectiveness at work.	- To identify skills gaps. - Short and long term training program. - Study tours and short term attachments to other Road Funds. - Set up capacity building programmes.	Ongoing					DG & DAF	77,501,987

Goal 5: : Enhance collaborations with key partners and donors									
Performance Indicator: Strategic relationship with key partners and donors established									
Objectives	Output	Activities	Timeframe					Responsible	Cost
			2009	2010	2011	2012	2013		
To create a collaborative working environment with Partners/ Stakeholders	A collaborative working environment with partners.	- Organise meetings with partners to know their needs. -Intentionally involve our partners in what we do and create awareness channels, to	December 700,000	700,000	700,000	December 700,000	700,000	DAF	3,500,000

Goal 5: : Enhance collaborations with key partners and donors									
Performance Indicator: Strategic relationship with key partners and donors established									
Objectives	Output	Activities	Timeframe					Responsible	Cost
			2009	2010	2011	2012	2013		
		voice our concerns as well as our success. - Sensitize potential partners on what we do, our vision and goals. - Participation in Planning, Programming and bid evaluation.							
Timely reporting to stake holders	Financial/ Activities reports produced on time.	- Provide efficient and accurate financial activity reports to the board and partners. - To regularly share FER related data with partners/ stakeholders.	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	DAF/DT	-
Improving FER's image to the general public	FER & its activities known to the public	-Build FER website that will display our vision, mission and activities & financial reports. -Use media to create public awareness of FER & its activities.	January-December 2,400,000	January-December 2,400,000	January-December 2,400,000	January-December 2,400,000	January-December 2,400,000	DT/DAF	12,000,000

4.4 Strategy Monitoring and Review

The first step in the implementation of this strategy will entail the allocation of resources to the various activities.

A list of performance indicators have been developed which are aimed at assisting in the monitoring and review process. For each strategic initiative indicators have been drawn up to ascertain whether progress is being made. The indicators are for use by the technical and administration departments on how they have achieved the set objectives.

In order to measure the performance attained over the year the departments will be expected to produce progress reports quarterly and semi-annually describing their achievements and any obstacles they may have encountered. Departments will be required to explain the actions they took to overcome these obstacles.

Regular meetings with stakeholders will also be conducted to ensure their effective involvement in FERØ activities.

Some elements of this strategic plan should be included in the performance contract between the Fund and Ministry of Infrastructure. This will then constitute a basis for evaluating the Funds activities and achievements since Road Maintenance activities by their nature require collaborative efforts from road users, road owners (managers) and road contractors

An approved work program should be taken as a contract between the Road fund and Ministry of Infrastructure. The Ministry should support the Fund in meeting the expected performance levels.

5 SPECIFIC ROLE OF FER KEY PARTNERS

✓ **MININFRA (Ministry of Infrastructure)**

- It is the supervising Ministry.
- As the main authority, the Ministry of Infrastructure performs the planning and programming.
- It organizes the preparation of tender document and procurement for maintenance works
- The Ministry of Infrastructure also supervises monitoring and evaluation of road maintenance works done by private contractors.

✓ **MINECOFIN (Ministry of Finance and Economic Planning)**

- It performs planning and Management of Governmental Contribution on Road maintenance budget.

✓ **KIGALI CITY COUNCIL**

- As the Road authority for City roads in Kigali, It performs the planning, programming, management and supervision of maintenance works for Kigali City road network

✓ **DISTRICTS**

- They do programming and management of district roads
- They organize local contributions to the district roads maintenance

✓ **OTHERS (World Bank, European Union, African Development Bank ...)**

- Support FER by technical assistance and financial contribution in Capacity building and road maintenance.

APPENDIX 1: FER BUDGET

PROVISIONAL RESOURCES FOR 2009 TO JUNE 2014

(Source: Road Maintenance Fund)

DESCRIPTION	SOURCE	January 2009 to June 2009 (in Rwf)	July 2009 to June 2010 (in Rwf)	July 2010 to June 2011 (in Rwf)	July 2011 to June 2012 (in Rwf)	July 2012 to June 2013 (in Rwf)	July 2013 to June 2014 (in Rwf)
FY Cash balance brought forward	Levies/FER	1,250,000,000	2,034,702,807	1,121,081,930	1,433,178,108	1,576,495,919	1,655,320,715
Fuel Levy	Levies/FER	2,201,490,000	3,583,358,850	5,231,715,671	6,491,453,784	7,140,599,162	7,497,629,120
Road toll on foreign vehicles	Levies/FER	1,713,472,000	2,789,254,278	3,014,738,786	3,793,706,757	4,173,077,432	4,381,731,304
Axle load charges	Levies/FER	5,800,000	9,127,639	10,463,431	13,488,735	14,837,609	15,579,489
Fines and other penalties	Levies/FER	1,280,000	2,129,782	2,615,858	3,372,184	3,709,402	3,894,872
Provisional resources for 2009 (a)		5,172,042,000	8,418,573,356	9,380,615,676	11,735,199,567	12,908,719,524	13,554,155,500
Government contribution (b)	Government	1,750,000,000	2,852,387,112	3,363,245,789	4,215,229,730	4,636,752,703	4,868,590,338
Available funds (a+b)		6,922,042,000	11,270,960,468	12,743,861,465	15,950,429,297	17,545,472,227	18,422,745,838

RESOURCES DISTRIBUTION FOR 2009 TO JUNE 2014

(Source: Road Maintenance Fund)

Program/Sub-program	Beneficiaries	January 2009 to June 2009 (in Rwf)	July 2009 to June 2010 (in Rwf)	July 2010 to June 2011 (in Rwf)	July 2011 to June 2012 (in Rwf)	July 2012 to June 2013 (in Rwf)	July 2013 to June 2014 (in Rwf)
Road Maintenance and Development							
I. National Roads	MININFRA	6,012,042,000	9,469,925,213	10,704,843,631	12,504,057,470	13,754,463,217	14,442,186,378
II. Urban Roads	KCC	750,000,000	1,480,897,550	1,669,958,171	3,066,014,368	3,372,615,804	3,541,246,594
III. Secretariat	FER/RMF	160,000,000	320,137,705	369,059,663	380,357,459	418,393,206	439,312,866
TOTAL		6,922,042,000	11,270,960,468	12,743,861,465	15,950,429,297	17,545,472,227	18,422,745,838