




# *OVERVIEW OF THE COUNTRY*

- ◆ Lesotho, a country commonly known as “the Kingdom in the Sky”.
  - ◆ Is a small landlocked country that is completely surrounded by the Republic of South Africa.
  - ◆ It is generally a mountainous country with the lowlands constituting about one quarter ( $\frac{1}{4}$ ) of the total land area.
  - ◆ It boasts of altitudes in excess of 3,000 metres above sea level.
  - ◆ Lesotho has an area of 30,335km<sup>2</sup> (11,720 square miles).
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# *POPULATION AND POPULATION DISTRIBUTION*

- ◆ The population of Lesotho was estimated at approximately 2.2 million in 2002.
  - ◆ The population distribution pattern is about 2/3 in the lowlands and the rest is either the foothills or the mountains.
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## *CLIMATIC CONDITION*

- ◆ The Kingdom in the Sky enjoys cool to cold and dry winters ranging between  $-10^{\circ}\text{C}$  and  $12^{\circ}\text{C}$  at times especially in the mountains.
  - ◆ The summers are warm to hot and wet with temperatures ranging between  $15^{\circ}\text{C}$  and  $37^{\circ}\text{C}$ .
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# *THE ROAD NETWORK AND FUNDING*

- ◆ The total road network of Lesotho is estimated at about 7,900 kms, of which about 1,230 kms is paved, about 3,992kms is gravel and about 2,607 kms is earth or other.
- ◆ The road maintenance requirements are estimated at M88million which is an equivalent of US\$14m.
- ◆ The Road Fund is able to raise about M35million which is equivalent to about US\$5.5million.
- ◆ The Lesotho Road Fund is therefore charged with an enormous task of coming up with strategies for the generation of revenue based on a road user charging system.

# ROAD MAP OF LESOTHO



# *LESOTHO ROAD FUND OVERVIEW*

- ◆ The Lesotho Road Fund (RF) was established by Legal Notice No. 179 dated 7 December 1995
- ◆ Its operations are regulated by Legal Notice No. 16 of 15 February 1996.
- ◆ The RF is managed by the Road Fund Board (RFB), which is a policy-making body with representation from Government of Lesotho and the private sector.
- ◆ The day-to-day administration of the RF is entrusted to the Road Fund Secretariat (RFS) headed by the Executive Secretary.
- ◆ Road Fund has fifty-five (55) employees, ten (10) at Headquarters and the rest at the toll collection stations.

# *MANDATE*

- ◆ The primary objective for the establishment of the Road Fund is to provide a mechanism for progressive transformation of the road sector – whereby the fiscal burden for the maintenance and rehabilitation of the road network is gradually shifted from the Government to the beneficiaries; namely users of public roads.

# *INTERPRETATION OF MANDATE*

- ◆ Therefore the plan of the Government is that in the long run, the road sector will be operated on a fee-for-service basis, requiring road users to pay directly for road maintenance through regular payment of various usage levies, which in turn are channeled to the Road Agencies through the Road Fund.
- ◆ In other words, it is hoped that in the long-run, the roads in Lesotho, are going to be fully commercialized and managed like a business.

# *SOURCES OF REVENUE*

- ◆ The main sources of revenue for financing road maintenance works are:
- ◆ Road Maintenance Levy on petrol and diesel;
- ◆ Road Toll Gate Fees; and
- ◆ Vehicle License Fees.

# *ROAD AGENCIES RECEIVING FUNDING*

- ◆ Road Agencies that receive funding from the Road Fund are:
- ◆ Roads Branch;
- ◆ Department of Rural Roads;
- ◆ Ministry of Local Government;
- ◆ Maseru City Council; and
- ◆ The Road Safety Section of the Department of Traffic and Transport (now the Department of Road Safety).

# ***COLLECTION OF ROAD TOLLS OVERVIEW***

- ◆ Collection of toll-gate fees was enacted by an Act of Parliament in 1976, with the first regulations in the same year.
- ◆ Toll-gates are presently established at nine (9) border posts out of twelve (12) official ones.
- ◆ Toll-gate fees were originally paid on leaving Lesotho at all border posts.

# *CHANGES IN COLLECTION OF TOLL FEES*

- ◆ In 2001 location of toll-gates, toll-fee tariffs and regulations thereof were changed.
- ◆ During this period, electronic toll collection system was installed at the three busiest border posts, whilst collections are still done manually at the rest, mainly due to lack of electricity.
- ◆ Toll-gates have now been installed in such a way that payments are made when entering Lesotho.
- ◆ This, in a way, addresses the road users who are not from Lesotho but enjoy using the Lesotho road network and presumably cause a certain level of wear and tear.

- ◆ The new arrangement for payment of toll-gate fees is, to a certain extent, assumed to discourage Lesotho citizens from shopping in the Republic of South Africa, especially non-essential goods.
- ◆ In fact, the Minister of Finance and Development Planning is planning to have toll-gates in such a way that fees be paid both on entering and leaving Lesotho. His argument is that this re-arrangement would greatly discourage shoppers from shopping in RSA which in turn would stimulate economic growth.

# *MANUAL COLLECTION OF TOLL-GATE FEES*

- ◆ The Department of Treasury collects toll-gate fees at all the border posts where collections are manual.
- ◆ The Road Fund is currently negotiating with Lesotho Revenue Authority (LRA) whereby LRA is going to collect toll-gate fees for a fee.
- ◆ It is assumed that because they will be charging a fee, stringent measures will be put in place to ensure that there are no leakages.
- ◆ The reason for engaging LRA, amongst others, because of administration problems faced by the government toll-gate fees are not collected at some border posts.
- ◆ The other problem is that Government vehicles are not allowed to travel beyond normal working hours except in rare and authorized cases.

- ◆ This is a problem because after normal working hours (8.00 – 4.30) border posts would still be operating and staff would need to be transported because of shortage of public transport.

# *ELECTRONIC TOLL COLLECTION SYSTEM*

- ◆ Collections at the mechanized border posts are done by Road Fund personnel.
- ◆ The mechanized electronic toll collection system started operating in 2001.
- ◆ The most serious challenge faced was that the machines were installed in the open where they were exposed to dust and other harsh conditions.
- ◆ Due to this factor, we experienced a lot of breakdowns and a more than anticipated maintenance costs, especially because spare parts are imported from abroad resulting in exposure to exchange rate risk.

# *COLLECTIONS DONE BY ROAD FUND PERSONNEL*



- ◆ At the introduction of the mechanized toll collection system in 2001, the Road Fund realized significant improvement on the toll gate fee income reported at the end of that financial year.
- ◆ Understandably this was because of the increased tariffs as well as the better-controlled system of collection.
- ◆ But subsequent years saw a decline in the reported income and the major factor was analyzed to be pilferage by personnel.

# *IMPACT*

- ◆ At present, road toll fees make up about 24% of the Lesotho Road Fund total revenue per annum. Toll-gate fees are the highest source of income after Road Maintenance Levy charged on fuel
- ◆ This is in spite of the general problem of leakages and the non-collection of toll-gate fees at most of the non-mechanized border posts.

# *THE FUTURE*

- ◆ The Minister of Finance and Development Planning in Lesotho has expressed both in parliament and to the public, his desire to have toll gates erected at strategic places within the country in line with Lesotho's Vision 2020.
- ◆ It is our hope as the Road Fund that all national efforts will indeed be focused towards this endeavor because at the end of the day we stand to gain and improve on the achievement of our objective – improving the revenue generating capacity in order to meet our primary goal of maintaining the national road network.

- ◆ But it is advisable that Management Contract be entered into so as to avoid resource consuming hassles that are being experienced now in administering the collection ourselves.

# CONCLUSION

- ◆ Although toll-gate fees may seem to be another good source of revenue for financing maintenance of roads, it should be emphasized that, at least presently, for Lesotho, this will never be the best source because administration costs consume a significant part of the generated revenue aimed at maintaining the road network and this defeats the whole purpose of establishing this revenue stream. Therefore entering into management contract is the only option for now.