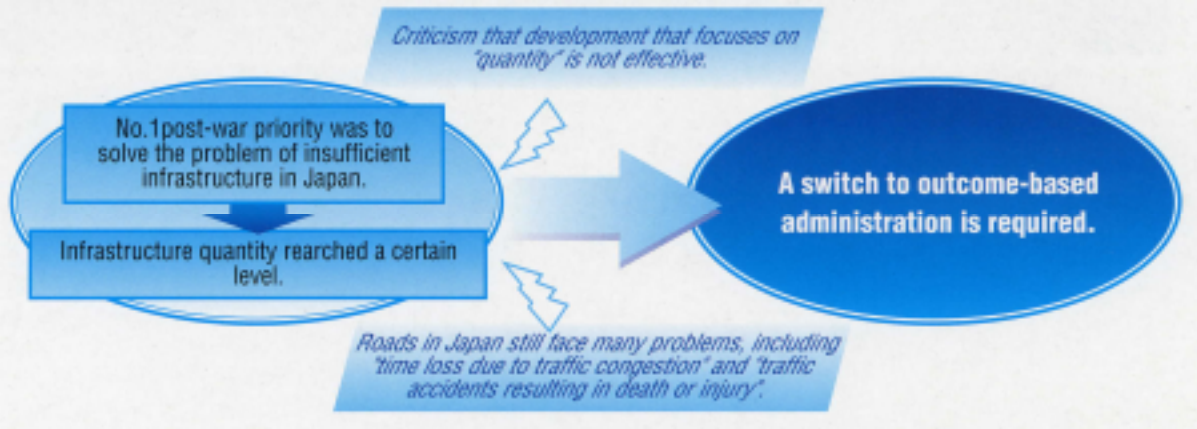
Switch to Outcome-based Road Administration



Outcome-based Undertakings in Other Countries

Since the 1980s, several countries, including the US and UK, have been promoting administrative reform called "New Public Management" (NPM), in which private-sector management approaches are incorporated into administration, in order to ensure efficient administration. In NPM, policy objectives are set using outcome indicators (i.e., indices expressing results), performance is analyzed and assessed every year, and the results are reflected in future policies and projects.

Outcome-based Road Administration Management

In FY2003, a new administration management framework was adopted in order to ensure more effective, efficient, and highly transparent road administration from the viewpoint of the citizens. This framework involves the following aspects: Numerical targets are set beforehand (Plan), Measures and projects are implemented (Do), Achievement levels are evaluated (Check) and Results are reflected on administration management in next year (Action). In the future, undertakings in cooperation with the community will be carried out in order to accurately meet public needs and to promote better road administration.

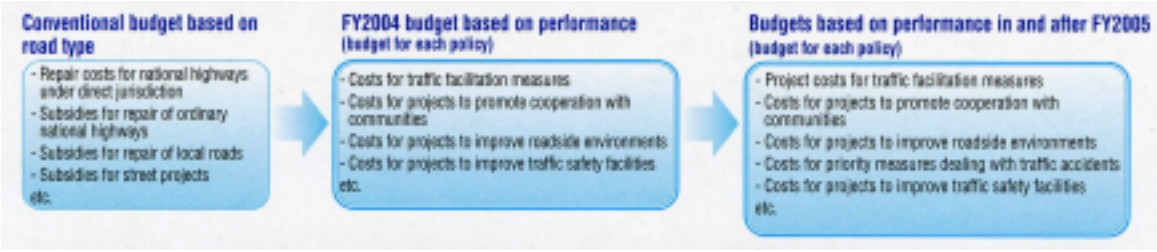
Road administration management has been promoted based on opinions provided by experts of the Study Committee for Road Administration Management (headed by Professor Shunichi Furukawa, Graduate School of the University of Tsukuba).

Familiarization with Outcome-based Road Administration Management

Action toward more effective and efficient budget allocation is being implemented together with introduction of budget allocation based on performance (budget for each policy) ahead of other publicworks and strengthening of linkage between assessment and budget.

Shift from budget allocation based on road type to allocation based on performance (budget for each policy)

In FY2004, budget allocation based on road type (such as "national highway", "local road", etc.) was shifted to allocation based on the performance of each policy (e.g., " traffic facilitation" and "cooperation with the community"). In FY2005, "priority measures dealing with traffic accidents" was established as a budget item to further urgent policies that focus on traffic accidents. Policies are classified into seven categories on the basis of social need in order to easily assess budgets based on performance (budget for each policy) and the correspondent outcomes of related indicators. In addition, easily comprehensible numerical targets that are closely linked to daily living are set for each category, covering such items as time loss due to traffic congestion, etc..



Policy Theme	Major Indicators	Budgets based on performance (budget for easy policy)
Reducing traffic congestion - Smoothing traffic flows and countermeasures against global warming - 	Time loss due to traffic congestion	Expenditure for traffic facilitation projects (¥ 722.7 billion)
	Hours of roadwork	
	ETC usage ratio	
	Time loss due to closed railroad crossing	
	Reduction of CO_2 emission	
Improving environment - Preserving roadside environments- 	Rate of NO_2 and SPM environmental goal achievement	Expenditure for roadside improvement projects (¥ 188.1billion)
	Achievement rate of required limits on nighttime noise	
Reducing traffic accidents - Creating safe and worry-free roads - 	Road traffic accident casualty rate	Expenditure for projects for priority measures dealing with traffic accidents(¥151.9 billion)
	Percentage of barrier-free main roads in the vicinity of passenger facilities with an average daily user volume of more than 5,000	Expenditure for projects to improve traffic safety facilities (¥322.2 billion)
Linking regions - Improving freight transport and inter-regional coordination – 	Ratio of high-standard road usage	Expenditure for projects to promote cooperation with communities (¥1,922.8 billion)
	Ratio of roads with access to hub airports and ports	
Preparing against disasters -Disaster prevention and maintenance - 	Ratio of seismic retrofitting on bridges	Expenditure for maintenance and repair (¥238.2 billion)
	Percentage of cities that have rescue routes covering a wide area in the event of disaster	
	Ratio of bridges receiving preventive maintenance (road structure maintenance ratio)	
Improving regional attractiveness - Tourism promotion - 	Percentage of truck roads in urban areas without telephone poles	Expenditure for projects to prepare common utility ditches (¥198.3 billion)
Reforming road administration - Improving accountability - 	Level of road users satisfaction	–
	Number of website hits	
	Comprehensive cost reduction rate of road projects	

Budget allocation for more efficient project implementation

More effective and efficient traffic facilitation projects are being executed based on local conditions by, for example, arranging road sections according to time lost due to traffic congestion and then selecting areas requiring priority measures.