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ANNUAL REPORT

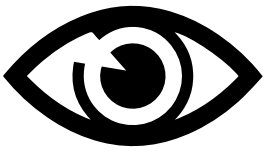
2022-2023



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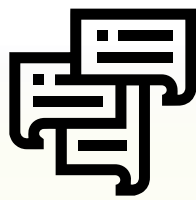
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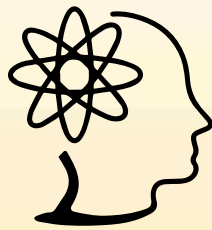
VISION

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



MISSION

To effectively and efficiently collect revenue and disburse funds for safe road infrastructure.



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.

ROAD FUND BOARD OF DIRECTORS



MR. MAKOTOKO MAKOTOKO
Chairperson



MR. KHOTSO MOLELEKI
Deputy Chairperson



MR. NKEKETSE MAKARA
Chief Executive Officer & Board Secretary



MR. CHARLES MOPELI
Member



MR. SECHABA THIBELI
Member



MR. SEPITILE MASENYETSE
Member



MR. MOSITO MOQHEKOANA
Member



MR. TEFO MACHELI
Member



MRS. MASEKHOBE SEEISO MOHOBELA
Member



MR. KHOABANE KHALEMA
Member



MR. LINEHELLA NTSERE
Member

BOARD CHAIRPERSON'S STATEMENT

The year 2022-2023 has been full of activity characterised by achievements and challenges alike, as the Road Fund, like many other organisations, saw a full recovery from the pandemic, which had devastated the world in recent times.

It is a privilege to present the Road Fund Annual Report for the 2022-2023 Financial Year. The report seeks to highlight performance of the Road Fund while fulfilling its daunting mandate of collection of road user charges and allocating same for continuous construction, upgrade and rehabilitation of roads in Lesotho.

During the year under review, the Road Fund Board of Directors remained concerned about the performance of Road Implementing Agencies, which remained below par in relation to funds allocated to them and the actual performance on the ground as per their mandate of maintenance and rehabilitation of roads.

The Roads Directorate implemented projects which were rolled over from the previous financial year. Most of these projects were rolled over due to the inability to monitor and control programmes under their jurisdiction. On the contrary, the Ministry of Local Government and Maseru City Council did not implement any new projects in 2022-2023.

This is despite the allocation of funds to these two Implementing Agencies, and this is a concern to the Road Fund since such non-performance is directly related to the deterioration of the road network, increased vehicle operating costs and safety on the roads.



The year under review saw another increase in revenue collection, as the Road Fund collected a total of M219,118,860, thus increasing by M35,356,179 (19.24%) from M183,762,680 collected for the same period up to 31 March 2022. The Road Maintenance Levy remained the largest stream, followed by the Toll Gate Fees. Both saw an adjustment of rates from the beginning of the year under review, hence a remarkable performance compared to the previous financial year.

BOARD CHAIRPERSON'S STATEMENT

In terms of allocation of funds to Implementing Agencies, the Road Fund earmarked a total of M217, 395, 375 to the Roads Directorate, Maseru City Council, Ministry of Local Government and the Road Safety Department accordingly. However, Agencies were only able to implement projects that amounted to M72,605,971 during the period under review, hence the going concern in relation to performance versus allocated funds.

In relation to governance, the Board completed another year of service and continued with its governance role in line with the Road Fund's Regulations and relevant charters. The Board of Directors remains the ultimate governing body of the Road Fund Secretariat in terms of Regulation 6(1) of the Finance (Road Fund) Regulations 2012. It is responsible for the long-term strategy of the organisation as tabulated under Regulation 10. The Board also ensures compliance with applicable legislation, documents, directives and accountability in the activities of the Fund.

During the year under review, the efficiency of the Board was hindered by vacancies that existed following the end of terms for two members, including the Board Chairperson, and removal from service of one member. There has since been an evident delay in appointing replacement Board Members where members' tenures had ended. This was the third and last year of implementation of the three-year Road Fund Strategic Plan. The Strategic Plan proved to be useful as Departmental Annual Plans are derived from it, with clear and aligned goals and key performance indicators. Just so that there would be no vacuum as the Strategic Plan was about to end, the development of a new five-year Strategic Plan commenced during this period.

The validity of the Strategic Plan increased from three years to five years due to the nature of Road Fund business and projects supported which are long term in nature. The new Strategic Plan would, therefore, serve as a tool to guide the Road Fund's activities for the coming five years. The Board is looking forward to the implementation of the Strategic Plan in the coming financial year and beyond.

The Road Fund fully appreciates that in order to effectively deliver on its mandate, it is dependent on the performance of various stakeholders. It is for this reason that the Road Fund values the importance of stakeholder relationships and management. A lot can be achieved when the relations remain sound and meaningful for the benefit of the country, hence the commitment to remain in contact with the stakeholders through the Road Fund Stakeholder Management and Relationship initiatives.

I wish to thank all stakeholders for the continued collaboration in ensuring that the Road Fund Secretariat performs to the best of its ability. Whilst there is room for improvement, some ground has been covered and more can still be achieved. On my behalf and that of that of the entire Board of Directors, my gratitude goes to the Management and Staff of the Road Fund for their dedication, I know that it is never easy; thank you all and let us keep moving from strength to strength.



Khotso Moleleki (Mr.)

Deputy Board Chairperson

MANDATE

The Governing Body subscribes to good corporate governance as an essential enabler for the achievement of the organisation's mandate. The Board reviews the governance structures and processes to ensure that the organisation 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.

In the year under review, the Board endlessly discussed mutually beneficial approaches to handling issues of non-compliance and non-performance by Implementing Agencies. The Board also focused on ways to ensure revenue completeness whilst considering other ways to increase revenue to meet the ever-growing road maintenance needs.

BOARD COMPOSITION

The Board is the ultimate governing body of the Road Fund Secretariat 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 organisation as tabulated under Regulation 10. The Board also ensures compliance with applicable policies, legislation, directives and ensures accountability.

The Board of Directors is appointed by the Minister of Finance in terms of Regulation 7 (1). The current Board has been appointed at different intervals with some members having left the organisation and some continuing their tenure. It is composed in terms of Regulation 8 for periods established under Regulation 9.

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) and seven non-governmental members representing the following sectors:

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

GOVERNANCE REPORT

The Board is guided by the Finance (Road Fund) Regulations and Board Charter. The below table indicates the Directors for the year under review:

NAME	POSITION ON BOARD	REPRESENTATION
Mr. Makotoko Makotoko	Chairperson	Minister's Appointee
Mr. Khotso Moleleki	Deputy Chairperson	Ministry of Finance
Mr. Nkekeletse Makara	Director	Chief Executive Officer
Mr. Khoabane Khalema	Director	Consumer Association
Mr. Linehella Ntšere	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. Sechaba Thibeli	Director	Freight Transport
Mrs. 'Masekhobe Seeiso-Moholobela	Director	Ministry of Energy
Mr. Mosito Moqhekoana	Director	Minister's Appointee

NEW BOARD APPOINTMENTS, RENEWALS, REMOVALS, RESIGNATIONS AND DEPARTURES

REMOVALS

Mr. Mosito Moqhekoana was removed from service of the Board by the Minister of Finance on 13 September 2022 and a vacancy still exists.

END OF TENURE

Mr. Makotoko Makotoko's term as Chairperson of the Board ended on 08 September 2022 while Mr. Tefo Macheli's term ended on 31 January 2023 and vacancies still exist for the Board Chairperson and representation of the Law Society of Lesotho.

APPOINTMENTS

The following members were appointed to the Board on 19 August 2022.

Mrs. 'Masekhobe Seeiso Moholobela – Replacing and completing Mr. Themba Sopeng's term.

Mr. Sepitle Masenyetse – Reappointment

Mr. Khotso Moleleki

Mr. Khoabane Khalema

Mr. Linehella Ntšere

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 to participate therein.

GOVERNANCE REPORT

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 organisation'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 should operate. The Committee is tasked with risk management, internal controls, financial reporting processes, auditing processes, anti-corruption, fraud, and theft. The Committee comprises of Mr. Khoabane Khalema as the Chairperson, Mrs. 'Masekhobe Seeiso-Moholobela and Mr. Khotso Moleleki as members.

HUMAN RESOURCES, APPOINTMENTS AND REMUNERATIONS COMMITTEE

The Human Resources, Appointments and Remunerations Committee is mandated by the Board to coordinate overall human capital issues including but not limited to the creation of a healthy organisational culture, ensuring the creation and maintenance of an environment that supports employee development, growth and actualisation of potential performance. It also oversees compliance with the applicable laws on all matters pertaining to employment. The Committee comprises Mr. Sechaba Thibeli as the Chairperson, Mr. Khoabane Khalema, and Mrs. 'Masekhobe Seeiso-Moholobela as co-opted members.

TECHNICAL COMMITTEE

The Technical Committee is charged 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 as the Chairperson, Mr. Sepitle Masenyetse and Mr. Linehella Ntšere 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 to be reasonably suspected of using their position within the Road Fund to gain an unfair advantage for or from a third party. Conflict of interest is 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 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.

CHIEF EXECUTIVE OFFICER'S REPORT

It is once again a pleasure to present progress on the 2022-2023 Road Fund Annual Business Plan. This was the last year of implementation of the three-year Strategic Plan, and Road Fund Management and Staff pulled their weight to implement the remaining activities that would determine progress in relation to implementation of the Strategic Plan, especially on the last year where overall performance would then be assessed. On behalf of Management and Staff, the achievements of the Road Fund as well as challenges for the year under review, will be highlighted in this report.

BACKGROUND

The year 2022-2023 has shown full recovery from effects of COVID-19, a worldwide pandemic which had devastated the world mostly between 2020-2021 and 2021-2022 financial years. The recovery led to increased revenue collection, as the Road Fund continued to work with Collecting Agencies in order to maximise collection as much as possible.

As the Road Fund depends on the Agencies to undertake its own mandate, continual collaboration continued with Implementing Agencies namely Roads Directorate, Ministry of Local Government and Maseru City Council on maintenance of roads and in enhancing road user safety, the Road Safety Department remained the relevant stakeholder.

Revenue on the other hand, continued to be collected through the Collection Agencies namely the Department of Traffic and Transport under the Ministry of Public Works and Transport, Revenue Services Lesotho, Lesotho Mounted Police Service through the Traffic Police Department as well as Oil Companies who remit the Road Maintenance Levy.

ACHIEVEMENTS

There were several achievements that the Road Fund realised during the period under review, below are the highlighted few:

STRATEGIC PLAN PERFORMANCE

The three-year Strategic Plan came to an end on 31 March 2023. Even though its implementation was affected a lot by the COVID-19 pandemic, which hit the country exactly a month before commencement of its implementation which was from 01 April 2020, its overall performance hit 83%. The Road Fund sees this as good enough performance given the interruptions that the pandemic caused within the three-year life of the Strategic Plan.



CHIEF EXECUTIVE OFFICER'S REPORT

FINANCIAL PERFORMANCE

During the period under review, revenue collection increased in all streams in comparison with the previous financial year, as a result of the increase in fees and levies of two of the major streams, namely the Road Maintenance Levy and Toll Gate Fees.

Performance on revenue collection therefore hit an overall increase of 19.4% on all streams including Vehicle Registration Fees, a new stream previously collected by the Department of Traffic and Transport, yet as per the law, it should have been collected by the Road Fund.

CONSTRUCTION AND UPGRADING OF TOLL INFRASTRUCTURE

With the aim to improve road user experience through better operating facilities, the Road Fund has embarked on the improvement of three border gates through construction and upgrading of Caledonspoort Border, Maputsoe Border and Maseru Bridge. Construction work commenced during the reporting period and is expected to be final in the next reporting cycle. When all is complete, it is estimated that the total cost will be over M17 Million.

AUTOMATED TRAFFIC JUSTICE SYSTEM

The year under review saw an introduction of the Automated Traffic Justice System (ATJS), an electronic information system that is aimed at improving workflow between departments that deal with traffic offences resulting from contraventions of the Road Traffic laws of the country.

The system is also an improvement on the eSpot fine, which was only operated within the jurisdictions of the Lesotho Mounted Police Service. Upon its implementation it became eminent that it would be more effective when Prosecution and Judiciary are included in the workflow, thereby completing the traffic offences process life cycle.

The Automated Traffic Justice System project is supported financially by Road Fund, while LMPS, Prosecution and Judiciary are the users; and Engidata is the developer of the system.

STAFF DEVELOPMENT

Employee development remained key in the operations of the Road Fund, as employees from various departments attended training and conferences to keep improving their knowledge and skills in order to deliver on the Road Fund mandate and Corporate Strategy.

ASAFG CHAIRPERSONSHIP

Another highlight of the year was the election of the Road Fund Chief Executive Officer as the new Chairperson of the Road Funds regional body known as the ARMFA Southern Africa Focal Group (ASAFG), during the regional meeting held in Lusaka, Zambia in March 2023. This was an elevation and a great achievement for the Road Fund in Lesotho to be part of the Executive Committee of the regional body for another two years, as the CEO had previously served as the Vice Chairperson of ASAFG in the past two years.

CHIEF EXECUTIVE OFFICER'S REPORT

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) ensures that the organisation is recognised as a responsible citizen. During the reporting period, the Road Fund continued to demonstrate a sense of responsibility towards the community by ploughing back through its CSR programme.

The theme for the year under review was people with disabilities. Five new beneficiaries were identified through the Ministry of Social Development in the Berea and Thaba-Tseka districts. In relation to the needs identified, the beneficiaries got health equipment including a wheelchair, crutches and a walking aid. They also got summer and winter clothing as well as food packages.

Three other families identified under the theme of vulnerable children continued to benefit from the programme, with their assistance ranging from full scholarship packages, food parcels and a donation of a sunshade net. For the back-to-school initiative, forty Lesia Primary School vulnerable students received full school uniform packages.

CHALLENGES

PERFORMANCE OF ROAD IMPLEMENTING AGENCIES

Performance of Implementing Agencies remains a huge concern for the Road Fund. Once again, the Agencies could not match the budget allocated with expenditure on projects on the ground.

Of the M217, 395, 375 allocated, only M72, 605, 971 had been utilised at the end of the reporting period. For this financial year two of the three Implementing Agencies did not implement new projects, despite the Road Fund having allocated funds as per their yearly implementation plan.

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 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 Road Fund's mandate and good performance thereof.



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

OVERVIEW OF THE NATIONAL ROAD NETWORK

Lesotho’s road network consists of arterial, urban and rural access roads. Arterial roads connect the districts with one another; others connect border posts with the main road network and traverse through several community councils’ areas within the districts. The total road network length is comprised of an estimated 9,300 km, categorized in accordance with the surfacing material as stated in Table 1 hereunder.

Table 1: Lesotho Roads Network

Agency	Length (km)					Proportion (%)
	Paved	Gravel	Earth	Track	Total	
Roads Directorate	1756	3051	1084	113	6004	64
Ministry of Local Government	82	2500	84	0	2666	29
Maseru City Council	167	230	278	0	675	7
Total	2005	5781	1446	113	9345	100%

The urban roads are within the jurisdiction of urban or Municipal councils while the rural access roads traverse the local community councils’ areas. In line with the Lesotho road sector and decentralisation 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 a particular council's areas are under the custody of local authorities. However, the Roads Directorate, under the Ministry of Public Works and Transport is responsible for formulation of national road sector policies and standards, with which every road agency and/or community council must comply.

Though the road network is seen to be the responsibility of different Implementing Agencies, the Road Fund Secretariat has funded most of the road maintenance projects planned and implemented by Maseru City Council, Ministry of Local Government and Roads Directorate. The Ministry of Public Works and Transport has been funded mainly for its Road Safety Department activities which are geared towards reducing road crashes.

LESOTHO ROAD MANAGEMENT SYSTEM

The Road Fund Secretariat is continuously providing support to the scientific evaluation of road maintenance needs in Lesotho. The Roads Directorate’s initiative of conducting Road Condition surveys through the Lesotho Road Management System (LRMS) from 2009 has enabled Road Maintenance Implementing Agencies to assess the performance of the road network to enable better planning.

The Road Fund Secretariat has in turn benefitted from this system in enabling it to be aware of the Road Maintenance Needs (Maintenance Demand Costs). The Road Fund’s basis for the Maintenance needs alluded to in this report is on information provided by LRMS.

IMPLEMENTATION OF ROAD MAINTENANCE PROGRAMMES

The Road Fund Secretariat has been mandated by the Legal notice 103 Finance (Road Fund) Regulations 2012 Section 10 (1) (c) to review and approve allocation of funds for Annual Roads Programmes and road safety related activities at least six months before the national budget is approved.

Table 2 provides a summary of Annual Road Maintenance Programme Allocations and actual expenditures for each implementing agency in 2022-2023 fiscal year.

Table 2: Budget Allocation and Expenditure for Implementing Agencies

Financial year	2022/2023	
AGENCIES	BUDGET ALLOCATION (Maloti)	EXPENDITURES (Maloti)
Roads Directorate	110,385,000	63,523,434
Maseru City Council	77,000,000	1,533,439
Ministry of Local Government	22,743,881	3,610,022
Road Safety	7,266,494	3,939,076
Total	217 395 375	72,605,971

ROAD MAINTENANCE PROJECTS

During the period under review the Road Fund financed several projects to:

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

Roads Directorate had projects which were rolled over from the 2021-2022 fiscal year. Most of these projects were rolled over due to the inability to monitor and control programmes under their jurisdiction.

Ministry of Local Government and Maseru City Council did not implement any new projects in 2022-2023. This is of concern to the Road Fund Secretariat since such non-performance is directly proportional to the deterioration of the road network, increased vehicle operating costs and safety of the roads.

Table 3: Major Projects financed by the Road Fund in 2022-2023

Major Projects Financed by the Fund in 2022/2023			
Road Agency	Project	Description	Cost (M)
Roads Directorate	Plant and Design Build of the Maintenance and Repair of the A1 Road from Malesaoana to Botha Bothe Circle	Plant and Design Build of the Maintenance and Repair	214,335,014.78 Road Fund Budgeted 70,095,305.30 for the (2022/2023 financial year)
Roads Directorate	Routine Maintenance of B26 Mafeteng-Thabana Morena Road (Paved)	Routine Maintenance	1,584,671.09
Roads Directorate	Routine Maintenance of B23 Moruthoane-Matsieng Road (Paved)	Routine Maintenance	1,313,979.50
Roads Directorate	Routine Maintenance of B501 Nyakosoba - Mofiqoi Road (Unpaved)	Routine Maintenance	954,876.69
Roads Directorate	Routine Maintenance of B12 TY Kubetu (Paved)	Routine Maintenance	1,754,896.00
Roads Directorate	Routine Maintenance of A3 Makunyapane - Linakaneng Road (Unpaved)	Routine Maintenance	1,360,387.61
Roads Directorate	Routine Maintenance of A22 Montso - Sephapho Road (Unpaved)	Routine Maintenance	1,754,896.00
Roads Directorate	Routine Maintenance of A23 Kubake Litsoeneng Makhaleng Bridge Road (Paved)	Routine Maintenance	818,465.74
Roads Directorate	Routine Maintenance of A24 Alwyn's Kop - Lekhoba Road (Paved)	Routine Maintenance	701,958.40

Roads Directorate	Routine Maintenance of A4 Qhoali - Sekake (Paved)	Routine Maintenance	1,667,151.20
Roads Directorate	Routine Maintenance of A13 Botha Buthe Caledonspoor (paved)	Routine Maintenance	1,584,671.09
Roads Directorate	Routine Maintenance of B801 Sebothoane - Qoqolosing (Unpaved)	Routine Maintenance	1,754,986.00
Roads Directorate	Maintenance and Repair of Kingsway Artificial Road Lighting	Maintenance and Repair of Kingsway Artificial Road Lighting	3 032 985,85
Roads Directorate	consulting services of Masianokeng - St. Micheals-Roma A5 & A3.	Design of Masianokeng - St. Micheals - Roma	3,000,000.00
Ministry of Local Government and Chieftainship	Periodic Maintenance of Gravel Roads Bongalla - Maoela	Periodic Maintenance	5,157,383.39

SELECTION OF MAJOR PROJECTS FINANCED BY THE FUND IN THIS REPORTING PERIOD ILLUSTRATED

Pic Collage 1: Periodic Maintenance of Bongalla to Maoela Gravel Road, construction of Mini Bridge sponsored by Road Fund and implemented by the Ministry of Local Government and Chieftainship. Picture providing the before and after conditions.



Pic 1: Protection works along the B12 TY to Kubetu implemented by Roads Directorate with funding from Road Fund.



Pic 2: Protection works along the A4 Qhoali to Sekake Road sponsored by Road Fund and Implemented by Roads Directorate.



DESIGN, CONSTRUCTION SUPERVISION AND ENGINEERING SUPPORT

The Road Fund has received proposals for the design of Masianokeng to Roma Road (A3 & A5 links) and the Plant Built and Design proposal for Tsoaing Bridge.

The Road Fund encourages Road Agencies to consider preserving the existing Road Asset. In order to attain return on investment, the Road Fund has urged Agencies to request supervision assistance from engineering consultants.

ROAD SAFETY ACTIVITIES

The Road Fund had ear marked M7,266,494 in this reporting period to sponsor Road Safety Department initiatives which are aimed at reducing the number of road crashes on Lesotho's Road Network.

The interventions that Road Safety Department undertook during the reporting period were under the following:

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

ROAD SAFETY MANAGEMENT

The Road Fund Secretariat funded Road Safety Department in the training of 80 Traffic Police. Training was on the use of alcohol breathalysers and speed cameras.

Pic Collage 2: Training on the use of alcohol breathalysers and speed cameras



SAFER VEHICLES

The Road Safety Department and its stakeholders were funded to review and print vehicle inspection manuals which would assist the Police in easily identifying unroadworthy vehicles. Training of 73 Traffic Police Officers and 11 Department of Traffic and Transport Officers (DTT) was conducted for the districts of Mafeteng, Mohale's Hoek and Quthing.

Pic Collage 3: Training on vehicle inspection



SAFE ROAD USERS

Statistics show that most of the road crashes on the road network are due to human behaviour. To help reduce this challenge, the Road Fund has funded Defensive Driving Training, Back to School campaigns, campaigns against over speeding, Monitoring of Driving Schools and several interventions designed to address road user behaviour for the better.

Forty-nine (49) out of fifty-six (56) drivers passed their training on Defensive Driving contributing to an increased number of safer drivers.

Pic Collage 4: Road Safety Personnel placing a Reflective Chevron Sign and conducting Defensive Driving Training



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 crashes. To further assist the Road Safety Department, the Road Fund is advocating for proactive maintenance of roads and road furniture.

Pic 3: Guardrails Damaged by vehicles have been identified as part of the Audit



PROCUREMENT AND PROJECT MANAGEMENT

The Road Agencies have full responsibilities for the procurement and contract management of the road works undertaken by them.

On the other hand, the role of the Road Fund Board of Directors is to ensure that funds are disbursed for the sole purpose of 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 Road Fund.

Payments for works done by contracts appointed by the 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 Agencies. The timely processing of payments to Contractors has improved their cash flows thereby ensuring the smooth running of the projects to successful completion as well as stimulating the construction industry as a whole.

Technical auditing of the programmes has revealed that the 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 pursuant of acquiring value for money, the Road Fund invited Road Maintenance Agencies to several stakeholder meetings designed to encourage project management good practise.

Road Maintenance 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 and insensitivity to contractual obligations.

Figure 1: Budget versus Expenditure - Roads Directorate

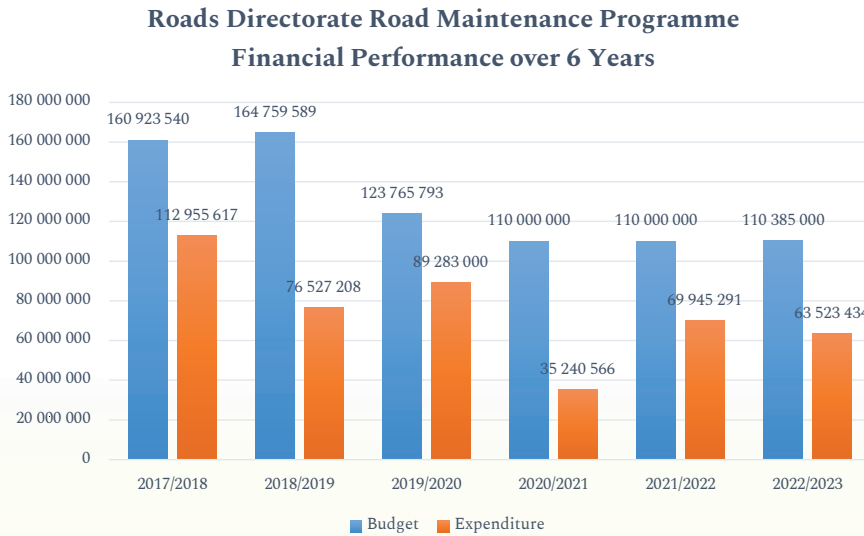


Figure 2: Budget versus Expenditure - Maseru City Council

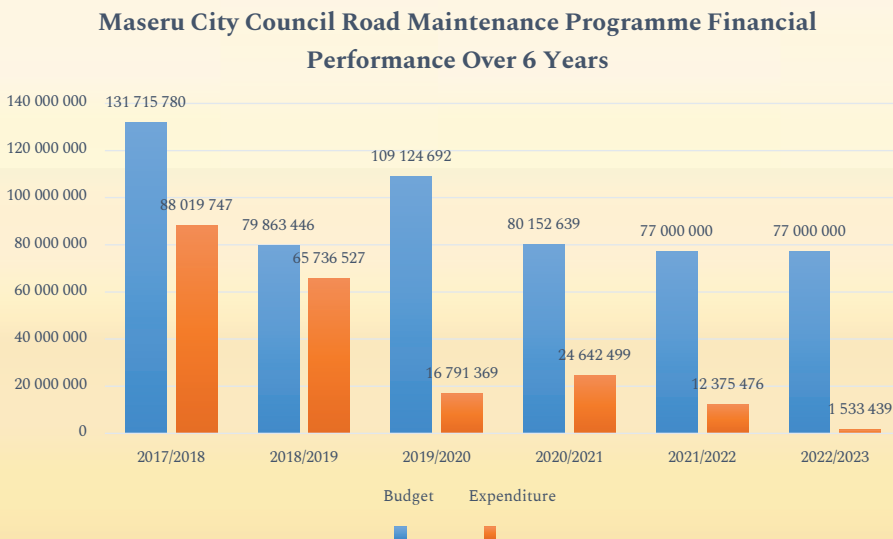


Figure 3: Budget versus Expenditure - Ministry of Local Government

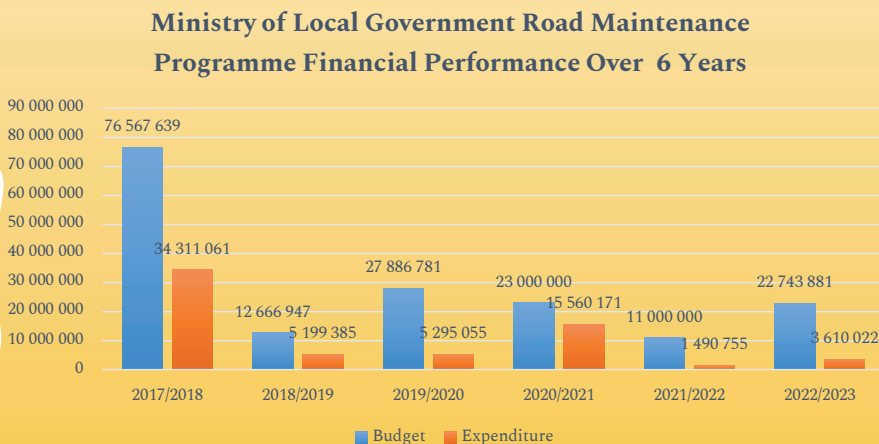
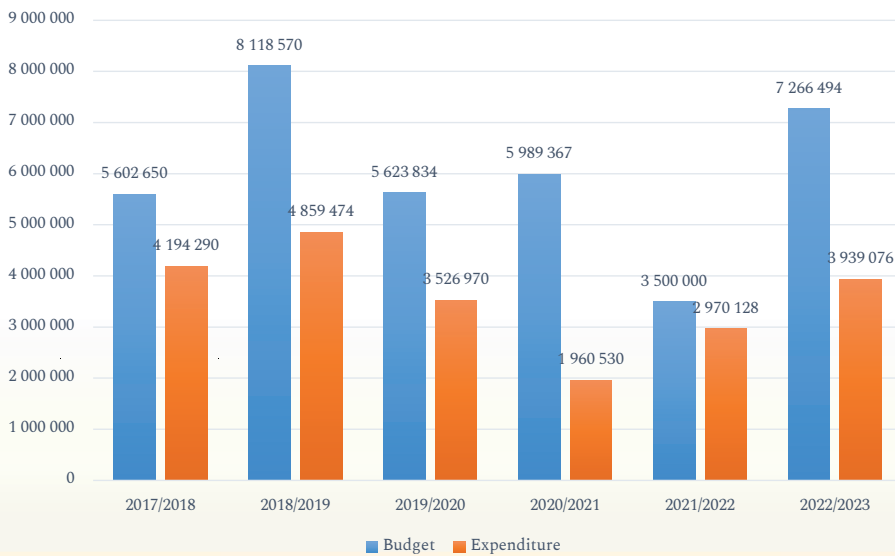


Figure 4: Budget versus Expenditure- Road Safety Department
Road Safety Department Programme Financial
Performance Over 6 Years



Figures 1 to 4 depict performance of Road Implementing Agencies in the past six years. The numbers show that there is a consistent non-performance of the Agencies in implementing their mandates. This non-performance challenge has been mainly due deficiencies in planning and implementation of projects submitted to the Fund for approval.

Figure 5: Road Implementing Agencies Performance over 11 years

Road Implementing Agencies Performance

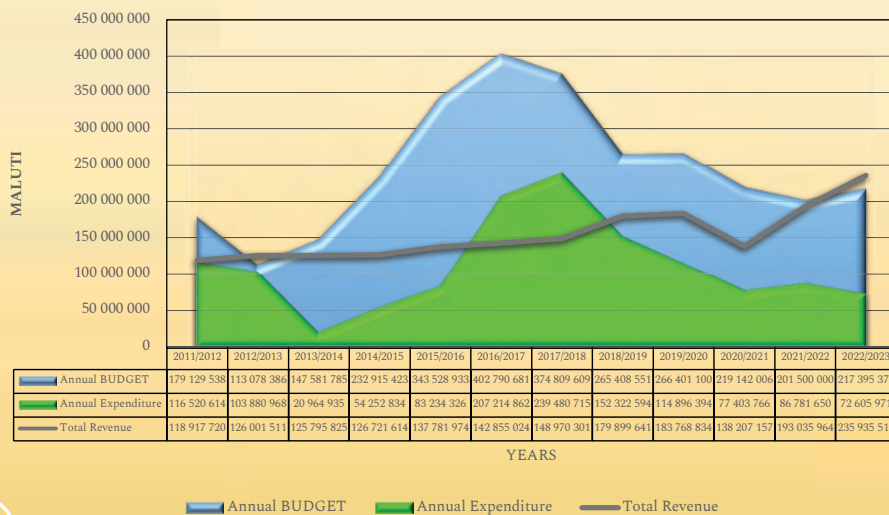


Figure 5 portrays performance of the Road Fund in funding Road Maintenance activities, performance of Road Maintenance Agencies (RMA) comparing them to revenue collected over a period of 11 years. The Road Fund Allocated budgets greater than the revenue collected yet the Road Implementing Agencies have underperformed in all the financial years. The Road Implementation Agencies can only improve this performance through improvement of their planning and implementation strategies.

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

It is estimated that Lesotho’s network requires M8.5 billion to transform from a very poor to very good condition. To achieve this mammoth task, the Road Fund needs to collect around M2 billion annually for seven years to fund road maintenance interventions, yet total annual collection is currently under M300,000,000.00.

MAJOR INHOUSE PROJECTS

The Road Fund Secretariat is currently Constructing and Upgrading Toll Infrastructure at Caledonspoort Border, Maputsoe Border and Maseru Bridge.

The total cost aimed at improving the road user experience and better operating facilities shall cost an estimated amount of M17,882,834.

Pic 4: Construction of a Toll Facility at Maputsoe Border



Pic 5: Construction of a Toll Facility in Maseru Bridge



The Human Resources and Administration Department (HR & Admin) has the primary responsibility for managing, assisting and dealing with all employee related matters including policy administration, recruitment process, benefits administration, employment and labour laws, new employee orientation, training and development, personnel records, retention, payroll administration, and running the procurement and administration division. HR & Admin works closely with all other six Road Fund departments to support and respond to their needs.

CONTRIBUTION TO ORGANISATIONAL STRATEGY

The three-year Road Fund Strategic Plan came to an end on 31 March 2023. This Strategy's implementation came at an unstable period as it ran from 01 April 2020, days after the first COVID-19 lockdown was announced and implemented. All employees were supported during that time, to jointly succeed in the Strategy implementation. This was achieved through, amongst others, continual development of employees' skills through various training programmes. Wellness sessions were also organised and executed with the aim of motivating all employees to eventually meet all the annual goals.

The development of a new five-year Road Fund Strategic Plan commenced during the period under review. Due to the nature of Road Fund's business and projects, a decision was made by the Board of Directors to shift from a three-year Strategic Plan to a five-year one.

In October 2022, all staff members met under the leadership of the Chief Executive Officer and the Human Resources and Administration Manager, to identify and analyse the strengths, weaknesses, opportunities, and threats (SWOT) of the organisation for the five-year strategy to be developed. Together, they reviewed the existing Mission, Vision and Values of the organisation to assess their relevance to Road Fund's future. This session was followed by several ones where the Road Fund Management worked hard to develop and complete the new Strategic Plan.

STAFF DEVELOPMENT

In 2022-2023 financial year, employees from various departments attended different trainings and conferences to improve the knowledge and skills necessary to deliver Road Fund Mandate and Strategy. Road Fund further continued her membership to African Road Maintenance Funds Association (ARMFA) and the Chief Executive Officer, Mr. Nkekeletse Makara was elected as the new chairperson of ARMFA Southern Africa Focal Group (ASAFG). This is the highlight of the 2022-2023 financial year.

RECRUITMENT AND INDUSTRIAL ATTACHMENTS

Road Fund has a high retention rate as most employees stay with the organisation until retirement. The organisation strives to retain all employees, especially high performers. The Secretariat welcomed a new IT Technician in August 2022 but sadly lost a Driver in November 2022.

Road Fund does not only give back through Corporate Social Responsibility initiatives but through accommodating interns and volunteers across the various departments. The Public Relations Department, Information and Communication Technology Department as well as the Human Resources and Administration Department trained three students and one completed student in the year under review. The Finance Department accommodated three students who had completed their studies in the Financial Accounting section and Revenue Accounting section.

BENEFITS ADMINISTRATION

The Secretariat, like all other organisations, wishes to retain employees as recruitment is expensive, especially in the line of work where there is little to no competition in the industry. From 01 November 2022, all Road Fund employees were, for the first time, placed under a Group Life Cover as well as Funeral cover. These may not be direct benefits but would go a long way to assist family members should the unforeseen happen.

ON-GOING PROJECTS

The Road Fund is intending to go digital through the Human Resources and Administration Department. Under this project filing, processes and others will be done online. A Human Resources Information System (HRIS), Sage 300 People, was introduced in 2021 in preparation to launch it in the year under review. The system has various modules that will empower the employees and smoothly address the Road Fund business needs.

During the reporting period, the payroll and employee self-service (leave administration) modules were successfully implemented after piloting and running parallel with the old system.

The performance management module which was to be piloted in the year under review, was postponed to the next financial year as it necessitated a review of all job descriptions which were to be aligned to the new 2023-2028 Strategic Plan. The Road Fund structure is also in the process of being expanded. Therefore, new positions require the development of relevant job descriptions.

SANI BORDER SOLAR POWER

One of the projects to highlight for the year under review is the Solar Power installation at Sani Border to facilitate automation of the Toll Revenue collection process. Currently the process is completely manual. The Toll System has been installed at the border. However, since the site is outside the national power grid, it is necessary to use alternative energy sources to supply the system with reliable power supply.

Pic 6: Solar array mounting structures erected



Unlike other borders, Sani border is about 45km from the national power grid connection point. This makes automation complex due to the effort and cost required to power the Toll System. Due to the manual nature of the revenue collection process, the Road Fund is unable to accurately verify the validity of the revenue collection data from the border.

There is therefore a risk of revenue data manipulation. There are also limited controls to prevent revenue leakage by the collecting agency. It is expected that automation of the site will enable monitoring of the collection process, and such automation is fully dependent on a steady uninterrupted power supply.

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CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) promotes a vision of business accountability to a wide range of stakeholders. During the reporting period, the Road Fund continued to demonstrate a sense of responsibility towards the community by ploughing back through its Corporate Social Responsibility (CSR) programme.

The theme for the year under review as decided by the CSR Committee comprising the Financial Controller, Human Resources and Administration Manager as well as Public Relations Manager was people with disabilities. Five new beneficiaries were identified through the Ministry of Social Development in the Berea and Thaba-Tseka districts, their needs were assessed, and assistance rendered was in accordance with the needs identified.

To respond to their needs, the beneficiaries got health equipment including a wheelchair, crutches and a walking aid. They also got summer and winter clothing as well as food packages. all to the tune of M100,000.00.

Pic collage 5: Beneficiaries identified under the disability category in Katse Thaba Tseka showcasing their donation



Pic 7: Road Fund staff and Ministry of Social Development Berea with beneficiary of a wheelchair



Beneficiaries from the previous financial year identified under the theme of Orphans and Vulnerable Children (OVCs) in the Mafeteng district were also assisted in this reporting period, in line with the decision to sponsor the vulnerable students until they finish their high school studies. A vulnerable family of Thabaneng, Mafeteng, headed by an unemployed grandmother is one such family.

The grandmother takes care of two grandchildren, a boy aged 16 years who is enrolled at Lesotho Opportunities Industrialization Centre (LOIC) in Maseru. The second child is a boy aged 14 years old and a student at St. John's High School in Mafeteng. Given the state of vulnerability of the boy aged 14 who is a double orphan, the Road Fund paid his school fees in full, bought his school uniform and books as well as food parcels.

However, his assistance was cut short in the middle of the reporting period, when in December 2022 the boy failed his grade 9. Thereby infringing on the provisions of his scholarship that he would be sponsored as long as he passes his grades.

Another vulnerable child headed family identified in the previous financial year at Ribaneng in the Mafeteng district, continued to be assisted throughout the year under review. The family is made up of four children who are cousins. The two eldest are aged 16, the third one is aged 10 and the last one is aged 4. One of eldest child's high school fees were paid in full, and all the children were assisted with clothes, shoes and food parcels on a monthly basis.

Another vulnerable family of Ha Lebenkele in the Mafeteng district was assisted by the Road Fund to enhance their mini business of growing and selling vegetables through the donation of a sunshade net worth M60,000.00. The family also received food parcels and clothes for the orphaned child under the unemployed grandmother's care.

Furthermore, in line with the Ministry of Education and Training's Back to School initiative, where the Ministry requested all sectors to show support and appreciation to learners by donating school items to mark this day, a total of forty vulnerable students at Lesia Primary School in Maseru were assisted by the Road Fund.

Pic 8: Beneficiaries of school uniform showcasing their packages at Lesia Primary School in Maseru



The students received full packages of a school uniform as per their individual needs, these included school shoes, uniforms, jerseys, shirts and socks amounting to close to M30,000.00.

STAKEHOLDER ENGAGEMENT AND RELATIONSHIP MANAGEMENT

In order to deliver on its mandate, the Road Fund depends on a variety of stakeholders, who influence and impact its progress and delivery of results. Hence the importance of stakeholder engagement and relationship Management.

In an effort to further enhance relations with key stakeholders, the Road Fund CEO continued to lead his team and held high level stakeholder engagement meetings, with incoming new high-level officers following the national elections in October 2022.

Other engagements were held with the Director of Public Prosecutions, Commissioner of Police and Chief Justice amongst others. The meetings were held to ensure success in the collaboration between the Road Fund and these agencies on a variety of projects.

The Road Fund also organised a technical meeting with Road Implementing Agencies and one meeting with the Road Safety Department. In these technical meetings issues pertaining to improvement of working relations were discussed, all in the name of sound stakeholder relations and smooth relations.

Stakeholders engaged during this period include among others the Minister of Finance and Development Planning, the Minister of Local Government, Chieftainship, Home Affairs and Police as well the Minister of Public Works and Transport. The Principal Secretaries of the mentioned Ministries were also engaged all with the purpose of positioning the Road Fund and enhancing understanding of its mandate.

BRAND IDENTITY MANUAL

The Road Fund has developed a Brand Identity Manual which describes visual elements that represent its Corporate Identity. The Manual ensures the use of consistent and controlled presentation of the brand, which is essential for presenting a strong, unified image of the Road Fund's brand.

The Manual is being implemented in phases mostly to ensure protection of the Road Fund's interests by preventing unauthorised or incorrect use of the Road Fund name and identity.

During the year under review, all corporate material and publications were produced in accordance with the Manual.

Road Fund vehicles were fully branded for visibility and to always ensure their proper usage. The Manual is also being adhered to internally through use of specially designed templates that use a unique font type, logo, corporate colours and elements which all form part of the Road Fund's identity.

Pic 9: One of Road Fund vehicles branded in accordance with the Brand Identity Manual



ONLINE COMMUNICATION

The Road Fund maintained its presence through online communication channels throughout the reporting period as follows:

ROAD FUND WEBSITE

The website remained a powerful communication tool to reach a wider range of stakeholders even beyond the borders of Lesotho. Organisations use websites to enhance their corporate image and improve brand presence amongst stakeholders and people who are interested in the affairs of the organisation in the whole wide world.

The website continued to be populated with fresh content in almost all pages of the website, with much focus on the homepage as the first page people get in contact with as they visit the website. The news section remained up to date by being updated on a bi-monthly basis. Other pages like opportunities and recent projects and activities have also remained up to date.

All other pages were revisited and populated with fresh content throughout the period under review. An initiative to revamp the Road Fund website commenced during the year under review.

The aim was to improve the website in line with current technologies in its design, visual appearance, navigation capability and interactivity with the objective of improving the image of the Road Fund and to attract more visitors to the site. The project is to be completed in the new financial year.

PUBLIC RELATIONS

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 organisation. As such the Road Fund maintains two up to date social media pages, namely Facebook and Instagram pages.

These two were updated on a weekly basis in order to attract more likes and followers to the pages. The social media platforms remain ideal and fundamental for information dissemination and quick interaction including feedback from the followers of the pages on the current affairs of the Fund.

For the Facebook page, the number of likes to the page grew steadily during the reporting period, such that by the end of the year it had hit over 6,800 followers, and already reaching over 15,000 people for those who have “liked” the page.

The Instagram page on the other hand compliments Facebook as it is mostly a visual platform. The Road Fund uses the platform to share visuals, and has followers whom the Fund follows back, it also enables followers to “like” the pictures or video posts and to even comment on them. These social media platforms are ideal for quick information dissemination and feedback from the stakeholders and the public at large.

MEDIA RELATIONS

The Fund maintained relations with the media as follows:

MEDIA RELEASES AND NEWS ARTICLES

One of the tools that organisations use to enhance their corporate image is to forge and maintain healthy relations with the media. The media reaches audiences that the Road Fund cannot reach due to their vast network coverage. Media releases and news articles have proved helpful to achieve this goal during this period. Media releases and news articles were written as and when a need arose.

These media releases were circulated to various media houses for further dissemination 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 would conduct detailed interviews to come up with detailed news stories about the Road Fund.

ADVERTISEMENTS

Advertising is another important tool in boosting our corporate image. During this period three adverts were designed and featured in various newspapers; these were about their Majesties’ birthday wishes, and the announcement of an increase of Toll Gate Fees.

Other adverts that mark key events of the country like Moshoeshoe’s day were designed and posted on the online channels. An advertorial whereto the Road Fund CEO was elected as the Regional Chairperson of the African Road Maintenance Funds Association (ARMFA) Southern Africa Focal Group was written and featured in three leading newspapers. The advertorial emanated from a regional meeting held in Lusaka, Zambia where the elections were held.

PUBLIC RELATIONS

RADIO AND TELEVISION PROGRAMMES

During the period under review, radio interviews and programmes were secured and done to further promote the Road Fund's mandate and to ensure that it is understood for what it was established to do. The other programmes emanated from current affairs happening within the Road Fund, which were newsworthy and ignited radio programmes in various radio stations.

These included Radio Lesotho, Harvest FM, MoAfrika FM, PC FM, Bokamoso FM and Tšenolo FM. Other ad hoc radio interviews were done by designated Heads of Departments and the CEO with various radio stations on issues of national interest.

Some Community Radio Stations also conducted interviews with PRM such as those of Teyateyaneng, Mafeteng and Qacha's Nek. The CEO was also hosted on a television programme about his appointment as Regional Chairperson. The radio programmes were designed to be interactive such that listeners were afforded an opportunity to phone in and interact with the Road Fund personnel.

PRODUCTION OF BRANDED CORPORATE PROMOTIONAL MATERIAL

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

During the year under review, various promotional material for the Road Fund was produced and distributed to the target audience. These include branded diaries and notebooks, as well as calendars for the new year of 2023. Other material procured are those that would be used during events and activities of the Fund ranging from pull up and outdoor banners, branded jackets, T-shirts, beanies, scarves, pens, mugs and cooler bags. All material was developed bearing the corporate branding in accordance with the Brand Identity Manual.

PRODUCTION OF PUBLICATIONS

ANNUAL REPORT

The 2020-2021 Annual Report compilation was also initiated during this period. The report was finalised and mass printed, and further distributed to relevant stakeholders as part of the initiatives to share information packaged in publications and comply with its establishing regulations. With the production of this report, the Road Fund continues to be up to date with its annual reporting.

NEWSLETTER

During the period under review, the fifth and sixth issues of the Road Fund newsletter were compiled, mass printed and distributed to stakeholders across the country. The newsletter is part of the toolkit that the Road Fund uses to further enhance its corporate image and to keep its stakeholders abreast of prominent activities of the Fund.

INTRANET ACQUISITION

The process to acquire the Road Fund Intranet was started during this reporting period. By the end of the year, a supplier had been engaged to work on development of the Intranet, which would improve communication in the organisation. The Intranet is aimed at ensuring that employees easily access important information, links, applications, forms and databases of Road Fund records. The project is to be finalised in the new financial year.

FINANCIAL PERFORMANCE

The Road Fund's financial performance clearly shows a correlation between revenue collection and how implementing agencies performed in meeting the financial requirements for their respective road works.

The year 2022-2023 has shown full recovery from effects of COVID-19 worldwide pandemic, which had adversely impacted on the operations of the Road Fund in the previous years of 2020-2021 and 2021-2022.

Revenue collection increased in all streams compared to the last financial year, due to an increase in fees and levies on some of the streams.

Revenue Services Lesotho (RSL) formally known as Lesotho Revenue Authority (LRA), is the collecting agency of Toll Gate fees since 2011. Continuous research on the stream yielded positive results after ten (10) years where in July 2021 an introduction of fees which differentiated between locally and foreign registered vehicles was gazetted.

During the financial year under review, there was an increase of 19.24% on revenue collected, including Vehicle Registration Fees which is a new stream previously collected by the Department of Traffic and Transport. Whilst the law states that it should be collected by the Road Fund, Vehicle Registration Fees were first collected by Road Fund from 01 April 2022.

Interest from reserves increased due to the revenue collection increase and poor performance of implementing agencies.

AUDIT REPORT

The Road Fund's audit report is an "except for" opinion for financial year 2022-2023. The basis for qualification is that the Auditor General is unable to satisfy herself about completeness of the income disclosed in the financial statements.

OVERALL FINANCIAL PERFORMANCE

The figures below display the overall financial performance of the Road Fund for the past five (5) financial years. Comparing revenue with administration expense and total expenses. There is a linear overall growth from 2019 to 2023 on all three variables. The 5-year revenue budget outlook shows a yearly improvement based on the budget. There is also a linear growth in the revenue collection.

Figure 6: Overall Financial Performance

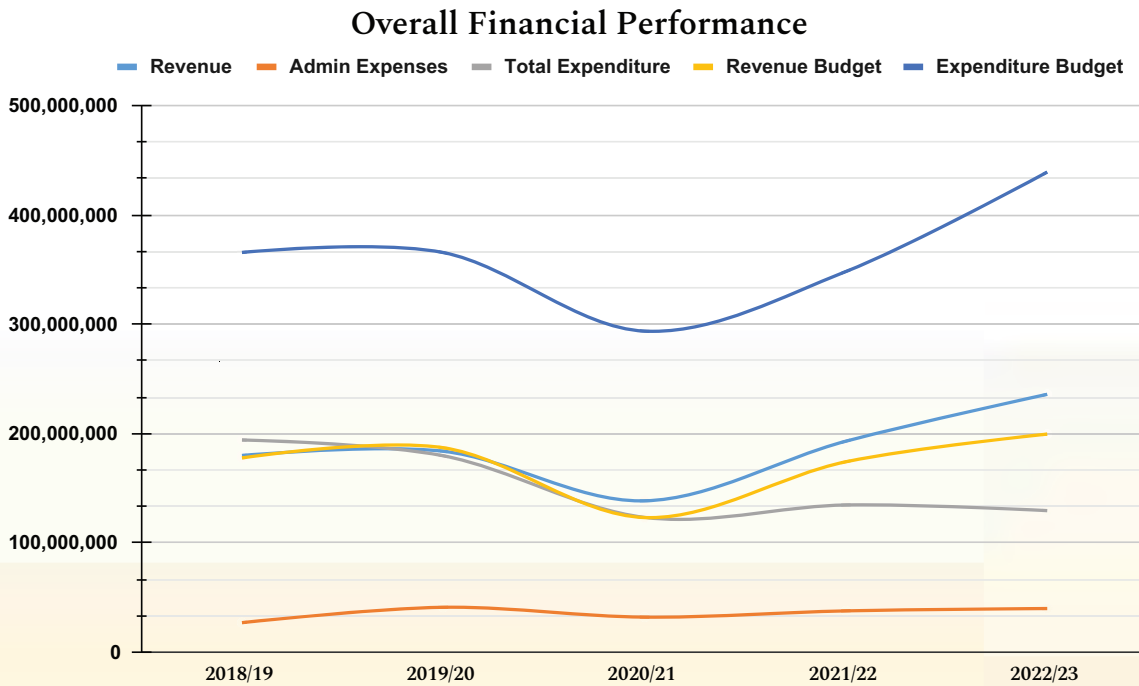
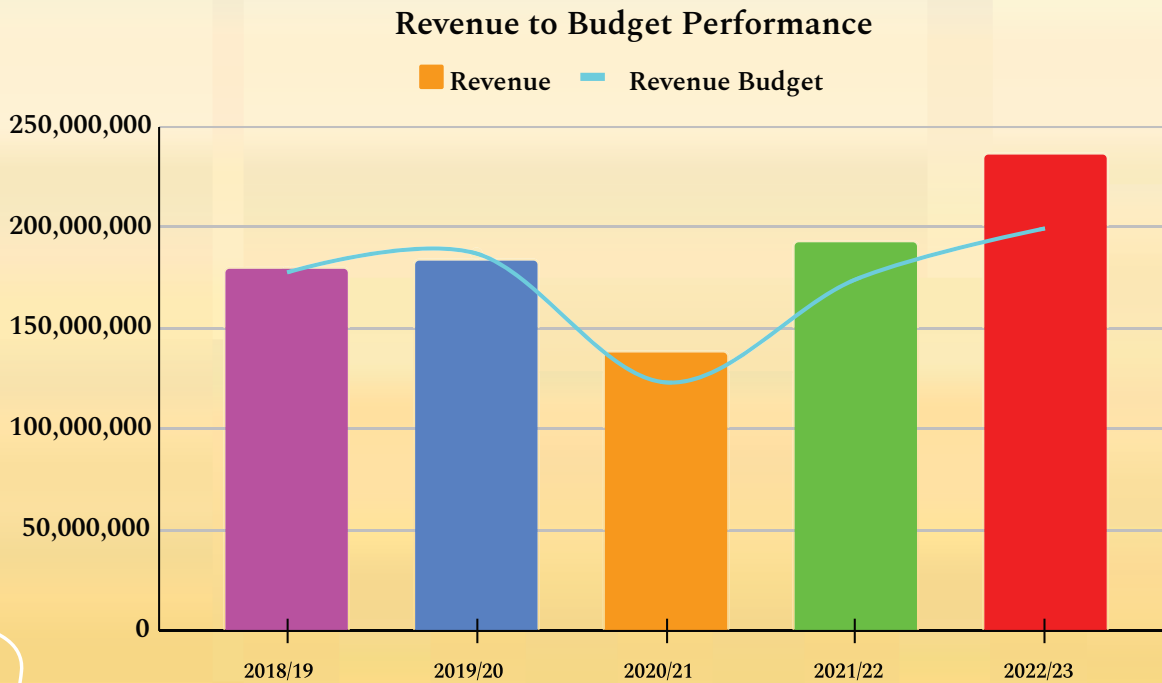


Figure 7: Revenue Versus Budget



REVENUE

Revenue from various streams is currently collected by Government of Lesotho Ministries and/or Departments, Agencies and by Oil companies operating in the country collectively referred to as Collecting Agencies. These funds are remitted to the Road Fund for execution of its mandate.

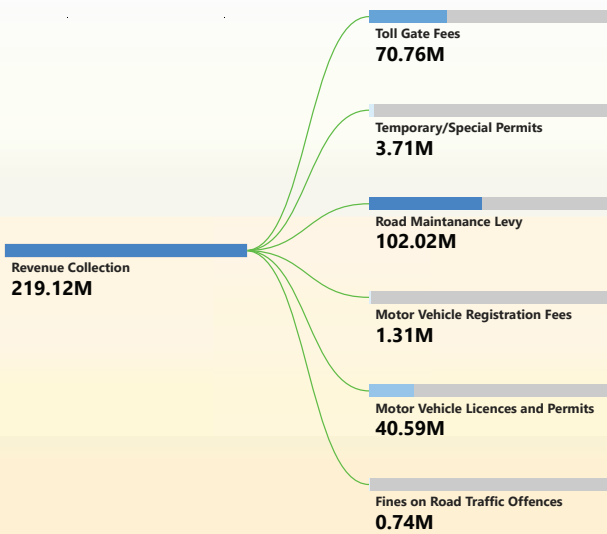
FINANCIAL PERFORMANCE

Verification of the reports and the funds collected is conducted periodically by visiting the Collecting Agencies to reconcile the money paid into the Road Fund bank account and to source the relevant documents. The exercise is led by the Revenue Section under the Finance Department.

Total revenue as provided below analyses the revenue streams excluding interest derived from investments held with different financial institutions.

The revenue sources are divided into various streams depicted according to each stream's contribution to total revenue as per the figure below:

Figure 8: Revenue Streams



Road Maintenance Levy (RML) remains the largest stream contributing 47% of the total revenue collected, followed by Toll Gate Fees contributing 32% and Motor Vehicle Licenses 18%.

Temporary and Special Permits contribute 2% while the remaining 1% is from Registration fees and Fines on Road Traffic Offences.

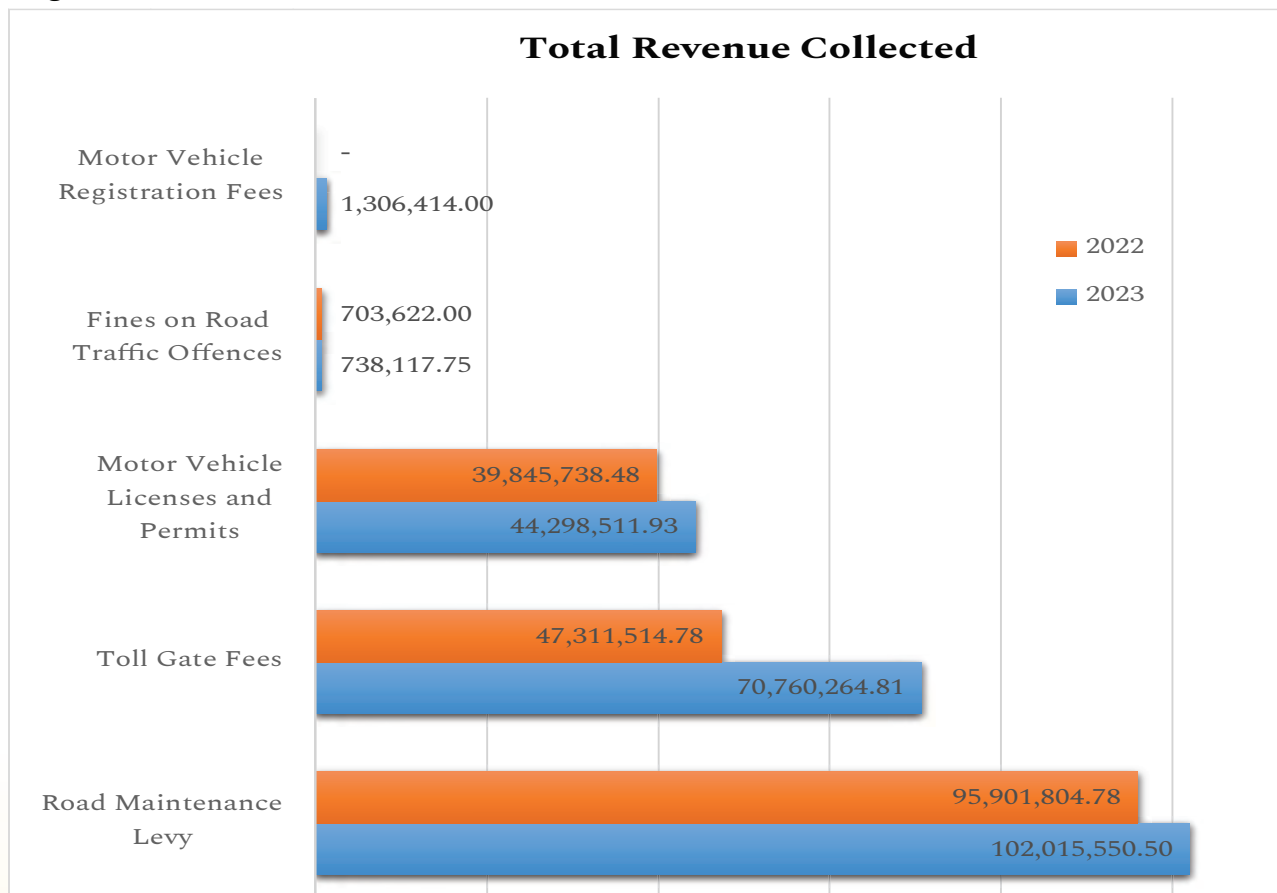
DETAILED ANALYSIS

Total Revenue collected for the period up to 31 March 2023 amounted to M219,118,860 increasing by M35,356,179 (19.24%) from M183,762,680 collected for the same period up to 31 March 2022. Details on the collection per Revenue Stream is given in table 4 and figure 9 below:

Table 4: Total Revenue Collected

		2023	2022	Variance	% Variance
1	Road Maintenance Levy	102,015,551	95,901,805	6,113,746	6.38%
2	Toll Gate Fees	70,760,265	47,311,515	23,448,750	49.56%
3	Motor Vehicle Licences and Permits	44,298,512	39,845,738	4,452,773	11.18%
4	Fines on Road Traffic Offences	738,118	703,622	34,496	4.90%
5	Motor Vehicle Registration Fees	1,306,414	-	1,306,414	0.00%
		219,118,860	183,762,680	35,356,179	19.24%

Figure 9: Total Revenue Collected



The actual amount collected was M 219,118,860 which was M 27,608,859 (14.42%) above the budgeted revenue of M 191,510,000 as shown in table 5 and figure 10 below.

Table 5: 2022-2023 Budget Variance Analysis

	Item	Actual M	Budget M	Variance M	% Variance %
1	Road Maintenance Levy	102,015,551	85,000,000	17,015,551	20.02%
2	Toll Gate Fees	70,760,265	60,000,000	10,760,265	17.93%
3	Motor Vehicle Licenses and Permits	44,298,512	44,310,000	-11,488	-0.03%
4	Motor Vehicle Registration Fees	1,306,414	1,200,000	106,414	8.87%
5	Fines on Road Traffic Offences	738,118	1,000,000	-261,882	-26.19%
		219,118,860	191,510,000	27,608,859	14.42%

Figure 10: Revenue VS Budget

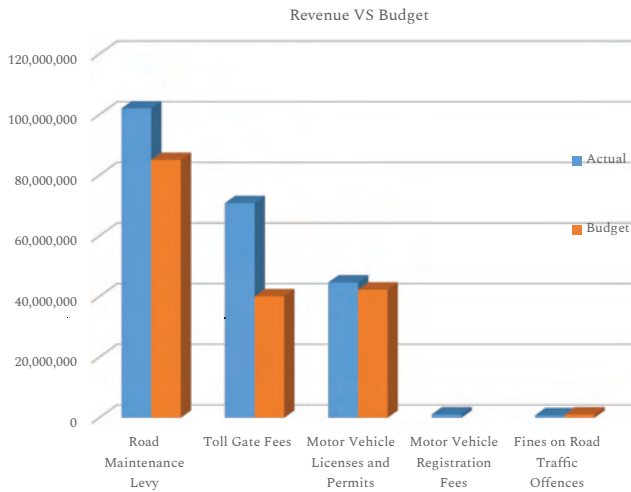
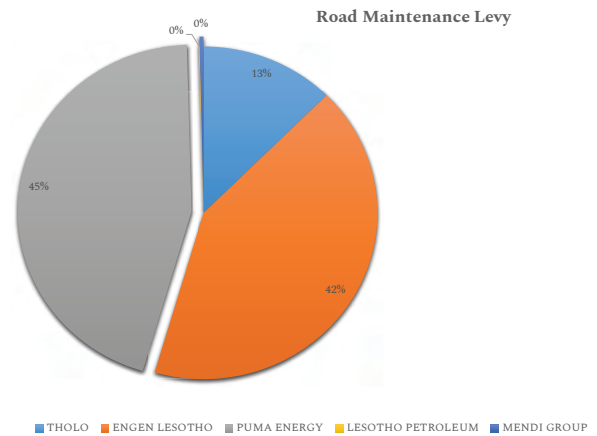


Figure 11: Road Maintenance Levy



ROAD MAINTENANCE LEVY (RML)

RML is a levy imposed on motor vehicle fuel imported and used in Lesotho in accordance with The Fuel and Service Control Act 1983 (Act No. 23 of 1983) read together with Petrol or Distillate Fuel Levy Regulations 1985 (Legal Notice No. 102 of 1985).

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

The current rates are as follows:

- >Forty (0.40) Lisente per litre of Petrol
- >Fifty (0.50) Lisente per litre of Diesel

Total revenue collected from RML increased by 6.38% compared to last year.

The two main Oil Companies (Engen Lesotho and Puma Energy) contributed more than 87% of the revenue collected. There was growth on declaration by Tholo Energy, contributing 12.5% while the remaining 0.5% was contributed by smaller companies.

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 as per Toll Gates Act 1976 (Act No. 2 of 1976) means a bar placed across a road to prevent passage by a vehicle until the tax has been paid. Currently Toll Gate fees are collected at designated border posts around the country.

The current rates as per Toll Gate Amendment Regulations 2022 are as follows:

Table 6: Toll Gate fees

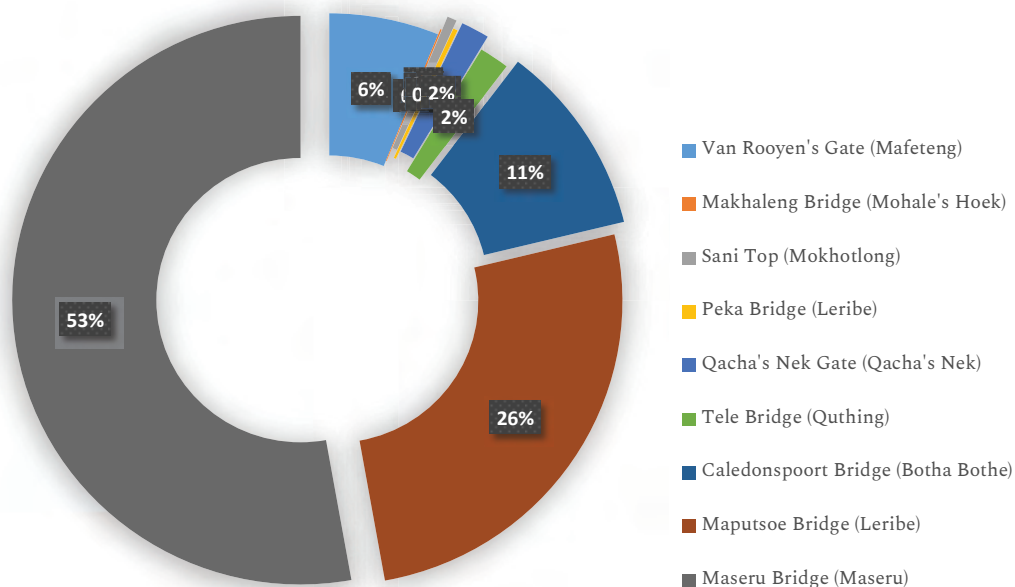
Class	Local Registered Vehicles Current Fees	Local Registered Vehicles New Fees	Foreign Registered Vehicles Current Fees	Foreign Registered Vehicles New Fees
Class 1 Motor Cycle and Light Vehicles designed or adopted for conveyance of people or freight with no heavy axle	M50.00	M55.00	M70.00	M75.00
Class 2 Medium Heavy Vehicles designed or adopted for conveyance of people or freight with heavy axle	M90.00	M95.00	M120.00	M125.00
Class 3 Large Heavy Vehicles designed or adopted for conveyance of people or freight with 3 axles	M130.00	M135.00	M180.00	M190.00
Class 4 Extra-Large Heavy Vehicles designed or adopted for conveyance of people or freight with 4 or more axle	M310.00	M325.00	M430.00	M450.00

The new tariffs as per Toll Gate Amendment Regulations 2022 were effected from 1 April 2022, thus improving the performance of the stream despite the distortion caused by COVID 19 effects prior to this period. Toll Gate Fees revenue increased by (33.14%) from the prior year as per Table 7 and figure 12 below.

Table 7: Toll Gate Fees

	2023	2022	Variance	% Variance
Border Post	M	M	M	%
Van Rooyen's Gate (Mafeteng)	4,361,695	3,379,250	982,445	22.52%
Makhaleng Bridge (Mohale's Hoek)	58,170	0	58,170	0.00%
Sani Top (Mokhotlong)	385,170	185,957	199,213	51.72%
Peka Bridge (Leribe)	181,535	0	181,535	0.00%
Qacha's Nek Gate (Qacha's Nek)	1,127,125	578,480	548,645	48.68%
Tele Bridge (Quthing)	1,190,875	185,281	1,005,594	84.44%
Caledonspoort Bridge (Botha Bothe)	7,728,180	4,221,501	3,506,679	45.38%
Maputsoe Bridge (Leribe)	18,348,712	11,574,561	6,774,151	36.92%
Maseru Bridge (Maseru)	37,378,803	27,186,485	10,192,318	27.27%
	70,760,265	47,311,515	23,448,750	33.14%

Figure 12: Toll Gate Fees Performance per Border



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 the Road Traffic Act of 1981 (Act No. 8 of 1981) and Road Transport Act 1981 (Act No. 6 of 1981) read together with related regulations thereon.

The Road Fund currently collects Cross Border Permits (F Permit), Short Term Permit and Special Permits as well as Motor Vehicle annual license renewals through the Department of Traffic and Transport of the Ministry of Public Works and Transport as per current legal instruments. There was a slight increase of 0.43% and 15.63% in permits and motor vehicle licenses respectively as per table 8 below.

Registration fees reported for the first time by the Road Fund has been contributed mainly by Maseru and Leribe with a contribution of 41% and 22% of revenue respectively.

The district performance is shown by table 8 and figure 13 below.

Table 8: Motor Vehicles Licences and Permits

	2023	2022	Variance	% Variance
Permits	M	M	M	%
Botha-Bothe	119,160	116,262	2,898	2.43%
Berea	490,047	402,875	87,172	17.79%
Leribe	497,630	417,750	79,880	16.05%
Mafeteng	271,625	276,673	-5,048	-1.86%
Mohale's Hoek	194,410	121,655	72,755	37.42%
Mokhotlong	73,550	70,800	2,750	3.74%
Maseru	1,937,395	2,131,641	-194,246	-10.03%
Qacha's Nek	37,780	44,875	-7,095	-18.78%
Quthing	66,675	90,300	-23,625	-35.43%
Thaba-Tseka	20,275	19,775	500	2.47%
	3,708,547	3,692,606	15,940	0.43%

Motor Vehicle Licenses				
Botha-Bothe	1,719,389	1,664,543	54,846	3.19%
Berea	3,750,772	2,715,293	1,035,479	27.61%
Leribe	5,405,451	3,063,270	2,342,181	43.33%
Mafeteng	3,476,462	3,063,270	413,191	11.89%
Mohale's Hoek	2,023,653	1,838,200	185,452	9.16%
Mokhotlong	965,496	914,628	50,868	5.27%
Maseru	20,698,695	18,527,614	2,171,081	10.49%
Qacha's Nek	660,371	614,612	45,760	6.93%
Quthing	1,185,942	1,133,944	51,998	4.38%
Thaba-Tseka	703,735	706,262	-5,277	-0.75%
	40,589,965	34,241,636	6,345,579	15.63%
Registration Fees				
Botha-Bothe	97,450	0	97,450	100.00%
Berea	35,456	0	35,456	100.00%
Leribe	289,687	0	289,687	100.00%
Mafeteng	136,442	0	136,442	100.00%
Mohale's Hoek	113,623	0	113,623	100.00%
Mokhotlong	48,530	0	48,530	100.00%
Maseru	537,036	0	537,036	100.00%
Qacha's Nek	7,890	0	7,890	100.00%
Quthing	26,500	0	26,500	100.00%
Thaba-Tseka	13,800	0	13,800	100.00%
	1,306,414	0	1,306,414	100.00%
	45,604,926	37,934,242	7,670,684	16.82%

Figure 13: Motor Vehicle Permits District Performance

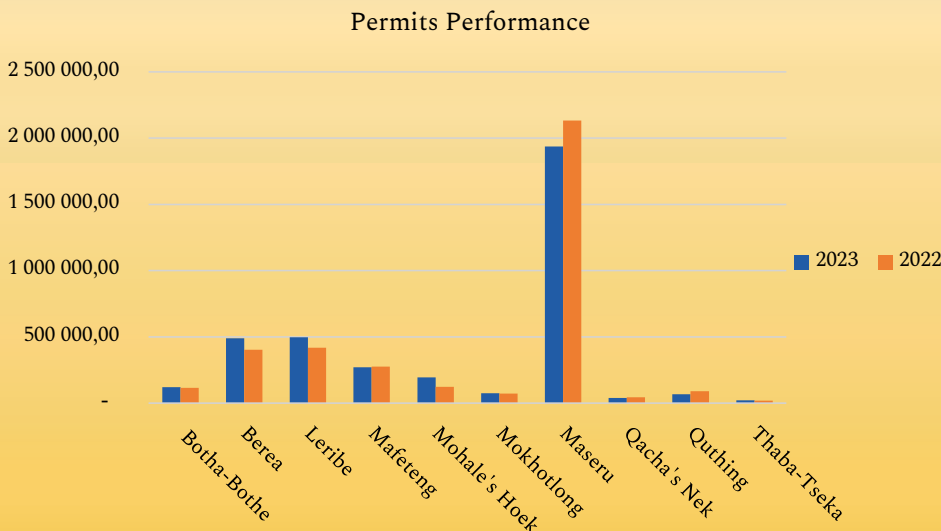


Figure 14: Motor Vehicle Licenses District Performance

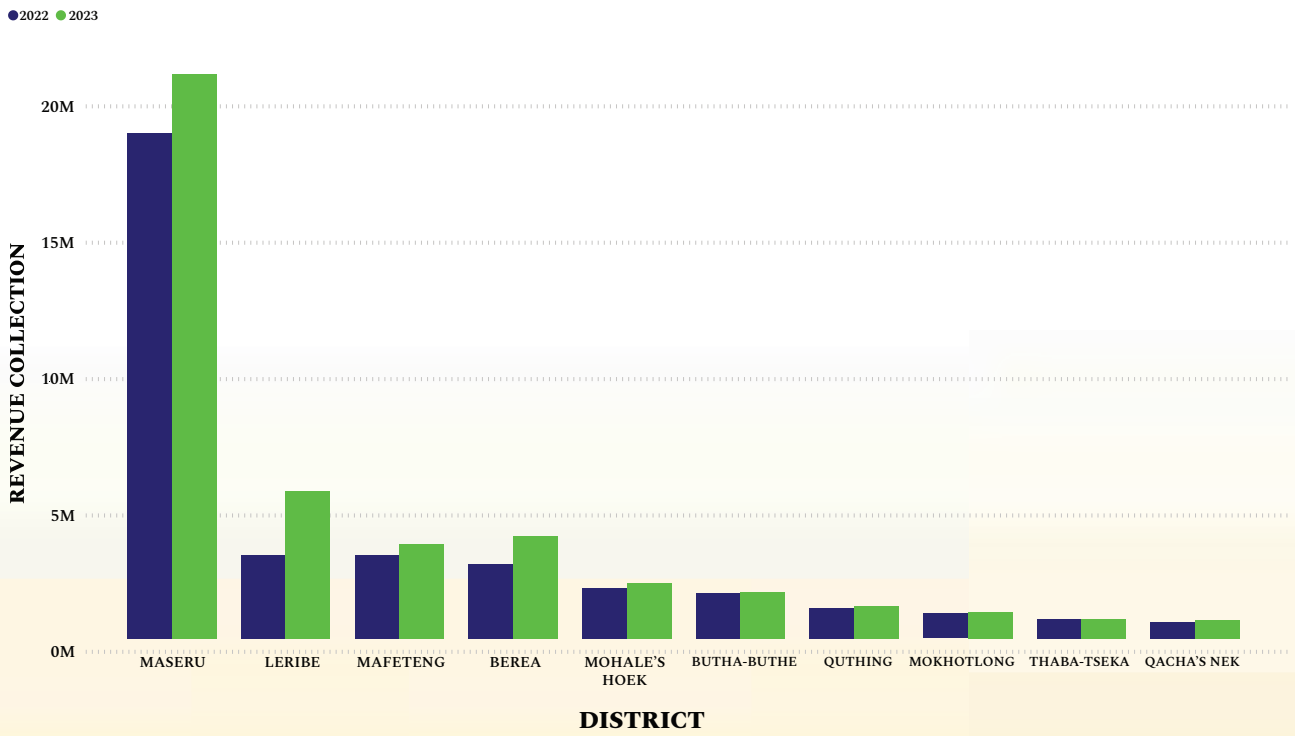
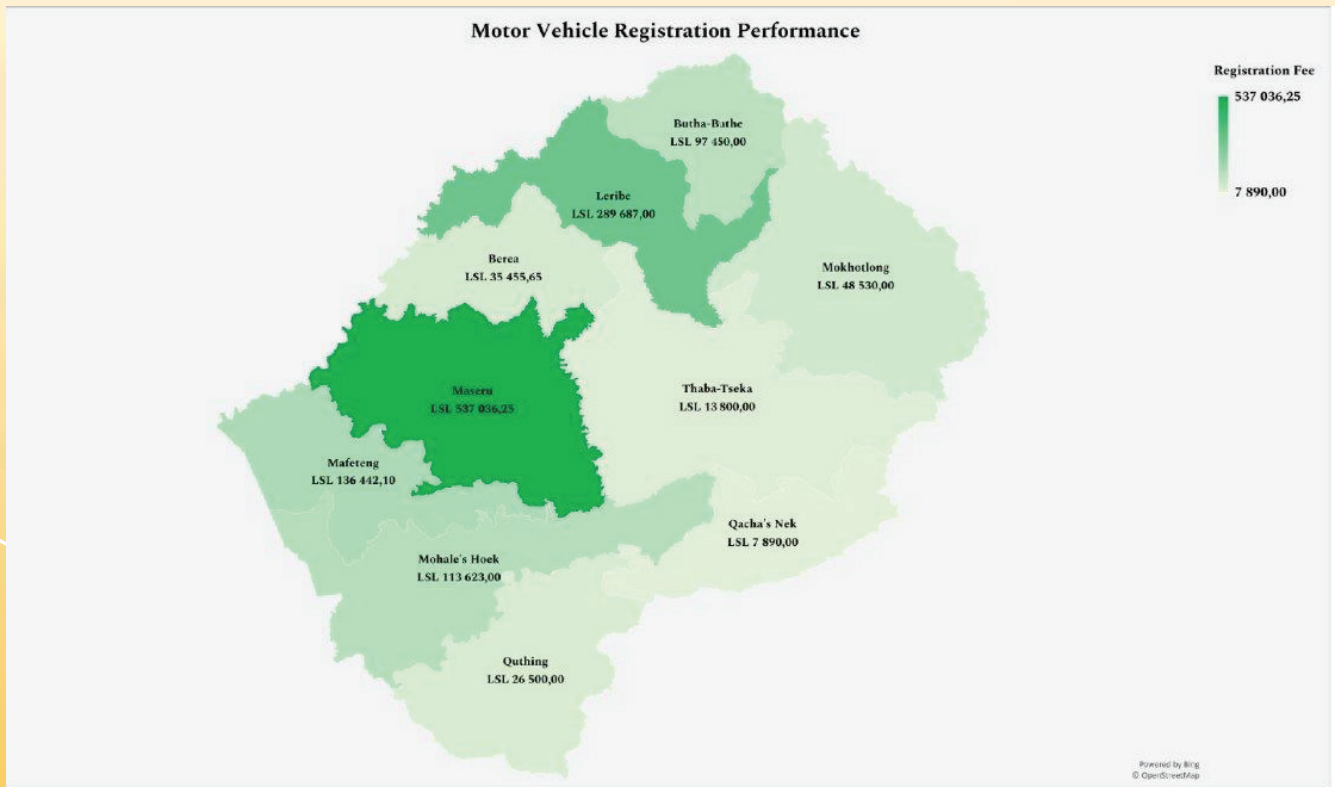


Figure 15: Motor Vehicle Registration Fees District Performance



ROAD TRAFFIC OFFENCES

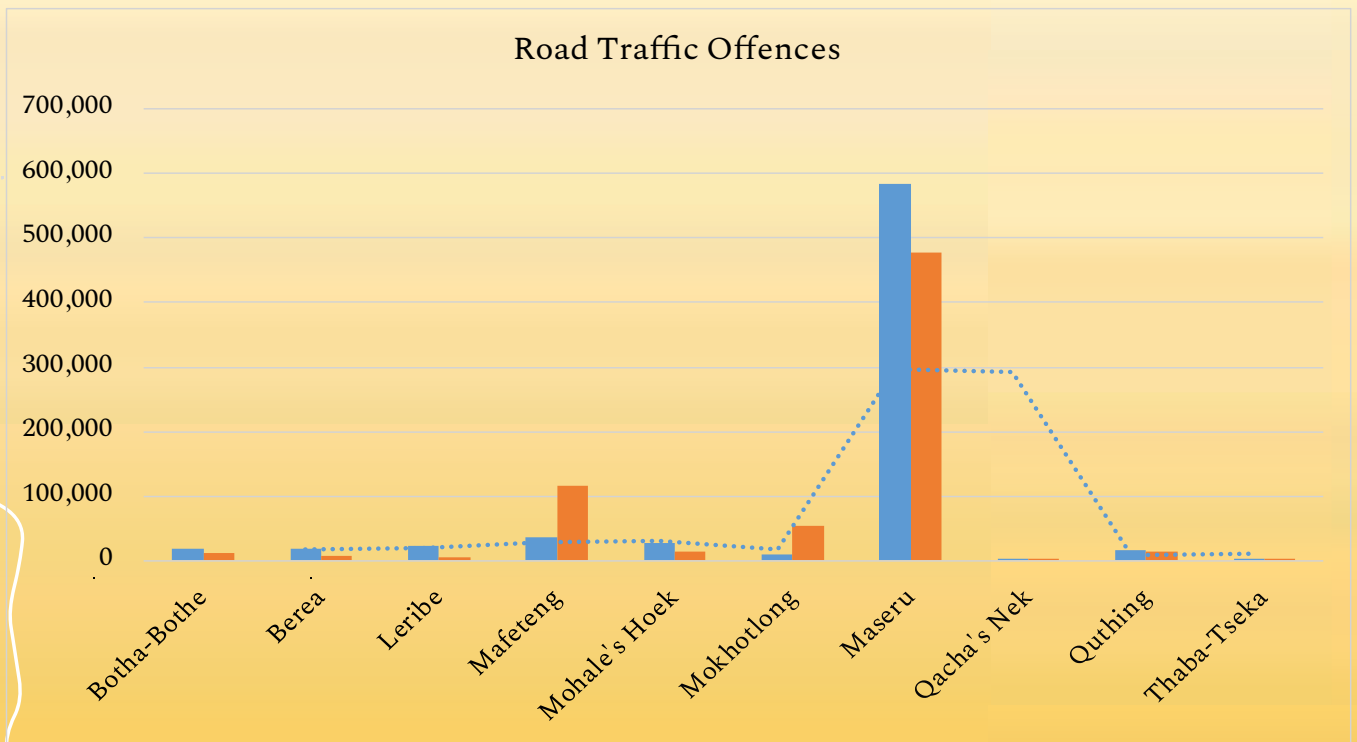
Road Traffic Offences as part of the Road Fund’s revenue has increased though not relative to the resource and effort allocated.

A total of M 738,118 was collected which is 4.67% higher than prior year, as per table 9 below:

Table 9: Road Traffic Offences

	2023	2022	Variance	% Variance
	M	M	M	%
Botha-Bothe	18,670	12,250	6,420	34.39%
Berea	17,510	7,980	9,530	54.43%
Leribe	22,140	4,500	17,640	79.67%
Mafeteng	36,440	116,980	-80,540	-221.02%
Mohale's Hoek	26,640	14,680	11,960	44.89%
Mokhotlong	9,930	53,800	-43,870	-441.79%
Maseru	584,394	476,819	107,574	18.41%
Qacha's Nek	979	1,760	-781	-79.76%
Quthing	17,815	13,082	4,733	26.57%
Thaba-Tseka	3,600	1,770	1,830	50.83%
	738,118	703,621	34,497	4.67%

Figure 16: Road Traffic Offences District Performance



PROJECTS AND SYSTEMS FINANCED BY ROAD FUND

Below is a brief abstract of the systems financed by Road Fund to optimise revenue collection.

- Electronic Spot Fine system
- Automated Traffic Justice System

ELECTRONIC SPOT FINE SYSTEM

In the year 2017 the Lesotho Mounted Police Service (LMPS) envisaged a solution to automate traffic offenses, the initiative was not fully realised at the time due to lack of funding. The Road Fund was approached by the LMPS and introduced to the project, and immediately saw an opportunity to sponsor the project as the revenue from the spot fines are part of the Road Fund's revenue sources.

eSpot Fine system was launched in 2019 and is currently being used by Traffic Police in all ten (10) districts of the country. However, a gap was identified in the process, since all offenses that have not been paid had to be referred to the courts of law, this problem gave birth to the Automated Traffic Justice system (ATJS).

AUTOMATED TRAFFIC JUSTICE SYSTEM

Automated Traffic Justice system is an electronic information system that is meant to manage traffic offenses throughout their process life cycle. These are offenses that have aged beyond a period of seven days and other similar Road Traffic Offenses which have therefore been referred to the court for penalty.

The implementation of the Automated Traffic Justice system requires connectivity of the Judiciary, Law, and Police offices in all 10 districts of the country. Many of these offices are not linked to the government network.

To overcome these limitations an upgrade of the network was required for full coverage.

Implementation also required training and system induction for the Traffic Police, Law officials and the Judiciary across the 10 districts of the country.

This approach was taken to give the users a brief theoretical background of the system and then pilot the system in one district, before rolling out the solution to the rest of the country.

The project is still in progress. However, some of the challenges include delays in the procurement and delivery of equipment, required Internet connectivity challenges at some of the sites, user acceptance, electricity outages at some of the mountainous districts to name but a few.

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2023

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.

AUDITED FINANCIAL STATEMENTS

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 2024 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 10 to 36 which have been prepared on the going concern basis, were approved on the 11th September 2023 and signed by:



Khotso Moleleki (Mr)
Deputy 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 FOR THE YEAR ENDED 31 MARCH 2023

Qualified Audit Opinion

Mosito & Associates, under Section 24(1) of the Audit Act 2016, have audited the financial statements of Road Fund (the Fund) set out on pages 10 to 36, which comprise the Statement of Financial Position for the year ended 31 March 2023, Statement of Comprehensive Income, Statement of Changes in Reserves and Statement of Cash Flows for the year then ended, as well as notes to the financial statements comprising a summary of significant accounting policies and other explanatory information.

Basis for Qualified Opinion

Road Fund solely relies on its collecting agents namely, energy companies for Road Maintenance Levy, Revenue Services Lesotho for Tollgate fees; and Department of Traffic and Transport for Road User Fees to collect revenue on its behalf. I have observed that there is no independent or third-party verification and confirmation of information regarding revenue collected by the collecting agents. Therefore, I am unable to satisfy myself about completeness of the income disclosed in the financial statements.

Except for the matter discussed in the Basis for Qualified Opinion, in my opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 independence from the organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code),

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Telephone (+266) 22323904/22314247 * Fax (+266) 22310366

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 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.

AUDITED 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

AUDITED FINANCIAL STATEMENTS

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.



MATHABO G. MAKENETE (MS)
AUDITOR-GENERAL

DATE: 13 SEPTEMBER 2023

AUDITED FINANCIAL STATEMENTS

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2023

Directors' Report

The Directors submit the annual financial statements of the Fund for the year ended 31st March 2023.

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 **M106,453,160** while in **2022** the surplus was M58,368,659.

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.

AUDITED FINANCIAL STATEMENTS

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Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2023

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.

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 - Term ended 08/09/2022
Mr. K. Moleleki	Deputy Chairperson - Appointed 19/08/2022
Mr. L. Ntsére	Member – Appointed 19/08/2022
Mr. K. Khalema	Member – Appointed 19/08/2022
Mr. M.Moqhekoana	Member - Terminated 13/09/2022
Mr. C. Mopeli	Member
Mr T. Macheli	Member - Term ended 31/01/2023
Mr S. Masenyetse	Member – Reappointed 19/08/2022
Mr T. Sopeng	Member – Resigned
Mr. S. Thibeli	Member
Ms. M. Moholobela	Member – Appointed on 19/08/2022
Mr. N. Makara	Secretary

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Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2023

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 2023

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 Standards Board (IASB) and the interpretations of these standards, issued by the International Financial Reporting Standards Interpretations Committee 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 2023** 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 2023

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 2023

Statement of Accounting Policies (Continued)

2. Intangible Assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred. Computer software licences are stated at cost less accumulated amortisation and accumulated impairment losses.

These costs are amortised using the straight-line method over their estimated useful lives of three years.

3. 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.

4. 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.

AUDITED FINANCIAL STATEMENTS

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2023

Statement of Accounting Policies (Continued)

5. 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.

6. 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 2023

Statement of Accounting Policies (Continued)

7. 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 2023

Statement of Accounting Policies (Continued)

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.

8. 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 2023

Statement of Accounting Policies (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.

9. Trade and other payables

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

10. 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 future periods affected.

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2023

Statement of Accounting Policies (Continued)

11. 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.

AUDITED FINANCIAL STATEMENTS

<u>ROAD FUND</u>			
<u>MINISTRY OF FINANCE, GOVERNMENT OF LESOTHO</u>			
STATEMENT OF FINANCIAL POSITION			
<u>AS AT 31 MARCH 2023</u>			
	<u>Notes</u>	<u>2023</u> M	<u>2022</u> M
NON CURRENT ASSETS		26,892,449	15,112,533
Property Plant & Equipment	(1)	23,211,993	14,528,865
Intangible Assets	(2)	3,680,455	583,668
CURRENT ASSETS:		377,717,562	271,436,065
Road User Fees Debtors	(3)	35,408,051	23,559,646
Contractor's Advance Payments	(4)	22,362,402	7,957,261
Advances to Road Agencies	(5)	4,774	1,264,487
Sundry Debtors	(6)	1,372,433	1,645,300
Cash and Cash Equivalents	(7)	318,569,901	237,009,371
TOTAL ASSETS		404,610,011	286,548,598
<u>EQUITY</u>		348,906,863	239 615 152
OPERATING SURPLUS/(DEFICIT)		106 453 160	58 368 659
ACCUMULATED FUND B/F		242,453,702	181,246,493
CURRENT LIABILITIES:		55,703,148	46,933,446
Lease Liability		3,607,245	-
Accounts Payable	(8)	45,393,610	43,635,506
Provisions	(9)	6,702,292	3,297,940
TOTAL EQUITY AND LIABILITIES		404,610,011	286,548,598

AUDITED FINANCIAL STATEMENTS

<u>ROAD FUND</u>			
<u>MINISTRY OF FINANCE, GOVERNMENT OF LESOTHO</u>			
<u>STATEMENT OF COMPREHENSIVE INCOME</u>			
<u>FOR THE YEAR ENDED 31 MARCH, 2023</u>			
	Notes	2023 <u>M</u>	2022 <u>M</u>
<u>REVENUE</u>		235,935,519	193,035,965
Road Maintenance Levy	(10)	102,015,551	95,901,805
Tollgate Fees		70,760,265	47,311,515
Road User Fees		45,604,926	39,845,738
Road Traffic Offences Fines		738,118	703,621
Sundry Income		84,150	1,614,638
Other Income		16,732,509	7,658,647
Investment Income	(15)	16,073,065	7,602,696
Gain on sale of fixed asset		659,444	55,950
LESS: EXPENDITURE		129,482,360	134,667,305
Operating Expenses		89,605,682	96,927,644
Road Maintenance Expenses	(11)	72,605,971	86,781,649
Revenue Collection Expenses	(13)	6,423,428	4,720,669
Revenue Enhancement	(17)	6,235,631	2,693,380
DTT Operational Support	(18)	3,142,015	1,966,556
Toll System Expenses	(14)	1,198,636	765,390
Secretariat Expenses		39,876,678	37,739,661
Consultancy Services		840,257	1,900,524
Board Expenses	(16)	2,049,329	1,269,693
Secretariat Staff Salaries & benefits	(12)	20,836,695	17,713,604
Interest on Lease		243,702	61,239
Audit Fees		81,409	76,440
Depreciation		3,920,071	9,215,935
Other Expenses	(21)	11,905,214	7,502,225
OPERATING SURPLUS/(DEFICIT)		106,453,160	58,368,659

ROAD FUND			
MINISTRY OF FINANCE, GOVERNMENT OF LESOTHO			
STATEMENT OF CHANGES IN RESERVES			
FOR THE YEAR ENDED 31 MARCH 2023			
	Accumulated Funds	Revaluation Surplus	Total Equity
	M	M	M
Balance at 1 April 2021	182,008,374		182,008,374
Correction of errors	(761,881)	-	(761,881)
Correction of system errors	-		
Restated balance	181,246,493	-	181,246,493
Changes in equity for the year 2022			-
Surplus/(Deficit) for the year	58,368,659		58,368,659
Prior year adjustments	-		
Balance at 31 March 2022	239,615,153	-	239,615,153
Correction of errors	-		
Restated balance	239,615,153	-	239,615,153
Changes in equity for 2023			
Surplus/(Deficit) for the year	106,453,160		106,453,160
Changes in accounting policy			
Correction of errors	2,838,551		
Balance at 31 March 2023	348,906,865	-	346,068,314

AUDITED FINANCIAL STATEMENTS

ROAD FUND

MINISTRY OF FINANCE, GOVERNMENT OF LESOTHO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH, 2023

	2023		2022	
	M	M	M	M
Cash generated from operating activities				
Net Surplus/(Deficit) for the year	106 453 160		58 368 659	
<i>Adjustment for :</i>				
Right-of-Use Asset (New lease)	-		0	
Depreciation	3 920 071		9 215 935	
(Gain)/Loss on Fixed Assets Disposal	(659 444)		(55 950)	
Provision	2 838 551		761 881	
Interest on Lease	243 702		61 239	
Investment Income	(16 073 065)		(7 602 696)	
Operating surplus/(deficit) before working capital changes	96 722 975		59 225 305	
Working capital changes	(15 951 266)		(5 073 747)	
(Increase) Decrease in accounts receivable	(24 720 967)		(13 904 871)	
Increase (Decrease) in accounts payable	8 769 702		8 831 124	
Cash flows from operating activities		80 771 709		54 151 558
Net cash inflows/outflows from investing activities		788 822		3 023 359
Purchases of property, plant and equipment	(15 744 458)		(4 596 509)	
Proceeds on sale of Property Plant & Equipment	703 917		78 411	
Investment Income	16 073 065		7 602 696	
Interest on Lease	(243 702)		(61 239)	
Net cash inflows/(outflows) from financing activities		-		-
Net increase (decrease) in cash and cash equivalents		81 560 532		57 174 917
Cash and cash equivalents at the beginning of the year		237 009 367		179 834 450
Cash and cash equivalents at the end of the year		318 569 901		237 009 367

AUDITED FINANCIAL STATEMENTS

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2023

Notes to the Annual Financial Statements

1. Property, Plant and Equipment

COST	Motor Vehicles M	Office Machines M	Office Furniture M	Land & Buildings M	Toll Sys WIP M	Toll Systems M	Total M
Balance at 01/04/2022	5,610,354	3,062,349	907,754	114,019	10,824,169	21,030,731	41,549,376
Additions during 22/23	1,325,692	516,408	11,270	1,045,569	8,239,164	-	11,138,104
Disposals during 22/23	(2,053,616)	(100,175)					(2,153,791)
Cost as at 31/03/23	4,882,430	3,478,582	919,024	1,159,588	19,063,333	21,030,731	50,533,689
DEPRECIATION							
Depreciation at 01/04/22	4,084,083	2,343,634	740,685	114,019	-	19,738,134	27,020,555
Charge for the year 22/23	898,302	581,503	105,929	104,557	-	720,212	2,410,503
Disposals during 22/23	(2,040,920)	(68 398)					(2,109,318)
Depreciation at 31/03/23	2,941,466	2,856,739	846,614	218,576	-	20,458,346	27,321,741
NET BOOK VALUE AT 31/03/2023	1,940,965	621,843	72,410	941,012	19,063,333	572,385	23,211,998
NET BOOK VALUE AT 31/03/2022	1,526,271	718,715	167,069	-	10,824,169	1,292,597	14,528,821

AUDITED FINANCIAL STATEMENTS

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2023

Notes to the Annual Financial Statements

2. Intangible Assets

COST	Computer Software M	Finance Lease M	Total M
Balance at 01/04/2022	1,541,535		1,541,535
Additions during 22/23	67,575	4,538,779	4,606,354
Disposals during 22/23	(23,881)	-	(23,881)
Cost as at 31/03/23	1,585,229	4,538,779	6,124,008
DEPRECIATION			
Depreciation at 01/04/22	957,868		957,868
Charge for the year 22/23	374,873	1,134,695	1,509,569
Disposals during 22/23	(23 881)		(23,881)
Depreciation at 31/03/23	1,308,860	1,134,695	2,443,555
NET BOOK VALUE AT 31/03/2023	276,369	3,404,084	3,680,453
NET BOOK VALUE AT 31/03/2022	583,667	-	583,667

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2023

Notes to the Annual Financial Statements (continued)

3. 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 2023 **M35,408,926** as owing to the Road Fund comprising of:

	<u>2023</u>	<u>2022</u>
	<u>M</u>	<u>M</u>
GOL - Treasury	-	-
- Sub-Accountancies	42,386	157,367
Oil Companies	29,809,324	18,880,827
Revenue Services Lesotho	5,556,341	4,521,452
TOTAL	<u>35,408,051</u>	<u>23,559,646</u>

4. Contractors' Advance Payments

The Contractors Advance Payments are as follows:

	<u>2023</u>	<u>2022</u>
Contractors Advance Payments	22,362,402	7,957,261

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2023

Notes to the Annual Financial Statements (continued)

5. 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 2023** the Roads Directorate bank account had an undisbursed balance of **M4,774** while as at 31 March 2022 the bank account had **M1,264,487**.

6. Sundry Debtors

	<u>2023</u>	<u>2022</u>
	<u>M</u>	<u>M</u>
Fuel Deposit	10 000	10 000
Staff Debtors (Loans&Accountable)	152 778	137 175
Prepayments	0	45 798
Interest Receivable	1 209 654	1 452 328
	<u>1 372 433</u>	<u>1 645 300</u>

AUDITED FINANCIAL STATEMENTS

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2023

Notes to the Annual Financial Statements (continued)

7. Cash and Cash Equivalents

	<u>2023</u>	<u>2022</u>
	<u>M</u>	<u>M</u>
Petty Cash - Head Office	3 800	3 956
Current Account - SLB	(223 184)	(95 938)
Call Account - SLB	18 805 801	6 068 983
Money Market Account	185 761 307	124 620 586
Stanlib Income Fund	109 777 324	102 789 484
Current Account - CBL	4 432 549	3 598 085
Mobile money Wallet	12 304	24 214
TOTAL	<u>318 569 901</u>	<u>237 009 371</u>

8. Accounts Payable

	<u>2023</u>	<u>2022</u>
	<u>M</u>	<u>M</u>
Retention	11,618,048	11,773,770
Accrued Expenses	28,831,249	27,553,247
Tax Payable (PAYE & WHT)	605,994	939,974
Sundry Creditors	4,357,236	3,371,682
Cash Shortages/Surplus	(18,916)	(3,167)
	<u>45,393,610</u>	<u>43,635,506</u>

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2023

Notes to the Annual Financial Statements (continued)

9. Provisions

	<u>2023</u>	<u>2022</u>
	<u>M</u>	<u>M</u>
Provision for Gratuity	6,416,237	2,938,908
Provision for Leave Pay	286,055	359,032
	<u>6,702,292</u>	<u>3,297,940</u>

10. Road Maintenance Levy (RML)

The RML was increased with effect from 9 July 2021 from M0.30 to M0.40 and from M0.40 to M0.50 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.

AUDITED FINANCIAL STATEMENTS

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2023

Notes to the Annual Financial Statements (continued)

11. Road Maintenance Expenses

	<u>2023</u>	<u>2022</u>
	<u>M</u>	<u>M</u>
Roads Directorate	63,523,434	69,945,291
Road Safety Department	3,939,076	2,970,128
MoLG - Local Government	3,610,022	1,490,755
- MCC	1,533,439	12,375,476
	<u>72,605,971</u>	<u>86,781,649</u>

12. Secretariat Staff Salaries & Benefits

	<u>2023</u>	<u>2022</u>
	<u>M</u>	<u>M</u>
Salaries	13 605 489	12 579 841
Performance Bonus	-	591 308
Temporary Staff	384 131	219 760
Gratuities	5 582 589	3 131 090
Fringe Benefit Tax	74 435	87 890
Fringe Benefits	1 190 051	1 103 715
TOTAL	<u>20 836 695</u>	<u>17 713 604</u>

AUDITED FINANCIAL STATEMENTS

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2023

Notes to the Annual Financial Statements (continued)

13. Revenue Collection Expenses

	<u>2023</u>	<u>2022</u>
	<u>M</u>	<u>M</u>
RSL Collection Costs Recovery (7%)	4 951 376	3 311 806
Sub Accountancy Collection Costs (3.5%)	1 472 052	1 408 863
TOTAL	<u>6 423 428</u>	<u>4 720 669</u>

14. Toll System Expenses

	<u>2023</u>	<u>2022</u>
	<u>M</u>	<u>M</u>
Toll System Expenses	725,076	359,821
Toll Security Expenses	473,560	405,570
TOTAL	<u>1,198,636</u>	<u>765,390</u>

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2023

Notes to the Annual Financial Statements (continued)

15. Investment Income

	2023	2022
	M	M
STD Bank Call	187 177	108 060
Money Market	9 880 294	3 562 153
Income Fund	6 005 594	3 932 484
TOTAL	<u>16 073 065</u>	<u>7 602 696</u>

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

AUDITED FINANCIAL STATEMENTS

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2023

Notes to the Annual Financial Statements (continued)

16. Board Expenses

The Board expenses is comprised of regular meetings sitting allowances, sub-committee sitting allowances, training, communication & its devices contracts and refreshments as follows:

	<u>2023</u>	<u>2022</u>
	<u>M</u>	<u>M</u>
Ordinary Meetings	82 500	171 000
Special Meetings	136 000	100 000
Sub-Committes	172 750	144 750
Travel, Accomodation & Meals	656 696	-
Laptops,pens & Mohlomi Code	501 051	-
Refreshments	101 804	132 340
Training & Seminars	291 160	609 238
Communication (Ipad Contracts)	101 898	102 565
Protective Clothing	5 470	9 800
TOTAL	2 049 329	1 269 693

AUDITED FINANCIAL STATEMENTS

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2023

Notes to the Annual Financial Statements (continued)

17. Revenue Enhancement

	2023	2022
Cost Items	M	M
Court Module/ATJS	1 541 748	69 300
Network support & backup services	2 477 505	476 928
Travel and Training of users	126 330	50 850
Campaign Material	-	2 000
Advertisement	-	39 623
E-Spot Fine system	1 904 400	1 908 644
Toll Tariffs increase - Bulk sms's	80 000	146 035
Meetings	105 648	-
TOTAL	6 235 631	2 693 380

AUDITED FINANCIAL STATEMENTS

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2023

Notes to the Annual Financial Statements (continued)

18. DTT Operational Support

	2023	2022
	M	M
Cost Item		
Enatis Telephone Sets & Internet	499 585	-
Accommodation, Travel and Training of Users	1 390 750	-
Face value, Special Permits, Cartridges, Printing & other consumables	1 251 680	1 963 556
Meals (Drafting of DTT MoU)	-	3 000
TOTAL	3 142 015	1 966 556

19. 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.

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2023

Notes to the Annual Financial Statements (continued)

20. Fraud and irregularities - Toll Recoveries

A forensic investigation was carried out to look into alleged toll system fraud. About M4,584,868.00 was discovered as unauthorized server recharges out of which M1,318,508 has been recovered and recorded as revenue from prior years in the accumulated surplus account.

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2023

Notes to the Annual Financial Statements (continued)

21. Detailed Statement of Comprehensive Income (Other Expenses)

	Notes	2023 M	2022 M
REVENUE		235,935,519	193,035,965
Road Maintenance Levy	(10)	102,015,551	95,901,805
Tollgate Fees		70,760,265	47,311,515
Road User Fees		45,604,926	39,845,738
Road Traffic Offences Fines		738,118	703,621
Sundry Income		84,150	1,614,638
Other Income		16,732,509	7,658,647
Investment Income	(15)	16,073,065	7,602,696
Gain on sale of fixed asset		659,444	55,950
LESS: EXPENDITURE		129,482,359	134,667,305
Operating Expenses		89,605,682	96,927,644
Road Maintenance Expenses	(11)	72,605,971	86,781,649
Revenue Collection Expenses	(13)	6,423,428	4,720,669
Revenue Enhancement	(17)	6,235,631	2,693,380
DTT Operational Support	(18)	3,142,015	1,966,556
Toll System Expenses	(14)	1,198,636	765,390

AUDITED FINANCIAL STATEMENTS

	Notes	2023 M	2022 M
Secretariat Expenses		27,971,463	30,237,435
Consultancy Services		840,257	1,900,524
Board Expenses	(16)	2,049,329	1,269,693
Secretariat Staff Salaries & benefits	(12)	20,836,695	17,713,604
Interest on Lease		243,702	61,239
Audit Fees		81,409	76,440
Depreciation		3,920,071	9,215,935
Other Administration Expenses		9,972,470	6,577,068
Advertising and Publicity		736,853	741,727
Bank Charges		391,785	330,848
Cleaning		239,264	155,590
Communication (Tel,Fax,E-mail,WAN)		1,592,721	1,311,448
Computer Expenses		31,840	67,119
Courier & Postage		130	2,265.14
Donations		205,565	126,662
Water & Electricity		146,230	-
Entertainment		64,326	42,175.53
General Expenses		5,709	4,787.68
Insurances		588,039	436,550.15
Motor Vehicle Expenses		729,147	498,682.51
Office Rellocation		332,757	-
Printing & Stationery		102,465	119,510.01
Rent Expense		348,951	-
Repairs & Maintenance		284,789	189,868
Subscriptions		949,519	653,922
Travel		1,509,438	969,812
Workshops & Conferences		1,712,941	926,100
Staff Related Expenses		1,932,744	925,158
Recruitment		40,437	57,954
Staff Training/Team Building		1,560,384	668,769
Staff Uniform and Protective Clothing		16,574	10,604
Staff Wellness & Assistance Programme		315,349	187,831
OPERATING SURPLUS/(DEFICIT)		106,453,160	58,368,659

ROAD FUND STAFF MEMBERS



MR. NKEKELETSE MAKARA Pr. Eng
Chief Executive Officer



MR. PHOKA THENE
Compliance Manager



MR. TSELISO POLAKI
Senior Secretariat Engineer



**MRS. MPHAPHATHI
RAMANYALANE**
Financial Controller



MS. 'MAFAKO LEPHOLISA
Human Resources and
Administration Manager



MR. KHOTSO MOHALE
Information and Communication
Technology Manager



MRS. PHUMLA MOLEKO
Public Relations Manager

ROAD FUND STAFF MEMBERS



**MS. KARABELO
HOKINYANE-TLHOELI**
Internal Auditor



MS. MAMELLO QHOBELA
Executive Secretary



MR. KHATHO MOHLOMI
Financial Accountant



MR. PAKALITHA MAKOMETSANE
Systems & Database Administrator



MR. LETSOOA MAHANE
Revenue Accountant



MS. MAHLAPE TSEKOA
Human Resources
and Administration Officer



MR. MOTLALEPULA PHALA
Systems and Support Officer



MR. PALO SENAMOLELE
Accountant

ROAD FUND STAFF MEMBERS



MRS. MALOBIANE MOKONYANA
Assistant Accountant



MR. RETHABILE MOTOA
Assistant Accountant



MR. MPESI MAPHAKISA
Verification Officer



MR. LEUTA LEHLOENYA
Verification Officer



MR. THABISANG MOFAMMERE
Verification Officer



MS. NTHATHI NKOEBELE
Verification Officer



MRS. 'MALEBAKA TSOTETSI
Verification Officer



MS. 'MANKOME LETSIE
Verification Officer

ROAD FUND STAFF MEMBERS



MR. REHOPOTSOE KEMANE
Civil Engineering Technician



MR. RELEBOHILE 'MUSI
ICT Technician



MRS. 'MAMOEKOA THAHANE
Front Desk Administrator



MS. MOLIKUOA LETSIE
Administration Assistant



MR. LIKETSO MOCHABA
Driver



MR. TSEMATSI MPHUTLANE
Driver

ROAD FUND STAFF MEMBERS



MR. TEBOHO MOSALA
Driver



MS. MATSELISO CHOPHO
Office Assistant



MRS. 'MAKOENA KULEILE
Office Assistant



MS. MPOLOKENG SEKOTLA
Office Assistant



Road Fund

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Road Fund



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