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ANNUAL REPORT

2020/2021



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Road Fund Annual Report 2020/2021

Vision

We are committed to enhance Lesotho's economy through efficient revenue collection and disbursements towards road infrastructure.

Strategic Statement

We aspire to harness effective and efficient collection and disbursement of funds, cognizant of highest moral, business standards and sound stakeholder management.

Purpose

To collect road user charges and finance road works and road safety activities.

Employee Philosophy

We create the most efficient and joyful workforce in Africa.

Core values

At all times and to stakeholders we shall uphold the principles of: TRAIT

T= Transparency

R= Responsibility

A= Accountability

I= Integrity, and

T= Team spirit at all levels.

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ROAD FUND BOARD OF DIRECTORS

Mr. Makotoko Makotoko
Chairperson

Mr. Nkareng Letsie
Deputy Chairperson

Mr. Nkekeletse Makara Pr. Eng.
Chief Executive Officer & Board Secretary

Ms. Seriti Keta
Member

Mr. Khasapane Kikine
Member

Mr. Tefo Macheli
Member

Mr. Sepitle Masenyetse
Member

Mr. Charles Mopeli
Member

Mr. Mosito Moqhekoana
Member

Mr. Bulane None
Member

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Road Fund Annual Report 2020/2021

BOARD CHAIRPERSON'S STATEMENT



Mr. Makotoko Makotoko
Chairperson

It is once again a privilege to present the Road Fund Annual Report for 2020/2021 Financial Year. The year under review has been different and required the Fund to employ new ways in an endeavour to fulfill its mandate, which is to collect revenue through road user charges and provide funding for continuous maintenance, upgrade and rehabilitation of roads in Lesotho. The effects of COVID-19 were felt worldwide and the Road Fund was no exception.

The Board of Directors is responsible for the long-term strategy of the organization as tabulated under Regulation 10 of the Finance (Road Fund) Regulations 2012. The Board also governs compliance with applicable regulatory

framework and accountability in the activities of the Fund. The Board therefore completed another year of service and continued with its governance role in line with the Fund's Regulations. During the reporting period, Mr. Bulane None was appointed by the Minister of Finance on 22 October 2020 to fill a vacancy to represent the Freight Transport Sector, succeeding Mr. Lebohang Phohleli whose term ended on 31 May 2019. A vacancy still exists on the Board's representative from Ministry of Energy and Meteorology.

The Board committees are, the Audit and Risk Committee, Human Resource, Appointments and Remunerations Committee and the Technical Committee continued with their delegated responsibilities respectively during the reporting period. Each of the committees has three (3) members, the Chairman of the Board and the Chief Executive Officer are not substantive members of any of the committees but maybe invited therein.

The total Revenue collected in the year under review amounted to M131,650,822 decreasing by M42,529,769 (24.42%) from M174,180,591 collected in the financial year 2019/2020. However, the M131,650,822 exceeded the budgeted revenue of M116,323,262 by M15,327,560 (13%); and this was still a positive achievement for the Fund under the circumstances imposed by several COVID-19 lockdowns.

The Road Fund reviews and approves allocation of funds for Annual Roads Programmes and road safety related activities at least six months before the national budget is approved in terms of Section 10(1)(c) of the Finance (Road Fund) Regulations 2012. Accordingly, the Board

allocated funds for maintenance of roads to the Road Implementing Agencies.

In order to deliver on its mandate, the Fund depends on its various stakeholders, hence the importance of stakeholder engagement and management.

Due to effects of COVID-19 which mostly prohibited meetings, the Fund was not able to conduct one-on-one high level stakeholder engagement meetings during this period. However, technical meetings with the Road Implementing Agencies and with the Road Safety Department were successfully conducted.

The Secretariat's employees continued to perform to the best of their ability, with a fully-fledged Executive Management Team. This was the first year of implementation of the Fund's Strategic Plan which was developed to serve as a tool to guide its activities for its three year Strategic Plan. The Plan is already proving to be very useful as departmental annual plans are derived from it, with clear goals and performance percentages aligned to them.

Thus, as the Secretariat implements various initiatives, they assess their effectiveness and efficiency in achieving the Strategic Plan.

On my behalf and that of the entire Board of Directors, I would therefore like to thank Management and Staff of the Secretariat for their continued dedication in fulfilling the daunting mandate of the Fund particularly under the year in review. The Fund's work would not have been easier if the stakeholders did not cooperate, I wish to thank all stakeholders for the continued collaboration in ensuring that the Secretariat always performs well; thank you all and let us keep moving from strength to strength.



.....
Mr. Makotoko Makotoko
Chairperson

GOVERNANCE REPORT

Mandate

Good corporate governance is an essential enabler for the governing body to fulfill the organization's mandate. The Board reviews the governance structures and processes to ensure that the organization is focused on the strategic objectives, uses resources effectively whilst also focusing on managing risk, providing assurance and accountability, and ensuring transparency for the benefit of all stakeholders adhering to leading practices.

Board Composition

The Board is the ultimate governing body of the Road Fund in terms of Regulation 6 (1) of the Finance (Road Fund) Regulations 2012 and reports to the Minister of Finance. It is responsible for the long-term strategy of the organization as tabulated under Regulation 10. The Board also ensures compliance with applicable Regulatory Framework and ensures accountability.

The Board of Directors is appointed by the Minister of Finance in terms of Regulation 7 (1). It is composed in terms of Regulation 8 for a three-year term, subject to re-appointment.

The Board is comprised of the Chief Executive, three ex-officio members (One representative of the Ministry of Finance, one representative of the Ministry responsible for construction and maintenance of roads and one representative of the Ministry responsible for energy); seven non-governmental members representing the following sectors:

- a) Passenger Transport;
- b) Freight Transport;
- c) Engineering Discipline;
- d) Law Society of Lesotho;
- e) Consumer Organization; and
- f) Two people appointed by the Minister on account of their special skills.

The Board is guided by the Board Charter. The below table indicates the current Directors of the Road Fund.

NAME	POSITION ON BOARD	REPRESENTATION
Mr. Makotoko Makotoko	Chairperson	Minister's Appointee
Mr. Letsie Nkareng	Vice Chairperson	Consumer Organization
Mr. Nkekeletse Makara	Director	Chief Executive Officer and Board Secretary
Ms. Seriti Keta	Director	Ministry of Finance
Mr. Khasapane Kikine	Director	Ministry of Public Works
Mr. Tefo Macheli	Director	Law Society of Lesotho
Mr. Sepitle Masenyetse	Director	Passenger Transport
Mr. Charles Mopeli	Director	Lesotho Association of Engineers
Mr. Bulane None	Director	Freight Transport
Mr. Mosito Moqhekoana	Director	Minister's Appointee

New Board Appointments, Renewals, Resignations and Departures

A vacancy still exists on the Board representation by the Ministry of Energy and Meteorology.

New Appointment

Mr. Bulane None was appointed by the Minister of Finance on 22 October 2020 to fill a vacancy representing the Freight Transport Sector; succeeding Mr. Lebohang Phohleli whose term ended on 31 May 2019.

Board Committees

The Road Fund's governance structure as envisaged under Regulation 10(2) is comprised of three Board Committees namely; Audit and Risk Committee (3 members), Human Resources, Appointments and Remunerations Committee (3 members) and the Technical Committee (3 members). The Chairman of the Board and the Chief Executive Officer are not substantive members of any of the committees but may be invited therein.

Audit and Risk Committee

The Audit and Risk Committee is constituted to assist the Board in discharging its oversight and monitoring responsibilities by ensuring that there are adequate controls and systems in place for the reliability of the financial results and accountability for the organization's assets. The Committee Charter sets out specific responsibilities delegated by the Board to the Audit and Risk Committee. This Charter further details the way the Committee will operate. The Committee is tasked to deal with risk management, internal

controls, financial reporting processes, auditing processes, anti-corruption, fraud, and theft. The Committee comprises of Ms. Seriti Keta (Ministry of Finance) as the Chairperson, Mr. Nkareng Letsie (Consumer Organization) and Mr. Tefo Macheli (Law Society of Lesotho) as members.

Human Resources, Appointments and Remunerations Committee

The Human Resources, Appointments and Remunerations Committee is mandated by the Board to coordinate overall strategic human capital requirements including but not limited to the creation of a healthy organisational culture, ensuring the creation and maintenance of an environment that supports employee development and growth and actualization of potential performance and to oversee compliance with the applicable laws on all matters pertaining to employment. The Committee comprises, Mr. Tefo Macheli (Law Society of Lesotho) as the Chairperson, Mr. Khasapane Kikine (Ministry of Public Works) and Mr. Mosito Moqhekoana (Minister of Finance's Appointee) as members.

Technical Committee

The Technical Committee is entrusted with the responsibility of technical advice focusing on implementation of various projects and taking a strategic role in advising the Board on policy direction as it relates to major capital projects.

The Committee comprises Mr. Charles Mopeli (Engineering Discipline) as the Chairperson, Mr. Sepitle Masenyetse (Passenger Transport Sector) and Mr. Bulane None (Freight transport sector) replacing Mr. Khasapane Kikine who was a co-opted member, as members.

Disclosure of Interests

A 'conflict of interest' is any connection or association with a third party that is (or appears to be) against the best interests of the Road Fund, or which could enable one reasonably to be suspected of using their position within the Road Fund to gain an unfair advantage for or from a third party. Conflicts of interest are best avoided altogether; however, the Road Fund acknowledges that conflicts of interest (and potential conflicts) are sometimes unavoidable. In such circumstances the principles of openness and integrity apply, and any such conflicted member of the Board is required to

disclose such, and this is a standing agenda item in all Board and Committee meetings. This is to promote independent and transparent decision making by the Board and its Committees in line with Regulation 12.

Board Remuneration

The Board Remuneration is as approved by the Minister of Finance under Regulation 13.

Board Evaluation

Board evaluation was not conducted in this Financial Year.



Maintenance of a Gravel road from Tsakholo to Litsoeneng sponsored by Road Fund

CHIEF EXECUTIVE OFFICER'S REPORT



Nkekeletse Malakia Makara (Mr.) Pr. Eng.
Chief Executive Officer

It is a pleasure to present progress on the 2020/2021 Road Fund Business Plan. Through this report, the Fund's achievements and challenges will be highlighted. This report on performance of the Fund is presented to you on behalf of the Management and staff, for the period under review.

BACKGROUND

The year under review was very challenging as the Fund had to deal with effects of COVID-19 Pandemic. In a bid to curb the spread of this disease, government imposed several lockdowns where the economy was shut down, including restrictions on cross border movement. This therefore, had an impact on the Fund's main streams as this meant there was less traffic coming through the borders and less fuel consumption due to curtailed movement.

As it could be expected, there was an overall decrease in revenue collection during the year under review, compared to the previous financial year mainly on Road Maintenance Levy and Toll Gate Fees collections, with Toll Gate Fees as the worst hit stream.

The Fund remained committed to working with its Implementing Agencies, namely; Roads Directorate, Ministry of Local Government and Maseru City Council for maintenance of roads; while for road safety education, the Road Safety Department remained the relevant stakeholder. Revenue collection by the Fund, on the other hand, was by Collection Agencies being; Department of Traffic and Transport under the Ministry of Transport, Lesotho Revenue Authority, Lesotho Mounted Police Service (Traffic Division) and Oil Companies.

ACHIEVEMENTS

Despite COVID-19 effects, the Fund realized several achievements during the period under review; and below a few have been highlighted:

Financial Performance -Revenue Collection

Total Revenue collected for in the year under review amounted to M131,650,822 decreasing by M42,529,769 (24.42%) from M174,180,591 collected in the financial year 2019/2020. However, the M131,650,822 exceeded the budgeted revenue of M116,323,262 by M15,327,560 (13%); and this was still a positive achievement for the Fund under the circumstances.

Road Safety Management

The Road Fund partnered with the Road Safety Department in the ongoing development of the Road Safety Strategic Plan. The Strategy will provide the Road Safety Department with a structured approach to critical challenges on the behavioural aspect of drivers and other road users.

Lesotho Mounted Police Service (Traffic Police) were funded through the Road Safety Department to procure PPE and other equipment including; reflective jackets, speed cameras, roadblock trailer, alcohol breathalysers and white hand gloves. Due to COVID-19, procurement of some of this equipment was however delayed. The Fund continued to support automation of some Law Enforcement processes to assist in efficient collection of Road Safety data to assist in decision making.

Road Maintenance Projects

During the period under review, the Road Fund continued to finance a number of road work projects. Ministry of Local Government, Maseru City Council and Roads Directorate had projects which were rolled over from the 2019-2020 fiscal year. Most of these projects were rolled over to the next Financial Year due to them not being finished within the period under review. Maseru City Council on the other hand could not implement the Mpilo Boulevard Project due to procurement challenges.

Health and Safety

The Fund had a slow start of the year due to the COVID-19 outbreak but slowly improved the momentum going forward. There have not been any major health and safety matters in the organization in the period under review. The Fund was dedicated to ensuring safety of the employees through acquiring Personal Protective Equipment (PPE) for COVID-19 as well as ensuring that the organization's Health Kits had the necessary items at all material times in line with the established Government protocols and leading international health practices and also ensuring compliance to same.

On-the-Lane Recharge

This project was a modification of the Toll System by introducing a feature with the objective of enhancing the revenue collection through Prepaid Toll Cards. With the new feature in place, Toll Prepaid Cards top-up are now being performed right at the Toll booth with the assistance of the Cashiers. This has

added more convenience to the card holder and encourages recharging of the Toll Prepaid Cards. Before the solution, card holders used to perform recharge top-up in the back office of the borders which was a time-consuming exercise.

Remote Work from Home

The COVID-19 pandemic has caused many organizations to change their way of working and to resort to technology as a safer alternative to normal office space work; in this regard Road Fund was no exception. The Fund had to align its operations with restrictions, including amongst others; shift work and working from home. To enable this goal to be realized, access to business applications had to be granted for remote users working from home, including emails and business systems hosted by the Fund. Hosting of virtual meetings was also facilitated to comply with the social distancing requirement of the COVID-19 Protocols. This was a big shift from the normal face-to-face meetings and the shifts required implementation of enabling technological solutions; meetings included Virtual Training sessions, Departmental meetings, EXCO meetings and Board meetings.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) promotes a vision of business accountability to a wider range of stakeholders and also allows the organization to be recognized as a responsible corporate citizen. During the reporting period, the Fund continued to demonstrate a sense of responsibility towards the community by ploughing back through its CSR programme. Since the CSR Committee decided to continue focusing on Orphans and Vulnerable Children (OVCs) and disabled vulnerable elderly alike; the Road Fund extended a helping hand to 309 vulnerable elderly and children of Thaba Bosiu in Maseru, through donation of food parcels.

Road Fund also identified and assisted a vulnerable family headed by an unemployed elderly person in Mafeteng. Identification of this family was in line with the focus for this year to assist the vulnerable elderly and

children alike. This elderly person takes care of two grandchildren; they were assisted with food parcels and walking sticks for the grandmother, protective clothing, tools, school uniform and books for the children. Both students' fees for the year were also paid in full.

Fund's Corporate Image

Several initiatives continued to be implemented in a bid to boost the Fund's Corporate Image. Information dissemination and interaction with road users and public at large was enhanced through radio programmes, Fund's website as well as the Facebook page. A new Instagram page was opened as another social media platform for the Fund during the reporting period. The Instagram page compliments Facebook as it is mostly a visual platform. These were updated regularly and well monitored by the Administrator during the reporting period. Another tool that was used to boost the Fund's image was to forge and maintain healthy relations with the media. This was done through issuance of regular media releases and news articles, advertisements and production of corporate publications like the Fund's newsletter and annual report.

CHALLENGES

During the period under review, the following challenges were encountered:

Decline in performance of Implementing agencies

There was a further decline in the performance of Implementing Agencies during the year under review. This was partly due to effects of COVID-19, which had hit all sectors negatively. On maintenance of roads, a total of M219,142,006 was allocated to Implementing Agencies for the various programmes and only M66,594,879 had been consumed by year end.

Effects of COVID-19

Road Fund just like all organizations and the rest of the world was impacted by the outbreak of COVID-19 which affected the activities and plans of the year. The Fund closed office several

times for durations varying from two to three weeks in line with the national lockdowns imposed by central government. However, the organization had to act quickly to protect all members of staff from being infected with the virus by purchasing Personal Protective Equipment (PPE).

Conclusion

On behalf of the Road Fund Secretariat, I wish to thank all role players and the Board of Directors for their guidance and oversight role in the running of the Secretariat's affairs. The Management and Staff of Road Fund for their continual effort in making execution of the Fund's demanding mandate a lot easier. For all the achievements and challenges which we continue to learn from, I challenge all to remain committed to the Fund's mandate and good performance thereof.

N.M.K.

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Nkekeletse Malakia Makara (Mr.) Pr. Eng.
Chief Executive Officer

ENGINEERING

Overview of the National Road Network

Lesotho's road network consists of arterial, urban and rural access roads. Arterial roads connect the districts; others connect border posts with the main road network and traverse

through several community councils' areas within the districts. The total road network comprises of 9,200 km, which is categorized according to the surfacing material as shown in Table 1 hereunder.

Table 1: Lesotho Roads Network

Agency	Length (km)					Proportion (%)
	Paved	Gravel	Earth	Track	Total	
Roads Directorate	1756	3051	1084	113	6005	64
Ministry of Local Government	82	2500	84	0	2666	29
Maseru City Council	167	230	278	0	675	7
Total	1942	5773	1449	92	9346	100

Lesotho Road Management System

The Roads Directorate is mindful of the implications of good road asset management and has implemented a sophisticated system known as Lesotho Road Management System (LRMS), which provides valuable information for road network management and planning. This system provides the ability to manage the road infrastructure connecting the major economic centers in Lesotho as well as providing access to the remote areas of the country. The system is funded by the Road Fund.

Since 2010, visual condition surveys have been conducted annually by trained assessors on the paved and unpaved road network under jurisdiction of the Roads Directorate. Surfacing defects, structural defects and functional aspects were recorded to determine the current condition and future need of the paved and unpaved roads.

The urban roads are within the jurisdiction of urban community councils while the rural access roads traverse the local community councils'

areas. In line with the Lesotho road sector and decentralization policies, arterial roads and rural roads which traverse through two or more community councils' areas are under the responsibility of the Central Government, while the urban and rural access roads that provide access limited to the particular councils' areas are under the custody of local authorities. However, Roads Directorate, under the Ministry of Public Works is responsible for formulation of national road sector policies and standards, with which every road agency and/or community council must comply.

The Fund is committed to giving support to the scientific evaluation of road maintenance needs in Lesotho. It has been the priority to the Fund to support Roads Directorate's initiative of conducting Road Condition surveys through the LRMS from 2009.

Road network surveys are conducted annually to identify specific areas of interventions needed on the network and the impacts of such interventions. However, Roads Condition Surveys were not done during the 2020/2021

fiscal year due to the COVID-19 pandemic.

Implementation of Road Maintenance Programmes

The Road Fund as mandated by the Finance (Road Fund) Regulations 2012 Section 10 (1) (c) reviews and approves allocation of funds for

Annual Roads Programmes and road safety related activities at least six months before the national budget is approved.

Table 2 below shows budget allocations and expenditure for Implementing Agencies during the year under review.

Table 2: Budget allocation and expenditure for Implementing Agencies

Financial year	2020/2021	
	Budget Allocation (Maloti)	Expenditures (Maloti)
Roads Directorate	110,000,000	35,240,566
Maseru City Council	80,152,639	24,642,499
Ministry of Local Government	23,000,000	15,560,171
Road Safety Department	5,989,367.50	1,960,530
Total	219,142,006	77,403,766

Road Maintenance Projects and Road Safety Activities

During the period under review; the Road Fund continued to finance several projects to:

- (i) Enhance the socio-economic development of the country;
- (ii) Develop the local construction industry;
- (iii) Increase employment opportunities for the local community by financing labour based programmes;
- (iv) Respond to road maintenance emergencies; and
- (v) Decrease the number of road accidents by financing road safety activities.

The Ministry of Local Government, Maseru City Council and Roads Directorate had projects which were rolled over from the 2019-2020 fiscal year. Most of these projects were rolled over due to the inability to monitor and control programmes under their jurisdiction. Maseru City Council could not implement the Mpilo Boulevard due to procurement challenges. Table 3 below indicates the major projects sponsored by the Fund in 2020-2021.

Table 3: Major projects financed by the Fund in 2020/2021

Major Projects Financed by the Fund in 2020/2021			
Road Agency	Project	Length (KM)	Cost (M)
Roads Directorate	A7 Kofi Annan Road Culvert Repairs - Kubetu	New culvert structure, construction of retaining walls and road maintenance due to flooding	1 390 070.05
Roads Directorate	A7 Kofi Annan, A2 Main South 1 and A10 Kingsway roads	Road routine maintenance	1 139 040.28
Roads Directorate	A2 Mohale's Hoek - Mekaling	Road routine maintenance	875 000.00
Roads Directorate	A1 Main North 1	Road routine maintenance	1 015 807.75
Roads Directorate	A1 Mapholaneng - Mokhotlong (9 KM)	Road routine maintenance	920 278.43
Roads Directorate	Routine Maintenance and Road Marking of A1, B1, B311 & B20 Roads in Maseru Urban	Road routine maintenance and road markings in Maseru urban	4 371 375.46
Roads Directorate	Routine Maintenance and Road Marking of A2, B21 & B22 Roads in Maseru Urban	Road routine maintenance and road markings in Maseru urban	3 212 691.93
Roads Directorate	Routine Maintenance and Road Marking of A6, A7 & B70 Roads in Maseru Urban	Road routine maintenance and road markings in Maseru urban	10 034 364.03
Roads Directorate	Plant & Design Build of B24 Roads in Kolo (Ha Ntsie) to Tšitas Nek	Emergency response due to flooding for construction of new culverts structure, gabions and maintenance of road on same area.	8 446 442.09
Roads Directorate	Plant & Design Build of A12 - A30 Meriting Eroded Road & Culvert Structure.	Emergency response due to flooding for construction of new culverts structure, gabions and maintenance of road on same area.	1 499 816.25
Maseru City Council	Maseru Station - Industrial Area Roads - Lot 1	Road routine maintenance	7 564 242.85
Maseru City Council	Maseru Station - Industrial Area Roads - Lot 2	Road routine maintenance	8 751 769.68
Ministry of Local Government	Letsoela - Lipeleseng - Thuhloane Gravel Road	Periodic maintenance of gravel road including the construction of mini bridge	5 669 272.88
Ministry of Local Government	Corn Exchange Baking	Periodic maintenance of gravel road	3 601 716.39

Selection of major projects financed by the Fund in this reporting period illustrated.

Pic Table 1: Road Fund funded sectional treatment on Moshoeshoe Road (A6) supervised by Roads Directorate



Pic Table 2: Road Fund funded sectional treatment within the Industrial Area supervised by Maseru City Council



Design, Construction Supervision and Engineering Support

The Road Fund has not received any proposals in this area of support. The Fund encourages Road Implementing Agencies to consider preserving the existing Road Asset. To attain return on investment, the Fund has advised Agencies to request supervision assistance from engineering consultants.

Road Safety Activities

The Road Fund had earmarked M5,989,367.50 in this reporting year to finance the Road Safety Department initiatives which are aimed at reducing the number of accidents on Lesotho's Road Network. The interventions implemented

by the Road Safety Department tackled the following:

- i.** Road Safety Management
- ii.** Safer Vehicles
- iii.** Safer Road Users
- iv.** Safer Road Infrastructure

Road Safety Management

The Road Fund partnered with the Road Safety Department in the ongoing development of the Road Safety Strategic Plan. The Strategy will provide the Road Safety Department with a structured approach to critical challenges on the behavioural aspects of drivers and other road users.

Lesotho Mounted Police Service (Traffic Police) were funded through the Road Safety Department to procure reflective jackets, speed cameras, roadblock trailer, alcohol breathalysers and white hand gloves. Due to COVID-19 implications, most of this equipment was not acquired and will only be procured in the next financial year. The Fund continued to support automation of some Law Enforcement processes to assist in efficient collection of Road Safety data to assist in better decision making and better tracking of road traffic offenders.

Safer Vehicles

Road Safety, in collaboration with its stakeholders was funded to review and print a

Vehicle Inspection Manual which will assist Traffic Police to easily identify unroadworthy vehicles.

Safe Road Users

Statistics show that most of the road accidents on the country's road network are due to human behaviour. To help tackle this challenge, the Road Fund has funded Defensive Driving Training, Back to School Campaigns, Monitoring of Driving Schools and several interventions designed to improve road user behaviour. Picture 3 below shows Road Safety Officials educating Maseru East Primary School students about road safety.

Pic 3: Road Fund funded Back to School Campaigns conducted by Road Safety Department-Officials educating Maseru East Primary School students about road safety



Safer Road Infrastructure

The Road Fund has been funding Road Safety Audits conducted to document and advocate for correction of defects which increase the likelihood of road accidents. To further assist the Road Safety Department, the Road Fund is advocating for proactive maintenance of roads and road furniture.

Procurement and Project Management

All Road Implementing Agencies procure their physical works and services through the Government of Lesotho Central Tender Board except for MCC which uses its in-house Tender Board. The Agencies therefore have full responsibilities for the procurement and contract management of the road works undertaken by them.

On the other hand, the role of Road Fund Board of Directors is to ensure that funds are disbursed for the sole purpose for which they were intended. The Road Fund Secretariat, on behalf of the Board of Directors, conducts financial and technical audits of all works that are financed by the Fund. Payments for works done by contracts under Roads Directorate, Maseru City Council and Ministry of Local Government are made by the Road Fund Secretariat through submission of payments certificates by the respective Road Implementing Agencies. The timing for processing and issuing payments has helped to improve contractors' cash flows thereby ensuring the smooth running of the projects to successful completion as well as stimulation of the construction industry.

Technical auditing of the programmes has revealed that Agencies do not follow proper change management and reporting processes. This has led to major weaknesses in the analysis of historical data and monitoring of individual projects. In pursuance of acquiring value for money, the Fund invited Road Implementing Agencies to several stakeholder meetings designed to encourage good practise on project management and understanding general challenges encountered in the ongoing projects.

Road Implementing Agencies have been going through different spells of performance due to delays in the submission of Annual Road Maintenance Programmes, lengthy procurement procedures, insufficient supervision of contractors, insensitivity to contractual obligations and general non-compliance.

Figure 1: Budget versus Expenditure -Roads Directorate

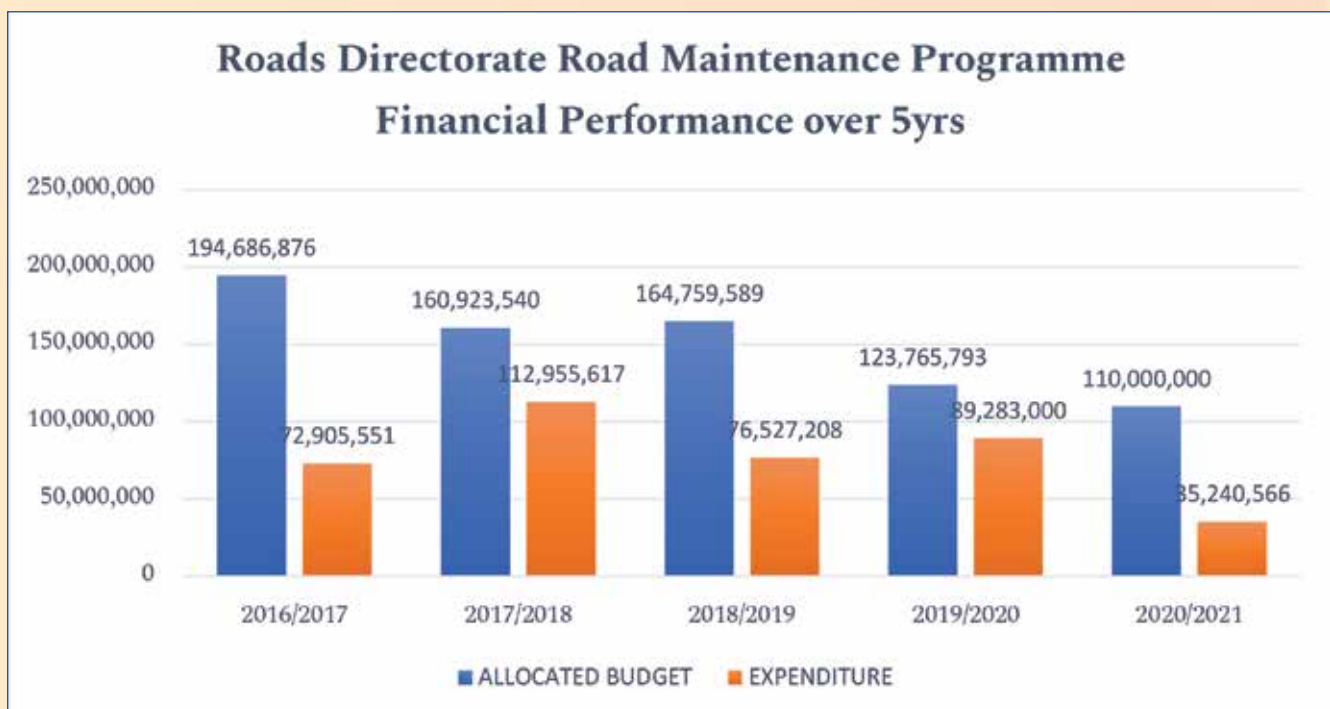


Figure 2: Budget versus Expenditure – Ministry of Local Government

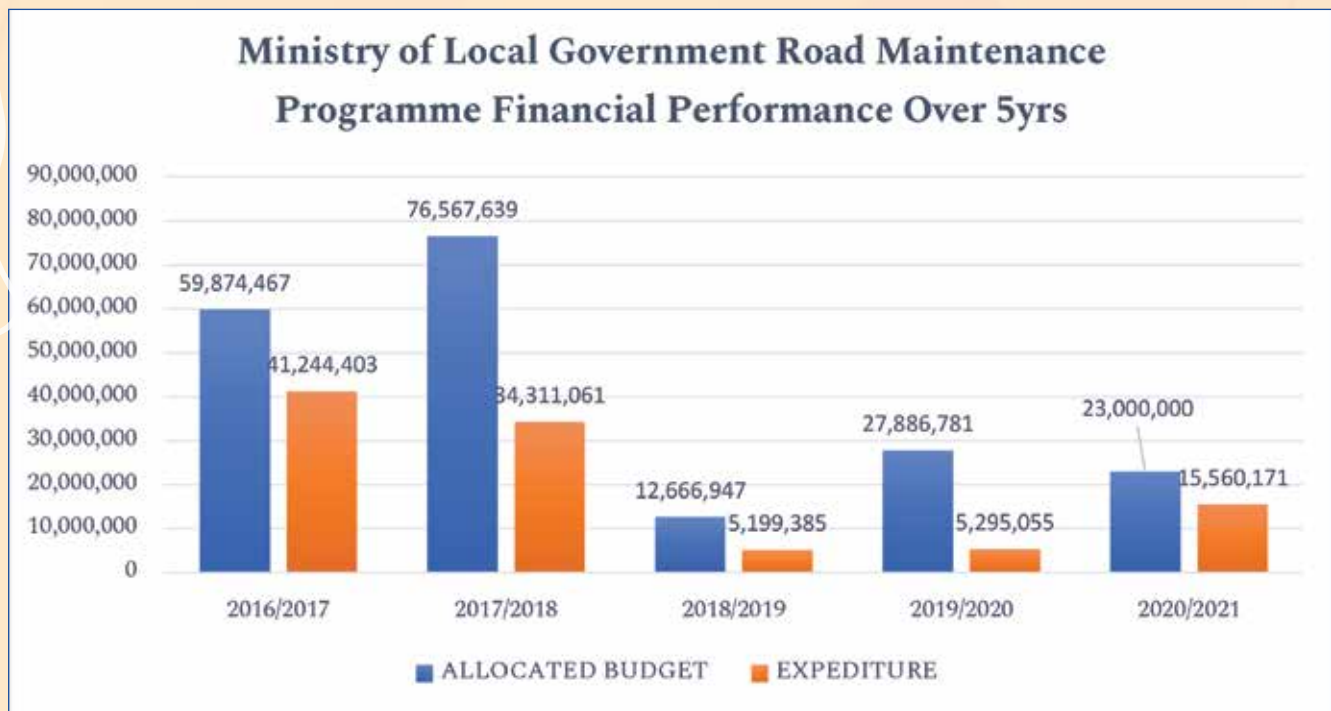
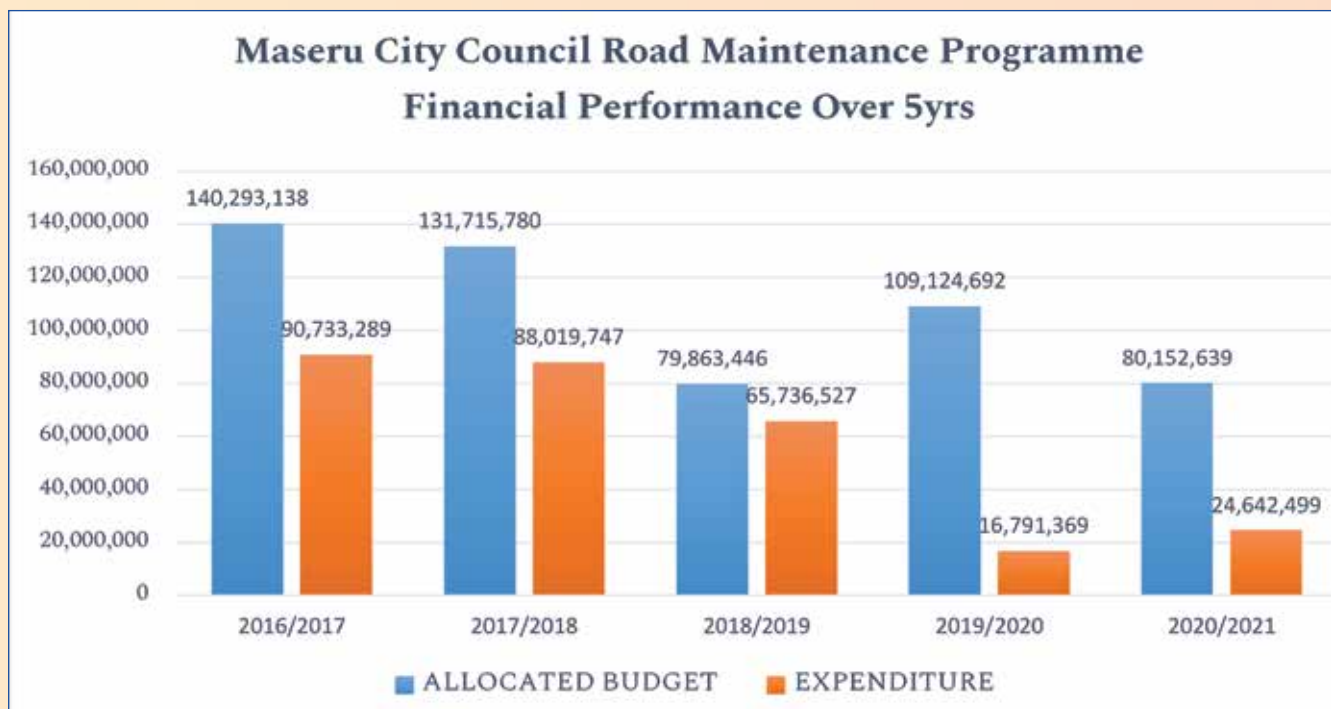


Figure 3: Budget versus Expenditure – Maseru City Council



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Figure 4: Budget versus Expenditure -Roads Safety Department

Road Safety Department Programme Financial Performance Over 5yrs

Year	Allocated Budget	Expenditure
2016/2017	7,936,200	2,331,619
2017/2018	5,602,650	4,194,290
2018/2019	8,118,570	4,859,474
2019/2020	5,623,834	3,526,970
2020/2021	5,989,367	1,960,530

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Figure 1 to 4 demonstrate performance of Road Agencies in the past five years. The numbers show that there is a consistent non-performance of Road Agencies in implementing their mandates. Non-performance has been mainly due to deficiencies in planning and implementation of projects submitted to the Fund for approval. The planning and implementation deficiencies were exacerbated by restrictions due to COVID-19 in the year under review.

Figure 5: Road Maintenance Agencies Performance over 10 years

ROAD MAINTENANCE AGENCIES PERFORMANCE

	2011/2	2012/2	2013/2	2014/2	2015/2	2016/2	2017/2	2018/2	2019/2	2020/2
	012	013	014	015	016	017	018	019	020	021
Annual BUDGET	179,129,000	113,078,000	147,581,000	232,915,000	343,528,000	402,790,000	374,809,000	265,408,000	266,401,000	219,142,000
Annual Expenditure	116,520,000	103,880,000	20,964,900	54,252,800	83,234,300	207,214,000	239,480,000	152,322,000	114,896,000	77,403,700
Total Revenue	118,917,000	126,001,000	125,795,000	126,721,000	137,781,000	142,855,000	148,970,000	179,899,000	183,768,000	138,207,000

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Figure 5 above portrays performance of the Road Fund in funding Road Maintenance activities, performance of Road Implementing Agencies comparing them to revenue collected over a period of 10 years. The Road Fund Allocated budgets greater than the revenue collected, as even the reserves are factored in for allocations, yet the Road Implementing Agencies have underperformed in all the financial years.

The Road Implementing Agencies can only improve this performance through improvement of their planning and implementation strategies.

Results of the Visual Road Condition Surveys 2019 show that Lesotho's road network deteriorating at an alarming rate. This situation requires the Fund to efficiently collect and improve its revenue base. Complementing revenue collection, the Fund will have to invest more in stakeholder management and value for money activities for optimisation of expected road infrastructure performance.

It is estimated that Lesotho's network requires M8 billion to transform from a very poor to very good condition.

HUMAN RESOURCES AND ADMINISTRATION

Recruitment

The year 2020/2021 has not been a pleasant one to the world and certainly not to Road Fund. The year began with a pandemic which disrupted operations and forced many to lose their jobs, be victims of an illness unknown to the world, lose colleagues due to this illness.

The Fund bid farewell to four (4) employees, the Management Secretary (later name changed to Executive Secretary) who had reached her retirement age in May 2020, one (1) Verification Officer who passed away in June 2020, One (1) Driver who passed away in December 2020 and the Revenue Accountant who resigned in December 2020. Due to the nationwide lockdowns that were caused by COVID-19, the Fund was only able to replace the Executive Secretary and two Verification Officers while the employment processes for the rest of the other Officers was halted.

Review of Human Resources Policies and Procedures Manual

Policies must be reviewed regularly to suit the ever-changing demands and regulatory framework in the workplace. Human Resources Policies and Procedures Manual were reviewed, presented to Management and are yet to be presented to the Road Fund Board of Directors hence not approved for implementation. The Policies will be presented to the Board in the

following Financial Year.

The Industrial Attachment Policy was introduced in the previous year and was reviewed in the year under review. The Secretariat was able to accommodate two (2) students for internship and one (1) graduate for a volunteering position. There was an Engineering intern, an Information, Communication and Technology intern and a volunteer in the Public Relations Department.

Development of Procurement Policy

Road Fund has always had the Procurement Policy intergrated into the Finance Policy and as procurement was normally in a small scale, the Policy was a short guide. Organizational changes in procurement and size necessitated development of detailed, stand-alone Procurement Policy. The development of the Procurement Policy was initiated during the period under review, and will be finalized and implemented in the new Financial Year.

Continental and Regional Trainings and Associations Meetings

Road Fund remained committed to enhancing skills of all employees and their development for better performance and improvement of the organization as a whole, even under the COVID-19 conditions.

Travelling was mostly restricted to curb the

transmission of the disease and this led to all trainings, conferences and meetings to be held virtually. The trainings, conferences and meetings that took place include the Human Resources Business Partner Conference, the annual Institute of People Management Conference, COBIT 5 Implementation Training, Performance Appraisal Training, and others.

Road Fund is a member of African Roads Maintenance Funds Association (ARMFA) where Road Funds meet regularly to exchange ideas on the platform in order to improve their operations. Management Officials represented the Fund at the virtual ARMFA Southern African Focal Group meetings held in July 2020 and March 2020; the latter saw the Road Fund Chief Executive Officer Mr. Nkekeletse Makara being

elected as Deputy Chairperson of the regional body. Lastly ARMFA hosted a virtual Annual General Assembly held in September 2020.

Health and Safety

There has not been any major health and safety matters in the organization in the period under review. The Fund dedicated its efforts in ensuring the safety of the employees at all times through acquiring Personal Protective Equipment (PPE) for COVID-19 as well as assuring that the organization's Health Kits had the necessary items at all material times.

The Department regularly evaluated risks that could cause harm to the employees and stakeholders in the workplace.

INFORMATION COMMUNICATION TECHNOLOGY

Implementation of Softcon Toll System at Caledonspoort Border Post

The project entailed decommissioning of the Eikon Toll system and replacing it with a more efficient Softcon Toll System. Road Fund had previously installed the Eikon Toll System at Caledonspoort as a pilot site, with the plan to roll-out the solution to other border posts. However, revenue collection using the Eikon system proved to be relatively costly, due to high support and maintenance and licensing costs of the solution. The Secretariat therefore resolved to install a cost effective and efficient Softcon system.

Road Fund uses Information Systems for collection of revenue. One of the Key Performance Indicators (KPIs) for efficient collection is to balance the cost of collection to ensure value for money.

On-the-Lane Recharge

This project was the modification of the Toll System by introducing a feature with the objective of enhancing revenue collection through Prepaid Toll Cards. The modification introduces Toll Prepaid Cards top-up being performed at the Toll booth with the assistance of the Cashier. This has added more convenience

to the card holder and encourages recharging of the Toll Prepaid Cards. Before the solution, card holders used to top-up at the back office of the borders which was a time-consuming exercise.

Business Intelligence (BI)

The project is aimed at providing value to the Road Fund through the procedural and technical infrastructure that collects, stores, and analyses the data produced by the organization's activities. The solution collects data from various data sources and organizes it into meaningful and consumable formats. Road Fund has been using the BI tool for revenue performance reporting, as shown in the Financial Report below. The tool provides insightful context of the organization's various revenue collection activities for decision making, and for departmental, Executive and Board reporting. Figure 6 below shows total revenue collection per stream for the year under review.

Remote Work from Home

The COVID-19 pandemic has caused many organizations to change their way of working and to resort to technology as a safer alternative to normal office space work, in this regard Road Fund is no exception.

Remote access to Business Applications: Due to COVID-19 lockdown restrictions, Road Fund had to align its operations with restrictions, including amongst other shift work and work from home. To enable this goal to be realized, access to business applications had to be granted for remote user working from home, this includes emails and file access, Sage system and other business application hosted by the Fund. This capability enabled the organization to continue operating while observing the given COVID-19

regulations.

Hosting of Virtual Meetings: Hosting of virtual meeting was also facilitated to comply with the social distancing requirement of the COVID-19 Protocols. This was a big shift from the normal face-to-face meeting and the shifts required implementation of enabling technology solutions; meetings included Virtual Training sessions, Departmental meetings, EXCO meetings and Board meetings.

PUBLIC RELATIONS

Corporate Social Responsibility

Corporate Social Responsibility (CSR) promotes a vision of business accountability to a wide range of stakeholders, during the reporting period, the Fund continued to demonstrate a sense of responsibility towards the community

by ploughing back through its CSR programme. Since the CSR Committee decided to continue focusing on Orphans and Vulnerable Children (OVCs) and disabled vulnerable elderly alike; the Road Fund extended a helping hand to 309 vulnerable elderly and children of Thaba Bosiu in Maseru, through donation of food parcels.

Pic4: Road Fund CEO and Thaba- Bosiu MP handed over Food Parcels to beneficiaries



Road Fund also identified and assisted a vulnerable family in Mafeteng, the family is headed by an unemployed elderly woman. Identification of this family was in line with the focus for this year to assist the vulnerable elderly and children alike. This elderly person takes care of two grandchildren, a boy aged 15 years who is enrolled at Lesotho Opportunities Industrialization Centre (LOIC) in Maseru. The second child is a boy aged 13 years old and a student at St. John's High School in Mafeteng.

Given the state of vulnerability of the family and the guardian, they were assisted with food parcels and walking sticks for the grandmother, protective clothing and tools for the LOIC student and school uniform and books for the high school student. Both students' fees for the year were also paid in full.

Road Fund Social Media Pages

In this era, social media remains a fundamental tool to reach a wider range of stakeholders to gain valuable insights into the Fund, as such the Fund's Facebook page has been used to further grow its brand. The Facebook page has been well maintained, throughout the reporting period with weekly updates on the Fund's initiatives. This social media platform is ideal for quick information dissemination and feedback from the stakeholders and the public at large. The aim is to keep it up to date at all times.

The number of likes to the pages grew steadily during the reporting period, such that at the end of the year it had hit 3,500 likes, and over 4,000 followers; reaching over ten thousand people through those who have liked the page.

An Instagram page was opened as another social media platform for the Fund during the reporting period. The Instagram page compliments Facebook as it is mostly a visual platform. The Fund uses the platform to share visuals. The page has followers whom the Fund also follows back. It also enables followers to like the pictures or video posts and to even comment on them. This page is fairly new and it is attracting new followers weekly.

Road Fund Website

The website remained a powerful communication

tool to reach a wider range of stakeholders even beyond the borders of Lesotho. It continued to be populated with fresh content with more focus on the homepage, which is the page that people come into contact with when they visit the website. The news section remained the most up to date as it was updated continuously on a bi-monthly basis. Other pages like opportunities and recent projects and activities have also remained up to date. All other pages are being reviewed continuously to ensure that they remain up to date at all times.

Media Relations

Relations with the media were enhanced as follows:

Media Releases and News Articles

One of the tools that organizations use to enhance their corporate image is to forge and maintain healthy relations with the media. Media releases and news articles have proved to help to achieve this goal during this period. The media releases and news articles were written as and when need arose. These media releases were circulated to various media houses for further dissemination of information to the public. Both media releases and news articles were used to update the website and Facebook page to enhance the Fund's presence online. The articles posted online further seemed to ignite storylines for the media, who then in turn conducted detailed interviews to clarify the issues tabled on the articles.

Advertisements

Advertising is an important tool to assist in boosting the corporate image. Three adverts were designed and featured in various newspapers. These were about Her Majesty's birthday wishes, King's birthday wishes and the announcement on the increase on toll gate fees.

An advertorial where the Road Fund CEO urged Road Implementing Agencies to strive for quality works, was written and featured in three leading newspapers. The advertorial emanated from a technical stakeholder meeting where the CEO appealed to the Agencies to ensure that roads last longer so that other roads can be attended to.

Radio Programmes

During the period under review, more radio programmes were secured and done to promote the Fund's mandate and to ensure that such mandate is understood by the public. These were done at Harvest FM, MoAfrika FM and PCFM. Other adhoc radio interviews were done by designated Heads of Departments and the CEO with various radio stations like MXXL FM, 357FM, Bokamoso FM, Tšenolo FM and Radio Lesotho amongst others. The programmes were designed to be interactive such that listeners were afforded an opportunity to phone in and interact with the Fund's personnel.

Production of Publications

Annual Report

The 2019/2020 Annual Report compilation was also initiated during this period. The report was finalized, and mass printed, and further distributed to relevant stakeholders as part of the Fund's initiatives to share information and comply with its reporting requirements. With the production of this report, the Fund continued to be up to date with the annual reporting.

Newsletter

During the period under review, the second issue of the Fund's newsletter was compiled, mass printed and distributed to all stakeholders across the country. The newsletter is part of the tools that the Fund uses to further enhance its corporate image and to keep its stakeholders abreast of prominent activities of the Fund.

FINANCE

Financial Performance

The report on financial performance of the Fund refers to how the Fund performed in meeting the financial requirements of the Road Implementing Agencies for their respective road works programmes. It is not supposed to be viewed as Management Accounts whose main objective is to monitor financial performance against budgetary provisions and forecasts.

Production of Branded Corporate Material

Branded corporate promotional material are useful and these are tangible items imprinted with the organization's name, logo and/or message designed to increase brand awareness among stakeholders. Promotional products have proved to be a useful tool since they allow a brand to connect with consumers and they allow stakeholders to interact with the brand on a physical level. Promotional products often create a more memorable brand experience.

During the year under review, various promotional material for the Fund were produced and distributed to the target audience. These include branded diaries and notebooks, as well as calendars for the new year of 2021. Other material procured are those that would be used during events and activities of the Fund ranging from stretch tents to gazebos, especially bearing the new corporate branding in accordance with the Fund's Brand Manual.

Stakeholder Engagement and Relationship Management

In order to deliver on its mandate, the Fund depends on various stakeholders, who influence and impact on its progress and delivery of results, hence the importance of stakeholder engagement.

Due to effects of COVID-19 which mostly prohibited meetings, the Fund was not able to conduct one-on-one high level stakeholder engagement meetings during this period. However, a technical meeting with the Road Implementing Agencies was successfully conducted and another one with the Road Safety Department.

The year 2020/2021 has been very abnormal with effects of COVID-19 worldwide pandemic adversely impacting on the operations of the Fund.

There has been an overall decrease in revenue collection during the year under review compared to last financial year mainly on Road Maintenance

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Levy and Toll Gate Fees collections with Toll Gate Fees being the worst affected stream.

There was a constant increase in Road User Fees collected from 2018/2019 through to 2020/2021 due to countrywide roll out of eNaTIS System at the Department of Traffic and Transport which increased efficiencies in revenue collection. This stream was not affected by COVID-19 implications as the vehicle license renewal took place though after set lockdown periods. However, all permits are still manual and a plan to automate is underway.

The eSpot Fine System was introduced as a revenue enhancement project to collect spot fines. During implementation, teething problems were experienced. In June 2020 a Mobile Court was introduced to extend resources for law enforcement and compliance of road users. The operation of the Mobile Court was discontinued through a Ministerial Directive in October 2020. Preparations to

hand over the Court formally to Chief Justice are underway.

On the other hand, there was a need to automate the Police Docket and collections of Road Traffic Offenses with the Judiciary, and an additional module named Court Module was added. This has not yet been piloted.

The Toll Gate collection operations handled by Lesotho Revenue Authority (LRA) suffered a 64% decrease compared to 2019/2020 Financial Year due to COVID-19 effects. This was irrespective of the fact that Toll Fees were reviewed upwards from April 2020.

The Fund's interest on reserves declined by 30% due to recession. Lastly, the Road Implementing Agencies performed at 67% compared to 2019/2020 due to poor planning of the projects exacerbated by COVID-19 effects, while there was a decrease of 31% in administration expenditure. The below figures 6 and 7 portray the narrative above.

Figure 6: Revenue Versus Administration Expenditure

% ADMINISTRATION EXPENDITURE TO REVENUE

Financial Year	Percentage
2016/17	14%
2017/18	18%
2018/19	17%
2019/20	25%
2020/21	26%

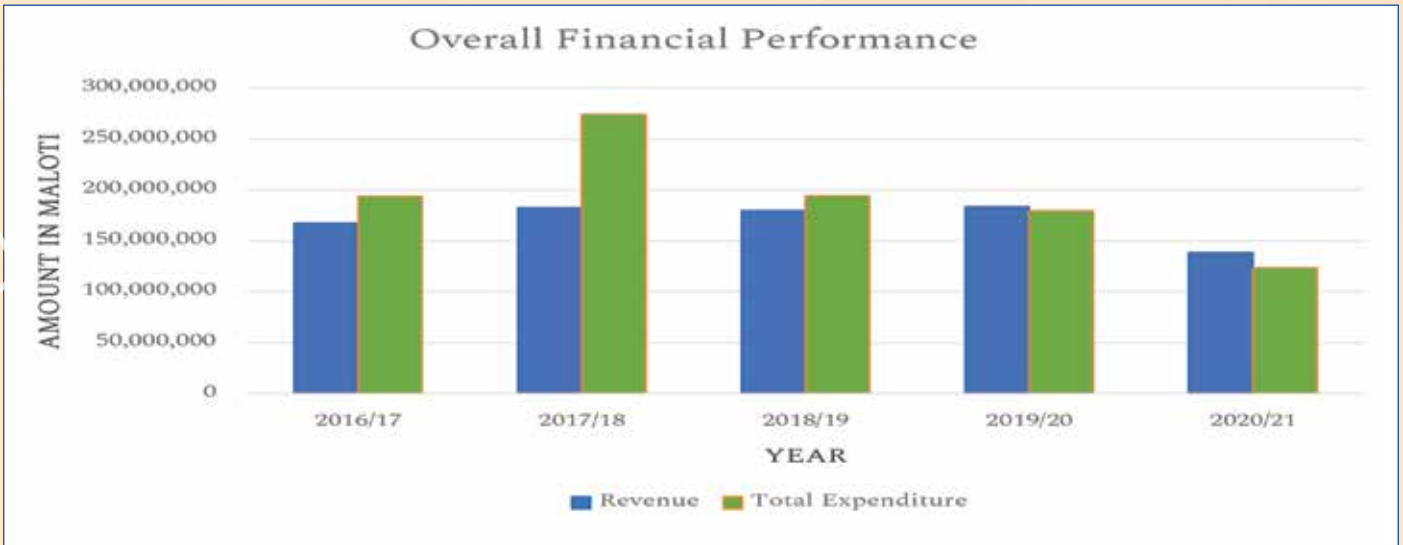
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Road Fund Annual Report 2020/2021

The overall financial performance of the Fund over five years is depicted in figure 7 below:

Figure 7: Overall Financial Performance



Audit Report

The Fund received an 'except for' opinion on the audit report for Financial Year 2020/2021. The basis for qualification is that due to last year's disclaimer, the Auditor General could not express an opinion on the opening balances whether they reflect the true and fair financial position of the Fund.

Revenue

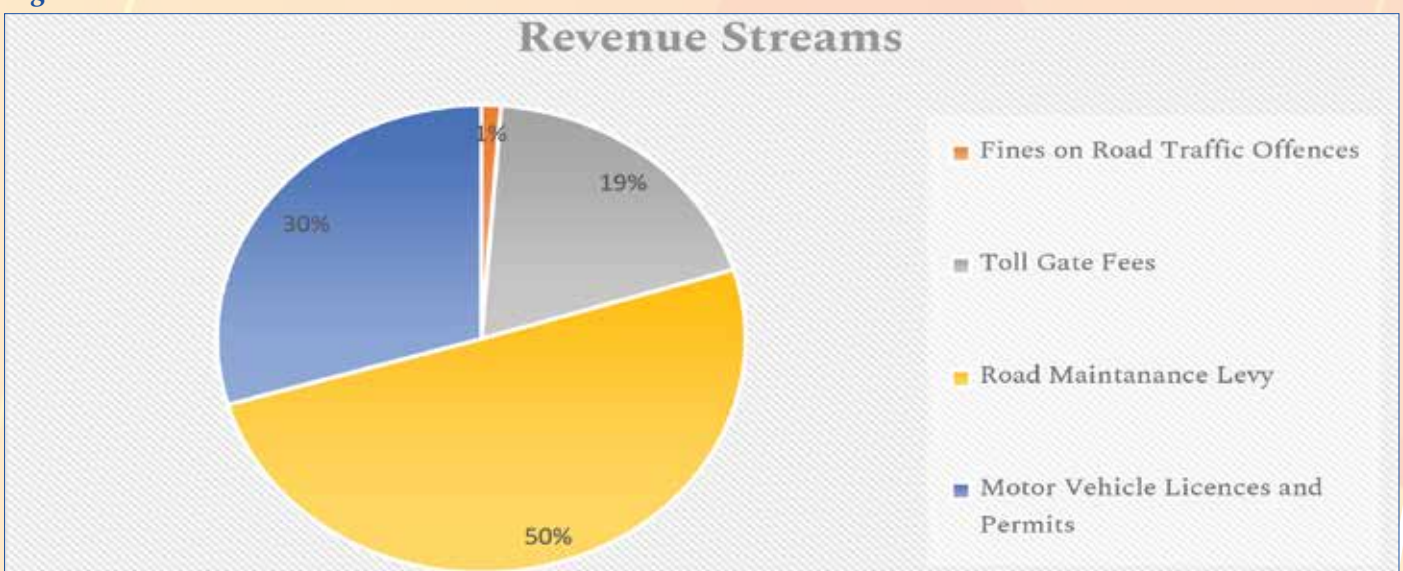
Road Fund derives its mandate to collect revenue from the Finance (Road Fund) Regulations 2012. The revenue collected through various streams is currently collected on behalf of the Fund through Government of Lesotho Ministries and/or Departments/Agencies collectively referred to as Revenue Collecting Agencies.

The Fund is charged with the responsibility of ensuring effective and efficient collection of the revenue. This is achieved through various direct and/or indirect interventions with the Revenue Collecting Agencies. Verification process is undertaken periodically by visiting the Collecting Agencies to reconcile the money paid into the Fund's bank account with the source documents.

This revenue report provides a brief analysis of the revenue figures reported thereon. The report concentrates only on the Road User Fees excluding interest derived from reserves held with various financial institutions.

The Road User Fees are divided into various streams depicted according to each stream contributing to total revenue as per figure 8 below:

Figure 8: Revenue Streams



Road Maintenance Levy (RML) remains the largest stream contributing 50.3% of the total revenue collected, followed by Motor Vehicle Licenses and Permits with 29.5%. Toll Gate Fees contributed 19.0% while Fines on Road Traffic Offences contributed 1.2% and lastly no Fines on Overloaded Vehicles were collected due to non-operation of weighbridges for the period under review.

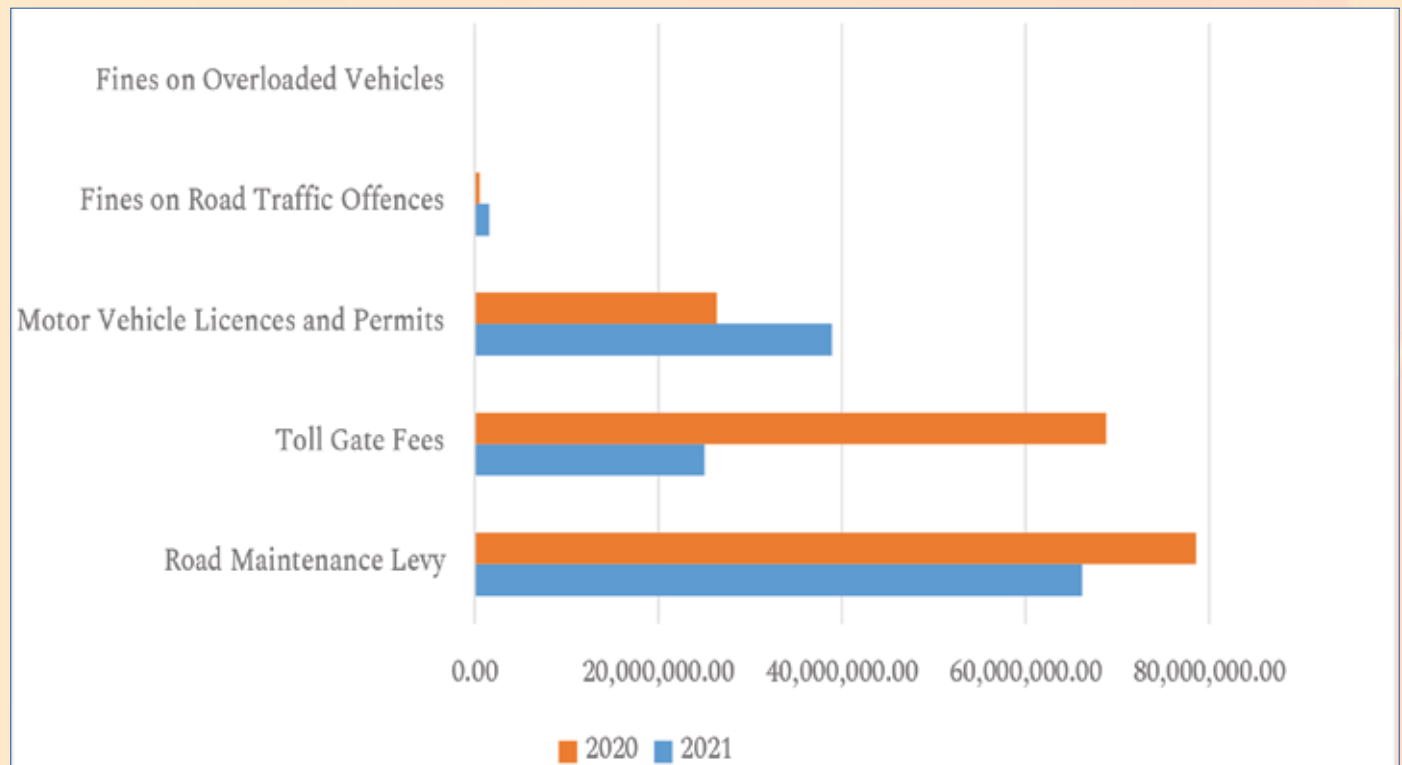
Detailed Analysis

Total Revenue collected for the period up to 31 March 2021 amounted to M131,650,822 decreasing by M42,529,769 (24.42%) from M174,180,591 collected for the same period up to 31 March 2020. Details on the collection per revenue stream is given in table 4 and figure 9 below:

Table 4: Total Revenue Collected

Table 4: Total Revenue Collected					
		2021	2020	Variance	% Variance
1	Road Maintenance Levy	66,147,062	78,541,209	-12,394,147	-15.78%
2	Toll Gate Fees	25,016,840	68,748,459	-43,731,619	-63.61%
3	Motor Vehicle Licenses and Permits	38,899,566	26,340,709	12,558,857	47.68%
4	Fines on Road Traffic Offences	1,587,354	550,214	1,037,140	188.50%
5	Fines on Overloaded Vehicles	0	0	0	0.00%
		131,650,822	174,180,591	-42,529,769	-24.42%

Figure 9: Total Revenue Collected



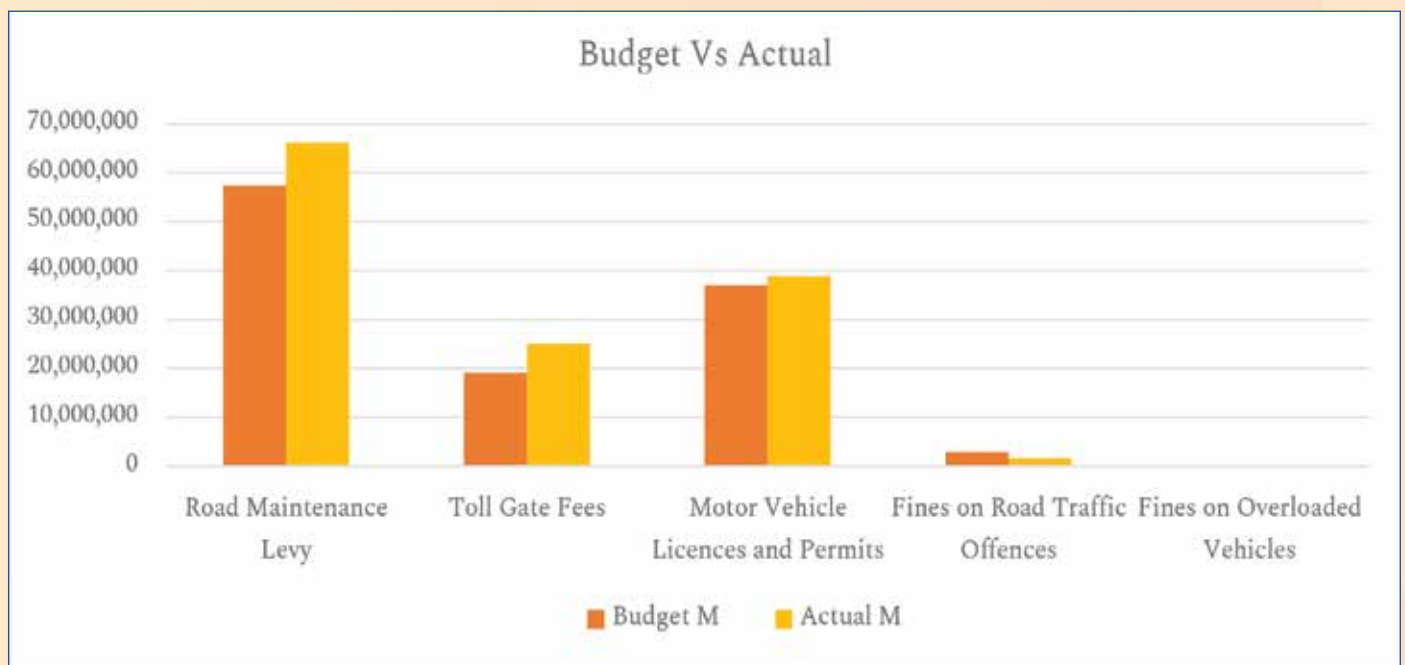
The amount collected was M15,327,560 (13%) above the budgeted revenue of M116,323,262 as shown in table 5 below:

Table 5: 2020/2021 Budget Variance Analysis

Table 5: 2020/2021 Budget Variance Analysis				
	Item	Budget	Actual	Variance
		M	M	M
1	Road Maintenance Levy	57,400,307	66,147,062	8,746,755
2	Toll Gate Fees	19,017,505	25,016,840	5,999,335
3	Motor Vehicle Licenses and Permits	37,005,450	38,899,566	1,894,116
4	Fines on Road Traffic Offences	2,900,000	1,587,354	-1,312,646
5	Fines on Overloaded Vehicles	0	0	0
		116,323,262	131,650,822	15,327,560

Figure 10 below shows the budget and actual collections on various streams.

Figure 10: Budget Vs Actual



Road Maintenance Levy

Road Maintenance Levy (RML) is a levy imposed on motor vehicle fuel sold in Lesotho in accordance with The Fuel and Service Control Act 1983 read with Petrol or Distillate Fuel Levy Regulations 1985.

The Levy is collected on behalf of the Fund by licensed Oil Companies operating in the country.

The current rates are:

- (a) Thirty (0.30) Lisente per liter of Petrol
- (b) Forty (0.40) Lisente per liter of Diesel

The rates were last reviewed in year 2006 and do not take into consideration the fuel grade i.e.

whether leaded or unleaded petrol for instance.

Total revenue collected from RML decreased by M 12,394,147 (15.78%) to M66,147,062 in 2020/2021 compared to M78,541,209 in 2019/2020. The three main Oil companies (Engen, Exel/Puma Energy, and Total Lesotho) contributed more than 94.8% of the revenue collected while the remaining 5.2% was contributed by smaller companies (Tholo Energy and Mendi Group). It is worth noting that Engen Oil discontinued operations with effect from October 2020 due to COVID-19, while Oil and Petroleum claims their operations were stopped by the regulator in January 2020 due to lack of sufficient storage facility. Figure 11 below shows revenue collected from various oil companies.

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Figure 11: Road Maintenance Levy

Company	Percentage
Road Maintenance Levy, THOLO	5%
Road Maintenance Levy, ENGEN LESOTHO	40%
Road Maintenance Levy, EXEL OIL	38%
Road Maintenance Levy, ENGEN OIL	0%
Road Maintenance Levy, TOTAL OIL	11%
Road Maintenance Levy, OIL & PETROLEUM	6%
Road Maintenance Levy, MENDI GROUP	0%

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NB: detailed volumes of fuel imported/sold in kiloliters per company may only be published by the Department of Energy as per regulations.

Toll Gate Fees

Toll Gate fees are collected at designated border posts around the country. The current rates as per Toll Gate Amendment Regulations 2020 are as per Table 6 below.

Toll Gate Fees revenue decreased by M43,731,619 (-174.81%) from M68,748,459 in 2019/2020 to M25,016,840 in 2020/2021 with Maseru Bridge contributing 60.3% of the total collection followed by Maputsoe Bridge at 21.6%, Caledonspoor Bridge (Botha-Buthe) at 9.1%, Van Rooyen's Border Gate (Mafeteng) at 7.6%, Qacha's Nek Border Gate at 1.2% and Sani Top at 0.2% as per Table 6 and figure 12 below which also depict that Makhalleng, Tele and Peka have been non-operational since April 2020 due to COVID 19 pandemic. Details of collections per border post is given in Table 6 and Figure 12 below:

Table 6: Toll Gate Fees by Border Gate

Toll Gate Fees				
	2021	2020	Variance	% Variance
Border Post	M	M	M	%
Van Rooyen's Gate (Mafeteng)	1,904,400	4,027,170	-2,122,770	-111.47%
Makhalleng Bridge (Mohale's Hoek)	0	134,090	-134,090	#DIV/0!
Sani Top (Mokhotlong)	39,070	438,150	-399,080	-1021.45%
Peka Bridge (Leribe)	0	570,020	-570,020	#DIV/0!
Qacha's Nek Gate (Qacha's Nek)	294,875	1,388,944	-1,094,069	-371.03%
Tele Bridge (Quthing)	0	1,467,151	-1,467,151	#DIV/0!
Caledonspoor Bridge (Botha Buthe)	2,289,702	6,750,560	-4,460,858	-194.82%
Maputsoe Bridge (Leribe)	5,395,207	18,119,798	-12,724,591	-235.85%
Maseru Bridge (Maseru)	15,093,586	35,852,576	-20,758,990	-137.54%
	25,016,840	68,748,459	-43,731,619	-174.81%

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Road Fund Annual Report 2020/2021

Figure 12: Toll Gate Fees by Border Gate

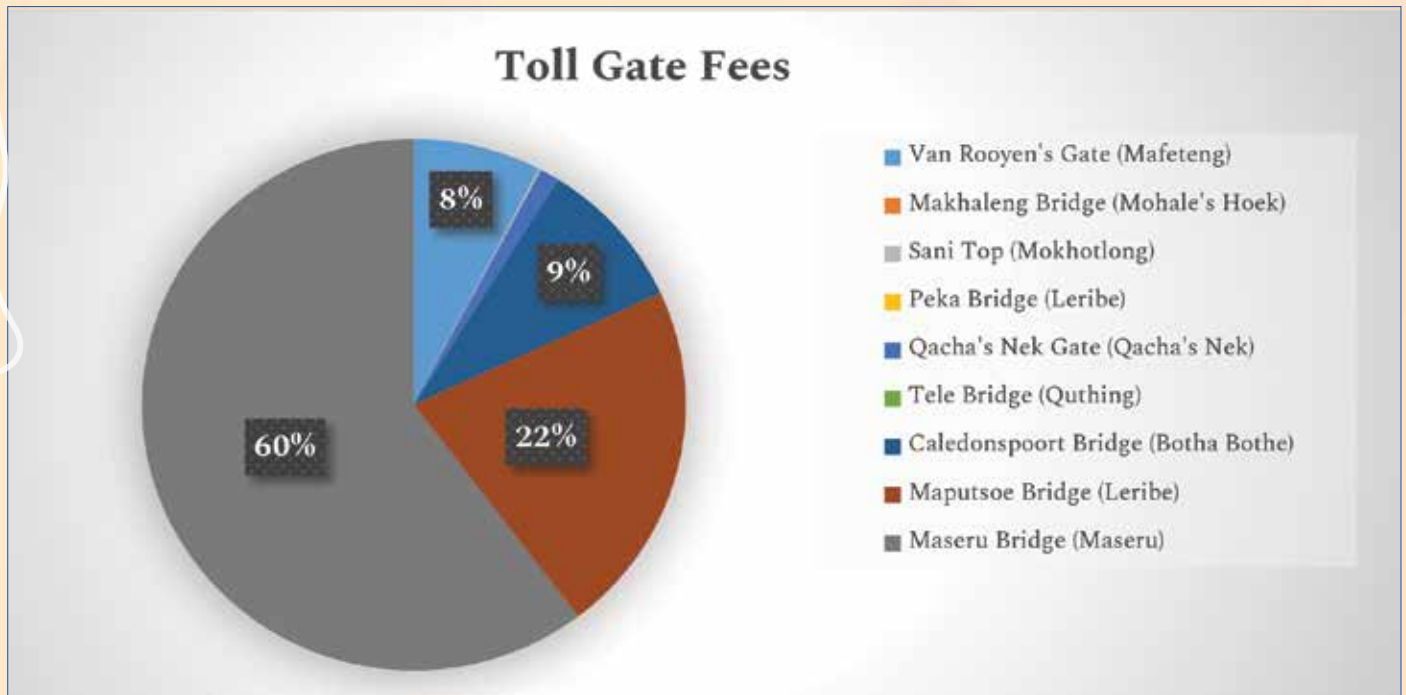


Table 7: Toll Gate Fees

Toll Gate Fee Rates	
Vehicle Classes	Rate
Class 1 Light Vehicles	M45.00
Class 2 Medium Vehicles	M85.00
Class 3 2 to 3 axle trucks and buses	M125.00
Class 4 4 and 4+ axle buses and goods vehicles	M295.00

Motor Vehicle Licenses and Permits

Motor Vehicle Licenses and Permits are road user fees imposed on motorists for the use of the national roads as per Road Traffic 1981 and Road Transport Act 1981 read with their related regulations.

The Fund currently collects revenue from Cross Border Permits (F Permit), Short Term Permits, Special Permits as well as Motor Vehicle annual license renewals through the Department of Traffic and Transport of the Ministry of Transport as per current legal instruments.

A total of M 38,899,566 was collected in the period under review as per table 8 below and analyzed as per Figure 13 and 14 below:

Table 8: Motor Vehicle Licenses and Permits

Table 5: Motor Vehicle Licenses and Permits				
	2021	2020	Variance	% Variance
	M	M	M	%
Motor Vehicle Permits, Botha-Bothe	134,150	182,853	-48,703	-36.30%
Motor Vehicle Permits, Berea	454,175	487,500	-33,325	-7.34%
Motor Vehicle Permits, Leribe	452,575	616,135	-163,560	-36.14%
Motor Vehicle Permits, Mafeteng	292,285	320,524	-28,239	-9.66%
Motor Vehicle Permits, Mohale's Hoek	90,445	231,940	-141,495	-156.44%
Motor Vehicle Permits, Mokhotlong	60,435	74,557	-14,122	-23.37%
Motor Vehicle Permits, Maseru	2,654,355	3,634,723	-980,368	-36.93%
Motor Vehicle Permits, Qacha's Nek	43,885	44,655	-770	-1.75%
Motor Vehicle Permits, Quthing	86,402	63,725	22,677	26.25%
Motor Vehicle Permits, Thaba-Tseka	27,375	24,629	2,746	10.03%
	4,296,082	5,681,240	-1,385,158	-32.24%
Motor Vehicle Licenses				
Motor Vehicle Licenses, Botha-Bothe	1,591,562	957,107	634,455	39.86%
Motor Vehicle Licenses, Berea	3,254,049	1,919,883	1,334,166	41.00%
Motor Vehicle Licenses, Leribe	4,591,881	2,749,936	1,841,945	40.11%
Motor Vehicle Licenses, Mafeteng	2,758,987	1,441,562	1,317,425	47.75%
Motor Vehicle Licenses, Mohale's Hoek	1,762,250	1,122,981	639,269	36.28%
Motor Vehicle Licenses, Mokhotlong	834,060	474,884	359,176	43.06%
Motor Vehicle Licenses, Maseru	17,533,245	10,641,124	6,892,121	39.31%
Motor Vehicle Licenses, Qacha's Nek	597,950	322,936	275,014	45.99%
Motor Vehicle Licenses, Quthing	1,040,933	647,880	393,053	37.76%
Motor Vehicle Licenses, Thaba-Tseka	638,566	381,176	257,390	40.31%
	34,603,483	20,659,469	13,944,014	40.30%

Figure 13: Motor Vehicle Permits

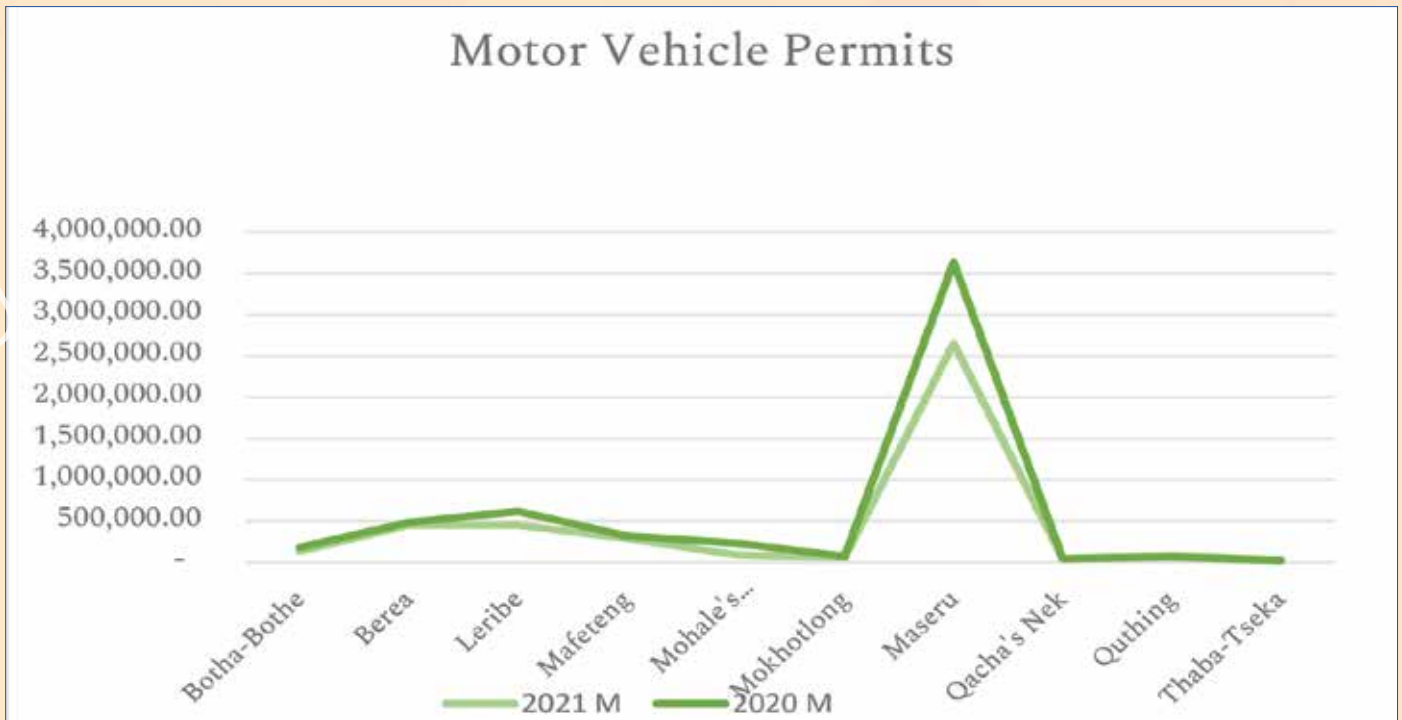
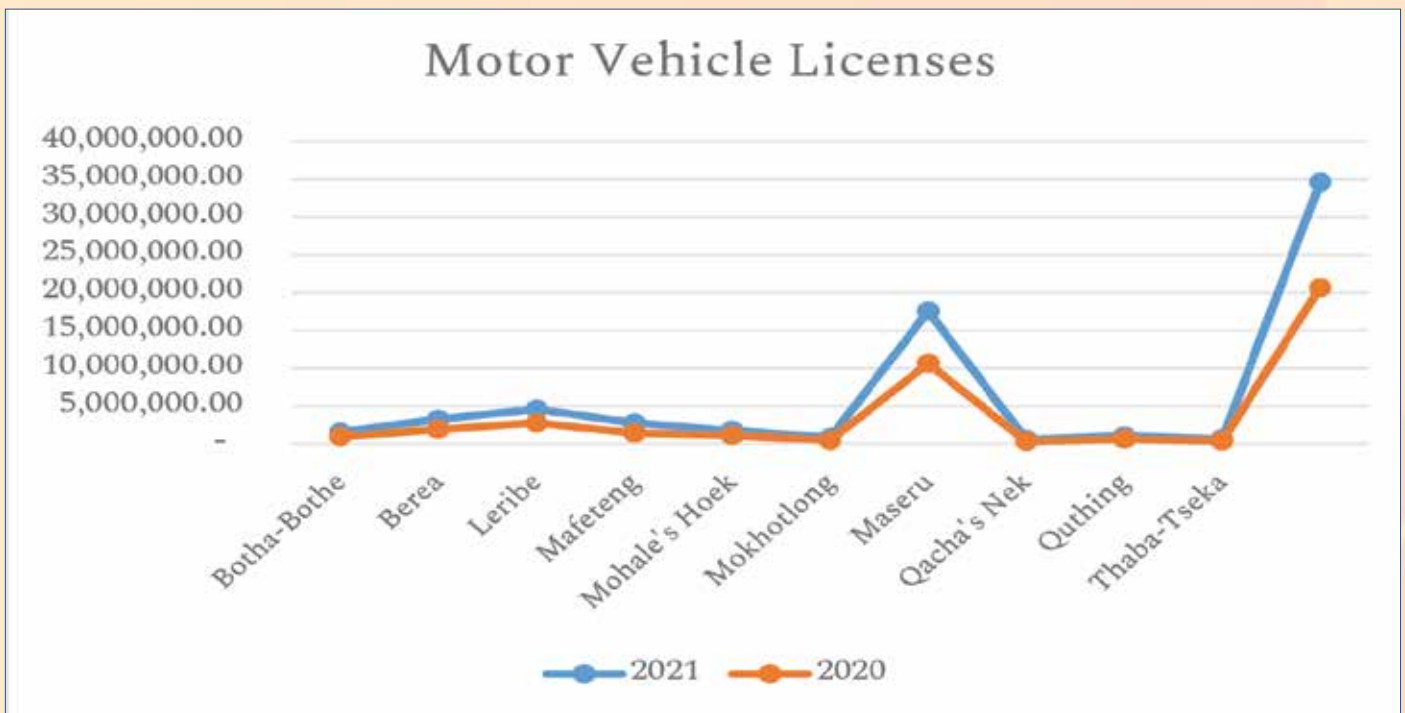


Figure 14 - Motor Vehicle Licenses



Road Traffic Offences

The Road Fund collects 'revenue' emanating from Road Traffic Offences fine which include Spot Fines imposed on traffic offenders by the LPMS (Traffic Police) as well as other fines imposed through Roadside Safety and Traffic Checkpoints. The Road Fund recognizes that these collections are not 'revenue' as such because with efficient road use and safety education, such fines should not be collected as road users will be compliant.

A total of M 1,587,354 was collected in 2021 compared to M550,214 in 2020 as per table 9 and Figure 15 below:

Table 9: Road Traffic Offences

Road Traffic Offences				
	2021	2020	Variance	% Variance
	M	M	M	%
Road Traffic Offences - Fines, Botha-Bothe	8,220	15,865	-7,645	-93.00%
Road Traffic Offences - Fines, Berea	11,450	19,700	-8,250	-72.05%
Road Traffic Offences - Fines, Leribe	4,400	28,340	-23,940	-544.10%
Road Traffic Offences - Fines, Mafeteng	124,510	76,580	47,930	38.49%
Road Traffic Offences - Fines, Mohale's Hoek	49,320	29,800	19,520	39.58%
Road Traffic Offences - Fines, Mokhotlong	37,790	16,488	21,302	56.37%
Road Traffic Offences - Fines, Maseru	1,294,345	315,055	979,290	75.66%
Road Traffic Offences - Fines, Qacha's Nek	2,280	14,950	-12,670	-555.70%
Road Traffic Offences - Fines, Quthing	50,109	14,920	35,189	70.22%
Road Traffic Offences - Fines, Thaba-Tseka	4,930	18,515	-13,585	-275.56%
	1,587,354	550,214	1,037,140.44	65.34%

Figure 15: Comparison on annual collections on Road Traffic offences



Fines on Overloaded Vehicles

Weighbridges currently installed at Maseru Bridge and along Sir Seretse Khama Road in Maputsoe are non-operational hence no revenue collected under this stream.

AUDITED FINANCIAL STATEMENTS

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2021

Directors' Responsibilities and Approval

The Directors are required by the Finance (Road Fund) Regulations 2012, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Fund as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The Auditor General expresses an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and in the manner required by the Legal Notice No. 103 of 2012 – Finance (Road Fund) Regulations 2012 and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

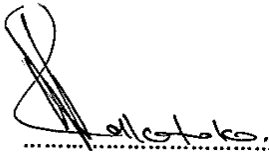
The Directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the Fund and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board of Directors set standards for internal controls aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clear defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Fund and all employees are required to maintain the highest ethical standards in ensuring the Fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Fund is on identifying, assessing, managing and monitoring all known forms of risk across the Fund.

While operating risk cannot be fully eliminated, the Fund endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by the management that the system of internal controls provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial controls can provide only reasonable, and not absolute assurance against material misstatement or loss.

The Directors have reviewed the Fund's cash flow forecast for the year to 31st March 2022 and, in light of this review and the current financial position, they are satisfied that the Fund has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 9 to 32 which have been prepared on the going concern basis, were approved on the 23th September 2021 and signed by:



.....
Makotoko Makotoko (Mr)
Board Chairperson



.....
Nkekeletse Makara (Mr) Pr.Eng.
Chief Executive Officer



**OFFICE OF THE AUDITOR - GENERAL
P.O. BOX 502, MASERU 100
LESOTHO**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS
OF ROAD FUND - MINISTRY OF FINANCE
FOR THE YEAR ENDED 31 MARCH 2021**

Qualified Audit Opinion

Mosito & Associates, under Section 24(1) of the Audit Act 2016, have audited the financial statements of Road Fund ("Fund") set on pages 9 to 32, which comprise Statement of Financial Position as at 31 March 2021, and the Statement of Comprehensive Income, the Statement of Changes in Reserves and the Statement of Cash Flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In my opinion, except for the effects of the matter described in basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Qualified Opinion

The audit opinion for the previous year was disclaimer, the opening balances for the current year were from those financial statements of the previous year and therefore I cannot express my opinion on the opening balances whether they reflect true and fair financial position of the Fund.

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for independent of the Organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to audit of the financial statements in Lesotho, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and

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appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period.

There were no key matters identified during the course of audit.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that

is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.


- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit

matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



MONICA M. BESETSA
ACTING AUDITOR-GENERAL

DATE: 29 SEPTEMBER 2021

Road Fund (Ministry of Finance, Government of Lesotho)

Annual Financial Statements *for the year ended 31st March 2021*

Directors' Report

The Directors submit the annual financial statements of the Fund for the year ended 31st March 2021.

Review of the Fund and its operations

The main objective of the Road Fund is to collect revenue for use to maintain, rehabilitate and upgrade roads, road safety projects and any other projects connected with roads in the country as mandated by the Government of Lesotho.

Operating Results

The operations for the year resulted in a surplus of **M15,170,482** while in **2020** the surplus was M4, 125,747.

Going Concern

The financial statements have been prepared on the basis of the accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Material events after the year end

The directors are not aware of any matter or circumstance arising since the end of the financial year that will require adjustment or disclosure in the financial statements

Road Fund**(Ministry of Finance, Government of Lesotho)****Annual Financial Statements***for the year ended 31st March 2021***Board of Directors**

The directors of the organisation during the year and to the date of this report are as follows:

Mr M. Makotoko	Chairperson
Mr. N. Letsie	Deputy Chairperson
Mr. K. Kikine	Member
Ms S. Keta	Member
Mr. M. Moqhekoana	Member
Mr. C. Mopeli	Member
Mr T. Macheli	Member
Mr S. Masenyetse	Member
Mr. B. None	Member – Appointed 22/10/2020
Mr. N. Makara	Secretary

Physical address of the Fund

Old DRR Building
 Crn Moshoeshoe & Senate Road
 Industrial Area
 Maseru

Auditors

The Office of the Auditor General of Lesotho
 4th Floor
 Finance House
 P.O. BOX 502
 Maseru 100

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2021

Statement of Accounting Policies

Basis of Preparation

Statement of compliance with International Financial Reporting Standards (IFRSs)

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting and Assurance Standards Board (IAASB) and the interpretations of these standards, issued by the International Accounting and Assurance Standards Board (IAASB) and in the manner required by the Legal Notice No. 103 of 2012 – Finance (Road Fund) Regulations 2012 and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The annual financial statements have been prepared using accrual basis of accounting, whereby revenues earned and expenses incurred by the Fund up to **31st March 2021** have been incorporated into the financial statements. These financial statements are prepared under the historical cost convention; this is a measurement basis of accounting whereby assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation, or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business. The financial statements have been prepared to incorporate the following principal accounting policies, consistently applied in all material respects:

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2021

Statement of Accounting Policies (Continued)

1. Property, Plant and Equipment (PPE)

Property Plant and Equipment (PPE) is recognised when the cost of an asset can be reliably measured and it is probable that the Fund will obtain future economic benefits from the asset.

PPE is measured initially at cost. Cost includes the fair value of consideration given to acquire the asset (Net of discount and rebates) and any directly attributable costs of bringing the asset to working condition for its intended use (inclusive of import duties and non-refundable taxes) regardless of whether it is idle or not. Cost of PPE is carried at the relevant amount less any accumulated depreciation and subsequent accumulated impairment losses. The depreciable amount is depreciated on straight line basis to reduce carrying amounts over their anticipated economic useful lives at the following depreciation rates:

Motor Vehicles	20.00%
Office Machine and Equipment	33.33%
Furniture and Fittings	20.00%
Land and Buildings	10.00%
Specialized Equipment	33.33%

Full year's depreciation is charged in the year of acquisition and no depreciation is charged in the year of disposal.

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2021

Statement of Accounting Policies (Continued)**2. Revenue**

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Fund and the revenue can be reliably measured.

3. Interest Income

It is recognised using the effective interest rate method that is apportioned over time invested up to the period to maturity, when it is certain that such income will accrue to the Fund.

4. Cash and Cash Equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held with banks, and investments in money market instruments, net of bank overdraft, all of which are available for use by the Fund unless otherwise stated.

5. Taxation

According to section 2 of PFMA Act 2011 the Fund is a statutory body established by law to carry out specific Government functions; is owned and controlled by Government and it is a distinct accounting entity producing its own financial statements.

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2021

Statement of Accounting Policies (Continued)

6. Impairment of Assets

The carrying amounts of the Fund's assets are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its net selling price and its value in use. For intangible assets that are not yet available for use or goodwill or intangible assets amortised over a period exceeding 20 years, the recoverable amount is estimated at each Statement of Financial Position date.

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised in the Statement of Comprehensive Income whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2021

Notes to the Annual Financial Statements

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

7. Financial instruments

Financial Assets:

The principal financial assets of the fund are Cash and Accounts Receivable. Accounts Receivable are stated at cost and reduced by appropriate allowances for estimated irrecoverable amounts. Advances that are paid to suppliers in respect of work that is yet to be performed must be recorded as receivable until the work in respect of which the advance was given has been performed.

Receivables that have been discounted with financial institutions are accounted for according to the conditions attaching to the financial agreement. Where the financial institution has no recourse against the fund, the receivable is treated as settled. Where the financial institution has recourse against the fund for defaulting receivables, the amount of such receivables and the related advances are presented in current assets and current liabilities respectively.

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2021

Notes to the Annual Financial Statements (continued)*Financial liabilities and reserve instruments:*

Financial liabilities and reserve instruments are classified according to the substance of the contractual agreements entered into. Significant financial liabilities include trade and other payables. Trade and other payables are stated at their nominal value. Reserve instruments are recorded at the proceeds received net of direct issue costs.

8. Trade and other payables

Trade and other payables are initially recognized at fair value and subsequently stated at amortised cost.

9. Critical accounting estimates and judgements

Management of the fund makes estimates and assumptions concerning the future in applying its accounting policies. The resulting accounting estimates may, by definition, not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are detailed in the notes to the financial statements where applicable.

Management continually evaluates estimates and judgments based on historical experience and other factors, including expectations of future events which are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the estimates are reviewed and in any future periods affected.

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2021

Notes to the Annual Financial Statements (continued)**10. Foreign Currency Translation**

Transactions on foreign currency are translated to Maloti at a foreign exchange rate ruling at the date of the transaction. All exchange gains or losses arising on the transaction are dealt with in the Statement of Comprehensive Income.

ROAD FUND

MINISTRY OF FINANCE, GOVERNMENT OF LESOTHO

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021 M	2020 M
NON CURRENT ASSETS		21,291,339	18,235,589
Property Plant & Equipment	(1)	8,765,090	12,920,742
Work in Progress	(1)	9,545,381	5,097,435
Right of use Asset	(1)	2,694,776	0
Intangible Assets	(1)	286,093	217,412
CURRENT ASSETS:		200,356,275	193,587,159
Road User Fees Debtors		16,555,565	16,016,084
Less: Provision for Bad Debts		-	5,804,488
	(2)	16,555,565	10,211,596
Contractor's Advance Payments	(3)	1,791,984	5,529,051
Advances to Road Agencies	(4)	1,531,895	2,277,286
Sundry Debtors	(5)	361,462	2,387,714
Cash and Cash Equivalents	(6)	180,115,369	173,181,512
TOTAL ASSETS		221,647,614	211,822,750
EQUITY		181,927,933	159 220 996
OPERATING SURPLUS/(DEFICIT)		15 170 482	4 125 747
ACCUMULATED FUND B/F	(16)	166,757,451	155,095,249
CURRENT LIABILITIES.		39,719,681	52,601,754
Lease Liability	(19)	2,832,049	-
Accounts Payable	(7)	30,720,189	47,186,417
Provisions	(8)	6,167,443	5,415,338
TOTAL EQUITY AND LIABILITIES		221,647,613	211,822,750

ROAD FUND**MINISTRY OF FINANCE, GOVERNMENT OF LESOTHO****STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 MARCH, 2021**

		2021 <u>M</u>	2020 <u>M</u>
REVENUE		138,455,990	183,810,989
Road Maintenance Levy	(9)	66,147,062	78,541,209
Tollgate Fees		25,016,840	68,748,459
Road User Fees		38,899,566	26,340,709
Road Traffic Offences Fines		1,587,354	550,214
Fines on Overloaded Vehicles		-	-
Sundry Income		55,550	42,154
Other Income		6,749,617	9,588,243
Investment Income	(14)	6,666,472	9,588,243
Gain on sale of fixed asset		83,145	-
LESS: EXPENDITURE		123,285,508	179,685,241
Operating Expenses		91,272,700	138,654,476
Road Maintenance Expenses	(10)	77,403,766	114,896,394
Revenue Collection Expenses	(12)	3,114,210	5,742,827
Revenue Enhancement	(16)	5,791,953	16,604,634
DTT Operational Support		3,906,980	
Toll System Expenses	(13)	1,055,791	1,410,621
Secretariat Expenses		32,012,808	41,030,765
Consultancy Services		184,345	381,806
Board Expenses	(15)	672,057	1,309,088
Secretariat Staff Salaries & benefits	(11)	17,835,739	17,270,294
Office Rent		0	1,024,629
Interest on Lease		171,121	0
Audit Fees		76,529	73,340
Depreciation		8,660,276	6,888,541
Bad Debts		0	5,806,158
Loss on Disposal of Fixed Assets		-	13,757
Other Expenses	(20)	4,412,741	8,263,152
OPERATING SURPLUS/(DEFICIT)		15,170,482	4,125,747

ROAD FUND

MINISTRY OF FINANCE, GOVERNMENT OF LESOTHO

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 MARCH, 2021

	Retained Earnings	Revaluation Surplus	Total Equity
	M	M	M
Balance at 1 April 2019	155,050,808		155,050,808
Correction of errors	44,440	-	44,440
Correction of system errors	-		
Restated balance	155,095,248	-	155,095,248
Changes in equity for the year 2020			-
			-
Surplus/(Deficit) for the year	4,125,747		4,125,747
Prior year adjustments	1,750,441		
Balance at 31 March 2020	160,971,437	-	160,971,437
Correction of errors	5,786,014		
Restated balance	166,757,451	-	166,757,451
Changes in equity for 2021			
Surplus/(Deficit) for the year	15,170,482		15,170,482
Changes in accounting policy	-		
Balance at 31 March 2021	181,927,933	-	181,927,933

ROAD FUND

MINISTRY OF FINANCE, GOVERNMENT OF LESOTHO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH, 2021

	2021 <u>2021</u>	<u>M</u>	2020 <u>M</u>	<u>M</u>
Cash generated by operating activities				
Net Surplus/(Deficit) for the year	15 170 482		4 125 747	
<i>Adjustment for :</i>				
Right of Use Asset (NBV of the expired Lease)	(328 433)			
Depreciation	8 660 276		6 888 541	
(Gain)/Loss on Fixed Assets Disposal	(83 145)		13,757	
Provision	7,536,455		35,931	
Interest on Lease	171,121		-	
Investment Income	(6,666,472)		(9,588,243)	
Operating surplus/(deficit) before working capital changes	24 460 284		1 475 732	
Working capital changes	(12 717 331)		1 012 768	
(Increase) Decrease in accounts receivable	164 742		15 593 407	
Increase (Decrease) in accounts payable	(12 882 073)		(14 580 639)	
Net cash inflow (outflow) from operating activities		11 742 952		2 488 500
Net cash inflows/outflows from investing activities	(4 809 098)		2 665 975	
Purchases of property, plant and equipment	(11 430 949)		(6 930 344)	
Proceeds on sale of Property Plant & Equipment	126,500		8,076	
Investment Income	6 666 472		9 588 243	
Interest on Lease	(171 121)		-	
Net cash inflows/(outflows) from financing activities		(4 809 098)		2 665 975
Net increase (decrease) in cash and cash equivalents		6 933 855		5 154 476
Cash and cash equivalents at the beginning of the year		173 181 512		168 027 037
Cash and cash equivalents at the end of the year		180 115 369		173 181 512

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2021

Notes to the Annual Financial Statements

1. Property, Plant and Equipment

COST	Motor	Office	Computer	Office	Land &	Right of	Work in	Toll	Total
	Vehicles M	Machines M	Software M	Furniture M	Buildings M	Use Asset	Progress	Systems M	M
Balance at 01/04/2020	3,857,960	2,142,816	563,386	834,721	114,019	1,313,734	5,097,435	18,928,614	32,852,685
Additions during 20/21	2,216,900	455,412	363,234	39,870	-	3,464,712	4,447,947	442,875	11,430,949
Disposals during 20/21	(464,506)	(4,809)	(33,315)	(3,580)	-	-	-	- 58,086.00	(564,296)
Cost as at 31/03/21	5,610,354	2,593,419	893,305	871,011	114,019	4,778,446	9,545,381	19,313,403	43,719,338
DEPRECIATION									
Depreciation at 01/04/20	2,585,171	1,372,429	354,801	483,354	114,019	985,301		8,393,607	14,288,682
Charge for the year 20/21	1,001,237	667,948	274,619	148,255	-	1,098,369		5,469,887	8,660,316
Disposals during 20/21	(439,768)	(3,206)	(22,208)	(2,864)	-	-		(52,895)	(520,940)
Depreciation at 31/03/21	3,146,640	2,037,171	607,212	628,745	114,019	2,083,670	-	13,810,600	22,428,056
NET BOOK VALUE AT 31/03/2021	2,463,714	556,248	286,093	242,266	-	2,694,776	9,545,381	5,502,803	21,291,282
NET BOOK VALUE AT 31/03/2020	1,272,789	770,387	208,585	351,367	-	328,433	5,097,435	10,535,007	18,564,003

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements for the year ended 31st March 2021

Notes to the Annual Financial Statements (continued)

2. Road User Fees Debtors

The balance represents remittances of Road Maintenance Levy, tollgate fees and vehicle license fees not yet transferred, as well as credit sales in respect of tollgate fees not yet paid to the Road Fund. As at 31 March 2021 M16,555,977 as owing to the Road Fund comprising of:

	<u>2021</u>	<u>2020</u>
	<u>M</u>	<u>M</u>
GOL - Treasury	-	-
- Sub-Accountancies	52,953	98,479
Oil Companies	13,886,289	11,403,956
Lesotho Revenue Authority	2,616,323	4,513,650
	<u>16,555,565</u>	<u>16,016,084</u>
Less: Provision for Doubtful Debts	-	5,804,488
TOTAL	<u>16,555,565</u>	<u>10,211,596</u>

3. Contractors' Advance Payments

The Contractors Advance Payments are as follows:

	2021	2020
Contractors Advance Payments	1,791,984	5,529,051

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2021

Notes to the Annual Financial Statements (continued)

4. Advances to Road Agencies

Amounts advanced for maintenance of Rural Roads and Lesotho Road Management System (LRMS) under Roads Directorate on the basis of its Annual Road Programme submitted to and approved by the Road Fund Board. As at **31 March 2021** the Roads Directorate bank account had an undisbursed balance of **M1,531,895** while as at 31 March 2020 the bank account had M2,277,286.

5. Sundry Debtors

	<u>2021</u>	<u>2020</u>
	<u>M</u>	<u>M</u>
Fuel Deposit	10,000	10,000
Staff Debtors	100,490	173,164
Prepayments	33,798	439,300
Overpayment to Maisa Holdings	-	5,000
Interest Receivable	217,175	1,761,920
TOTAL	361,462	2,389,384
Less: Provision for Doubtful Debts	-	1,670
	361,462	2,387,714

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2021

Notes to the Annual Financial Statements (continued)

6. Cash and Cash Equivalents

	<u>2021</u>	<u>2020</u>
	<u>M</u>	<u>M</u>
Petty Cash - Head Office	5,000	479
Current Account - SLB	(108,118)	(34,306)
Call Account - SLB	6,872,050	16,430,364
Money Market Account	66,311,340	53,816,202
Stanlib Income Fund	99,839,247	94,048,545
Current Account - CBL	6,890,311	8,920,228
Mobile money Wallet	305,539	-
TOTAL	<u>180,115,369</u>	<u>173,181,512</u>

7. Accounts Payable

	<u>2021</u>	<u>2020</u>
	<u>M</u>	<u>M</u>
Retention	10,355,380	15,784,137
Supplier Control	17,195,947	28,964,393
Tax Payable	635,466	478,062
Sundry Creditors	2,551,728	1,969,026
Cash Shortages/Surplus	(18,333)	(9,201)
	<u>30,720,189</u>	<u>47,186,417</u>

Road Fund**(Ministry of Finance, Government of Lesotho)****Annual Financial Statements***for the year ended 31st March 2021****Notes to the Annual Financial Statements (continued)*****8. Provisions**

	<u>2021</u>	<u>2020</u>
	<u>M</u>	<u>M</u>
Provision for Gratuity	5,750,503	5,156,452
Provision for Leave Pay	416,940	258,886
	<u>6,167,443</u>	<u>5,415,338</u>

9. Road Maintenance Levy (RML)

The RML remained fixed at M0.30 and M0.40 per litre of petrol and diesel respectively.

The Oil

Companies operating in Lesotho are the collecting agents and the remittances are based on monthly Sales volume.

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2021

Notes to the Annual Financial Statements (continued)

10. Road Maintenance Expenses

	<u>2021</u>	<u>2020</u>
	<u>M</u>	<u>M</u>
Roads Directorate	35,240,566	89,283,000
Road Safety Department	1,960,530	3,526,970
Ministry of Local Government - Local Gov	15,560,171	5,295,055
- MCC	24,642,499	16,791,369
	<u>77,403,766</u>	<u>114,896,394</u>

11. Secretariat Staff Salaries & Benefits

	<u>2021</u>	<u>2020</u>
	<u>M</u>	<u>M</u>
Salaries	12,354,895	11,193,988
Performance Bonus	-	501,875
Temporary Staff	341,467	184,935
Gratuities	3,830,970	4,396,399
Leave Pay	250,053	5,135
Fringe Benefit Tax	87,645	88,071
Fringe Benefits	970,709	899,891
TOTAL	<u>17,835,739</u>	<u>17,270,294</u>

Road Fund**(Ministry of Finance, Government of Lesotho)****Annual Financial Statements***for the year ended 31st March 2021****Notes to the Annual Financial Statements (continued)*****12. Revenue Collection Expenses**

	<u>2021</u>	<u>2020</u>
	<u>M</u>	<u>M</u>
LRA Collection Costs Recovery (7%)	1,751,093	4,812,291
RML Collection Costs	-	-
Sub Accountancy Collection Costs (3.5%)	1,363,117	930,536
TOTAL	<u>3,114,210</u>	<u>5,742,827</u>

13. Toll System Expenses

	<u>2021</u>	<u>2020</u>
	<u>M</u>	<u>M</u>
Toll System Expenses	650,221	934,186
Toll Security Expenses	405,570	476,435
Total	<u>1,055,791</u>	<u>1,410,621</u>

Road Fund**(Ministry of Finance, Government of Lesotho)****Annual Financial Statements***for the year ended 31st March 2021****Notes to the Annual Financial Statements (continued)*****14. Interest Income**

	2021	2020
	M	M
STD Bank Call	101,720	162,407
Money Market	2,396,290	2,441,602
Income Fund	4,168,462	6,984,234
TOTAL	<u>6,666,472</u>	<u>9,588,243</u>

Interest received from Standard Lesotho Bank Call Account and Stanlib Income Fund are net of 10% final withholding tax.

Road Fund**(Ministry of Finance, Government of Lesotho)****Annual Financial Statements***for the year ended 31st March 2021***Notes to the Annual Financial Statements (continued)****16. Revenue Enhancement**

Cost Items	2021	2020
	M	M
Court Module	77,595	1,995,251
eNatis Telephone Sets	64,256	-
Mobile Court	680,545	-
Data usage	119,232	60,223
Network support & backup services	238,464	152,745
Travel and Training of users	57,905	64,857
Face Value, Special Permits, cartridges, printing and other consumables	2,194,150	2,260,487
Scanners	-	16,790
Roll out, follow up and verification trips (Local subsistence)	247,800	580,827
Campaign Material	40,172	27,938
Advertisement	13,450	20,978
Wages	-	91,400
E-Spot Fine system	1,908,644	11,236,394
Perdiem	-	96,745
Toll Tariffs increase - Bulk sms's and boards	149,740	-
Total Costs	5,791,953	16,604,634

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2021

Notes to the Annual Financial Statements (continued)**17. Accumulated Surplus**

- (a) Declarations from Tholo Energy for 2019/2020 amounting to M1,574,100.00 were received in October 2020.
- (b) An amount of M176,342.42 in respect of Income Fund interest adjustment was passed relating to 19/20.

18. Contingent Asset

The Road Fund uses E Spot Fine system to collect Road Traffic Offenses Fines. Only offences paid within seven (7) days are remitted to the Road Fund while overdue spot fines are collectable by the Judiciary, hence not recognized as RF revenue.

19. Lease Liability

The Fund recognized Right of use Asset for the occupancy lease with effect from April 2019. The lease liability calculations were effected in 2020/2021 and the liability stands as M2,832,049.

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2021

Notes to the Annual Financial Statements (continued)

20. Detailed Statement of Comprehensive Income (Other Expenses)

	Notes	2021 <u>M</u>	2020 <u>M</u>
Secretariat Expenses		27,600,066	31,742,984
Consultancy Services		184,345	381,806
Board Expenses	(15)	672,057	1,309,088
Secretariat Staff Salaries & benefits	(11)	17,835,739	17,270,294
Office Rent		-	-
Interest on Lease		171,121	
Audit Fees		76,529	73,340
Depreciation		8,660,276	6,888,541
Bad Debts		-	5,806,157.81
Loss on Disposal of Assets		-	13,757
Other Administration Expenses		4,090,935	6,380,946
Advertising and Publicity		497,735	658,490
Bank Charges		308,787	233,910
Cleaning		71,199	108,051
Communication (Tel,Fax,E-mail,WAN)		1,233,576	1,087,668
Computer Expenses		94,215	94,849
Courier & Postage		-	210
Donations		96,098	120,363
Electricity & Water		-	-
Entertainment		99,813	90,991
General Expenses		8,023	6,213
Insurances		417,486	342,258
Motor Vehicle Expenses		389,218	512,998
Office Rellocation		14,414	188,048
Printing & Stationery		84,189	75,189
Repairs & Maintenance		118,009	128,598
Subscriptions		246,377	265,130
Travel		351,676	1,273,736
Workshops & Conferences		60,121	1,194,244
Staff Related Expenses		321,806	1,882,206
Recruitment		27,920	234,479
Staff Training/Team Building		92,187	1,283,649
Staff Uniform and Protective Clothing		6,605	116,252
Staff Wellness & Assistance Programme		195,094	247,827
OPERATING SURPLUS/(DEFICIT)		15,170,482	5,150,376

ROAD FUND STAFF



Mr. Nkekeletse Makara Pr. Eng.
Chief Executive Officer



Ms. 'Mafako Lepholisa
Human Resources and Administration
Manager



Mr. Khotso Mohale
Information and Communication
Technology Manager



Mrs. Phumla Moleko
Public Relations Manager



Mr. Tšeliso Polaki
Senior Secretariat Engineer



Mrs. Mphaphathi Ramanyalane
Financial Controller



Ms. Karabelo Hokinyane-Tlhoeli
Internal Auditor



Mr. Phoka Thene
Compliance Manager



Ms. Mamello Qhobela
Executive Secretary



Mr. Khatho Mohlomi
Financial Accountant



Mr. Leabile Mofolo
Revenue Accountant



Mr. Pakalitha Makometsane
Systems and Database Administrator



Ms. Mahlape Tsekoa
Human Resources and
Administration Officer



Mr. Motlalepula Phala
Systems and Support Officer



Mr. Palo Senamolele
Accountant



Mr. Rethabile Motoa
Assistant Accountant



Mrs. 'Malobiane Mokonyana
Assistant Accountant



Ms. 'Mankome Letsie
Verification Officer



Mr. Lefu Mothobi
Verification Officer



Mr. Mpesi Maphakamisa
Verification Officer



Mr. Leuta Lehloenya
Verification Officer



Mr. Thabisang Mofammere
Verification Officer



Ms. Nthathi Nkoebele
Verification Officer



Mrs. 'Malebaka Tšotetsi
Verification Officer



Mr. Kehopotsoe Kemane
Civil Engineering Technician



Mr. Nyatso Motleleng
Toll Technician



Mrs. 'Mamoekoa Thahane
Front Desk Administrator



Ms. Molikuoqa Letsie
Administration Assistant



Mr. Liketso Mochaba
Driver



Mrs. 'Mamosala Mokitimi
Driver



Mr. Teboho Mosala
Driver



Ms. Mašeliso Chopho
Office Assistant



Mrs. 'Makoena Kuleile
office Assistant



Mrs. 'Mathato Tjamela
Office Assistant



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