

REPUBLIC OF NAMIBIA
ROAD FUND ADMINISTRATION

Five-Year Business Plan

April 2022 to March 2027

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WINDHOEK
Final Draft Version

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PREAMBLE

This Business Plan of the Road Fund Administration, for the period from 1 April 2022 to 31 March 2027, is being prepared in terms of Section 21 of the Road Fund Administration Act, 1999 (Act No. 18 of 1999), with an extended scope to include the information required in terms of clause 6 of the Governance Agreement between the Minister of Finance and the Board of Directors of the Road Fund Administration.

The Business Plan was adopted by the Board of Directors of the Road Fund Administration on 15 December 2021, in compliance with Section 21 of the Road Fund Administration Act.

The final Business Plan has subsequently been prepared in compliance with Section 14 of the Public Enterprise Governance Act (Act No. 1 of 2019). Copies of the final version will be submitted to the Minister of Finance and the Minister of Public Enterprises for comments in compliance with the Public Enterprises Governance Act.

Before finalisation and adoption of this Business Plan, consultations as provided for in Section 21 (5) of the Road Fund Administration Act were held with interested and affected parties (stakeholders) at a public stakeholders' meeting on 02 November 2021. No substantial responses were received at this meeting.

The Business Plan is presented as a budget of revenue, including loans, and expenditure for road sector projects and programmes of which the funding is authorised by the provisions of Section 17 of the Road Fund Administration Act. On an annual basis, surpluses have been budgeted for as required to replenish the Fund's cash assets and redeem loans in compliance with loan agreements.

DR EMMA HAIYAMBO
CHAIRPERSON

DATE

DEFINITIONS

<u>Term</u>	<u>Definition</u>
Administration	Infers the Road Fund Administration established by Section 2 of the RFA Act.
Business Plan	The Road Fund Administration's business plan in terms of Section 21 of the Road Fund Administration Act, 1999.
FY	Financial year. The RFA financial year begin on 01 April and end on 31 March of the following year. The numbering of financial years as referred to in the Business Plan follows the accounting practice of numbering financial years by the calendar year in which a financial year ends (for example FY2019/2020 is reflected as FY2020, and so forth).
ISBP	The Integrated Strategic Business Plan in terms of Section 13 of the Public Enterprises Governance Act, 2019.
MDC	Mass-distance Charge
MDCS	Mass-distance Charging System
MLTRMP	Medium- to-Long-Term Roads Master Plan of the Roads Authority.
MWT	Ministry of Works and Transport
NaTIS	Namibian Traffic Information System
RA	Roads Authority, established by the Roads Authority Act, (Act 17 of 1999).
RA Act	Roads Authority Act, 1999 (Act 17 of 1999).
RFA	Road Fund Administration, established by the Road Fund Administration Act, (Act 18 of 1999).
RFA Act	Road Fund Administration Act, 1999 (Act 18 of 1999).
Road Fund	Also denoted “Fund”, established under Section 16 of the RFA Act.
RUCs	Road User Charges
PE	Public Enterprise
PEG	Public Enterprises Governance
PEGA Act	Public Enterprises Governance Amendment Act, 2019.
TLE	Traffic Law Enforcement are agencies that enforce the provisions of the Road Traffic and Transport Act (Act 22 of 1999) to regulate road traffic and enhance road safety, including the control of overloading of vehicles.

EXECUTIVE SUMMARY

Introduction

The Road Fund Administration Act, 1999 (Act 18 of 1999, hereinafter referred to as the “RFA Act”), envisaged that the RFA should regulate funding to the road sector according to a Government policy of full cost recovery from road users for the economically justified cost of road sector projects and programmes as defined in the Act. Such regulatory function was to be performed by managing the road user charging system, as defined in Section 1 of the RFA Act, and which explicitly entails full cost recovery from road users. Management of the road user charging system was defined as entailing the determining the amount and manner of funding for such projects and programmes, and determining the road user charges to be levied to secure the determined amounts.

The Government has subsequently assumed the regulation of road user charges, and the RFA now only fulfils an advisory function in this respect.

As a result, the amount of funding determinations as envisaged in terms of Section 20(4)(a) no longer have any effect in respect of the determination of road user charges. The RFA, however, continues to include amount of funding determinations in the Business Plan as a reference point against which to assess the savings that need to be imposed to achieve “manner of funding” determinations in alignment with sustainable Road Fund revenues.

The Business Plan accordingly sets out amount and manner of funding determinations that the Administration has made with respect to budgets submitted to it for funding in terms of Section 20 of the RFA Act.

Summary of Business Plan

Funding constraints

Whereas the RFA Act had envisaged revenue determinations to follow funding determinations, revenue considerations are now placed first, as these constrain the feasible funding determinations. For the 5-year period of this Business Plan, the manner of funding is constrained by the projected revenue over this period, as summarised on the following page (the amounts are rounded from Table 5, as reflected in Appendix and slight differences may occur due to rounding).

Table 1: Revenue

Revenue Inside Road User Charging System	FY2021	FY2022		FY2023		Business Plan Total	
Revenue by Source [N\$ million]	Actual	Original Budget	Revised Budget	RUCS	GRN	RUCS	GRN
Road User Charges Revenue	2,258	2,199	2,320	2,406	0	12,696	0
<i>Fuel levies Collected (gross before refunds)</i>	1,475	1,461	1,525	1,604	0	8,278	0
<i>Less Fuel Levies Refunds</i>	271	278	290	305	0	1,480	0
Fuel Levies Collected (nett after refunds)	1,204	1,183	1,235	1,299	0	6,797	0
<i>Vehicle License Fees</i>	738	641	763	771	0	4,004	0
<i>Non-RUC Fees</i>	44	79	46	48	0	253	0
<i>Entry Fees</i>	110	129	112	113	0	583	0
<i>Mass-Distance Charges</i>	151	155	153	164	0	1,003	0
<i>Abnormal Load Charges</i>	10	11	10	10	0	51	0
<i>Road Carriers Permits</i>	1	1	1	1	0	5	0
Additional Revenue	73	268	426	487	0	1,042	0
<i>Government co-funding</i>	0	0	0	0	0	0	0
<i>Financing Instruments</i>	42	268	426	487	0	1,042	0
<i>Remainder of minor revenue sources</i>	31	0	0	0	0	0	0
Total	2,331	2,467	2,746	2,893	0	13,738	0

Amount and manner of funding of projects and programmesBudgets received

Amount and manner of funding determinations are based on budgets submitted to the Administration. The following budgets were received:

1. Roads Authority:
 - (a) Management of the national road network, including administrative expenses of the Authority;
 - (b) National traffic information system; and
 - (c) Vehicle and driver testing.
2. Local Authorities and Regional Councils:
 - (a) Traffic related maintenance of urban roads.
3. Namibian Police and some Local Authorities:
 - (a) Traffic law enforcement.
4. National Road Safety Council:
 - (a) National Road Safety Council projects and road safety initiatives.

With a view to the Business Plan presenting a comprehensive picture of the funding of national road network projects, the Roads Authority has also communicated to the Administration a list of projects that are to be funded entirely through Government's budgetary allocations from the Ministry of Works and Transport. Such projects are not subject to the amount and manner of funding determinations made by the Administration, and they are accordingly reported as funded outside the road user charging system. A list of these projects is provided in **Table 2**, as

reflected in the Appendix. The budgeted amounts for these projects should be regarded as indicative, as they are subject to budgetary allocation decisions made by Government, which are not necessarily communicated to the Administration.

Amount of funding determinations

Purpose

Amount of funding determinations reflect the amount of funding that **should be allocated** to each project and programme for which the Roads Authority and approved authorities have submitted a budget request to the RFA. They are based mainly on economic efficiency principles, and additional considerations as stated in the RFA Act.

The RFA has framed Rules and Principles in terms of Section 19(2) of the RFA Act to stipulate the economic and auxiliary principles to be applied in amount of funding determinations.

Projects and programmes pertaining to the Management of the National Road Network

Amount of funding determinations for projects and programmes have been based on economic analysis information provided by the Roads Authority, and the recommendations of the Roads Authority's Medium-to-Long-Term Roads Master Plan (MLTRMP) of 2012, to give a robust analysis of maintenance needs for the next 20-year horizon, including capacity, network and mobility improvement projects. The MLTRMP of 2020, was finalised after the funding determinations were concluded and thus not incorporated into this Business Plan. Part I of the Rules and Principles is applied in making these determinations, as well as in determinations pertaining to concomitant expenses that are mainly of an administrative nature.

Other programmes of the Roads Authority

Amount of funding determinations were made for the:

- Traffic information system – applying Part IV of the Rules and Principles; and
- Vehicle and driver testing – applying Part VI of the Rules and Principles.

It should be noted that the overload control function performed by the Roads Authority in terms of the Roads Authority Act, 1999 (Act 17 of 1999), is statutorily part of the Authority's function of "management of the national road network", and is not to be regarded as a traffic law enforcement function as envisaged in the RFA Act.

Local Authority programmes

Amount of funding determinations were made for the:

- Traffic related maintenance of urban roads – applying Part III of the Rules and Principles; and
- Traffic law enforcement functions performed by some of the larger municipalities – applying Part V of the Rules and Principles.

Namibian Police Traffic Law Enforcement Programmes

Amount of funding determinations were made for the traffic law enforcement functions performed by the Namibian Police – applying Part V of the Rules and Principles.

In the cases of urban roads maintenance and traffic law enforcement, the Administration was not able to evaluate programmes based strictly on economic efficiency principles, and applied Subsection 17 (2) of the RFA Act to determine types and maximum amounts of funding.

National Road Safety Council

The RFA Act does not require amount and manner of funding determinations for expenditure referred to in Section 15 of the National Road Safety Act, 1972 (Act No. 9 of 1972). In terms of

Section 15(4) of this Act, the Minister of Works and Transport is authorised to make funding determinations based on budgets submitted to the Minister by the National Road Safety Council. Consequently, the RFA has not framed applicable Rules and Principles for such determinations.

Amount of funding determinations are tabulated in **Table 3**, as reflected in the Appendix.

Manner of funding determinations

Purpose

Manner of funding determinations are to be made to determine the funding that **can be allocated** to each project and programme subject to the availability of funds from the road user charging system and funds from other sources channelled through the Road Fund.

A summary of the amount of funding determinations, compared to the manner of funding determinations that are feasible within the ruling funding constraints, is tabulated below (the amounts are rounded from **Table 4**, as reflected in the Appendix and slight differences may occur due to rounding).

Table 2: Expenditure

Expenditure Inside RUCS	Budget		Amount of Funding		Manner of Funding		Funding Gap	
	FY2022 [N\$ mil.]	FY2023 [N\$ mil.]	BP Total [N\$ mil.]	FY2023 [N\$ mil.]	BP Total [N\$ mil.]	FY2023 [N\$ mil.]	BP Total [N\$ mil.]	
RA Administration	349	361	1,936	361	1,936	0	0	
RA Administration Projects	51	52	279	51	274	(1)	(5)	
RA Management Functions	89	116	679	101	587	(16)	(92)	
NaTIS Administration	133	138	834	138	739	0	(95)	
NaTIS Operations	49	51	435	51	405	0	(30)	
RFA Administration	133	138	740	138	740	0	0	
Road Fund Account	78	112	523	119	514	7	(9)	
Road Fund Financing	124	0	0	163	1,004	163	1,004	
Road Research Studies	1	5	26	2	10	(3)	(16)	
Other Expenditure Approved by Minister	50	60	300	60	300	0	0	
National Roads	1,451	3,528	14,563	1,542	6,522	(1,986)	(8,041)	
<i>Maintenance</i>	1,120	3,068	12,750	1,350	5,768	(1,718)	(6,983)	
<i>Rehabilitation</i>	329	458	1,784	190	725	(268)	(1,059)	
<i>Development</i>	2	2	29	2	29	0	0	
Urban Roads Maintenance	112	227	6,230	134	674	(93)	(5,556)	
Traffic Law Enforcement	31	31	166	30	159	(1)	(7)	
National Road Safety Council	2	2	12	2	12	0	0	
TOTAL	2,653	4,821	26,722	2,893	13,875	(1,929)	(12,847)	

Manner of funding determinations are tabulated in **Table 4**, as reflected in the Appendix.

Assets and Liabilities of the Road Fund

Financing of the funding shortfall

As indicated in the tables above, additional financing is however required to bridge the funding constraints within the period of this Business Plan.

The KfW loan - 2017 is to finance the rehabilitation of TR1/3 between Keetmanshoop and Mariental (Section A: 87.3km between the intersections to Tses and Gochas).

The loan amount is N\$482 million and was disbursed in two tranches. The first tranche of N\$241 million was disbursed in May 2018 and the second and final tranche of N\$241 million was received in May 2019.

The annual financial statements of the Road Fund account for the 2021 financial year indicate the following cash position for the Road User Charging System:

- total assets at the disposal of the Road Fund amounted to N\$1.8 billion;
- total liabilities at N\$1.4 billion; and
- accumulated deficit to the tune of N\$30 million.

Although the Business Plan projects a nominal surplus at the end of the financial year 2022, the continued depressed economic conditions due to the COVID-19 pandemic, will necessitate the RFA budgeting for a surplus of revenue over expenditure in the financial year 2023, amounting to an estimated amount of N\$1.0 million.

Furthermore, the RFA created a reserve fund to make allowances for the capital redemption of the loan undertakings. Subsequently, after a drawdown in year 2023, this Business Plan yields an amount of N\$74 million over the implementation period.

A summary of the estimated revenue and expenditure, assets and liabilities of the Road Fund is tabulated in **Table 6**, as reflected in Appendix.

Determination of levels of road user charges

The RFA no longer performs the determination of road user charges as envisaged in the RFA Act. However, the RFA generally advises the Minister of Finance that road user charges increases should be granted annually at least in line with consumer price inflation. With such increases being based on levels of road user charges that have remained inadequate, economic efficiency ideal, envisaged in the RFA Act, is substantially inadequate to achieve the object of the RFA Act of a “safe and efficient road sector”.

Increases in the rates of road user charges were most recently granted in June 2021, as tabulated below.

Table 3: Road User Charges Increases

Road User Charge	Approved Increases June 2021
Fuel Levies on petrol and diesel	5.3% (current levy at 148 c/l)
License Fees	5.3%
Entry Fees / Cross Border Charges	5.3%
Mass Distance Charges	5.3%

Implications of the Business Plan

It remains evident that the amount of funding that can be collected through the road user charging system is substantially inadequate to achieve the object of the RFA Act of a “safe and efficient road sector”.

The direct result of constraints on the increases of road user charges is that the Road Fund as from the financial year ending 2023 will only be able to fund the following expenses:

- a) The maintenance of the national road network (N\$1.349 billion), albeit only at a suboptimal level; included a targeted N\$200 million for the low volume seal road strategy;
- b) The rehabilitation of the national road network, including bridges structures (N\$190 million);
- c) A contribution to the maintenance of urban streets and rural road networks (N\$134 million), likewise at a suboptimal level;
- d) The operation and administration of the Namibian Traffic Information System (N\$178 million);
- e) A contribution to traffic law enforcement (N\$30 million);
- f) A contribution to projects of the National Road Safety Council (N\$2.2 million);
- g) The servicing, including capital redemption, of a KfW loan to the Road Fund, signed in November 2015 (KfW Loan 2015);
- h) The servicing, including capital redemption, of a KfW loan to the Road Fund signed in December 2017 (KfW Loan 2017);
- i) The servicing, including capital redemption, of a NedBank loan to the Road Fund concluded in November 2021 (NedBank Loan 2021) to finance the low volume seal strategy;
- j) The administrative expenses of the RA (N\$412 million);
- k) The administrative expenses of the RFA (N\$138 million);
- l) The road fund expenses of the RFA, such as
 - MDC Automation Project (N\$54 million); and
 - ICT System Development – ERP (N\$19 million).
- m) Service land where the ONE STOP NaTIS Centre in Windhoek (N\$10 million) will be constructed;
- n) A contribution to the maintenance of roads in the Etosha National Park (N\$60 million).

1 INTRODUCTION

1.1 Economic Context

The global economy contracted by 3.2 percent in 2020 and is projected to accelerate to 6.0% growth in 2021 before moderating to 4.9% in 2022. This optimistic growth outlook is underpinned by higher than expected growth outturns in the final quarters of 2020, which have since spilled over into 2021 as lockdowns were eased and economies adapted new and more productive ways of working. Although still desynchronised, the global recovery will likely be long, uneven and uncertain and therefore risks to the global outlook are pegged around effective vaccine rollout, which will drive the unwinding of global travel restrictions.

Advanced economies are projected to grow by 4.4% in 2022, whilst emerging markets and developing economies are projected to grow by 5.2% in 2022. Closer to home, GDP growth for Sub-Saharan Africa (SSA) is expected to lag global averages at 4.1% growth in 2022, due to more output losses, limited fiscal space to respond to the Covid-19 pandemic and slower vaccine rollouts. Of particular concern to SSA, is volatile commodity prices, tighter financial conditions and geopolitical tensions, collectively, these risks can cause asset prices to fall sharply and thus alter the financial positions of individuals, households and communities.

The Namibian economy is projected to grow by 1.4% in 2021 before accelerating to 4.3% in 2022, mostly due to low base effects that makes it relatively easy for the economy to grow from these very low base rates. In addition, the recovery will be aided by increased growth from the agriculture (3.7%), diamond mining (18.5%), manufacturing (2.8%) and trade (2.8%) sectors. This bodes well for the RFA as these sectors are huge consumers of fuel and will thus bolster the recovery in national fuel demand. While, political unrest in South Africa presents further opportunities for Namibia to position herself as a safe and effective transport and logistics hub for many of her landlocked neighbours. However, risks to domestic growth are dominated by further waves of the COVID-19 pandemic, given the slow pace of vaccine rollout in Namibia and the rest of Africa, resulting in travel restrictions for many countries and thus delay the return to full domestic production.

As a result, disposable incomes remain under pressure, resulting in reduced consumer confidence. Therefore, vehicle sales will remain depressed; however, the increased output from the agriculture (3.7%), diamond mining (18.5%), manufacturing (2.8%) and trade (2.8%) sectors will drive fuel demand and thus push up revenues derived from fuel levies by 1.9% in 2023, whilst vehicle sales and foreign vehicles will remain largely flat. Coupled with the 5.3% RUCs increase implemented in 2021, 5.8% more funding is projected for the financial year starting 2023.

1.1.1 Statistics on road user charging instruments

Of primary importance are actual growth statistics underlying the road user charging instruments of the RFA, which include most notably road user charges on fuel consumed on-road and license fees. This requires prudence in the assumptions to be made regarding the growth of vehicle registrations and on-road fuel consumption.

Growth in the domestic economy would moderately recover during 2021 and improve further in 2022, due to better growth in the mining industry and positive base effects. Hence, GDP growth is projected to increase to 1.4% and 3.4% in 2021 and 2022, respectively, from a contraction of 8.0% in 2020. Therefore, the following is forecasted for the financial year 2021/22:

- Vehicle population increases by 1.10% pa

- Foreign vehicles increase by 1.37% pa
- Fuel consumption grows by 1.70% pa.

1.2 State of the National Road Network

Due to persistent under funding over the years, the quality of the network is deteriorating due to sub-optimal maintenance work. Currently 31.5% of the bitumen surfacing on the national road network is older than 10 years and is no longer functional to either protect the pavement from moisture ingress or to provide adequate skid resistance. Therefore, the paved road network is in need of intensive rehabilitation and continuous reseal to preserve the functional integrity of the bituminous surface.

Meanwhile, the condition of the gravel road network continues to rapidly deteriorate over the past decade, whereby 49% of the gravel roads are in a poor to very poor condition and 16% of the wearing course is left. This exposes the underlying rock formations, seriously compromises road safety and causes significant vehicle damage.



According to the Road Management System, the absolute minimum road maintenance requirements has increased from N\$3.9 billion to N\$4.3 billion per annum for routine maintenance, reseal, rehabilitate, regravell and upgrade of the national road network. However, the RFA is only able to fund N\$2.8 billion under the Business Plan, with the inclusion of loan funding. Therefore, widening the funding shortfall from N\$1.3 billion to N\$1.5 billion in the following budget year. Based on the “actual” needs as requested by Approved Authorities, the shortage is as high as N\$1.9 billion. At the current funding rate, the gravel road network will continue to deteriorate as more gravel is lost by on-road driving than what is replaced annually through regravelling.

Therefore, the deteriorating road conditions will increase vehicle operating costs to N\$4.9 billion annually in the form of increased wear and tear on their vehicles, vehicle accidents and damage to tyres, resulting in a net loss to society of approximately N\$3.0 billion.

Thus, a more intensive regravelling, reseal and rehabilitation programmes are required to rebuild the road network to the original design specifications, improve driveability and reduce vehicle maintenance costs. For the above to happen, funding needs to be increased by 42% to attain optimum levels. Given the current economic climate, such large increases are

unaffordable to the road user and therefore, three 50 cent increases to the fuel levy over the next three financial years should clear the funding shortfall in the medium term.

Comparative studies continue to indicate that Namibian fuel levies remain regionally competitive at N\$1.48/l versus N\$3.77/l in Lesotho, R3.93/l in South Africa, whilst Botswana recently increased their fuel levy by N\$1.29/l to N\$1.54/l.

1.3 Economic Efficiency Statements

In managing the road user charging system, the RFA is bound by the objective to comply with the specific Government policies underlying the road user charges determinations to be made by the RFA, which are:

- 1) “User pay” principle:
 - a) the determination of the economically justified real stable expenditure level on road sector projects and programmes, mainly for the provision and preservation of the national road network, which is the regulatory function to be exercised by the RFA;
 - b) the determination of the rates of road user charges to fully recover from road users the associated costs;
- 2) “Efficiency” principle:
 - a) promote economic efficiency and the efficient utilisation of resources by minimising the total costs of road transport to society, such costs consisting mainly of the sum of road infrastructure costs and vehicle operating costs;
- 3) “Equity” principle:
 - a) not have the effect that a certain part of the community is taxed to provide a facility which they largely do not use or that one group of road users subsidises another group of road users;
 - b) not unfairly impact on road/rail competition; and
- 4) “Non-discrimination” principle:
 - a) provide for charges on foreign-based operators and take cognisance of road user charging systems in neighbouring countries.

The policy with respect to charges on foreign-based operators, which is harmonised with the SADC policy on cross-border transport, provides that:

- (a) There should be recovery of road costs from foreign vehicles;
- (b) Transit charges for the recovery of such costs should be non-discriminatory, and
- (c) Transit charging systems should facilitate regional transport and trade.

1.4 Stakeholder Consultation

A stakeholder consultation workshop was held on 02 November 2021 in compliance with the aforementioned requirements. The stakeholders’ key issues and recommendations are listed hereunder:

- **KEY ISSUES:**
 - The ownership of borrow pits to extract material for road maintenance in local authority has become a thorny issue. RFA should appeal to the RA to clear up the ownership.

- Local borrow pits contain poor quality gravel and perhaps the RA can open up other borrow pits for their use.
 - The compliance to the processes under the Public Procurement Act remain a challenge.
 - Treasury to critical look into the road maintenance funding gap, which is growing wider.
 - Talking to Government on scaling down on expansion, new development and construction.
 - Sustainable mobility goes beyond the road infrastructure and non-motorised transport needs to be incorporated to look at transport more holistically.
 - Funding of public transport in the urban areas.
 - Aspect of visible training for traffic law enforcement officials.
 - The introduction of the Procedures Agreement for traffic law enforcement is a move in the right direction.
 - Budget allocations need to be spend as much as possible and funds not utilised go into the reserve fund.
 - Financial years need to comply with the PEGA Act.
 - RFA funding cannot assist everybody. Whilst advocating for increased funding, Local Authorities should in a similar fashion provide a portion of their rates & taxes towards road maintenance.
- **RECOMMENDATIONS:**
 - The scarcity and limited road construction material in certain areas needs to be investigated by the RFA.
 - Increase the NaTIS footprint so that services are available in all the towns in the country, reducing travel distances.
 - There was a request to review the rolling-over of budgets allocated, because of a mismatch between the RFA's financial year and that of Local Authorities.
 - Consider appropriate RUCs increases other than huge increase on the Fuel levy.
 - Feedback on the implementation of maintenance work on urban roads.
 - Include road safety audits in the implementation of road projects.
 - Approved Authorities should define and prioritise their own non-motorised transport initiatives and as such can be funded within their approved allocations.
 - The Stakeholders Consultation document and in additional information, need to be presented in a more user-friendly manner and by removing the numerous abbreviations.

This Business Plan responds to the concerns and recommendations identified from the stakeholder consultative workshop.

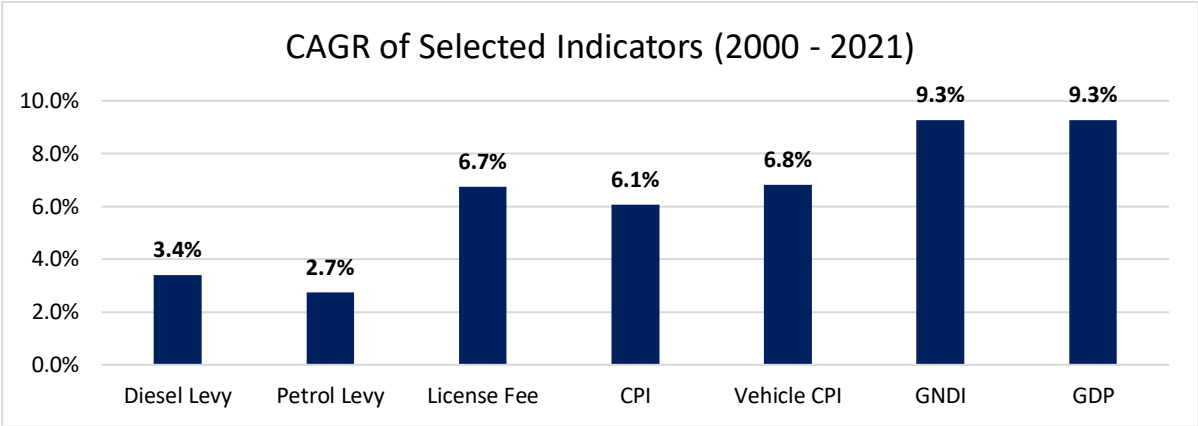
1.5 Background to the Preparation of the Business Plan

This Five-Year Business Plan for the period from 1 April 2022 to 31 March 2027 has been prepared in pursuance of Section 21 of the RFA Act, which obliges the RFA to prepare a Business Plan based on its funding determinations made in accordance with Section 20(4) of the Act, and estimated revenues accruing to the Road Fund in terms of Section 16 of the Act.

Funding determinations are based on budgets submitted to the RFA by the RA and other Approved Authorities in accordance with Section 20(1) of the Act, which comprise the expenditure part of the Business Plan.

2 OBJECTIVES AND STRATEGIES OF THE RFA FOR THE BUSINESS PLAN

2.1 Levels of the Road User Charges



Over the past two decades, both diesel and petrol levies have lagged key economic indicators. Diesel and petrol levies have increased by 3.4% and 2.7% respectively, whilst the overall price level in Namibia, has increased by 6.1%, disposable income has increased by 9.3% and GDP 9.3%. This has effectively eroded the share of wallet that is dedicated to road maintenance. As such, the fuel levy, currently standing at N\$1.48/l, and is well below the inflation adjusted benchmark of N\$2.58/l.

Of late South Africa and Botswana increased their respective fuel levies by 32c and 129c respectively, in order to close their respective funding gaps, whilst Namibia increased by a mere 7c, resulting in an even wider funder gap of N\$1.9 billion. The perennial under funding of N\$1.9 billion, increases overall transport costs by a staggering N\$4.9 billion and thus resulting in a N\$3.0 billion net loss to society, equivalent to 1.8% of GDP. This loss is reflected in higher vehicle operating costs, increased tyre damage, damaged suspensions and increased traveling times.

Therefore, it is imperative that the optimal level of road maintenance is restored through a comprehensive review of the current levels of road user charges and the applicability thereof, to maintain the extent and quality of the road asset. The RFA will pursue double-digit increases in the road user charges, for the Minister of Finance’s consideration.

The RUCs were increased by 5.3% in the current financial year and came into effect in June 2021. These increases have been taken into account in estimating revenue for the financial year 2022, but no subsequent increases have been considered in the revenue projections for the Business Plan period 2023 and beyond.

2.2 Strategic Development of the RUCs

Consistent with the object of the RFA Act, to secure adequate funding for the achievement of a safe and efficient road sector, the overarching strategy of the RFA aims at eventually achieving optimum funding for the road sector as provided for in the Act and the MLTRMP.

A key strategic priority of the organisation is to introduce various instruments to grow its revenue pool, and the RFA continues to investigate additional revenue streams based on best practises, whilst re-engineering and automating internal processes in order to drive operational efficiencies. The MDC-Automation project will be developed and implemented to increase the

revenue collection base. In addition, the RFA adopts the following strategies to increase funding towards road maintenance:

- Re-assess the level of the RUCs. The current RUC rates were determined in 1999 and have been adjusted from time to time, albeit at sub-optimum levels. According to the NamRUC Model, the fuel levy should be N\$2.20/litre, but is currently N\$1.48/litre in Namibia, versus N\$3.93/ litre in South Africa and R3.77/ litre in Lesotho.
- Restructure the RUCs such that the variable revenues cover variable costs and fixed revenues cover fixed costs. This would effectively immunise the Fund against significant changes in travelling demand.
- Align annual increases in the level of RUCs to the producer price inflation for roadworks, as measured by Statistics South Africa. This will ensure that the levels of the RUCs keep up with the cost of road maintenance works, also given the scarcity of natural road construction material.
- Introduce distance-based RUCs, starting with the automation of Mass Distance Charges, which will provide the platform to calculate actual distances travelled by heavy vehicles and eventually rolling it over to all vehicle categories.
- Furthermore, the RFA will ensure that all new road construction to include a maintenance plan, with the additional maintenance costs being added to the existing RUCs to ensure sufficient maintenance funding is adequately budgeted for.
- Debt financing for once-off investments such as for the Low Volume Seal Roads strategy.

These interventions are thus designed to lift the level of optimal funding from 56% to 70% to address the preservation and rehabilitation needs of the N\$101 billion national road network. A safe and efficient road network will facilitate efficient transportation of goods and services, provide connectivity the country's citizens, and ensure access to social services and thereby ensure that the network remains a key enabler for economic growth and prosperity.

If an additional N\$1.37 per litre could be obtained by the RFA, the total deficit for maintenance to achieve the RA condition targets could be funded.

2.3 Prioritisation of funding through the RUCs

The RFA has under the prevailing funding constraints prioritised the allocation of funds within the Business Plan period as follows:

Priority 1: Road Maintenance

- National road network: the manner of funding to be as close as possible to the determined amount of funding, reduced by only the minimum amount required for the Road Fund to be able meet the financial needs;
- Urban road maintenance: the manner of funding to be as close as possible to the determined amount of funding.

Priority 2: Rehabilitation of the national road network, including bridge structures, to the extent that this is feasible within existing funding constraints.

Priority 3: Continuation of administrative expenditure of the RFA, RA and NaTIS as well as the development and construction of a ONE STOP NATIS Centre in Windhoek.

Priority 4: Servicing of existing loan obligations.

- This currently includes the KfW loan agreement between the RFA and KfW signed in November 2015.
- Furthermore, it includes the KfW loan agreement between the RFA and KfW signed in December 2017.
- The loan facility to provide for the financing of the Low Volume Seal Roads strategy is pending approval. Servicing of the capital and interest charges will commence in the last quarter of this financial year. Hence, provision has been made in the Business Plan for its uptake and redemption.

2.4 Funding Objectives for the Business Plan

The specific objective for the five-year planning period the Business Plan is to secure road sector funding inside the road user charging system. This includes contributions to be budgeted by Government that are deemed to be inside the road user charging system, because of being allocated to projects and programmes, which are also co-funded by the road user charging system.

The particulars of funding provided for the period from 1 April 2022 to 31 March 2023 in this Business Plan constitute the approved budget of the RFA for the financial year 2022.

The particulars provided for the subsequent four financial years constitute an estimate of future income and expenditure, subject to various conditions and assumptions that will be discussed further on in the Business Plan.

The particulars provided for the financial years from 2023 to 2027 therefore do not constitute an authorisation for incurring any commitments for these financial years, other than continuing commitments resulting from expenditure authorised in the financial year 2022 and previous financial years.

2.4.1 Regular Blading

Regular blading of the unpaved road network is necessary as part of routine maintenance, to keep roads trafficable. The RA's Road Maintenance Strategy 2021 has recommended a revised target of 2.2 million blade-kilometres (bl-km) per annum, with the aim of reducing the frequency and cost of blading. The potential saving on blading cost at a minimum weekly blading frequency on all unpaved roads will reduce the cost to approximately N\$167.90 per bl-km.

For the past financial year 2021, 1.83 million blade-kilometres were achieved at a cost of N\$216.89 per bl-km. Under the on-going financial constraints, it is critical that the blade kilometre cost continue to be managed as follows:

- Reclaiming and modifying of gravel material driven off the roads instead of regravelling, expected cost reduction of 50% has been estimated.
- Use of effective additives to reduce gravel loss and dust, using commercial clays or nano-silane products.
- Introduction of towed graders and tyre dragging to maintain riding quality on the very low trafficked roads, whilst reducing the unit cost of a motor grader.

These interventions should thus reduce the cost of regular maintenance of the gravel road network, under the current financial constrained revenues.

2.4.2 Regravelling Strategy

Regravelling forms part of the periodic maintenance programme for the unpaved road network, to replace the material lost from driving and blading. Gravel roads are constructed with a 150mm imported wearing course and require gravel to be maintained at 75mm thickness (50% of the typical new gravel thickness). However, the deterioration model predicted that the gravel base has eroded to 24mm on average and is thus in need of urgent regravelling. The constant decline of the number of Regravelling contracts, e.g. from 11 GRUs in 2005 to around 3 GRUs in 2020, is evident on the condition of the unsurfaced roads.

At current prices, a regravelling contract will cost around N\$45 million per year. As a result of the huge backlog and given the significantly reduce average gravel layer thickness, at least 15 regravelling contracts costing a combined N\$675 million per year will need to be appointed, for the next 5 years to catch up with the backlog. Given that 56% of the gravel road network is in unacceptable condition, a minimum regravelling of 2,050 km per annum as articulated in the RA Road Maintenance Strategy 2021 will be insufficient and the effort has to be increased and maintained at 2,700km per annum.

The resultant is that to reach a target 2,700 km p.a., each GRU will need to regravell 180km annually. However, each GRU has only managed 90km in total at a unit cost of about N\$450,000 per km (2021 estimate), as compared to the N\$415,000/km benchmark. Increasing the number of contracts could present administrative challenges, but suffice to say at least each of the five (5) RA Maintenance Regions can have 3 GRU contracts running, giving the envisaged 15 contracts. Applying the above strategy, the backlog can be eliminated over a ten-year period.

The Business Plan has responded accordingly, by apportioning N\$768 million towards maintenance of the gravel road network.

2.4.3 Low Volume Seal Strategy

Namibia has a road network of almost 49,000 km, of which about 90% is unpaved. Due to budgetary constraints, it has become a serious challenge to adequately maintain the unpaved road network, thus the road network is in poor and deteriorating condition, to the point where 75% of the unpaved is projected to be in a poor-to-very poor condition by 2025. Sealing of high trafficked roads, where appropriate, to a low volume seal will improve the drive quality, preserve scarce road construction materials and reduce routine maintenance costs. Low Volume Sealed Roads (LVSRs) differ from standard bitumen roads as they are normally of lower geometric standards and designed for less than a 20-year pavement design life.

This is in line with the global and regional shift from gravel roads towards LVSRs, which are approximately 25% of the cost of standard bitumen roads and reduced maintenance costs. This strategy is the RFA preferred approach to road upgrades for the Local Authorities, after upgrades were included into the Procedures Agreement with all Local Authorities for the first time ever.

2.4.4 Reseal Strategy

Resealing is done to improve the drive quality of the paved road and extend the life of the road beyond its original design life. With 30% of the bitumen surfacing older than 15 years, the pavement deterioration model shows that 830km of roads needs to be resealed annually. With the impact of the current depressed economic climate, only 270 km was achieved compared to 531 km in 2019.

It is important that resealing is optimised through 3 to 4 annual reseal contracts, to ensure that the surfaced road network, which is the mainstay of the Namibian economy, is adequately maintained.

2.4.5 Strategy regarding flood damage repair

In this Business Plan, N\$175 million has been allocated towards flood related damage to the national and urban road networks, as weather patterns become more volatile in response to global warming. This will provide sufficient operational space, whilst the RFA devises more client resilient strategies to fight flash floods and heatwaves.

2.4.6 Overview of Revenues and Expenditures

Revenue estimates were based on the economic forecasts provided by Bank of Namibia, whereby the economy grows by 1.4% in 2022, 3.4% in 2023 and 3.0% in 2024. In addition, in-house projections for fuel consumption, cross border traffic volumes and vehicles subject to licensing, were used. Consequently, RUCs revenues increase on average year-on-year by 2.7% over the business plan period from N\$2.4 billion in FY2023 to N\$2.7 billion in FY2027. This is supplemented with debt financing from the KfW Loan and the loan against the RA H/O Building.

Expenditures were based on the funding requests obtained from the Approved Authorities. Funding determinations were made based on the economic efficiency of the funding requests and finally adjusted to fit within the available revenues. To this end, N\$4.7 billion was requested in FY2023, the full N\$4.7 billion was deemed economically efficient as Approved Authorities were notified beforehand of the funding constraints. However, only N\$2.8 billion could be funded, thus leaving a funding deficit of N\$1.9 billion.

The main underlying planning parameters affecting the revenue and expenditure estimates presented hereafter are tabulated below.

Table 4: Main Planning Parameters

Main Planning Parameters	2022 Rates	2022 Amt	2023 Growth	Growth After
Fuel road user charge (petrol & diesel avg.)	N\$ 1.48 / l	1525.0 mil.	0%	0%
Diesel consumption	n/a	677.7 MI	1.70%	1.50%
Petrol consumption	n/a	388.1 MI	1.70%	1.50%
Vehicles licensed	n/a	390,133	1.10%	1.5% - 3.0%
Vehicles subject to MDC	n/a	N/A	1.40%	3.4% - 3.6%
Roadworks Cost Escalation Rate (indicative)	n/a	n/a	4% - 5%	4% - 5%

Estimated revenue and expenditure, assets and liabilities inside the Road User Charging System are tabulated on the following pages. The tabulated allocations for the ensuing financial year ending March 2023 constitute the budget of the Road Fund.

A. SUMMARY ESTIMATE OF REVENUE INSIDE THE ROAD USER CHARGING SYSTEM FROM 1 APRIL 2022 TO 31 MARCH 2027 (EXCL. GOVERNMENT CO-FUNDING - Note 1)

Revenue Heading	Current Year	Business Plan Period Revenue Projection [N\$]					
	Financial Year:	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Road User Charges	2,320,138,302	2,406,516,320	2,457,806,025	2,543,368,240	2,612,704,740	2,675,629,750	12,696,025,075
Road User Charges on Fuel used On-road (nett less levy refunds)	1,235,230,567	1,299,460,320	1,326,767,025	1,354,953,240	1,395,045,740	1,421,229,750	6,797,456,075
Revenue from Vehicle License Fees	762,803,199	771,194,000	782,636,000	797,892,000	814,674,000	837,558,000	4,003,954,000
Revenue from Non-RUC Fees	46,022,445	47,587,000	48,968,000	50,395,000	52,051,000	53,892,000	252,893,000
Revenue from Entry Fees	111,660,903	113,191,000	114,834,000	116,453,000	118,072,000	120,305,000	582,855,000
Revenue from Mass-Distance Charges	153,241,530	163,905,000	173,422,000	212,496,000	221,683,000	231,466,000	1,002,972,000
<i>Local-registered Heavy Vehicles</i>	<i>119,085,695</i>	<i>128,448,000</i>	<i>136,333,000</i>	<i>167,832,000</i>	<i>175,342,000</i>	<i>183,491,000</i>	<i>791,446,000</i>
<i>Foreign-registered Heavy Vehicles</i>	<i>34,155,835</i>	<i>35,457,000</i>	<i>37,089,000</i>	<i>44,664,000</i>	<i>46,341,000</i>	<i>47,975,000</i>	<i>211,526,000</i>
Revenue from Abnormal Load Charges	10,246,431	10,246,000	10,246,000	10,246,000	10,246,000	10,246,000	51,230,000
Revenue from Road Carriers Permits	933,226	933,000	933,000	933,000	933,000	933,000	4,665,000
Additional Revenue Inside the Road User Charging System	425,522,500	487,359,000	267,093,000	130,214,000	78,309,000	79,309,000	1,042,284,000
Monies appropriated by Parliament	0	0	0	0	0	0	0
Sale of Assets of the RFA	0	0	0	0	0	0	0
Sale of Assets of the RA	0	0	0	0	0	0	0
Returns on Investments / (Overdraft Charges)	34,645,000	76,909,000	76,109,000	77,309,000	78,309,000	79,309,000	387,945,000
Donations and Grants (no financing obligations)	0	0	0	0	0	0	0
Loans obtained by the RFA	390,877,500	341,450,000	160,984,000	52,905,000	0	0	555,339,000
Compensation for damaging of roads	0	0	0	0	0	0	0
Fines for contravention of overloading	0	0	0	0	0	0	0
From any other source	0	0	0	0	0	0	0
Drawings on Road Fund Reserve Investments	0	69,000,000	30,000,000	0	0	0	99,000,000
GRAND TOTAL REVENUE PER FINANCIAL YEAR	2,745,660,802	2,893,875,320	2,724,899,025	2,673,582,240	2,691,013,740	2,754,938,750	13,738,309,075

B. SUMMARY OF MANNER OF FUNDING INSIDE THE ROAD USER CHARGING SYSTEM FROM 1 APRIL 2022 TO 31 MARCH 2027 (EXCL. GOVERNMENT CO-FUNDING - Note 1)							
Expenditure Heading	Current Year	Business Plan Period Expenditure Projection [N\$]					TOTAL B/PLAN
	Financial Year:	FY2022	FY2023	FY2024	FY2025	FY2026	
01 Management of the National Road Network RFA Act s. 17(1)(a)	1,939,625,327	2,055,246,000	1,762,022,000	1,768,522,000	1,835,739,000	1,896,903,000	9,318,432,000
01.01 RA Administration	399,571,787	411,989,000	426,409,000	441,332,000	456,779,000	472,766,000	2,209,275,000
01.02 Network Planning and Consultation	31,960,000	35,000,000	38,520,000	39,500,000	41,500,000	42,500,000	197,020,000
01.03 Roadworks - Maintenance	1,120,439,040	1,349,980,000	1,049,938,000	1,070,884,000	1,108,513,000	1,188,376,000	5,767,691,000
01.04 Roadworks - Rehabilitation	329,077,500	190,350,000	168,984,000	77,105,000	159,360,000	129,360,000	725,159,000
01.05 Roadworks - Development	1,500,000	2,000,000	0	22,000,000	5,000,000	0	29,000,000
01.06 Technical Services	27,635,000	37,552,000	38,881,000	42,679,000	46,863,000	48,616,000	214,591,000
01.08 Overload Control	29,442,000	28,375,000	39,290,000	75,022,000	17,724,000	15,285,000	175,696,000
02 Administrative Expenditure of the RFA & RUCS RFA Act s. 17(1)(b)	335,596,274	420,547,739	455,262,635	419,040,422	410,508,382	410,634,134	2,115,993,311
02.01 RFA Administration Account	133,413,274	138,082,739	142,915,634	147,917,682	153,094,800	158,453,119	740,463,974
02.02 Road Fund Account	77,738,000	119,433,000	98,514,000	62,362,000	45,238,000	45,932,000	371,479,000
09 Financing of Loans assigned by GRN	0	0	0	0	0	0	0
10 Financing of Loans obtained by RFA	109,445,000	148,032,000	198,023,000	192,097,000	184,612,000	177,197,000	899,961,000
11 Financing of Reserve Fund	15,000,000	15,000,000	15,810,000	16,663,740	27,563,582	29,052,015	104,089,337
03 Urban Roads Contributions RFA Act s. 17(1)(c)	111,747,500	134,087,399	130,801,099	133,551,099	136,301,099	139,151,099	673,891,795
03.02 Local Authority Roads	104,096,300	118,784,999	115,498,699	118,248,699	120,998,699	123,848,699	597,379,795
03.03 Regional Council Roads	7,651,200	15,302,400	15,302,400	15,302,400	15,302,400	15,302,400	76,512,000
04 Operation of Traffic Information System RFA Act s. 17(1)(d)	171,179,027	178,390,293	184,431,703	190,676,967	197,135,996	203,813,906	954,448,865
05 Traffic Law Enforcement and Adjudication RFA Act s. 17(1)(e)	30,861,000	30,360,000	30,820,800	31,311,200	32,438,500	33,736,100	158,666,600
06 Vehicle Testing Stations and Driving Testing RFA Act s. 17(1)(f)	10,800,000	10,000,000	96,210,000	65,000,000	13,290,000	5,000,000	189,500,000
07 Road Research RFA Act s. 17(1)(g)	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
08 National Road Safety Council RFA Act s. 17(1)(h)	2,100,000	2,200,000	2,300,000	2,400,000	2,500,000	2,600,000	12,000,000
12 Compensation for RA Damage Liability RFA Act s. 17(1)(l)	0	0	0	0	0	0	0
13 Insurance against Damage Liability RFA Act s. 17(1)(m)	0	0	0	0	0	0	0
14 Other Expenditure Approved by Minister RFA Act s. 17(1)(n)	50,000,000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	300,000,000
GRAND TOTAL EXPENDITURE PER FINANCIAL YEAR	2,652,909,127	2,892,831,430	2,723,848,236	2,672,501,688	2,689,912,978	2,753,838,239	13,732,932,571

C. ESTIMATE OF ROAD FUND BALANCE INSIDE ROAD USER CHARGING SYSTEM FROM 1 APRIL 2022 TO 31 MARCH 2027 (EXCL. GOVERNMENT CO-FUNDING - Note 1)

Assets and Liabilities	Current Year	Business Plan Period Balances Projection [N\$]					TOTAL B/PLAN	
	Financial Year:	FY2022	FY2023	FY2024	FY2025	FY2026		FY2027
ASSETS		658,128,674	605,172,564	592,033,353	609,777,645	638,441,989	668,594,516	668,594,516
General Fund Cash and Short-Term Investments								
Opening balance		496,377,000	589,128,674	590,172,564	591,223,353	592,303,905	593,404,667	589,128,674
<i>Grand Total Revenue for the year</i>		2,745,660,802	2,893,875,320	2,724,899,025	2,673,582,240	2,691,013,740	2,754,938,750	
<i>Grand Total Expenditure for the year</i>		-2,652,909,127	-2,892,831,430	2,723,848,236	2,672,501,688	2,689,912,978	2,753,838,239	
Closing Balance		589,128,674	590,172,564	591,223,353	592,303,905	593,404,667	594,505,178	594,505,178
Reserve Fund Investments (for medium-term fund flows balancing)								
Closing Balance		69,000,000	15,000,000	810,000	17,473,740	45,037,322	74,089,337	74,089,337
Sinking fund								
Opening balance		0	0	0	0	0	0	0
<i>Deposits</i>		0	0	0	0	0	0	
<i>Drawdowns</i>		0	0	0	0	0	0	
<i>Sinking fund</i>		0	0	0	0	0	0	
Closing Balance		0	0	0	0	0	0	0
LIABILITIES		981,479,904	1,109,038,904	983,985,904	856,890,904	727,599,904	595,948,904	595,948,904
RFA 16 Loan Stock								
Closing Balance		0	0	0	0	0	0	0
KfW 2009 Loan								
Opening balance		0	0	-0	-0	-0	-0	0
<i>Disbursement</i>		0	0	0	0	0	0	
<i>Redemption</i>		0	-0	-0	0	0	0	
Closing Balance		0	-0	-0	-0	-0	-0	-0
KfW 2015 Loan								
Opening balance		400,267,904	353,175,904	306,083,904	258,991,904	211,899,904	164,807,904	353,175,904
<i>Disbursement</i>		0	0	0	0	0	0	
<i>Redemption</i>		-47,092,000	-47,092,000	-47,092,000	-47,092,000	-47,092,000	-47,092,000	-235,460,000
Closing Balance		353,175,904	306,083,904	258,991,904	211,899,904	164,807,904	117,715,904	117,715,904
KfW 2017 Loan								
Opening balance		240,877,500	481,755,000	481,755,000	431,043,000	380,331,000	329,619,000	481,755,000
<i>Disbursement</i>		240,877,500	0	0	0	0	0	

	<i>Redemption</i>	0	0	-50,712,000	-50,712,000	-50,712,000	-50,712,000	-202,848,000
	Closing Balance	481,755,000	481,755,000	431,043,000	380,331,000	329,619,000	278,907,000	278,907,000
NedBank 2021 Loan								
	Opening balance	0	146,549,000	321,200,000	293,951,000	264,660,000	233,173,000	146,549,000
	<i>Disbursement</i>	150,000,000	200,000,000	0	0	0	0	
	<i>Redemption</i>	-3,451,000	-25,349,000	-27,249,000	-29,291,000	-31,487,000	-33,847,000	-147,223,000
	Closing Balance	146,549,000	321,200,000	293,951,000	264,660,000	233,173,000	199,326,000	199,326,000
NET BALANCE OF ROAD FUND ASSETS AND LIABILITIES		-323,351,230	-503,866,340	-391,952,551	-247,113,259	-89,157,915	72,645,612	72,645,612

2.4.7 Overview of Deficit Financing

In this context, deficit financing pertains to loans to which financing institutions, the RFA and Government (e.g. in the form of a Government guarantee) have committed themselves, for the purpose of bridging a temporary deficit between the revenues that the RFA can collect, and expenses on projects and programmes that are warranted to be incurred after taking into account the cost of loans to cover such expenses.

2.4.7.1 Deficits and surpluses

The annual financial statements of the Road Fund account for the 2021 financial year indicate the following cash position for the Road User Charging System:

- In the 2021 financial year, the assets at the disposal of the Road Fund amounts to about **N\$1.815 billion**; Total liabilities amounted to **N\$1.398 billion**;
- Therefore, the Fund experienced a monetary assets surplus of about **N\$417 million**.

The projected nominal surplus at the end of the financial year 2022 has necessitated the RFA budgeting for a surplus of revenue over expenditure in the financial year 2023, amounting to **N\$1.0 million**.

Furthermore, the RFA has created a reserve fund to make allowances for the capital redemption of the loan undertakings. Subsequently, this Business Plan yields an amount of **N\$74 million** over the implementation period. A drawdown of N\$69 million from the Fund Savings is to be undertaken in FY2023 to fill shortfalls and contribute an amount to the maintenance of roads in Etosha.

2.4.7.2 RFA loan stock and loans

The RFA, and Government through having issued the required loan guarantees, are currently committed to the following deficit financing instruments:

- In November 2015, the RFA, supported by a loan guarantee from Government, signed an agreement with the KfW loan to the amount of ZAR 447 million (denominated in South African Rand), at an interest rate of 7.81%. This loan funded the rehabilitation of the 1st section of TR1/6 between Windhoek and Okahandja.
- In December 2017, the RFA, supported by a loan guarantee from Government, signed an agreement with the KfW loan to the amount of ZAR 482 million (denominated in South African Rand), at an interest rate of 7.5%. This loan funded the rehabilitation of Mariental-Keetmanshoop road (a section of TR1/3 between Tses and Gochas).

Pursuant to finding ways to bridge the funding gap for the maintenance of the national road network, the RFA will leverage its assets and obtain a N\$350 million loan against the RA Head Office building. This amount is distributed over two financial years with the first N\$150 million tranche budgeted in the FY2022 and the second tranche of N\$200 million earmarked for expenditure in the FY2023.

2.4.7.3 Interest and charges obligations with respect to loan stock and loans

The KfW loan of N\$ 447 million obtained in November 2015, the total of interest and charges is projected to be about N\$ 241 million up to the financial year 2027.

Furthermore, the total of interest and charges for the additional KfW loan of N\$ 482 million obtained in December 2017, is projected to be about N\$ 254 million up to the financial year 2030.

2.4.7.4 Capital redemption obligations with respect to loan stock and loans

The KfW loan of N\$ 447 million, the total redemption would be the same as the loan principal, payable in 19 semi-annual amounts of about N\$ 23 million each. The last instalment is due in June 2027.

On the additional KfW loan of N\$ 482 million, the total redemption would be the same as the loan principal, payable in 19 semi-annual amounts of about N\$ 25 million each. The last instalment is due in May 2030.

3 EXPECTED PERFORMANCE OF THE ROAD FUND FOR THE NEXT FINANCIAL YEAR

The ISBP is presented as a strategic roadmap for the RFA over five years which includes key elements pertaining to budget of revenue, including loans, and expenditure for road sector projects and programmes of which the funding is authorised by the provisions of Section 17 of the RFA Act.

To ensure successful implementation of the ISBP, funding has been allocated towards effective implementation thereof, which shall be continuously monitored through a robust performance management system.

3.1 Relation to the ISBP

As the economy recovers from the Covid-19 inflicted recession, RUCs revenues are expected to conservatively increase by 5.8%. This places the RFA on firmer footing to execute its ISBP, which is currently 2% ahead of schedule. Low and high priority projects are ahead of schedule and thus management's attention has shifted towards bringing the medium priority projects back on schedule.

The organisation has reviewed its strategic plan and increased the stretch goals, to challenge management to push the level of optimal funding from 60% to 70%, despite the revenue pressures caused by the Coving-19 pandemic.

In order to close the funding shortfall, three 50 cent increases have been requested from the Minister of Finance over the next three financial years. This would effectively increase the fuel levy to N\$2.98/l by April 2024, which remains regionally competitive against the current levies of N\$3.93/l in South African and R3.77/l in Lesotho. Hence, the RFA maintains its strategic promise as the best cost service provider, maintaining the highest quality roads network at competitive road user charges in Africa.

3.2 Material Deviation from ISBP

Despite funding shortfalls, the RFA remains on course to fully execute its strategic plan. In addition, the organisation has developed agile processes to respond to the constantly changing

external environment. For this reason, the RFA will continue to monitor macro-economic trends, and respond accordingly.

4 PARTICULARS AND ANALYSIS OF THE BUSINESS PLAN

4.1 Introduction to the Analysis

The analysis of the financial plan broadly follows the relevant provisions of Section 21 of the RFA Act, requiring an analysis to be made of:

- (a) The determinations made by the RFA under Section 20(4) in respect of the ensuing financial year;
- (b) The estimated income accruing to the Road Fund;
- (c) The proposed rates of road user charges;
- (d) Contributions made by Government (or any other source) towards the funding of traffic information systems, vehicle and driving testing, and road research;
- (e) The estimated administrative expenditure of the RFA;
- (f) Any factors which may affect the implementation of the plan concerned and the measures which will be taken to counter the effects of such factors; and
- (g) Such other matters as may be required by the Minister of Finance.

4.2 Determinations made by the Administration

The following budgets were received:

1. Roads Authority:
 - (a) Management of the national road network, including administrative expenses of the Authority;
 - (b) National traffic information system; and
 - (c) Vehicle and driver testing.
2. Local Authorities and Regional Councils:
 - (a) Traffic related maintenance of urban roads.
3. Namibian Police and some Local Authorities:
 - (a) Traffic law enforcement.

The RFA Act requires the RFA to perform amount of funding determinations with regard to the budgets as presented.

4.2.1.1 Government allocations outside the road user charging system

The Government has budgeted for parliamentary allocations to be made to road projects managed by the Roads Authority.

In the interest of full disclosure, the RA has in addition to its budget request to the RFA also informed the RFA of such Government funded projects and the amounts budgeted. A list of these projects, to which RFA's funding determinations are not applicable and which are marked as being funded outside the road user charging system. The budgeted amounts for these

projects should be regarded as indicative, as they are subject to budgetary allocation decisions made by Government. The information is presented in the interest of completeness of information on road sector expenditure only, and does not imply a financial obligation to the road user charging system.

In providing an economically safe and efficient road sector, the RFA is required to recover the full road network cost from the road user. Such cost also includes the RA's administration and the managing of the RUCS by the RFA. The administration of the RA extends to Government funded projects which are outside the RUCS, i.e. road development, upgrading and rehabilitation, including assigned functions. It is noted that shifting Government funded projects administrative responsibilities the RA places additional burden on the RUCS revenue.

Historically, between FY2001- FY2016 total RFA expenditure for the RUCS amounted to N\$16.7 billion. The outlay from the Government during the same period was N\$9.5 billion, representing 36.2%. The Government funds were spent on rehabilitation and development which equated to 48.1% spend directly on the national road network. Hence, the Government's share of the administration cost for FY2001-FY2016 is estimated at N\$ 1.96 billion. Using the same proportion for the period FY2017-FY2020, the Government share of administration cost is of the order N\$ 1.03 billion.

For FY2022 only, the budget amount submitted by the RA for Government funded projects is N\$3.09 billion (53.7%). The proposed RA Administration budget for FY2022 is N\$375 million, implying that potentially Government administration obligation will be valued at N\$201 million.

4.2.1.2 Amount of funding determinations (RFA Act s. 20(4)(a))

These essentially require a check on the economic viability of projects and programmes, and verification (including stakeholder consultations) of the justification of amounts budgeted for administrative expenses. In the case of the budget request for the management of the national road network, the RFA has satisfied itself that this is overall in line with the roads funding needs projected in the Medium-to-Long-Term Roads Master Plan.

In the case of budget requests for road maintenance in urban areas and villages, the budgets received have been submitted reasonably in accordance with the guidelines issued to the respective authorities, and for the smaller authorities have been assessed as reasonable in relation to their respective road networks.

In the case of budget requests for traffic law, the budgets received have been submitted reasonably in accordance with the guidelines issued to the respective authorities.

4.2.1.3 Manner of funding determinations (RFA Act s. 20(4)(b))

The manner of funding was guided by the budget requests received, and the revenues that the RFA projects as being feasible to collect in each of the financial years of the Business Plan. Due to the inadequate financial means of the Road Fund, expenditures needed to be realigned to the revenue outlook. The RFA has consequently made the following considerations:

- The road user charging system is no longer able to fully fund the most highly economically efficient road maintenance and rehabilitation expenses to the extent warranted. For example:
 - The funding of national road network maintenance, which the RUCS is estimated to provide in the financial year 2023, will be at a level of approximately 50% of

the optimum level as determined in the Medium-to-Long-Term Roads Master Plan;

- The funding of urban road maintenance in particularly the larger municipalities, the vehicle traffic of which generates a significant portion of road user charges, remains underfunded.
- A maintenance backlog of N\$1.9 billion is estimated for the financial year ending 2023 and N\$6.9 billion over the Business Plan period.
- Means of funding traffic law enforcement through budgetary allocations from public funds exist to the extent that the performance of these functions is not dependent on funding from the road user charging system, unlike, for example, the funding of national road network maintenance and rehabilitation;

The manner of funding determinations as indicated in the Business Plan reflect that the RFA intends to adopt a strategy of increasing (in real terms):

- The level of road maintenance funding towards the optimal level, within the RA's means of increasing industry capacity in road maintenance over the next years; and
- The level of urban road maintenance funding, commencing with the major municipalities, and gradually also at smaller municipalities, subject to capacity improvement measures.

4.3 Particulars of Contributions from Sources other Than the Road Fund

4.3.1 Traffic Information System

In the FY2021 revenue collected from NaTIS was N\$737.7 million of which approximately N\$693.4 million (94%) was derived from licence and registration fees. The remaining N\$44.3 million (6%) termed Non-RUC revenue was collected from roadworthy testing and certification, learner and driving testing, and licensing.

The budget for NaTIS for FY2023 is N\$188 million comprising of N\$137.8 million for administration, N\$40.5 million for operations and N\$10.0 million for the One-Stop Centre in Windhoek. About 61% of the total budget is for Non-RUC expenditure, which will amount to N\$115 million. Ideally, the N\$115 million would be the cost-portion to be compensation by the Government.

4.3.2 Vehicle and Driver Testing

This expense item pertains to work performed by the RA mainly as an agent of the Ministry of Works and Transport and is thus mainly funded by revenue collected from the performance of these functions and the corresponding costs associated with this function. To this end, the road user continues to subsidise NaTIS operations, as the revenues collected do not cover the operational costs of NaTIS.

At the bare minimum, thus the level of the Vehicle and Driver Testing fees need to be reviewed and aligned to the cost of delivering the service.

4.3.3 Road Research Studies

Road research studies are budgeted for under the proposed Business Plan to the tune of N\$2 million for FY2023 and N\$10 million over the Business Plan period. Through collaboration with institutions of higher learning, academia and regional Road Funds, this funding will go a long way to research new funding methodologies to sustain the Road Fund towards distance-based road user charges.

4.4 Particulars of handling Surpluses and Deficits

The handling of surpluses and deficits has already been comprehensively dealt with under Subsection 2.4.7.1.

4.5 Particulars of Subsidy / Grants

The five-year business plan assumes an injection of N\$171 million from the Government for the period FY 2022 – 2026. These budgetary provisions are to be recognised in the Medium-Term Expenditure Framework.

This Government subsidy is primarily allocated towards the co-funding of the rehabilitation of rehabilitation works of TR1/3: Keetmanshoop and Mariental (Section A: 87.3km, between Tses to Gochas).

4.6 Particulars of Loans

The Fund is currently servicing two loans, i.e. KfW loan of 2015 amounting to N\$447 million and KfW loan of 2017 amounting to N\$482 million.

The KfW Loans are guaranteed by the Government, with the 2017 loan facility geared towards the rehabilitation works of TR1/3:Keetmanshoop and Mariental (Section A: 87.3km, between Tses to Gochas).

4.6.1 KfW Loan obtained by RFA in November 2015

In November 2015, the RFA signed an agreement with the KfW loan to the amount of N\$ 447 million denominated in South African Rand, at an interest rate of 7.81%. This loan will be required to finance the rehabilitation of a portion of TR1/6 between Windhoek and Okahandja. The RFA funded these works as from the financial year 2015, by drawing down the RFA Loan Stock Sinking Fund reserves with the approval of Government.

Cumulative capital drawings, redemptions, and interest and charges payments as projected are graphically depicted below.

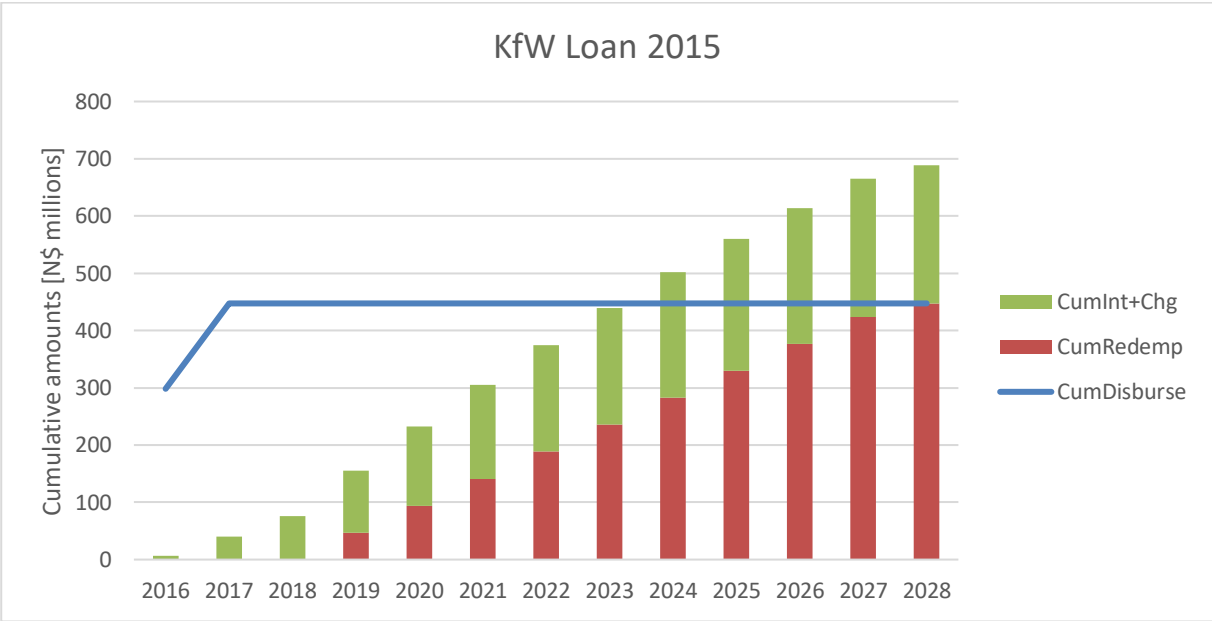


Figure 1: KfW Loan 2015

4.6.2 KfW Loan obtained by RFA in December 2017

In December 2017, the RFA signed an agreement with the KfW loan to the amount of N\$ 482 million denominated in South African Rand, at an interest rate of 7.505%. This loan will be required to finance the rehabilitation of a portion of TR1/3: Keetmanshoop and Mariental.

Cumulative capital drawings, redemptions, and interest and charges payments as projected are graphically depicted below.

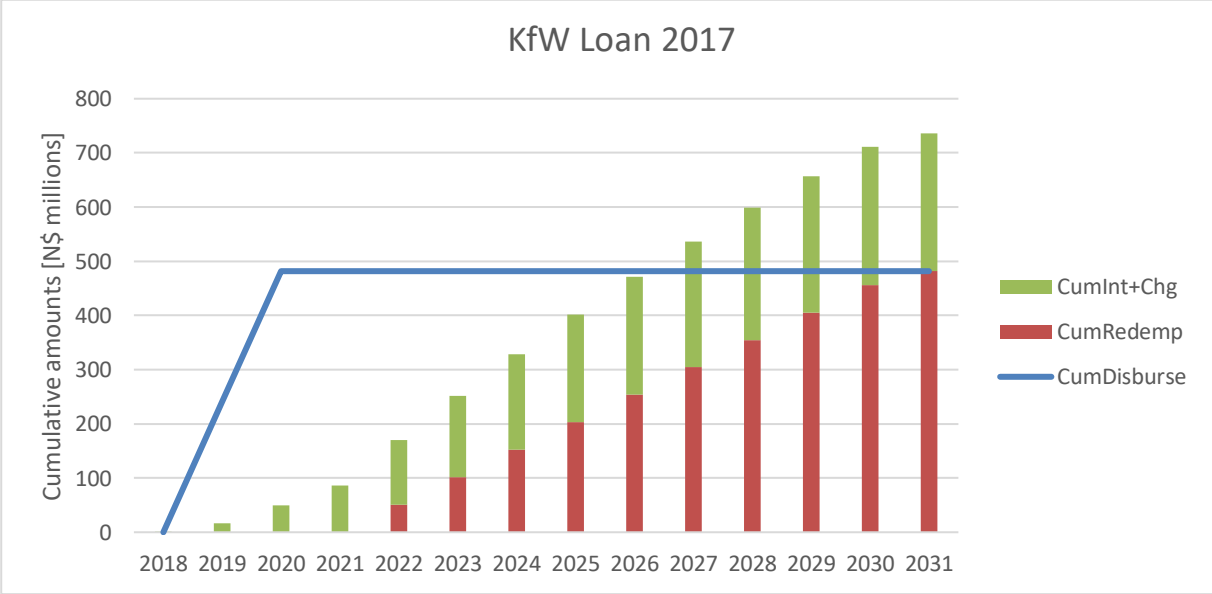


Figure 2: KfW Loan 2017

4.6.3 Financing of the Low Volume Sealed Roads Strategy

The Roads Authority investigated alternative maintenance strategies to optimise the available funding and to be more effective and efficient. As a result of the increasing funding gap, serious challenges due to inadequate maintenance, rapid and deterioration of the gravel road network,

depletion of available gravel material and the high cost of gravel road upgrading, amongst others, the RA presented its Low Volume Sealed Strategy in October 2020.

The sealing of low trafficked roads to improve the level of service and to preserve scarce road building materials was identified. These low Volume Sealed Roads (LVSRs) differ from standard bitumen roads as they are normally of lower geometric standards and designed for less than a 20-year pavement design life. Although the initial cost of upgrading to LVSR is higher than repair and regravelling costs, the benefits are higher in the form of a significant reduction in maintenance costs, higher asset value after the 20-year period and an internal Rate of Return (IRR) of 11.1%.

Current estimates indicate that Namibia should upgrade 315 km to LVSR per annum at a cost of N\$923 million pa. Under the current funding constraints, the RFA can only afford to spend N\$200 million in the following financial year to upgrade to LVSR. Consequently, the RFA has secured debt funding of N\$350 million to support the low volume seal strategy. The indicative loan period is 8 years for full redemption in FY2028/29. Although not budgeted for under the current Business Plan, the repayment would amount to N\$60 million per annum. This amount could be financed from the cost savings from gravel road maintenance or alternatively from an increase in the level of road user charges.

Thus, the LVSR Strategy presents a viable solution to the preservation of gravel roads by upgrading the roads to an appropriate surface standard, at a cost of 25% lower than a standard bitumen road, resulting in cost saving and improved condition and service level. Over the 5-year Business Plan period, sections of road have been classified and prioritised in the LVSR strategy to be funded from the RUCS in FY2022 and FY2023.

4.7 Particulars and Analysis of Business Plan Critical Factors

The main factor determining the achievement of the objectives of this and subsequent Business Plans is increasing rates of road user charges to keep up with inflation in mainly road works costs.

From the analysis it is evident that a comprehensive review of the applicable levels of RUCs, is required to close the funding gap and align the road user fees to the cost of maintaining the national road network towards the economically efficient optimum be feasible.

Unless RUCs are realigned to the cost of preserving the national road network, achieving optimal road maintenance funding will be impossible, and thus accelerate the rate at which the road network value deteriorates from N\$101 billion. This will continue until the value of the road network is commensurate with the level of the road user charges, which is estimated to be around N\$57 billion.

4.7.1.1 Summary

Taking into account all of the above information, the RFA has used the planning parameters tabulated on the following page in preparing its Business Plan.

PLANNING PARAMETERS									
BUSINESS PLAN FIRST FINANCIAL YEAR ENDING:		31 March	2023						
Planning period		Prev Year	Current Year	Business Plan Period					
Financial Year ending:		2021	2022	2023	2024	2025	2026	2027	
Financial Rates during Financial Year:		GDP	-8.00%	1.40%	3.40%	3.00%	3.10%	3.60%	4.00%
Roadworks Cost Escalation rate		Roads Authority budgets include contractual and estimated cost escalation.							
RFA 16 Loan Stock interest rate		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Medium- to long-term investment interest rate		5.34%	4.34%	4.34%	5.84%	5.84%	5.84%	5.84%	
Cash and short-term investment interest rate		4.02%	3.90%	4.00%	4.25%	4.25%	4.25%	4.25%	
EUR / NAD exchange rate		0.0645	0.0645	0.0556	0.0556	0.0556	0.0556	0.0556	
Road User Charges Rates escalation in Financial Year:									
Mass-distance charges		4.00%	5.30%	0.00%	0.00%	0.00%	0.00%	0.00%	
Abnormal load charges		4.00%	5.30%	0.00%	0.00%	0.00%	0.00%	0.00%	
Road carriers permits		4.00%	5.30%	0.00%	0.00%	0.00%	0.00%	0.00%	
Cross-border charges		4.00%	5.30%	0.00%	0.00%	0.00%	0.00%	0.00%	
Licence fees		4.00%	5.30%	0.00%	0.00%	0.00%	0.00%	0.00%	
Diesel levy		4.00%	5.30%	0.00%	0.00%	0.00%	0.00%	0.00%	
Petrol levy		4.00%	5.30%	0.00%	0.00%	0.00%	0.00%	0.00%	
Fuel Levy Refund Administration:									
Estimated % of gross revenue to be refunded		19.00%	19.00%	18.50%	18.00%	17.00%	17.00%	17.00%	
Volume Growth Estimate during Financial Year:									
Volume Growths pertaining to Mass-Distance Charges:									
<i>Number of local-registered vehicles</i>		-8.00%	1.40%	3.40%	3.00%	3.10%	3.60%	4.00%	
<i>Average travelling distance of local vehicles</i>		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
<i>Number of foreign-registered vehicles</i>		2.52%	-2.94%	1.37%	1.47%	1.45%	1.45%	2.00%	
<i>Average travelling distance of foreign vehicles</i>		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Growth in vehicles subject to Abnormal Load Charges		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Growth in vehicles subject to Road Carriers Permits		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Growth in vehicles subject to Cross-Border Entry Fees		2.52%	-2.94%	1.37%	1.47%	1.45%	1.45%	2.00%	
Growth in vehicles subject to Licensing		2.45%	0.80%	1.10%	1.50%	2.00%	2.20%	3.00%	
Growth in consumption of Diesel		-0.12%	1.40%	1.70%	1.50%	1.55%	1.80%	2.00%	
Growth in consumption of Petrol		-1.52%	1.40%	1.70%	1.50%	1.55%	1.80%	2.00%	
Volumes:									
Vehicles subject to Mass-Distance Charges:									
<i>Number of local-registered vehicles</i>		N/A	N/A						
<i>Average travelling distance of local vehicles</i>		N/A	N/A						
<i>Transits of foreign-registered vehicles</i>		N/A	N/A						
<i>Average travelling distance of foreign vehicles</i>		N/A	N/A						
Abnormal Load Charges Permits		N/A	N/A						
Cross-Border Transits		N/A	N/A						
Vehicles subject to Licensing		387,037	390,133						
Gross Fuel Consumption:									
<i>Diesel - Q1</i>		169,620,000	171,994,680						
<i>Diesel - Q2</i>		164,533,000	166,836,462						
<i>Diesel - Q3</i>		172,605,000	175,021,470						
<i>Diesel - Q4</i>		161,628,000	163,890,792						
<i>Petrol - Q1</i>		90,984,000	92,257,776						
<i>Petrol - Q2</i>		97,820,000	99,189,480						
<i>Petrol - Q3</i>		101,604,000	103,026,456						
<i>Petrol - Q4</i>		92,338,000	93,630,732						
Road User Charges:									
Fuel Levies:									
<i>Diesel - Q1</i>		1.36	1.41						
<i>Diesel - Q2</i>		1.41	1.48						
<i>Diesel - Q3</i>		1.41	1.48						
<i>Diesel - Q4</i>		1.41	1.48						
<i>Petrol - Q1</i>		1.36	1.41						
<i>Petrol - Q2</i>		1.41	1.48						
<i>Petrol - Q3</i>		1.41	1.48						
<i>Petrol - Q4</i>		1.41	1.48						
RUC Revenues:									
Mass-distance charges - local		117,095,079	119,085,695						
Mass-distance charges - foreign		33,694,224	34,155,835						
Abnormal load charges		10,246,431	10,246,431						
Road carriers permits		902,540	933,226						
Cross-border entry fees		110,151,823	111,660,903						
Licence fees		737,720,695	762,803,199						
Non RUC fees		44,466,131	46,022,445						
RUC collection on diesel (gross)		937,805,034	969,690,405						
RUC collection on petrol (gross)		537,026,696	555,285,604						

4.7.2 Rates of Road User Charges

The rates of road user charges on fuel continue to lag behind the CPI growth rate. This has been of continuous concern, particularly given that:

- More than 60% of all road user charges revenue is derived from fuel levies;
- If fuel levies are not increased with inflation, it is impossible to maintain revenue in line with inflation by only increasing the other road user charges;
- Compensated for inflation from FY2001 to FY2021, the rate should now be about N\$2.45 / litre (average for both levies, considering their somewhat different initial rates and increases), instead of the current rate of N\$1.48 /litre.

The other road user charges have on average reasonably kept pace with inflation. The growth of road user charges rates is graphically shown below.

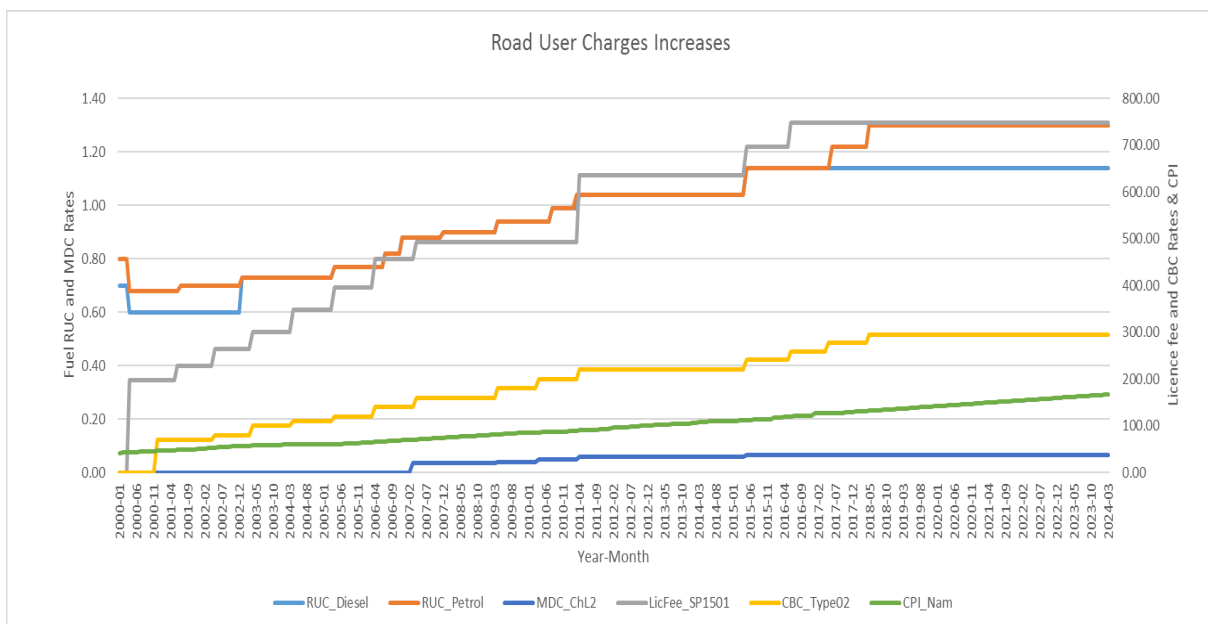


Figure 3: RUC Increases

The RFA received a road user charges adjustment of 5.3% in June 2021. However, the charges continue to remain below the full cost recovery levels, resulting in sub-optimal funding accelerating from N\$1.35 billion to N\$1.9 billion.

Therefore, a 50c increase in fuel levy has been proposed for each year for the next three financial years to close the funding gap and decelerate the growth in the maintenance backlog. Effectively an additional N\$1.37/litre, i.e. average 32.8% year-on year increase for next 3 years, will claw back a significant maintenance deficit and ultimately reduce the cost of vehicle operating costs and overall transport cost.

It is further motivated that:

- For the economic optimum funding, N\$4.3 billion is required to address the needs of the national road network, of which N\$3.5 billion is for maintenance including the upgrading of gravel roads to low volume sealed roads. However, the RUCs can only advance N\$1.35 billion of that amount to road maintenance in FY2023.
- As a result, approximately 56% of the gravel road network is in an unacceptable condition (2020), whilst 10% of the paved road network is in a poor condition.

- Poor road network and riding quality costs the road user an additional N\$3.9 billion annually.
- The urgent need to accelerate the resealing programme from the current 270km achieved to the annual target of 660km per annum. Similarly, with only less than half of the average 150mm wearing course material remaining on the gravel network, the need to fast-track the regravelling programme from the current minuscule 164km per year to at least 2,050km, as articulated in the Road Maintenance Strategy.
- On-going rehabilitation of road sections and bridges on key corridor routes such as Omaruru-Karibib, Karibib-Usakos-Arandis-Swakopmund, Keetmanshoop-Mariental, and Eenhana-Onhuno.

4.8 Objectives for the Management of the Road Fund

Section 16(1) of the RFA Act establishes the Road Fund, into which shall be paid (numbered below like in Section 16(1) the RFA Act):

- (a) all moneys collected in respect of road user charges;
- (b) moneys appropriated by Parliament;
- (c) moneys accruing to the Fund through the sale of any assets of the Administration;
- (d) moneys paid to the Fund by the Authority in respect of the proceeds of the sale of any assets of the Authority;
- (e) capital gains made and interest or dividends earned on investments;
- (f) donations or grants made in respect of any project or programme;
- (g) moneys received in respect of a loan obtained by the Administration;
- (h) moneys payable in terms of a judgement relating to compensation for the damaging of a road managed by the Roads Authority;
- (i) fines imposed in respect of any contravention of, or failure to comply with, any provision of a law relating to the overloading of vehicles; and
- (j) moneys which, with the consent of the Minister of Finance, may accrue to the Fund from any other source.

Section 17(1) permits road user charging system funds to be expensed on the types of expenditure that are listed below and numbered as in Section 17(1):

- (a) Management of the national road network as provided for in Section 16(1) of the Roads Authority Act, Act 17 of 1999, including the administrative expenditure of the Roads Authority and the payment of compensation referred to in Section 65 of the Roads Ordinance, 1972;
- (b) Administrative expenditure of the Road Fund Administration, including expenditure relating to the management of the road user charging system;
- (c) The cost of:
 - (i) Planning, design, construction and maintenance of any major urban arterial road, which has been designated as such by the Minister of Finance by notice in the Government Gazette;

- (ii) Traffic related maintenance in respect of any road in any local authority area, as defined in Section 1 of the Local Authorities Act, or any settlement area, as defined in Section 1 of the Regional Councils Act, not being a road which is part of the national road network;
- (d) Operation of any traffic information system established and maintained in terms of the road traffic laws;
- (e) Traffic law enforcement and adjudication functions performed by any competent authority for purposes of promoting a safe and efficient road system, including the control of the overloading of vehicles;
- (f) Operation of any vehicle testing station or driving testing centre, subject to the approval of the Minister of Finance;
- (g) Road research studies carried out by any person approved by the Administration;
- (h) Expenditure referred to in Section 15 of the National Road Safety Act, 1972 (Act No. 9 of 1972);
- (i) Payments, as the Minister of Finance may determine, in respect of the capital, interest and incidental costs or charges of any loan obtained by the Government of Namibia, before the commencement of this Act, for any purpose related to the national road network;
- (j) Payments in respect of the capital, interest and incidental costs or charges of loans obtained by the Road Fund Administration;
- (k) Reserve fund to bridge discrepancies between annual revenues and expenditure and protect the liquidity of the Road Fund;
- (l) Payment of compensation due to any damages arising out of the performance of the functions conferred upon or entrusted to the Roads Authority by or under any law, except where such damage is due to a deficiency in standards as determined by the Minister responsible for Transport;
- (m) Insurance against any claim for damage referred to above;
- (n) Any other expenditure related to the achievement of the objects of the Road Fund Administration Act as approved by the Minister of Finance.

Specific statutory objectives are that the RFA shall manage the Road Fund:

- In accordance with sound principles of financial management; and
- Such as to protect the liquidity of the Fund.

4.9 Responsibilities of the RFA with respect to the Achievement of Objectives

Firstly, the RFA is responsible for determining the amount of funding required to achieve a safe and efficient road sector. For this purpose, the RFA must receive budgets from the RA and other Approved Authorities for projects and programmes to be funded from the Road Fund. The RFA then scrutinises the submitted projects and programmes for compliance with the provisions of the RFA Act. This includes specifically verifying whether prescribed safety standards have been adhered to, where applicable, and a verification of the economic warrants for funding claimed for these projects and programmes.

It is important to note that in terms of the RFA Act, the onus for proving the economic warrants of projects and programmes rests on applicants, and not on the RFA. The RFA Act

does not envisage that the RFA should duplicate the onerous and costly studies and calculations often involved in preparing the requisite proof.

Instead, the RFA is responsible for applying an independent review to the submitted proof to determine that such proof is founded on generally accepted technical, transportation economic, and financial practice.

The management of the road user charging system such as to meet the objectives as per the RFA Act had envisaged that the amount of funding determination should be a regulatory determination. Accordingly, having made such determination, the RFA would be responsible for determining road user charges accordingly so that the full determined amount of funding for a five-year Business Plan period is collected by means of road user charges within such period.

However, since the rates of road user charges are in practice not determined by the RFA, but by Government at rates below the levels required for full cost recovery, this statutory objective has not been implementable. In practice, therefore, the RFA performs the amount of funding determination only as a benchmark against which to compare the amount of funding which can feasibly be collected depending on the rates road user charges as determined by Government.

Secondly, the RFA is responsible for analysing the funding and road user charging implications of raising the optimal amount of funds as per the amount of funding determination and make determinations regarding the manner of funding. This includes formulating a strategy for setting the rates of road user charges and taking into account the funds that will be available to the Road Fund from collecting road user charges in accordance with the strategy and from other sources. Such other sources can include grants from Government and donors and monies borrowed for the account of the Road Fund.

Regarding the formulation of a strategy for setting the rates of road user charges, the arrangement adopted in practice is that the RFA only performs an advisory function to the Government.

Thirdly, the RFA is required to publish the rates of road user charges, as determined by Government, by means of public notices in the Government Gazette.

Fourthly, the RFA must collect and deposit into the Road Fund all road user charges and other monies, such as donor loans and funding allocations made by Parliament, manage the Road Fund in accordance with generally accepted accounting principles, and make payments out of the Road Fund to the RA and other Approved Authorities in accordance with the manner of funding determinations set out in the RFA Business Plan.

Lastly, Subsection 15 (1) (e) of the RFA Act provides the following powers to the RFA regarding the monitoring of the Roads Authority and other approved authorities:

“to implement appropriate measures for the effective monitoring of compliance -

- (i) by the RA, with the provisions of a procedures agreement contemplated in Section 17 of the RA Act; and
- (ii) by an approved authority, with the conditions on which funding has been provided to it under this Act”.

The procedures agreement between the RFA and the RA is a document, which the RA must prepare and in which it essentially must set out the management and financial systems to be implemented by the RA, the principles to be applied in budgeting for administrative expenditure, and the procedures to be followed by the Authority in the awarding of tenders. It is therefore essentially a document that provides the RFA with assurances that the RA will act in a publicly accountable manner. However, the responsibility for the performance of the RA rests with the

Minister responsible for transport, with whom the Authority must conclude a performance agreement in accordance with Section 18 of the RA Act.

Regarding the funding conditions, under which the RFA will provide funding to Approved Authorities generally, the practice adopted by the RFA has been to impose conditions similar to those in the Procedures Agreement with the RA, but simplified in a manner appropriate to the needs.

5 OBJECTIVES AND STRATEGIES OF THE RFA FOR THE BUSINESS PLAN PERIOD

5.1 Introduction

The RFA recognises that Government's Vision 2030, the National Development Plans, NDP5, Medium-Term Expenditure Framework, Harambee Prosperity Plan and Annual Budgets are of particular application applicable to the portion of road user charging system funds allocated to the Management of the National Road Network.

5.2 Objectives of the Business Plan

Based on the submitted budget, the RFA determines an amount of funding that is feasible to collect and contribute from road user charges within the constraints of the road user charges rates as determined by Government. These resources are allocated towards the priority maintenance projects identified to maximise value for money under the financial constraints. The RFA has under the prevailing funding constraints prioritised the allocation of funds within the Business Plan period as follows:

Priority 1: Road Maintenance, road safety and traffic law enforcement. The road maintenance budget for FY2023 is N\$1.349 billion of which N\$781 million is for unpaved road maintenance. The portion of the unpaved allocation to be dedicated to blading should amount to N\$492 million because of committed blading contracts. The remaining amount will have to be prioritised to ensure gains are made to regravell a discernible part of the approximately 26,000km gravel road network. Road safety interventions of which traffic law enforcement plays a pivotal role, has a budgeted amount of N\$30.3 million for FY2023.

- 2.2 million blade kilometres (RA Road Maintenance Strategy 2021)
- Ensure full utilisation of TLE budget
- Reduce festive season crashes by 5%
- Upgrade 119km to low bitumen standard (LVSRs)

Priority 2: Rehabilitation of the national road network, including bridge structures, to the extent that this is feasible within existing funding constraints. Rehabilitation of the national network is envisaged to cost N\$190 million in FY2023. N\$141 million (74%) is re-allocated to the rehabilitation of TR1/3 Keetmanshoop-Mariental: Section Tses-Gochas. The remainder of the budget estimates are depicted as per the KPIs below for FY2022/23.

- Rehabilitate 279km (estimated cost N\$1,761 million)
- Reseal 360km (estimated cost N\$409 million)
- Regravel 1,300km (estimated cost N\$557 million)
- Rehabilitate 9 bridges over a period of 5 years

Priority 3: Continuation of administrative expenditure of the RA and RFA, the operational expenditure of the Namibian Traffic Information System (NATIS) as well as the development and construction of a ONE STOP NATIS Centre in Windhoek. The administration cost of the RA and RFA is budgeted at N\$361 million and N\$ 138 million for the FY2023, respectively. The increase from the current FY2022 to the next is within the allowable limit. Similarly, an amount of N\$138 million is earmarked for NaTIS administration for FY2023.

- Limit increase in admin expenditure to 3.5% (inflationary)

Priority 4: Servicing of existing loan obligations;

- Allocate N\$15 million to the Reserve Fund.

5.3 Strategies for the RFA Business Plan

5.3.1 Revenue growth

The RFA aims to grow the revenue base to secure adequate funding for the achievement of a safe and efficient road sector, with the overarching strategy to progressively increase road maintenance funding to optimum levels. A key strategic priority of the organisation is to introduce various instruments to boost its revenue, whereby the RFA shall investigate additional revenue streams in its transition to distance-based road user charges and tolling.

- Three 50c increases in the fuel levy will close the funding gap over in three years.
- The MDC-Automation project will increase the revenue collection base, by replacing the self-administered logbook system, with an electronic system, thereby increasing efficiency, accuracy and compliance.
- A new Windhoek NaTIS facility will service the population, increasing service levels and fee revenue.
- RUCS review will determine the economically efficient levels of the RUCs, given the nature, extent and quality of the national road network.
- RFA shall continue to investigate new Distance-Based Road User Charging Systems (DBRUCs) enabled by technological advancements. Business processes re-engineering and acquisition of Enterprise Resource Planning (ERP) System solutions are to be implemented to accommodate DBRUCs as an alternative to the fuel levy.
- The implementation of tolling in Namibia as documented in the Tolling Feasibility study has the potential to increase revenues by an additional N\$3.9 billion over a five-year period.

These interventions will close the funding gap and move the RFA closer to the optimal funding level, where roads are maintained to their original design specifications.

5.3.2 Cost diligence

Three major programs consume the lion's share of the road maintenance program, which includes blading, regravelling and regravelling. Furthermore, the RFA has completed the Road Maintenance Costing Study and have baseline unit costs. Accordingly, the following unit costs

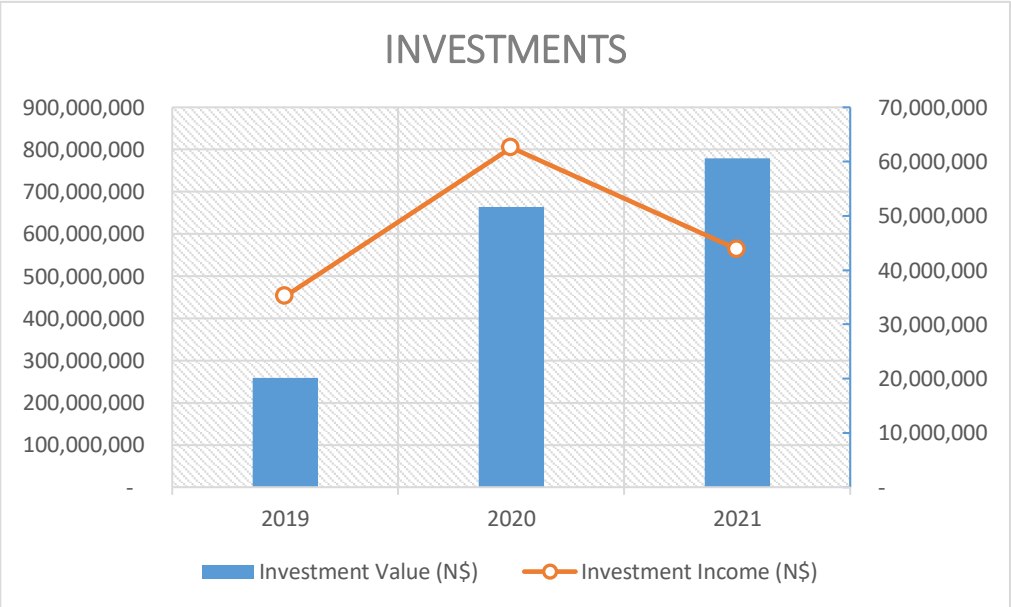
targets have been set for the financial year ending 2023, adjustable by the South African producer price index for road construction services:

- Blading N\$167.90/km (with potential saving on reduced blading frequency)
- Regravelling N\$450,000/km
- Reseal N\$1,100,000/km

6 PARTICULARS AND ANALYSIS OF ROAD FUND INVESTMENTS

The Fund continues to review its investment policy in an effort to drive off efficiency within the defined framework of its risk appetite.

The Fund held investments to the value of N\$779 million as at 31 March 2021. The investment trend can be outlined below over the past three years for the Fund. The investments were held in call, money market and fixed-term instruments across various asset managers.



7 PARTICULARS CONCERNING THE ROAD FUND ADMINISTRATION

7.1 Operational and Capital Budget of the Road Fund Administration for the Next Financial Year

This section details the particulars and analysis of the estimated expenditure of the RFA during this Business plan period. The operational and capital budget assumes a lot of activities planned for the coming year that would contribute towards the efficient management of the Road User Charging System (RUCS).

Key initiatives for the operational and capital budget relates to:

- Review of the current levels road user charges (RUCs);
- Re-engineering internal business process;
- Deepen stakeholder engagements;
- Staff Development and Empowerment initiatives in line with the #SHINE programme;
- Build brand equity on the new brand;
- Business process automation (Mass Distance Charges Charges);
- Introduce distance-based RUCs;
- Development Enterprise Resource Planning (ERP) modules;
- Operationalise research and innovation capabilities; and
- Pilot tolling in Namibia.

Furthermore, the capital budget is committed towards:

- Improvement and maintenance of staff accommodation; and
- Office establishments at various strategic locations

7.2 Past and Future Financial Statements of the Road Fund Administration

The Fund realised Revenue of N\$2.21 billion for the 2021 Financial Year, with expenses being N\$2.06 billion. Revenue came under significant pressure in the FY2020/21 due to the impact of COVID-19 pandemic and hard lockdown measures, limiting the RFA's ability to generate revenue. N\$182 million was trimmed from the revenue estimates on account of COVID-19. However, the performance remain solid, albeit with deliberate curtailment of spending.

The key highlights from the past financial performance include:

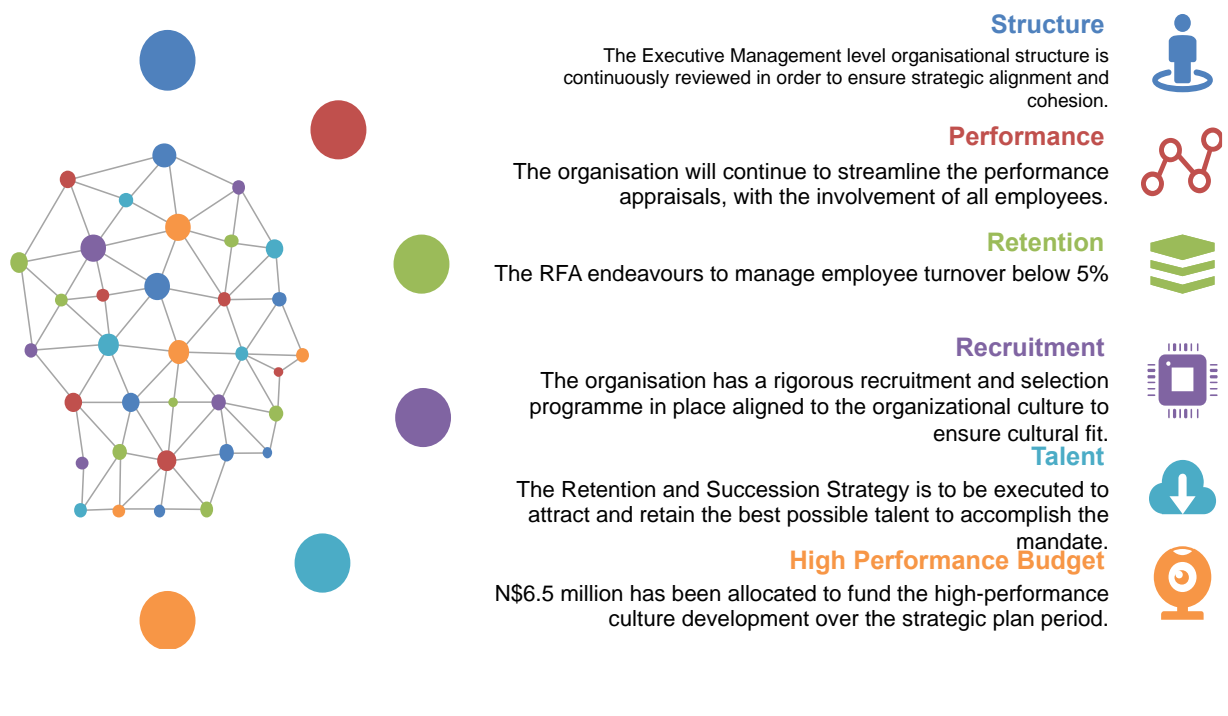
- Total assets grew from N\$1.2 billion to N\$1.8 billion over the FY2020/21, cementing the strong capital base and financial stability.
- A Reserve Fund to the tune of N\$152 million along with the capitalisation of the Roads Authority building onto the RFA's balance sheet further strengthened the financial position, aided by a fund surplus of N\$87million.
- The cushioning effect of the complementary 5.3% annual RUCs tariff increase resulted in a nominal 0.6% increase of expenditure towards the management and maintenance of the national road network to N\$1.79 billion (2020: N\$1.78 billion).
- Fully funded all programmed road maintenance work on national road network as well as urban roads & traffic related law enforcement.
- The N\$350 million debt financing for the low volume sealed roads strategy over the next two years received approval. At an interest rate of 7.25% over a 10-year loan term, the facility will be deployed to upgrade some economic viable and highly trafficked gravel roads to low volume bitumen standards.

7.3 Management Plan: Organisational Structure and Staffing of the Road Fund Administration

The RFA theme of High Performance Culture (HPC), as embedded in the organisation’s Strategic Plan, embraces the theory of the human capital as the essential asset of any institution. It is based on this statement that the RFA continues to engage its employees.

To drive the high-performance culture, the RFA will intensify needs-based training programmes to upskill staff in its quest to execute the organisation service charter. A total of N\$6.5 million has been allocated to fund the high-performance culture development over the strategic plan period. This will equip staff with the requisite skills to respond to dynamic customer demands, whilst ensuring a pleasant customer experience.

To achieve the HPC, the following interventions will be undertaken:



8 GOVERNANCE, LEGAL AND COMPLIANCE

The governance, legal and compliance framework has been established to ensure that the RFA is managed to ensure that the overall legal risk is minimised.

The RFA adopted the NamCode and has made great strides in solidifying the implementation of the principles of the NamCode within the RFA. A few matters remain which can be improved upon and which is being addressed especially from a risk and ICT governance perspective.

In terms of the RFA Amendment Act, that process has been finalised and is now being forwarded to policymakers to take the matter forward. The drafting of secondary legislation that should accompany this legislation is now the focus for the RFA to ensure that the legislation can be implemented when passed.

In terms of technological advancements the RFA is looking at benefiting from the efficiencies that can be obtained by automating the legal, contract management and compliance work of the RFA. The RFA does not have major issues in terms of its compliance framework the organisation has now grown accustomed to the need to comply with statutory demands. The updates on governance, legal and compliance progress reports are forwarded quarterly to through the Audit Investment Risk and Compliance Committee to the Board.

9 CORPORATE OVERVIEW

9.1 Stakeholder Management and Engagement

The RFA engages with a multitude of stakeholders in the execution of its mandate and committed to its strategic objective of bringing about strong stakeholder engagement across all sectors.

It is a priority for the RFA that its stakeholders have trust and confidence in the organisation. For this reason, the process of identifying and fulfilling stakeholder's expectations, creating platforms and means to communicate with them is managed in a structured and methodical manner.

In alignment with NDP5, Harambee Prosperity Plan and Vision 2030, the RFA participates at strategic fora, which includes Africa Roads Maintenance Funds Association (ARMFA), Namibia Chamber of Commerce and Industry (NCCI), International Road Federation (IRF), Walvis Bay Corridor Group (WBCG) and various road subsector role players regularly.

The Board and Executive Management focused on strengthening and maintaining key stakeholder relations through proactive engagements. This afforded them with the opportunity to share collective views, perceptions, expectations and concerns relating to the RFA's operational context.

In order to attain this strategic objective, the RFA has embarked upon interventions to improve the corporate identity and the institutional brand. The new brand was unveiled on the 12 November 2020. Through the corporate mandate to ensure sustainable road infrastructure funding, the RFA keep

Namibians, cross-border visitors and business people on the road, and by so doing accelerate our country's progress. The brand new brand position seeks to cement RFA's quest towards progress, people centred, and commitment to service delivery. The new brand is supported by the befitting slogan: "Funding roads, steering growth", and thus reminding the road users what the RFA does and what value we offer. The five year RFA Integrated Strategic Business Plan (ISBP) 2019 – 2024 the organisation formulated befitting values acronymed #SHINE. Which emphasis the institution's drive towards a corporate culture that stimulates excellence in the execution of our duties.

Key stakeholder engagements that will receive specific attention will include, *inter alia*, the following:

- Formation of strategic alliances through the Public Enterprises (PE) CEO Forum, NCCI, WBCG, Joint RFA and RA Management Committee, ARMFA and the Namibia Working Group for Intelligent Transport Systems;
- Annual stakeholder consultation on the RFA Business Plan;
- Technical Workshop for Traffic Law Enforcement entities;
- Annual General Meeting with the Minister of Finance in collaboration with the Minister of Public Enterprise;
- Participation at Annual Trade Fairs.
- Participation in Road Safety Campaigns at selected roadblocks on the national road network with National Road Safety Council and the Motor Vehicle Accident Fund;
- Internal stakeholder engagements, namely greenest RFA Village House Competition;
- Stakeholder engagement session with the fuel majors;

- Media stakeholder engagement sessions;
- Strategic Corporate Social Responsibility (CSR) engagements
- Sponsorship support to the annual Cycle Classic
- Implementation of the activities identified in the Customer Service Charter;
- RFA annual Awards and Staff Year-end Function, as well internal stakeholder engagements
- Attend to Public Sector Innovation Champions initiatives

9.2 Code of Ethics

The RFA core values provide the framework which enables the organisation to execute its mission whilst driving towards its vision. These values govern the behaviour of employees within the workplace as well as with all external stakeholders.

In view of the foresaid RFA recognises employees' outstanding performance, through annual prize award recognitions. As part of the PE sector RFA will continue to participate in the Annual SOE games, once the effects of the COVID-19 pandemic has been contained.

9.3 Corporate Social Investment

As a responsible Corporate Social Citizen, the RFA made Corporate Social Investment (CSI) to various national request that included COVID-19 sponsorship through the Public Enterprises Chief Executive Officers Forum (PE CEO's Forum), as well contribution towards the national participation at the Dubai EXPO. The RFA will give priority to social investment courses that are recommended through PE CEO's Forum.

Further, RFA emphasis the need to ensure CSI engagements in various communities where we operate in particular at border post that are remotely located from major towns and thus having no immediate access to basic services, such the development and upkeep of the TransKalahari Kindergarten.

9.4 Information Communication Technology's (ICT) Strategic Perspective

A number of new and additional opportunities which are anticipated in the coming year, will be implemented. The implementation of the RFA Enterprise Resource Planning System (ERP) has faced several challenges and has consequently fallen behind schedule. However, management will continue to drive the implementation of this project to ensure the organisation has supportive IT systems to support the organisational strategy and beyond.

The RFA plans to introduce new digital platforms that will allow staff, clients and stakeholder to interact more easily with one another and build stronger relationships between staff, clients and stakeholders. Integrating disparate systems at NaTIS, RFA and RA to provide a seamless experience whilst providing valuable information where it is needed.

Furthermore, the organisation has implemented Namibia's corporate governance code, namely NamCode, in order to improve and align the RFA's ICT governance framework. Additional to the NamCode governance framework, the organisation will be implementing COBIT 5 Framework to fully support the governance of ICT principles at a global level.

Appendix

Financial Tables of the Business Plan for the Financial Years 2023 to 2027

Table 4: Manner of Funding Determinations (RFA Act s.20(4)(b)) (Amounts allocated subject to funding constraints)

Table with columns: PROJECTS AND PROGRAMMES TO BE FUNDED INSIDE THE ROAD USER CHARGING SYSTEM, PREVIOUS YEAR ACTUAL, CURRENT YEAR APPROVED, and MANNER OF FUNDING DETERMINATION FOR BUSINESS PLAN PERIOD - INCLUDING COST ESCALATION ESTIMATE (RFA Act s. 20(4)(b)). Rows include budget categories like 'Budget Headings, Items and Funding Responsibilities' and specific projects like '01 Management of the National Road Network'.

PROJECTS AND PROGRAMMES TO BE FUNDED INSIDE THE ROAD USER CHARGING SYSTEM			PREVIOUS YEAR ACTUAL		CURRENT YEAR APPROVED		MANNER OF FUNDING DETERMINATION FOR BUSINESS PLAN PERIOD - INCLUDING COST ESCALATION ESTIMATE (RFA Act s. 20(4)(b))											
Budget Category / Subcategory / Item	Exp. Class	Funding Responsib.	FY2021		FY2022		FY2023		FY2024		FY2025		FY2026		FY2027		Total for 5 Years	
			RUCS	GRN/Donor	RUCS	GRN/Donor	RUCS	GRN/Donors	RUCS	GRN/Donors	RUCS	GRN/Donors	RUCS	GRN/Donors	RUCS	GRN/Donors	RUCS	GRN/Donors
06 Vehicle Testing Stations and Driving Testing RFA Act s. 17(1)(f)																		
06.01 Vehicle and Driving Testing			N/A	0	10,800,000	0	10,000,000	0	96,210,000	0	65,000,000	0	13,290,000	0	5,000,000	0	189,500,000	0
NARA2001-M10	One Stop Vehicle and Driving Testing in Windhoek (Natis Land)	Prog	RFA+GRN	N/A	0	10,800,000	0	10,000,000	0	96,210,000	0	65,000,000	0	13,290,000	0	5,000,000	0	189,500,000
07 Road Research RFA Act s. 17(1)(g)																		
07.01 Road Research Studies				0	1,000,000	0	2,000,000	0	2,000,000	0	2,000,000	0	2,000,000	0	2,000,000	0	10,000,000	0
NRFA2001-M02	Research and Innovation	Prog	RFA	0	1,000,000	0	2,000,000	0	2,000,000	0	2,000,000	0	2,000,000	0	2,000,000	0	10,000,000	0
08 National Road Safety Council RFA Act s. 17(1)(h)																		
08.01 National Road Safety Council				154,100	2,100,000	0	2,200,000	0	2,300,000	0	2,400,000	0	2,500,000	0	2,600,000	0	12,000,000	0
NRSC2001-M01	Operations of the NRSC	Prog	RFA	154,100	2,100,000	0	2,200,000	0	2,300,000	0	2,400,000	0	2,500,000	0	2,600,000	0	12,000,000	0
12 Compensation for RA Damage Liability RFA Act s. 17(1)(l)																		
12.01 Compensation for RA Damage Liability				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NRFA2001-M10	Compensation for RA Damage Liabilities	Adm	RFA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Insurance against Damage Liability RFA Act s. 17(1)(m)																		
13.01 Insurance against Damage Liability				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NRFA2001-M08	Insurance against Damage liability	Adm	RFA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Other Expenditure Approved by Minister RFA Act s. 17(1)(n)																		
14.01 Expenditure Approved by Minister				0	50,000,000	0	60,000,000	0	60,000,000	0	60,000,000	0	60,000,000	0	60,000,000	0	300,000,000	0
NRFA2001-M09	Other Expenditure approved by Minister (Maint. of Etosha Roads)	Prog	RFA	0	50,000,000	0	60,000,000	0	60,000,000	0	60,000,000	0	60,000,000	0	60,000,000	0	300,000,000	0
Total Specified Expenditure				1,984,278,954	0	2,528,464,127	39,500,000	2,729,799,430	0	2,510,015,236	0	2,463,740,948	0	2,477,737,396	0	2,547,589,224	0	12,871,267,234

NOTES:
(1) The adjustment is required due to: (i) previous projects/programmes not continued in this BP; (ii) expenditure data for individual projects/programmes not available from RA and RFA accounting systems, and therefore accounted for as a lump sum.

PROJECTS AND PROGRAMMES TO BE FUNDED INSIDE THE ROAD USER CHARGING SYSTEM			PREVIOUS YEAR ACTUAL		CURRENT YEAR APPROVED		MANNER OF FUNDING DETERMINATION FOR BUSINESS PLAN PERIOD - INCLUDING COST ESCALATION ESTIMATE (RFA Act s. 20(4)(b))											
Budget Category / Subcategory / Item	Exp. Class	Funding Responsib.	FY2021		FY2022		FY2023		FY2024		FY2025		FY2026		FY2027		Total for 5 Years	
			RUCS	GRN/Donor	RUCS	GRN/Donor	RUCS	GRN/Donors	RUCS	GRN/Donors	RUCS	GRN/Donors	RUCS	GRN/Donors	RUCS	GRN/Donors	RUCS	GRN/Donors
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NARA2001-M10	One Stop Vehicle and Driving Testing in Windhoek (Natis Land)	Prog	RFA+GRN	N/A	0	10,800,000	0	10,000,000	0	96,210,000	0	65,000,000	0	13,290,000	0	5,000,000	0	189,500,000
07 Road Research RFA Act s. 17(1)(g)																		
07.01 Road Research Studies				0	1,000,000	0	2,000,000	0	2,000,000	0	2,000,000	0	2,000,000	0	2,000,000	0	10,000,000	0
NRFA2001-M02	Research and Innovation	Prog	RFA	0	1,000,000	0	2,000,000	0	2,000,000	0	2,000,000	0	2,000,000	0	2,000,000	0	10,000,000	0
08 National Road Safety Council RFA Act s. 17(1)(h)																		
08.01 National Road Safety Council				154,100	2,100,000	0	2,200,000	0	2,300,000	0	2,400,000	0	2,500,000	0	2,600,000	0	12,000,000	0
NRSC2001-M01	Operations of the NRSC	Prog	RFA	154,100	2,100,000	0	2,200,000	0	2,300,000	0	2,400,000	0	2,500,000	0	2,600,000	0	12,000,000	0
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12.01 Compensation for RA Damage Liability				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NRFA2001-M10	Compensation for RA Damage Liabilities	Adm	RFA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Insurance against Damage Liability RFA Act s. 17(1)(m)																		
13.01 Insurance against Damage Liability				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NRFA2001-M08	Insurance against Damage liability	Adm	RFA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Other Expenditure Approved by Minister RFA Act s. 17(1)(n)																		
14.01 Expenditure Approved by Minister				0	50,000,000	0	60,000,000	0	60,000,000	0	60,000,000	0	60,000,000	0	60,000,000	0	300,000,000	0
NRFA2001-M09	Other Expenditure approved by Minister (Maint. of Etosha Roads)	Prog	RFA	0	50,000,000	0	60,000,000	0	60,000,000	0	60,000,000	0	60,000,000	0	60,000,000	0	300,000,000	0
Total Specified Expenditure				1,984,278,954	2,528,464,127	39,500,000	2,729,799,430	0	2,510,015,236	0	2,463,740,948	0	2,477,737,396	0	2,547,589,224	0	12,871,267,234	0

NOTES:
(1) The adjustment is required due to: (i) previous projects/programmes not continued in this BP; (ii) expenditure data for individual projects/programmes not available from RA and RFA accounting systems, and therefore accounted for as a lump sum.