THE NAMIBIAN ROAD SECTOR REFORM

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1. INTRODUCTION

On 1 April 2000, the Road Fund Administration, the Roads Authority and the Roads Contractor Company commenced operations. This marked the date of the implementation of the Namibian Road Sector Reform, i.e. of new arrangements to finance and manage roads in Namibia. Before implementation of the Reform, the road sector arrangements in Namibia were very similar to those, which prevail in most other countries.

The Road Sector Reform is one of the outcomes of a comprehensive process of policy review in the transport and communications sectors, which commenced shortly after Independence on 21 March 1990. This report reviews the process leading up the implementation of the Reform. Its purpose is to sketch the approach adopted in Namibia, to touch on the policy eventually accepted, to discuss some of the issues remaining to be resolved, to assess the conditions which have allowed this reform to take place in Namibia and to consider the relevance for other countries.

2. DEVELOPING AND IMPLEMENTING THE ROAD SECTOR REFORM

The initiation of transport policy developments following Namibia's independence can to a large extent be ascribed to preparatory work initiated already before Independence. In anticipation of Namibia's Independence from South Africa in 1990, the then Swedish International Development Authority (SIDA - now Swedish International Development Cooperation Agency - Sida) launched a study of the transport and communications sectors in the country. The result was the Study on Transport and Communications for Namibia (STCN). The STCN provided a detailed survey of the existing transport and communications sectors, analysed the state of these sectors and identified the short-term needs and projects to be addressed through donor financing.

One of the findings of the STCN was that road maintenance allocations had declined in the late nineteen-eighties, and that there were no earmarked taxes on road use. A specific project recommended was a Study on Road Taxation, which would look at the question of earmarking and also at the structure and levels of taxes to ensure that the Government's basic policies with regard to financing of public expenditures would be taken into account. This recommendation prompted a process which was to last for about 10 years.

The reform process

The road sector reform in Namibia has developed in two phases. In the first phase, from 1990/91 to 1994/95, the focus of work was mainly on road taxation and road funding issues. The operational arrangements for road building and maintenance did not initially receive attention. However, as the process of policy formulation advanced, two things became clear. The principles being developed for replacing the existing road taxation regime by a road user charging system more or less dictated that a road fund be established. Furthermore, the need to undertake more far-reaching reforms of the road sector became apparent.

Once Government gave its support to the idea of a road fund, in 1995, the work on reforming the road sector was therefore widened to cover all relevant aspects of the road sector including its organisation and management. The second phase culminated on 1 April 2000 with the coming into operation of the new arrangements in the road sector.

Study on Road Taxation - first findings and proposed road funding and taxation policies

The road taxation study that had been recommended in the STCN was started in October 1990. At the time when the study was initially conceived, the basic objective had been to put in place an arrangement which would ensure a sustained source of funding for roads through earmarked taxes on road users, albeit that it was stated that taxes should be "fair" in the sense that they should be so structured as to ensure that individual road users would be taxed in relation to their "consumption" of roads.

However, as the study advanced it became clear that, for the policy to endure over the longer term, a policy statement such as "to ensure a sustained adequate road funding allocation" would not suffice. The policy would be more effective if it provided answers to specific questions such as: (i) how much should be spent on roads in Namibia; (ii) what proportion of spending should be recovered from road users; and (iii) how should different categories of road users be made to pay.

The consultants completed the study in December 1992. The main findings were that the then system of taxes on road users could not be regarded as a road user charging system. However, data available at the time of the study (1990/91) indicated a reasonable balance between actual annual average levels of expenditure on road maintenance and construction and revenue from road-related taxes, such as fuel levies and vehicle licence fees. Heavy vehicles were found not to be contributing a fair share of their costs through the existing tax instruments.

The findings therefore, in effect, confirmed that a *de facto* system of road user charging was already in existence in Namibia, although this was a fortuitous rather than intended state of affairs. The findings, nevertheless, constituted an important motivation to introduce a system of road user charging and to do so before the "window of opportunity" existing at the time disappeared.

The study also contained an assessment of the possible impact on vehicle licence fees, fuel levies and vehicle operating costs if a road user charging system based on full cost recovery were to be implemented. Although an average increase in road taxes, or user charges, of about 24% was projected, the effect on total vehicle operating costs was found to be relatively insignificant at the time.

The report therefore strongly recommended the implementation of a system of road user charges, which would recover costs related to economically justified road construction and maintenance works in Namibia. It was recommended that such charges be set to comply with user pay (implying full cost recovery), economic efficiency (implying marginal cost pricing) and equity principles.

The above recommendations were approved in principle by the Namibian Cabinet in March 1993. The

Cabinet further approved that an Interministerial Committee of Technical Experts (ICTE) be appointed to formulate final policy recommendations concerning the administrative, technical, legal and institutional issues related to implementation of a system of road user charging for Namibia in accordance with the policies proposed by the study and also to give attention to a number of specific issues. These were weight-distance charges, the system of government road maintenance allocations to local authorities, the establishment of a road fund and the revenue taxation of fuel (i.e. taxation for fiscal purposes only).

Further policy development - the Interministerial Committee of Technical Experts

The ICTE commenced its work in mid-1993 and its recommendations were submitted to Cabinet in July 1995. The ICTE confirmed the recommendation of the previous investigation for the implementation of a road user charging system as well as the proposed basic policy principles and types of charging instruments to be used. The ICTE further found that a road fund should seriously be considered and that the road user charging system should be managed by a representative national roads board.

One of the issues not addressed in the earlier road taxation study received attention when some of the members of the ICTE raised concerns that a road fund could potentially result in expenditure on roads out of proportion to the needs for such expenditure. After deliberation the conclusion was reached that the envisaged roads board should have the functions (i) to assess individual road projects in terms of economic efficiency criteria, as well as (ii) to monitor that funds are efficiently used. However, at the time the role of the roads board was seen by the ICTE as essentially an advisory one, i.e. that its recommendations should be channelled through the Ministry of Finance to Parliament for final approval.

The ICTE identified matters to receive further attention. These were that:

- the policy with regard to taxation of fuel should enjoy attention, since heavy revenue taxation of fuel, in addition to road user levies, could adversely impact on the ability to implement the road user charging principles; and
- Namibia should participate in ongoing SADC initiatives to implement cross-border road transport charges (transit charges).

The latter matter was regarded as significant, since the transit charging systems that were at the time under consideration envisaged charges that, although differentiated according to vehicle mass and axle configuration, would be the same for different countries. In addition, the SADC initiated study, ongoing at that time, aimed at recovery of marginal costs only. Such charges would not be compatible with the proposed Namibian road user charging system and could therefore result in problems of discrimination between domestic and foreign road transport operators competing in the cross-border road transport market.

The ICTE report, as in the case of the previous study, also failed to make any specific proposals about the institutional structures, which should be responsible for operational expenditure on roads. It did, however, recognise that if measures were not put in place to ensure efficient use of funds, most of the advantages of the road user charging system would potentially be negated.

Cabinet accepted all of the ICTE's recommendations. Although the ICTE had not, in view of opposition from the Ministry of Finance, made an explicit recommendation with regard to a road fund, the Cabinet decided that such a fund should be established. The Cabinet furthermore directed the Ministry of Works, Transport and Communication to proceed with the implementation of the road user charging system.

The second phase

As part of the Swedish aid, support had already in 1990 been provided for undertaking a restructuring of the Ministry of Works, Transport and Communication (MWTC). At independence MWTC had 8500 employees who were mainly involved in operational tasks and only to a limited extent in policymaking - and related - endeavours. Soon after Independence work to transform what was then the Department of Posts and Telecommunications into commercial entities was started. In the course of 1994, these developments, along with the growing pressure - internally and externally - to develop a broader and more comprehensive approach to the restructuring of MWTC, prompted the formulation of a strategy for the restructuring of MWTC. This strategy was translated into a project, which was given the name of the MWTC2000 Project, and agreement was subsequently reached between the Namibian Government and the Swedish Government to co-finance the project on a fifty-fifty basis. The focus would initially be on all operational aspects of the Department of Transport.

The project document for the MWTC2000 Project presented for the first time an embryo of a vision of a new arrangement for the road sector, including the establishment of a road fund, the introduction of road user charges, and the reform of all operational units of the Department of Transport in the road sector, i.e. the force account units plus the heavy plant pool.

The MWTC2000 Project was approved by Cabinet at the same meeting at which Cabinet acted on the recommendations of the ICTE. At one stroke there was clear political support for moving ahead with a comprehensive road sector reform, and the onus was now on the MWTC to prepare a blueprint for such a reform.

Such a blueprint was subsequently prepared by early 1996. It was heavily influenced by the arrangements in New Zealand, reflecting that several staff members of MWTC and the Ministry of Finance had visited that country to study its road sector reform. The MWTC proposals thus envisaged the creation - by way of law - of two new agencies of the state, the Road Fund Administration to manage the road fund and the road user charges, and the Roads Authority, to manage the national road network. The MWTC blueprint also clarified the roles and powers of these two entities, and set out a framework to be used to draft the required legislation.

Following from the above, the idea of implementing a representative national roads board for managing the road fund and road user charging system was dropped. It had earlier been emphasised that the management of the road user charging system should ensure that certain basic principles, which form the cornerstones of the proposed new road funding policy, be upheld. It became clear that the above responsibilities could not be devolved upon the members of a board selected to represent the interests of their individual constituents. Within a board so composed decisions would tend to be taken on the basis of "acceptability" to the majority of members and be coloured by the individual interests of represented parties. The eventual recommendation made was that a board of professionals be empowered by the legislation to make autonomous decisions about road funding amounts and the levels of road user charges. The exercise of these powers, however, would be subject to the basic principles of the road user charging system. These principles would be spelt out in legislation thereby obliging compliance by the board in the performance of its functions. The reform for Namibia was therefore taken a step further than what is now the case in New Zealand.

At the same time, i.e. in 1996, the shape of the third component of the road sector reform was also substantially clarified. A study, undertaken under the MWTC2000 Project, of the future of the plant pool had concluded that it would not be feasible to establish it as a company on its own. If the aim was to create a commercially viable entity, it would be necessary to establish a fully-fledged contractor by combining the plant pool with the force account units involved in road maintenance and construction in MWTC. This idea was accepted by Cabinet, and eventually matured into the decision to form the Roads Contractor Company.

The institutional reforms in the road sector

It was decided to establish the three new institutions in terms of three separate pieces of legislation. One reason for this was that the three institutions fall under different Ministers. The Minister for the Road Fund Administration is the Minister of Finance, the Minister for the Roads Authority is the Minister of Works, Transport and Communication while the Roads Contractor Company falls under a Minister designated as the "Shareholding Minister". Another, more important, reason was to separate the road funding function, which is regulatory in nature, from the road management function, which is operational in nature.

The features of the three new independent organisational entities established by the three acts are as follows:

The Road Fund Administration has the task of managing the road user charging system and administering the Road Fund "with a view to achieving a safe and economically efficient road sector". The Act defines the "road user charging system" as being an independent system to regulate road funding to be based on the principles of economic efficiency and full cost recovery. The system furthermore comprises the determination, in sequential order, of (i) the amount of funding, (ii) the manner of allocation of funds, and (iii) the rates of road user charges.

The board of directors of the Road Fund Administration is appointed by the Minister of Finance in consultation with the Minister responsible for Transport, and is autonomous in being able to take decisions about the level of road user charges. This autonomy is not discretionary since the Road Fund Administration is bound to act in accordance with the principles of the legislation. Its real task is thus that it acts as trustee, on behalf of both the Government and the road user community, to correctly interpret and faithfully implement the basic principles of the road user charging system. It must apply user pay, equity and pricing efficiency principles in setting the level of the charges so that a sufficient amount of revenue is raised. However, the Road Fund Administration may not, in terms of the legislation, drastically change the levels of road user charges in any one year and must seek to achieve a stable long-term road funding and charging environment.

The Road Fund Administration approves requests for expenditure on roads, both as far as maintenance and investment is concerned. It must apply economic efficiency criteria when deciding on the justified expenditure amounts for individual road maintenance programmes and investment projects. After consideration of its revenue resources and expenditure commitments the Road Fund Administration will release a five year business plan containing its decisions on allocations of funds to road programmes and projects. Only the first year of the five-year expenditure programme is approved for actual expenditure. The Road Fund Administration has powers to monitor and ensure that funding allocations are efficiently used by the Roads Authority and other authorities.

The Road Fund Administration is obliged to approve, in principle, applications for expenditure which meet its funding criteria. These criteria must be framed by the Road Fund Administration and made available to the Roads Authority and other approved authorities qualifying for funding from the Road Fund, including local road authorities, the road traffic police and road traffic inspectors.

The Road Fund Administration must consult widely with interested parties, as directed by the Minister, before finalising its decisions. It has to submit a Performance Statement containing particulars of its intended future strategies, funding allocations and road user charges to the Minister for approval. It is, under certain circumstances, possible to dispute the Road Fund Administration's decisions and have them referred for independent adjudication. Such adjudication is required to state the extent to which the decisions under dispute give effect to the principles contained in the legislation.

The Roads Authority is responsible for managing the national road network. Management of the national road network is defined in the legislation as comprising planning, designing, maintaining and constructing the roads forming part of the national road network. The Roads Authority will not be permitted to itself undertake physical work relating to road construction and maintenance. All work must be let on contract subject to tendering, with the exception of work to be given to the Roads Contractor Company during the first three years of its existence. The Minister responsible for Transport (i) appoints the board of directors, (ii) supervises performance of the Authority by way of a Performance Statement, and (iii) may prescribe minimum standards and measures for the management of the national road network to achieve a safe road system or to e.g. ensure basic accessibility to all parts of the country.

The Roads Contractor Company, which has evolved from the departmental roads maintenance and construction units, is a Companies Act company. It will receive preferential treatment during the first three years after its commencement for the award of roads contracts within its capabilities, but thereafter it must compete on the open market for such work. Employees of the Ministry of Works, Transport and Communication previously employed in roads construction and maintenance have been offered employment opportunities in the Roads Contractor Company. The board is appointed by the Shareholding Minister, who is designated by the President. During an initial phase, the minister responsible for transport will serve as the Shareholding Minister.

Implementing the reform

To set up the three new entities, implementation teams were formed under the MWTC2000 Project umbrella. These initially comprised consulting teams to do all the preparatory work, and included a Rapid Adjustment Programme (RAP) consultant to introduce the force account units to commercial thinking.

Later on the work to direct these consultants was taken over by Project Leaders, one each for the three organisations as well as one for the RAP, who also had to ensure proper linkage into and communication with affected staff in the Ministry of Works, Transport and Communication and the Ministry of Finance.

As from May 1999, shadow boards were appointed by Cabinet, to act as the interim boards of the new entities. The shadow boards could in principle take all decisions required to set up the new organisations, including the identification of the CEOs and senior staff, but all these decisions subsequently had to be ratified by the 'ordinary' boards which were finally appointed once the new laws came into force in October 1999. The three Acts came into full effect as from 1 April 2000.

3 ISSUES LIKELY TO ARISE OR STILL TO BE RESOLVED

The process of developing and implementing the road sector reform in Namibia has been ongoing over a period spanning nearly a decade. Whilst the reform process so far must be deemed to have been successful, the reform is not yet complete. Several contentious issues at both the domestic and international level are still to be resolved.

It is expected that the administrators of the system will be able to deal with such matters and issues by applying the basic policy principles in a practical way. A feature of the legislation is that it is definitive as far as its basic policy principles are concerned, but that it recognises that systems and procedures must be practicable in order to succeed. A certain degree of pragmatism is therefore possible, and in some instances explicit provision is made to deviate from a strict application of the basic principles in the short term. The levels of road user charges, for example, may not be changed substantially in any one year, even if that would result in roads being funded temporarily at a level, which does not comply with the strict interpretation of the economic efficiency principle.

Attaining the "efficient" funding level, can Namibia catch up?

One of the difficult problems confronting the Road Fund Administration is that the relationship between road-related revenues and expenditures is not as favourable as 10 years ago. At the time road funding was estimated to be close to the optimum level and at the same time in relative balance with revenues raised through road use related taxes.

It is estimated that at present (mid-2000) road user charges will have to be increased by about 30% in real terms to support an optimum road funding level. One of the first challenges confronting the Road Fund Administration and Roads Authority is therefore to prepare a medium to long term roads master plan and, based thereon, a funding strategy which includes a transparent strategy for phasing in the desired long term stable real levels of road user charges.

Weight-distance charges and cross-border road transport

The SADC Protocol on Transport, Communications and Meteorology provides for road user charging systems, and has specific provisions with regard to cross-border charges. Namibia, in addition, is party to the Memorandum of Understanding on Road Transportation in the Common Customs Area of the Southern Africa Customs Union. The road user charging system implemented by Namibia complies in all respects with the requirements of the above agreements.

The Namibian system as well as the above agreements make provision for weight-distance type charges on heavy vehicles. These are necessary to ensure that heavy vehicles pay a fair share of road costs. Heavy vehicles registered in Namibia will therefore - eventually - pay for road use through a combination of annual vehicle licence fees, road user charges on fuel and weight-distance charges.

In terms of the principle of non-discrimination, which is applicable to international transport in general, Namibia may not impose road user charges on foreign road transport operators in a manner which would have the effect that such operators pay more, or less, for road use than its own road transport operators. The non-discrimination principle is, strictly speaking, only applicable to cross-border road transport operations. It would, however, be impractical to have two systems of road user charges for heavy vehicles in Namibia and therefore the road user charges for cross-border operations must effectively be the same as those on normal heavy vehicles operating within Namibia. Namibia is currently implementing cross-border charges on both Namibian and foreign road transport operators undertaking cross-border road transport operations. The success of these remain to be seen but the potential for conflict will be greatly reduced if road user charging systems which include weight-distance charges are also introduced in other countries in the SADC Region.

Fuel prices and taxes in neighbouring countries

One of the potential problems of introducing road user charges on fuel is that the levels of such charges do not need to be, and should not be, the same in different countries. This is because the unit costs (per vehicle) of providing roads are, for various reasons, not the same. Economies of scale play a major role in the levels of road user charges. In addition, not all countries necessarily adopt the same policies regarding the extent of costs to be recovered from road users. Some countries, for instance, may only aim to recover road maintenance costs. All things being equal, countries with lower levels of traffic such as Namibia therefore need to set the levels of road user charges higher than countries with higher road traffic levels.

In addition, different countries are likely to adopt different policies with regard to the revenue taxation of fuel. If one country decides to implement high fuel taxes as an important revenue source, especially if it is a country with relatively low traffic volumes, it will have relatively high fuel prices and will thus be exposed to fuel smuggling and avoidance of road user charges by foreign traffic. Alternatively, countries with high traffic volumes can be placed in the position of exploiting the potential to tax road users, including cross-border traffic, for revenue purposes.

It is foreseen that the policies with regard to fuel pricing and taxation in different countries will eventually become an issue to be addressed at the international level. The idea should be to adopt and implement harmonious policies with regard to road user charging as well as the revenue taxation of fuel. This may be difficult for countries which already have very high revenue taxes on fuel and who allocate only a small part of this revenue to roads.

Namibia has taken a step in the right direction by, in 1996, adopting a set of policy principles with regard to the taxation and pricing of petroleum products. These principles provide, *inter alia*, that the main elements making up the pump price of fuel, i.e. the basic cost of supply, various user charges, and revenue taxes, should be seen as separate policy areas. Cabinet also approved that fuel price adjustment should be made regularly rather than only once per year.

Traffic law enforcement and overload control

The success of the road user charging system will depend largely on effective law enforcement. The intended equitable apportionment of road costs to different categories of road users, will not be achieved unless road users adhere to vehicle roadworthy standards, pay all the road user charges and operate their vehicles efficiently and in accordance with the provisions of all relevant legislation. Overloading is a particularly serious problem that must be brought under control.

The new road funding policies will assist in addressing the above problem. This is because it will now be possible to use the Road Fund to finance traffic law enforcement and road safety administration. There are two advantages of this approach, firstly that it will secure a more even flow of funding, and secondly as it will allow for more effective enforcement of accountability in the performance of road traffic control. In the new system, it is thus not only the Roads Authority and contractors who will be expected to act effectively; the same will be expected of the road traffic police and the traffic inspectors.

System to exempt or refund road user charges on fuel used off-road

In terms of the road user charging policies, fuel used off-road should be exempt from levies for road use, subject thereto that systems for exemption can be practically administered and will not provide a loophole for evasion of paying road user charges. In Namibia this principle has existed and been recognised even before the implementation of the new road user charging system. On account of administrative problems, refunding of fuels levies have so far only been undertaken to a limited extent, and in a manner that cannot be characterised as consistent.

A major challenge, which now faces the Road Fund Administration, is to develop an efficient and credible system of exemption and refunding. The reason is obvious, as monies will now explicitly be collected for road use; the legitimacy and hence future success of the new road sector arrangements can to a considerable extent be assumed to depend on the Road Fund Administration being able to successfully solve this problem.

4. CONCLUDING OBSERVATIONS

It is contended that the implementation of the Road Sector Reform has been facilitated by two circumstances, viz. that conditions for a change were favourable in Namibia and that the approach used proved to be the right one for a reform process of this nature.

Conditions for a change in Namibia

Conditions for bringing about a change in the road sector arrangements in Namibia have been favourable for a number of reasons:

- the road network is well-developed and relatively well-maintained - there is a relatively manageable road maintenance and development backlog to contend with;
- the level of road funding was, and has remained, reasonably adequate;
- there is a reasonable balance, although not as close as some years ago, between the revenues from road taxes and expenditure on roads;
- the road sector had, by international standards, a simple organisational structure since the Ministry of Works, Transport and Communication was responsible for the bulk of the roads in the country and local authorities for their own roads;
- the policy aspects have received in-depth attention and Government has shown itself to be strongly supportive of new policies which will promote efficiency and equity; and
- the role played by an external - donor - financier, who has been prepared to take a long term view to the reform process, without becoming intrusive in the Namibian policy making process.

An important effect of the above, in summary, is that the introduction of a system of road user charging did not bring about drastic changes in the costs of operating vehicles nor have there been any serious fiscal implications for Government's revenue and expenditure account.

The approach adopted

The approach adopted in Namibia was influenced by the situation at the time. Namibia was newly independent and had only just started to formulate its broad basic policy guidelines.

The policy developments with regard to roads taking shape in Sub-Saharan Africa and in the SADC Region had at that time not yet reached an advanced stage. This was perhaps fortunate in that it allowed Namibia to develop its own proposals independently. Although these proposals later showed a remarkable similarity to those evolving elsewhere their manner of development had the advantage of promoting free thinking, uncoloured by the views of others. Moreover, Namibia's circumstances were, as has been shown earlier, considerably different (more favourable) from those prevailing in most neighbouring countries.

The features of the approach adopted which proved to be of particular relevance were:

- basic Government policies were available and were taken as point of departure;
- policy was developed step by step;

- Government and stakeholders were kept apprised of each development, including the active participation of interested other ministries and stakeholders;
- an early formulation of the main road taxation policy principles and subsequently full development of the policy parameters of the entire reform, and approval in principle of these at the highest executive level;
- the quantitative impacts of proposed policies were determined and made known;
- the implications of the policies for cross-border road transport operations were assessed and the available institutions for multilateral discussion and negotiation used to promote a wider understanding and acceptance of harmonious policies;
- the creation of an interministerial committee which allowed for the early identification of potential conflicts between ministries and the resolution thereof;
- policy development took place and was driven by parties in Namibia, while foreign consultants provided expert technical and other inputs as required;
- an evolutionary style was adopted, allowing for innovation; and
- the need for concurrent institutional change was recognised and the project reformulated accordingly.

Factors which prevented a more rapid progress to completion were:

- the involvement of many parties, also those outside Namibia;
- the need to comply with public service procedures in obtaining approval for and bringing about organisational change and transferring personnel;
- the fact that a broad strategy of restructuring in other transport modes was undertaken at the same time, thereby deflecting attention and capacity away from the road sector; and
- a lack of sufficient manpower within the Ministry to supervise the work of many consultants working on a variety of different projects at one and the same time.

On the whole the process has taken longer to reach its present point than planned. It must, however, be accepted that it would have been impossible to progress faster. In fact, a realistic assessment suggests that if the total scope of the policy and restructuring process had been accurately foreseen at the start a less ambitious programme might have been attempted.

Relevance for other countries

It is still early to make a final assessment of the success of the Road Sector Reform in Namibia. Whether it is relevant or acceptable to other countries is also not clear. Firstly, many countries have a serious roads maintenance backlog which it would be unfair to devolve on road users. Therefore, until such backlogs are removed, it would make little sense to attempt to implement economic efficiency criteria in determining roads expenditure levels. Secondly, not all countries subscribe to the principle that all road costs should be carried by road users. This view could be accommodated within the policy framework adopted by Namibia, merely by implementing a rule for how to share road funding between road users and the general revenue account.

The basic question, which all countries need to address, is whether there is a minimum road funding level, essentially a road service level, which a country should strive to maintain. If yes, what arrangements should be made to ensure this level of funding.

The reform described in this report is Namibia's answer to the above. It is the hope that the Namibian experience can be of value to other countries. The prospect is that if developing countries are seen to adopt and implement coherent road funding and management policies, it will facilitate negotiation with international funding agencies to provide assistance, e.g. to fund road maintenance backlogs.

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