

ANNUAL PUBLIC ROADS PROGRAMME FOR THE FINANCIAL YEAR 2008/2009

1.1 INTRODUCTION

1.1.1 Introduction

Clause 31 of the Kenya Roads Board (KRB) Act No. 7 of 1999 establishes the Kenya Roads Board Fund (KRBF) into which funds from various sources are to be deposited. The funds deposited into the KRBF are to be utilized towards the maintenance of the road network in Kenya.

The estimated projected collections of the Road Maintenance Levy Fund (RMLF) during the Financial Year FY 2008/2009 are Ksh. 18,640,000,000 (eighteen billion, six hundred and forty million shillings). Similarly, the estimated collections of the Transit Tolls (TT) during that same FY are Ksh. 290,000,000 (two hundred and ninety million shillings). These two primary sources of funds, contribute more than 99% of the funds deposited into the KRBF. It is also estimated that about Ksh. 70,000,000 (seventy million shillings) will be received from agricultural cess. This brings the total KRBF to Ksh. 19,000,000,000 (nineteen billion, shillings.) As the FY 2008/2009 starts, there will be additional funds received from revoting of unspent funds, surpluses collected during the FY 2007/2008 and carried over funds not disbursed at the close of the FY 2007/2008.

The sum of Ksh. 19,000,000,000 is reflected as an Appropriation in Aid and a line item in the Ministry of Roads and Public Works (MoR) Recurrent Vote (R13), under the heading 'Kenya Roads Board'.

Kenya Roads Board is fully responsible for the management of the KRBF and will account for its expenditure to the Accounting Officer of the MoR.

1.1.2 Annual Public Roads Programme (APRP)

As per the Kenya Roads Board Act No. 7 of 1999, KRB has a mandate to oversee the road network in Kenya and coordinate the maintenance, rehabilitation and development funded by the fund and to advise the Minister on all matters related thereto.

Clause 19 (4) of the KRB Act requires KRB to review, individually, the Annual Road Works Programmes (ARWPs) submitted by Road Agencies and sub-Agencies, and consolidate these ARWPs into an Annual Public Roads Programme (APRP).

This APRP is prepared by Kenya Roads Board.

This Annual Public Roads Programme has been developed from the premise that the total estimated collections of the KRBF totaling Ksh. 19,000,000,000 (nineteen billion shillings) will be realized and utilized by the identified Road Agencies and Sub-agencies for maintenance of the road network in Kenya.

The APRP is then forwarded for approval and signature by both the Minister for Roads and the Minister for Finance in accordance with Clause 19 (5) of the KRB Act. This APRP informs the Kenyan public on the programme of road works that will be undertaken during the Financial Year 2008/2009.

1.1.3 The APRP and Funds Releases

The APRP document outlines funding for road works to be undertaken by road agencies and sub-agencies as identified in the KRB Act and subsequent legal statutes during the Financial Year 2008/2009. Funds will be released to the road agencies and sub-agencies on a monthly basis as per collection, and after deliberation and resolution of the Board. The APRP also provides a plan of action for road maintenance in subsequent years following the Mid-Term Framework format and forms the basis for monitoring and evaluation of works.

1.2 ROAD SECTOR FUNDING IN KENYA

1.2.1 Length of the road network

The length of the entire Road Network in Kenya, though not known with certainty is estimated to be about 178,000 km long as shown in Table 1.2.1 on the following page.

While the Road Inventory and Condition Survey (RICS) completed in 2003 provides accurate information of the inventory and condition of the classified road network, the same is not true of the unclassified network. A RICS for the unclassified network commenced in December 2006. It is expected that the RICS data for the entire road network in Kenya will be available by December 2008.

1.2.2 Road Network Condition

The Road Inventory and Condition Survey (RICS) undertaken by Roads Department of MoR between 2000 and 2003 indicated that about 19% of the classified network was in good condition, 49% in fair condition and the remaining 32% in poor condition.

The conditions of the urban, rural and other unclassified roads is not well known but at the end of 2003, they were probably not much better than those of the classified road network. There is currently an on-going consultancy, whose objective is to undertake the RICS for unclassified roads. Parallel to these efforts, KRB together with road agencies and sub-agencies have put in place a mechanism to undertake an Annual Road Inventory and Condition Survey (ARICS). This commenced in August 2007 and was completed in June 2008. The condition of the entire road network (except urban roads) will then be known upon completion of the RICS for unclassified roads now expected to be completed by April 2009.

It should be, however, noted that between FY 2003/2004 and 2007/2008, a total of Ksh. 84 billion has been released to road agencies and sub-agencies for works on the

road network. It is expected that with this injection of funds the condition of the road network has reasonably improved.

Table 1.2.1: Length of Road Network in Kenya

Network	Responsibility		Designation	Paved km	Unpaved km	Total km
Classified A, B and C roads	MoR	9 Provincial Departments and 143 Districts (part only)	A	2,886	869	3,755
			B	1,432	1,366	2,798
			C	2,487	5,180	7,667
	Sub-total A, B and C			6,805	7,415	14,220
Classified D and E roads	DRCs (planning) and MoR (execution)	143 DRCs and DREs.	D	1,167	10,048	11,215
			E	751	25,798	26,549
	Sub-total D and E			1,918	35,846	37,764
Classified 'Special' Roads	DRCs, County Councils, Municipalities and MoR.	143 DRCs and 67 County Councils, 45 Municipalities Nairobi City and 62 town councils.	G, L, R, S, T, W	214	11,090	11,304
Total all classified roads				8,937	54,351	63,288
Urban Roads	Municipalities (for all adopted streets), MoR (for classified roads in urban areas) and county councils for roads in townships.	45, Municipalities, Nairobi City, 62 Town councils and 67 County Councils.	Adopted and Unadopted streets	2,490	12,040	14,530
Unclassified rural roads (estimate).	County Councils and DRCs	67 County Councils and 143 DRCs.	Mostly tracks and footpaths (extent largely unknown)		100,000	100,000
Roads in National Parks and Game Reserves	KWS and MoR (for classified roads in parks).	25 national parks	Game trails and administrative roads		4,409	4,409
	County councils and MoR (for classified roads in game reserves).	34 game reserves some run by several county councils.	Game trails and administrative roads		2,736	2,736
	Total network in National Parks and Game Reserves				7,145	7,145
Forest roads	Forest Department	Forest reserves	Access, feeder and plantation roads		6,800	6,800
Total Network				11,427	180,336	191,763
Total 'Public' Road Network				11,427	166,391	177,818

1.2.3 Funding Required for the Road Network in Kenya

The need for a Road Sector Investment Programme (RSIP) with which the government can source for alternative funds for rehabilitation cannot be over-emphasized. With support from the EU, a consultant was commissioned to develop a broad framework study that would form the basis of the RSIP. The study was concluded in October 2006. The study provided a broad framework of identified key areas of funding. The Kenya Roads Act 2007 makes it mandatory to have a RSIP for funding from the 2009/2010 FY. With support of the World Bank, KRB embarked on developing a 5 year mid-term and a comprehensive 15 years RSIP and expects to complete this by December 2008.

A recent review of long-term maintenance costs was carried out in a study covering both the 64,500 km of classified roads as well as approximately 110,000 km of unclassified roads. It was based on desirable road standards benchmarked within the region. The study indicates that to clear the backlog of maintenance an estimated sum of Kshs 421 billion is needed the average annual maintenance costs is estimated at Kshs 23.8 billion per year. This includes provision for 1% of total revenue that is earmarked for allocation to the Kenya Wildlife Service (KWS) and the 2% allocated as administrative charges for KRB. All cost figures are in year 2006 prices.

Some of the development partner funds budgeted under the Development Vote are currently being directed towards this objective. The government has also in the last two years released substantial funds for development some of which have been directed to rehabilitation and upgrading of the lower tier network.

These funds and the development partner support though commendable, fall short of what is required and efforts must be made towards sourcing for more funds to plug the existing financing gap.

If this the gap for clearing the maintenance backlog can be filled, KRB will be left with the task of identify sources to cover the extra Kshs 5 billion over and above current collections that will be needed to provide adequate maintenance to the whole network.

There are several sources of funds which need be followed up further to provide the funds needed to clear the backlog and to have adequate maintenance on the road network One such source of funding is the involvement of the private sector in Public Private Partnership participation through such schemes as concessoning, Build Operate and Transfer (BOT), Fund Rehabilitate, maintain and transfer, development of infrastructure bonds, etc.

Agricultural produce cess and a portion of the Local Authority Transfer Fund (LATF) are the other possible sources of revenue that KRB has managed to identify that could be used towards road maintenance. Concerted efforts are being made to collect coffee and tea cess. Other agricultural products (i.e. sugar and horticulture) could also be used to expand the source of financing required for the road network.

On the basis of the current projected collections of Ksh. 19 billion, the KRBF would have been sufficient to maintain the existing network at a high service level both for routine and periodic maintenance every year. However due to the need to address the backlog maintenance, part of the KRBF continues to be applied towards rehabilitation works.

KRB is also reviewing the most appropriate approach to maintain an appropriate RMLF charge as the economy improves. A Road User Charge Study whose objective was to identify the most appropriate charges and areas of charging commenced in January 2007 and was completed in June 2007. However it was thought that the current economic situation in the country cannot sustain an increase in the levy for the moment.

2. IMPACT OF IMPROVED ROAD INFRASTRUCTURE

2.1 Contributions to the National Economy

The Vision 2030, which is the latest Government Policy “.....aspires for a country firmly interconnected through a network of roads, railways, ports, airports, water and sanitation facilities, and telecommunications.” Improvement of infrastructure is seen as fundamental to the improvement of the economy. Implementation of the APRP is expected to contribute significantly to infrastructure improvement and therefore to national economic growth. Better roads will also contribute to poverty reduction by lowering the costs of goods and services, improving access to social facilities and administration centers and improving safety and security.

Kenya Roads Board has developed the Roads 2000 Strategy that will be applied towards utilization of local resources where it is cost effective. This strategy is aimed at utilizing labour for maintenance of roads in rural areas. This strategy should contribute towards eradication of poverty. It was launched by the Minister for Roads and Public Works last year.

2.2 Funds Management and Performance

The major drawback in the performance of the road sector has been poor management of funds and poor delivery of services to the road user. It is therefore encouraging to note that the Government has continued to strengthen both the economic and political reforms with introduction of Performance Contracts which aim at improving delivery of services to the public.

The enactment of the Kenya Roads Act 2007 which forms three implementing authorities (Kenya National Highways Authority, Kenya Rural Roads Authority and Kenya Urban Roads Authority) for the roads subsector also streamlines implementation within the sub sector and it is hoped that the authorities will be fully functional come the FY 2009/2010.

It is the objective of KRB to ensure that the KRBF is managed efficiently in order to improve the level of service provided to road users.

3 FUNDING ROAD PROGRAMMES IN FINANCIAL YEAR 2008/2009

3.1 Projected funding of the APRP for Financial Year 2008/2009

Projected collections of the RMLF and Transit Tolls during the Financial Year 2008/2009 are **Ksh. 18,640,000,000** and **Ksh. 290,000,000** respectively. It is also estimated that about **Ksh. 70,000,000** will be collected from agricultural cess. On the basis of the 2007/2008 collections, it is not expected that there will be significantly more collection of the RMLF than that indicated. This will become clear as the year goes by. Table 3.1.1 indicates the actual collections of the KRBF during FY 2007/2008 and projected collections for Financial Years, 2008/2009, 2009/2010 and

2010/2011. These figures are conservative and with the improvement of the economy, are bound to rise.

Table 3.1.1:	Actual	Projected	Projected	Projected
Financial Year	2007/2008	2008/2009	2009/2010	2010/2011
Recurrent - RMLF/ Budgetted	18,000,000,000	18,640,000,000	19,625,000,000	20,606,250,000
Carry Overs/Surplus/revoting (07/08)	4,340,408,550	0	0	0
TOTAL RMLF	22,340,408,550	18,640,000,000	19,625,000,000	20,606,250,000
TRANSIT TOLLS	270,000,000	290,000,000	300,000,000	314,000,000
Agricultural Cess + Others	65,000,000	70,000,000	75,000,000	80,000,000
Carry Over/Surplus Collection (07/08)	142,381,980	0	0	0
TOTAL CESS	207,381,980	70,000,000	75,000,000	80,000,000
TOTAL AVAILABLE KRBF	22,817,790,530	19,000,000,000	20,000,000,000	21,000,250,000

3.2 Proposed Funds Disbursement to Road Agencies and Sub Agencies

Until 3rd September 2007, the KRB Act recognized three Road Agencies namely, the Roads Department in the MoR, the KWS and 71 District Roads Committees. Through the enactment of the Kenya Roads Act No. 2 of 2007, three road agencies i.e. Kenya National Highways Authority, Kenya Rural Roads Authority and Kenya Urban Roads Authority, were formed to replace Roads Department, DRCs and LA's. However since the new Authorities are not yet functional, the existing agencies will continue delivering services this FY.

In June 2003, the Minister for Roads and Public Works gazetted the following as sub-agencies; Urban Development Department (MOLG), City Council of Nairobi, Municipal Council of Mombasa, Municipal Council of Kisumu, Municipal Council of Nakuru and Municipal Council of Eldoret.

At that same period of time, the Minister for Finance, through the Finance Act 2003, also designated all municipalities as defined within CAP 265 of the Ministry of Local Government, to be identified as road agencies. A total of 134 Municipal Councils, Town Councils and County Councils are currently funded by KRB for purposes of ensuring equitable funding in local authorities all over the country.

Funding for these road agencies and sub-agencies in the local authorities will be provided from part of the RMLF portion to be disbursed to KURA.

The proposed funding to be disbursed to the Road Agencies and sub Agencies for the FY 2008/2009 and projected ceilings for the FYs 2009/2010 and 2010/2011 is as shown in Table 3.2.1 below.

Table 3.2.1:

	Agency/Sub-agency	RMLF Portion	FY 2008/2009	FY 2009/2010	FY 2010/2011
1	KRB Operations	2%	372,800,000	392,500,000	412,125,000
2	KeRRA: Constituency Roads	20%	3,728,000,000	3,925,000,000	4,121,250,000
3	KeRRA: Districts	12%	2,236,800,000	2,355,000,000	2,472,750,000
4	KeRRA: Agricultural Cess		70,000,000	75,000,000	80,000,000
5	KURA: MOLG	15%	2,796,000,000	2,943,750,000	3,090,937,500
6	KWS	1%	186,400,000	196,250,000	206,062,500
7	KeNHA: Roads Department: RMLF	40%	7,456,000,000	7,850,000,000	8,245,500,000
	Roads Dept.: Transit Tolls		290,000,000	300,000,000	314,000,000
	Sub-total		7,746,000,000	8,150,000,000	8,556,500,000
8	Allocated By KRB to Roads Department	10%	1,864,000,000	1,962,500,000	2,060,625,000
TOTAL KRBF			19,000,000,000	20,000,000,000	21,000,250,000

4 IMPLEMENTING THE FINANCIAL YEAR 2008/2009 APRP

4.1 Assumptions Made

The APRP is based on the following assumptions:

- (i) Revenue estimates from RMLF and Transit Toll collections will be realized.
- (ii) The macro economic and political environment will remain stable.
- (iii) Stability in the monetary and fiscal policies will be maintained.
- (vi) Stakeholder support to the Road Sector will continue.
- (v) Revenue collections will accrue steadily to facilitate regular disbursements.
- (vi) Normal weather conditions will prevail.

4.2 Constraints to the APRP

The following constraints are faced by KRB in fulfilling its mandate and the budget objectives:

- (i) Insufficient RMLF and Transit Toll collections.

- (ii) Insufficient Development Fund forcing KRB Funds to be used for major Rehabilitation and Reconstruction works
- (iii) Institutional Capacity of the Road Agencies.
- (iv) Institutional Framework of the Roads Sector.
- (v) Kenya's low consulting/contracting capacity.
- (vi) Large Project portfolio.

The need to develop mechanisms for capacity building of local contractors and consultants cannot be overstated. Deliberate efforts must also be made by all stakeholders to train professional and technical staff in both public and private sectors.

The enactment of the Kenya Roads Act No. 2 of 2007 will greatly enhance delivery of road works in Kenya.

4.3 Implementation of the APRP

KRB expects the Road Agencies to be accountable, transparent and to operate within their indicated ceilings and to adhere to budgetary discipline, transparent procurement processes and applicable Standards and Specifications. At the same time they will be expected to follow KRB's rules, regulations, procedures and guidelines (RRPG) as recently developed especially on requiring concurrence from KRB before initiating new KRBF projects and Variation Orders.

4.5 APRP Performance Evaluation

Monthly returns received from road agencies and sub-agencies as they carry out works contained in this APRP will be used to evaluate their performance. KRB has developed simple returns format that reviews works accomplished against indicated budget line items, financial expenditure against indicated line items and labour resource employment. The need to receive returns on labour resource employment will help towards identifying the contribution of the disbursed funds towards poverty reduction in rural areas.

In addition to the regular accomplishment and financial returns, KRB will;

- (i) carry out regular Technical Compliance, Performance and Financial Audits in accordance with good audit practice; and,
- (ii) circulate Audit Reports for action to the appropriate accounting officer for the concerned Road Agency.

5 OVERALL FUNDING OF THE APRP PROGRAMME IN FY 2008/2009

5.1 Total Proposed RMLF Funding as per Criteria contained in the KRB Act

Annex 1 indicates the overall funding budget against broad budgetary items. The table indicates proposed allocations against major items of works to be undertaken by KRB, road agencies and sub agencies.

Table 5.1.1 below indicates the broad projected funding expenditure of **Ksh. 19,000,000,000.**

**Table 5.1.1:
Overall Broad Items Summary of Kenya Roads Board Fund**

No.	Broad Items Funded	TOTAL FUNDING	%
1	Administration	336,300,000.00	1.77%
2	Dept/Unit Operations	748,600,000.00	3.94%
3	Road Works Materials	134,900,000.00	0.71%
4	Training	115,900,000.00	0.61%
5	Outstanding Payments	110,200,000.00	0.58%
6	On-going Contracts	6,192,100,000.00	32.59%
7	On-going - FA Works	1,079,200,000.00	5.68%
8	Routine Maintenance	5,646,800,000.00	29.72%
9	Equipment	288,800,000.00	1.52%
10	Emergency Works	817,000,000.00	4.30%
11	New Proposed Works	3,530,200,000.00	18.58%
	Total	19,000,000,000	100.00%

5.2 KeNHA - Roads Department of Ministry of Roads

5.2.1 KeNHA - Roads Department Funding for ABC roads

The projected ceiling indicated for managing this network is **Ksh. 9,610,000,000.**

This is composed of **Ksh. 9,320,000,000** to be obtained from RMLF and **Ksh. 290,000,000** to be obtained from Transit Toll collections.

It is proposed that since collections of Transit Tolls is realized on the Northern corridor, it should all be ploughed back to maintain the corridor.

5.2.2 Prioritization of maintenance intervention measures

The broad priorities on classes A, B, and C Roads are:

- (i) Carrying out Routine and Periodic Maintenance on all maintainable roads.
- (ii) Completion of on going projects.
- (iii) Rehabilitation of deteriorated sections of the network to bring them back to maintainable standards.
- (iv) Upgrading highly trafficked sections of the network to bitumen or gravel standards. Most of the upgrading is normally funded from the Development Vote.

Underlying the priorities mentioned above, the Roads Department is expected to identify and prioritize roads for maintenance intervention on the basis of economics, and cost benefit analysis.

5.3 Maintenance on classes D, E and other Roads undertaken by KeNHA - Roads Department, KeRRA - Districts Roads Committees, KWS and KURA - Local Authorities.

During the FY 2008/2009, Ksh. 2,236,800,000 (which is 12% of the projected RMLF collections) has been allocated equitably to all districts for maintenance of class D, E, SP and other roads.

The agencies and sub-agencies that will be responsible for delivering these works are; Roads Department and DRCs.

5.3.1 KeNHA - Roads Department

A portion of the 12% of the RMLF is to be allocated to the Road Department to finalize outstanding payments and complete on-going projects on D, E and Special Purpose roads, which were under the department's responsibility before KRB was established. It is expected that after the FY 2009/2010, no more funds will be given to the Roads Department for this similar effort.

The funds to be released to the RD amount to **Ksh. 1,000,000,000** (one billion, shillings).

5.3.2 Maintenance on Urban roads

KRB will fund maintenance of urban roads from of the 15% portion of the RMLF.

During the Financial Year 2008/2009, a total of Ksh 2,796,000,000 has been set aside for these activities. The implementing units will be the KURA - Urban Development Department of ODPM&MOLG and 134 Local Authorities.

5.3.3 Equitable Allocation Portion of 12% of the RMLF

The basis of equitable allocation includes factors such as the district area, population served, road kilometer length in the district, economic activities among others.

A sum of **Ksh. 2,236,800,000** has been allocated equitably to all the 143 districts for maintenance of these roads. The details of the activities to be undertaken by the disbursement to all the 143 districts are as shown on **Annex 5**.

5.3.4 Maintenance of Roads in Constituencies

The KRB Act, as amended by the Kenya Roads Act No. 2 of 2007 indicates that 20% of the RMLF should be allocated equally to all 210 constituencies, for road works in the constituencies. These funds are managed by the District Roads Committees.

The 20% portion of the RMLF for Constituency Roads amounts to **Ksh 3,728,000,000**. The 210 constituencies will receive a total of **KShs. 3.57 billion** with each getting an equal amount of **KShs. 17 million**. The balance of **KShs. 158 million** will be set aside for emergency road works within the constituencies and districts.

The implementation of the 20% constituency budget is currently carried out by the **KeRRA - District Roads Engineer (DRE)** from MoR in consultation with the DRCs. The DRE acts as the Secretary to the DRC.

The following criteria are used for prioritizing roads to be maintained in the constituencies:

- (i) All the maintainable roads are given first priority for routine maintenance in order to protect the investment.
- (ii) Roads connecting administrative, market and social centers and the classified road network, including security roads, are attended to next.
- (iii) Any remaining funds are then used to improve accessibility through spot improvement.

Details of these activities are contained in Annex 6.

5.3.5 Maintenance of Roads in National Parks and Game Reserves

The KRB Act (amended) recognizes Kenya Wildlife Services (KWS) as a road agency with the responsibility of maintaining approach roads and roads within National Parks and Game reserves. KWS is allocated 1%. For the 2007/2008 financial year, the allocation is **KShs. 186 million**.

The road agency is expected to carry out maintenance (routine and periodic) and utilize some of the funds for administrative purposes.

The utilization of these funds for administration and routine maintenance is indicated in **Annex 7**.

5.4 Roads 2000 Strategy

KRB strongly recommends that the Roads 2000 (R2000) Maintenance Strategy be applied for Routine Maintenance on all categories of roads. This is a strategy for sustainable maintenance which focuses on the network as a whole and promotes the use of local resources and labour where these are cost effective. This approach contributes towards the Economic Recovery Strategy for Employment and Wealth Creation through employment of labour in local communities.

In March 2007, the Minister for Roads and Public Works launched the R2000 Strategic Plan.

Several Development Partners are already supporting the R2000 Strategy. These include SIDA, KfW, AfDB EU and AFD. A programme covering Western Province Districts is currently being negotiated and it is expected that KRB will be the executing agency. The EU programme is also expected to expand into a phase III to include some districts of Central Province under EDF 10. Those districts not supported by a Development Partner will be expected to use the R2000 strategy in implementing works funded from the Kenya Roads Board Fund.

To coordinate the development of the R2000 Strategy and its implementation countrywide, a R2000 management structure which is composed of a National Steering Committee (NSC) chaired by PS MoRPW and a National coordination Committee (NCC) chaired by the Executive Director, KRB.

The draft R2000 Strategic Plan has been developed, adopted and was launched in early March 2007. The strategy is to be implemented countrywide.

The R2000 National Coordination Committee has developed several technical documentations including routine maintenance operations manual, small scale contracting operations and contract manuals and a small scale contractor training programme. All road agencies and sub-agencies are encouraged to use these in the delivery of road works using small scale contractors.

5.5 Total District Funding

The approved APRP for all works identified to be undertaken within the districts and under provincial offices has been analyzed and **Annex 8** indicates the total KRBF allocation of funds to all districts and provinces.