



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

RFA CEO - Mr Ali Ipinge Remarks at the 2018 Annual Business Plan Stakeholders Consultative Workshop

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

- Members of the RFA Board of Directors under the leadership of Tate Penda Ithindi;
- Representative from our shareholder Ministry – Ministry of Finance as well as MWT, MPE and MME
- Other Government officials at National, Regional and Local Authorities levels present
- CEOs and Representatives from all Approved Authorities
- Mr Conrad Lutombi, CEO of Road Authority and your technical team present
- Fellow colleagues of RFA both Management and Staff present,
- Distinguished Invited Guests
- Members of the media
- Ladies and gentlemen

Please allow me to extend my warmest welcome to you at this very significant 18th Annual Business Plan consultative workshop.

I am pleased to see a number of stakeholder's from across the country, more specifically the Local Authorities and Regional Councils representatives as we share a comprehensive Technical Assistance programme.

You would agree with me that the topic of road funding remains important in the quest towards economic prosperity.

The RFA, on annual basis, takes the inputs and recommendations from this gathering seriously as it helps us plan better and jointly find common solutions to the challenges facing the road sector more so on matters of roads maintenance and rehabilitation both at national, regional and local authority level.

At this juncture, allow me to briefly recap on some of the strategic outcomes and business plan achievements of the past financial year – FY 2017/2018:

- A total of N\$2.37 billion in revenue was generated through the Road User Charges as compared to N\$2.21 billion in the previous financial year - FY2016/2017;

- This resulted in a steady year-on-year growth of 7% or net dollar increase of N\$154 million;
- On the downside however, the RFA fell short of reaching the budget target by 1%, largely due to the sluggish economic environment which impacted all the Road User Charges;
- The RFA invested over N\$2.2 billion in the preservation and development of the road network, of which:
 - 76% (about N\$1.7 billion was allocated to the Roads Authority for the preservation and maintenance of the national road network as well their administrative expenditures which includes the management of GRN funded roads capital projects, NATIS operations as well as road management systems)
 - and 24% was allocated to other Approved Authorities (Local Authorities and Regional Councils); Traffic Law Enforcement and road safety programmes; and the RFA administrative expenditures
- From an investment point of view, we were able to allocate more funding to the Approved Authorities for road maintenance – we have seen better outcomes as far as the improvements in the conditions of our gravel roads, increase in the conditions of our bituminous roads through a dedicated reseal programs on key national roads as well as better management of roads and streets under the local authorities (Okahandja TC as an example).
- Our Road Fund investment (funding) through the various Approved Authorities has provided contractual employment to more than 650 Namibians and sustenance to numerous small to medium enterprises locally.

Ladies and gentlemen, the significance of this consultative meeting is to take stock on the implementation of current financial year business plan (2018/2019) and to plan ahead (i.e. 2019/2020 and beyond) for the financial support of road maintenance programmes and projects, as contemplated in the Road Fund Administration Act, (Act 18 of 1999).

The RFA is aware and fully committed to the agenda of effective preservation and rehabilitation of the national road network as well as the urban roads and streets.

However, we have to fund all these activities within the ambit of the revenue envelope of the current RUCS and in line with adopted RFA “user-pay principle”.

However, the closing of funding gaps and other revenue solutions will be required in both medium and long-term in order to meet the targets set out in the Government's NDP 5, Harambee Prosperity Plan and Vision 2030. These shall include but not limited to, rebasing the RUCS tariffs (current baseline is already 18 years old); possible introduction of tolling; introduction of new levies as the globe is moving towards electric cars for the future which will indeed displace fuel levy as a revenue source.

In addressing some of the aforementioned challenges, as a short term measure, the RFA is pleased to report that:

- RFA concluded a loan agreement with KfW to a tune of N\$482 million towards the co-financing of the rehabilitation of TR1/3 between Keetmanshoop and Mariental (Section A: 87.8 km between Tses and Gochas);
- The RUC tariffs were adjusted by 6.5% in May 2018;
- An additional budgetary commitment of N\$150 million to the Roads Authority to support road maintenance programmes, more specifically towards the unpaved (gravel) road network to improve the current road conditions and enhance road safety;
- The successful implementation of the Technical Assistance programme to the Local Authorities;
- The expressed strategic intent to increase financial support (year-on-year increase of close to 40%) towards urban and rural road maintenance under the jurisdiction of the Local Authorities and Regional Councils.
- Although still in its development stages, the RFA is embarking on various projects and studies aimed at advanced revenue collection techniques to enhance its revenue base.

Distinguished invited guests and RFA Directors, let me not dwell too much in the details of our operations at this stage as they will be shared and discussed in the course of the day.

However, before I conclude, let me take this opportunity to thank all the Approved Authorities for their unreserved cooperation in the successful signing of Procedures Manuals (MoUs) earlier this year.

These collective efforts are evidence that all parties are eager to ensure proper budgeting, project planning and optimal utilisation of the allocated funds and even more so in ensuring that all our road users obtain value for their investment in the Road Fund.

Allow me, on behalf of the Board of Directors of the RFA, the RFA Executive Management and Staff, to officially welcome you all to this annual event and look forward to fruitful, interactive and participatory deliberations.

This platform will surely stimulate innovative thinking and assist the RFA in the realisation of its strategic plans and activities.

I thank you for your attention.