



INTERNATIONAL ROAD FEDERATION
FEDERATION ROUTIERE INTERNATIONALE

Innovation Contributing to Sustainable Funding for Roads



Vilrid Femoen

Pol. Sc., Director of Policy Norwegian Road Federation (NGO)

Char IRF Road Finance & Economics Committee

IRF International Road Congress « Innovation in Road Infrastructure »,
22-24 November 2011 - Moscow, Russia

Better roads, better world.



Global challenge – global solutions

- Growing infrastructure deficit
- Lack of stable, sufficient and secured levels of resources to roads
- Exchange of knowledge and best practice a means to identify the sustainable, innovative solutions for road funding
- Under what conditions should the different solutions be applied? Exchange of experience!



IRF Finance & Economics committee

- Established in Bucharest, May 2011
- Experts from:
 - 23 nations and 5 continents
 - Different professions and sectors
- Polling the resources and expertise together
- Aims at producing policy guidance



The Committee Mission

To identify, promote and advocate sustainable funding for road development and maintenance, through the provision of policy guidance and the exchange of knowledge and best practice



Sustainable funding

Adequate funding. Not only a question of more money.

Henry Kerali, World Bank

- Right scale of the network
- Right level of capacity
- Right level of operations procedures and services



The economic value of roads

- Direct economic benefits of roads
 - Reduction in transportation time
 - Reduction in road deaths and severe injuries
- Indirect benefits of roads
 - Regional development
 - Poverty reduction
 - Welfare, increased quality in life
 - Synergies
- Methodology –indirect economic benefits are critical
- Rise awareness of benefits for the road users (f.i. Russia)



Cost appraisal of roads

- Question: the costs of 1 km road
- Standardized, comparable roads to be defined
 - Specific definition of the road as to parameters of width, equipment, traffic level, age
- Data collection:
 - Available international studies
 - Our own data collection in cooperation with partners as our EU programme center, the ERF



Funding for Road maintenance

- Solutions to provide a stable, sufficient and secured level of resource allocation from private or public funds, used appropriately to ensure a long term acceptable quality of roads
- A life cycle approach to road funding is needed
- Principles: user pay
- Various road user charging mechanisms to be evaluated
 - gas/fuel taxation
 - Distance- based taxation
 - Direct tolling
 - Indirect tolling through concessionaires
- The right combination between investment costs and life cycle costs



Institutional arrangements

- Solutions to provide efficient and effective delivery, management and financing of roads
- Increased user orientation
- Increased private sector involvement
- Interplay between policy and market forces



- The IRF – a network of multidisciplinary experts from all the world
- Pulling our resources together
- Presenting our recommendations through a package of policy guidance, recommendations and advice
- Launch conference in Oslo 15-16 May 2013