



**Road Fund Administration (RFA) Annual
Stakeholder Consultation
on its
Business Plan for the period 2018/2019-2022/2023**

Chairperson's Keynote Address

Date: Tuesday, 14 November 2017
Venue: Safari Court Hotel, Windhoek, Namibia

Director of Ceremonies,
Colleagues from RFA Board of Directors,
Members of the Roads Authority Board of Directors,
Mr Ali Ipinge, CEO of RFA,
Mr Conrad Lutombi, CEO of RA
Government Officials from line Ministries;
CEO's, Chief Regional Officers and representatives of the
various Approved Authorities;
Representatives of KfW, GIZ and other donor agencies;
Captains of Industry;
Distinguished invited guests;
Members of the media;
Ladies and Gentlemen,

1. It is a pleasure for me to join you this morning and address you at this stakeholder consultation forum for the RFA Business Plan for the next five years, spanning the period 2018/19 – 2022/23.
2. On behalf of the RFA Board of Directors, I wish to reiterate our words of welcome to this event and thank you most sincerely for your continued interest in contributing to the developmental objectives in the road sector.

3. The importance of this annual Business Plan consultation cannot be overemphasised. It creates a unique platform to assess the achievements made over the past Business Plan period, take stock of challenges faced and the opportunities we can leverage over the next horizon of consistent investment in road maintenance and preservation.
 4. We witness with concern the slippages in the overall national competitiveness on a global scale, suggesting a number of innovative reforms which we as a country should implement overtime to maintain or improve our competitive edge. Nonetheless, the quality of our roads infrastructure ranks among the best globally and regionally, thanks to the combined contribution of all the stakeholders, from planners to policy makers, from payees of road user charges to administrators of fund resources and operations, financiers and development partners.
 5. This is the vision which Road Fund Administration aspires to achieve, to be a global leader in sustainable road infrastructure funding, thus contributing to national development goals.
 6. The attendance here today of a large number of representatives from different stakeholder communities and our Government is especially important for the RFA Business Plan formulation.
- it enhances the credibility of the Plan, by remaining true to the priority needs in the sector,

- it represents an integrated approach to development planning which should result in close alignment of the envisaged Business Plan and the Government Budget, the Medium-Term Expenditure Framework, bilateral funding arrangements and budgets of the Approved Authorities.
- by taking a multi-year approach, the Plan does not only provide a trajectory of how those of us that are entrusted to oversee the management of the Fund propose to grow and manage the Fund sustainably, but also how the Fund can contribute to the country's development priorities in a sustainable manner.

Economic Context

Director of Ceremonies,

7. The formulation of this five year Business Plan is taking place at the time when the domestic economy is on a slow recovery path.
 - consumer demand remains relatively weak and investment is slack,
 - regional economic activity is also low, especially for our large trading partners,
 - budgetary adjustments have impacted on the pace of activity, especially in the construction sector,
 - these developments impact negatively on the Fund revenue streams,
 - new motor vehicle sales have stagnated and the motor vehicle population is estimated to grow by a mere 1% over the 2018 and 2019 period,
 - fuel consumption, more so for petrol is expected to slowdown

8. As a consequence, Fund revenue outlook will remain subdued over the medium-term. In this environment, potential increase in Road User Charges should not be carefully set so that we do not impose a heavy burden on industry. Business Plan expenditure should remain closely aligned to the revenue outlook. This environment calls on us to vigorously prioritise the funding allocation and associated implementation plans for road projects and programmes.
9. In spite of the challenging economic environment of the past year, your Fund was able to make material progress against the targets we set for ourselves a year ago.
10. In this regard Ladies and gentlemen, allow me to share with you a few strategic outputs achieved during the 2016/2017 Financial Year:
 - i) A total estimated revenue amount of N\$2.21 billion was collected as the main basis for funding the Business Plan; This was about 5.7 percent growth over the previous years, as a result of a combination of RUC rate increases, natural growth and internal efficiency gains. This was however 1.2 percent short of the projected revenue target as the slowdown on economic activity takes a toll on the underlying RUC revenue streams.
 - ii) Up to N\$318 million additional injection was deployed in the economy from Fund reserves to defray the cost of urgent funding needs in the road sector and supporting

the Government efforts to address the impact of budgetary shortfalls in the sector;

- iii) In addition to supporting Government funded projects, the total spending in excess of N\$2.3 billion from the Fund, of which 81 percent was for project funding has contributed to the upkeep of the road infrastructure and supported domestic economic activity in the sector and related sector linkages.
- iv) Completion of TR1/6 Windhoek – Okahandja, Section 3 dual carriageway project, which is now operational;
- v) Funding of key road maintenance, both routine and periodic, countrywide;
- vi) Constructing 36 houses at various border posts to improve conditions of service for our human resources and further indirectly enhance our revenue collection capabilities;
- vii) Strengthening governance, financial management and other technical skills development of personnel. As such, for the past two years or so, the Fund and Administration financials show clean unqualified audits which is a standard we must retain ; and
- viii) Increasingly leveraging ITC innovation to our business operations, upgrading the functionality and recovery capacity of the business information systems, implementing systems integration with the Namibian

Traffic Information System (e-NaTIS) and initiating automation of some of the revenue collection and monitoring operations.

Priorities for the Business Plan

11. For the envisaged Business Plan period, we are aware that road maintenance needs as presented by the fund recipient authorities exceed the available funding. Resources are not limitless and for this reason, we should increasingly prioritize and support projects which are material to supporting growth, expanded trade and regional integration.
12. This Business Plan projects revenue of about N\$13 billion over the horizon of this business plan.
13. To conclude, ladies and gentlemen, let me emphasise the key policy principles which will underpin the implementation of this envisaged Business Plan:-
 - RUCs will remain the mainstay for funding road maintenance and preservation operations. In this regard, as road project cost prices adjust by inflation or even by more than average inflation levels, RUC rates will be adjusted from time to time in line with inflationary developments and through a consultative process,
 - We intend to review the RFA legislative framework to keep it in tandem with the latest developments in the sector. In this regard alternative means of revenue mobilization and

- protecting the existing revenue base from erosion will also be considered. Legislative review is a consultative process,
- Limited operational surpluses should be realized annually over the Business Plan period as a mechanism to rebuild Fund financial buffers and enhance the ability of the Fund to respond to real emergencies if and when such occurs.
 - The Fund will maintain its market presence by sourcing additional capital from the market without compromising its long-term sustainability. In this regard, we believe that by prioritizing projects which matter a lot to the economy than the “nice to have” projects, Fund revenue adequately complements the Government budget in the road sector. The Fund market operations will be undertaken within well-defined sustainability indicators.
 - We expect that the Roads Authority will remain supportive in prioritizing project selection and ensure that contracts are duly awarded within the confines of the transparent provisions of the law and price escalations are reined in.
 - Finally, it is material that joint planning is undertaken to ensure integration and complete funding of the jointly funded projects.

14. With these remarks, ladies and gentlemen, I trust that you will find these deliberations quite insightful and believe that we will jointly and successfully address the funding needs for the road subsector.

I thank you