



# **Road Fund Administration (RFA) Annual Stakeholder Consultation on its Business Plan for the Period 2019/2020-2023/2024**

## **Keynote Address by Mr Penda Ithindi Chairman of the RFA Board**

**Date: Tuesday, 20 November 2018**  
**Venue: NIPAM, Windhoek, Namibia**

*Director of Ceremonies,  
My colleagues from RFA Board of Directors,  
Mr Ali Ipinge, RFA CEO, your Management team and staff,  
Mr Conrad Lutombi, CEO of RA, your Management team and staff,  
CEO's and Chief Regional Officers from various Public  
Enterprises; Local Authorities and the Regional Councils  
Representatives of Development Partners,  
Executive Secretary of the National Road Safety Council;  
Representatives of the Traffic Law Enforcement fraternity;  
Colleagues from the Ministry of Finance,  
Representatives of key Ministerial offices  
Captains of Industry and Technical personnel present today;  
Distinguished invited guests;  
Members of the media;  
Ladies and Gentlemen*

### ***Good morning***

1. It is always my pleasure that we get together this time of the year as stakeholders to subject the RFA Business Plan to scrutiny and make input.
2. This tradition of partnership and consultation is important for the alignment of our interventions to national priorities and available resources. It is key to integrated planning, well aware that as individual institutions we do not exist in

isolation and the impact of our interventions is most optimized when delivered collaboratively and as a compact.

3. It is, therefore, my great pleasure to join you at this consultative forum for the RFA Draft Business Plan for the 2019/20 – 2023/24 medium-term outlook.
4. We are formulating this Plan against the backdrop of subdued economic environment in the sub-region and at home. Such environment presents tightness in the revenue prospects and expenditure outlays.
5. It calls on all of us to realize greater operational efficiency, keep our overhead costs mean and lean and unleash the cutting edge of information communication technology, innovation and research and development.
6. At the RFA, you have challenged us to think beyond the traditional Road User Charges, keep our operational costs in check, and scale-up our operational efficiencies and processes. In the process of doing just that, I am pleased to state that the RFA has, for the first time in its annals, been awarded the Gold Achiever Award for as the Second Best Company in small and medium sized category, second only to the Bank of Namibia.
7. *Ladies and gentlemen*, we are pleased to account to you and the Namibian public that over the past financial year, the financials your Fund have rebounded back to operating surplus territory, after the considerable disbursement of the

Fund reserves to alleviate funding needs for road projects budgeted for by the Government.

8. Going forward, it is our business intention to strengthen the Fund liquidity position and financial buffers so as to shore up its capacity to respond to unforeseen circumstances and service its obligations.
9. We intent to review the RFA Act in the coming year and stakeholder consultation be at the centre of such a review. This will be for the purpose of bring the policy provisions in line with latest developments in the sector and road funding frameworks.
10. To achieve some of these policy objectives, the road sector will have to initiate and implement innovative strategies and instruments. As much as the RFA might explore alternative revenue streams, the call is on the implementing agencies to introduce vigorous planning techniques and project management instruments drawn from best practises.
11. Our consultations here and now are to obtain your contributions and input towards the finalisation of the Business Plan as required in the RFA Act.

### ***Components of the Business Plan***

12. The Draft Business Plan before you presents a multi-year budget of income from the Road User Charges and other sources as well as expenditure for the road projects and

programmes, traffic law enforcements, administrative expenses and road safety initiatives.

13. For policy cohesion, the Draft Plan is anchored on the national development goals engendered in NDP5, the *Harambee* Prosperity Plan and MTEF.
14. It is a business proposition to inject about N\$13 billion into the domestic economy over the spectrum of the next five years, of which about 80 percent or some N\$10 billion is for projects and programmes in the road sector. This is on the basis of the same magnitude of the projected income level.
15. As you might be aware, the Government had approved the 6.5 percent increase across all road user charges earlier this year. The increases were implemented in May 2018. However, due to slackness in economic activity, we anticipate revenue for the year to marginally slow in relation to the budget forecast. Expenditure containment measures, especially those of administrative nature are, therefore, important over this plan period.
16. The expenditure proposals contained in the Draft Business Plan take into account the budget requests received from the Roads Authority and other Approved Authorities, subject to the revenue envelope estimates.
17. This is the prudent budgetary framework we all accede to in favour of long-term sustainability of outcomes.

18. I am pleased to announce that some of the administrative costs, such as the RA Head Office, that had to be funded in the previous years have come to an end in the current financial year. As a result, more funds are freed up and directed towards the road maintenance programmes.
19. For quite some time now however, I note that we have, as a country, taken up the challenge of implementing multiple large-scale road capital projects concurrently. While these undertakings will no doubt add to the stock of infrastructure formation, they have come at a price tag which is barely affordable, leading to significant erosion of fiscal space, tightness in financing and high susceptibility to event shocks.
20. As some of these large projects grind to completion, a deliberate exit strategy is warranted to free up resources for the maintenance function and most urgent priorities. Some of the urgent priorities lie in the rail sector, most particularly the economic sections of the rail routes.
21. Further, the conclusions of the Second Land Conference last month have, among others, called for more visible urban land servicing to meet shortfalls in the housing sector. The resources flow to Local Authorities should be seen to be aligned to the new paradigm of development objectives.
22. Let me also use this opportunity to call on our development partners to always seek for alignment with national systems and win-win cooperation. This is especially in regard to local participation in projects funded through multilateral and bilateral arrangements.

23. In conclusion, Ladies and gentlemen, the RFA remains confident to honour its mandate through effective partnerships and efficient administration of the Road User Charging System to support the national economy.
24. The “value-for-money” principle remains key at a time when the Government fiscal policy has assumed a consolidation phase.
25. There is no doubt that our partnerships with the Roads Authority, Local Authorities, Regional Councils, Traffic Law Enforcement agencies, the National Road Safety Council and the Development partners will continue to strive and yield the necessary results.
26. This consultation is in furtherance of these objectives.
27. Against this backdrop, I wish you engaging and fruitful deliberations and with innovative mind-set. I count on your usual cooperation

I thank you.