

1. Comment by Mr. Willie du Toit, Chairman, Namroad, on Resource Paper 3

I want to thank the organizers for inviting me to participate as a resource person during this important session of evaluating the results of the road sector reform in Namibia.

At the outset I want to thank the Swedish Government and SIDA for their immense input of providing funding and skills, without which this mammoth task will not have been possible.

I feel myself to be part of the team that brought about this reform because right from the start of this process Namroad, representing the commercial road users in Namibia, was consulted every step of the way and we can only hope that our inputs added value to the outcome. For being invited to participate in this process of reform I can only thank and praise the Namibian Government and the officials involved for the open and transparent way that this process was conducted.

If one had to sum up the goals of this reform process I would venture to expand a little on the definition as used in the resource paper to do it in the following words:

TO PROVIDE NAMIBIA WITH A SAFE, EFFICIENT and SUSTAINABLE ROAD SYSTEM, DEVELOPED AND MAINTAINED AT AN AFFORDABLE COST TO ITS USERS.

I think a well thought out plan was developed and the speed of implementation amazes me and is commendable.

Looking back now at the end of this process I think the team can be proud with the results achieved so far. Without fear for contradiction I think one can safely say that Namibia today possesses one of the best developed and maintained road systems in Africa.

Now I want to replace the hat that I have initially worn as being part of the team responsible for this development process, and replace it with the hat of the user of the end product, the customer so to say. Coming from the commercial sector I have to live by the maxim that the customer is King and all my efforts are measured by what my customer thinks of my products and services. I personally believe that for any public institution the test should be exactly the same.

For any customer the two most important aspects are:

- 1. DO I GET VALUE FOR THE MONEY I SPEND BY PURCHASING THIS PRODUCT OR SERVICE? and**
- 2. IS THE QUALITY AND PRICE OF THIS PRODUCT OR SERVICE SUSTAINABLE SO THAT I CAN CONTINUE DOING BUSINESS?**

What are the answers?

On question one, I as the customer today can say:

YES, THANK YOU Mr OR MADAM PRODUCER; I AM SATISFIED WITH THE VALUE OF THE PRODUCT I PURCHASE TODAY.

On question two, is the quality and value of this product sustainable for the future, there can only be one answer:

I HAVE SERIOUS DOUBTS.

What are the threats compromising the sustainability?: In a workshop like this it is my experience to limit challenges as far as possible and reduce it to those that really matters, otherwise the participants that must address the challenges get confused and go out from here and get bogged down in trivialities and get delayed in addressing the real issues.

I therefore only want to pose one serious threat:

The cost of the product is becoming unaffordable.

Since the introduction of dedicated road user charges there was no reduction in general taxes from which road construction and maintenance used to be funded, and the road user is now paying extra for the use of the roads.

Namibia is a very thinly populated country and a handful of road users (compared to world standards) have to foot this immense bill.

Let us for the moment say that that we find ourselves today at the very top of the scale of affordability. There is only one way of stretching this Dollar paid by the road user.

EFFICIENCY

We must be efficient in everything we do. Starting from the size and efficiency of the institutions governing and implementing this process, the cost efficiency of the construction and maintenance work that is done, right through to the processes and instruments we use to collect funds.

I want to limit my comments to the last one, the threats of the others are well spelled out in the resource paper and I urge participants to take note of that and address it.

My pet subject; the instruments we use or intend to use to collect road user charges:

I am not going to go into details; the relevant officials should know my arguments by now by heart.

Various studies and uncountable man hours have already been spent on this subject and time and again the answer is the same: The most efficient way of collecting road user charges in a country like Namibia, with limited resources as far as technology and capacity is concerned, is by way of a fuel levy.

This resource paper alone refers to this issue in no less than twelve paragraphs and the conclusion is the same every time:

IT IS IMPOSSIBLE FOR THE ROAD FUND ADMINISTRATION TO EFFECTIVELY FUND THE SYSTEM WHILE THEIR MOST COST EFFICIENT COLLECTION INSTRUMENT – FUEL LEVIES – IS CONTROLLED BY ANOTHER MINISTRY WITH, UNDERSTANDABLY, AN AGENDA OF ITS OWN.

Colleagues, let us go out here today and collectively address this issue to assist Mr Kiyala and his team to do their job EFFICIENTLY otherwise this beautiful product we have built is doomed to failure. Let us not, figuratively speaking, throw out our baby with the bath water by insisting to be King of one's own castle without paying proper attention to the broader issues at stake and the collective good of all.

2. Comment by Mr. Shakespeare Masiza on Resource Paper 3

(Comment not available.)

3. **Comment by: Mr. Olav Ellevset, Senior Transport Specialist
The World Bank/SSATP Program, www.worldbank.org/afr/ssatp**

**Reforming the Namibian Road Sector
Workshop March 9, 2006**

SSATP's Themes

- Responsive Transport Strategies to Poverty Reduction and Pro-poor Growth Objectives
- Transport Sector Performance Indicators
- Appropriate Transport Services (ATS)
- Road Management and Financing (RMF)
- Regional Integration and Transport (RIT)
- Road Safety

**Road Funds
Road Agencies/Authorities**

Represent nearly a third (12) of SSATP members

The Namibian Road Sector Reforms

- Commending the Government of Namibia and the participating development partners
- Willingness to try innovative frameworks and new approaches appreciated
- “Laboratory” for innovative frameworks also benefiting other countries
- Look to Namibia!

Roads Authority

- Well consolidated institution
- Network management
- Deteriorating trend of the network
- Realistic standard compared with traffic?
- The Road Economic Decision Model (RED)
- The choice of technology?
- The extent of using local materials
- Protect good materials against over-exploitation and reduce hauling distances
- Contract structure

Roads Contractor Company (RCC)

- Improved efficiency
- Dominating in the Construction industry?
- Some other countries trying to convert Force account into several small companies to enhance competition in the sector
- “Killing assumptions”
 - Extra funding for downsizing is a requirement
 - Political support
- Still too much staff in the sector?

Road Fund Agency (1)

- Ambitious financing, road user charges also for development
- Possible or realistic?
- Small population in large country, high standard ambitions

- Second generation road fund?
- The common concept is funds for maintenance

Road Fund Agency (2)

- The size of road user charges to be compared in view of total taxation structure
- Inconsistency and overlapping legislations are rather common
- Presently an unbalance between ambitions of the system and willingness to fund
- Road tolling, consider well as costly
- Mass-Distance Charge system (heavy veh)
- Across border competing within trucking industry

Overall impression

- Impressed with the commitment shown
- When piloting reforms particular challenges must be expected
- Government interventions for streamlining required
- Stay the course, and stabilize
- There is no way back!