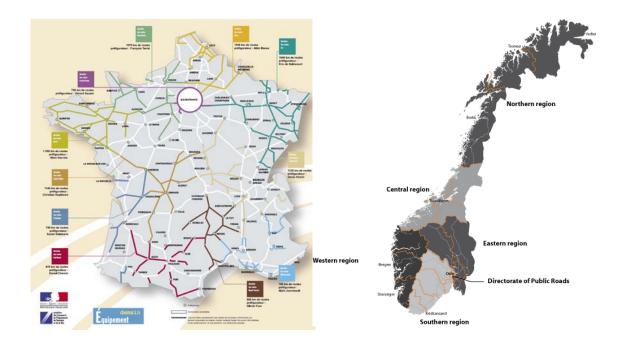
Study of Restructuring Processes of National Road Authorities in Europe

- Focus on France and Norway



Summary by Marit Ulveseth Norwegian Public Roads Administration August 2007

Preface

The scope of this report is to summarise trends and development of national Roads

Authorities in Europe in general and present information about organisation and the

transformation of the Road Authorities in France in particular. The paper is an input to

the current work on governmental reforms in Norway.

The report is based on information collected while working as an internee (stagiare) for

the Direction Générale des Routes (DGR) at La Défense September 2006 – July 2007:

• Interviews with people in the French administration (National, regional and

county level)

Study of literature

• Study of information published on the Equipements' intranet-pages.

The author thanks the Direction Générale des Routes and the Norwegian Public Roads

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reorganisation processes of the road authorities in France.

The opinions and conclusions expressed in this summary are those of the author and are

not necessarily representative for the Road Authorities in France and Norway.

Oslo, 31.08.2007

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Summary

Input to governmental reforms in Norway

The main purpose of this report is to contribute to the Norwegian Public Roads Administrations current work regarding governmental reforms in Norway. The objectives of the reform, which is supposed to take place January 2010, are to strengthen local and regional democracy.

Introduction to the Norwegian and French Roads Administration

Historically France and Norway belonged to the same constitutional and democratic traditions, but the "New Public Management" the last 30 years has put Norway closer to the British democratic and administrative traditions. France did their first move towards an organisation with great emphasis on efficiency in delivery and separation of client and supplier organisations in 2006, but the service providers are not yet corporatised. The Norwegian Road Authorities separated the client and provider functions inside the organisation in 1995, and in 2003 the supplier part of the organisation was outsourced (corporatised in a state owned company supervised by the Ministry of Trade and Industry).

Trends and challenges regarding modernising of government

Chapter 2 summarises some facts about different democratic and governmental situation in France and Norway and trends regarding modernising of government. Most of the comparisons of roads administrations have a technological approach, but in order to give input to governmental reforms it is important to consider the institutional and constitutional context. Despite the historically strong state bureaucracy in France, it seems like France today has a quite decentralised administration where regional and county legislatives play an important role.

In the last years there has been much focus on efficiency, transparency, customer orientation, flexibility and performance in modernising government. In order to improve performance, it is important to be aware of that the information needed in order to improve policy advice may differ from the information needed in order to improve

management and accountability. The performance systems must be tailored to the purpose being served. It is also important to be aware of that too high focus on how to enhance the public sector performance may be contradictory. It may cause "individualism" and prevent cooperation between entities and sectors in order to find the best solutions.

The reasons for organisational change may be both internal and external, and sometimes organisational change can be used to signal political intent to address a problem – without guaranteeing that anything else will be done. Sometimes reorganisation is used as a substitute for making hard choices about management and priorities! It is early to tell if the future governmental reforms in Norway really will strengthen local and regional democracy, or if the reorganisation is mainly a political symbol.

Many OECD-countries are facing crisis regarding recruitment and employment because of demographics, labour market competition and image of the public sector. Governments need to modernise their human resource management in order to attract and keep well qualified employees. France and Norway have different models for employment. French civil servants working for the state have a career-based system, while the French civil servants working for the "collective territorales" and most Norwegians employed by public services belong to a position-based system. However, the road authorities in both countries have similar challenges regarding recruitment, competence development and safeguarding of important ethic standards.

Trends about transport and decentralisation

Papers and conclusions from the ECMT Round Table Discussion on Transport and Decentralisation (2004) give a good overview of aims and challenges, advantages and arguments against decentralisation in the transport sector. Despite of arguments against decentralisation, the conclusion of the paper is that there are plenty of room for devolving power to improve the efficiency of the transport system and attend to the needs of the users and residents. Budgetary responsibility and tax resources are topics to be discussed in a decentralisation process. It seems to be logically that the strategic level regarding

development of transport systems remains the sovereign responsibility of central government, whereas the operational and managerial sides can be decentralised.

The German model for organisation of road authorities for the National Road Network fits well with the recommendations from the Round Table. The Federal State of Germany (the Bund) owns the federal trunk road network and is responsible for policies, legislation, strategic planning/trans-regional planning, financing and land acquisition. The Bund has a slim administration in the Federal Ministry for Transport, Building and Urban Planning, which are responsible for policies and inspection of the federal trunk network.

The "Ländern" have the responsibility for planning, construction, maintenance and operation of the National Road Network. An interesting fact for the discussion about decentralisation is that the "Ländern" are rather autonomous concerning models for road construction administration, which results in many different models of organisation at the regional level.

A PIARC report confirms that it is common that countries with well developed economy and road network have taken steps towards decentralisation of responsibilities. However, recently Denmark and Switzerland have experienced the need to centralise authority from the region level to the national state.

In the future discussions about decentralisation and governmental changes in Norway it is important to put effort into multi-level structure and multi-level relationship. Research done by the European Spatial Planning Observation Network (ESPON) shows that while France has strong processes for vertical and horizontal coordination in the field of territorial planning, Norway seems to have weak vertical and horizontal coordination.

Trends about Organisation of Roads Administrations

A study of organisation and financing schemes of some European countries from 2004 confirms that decentralisation of responsibility is a trend. One of the arguments for decentralisation is better consistence between responsibility for services and financing (In France the counties got the responsibility for financing of the county road network many years ago, but they have not had full responsibility for the agents operating at the county network before the last years when agents were formally transferred from the DDE to the Conseil General). Another argument for decentralisation is that central government should focus on their core activity – strategic planning.

An OECD report on performance indicators summarise important learning from reorganisations of road administrations around the world. Separation of the road management planning and production seems to be the most important measure in order to enhance the quality of the road network. In 2000 most road administrations still had inhouse production units for maintenance and construction, but outsourcing is increasing in all countries.

The Nordic Road Administrations have long experience in using performance indicators in processes for management by objectives and performance management in general, and they are cooperating in order to improve their systems. Today the focus has shifted from standards for road maintenance or product development to a customer oriented approach, and different models to find out the special needs of the customers are tested.

Some important trends regarding drivers for change of road administrations:

- focus on customer and their needs
- separating of client and producer role
- increasing private sector involvement
- more commercial principles in road management
- more transparency in the organisation
- devolution of decision-making in road management to lower governments

The change of organisation and core functions for the administration causes change of required competences - from engineering to for example communication, management and marketing experts, lawyers and social scientists.

Financing

Crisis in public funding of infrastructure and transport services is a challenge throughout the world. There exist lot of recent works and work in progress about concessions, PPP-contracts and user pay like road pricing, toll rings, taxes for heavy vehicles etc (CEDR, PIARC, OECD/ECMT and The World Bank). While discussing decentralisation and change of governmental structures it is important to focus on the coherence between budgetary responsibility and income.

Road Authority Reorganisation in France 2006

The reorganisation of the French Road Authorities in 2006 is actually a result of processes over many years. The French administration has gradually decentralised responsibility to the regions and counties since 1982, and in 2006 it was time to formalise the transfer of agents from the decentralised state to the counties.

The rapid development of the motorway network in France from 1960 till today has changed the role for parts of the national network. That is the reason why 18,000 km of the national roads network were transferred to the counties in 2006/2007. After the reorganisation the national network compromises 20,000 km motorways and national (trunk) roads, including 8,000 km of concessionary motorways:

- which are routes for long-distance traffic
- which serve the major regional cities and large economic centres

The counties did manage a network of 360.000 km county-roads before the transfer. Along with the transfer of the roads, 24.000 public workers were transferred from the state to the counties in order to operate the county roads. The state will also transfer financial resources for exercising the new management responsibilities.

The decentralisation has given the state the opportunity to do a fundamental modernisation of the state road services.

Principles for the reorganising:

- Route-based network management and customer orientation (e.g. the A75 motorway, which before was operated by six DDEs, is now operated by one single directorate, DIR Massif Central.)
- Clearly identifying the works management for new works professional client
- Raising the performance of the organisation, thanks to strengthened management dialogue.

The road services are now organised around two new structures:

- 11 Inter-département road directorates (DIR directions interdépartementales des routes engineering and producers)
- 21 Works management services (SMO services de maîtrise d'ouvrage client offices).

The main work-tasks for the DIR are maintenance and operation. The DIR are both client and producer for these tasks. Some DIRs do also build new projects for the SMOs. The DIRs do have engineering services (SIR) that carry out work for the DIRs and the SMOs.

Clear separation between the client and the producer role in new projects is an important objective for the new organisation. The new SMOs, located together with the regional infrastructure directorates (DRE), are created in order to carry out the client function. The SMOs have the responsibility for guaranteeing good integration between road network development projects and issues of spatial planning and other modes of transport.

The new budget system with different programs delegates more responsibility regarding how to achieve objectives from the Ministers to the General Directors (Head of the Programs). The Directors do now have better possibilities to move people and resources

regarding their needs. The Directors of the DIRs have signed contracts with objectives with the General Director.

The new budget system requires monitoring tools, and nowadays the DGR are busy developing new systems for Performance reporting. Important measures are process mapping of core activities and development of performance indicators and data systems in order to measure performance/best practices between the DIRs.

The decentralisations over many years have initiated a reallocation of people between the DDE, CG (Conseil General –County Council), DIR and SMO. This is the first big reorganisation of the Equipment for 40 years, and about 75,000 employees are directly or indirectly affected.

Now the organisation is experiencing challenges concerning harmonisation of work methods, culture, benefits etc, but in the long run the organisation will probably be more efficient due to the gathering of competences and more efficient management models. The break up of the DDE will influence the future training systems for the road engineers in France. Both the national road authorities and the Conseil general will have to put efforts in creating new training systems and developing competences.

In France the scientific network (RST) has been important for matters concerning education, research and development. However, today it is need for a reform of this network in order to satisfy the future needs of the state, counties and municipalities.

In 2005 the state created a new Financing Agency for Infrastructure of France (AFITF) in order to increase the state financial contribution to major transport infrastructure projects of supra-regional interest.

Common challenges for France and Norway concerning change management of the National Road Authorities

Important skills for leaders in change processes are the ability to motivate the employees for changes, communicate visions for the future and reduce the feeling of insecurity. Good routines for information flow is particular important.

France and Norway will have to put lots of effort in recruiting and development of competences. The career-systems are different in France and Norway, so there will probably be need for different approaches. However, skills for collaboration and development of efficient partnerships and networks are important in both countries.

Challenges regarding how to act as a professional client and performance management are on the agenda both in France and the Nordic countries.

Inputs for the next years governmental reforms in Norway

The scope of the proposed governmental reforms in Norway is to strengthen local and regional democracy. It is important to invest time and energy in order to develop a structure that ensures that the proposed changes will have the desired consequences.

Budgetary responsibility and tax resources are topics to be discussed in a decentralisation process. The need for better horizontal and vertical coordination of strategies and budgets regarding territorial development has been on the agenda for meetings between national and regional authorities in Norway for many years. It is important that the governmental reforms ahead of us do not end up just like a signal of political intent. It is important that all parts involved feel obligated to do the hard choices and priorities in order give the reform a chance.

The governmental reform may be a good opportunity to invest in better joint competence network in the infrastructure sector in general. It will be important to nurture networks and develop models for collaboration in territorial planning and transportation rather than imposing rules and regulations.

1. Introduction

1.1 Sharing of competence across borders

Performance indicators, best practice studies, international toolboxes and scanning tours are some of the methods used for sharing of competences across borders. However, it is important to be aware of different institutional contexts particularly while comparing different models of organisations. The methods that work in one country may not fit into the governmental structures in another country.

"Planning is not only technical – cultural and political values are of greater significance. Comparative studies among countries are challenging and run the risk on basic misapprehensions. One-way study of a foreign country is likely to be more rewarding provided that the framework for research is established within the terms of the country to be studied. Knowledge of language is critical to success; - it is often a vital clue to underlying attitudes.

Culture is a broad term, but when it comes to planning attitudes to decision making, authority, political accountability and the relationship between professional and political power is important subjects. In the French system, their needs are deeply rooted in history, particularly of the last 200 years. The process of absorption of culture is not a quick one, though framing the right questions it is important to beware of the instant judgement."

When conducting best practice studies, scanning tours or comparative studies it is important to focus at the main purpose of the study and the transmission value of the topics discussed.

1.2 Scope of work - Input to governmental reforms in Norway

The main purpose of this report is to contribute to the Norwegian Public Roads Administrations current work regarding governmental reforms in Norway. In May 2007 the members of the Norwegian Parliament passed a White paper (St.meld.nr.12 (2006-2007))² concerning governmental reforms. By the end of 2007 municipalities and counties have the possibility to express their opinions on the future size and task of the

¹ Philip Booth, Department of Town and Regional Planning, University of Sheffield. Paper to the AESDP/ACSP Joint Conference, Oxford Brooks University, 1991

² St.meld.nr.12 (2006-2007) Regionale fortrinn – regional framtid, Kommunal- og regionaldepartementet.

new regional level, and in 2008 the Government will pass a proposition to the Storting (National Assembly) regarding the new regions and proposals for new laws and procedures for elections.

This reform, which is supposed to take place January 2010, will have great impact for the Norwegian Public Road Administration. Tasks and responsibilities will be decentralised from the state to the regions, particularly in the field of transportation, regional planning and development. The state will in the future just have the responsibility for the national trunk roads, and the responsibility for approximately 2/3 of today's national road network will be transferred to the new regions. Simultaneously there will be an adjustment of the structure of the regional state. The objectives for the reform are to strengthen local and regional democracy.

1.2 Some facts about Norway and the Norwegian Public Roads Administration (NPRA)

1.2.1 Facts about Norway

Compared to other European countries Norway has a relatively small population with 4.7 million inhabitants living on an area of 324.000 km2. Today the country is divided into 19 county authorities and 431 municipalities. The counties and municipalities have different tasks; they have elected assemblies and they are at the same administrative level in relation to the state level. The municipalities and counties (today's regional level) vary significantly in size, topography and population. Today the state has about 40 different decentralised bodies or agencies at region level. However, 34 of the organisations have borders and structure that are larger than a county. The size and tasks of the *new* regions is not yet decided.

In 2007 the public road network in Norway compromises:

- A national network of 27,000 km roads (of which 9,000 km are trunk roads)
- 27,000 km county roads, which are built, maintained and managed of the NPRA on behalf of the counties
- 39.000 km of local roads, which are built, maintained and managed of the municipalities

1.2.2 Facts about the Norwegian Public Roads Administration (NPRA)

In 1995 the NPRA, as the first step towards outsourcing of the contractors, divided the organisation in a division for ordering of services (client), and one division for execution of services (producer). In January 2003 the road building and maintenance construction part of the NPRA was outsourced, and the organisation was divided in MESTA, the largest road-contractor in Norway with ca 3100 employees (2005), and the NPRA with ca 4250 employees (2005). The organisation structure of NPRA changed from 19 counties to 5 regions and 30 districts.

The general idea was that larger entities would ensure effective use of resources (human and capital) and that the districts would offer better public service and decentralising. The report³ on framework and principles for the new organisation states the following goals for the new organisation:

- Political governance
- Cost-effectiveness
- User-orientation, focus on public service
- Justice and equality

Some of the measures employed in order to make the organisation more effective was:

- Removing one level of management
- Decentralising of leader-ship
- Resource units with matrix-organisation

The Norwegian Public Roads Administration (NPRA) is today responsible for the planning, construction and operation of the national and county roads networks, vehicle inspection and requirements, driver training and licensing. It also has authorisation to grant subsidies for ferry operations.

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³ "Rammer og prinsipper for organisering av Statens vegvesen – revidert etter behandling i Hovedavtalemøtet 28.06.2002



Figure 1: The five regions of the Norwegian Public Roads Administration (Source:NPRA)

In general the Public Roads Administration reports to National authorities (the Ministry of Transport and Communications), but in questions related to county roads, the Regional Directors reports to the county legislatures. In questions relating the part of the national network that is not a part of the national trunk road network the voice of the county legislatures is important concerning prioritising of projects.

The Public Roads Administration is under the leadership of the Directorate of Roads, which is an autonomous agency subordinated the Ministry of Transport and

Communication. The Public Roads Administration encompasses five regional offices, and the Regional Directors are members of the Executive Board of the NPRA. The chart below shows a generalised example of the organisation of Region East.

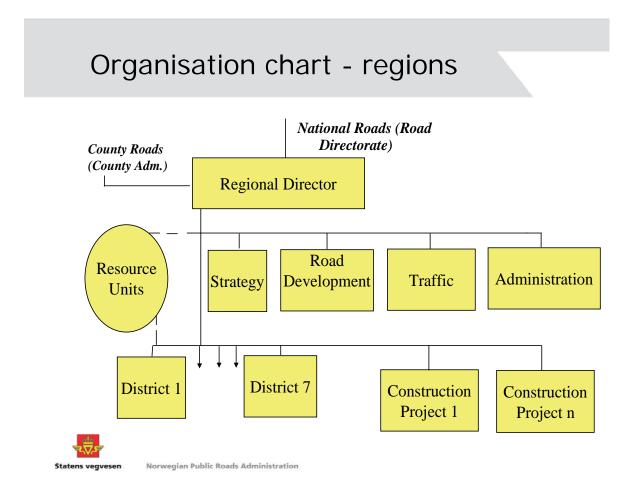


Figure 2: Organisation chart Norwegian Public Roads Administration Region East (Source: NPRA)

1.3 Some facts about France and the French Road Authorities

France has an area of 550,000 km2 and a population of 62,2 millions inhabitants. The road network that compromises about 1 million km roads is the first mean of transport, with a modal share of about 80 percent for both travellers and freight. While Norway has challenges concerning freight transport due to the distance to the European consumer market, France has challenges because of the heavy transport of foreign trucks through the country.

The French Administration system for the continental area consists of the state, 22 regions, 96 counties (départements) and 36,616 municipalities (communes). The responsibility for the road network belongs to the state, the counties and the municipalities. However, the regions contribute significantly in financing of the road network at all levels, including the state network.

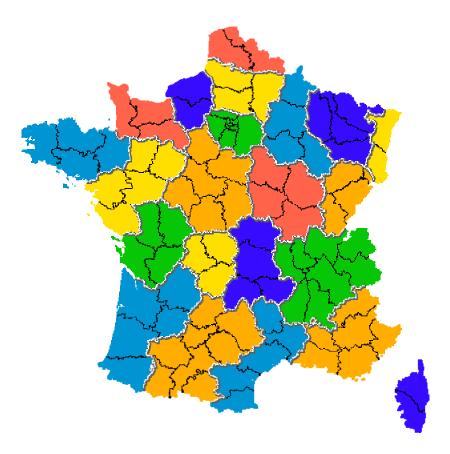


Figure 3: Map showing the borders of the 22 regions and 96 counties (départements) in the metropolitan France (Source: DGR)

Today the French Road Network compromises:

- A national network of 20,000 km motorways and national (trunk) roads, including 8,000 km of concessionary motorways.
- 380,000 km of county roads built, maintained and managed by the "Conseil General l' Aménagement" the services of the départements.
- 600,000 km of communal (local) roads built, maintained and managed by French territorial communes

After the reorganisation in 2006 the national road network represents approximately two percent of the total length of the French road network, but these 2 % carries about 35 % of all road traffic.

Today the national road authorities are present at state, regional and inter-regional level. There are in addition national experts working with traffic safety, traffic and crisis management at state, region and local level. At regional and local level the Prefets have the responsibility for matters concerning traffic safety, traffic management and management of crisis. The Prefets coordinates the activities of the state (DIR), the counties (département and DDE) and the municipalities.

French National Road Authorities, Direction des Routes, have a more specialised or sector-oriented responsible than the Norwegian Public Roads Administration (NPRA). The mission of the Highway general Department (DGR):

- Ensure the consistency of the whole road network
- Develop and implement the modernisation and maintenance policy of the State network
- Safety issues regarding infrastructure
- Supervise motorways concessions
- Manage and coordinate the actions of all ministry units on road infrastructure
- Ensure maintenance, development and circulation of technical standards.

The DGR is a General Department under the Ministry of Ecology, Sustainable Development and Town and County Planning. The Ministry was reorganised after the elections in May 2007 and because of this there might be some changes in the missions and organisations of the Ministries departments in the future. Two other General Departments, DGMT (Sea and Transport) and DSCR (Road Safety and Traffic Management) do also have vital missions concerning road traffic and transport policies. The Directorate General for Sea and Transport (DGMT) defines and implements the national transport policy for land and sea transport. DGMT focuses on improving the planning of intermodality and to develop cooperation between the various modes. The Directorate General for Road Safety and Traffic Management coordinates the interdepartmental activities concerning traffic safety (Ministry for Justice, Ministry of Interior and Local Authorities, Ministry of Defence, Ministry of Research and Ministry of Education). DSCR does also have responsibility for issues concerning vehicle inspection and requirements, driver training and licensing.

Chapter 4 gives more detailed information about the French Roads Authorities and the reorganisation.

2. General trends on modernising governments

We are living in a fast changing environment, and organisations have to adapt different ways to handle chaos, uncertainty and rapid changes. This is a challenge for leaders, the individuals and organisational structures, - particularly for governmental organisations where stability and predictability used to be among the most important qualities for the public.

Most of the comparisons of road administrations have a rather technical and businesslike approach, and questions regarding different institutional context and cultural heritage are not deeply discussed. However, global forces are important in the political sphere and political objectives concerning privatisation, efficiency, transparency, devolution or decentralisation of decision-making are important drivers for organisational changes. Despite of these global forces on institutional changes, different organisation of the road sector are seldom explained by quite different democratic and administrative traditions in the countries studied.

2.1 Different democratic and governmental situation causes different agenda concerning renewal of democratic procedures and development of organisational structure.

Historically France and Norway belongs to the Continental traditions regarding constitutional and democratic traditions, where democratic tradition credence was given to the state. In this setting the state has responsibility for the performance of public functions, and it is assumed that the state is a collective actor representing the society as a whole. The power or authority of intervening into public developments with a top-down approach is constrained by law, a written national Constitution. In Great Britain the state is conceived as an instrument of mediating between politics and public interest as for instance market forces, and does not have a written constitution. There is a continuously bargaining process between the political institutions and other interests⁴.

⁴ EU Subsidarity and Distributed Public Governance: Does sub-national democracy work? Paper of Noraly Veggeland presented at the ECSA conference 28 -29 august 2003.

The "New Public Management"- movement the last 30 years seems to have placed the Norwegian governmental functions somewhere between the Continental and British democratic and administrative traditions. This fact has also influenced the road authorities. Talvite (1996) has described a five stage process for reform of road administrations throughout the world. According to his system of classification France may be classified somewhere between phase 2 and 3, with great emphasis on efficiency in delivery and separation of client and delivery organisations, but the service providers or deliverers are not yet corporatised. The Norwegian Road Authorities went into phase 2 in 1995 when client and provider functions were divided inside the organisation, and passed directly to phase 4 with separation and corporatisation of the deliverer in 2003.

The different democratic traditions have had organisational impacts related to subnational institutions. In France the regions with elected assemblies and their governments have attained governance function and steering capacity in public-public partnership with the central state. In Great Britain independent agencies have obtained the role as the principal regional authorities, and public-private partnerships are ensuring performance. The model for exercising regional development policies in Norway today reflects mostly the British model of the state as a mediating authority, with bodies mostly unlinked from regional authorities and elected assemblies. However, there exist procedures for dialogue between the regional legislatives and NPRA regarding prioritising schemes for the road budgets.

An OECD report comments how the independent technocratic entities may prevent political decisions, and that lack of clarity of the roles of the different institutions undermines the citizens' trust in the system. However, in 2002 OECD published a report on "Distributed Public Governance" that reports about change of politics:

• From the drive to create agencies, authorities and other government bodies to the challenge of achieving good governance

• The creation of Specific Public Law agencies and administrations and their twins Private Law bodies seems to have come to a standstill in many countries".⁵

The Norwegian reform is about renewing democracy and improving coordination of the public sector at local and regional level. The reform is about improving the elected assemblies steering capacity.

The French law about decentralisation in 2004 is a following up of decisions about decentralisation in 1982 and 1992. Regional planning is managed by national administrations in cooperation with regional and local. The plans have a holistic approach, and the state, regions and local authorities do all have responsibilities regarding implementation of the plans. The new French planning system, with 3 years contract between the state and the regions, ensure that regional and local authorities are closely involved in the planning. There are also procedures that include public debate.

2.2 Trends in governance, public sector modernisation and public service employment

Modernising government seems to be a continuous process, and in the last decades we have experienced many new ideas and initiatives in the field of public management. Public administrations have become more:

- Efficient
- Transparent
- Customer oriented
- Flexible
- Focused on performance⁶.

Despite the focus on privatisations, the government has a larger not smaller role in the OECD-countries today than 20 years ago. But the mix and modes of governments

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⁵ OECD(2002): Distributed Public Governance: Agencies , authorities and other government bodies. Paris. (21,22)

⁶ OECD-report: Modernising Government: The way forward. 2005

interventions have changed from government own enterprises to regulations regarding different policy problems concerning pollution, health, data matching, protection of minorities, global terrorism, credit control, consumer protection etc.

Geographic decentralisation and decentralisation of power and leadership may cause better quality in public services, but the decentralisation and empowerment of the civil servants may also challenge some of the government accountability and control. The public sector must be able to adapt to the changing needs of the society without losing coherence of strategy or continuity of governance values such as fairness, equity and justice.

The OECD-report on Modernising Government points out that many of the reforms in the public sector has not lived up to the rhetoric: "In many cases, the changes made to rules, structures and processes have not resulted in the intended changes in behaviour and culture. Indeed, in some cases reforms have produced unintended or perverse consequences, and have negatively affected underlying public sector and governance values."

Another important lesson to learn from the OECD report on Modernising Government is that the modernisation is context dependent. It is important to see the different public sectors as a whole interconnected system, and reforming one part of the system can have unintended impacts on another part. In order to make effective reforms one has to take in consideration the need for change of a variety of actors. "Governments need to understand the dynamics of their own system and to design reform strategies that are calibrated to the risk and dynamics of their system."

It is also important to recognise that public governance and public administration are linked, and the practice of public administration both reflects and influences the values of the governance.

The needs for reforms are continuous. The societies keep on changing, and the governments must keep adapting. In the future there will be more focus on open government and enabling citizens to participate in decision making. However, openness must be balanced with national security issues.

Continuous reforms may be challenging. It takes time and effort to restructure organisations, and during the change processes government run the risk of underperforming. This is particular a challenge for the people working for the Norwegian Public Roads Administration, that have been exposed to two major changes in 1995 and 2003.

Changing Organisational Structures

The OECD paper regarding Changing Organisational Structures⁷ gives some interesting information about why and how governments change their work structures. The reasons for change may be both internal and external, and sometimes organisational change can be used to signal political intent to address a problem – without guaranteeing that anything else will be done. The report also comments how re-organisation sometimes is used as a substitute for making hard choices about management and priorities!

A number of countries, for example the United States, the United Kingdom, New Zealand, Netherlands and the Scandinavian countries, have created bodies or "agencies". They are managed under clear contractual arrangements within the reporting hierarchy under high focus on performance. By 2004 it was expected that 80 % of the civil service in the Netherlands will be working in departmental agencies. Evaluations show that customer service and efficiency have increased due to increased focus on results and business planning. However, delegations of responsibilities to bodies cause challenges concerning co-ordinating of many different types of bodies and sometimes duplication of work. Lack of political control of these bodies is risky for the democracy. The success of bodies has been dependent on the political and administrative culture in which they are imbedded.

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OECD Policy Brief. Public Sector Modernisation: Changing Organisational Structures. 2004

OECD statistics confirms that outsourcing has become an important element of modern public administrations in many OECD countries. However there are country variations. Outsourcings of central government services are much greater in English–speaking and Nordic countries than in the continental European countries (Spain, France, Italy and Portugal)⁸.

Focus on performance

Focus on performance has been an important measure in order to improve governance and accountability since 1950. Today there is a focus on performance and result based budgeting and management that seeks to change the focal point from inputs to results achieved. It takes lots of effort and persistence to build good performance measures and indicators, and according to OECD⁹ it takes even longer for the public servants and politicians to use them in decision-processes. It is also important to be aware of that it is not possible to measure all factors that are important for good government. Values and culture are essentials in order to obtain good governance. It is important that performance systems are developed in a way that strengthens the social factors in the organisations. The OECD Policy Brief on Governing for Performance points out some of the current trends regarding performance management and budgeting:

- Most countries include non-financial performance data in their budget documentation.
- Few countries link expenditures and budget decisions to output targets and it seems to early to use performance budgeting as a mechanism for central financing and control
- Few countries have formal mechanism in place to punish individuals or agencies for reaching or failing to achieve their targets.
- Many countries have combined introducing performance management with delegating responsibilities on the theory that managers need more freedom to use resources if they are to achieve results

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⁸ OECD Policy Brief. Public Sector Modernisation: The Way Forward. 2005

⁹ OECD Policy Brief. Public Sector Modernisation: Governing for Performance. 2004

In order to improve performance, it is important to be aware of that the information needed in order to improve policy advice may differ for the information needed in order to improve management and accountability. The performance systems must be tailored to the purpose being served.

The focus we have experienced on how to enhance the public sector performance by for example division of client/producer roles, performance management and budgeting may be contradictory. It may cause "individualism" and prevent cooperation between entities and sectors in order to find the best solutions. The Norwegian Public Roads Administration is in 2007 experiencing great challenges regarding credibility due to rock falls in a tunnel built twelve years ago. A report concludes that a range of errors were committed in the construction of the Hanekleiv tunnels. It seems like high focus on cost effectiveness, confusion about areas of responsibilities and strained relations between the entities from NPRA involved in the project caused competition rather than cooperation in order to safeguard the tunnel.

Challenges regarding public employment and change management

Public servants are crucial in order to improve performance and manage change, and important reforms have included:

- Decentralising human resource responsibilities to increase managerial flexibility
- Reducing public employment
- Introducing individually-tailored employment contracts
- Performance-related pay
- Special focus on senior civil servants
- Employment conditions are becoming more like the private sector

In the work to make public service more efficient it might be useful to adapt models from the private sector, but it is important to safeguard that public employees have high standards of ethic values and pay attention to fairness, equity, justice, and social cohesion. France and Norway have different models for employment. French civil servants at national level have a career-based system, while the French civil servants working for the "collective territorales" and most Norwegians employed by public services belong to a position-based system. In a career-based system people are expected to stay in the service throughout their life; initial entry is based on academic credits or a civil service entry examination. Promotion is based on a system of seniority and grading of the individuals. In a position based systems there is more focus on selecting the best-suited candidate, whether by external recruitment or internal promotion. Both of the systems are challenged. In a career-based system it is difficult to be responsive to the changing needs and specialised skill demands, while a position-based system may lack collective values and responsibility. It seems to be a trend toward position-based approach in the OECD-countries, and there is a focus on protecting critical cultural attributes for the public service.

A high level of attention is given to management of senior civil servants in order to:

- Encourage a performance-oriented civil service culture
- Enhancing personnel mobility between public offices
- Developing future leaders in the public sector

Because of demographics, labour market competition and image of the public sector many OECD-countries face crisis regarding recruitment and employment. Governments need to modernise their human resource management in order to attract and keep well qualified employees.

The OECD report on Modernising Public Employment¹⁰ stresses that it is important to give more attention to three fundamental dilemmas:

- The increasing knowledge and skill demands of modern government, and the increasing difficulty of government in attracting and keeping high quality staff.
- The interconnectedness of key public problems, and the fragmentation of public action and the individualisation of public service responsibilities and incentives.

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¹⁰ OECD Policy Brief . Public Sector Modernisation: Modernising Public Employment. Paris 2004.

• The need to attract and motivate senior executives who meet the high performance demands of a modern ministry, while keeping them in a wider cross-government culture bound by the public interest.

Some tools in order become an attractive employer¹¹:

- 1. Image-building of the individual agencies and the civil servants
- 2. Job satisfaction challenging tasks
- 3. Salary increases and performance-based pay work pressure has gone up
- 4. Non-material incentive systems such as culture of co-operative leadership, open communication, co-operation and recognition, flat hierarchies, good working conditions, working methods and organisation, high standard of technical equipment flexible working hours, family friendly personnel policy
- 5. Personnel development and life-long learning
- 6. Career planning
- 7. High quality leadership

In the book "Kommunikativ ledelse" (Communicative management) ¹², Erik Oddvar Eriksen, professor at the Advanced Research on the Europeanization of the Nation-State (ARENA) at the University of Oslo discusses how the modernisation of government will have to influence the future management of the public sector. High competence and skills in the core-field of the sector used to be the most important qualification for the managers of the public sectors. The New Public Management movement called for qualifications in management models adopted from the private sector regarding for example managing by objectives and how to become more effective. Today's public sector does also call for great communication skills, high standard of ethics and focus on values.

Eriksen discusses how managers in knowledge organisations must compete with their peers concerning competence and capability, and how the decentralisation of power may reduce challenges regarding information flow in the organizations. Though, he stresses

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¹¹ OECD Policy Brief. Public Service as an Employer of Choice. Paris 2002

¹² Kommunikativ ledelse – om styring av offentlige organisasjoner, Erik Oddvar Eriksen, Fagbokforlaget, Bergen 2000

that the manager must be able to encourage their employees to participate in networks in order to share information and knowledge and to participate in the development of the community.

Trust and relationship between employees are important in order to promote innovation. In order to promote transformation in an organisation it is vital to engage all the members of the organisation and create commitment to new values and performances. During the transformation it is essential that everybody has the possibility to discuss and make reflections regarding new routines and processes in order to ensure that everybody understands and adopts the new theories-in-use.

The leaders should focus on how the organisations should handle the need for change due to internal and external conditions, minimise the employees feeling of insecurity and sorrow because of changes and be able to visualise the vision of the future. The ability to motivate empowered and well-qualified employees to work towards common visions is getting more and more important, in particular when old bureaucracy are dissolved in order to create a more flexible organisation.

Colbjørnsen¹³ argues that leaders have employees not partners. The relation between the leader and the employee are hierarchic, - the leader has the responsibility to take initiative in order to change the approach of his/her employee if the employee does not fulfil the work tasks. This is important, even when the leader has delegated the responsibility for the work to the employee. The leader has authority and juridical responsibility.

Information and celebration of results may be an effective way to influence the organisational culture. Thus it is quite interesting that empirical data shows that leaders believe they are communicating well important values and information to the employees, while the employees are experiencing lack of information. The leaders believe the employees possess more information than they really have. Good routines or systems for information flow is particular important in complex, flexible organisations, where it may difficult to determine who is responsible to inform the different parts of the organisation.

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¹³ Ledere og lederskap, AFFs lederundersøkelse, Tom Colbjørnsen, Fagbokforlaget, Bergen, 2004

Coherence between authority and responsibility may be crucial for the motivation of leaders and employees, though in flexible organisations and network organisations people will have to coordinate horizontally with their peers. It is necessary to create process maps that define roles and responsibilities in horizontal flows in order to prevent internal fights about resources and lost energy due to time spent on influencing authorities. The leaders must be able to handle ambiguity and conflicts, and to communicate and negotiate clarifications. In order to avoid vagueness towards important objectives for team- and process-members from different units in the organisation, it is important that managers in the flexible organisation ensure that they work towards common goals.

3. International trends concerning decentralisation, organisation of National Roads Authorities and financing schemes.

An important part of this project has been scanning of literature about decentralisation, organisation of National Roads Authorities and financing schemes for infrastructure. There exists many reports on these topics published by organisations such as for example PIARC (The World Road Association), ECMT (European Conference of Ministers of Transports), CEDR (Conference of European Directors of Roads), EC (European Commission), OECD (Organisation for Economic Co-operation and Development) and the World Bank.

It is also worth mentioning some important work in progress:

- CEDR and PIARC have conducted joint questionnaire about organisation/reforms of road authorities, methods of funding road infrastructures, strategies or practice for funding allocations. These data are now being analysed and reports will be published in 2007. Drafts from the CEDR work give interesting information about organisational structures. degree privatisation/procurement, and use of PPP etc. The PIARC workgroup is focusing on strategies or practices for funding allocations.
- OECD/ECMT Transport Research Centre will finish a comprehensive project on Transport Infrastructure Investment: Funding Future Infrastructure Needs in 2007.
- PIARC are also conducting work on Governance Organisation and Structure of Road Administration, Development of Human Resources Skills and Application of Performance Indicators of the Road Systems. These are all important subjects while working on development of Roads Authorities.

3.1 Transport and Decentralisation

In the fall of 2004 ECMT carried out a Round Table Discussion on Transport and Decentralisation. Papers and conclusions from the Round Table 131 are published in an OECD/ECMT report from 2006 ¹⁴. This report gives a good overview of aims and challenges, advantages and arguments against decentralisation in the transport sector. The report explains some of the institutional context regarding decentralisation such as European legislation, expenditure regulation and revenues. More efficient transport-systems, democratic decision-making processes, increased transparency of the prices and costs of services and more efficiently allocation of resources than in a centrally administered economy are some of the advantages mentioned.

Arguments against decentralisation are loss of possibilities deriving from economics of scale and research and development in new processes, risk of local government falling under the sway of local actors, risk of developing overcapacity in the transport system because of competition between regions and inequality between regions. However, these risks may be controlled by having national regulatory authorities and good coordination of actions of local, regional, national and international authorities. This fact is particularly important in the case of road infrastructure, which in addition to local traffic, also carries transit traffic.

Despite of the arguments against decentralisation, the conclusion of the paper is that there are plenty of room for devolving power to improve the efficiency of the transport system and bring it closer into line with the aspiration of local residents and populations. Budgetary responsibility and tax resources are topics to be discussed in a decentralisation process. The OECD-paper indicates that it might be logically that the strategic level regarding development of transport systems remains the sovereign responsibility of central government, whereas the operational and managerial sides can be decentralised.

¹⁴ OECD/ECMT (2006): Transport and Decentralisation. Report of the Round Table 131 – conference in Paris September 2004. Conclusions from this Round Table is also summarised in a paper from ECMT in 2005: Transport and Decentralisation. Conclusions of Round Table 130.

A report on road construction authorities in Germany, by K. Bauer¹⁵, gives interesting input to the Norwegian questions regarding decentralisation. In Germany the Ländern have the responsibility for planning, construction, maintenance and operation of the National Road Network. The Federal State of Germany (the Bund) owns the federal trunk road network and is responsible for policies, legislation, strategic planning/trans-regional planning, financing and land acquisition. The Bund has a small administration in the Federal Ministry for Transport, Building and Urban Planning, with 220 employees that are responsible for policies and inspection of the federal trunk network. The Bund has a Federal Institute for Long Distance Road Haulage (BAG), 1600 employees that deal with matters regarding goods traffic and heavy vehicles, including the new toll collecting systems. The Bund also has a Federal Highway Research Institute (BASt) with 400 employees.

An interesting fact for the discussion about decentralisation is that the "ländern" are rather autonomous concerning models for road construction administration. In Germany the three city states Berlin, Hamburg and Bremen are organised according to the local government points of view, while there are four main organisational forms for the "ländern". In one Land, North Rhine Westphalia, the land had delegated the responsibility for construction and maintenance to the provinces and created two regional administrations. However, in 2001 the NRW government recognised the need for more uniform transport system throughout the land. The two former regional organisations were transformed into one new legal company that is managed according to commercial regulations. The Strassen.NRW does not have economic ownership of the road network. Figures show that the new company seems to have improved the efficiency level and reduced the number of agents considerably. Several other "ländern" have adopted the model of establishing companies or agencies with responsible for construction and maintenance.

¹⁵ K. Bauer, Administrative Services, BASt, Germany (2007): Road Construction Authorities In Germany

Another model exists in Thueringer, where an agency belonging to the Land, has the responsibility for determining the objectives for contracts and route control and operation, while construction and maintenance work are outsourced to private companies.

Bavaria has a more traditional administration belonging to the Land. In 2006 the Land building surveyors' offices were merged with the road construction office. Baden-Württemberg had a major change of governmental model in 2005, when 350 authorities were closed and partly allocated to the regional districts. This reform, which is an extensive decentralisation, may lead to diverse development inside the land. There is also a possibility that the closing of the Land offices may cause a great loss of know-how.

Belgium is also an interesting country concerning decentralisation. Since 1970 Belgium has enforced five big reforms regarding empowerment of the regions. In 1989 powers relating transport were transferred to the regions (except Belgian Railways).

According to a PIARC-report¹⁶ particularly countries with well developed economy and road network (i.e. service and global information societies were road network is well developed and road traffic growth have started to slow down), have taken steps towards decentralisation of responsibilities.

Denmark and Switzerland have experienced the need to centralise authority from the region level to the national state. The Danish reorganisation was part of general administrative restructuring, reducing the number of municipalities from 172 to 100 and transition of the 13 former counties into regions only responsible for healthcare and education. In January 2007 the former county road network in Denmark was transferred to the state (2000km) and to the municipalities (8000km). Need for harmonisation of the standard of the main road network and assembling of competence were the main arguments behind the changes in Switzerland.

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¹⁶ PIARC Role and Positioning of the Road Administration, 2004

In further discussions on the effect of decentralisation of responsibilities in transportation and local government powers, it may be interesting to look into some of the research done by the European Spatial Planning Observation Network (ESPON). The final report from the ESPON project 2.3.2 ¹⁷ states among others that the "key challenges for territorial governance are to create horizontal and vertical cooperation and coordination between:

- various levels of government (multi-level governance, vertical relations)
- sector policies with territorial impact and
- governmental and non-governmental organisations and citizens (multi-channel governance, horizontal relations between actors and their territories)

Vertical and horizontal coordination leads to integration and coherence between disparate responsibilities, competences and visions of territories."

The report from the ESPON-project presents several interesting figures that illustrate the different situation regarding multi-level structure and multi-level relationship in Europe. The figures show that France has strong processes for vertical and horizontal coordination in the field of territorial planning, while Norway seems to have weak vertical and horizontal coordination.

3.2 Organisation of Road Administrations

In 2004 Schmitz completed a study of the organisation and financing schemes of the road administrations in Great Britain, Germany, Austria, Spain, Switzerland, Sweden and Italy as input to the DGR's work on reorganisation of the Direction des Routes¹⁸.

The study shows that decentralisation of responsibility is a trend in Europe. One of the arguments for decentralisation is better consistence between responsibility for services and financing (In France the counties got the responsibility for financing of the county

¹⁸ L'organisation des administrations routieres et le financement des routes en Europe, Thesis by Frederic Schmitz, ENTPE, 2004

¹⁷ ESPON project 2.3.2. Governance of Territorial and Urban Policies from EU to Local Level, Inter-University Institute of Local Development, University of Valencia, May 2006

road network many years ago, but they have not had full responsibility for the agents operating at the county network before the last years when the agents were formally transferred from the DDE to the Conseil General). Another argument for decentralisation is that central government should focus on their core activity – strategic planning.

The study shows that it exist different ways of financing road building and maintenance. Ordinary public budget are still important, so are concessions and different schemes of user pay (road pricing, toll rings, fuel taxes, special taxes for heavy vehicles (vignette – Germany, Austria etc).

Focus on management or business models are common, which among others leads to separating of activity to agencies and use of performance measurements. Empowered employees are important key-word for motivation and focus on performance and results. Many countries have chosen strategies towards dividing of strategic competences (client) and contractors (suppliers). Some countries have also chosen to corporatise the supplier/contractor. Cost reduction is important while restructuring the road services, but improved customer/user satisfaction and worker satisfaction are also crucial.

Unlike France, most countries have only kept the strategic tasks directly under the ministry. A global approach is an important strategic competence. Another change regarding competences is increased focus on regulation or management of capacity.

The Netherlands is one of the countries focusing on improving the organisation due to challenges because of rapidly increasing mobility and congestions.

Rijkswaterstaat (RWS) is the executive body of the Ministry of Transport, Public Works and Water Management in the Netherlands. RWS constructs, manages, develops and maintains the national infrastructural networks (Roads, waterways and water systems).

The Ministry is in charge of the policy development for the road network, while the Rijkswaterstaat is in charge of the implementation of the policies.

The Transport and Water Management Inspectorate (IVW) monitors and promotes the safe, sustainable use of the roads, water, airspace and railways for people and businesses (public transportation, taxi, freight etc).

In 2005 the RWS started an organisational change process, and the vision for the process is to be the most consumer-minded arm of the Dutch central government by 2008. The core tasks of RWS have remained unchanged for over 200 years, and the debate is about the way these core tasks are performed:

- Political enquiry for cultural change (ethics, transparency, outsourcing/procurements, management)
- Inspection body, policy unit and executing unit
- Costumer orientation
- Network managers: User-centred approach demands more interactivity
- Communication internal and external
- High focus on innovation, PPP a tool for innovation
- Partnership with the private sector (Contracts for performance-driven infrastructure-building and maintenance, Professional client)
- Operation personnel and road users no doubt that the Rijkwaterstaat is in charge of the national road network although others may do the maintenance etc
- Internal factors: overcapacity, inefficiency, ageing workforce

SETRA has also conducted a study about organisation of Road Authorities in Europe (Spain, Italy, Netherlands, Portugal and Great Britain)¹⁹. This study gives comprehensive information about organisation of the Road Authorities.

An OECD-report from 2001²⁰ presents the work on developing performance indicators in order to test management processes of road administrations. The report discusses different ways of using performance indicators (process management, management-by-

¹⁹SETRA, Comparaison européenne des ingénieries routiers, Claude Vauclare et, 2004

²⁰ OECD, Performance Indicators for the Road Sector, 2001

results, benchmarking/best-practice studies, development/improvement of functions/tasks). The report summarise important learning from reorganisations of road administrations around the world. Separation of the road management planning and production seems to be the most important measure in order to enhance the quality of the road network. In 2000 most road administrations still had in-house production units for maintenance and construction, but outsourcing is increasing in all countries. The report indicates that maintenance by contracts in most cases will be cheaper than in-house work, but there exists examples that shows that effective in-house units may force contractors to cut their margins

The report discusses advantages deriving form different models of road organisation and presents interesting examples regarding benefits from competition and customer focus from New Zealand, Finland and Austria.

The report presents the framework referred to in lots of literature about road organisation, Talvities five stage reform process for road authorities:

Phase 1	Traditional construction and maintenance organisation. A traditional public works ministry of either state or federal government employing large number of employees
Phase 2	Identification of client and provider functions. Greater emphasis on efficiency
	in service delivery and a move to outsource works. Public works organisations
	tend to be replaced by a Ministry of Transport for policy direction.
Phase 3	Separation of client and delivery organisations. The increased emphasis on
	policy, especially on environmental issues and the drive for greater efficiency,
	pushes the separation of client and provider. The traditional public service
	providers or deliverers are normally corporatised during this phase.
Phase 4	Corporatisation/privatisation of the deliverer. In this phase, government-owned
	delivery organisations are at least corporatised, but more likely privatised by
	either sale or devolution of these activities to the private sector. A more
	dedicated road fund normally appears in this phase.
Phase 5	Corporatisation of the client organisation. In this phase, the client road manager
	becomes the formal owner of the roads on behalf of the government and
	manages them as a government corporation.

Today France seems to be somewhere between Phase 2 and 3, while Norway passed into phase 4 in 2003.

The Nordic Road Administrations have long experience in using performance indicators in processes for management by objectives and performance management in general, and they are cooperating in order to improve their systems. Today the focus has shifted from standards for road maintenance or product development to a customer oriented approach, and different models to find out the special needs of the customers are tested.

PIARC works and has been working with questions regarding management and organisation of road authorities for years. At the PIARC-congress in Paris September 2007 new findings about this topic will be presented. The latest published report on this topic 21 discusses drivers for change of the road administrations, classical stages for the relationship between economic development and road network and models for management organisation. However, the report points out that there are no strong relations between organisations models for road authorities and economic development in different countries. Political forces related to for example decentralisation seems to be more important for the administration reforms. Some important trends:

- focus on customer and their needs
- separating of client and producer role
- increasing private sector involvement
- more commercial principles in road management
- more transparency in the organisation
- devolution of decision-making in road management to lower governments

The change of organisation and core functions for the administration causes change of required competences from engineering to for example management and marketing experts, communication, lawyers and social scientists.

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²¹ PIARC, Role and Positioning of the Road Administration, 2004

The report presents many interesting examples concerning restructuring of road administrations. In some countries, for example Netherlands, the government have made distinctions within the Ministry between a policy formulating entity and an executive body – the road administration. They do also have a separate inspection body to supervise the work of the road administration (and other agencies under the Ministry of transport and Communication). Decentralisation or devolving of responsibility of the national road networks to lower governments have taken place in Belgium, Portugal, Finland, New Zealand and Switzerland.

It seems like the last years restructuring projects have improved the lines of accountability in functions regarding policy, regulation, funding, procurement and delivery of services. The community and private sector will become more involved in the work of the road administrations. In order to handle this change the road administrations must develop skills in order to manage the process of interaction with a much wider range of stakeholders/parties.

Financing

Crisis in public funding of infrastructure and transport services is a challenge throughout the world. There exist lot of recent works and work in progress about this topic, and I will not summarise information about concessions, PPP-contracts and user pay like road pricing, toll rings, taxes for heavy vehicles etc in this paper (CEDR, PIARC, OECD/ECMT and The World Bank). However, in a situation there private financing of infrastructure is becoming more and more common, it is important to have good procedures regarding resource allocation and prioritisation of projects²².

The recent OECD/ECMT report about transport infrastructure charges and capacity choices ²³ discusses different types of road funds and different attitudes road funds between developing countries and developed countries. The New Zealand Trandsfund and privatisation scheme is presented. In New Zealand all financing of roads derives from

²² OECD/ECMT (2004): National systems of transport infrastructure planning. Round Table 128

²³ OECD/ECMT (2007): Transport infrastructure charges and capacity choice – selfinancing road maintenance and construction

road user charges. The report explains some of the resistance against road funds in OECD-countries – why should people pay more when they already pay taxes? The report confirms what we have experienced in Norway; road users are more positive to toll rings etc when they experience that the money collected are used for capacity expansion in the transports system. The report do also discuss challenges regarding social costs when using road user charges.

The main purpose of this paper is to discuss important matters concerning decentralisation. It is important with coherency between budgetary responsibility and income through taxes and systems for road user payment.

4. Road Authority Reorganisation in France 2006

4.1 Setting for the transformation of the French Roads Authorities

In August 2004 the French government passed a law ²⁴ about decentralising of responsibilities to local authorities focusing on the principle of subsidarity; - granting decisional power to the public authority level best placed to exercise power.

The law has a definition of the future national road network: "a coherent road network of national or European interest". After a consultation with the counties, the government passed a decree²⁵ on which part of the national roads that was to be transferred to the départements. As a result of this decree 18,000 km roads have been transferred to the counties. In December 2005 the government also passed decrees on yearly economic compensation²⁶ and conditions for transfer of functionaries²⁷ in order to enable the counties to manage their new responsibility.

Decentralisation and a general project on State Modernisation concerning more efficient and transparent budget processes (including performance reporting), electronic administration systems and customer orientation have been catalysts for the change process of the road services. However, the current restructuring process of the French National Road Authorities is first of all a possibility for the state to reinforce their execution of their core responsibility concerning the national road network in France.

²⁵ Décret no 2005-1499 du 5 décembre 2005 relatif à la consistance du réseau routier national

²⁴ LOI no 2004-809 du août 2004 relative aux libertés et responsabilités locales

²⁶ Décret no 2005-1711 du 29 décembre 2005 relatif à la compensation financière des charges liées aux routes nationales transférées aux départements et aux régions.

²⁷ Décret no 2005-1727 du 30 décembre 2005 fixant les conditions d'intégration dans les cadres d'empois de la fonction publique terrioriale des fonctionnaires de l'Etat en application des dispositions de l'article 109 de la loi no 2004-809 du août 2004 relative aux libertés et responsabilités locales. Décret no 2005-1785 du 30 décembre 2005 relatif au détachement sans limitation de durée de fonctionnaires de l'Etat en application de l'article 109 de la loi no 2004-809 du août 2004 relative aux libertés et responsabilités locales

4.2 Many years of processes towards decentralisation

Traditionally the Equipement has had a very strong position in the development of the French State. Since the eighties there has been a focus on decentralising of tasks and responsibilities, and the DDEs(Direction départemental de l'Equipement) have had much responsibility and cooperation with local authorities in the field of urban planning and transportation. DDE used to have the responsibility for the planning, construction and operation for both the national and county road networks in the counties (départements). After the first law about decentralisation of responsibility from the state to the counties in 1982, there have been discussions about the organisation of the road services in the counties. Already in 1987, the Conseil General of Calvados got a transfer of about 50 people form the DDE, in order to start the first county technical services in the field of planning.

The French state formally transferred the responsibility for 18.000 km of the former national road network and 30.000 agents to the départements (counties) in 2006/2007. The official transfer of the agents from the DDE to the counties was a formalisation of the actual work situation for those working on the county road network. In fact, a majority of the 30.000 agents had been made available ("mis à disposition") to the counties for several years. In Calvados, for example, 350 agents from the DDE had been allocated to work on the county network since 01.04.2003²⁸. However, until 01.01.2007 these employees were still on the payroll and under the responsibility of DDE. Because of the transfer of parts of the national network to Calvados, additional 25 agents were transferred to Calvados by 01.01.2007.

The formal transfer of the 30.000 agents, where about 24,000 was assigned for operating the county roads, had great impact on the former road organisation and led to a huge change for the decentralised state services, Direction départemental de l'Equipement (DDE).

²⁸ The leasing of people took place with reference to article 7 in the Loi no 92-1255 du 2 décembre 1992 regarding «la mise à la disposition des départements des services déconcentres du ministère de l'équipement et à la prose en charge des dépenses de ces services. »

The Direction des Routes (DGR) used these circumstances to create the new Direction Interdépartemental des Routes (DIR) and the Service de maîtrise d'ouvrage (SMO).

Now the DGR relates to 11 DIRs instead of 96 DDEs concerning maintenance and operation and to the 21 SMOs concerning development of the network and new projects. The SMOs reports to the DGR, but they collaborate closely with the Direction régionales de l'Equipement (DRE).

4.3 Classification of the national road network

In 2006 the French government changed the structure of the national road network. A heterogeneous network of 38.000 km was transformed to a more homogeneous network of major routes with 11.800 km national roads and 8.000 km tolled motorways.

The main criteria for the future national network were:

- Which roads are routes for long-distance traffic
- Which routes serve the major regional cities and large economic centres

Many of the former national roads had lost their function of ensuring through-traffic flow after 30 years of development of motorways. These roads do mainly have local importance, and are similar to the county roads in terms of usage and physical characteristics. The state proposed to transfer 20.000 km of the national network to the counties (départements). Most of the counties were in favour for the changes, but after negotiations between the counties and the national authorities 18.000 km of national roads were transferred to the counties. In general, the 2000 km that were not transferred to the counties, are roads where there are discussions concerning future development of the roads.

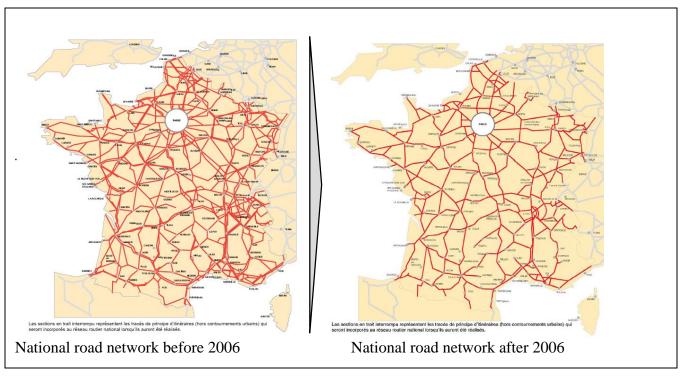


Figure 4. National road network in France – before and after decentralisation in 2006 (Source: DGR)

The counties did manage a network of 360.000 km county-roads before the transfer. Along with the transfer of the roads, 24.000 public workers were officially transferred from the state to the counties in order to operate the county roads. The state will ensure allocation of credits for paying the wages for the transferred human resources (1 milliard € per year). However, the Conseil General (local authorities) may use this money for other purposes.

The state will also transfer financial resources for exercising the new management responsibilities. Every year, approximately 200 million €will be allocated to the counties for managing the transferred road (maintenance, rehabilitation, operation etc). The allocations are based on rather complicated methods for calculation given in "Décret n° 2005-1711 du 29 Décembre 2005".

The state continues to guarantee the coherence of the road networks by maintaining strong relations with local authorities and sharing the competences of the Scientific and Engineering Network (RST). The state is also responsible for security issues, crisis management, traffic information and traffic management centres in collaboration with other authorities.

4.4 The new national road organisation – DIR, SMO and DDE

The decentralisation has given the state the opportunity to do a fundamental modernisation of the state road services. The former organisation based in the DDE served the municipalities, counties and the state. Before the decentralisation law one typical DDE operated a national road network covering an average of 3,900 km. After the decentralisation the average length of the national network in each county is just 120 km. Questions regarding scale in order to keep and build up engineering competences in the domain of maintenance, operation and new projects were arguments for the reorganisation.

Principles for the reorganising:

- Route-based network management and customer orientation (e.g. the A75 motorway, which was operated by six DDEs, in now operated by one single directorate, DIR Massif Central.)
- Clearly identifying the works management for new works professional client
- Raising the performance of the organisation, thanks to strengthened management dialogue.

Before the reorganisation the DGR had to relate to the 96 directors of the DDE in questions regarding national policy and budgets, - now they can have a dialogue with the 11 directors of the DIR concerning maintenance and operation and the 21 SMO's regarding new projects.

The road services are now organised around two new structures:

- Inter-département road directorates (DIR directions interdépartementales des routes engineering and producers)
- Works management services (SMO services de maîtrise d'ouvrage client offices).



The DIR's mission will be to manage, maintain and develop the sub-entities of the national structural road network, broken down using a route-based approach.

The head offices of the DIRs are distributed across the whole of France, supported locally by:

- Road engineering services (SIR services d'ingénierie routière) on the engineering side
- By districts and maintenance/ operations centres (CEIs - centres d'entretien et d'intervention) on the maintenance and operations side

Head office services will have a general secretariat for support functions, as well as functional services looking at road policy.

Source: DGR

Figure 5: Map showing the 11 new DIRs and the conceded motorways (Source: DGR).

The DIRs are neither public bodies nor agencies, but disaggregated state services placed under the authority of a Prefect acting as a road route coordinator across borders of departements and regions. However, the Directors of the DIR communicate directly with DGR regarding questions relating to management goals etc.

The main work-tasks for the DIR are maintenance and operation. The DIR are both client and producer for these tasks. Some DIRs do also build new projects for the SMOs. The DIRs do have engineering services (SIR) that carry out work for the DIRs and the SMOs.

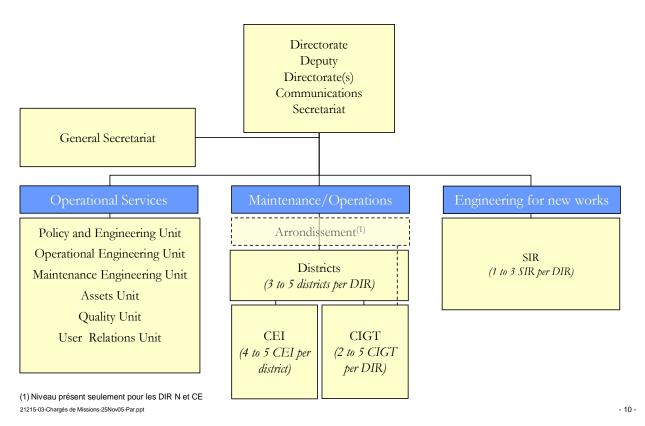


Figure 6: Example of organisation chart for a DIR (Source: DGR)

The DIR are managing the use of the engineers in the SIR together with the SMO. Today the services have sufficient resources to do all required tasks, but in the future they will probably have to outsource more tasks to private consultants.



Figure 7: Size of the networks of the DIR (Source: DGR)

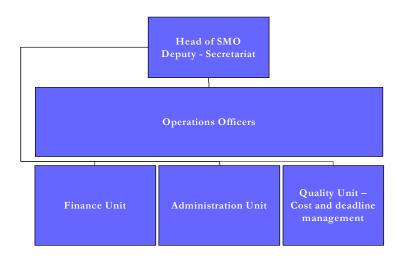
Clear separation between the client and the producer role in new projects is an important objective for the new organisation. The new SMOs, located together with the regional infrastructure directorates (DRE), are created in order to carry out the client function. The SMOs have the responsibility for guaranteeing good integration between road network development projects and issues of spatial planning and other modes of transport.

Studies	Preparation	Monitoring execution	Acceptance
Programme definition	Tenders, placing orders with contractors and	Cost management	Acceptance of works
Global organisation of projects: planning,	enterprises, PM function	 Organisation and conduct of dialogue with third parties 	Settlement of disputes
procedures, establishing steering committees	 Validation and check of quality plan drawn up by works management 	on projects at various stages	Assessments/Evaluations
Co-ordination (residents, local authorities, associations, etc.)	Establishing internal and external controls	 Planning and managing budgets for operations, monitoring of commitments, payment for services 	

Figure 8: Flow-chart showing the responsibility of the SMO (client) from the first studies of a project till the opening date. (Source:DGR)

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Each SMO have between 20 - 30 employees that work like project manager with lots of responsibility. They are in charge of setting up project teams for the different stages in the project, procurements and supervising the projects. They use engineers from the DRE, SIR, DDE, CETE and private consultants in order to solve the different tasks.



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Figure 9: Standard organisation chart for a SMO (Client office) (Source:DGR)

The DDE do still have some tasks in the road domain:

- They retain their role in advising the *département* Prefect on road safety and crisis management.
- Under the Prefect's authority, they handle coordination of all road network managers operating in their *département*.
- Infrastructure assets are retained as DDE services.
- They assist the SMO in planning of projects and contact with local authorities and politicians.

4.5 New budget system and management dialogues

In 2001 the French Parliament passed a law concerning a new budget system (la LOLF), and in 2006 the budget was presented according to the new system for the first time. The new budget and management system is supposed to:

- ensure greater transparency in the State's actions and public finance-related issues
- encourage the administration to make public spending more efficient
- restore the balance of power between Government and Parliament concerning the budget.

The new system enables the Parliament to play a grater part in outlining the public finance strategy and setting priority objectives for the next Budget Act. Up to 2005 94 % of the appropriations in the budget were renewed automatically from one year to another (current service appropriation) without being brought into question or debate of the Parliament. From January 2006 100 % of the appropriations are debated in the Parliament.

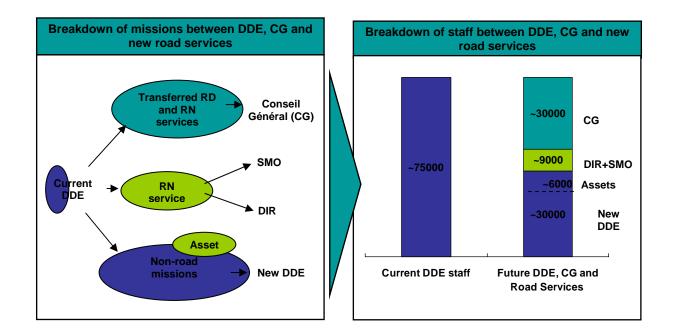
The new budget system with different programs delegates more responsibility regarding how to achieve objectives from the Ministers to the General Directors (Head of the Programs). The Directors do now have better possibilities to move people and resources regarding their needs. The Directors of the DIRs have signed contracts with objectives with the General Director.

The new budget system requires monitoring tools, and nowadays the DGR are busy developing new systems for Performance reporting. Important measures are process mapping of core activities and development of performance indicators and data systems in order to measure performance/best practices between the DIR.

4.6 Human resources and change management in the restructuring process

Many years of decentralisations have initiated a reallocation of people between the DDE, CG (Conseil General –County Council), DIR and SMO. This is the first big reorganisation in the Equipment for 40 years, and the transfers because of the decentralisation law in 2004 had to be done according to a tight schedule.

Before the reorganisation DDE had about 75,000 employees. 30,000 employees were transferred to the Conceil General over a period of time (Example Calvados 01.04.2003 - 01.01.2007), while ca 9000 were transferred to the new DIR/SMO during 2006. The 36,000 that are still working for the DDE have experienced big changes of the organisation and work tasks.



The breakdown across services takes into account the present activity of the services

Figure 10: Reallocating of the missions between DDE, CG, DIR and SMO involves reassigning DDE staff. (Source: DGR)

In order to manage the reallocating of people a lot of effort has been put into communication and processes with the unions before critical decisions. It was a challenge for some of the DIRs to attract the employees with the right competences to all the positions, but the state could offer attractive compensation to the people that had to move to the new DIRs or SMOs.

The French state and Conseil General have different career-systems and privileges for their civil servants. French civil servants working for the state have a career-based system, which is rather predictable, while the French civil servants working for the "collective territorales" services have a position-based system. This may have influenced the mobility for some of the employees.

Recruiting and competence development is a challenge for the national road authorities. Now the organisation is experiencing challenges concerning harmonisation of work methods, culture, benefits etc, but in the long run the organisation will probably be more efficient due to the gathering of competences and more efficient management models. Now the Direction des Routes (DGR) relates to 11 DIR, in the old structure DGR had to manage 100 DDE. In the old organisation some of the technicians were working with several of the responsibilities of the DDE, - now they can specialise in matters concerning the road network. New models for sharing of competences have to be developed, and the new tasks and new ways of organising the work demands different skills and educational programs.

The transfer of people according to the LOI no 2004-809 du août 2004 relative aux libertés et responsabilités locales has not influenced the organisation of the services of the Conseil General very much. However, while working for the DDE agents had a set structure for competence development. The new Road services in the counties will have to develop their own structures and networks for competence development. Some civil

servants may find this situation frustrating, while others enjoy the dynamics in searching of new ways of doing their tasks.

However, the break up of the DDE will influence the future training systems for the road engineers in France. Both the national road authorities and the Conseil general will have to put efforts in creating new training systems and developing competences.

4.7 Resource network

At central level the General Departments are supported by the engineering departments (SETRA, CETU, CERTU, CNPS, etc) regarding research, development and communicating engineering policy. The ministry also operates 7 Regional Public Works Engineering Centres (Centres d'Etudes Techniques de l'Equipement - CETE) that offers their services for studies, design and laboratory-tests to national, regional and local authorities in the field of transport and land use planning. These institutions are part of the Ministry's scientific and technical network (RST).

In France the scientific network (RST) has been important both in education and research and development. However, today it is need for a reform of this network in order to satisfy the future needs of the state, counties and municipalities.

Recruitment and development of competences are some of the challenges for the CETEs. Many of the experts working in the CETEs will soon retire. These people were hired on very good contracts in the seventies. Today it is difficult for the CETEs to offer equivalent good conditions for new employees, so the CETEs have to compete with the private sector in the hiring processes. However, the special education system for civil servants in France helps the state organisations to hire good candidates. Many students get paid during their studies at national education institutions. They are obligated to work for the state for seven years after the graduate (if a private company do not offer to pay them out of the contracts).

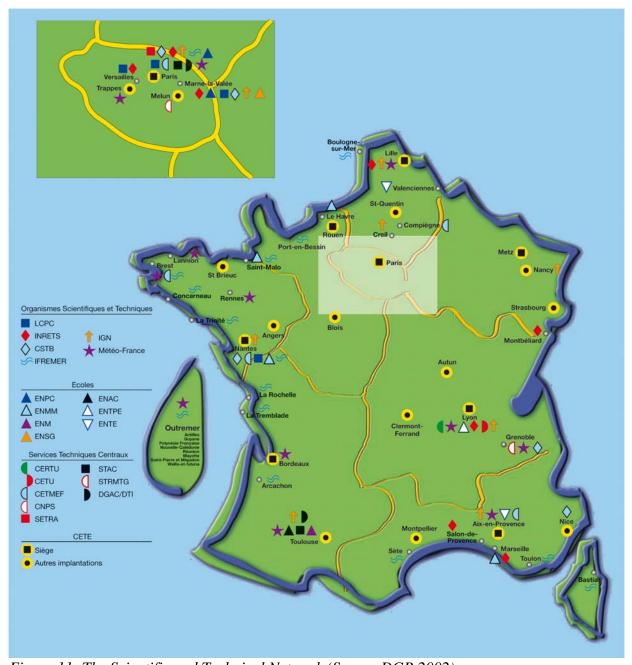


Figure 11: The Scientific and Technical Network (Source DGR 2002)

Because of the way the CETEs are selling their competence outside the state, it is merely interesting for municipalities, counties or private to make use of the competences of the CETEs in much specialised areas. In average it is more cost-effective to use a private consultant. Nevertheless, for some specialised areas the competences of the CETEs are asked for – depending of the expertise of the individuals doing the job.

The association of directors of the road services in the counties has started a dialogue with the CETE/RST in order to modernise the CETEs and the RST in order to perform the needs of the counties. The scientific and technical network (RST) may be developed to a common competence network for the national and local road services in France.

4.8 Financing of national infrastructure

France has a well developed motorway system that is mainly financed by concessions. There have been several shifts with privatisation and nationalisation of the motorway network, and in 2005 the state created a new Financing Agency for Infrastructure of France (AFITF) in order to increase the state financial contribution to major transport infrastructure projects of supra-regional interest.

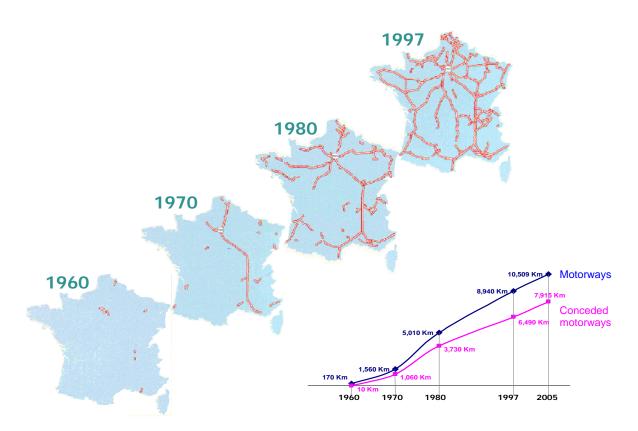


Figure 12: The Motorway Network in France (Source: DGR)

The AFITF concept was based on the conservation of the state shareholdings in the motorway companies, but this scheme was changed and by March 2006 the state had sold out their shares in the motorway companies. Table 1 shows the AFITF Resources for 2005 and 2006. 50 percent of the members of the board of the AFITF are elected politicians, while 50 percent are people working for the state. The AFITF is aimed at multimodal investment, and only 30 percent of the fund may be used for the road

network. Today almost 70 percent of the fund is spent on railways, due to lack of projects in other fields (harbours and waterways).

Table 1. AFITF – the Financing Agency for Infrastructure of France. Resources in 2005 and 2006. Source: DGR

(million of euros)	Finance Act	Finance Act
	2005	2006
Special property tax form motorway companies	155	160
Dividends from state share in motorways companies	280	0
Regional development tax (included in toll fare)	0	510
Radar speed trap fines	0	100
Budget allowance	0	394
Allowance in capital	200	836
Total	635	2000

In order to get a perspective of the size of the AFITF fund it might be interesting to know that the 2005 Budget for DGR was in total 1,443 million euros, where 830 million euros went to roads investment and 613 million euros were spent on maintenance and repairs.

In 2004 France created a new mode of partnership contracts, Private Public Partnership contracts that may be used for complicated projects where it is hardly impossible to use ordinary concessions contracts or toll schemes (urban areas, commuters' traffic, upgrading of existing roads). The first project to be implemented according to this new regime of PPP-contracts is an upgrading-project at RN 88 between Albi and A75 in southern France that was approved the spring of 2007. This project is a DBFM-contract and the state will pay a rent to the private investor.

5. Common challenges for France and Norway concerning change management of the National Road Authorities

The French and Norwegian road authorities need to develop competences in order to handle continuous changes. Important skills for leaders in change processes are the ability to motivate the employees for changes, communicate visions for the future and reduce the feeling of insecurity. Good routines for information flow is particular important. The Norwegian Public Roads Administration is now preparing for the third big organisational change in 15 years. This situation calls for special care because some of the employees may feel fatigue because of the changes.

Recruiting and keeping skilled workers is a challenge in both countries. France has had an advantage because of the educational and civil servant system were students get paid during their studies at national education institutions and are duty-bound to work for the state for seven years after they graduate. Because of demographics it is important to attract and motivate senior executives who meet the high performance demands of modern public services.

The change of organisation and core functions for the administration causes change of required competences from engineering to for example communication, management and marketing experts, lawyers and social scientists.

The Nordic countries have been cooperating in developing of skills in order to become professional clients for many years. They have also shared knowledge about performance indicators and systems for management by objectives. It might be interesting for French road authorities to join the Nordic countries in discussions on professional clients and performance management.

When the organisation has high focus on performance and efficiency it is important to develop culture and competences for collaboration (teamwork and sharing of competences).

The DIRs are now experiencing their first serious conflicts after the reorganisation due to challenges concerning harmonisation of benefits etc. It takes time and energy to harmonise work methods and common mind sets after merges.

Oasis Consulting Services have conducted a big project for the National Cooperative Highway Research Program (NCHRP) in the US about identifying and pursuing opportunities for enhancing organisational performance in Departments of Transportation ²⁹. They have produced a guide or "toolbox" covering themes like leadership, performance measurements, evaluation of customer and employees' satisfaction, alignment, dialogue and communication, Kaizen culture (continuous improvement – involving everyone in the organisation) and empowerment. However, they stress that there is no single formula for success. Each organisation must find their way of improving performance.

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²⁹ A Transportation Executive's Guide to Organizational Improvement. National Cooperative Highway Research Program (NCHRP) project 20-24: Guidelines for State DOT Quality Management Systems. Oasis Consulting Services. June 2006

6. Input to work on governmental reforms in Norway

The scope of the proposed governmental reforms in Norway is to strengthen local and regional democracy. Decentralising of the responsibility in transportation in general, and particular the national network that is not part of the trunk road system, are some of the measures proposed.

In the further work on the reforms it is important to invest time and energy in order to develop a structure that ensures that the proposed changes will have the desired consequences. Research and experiences from other countries show that decentralisation or devolving of responsibilities in the transport sector may improve the efficiency of the transport system and attend to the needs of the users and residents. However, budgetary responsibility and tax resources are topics to be discussed in a decentralisation process.

In the future discussions about decentralisation and governmental changes in Norway it is important to put effort into multi-level structure and multi-level relationship. Research done by the European Spatial Planning Observation Network (ESPON) shows that while France has strong processes for vertical and horizontal coordination in the field of territorial planning, Norway seems to have weak vertical and horizontal coordination.

The need for better vertical coordination of strategies and budgets regarding territorial development has been on the agenda for meetings between national and regional authorities in Norway for many years. Still there have not been any politicians that have managed to do anything about this challenge. It is important that the governmental reforms ahead of us do not end up just like a signal of political intent. It is important that all parts involved feel obligated to do the hard choices and priorities in order give the reform a chance.

In France and Norway the national road authorities have had the responsibility for development, maintenance and operation of both the national and county networks for many years. This situation has been a good way to safeguard the competences in the field of engineering. A split of the joint organisations calls for new ways of dealing with

development of competences. In France the counties and the state are cooperating in the work on renewing the scientific network (RST). In the long run the RST network may gain a lot from this new situation, because their new customers may introduce them to new networks or partnerships. In the further work on governmental reforms in Norway it is necessary to rethink our ideas about competence network. Perhaps this is our chance to invest in better joint competence networks in the infrastructure sector in general.

After a scanning of international experience on decentralisation in the transport area and different models for organisation of road authorities, I have found many examples showing that other countries have adopted the principles of division of the policymaker, executive body and producer to a higher extent than we have in Norway. It seems to be logically that the strategic level regarding development of transport systems remains the responsibility of the central government, whereas the operational and managerial sides can be decentralised.

The focus in the current restructuring process of the French National Road Authorities has been how to strengthen the state's execution of core responsibility concerning the national road network in France. Norwegian National Road Authorities has since 1995 been through two major restructuring processes in order to enhance political governance, cost-effectiveness, customer-orientation, justice and equity concerning the national road network and other fields of responsibility. In the future restructuring processes we will still have to focus on have to enhance the execution of our core responsibility – and I believe one important task will be to nurture networks and develop models for collaboration in territorial planning and transportation rather than imposing rules and regulations.

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