

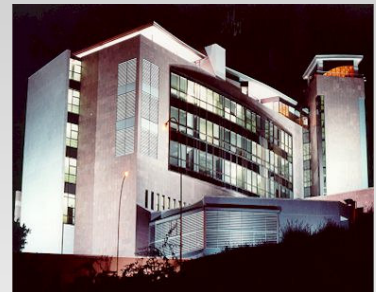
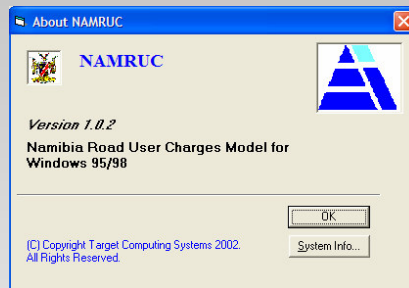
REVIEW OF THE ROAD USER CHARGES SYSTEM OF THE ROAD FUND ADMINISTRATION

PART B: MIEERS STUDY

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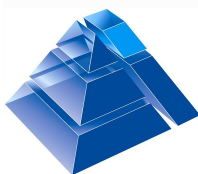
PART C: ROAD USER CHARGES REVIEW

FINAL PROJECT DOCUMENTATION



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EXECUTIVE SUMMARY

Background

The Namibia Road User Charges (RUC) System was developed with the aim of economically recovering the full cost of roads expenditure from road users in an equitable manner. The system determines the amount and manner of funds to be raised from road users in accordance with the “user pay” principle, and consequently determines the road user charges to be imposed.

The implementation of a basic structure for a RUC System in April 2000 was based on the findings and recommendations of an Interministerial Cabinet Committee (ICTE) as per the *Proposed Policy on Road User Charging* document. The RUC System that was implemented in April 2000 as part of the commencement of operations of the Road Fund Administration (RFA) was designed to achieve the following objectives:

- Ensure that revenue needed to provide and maintain roads is raised from road users (including foreign road users) rather than the general taxpayer;
- Price the use of roads so as to improve economic efficiency in road transport by removing price distortions and charging road users according to the “consumption” of roads;
- Promote equity between different categories of road users
- Establish a link between supply and demand for transport infrastructure;
- Increase transparency in the road funding process; and
- Provide for equal competition between road and rail transport by letting road transport operators pay for their use of infrastructure.

Purpose of the project

During June 2003 Africon Namibia was appointed by the RFA to conduct a review study of the current RUC System, with the main purpose of investigating and determining whether current revenue levels are sufficient and adequate and also whether the current RUC System adheres to the principles of equity and efficiency.

Study Parts and Phases

The study was conducted in the following parts and phases:

- Part B: Macro-Economic Impacts of Economic Efficiency in the Road Sector (MIEERS) Study
 - Phase 1: Review of Road Sector
 - Phase 2: Review of Impact of Specific Instruments on the Economy
 - Phase 3: Review of Fuel Taxation Policy
 - Phase 4: Review of Economic Warrants of Loans for Development Projects
- Part C: RUC Review
 - Phase 1: Road User Charges
 - Phase 2: Fuel Levy Refund
 - Phase 3: Mass Distance Charges (MDC)

- Phase 4: Cross Border Charges (CBC)

For each of the phases separate documents were submitted as part of the project deliverables. However Part B – Phase 2: Review of Impact of Specific Instruments on the Economy and Part C – Phase 1: Road User Charges were combined into one document due to the overlapping nature of these two phases. Furthermore, Part C – Phase 3: Mass Distance Charges (MDC) entailed two deliverables, namely the “Review of the MDC System” document as well as the Terms of Reference for the Pilot Project for the Implementation, Management and Operation of the GPS-Based Mass-Distance Charges System.

Structure of Project Documentation

The documentation for this project is structured as follows:

- Part 1 (this Part) presents the Executive Summary.
- Part 2 contains the document on Part B - Phase 1: Review of the Roads Sector.
- Part 3 presents the combined document on Part B -Phase 2: Review of Impact of Specific Instruments on the Economy and Part C - Phase 1: Road User Charges, as well as a presentation on the macro-economic impact of road user charges on the economy of Namibia.
- Part 4 presents the document on Part B - Phase 3: Review of Fuel Taxation Policy.
- Part 5 contains the document on Part B - Phase 4: Review of Economic Warrants of Loans for Development Projects.
- Part 6 presents the document on Part C - Phase 2: Fuel Levy Refund System.
- Part 7 contains the document on Part C - Phase 3: Review of the Mass Distance Charges (MDC) System, as well as the Terms of Reference for the Pilot Project for the Implementation, Management and Operation of the GPS-Based Mass-Distance Charges System.
- Part 8 contains the document on Part C - Phase 4: Cross Border Charges (CBC) System.

Each of these documents were submitted in draft format to the RFA and discussed with stakeholders as relevant to obtain their inputs, after which the documents were finalised with comments incorporated. A separate Compact Disc containing the documents in electronic format was also submitted to the RFA.