Action Plan for Road Traffic and Transport

Overview

Introduction

In terms of public administration, four major topics shape the consideration of road transport services. These four are:

- The role of the Government, if any, in actual provision of transport services (i.e., government as service provider);
- The role of the Government in regulating private users and any services they may offer (i.e., government as regulator);
- Proactive roles, if any, required of Government to achieve socio-economic accessibility objectives (i.e., government as policy proponent); and
- The structure of the appropriate Governmental institutions to achieve the foregoing.

The four areas of inquiry are applicable to every jurisdiction, whether in Afghanistan or elsewhere, but the responses are not necessarily uniform. Political philosophy, social needs and human and financial resources all enter into formulating the right answer for a given locale at a given time.

The primary focus of this paper as well as its annexed Consultation and Policy Papers relates to the foregoing roles and responsibilities as they affect the mission of Afghanistan’s present Ministry of Transport (MOT). The Transport Sector Review has endeavoured to reflect both global “best practice” as defined in the transport sector today with the ground realities to arrive at a series of appropriate and implementable recommendations.

Summary of Policy and Consultation Papers

Attached to this Overview are seven Policy or Consultation Papers, each addressing specific priority aspects of road transport and traffic. The papers include:

Policy Paper 1.1: Corporatisation of MOT Truck and Bus Operations

The National Development Framework and Budget have both strongly expressed the position that provision of services in all sectors, to the maximum extent possible, should be left to private enterprise. The role of government is to focus on policy, planning and regulation in the public interest. It would clearly be contrary to today’s overall government policy to seek to re-create the system of widespread public sector provision of freight haulage and public transport services.

Accordingly, the TSR Steering Committee adopted the following two policies:

- Fully commercialise operations of MOT Kamaz trucks and Millie buses; and
• Over time, consider privatisation of MOT Kamaz trucks and, possibly, Millie buses.

By way of implementation, it is recommended that each Kabul-based Kamaz freight agency should be separately corporatised into a government-owned but fully commercial and self-sustaining entity. Non-Kabul based agencies should be gifted to their respective provinces, albeit with the recommendation that they be similarly corporatised.

Similarly, it is recommended that MOT’s Millie Bus agency, which is focused virtually exclusively on the City of Kabul, should be converted into a wholly government-owned but autonomous, commercial and self-sustaining corporation. Any portion of the bus fleet that MOT may wish to locate outside the capital could be corporatised separately or simply gifted to the province or municipality. Technical assistance is recommended to assist the Ministry in its implementation process.

Policy Paper 1.2: Economic Deregulation of Road Transport Services

Regarding regulation in general in the road transport sector, the alternatives tend to reflect varying philosophies as to the extent of involvement of government in commercial affairs. TSR policy is to deregulate the domestic transport industry.

Much of the regulatory activity that occupies the attention of MOT’s Private Sector Department appears to be the heritage of a centrally planned economy and in present circumstances to be of little or no value. Examples include the requirement for pre-registration and approval of routes when entering a province, the practice of route licensing in general and the mandatory union membership for all inter-provincial truck and bus operators. The practice of MOT establishing rates for private transport operators is also questionable.

In these purely economic spheres, a more modern approach would imply a more “hands off” approach to allow market forces to function. For freight transport and for intercity and rural bus services, TSR recommends abandonment of economic regulation regarding market entry, operations and pricing (i.e., route-specific licensing and reporting), mandatory union membership and government-set commercial tariffs.

Simultaneously, TSR recommends strengthening the technical and safety regulatory role of the Private Sector Department. (See below.)

Consultation Paper 1.3: International Transport and Transit

Another policy-related topic involves international inter-modal and transit traffic. Enhancements of practices in both areas represent opportunities for Afghanistan. Enhanced efficiency in international movements and adherence to international agreements could result in faster and lower cost transport for the nation’s imports and exports. Promotion of transit traffic can generate revenue as well as contribute to enhanced relations, including trade relations, with neighbouring economies.

TSR has discerned no significant problems or delays caused by the current procedures related to vehicles and drivers, either inbound or outbound. Most of the bilateral agreements examined by
TSR call for reciprocity in acceptance of the vehicles and operators duly licensed in their home country. This is common practice and is reasonable. Standards need not be identical between neighbouring states as long as they are similar in terms of performance and impacts.

TSR has, however, elsewhere recommended that the Private Sector Department re-examine its approach to setting technical standards and upgrade its technical vehicle inspection for domestic licensing. In addition, some of the bilateral agreements are now quite old, and compliance may or may not be actively monitored. Therefore, it is recommended that MOT work jointly with the Ministry of Commerce to define precisely the status of relevant bilateral and multilateral agreements and that these be updated (to reflect the proposed new MOT standards) or re-affirmed as appropriate.

Consultation Paper 1.4: Regulation of Safety and Other Public Interest Matters in Road Traffic

Anecdotal evidence suggests that, in the past, Afghanistan had a fairly extensive and effective system of road transport monitoring and regulation. Today, safety and technical standards, to the extent they exist, appear to be no longer subjects of rigorous enforcement. In some instances this is unavoidable, e.g., weight limits are in place (10-tonnes per axle), but all roadside scales have been destroyed so enforcement is impossible.

The explanation for other lapses is less clear. For example, the Technical Section of MOT’s Private Sector Department carries out no technical inspection of vehicular applicants for licenses, operating on the assumption that all vehicles will be properly maintained in order to minimise operating costs. This heavy reliance on self-discipline and enlightened self-interest is unusual.

It is recommended that MOT’s regulatory role should focus on technical and safety concerns and become more “hands on” than at present. It is further recommended that responsibility for driver and vehicle licensing and for drafting traffic and safety regulations should be shifted to MOT from the Ministry of Interior (MOI) where these functions now lie. It is suggested, however, that actual enforcement of traffic rules and related regulations rightly belongs to a uniformed service. Accordingly, the Traffic Department of MOI should retain this responsibility and enhance its capacity for enforcement.

Consultation Paper 1.5: Mandatory Third Party Liability Insurance for Road Vehicles

The Road Traffic Law already requires all vehicles to be insured prior to the vehicle license being issued, but this is currently being enforced, if at all, only occasionally. The re-introduction of a Third Party Liability (TPL) Insurance scheme for Afghanistan is recommended.

There are, however, priority prerequisites that must be addressed prior to enforcing a mandatory scheme for all. Of particular concern are weaknesses in the registration of vehicles and licensing of drivers, poor management of vehicle safety, limitations in the capacity of the Afghan National Insurance Company (ANIC) to provide services, weak enforcement of road traffic laws and poor security on parts of the road network. These basic issues must be rectified before any mandatory TPL scheme could be re-established nationwide.
The strategy for the implementation of a TPL scheme should, therefore, be gradual, introduced progressively over a predetermined schedule. The Road Traffic Law should be amended to allow for this progressive re-introduction and to make it more explicit as to the details of the scheme. Regulations should also be drawn up relating to the detailed nature of the insurance coverage to be issued, limitations and exceptions and the scheme’s implementation. As a first step, capacity building for the insurance industry should be undertaken immediately.

Consultation Paper 1.6: Road Passenger Transport: Accessibility in Urban and Rural Areas

In the case of passenger transport, there are particular social issues to be taken into consideration. While TSR recommends that on inter-city and rural routes private bus services could be free from economic regulation, this is not necessarily the case for public transport within urban areas.

Low accessibility in rural areas is a problem with no evident solutions. To apply a system of detailed regulations for the private sector would appear non-constructive if the problem is that the commercial incentive is lacking. The possible concept of “concession packages” where the right to operate profitable routes is linked to the obligation of operating “social” routes may work in urban areas, but is not suitable for rural areas. In order to increase the understanding of the situation in rural areas, and to identify possible strategies, it is recommended that as a first step a series of rural transport studies are undertaken in different regions.

Within cities it would be advisable for the respective municipalities to reserve the right to decide how the community should be served and whether the unfettered workings of the free market provide adequate coverage. In short, municipalities should be granted power to apply local regulations and, where necessary, commission particular services (ideally by contracting with private operators).

TSR recommends that individual municipalities, starting with Kabul, establish Public Transport Authorities with responsibilities for network planning and regulation of bus services. Technical assistance is recommended to assist both MOT and Kabul municipality to work together in establishment of such an authority. MOT would thereafter have the skills to advise other cities seeking to establish similar authorities.

Consultation Paper 1.7: Reform, Restructuring and Strengthening of Ministry of Transport

Adoption and implementation of the foregoing recommendations will substantially alter the functions of the Ministry. It is, therefore, necessary to restructure MOT accordingly.

The Kamaz truck and Millie Bus agencies would be spun off as autonomous government-owned corporations. MOT’s existing Private Sector Department would shift its focus from economic regulation to safety and technical concerns. In addition, it would assume responsibility for vehicle and driver registration. It could appropriately be relabelled as the Regulations Department. The current Planning Department should evolve into a centre for strategy formulation and strategic planning within the newly focused Ministry. The proposed future organisational structure is illustrated in Consultation Paper 1.7.
The personnel required in the future for what will be primarily planning and regulatory functions will be less than for actual provision of transport services. As a result, public sector staff numbers will decline, but a number of employees should be given opportunities in the newly corporatised transport enterprises. Only a commercially sized staff, however, should be assigned to each new corporation with the remainder remaining as MOT employees, to be trained as necessary to assume new responsibilities. Certainly, it would be unrealistic to expect the newly commercialised transport entities to prove successful if they are grossly overstaffed from the outset.

Consultation Paper 1.7 proposes a strategy for how to manage these reforms, and also for how to strengthen the MOT, consisting of

- A proposal for how the MOT should be organised during the process and at the end of its reform and restructuring.
- An approach for how to drive the reform and restructuring process
- The provision of capacity to manage the reform and restructuring process.

The approach proposed to be used to reform and restructure MOT is based on the one outlined in Information Paper 4.1. It is repeated in Consultation Paper 1.7 and adapted to the needs of MOT.
Policy Paper 1.1

Corporatisation of MOT Truck and Bus Operations

Executive Summary

The initial, policy-oriented phase of the TSR concluded in April 2003 and included, inter alia, the following recommendations for the Ministry of Transport (MOT):

- Fully commercialise operations of MOT Kamaz trucks and Millie buses; and
- Over time, consider privatisation of MOT Kamaz trucks and, possibly, Millie buses.

This TSR Policy Paper presents several options for implementation and recommends the preferred approaches. These include:

- For the existing Kamaz agencies, TSR recommends that each of the three Kabul-based agencies be converted to separate government-owned but commercially structured autonomous corporations in Kabul. At an appropriate time in the future, these corporations could be privatised. It is further recommended that MOT’s remaining six Kamaz agencies be spun off to the provincial governments where they are currently based, albeit with a strong endorsement that each of these should undergo a similar corporatisation / privatisation evolution at the provincial level.
- For Millie buses, TSR recommends that MOT corporatise its entire fleet as a single company but with a decentralised structure focused on relatively compact depot-centred units. (This approach could also apply to any portion of the fleet deployed outside Kabul.) Subsequently, individual depot cluster(s) could be spun off as separate corporations or private entities.

Recommendations:

It is recommended that corporatisation of the Kamaz agencies and Millie buses be undertaken as recommended above.

Actions:

To initiate the corporatisation, two committees should be established, one for the Kamaz agencies, and one for Millie bus. Donors should be approached to provide Technical Assistance in the amount of USD 1.0 million.
Policy Debate and Recommendation

Over the course of the war years through no fault of its own, MOT lost the resources to perform many of its traditional functions. Consequently, MOT professionals have, for an extended period, had only limited direct involvement in providing transport services. MOT lorries now represent less than one percent of the nation’s total, and there are ten times as many private buses as Millie buses in Kabul alone. Donations already in the pipeline (e.g., buses from India and Japan) will not materially change this picture.

Fortunately, the Afghan private sector has traditionally had a very strong presence in the road transport business. It is the view of the TSR that, in principle, commercial transport services should be provided by private entrepreneurs / operators. Certainly, the numbers make it abundantly evident that the Afghan private sector is willing and able to meet the nation’s transport needs (trucks, buses and taxis), at least along the major corridors.

Nevertheless, several arguments have been put forward to justify the retention by MOT of its relatively small remaining fleet of vehicles. These are:

- With respect to freight transport (Kamaz), the government should have a minimal capacity to serve at least a portion of its own needs as well as to be able to respond on short notice to emergency situations (e.g., natural disasters).

- Regarding passenger transport, the Millie buses offer some visible evidence that the government is concerned about and is providing services to the individual citizen in the street.

- Furthermore, the availability of publicly-owned MOT buses ensures there will be no market gap whereas private operators, motivated only by the profit motive, may neglect certain low density urban or rural districts to the detriment of the residents therein. (The issue of accessibility is the subject of a separate Consultation Paper.)

The TSR acknowledges the potential validity of these arguments, at least for the near term. At the same time, with respect to both Kamaz Agencies and Millie Bus, the objective must be to avoid spending scarce public resources on rebuilding or continuing enterprises which the private sector within Afghanistan has amply exhibited its ability to handle fully. Therefore, at a minimum, a commitment to authentic commercialisation (through corporatisation) is essential. Thereafter, in the unfortunate event that commercialisation should fail to stem the need for subsidies, a clear exit strategy through outright privatisation should be implemented.

Implementation Strategy and Action Plan for Corporatisation

Kamaz Agencies
In order for the existing Kamaz agencies to operate on a fully commercialised basis wherein all expenses, depreciation, etc., must be covered by their own revenues, it would be necessary that they retain and manage their own earnings. It is presumed that to achieve this degree of autonomy the agencies must be formally transformed into fully corporatised entities albeit still government-owned (similar to Ariana in the air transport sub-sector).

Structural alternatives for the newly created company(ies) include:

1) MOT consolidate all Kamaz agencies into a single, nationwide company; or

2) MOT corporatise each Kamaz agency separately; or

3) MOT corporatise each of the three Kabul-based Kamaz agencies into a separate commercial company (or combine all three into one) and divest the non-Kabul agencies to the various provincial governments where they are based along with an indication of strong preference that they be commercialised through corporatisation.

The first option, a single unified corporation, suffers from the fact that, even were all remaining Kamaz vehicles to be gathered into a single company, they would be too scattered to generate any significant economies of scale. (This assumes they would retain their current provincial basing, consistent with the argument they should be available for emergency response.) Indeed, such a consolidated nationwide corporation would be very difficult to manage. It is not recommended.

The second option, creation of individual corporations, presents substantial difficulties to manage the process due to the range of locations, inventories, conditions and level of available information. It is, therefore, also not recommended.

With the information currently available, the TSR recommends option #3 with creation of three separate Kamaz corporations in Kabul while the remainder are spun off to the provinces where they are currently based.

It is recommended that an ad hoc corporatisation committee be created comprised of representatives of MOT and the Ministries of Commerce, Planning, Finance and Justice to implement corporatisation and that the committee be supported by external Technical Assistance. The first task of the committee should be to evaluate the foregoing, and any other, options to determine which approach to implement the policy is preferred. Once this has been agreed, the committee should identify the assets to be transferred and their valuation and should draft the articles of incorporation including clear statements concerning levels of autonomy and future relationships between the corporations and the government. It should also investigate to ascertain whether there exist any conditions

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1 The proposed organisational arrangements for managing this are set out in Consultation Paper 1.7.
attached to the recent gift of Kamaz lorries from the Russian Government which in any way impact on corporatisation. (Any objection is considered unlikely since the vehicles would, through the new public corporations, remain 100 percent the property of MOT.)

Finally, the committee should instruct the intended managers to draft a five-year business plan for each of the new corporations for committee review and approval. (The committee’s Technical Assistance can aid and train the managers in this endeavour.) In the plan, these managers, who are presumed to be drawn from MOT and primarily from the existing Kamaz agencies, should identify the number of current agency employees to transfer in order to staff the new corporations. It is important that no more than a commercially sized staff should be assigned to each unit to be corporatised with the rest remaining as Ministry employees, to be retrained as necessary to assume new responsibilities.

The TSR recognises that the problem of surplus employees is one of the most complex issues related to commercialisation. This especially applies to any remaining agency staff in the provinces whom it may prove difficult to transfer elsewhere within MOT. Nevertheless, it is unrealistic to expect the newly corporatised entities to prove successful if they are grossly overstaffed from the outset.

The corporatisation committee should review and comment on and eventually approve the business plan.

In terms of schedule, it is recommended that the Kabul-based Kamaz agencies be fully corporatised in no more than 18 months but ideally sooner.

**Millie Bus**

The recommended process for commercialising MOT’s Millie Bus operations is similar to that for the Kamaz agencies. That is, corporatisation is seen as the best avenue to provide the ability to retain revenues and the autonomy in decision-making necessary to function in a truly commercial manner. It is recognised that public transport may need, in certain instances, to be viewed as a public service which may affect cost recovery pricing. (This is addressed in a separate TSR paper concerning accessibility.) Nevertheless, this situation does not apply universally to all routes. Where it exists it should be clearly identified and addressed in the new corporation’s business plan.

It is understood that virtually all of the expanding Millie bus fleet is targeted to remain in Kabul. This affects the range of commercialisation options. Structural alternatives for the newly created company(ies) include:

1) MOT corporatise its entire expanding fleet of buses to create a single, hierarchical company; or
2) MOT initially corporatise its fleet as a single company but with a decentralised structure focused on relatively compact depot-centred units. (This approach could also apply to any portion of the fleet deployed outside Kabul.)

The TSR paper on accessibility has recommended that consideration be given to adoption of the second option, as subsequently individual depot cluster(s) could be spun off as separate corporations or private entities. The depot-centred approach is described in Annex 1.

Once again, an ad hoc corporatisation committee is recommended. As with the similar committee recommended for the Kamaz corporatisation, MOT, MOP, MOF and MOJ should be represented, but in the case of Millie buses it would be appropriate to add representatives of Kabul municipality also (and of any other city where Millie buses are to be located). The committee’s mandate and work program would be similar to that outlined for Kamaz starting with a determination of the preferred approach. In this case, even greater focus on the business plan will be required in light of the relatively small units envisaged under the depot approach. Separate Technical Assistance should be provided.

Staffing issues should be handled as addressed above, and a schedule of completion of no more than 18 months should be targeted.

**Implications for MOT of the Commercialisation Recommendation**

For MOT, implications of this policy include a substantial reduction of in-house responsibilities as operational units are shifted from the public sector to autonomous commercial corporations. It is important to note that there need not necessarily be a large net loss of jobs under this proposal, although some shifts within and between departments and the newly corporatised organisations would need to occur. The personnel required for a largely planning and regulatory function at the Ministry will be less than for operations so that public sector staff numbers will be reduced, but a number of current MOT employees will find opportunities in the newly corporatised enterprises. Only a commercially sized staff, however, should be assigned to each unit, with the rest remaining as Ministry employees, to be retrained as necessary to assume new responsibilities. Certainly, it is unrealistic to expect the newly commercialised entities to prove successful if they are grossly overstaffed from the outset.

At MOT the loss of rolling stock over the years left an overloaded ratio of staff per vehicle, but this will be eased with the arrival of some 500 or more new buses. Rather than hire new staff for the new buses, transfer of some Kamaz agency personnel to the Millie bus agency, prior to corporatising all the agencies, should result in more realistic personnel levels.

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2 See the previous footnote.
Relations Between Government and the New Transport Corporations

The principal objective of each of the new corporations should be as follows:

Principal objective
The principal objective of the corporation is to operate as a successful business and to this end to aim to be as efficient as privately owned freight (or passenger) transport services with which it competes. With this end in view, it should carry out the activities authorised by its Articles of Incorporation with a view to making a profit.

MOT and MOF, representing the Government as owner of all shares in all the newly corporatised companies, would obviously be represented on the Boards of Directors, but their representation should be at on arm’s length, purely commercial basis. Others to be seated on the Boards of the new freight companies could be representatives of major users and other commercial interests. On the Boards of new bus companies should be representatives of commercial interests and of various user groups, including women. Also included on the Board of the Kabul bus company should be a representative of the Municipality while regional / provincial interests should be included for any Inter-provincial company.

Although user representation is recommended, it must be kept in mind that the new corporations are intended to function independently and commercially and to be self-sustaining at all times. No subsidies from the Government are to be provided.

During any transitional period and thereafter, there must be complete segregation of management, regulatory and operational functions between MOT and the newly corporatised truck and bus companies.

In addition to the foregoing, it is desirable that the powers of MOT in relation to the new corporations be precisely defined. It is appropriate that a “contract” be executed between the Government and each corporation wherein this relationship is specified. The contracts should be transparent and akin to standard documentation between a parent company and a subsidiary. It should allow for the financial and public service performance of the corporations to be monitored.

The objectives of the “contract” would be:

a) to provide the corporations with sufficient commercial independence to operate successful businesses;

b) to clearly set out the relationship between the Government and the corporations;

3 See also TSR Consultation Paper 3.3 which outlines the recommended relationship between the government and Ariana Airlines. The framework proposed therein provides a useful model for the new Kamaz and Millie Bus corporations.
c) to specify the reporting arrangements between the corporations and MOT;
d) to specify the substantive matters that require prior Government approval; and
e) to provide the Government with emergency powers to intervene at arms length in the management of the corporations.

In keeping with the recommendations of TSR Policy Paper 1.2, price and route setting and other forms of economic regulation are not recommended.

It is, however, possible that from time to time the government will wish one of the new corporations to carry out tasks which the government regards as necessary in the public interest but which the corporation regards as not conducive to the fulfilment of its principal objective. TSR recommends that as long as it retains ownership the government should have the power to give the corporations a direction in the public interest but that any such activities which the government requires should be paid for explicitly by the government at a price to be agreed between them.

There should, therefore, be a clause in the contract along the following lines:

*Where the government wishes the corporation to carry out functions or provide services which the corporation regards as not conducive to the achievement of the principal objective, the government may give a direction to this effect. The government and the corporation should enter into an agreement under which the corporation will carry out the functions or provide the services covered by the direction in return for payment by the government. Any such direction should be published in the corporation’s annual report.*

**Technical Assistance to Facilitate the Process**

Technical assistance to the committees from the donor community is recommended in terms of evaluation of options, valuation of assets, drafting articles of incorporation, and focused training in management, budgeting, accountancy and other aspects of commercial operations. There may also be a role for selective small grant / loan assistance in such areas as re-establishment of workshops and in IT and communications tools. Post-corporatisation, a relatively brief period of commercial management assistance to the new corporations may also prove appropriate.

Technical assistance should include:

*Kamaz agencies*

<table>
<thead>
<tr>
<th>Position</th>
<th>Duration</th>
<th>Scope</th>
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<tbody>
<tr>
<td>1 Freight operations manager</td>
<td>12 months</td>
<td>business planning, training and start-up</td>
</tr>
<tr>
<td>1 Financial specialist</td>
<td>6 months</td>
<td>planning and training</td>
</tr>
<tr>
<td>1 Lawyer</td>
<td>3 months</td>
<td>articles of incorporation</td>
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</tbody>
</table>
**Millie buses**

1 Public transport manager  
12 months  business planning, training and start-up
1 Financial specialist  
6 months  planning and training
1 Lawyer  
3 months  articles of incorporation

**Total**

Total Technical Assistance:  
42 months  US$ 1,000,000

Outline Terms of Reference are included as Annex 2.

**Recommendations**

It is recommended that corporatisation of the Kamaz agencies and Millie bus be undertaken as recommended above.

**Actions**

To initiate the corporatisation, two committees should be established, one for the Kamaz agencies, and one for Millie buses. Donors should be approached to provide Technical Assistance in the amount of USD 1.0 million.
ANNEX 1: A STRATEGY FOR MILLIE BUS

The state transport company – an abandoned concept

For the last two decades or so, the road passenger transport sector in Afghanistan has relied on the Government’s Millie Bus organisation at least in theory (in reality most of the passenger transport work was always private). Together with the corresponding body for goods transport, the Kamaz truck agency, Millie Bus (literally ”public bus”) manifested the ambition of the public sector to fulfil the transport needs of the citizens.

This concept is not unique for Afghanistan – in particular it corresponds with Soviet style plan economy. But the Millie Bus/Kamaz combination could also have been inspired by the remnants from another empire; the former British sub-continent, where the State Road Transport Corporations of India, Bangladesh and Pakistan were formed with similar ambitions.

The Bangladesh Road Transport Corporation (BRTC) still operates trucks and buses in the country and high-capacity buses in Dhaka, but on a limited scale. In Pakistan, the Punjab Road Transport Corporation operated what was once large urban bus fleets in Lahore and Islamabad - in the 1980:s it was renamed Punjab Urban Transport Corporation (PUTC) - but has since been almost completely replaced by the private sector. Only in India, the various State Corporations still play a significant role in providing passenger transport but their role is now changing. In Karnataka, for example, urban operations in the state capital of Bangalore has been broken out of the State Corporation and are now carried out by the Bangalore Metropolitan Transport Corporation (BMTC) with over 2000 buses.

Role of Millie Bus

As observed in the first phase of the TSR: “the system which has existed for the past twenty years or so and which was based on centrally owned bus and lorry companies, has effectively collapsed”.

At present, the private sector dominates almost totally the passenger transport sector in Afghanistan. In many areas this is a satisfactory order and there would be no strong case for attempts to rebuild Millie Bus if the intention was to replace those parts of the private sector that functions well.

This does not mean that there is no case for government intervention. However, one must differentiate between such interventions where government could use Millie Bus as a tool and other types of interventions which are better carried out by other means. Government intervention should, in the first place, aim at providing services that the private sector cannot or will not do. That could include for example the provision of accessibility to remote rural areas, but for such purposes Millie Bus is not a very good tool since its main
characteristics is to operate large buses in fleet operation. This is the “classical European” approach to urban public transport which is best suited for large urban areas.

Millie Bus is now receiving a large influx of new buses, about 560 units, from India, Iran and Japan. All of them are urban buses and all except 50 are intended to stay in Kabul. There is no provision in the budget for any re-entering in the long distance market, nor does there appear to be any imminent plans to that effect at the MOT.

If these assumptions are true, then Millie Bus will be an organisation that operates almost exclusively in Kabul. In that case, it could be questioned whether it should continue to be part of MOT. Urban public transport is a part of the urban system and as such mainly a local issue. If the public sector is to operate buses at all - which can be acceptable under certain circumstances – then it would seem most logical that it be placed under Kabul Municipality.

However, there is one argument for keeping Millie Bus with the MOT until it is privatised (which is the long term goal). If, which is recommended, the overall responsibility for planning and monitoring public transport is placed with a Public Transport Authority within the Municipality, then there can be an advantage to keep the operator Millie Bus at some distance with the MOT.

Under the circumstances, it is important that the new donated city buses are used as efficiently as possible. Therefore, the logical role for Millie Bus is to use its new bus fleet to set up a trunk line operation in Kabul.

The government’s expressed intention is to develop Millie Bus with a view to future privatisation. For this purpose, it is recommended that whoever owns Millie Bus take the opportunity to introduce a reformed organisation that is efficient, transparent, possible to monitor and offers a clear strategy for a privatisation when feasible. This is described below.

**Step 1: A depot-based organisation**

From a hierarchical to a decentralised bus company organisation
Fig 1. Traditional hierarchical organisation

Large monopoly public transport operators, traditionally have a top-down, hierarchical organisation and Millie Bus is no exception.

A hierarchical structure may be natural for a small bus company with one depot serving as head office. But when the company grows and encompasses several depots, then this type of organization becomes complex and non-flexible. The decision-makers with power are the directors in the head office - far away from the real production. The Director of Operations, for example, is the ultimate responsible for the work of the drivers, - but these are geographically closer to the depot manager. Depending on personalities, this situation often leads to complex and non-transparent communication patterns.

This type of organisation is function-oriented, not result-oriented. It is a good example of command economy solutions but is less efficient in a market economy situation. If the overall result is bad, ultimate responsibility has to be found at the top.

Economy of scale is often seen as an argument for the large bus company. However, as pointed out by the World Bank already in the 1980’s (see Alan Walters) this is a doubtful argument.

For these reasons, it is recommended that Millie Bus avoid rebuilding its organisation along the lines of the large, hierarchical monopoly operator and instead introduce a depot-based, decentralised organisation (see fig 2 below).
Fig 2. Recommended depot-based organisation

Such a decentralised structure, adopted by many reformed monopoly companies (for example Stockholm Transit, Sweden) means that authority and responsibility has been delegated to the depot managers. The depots function almost as independent companies. This prepares a large corporation for a future competition situation and paves the way for possible future privatisation.

The role of the depots versus the head office in the proposed structure is described below.

The Depot

The individual bus depot is a natural unit for public transport. This is where buses park at night, are cleaned and serviced and are dispatched to routes each morning. Drivers and conductors appear for work there and this is also where fare revenues are accounted for by the conductors. Thus, the depot is the natural centre for operations, preventive maintenance, personnel issues, finance and accounting.

In order to be manageable, a depot should not be too large. In fact, efficient private bus companies are often one-depot undertakings with perhaps 25-50 buses. This makes it possible for the management to maintain control of buses and staff, something which becomes increasingly difficult with increasing size. The concept of huge depots for hundreds of buses is now all but obsolete and associated with a plan economy approach. There are

According to recent information in Kabul, a project from 1990, aiming at the development of a depot for 400 buses, has been reactivated. There is also a commitment from Japan to develop a depot for donated buses which will, reportedly, have a capacity of 200 buses.

If this is true, then the strategy should be reconsidered. Instead, it is recommended to develop a number of smaller depots, ideally with 50 buses each and certainly no more than 100. These should be distributed over the area to be served, which would shorten the distance to the routes and create less dead mileage.

If, for some reason, this recommendation cannot be followed, then at least big depots should be planned and designed in a way that makes them possible to be shared in a logical way for separate operating units. This could possibly be achieved by a departmentalisation of the depot area.

In the depot-based organisation, each of the depots is a profit centre. It is operated by a Depot Manager who is fully responsible for the service and financial performance provided by his depot. The Depot Manager must therefore be an entrepreneur rather than a technician.
Each depot should be able to provide preventive maintenance and daily service. However, there is no need for each of them to have full workshops and repair facilities. This function could be supplied at one or more central workshops. Similar to the depots, these should be run along commercial lines and repairs should be paid for by the depot manager in question.

The Head Office

In the recommended organisation, the main role of the Head Office is to monitor the individual depots in the same way as a large international corporation would monitor its subsidiaries. The Head Office no longer interferes in the daily activities of the depot, but defines the tasks in terms of network and service structure, appoints the responsible Depot Manager and then follows up and monitors the result.

Through a management information system, the Head Office can compare the performance of the different depots and set targets. If a depot does not live up to its performance budget, then the depot manager is responsible and can be exchanged.

In the short term, it is recommended that the planning of the route network is done by Millie Bus Head Office itself. This is a deviation from the preferred principle that the authority over public transport should be local; which in the case of Kabul would mean the Municipality. However, this is justified since there is neither institutional framework nor resources in place at the moment and since a large influx of buses is already underway.

Other cities

It is not recommended that Millie Bus involve itself in urban bus operations in other cities since this is most probably better done by local operators. However, some of the new buses are reportedly being allocated to Kandahar and Herat. If MOT should decide to establish local subsidiaries in other cities, then the organisation recommended above would be feasible also in that situation. Performance monitoring could be done in the same way and with similar criteria and benchmarks as for the individual depots in Kabul and, similarly, the option of future privatisation would be there.

Step 2: Introduction of a Public Transport Authority

A completely deregulated system is not recommended for urban public transport, especially in Kabul and other big cities.

The recommendation for Kabul is to establish a Public Transport Authority (see Consultation Paper 1.6) with the responsibility for planning and monitoring of public transport services to be provided by different operators which can be private and public.
The logical site for such an institution appears at present to be the Municipality but this may have to be studied further. In any case, it should not be with the MOT as long as Millie Bus operations are provided there. This means that competence and resources will have to be built up in a new authority. It can be foreseen that some of this can be transferred from the MOT.

Initially, the Public Transport Authority would devote itself to the private sector, aiming at achieving control of the route-based public transport in the city – that is basically the route concessions for minibuses (taxis and autorickshaws would be subject to a different type of regulation). When granting new route concessions, the Authority should be restrictive to grant new route concessions along route already operated by large Millie Buses and instead encourage small vehicles to ply in areas not suitable for large buses. However, if private operators wish to operate large buses also, they should not be restricted.

**Step 3: Gradual Privatisation of Depots**

When Millie Bus has been successfully transformed to a decentralized company, preconditions exist for a gradual privatisation of the company. This will be made on the depot level and can take different forms. The main thing is that if one depot with its associated buses, staff and operations, ceases to be directly part of Millie Bus, then this can be done in a way effects neither the remaining part of Millie Bus nor the overall public transport system itself.

One possibility can be a form of management buy-out where the staff of the depot is given the option to buy shares in a new corporation constituted by the depot. Another possibility can be for Millie Bus to invite investors to take over the depot through a tendering system.

It may be an option to transform the depots to independent corporations at an early stage although they may still be owned by Millie Bus. This would reduce the frequently occurring problem that employees consider themselves to be government employees with a right to remain as such.

**Step 4: Introduction of a Tendering System**

The gradual privatisation of Millie Bus should go hand in hand with the introduction of a tendering system for route concessions.
Summary of recommendations for Millie Bus.

- Introduce depot-based organisation with one head office and 8-10 smaller depots
  = head office plans a trunk line network for initially some 480 buses.
  = head office assigns packages of routes to the different depots
  = depot managers are responsible for performance and result
  = a separate central workshop is established
- Create a Public Transport Authority and transfer authority for route planning and concessions from Millie Bus
  = PTA decides routes to be operated by Millie Bus and by private sector
- Gradually privatise depots one by one, creating corporations
  = Different possibilities, e.g. management buy-out, external ownership
  = Corporations operate on same conditions as Millie Bus depots
- Introduce tender system
ANNEX 2: OUTLINE TERMS OF REFERENCE FOR TECHNICAL ASSISTANCE

A. To assist Corporatisation Committees:

1. Assist Kamaz committee to finalise form of corporatisation
2. Assist Millie bus committee to finalise form of corporatisation
3. Assist both committees to draft Articles of Incorporation
4. Assist both committees to review prospective Business Plans
5. Assist in implementation and transition, from Government perspective

B. To assist prospective new Kamaz Corporations:

1. Assist prospective corporate entities with preparation of Business Plans
2. Provide pre-transition and on-the-job training in management and operations
3. Assist and advise corporations’ management during transition period

C. To assist prospective new Millie Bus Corporation:

1. Assist prospective corporation with preparation of Business Plan
2. Provide pre-transition and on-the-job training in management and operations, particularly related to depot-based structure, if that is adopted approach
3. Assist and advise corporation during transition period
Policy Paper 1.2

Economic Deregulation of Road Transport Services

Executive Summary

The policy recommendations of the TSR were presented in April 2003 and were acceptable to the Steering Committee. These included, inter alia, the following recommendation for the Ministry of Transport (MOT):

- *Deregulate domestic road transport.*

The Private Sector Department in the Ministry of Transport regulates the operations of all commercial vehicles including private trucks, buses and taxis within or entering Afghanistan, primarily through route permission licensing, compulsory union membership and the enforcement of allowable tariffs. This requires a staff of over 800 and in all the major provincial capitals.

TSR supports MOT undertaking technical regulation of commercial vehicles in Afghanistan. There is, however, no immediately obvious benefit from the economic regulation that appears to represent most of the workload of MOT’s Private Sector Department.

Consequently, it is recommended that future regulation by MOT be limited exclusively to technical and safety aspects of road transport. One potential exception to economic deregulation applies to urban bus services and possibly taxis. Route licensing and possibly fare caps for these transport services may prove appropriate in certain instances. TSR suggests, however, that establishment and enforcement of any such regulations should be delegated to the municipal or, at most, provincial level, rather than continue as a function of MOT.

Some amendments to existing legislation will be required to implement this change.

Recommendations:

Regulation of entry, capacity and prices in road transport should cease. The reformed legislation should, however, enable the economic regulation of public transport in municipalities to be performed (see Consultation Paper 1.6).

Actions:

Appropriate amendments to the Road Traffic Act and Route Permission Regulations will have to be made to enable deregulation of commercial goods vehicles. The Route Permission Regulations will also have to be amended to enable municipal and provincial authorities to control and regulate public transport within their jurisdictions. Assistance should be provided by the proposed Capacity Building Unit (see Consultation Paper 1.7).
**Current Situation: Ministry of Transport**

The Private Sector Department in the Ministry of Transport regulates the operations of all commercial vehicles including private trucks, buses and taxis within or entering Afghanistan primarily through route permission licensing, compulsory membership of unions and the enforcement of allowable tariffs. This requires a staff of over 800 in Kabul and in all the major provincial capitals as well as in selected cities in Pakistan, Iran and, soon, Tajikistan. (International and transit freight services are the subject of a separate Paper and are not addressed herein.)

Operating permits for commercial vehicles are annually issued for specific routes. The actual issuing body is the Traffic Department of the Home Ministry but based on review and approval of the application by MOT. Permits for inter-provincial carriage of freight require membership of a “union” comprised of a minimum of 15 trucks (formerly 30), either under single ownership or by multiple owners in a formal cooperative or collective arrangement. Inter-provincial trucks must be in good operating condition and have a minimum carrying capacity of 4.5 tonnes. (Smaller trucks or those not members of a union can offer only intra-province services.)

Every six months, a commission chaired by the Deputy Minister of Transport and including representatives of the Ministries of Finance, Justice, Home, Commerce and Public Works sets tariff rates for commercial vehicles, whether governmental or private. The principle is to calculate the vehicle operating cost (VOC) by class of vehicle and route type and to add a margin of 10 percent. (Anecdotal evidence suggests that the authorised rates fall below market levels as it is alleged that private operators actually charge more.)

**Policy Recommendation**

TSR supports MOT undertaking technical regulation of commercial vehicles in Afghanistan. Indeed, as is presented in a separate Working Paper, TSR recommends strengthening of this function.

There is, however, no immediately obvious need for or benefit from the economic regulation (by way of route permission licensing, etc.), which appears to represent most of the workload of MOT’s Private Sector Department. An example is the requirement that freight vehicles entering any province report to the local office of MOT’s Private Sector Department to report their planned itinerary and routing within that province. While this may have been a useful technique in the past by which MOT could monitor and track its own Kamaz lorries, there appears little justification for or benefit derived from requiring private trucks to do the same. Other examples include the practice of route licensing for lorries and of requirements for “union” membership for all inter-provincial commercial operators.

The practice of MOT establishing rates for private transport operators is also subject to question, especially since official rates are reportedly widely ignored and only sporadically, if ever, enforced.
In general, regarding economic regulation in the road transport sector, the alternatives tend to reflect varying philosophies as to the extent of involvement of government in commercial affairs. The TSR suggests that, in purely economic spheres, the widely adopted modern approach would imply a more “hands-off” approach to allow the market to function (e.g., abandonment of route-specific licensing and of governmental mandates for commercial tariffs).

Given the size of the commercial truck operated by the private sector, particularly lorries, no protection seems necessary, either of consumers or for operators. Approval for market entry is reportedly already freely given. TSR has also concluded that there is no necessity for economic regulation of inter-city or rural bus services.

Consequently, it is recommended that future regulation by MOT’s Private Sector Department be limited exclusively to technical and safety aspects of road transport.

One exception to economic deregulation applies to urban bus services and possibly taxis. A separate TSR paper (Consultation Paper 1.6) advocates establishment of municipal Public Transport Authorities to set routes and rates. The paper argues, however, that these authorities are best positioned within the municipal framework rather than related to MOT, particularly since MOT’s corporatised Millie bus fleet would be a candidate to be licensed for the main trunk routes within Kabul.

Implications for MOT of the Economic Deregulation Recommendation

The economic deregulation recommendation calls for a significant shift in the amount and nature of MOT’s regulatory function. It does not by any means, however, eliminate the need for regulation or MOT’s responsibilities. While it is recommended that economic regulation (i.e., setting prices, membership of unions and routes) be minimised, there is still a need to ensure that the road transport sector functions to meet some “public good” objectives. This includes no discrimination against users on any basis, no use of any temporary monopoly status which might develop to impose over-pricing, providing better access and facilities to women and other disadvantaged sections of society (handicapped and minority groups), assurance of adequate coverage of rural transport routes, etc. There is also the need to establish and enforce vehicle standards to minimise “public costs”, e.g., pollution, unsafe conditions, overloading causing undue road wear, etc. Moreover, as recommended in consultation paper 1.4, MOT is envisaged as the appropriate organisation to be responsible for safety and traffic management. MOT’s future regulatory responsibilities must encompass all these issues.

The public will benefit from more focused regulation and enforcement on public interest issues. The competition encouraged by relying on market forces is also intended to enhance service levels and minimise user fares.

For MOT, carefully crafted regulations must be drafted and publicised, and inspectors must be adequately trained for this new approach. In terms of governance, it must be seen that the regulations are developed in consultation with all those to be affected, both operators and consumers, and that they are fully and equitably enforced.
Implementation Strategy

Implementation of the economic deregulation recommendation will require some legislative amendments or, in the interim, a decree suspending current regulatory requirements. It is recommended that this be undertaken immediately and that MOT commence restructuring the activities of its Private Sector Department accordingly.

Care should be taken, however, that any de jure solution to MOT over-regulation does not preclude individual provinces and, especially, municipalities from imposing appropriate levels of control as they may determine necessary in their particular circumstances. As noted, there may be a case for some control over municipal bus routes and taxi services.

Requisite Legal Action

The Road Traffic Law provides for the control of routes on which commercial vehicles can provide services. The Road Transport Route Permission Regulations enable the imposition of controls and fees for the licensing of routes. In order to implement the economic deregulation as proposed above, various sections in the legislation will have to be amended. In particular several clauses in the Legislation related to route permission will have to be examined and appropriate changes made so as to discontinue the need to obtain route permission for commercial goods vehicles. The Route Permission Regulations cannot, however, be totally repealed as it also covers various other matters including the regulation of public transport in urban and intra provincial areas. A total repeal of the Regulations could be considered only after enacting appropriate rules for the control of urban public transport and vehicle standards.

The transfer of regulation of public transport to municipal and provincial authorities will require the insertion of new clauses into both the Road Traffic Act and the Route Permission Regulations. The new clauses will have to include the provision of enabling powers for the authorities to control public interest issues such as safety, fares, and equitable accessibility. The Urban Public (Millie) Buses Regulations will also have to be amended to make it clear that the municipal authorities are the controlling authority.

MOT argues that much of current “regulation” is really for data gathering purposes. Monitoring the operations of commercial vehicles could, however, be accomplished through the recommended new vehicle licensing and registration system (Consultation Paper 1.4). Commercial vehicles could be classified and registered/licensed and any desired data concerning type and area of operations obtained at the time of registration (and annual renewals). MOT could then access information on the registry without imposing documentary and physical controls over the operations of commercial vehicles.
Technical Assistance to Facilitate the Deregulation Process

No specialised Technical Assistance is envisaged as necessary to implement the specific recommendations of this Working Paper regarding economic deregulation. There will, however, be a role for the Capacity Building Unit in MOT (see Consultation Paper 1.7).

Recommendations

Regulation of entry, capacity and prices in road transport should cease. The reformed legislation should, however, enable the economic regulation of public transport in municipalities to be performed (see Consultation Paper 1.6).

Actions

The current legislation should be amended as outlined in this Paper. Assistance should be provided by the proposed Capacity Building Unit (see Consultation Paper 1.7).
Consultation Paper 1.3

International Transport and Transit

Executive Summary

Due to the many facets and potential ramifications of international transport and third-nation transit, numerous Ministries, ranging from Foreign Affairs to Interior to Transport, all play important roles. MOT’s primary involvement consists of granting authorisation for foreign vehicles to enter Afghanistan. Today this requires MOT representation in selected cities in Pakistan and Iran, and soon in Tajikistan.

Inbound vehicles and drivers are allowed to enter the country after obtaining a pass from the nearest representative of MOT’s Private Sector Department. It appears that this is essentially a paperwork and fee-paying exercise as there is no vehicular inspection to ensure minimum safety and technical standards are satisfied.

Outbound Afghan vehicles and drivers are also able to cross the borders, at least into Pakistan and Iran, but they must obtain authorisation in advance, both from MOT and from the country they plan to enter. Authorisations, where allowed, are issued by representatives of neighbouring nations who are based at Embassies and Consulates in Afghanistan.

TSR has discerned no significant problems or delays caused by the current procedures, either inbound or outbound. Most of the bilateral agreements examined by TSR call for reciprocity in acceptance of the vehicles and operators duly licensed in their home country. This is common practice and is reasonable. Standards need not be identical between neighbouring states as long as they are similar in terms of performance and impacts.

TSR has, however, elsewhere recommended that the Private Sector Department re-examine its approach to setting technical standards and upgrade its technical vehicle inspection for domestic licensing. In addition, some of the bilateral agreements are now quite old, and compliance may or may not be actively monitored.

Recommendations:

Therefore, it is recommended that MOT work jointly with the Ministry of Commerce to define precisely the status of relevant bilateral and multilateral agreements and that these be updated (to reflect the proposed new MOT standards) or re-affirmed as appropriate.

1 This paper draws, in part, on the 2003 report “Development of Framework and Legislation for Cross-Border Trade” prepared by Padeco under ADB TA AFG/3874.
Actions:

MOT should seek technical assistance (TA) to assist with undertaking the review and to define an appropriate strategy. The support is estimated to cost about USD 0.1 million. To actually implement the proposed strategy may require further TA.
Introduction

The TSR mandate included an overview of agreements on and the regulation of international transit and multi-modal transport services, including dry ports and inland container depots. At present, Afghanistan has neither legislation nor regulations specifically focused on multi-modal transport services and has no formally designated dry ports or inland container depots. (See the Information Paper on Legal for the Transport Sector, 4.4.). The closest such facilities are located at Chaman on the Pakistani side of the border, opposite Spin Boldak south of Kandahar.

This consultation paper, therefore, focuses primarily on bilateral agreements and multilateral conventions and on procedures involving Afghanistan’s international and transit trades and passenger flows as they relate to the role and responsibilities of the Ministry of Transport, specifically its Private Sector Department.

Definitions

“International transport”, for the purposes of this paper, refers to the surface carriage of goods or people between Afghanistan and other economies, whether adjacent or accessed by transiting neighbouring nations. Such transport may be all-road or road / rail, road / water, or some combination of these modes. The Afghan portion, however, would currently be all-road.

“Transit” refers to movements between third-party nations that traverse the sovereign territory of Afghanistan. Examples include trade between Iran or Pakistan and the Central Asia Republics, e.g., Tajikistan, Turkmenistan, Uzbekistan or beyond. It also includes, via seaports in Iran or Pakistan, overseas imports to or exports from CAR states that move through Afghanistan en route. Afghanistan, of course, has a very long history as a crossroads for transit movements.

The terms “trade” and “transit trade” refer only to cargo. “Transport” and “transit transport” refer to the vehicles / means of transport employed, whether for cargo or for passengers. Trade and transit agreements frequently, but not always, cover both the trade and the transport aspects.

Current Situation: International Agreements

Afghanistan, under previous regimes had bilateral agreements with both Pakistan and Iran. More recently, draft agreements with Tajikistan and Turkmenistan have been prepared. Afghanistan was also a signatory to some, but not all, international conventions that the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) defines as critical for the transport sector. Highlights of past and pending agreements are attached as Annex 1.

The current status of these agreements, however, is not clear. There are unconfirmed reports, for example, that Afghanistan subsequently abrogated its accession to the international TIR Convention and that Pakistan has abrogated the bilateral agreement with Afghanistan. Furthermore, in Afghanistan’s present recovery period, the extent to which provisions of still-valid agreements are actually implemented is uncertain.
On a regional basis, ECO (Economic Co-operation Organisation) is a grouping comprised of Afghanistan, Azerbaijan, Iran, Kazakhstan, the Kyrgyz Republic, Pakistan, Tajikistan, Turkey, Turkmenistan, and Uzbekistan. ECO members have drafted a very comprehensive *Transit Transport Framework Agreement* that covers all required aspects of transit operations. It has yet, however, to be fully implemented.

**Current Situation: Institutional**

Within Afghanistan itself, multiple organizations of TISA are ostensibly responsible for various aspects of cross-border trade and transport. These include, *inter alia*:

- Ministry of Commerce (Trade)
- Ministry of Finance (Customs)
- Ministry of Foreign Affairs (Treaties and protocols)
- Ministry of Interior (Security, inspection and enforcement)
- Ministry of Transport (Vehicular permits and regulation)

It can be seen that the responsibility of the Ministry of Transport (MOT), i.e., regulation of physical transport, is, albeit important, only a single function within a large jurisdictional arena. Moreover, it is the understanding of TSR that the Afghan Ministry which ordinarily takes the lead role in trade-related international discussions is Commerce rather than MOT.

**Current Situation: Regulatory**

MOT’s Private Sector Department is responsible for the regulation of the operations of all commercial vehicles including private trucks, buses and taxis within or entering Afghanistan. It exercises its writ primarily through route permission licensing, compulsory membership in unions and the enforcement of allowable tariffs. The Department employs a staff of over 800 in Kabul and in all the major provincial capitals as well as in selected cities in Pakistan (Peshawar, Quetta), Iran (Taybad) and, soon, Tajikistan.

In principle, inbound vehicles and drivers are allowed to enter Afghanistan after obtaining authorisation from the nearest representative office of the Private Sector Department. In practice, it is reported that it is often possible to collect a pass from Department representatives at the border crossing itself. Just as for domestic permits, it appears that this is essentially a paperwork and fee-paying exercise as there is apparently no vehicular inspection to ensure minimum safety and technical standards are satisfied.

Outbound Afghan vehicles and drivers are also able to cross the borders, at least into Pakistan and Iran, but must also obtain authorisation in advance, both from MOT and from the country they plan to enter. Neighbours to the north are reportedly sometimes more hesitant to permit entry due to apprehensions about drugs and weapons. Authorisations, where allowed, are issued by representatives of neighbouring countries who are based at strategic locations in Afghanistan.
TSR has discerned no significant problems or delays caused by the current procedures pertaining to vehicles, either inbound or outbound. A plethora of issues related to trade agreements, facilitation, customs clearances, security, etc., are also involved in cross-border and transit movements, but these are outside the scope of the TSR.

Recommendations

Most of the bilateral agreements examined by TSR call for reciprocity in acceptance of the vehicles and operators duly licensed in their home country. This is common practice and is reasonable. Standards need not be identical between neighbouring states as long as they are similar in terms of performance and impacts.

TSR has, however, elsewhere recommended that the Private Sector Department re-examine its approach to setting technical standards and upgrade its technical vehicle inspection for domestic licensing. In addition, some of the bilateral agreements are now quite old, and compliance may or may not be actively monitored.

Therefore, it is recommended that MOT work jointly with the Ministry of Commerce to define precisely the status of relevant bilateral and multilateral agreements and that these be updated (to reflect the proposed new MOT standards) or re-affirmed as appropriate. It also appears necessary and appropriate that MOT’s Private Sector Department, even when renamed and refocused as elsewhere recommended, retain a role in support of cross-border transport, including its foreign offices.

Actions

To assist with the review of the bilateral and multilateral agreement the MOT should approach a donor to finance TA. The TA should be provided by an expert in the regulation of international road transport. The purpose would be to work out a detailed strategy, including an identification of further technical assistance to implement the strategy. The TA should be for a period of 3 to 4 months at a total cost of about USD 100,000.

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2 The Legal Framework Paper, 4.4, notes that consideration will eventually need to be given to drafting multi-modal transport regulations, but this is not yet a priority item.
ANNEX 1: BILATERAL AND MULTILATERAL AGREEMENTS

A. Agreement between the Government of the Islamic Republic of Pakistan and the Government of the Kingdom of Afghanistan for Regulation of Traffic in Transit (Kabul, March 2nd, 1965)

Main Points:

1. Grants freedom of transit for goods and means of transport (Article 1);
2. Designates transit routes (Article 2);
3. Applies to both road and rail transportation;
4. Limits levies to cost-related charges (Article 4);
5. Adopts customs simplification measures (Article 4 and annex);
6. Exempts transit goods from customs duties;
7. Provides for institutional arrangements (Articles 8 and 11);
8. Applies non-discrimination and national treatment rule (Article 9);
9. Inserts health, morality and security exceptions with respect to permissible goods (Article 10);
10. Liberalises and deregulates international transport services market; provides for free market access and free pricing (Articles 1 – 3 and accompanying Protocol);
11. Provides for home-country licensing of road carriers (Articles 5 and 7 and accompanying Protocol); and
12. Grants drivers multiple entry visas for periods of six months ((Article 6 and accompanying Protocol).

3 Under the Vienna Convention on Succession of States in Respect of Treaties (1978), newly independent states are bound by the treaties of their predecessors only if they express their will to that effect. President Karzai has made a declaration of the continuity of the body of law and observance of international conventions that is in conformity with the Vienna Convention.
B. *Transit Agreement between the Government of the Republic of Afghanistan and the Kingdom of Iran*

Main Points:

1. Grants transit rights for passengers and cargo (Article 1);
2. Covers the means of transportation required to perform the transit operation (Article 5);
3. Commits to best effort with respect to infrastructure and facilities (Articles 3, 4 and 9);
4. Excludes cabotage (Article 6);
5. Exempts transit trade from customs duties; restricts charges to costs of services (Articles 7 and 9);
6. Exempts duties on fuel and lubricants in foreign vehicles in transit (Article 8);
7. Provides for permanent Transport and Transit Commission (Article 13);
8. Provides for Third Party Liability insurance coverage consistent with the law of the host country (Article 14);
9. Defines entry / exit points (Protocol 1); addresses customs matters (Protocol 2);
10. Specifies temporary importation regime for vehicles (Article 1);
11. Specifies a TIR regime for cargo (Article 2);
12. Recognises national and / or international drivers’ licenses (Article 7); and
13. Grants drivers right to multiple entry visas for periods of six months (Article 9).
C. Draft Transit Agreements between the Governments of Afghanistan and Tajikistan and
between the Governments of Afghanistan and Turkmenistan

Main Points:

1. Addresses transit transportation for both cargo and passengers (Article 1);
2. Appears to also apply to vehicles (Articles 3, 8 and 9), but Article 7 raises questions on this aspect;
3. Prohibits weapons and narcotics (Articles 2 and 15);
4. Applies health and SPS restrictions (Articles 2 and 15);
5. Specifies routes (Article 4 and Addendum 1);
6. Grants exemption of transit charges other than transportation costs (Article 5);
7. Draft is unclear whether drivers’ licenses are mutually recognized (see Article 8 and Addendum 2, Article 5);
8. Provides for national treatment (Articles 5 and 10);
9. Draft makes no precise commitments regarding infrastructure (see Articles 4 and 10);
10. Provides for the right (obligation?) of transport operators to establish a representative office in the host country (Article 11);
11. Provides for institutional arrangements (Article 12);
12. Addresses customs clearance procedures and refers to the TIR Convention (Addendum 2, Article 5); and
13. Grants drivers right to multiple entry visas for periods of six months (Addendum 2, Article 7).

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4 Two separate draft agreements but with identical wording.
D.  *Trilateral Memorandum of Understanding between the Transitional Islamic State of Afghanistan, the Islamic Republic of Iran and the Republic of India on Trade and Transit of Goods (Tehran, January 2003)*

Main Points:

1. Stresses the importance of obtaining insurance cover to facilitate transit of goods to / from Afghanistan through Iran (A7);

2. Provides for Iran and Afghanistan to open all transit routes, borders and ports to all transit of passengers and cargo (B7);

3. Includes infrastructure commitments; and

4. Designates a shipping company for transit of goods through Iran to Afghanistan (B9) [NOTE: It is unclear whether this last item is comprehensive or limited only for road construction activities.]
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<thead>
<tr>
<th>E. Region-wide Status of Accession to Key International Conventions</th>
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<tbody>
<tr>
<td>Afghanistan</td>
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<tr>
<td>Convention on Road Traffic, 1968</td>
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<td>Convention on Road Signs and Signals, 1968</td>
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<td>Customs Convention on Containers, 1972</td>
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<tr>
<td>Convention on the Contract for International Carriage of Goods by Road (CMR), 1956</td>
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</tbody>
</table>

Source: UNESCAP

* It is alleged that the then government of Afghanistan abrogated the TIR Convention in 1978.

** The Ministry of Commerce reports that Afghanistan was previously a signatory, but membership may have lapsed.

X = acceded  O = partly acceded  ?? = The Ministry of Commerce reports that Afghanistan was previously a signatory, but membership may have lapsed.

TSR Consultation Paper 1.3
Consultation Paper 1.4

Regulation of Safety and Other Public Interest Matters in Road Traffic

Executive Summary

The Background Document for the Transport Sector Policy Statement recommended that proposals be made for how to reinforce and develop the regime and institutional arrangements for the regulation of road traffic and other related public interest matters (e.g. axle load regulations).

Road traffic is currently regulated by the Road Traffic Act (and the Route Permission and Driver Licensing Regulations), which applies to all vehicles on public roads. Vehicles must be registered upon importation and assigned with identity numbers. Prior to registration the vehicles shall be examined by the Traffic Department (in the Ministry of Interior). Drivers must be tested and licensed. Annual renewals for both drivers and vehicles are required. The categorization of vehicles and drivers is provided for. The Traffic Act also provides for international driving licenses to be issued. Currently the authority empowered to issue licences and regulate the industry on all these matters is the Traffic Department. The current rules for vehicle registration and driver licensing, whilst fairly comprehensive, need to be supplemented with detailed rules.

Unfortunately, the systems required for ensuring compliance with road traffic regulations are largely absent in Afghanistan at present. It will be necessary to rebuild them before all but minimal progress can be made in either the traffic control and management area, or in improving road safety. The development of these ‘systems for compliance’, in particular then effective registers of vehicles and drivers licences, is seen as the most important starting point for traffic management and road safety system reform in Afghanistan. It is also held that to achieve these system changes it will be necessary to consider early changes to government structures that will have to support them and to make use of donor assistance to build up the basic components of the compliance system required in order to gradually improve road safety as well as the overall management of road traffic.

Recommendations:

The strategy envisaged here in order to rebuild the compliance system comprises the following actions:

- Transfer responsibility for road traffic – with the exception of enforcement – from the Ministry of Interior to the Ministry of Transport, including the administration of drivers’ licenses and vehicle registers
- Set up a new department in the Ministry of Transport, to be called the Traffic Regulation Department.
- Make use of donor assistance to build up, develop the capacity of this new department, as well as to set up the registers and systems and procedures it requires.
- Also, use donor assistance to later develop a more detailed strategy for how to improve road safety and road traffic management, once the foundation stones of the new Department and its systems, procedures and registers have been laid.
Actions:

- A policy paper should be prepared to effect the transfer of road traffic functions from the Department of Interior to the Ministry of Transport.
- A donor should be approached for providing assistance with setting up the new department, including building its capacity and to provide its required systems and procedures.
Introduction

The Background Document for the Transport Sector Policy Statement recommended that proposals be made for how to reinforce and develop the regime and institutional arrangements for the regulation of road traffic and other related public interest matters (e.g. axle load regulations).

Road traffic is currently regulated by the Road Traffic Act (and the Route Permission and Driver Licensing Regulations), which applies to all vehicles on public roads. Vehicles must be registered upon importation and assigned with identity numbers. Prior to registration the vehicles shall be examined by the Traffic Department (in the Ministry of Interior). Drivers must be tested and licensed. Annual renewals for both drivers and vehicles are required. The categorization of vehicles and drivers is provided for. The Traffic Act also provides for international driving licenses to be issued. Currently the authority empowered to issue licences and regulate the industry on all these matters is the Traffic Department. The current rules for vehicle registration and driver licensing, whilst fairly comprehensive, need to be supplemented with detailed rules.

For more than two decades, conflicts within Afghanistan have resulted in the severe deterioration of transport infrastructure and institutions. Interviews conducted with officials involved in the transport sector who had been in similar positions before the period of conflict, confirm that many areas of the Afghan transport system, before the period of conflict, exhibited practice that was among the best in the region. However, over the conflict period the situation had deteriorated considerably.

Unfortunately, this implies that the systems required for ensuring compliance with road traffic regulations are largely absent in Afghanistan at present. It will be necessary to rebuild them before all but minimal progress can be made in either the traffic control and management area, or in improving road safety. The development of these ‘systems for compliance’ is seen as the most important starting point for traffic management and road safety system reform in Afghanistan. It is also held that to achieve these system changes it will be necessary to consider early changes to government structures that will have to support them and to make use of donor assistance to build up the basic components of the compliance system required in order to gradually improve road safety as well as the overall management of road traffic.

Transfer Traffic Department from Ministry of Interior to the Ministry of Transport

The first building stone for improving compliance is to ensure that the registers of drivers licences and vehicles are in place. This is a prerequisite for all activities related to road safety, road traffic management and related matters.

At present the registering process only functions partially. The registers are also based on antiquated systems and procedures. The responsibility for licensing matters and vehicles registers currently resides with the Traffic Department of the Ministry of the Interior. Consideration should be given to establishing a Licensing Division and a Vehicle Registration Division, both located in the current Ministry of Transport. The Licensing Division should be required to maintain both a Driver Licence Register and a Demerit Points Register. The Vehicle Registration Register should be required to maintain both the Vehicle Registration Register and the Defects Notice. It is to be emphasised that this is the normal arrangement to
be found in other countries, i.e. that one ministry (normally a ministry of transport) has overall responsibility for road traffic, whilst the police concentrates on enforcement issues. It is felt this will both better place the licensing responsibilities and allow the Traffic Department to target enforcement and traffic control activities better suited to a uniformed force.

During interviews with senior staff of the Traffic Department they put the view that the functions outlined should remain the responsibility of the Ministry of Interior. This is understandable, as was the assertion that currently both driver licensing and vehicle registration systems were still operational. However, discussions with senior officers of the German Police Support Project indicated that this was not the case. They pointed out that there were different priorities for a new Traffic Division under the proposed new structure for the force prepared by the Support Project that had been accepted by the government. They were also of the opinion that matters of vehicle licensing and vehicle registration policy and administration were not appropriate activities for a uniformed force which should concentrate on issues of control and enforcement.

A New Traffic Regulation Department in the Ministry of Transport

It is envisaged that the proposed new Licensing and Vehicle Registration Divisions would be part of a new Traffic Regulation Department in the Ministry of Transport (on this matter, see also Consultation Paper 1.7). There is a need to build up this new Department, including its capacity and systems and procedures, and it is proposed that this be done with donor assistance.

This TA should be start as soon as the Government has approved the establishment of the new Department, and would last for about 2 years. The objectives would be to:

- strengthen the capacity of the Ministry of Transport to allow it to undertake the responsibility for all aspects of driver licensing and vehicle registration.

The outcomes of the TA would be:

- The formation of a Regulation Department within the Ministry of Transport.
- The formation of two divisions within the Regulation Department: the Driver Licensing Division and the Vehicle Regulation Division.
- Within the Driver Licensing Division:
  - Development of a driving test program based on the ‘skills and road law’ model,
  - Development of a graduated licence scheme for novice drivers,
  - Development of a graduated licence scheme for drivers of different vehicle classes,
  - Development of a Driver Licence Register,
  - Development of a Demerit Points Register
- Within the Vehicle Registration Division:
  - Identification and enforcement of an appropriate suite of international design rules,
  - Development and enforcement of vehicle dimension limits,
  - Updated weight limit requirements,
  - Provision of a fully equipped heavy vehicle weight enforcement program,
- Development of a system centralised roadworthiness testing stations,
- Development of roadworthiness testing program for light vehicles based on change of ownership for other vehicles annually,
- Development of a roadside vehicle inspection program,
- Development of a Vehicle Registration Register,
- Development of a Defect Notices Register.

The TA would also be expected to develop, possibly as part of a separate TA, a capacity building project in the area of driver training, and to assist with its implementation. This further project, which is presented in Annex 1, is estimated to cost USD 0.3 million.

The TA, finally, is expected to conclude its work by developing a strategy for how to take the work to improve road traffic safety forward, including related actions. Further information about this is provided in Annex 2 (shorter version) and Annex 3 (longer version). The TA is estimated to cost some USD 4 million, including software, but excluding hardware (weighing and roadworthiness stations.)

Recommendations

The strategy envisaged here in order to rebuild the compliance system comprises the following actions:

- Transfer responsibility for road traffic – with the exception of enforcement – from the Ministry of Interior to the Ministry of Transport, including the administration of drivers’ licenses and vehicle registers
- Set up a new department in the Ministry of Transport, to be called the Traffic Regulation Department.
- Make use of donor assistance to build up, develop the capacity of this new department, as well as to set up the registers and systems and procedures it requires.
- Also, use donor assistance to later develop a more detailed strategy for how to improve road safety and road traffic management, once the foundation stones of the new Department and its systems, procedures and registers have been laid.

Actions

- A policy paper should be prepared to effect the transfer of road traffic functions from the Department of Interior to the Ministry of Transport.
- A donor should be approached for providing assistance with setting up the new department, including building its capacity and to provide its required systems and procedures.
ANNEX 1: Supplementary TA proposal

<table>
<thead>
<tr>
<th>Project Title: Capacity building in the area of driver training</th>
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<tbody>
<tr>
<td>Implementing Agency:</td>
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<tr>
<td>Ministry of Transport</td>
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<tr>
<td>Duration:</td>
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<tr>
<td>1 year (dependant on existing MOT skills base)</td>
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<tr>
<td>Year of Commencement (priority):</td>
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<tr>
<td>Immediate</td>
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<td>Objectives:</td>
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<tr>
<td>To strengthen the ability of the private sector to</td>
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<td>provide adequate levels of driver training in</td>
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<td>response to a new vehicle testing regime.</td>
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<td>To develop a representative body for the driver training</td>
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<td>industry that will self-regulate the industry ensuring</td>
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<td>adequate standards of training and company stability.</td>
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<tr>
<td>To develop an up-to-date driver training handbook to assist</td>
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<td>learner drivers and driving schools in meeting the needs of</td>
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<td>the new testing system.</td>
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<td>Outcome:</td>
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<tr>
<td>• A support program of private sector driving schools to:</td>
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<td>- Encourage their formation,</td>
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<tr>
<td>- Provide driver training skills, and</td>
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<tr>
<td>- Provide company administration skills.</td>
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<tr>
<td>• A driver training industry body that will self-regulate the</td>
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<td>industry.</td>
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<td>• A driver training hand book to assist both learner drivers</td>
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<td>and driver trainers with the requirements of the driving</td>
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<td>test.</td>
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<td>Estimated Cost:</td>
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<td>US$ 300,000</td>
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ANNEX 2: Regulations for Road Operations – A Background Paper (short version)

Note: This is an abridged version of the report. The full report follows in Annex 3.

1. The need for regulation

It might be considered self-evident that as a society relies more and more heavily on individual road based transport; there is a need for regulations to govern the use of vehicles and driver/road user behaviour. Without such regulations there is the possibility of the operation of the road system degenerating into anarchy. As the system becomes more motorised, vehicle numbers increase, and speeds become higher, the potential for chronic congestion and increased casualty rates is obvious.

Having accepted that some form of regulation for road traffic is required, it has to be recognised that the mere, albeit careful, framing and introduction of legislation will not in itself bring about changes in vehicle use and road user behaviour patterns to meet that legislation. Unless regulations introduced in support of the legislation are enforced in a consistent manner, it is only those regulations perceived by road users as inherently appropriate that will be observed by the majority. Thus all forms of regulation and enforcement must be appropriately managed.

The purpose of driver licensing and vehicle registration systems is to ensure that appropriate standards are in place to regulate the entry of both drivers and vehicles onto the road system and allow on-going control during subsequent use. Regulations associated with operation of the road network then provide the controlled environment within which all road users can safely and efficiently use that network. With appropriate traffic regulations, penalties and enforcement in place, the system can ensure there is compliance with the required processes and both road users and vehicles are appropriately ‘managed’. This compliance is essential for the effective and efficient operation of the traffic system. Unfortunately, the systems required for ensuring such compliance are virtually totally absent in Afghanistan at present. It will be necessary to rebuild them before all but minimal progress can be made in either the traffic control and management area, or in improving road safety. This has to be viewed against the inevitable increases in traffic that have been outlined in other reports associated with this review.

The development of these ‘systems for compliance’ is seen as the most important starting point for traffic management and road safety system reform in Afghanistan. It is also held that to achieve these system changes it will be necessary to consider early changes to structures that will have to support them. The three major components of the traffic system are: the road user, the vehicle and the road. The remainder of this paper deals with regulation of the road user and vehicle components of the system. These are the most important ‘systems of compliance’. Within this context, this paper concentrates on the implications for compliance in the driver licensing and vehicle registration areas. These are the most important of the compliance systems and will have a significant and immediate impact on the structures and responsibilities of future organisations within the Afghan transport sector. Brief attention is drawn here to other road user and vehicle regulation issues, such as driver training and testing, and vehicle design standards and roadworthiness. However, the supporting technical paper will need to be consulted for further information in these areas.

What follows often uses, as an example, experience from developed regulatory transport systems, in particular from Australia. The Australian system is best known to the author, and forms a very appropriate model in many areas. The Australian regulatory system has been developed for a diverse network, which includes a variety of roads, many unmade, and many the subject of low cost construction techniques. The author acknowledges the material he has borrowed heavily from which has been developed by those working in the Australian transport sector.
2. Road user regulation

2.1. Introduction

There are three areas where control of road user processes is required:

- Training – to ensure that road users gain the necessary levels of skill and roadcraft to obtain their licence to use the roads, and that this is done under the safest most appropriate conditions
- Testing – to ensure that only those people who have developed the appropriate competencies are allowed to enter the road system, and
- Licensing – to allow ongoing access to the road system and a mechanism that enables the removal of drivers from the system if compliance with the standards required is not met.

2.2. Training

Driver training is required for novice drivers and for those more experienced drivers wishing to operate larger or more complex vehicles. It would seem most appropriate, for Afghanistan at this time, that consideration be given to the initial driver training programs being geared to meet the needs of the well-established skills and road law model.

There is no need for the authorities to be involved in the provision of driver training services. There are numerous examples of training regimes that will meet the needs of passing basic testing. Such training reflects the desires of customers and can be readily met by the private sector and should be sufficient to ensure newly licensed drivers possess the minimum skills required for safe access to the road network. Support to the private sector would be required to develop training skills to meet the need that will be generated by a more effective licensing system. With development of an appropriate up-to-date traffic handbook, the test should also ensure that drivers possess knowledge of safe driving laws and practices.

If driver training is to be left to the private sector it will be necessary to require the formation of an industry body that can cooperate with government over changes and improvements to training programs. Such a body would have the equally important function of self-regulation to ensure appropriate standards of operation.

2.3. Testing

In the foreseeable future it is likely that the testing regimes for both novice and experienced drivers will be those already used in many jurisdictions throughout the world. It is difficult to deny that regulating the access of drivers to public roads should be an overall government responsibility. However, it has already been suggested that the supply of driver training should be a candidate for private sector provision. The administration and carrying out of driver testing is one of the most expensive of the licensing functions. It is often difficult for the government to charge full costs, and the program can therefore run at a substantial loss. This alone makes it attractive to be passed to the private driver-training sector. There are dangers, however. The major one is the potential for a conflict of interest on the part of the instructor/assessor. The opportunities for corruption are obvious, and there would be a need for government auditors of the system to ensure appropriate standards were met.

While outsourcing of services to the private sector are a major goal of the government, the risk of prejudicing the licensing system would be too great if driver testing was outsourced in the short to medium term. The relationship between costs and charges would need to be carefully assessed in this very costly area of licensing activity to ensure it was not a drain on scarce organisational resources.

The transfer of this activity to the Ministry of Transport is discussed in detail in the paper dealing with organizational restructure – Consultation Paper 1.7, and careful assessment should be made of the cost element to ensure the drain on transport sector funds is kept under control.
3. Licensing

3.1. Introduction

Once a driver or rider has undergone a period of training, and taken and satisfied the requirements of the appropriate testing procedure, they are entitled to access to the road system or to a different class of vehicle. The system acknowledges this right by issuing a licence, which allows them to drive the type of vehicle they have shown to be competent to drive. The management of the licensing system is a complex one, but essential if licensed road users are to be appropriately administered and their behaviour controlled.

Most modern licensing programs operate under a graduated licensing system. The initial graduated system is a three-stage process: a learner’s permit, restricted, or probationary, licence, and an unrestricted licence. Consideration should be given to introducing a graduated licence scheme for novice drivers incorporating a reasonable level of restriction, compatible with Afghan conditions:

A further form of graduated progress ensures that adequate training and testing is carried out before drivers can progress from the basic unrestricted licence, which allows driving of a passenger car or light commercial vehicle, to other larger or more complex vehicles.

Fatigued drivers represent a risk not only to themselves but to other road users. Afghanistan depends upon road freight and as major highways are rehabilitated truck speeds will increase and longer trips will be possible. A useful adjunct to the licensing system for heavy vehicle drivers is a system to ensure they adopt sensible working hours to counteract fatigue. In the medium term, as the Afghan road network improves and the freight task expands, regulations should be considered to define acceptable levels of driving, work and rest hours also place obligations on others within the freight supply chain. This would include those who might set unrealistic rosters, which cause drivers to commit driving hours offences.

Consideration should be given to: the updating of the current system of graduated licences for drivers of different vehicle classes, and adequate periods of experience required for eligibility to move to a higher level included. In the medium term, as the national road network improves, consideration should also be given to the development and introduction of driving hours regulations for heavy vehicle drivers.

3.2. Demerit points system

An element of the enforcement of traffic regulations that impinges directly on the licensing system is the issuing of demerit points. Responsibility for holding the demerit point records falls to the licensing authority since they are most efficiently kept directly related to the licence information. Consideration should be given to strengthening the current demerit points system in terms of both penalty point levels and periods of licence suspension.

3.3. Licensing Authority

From the description of a basic licensing system it is clear that there is considerable responsibility placed on the licensing authority. The responsibilities of the licensing authority are complex in the area of driving licences. The main functions of a driver licensing authority are:

- to administer the driver licensing system,
- to maintain a driver licence register,
- to maintain a demerit points register,
- to provide information about drivers in response to legitimate requests, and
- such other functions as are conferred by the regulations pertaining at the time.

Importantly, the driver licensing authority should be able to, on behalf of the Minister concerned, fix and charge fees for services provided by the driver licensing authority in connection with the licensing
of drivers, or the renewal or late renewal of driver licences. The level of fees should at least cover costs. Fee levels above this minimum would depend on what the market will bear.

An ideal driver licensing system would also provide a system of licensing drivers of motor vehicles that are used on roads or road related areas that in an overall sense: provides a means of authorising the driving of motor vehicles on roads and road related areas; and enables the identification of licensed drivers of motor vehicles.

This means the system would need to:

- provide for the issue and renewal of driver licences, and for the imposition of conditions on driver licences,
- provide for the cancellation, variation and suspension of driver licences,
- fix the periods for which a driver licence or renewal remains in force,
- require the production of specified information by:
  i. applicants for driver licences or renewals of driver licences, or
  ii. holders of driver licences,
- provide for the issue of infringement notices for specified offences,
- provide for the collection of licence fees.
- prescribe different classes of driver licences, and grade each class by reference to the driving skills required for each class, and the eligibility criteria for the issue of each class; and
- provide for the maintenance of a driver licence register and a demerit points register.

3.3.1. The Driver Licence Register

The responsibilities outlined above call for the setting up and management of several registers through which to administer the system. Consideration of the driver licence register illustrates the general nature of such registers. In order to maintain the driver licence register the driver licensing authority would have to record information such as personal details – sex and date of birth; address etc, and licence details - the class or classes of the licence; commencement and expiry dates and any conditions.

The Demerit Points Register would be directly linked to the Driving Licence Register with the facility to hold, report on, and remove demerit point information depending on the expiring of the penalty period, suspension of licence etc.

4. Vehicle regulation

4.1. Introduction

There are three key aspects governing the suitability of vehicles for use on the road network:

- The inherent standard of a vehicle’s design, construction and equipment level,
- The vehicle’s ongoing fitness for use, once in use on the road network, and
- The on-going registration process that allows the vehicle access to the network and also appropriate management of the vehicle during its use.

All of these vehicle aspects need to be prescribed to ensure adequate levels of traffic control, road safety, road transport efficiency, consumer protection and even environmental protection. Some regulations are introduced to protect the integrity of the road system from the abusive use of vehicles, particularly due to overloading. The responsibility for meeting the inherent standards of design etc, as required by the regulating authority, generally lies with the vehicle manufacturer. The ongoing fitness, or roadworthiness, of the vehicle then becomes the responsibility of the owner as does the ongoing registration of the vehicle and its manner of use on the roads.
4.2. Design and construction

4.2.1. Compliance and Access

In order that a new vehicle can be registered for use on the roads there is the requirement that they meet an appropriate standard of manufacture. Design rules for motor vehicles are a series of specifications and performance requirements for this purpose. The manufacturer, who has all of the necessary equipment to satisfy the testing requirements, usually provides vehicle certification of compliance with these rules. The nature of the manufacturer’s compliance is usually accredited by one of the internationally recognised design standard systems. Such systems are becoming largely harmonised throughout the world. Consideration should be given to identifying and enforcing an appropriate international suite of design rules throughout Afghanistan to control the registration of vehicles.

The operation of vehicles on fully controlled road systems are subject to the ‘access’ they are allowed to the network. There are generally two forms of access available: for ‘general access’ and ‘restricted access’ vehicles. General access vehicles are those with unrestricted access to the road system. Restrictions are related to vehicle mass, dimensions and configuration, or any combination of all three. Definitions of a range of dimension and mass parameters are provided in the regulations to identify general access vehicles. Any vehicle or vehicle combination that is outside these defined parameters is classified as ‘restricted access and may only operate under specific permit or notice.

There are design rules to cover virtually all classes of vehicle. Additional regulations can apply to heavy vehicles. Most jurisdictions place limits on the size (width, height and length) of vehicles overall, and sometimes on various components. There are also restrictions placed on the weight of heavy vehicles both overall, and per axle.

There are obvious economic pressures to maximise the return invested in heavy vehicles, and numerous instances of a lack of observance of the regulations have been observed in Afghanistan. This is possibly through ignorance but more likely because of a lack of enforcement of the regulations.

The current vehicle dimensions limits regulations should be considered for update in line with latest best practice, taking into consideration of the current regulatory situation in Afghanistan. These dimension limits should then be enforced throughout the country.

4.2.2. Vehicle weight

Vehicle weight is a major issue for vehicle regulation. With the high level of investment being made in the rehabilitation of Afghanistan roads it is important that an appropriate mass limits program is developed, put in place, and resources provided for its adequate enforcement to ensure the integrity of the newly constructed road system is not threatened by overweight trucks.

Statutory limits apply to the mass of a vehicle for the protection of roads and bridges and to ensure that the vehicle operates safely within its design parameters. Setting maximum weight limits for heavy vehicles allow economic road design, given the level and nature of traffic it is expected to carry. Overloaded vehicles, particularly individual axles, can permanently damage the road structure and significantly shorten its life. All heavy vehicles should be subject to detailed mass limits in order to protect the investment made in the road network infrastructure. The limits that should apply to particular vehicles have been developed in great detail in many jurisdictions based on scientific and engineering evidence.

In the past Afghanistan has had a system of mass limits control, and basic legislation remains in place. Considerable advances have been made in vehicle, tyre and road technology in recent years so it will be necessary to modernise the regulations in light of these new advances. There are a number of systems throughout the world that could be examined for their suitability to Afghan conditions and adopted in whole or part.

Enforcement of vehicle regulations, particularly those associated with heavy vehicles should best be carried out by the police. It may be necessary to form a specific group for the purpose. They would
need to be well equipped and considerable training would be required. In the first instance fixed Vehicle Regulation Stations should be introduced. These would initially be sited at border crossing points together with several others strategically located on the main internal road network. In the medium term, finance should be sought for mobile weighing equipment to allow temporary stations to be set up in a range of random but strategic locations.

4.3. Roadworthiness

The second of the three key aspects governing the suitability of vehicles for use on the road network is the vehicle’s ongoing fitness for use, once in use. It is a requirement of most jurisdictions that vehicles in use must be in a safe condition at all times. There is little contention over the need for vehicle inspections to ensure the safe condition of vehicles being used on the roads. What has been, and continues to be, a major area of disagreement in countries across the world, is the nature of the testing regime within which such inspections should be used. Heavy vehicles present particular problems and in more sophisticated testing regimes specific programs have been developed.

It is universally accepted that some form of vehicle inspection is required to ensure that vehicles are safe and fit for use on the roads. It then becomes necessary to determine how regularly vehicles should be inspected. There are two basic forms of testing regime for light vehicles: periodic and non-periodic. Periodic testing is generally taken to mean annually, while non periodic in many jurisdictions means on change of ownership.

A number of benefit/cost analyses show that periodic annual vehicle inspections are not financially sustainable. For a range of reasons, the non-periodic vehicle inspection scheme, at change of ownership, should be considered for introduction into Afghanistan.

There are two major methods of delivery of a roadworthy testing scheme: centralised and decentralised schemes. A centralised scheme is based on inspections being conducted by a limited number of specialised stations. Such facilities are usually owned and operated by a relevant authority. A decentralised scheme is based on many stations, usually privately owned service stations that have been accredited to carry out testing on the authority’s behalf.

The Afghanistan Government has a strong interest in outsourcing as many transport sector activities as possible. However, the advantages and disadvantages of the two systems point strongly to the introduction of a centralised, authority run, testing system, at least until the local motor service industry matures to the extent that a decentralised system becomes viable. This activity should remain with the Ministry of the Interior. The provision of training and equipment should be seen as a priority.

Inspecting light vehicles at change of ownership is cost effective, but it means that vehicles are only tested, on average, every six years. If Afghanistan is to adopt such a system it is important that roadside vehicle inspections are undertaken to encourage owners to maintain their vehicles in good condition at all times. If they are seen only as a screening process, roadside inspection stations can be set up relatively quickly and inexpensively. Notwithstanding the potential for corruption associated with such roadside inspection, such a system should be considered for introduction in support of a non-periodic inspection regime for light vehicles. The provision of training and equipment for this low cost screening activity should be seen as a medium term aim.

Operators of heavy vehicles, both trucks and buses, generally seek to utilise their vehicles as much as possible, at maximum mass and over much greater distances than private vehicles. Annual vehicle inspections should be re-established for heavy vehicles, and taxis and buses should be inspected every six months.

4.3.1. Vehicle pollution

From an environmental perspective, the major impact of the transport sector on the environment is through vehicle emissions. Motor vehicles are the major source of urban air pollutants. While older vehicles will generally contribute far more pollution than newer vehicles, all vehicles must be well maintained if emissions are to be minimised. A well maintained vehicle fleet can generally be
expected to reduce emissions by up to 25%. With the high proportion of vehicles emitting high pollution levels evident in the Afghan fleet, including government vehicles, the local potential for emissions reduction is almost certainly even greater. Relatively low cost, effective testing equipment is available to identify highly polluting vehicles. When the vehicle inspection regimes are introduced such testing devices should be seen as high priority.

5. Vehicle registration

5.1.1. Introduction

The third key aspect governing the suitability of vehicles for use on the road network is the on-going registration process that allows vehicles access to the network and also appropriate management of the vehicle during its use.

Much like driver licensing, once a vehicle has satisfied the requirements of the appropriate design rules and other accreditation procedures, it is entitled to access to the road within an appropriate vehicle class. The system acknowledges this right by issuing a registration certificate, which allows access to the road system for the type of vehicle described. The class of vehicle depends on the nature, weight, or complexity of the vehicles concerned. The management of a vehicle registration system is a complex one, but essential if vehicles are to be appropriately administered, their use controlled, and charges collected for use of the road network.

5.1.2. A Registration Authority

The main functions of a registration authority would be: to administer the vehicle registration system, to maintain a vehicle registration register, to maintain a defect notice register, and to provide information about vehicles in response to legitimate requests.

An ideal vehicle registration system would also provide a system of registering vehicles that are used on roads or road related areas that in an overall sense provides a means of authorising the use of motor vehicles on roads and road related areas; and enables the identification of registered motor vehicles.

This means the system would need to:

- provide for the issue and renewal of vehicle registrations, and for the imposition of conditions on registration,
- provide for the cancellation, variation and suspension of vehicle registrations,
- fix the periods for which a vehicle registration or renewal remains in force,
- require the production of specified information by:
  (i) applicants for vehicle registrations or renewals of registrations, or
  (ii) holders of vehicle registrations,
- provide for the issue of vehicle defect notices for specified test failures,
- provide for the collection of registration fees.
- prescribe different classes of vehicle registration, and grade each class by reference to the nature of the vehicle for each class, and the eligibility criteria for the issue of each class; and
- provide for the maintenance of a vehicle registration register and a defect notice register.

Importantly, as with driver licensing, the vehicle registration authority should be able to, on behalf of the Minister concerned, fix and charge fees for services provided by the authority in connection with the registering of vehicles, or the renewal or late renewal of vehicle registrations. The level of fees for light vehicles should at least cover costs. Fee levels above this minimum would depend on what the market will bear and government policy. The setting of fees for heavy vehicles is directly related to their use of the road network, their weight, configuration and potential to damage the infrastructure whether conforming or non-conforming vehicles. The issue of road user charges for heavy vehicles is a vexed question and one that would benefit from a separate specific study.
5.1.3. **The Vehicle Registration Register**

The responsibilities outlined above call for the setting up and management of several registers through which to administer the system. Consideration of the Vehicle Registration Register illustrates the general nature of such registers. In order to maintain the Vehicle Registration Register the vehicle registration authority would have to record information a wide range of vehicle and operator/owner information, such as: the name of the registered owner/operator, the identification details of the vehicle and where it is normally garaged, and the start date and expiry date of the registration.

Such information is necessary for the on-going management of the vehicle from a registration viewpoint once the vehicle has been given access to the road network. It results in the need for an appropriate register to contain all the required information and generate information as needed.

A registration label is the indication that the vehicle is allowed to use the road network for the period identified on the label. This foregoing information is crucial to the development of a database which allows the management of vehicles once they have entered the road network. The concept of a registration label is to allow enforcement of the registration regulations.
ANNEX 3: Regulations for Road Operations – A Background Paper (full version)

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1. Introduction

It might be considered self evident that as a society relies more and more heavily on individual road based transport, there is a need for regulations to govern the use of vehicles and driver/road user behaviour. Without such regulations there is the possibility of the operation of the road system degenerating into anarchy. As the system becomes more motorised, vehicle numbers increase, and speeds become higher, the potential for chronic congestion and increased casualty rates is obvious.

Having accepted that some form of regulation for road traffic is required, it has to be recognised that the mere, albeit careful, framing and introduction of legislation will not in itself bring about changes in vehicle use and road user behaviour patterns to meet that legislation. Unless regulations introduced in support of the legislation are enforced in a consistent manner, it is only those regulations perceived by road users as inherently appropriate that will be observed by the majority. Thus all forms of regulation and enforcement must be appropriately managed.

The purpose of driver licensing and vehicle registration systems is to ensure that appropriate standards are in place to regulate the entry of both drivers and vehicles onto the road system and allow on-going control during subsequent use. Regulations associated with operation of the road network then provide the controlled environment within which all road users can safely and efficiently use that network. With appropriate traffic regulations, penalties and enforcement in place, the system can ensure there is compliance with the required processes and both road users and vehicles are appropriately ‘managed’. This compliance is essential for the effective and efficient operation of the traffic system. Unfortunately, the systems required for ensuring such compliance are virtually totally absent in Afghanistan at present. It will be necessary to rebuild them before all but minimal progress can be made in either the traffic control and management area, or in improving road safety. This has to be viewed against the inevitable increases in traffic that have been outlined in other reports associated with this review.

The development of these ‘systems for compliance’ is seen as the most important starting point for traffic management and road safety system reform in Afghanistan. It is also held that to achieve these system changes it will be necessary to consider early changes to structures that will have to support them. The three major components of the traffic system are: the road user, the vehicle and the road. The remainder of this paper deals with regulation of the road user and vehicle components of the system. These are the most important ‘systems of compliance’ which will have a significant and immediate impact on the structures and responsibilities of future organisations within the Afghan transport sector. The impact of the traffic factors associated with road regulations, and the implications for enforcement are more operational in nature and are dealt with in the Task F; Traffic Engineering report, being prepared for the Transport Sector Review.

What follows often uses, as an example, experience from developed regulatory transport systems, in particular from Australia. The Australian system is best known to the author, and forms a very appropriate model in many areas. The Australian regulatory system has been developed for a diverse network which includes a variety of roads, many unmade, and many the subject of low cost construction techniques. These roads are needed to cover vast distances and to serve relatively small populations away from main population centres. The author wishes to acknowledge the material he has borrowed heavily from which has been developed by those working in the Australian transport sector. This includes the state road authorities, particularly in Victoria and New South Wales, and other bodies such as the National Transport Commission and the Road Safety Committee of the Victorian Parliament.
2. Road user regulation

2.1 Introduction

There are three areas where control of road user processes is required:

- Training – to ensure that road users gain the necessary levels of skill and roadcraft to obtain their licence to use the roads, and that this is done under the safest most appropriate conditions
- Testing – to ensure that only those people who have developed the appropriate competencies are allowed to enter the road system, and
- Licensing – to allow ongoing access to the road system and a mechanism which enables the removal of drivers from the system if compliance with the standards required is not met.

Much of what follows is based upon Australian experience, acknowledged throughout the world as being at the forefront of developments in this area.

2.2 Training

2.2.1 The nature of training

Driver training is required for novice drivers and for those more experienced drivers wishing to operate larger or more complex vehicles. Many driver training programs concentrate on developing the vehicle control skills and knowledge of road laws which will be tested for the issue of a licence. This skills and knowledge approach might well suffice for experienced drivers wishing to up-skill, but it is possible to suggest that there are higher-order mental and perceptual skills that novice drivers need to acquire over time. The earlier the acquisition of these skills, ideally during training, the less vulnerable will be the novice driver when driving solo. The ideal training program might be designed to provide:

- A basic level of driving skills
- An appropriate knowledge of the road rules,
- An insight into the risks of driving and an awareness of the ability of both the learner and others on the road,
- On-road experience, to habitualise certain basic driving behaviours and give an understanding of driving culture, and
- The development of values, responsibility and motivation for using the skills and knowledge gained in the most appropriate manner when driving (McKnight 1992).

An approach such as that above, within a training program, helps to accelerate the gaining of on-road ‘experience’ by learner drivers. Studies of accidents, involving newly licensed drivers, shows a steady decline in involvement over the years following original licensing. It does not appear to matter at what age original licensing takes place. Further detailed accident study indicates that improvement comes not with better skills but rather through the accumulation of knowledge of the road and traffic environment. It is such knowledge that the most modern of driver training schemes tries to promote.

2.2.2 Driver training program

Unfortunately, it is difficult to develop testing procedures that ensure that training programs provide higher levels of knowledge acquisition. Most driving tests concentrate on the conventional ‘basic skills and road law knowledge’ model. Although a long term aim, development of higher order testing to ensure better training levels should not be an immediate priority. Indeed, such higher order training courses have been developed, and have been shown to improve the safety of the drivers so trained. To date such courses have needed to be very comprehensive and expensive. It would therefore seem most
appropriate that the initial driver training programs be geared to meeting the needs of the well established skills and road law model.

Recommendation:
- The initial driver training program for novice drivers be designed to meet the needs of the well established ‘skills and road law’ model.

2.2.3 Provision of training

There is no need for the authorities to be involved in the provision of driver training services. There are numerous examples of training regimes that will meet the needs of passing basic testing. Such training reflects the desires of customers and should be sufficient to ensure newly licensed drivers possess the minimum skills required for safe access to the road network. Support to the private sector would be required to develop training skills to meet the need that will be generated by a more effective licensing system. With development of an appropriate up-to-date traffic handbook, the test should also ensure that drivers possess knowledge of safe driving laws and practices.

If driver training is to be left to the private sector it will be necessary to require the formation of an industry body that can cooperate with government over changes and improvements to training programs. Such a body would have the equally important function of self-regulation to ensure appropriate standards of operation.

Recommendation:
- The needs of driver training should be met by the private sector.
- An up to date traffic handbook should be produced.
- Support should be given to the private sector to develop driver training and administrative skills to meet an expanding demand for training.
- Support should be given to the private sector to help in the development of a self-regulating industry body.

2.3 Testing

2.3.1 The nature of testing

The purpose of a driving test is to assess the applicant’s possession of skills and knowledge required to operate a vehicle that is in a manner consistent with both the safety and mobility needs of other road users and the operation of the road network. The test should have the ability to fairly pass those deemed to meet the requirements while failing those that do not. The road test element assesses skills in two ways. The most important is the assessment of performance on those driving tasks that require specific skills. These could include accelerating, gear-changing, gap selection, lane changing. There are then another set of tasks that are not skills themselves, but must be performed simultaneously with other skills-based tasks. Such tasks could be selecting the correct lane, the correct speed, signalling or obeying traffic controls.

As indicated in section 2.2, in the foreseeable future it is likely that the testing regimes for both novice and experienced drivers will be those already used in many jurisdictions throughout the world. The testing program consists of a number of on-road checks of driver behaviour. A typical Australian example is a checklist of some 63 behaviours which represent 17 aspects of driving. An examiner observes an applicant’s performance during a road test and records those instances of incorrect
performance, or errors. These errors are weighted in terms of their importance to the driving task and a total error score developed. Added to this is a written test on traffic law and road rules. Again errors are assessed and combined with road test outcomes to arrive at an overall test result.

2.3.2 Provision of testing

It is difficult to deny that regulating the access of drivers to public roads should be an overall government responsibility. However, it has already been suggested that the supply of driver training should be a candidate for private sector provision. The administration and carrying out of driver testing is one of the most expensive of the licensing functions. It is often difficult for the government to charge full costs, and the program can therefore run at a substantial loss. This alone makes it attractive to be passed to the private sector. One possibility that has been trialled in some jurisdictions is to pass the testing process on to the driver training industry, with the test becoming part of the training package, and hence costed at market rates. Accredited instructors would be able to assess students on the basis of their total training program, without the need for a separate test. This could result in better assessment, from both assessor and applicant viewpoint, than that provided by the stress of a relatively short test. There would be a wider range of locations for testing, over a wide range of times, providing far greater convenience for the public.

There are dangers, however. The major one is the potential for a conflict of interest on the part of the instructor/assessor. It could prove difficult for even the most conscientious instructor to separate the two responsibilities. Continued tuition income might counteract the desire for instructors/assessors to satisfy the needs of their clients with ultimate success. The greatest difficulties would be with those who could not reach the required standard but thought that sufficient attendance earned the right to a licence. The opportunities for corruption are obvious, and there would be a need for government auditors of the system to ensure appropriate standards were met (National Road Transport Commission 2000).

Indeed, jurisdictions in number of motorised countries with well developed and separate training and testing systems have found their processes to be subject to significant corruption, such is the pressure for access to the road network.

Some jurisdictions allow instructors to waive the driving test when students have successfully completed a fully structured driving course. However, such a course could typically compose of 30 hours of classroom teaching and six hours of intense behind-the-wheel instruction. This is an extremely expensive process and one that is usually totally student funded. It is very different to an instructor determining the student has reached the required competency.

While outsourcing of services to the private sector are a major goal of the government, the risk of prejudicing the licensing system would be too great in driver testing was outsourced in the short to medium term. The relationship between costs and charges would need to be carefully assessed in this very costly area of licensing activity to ensure it was not a drain on scarce organisational resources. These activities should be carried out by the Ministry of Transport

Recommendation:
- In the short to medium term the responsibility for driver testing should remain a government activity.
- This activity should reside with the Ministry of Transport.
- Careful assessment should be made of the cost element to ensure the drain on Transport sector funds is kept under control.
2.4 Licensing

Once a driver or rider has undergone a period of training, and taken and satisfied the requirements of the appropriate testing procedure, they are entitled to access to the road system or to a different class of vehicle. The system acknowledges this right by issuing a licence which allows them to drive the type of vehicle they have shown to be competent to drive. Most modern licensing programs operate under a graduated licensing system. Such a system is graduated in two senses. For novice drivers there is graduation of their initial licence through a formal ‘Graduated Licence Scheme’. There is further graduation of licences for experienced drivers as they progress from one level of licence class to the next depending on the nature, weight, or driving complexity of the vehicles concerned.

The management of the licensing system is a complex one, but essential if licensed road users is to be appropriately administered and their behaviour controlled.

2.4.1 Graduated novice licence system

A graduated licensing system is designed to introduce novice drivers into the driving population in a way that minimises the risk the themselves and other road users. As has already been pointed out, the level of driving experience plays an important part in accident involvement. Graduated licences are, therefore, in the main, applied to new drivers of all ages. Graduated licensing of novice drivers is based on the premise that accumulation of on-road driving experience has to be gained safely and in order to lower the risk of accident involvement. Hence the graduated system is a three stage process:

- Learner’s permit,
- Restricted, or probationary, licence, and
- Unrestricted licence.

There is a requirement that a specified minimum amount of time must be spent in the learner’s and restricted phases of the licensing process. This not only allows for the gaining of experience in low risk situations; for young drivers it also delays unrestricted driving until they are older and more mature.

Learner’s permit

The learner’s permit has a pre-test before issue and before the learner has taken to the road. The permit must be held for a minimum period before a test can be taken, to allow maximum opportunity for supervised driving experience to be obtained. The latest proposals, in some jurisdictions, would see considerable control exercised over the nature of this learning experience, through the use of logbooks for example, to ensure its effectiveness before testing.

Restricted, or probationary licence

It has already been pointed out that all an initial licensing test can do is ensure that novice drivers have the minimum skill and knowledge to drive on public roads without an inordinate level of risk to themselves and others. What a probationary licence does is provide a means whereby licensing agencies can extend there influence over such drivers for a much longer period. For young drivers this period coincides with the period when other characteristics put them at high risk.

During the probationary period restrictions are placed on the driver. Most importantly, a zero blood alcohol level is expected of probationary drivers. Other issues were identified which raised risk levels, particularly for young novice drivers which result in further restrictions. There are power restrictions on the types of vehicles that can be used, licence suspension for the loss of very few demerit points resulting in the need for a retest, and the restriction of passenger numbers to reduce the potential for peer pressure to cause aberrant behaviour. These restrictions have been accepted by the public in those jurisdictions where they are in force. Other more draconian measures which have been suggested, such as nighttime driving curfews, have not been so readily accepted. However, there are
current proposals to include additional testing during the probationary period to ensure the correct form of experience has been obtained.

**Recommendation:**
- A graduated licence scheme should be introduced for novice drivers incorporating a reasonable level of restriction, compatible with Afghan conditions.

### 2.4.2 Licence classes

A further form of graduated progress ensures that adequate training and testing is carried out before drivers can progress from the basic unrestricted licence, which allows driving of a passenger car or light commercial vehicle, to other larger or more complex vehicles.

Different skills are required to drive the range of vehicle types that are found in most road transport systems. To ensure appropriate skills are available, the vehicle fleet can be divided into a range of classes each of which can then have the appropriate skills identified and a licence specification developed for each. Table 2.1 below gives the basic outline of vehicle classes used under Australian conditions. The full description of the vehicles involved in each class is given in Appendix A.

**TABLE 2.1 LICENCE CLASSES**

<table>
<thead>
<tr>
<th>Code</th>
<th>Licence Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>car licence</td>
</tr>
<tr>
<td>LR</td>
<td>light rigid vehicle licence</td>
</tr>
<tr>
<td>MR</td>
<td>medium rigid vehicle licence</td>
</tr>
<tr>
<td>HR</td>
<td>heavy rigid vehicle licence</td>
</tr>
<tr>
<td>HC</td>
<td>heavy combination vehicle licence</td>
</tr>
<tr>
<td>MC</td>
<td>multi-combination vehicle licence</td>
</tr>
<tr>
<td>R</td>
<td>motorcycle licence</td>
</tr>
</tbody>
</table>

### 2.4.3 Experience, training and testing

The holder of an Australian driver licence may drive a motor vehicle for which a higher class of driver licence is required, if the higher class is one for which the person would next be eligible, and the driver is receiving tuition.

The person providing the tuition must have held that higher class of driver licence (other than a provisional licence) for at least one year, and must be providing the tuition in accordance with the jurisdiction’s laws about driver instruction and the display of signs on vehicles used for that purpose. Thus the process of moving from one vehicle class to the next class higher is essentially the same as that for obtaining an initial licence. A training program needs to be undertaken and tests are set by the authorities with theoretical and practical components that must be passed by the applicant.
To ensure appropriate experience is gained at any one licence class level, an eligibility period is stipulated in the regulations. This requires a certain period to lapse at one licence level before a test for the next licence level can be taken. Table 2.2 sets out the relevant eligibility requirements for heavy vehicle licence classes in Australia.

### TABLE 2.2 ELIGIBILITY REQUIREMENTS

<table>
<thead>
<tr>
<th>Eligible class</th>
<th>Minimum class held</th>
<th>Period¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>LR or MR</td>
<td>A class C Australian driver licence</td>
<td>12 months</td>
</tr>
<tr>
<td>HR</td>
<td>A class C Australian driver licence</td>
<td>24 months</td>
</tr>
<tr>
<td>HC</td>
<td>A class C Australian driver licence <strong>and</strong> a class MR or HR Australian driver licence</td>
<td>24 months 12 months</td>
</tr>
<tr>
<td>MC</td>
<td>A class HR or HC Australian driver licence</td>
<td>12 months</td>
</tr>
</tbody>
</table>

1 - The minimum 12 months class MR or HR may be part of the 24 months class C requirement.

### Driving hours

Fatigued drivers represent a risk not only to themselves but to other road users. Professional drivers, whose occupation often calls for them to spend many hours behind the wheel, are at particular risk. Afghanistan depends upon road freight and as major highways are rehabilitated truck speeds will increase and longer trips will be possible. These conditions will also attract more private vehicles onto the network. Evidence from around the world suggests that as these conditions develop, on a network of predominantly two-way, two-lane road, heavy vehicle drivers will experience an even greater level of risk from fatigue.

A useful adjunct to the licensing system for heavy vehicle drivers is a system to ensure they adopt sensible working hours to counteract fatigue. In the medium term, as the road network improves and the freight task expands, regulations should be considered to define acceptable levels of driving, work and rest hours. Such regulations provide a framework for vehicle operators and heavy vehicle drivers to manage the freight task. The regulations developed should also place obligations on others within the freight supply chain. This would include consignors, employers and those employees responsible for rostering the driving, working, and rest periods of drivers. In this way it would be possible to penalise those who might set unrealistic rosters which cause drivers to commit driving hours offences.

### Recommendations:

- A system of graduated licences for drivers of different vehicle classes should be updated and include adequate periods of experience required for eligibility to move to a higher level.
- In the medium term, as the national road network improves, consideration should be given to the development and introduction of driving hours regulations for heavy vehicle drivers.
2.4.4 Demerit points system

An element of the enforcement of traffic regulations that impinges directly on the licensing system is the issuing of demerit points. There are a number of traffic offences which, while incurring often consider levels of fine, do not normally carry the direct threat of licence suspension. To avoid the possibility of recidivist law breakers merely funding their anti-social behaviour through the payment of fines, a system of demerit points has been introduced in most traffic jurisdictions. Under such a system various offences not normally incurring the penalty of licence suspension are allocated a certain level of demerit points which are charged against the offenders licence, to be current for a stipulated period of time, usually three years. Table 2.3 gives a sample of the demerit point levels for a number of common offences. The full range of demerit point levels given in Australian national regulations is given in Appendix B.

When a given level of demerit points are accumulated by a licence holder, the threshold is usually 12 points in the previous three years, automatic licence suspension is invoked through the licensing system. The period of demerit point suspension for differing levels of demerit point accumulation is given in Table 2.4.

Responsibility for holding the demerit point records falls to the licensing authority since they are most efficiently kept directly related to the licence information.

### TABLE 2.3 SAMPLE DEMERIT POINT LEVELS

<table>
<thead>
<tr>
<th>Offence</th>
<th>Demerit points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exceeding the speed limit by less than 15 km/h</td>
<td>1</td>
</tr>
<tr>
<td>Exceeding the speed limit by 15 km/h or more but less than 30 km/h</td>
<td>3</td>
</tr>
<tr>
<td>Exceeding speed limit by 30 km/h or more but less than 45 km/h.</td>
<td>4</td>
</tr>
<tr>
<td>Exceeding speed limit by 45 km/h or more</td>
<td>6</td>
</tr>
<tr>
<td>Disobeying traffic signal</td>
<td>3</td>
</tr>
<tr>
<td>Disobeying stop or give way traffic sign or line, or police directing traffic</td>
<td>3</td>
</tr>
<tr>
<td>Failing to give way</td>
<td>3</td>
</tr>
</tbody>
</table>

### TABLE 2.4: PERIOD OF DEMERIT POINTS SUSPENSION

<table>
<thead>
<tr>
<th>Demerit points incurred within previous 3 years</th>
<th>Licence suspension</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 to 15</td>
<td>3 months</td>
</tr>
<tr>
<td>16 to 19</td>
<td>4 months</td>
</tr>
<tr>
<td>20 or more</td>
<td>5 months</td>
</tr>
</tbody>
</table>
From this description of a basic licensing system it is clear that there is considerable responsibility placed on the licensing authority as described in the following section.

**Recommendation:**
- The current demerit points system should be strengthened in terms of both penalty point levels and periods of licence suspension.

### 2.4.5 Licensing Authority

As already indicated, the responsibilities of the licensing authority are complex in the area of driving licences. The main functions of a driver licensing authority are:

- to administer the driver licensing system,
- to maintain a driver licence register,
- to maintain a demerit points register,
- to provide information about drivers in response to legitimate requests, and
- such other functions as are conferred by the regulations pertaining at the time.

Importantly, the driver licensing authority should be able to, on behalf of the Minister concerned, fix and charge fees for services provided by the driver licensing authority in connection with the licensing of drivers, or the renewal or late renewal of driver licences. The level of fees should at least cover costs. Fee levels above this minimum would depend on what the market will bear.

An ideal driver licensing system would also provide a system of licensing drivers of motor vehicles that are used on roads or road related areas that in an overall sense:

- provides a means of authorising the driving of motor vehicles on roads and road related areas; and
- enables the identification of licensed drivers of motor vehicles.

This means the system would need to:

- provide for the issue and renewal of driver licences, and for the imposition of conditions on driver licences,
- provide for the cancellation, variation and suspension of driver licences,
- fix the periods for which a driver licence or renewal remains in force,
- require the production of specified information by:
  - (i) applicants for driver licences or renewals of driver licences, or
  - (ii) holders of driver licences,
- provide for the issue of infringement notices for specified offences,
- provide for the collection of licence fees.
- prescribe different classes of driver licences, and grade each class by reference to the driving skills required for each class, and the eligibility criteria for the issue of each class; and
- provide for the maintenance of a driver licence register and a demerit points register.

### The Driver Licence Register

The responsibilities outlined above call for the setting up and management of several registers through which to administer the system. Consideration of the Driver licence register illustrates the general nature of such registers. In order to maintain the driver licence register the driver licensing authority would have to record information similar to the following:

**Personal details**
• the identification number allocated to the person to whom the licence was issued;
• the first name, second and third initials (if any), and family name of the person;
• the person’s sex and date of birth; and
• the person’s residential address and address for service of notices (if any).

Licence details

• the class or classes of the licence;
• the commencement and expiry dates of the licence; and
• any conditions to which the licence is subject.

It is interesting to note that virtually all this information would also be required on the licence itself. As the technology becomes available, jurisdictions also call for a photograph of the licence holder to appear on the licence.

The Demerit Points Register would be directly linked to the Driving Licence Register with the facility to hold, report on and remove demerit point information depending on the expiring of the penalty period, suspension of licence etc.

3. Vehicle regulation

3.1 Introduction

There are three key aspects governing the suitability of vehicles for use on the road network:

• The inherent standard of a vehicle’s design, construction and equipment level,
• The vehicle’s ongoing fitness for use, once in use on the road network, and
• The on-going registration process that allows the vehicle access to the network and also appropriate management of the vehicle during its use.

All of these vehicle aspects need to be prescribed to ensure adequate levels of traffic control, road safety, road transport efficiency, consumer protection and even environmental protection. Some regulations are introduced to protect the integrity of the road system from the abusive use of vehicles, particularly due to overloading. The responsibility for meeting the inherent standards of design etc, as required by the regulating authority, generally lies with the vehicle manufacturer. The ongoing fitness, or roadworthiness, of the vehicle then becomes the responsibility of the owner as does the ongoing registration of the vehicle and its manner of use on the roads.

3.2 Design and construction

The first of the three key aspects governing the suitability of vehicles for use on the road network is the inherent standard of a vehicle’s design, construction and equipment level.

3.2.1 Design rule compliance

In order that a new vehicle can be registered for use on the roads there is the requirement that they meet an appropriate standard of manufacture. The registration of used motor vehicles may depend on a subset of the regulations determined by the date of original manufacture.

Design rules for motor vehicles are a series of specifications and performance requirements which are developed to:

• Reduce the possibility of accidents occurring by ensuring adequate design of measures such as lighting, braking performance and steering componentry,
• Mitigate the effects of accidents when they occur through the appropriate design of measures such as seat belts, energy absorbing structures, door latches and head restraints, and
• Reducing the undesirable effects of motor vehicles by ensuring acceptable levels of noise and emissions pollution.

Vehicle certification of compliance with these rules is usually provided by the manufacturer who has all of the necessary equipment to satisfy the testing requirements. The nature of the manufacturer’s compliance is usually accredited by one of the internationally recognised design standard systems. Such systems are becoming largely harmonised throughout the world. Individual countries often have their own suite of design rules, such as the Australian Design Rules (ADRs), but these are usually based around design rule regimes widely recognised internationally, such as those of the United States or European Union.

Recommendation:
• An appropriate international suite of design rules should be identified and enforced throughout Afghanistan to control the registration of vehicles.

3.2.2 Access
The operation of vehicles on fully controlled road systems are subject to the ‘access’ they are allowed to the network. There are generally two forms of access available: for ‘general access’ and ‘restricted access’ vehicles. These restrictions are related to the vehicle mass, dimensions and configuration, or any combination of all three. General access vehicles are those with unrestricted access to the road system. Provided these vehicles are registered, and the operators pay the charges appropriate to the vehicle configuration, no specific access restrictions apply and no additional permits are required. Definitions of a range of dimension and mass parameters are provided in the regulations to identify general access vehicles. Any vehicle or vehicle combination that is outside these defined parameters is classified as ‘restricted access and may only operate under specific permit or notice.

3.2.3 Vehicle limits
There are design rules to cover virtually all classes of vehicle. Additional regulations can apply to heavy vehicles. Most jurisdictions place limits on the size (width, height and length) of vehicles overall, and sometimes on various components. There are also restrictions placed on the weight of heavy vehicles both overall, and per axle.

Vehicle dimensions
Limits are placed on vehicle dimensions to ensure that they have adequate manoeuvrability and that they are compatible with the road system generally and with other traffic. While such limits are meant to apply generally, under a range of special circumstances permits may be issued if elements such as length, rear overhang, forward projection, width or height are to be allowed to exceed the limits in the regulations.

As an example, Australian Vehicle Dimension Limits cover the following:
• Length,
• Height and width,
• Ground clearance,
• Projections of loads or equipment,
• Loading space,
• Rear overhang,
• Turning circle, and
Axle groups and suspension systems.

Axle groups and suspension systems are directly related to the weight limits imposed on heavy vehicles. An axle group is a combination of one, two or three axles which collectively support a vehicle or portion of a vehicle. Regulations are provided to limit the arrangements of some axle groups and suspension systems proposed for heavy vehicles. These limits are imposed for the protection of roads and relate to the spacing of axles within groups and the load-sharing capabilities of the group. This is of particular significance for the next section.

There are obvious economic pressures to maximise the return invested in heavy vehicles, and numerous instances of a lack of observance of the regulations have been observed in Afghanistan. This is possibly through ignorance but more likely because of a lack of enforcement of the regulations, see figs 3.1 and 3.2 below.

Fig. 3.1 High load

Fig. 3.2 Wide and unsafe load

Recommendations:
- The current vehicle dimensions limits regulations should be updated in line with latest best practice, taking into consideration of the current regulatory situation in Afghanistan.
- These dimension limits should be enforced throughout the country.

Vehicle weight

Statutory limits apply to the mass of a vehicle for the protection of roads and bridges and to ensure that the vehicle operates safely within its design parameters. Setting maximum weight limits for heavy vehicles allows economic road design given the level and nature of traffic it is expected to
Overloaded vehicles, particularly individual axles can permanently damage the road structure and significantly shorten its life. Several types of limit apply:

- **Gross mass** – the maximum overall mass allowed for a vehicle of particular size and axle configuration, or the manufacturers limit if this is less.
- **Axle group limits** – based on the maximum mass allowed for the number of axles and tyres within a group, or again manufacturer’s specifications.
- **Bridge limits** – based on a formula which relates spacing of outermost axle groupings to protect bridge structures.

All heavy vehicles (greater than 4.5 tonnes in Australia for example) should be subject to detailed mass limits in order to protect the investment made in the road network infrastructure. The limits that should apply to particular vehicles have been developed in great detail in many jurisdictions based on scientific and engineering evidence based on the following factors:

- Structural strength and mechanical rating of the truck,
- Suspension systems fitted to the vehicle,
- Arrangement of axle groups,
- Mass limits applicable to individual axle groups,
- Gross mass limits, and
- Tyre load limits.

Australia provides an example of a national jurisdiction that has developed a comprehensive set of regulations to protect a road system that often has to be designed for low cost construction given the road lengths to be provided. The Australian Mass Limits program for heavy vehicles is known to be among the most advanced in the world.

Australian regulations call for compliance with mass limit provisions set out under:

- Mass limits for standard vehicles,
- Mass limits for axle groups, and
- Mass limits for axle spacings.

These requirements are complex and comprehensive. Suffice it here to indicate the comprehensive nature of the provisions which determine heavy vehicle access together with an example of mass limits for a typical articulated vehicle.

### TABLE 3.1 STANDARD VEHICLE CONFIGURATIONS

<table>
<thead>
<tr>
<th>Standard Vehicles</th>
<th>No. of axle and tyre configurations for each</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rigid vehicles (inc. prime movers)</td>
<td>10</td>
</tr>
<tr>
<td>Trailers</td>
<td>12</td>
</tr>
<tr>
<td>Buses</td>
<td>3</td>
</tr>
</tbody>
</table>

### TABLE 3.2 AXLE LIMIT CLASSES

<table>
<thead>
<tr>
<th>Axle configurations</th>
<th>No. of mass limit classes in each</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single axles (and single axle groups)</td>
<td>9</td>
</tr>
<tr>
<td>Twin steer</td>
<td>2</td>
</tr>
<tr>
<td>Tandem group</td>
<td>7</td>
</tr>
<tr>
<td>Tri-axle group</td>
<td>3</td>
</tr>
</tbody>
</table>
Quad-axle group

Below is a typical articulated truck showing the total mass limits that would be applicable under Australian Mass Limit Regulations.

<table>
<thead>
<tr>
<th>Triaxle trailer group – dual tyres</th>
<th>Tandem drive axle group – dual tyres</th>
<th>Steer axle – single tyre</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 tonnes</td>
<td>16.5 tonnes</td>
<td>6 tonnes</td>
</tr>
</tbody>
</table>

**Gross Mass Limit 42.5 tonnes**

Fig 3.3 Typical vehicle mass limits

In the past Afghanistan has had a system of mass limits control, and basic legislation remains in place. Considerable advances have been made in vehicle, tyre and road technology in recent years so it will be necessary to modernise the regulations in light of these new advances. There are a number of systems throughout the world that could be examined for there suitability to Afghan conditions and adopted in whole or part.

Fig 3.4 Tandem axle rigid truck
With the high level of investment being made in the rehabilitation of Afghanistan roads it is important that an appropriate mass limits program is developed, put in place, and resources provided for its adequate enforcement to ensure the integrity of the newly constructed road system is not threatened by overweight trucks. The truck shown above in fig 3.4, under Australian regulations, would be limited to carrying 6 tonnes on the drive axle and 16.5 tonnes on the dual tyred rear tandem axles, a total gross mass of 22.5 tonnes.

**Enforcement**

Enforcement of vehicle regulations, particularly those associated with heavy vehicles should best be carried out by the police. It may be necessary to form a specific group for the purpose. They would need to be well equipped and considerable training would be required. In the first instance fixed Vehicle Regulation Stations should be introduced. These would initially be sited at border crossing points together with several others strategically located on the main internal road network. In the medium term, finance should be sought for mobile weighing equipment to allow temporary stations to be set up in a range of random but strategic locations.

**Recommendations:**
- The current weight limits should be updated in line with the latest best practice.
- The provision of the necessary equipment to manage the weight of vehicles on Afghan roads, and training for the officers concerned, should be an utmost priority.

### 3.3 Roadworthiness

The second of the three key aspects governing the suitability of vehicles for use on the road network is the vehicle’s ongoing fitness for use, once in use. It is a requirement of most jurisdictions that vehicles in use must be in a safe condition at all times. There is little contention over the need for vehicle inspections to ensure the safe condition of vehicles being used on the roads. The first section deals with the nature of typical testing procedures. What has been, and continues to be, a major area of disagreement in countries across the world, is the nature of the testing regime within which such inspections should be used. This important issue is dealt with in subsequent sections.

Heavy vehicles present particular problems and in more sophisticated testing regimes specific programs have been developed.

#### 3.3.1 The nature of roadworthiness and its testing

New vehicles are manufactured to comply with a number of standards, design rules and various industry and consumer requirements. These ensure that the vehicle achieves a certain level of safety, environmental performance and serviceability. This allows the vehicle access to the system and has been considered in Section 3.2.1.

During use, vehicles can suffer wear, otherwise deteriorate, or be altered from their original form, which has the potential to make them unsafe and a hazard to other road users. A roadworthy vehicle has been defined as ‘one that has all safety related components maintained in a manner that makes it safe to drive on public roads’ (Victorian Parliament 2001). Although it is always the responsibility of the owner to keep their vehicle in a safe and roadworthy condition at all times, the appropriate road authority should undertake roadworthy testing to help minimise the potential risk to other road users, including buyers of vehicles who may unknowingly acquire vehicles which are in a dangerous condition.

Vehicle inspections may be carried out at a number of licensed vehicle inspection stations, usually normal service stations licensed for the purpose, or centrally in purpose-developed testing stations.
Such formal testing may also be supplemented, to a greater or lesser degree, by roadside testing of vehicles. This aspect of vehicle inspection is largely determined by the testing regime adopted, and will be dealt with in later sections.

Vehicle inspections are carried out with the view to issuing some form of certificate of roadworthiness. The requirements of the test cannot be more stringent than would be required of a new or unaltered vehicle. Nor is it not feasible to completely test the vehicle to the original design standards used for original registration which may have required complex and even destructive testing. Generally, testing requirements should be limited to those items that may present a hazard during use and which readily lend themselves to detection by way of an inspection process. The tests should be carried out using normal industry standards and test procedures. Thus it is not intended that any certificate issued after an inspection is an assessment of its compliance with original design standards, rather it is a basic check that the vehicle is safe for use on the roads.

The appropriate jurisdiction provides the framework for inspections which take into account manufacturer’s specifications and any national requirements. In Australia there are National Roadworthiness requirements which are supplemented by Vehicle Standards Information sheets together with State-based information which are used to determine whether or not vehicle meet the criteria set and are therefore suitable for safe on-road use (National Road Transport Commission (1995).

The testing requirements in one Australian state have eleven sections. Main among these are:

- The structure of the vehicle itself,
- Engine and drive train,
- Braking systems,
- Steering,
- Wheels and tyres,
- Exhaust and emissions,
- Seats and seatbelts,
- Lights, signals and reflectors, and
- Windscreens, wipers and washers

Then, within ‘Wheels and tyres’ the following would be inspected:

- Wheels – cracks, welds, buckling, uniformity, projection outside vehicle
- Studs and nuts – correct number and type, stud holes, seating tapers, thread length and condition,
- Track width – comparison with original specification, limited modification, and
- Tyres - minimum tread depth, walls, uniformity, makers specification.

Clearly a comprehensive level of inspection is required to ensure the safe operation of vehicles. The inspection processes need to be clearly identified and specified, in terms that can be readily understood by inspection personnel but at the same time allow minimum opportunity for interpretation, to protect the vehicle owner. The nature of the testing is to some extent linked to the testing regime which is discussed in a later section.

### 3.3.2 Testing regimes

**Introduction**

It is universally accepted that some form of vehicle inspection is required to ensure that vehicles are safe and fit for use on the roads. It then becomes necessary to determine the time period over which any test certificate should remain current, or how regularly vehicles should be inspected. Under certain circumstances these two periods are not the same. There are two basic forms of testing regime for light vehicles: periodic and non-periodic. Periodic testing is generally taken to mean annually,
while non periodic in many jurisdictions means on change of ownership. Arrangements for heavy vehicles are usually periodic in most systems, as discussed in a later section. The arguments for and against the two regimes for light vehicles are largely around the relationship between vehicle defects and road accidents. This, in turn can be linked to the benefit/cost relationship likely to accrue from the different systems. Therefore, before the most appropriate type of roadworthy testing system can be determined, it is necessary to consider the role vehicle defects play in crash causation.

**Role of vehicle defects in crashes**

To develop an appropriate testing program it is necessary to understand the extent of the link between un-roadworthy or defective vehicles, and crashes. It is then necessary to understand whether an un-roadworthy vehicle would be involved in more crashes than a vehicle with no defects.

Unfortunately there is little definitive information available as to the extent to which vehicle un-roadworthiness can be considered a primary factor or a contributing factor in a crash. Crash investigations are complex, involving a complex set of factors including the vehicle, the road and the road user. Even when a defect is found to exist, perhaps even a critical defect, it is still difficult to establish that it caused or even contributed to the crash. Differing points of view are often generated over the interpretation of the information that is available and used to support one case or another. It has to be said that there are often vested interests behind some of the arguments generated in this debate.

A very recent, comprehensive study of roadworthiness in Victoria Australia, examined a wide range of information on the relationship between vehicle defects and crashes. Considerable information was gathered from around the world and particularly within Australia where there is relatively good information on the incidence of vehicle defects in crashes, and it was considered whether the defects were causal or contributory to the accidents concerned.

A detailed examination of information from six Australian programs showed that vehicle defects actually, or may have, contributed to between 1 and 8% of crashes. Most studies indicated levels around 3%, and between 6 and 9% for heavy vehicles. This led the review to conclude that vehicle defects were not a significant cause or contributor to fatal or serious crashes. Although there is some confounding information available, such findings are supported by a number of studies around the world. They have significant implications for the testing regime that should be adopted.

### 3.3.3 Testing regime type

**Types of regime**

Compulsory periodic testing for light vehicles is a requirement in many jurisdictions. The period between tests is usually one year, occasionally two years. There is little evidence to either support or reject compulsory periodic vehicle inspections in terms of absolute safety. One rationale for supporting such systems is that they ensure that vehicles are maintained in a manner that leads to success at the vehicle inspection each year. It is hoped that owners will then come to understand the advantages of regular maintenance against allowing vehicles to deteriorate and subsequently require comprehensive rehabilitation.

The alternative non-periodic inspection system uses some other anniversary or event to trigger the requirement for a light vehicle roadworthy inspection. This event is usually change of ownership but could also be after a period of non-registration or the issue of a vehicle defect notice resulting from a random inspection. One state in Australia reports that the average period of ownership is six years. This results in 15% of the light vehicle fleet being inspected in any given year. This increases to 17% when the annual testing of trucks, buses and taxis is included. It is, of course, not known at present what the average length of ownership in Afghanistan is. If it were longer than 6 years the proportion of vehicles to be tested would fall and more emphasis would be required on the supporting random inspection scheme, to be discussed later.
Choice of regime

In compulsory periodic (annual) testing there is often a period of grace for new vehicles, which do not need to be tested for a period from new, usually 2 to 4 years. For the remainder, 100% of eligible vehicles are tested each year. This is considerable more inspections than for the alternative non-periodic regime which requires testing of around 15 to 30% of vehicles.

This means that for any given vehicle population a periodic regime is far more expensive to administer and it places a considerable annual financial burden on owners. Given that it has already been established that vehicle defects were not a significant cause or contributor to fatal or serious crashes, periodic testing would need to show considerable benefits to offset the considerable extra costs involved. The Australian review identified local research which supported much evidence from around the world that there is little difference in the incidence of vehicle defects in vehicle fleets operating under either of the two systems (Keatsdale 1999). Table 3.3 has been developed from Keatsdale’s data and shows the percentages of vehicles in crashes identified as having vehicle defects, for four Australian States. Two states had periodic testing regimes, two non-periodic – on change of ownership. As the table shows, the incidence of defects in crashes is very low and there is little difference between states under the different regimes.

It is significant to note that since the data in the study was collected, one of the states, the Australian Capital Territory (ACT) has implemented a shift from annual vehicle testing to a predominately random on-road system of inspections. The ACT reported that the new system was ‘working well to encourage owners and drivers to maintain their vehicles in a roadworthy condition throughout the year rather than just for the day of the annual inspection’.

TABLE 3.3 TESTING REGIME AND DEFECT INVOLVEMENT

<table>
<thead>
<tr>
<th></th>
<th>Periodic testing</th>
<th>Non-periodic testing</th>
<th>All Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NSW</td>
<td>ACT</td>
<td>VIC</td>
</tr>
<tr>
<td>Crashes</td>
<td>1786</td>
<td>58</td>
<td>1261</td>
</tr>
<tr>
<td>Light vehicles</td>
<td>2244</td>
<td>84</td>
<td>1619</td>
</tr>
<tr>
<td>Defect related</td>
<td>35</td>
<td>1</td>
<td>15</td>
</tr>
<tr>
<td>% defect related</td>
<td>2.0</td>
<td>1.7</td>
<td>1.2</td>
</tr>
</tbody>
</table>

After Keatsdale (1999)

Based on this type of information, a number of benefit/cost analyses show that periodic annual vehicle inspections are not financially sustainable. There is a significantly different response to these types of findings and they continue to be disputed. It has to be said, however, that most opposition to non-periodic regimes comes from the vested interests of the motor service industry. As will be argued later, for a range of reasons the non-periodic vehicle inspection scheme is recommended for introduction into Afghanistan.

Recommendation:
- A roadworthy system should be developed for light vehicles based around inspecting vehicles at change of ownership.
3.3.4 Centralised or decentralised systems

There are two major methods of delivery of a roadworthy testing scheme: centralised and decentralised schemes. As the name implies, a centralised scheme is based on inspections being conducted by a limited number of stations which specialise in such inspections. Such facilities are usually owned and operated by a relevant authority. A decentralised scheme is based on many stations conducting inspections as part of other activities. Such stations are usually privately owned service stations that have been accredited to carry out testing on the authority’s behalf. The following table illustrates the main advantages and disadvantages of the two systems (Paine 2000).

TABLE 3.4 CENTRALISED V DECENTRALISED TESTING

<table>
<thead>
<tr>
<th>Centralised system</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manageable number of stations to manage or audit</td>
<td>Fewer locations – less convenient for vehicle owners</td>
</tr>
<tr>
<td>Strong incentive to comply with standards</td>
<td>Difficult to cover country areas</td>
</tr>
<tr>
<td>Staff become inspection specialists</td>
<td>Little opportunity to subsidise costs through other income</td>
</tr>
<tr>
<td>Viable purchase of specialised equipment</td>
<td></td>
</tr>
<tr>
<td>Repair work distributed among all local repairers</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Decentralised system</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>More convenient access for vehicle owners</td>
<td>Low inspection level results in low expertise</td>
</tr>
<tr>
<td>Wider area can be covered</td>
<td>Too many stations to effectively audit and control</td>
</tr>
<tr>
<td>Inspection standards spread through repair industry</td>
<td>Potential for unnecessary repairs</td>
</tr>
<tr>
<td>Repairs can be done on the spot</td>
<td>Poor equipment standards</td>
</tr>
<tr>
<td>Potential for subsidised operation through repairs income</td>
<td>Repairs centred on testing stations</td>
</tr>
</tbody>
</table>

Unfortunately, in a decentralised system there will always be testing stations which do not conduct the inspections to the required standards, usually for additional financial gain. Unsafe vehicles tend to gravitate to these stations to receive their roadworthy certificate. This, of course will defeat the main purpose of the system, which is to remove such vehicles from the road.

The following key points need to be remembered for the Afghanistan situation:

- There will be difficulties developing skilled testing personnel,
• It will be difficult to obtain specialised testing equipment, and
• The system needs to be resistant to corruption given the limited resources that will be available for administration.

The Afghanistan Government has a strong interest in outsourcing as many transport sector activities as possible. However, the above requirements, and the advantages and disadvantages of the two systems, point strongly to the introduction of a centralised, authority run, testing system, at least until the local motor service industry matures to the extent that a decentralised system becomes viable.

Recommendations:
• The inspection system should be a centralised one under the control of the government or its agent. This activity should remain with the Ministry of the Interior.
• The provision of training and equipment should be seen as a priority.

3.3.5 Random road-side testing

Inspecting light vehicles at change of ownership is cost effective, but it means that vehicles are only tested, on average, every six years. If Afghanistan is to adopt such a system it is important that additional measures are taken to encourage owners to maintain their vehicles in good condition at all times. This is best done by road-side vehicle inspections.

Road-side inspection stations can be set up relatively quickly and inexpensively if they are seen as a screening process. Inspectors can be trained to effectively identify those vehicles likely to be suffering from major defects. These suspect vehicles would be required to report to a full testing station for a comprehensive inspection. Safe vehicles could be quickly released from the station. Vehicles likely to be suffering defects would be targeted to maximise effectiveness. The system is not perfect, of course. Externally well maintained vehicles may not be stopped but have severe mechanical defects while vehicles that look as if they might be poorly maintained can often be in excellent mechanical condition. However, if sufficient numbers of such relatively inexpensive inspection stations could be set up they would not only identify poorly maintained vehicles among those they stop for inspection, their presence also acts as an incentive to passing motorists to better maintain their vehicles.

Notwithstanding the potential for corruption associated with such roadside inspection, it is recommended that such a system be introduced in support of a non-periodic vehicle inspection regime.

Recommendations:
• Roadside inspections should be introduced to support a non-periodic inspection system.
• The provision of training and equipment for this low cost screening activity should be seen as a medium term aim.

3.3.6 Heavy vehicles

Operators of heavy vehicles, both trucks and buses, generally seek to utilise their vehicles as much as possible. They are often used at maximum mass and they cover much greater distances than private vehicles. It has already been pointed out that an inspection can only examine the vehicle at one point in time. So, given the extreme nature of their use, for heavy vehicles a more regular check on roadworthiness would be more appropriate. Thus most jurisdictions stipulate annual testing. Most
jurisdictions also require buses and taxis to be tested even more frequently, usually in the order of every 12 months.

More recent initiatives are towards ensuring regular maintenance is routinely undertaken to achieve efficient as well as trouble free and safe operation. Accreditation schemes are a useful way to ensure improved maintenance, which would be of greater benefit than annual testing which assures safety only once a year. Vehicle or fleet owners would need to:

- Develop an in-house assurance scheme,
- Document required staff procedures to achieve compliance with accreditation, and
- Undergo independent audits from time to time.

The procedures required to achieve accreditation would include:

- Daily examination of the vehicle when in use,
- Fault recording and reporting,
- Fault repair,
- Systematic scheduled maintenance and repair,
- Keeping of vehicle and repair records,
- Assignment of responsibilities within the maintenance system,
- An annual internal review of the maintenance system, and
- Relevant training and education of staff.

The introduction of such accreditation schemes, and assistance to do so for smaller owner/operators, would undoubtedly improve heavy vehicle roadworthiness beyond that achieved by periodic testing.

Recommendations:

- Annual vehicle inspections should be re-established for heavy vehicles. Taxis and buses should be inspected every six months.
- Encouragement should be given to operators to develop self accreditation systems to be recognised in the medium term.

3.3.7 Vehicle pollution

Air pollution

From an environmental perspective, the major impact of the transport sector on the environment is through vehicle emissions. Motor vehicles are the major source of urban air pollutants. Air pollution is not confined to the cities, however, many smaller regional centres have high densities of vehicles and people in the region could be affected as traffic in their localities increases.

While older vehicles will generally contribute far more pollution than newer vehicles, all vehicles must be well maintained if emissions are to be minimised. A well maintained vehicle fleet can generally be expected to reduce emissions by up to 25%. With the high proportion of vehicles, such as that shown in Fig. 3.5 evident in the Afghan fleet, including government vehicles, the local potential for emissions reduction is almost certainly even greater.
Managing air quality from a vehicle perspective requires a balance between ensuring standards for new vehicles, or used vehicles to be registered for the first time in Afghanistan, and ensuring in-service maintenance to minimise emissions.

Strategies for improvement

Excessive emissions (particularly smoke particulates) from petrol driven vehicles are usually the result of incomplete combustion. Causes can be fuel management, ignition systems or wear resulting in excessive amount of oil being drawn into the combustion process. For diesel engines, which make up a significant proportion of both the light and heavy vehicle fleet in Afghanistan, the problems are usually associated with worn of faulty injectors, or an incorrectly set fuel pump. Such vehicle conditions not only dramatically increase emissions; they also increase fuel consumption and reduce fleet efficiency.

Since these factors can be rectified by repair, or avoided by good maintenance, they are readily screened for, either during normal vehicle inspections for roadworthiness or by targeted roadside testing. Heavy mileage vehicles are to be subject to at least yearly testing, which helps the situation. Relatively low cost, effective testing equipment is available to identify highly polluting vehicles. When the vehicle inspection regimes are introduced such testing devices should be seen as high priority.

Noise pollution

Given the normal cacophony of horns, and the surprising small number of vehicles operating at very high noise levels, a similar noise screening and testing regime could be adopted to that outlined above for vehicle emissions.

**Recommendation:**
- Screening for vehicles with high fuel emissions and unacceptable noise levels should be included in vehicle testing regimes.
- When the vehicle inspection regimes are introduced, testing equipment for vehicle emissions should be seen as a high priority.

3.4 Vehicle registration

3.4.1 Introduction

The third key aspect governing the suitability of vehicles for use on the road network is the on-going registration process that allows vehicles access to the network and also appropriate management of the vehicle during its use.

Much like driver licensing, once a vehicle has satisfied the requirements of the appropriate design rules and other accreditation procedures, it is entitled to access to the road within an appropriate
vehicle class. The system acknowledges this right by issuing a registration certificate which allows access to the road system for the type of vehicle described. The class of vehicle depends on the nature, weight, or complexity of the vehicles concerned.

The management of a vehicle registration system is a complex one, but essential if vehicles are to be appropriately administered, their use controlled, and charges collected for use of the road network.

3.4.2 Eligibility for entry to the registration process

Most light vehicles that meet the vehicle standards prescribed by the regulations are eligible to be registered without conditions being placed on their use.

A heavy vehicle is also eligible to be registered without conditions if the vehicle complies with the provisions of the heavy vehicle standards prescribed by the regulations that apply to condition-free vehicles. The registration authority may accept as evidence that a heavy vehicle complies with the appropriate vehicle standards by way of a certificate to that effect, issued by the manufacturer of the vehicle, or identification attached to the vehicle.

A heavy vehicle that does not comply with the heavy vehicle standards prescribed by the regulations may be conditionally registered if the vehicle has a certificate from the authority to approve operations, issued in accordance with the regulations.

3.4.3 A Registration Authority

As already indicated, the responsibilities of a registration authority are complex in the area of vehicle registrations. The main functions of a registration authority would be:

• to administer the vehicle registration system,
• to maintain a vehicle registration register,
• to maintain a defect notice register,
• to provide information about vehicles in response to legitimate requests, and
• such other functions as are conferred by the regulations pertaining at the time.

An ideal vehicle registration system would also provide a system of registering vehicles that are used on roads or road related areas that in an overall sense:

• provides a means of authorising the use of motor vehicles on roads and road related areas; and
• enables the identification of registered motor vehicles.

This means the system would need to:

• provide for the issue and renewal of vehicle registrations, and for the imposition of conditions on registration,
• provide for the cancellation, variation and suspension of vehicle registrations,
• fix the periods for which a vehicle registration or renewal remains in force,
• require the production of specified information by:
  (i) applicants for vehicle registrations or renewals of registrations, or
  (ii) holders of vehicle registrations,
• provide for the issue of vehicle defect notices for specified test failures,
• provide for the collection of registration fees.
• prescribe different classes of vehicle registration, and grade each class by reference to the nature of the vehicle for each class, and the eligibility criteria for the issue of each class; and
• provide for the maintenance of a vehicle registration register and a defect notice register.

Importantly, as with driver licensing, the vehicle registration authority should be able to, on behalf of the Minister concerned, fix and charge fees for services provided by the authority in connection with the registering of vehicles, or the renewal or late renewal of vehicle registrations. The level of fees for
light vehicles should at least cover costs. Fee levels above this minimum would depend on what the market will bear and government policy. The setting of fees for heavy vehicles is directly related to their use of the road network, their weight, configuration and potential to damage the infrastructure whether conforming or non-conforming vehicles. The issue of road user charges for heavy vehicles is a vexed question and one that would benefit from a separate specific study.

The Vehicle Registration Register
The responsibilities outlined above call for the setting up and management of several registers through which to administer the system. Consideration of the Vehicle Registration Register illustrates the general nature of such registers. In order to maintain the Vehicle Registration Register the vehicle registration authority would have to record information similar to the following:

Vehicle details
Under Australian registration requirements, the following information on vehicles would be required:

All vehicles
- the name of the registered owner/operator,
- the identification details of the vehicle,
- the where the vehicle is normally garaged,
- the registered owner/operator's residential address, and the address for the service of notices (if different),
- the start date and expiry date of the registration,

Additional heavy vehicle information
- the vehicle's GVM,
- if the vehicle is conditionally registered—the conditions of registration; and
- the vehicle's GCM; and
- the vehicle's nominated configuration; and
- provided under third party insurance legislation and, if appropriate, the name of the insurer.

Such information is necessary for the on-going management of the vehicle from a registration viewpoint once the vehicle has been given access to the road network. It results in the need for an appropriate register to contain all the required information and generate information as needed.

The registration authority should record in such a register any change in a vehicle's description or the nominated configuration of a heavy vehicle which it has been notified under the regulations. The registration authority should also ensure that the register contains details of all vehicles which are currently registered, or that have been registered within the previous 24 months.

Registration certificate
When the registration authority registers a vehicle, the authority should issue to the applicant a certificate of registration for the vehicle that includes:

- the name of the registered owner/operator
- the address (if any) for the service of notices on the registered owner/operator of the vehicle,
- the garage address of the vehicle,
- the registration number of the vehicle,
- the make of the vehicle,
- the vehicle’s chassis number or engine number,
- the start date and expiry date of the registration,

additional information for heavy vehicles:
• the vehicle's GVM,
• the vehicle’s GCM, and
• if the vehicle is conditionally registered—the conditions to which registration of the vehicle is subject.

Registration label
When the registration authority registers a vehicle and, all annual registration fees have been paid, it should issue a registration label. This registration label is the indication that the vehicle is allowed to use the road network for the period identified on the label. A registration label issued in respect of a motor vehicle should include:

• the registration number of the vehicle,
• its make,
• its model or body type (whichever is the more descriptive),
• its chassis or engine number,
• the expiry date of the vehicle's registration,
• the vehicle's GVM
• the vehicle's GCM; and
• if the vehicle is conditionally registered—the conditions to which the registration of the vehicle is subject, in coded form,

This foregoing information is crucial to the development of a database which allows the management of vehicles once they have entered the road network. The concept of a registration label is to allow enforcement of the registration regulations. A registration label would normally be affixed: to the lower portion of the front windscreens, where it can readily be read by an appropriate enforcement officer. It would be a serious offence to use a vehicle on the network without current registration, indicated by a label affixed to the vehicle in the prescribed manner.

Owner/operator responsibilities
The registered owner/operator of a vehicle must notify the registration authority not more than 14 days after a change in:

• a vehicle's garage address; or
• the owner/operator's name, residential address or address for service of notices, and
• ownership – which also invokes responsibilities for the acquirer of the vehicle.

If any change is made to a heavy vehicle that:

• affects its description as recorded in the register; or
• would incur liability for an additional charges

the registered operator must ensure that the vehicle is not used until after:

• the registration authority has been notified of the change; and
• any additional fee or charge attributable to the change has been paid.

These requirements are placed on the owner/operator to ensure that the various registers managed by the Registration Authority are kept up to date to allow ongoing management of the system.

Defect notices
If a vehicle defect notice is issued under the provisions of the roadworthy testing process, in relation to a vehicle whose details are on the register, the registration authority must record in the register in relation to the vehicle:
• the serial number of the notice; and
• the clearance date (if any) shown on the notice unless that date is later than the date of any recorded certificate of inspection.

The registration authority may conduct or require to be conducted an inspection for the purposes of considering whether the defects described in a vehicle defect notice have been rectified and that the heavy vehicle does not have any other defects. A vehicle defect notice may be cleared by the registration authority, a corresponding registration authority, or an authorised person. A vehicle defect notice is normally cleared when:

• the registration authority receives evidence that the vehicle is no longer defective, and
• in the case of a major defect notice—the registration authority causes the defective vehicle registration label to be defaced or removed from the heavy vehicle.

This information is linked directly to the Defects Notice Register and ensures that vehicles cannot continue their use of the network while in a defective condition.

Recommendations:

- A Vehicle Registration Register should be established.
- A Vehicle Defects Notice Register should be established.
- A Vehicle Registration Division should be established which would be required to maintain both the Vehicle Registration Register and the Defects Notice Register.

4. References


# APPENDIX A  Licence classes

Given below is detailed information on the licence classes used nationally in Australia. The table gives details of the vehicles that holders of different classes of licence may drive.

<table>
<thead>
<tr>
<th>Code</th>
<th>Licence Class</th>
<th>MAY DRIVE:</th>
</tr>
</thead>
</table>
| C    | car licence                              | A motor vehicle with a GVM that is not greater than 4.5 tonnes and that is constructed or equipped to seat not more than 12 adults (including the driver).

A three wheeled motor vehicle that has a body type commonly known as, or similar to:

- sedan, station wagon, coupe;
- convertible, roadster; or
- utility, tray top or van.

*Does not include:*

- a motor bike; or
- a motor trike

<table>
<thead>
<tr>
<th>LR</th>
<th>light rigid vehicle licence</th>
<th>A motor vehicle that:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(a) has a GVM greater than 4.5 tonnes but not greater than 8 tonnes; or</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(b) seats more than 12 adults (including the driver) and has a GVM not greater than 8 tonnes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MR</th>
<th>medium rigid vehicle licence</th>
<th>A motor vehicle that has:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(a) 2 axles; and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(b) a GVM greater than 8 tonnes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HR</th>
<th>heavy rigid vehicle licence</th>
<th>A motor vehicle (including an articulated bus but not including any other articulated vehicle) that has:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(a) 3 or more axles; and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(b) a GVM greater than 8 tonnes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HC</th>
<th>heavy combination vehicle licence</th>
<th>(a) a prime mover to which is attached a single semi-trailer plus any unladen converter dolly, or</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(b) a rigid motor vehicle to which is attached a trailer that has a GVM greater than 9 tonnes plus any unladen converter dolly.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MC</th>
<th>multi-combination vehicle licence</th>
<th>Any motor vehicle or combination of vehicles.</th>
</tr>
</thead>
</table>

*Does not include:*

- a motor cycle; or
- a motor trike.

---

1. *Articulated bus* means a bus consisting of more than one rigid section with passenger access between the sections and the sections connected to one another so as to allow rotary movement between the sections.

2. *Converter dolly* means a trailer with one axle group or single axle and a fifth wheel coupling designed to convert a semi-trailer into a dog trailer.
| R | motorcycle licence | A motor cycle or motor trike.  
*Does not include* a three wheeled motor vehicle that has a body type commonly known as, or similar to:  
- sedan, station wagon, coupe;  
- convertible, roadster; or  
- utility, tray top or van. |
**APPENDIX B  Demerit Points**

Given below is detail of the demerit points associated with specific offences, as imposed nationally in Australia.

<table>
<thead>
<tr>
<th>Offence</th>
<th>Demerit points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exceeding speed limit by 45 km/h or more</td>
<td>6</td>
</tr>
<tr>
<td>Exceeding speed limit by 30 km/h or more but less than 45 km/h.</td>
<td>4</td>
</tr>
<tr>
<td>Disobeying traffic signal</td>
<td>3</td>
</tr>
<tr>
<td>Disobeying stop or give way traffic sign or line, or police directing traffic</td>
<td>3</td>
</tr>
<tr>
<td>Failing to give way</td>
<td>3</td>
</tr>
<tr>
<td>Failing to stop or give way at pedestrian, children’s or level crossing</td>
<td>3</td>
</tr>
<tr>
<td>Driving with unrestrained passengers under the age of 16 years</td>
<td>3</td>
</tr>
<tr>
<td>Driving contrary to a major defect notice</td>
<td>3</td>
</tr>
<tr>
<td>Driving on wrong side of double dividing lines, or on wrong side of divided highway</td>
<td>3</td>
</tr>
<tr>
<td>Exceeding the speed limit by 15 km/h or more but less than 30 km/h</td>
<td>3</td>
</tr>
<tr>
<td>Driving without a seat belt</td>
<td>3</td>
</tr>
<tr>
<td>Motorcyclist not wearing a helmet</td>
<td>3</td>
</tr>
<tr>
<td>Risk colliding with alighting, boarding or waiting tram passengers</td>
<td>3</td>
</tr>
<tr>
<td>Careless or negligent driving</td>
<td>3</td>
</tr>
<tr>
<td>Improper overtaking or passing</td>
<td>2</td>
</tr>
<tr>
<td>Turning or stopping without signalling</td>
<td>2</td>
</tr>
<tr>
<td>Turning improperly</td>
<td>2</td>
</tr>
<tr>
<td>Failing to keep left</td>
<td>2</td>
</tr>
<tr>
<td>Driving contrary to a minor defect notice</td>
<td>1</td>
</tr>
<tr>
<td>Offence</td>
<td>Demerit points</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Failure to dip headlights</td>
<td>1</td>
</tr>
<tr>
<td>Following too closely</td>
<td>1</td>
</tr>
<tr>
<td>Driving at night without lights on</td>
<td>1</td>
</tr>
<tr>
<td>Exceeding the speed limit by less than 15 km/h</td>
<td>1</td>
</tr>
</tbody>
</table>
Consultation Paper 1.5

Mandatory Third Party Liability Insurance for Road Vehicles

Executive Summary

There are invariably two or more parties involved in any road accident - the vehicle at fault (offending driver) and the injured party or parties (aggrieved parties). Under the Third Party Liability (TPL) insurance scheme, the insurer undertakes to pay compensation to the aggrieved parties on behalf of the offending driver. The insurer will not compensate the offending driver for damage/loss to his own personal property.

The introduction of a Third Party Liability (TPL) Insurance scheme for Afghanistan will be to its advantage as it will reduce public expenditure on health and maintenance of road side property which are susceptible to damage through accidents. It will also reduce pressure on the judicial system as it will encourage alternative dispute resolution among parties. The Road Traffic Law requires all vehicles to be insured prior to the vehicle licence being issued.

There are, however, critical issues that must be tackled prior to making the Scheme mandatory for all vehicles. Of particular concern are weaknesses in the registration of vehicles and licensing of drivers, poor management of vehicle safety, limitations in the capacity of the Afghan National Insurance Company (ANIC) to provide services, weak enforcement of the road traffic laws and poor security on parts of the road network. These basic issues must be addressed and rectified before any mandatory TPL Scheme could be introduced nationwide.

The strategy for the implementation of the TPL Scheme should therefore be gradual, introduced progressively over a pre determined schedule. The Schedule should take into account all factors including progress made in the strengthening of the vehicle registration and driver licensing systems, better enforcement and improvement in the capacity of the ANIC to provide services in the provinces.

The Road Traffic Law should be amended to allow for the progressive introduction of the scheme and to make it more explicit as to the details of the scheme. Regulations should also be drawn up relating to the detailed nature of the policies to be issued, limitations and exceptions and its implementation.

Much of Afghanistan’s trade and services moves by road transport. This would be adversely affected without proper security and safety. Improved security will allow ANIC to increase its range of services and coverage of the road transport industry and improve its commercial viability. Capacity building for the insurance industry must be undertaken immediately simultaneously with the gradual introduction of the TPL scheme.

Prior to the introduction of the mandatory scheme, publicity campaigns must be conducted to make the public aware of the benefits.
Recommendations:

Third party insurance should be made mandatory for all road vehicles in Afghanistan, but should be introduced gradually following other actions to improve the management of road traffic.

Actions:

An inter ministerial implementation committee should be immediately set up for the implementation of the Scheme. The Committee should be chaired by the Ministry of Transport with members drawn from the Ministry of Interior (Traffic Department), Ministry of Finance, Ministry of Information and ANIC. The inter-ministerial committee should be assisted by the Capacity Building Unit in the Ministry of Transport; see Consultation Paper 1.7.
Introduction

This Consultation Paper addresses the major issues associated with the proposal to introduce third party liability insurance and suggests a strategy for its implementation in Afghanistan.

Motor insurance is one solution to manage risks posed by the road transport industry and a means to ameliorate damages arising from accidents and other mishaps. With compulsory insurance in place financial risks arising from the operations of vehicles can be better managed. Damage to personal property (such as to vehicles and personal items), public property (road signs, lights and other infrastructure) and personal injuries arising from accidents can be managed without imposing an undue burden on private or public persons and organizations. Further private mediation and dispute settlement would be encouraged by the insurance industry thereby avoiding a strain on the courts. Health costs may also be met by the insurance industry and not become entirely a strain on the public health system.

Definition

When an accident occurs, there are invariably two parties involved - the vehicle at fault (offending driver) and the injured party or parties (aggrieved party). The offending driver and aggrieved party may suffer injury, death, damage and loss. The offending driver may not be in a position, financially or otherwise, to compensate for the damages/loss suffered by the aggrieved party especially if it is substantial. The insurer, under the Third Party Liability (TPL) insurance scheme, will then step in to pay compensation to the aggrieved party on behalf of the offending driver. The insurer will not pay any compensation to the offending driver for damage/loss to his own personal property. Under a comprehensive policy (which is not the recommended scheme here) however, the insurer will also be liable to pay for the latter category of damage/loss.

Current Situation

One of the components of the National Priority Sub-Programme of the National Development Framework (NDF) is accelerated investment in road construction and completion of key links. These improvements in road infrastructure will inevitably result in an increase in the number of vehicles and average speeds. This increase in numbers and speed, combined with the current poor driver discipline witnessed on the roads, will inevitably result in an increase in serious accidents.

There are an estimated 49,654 licensed trucks, over 13,000 buses and nearly 50,000 taxis in Afghanistan. According to the estimates of the Afghan National Insurance Company (ANIC) there are an estimated 70,000 vehicles in Kabul alone. It is predicted that the number of vehicles will increase sharply over the years. The ANIC for example currently issues insurance covers for 60-120 vehicles a day and it is expected that these numbers will increase.

The ANIC is the sole insurance company in Afghanistan. It has provided insurance cover for about 20,000 vehicles in Kabul and about 7,000 vehicles in Mazar i Sharif (as at March 2003).

1 Source: Ministry of Transport Afghanistan
The Company has an agreement with the Traffic Department, Ministry of Interior, to provide cover to vehicles. It has offices only in Kabul and Mazar i Sharif. The Company is currently severely constrained by a lack of resources to expand its services to other places in the country.

The proposal to introduce third party liability insurance cover for all vehicles has generally received positive feedback from the relevant Afghan agencies including the Ministry of Transport, Ministry of Interior and the Attorney Generals. It was stated by the Deputy Director of the Traffic Department that all vehicles appearing for inspections for new or renewal of licensing are required to obtain insurance coverage. However anecdotal evidence suggests that there is a serious problem with annual renewal of licensing by private vehicles and therefore a substantial number of vehicles may not be covered by insurance.

A review of all the relevant laws related to road transport has been completed (See Information Paper 4.1). It appears that, under current legislation, insurance is a mandatory requirement for all vehicles. The Road Traffic Law (25 Jadi 1352) (Gazette Number 484) stipulates that “no motor driven means of transport can enter the public road unless insured beforehand”. Further it requires “the Insurance Company” to insure all vehicles. The owner/ violator of an uninsured vehicle shall bear any compensation that he is liable for in the event of an accident.

Information on the average premiums being paid by motor vehicles in Afghanistan can be obtained. However such information is not critical to this study at this stage. An expert on insurance would have to be engaged to find out if the current insurance rates are reasonable or not given the circumstances under which the Afghan National Insurance Company is operating. It does appear however that there is currently no differentiation in the premiums charged for right hand drive vehicles. These vehicles pose a danger to traffic safety and it was estimated by the Director of the Traffic Department that a very high percentage of accidents are actually caused by these vehicles.

In Afghanistan a significant element of risk to the commercial operations of ANIC (or any other insurance company that may wish to start up) is the current poor security and safety situation in the country. Poor security in parts of the country poses a significant risk to the successful commercial operations of the insurance industry. The insurance industry, perhaps much more than any other commercial operation, depends on how successfully it manages risks. “Security” here may be broadly defined as the ability of members of the public including commercial and private operators to carry out daily chores and their trade and services in relative safety. If the element of security is unquantifiable or perceived to be very bad, then insurance cover may either be provided at very prohibitive cost or not at all. The security factor, so long as it is not resolved, will continue to be a significant element that will influence ANIC’s ability to provide continued services and support to the commercial sector.

**Issues Related to Implementation**

Mandatory insurance cover scheme for road vehicles is a requirement in Afghanistan’s law. The issue would really be the timing and manner in which the requirement may appropriately be strictly enforced throughout the country. Many factors have to be taken into consideration prior
to the introduction of a mandatory nation wide scheme for the road transport sector in Afghanistan. Some of these would include:

**Economic and Financial Considerations**

At this stage due consideration must be given to economic and financial constraints to the implementation of a mandatory scheme. The ability to pay by the various categories of owners of road vehicles is one consideration. However the reaction in many official circles is that a person who is able to afford and maintain a car should be in a position to afford a reasonable increase in additional maintenance costs for insurance cover. The situation may be different for different categories of vehicles depending on the amount of premiums demanded by ANIC. This will have to be investigated. The very basis of a mandatory cover is to ensure that every vehicle owner is put in a position to meet major costs that may arise from an accident irrespective of his personal resources to meet such costs. This has to be weighed against the cost of insurance premiums which has to be forked out annually by vehicle owners.

**Capacity of the Local Insurance Industry**

It would appear that the only insurance company in Afghanistan is the ANIC. It is mandated by the Road Traffic Law to provide insurance to vehicles. The ANIC is a Government Corporation and currently is faced with severe resource constraints. Its current outreach is only within Kabul and Mazar i Sharif. The introduction of any form of mandatory insurance cover will therefore be largely constrained by the ability of the Company to meet the service requirements throughout the country. A prerequisite for the introduction of any mandatory scheme would be the ability of the insurance industry to provide services throughout the country or at least in the major regional centres. The ANIC would therefore have to be strengthened to undertake this task. ANIC has proposed to the Government to allow foreign investment in the Company and to be privatized. Also changes to the Insurance Act have been proposed to allow for foreign investment in the industry.

**Risk Management for the Insurance Industry**

The ability of the insurance industry to manage its risks will, to a great extent, be dependent on the state of security in the country. If security is enhanced on the main highways then ANIC may also be in a better position to provide support and services. The creation of security outposts on the highways and the creation/strengthening of the highway police are possible solutions to the problem. Immediate attention to the improvement of security is a prerequisite for commercial operations and viability of the insurance industry. The capacity of ANIC to undertake various risks will be dependent, to a significant extent, on increasing the level of security for normal road operations.

**Vehicle Registration, Driver Licensing and Enforcement**

The introduction of any mandatory insurance scheme must be based on better governance and management of the road transport industry. Basic steps in the management of the road transport industry must first be in place. It would appear that not all vehicles in the country are registered, inspections carried out and their licences renewed annually. Similarly not all drivers are licensed.
The large numbers of right hand drive vehicles on the roads pose an increased element of risk for the insurance industry. The Laws, whilst requiring all vehicles to be insured, does not appear to impose any penalty for failure to do so. It is also not clear on the requirement for foreign vehicles to take out insurance. There is very little safety standards being imposed on the road transport industry. Enforcement is negligible or ineffective. There is no differentiation in rates imposed by the insurance industry itself to discourage unsafe vehicles and drivers. Without these basic issues being addressed the introduction of a mandatory insurance cover scheme for every vehicle may well be indeterminate and ineffective.

Type of Schemes

ANIC currently provides third party liability insurance cover for all vehicles. There should however be on offer other alternatives to this basic cover such as comprehensive cover. Public transport (busses and taxis) vehicles may be required to carry cover for passenger liability whilst commercial vehicles (trucks and other vehicles engaged in common carrier tasks) may be required to have minimum cover for damage to cargo. ANIC already provides some of these covers. An appropriate assessment should be made as to the type of schemes which should be embarked upon and when these may be made mandatory for the road industry in Afghanistan.

Insurance for Foreign Vehicles

Mandatory insurance for all local vehicles must also mean that the mandatory cover should be extended to all foreign vehicles entering Afghanistan. The Road Traffic Law requires that all vehicles must be insured. It is not clear as to whether this requirement is being enforced on international vehicles. The enforcement of this requirement will need bilateral/multilateral arrangements to be made with neighbouring countries.

Strategy

TPL insurance for all vehicles cannot be made mandatory immediately due to the issues identified earlier. These issues will take time to be rectified. Implementation of TPL insurance for vehicles in Afghanistan should therefore be gradual as the issues identified above are addressed and improved. A time frame for the progressive introduction of the TPL Scheme should be worked out and announced well in advance. Both long term and short term plans will have to be drawn up. The current voluntary (or semi mandatory) situation should not be halted but be allowed to continue. ANIC’s plans to encourage all government vehicles to carry mandatory insurance covers for their activities could, for example, be mandated as the first of many such progressive steps. Commercial vehicles could be next in line with private vehicles the final target. Bilateral arrangements with neighbouring countries should be considered to extend the application of the scheme to foreign vehicles.

An inter ministerial implementation committee should be set up immediately to oversee the implementation of the scheme and the proposals herein. The Committee should be chaired by the Ministry of Transport with members drawn from the Ministry of Interior (Traffic Department), Ministry of Finance, Ministry of Information and ANIC. The Committee shall decide on the exact details of the Scheme and an appropriate time frame for its implementation.
Recommendations

The introduction of a mandatory third party liability insurance scheme for road vehicles in Afghanistan will be to the benefit of the country. The Scheme should be introduced gradually, over a predetermined time frame, for the whole country.

Current law should be amended to allow for the progressive introduction of mandatory insurance cover, imposition of penalties, detention or suspension of usage of the vehicle until it is insured and provide for other issues such as the nature and validity of the policy and the proper role of the insurance company. Regulations should be drawn up on some of the detailed aspects.

Rigorous enforcement and better governance of the road transport sector has to be given higher priority by the authorities. Improved road safety in general and in particular stringent licensing of drivers and vehicles is a prerequisite for the implementation of the mandatory scheme.

Much of Afghanistan’s trade and services moves by road transport. This would be adversely affected without proper security and safety. The authorities concerned must give due consideration to the adoption of appropriate measures for the improvement of security on the roads. The creation of a Highway Police should be accelerated. Improved security will allow ANIC to increase its range of services and coverage of the road transport industry and improve its commercial viability.

The introduction of the Scheme has to be progressive, undertaken simultaneously with an increase in the capacity of the local insurance industry to provide the required level of service. Capacity building for the insurance industry must be undertaken immediately simultaneously with the gradual introduction of the TPL scheme.

Publicity campaigns must be conducted prior to the introduction of the mandatory scheme. It is important that the public is made well aware of the benefits of the scheme and informed well in advance of the time table for its implementation. Dialogues with the various vehicle unions may also be considered in the preparatory stage.

Actions

An inter-ministerial implementation committee should be immediately set up to oversee the implementation of the scheme and the proposals herein. The Committee should be chaired by the Ministry of Transport with members drawn from the Ministry of Interior (Traffic Department), Ministry of Finance, Ministry of Information and ANIC. The Committee shall decide on an appropriate time frame for the implementation of the Scheme.

Other issues such as privatization of the insurance industry, alternative dispute resolution and attraction of investment into the industry should be given due consideration over time as its implications are not confined only to the road transport sector.
The inter-ministerial committee should be assisted by the Capacity Building Unit in the Ministry of Transport; see Consultation Paper 1.7.
Road Passenger Transport: Accessibility in Urban and Rural Areas

Executive Summary

One of the policy recommendations in the Background Document is that road transport should be deregulated. At the same time it is recognised that there is a need to ensure that reliance on market forces does not leave urban or rural groups physically isolated. In many remote areas, accessibility to regional towns and service centres is low or almost non-existent. Because of lack of roads and low demand, commercial transport operation is often not viable and this can leave pockets of the population in virtual isolation.

In the Policy Statement it is stated that the Government’s role with regard to accessibility is threefold:

- To formulate policies and establish standards with regard to accessibility.
- To identify and establish an institutional framework which can effectively identify and put in place the means to implement policies and improve and achieve standards of accessibility.
- To provide finance to ensure improved accessibility.

One of the points made in this Consultation Paper is that whilst the government has a vital role to play with regard to accessibility, that role may differ between urban and rural areas.

Low accessibility in rural areas is a problem with no evident solutions. To apply a system of detailed regulations for the private sector would appear non-constructive if the problem is that the commercial incentive is lacking. The possible concept of “concession packages” where the right to operate profitable routes is linked to the obligation of operating “social” routes may work in urban areas, but is not suitable for rural areas. In order to increase the understanding of the situation in rural areas, and to identify possible strategies, it is recommended that as a first step a series of rural transport studies are undertaken in different regions.

If deregulation seems to be the natural principle for long distance and rural transport, the case can be different in urban areas, in particular large cities. If a city wants to have a system of relatively few, high-capacity buses operating in an integrated network, then regulation is a necessity. The recommended policy guideline for urban areas is therefore that local governments should be allowed to impose a regulatory system that suits them.

The preferred situation in a city is, in principle, that public transport is operated mainly by the private sector. This does not mean that the public sector should withdraw from its ultimate responsibility of providing public transport services in urban areas. On the contrary, by introducing and recognizing a clear distribution of roles and functions between the public and the private sector, it will be possible to handle this responsibility more efficiently. The proposed instrument for this is the establishment of a Public Transport Authority (PTA).

Under the general policy that public transport operations will be provided exclusively by the private sector, the PTA will function as the interface between the public sector and the private sector. It constitutes an instrument for planning and regulation of the public transport sector.
and for monitoring of the performance of private transport operators. Through the PTA, the local government sets the framework in which the private sector operates and it also intervenes when necessary.

It is proposed that donor assistance is sought for (i) drafting of legislation to enable municipalities to set up a PTA; and (ii) to implement the PTA in Kabul. As part of the last effort, the restructuring of the current route network, in a planned way that considers present and expected future needs of the city, should also be undertaken.

**Recommendations:**

The recommendations are that

- a series of rural transport studies be carried out in order to better understand the transport situation in rural areas and to identify strategies for how to improve accessibility
- in larger urban areas, the concept of a Public Transport Authority be considered, and that legislation be passed to enable municipalities to establish a PTA.
- required actions are taken to enable Kabul to set up and launch a PTA, along with a restructuring the present transport network.

**Actions:**

The MOT should request for donor assistance to

- carry out the rural transport studies
- prepare and draw up the legislation to enable the establishment of PTAs
- assist Kabul to restructure its public transport network and prepare for and launch a PTA.
Introduction

One of the policy recommendations in the Background Document is that road transport should be deregulated. At the same time it is recognised that there is a need to ensure that reliance on market forces does not leave urban or rural groups physically isolated.

In this consultancy paper, some possible policies and mechanisms to this purpose will be discussed. Given the urgency of the policy-making process and also the scarcity of reliable data (much documentation was destroyed and might have been obsolete anyway due to fundamentally changed preconditions) the TSR project relies, to a large extent, on the experience of experts and consultants. This is also the case for this Paper. Where feasible, international experiences have been used to illustrate some of the strategic choices now facing the Government.

As a general background, information about the present road transport sector in Afghanistan is included in Annex 1 to this Paper.

Accessibility

The general tendency today is to reduce central planning and rely on market forces. This mostly works well but sometimes undesired side-effects occur. In public transport, there is a risk that the industry, driven by profits, finds certain geographical areas or population groups uninteresting to serve. The result may be pockets of low accessibility which is a concern for society.

The optimal market for a public transport operator is a densely populated area, inhabited by people able to pay high fares (but without private transport), and connected with a good road infrastructure. Consequently, the potential left-out markets are those where none of this conditions are fulfilled. This can be the case in mountainous rural areas without roads but also in urban areas.

A special aspect on accessibility is the interrelation with the gender issue. Public transport system are often not designed in the best interest of women and in some cases, like Afghanistan, cultural and religious traditions reduce their accessibility further.

In many countries, there is an awareness of the problem of unequal accessibility and governments often attempt to intervene in order to improve the situation for the less fortunate. The issue that then needs to be discussed is the role of the private and the public sectors respectively and the degree of regulation needed.

In the Policy Statement it is stated that the Government’s role with regard to accessibility is threefold:

- To formulate policies and establish standards with regard to accessibility.
- To identify and establish an institutional framework which can effectively identify and put in place the means to implement policies and improve and achieve standards of accessibility.
- To provide finance to ensure improved accessibility.
One of the points made in this Consultation Paper is that whilst the government has a vital role to play with regard to accessibility in urban and rural areas, that role may differ between urban and rural areas, as explained below.

**Rural Transport**

In many remote areas, accessibility to regional towns and service centres is low or almost non-existent. Because of lack of roads and low demand, commercial transport operation is often not viable and this can leave pockets of the population in virtual isolation.

This is a dilemma with no evident solutions. To apply a system of detailed regulations for the private sector would appear non-constructive if the problem is that the commercial incentive is lacking. The possible concept of “concession packages” where the right to operate profitable routes is linked to the obligation of operating “social” routes may work in urban areas (see Section 4) but is not suitable for rural areas. Thus, the main principle for rural transport also should be a deregulated private sector.

There can, however, be a case for government intervention in situations where the private sector is unable to deliver the desired service.

The first option for the public sector to intervene is to provide infrastructure in the form of accessible roads. Wherever there is a feasible road connection and a minimum of demand, chances are that a private transport enterprise will emerge. This approach has the advantage that no detailed regulations or complex schemes are necessary. The subsidy is a one time effort that can, in many occasions, be donor financed. It should be noted, however, that this may not be enough. “Evidence from development projects funded by the World Bank and other donors shows that good roads do not necessarily mean good transport services. Indeed, it is common to see good quality roads used mainly by pedestrian and non-motorized means of transport in developing countries.”

The second option would be for the public sector to subsidise transport services that could be operated either by private operators under some form of contract or by the public sector itself. A daily or weekly service to the region centre could provide access to essential services such as health care, and could possibly be combined with postal services as has been done in remote areas in Europe.

How this should be organised must be carefully considered. It could be done by directly contracting private transport operators to supply a service they would otherwise not do. Such a strategy has to be used with some caution. There is a risk that market forces can become distorted if one operator is favoured in comparison with others. He may become dependant on government subsidies and if these subsidies should stop, then there is no one to replace him since the others have left the market. If the scheme is adopted it requires the existence of a planning body with high capability and integrity and should preferably be done through a bidding procedure.

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1 World Bank Technical Paper 525; Appendix 2.
Another possibility to support the private sector is to provide financial assistance in the form of credit schemes for vehicle purchase. This is an indirect type of subsidy that it is much more difficult to target directly to the desired purpose. There is always a risk that such vehicles are used in other places where potential earnings are better and then the inaccessible areas in question would still get no transport supply.

It would also be possible for the public sector itself to operate services in its own organization, such as e.g. Millie Bus. This must be considered with caution since the existence of subsidised public operators will almost certainly have a negative effect on the private sector. There is sometimes an argument that this approach guarantees continuity but this is questionable; if subsidies dry up the organisation does tend to stay on but without any activities being undertaken (the trolleybus organisation in Kabul is a good example).

Whether schemes such as the ones above should be the responsibility of the central government or some level of local government is often a matter of debate – both may want to enjoy the resulting political goodwill. In Afghanistan, of course, this issue is more politically loaded than usually.

A principle that appears constructive – but may need more consideration – would be that the central government create some form of rural transport funds. This could be justified in a situation where the local tax base is weak and foreign aid is channelled through Kabul. Local governments would then have the freedom to design schemes and request financial support from the central government.

It appears that not enough knowledge and understanding exists of the rural transport problems in the (very) different areas and regions of Afghanistan. If so, it would be premature to legislate detailed regulations. It is therefore recommended that the door is left open for government or local government intervention with detailed forms of intervention to be defined gradually.

In order to increase the understanding of this problem, it is recommended that a series of rural transport studies are undertaken in different regions. These could be done simultaneously and be sponsored by different donors under the umbrella of one coordinating unit, and the results could then be used for defining interventions. An example of a possible terms of reference for such studies is enclosed as Annex 2. The cost of the studies have tentatively been estimated at USD 0.5 million.

**Urban transport**

If deregulation seems to be the natural principle for long distance and rural transport, the case can be different in urban areas, in particular large cities. Whether, and to what degree, regulations are required is in fact highly dependent on the ambitions of the public sector (the municipality or the government).

In the urban system, transport interacts with land use and demography and contributes to shape the city and its function. For an authority that wishes to apply a planned city development, therefore, the transport system should be under its control.
Generally speaking, urban public transport can have two forms; the “fleet operation” concept and the “individual operation” concept (see fig 1 below).

The “fleet operation” concept is the traditional form of public transport in e.g. Europe. It is based on high or medium capacity vehicles operating routes in an organized system with fixed routes and planned frequencies. There is a limited number of operators - in the extreme case only one – operating in a company form with employed drivers. The technology can be rail (subway, tramway), trolleybus or bus but the main concept is the same as the system forms a more or less integrated network of services. Generally speaking, the concept of fleet operation tends to be associated with regulation by the public sector. Also, previously at least, the normal case in many cities was that operations were also done by the public sector and Millie Bus is of course a good example in Afghanistan. There is, however, a growing international interest in ways to combine the fleet operation concept with private sector operation, often through the regulation by a special agency.

The “individual operation” concept is based on a large number of small vehicles operating “one by one”. Sometimes drivers own the vehicles they operate but more common is the system with owners investing in one or more vehicles, e.g. minibuses, and drivers leasing the vehicles on a daily basis. In a situation with high unemployment this can be a profitable business for the owner since his risk is minimal. The individual operation concept can be said to be associated with deregulation and with private sector operation.

As indicated above, there is a relation between the degree of regulation and the resulting type of public transport system in a city. Market forces will satisfy the industry but may not always produce the kind of system that is considered desirable by city authorities. A fully deregulated system will, typically, require little intervention and no subsidies, but will on the other hand result in a non-planned system dominated by large numbers of very small vehicles, sometimes contributing to congestion, air pollution and uneven service levels.

Consequently, if a city wants to have a system of relatively few, high-capacity buses operating in an integrated network, then regulation is a necessity. This is apparently already the case in Kabul. In this situation, it would be unfortunate with a sweeping legislation that allowed anyone to operate public transport services at will in urban areas (this is the kind of “reform” that has led to grave problems in e.g. South Africa). Therefore, the recommended policy
The Public Transport Authority

The preferred situation in a city is that public transport is operated mainly by the private sector. This does not mean that the public sector should withdraw from its ultimate responsibility of providing public transport services in urban areas. On the contrary, by introducing and recognizing a clear distribution of roles and functions between the public and the private sector, it will be possible to handle this responsibility more efficiently. The proposed instrument for this is the establishment of a Public Transport Authority (PTA).

The idea of the PTA, as introduced in various countries, including Sweden, is that local government can devote its resources to the task of organizing, planning and monitoring the performance of a predominantly private sector. By coordinating and orchestrating the efforts of private operators in a competitive environment, the drive and efficiency of the private sector can be directed towards the benefit of public transport users. As will be commented upon elsewhere, a special transition strategy will be required for Kabul; see Annex 3.

Under the general policy that public transport operations will be provided exclusively by the private sector, PTA will function as the interface between the public sector and the private sector. It constitutes an instrument for planning and regulation of the public transport sector and for monitoring of the performance of private transport operators. Through PTA, the local government sets the framework in which the private sector operates and it also intervenes when necessary.

A description of the main features of a PTA is given below; see also fig 2. It is to be noted that all of these functions will not be feasible to establish in the short term and that the requirements may be different in large cities like Kabul and others.
Objectives of a PTA

The overall objective in creating a PTA is to introduce and maintain better public transport services. This is a task to be undertaken on many different levels, and one which is a continuous process rather than an isolated effort. The main challenge for a PTA is to make the public transport system work as an integrated system rather than, as now, an incomprehensible mass of individual routes operated by vehicles of shifting quality and with varying standard. Public transport is intended to constitute a serious alternative for the whole urban population; at the same time as it must fulfil social objectives and cater for low income groups. An efficient network of routes designed for the benefit of the passengers can speed up travel times. Improved enforcement of operational and managerial requirements can improve standard and safety. Malpractice and exploitation of passengers and drivers should be prevented. Fares will be balanced so as to allow for a sustainable system while at the same time providing an affordable service. Services will be balanced and competition introduced so as to avoid excessive profits in one part of the system while other areas are under-supplied. PTA will also
gradually shape the public transport sector in a way which is compatible with other urban transport objectives such as efficient use of road space, elimination of congestion and improvement of the environment.

Legal Form and Financing

The PTA is envisaged to be created by a "framework" law which will enable it to assume control of the situation, and in which the objectives and intentions of the PTA will be clarified. Basic legislation will be introduced and existing conflicting legislation will be removed. In particular it is necessary to ensure that the issuing of licenses for public transport routes becomes the exclusive right and responsibility of the PTA. In Appendix 4, an example of a basis for legal drafting is provided for Kabul.

The PTA will preferably be set up as a local government agency although it could possibly also be under the Ministry of Transport. There should be a Board or a Steering Committee representing relevant authorities and agencies concerned with the public transport issue. It is foreseen that the private sector will also be represented in the Board. The PTA will be able to collect, on behalf of the Government, license fees and other revenues from the public transport sector and, vice versa, to support non-profitable operations through direct payments or through the packaging of routes.

The operation costs of the PTA itself will primarily be covered by such funds. This should be secured by legislation in order for PTA to survive political changes.

The PTA as the local government's representative will be empowered with

- "monopoly ownership" of all existing, potential and future public transport routes in including bus, minibus and taxi as well as conceivable other modes such as rail-based systems
- exclusive right to define routes and to enter contracts with operators to operate them under terms, conditions and performance requirements decided by PTA
- responsibility to monitor and control the performance of operators and to impose sanctions if standards are not met
- right to negotiate terms and conditions for existing operators to change or modify their existing operations and routes

Working Procedures and Functions of PTA

PTA will prepare a detailed master plan for the public transport route network. This plan will be constantly upgraded and modified as the city develops and new areas emerge. The PTA will keep track of ridership and passenger utilization of the system and will analyze present and potential travel demand and produce forecasts for the long and short term. It will also keep track of the institutional and organizational development of the private sector at any given time. It should use modern specialized methodology making possible a detailed cost/revenue analysis on a route level as well as on a company level. This continuous process can be called "route network maintenance" and is crucial in a changing city.

Based on detailed analysis, routes or packages of routes will be defined and leased to operators for a certain time period - 3-5 year periods are common in similar cases in other countries. The PTA specifies operational and service requirements such as vehicle types, frequen-
cies, capacity, operating hours etc. and awards contracts after a competitive bidding process which can be designed in different ways. The PTA will normally issue contracts for a route as the smallest operating unit and will invite companies and associations to submit bids. For profitable routes, operators may be willing to pay a fee for the right to operate. For other routes there may have to be a negative fee (see below).

Through its powers to issue licenses and enter into contractual agreements, the PTA can and will influence and shape the structure of the private sector, for example by promoting the "fleet operation" concept. Professional operating companies and/or associations will be identified and supported. If, for example, at one specific time of issuing a route or a package of routes, a route needs more buses than any potential bidding company has, then part of the contractual arrangement could well be a financing support for the purchase of more buses and the paying back of those could be part of the license fee agreement. In many cases, especially in the initial stages, there is not enough capacity in the hands of established companies. In those cases, individual operators can be encouraged to form associations of the kind which has been prevalent in e.g. Latin American countries for many years. The form and legal status of these can vary. They could be cooperatives, economic unions or even route associations, although experience from some countries is that an association based on the route is less favourable since it tends to freeze the route network structure and is less feasible in a bidding situation. The main requirement is that the association must assume a combined responsibility for its members and will be represented by an appointed leadership. The ideal situation would be one in which there is a sufficient number of medium-sized companies and associations to make competitive bidding meaningful. The PTA should also devote resources to the support and development of the private sector. This can be done by management training activities and assistance of different kinds. It is important to state that the PTA should not be seen as opposite to the private sector but, on the contrary, should support it and stimulate it to reach an overall better performance which will benefit users and operators alike.

As regards the vehicle fleet, the PTA can and should influence the composition of vehicle types in the public transport system in a way which is compatible with other objectives in urban transport and the urban environment as a whole. Thus, it is possible that the PTA, at least in larger cities, may promote a development towards medium-capacity (or even high-capacity) buses rather than towards smaller units because of their higher potential for road space efficiency and environmental benefits. Such potentials could be exploited in a well planned and monitored system in which different vehicle types exist and are given roles which suit their characteristics.

The regulation and issuing of licenses to taxis would fall within the jurisdiction of the PTA. Since the taxi sector is at present an important component of the urban transport system, it is to be expected that the PTA will handle this sector with care. Gradual conversion to larger operating units as well as larger vehicles could be encouraged.

The PTA will follow up and monitor private operators, constantly evaluating their performance in relation to the service and performance requirements stated in their contracts or licenses. In the case of non-fulfilment, the PTA will have the powers to introduce sanctions adapted to the situation, probably of economic nature. In serious cases, the operator may lose his contract altogether. It is important to establish that the responsibility of the conduct of individual drivers rests with the company or association, and sanctions will be imposed on that level, not to the individual driver. Only in the case of a traffic offence will the driver be directly responsible and then it is a matter to be enforced by the traffic police. Since this
monitoring process with the possibility of economic sanctions is a sensitive issue, it is important that it is done in an objective way by personnel of high integrity.

The PTA may lease out attractive routes for a fee. Such revenues can be diverted back to the public transport sector in order to improve service levels. In this way, surplus from profitable routes can for example be used to support non-profitable operations in low-income areas which may be seen as social service obligations by the local government. This can be arranged in the form of "negative license fees", in which the operator gets paid (after a competitive bidding process) for operating a route which is non-profitable but necessary from social reasons. The PTA thus provides an efficient mechanism for the local government to influence the system and to stimulate it economically. It should be understood that this is a very different concept than the kind of inefficiency-rewarding subsidy that is constituted by simply covering the deficits of an operating company. Funds could also be created in order to facilitate bus stops, terminals and other infrastructure, to provide management support to emerging companies and route associations and possibly for financing of vehicles. As operating units become larger, route packages can be designed as internally cross-subsidizing in which a successful bidder undertakes to operate both "fat" and "lean" routes within a sector. This must be carefully followed up to control that the operator really operates all routes as stipulated.

The fare system and especially the level of fares are of paramount importance in a public transport system. The construction of the fare system, in particular whether it is a flat fare or a distance-related fare affects the way passenger use the system and the way routes can be designed. The fare level affects the profitability and the sustainability of the whole sector, but is also has a high impact on users, particularly low income groups. The fare system is therefore an important parameter in the design of an integrated system. The anticipated fare is an important component in a route licensing contract. The PTA, as the main responsible body for public transport planning and operation, should, for these reasons integrate the design of the fare system and fare levels in its work. Given the important social and political implications of public transport fares, it is recommended that the PTA should prepare coherent proposals which would be discussed and decided in a larger political forum.

The public transport sector will be founded on competition and will be well fitted into a modern market economy. At the same time, however, public intervention and control will secure that competition is constructive and not counterproductive. Competition should ensure efficiency and provide a user-responsive system. Competition will mainly occur on the institutional level, in the stage of competitive bidding for licenses. Competition is not intended to occur between individual vehicles on the same route since this is not improving the service to passengers. There will always be cases when competition between two or more different routes is possible since many stops and stations will be used by many routes. Although passengers will normally choose the first arriving bus, there is still an opportunity to choose a preferred company based on standard and quality of service.

The PTA will establish and manage a comprehensive data bank including detailed information of routes, operators, contracts and performance. It should conduct surveys of different kinds, continuously updating information of passenger demand and public transport ridership. It should produce information of existing passenger demand and public transport ridership (some initial steps in this direction are taken by the JICA study in Kabul) and this should be constantly updated and upgraded through follow-up surveys. The PTA will also build up in-

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1 Pacific Consultants International (2003): The Urgent Rehabilitation Support Program: Rehabilitation Study of the South-Western Area & Public Transportation Study of Kabul
formation and knowledge of price elasticity and sensitivity to public transport cost levels for different strata of the population. The PTA will interact and liaise with other agencies dealing with urban transportation. Eventually, it is possible that urban transport planning functions could be coordinated and then the PTA would be included in such a coordination.

Next Steps

It is suggested that donor assistance is sought for (i) drafting of legislation to enable municipalities to set up a PTA; and (ii) to implement the PTA in Kabul. Outline TOR for study (i) is at Annex 5; the estimated cost is USD 150 000. As part of the last effort, the restructuring of the route network with the objective to put the new, donated buses into operation in a planned way that considers present and expected future needs of the city should also be undertaken. Estimated implementation time is 2 years. Cost estimates and detailed TOR are expected to come out of the JICA study. The tentative cost is USD 2.0 million; see further Annex 4.

Recommendations

The recommendations are that

- a series of rural transport studies be carried out in order to better understand the transport situation in rural areas and to identify strategies for how to improve accessibility; TOR are in Annex 2
- in larger urban areas, the concept of a Public Transport Authority be considered, and that legislation be passed to enable municipalities to establish a PTA; outline TOR in Annex 5.
- required actions are taken to enable Kabul to set up and launch a PTA, along with a restructuring the transport network; see Annex 4.

Actions

The MOT should request for donor assistance

- to carry out the rural transport studies
- to prepare and draw up the legislation to enable the establishment of PTAs
- to assist Kabul to restructure its public transport network and prepare for and launch a PTA.

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3 See previous footnote.
ANNEX 1: Structure of the Afghan road passenger transport sector

1. Service structure

In terms of service structure, the road passenger transport sector can be described as in fig A1:1 above. Long distance transport occurs between regions and major cities and also to neighbouring countries, such as Pakistan and Iran. The preconditions for this service have deteriorated during the last decade. Demand has been suppressed because of unrest and war and the quality of service is low because of the generally bad road conditions throughout the country. (The travel time by car between Kabul and Kandahar was 4 hours 20 years ago and is now 14 hours). Fares vary from distance to distance and types of vehicle used. For example, a passenger travelling to Mazar-I- Sharif is charged 200 Afs by bus, 300 by flying coach, 350 by Town Ace, and 600 by Corolla.

Urban transport is to be found mainly in Kabul and provincial capitals. In the period before 1992, this was a priority service, to a large extent provided by the public sector in the form of organized fixed route bus transport. Today, much of urban transport is provided by the private sector with buses and taxis. Public transport in Kabul carries about 80% of all vehicle trips.

Regional transport occurs in different forms in rural areas, for example connecting villages to local hubs or towns, and also within small conurbations. This is not confined to motorized vehicles but can take place through walking and animal drawn vehicles as well, often for very long distances. Passenger transport and goods transport must often be combined and there is not always a clear line between what is a commercial operation and not. People are travelling mainly by taxis and trucks in Pul-I Khumri and other cities of the region. Bad road condition and lack of transport facilities to some districts are major transportation problems. There are 16 truck and 10 taxi transport agencies functioning in Pul-I Khumri, 5 agencies in Takhar and Kunduz, and 6 agencies, including trucks, carrying passengers and goods in Faryab.

Fare varies from distance to distance. For example, passengers travelling from Pul-I Khumri to Kabul, Badakhshan, Takhar and Kunduz are charged between 100 – 400 Afs. In the same way, those travelling from Kunduz to Imam Sahib, Takhar, and Dashti Archi are charged between 100 to 125 Afs; from Takhar to FaizAbad, Farkhar and Rostaq between 250 and 300 Afs; from Faryab to Qaisar, Kohistan, Shirintagab, Dawlatabad and Andkhoy between 95 to 135 Afs; and from Maimana to Jawzjan, Badghis and Hirat between 100 to 450 Afs.

All of these types of passenger transport – long distance, urban and regional – use a variety of technological and organizational solutions. The most important are the bus and taxi sectors.
2. Buses

2.1 Private buses

According to official figures, there are 165 registered long-distance private bus companies; 101 based in Kabul, 64 in provinces, with a total of 14,007 buses. For Kabul itself, there are 7 bus unions with a total of some 900 buses, mostly minibuses and vans and mainly old ones. (According to another source some 2,000 buses are registered in Kabul but this does not necessarily mean that they operate there).

<table>
<thead>
<tr>
<th>Union</th>
<th>No of buses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mir Barak Bus</td>
<td>179</td>
</tr>
<tr>
<td>Ehsaan Bus</td>
<td>152</td>
</tr>
<tr>
<td>Saber Bus</td>
<td>150</td>
</tr>
<tr>
<td>Gulestan Bus</td>
<td>112</td>
</tr>
<tr>
<td>Shiraze Tofan Bus</td>
<td>19</td>
</tr>
<tr>
<td>Hamayun Bus</td>
<td>90</td>
</tr>
<tr>
<td>Sada Bahar Bus</td>
<td>200</td>
</tr>
<tr>
<td>TOTAL</td>
<td>902</td>
</tr>
</tbody>
</table>

Table A1.1 Buses in Kabul

2.2 Public buses

During times of Soviet influence, bus transport was to a large extent associated with the public sector. Today, the concept of public buses plays a significant role only in Kabul in the form of the Millie Bus Corporation and the now non-functioning trolley bus company (see Annex 3).

3. The taxi sector

The taxi system in Afghanistan is wide spread and well organised. Taxis provide all kinds of passenger transport; long distance, urban and regional trips as well as international trips between e.g. Kabul and Peshawar.

According to MOT there are 24 taxi unions registered in Kabul and 27 in provinces with a total of 29,131 vehicles. The estimated number of taxi unions in the country varies, however, from 39 (JICA) to 51 (MOT).

In Kabul, the number of active unions is at present reported to be 5 with a total number of some 4,800 taxi cars.

The real number of taxis operating in and outside Kabul is generally assumed to be much higher and figures up to 30,000 have been mentioned. The number of taxis registered in Kabul is said to be some 20,000 but this figure does not give much guidance since the area of operation may not coincide with the place of registration.
### Table A1.2 Taxi unions in Kabul

<table>
<thead>
<tr>
<th>Union</th>
<th>No of taxis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Khurshid</td>
<td>2562</td>
</tr>
<tr>
<td>Aseeb</td>
<td>152</td>
</tr>
<tr>
<td>Abasein</td>
<td>15</td>
</tr>
<tr>
<td>Paghman</td>
<td>1972</td>
</tr>
<tr>
<td>Sayar</td>
<td>98</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>4799</strong></td>
</tr>
</tbody>
</table>

Taxis in Afghanistan are painted white and yellow in different patterns depending on where they operate; within a city or outside. In Kabul, taxis are also supposed to operate within operating zones indicated on the vehicle. In practise, however, these rules are not enforced and taxis can operate at will.

Unofficial taxis, without the white and yellow colour code, exist but to what extent is for natural reasons difficult to estimate. However, at least in Kabul, their number appears smaller than one would expect.

### 4. Intermediate vehicles

A major proportion of road passenger transport in Afghanistan is carried out not by large buses but by small and intermediate size vehicles of a variety of forms and shapes. This category ranges from small Japanese vans in the cities, to minibuses on the main roads and to powerful Russian four-wheel drive vehicles, still preferred in mountainous areas.

The type of three-wheeler passenger vehicles well-known in e.g. Pakistan, India and Thailand, (“auto-rickshaws”, “tuk-tuks”, etc) exist in some Afghan cities but usually not in large numbers. In Kabul, auto-rickshaws are few and limited to one or two areas.
ANNEX 2: Terms of Reference for a Country Study of Rural Transport Services

This annex provides generic terms of reference for a study on rural transport services and intermediate means of transport. The details should be adjusted to the circumstances of the country or area studied.

Background

These terms of reference focus on a survey of rural mobility in a particular country or region with the aim of developing a strategy or interventions to improve rural transport services. They set out a situation analysis, including the actual use of and the assessed demand for rural transport, try to identify constraints to the provision of rural transport solutions, and develop a strategy to mitigate these constraints in order to promote affordable transport solutions for the rural poor. The survey should address the whole range of transport provision relevant to the area, including motorized and non-motorized means as well as transport services and private transport.

Country Context

The lack of rural transport solutions is frequently identified as a major constraint to rural development. Transport services and infrastructure are often poor or lacking, and planners generally have not taken an integrated approach to the problem. They have traditionally focused on improvements to transport infrastructure, usually roads, as the principal remedy, on the assumption that private initiative would respond to the resultant demand for mobility. However, there are often problems that impede the development of this private initiative, so the supply and quality of transport services are unsatisfactory. Evidence from development projects funded by the World Bank and other donors shows that good roads do not necessarily mean good transport services. Indeed, it is common to see good quality roads used mainly by pedestrian and non-motorized means of transport in developing countries.

Government policy and regulation of the market for transport services as well as transport associations and unions might impede the provision of rural transport services. Often an urban-rural imbalance can be observed. Queuing for loads at truck parks on certain urban or interurban routes with a scarcity of services on rural routes is common. As government interventions in transport services have declined, private cartels have sometimes taken their place, creating significant distortions in transport markets. This combined with other factors leads to three or five times higher transport charges in Africa than in Asia. Lower charges would increase the effective demand for transport services from rural communities.

Private transport services such as bicycles, carts, animals, and motorbikes are often underused by the rural poor and the most vulnerable, including women, who, in many parts of the world, have the main responsibility for transporting goods. Use is limited partly by socio-cultural factors, high costs, and lack of supply, maintenance, and spare parts in rural areas. Lowering taxes on transport vehicles has been shown to increase the number of vehicles, while promotional efforts such as credit, awareness raising, and training have increased their use.

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4 From World Bank Technical Paper No 525 “Improving Rural Mobility”. Reprinted with the permission of the World Bank. To be adapted to Afghan conditions
Objective of the Study

The principal objective of the study is to identify the problems in rural mobility in a country or a region that are hindering development and to develop a strategy that can alleviate these problems. The study will be used by policymakers, task managers, program officers, community planners, and nongovernmental organizations (NGOs) to enhance the provision of transport services. The situation in the area should be outlined and a plan of action described that details who is responsible, the proposed timeframe, and potential pitfalls.

Scope of Work

The Study will survey the current situation in rural mobility, transport services, and means of transport within and outside the specific region or country to draw lessons from similar cases. The study should consider different transport solutions based on conditions and potentials and should integrate transport services and infrastructure, though the interventions should focus on the means of transport. Due to various standards of roads and population density on a specific route, the study must also consider the linkages between motorized and non-motorized transport. The study should present the rationale and justification for improving rural mobility and review its contribution to the objectives of increasing agricultural productivity and rural welfare and to facilitating access to economic and social services.

The report could be divided into three sections. The first would examine the existing situation to increase the understanding of prevailing conditions of use, supply, and demand in rural transport, means of transport available, laws and regulations, tradition and culture, and so on. The second section would highlight the constraints and problems in the provision and use of rural transport. The third section would outline a strategy for undertaking programs and activities to promote and develop rural mobility. The strategy should identify and address the players who can contribute to the development of transport services, such as communities, government, operators, manufacturers, donors, institutions, and NGOs. A number of issues should be addressed under each section; the major ones are mentioned below.

Part 1 Situation Analysis: The Nature of Rural Mobility (Means of Transport and Infrastructure)

This part is an assessment of the variety of transport services in the area and people’s access to these and the existing and planned road infrastructure (including larger roads as well as smaller paths and footbridges) and responsibilities for construction and maintaining it.

- Assess access to facilities and the needs and preferences for transport solutions
- Identify transport users. Assess demand patterns and any seasonal variations.
- Describe gender and cultural conditions affecting transport needs and usage.
- Analyze affordability and economical options for transport services (income and distribution, available credits and subsidies to purchase vehicles or use services (income and distribution, available credits and subsidies to purchase vehicles or use services, cost of vehicles, spare parts, maintenance and services, ownership, and so on).
- Assess community awareness and capacity for transport options and potential.
- Review the process of identification, planning, and initiation of transport services; participation of communities and the public and private sectors; involvement of donors, NGOs, and government departments; and impact of policies affecting the sector. Identify stakeholders and their roles.
- Describe the organization of rural transport services by identifying stakeholders, users, operators, cartels, regulatory authorities, and the management of rural transport services.
Consultation Paper 1.6

- Describe the legal framework for the transport sector (such as taxes and duties on vehicles and services).
- Review the rural transport policy (if any) and its implementation.
- Assess the economic efficiency and profitability of transport services including transport costs, vehicle operating costs, and socioeconomic disadvantages or benefits of existing transport options.
- Describe the supply, after-sales services, and maintenance facilities available for the transport sector.
- Analyze safety and environmental problems related to existing transport solutions.
- Study other options to improve accessibility, such as rural markets, health clinics, and other facilities.

Part 2  Problem Analysis: Analyze Problems Related to the Existing Transport Situation

- Access to transport services.
- Affordability and economical options.
- Gender and cultural hindrances.
- Community’s degree of empowerment and participation in local government planning.
- Local and national awareness of transport options.
- Local initiatives.
- Transport operations.
- Reasons for lack of services and vehicles, road infrastructure, affordability and critical mass.
- Supplies of vehicles and spare parts and characteristics of the marketing systems.
- Lack of unfavourable laws and regulations.
- Institutional arrangements and involvement of stakeholders in decision-making.
- Rural markets, access to facilities, infrastructure type and condition.
- Safety and environmental problems.

Part 3  Recommendations: Proposed Strategy for Improving Availability of Transport Means and Services

Promotion of Private Ownership of Means of Transport

- Outline options for appropriate rural transport services and show how complementarity and diversity can improve rural mobility.
- Provide guidance on appropriate spending for transport services in relation to people served, tonnage handled, increased income from sales, and so on. Consider economical options to enhance affordability and use of transport among the poor (including credit, subsidies, taxes and duties).
- Propose ways to adopt participatory planning and empowerment and explain the benefits.
- Propose ways to enhance human capacity and awareness and to stimulate local initiatives.
- Propose interventions to address gender and cultural obstacles to make transport available to those in need.

Promotion of Transport Services

- Consider ways to improve the supply and distribution of vehicles and maintenance.
- Consider ways to improve effective demand.
- Outline options for improving safety and environmental conditions.
- Consider economical options to promote transport use (credit, subsidies, taxes, duties).
• Outline options for institutional arrangements and stakeholder involvement.

Other Options

• Consider alternative ways to improve access (rural markets, relocation of facilities, provision of infrastructure).

Estimated Consultant’s Input

The Consultant’s first task will be to draw up an initiating memorandum detailing the questions to be examined, the work methodology, and work schedule. The memorandum will be discussed and agreed before the beginning of the study. It is expected that the study will require a total of [insert variable] person-weeks. The team should include a transport economist, rural transport specialist and social scientist.

The consultant will report to [insert client’s name]. The consultant will present the initiating memorandum to the client and the task team leader before starting the substantive part of the work. The preliminary and final reports will be reviewed by the client and the task team leader. Comments will also be sought from professionals and institutions with experience in transport, planning, and rural development.

Reporting Requirements

A preliminary report will be produced one month after commencement of the study. A draft report should be produced two weeks after completion of the services. The final report must be provided two weeks after reception of feedback. The consultant will produce [insert variable] copies of each report as well as a diskette of the final report.

Cost Estimate for Three Rural studies

Three different studies are considered. In addition to the study teams themselves (that could be from different consultancies and even perhaps from different donor countries), it is suggested that one consultant be engaged to assist the Government in the initiation, monitoring, evaluation and interpretation of the results of the three studies. This consultant would also assist in transforming the results of the studies into recommended actions.

Each of the study teams would include a transport economist, a rural transport specialist and a social scientist, and each study would be undertaken during a period of three months. Local staff would be required in the form of interpreters and translators for the various languages in question, as well as for assistance in travel arrangements, undertaking of interviews, etc. It is recommended that the teams include both men and women in order to be able to interview all parts of the population and thus get a full perspective of the problem. Given the conservative values and attitudes that can be expected in many rural areas, it would be to the advantage if experts from Islamic countries could be involved.

A tentative budget would be as follows:

<p>| Foreign consultants | Study teams  | 27 man-months @ USD 15 000 | 405 500 |</p>
<table>
<thead>
<tr>
<th>Service</th>
<th>Hours</th>
<th>Rate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monitoring consultant</td>
<td>3</td>
<td>USD 20,000</td>
<td>60,000</td>
</tr>
<tr>
<td><strong>Local staff</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For study teams</td>
<td>27</td>
<td>USD 1,500</td>
<td>40,550</td>
</tr>
<tr>
<td>For monitoring consultant</td>
<td>6</td>
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At this stage, it might be practical to assume a total requirement of 500,000 USD.
ANNEX 3: Development of urban public transport in Kabul

1. Background

Kabul is not Afghanistan but it is the largest city and many of the issues and problems facing Kabul are, or will be, relevant also for other cities. Government control can be expected to be highest in Kabul and therefore chances would also be the best there for a successful implementation of desirable and trendsetting policies. One of the key issues in passenger transport in the country – the future policy of Millie Bus – Bus is particularly intertwined with the situation in Kabul. For these reasons, (and also, frankly, because data and information on Kabul were more accessible than for other cities during the time of the study), some emphasis will be laid on the development of a public transport system in Kabul.

2. Issues in Kabul

Many different issues are now facing Kabul and, to varying extent, also other cities in Afghanistan. There is an immediate situation to solve but there is also a need for careful consideration of how actions now taken (or not taken) will set the scene for the future – sometimes irreversibly.

2.1 Lack of transport capacity

The first and fundamental task for the system is to be able to offer sufficient capacity to satisfy the travel demand of the public. For many reasons this demand can be expected to rise sharply in the near future. With normalisation and economic development, the need for work and school trips will increase. The return of women to employment and of girls to schools will work in the same direction.

It has been estimated that about one million people will return to Afghanistan from neighbouring countries, basically Pakistan, and that most of them will go to Kabul. This will further increase the demand in the short term. (When, after the first Gulf War, some 400 000 Palestinians were forced to leave the Gulf states and go to Amman, a transport crisis occurred).

The capacity of the present public transport system is insufficient, based as it is on taxis, minibuses (mostly old) and a few standard buses. For this reason, the expected influx of some 500 buses to Kabul is urgent and needed.

2.2 Congestion

Kabul has a limited road network and traffic congestion is already occurring in many areas. Additional road capacity would be needed in the form of widened and new urban roads. Such schemes should go hand in hand with traffic management actions in order to maximise efficiency in the use of available road capacity.
Also in this context, the public transport system has a role to play. A well planned public transport system based on high capacity vehicles could alleviate congestion if it can replace many smaller vehicles.

2.3 Air pollution

The air quality in Kabul is clearly unsatisfactory and is likely to become worse as traffic increases. The major problem is likely to be low quality in both fuel and engines. It is not known whether any recent measurements have been made; if not, it is recommended that a first set of air quality measurements be made soon.

![Fig A3.1 Air pollution in Kabul](image)

Since public transport forms a large proportion of motorised trips in Kabul and will continue to do so, it is obvious that the public transport system has a role to play in the attempts to reduce harmful exhaust emissions. Modern European buses are practically non-polluting but are costly. Other technologies such as electrical propulsion (for example trolleybuses, see below) or gas buses are available but at even higher costs.

In Europe, people are often encouraged to use public transport instead of cars in order to improve environment. In a city like Kabul, however, a more relevant strategy would be to promote a system based on few high-capacity vehicles rather than many small vehicles. This is one argument in favour of the “fleet operation concept” (see 3.5).

2.4 Accessibility

In a metropolis like Kabul, accessibility to all parts of the city is an important issue. People can, however, lack access to the public transport system for many reasons. Some areas are physically isolated due to the lack of roads; others because mountainous conditions that make them unattractive for transport operators. Also, considerable groups of people lack the financial resources to use even the cheapest mode of transport and are confined to walking. To create conditions for mobility of people is a responsibility and a challenge for city authorities.
2.5 **Employment**

One of the aspects of the public transport system that should not be overlooked is the fact that it provides employment. The type of transport system that is least efficient from the point of view of use of road capacity and environment is also the one providing most employment and this is a conflict that often generates political problems.

2.6 **Financing**

A transport system must be paid for either by the users or by the society as a whole. Cities that have left their entire transport system to the private sector to solve by market forces may encounter many disadvantages but at least this approach eliminates a potential financial burden. If a city wants a more sophisticated system, then it must be made clear how and by whom it will be paid for.

2.7 **Interaction with urban planning**

The urban transport system has a considerable potential to shape urban development. This can be used as a tool but it can also be a limitation. It may, for example, be non-constructive to locate a market area to a place where preconditions for public transport accessibility is lacking.

2.8 **Role of women**

The improvement of the role of women is a priority in today’s Kabul and the public transport system is one of the areas involved, including issues such as:

- treatment of women in buses and on bus and minibus stops
- accessibility issues – shopping, children, school transport
- work – better accessibility and mobility could increase the opportunities for active participation in employment.

Sometimes ambitions are in conflict. To provide special buses (or compartments in buses) for women does improve the situation for many and would be implementable since it is in line with local customs. However, at the same time, this policy of special treatment contributes to the isolation of women in the long run.

2.9 **Buses arriving – a fait accompli**

A factor that must be taken into account in the planning of the public transport system for Kabul is that some of the strategy decisions have already been taken. With donated buses now coming, the city must adapt its policies to make the best possible use of them. This calls for the policy of a regulated, organised bus system of the “fleet operation” type.

3. **Recommended route network and service structure**

3.1 **Route network design – a trunk line/feeder line system**

As buses are now coming, it may seem natural to want to re-establish the previous system based on 55 routes that covered 532 km in the city. However, the opportunity to redesign
and optimize the route network should be taken before all the buses are definitely put in traffic. A Japanese funded urban transport study is at present (spring 2003) ongoing in Kabul and before a new route network is firmly implemented the results should be considered.

It is important that the route network structure take into consideration not only the new buses but also other modes, especially minibuses, that may have an important role to play. The most logical structure in the situation of Kabul would seem to be to implement a trunk line/feeder line system. The new, relatively high-capacity buses would function as the backbone of the system, much like a subway in some cities, and would be complemented by smaller vehicles.

The overall strategy for the medium and long term should be to secure the advantage of an integrated and coordinated system that, in the best cases, characterized the classical European model, but with private sector involvement. Initially, the public sector (Millie Bus) could operate the trunk line part of the system and the private sector mainly act as feeders while later on (see chapter 5) competition would be gradually introduced also in the trunk line network. It must be strongly emphasized, however, that such a strategy requires firm regulation and planning. International experience shows that in a deregulated system the private sector will primarily wish to operate the main corridors with minibuses in a non-constructive competition with the big buses.

In an integrated system, routes of different types complement each other and connect at transfer points. The general feeder line/trunk line concept can in some cases be modified in order to reduce the need for transfer, e.g. by having feasible feeder buses continue as express buses on high-speed sections. The entire route network should be carefully planned with the help of modern techniques, in order to optimise travel standard and service levels to the lowest possible costs. Using frequent upgrading of travel demand data as input, modifications of network and services should be constantly made as the city grows and changes character.

![Diagram of Feeder/trunk line system and Feeder/express concept](image-url)
3.2 Stops and terminals

In many cities in developing countries, the concept of designated bus stops has been abandoned in favour of a system where private minibuses stop for boarding and alighting everywhere. This is often encouraged by one group of advisors that argues that the market will produce the best solution. This is a policy that is most suitable for small vehicles in the “individual operations concept” and that will contribute to their out-competing of the big buses.

If, as appears to be the case, Kabul wishes to establish a conventional type of public transport based on buses, then bus stops should be established and they should be the only places for boarding and alighting of public transport.

In the previous system Kabul had 426 bus stops but today most of them need to be upgraded. Also, as is the case with the bus routes themselves, the location of bus stops need not necessarily be identical with the old system. Kabul is now in the process of change because of migration but also because of the establishment of a free market economy that (hopefully) will characterize the city in the future. In this situation, new areas for public transport demand may emerge that were not served in the old route network and stop configuration.

During the time when the availability of public buses was very low, taxis and minibuses have established new pick-up areas, often adjacent to market areas. Since private minibuses tend to apply the “fill and run” principle, they often wait for passengers in these areas. It is recommended that these patterns are carefully studied and used in the process of planning the locations for bus stops. However, the recommended principle for large buses is not “fill and run” but a system where the buses are constantly moving and only stop a short while at bus stops. This principle greatly reduces the need for land and should be considered in the planning of bus stops.

The system includes a number of strategically located bus terminals. These provide transfer possibilities between feeder lines and trunk lines and they also are connected by a system of direct routes, providing fast access between them. Due to their high accessibility, these transportation hubs can develop into local service centres and are ideal for different types of businesses as well as official services. This contributes to decentralisation and reduces travel demand to the city centre.

3.3 Designated road space

A transport system consists not only of vehicles but, as importantly, on infrastructure as well. Advanced buses should not be put in use on congested roads where they cannot move - the commercial speed is one of the most decisive factors in order to achieve high economic efficiency. When, however, buses are given proper road and street infrastructure where disturbances from other traffic is eliminated or reduced, then this leads to superior economy and high standard at the same time.

The need to carefully plan the use of road and street infrastructure so that public transport can become efficient and attractive was perhaps not so great in previous times when private transport was rare and traffic congestion unusual. But in the future, Kabul will almost certainly experience the same problems as many other cities. Traffic congestion will increase and public transport will be caught in an evil spiral; the slower it gets the more expensive it becomes.
and the more subsidies are required. At the same time service levels in public transport levels deteriorate.

In Kabul today, according to the JICA study, public transport accounts for more than 80% of all vehicle trips. Since public transport undertaken in high-capacity buses is the most efficient form of transport from the point of view of road space and environment, it should be given priority. Some of the most successful cities as far as public transport is concerned (for example in Brazil) have introduced schemes where a few percent of the street space is reserved for the majority of people that uses public transport. If Kabul wishes to investigate that possibility, however, it is recommended that it is done as soon as possible. Once a bus lane is established it is not disputed but in a situation with heavy traffic congestion it will become politically difficult to redistribute street space.

**Busways**

A busway is a road exclusively used by buses and separated from all conflicts with other traffic. Its geometric design should permit bus operation at high speed, but at difficult sections it is less geometrically demanding (slopes and curves) than metro or light rail. The busway can be situated at ground level, on overpasses and in underpasses, and can also be elevated at narrow sections.

**Bus lanes**

Bus lanes can be of different types as well, e.g.
- Kerb side lanes
- Median lanes
- Contra flow lanes

The kerb side lane is the most common type because it is easy to implement. It can be single or double, with or without bus bays. It should be physically separated from other traffic by specially designed kerb stones rather than be marked by a painted line only.

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**Fig A3.3 Kerb stone separating a bus lane**

**Fig A3.4 Two-way bus lane at the side of the road**
Mid-road bus lanes
Where adequate road width is available the bus lanes can be located in the centre of the road for the following reasons:
- Free accessibility to the block sides for other traffic.
- No disturbances from parked vehicles
- Bus priority at traffic signals is facilitated.
- Physical separation from other traffic is natural.
- Higher operating speed than for kerb side lanes.
- No conflicts with left turning vehicles at intersections.

Fig A3.5 below shows one example of a mid-road bus lane design.

Fig A3.5 Mid-road bus lanes

In one way streets contra flow bus lanes could be physically separated from the other traffic, for traffic safety reasons and to keep the other traffic from using the bus lane for right turning.

Coordination with traffic planning
In addition to providing the sections shown above, other actions can be taken in the general traffic situation. For example crossings with roads with a bus lane should be eliminated as far as possible e.g. by introducing more U-turn roads and by fencing. In some cases, traffic lights can be designed to give priority to buses. Traffic zones may be considered as in European cities, providing priority to public transport but reducing individual traffic crossing of sensitive areas.

The introduction of busways and bus lanes will of course affect other traffic in different ways. There may be less capacity for other road users on certain sections; on the other hand buses will be taken from some streets to be concentrated to their own corridors and this may improve conditions for other traffic. Planning of busways must under all circumstances be done with due consideration to other traffic and with a view to optimise the total traffic system. The fact that such coordination becomes necessary in the case of surface-based public transport system is in fact an advantage for a city since it forces through a development of the complete traffic system which is necessary anyway. The illusion that an underground or elevated rail system would somehow have an automatic effect on the general traffic situation can be avoided that way.
Stepwise development
Due to the unique flexibility of the bus concept, buses can use ordinary streets as long as separate busways or lanes are not available. Contrary to a rail system, the infrastructure does not have to be contiguous and complete already from the beginning. This means that an advanced bus system can be introduced even though all infrastructure problems may not yet be solved, and gradually, over time, the system can be improved. Once road and street infrastructure for bus transport has been secured, the potential exists for a possible conversion to another mode of transport if this should be desired sometime in the future.

It should be noted that a network of undisturbed roads and lanes can be very useful also for other purposes than bus transport, for example for emergency vehicles like police, ambulances and fire brigades.

3.4 Rolling stock
Kabul is in the process of receiving a fleet of buses from different donor countries. According to available information, 600 buses will come from India, 50 from Iran and 111 from Japan. Detailed specifications have not been studied, but it appears probable that the buses from Iran (of French design) and Japan would have a modern basic design. All are urban buses and should be suitable for Kabul.

Of the 561 buses to be supplied, it is reported that some 480 will be put in service on public routes in Kabul. This will be a considerable increase from the lowest mark of some 50 buses. However, it should be noted that in 1990 Kabul had 860 Millie Buses plus 80 trolleybuses for a population then amounting to some 2.2 million.

Fig A3.6 Bus types and routes in the Curitiba system
In an integrated system, the bus fleet should be composed of different types of buses for different purposes (see fig A3.6) although the number of basic designs can be limited. For corridors with especially high demand, high-capacity buses should ideally be used, and when feasible conditions have been developed, articulated buses may become an option. It should be noted that the level of bus technology is related to the intended level of the system itself. Thus, modern buses will be most cost-efficient in a feasible environment, notably when mobility and high commercial speed is ensured.

4. Public Transport Authority

A Public Transport Authority is proposed to be established along the lines described in chapter 4. A discussion of location and timing is provided in section 5.4 below.

5. The trolleybus system

5.1 Background

As early as 1929, German engineers built the first trolleybus line in Kabul. In the 1970:s it was modernized by Russian technology and the system eventually encompassed about 5 km. The rolling stock consisted of 80 Skoda trolleybuses from Czechoslovakia. The Czechs also provided technical assistance for the establishment of a large depot in the Khushal Khan area. The system had three full routes which, in some narrow streets, were one-way.

The three lines formed a long single line, but transferring was required between each line. The transfers were not free--a new fare had to be paid. In effect, there were three zones.
During the hostilities, the rolling stock and the electrical supply system were completely destroyed with only some poles supporting the air cables still standing along the roadside. The depot area itself is more or less intact as well as some of the buildings, although considerable work is needed to dispose of broken down and destroyed vehicles and other scrap.

The trolleybus organization still has 100 employees, most of them technical staff specialised in trolleybus maintenance and electrical supply.

Prospects for the future – should the trolleybus system be restored?
In its day, the trolleybus technology worked and served the city well, although it was always on a limited scale. It is only natural that the idea of restoring the former trolleybus lines should be raised in Kabul as one part of the reconstruction of the city. Many people may see it as a symbolic link to an organized past.

A trolleybus system is based on large vehicles in fleet operation. Technically speaking, therefore, it would fit into the recommended structure of a trunk line/feeder line network for Kabul. Also, the non-polluting electrical propulsion is certainly favourable from an environmental point of view.

However, there are a number of aspects that have to be taken into consideration.

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5 Source: Electric Trolleybus Homepage (http://members.shaw.ca/dearmond/index.htm)
• A trolleybus system is much less flexible than a regular bus system but does not have the structuring effects that for example a rail based system can have.
• The dependence on regular electrical supply makes the system sensitive for disturbances (it is reported that the depot area itself has not had regular electricity supply for several years).
• A trolleybus system is almost certain to be more expensive than a regular bus system – it will require more subsidies without the corresponding benefits in service levels.
• There are few suppliers of trolleybuses in the world market and since the market is small prices are high. Western manufacturers, for example, are likely to charge 60% more for a trolleybus than for a similar diesel bus and to this has to be added considerable investments in infrastructure.
• In the 1970:s, the trolleybus system operated in an environment with little traffic, something which kept operating costs reasonable. This is no longer the case.
• If money is available for reducing air pollution, then other solutions, such as modern, practically non-polluting diesel buses or gas propulsion, would be more cost-effective
• The only real advantage of a trolleybus system in comparison with a regular bus system would be to serve very hilly areas. This is something that could be investigated but it is not certain if this argument is enough.

Perhaps the most serious consideration, however, is not so much technical as it is institutional and structural. It is almost inevitable that a revival of the trolleybus system would have to go hand in hand with the re-establishment of a monopoly public sector company. All experience shows that it is far more difficult to reform a transport company with infrastructure (rail or electrical support system) than a regular bus company. In Gothenburg, Sweden, for example, the former public transport monopoly was successfully reformed on the bus side while the tramway system still has not been able to break away from the public sector. The same is true in e.g. St Petersburg, Russia where the company Gorelektrotrans (operating trams and trolleybuses) is all but unchanged since command economy times. While there is a possible strategy to reform Millie Bus (see chapter 5 below) the re-establishment of the trolleybus system would be an all but irreversible step back.

5.2 Recommendation regarding trolleybus

Based on the reasoning above, the conclusion must be that the re-establishment of the trolleybus system in Kabul is not a priority at the moment. (In fact, the challenge to create an efficient and modern system based on regular buses operated by Millie Bus may be demanding enough). The recommendation, therefore, is to remove the remaining power poles and the destroyed buses, and to consider how the depot area could be best used for other purposes.

6. The private sector

Even though Millie Bus will be strengthened with the influx of new buses, it will hardly be able to cater for all transport needs in Kabul. The private sector will be there and the challenge is to find a constructive balance between the two all but incompatible concepts (see fig 1) that will exist in Kabul. It should be acknowledged from the beginning that this is no easy task.

6.1 Minibus
The most serious conflict is between the minibus and the bus. Many cities have attempted to achieve a “peaceful coexistence” between a government bus system and a private minibus sector. Often, minibuses are invited to operate because of insufficient capacity or low service levels in the bus sector. Minibuses are then seen as a valuable complement to the big buses; feasible for operation in less accessible areas and as feeders to the large buses.

However, in a “free” market situation, a deregulated minibus sector will prefer to operate where the large passenger flows are. The result is that the private minibuses will often out-compete the buses along their routes and take over the profitable part of the business while the government bus company is left with the ungrateful task to uphold a costly social service with big buses (see fig A3.8 below).

![Ambition vs. Reality](image)

**Fig A3.8 Failed coordination between different public transport concepts**

If Kabul intends to base its public transport system on high-capacity buses, therefore, a regulation mechanism is needed through which the right to operate various routes in the city is regulated. This would be done by the PTA (see Section 5 in Consultation Paper 1.6).

**Taxi**

Taxis dominate the streets of Kabul today and the two quotes below illustrate the situation.

"Since the transportation system has been destroyed, many Kabul citizens now use taxis. They share a taxi and, culturally, you know it is difficult for women to share a taxi with men. It is also very expensive. A few buses are still working in the city but they are very old and far from adequate in number". (UN press briefing in Kabul 24 Nov 2001)

"There were 3,000 taxis in Kabul a year ago; now there are 30,000. Everyone wants to buy a car, but no one has a driver's license, and the traffic signals don't work," groaned Lal Mohammed, a policeman frantically waving and whistling at a choked intersection last week. "I love to see people back in the streets, but this peace and stability also bring more problems every day.

It appears evident that the taxi sector today is *de facto* deregulated although there is a regulatory framework supposedly in force. In a recently liberated economy and in the absence of a capacity-strong public transport system, many actors (some drivers, some risk-taking investors) entered the taxi business in the hope of easy money. Many of them may now become losers as a newly strengthened bus system takes market shares - but this is of course part of the preconditions and risks in a market economy.

In most parts of the world, an individual taxi journey is a luxury and this is not too much different in Kabul. A taxi trip offers high standard but will always be more expensive than a bus trip. Besides, it is evident from a technical/economical point of view that a mass transit system in a large city is not best provided by passenger cars.

The argument that often emerges in a discussion of high-capacity versus low-capacity mass transit systems is the one of employment. Taxis will certainly employ more people than buses (and rickshaws would employ even more) but it is questionable if a transport policy should be based on that aspect.

The difference between taxis and minibuses in the context of Kabul is that taxis are not a direct competitor to the intended bus system. Not route-bound, it is a different kind of system than the bus system and therefore there is less need for regulation than in the case of minibuses. The recommendation is to include the taxi sector under the jurisdiction of the proposed PTA but to continue the policy of allowing people to enter the taxi industry relatively freely and to impose regulations mainly as regards the safety of vehicles, the suitability of drivers and perhaps the avoiding of overcharging. As now seems to be the case, the business would then regulate itself.

### 6.2 Autorickshaw

The autorickshaw plays a very limited role in Kabul although it is frequent in other cities such as Kandahar. In its function, this mode is similar to the taxi and could be treated much the same. However, the poor environmental characteristics of the autorickshaw must be taken into account. Not only are engines sometimes bad (worst are the two-stroke engines now banned in e.g. India but still exported) but the way of operation is such that the driver, looking for customers, produces a higher amount of emissions per passenger-km than most other modes.

### 7. Fares and financing

According to a recent survey, 49% of trips made in Kabul are by bus. Out of these, 85% of the passengers stated that they use the bus because it is less expensive. On the other hand, people using taxis did so because of the better availability and higher comfort. This demonstrates that the fare level is an important issue.

It has been observed that the recent increase of Millie Bus operations in Kabul has had the effect of reducing the price of trips made by taxis and private minibuses. If this is true, it could be interpreted in different ways. Some would say that government intervention has distorted prices, thereby damaging private enterprise. Others would say that the initiative has protected the population from excessive prices and therefore has had a positive effect from a social point of view.
To provide low fares within the Millie Bus network will certainly have positive effects on the population since the availability to various city functions will increase. However, it has to be recognized that there is a trade-off between fare levels and financial sustainability.

Three different strategies can be considered:

1. The fare level is high enough to pay for the buses and their operation.
2. The fares do not cover the depreciation and capital costs of the buses but covers all costs for operations during the lifetime of the buses, including spare parts.
3. The fares are kept deliberately low and do not even fully cover the costs of operation.

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**Table A3.1 Financing strategies**

The first strategy means that the system is fully sustainable since it generates enough funds to run the buses and also to renew the bus fleet. Hence, there would be no need for subsidies from the public sector. This is of course a desirable situation but unless the system is very efficiently run, fares would probably need to be rather high and this would be high political price to pay. To introduce, at this point in time, a fully sustainable system appears to be an unrealistic ambition.

The third strategy is frequently occurring in many cities around the world where fares are kept very low for political reasons. Since fares are not even sufficient to cover costs of operation, the bus operator is dependent on a continuous flow of subsidies. Unfortunately, experience shows that such subsidies tend to become ad hoc and unreliable. The effect is usually that the company struggles to pay salaries and fuel but has no money to buy spare parts and provide the necessary preventive maintenance. This results in cannibalizing of buses and a waste of capital. If a strategy is to be based entirely on subsidies, then this has to be systemized, for example by assigning a part of vehicle tax to the bus system. This appears far too complicated at present and the strategy is not recommended.

In the situation that Kabul finds itself in today, the second strategy is probably the most constructive one. The buses that are about to come have been donated to the country and it is reasonable that their nominal cost will not have to be recovered by fares. Fares should, however, be adapted so that they cover operating costs and particularly spare parts which is crucial. If this principle is applied, then subsidies will not be needed until next time buses are required. It could still happen that some categories of the population find fares too high and need help to have access to the system. If so, the bus operator should not be required to transport them
for free or for too low fares. Instead, support should be directed directly to the people in question, for example by designing schemes in which they are given bus tickets that can be recovered by the operator.

8. **Summary of recommendation**

The recommended strategy is to apply a supply-leading approach based on Millie Bus. Large buses will operate as trunk lines on major corridors and fulfil the same role as for example a subway would do. A feasible route network with a number of terminals will be developed.

It is suggested that donor assistance is sought for the restructuring of the route network with the objective to put the new, donated buses into operation in a planned way that considers present and expected future needs of the city. Estimated implementation time is 2 years. The outcome would be a consistent route network and operating plan that allows for the gradual introduction of new, donated buses as they arrive. A trunk line – feeder line network with a role for the private sector. Development of feasible depots (preferably 8-10), a separate Head Office and a separate workshop as a step in the decentralization of Millie Bus with a view to a future privatization. Initiation of measures to secure mobility of the buses in traffic. Special consideration to gender aspects; in particular possibilities to offer women safe transport to school and work. Also, introduction of women bus drivers as a symbolic and policy setting gesture.

Cost estimates are expected to come out of the JICA study\(^6\) Tentatively 2 M USD

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\(^6\) Pacific Consultants International (2003): The Urgent Rehabilitation Support Program: Rehabilitation Study of the South-Western Area & Public Transportation Study of Kabul
ANNEX 4: Public Transport Authority - Basis for Legal Drafting

The following is not a proposed legislative text but intended as an example and as a basis for a legal draft to be produced by legal experts after discussions and approval of the role of the PTA

PUBLIC TRANSPORT AUTHORITY FOR THE GREATER KABUL AREA

Section 1 (Preamble)

§1. This Chapter defines the establishment, the functions and powers and the possible extensions of a Public Transport Authority (PTA) for the Greater Kabul Area.

§2. This Chapter replaces previous legislation falling within the area of authority of the PTA. Such parts of existing legislation that may be in conflict with this Chapter are hereby declared invalid. In particular, the authority of any other authority to issue licenses for public transport services in the area is hereby abolished.

Section 2 (The Mission and Power of PTA)

§3. The Public Transport Authority (PTA) for the Greater Kabul Area (GKA) is hereby established as per the (day) of (month) of (year). PTA is a legal entity with the power to hold property, is liable for its debts and obligations and may enter into agreements with other parties.

§4. The mission of the PTA is, on behalf of the public administration as represented by the Government, the Municipality of Kabul, and other authorities, to exercise authority over the passenger public transportation sector in the Greater Kabul Area. The PTA shall have the duty to develop the urban public transportation system in the best public interest, and to achieve maximum effectiveness in complementing other forms of transport in order to promote the general economic and social well-being of the area and of the society. The fundamental task of PTA is to create an efficient public transport system providing good mobility, attractive and affordable services, and a good and sustainable urban environment.

Section 3 (The Jurisdiction of PTA)

§5. The area covered by the PTA is the Greater Kabul Area, defined as follows:

(to be completed).

§6. The authority of the PTA covers all public transportation within this area, whether it is route-bound or not.

§7. The authority of the PTA covers all modes of public passenger transportation whether they are at present in operation in the area or not. This includes existing modes such as bus,
minibus, taxi and autorickshaw but also conceivable modes of transport based on other types of track and propulsion such as different kinds of rail-based systems, systems based on advanced technology and systems based on small, individual vehicles.

Section 4 (Planning and Coordination of Matters Related to Public Transportation in GKA)

§8. The PTA is responsible for the management of public transport operations in the area including the preparation, constant revision and updating of a Public Transport Report and a Coordinated Public Transportation Plan. The former is a report summarizing the status of the public transportation system in GKA including the supply and usage of the system services and the status of improvement projects and programs. The latter is a comprehensive plan of public transport supply based on a continuous transportation planning and analysis effort professionally undertaken in cooperation and consultation with the Kabul Municipality, Police Department and other relevant authorities, and closely coordinated with the planning and monitoring of other urban transport components such as land use, transport infrastructure and traffic management.

§9. PTA shall undertake studies and produce plans in order to assess the needs for the public transport system in relation to the road and street system in the area; in particular the provision of bus lanes and other right-of-way and various traffic management actions. It is the responsibility of PTA to actively promote the needs of public transport in the general urban transport system and to demonstrate how different actions will result in better service and higher efficiency.

§10. In the case of special road and street infrastructure for public transport being provided, PTA has the responsibility and the authority to determine the conditions for their use. PTA may, for example, stipulate that bus lanes be used exclusively by vehicles with a minimum capacity and with approved environmental properties.

§11. In the case of new urban public transport facilities being considered, e.g. rail-based systems, PTA will be responsible for the evaluation of such schemes giving special consideration to how they can be integrated in the total system.

Section 5. (Regulation of Public Transportation Services in GKA)

§12. Within the general concept of urban public transport eventually being operated primarily by the private sector under public sector regulation and control, the PTA shall act as the interface between the public sector and the private sector in the area of urban public transportation.

§13. The PTA has the sole and exclusive authority to define public transport services and operations in the area. The PTA has the sole and exclusive authority to grant licenses to private (or public) undertakings for the operation of public transport services within the area.

§14. PTA will exercise this authority by entering into contractual agreements with public transportation operators under terms and conditions to be negotiated. Such sub-contracts shall, when applicable, be awarded as a result of an open and fair competitive bidding process.
§15 In the bidding/licensing process, PTA may stipulate that individual operators join together in companies, associations or other legal entities in order to be eligible for licenses and to be allowed to submit bids. PTA may also stipulate vehicle types, frequencies of service (in the case of fixed-route services), number of vehicles (in the case of non fixed-route services) and service hours for the operation of these services. PTA shall only grant licenses to, receive bids from, and enter into subcontracts with undertakings which are deemed as suitable to supply public transport services.

§16. PTA may include in such sub-contracts the obligation of an operator to pay to PTA a fee for the right to provide a certain public transportation. PTA has the right to collect such fees.

§17. PTA may in other cases include in a sub-contract the obligation of PTA to pay to the operator a fee for providing public transportation services as stipulated by PTA.

§18. In accordance with §13 and §14 above, PTA has the authority to "tax" profitable routes and use the revenues to finance such services which may be non-profitable but required for social reasons or for the reason of optimizing the entire urban transport system. PTA may also put together route packages consisting of both profitable and non-profitable routes and thus apply a cross-subsidy mechanism.

§19. PTA will constantly monitor the performance of operators to ensure that undertakings specified in sub-contracts are adhered to, and may impose sanctions if they are not. PTA will not, however, be responsible for enforcements of general traffic rules, for control of vehicle registrations or for vehicle inspections as these responsibilities will be with the Police.

§20. Sub-contracts shall be standardized and designed in a fair way, aimed at the protection of the passengers' as well as the operators' legitimate interests. Contracts shall be made for a fixed period of time, for bus transport normally in the range of 3-5 years, and shall include termination clauses for both sides as well as sanctions in the case of non-fulfilment of contractual requirements. Contracts shall include arbitration procedures compatible with Afghan law in the case of disputes.

§21. PTA shall be responsible for the design of the fare system and empowered with the setting of fares of all public transportation services. PTA shall undertake the necessary analysis and planning to ensure that the fare level provides both a sustainable system and meets social objectives. PTA shall demonstrate to the general public the effects of different fare levels and fare policies in terms of resulting service levels and possible subsidy needs.

§22. PTA has the sole authority to grant licenses for the operation of call taxis in the GKA area on terms and conditions to be negotiated. PTA may impose sanctions on the license holder which does not comply with such terms and conditions.

§23. PTA shall ensure that drivers and operators of call taxis are suitable and professional. PTA may require as a condition that taxi drivers to operate under a license must fulfil certain requirements and that they must pass a test specified by PTA. Requirements can for example include local knowledge of the GKA area, basic knowledge of medical care and ability to give first aid, and basic knowledge of legal matters related to the business.
Section 6. (Provision and Operation of Urban Transport Infrastructure Facilities in GKA)

§24. PTA will have the authority to plan, establish and administer public transport passenger terminal facilities, stops and stations in the area. Conditions for operators’ use of such facilities will be included in the sub-contracts with transport operators. PTA may establish service facilities including parking facilities or access roads adjacent to these terminal facilities or public land in the area, and may charge fees for their use. PTA may also sub-contract or lease parts of its land to private enterprises for various service functions.

§25. PTA has the authority to lease or contract for advertising in or on the facilities related to the public transport system.

Section 7. (Organizational Structure)

§26. (The Board of Directors) The affairs of the PTA shall be managed by a Board of Directors nominated by Ministry of Transport (Chairman), Ministry of Interior, Ministry of Public Works, and Kabul Municipality, and appointed by the Prime Minister.

§27. (The General Manager) The Board of Directors will appoint a General Manager with the authority to appoint and employ officers and employees and to manage the PTA under the supervision of the Board.

§28. (The Advisory Committee) A Greater Kabul Area Transportation Advisory Committee consisting of representatives of all areas and communities in GKA shall be formed to advise the PTA on urban transport issues and to review the GKA coordinated Public Transportation Plan. Should major changes in service levels and/or fare levels have to be imposed from time to time, these must be reviewed by the Committee.

Section 8. (The Budget and Accounting of PTA)

§29. All expenses of the PTA shall be in accordance with an itemized annual budget prepared and submitted by the PTA to the Board for approval. This PTA expense budget shall be part of a comprehensive rolling five year plan to be submitted annually. An Annual Report for the previous year will be attached to the Plan.

§30. The income of the PTA will consist of revenues resulting from license fees, revenues from the operation of public transport infrastructure facilities, and other revenues assigned by the government to PTA from time to time. Revenues shall normally be recycled back to the public transport system in order to improve standard and quality of service. In the case of a surplus, this will be transferred to the Ministry of Finance.

§31. The PTA shall be exempt from taxation from revenues resulting from license fees and other sources of income derived from the public transport system.

§32. Financial statements of Millie Bus shall be audited annually by independent auditors and must be approved by the Board.
Section 10 (Transitional arrangements)

§33. Any public transport operator lawfully providing services at the time of establishing of PTA may continue to operate the same services as before until anything else has been negotiated with PTA.

§34. Each such operator is required to exchange his existing license, franchise or sub-contract for a new one issued by PTA. The operator must produce the existing license in original at the PTA office within 60 days of establishing PTA. PTA will issue a temporary license with the same expiry time as the one possessed by the operator.

§35. Upon its establishment, PTA will take over the responsibility for existing passenger terminals in the area presently administered by the Kabul Municipality or other authorities (see section 6).

Section 11 (The Elimination of Overlaps)

§36. The following sections of law are hereby declared to be nullified:
(To be completed by Afghan legal expert)

§37. The following sections of law are hereby replaced with new text:
(To be completed by Afghan legal expert.)
ANNEX 5: Outline Terms of Reference for Drafting Legislation for PTA

Background

The passenger transport system in Afghanistan will be mainly deregulated but this principle needs to be modified in urban areas, in particular large cities. If a city wants to have a system of relatively few, high-capacity buses operating in an integrated network, then regulation is a necessity. This is the situation in Kabul where large buses are already on their way. It is therefore necessary to introduce a regulatory concept that is suitable for Kabul and that can also be applied in other cities.

The recommended policy guideline for urban areas is that local governments should be allowed to impose a regulatory system that suits them. The proposed instrument for this is the establishment of a Public Transport Authority (PTA). Under the general policy that public transport operations will be provided exclusively by the private sector, PTA will function as the interface between the public sector and the private sector. It constitutes an instrument for planning and regulation of the public transport sector and for monitoring of the performance of private transport operators. Through PTA, the local government sets the framework in which the private sector operates and it also intervenes when necessary.

In order to prepare the legal framework for this reform, international assistance is required.

Objective

To draft a legal framework that will enable municipalities in Afghanistan, starting with Kabul, to introduce and operate Public Transport Authorities. The legislation shall ensure that local authority, without interference from central government, shall be able to exercise any required regulation of the urban public transport system. At the same time, the legislation shall be flexible enough to allow for different approaches in different cities.

Scope of Work

The work would include following main components:

- to review international examples of legislation aimed at the regulation of urban public transport, with special emphasis on developing countries
- to review existing Afghan legislation and identify any component with an impact on this area
- to draft national legislation that enables city governments to establish a Public Transport Authority in order to regulate urban public transport. If local governments exercise this right, then local legislation shall overrule any general freedom that may be granted in national law to individuals and corporations to start and run private businesses
- to draft legislation that regulates, in general terms, the powers and responsibilities that local PTA's may assume
Consultation Paper 1.6

- to draft specific legal framework for the PTA in the Greater Kabul Area. The previously prepared “Basis for Legal Drafting” (Annex 4) may be used as a point of departure
- to liaise with other activities aimed at renewing the national legislation in Afghanistan, in order to create consensus and avoid conflicts

Since the new legislation needs to be adaptable to other cities than Kabul, it is expected that the consultant team visit other larger cities such as Herat, Kandahar and Mashad-i-Sharif.

**Estimated Consultant Input**

It is anticipated that consultant input will consist of

- one international public transport organization expert with experience of bus systems franchising
- one international legal expert with experience of development issues
- one local legal expert with experience of the Afghan legal system

Tentatively, it is estimated that the work should be carried out during a period of two months.

**Budget**

A tentative budget would be as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Quantity</th>
<th>Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign consultants</td>
<td>4 man-months</td>
<td>@ USD 20 000</td>
<td>80 000</td>
</tr>
<tr>
<td>Local expert</td>
<td>2 man-months</td>
<td>@ USD 5 000</td>
<td>10 000</td>
</tr>
<tr>
<td>Local staff</td>
<td>4 man-months</td>
<td>@ USD 1 500</td>
<td>6 000</td>
</tr>
<tr>
<td>International travel</td>
<td>2 trips</td>
<td>@ USD 1 500</td>
<td>3 000</td>
</tr>
<tr>
<td>Local travel</td>
<td>15 domestic trips</td>
<td>@ USD 200</td>
<td>3 000</td>
</tr>
<tr>
<td>Accommodation</td>
<td>60 days</td>
<td>@ USD 150</td>
<td>9 000</td>
</tr>
<tr>
<td>Misc</td>
<td></td>
<td></td>
<td>9 000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td>120 000</td>
</tr>
</tbody>
</table>

At this stage, it might be practical to assume a total requirement of 150 000 USD.
Consultation Paper 1.7

Reform, Restructuring and Strengthening of the Ministry of Transport

Executive Summary

The Background Document includes the recommendation to reform, restructure and strengthen the Ministry of Transport (MOT).

MOT today has two areas of primary responsibility: operation and maintenance of the government-owned fleet of trucks and buses; and the regulation of privately owned commercial vehicles (trucks, buses and taxis). Recommendations made elsewhere in the Action Plan will have an impact on MOT functions and organisation, including:

- the full commercialisation of operations of MOT Kamaz trucks and Millie buses
- economic deregulation of domestic road transport
- the strengthening of technical and safety regulations
- the transfer of matters associated with driver licensing and vehicle registration, currently the responsibility of the Traffic Police Section of the Ministry of Interior, to MOT, and as a consequence
- the transformation of the existing Private Sector Department in MOT into a new Regulation Department.

This Paper proposes a strategy for how to manage these reforms, and also for how to strengthen the MOT, consisting of:

- A proposal for how the MOT should be organised during the process and at the end of its reform and restructuring.
- An approach for how to drive the reform and restructuring process
- The provision of capacity to manage the reform and restructuring process.

The approach proposed to be used to reform and restructure MOT is based on the one outlined in Information Paper 4.1. It is repeated in this Paper and adapted to the needs of MOT. The engine of the approach is the Decree on Priority Reform and Restructuring within Ministries and Government Agencies (the PRR Decree) explained further in Information Paper 4.1.

The third component of the strategy is to recruit a consulting team to (i) make up the core of the capacity building unit to be established to drive reform and restructuring; and (ii) provide Project Management Support for the implementation of donor funded capital and technical assistance projects.

Recommendations:

It is proposed that the MOT accepts the strategy for reforming, restructuring and strengthening of MOT as set out above.
Actions:

Following acceptance, in principle, of the Strategy the next steps would comprise the following:

1. Prepare complete TOR for the Team of Consultants to assist with the reform, restructuring and strengthening of the MOT as well as to provide project management support.
2. Solicit funding for this Team of Consultants (about USD 1.8 million), and undertake recruitment.
3. Initiate the process for application of PRR-status to be awarded to a new department in the MOT to be called the Reform and Restructuring Office (RRO). This Office would initially be expected to comprise a Capacity Building Unit and a Regulation Unit.
Introduction

This Consultation Paper proposes a strategy for how to manage the reforms proposed elsewhere in the Action Plan, and also for how to strengthen the MOT, consisting of

- A proposal for how the MOT should be organised during the process and at the end of its reform and restructuring.
- An approach for how to drive the reform and restructuring process.
- The provision of capacity to manage the reform and restructuring process.

Background

MOT functions today and historically can be divided into three broad categories:

- Transport services, i.e., Kamaz freight trucks and Millie buses;
- Transport regulation, i.e., Private Sector Department; and
- Staff support.

Aside from the service agencies comprising the government-owned fleet of trucks and buses, the Ministry employs about 1180 persons, 910 of them in Kabul. Over 70 percent of the total (834) are in the Private Sector Department. The Ministry’s current organisational structure is depicted in Figure 1.

The surviving operational components of MOT consist of the Kamaz freight agencies and the Millie bus agency. The Private Sector Department is responsible for the regulation of private trucks, buses and taxis within or entering Afghanistan and the enforcement of allowable tariffs. This requires staff in all the major provincial capitals, as well as in selected cities in Pakistan, Iran and, soon, Tajikistan. In principle the Private Sector Department sets technical standards for private commercial vehicles and inspects them for compliance during the licensing/renewal process. In practice it is stated that the Department operates on the assumption that it is in the owners’ interest to maintain their trucks, buses and taxis in optimum condition in order to minimise operating costs.
Impact of TSR Policy Recommendations on MOT

In consultation paper 1.1, it is recommended that the Kamaz truck and Millie bus agencies in Kabul be converted to self-sustaining corporate entities. Implementation will remove these “service” functions from MOT, although it will remain, on behalf of the government, the owner of the fleet.

In Consultation Papers 1.2, 1.3, 1.4 it is recommended that MOT’s Private Sector Department strengthen its capacity for technical and safety regulation and that it also take on (from the Ministry of Interior) responsibility for all driver licensing and vehicle registration. Simultaneously, it would cease “economic” regulation of commercial operators (i.e., route licensing, price setting, mandatory union membership, etc.). These recommendations will result in a significant shift in the mandate and the focus of the Private Sector Department.

In short, implementation of the foregoing recommendations will substantially alter the functions of the Ministry. It is, therefore, appropriate to restructure MOT accordingly.

Proposed MOT Organisational Structure

The new organisational structure recommended for MOT is presented in Figure 2. A number of functions have been distributed from the Ministry, either through relinquishment (most economic regulation) or through creation of subsidiary corporatised entities (Kamaz agencies and Millie bus). These transformations will eliminate many of the present functions of the Ministry. Whereas many of the staff involved in the actual provision of transport services will shift to the new corporations, however, the regulatory Private Sector Department will remain but with its former responsibilities curtailed.

It is recommended that the Private Sector Department be converted into the proposed Regulation Department comprising the core of the functions within the new MOT. This department will have two divisions: the Driver Licensing Division and the Vehicle Regulation Division. The Licensing Division is responsible for driver testing and the maintenance of two Registers that contain information on all licences and the demerit points associated with them. Driver testing ensures that only those people who have developed the appropriate competencies are allowed to enter the road system.

Licensing allows ongoing access to the road system and a mechanism which enables the removal of drivers from the system if compliance with the standards required is not met.

The Vehicle Registration Division is responsible for: Design & Construction Regulation, Roadworthiness Regulation, and Vehicle Registration.

The Division concerns itself with the suitability of vehicles for use on the road network through control over: the inherent standard of a vehicle’s design, construction and equipment level, the vehicle’s ongoing fitness for use, once in use on the road network, and the on-going registration
process that allows the vehicle access to the network as well as appropriate management of the vehicle during its use.

Consultation Paper 1.4 Regulation for road operations contains more detail of the structure of the new Regulation Department in terms of its two constituent Divisions. Also given in the consultation paper is an action plan to facilitate the required changes.

MOT’s current Planning Department should evolve into the Ministry’s strategy and planning centre, including representing MOT in all matters related to international and intermodal transport and transit.

The Approach

The above recommended reforms pose a major challenge to the MOT. It must in addition recruit new, train and retrain staff. To be able to manage this process, it is recommended that the MOT use the approach outlined in Information Paper 4.1. It is repeated here and adapted to the needs of MOT. The engine of the approach is the Decree on Priority Reform and Restructuring within Ministries and Government Agencies (PRR Decree) explained further in Information Paper 4.1.

The first dimension of the approach to implementing reform and restructuring is to do it in phases. Each phase shall have fixed and time bound outputs, and once those outputs have been achieved, then the reform and restructuring process may move onto the next phase. An output will comprise a new department in terms of the proposed organisation as per Figure 2 as well corporatised operations.

A second dimension of the approach is to establish clear priorities with regard to outputs in each phase. Assuming the entire reform and restructuring program to comprise 4 phases, then the following tentative priorities can be made for the outputs of these phases:

- Phase 1 outputs: Corporatisation of Kamaz and Millie Bus agencies
- Phase 2 outputs: New Regulation Department
- Phase 3 outputs. New Administration & Finance Department and the Secretariat
- Phase 4 outputs: New Strategy Department

A third dimension is to not undertake the reform and restructuring within an existing organization. A new Regulation Department should thus not be established by reforming the

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1 In terms of this decree, Ministries may develop proposals to reform and restructure departments which are carrying out critical functions within the Ministry, and may seek approval for these departments to be granted priority reform and restructuring (PRR) status. With the exception of ‘beyond’ grade posts, Ministries may propose that specified posts within Departments granted PRR status should be placed on an interim additional allowance (IAA) scale pending the introduction of comprehensive pay and grading reforms; and may nominate individuals to for appointment to such posts on a time-limited basis and subject to performance. Granting of PRR status and transfer of posts and staff to the interim additional allowance scale will be subject to the approval of the Inter-Ministerial Administrative Reform Group under the Administrative Reform & Civil Service Commission.

2 Work on an output may, of course, overlap phases. That is the preparation of the output for phase 3 may be commenced already during phase 2, although most of the work will be done in phase 3.
existing Private Sector Department. The approach is rather to set up an embryonic new organization for regulation first within the Reform and Restructuring Office, which will serve as the incubator (see below). This embryo (referred to as a unit) will only have the skeleton staff of a full department. Once the preparation for the new full department has been concluded, an application for PRR status to be awarded to it will be made to have it established as a full department. When this has been achieved, staff from the old department(s) will be transferred to the new one, and the old will cease to exist. This will facilitate reform and support the need for ‘culture change’ in the MOT.

The mechanism to be used to implement reform and restructuring is the establishment of a new department at the beginning of the first phase, to be given PRR status and to be responsible for preparing for and implementing all major reform and restructuring activities from this phase onwards. This department may be called the Reform and Restructuring Office; it will be phased out at the end of Phase 4, and its closure is thus a further output of the last phase.

The proposed new Reform and Restructuring Office (RRO) will have a varying number of units corresponding to the outputs of each phase. Thus during the first phase, it will comprise the following units (given the list of priorities in indicated above):

1. ‘Kamaz Companies’ Unit
2. ‘Millie Bus Company’ Unit
3. Capacity Building Unit (CBU)

In terms of the tentative priorities set out above, the RRO could have three units during phase 3 comprising

1. The Secretariat
2. Administration & Finance Unit
3. Capacity Building Unit.

The functions of the CBU are to

1. Prepare preliminary designs for all the outputs.
2. Design Technical Assistance (TA) to assist with the final design and implementation of the outputs.
3. Manage all TA contracts.
4. Coordinate TA activities and donor support to the RRO.
5. Serve as main advisor to the Minister on all reform and restructuring activities.
6. Overall responsibility for the planning and execution of training programs
7. Address gender issues (See Information Paper 4.3).

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3 Some its functions will then be taken over by other departments, including the Secretariat and the Administration & Finance Department.
4 For that reason, it is assumed that a new application for PRR status will have to be submitted for the RRO in order to commence each phase.
5 As proposed in Policy Paper 1.1, there would be a committee to oversee the work of this unit.
6 See the previous footnote.
Note that the CBU will remain part of the RRO until the end of phase 4. It is envisaged that the unit will be supported by TA; see further below.

The generic functions of the other units are to:

1. Prepare the final design of the output
2. Prepare for the implementation of the output
3. Prepare, where relevant, the application for PRR status to be given to the new unit.

It is envisaged that each unit will be supported by one TA team, to be managed by the unit itself. The overall control of the TA should, however, rest with the CBU.

The mechanism proposed for effecting reform and restructuring can thus be illustrated by way of Figure 3. The key aspect of the mechanism is the RRO, the phasing approach and the building of new departments from scratch. The fuel used is the PRR mechanism and donor support.

1. Identify the outputs of a phase
2. Apply for PRR status to be given to the RRO with an organizational structure corresponding to the planned outputs. Since the RRO will change from phase to phase, with the exception of the CBU, a new application for the RRO will have to be submitted for each phase. (The CBU will however remain as part of the RRO during all phases.)
3. Recruit the key staff in the units (corresponding to the planned outputs), who will be filling PRR positions
4. Mobilize TA to assist with designing and implementing (preparing) the outputs.
5. Once preparation of an output is ready, then establish the new department by applying for PRR-status (separate from that given to the RRO) being awarded to it.
6. Alternatively, if the output is not a department (or government agency) but a company, establish and launch the company.
7. When PRR status has been approved (or company launched), then transfer required staff from the existing (old) organization.
8. Continue capacity building within the new (PRR) department or company.

Fig. 3: Outline of Mechanism for Reform and Restructuring of MOT

Capacity to Manage Reform, Restructuring as well as the Implementation of Projects

A further component of the strategy is to recruit a consulting team (The CBU Consulting Team) to make up the core of the CBU. It should be noted that this Team will assist with the management of the reform efforts. To actually effect reforms further technical assistance will be required as set out in other Papers in the Action Plan for Road Traffic and Transport.

It is envisaged that this CBU Consulting Team should comprise the following:

6/12
• An expert on a full time basis for a period of three years, with a background in the management of a ministry of transport, as well as matters related to the regulation of road traffic and transport. This expert would be the team leader.

• An expert on a full time basis for a three year period to be overall responsible for organising training programmes, to manage other TA consulting contracts, and to manage the other expert to be provided by the CBU Consulting Team.

• A legal expert on a part time basis to partly work in his home office, partly in Afghanistan.

• Other experts e.g. in vehicle inspection as may be required, and on a part time basis and to work in his home office, partly in Afghanistan.

The outline Terms of Reference for the Team are in the Annex. The legal expert is required to assess the appropriateness of current laws as concerns road traffic and transport and assist with the development of this legislation. The estimated input is of the order 80 man-months at a total cost of some USD 1.8 million.

The CBU Consulting Team would initiate their work by working out a more detailed strategy for how to reform, restructure and strengthen the MOT. Unless, the process has already been initiated, the Team would also assist with the preparation of the application for PRR-status to be awarded to the RRO as proposed above. The first RRO, with PRR-status, is envisaged to comprise the CBU and the Kamaz and Millie Bus Units (i.e. the embryo of the future management of the new companies to be established in terms of Consultation Paper 1.1). The positions in these units, with PRR-status are expected to be very limited, about 2-3 positions per unit.

**Recommendations**

It is proposed that the MOT accepts the strategy for reforming, restructuring and strengthening of MOT as set out above.

**Actions**

Following acceptance, in principle, of the Strategy the next steps would comprise the following:

1. Prepare complete TOR for Team of Consultants to assist with the reform, restructuring and strengthening of the MOT as well as to provide project management support
2. Solicit funding for this Team of Consultants (about USD 1.8 million), and undertake recruitment.

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7 This support is recommended in Information Paper 4.1
3. Initiate the process for application of PRR-status to be awarded to a new department in the MOT to be called the Reform and Restructuring Office (RRO). This Office would initially be expected to comprise a Capacity Building Unit and a Regulation Unit.
Fig 2. Proposed Restructured Ministry of Transport

MINISTER OF TRANSPORT
ANNEX: Outline Terms of Reference for Technical Assistance to Capacity Building Unit, MOT.

<table>
<thead>
<tr>
<th>Project : Technical Assistance to the Capacity Building Unit, MOT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementing Agency: Ministry of Transport</td>
</tr>
<tr>
<td>Duration: Three years</td>
</tr>
<tr>
<td>Year of Commencement: Immediate</td>
</tr>
<tr>
<td>Objectives: Assist MOT to reform, restructure and strengthen MOT through its Capacity Building Unit (CBU) and to manage donor financed technical assistance projects, including legal work.</td>
</tr>
</tbody>
</table>
| Tasks: 1. Reform and Restructuring  
1.1 Assist with applications for PRR-status  
1.2 Prepare detailed strategy for Reform and Restructuring  
1.3 Prepare preliminary designs for all the outputs of the strategy.  
1.4 Design Technical Assistance (TA) to assist with the final design and implementation of the outputs.  
1.5 Manage all TA contracts for which MCAT is the Executing Agency.  
1.6 Coordinate TA activities and donor support to the CBU.  
1.7 Serve as main advisor to the Minister on all reform and restructuring activities.  
1.8 Overall responsibility for the planning and execution of training programs  
1.9 Assist with the mobilisation of funds for TA.  
1.10 Serve as Gender focal point to Gender Advisory Group.  
1.11 Address the Gender issues identified in Information Paper 4.3.  
2. Legal work  
2.1 Assist in the identification of appropriate new laws if necessary and the technical regulations to upgrade the management of the road traffic and transport sector.  
2.2 Assist MOT and the Ministry of Justice in the drafting and formulation of the necessary laws and regulations. |
| Estimated Cost: USD 1.8 million                                |