GOVERNMENT OF THE REPUBLIC OF NAMIBIA
MINISTRY OF WORKS, TRANSPORT AND COMMUNICATION

MWTC2000 PROJECT FOR THE RESTRUCTURING OF THE MINISTRY OF WORKS, TRANSPORT AND COMMUNICATION

EXPANDED PROJECT DOCUMENT

PREPARED BY:
MINISTRY OF WORKS, TRANSPORT AND COMMUNICATION
PRIVATE BAG 13341
WINDHOEK

February 1998

REVISION RECORD

AMENDMENT NUMBER	AMENDMENT AGREEMENT REFERENCE	AMENDMENT DATE
Original doc.	Final Project Document	12 June 1995
Expanded doc.	Final Expanded Project Document	13 March 1998

CONTENTS

			Page
1	INTRODUCTION		1
	1.1	Purpose of Project Document	1
	1.2	Structure of Document	2
2	BACKGROUND		3
	2.1	The Ministry of Works, Transport and Communication (MWTC)	3
	2.2	Swedish Support to the Transport and Communications Sector	4
	2.3	Current Structure and Operational Format of the MWTC; the Main Issues	5
	2.4	Ongoing Activities in the MWTC	7
3	THE PROJECT		14
	3.1	Sector and Project Objectives	14
	3.2	Project Outputs	14
	3.3	Project Activities and Inputs	17
	3.4	Cost Estimate and Financing Plan	17
4	PROJECT IMPLEMENTATION		19
	4.1	Implementation Arrangements	19
	4.2	Implementation Schedule	20
	4.3	Procurement Rules and Disbursement	23
	4.4	Budgeting, Accounting and Auditing	24
	4.5	Performance Indicators	24
	4.6	Project Monitoring and Reporting	25
5	PROJECT EVALUATION		26
	5.1	Main Benefits of Project	26
	5.2	Other Impacts of Project	26
	5.3	Risks and Risk Mitigation Measures	27
Annex 1: Current Structure and Manning of MWTC			29
Annex 2: Project Matrix			30
Annex 3: Relationship between Outputs, Stages, Inputs and Activities			32
Annex 4: Envisaged Future Structure and Manning of MWTC			34
Annex 5: Details of Cost Estimate			36
Annex 6: Outline TOR for the MWTC2000 Steering Committee and the CEO			38
Annex 7: Indicative Plan of Operations until Project Completion			39

ABBREVIATIONS

A	Activity
ADCOM	Advisory Committee on the Commercialization of Operational Activities in the GRN
ANS	Air Navigation Services
CEO	Chief Executive Officer
DCA	Director of Civil Aviation
DMA	Division: Maritime Affairs
DOACSS	Department of Administration and Centralized Support Services
DOPAT	Department of Posts and Telecommunications
DOT	Department of Transport
DOW	Department of Works
DPTM	Directorate: Planning and Transportation Management
DTIMC	Directorate: Transportation Infrastructure Maintenance and Construction
DWP	Draft White Paper on Transport Policy
FY	Financial Year
GRN	Government of the Republic of Namibia
HRD	Human Resources Development
I	Input
ICTE	Interministerial Committee of Technical Experts on Road User Charging
MOF	Ministry of Finance
MTI	Ministry of Trade and Industry
MWTC	Ministry of Works, Transport and Communication
NDP1	National Development Plan: Phase 1, 1995-2000
NORAD	Norwegian Administration for Development Assistance
NPC	National Planning Commission
O	Output
OC	Output Class
OPM	Office of the Prime Minister
OPDA	Operators and Professional Drivers Association
PS	Permanent Secretary
PTA	Preferential Trade Area for Eastern and Southern African States
S	Stage
SACU	Southern African Customs Union
Sida	Swedish International Development Cooperation Agency
SOOE	State-Owned Operational Entity
TNL	TransNamib Ltd.
TOR	Terms of Reference
WTC	Works, Transport and Communication

CURRENCY EQUIVALENTS

All costs have been estimated in Namibian Dollars (N$); The following conversion factors were valid at about 12 June 1995

1 N$	=	1,96 SEK
1 US$	=	7.30 SEK
1 US$	=	3.68 N$

AMENDMENT NO.

1 INTRODUCTION

1.1 Purpose of Project Document

The purpose of this Project Document is to present a technical co-operation Project to restructure the Ministry of Works, Transport and Communication (MWTC) in line with the basic policies of the Government of Namibia (GRN). The restructuring of the Ministry, envisaged to be completed early in the next century, covers most of the functions currently performed by the MWTC. The short title for the restructuring process is MWTC2000.

The scope of the original Project Document namely, to restructure the transport sector and to implement a set of policies to guide the commercialisation process and to improve the management and control of state-owned operational entities (SOOEs), is already supported by the Swedish International Development Cooperation Agency (Sida). This support is included in the Specific Agreement on Transport Sector Support 1995/9 - 2000 signed by representatives of the Governments of Sweden and Namibia on 15 June 1995.

The immediate purpose of this expanded Project Document is to allow the Governments of Namibia and Sweden to reach an agreement on the following aspects of the expansion: (i) The objectives and outputs; (ii) the required inputs, costs and financing arrangements; and (iii) implementation arrangements. The agreements reached on these aspects are proposed to be incorporated into a Project Agreement (a specific agreement) to be signed by the two countries. The Project Agreement is proposed to cover the same period as the existing Specific Agreement.

The Expanded Project was developed in response to the need identified by the GRN to continue and accelerate the restructuring process of the Ministry, which was originally initiated shortly after Independence in 1990 and that took form in the original MWTC2000 Project Document.

The term "Expanded Project" throughout this document refers to those project elements that are additional to the Original Project as defined in the original MWTC2000 Project Document.

This Expanded Project Document covers both the Original Project and the Expanded Project, which will be differentiated between wherever necessary.

1.2 Structure of Document

This Document initially discusses background issues before focussing separately on the proposal, implementation and evaluation of the original Project and the expanded part of the project.

The background chapter describes the Ministry, the policy and institutional developments within the MWTC since Independence and the support provided by Sida in this regard. This section also includes a broad analysis of the current shortcomings of the organizational structure and operational format of the Ministry, and describes those activities which the Ministry has initiated or is in the process of initiating to restructure its organization and mode of operation. The emphasis of the restructuring is placed on a clarification and focussing of the role to be played by the Ministry by separating the purely operational activities from the policy making and regulatory functions. The ultimate aim of the restructuring process is to enhance the Ministry's efficiency in performing its functions, but also to improve productivity in and the quality of the operational functions.

The need for a reorganization of the government structure by focusing on the core functions is not unique to the MWTC, but applies to other ministries as well. The urgent need to develop unified policies with respect to both the new operational entities (SOOEs) established through the transfer of operational functions from Ministries and already existing entities already forms part of the Original Project. The Background section of this Document however still provides an overview of the general issues in this field, the policies being developed by the GRN in this regard, and also identifies further actions required to establish a coherent framework and instruments for enforcing accountability.

The two parts of the Project are covered in 3 separate chapters. The first describes the objectives, outputs and inputs of the Project and presents a cost estimate and a proposal for the financing of the costs, which is based on a cost-sharing approach. The second sets out the arrangements for implementation. Proper arrangements are crucial to ensure consistency, proper phasing and adequate control by the GRN. The third covers the expected effects and the associated risks of the project. Appropriate risk mitigation measures are identified and recommended. The two governments should agree on these to ensure successful Project implementation.

Details of project activities, i.e. cost estimates, implementation arrangements, etc. in support of the four chapters mentioned above, are provided in seven Annexures.

2 BACKGROUND

2.1 The Ministry of Works, Transport and Communication (MWTC)

The MWTC was established at Independence on 21 March 1990, and at that time comprised of three Departments, viz. (i) Works; (ii) Transport; and (iii) Posts and Telecommunications. The new Ministry was formed by taking over various units from the previous administration set up by the South African Government in 1978 to prepare for eventual Namibian independence, and by superimposing a new unified leadership structure comprising a minister, a deputy minister and a permanent secretary (PS), with the PS acting as the chief executive and accounting officer. The Department of Works (DOW) responsible for the maintenance and construction of all government-owned buildings, was formed by condensing three directorates of the former Department of Civic Affairs and Manpower and the corresponding units of the so-called second-tier administrations in pre-Independence Namibia. The Department of Transport (DOT) took over the operations of the previous administration with the same name, and also became responsible for the control and operations of the Government Garage previously under the Administration for Whites. The Traffic Police and Road Safety Secretariat originally part of the pre-Independence DOT, was transferred to the Ministry of Home Affairs. The Department of Posts and Telecommunications (DOPAT) did not change with its integration into the Ministry.

The new MWTC became the largest ministry in terms of employees, with a total establishment of about 10 500 persons, 3 800 in DOW, 4 200 in DOT and 2 500 in DOPAT. The operations were fully budget financed, with all revenues raised by the MWTC - e.g. postal revenue and landing charges collected at airports - accruing to the Central Revenue Fund.

At Independence there was only one parastatal under the auspices of the MWTC, i.e. TransNamib Ltd. (TNL), a statutory corporation established in 1988 to manage the railway, the country's major airline (Air Namibia), the Port of Lüderitz and a large road haulage operation. TNL is fully owned by the State, but autonomously operated, with the State's powers vested in Cabinet. The Board of Directors reports through the Minister to Cabinet.

The structure of MWTC has changed in several respects since Independence. Two decisions are of particular importance. Firstly, in 1991 the GRN commercialized DOPAT. This resulted in the establishment of two new corporations, Telecom Namibia Ltd. and Namibia Post Ltd., registered under the Companies Act. These two companies are owned by a holding company, which in turn is fully owned by the State. The implications of this transformation were that the total establishment of the Ministry was reduced by about 2 500 positions, and that the financial affairs of DOPAT became completely separated from those of the GRN. Furthermore, as part of the separation, the new corporations took control of all the assets used in the postal and telecommunications operations, including the buildings used for these operations, which formerly had been under the control of the DOW.

The other action was that the GRN in 1990 initiated a Rationalization Exercise of the Public Service. There were three main purposes. Firstly, to ensure that the government administration would be able to perform all the duties required of the public administration of an independent country. This was, of course, motivated by the condition that although South Africa as a rule had been trying to establish the administration in Windhoek on a stand-alone basis, there were several areas which remained under the direct control of Pretoria until Independence for several reasons. Secondly, a reorganization was seen as offering an opportunity for reducing the size of the public service, which was viewed as too large and too expensive for the country. And thirdly, the wish to enhance efficiency of the government service.

The Rationalization Exercise, which was completed in 1993, resulted in (i) the establishment in the MWTC of a new Department of Administration and Centralized Support Services (DOACSS), which took over (a) the Government Garage from DOT; (b) the Security Services and the Provision of Accommodation from the DOW; and (c) the administrative units from the said Departments concerned with finance and personnel; (ii) the reorganization of DOT into four directorates, viz. (a) Directorate: Transportation Infrastructure Maintenance and Construction (DTIMC) ; (b) Directorate: Planning and Transportation Management (DPTM) ; (c) Directorate: Civil Aviation (DCA) ; and (d) Directorate: Maritime Affairs; and (iii) the reorganization of DOW into two directorates. The total establishment of MWTC was fixed at 8 409 posts, with 1 935 in DOW, 3 537 for DOT and 2 937 for DOACSS (see Annex 1). In comparison with the establishment immediately after Independence, the impact of the Rationalization Exercise was marginal, taking into account that DOPAT personnel were transferred out in 1992.

In November 1995 Cabinet approved the Wages and Salaries Commission Report (WASCOM) that inter alia recommended that the Government Service must from 1996/97 onwards decrease its personnel expenditure by at least 2 % per year. Also in anticipation of the restructuring plans within the MWTC, the establishment of the Ministry was downsized, in 1997 from 8 409 to 7 701 and in 1998 to 7 418 (See also Annex 1). This work is ongoing and the results do not include the downsizing that will occur once transfers occur with institutional changes.

With the reintegration of Walvis Bay on 1 March 1994, the newly established Namibian Ports Authority (Namport), which is a statutory body resorting under the MWTC, took over the operations in the port, including navigation aids along the coast of Namibia. Namport has subsequently also taken over the management of the Port of Lüderitz from TransNamib Ltd.

2.2 Swedish Support to the Transport and Communications Sector

Swedish support to the transport and communications sector date back to 1988, i.e. before Independence. The first milestone of this support was the presentation of the report 'Transport and Communications in Namibia' to representatives of the incoming Government at a workshop held between 26-27 January 1990. Some of the issues discussed at this workshop were the need to (i) strengthen the policy-making capacity in the future MWTC; (ii) strengthen the capacity to handle regulatory affairs in the maritime and civil aviation sectors; (iii) convert DOPAT to a state-owned company; and (iv) review a number of transport policy matters.

Swedish support through Sida to transport and communications since Independence has covered a number of fields, which stemmed directly from the conclusions reached at the afore-mentioned workshop. The commercialization of DOPAT was undertaken with technical assistance provided by Sida, and support is still being provided in certain areas in order to see through the completion of the transformation process. Support to transport policy formulation resulted, *inter alia*, in the Draft White Paper on Transport Policy (DWP) completed in April 1992, and extensive preparatory work in the field of road taxation. The recommendations of the DWP was approved by Cabinet on 4 October 1994. Support to the DOT has also involved organizational aspects, including a pre-study of the commercialization of airports and air navigation services. Another area of assistance concerned the future operations of the Port of Walvis Bay, after reintegration of the Walvis Bay enclave on 1 March 1994. This exercise involved both organizational and policy formulation work and resulted in the creation of Namport.

In addition, since Independence advice of a more general nature has been provided on an ongoing basis concerning transport policy and the future organization of the Ministry, including the relationship between the Ministry and SOOEs under its auspices. This advice has focused mainly on the implementation of transport policy, instruments for policy control, the need for personnel development, and the potential for further restructuring of the Ministry. A theme of these discussions between the leadership of the Ministry and the advisers provided under Swedish support has been the need to review organizational aspects related to the operational functions now being performed by MWTC, e.g. in the road sector and civil aviation, and the development of monitoring mechanisms and regulatory policies to be applied on the existing and possible future SOOEs in the transport sector. This need is also emphasised in the White Paper on Transport Policy.

2.3 Current Structure and Operational Format of the MWTC; the Main Issues

Since Independence, a number of significant changes have taken place in the Ministry. In general, the Ministry is today capable of carrying out its obligations in an acceptable way, although efficiency is inadequate in several areas. There is therefore room for considerable improvements. There are also threats to the long-term sustainability of the organization, in view of the problems which the Ministry faces in recruiting adequately trained and competent staff.

The issues which the MWTC are addressing in order to ensure efficiency in its operations and long-term sustainability include:

(i) The size of its organization. The MWTC is even after the commercialization of DOPAT one of the largest employers in the country, making it a difficult entity to operate. The complexity of this task is magnified by the fact that the Ministry is involved in a multitude of diversified activities, many of which are not repetitive in nature.

(ii) The mixture of operational and regulatory functions. Most MWTC employees are actually involved in straight forward operational functions such as road and building maintenance and air traffic control, while a minority is involved in public functions such as planning, regulatory activities and policy formulation. There are two problems associated with this arrangement: (a) Operational functions are undertaken under public sector employment and financial management conditions. (b) Effective control and accountability are undermined. For example, the Director of Civil Aviation (DCA) is both responsible for ensuring aviation safety and the operations of the air navigation services. Thus it is charged with inspecting its own operations.

(iii) The allocation of responsibilities and delegation of authority to managers in the Ministry. As mentioned, the MWTC is actually responsible for large scale operational activities, including the operations of airports, air navigation services (ANS) and the public road network as well as the provision and maintenance of Government buildings, security, cleaning and printing services. The resources required for the proper management of these activities are, however, often not properly coordinated. As concerns the airports, for example, responsibility for the infrastructure vests with the DTIMC, responsibility for the buildings with the DOW, and the remainder of the operations with the DCA. In addition, many of the administrative matters resort under the control of the DOACSS, while personnel matters are effectively controlled by the Public Service Commission and the Directorate: Human Resources Management and Development in the OPM. The person actually responsible for the operations of the airports in the MWTC has thus virtually no effective power.

(iv) Hidden subsidies of operational activities. The finances of the MWTC is an integral part of the Central Revenue Fund, and revenues generated from the Ministry's operational activities accrue to this Fund. It implies that it is very difficult to make use of user charging systems and to implement proper cost-recovery policies. Again the civil aviation sector can be used as an example. Namibia today does not operate any system for collecting air navigation charges, thereby losing potential revenues amounting to several millions of Namibian dollars per year. In addition, the actual revenues generated at the airports constitute a small fraction of the actual cost incurred in operating these airports. Presently scarce government resources are therefore diverted from important areas such as education and health to subsidise the air transport system, which is primarily used by the well-off part of the population and foreigners.

(v) Inadequate capacity to handle vital policy and regulatory functions. While some improvements have been made in this area since Independence, increasing attention must be paid to the building up of capacity to handle the basic duties of a Ministry in several areas. For example, important management positions such as the Director of Maritime Affairs remained vacant for long periods on end. The Ministry lacks competence in such areas as the monitoring and economic regulation of parastatals. It is difficult for the Ministry to build up these basic functions, which are absolutely essential in order to be able to protect the public interest, given the diverse nature of the present responsibilities.

These abovementioned areas of concern therefore identified the following as the main criteria the restructuring the MWTC will have to comply with:

(i) Reduction in staff to make it manageable;

(ii) Clarification of the roles and functions of the various posts and entities in the Ministry;

(iii) Delegation of authority and identification of responsibilities for clearly specified and logically coherent areas of activity;

(iv) The provision of commercial services subject to cost-recovery requirements, and within an organizational format that allows for the imposition of user charges; and

(v) Recruitment of competent staff and the development and implementation of human resources development (HRD) programmes to gradually fill posts in the Ministry required for policy formulation and regulation as well as monitoring of the different SOOEs.

2.4 Ongoing Activities in the MWTC

2.4.1 The need for continued restructuring of the MWTC is fully recognised by the Ministry, and both its staff and leadership have initiated several exercises aimed at identifying new arrangements which would address the abovementioned issues and which would therefore enhance efficiency. A major strategy perceived as relevant is the continued separation of operational activities from the other activities of the Ministry, by transferring the former to separate entities, generally in the form of a SOOE. This would also be in line with government policy, which places increased emphasis on efficiency attainment in the public sector through the creation of self-sustained entities for operational purposes.

Such self-sustained SOOEs may consist of one of the following:

(i) An authority, i.e. a corporate body that fulfils both public and operational functions;

(ii) An administration, i.e. a corporate body for operational purposes, with political control of the financing and basic contents of the operations;

(iii) A statutory corporation, i.e. a state-owned commercial undertaking with the same powers as provided for under the Companies Act, but established through a separate legal instrument; and

(iv) A private or a state-owned company established in terms of the Companies Act.

It must be emphasized that the envisaged restructuring process should be seen as closely linked to an increased emphasis on human resources development (HRD) as constructive human resources development programmes can best be carried out as part of a restructuring process.

2.4.2 The MWTC initiated or is planning to undertake the following actions which, except where otherwise stated, are already or will become integral parts of MWTC2000 Project.

2.4.2.1 Already included in the MWTC 2000 Project

(i) In 1993 a preliminary study was carried out regarding commercialization of airport operations and air navigation services. The study funded by Sida, concluded that (a) the operations of the airports and air navigation services should be separated from the other civil aviation functions currently performed by the Ministry; and (b) that consultants should be appointed to undertake an in-depth investigation to determine the most effective organizational structure for the future operations of airports and air navigation services. This work was completed in 1997 and with the Cabinet approval to implement an Airports Company, this initiative will be completed by July 1998. The Airports Company will operate the eight largest airports in Namibia while air navigation and aviation security services will remain in the MWTC as part of the DCA.

(ii) In 1991 the heavy plant used mainly in road construction and maintenance was transferred to a separate division under DTIMC. The Division Plant and Equipment manages these pieces of equipment with its own separate operational account. This division now sells machine time and related services to other divisions in the Ministry, as a first step to set it up on an independent operational footing. On 29 March 1994 Cabinet authorized that a full-scale study on the commercialization of this division be carried out. This study is divided into two phases, i.e. evaluation and implementation. During the first phase it was shown that a separate commercial entity depending on plant rentals only, would not be viable, but that a commercial approach to include this function with that of road maintenance, will be more viable. Cabinet approved this approach and final approval for the implementation of a Roads Contractor Company taking over all road maintenance activities including the plant rental function presently performed by the DOT, is now awaited.

(iii) Based on initial work done by and recommendations made in the DWP, it was decided to prepare a document on road taxation. During March 1993, Cabinet approved in principle the policy proposal submitted by the Minister entitled 'A Proposed Policy on Road User Charging' and the appointment of an Interministerial Committee of Technical Experts on Road User Charging (ICTE), comprising representatives from the MOF, MME, MRLGH, MTI, and MWTC, to further investigate technical, institutional and administrative matters related to road user charges and to make final recommendations in this regard. While the main focus of this work has been on the structure of taxation affecting road users and road use, the institutional aspect associated with road user charges was also reviewed. Initial studies have been made and discussions have been held by the ICTE on linking the payments for use of roads directly to expenditure on road maintenance and construction by means of a road fund. The final report by the ICTE was released in August 1994 and after approval by the five ministers concerned, was approved by Cabinet on 25 July 1995. Cabinet after further development work mainly on the establishment legislation and the financial systems required, approved the implementation of the Road Fund Administration (RFA) and the Roads Authority on 27 October 1997. This proposal is also in line with the SADC Protocol on Transport, Communications and Meteorology signed by Namibia on 24 August 1996 and promulgated on 29 September 1997. Work is now ongoing to establish both entities.

(iv) During June 1993, Cabinet decided that an Investigating and Restructuring Technical Committee, should be established under the Chairmanship of the Deputy Minister of WTC in order to develop policy recommendations for the restructuring of the Government Garage. The Committee, after having investigated the financial and operational problems of the Government Garage, identified two categories of problems in its report of 1 September 1994, i.e. 'domestic' and 'basic' problems. The solution envisaged for addressing the 'basic' problem is to carry out a study with a view to commercialize the Government Garage, as part of the

MWTC2000. Cabinet approved the report and its recommendations at its meeting on 4 October 1994. This work was taken forward with the completion of a feasibility study on the restructuring of Government Garage in February 1997.

(v) The MWTC2000 Project has in 1996 under the lead of the MTI initiated a report on the Review of current arrangements for the steering, monitoring and regulation of parastatals in Namibia as a precursor to detailed studies to propose coherent policies and an institutional arrangement to properly manage and regulate SOOE's in Namibia. Cabinet also as part of the decision to restructure Transnamib (Ltd) (TNL), instructed the MTI to implement a State Enterprise Management Board (SEMB) specifically for this purpose. A feasibility study to come up with these proposals is currently ongoing.

(vi) A Cabinet Decision of 4 June 1996 instructed Ministries to categorise their Government functions into essential (core) and non-essential (non-core) groups and to come up with proposals how to restructure themselves to eventually focus on core functions only and to outsource the non-core activities. The MWTC in February 1997 at its first Management Workshop to Plan the Restructuring of the Ministry finalised these plans. The initial steps for the transformation of the DOW and the DOACSS was set out and confirmed. In September 1997 Cabinet approved the commercialisation of the DOW in principle and a feasibility study to propose an institutional structure to support this decision will commence shortly. A further feasibility study to transform the non-core functions of Security Services, Cleaning Services and the Government Stores and Printing of the DOACSS will also commence shortly.

2.4.2.2 Funded by Sida outside the MWTC2000 Project

(i) Linked to the two activities described in (ii) and (iii) above, the Ministry approached Sida for support on a National Roads Master Plan study. This study primarily focusses on the systems for roads planning, budgeting and execution of road works that the Roads Authority will use and on the development of an equitable and self-sustaining road user charging system. The original approach to focus more on an institutional study to review (a) possible future institutional arrangements in the roads sector; (b) the introduction on a large scale of the execution of road maintenance through contracting (the Ministry has already started on a small scale to contract-out road maintenance rather than do it through force account); (c) the financing needs of the sector in the future; and (d) the potential for self-financed operations through a road fund through the implementation of road user charges, was changed due to the conclusions of other studies referred to in this section.

(ii) At the end of 1993, the Ministry approached Sida with a request for assistance to recruit a Director of Civil Aviation (DCA) in terms of the Specific agreement between Sweden and Namibia on direct employment by Namibia of foreign personnel to fill posts of strategic importance in the public service. Sida agreed to this request and the position was filled as from 1 January 1995. The recruited person will serve for a period of 3 years. It is expected that during this period the DCA will set up the Directorate: Civil Aviation on an operationally self-sustained basis. The emphasis of the DCA's work will be on the regulatory aspects, and to design and develop an appropriate organisational structure for the future civil aviation administration within the Ministry. Concerning the commercialization process of the operational parts of the present Directorate: Civil Aviation, the DCA's role will be primarily that of a facilitator. This project is ongoing and may based on a Presidential Enquiry into the aviation safety in Namibia be progressing rapidly in future.

(iii) During the review meeting between the Ministry and Sida in October 1993, the two parties agreed to embark on a human resources development study. This study, which focuses on the needs of the entire transport and communications sector, including the private sector, has an emphasis on both the demand and supply of crucial skills for the sector in the country. The purpose is to identify the main issues with respect to the provision of adequately trained personnel for the sector. The study has a forward looking and long-term perspective and is seen as a prerequisite for the successful implementation of the restructuring of the Ministry. The study was carried out during mid-1994, and a report was released in September 1994. Its findings formed a fundamental input into the MWTC2000 Project's human resources activities where with Sida support comprehensive scholarships were made available to deserving students in Civil Engineering (15 to date) and Transport Economics (1 to date).

(iv) One of the proposals of the White Paper on Transport Policy is to introduce a new approach to quality control in the road transport industry. Cabinet approved the establishment of an Operators and Drivers Professional Association (OPDA), which will be run by the operators and the drivers themselves. It will be a self-regulatory body which will also be able to perform other public functions as delegated to it by the government. The Ministry has recently initiated work to establish OPDA but this initiative will only be completed with the promulgation of the new Road Traffic and Transport Act. This Act will provide the basis for self-regulation in the transport sector. While OPDA will be a part of the new arrangements in the transport sector, further work to prepare for OPDA is not an integral part of the MWTC2000 project, but part of the ongoing transport policy work in the Ministry.

2.4.2.3 Funded by others and not to be included in the Project

(i) The GRN has expressed a desire to undertake a restructuring of TransNamib Ltd. (TNL), and on 22 November 1994 Cabinet decided that an independent Task Force should be appointed to undertake a review of TNL. This Task Force investigated the inadequate financial performance of TNL and the absence of appropriate instruments provided for in the present legal framework to effect its accountability and performance . The inadequacy of the present legislation has also given rise to constraints between the GRN and TNL, essentially as no ownership function is provided for. The ITF concluded its work in 1996 and Cabinet approved its main recommendations at a special session in September 1996. These decisions will lead to the creation of a Holdings Company (TNLHC) managing several newly created companies, one each for Air Namibia, Transnamib Transport and Transnamib Property Management. The implementation work to restructure TNL is carried out independently of the MWTC2000 Project.

2.4.2.4 Funded by others and to be included in the Expanded Project

(i) A review of the maritime administration within the Ministry was undertaken by a consultant as part of the Norwegian support to the Ministry of Sea Fisheries and Marine Resources. The report released in August 1994 identified a number of shortcomings in the present DMA. The report recommended the provision of technical assistance services to strengthen the capacity and enhance competence in the Division. Action on this proposal by the Norwegian Administration for Development Assistance (NORAD) led to NORAD support with the recruitment of a Director for Maritime Affairs to assist with the development of a fully functioning DMA.

Work is currently ongoing to develop the necessary legislation to achieve this aim. This legislative review is not part of the MWTC2000 Project, but the Expanded Project will manage the restructuring of the DMA to establish a Maritime Affairs Authority.

(ii) The restructuring process affecting the DCA will not be completed with the Airports Company referred to in 2.4.2.1(i) above. A presidential Commission of Inquiry into the Aviation Regulatory Practices of the Directorate: Civil Aviation in the MWTC sat from 30 July to 22 August 1997 to complete their brief. The final report is expected shortly, but one of the recommendations that was highlighted in the interim report of 23 September 1997, was to establish an autonomous Civil Aviation Authority with its own financial base. The Expanded Project will manage this restructuring process as soon as the findings of the Commission are accepted and approved for implementation.

(iii) The MWTC has in November 1997 completed a study on the requirements for the Meteorological Services presently provided by the Ministry. This study recommends that a Quasi-Governmental Meteorological Service (QGMS), a SOOE, be accepted as the initial model to provide the required minimum level of service.

(iv) Since 1996 work has been ongoing in the DOW to investigate options to improve efficiency. These pre-feasibility studies pointed to a commercialised structure outside the present Government system as the most feasible option to achieve long term efficiency. Cabinet considered the findings of these studies and on 16 September 1997 decided that the MWTC may continue with detailed feasibility studies to develop the most feasible commercialisation model. This feasibility study will be part of the Original Project while the work that will flow from that will be part of the Expanded Project.

2.5 Government Policies on Restructuring and Commercialization

While the Government has not yet formulated any overall policies with respect to the restructuring of the government, Cabinet has taken a number of decisions which clearly imply that it supports far-reaching reforms (see Section 2.4). Furthermore the White Paper identified the need for new institutional arrangements in the transport sector, and recommended that "The Ministry should initiate a study to review operational and organizational arrangements with respect to roads, airports and air navigation services and formulate regulatory policies to be applied on parastatal companies in the transport sector" (R1.1). This recommendation has been accepted by Cabinet.

The need to restructure central government is also emphasised in the National Development Plan 1. The NDP1 envisages that (i) the Government will continue to withdraw from activities that can be more effectively undertaken by the private sector; (ii) the ownership, management structure and pricing policies of existing parastatals will be reviewed; (iii) parastatals will become increasingly self-financing or more open to competition, or will be privatised altogether; (iv) the number of civil servants will be reduced; and (v) increasing use will be made of user charging to attain cost recovery.

2.6 The Need for the Project

The Ministry has recently started to review the process for restructuring of its organizational structure for several reasons. From this work flowed several issues that call for one project to manage all restructuring initiatives. These are

- (i) the sheer magnitude of the task,
- (ii) the need for coordination between the many different ongoing and planned activities to ensure a proper future institutional structure and phasing of changes
- (iii) the need for adequate control on part of the management of the Ministry to ensure that the changes are in the interest of Namibia and in accordance with the Government's policy, and
- (iv) the need for adequate coordination with other ministries and initiatives of the GRN in the area of public sector and parastatal reform.

The conclusion of this review was that there is no alternative for the Ministry but to try to push through the restructuring process as an integrated and comprehensive exercise with respect to its transport and communications functions during the next five years. As already indicated, the Ministry is coming under considerable strain, and there is an apparent risk that functions could break down in the coming few years, as a result of the problem of recruiting and retaining competent staff. By formulating a vision, which offers a credible alternative for how to perform the required functions, it should be possible to engage the support of the ministerial staff and also to recruit new staff. Their full involvement is absolutely essential to the success of the MWTC2000 Project.

In view of the previous support to the Ministry, as well as the role already played by support from Sweden to the many proposed and ongoing activities related to the restructuring process, Sida approved their support of the original Project Scope (See the next chapter) to achieve a coordinated and adequately controlled restructuring process.
The proposed expansion of the MWTC2000 Project forms the basis of a formal request to Sweden to consider the support for the project as a whole before other possible donors will be approached. In the light of current funding allocation trends expanded donor support would enable the MWTC to continue with this framework

and will provide the means to the MWTC for achieving the aims and objectives of the planned restructuring of the Ministry.

3 THE PROJECT

3.1 Sector and Project Objectives

Sector Objective: The expanded Project forms part of a restructuring programme of the Namibian public sector, with the objective to enhance efficiency in all the sectors in which the MWTC operates. Initially the original project focussed on the transport and communications sectors, but the expanded project will cover all sectors wherein the MWTC operates.

The means to be used to attain this objective are:

- (i) Clear definition of roles to be played by and delegation of authority to different actors in the sector.
- (ii) Robust mechanisms for enforcing accountability.
- (iii) Clear policies implemented for user-pay charges and cost-recovery with respect to goods and services supplied by SOOEs.
- (iv) Appropriate regulatory mechanism in place aimed at promoting competition and non-dominant behaviour.

The attainment of the objective will be difficult to establish, both on account of measurement problems and the time required before the outputs of the Project yield visible results. It is therefore proposed that the means of verification to be used, be in the form of a peer review during implementation with the aim of assessing the appropriateness and relevance of the proposed new legal and organisational frameworks.

Project Objective: The immediate objective of the Project is to strengthen accountability and enhance efficiency of the Ministry and the SOOEs under its auspices. Some of the indicators that may be used to establish whether these objectives were attained are:

- (i) Significantly reduced appropriations under each vote.
- (ii) Lower costs for maintaining the road network at given standards.
- (iii) Full cost-recovery obtained in the road sector through the collection of road user charges.
- (iv) Lower costs to the state or SOOEs for hiring of vehicles.
- (v) Implementation of full cost-recovery policies to operate airports.
- (vii) Lower costs for maintaining government buildings at given standards.
- (viii) Lower costs for supplying Security, cleaning, stores and printing services.

3.2 Project Outputs

The Project will produce several different outputs, which can be grouped into 4 different classes of outputs as shown in Table 3.1; (see also Annex 2 which lists the Objectives, Outputs and Activities of the Project in the form of a Project Matrix, and Annex 3, which sets out the relationship between Outputs, Inputs, Activities and Stages).

Table 3.1: Project Outputs

Class of Output	Output	
	Original Project	Expanded Project
Coordination	Coordination	Coordination
Policies	Regulation, Accountability and Monitoring of SOOE's	
SOOE's	SEMB/ ADCOM Airport Operations Road Maintenance and Plant Government Garage Roads Authority Road Fund Administration	Maritime Affairs Authty Civil Aviation Authority Meteorological Services DOW DOACSS
MWTC	New Structure for MWTC Recommendations for restructuring DOW and DOACSS	New Structure for MWTC

3.2.1 Original Project

The contents of the outputs will comprise:

(i) Coordination: This output, to be produced mainly internally by the Ministry, will ensure that all the other outputs are designed, developed, and implemented, in accordance with the policies of the Government and in line with the implementation schedule set out in this Document, and as modified on an annual basis in the Revised Plan of Operations (see Section 4.1).

(ii) Development of policies for (a) the objectives, accountability and monitoring; and (b) the regulation of state-owned operational entities: The two outputs will be documented in basic policy documents, to be accepted by Cabinet, and in (draft) legislation, including new and/or amended acts. The documentation will cover the institutional implications of the new policies and will identify feasible approaches for the implementation of recommended new institutional arrangements. Before action is taken by Cabinet, draft policy recommendations will be subjected to a peer review. This output will be completed with the establishment of an institutional arrangement now termed SEMB, to execute these policies.

(iii) New State-Owned Operational Entities: The transformation of the following operational activities of the present MWTC to separate and independent operational entities, to be appropriately structured, including, where relevant, to be (partly) privatized: (a) airport services; (b) maintenance of those roads which are the responsibility of the State (State Roads) and the heavy plant pool; (c) Government Garage, (d) Roads Authority and (e) Road Fund Administration.Each one of the five outputs includes the establishment of a functional new entity, including the enactment of relevant legislation, the development of a business plan, the establishment of a management structure, the establishment and implementation of management systems, the development and initial implementation of a programme for cost-recovery, and the formulation and initial implementation of a human resources development programme, including a plan to promote affirmative action. The output 'Maintenance of State Roads' will also include the design of a programme to establish small contractors to undertake maintenance work.

(v) Reorganization of the Ministry of Works, Transport and Communication: This class comprises two outputs.

The first is the development and initial implementation of a new organizational structure for the MWTC ('New MWTC') to handle remaining functions in the transport and communication sectors inclusive of road safety and the possible affiliation of traffic police, which will mainly comprise policy and monitoring work, and regulatory activities (An outline of a possible 'New MWTC' is presented in Annex 4). This Output will be limited to the actual development of an appropriate structure, including manning and job description, but will not include the training of staff, etc.

The second Output is the initiation of the transformation of the Department of Works (DOW) and remaining parts of the Department of Administration and Centralized Support Services (DOACSS). This Output comprises proposals for a programme and an implementation framework for the appropriate transformation of the remaining operational activities of the Ministry. The Output is thus limited to the establishment of the initial framework to allow for the implementation of a similar process as for the transport and communication sectors.

3.2.2 Expanded Project

The outputs of the expanded Project will comprise of the following,

(i) Coordination: The expanded project has the same outputs as the Original Project.

(ii) New State Owned Operational Entities: The following activities of the MWTC will be transformed where relevant, to separate and independent SOOE's; (a) Aviation Safety Regulation and Registrations as well as Air Navigation Services, (b) Maritime Safety and Registration, (c) Meteorological Services, (d) Provision and maintenance of Government Buildings and Gardening Services, (e) Security, Cleaning and Stores and Printing Services. Each one of the five outputs will where relevant, include the establishment of a functional new entity, including the enactment of relevant legislation, the development of a business plan, the establishment of a management structure, the establishment and implementation of management systems, the development and initial implementation of a programme for cost-recovery, and the formulation and initial implementation of a human resources development programme, including a plan to promote affirmative action. The output 'DOW: Maintenance of Government Buildings' will also include the design of a programme to establish small contractors to undertake maintenance work.

(iii) Reorganization of the Ministry of Works, Transport and Communication:

This output will be the development and initial implementation of a new organizational structure for the MWTC ('New MWTC') to handle remaining functions once all the operational functions are removed. The functions of the 'New MWTC' will focus mainly on policy and monitoring work, and regulatory activities (An outline of a possible 'New MWTC' is presented in Annex 4). This Output will be limited to the actual development of an appropriate structure, including manning and job description, but will not include the training of staff, etc.

3.3 Project Activities and Inputs

In order to produce the Outputs, different types of activities will be required (see Annex 2). Each activity is produced by using various types of inputs, either professional services such as financial advisory, legal advisory, policy advisory and HRD advisory services, or staff inputs of the MWTC, such as the Chief Executive Officer (CEO; see Section 4.1) and other officers. One or several activities will be required to 'produce' a Project Output. Also, each Output will be 'produced' in stages; each stage comprises one or more activities.

The relationship between Inputs, Activities, Stages and Outputs is set out in further details in Annex 3. This Annex also illustrates which kinds of activities that are currently envisaged to be required for each Stage of and Output. It should be mentioned that most Outputs will comprise three Stages: (i) preparatory; (ii) implementation; and (iii) post-implementation, which will focus on HRD activities. It should also be noted that the actual combination of activities to produce an output may have to change due to specific circumstances that might occur during Project implementation. It will be the responsibility of the MWTC2000 Steering Committee (see Section 4.1) to determine the best combination of Inputs to produce the required Outputs, as well as the phasing of various activities as required.

3.4 Cost Estimate and Financing Plan

3.4.1 Original Project

The revised cost estimate for the Project is N$ 24,2 million in total. This estimate includes technical and price contingencies, as well as a total of N$0,513 million which was disbursed during period of the previous Swedish - Namibian Transport and Communication Sector Cooperation Agreement, i.e. before the proposed official initiation of the Project on 1 July 1995. Inflation in Namibia dollars has been assumed to be 8% per annum, and assumptions were also made regarding the trend of the SEK/N$ exchange rate. (For details see Annex 5).

It was agreed that Namibia and Sweden share this cost about equally, in that Sweden will make available SEK 13,0 million to the Project from 1 July 1995 to 31 December 1999, and that Namibia will undertake to contribute the balance. Namibia will also be responsible for funding any cost overruns incurred during the implementation process of MWTC2000 as well as the cost of additional activities which the Steering Committee (see Section 4.1) may recommend as essential to complete of the Project on schedule. It is furthermore proposed that the Swedish contribution during each year of the implementation of the Project should amount to about 50% of the estimated expenditure in Namibian dollars to be incurred during that year, up to an accumulated maximum level of SEK 13,0 million.

3.4.2 Expanded Project

The cost estimate for the Expanded Project is N$ 16,5 million. This work will be initiated in 1998 and will be completed by April 2001.

This exceeds the time of the Specific Agreement that will end by the year 2000.

4 PROJECT IMPLEMENTATION

4.1 Implementation Arrangements

4.1.1 MWTC2000 Steering Committee

To direct and lead the implementation of the Project, the Ministry established a committee, to be known as the MWTC2000 Steering Committee. This Committee is chaired by the PS and has as members concerned senior officials of the MWTC. Senior officials of other stakeholder Ministries and the recognised Trade Union are included during decision making meetings/sessions. The Minister authorised the Committee to take all decisions for the finalisation of all the agreed Outputs of the Project. This included the preparation of implementation schedules, comprising an Annual Plan of Operations and a (Revised) Indicative Plan of Operations until Project completion, the formulation of TOR for consultants, their recruitment, and the supervision and management of their work. The Steering Committee came into operation on 15 October 1995. The TOR for the MWTC2000 Committee is included as part of Annex 6.

The Ministry on 9 August 1995 appointed a Chief Executive Officer (CEO) for MWTC2000 to be responsible for the day-to-day work. The CEO, a member of the MWTC management group, has full powers to execute all decisions of the Steering Committee. The CEO acts in terms of an authority and TOR issued by the Minister and reports to the Steering Committee and on a day-to-day basis to the PS. During the period from 1 May, 1995 until the CEO took up his position, the Ministry appointed an acting CEO. The TOR for the CEO is also included as part of Annex 6. The CEO is assisted by such staff as may be required from time to time for the performance of his duties such as to achieve the aims and objectives of the Project (see further section 4.5). The MWTC is also consulting with Sida prior to the appointment of any key staff member.

4.1.2 ADCOM/ SEMB

Many of the issues to be dealt with as part of the restructuring process are of a general nature which do not affect the Ministry alone but also other ministries. To ensure uniformity in approach there is a need for coordination. It is therefore proposed that the Government establish an advisory committee, preliminarily called 'Advisory Committee on the Commercialization of Operational Activities in the GRN' (ADCOM), to be charged with this coordinating function. The ADCOM would have the role of overseeing the work of individual ministries, and would be responsible for ensuring a coherent and consistent policy with respect to (i) operational activities in the GRN; (ii) their transformation to SOOEs (including, where appropriate, privatisation); and (iii) the objectives, accountability, monitoring and regulation of SOOEs. This body will report to Cabinet and will consist of PS's or knowledgeable persons from key economic ministries, and also representatives from the private sector. It is envisaged that the Government will have to establish a small secretariat of professional staff to service the ADCOM. It is recommended that Government appoint all members of this Committee not later than 30 September 1995.

This proposal was not implemented as proposed, but due to further Cabinet Decisions in this regard, the project output changed completely. Cabinet appointed a High Level Committee (HLC) under the chairmanship of OPM to list the functions presently performed by Government that may be outsourced. The HLC is also tasked to refer this list to the newly created Efficiency Charter Unit (ECU) in the OPM to manage the process of outsourcing.

Concerning the work to be done to develop policies on the objectives, accountability, monitoring and regulation of SOOE's, Cabinet decided to formally place these under a State Enterprise Management Board (SEMB). The need for the SEMB reflects the condition that there is at present no department within the Government charged with the responsibility of overseeing and monitoring SOOEs (as can be found in other countries). SEMB is the first step towards the establishment of such a function within the Government.

4.1.3 General Liaison between Steering Committee and ADCOM/SEMB

It is envisaged that the MWTC2000 Steering Committee will relate to the ADCOM/SEMB on a continuous basis. All issues of a policy nature, which affect not only the Ministry but also other ministries, will be submitted to the ADCOM/SEMB for clearance before they can be submitted to Cabinet for final decision.

For the final preparation of the establishment of a new SOOE, an interim board will normally be appointed. The MWTC2000 Steering Committee will be responsible for determining at what time such interim boards should be established, and will submit proposals to the Minister for their appointment, including proposals on suitable members and their TOR. The MWTC2000 Steering Committee will also make proposals to the Minister for the establishment of similar executive committees for the final implementation of other approved restructuring actions.

4.2 Implementation Schedule

4.2.1 Original Project

Implementation of the Project commenced with the establishment of the MWTC2000 Steering Committee on 2 August 1995. The Project will be completed by 31 December 1999 when it is expected that all new organisational arrangements will have been put in place, including the restructured MWTC with respect to transport and communication. At that stage the restructuring of DOW and the remaining parts of DOACSS will also have commenced. Below follows an Indicative Plan of Operation until Project Completion; further details are in Annex 7.

In terms of this Plan, the activities of the MWTC2000 Project included the following stages during the first year of operation (until March 1996):

1. Take over the overall management of the Study of Commercialization of Airports and ANS, including completion of the first stage of the study (Phases 1 to 7 of the TOR for the Study), and the initiation of the second stage of the Study (These two stages are identical to the two first stages of the Airport/ANS Output).

2. Take over the overall management of the Study of the Heavy Plant Pool, including the completion of the first phase and the initiation of the second phase of this Output (These two phases are identical to the two first stages of the Output Heavy Plant).

3. Recruit the CEO, appoint the Administrative Officer, and establish the MWTC2000 Committee (Coordination Output).

4. Recruit consultants to prepare policy documents on the objectives, monitoring and regulation of state-owned operational entities. Initiate amendment to or the drafting of new legislation. Submit to ADCOM and Cabinet for approval (Stage one of Policies Output.)

5. Work out and implement an interim road user charging policy (stage one of the Road Financing Output).

6. Draw up an overall strategy for the restructuring of the roads sector, including the implementation of road user charges and possibly of a road fund. The purpose of the strategy is to identify how the restructuring shall be accomplished (Stage 1 of the State Roads Output).

During the second year (FY 1996/97), the following stages are envisaged to be under implementation:

7. Implementation of new arrangements for airports and ANS (completion of the second stage and initiation of the third stage of Airports/ANS Output).

8. Implementation of new arrangements for the heavy plant pool (completion of the second stage and initiation of the third stage of the Heavy Plant Output).

9. Finalisation of approval of new legislation for state-owned operational entities (end of the second stage of Policies Output).

10. Detailed Study for the implementation of new arrangements in Roads Sector completed (end of second stage of State Roads Output).

11. Detailed study for the future of the Government Garage completed (end of first stage of the Government Garage Output).

During the third year (FY 1997/98), the following stages are envisaged to be under implementation:

12. Study on the new organization of the MWTC (first stage of 'New MWTC' Output)

13. Implementation of new arrangements for airports and ANS (third and final stage completed);

14. Implementation of new arrangements for heavy plant pool (third and final stage completed).

15. Implementation of new arrangements for the Government Garage (second stage of Output).

16. Implementation of new arrangements in the road sector (third stage of Output State Roads completed).

17. Preparatory study for the implementation of road user charges and a road fund (second stage of Road Financing Output).

18. Preparatory study with respect to DOW and DOACSS (first stage of Output DOW & DOACSS).

During the fourth year (FY 1998/99), the following stages are envisaged to be under implementation:

19. Implementation of new arrangements in the road sector (fourth and final stage)

20. Implementation of road user charges and road fund (completion of third stage)

21. Implementation of new arrangements for the Government Garage (third and final stage).

22. Implementation of new arrangement for MWTC; (completion of second stage).

23. Policy and strategy formulation for DOW and DOACSS (completion of stage two).

During the fifth and final year (FY 1999/00), the following stages are expected to be under implementation:

24. Implementation of road user charges and a road fund (fourth and final stage)

25. Implementation of new arrangement for MWTC (third and final stage).

26. Initiation of implementation of new arrangements for DOW and DOACSS (third stage).

4.2.1 Expanded Project

The indicative Plan of Operation until the completion of the Expanded Project is set out below. Annex 7 also provides further details.

During the first year of operation (1998/99), the Project must achieve the following stages;

1. Draw up a strategy to restructure the Directorate Maritime Affairs into an Authority. Initiate a study to finalise recommendations for such restructuring. Stage 1 of Maritime Affairs Authority Output.

2. Following acceptance of the recommendations of the Presidential Commission of Inquiry, draw up a strategy to implement a Civil Aviation Authority. Stage 1 of the Civil Aviation Authority Output.

3. Initiate a study for detailed recommendations on the restructuring of the Meteorological Services. Stage 1 of the Meteorological Services Output.

4. Take over the management of the feasibility study to Commercialise the functions of the Department of Works, complete this and based on the subsequent Cabinet Decision, initiate the second phase. These are the first and second stages of DOW Output.

5. Take over the management of the feasibility study to restructure the support functions, Security Services, Cleaning Services and Government Stores and Printing, complete this and based on the subsequent Cabinet Decision, initiate the second phase. These are the first and Second Stages of the DOACSS Output.

During the second year of operations (1999/2000), the following must be achieved.

6. Implementation of the Maritime Affairs Authority. Stage 2 of Maritime Affairs Authority Output.

7. Implementation of a Civil Aviation Authority. Stage 2 of the Civil Aviation Authority Output.

8. Implementation of the restructuring proposals for Meteorological Services. Stage 2 of the Meteorological Services Output.

9. Complete the detailed study on the implementation proposals for DOW. Stage 2 of the DOW Output.

10. Complete the detailed study on the implementation proposals for the support functions, Security Services, Cleaning Services, Government Stores and Printing. Stage 2 of the DOACSS Output.

11. Draw up a strategy to restructure the remaining functions of the MWTC as set out above. Stage 1 of the 'New MWTC' Output.

During the third year of operations (2000/2001), the following must be achieved.

12. Implementation of restructuring of DOW. Stage 3 of the DOW Output.

13. Implementation of restructuring of the support functions, Security Services, Cleaning Services, Government Stores and Printing. Stage 3 of the DOACSS Output.

14. Implementation of the 'New MWTC.' Stage 2 of the 'New MWTC' Output.

4.3 Procurement Rules and Disbursement

Unless Namibia decides to recruit locally on terms and conditions of the Namibian public service, the recruitment of the CEO and his supporting staff may be done in terms of the Specific Agreement between Namibia and Sweden on direct employment by Namibia of foreign personnel to fill posts of strategic importance in the public service.

Procurement of consultancy services will be done by the MWTC2000 Committee in terms of Namibian government procurement rules, subject to the conditions set out in the General Agreement on Terms and Procedures of Development Cooperation dated 19 October, 1990. All contracts will be signed and managed by the Ministry. Disbursements of funds made available by Sweden shall be made in accordance with the Agreements on Development Cooperation between Sweden and Namibia in force during the period of the proposed Project.

A cash flow programme for disbursements shall be prepared and revised at least annually. Sweden also financed part of the cost of the activities that were in the process of being initiated and which resulted in costs before the official initiation of the MWTC2000 Project on 1 July, 1995.

Table 4.1 presents as a new baseline the revised expenditure planning for the project. A new estimate of expenditure, such as shown in Annex 5, has been prepared and will be revised from time to time as required, but at least annually as soon as the actual expenditure for the past financial year is known.

Table 4.1: Disbursement of Total Funds and Swedish Funds during the Period of Implementation - Revised Baseline Plan (Mar. 1998) (M N$ or M SEK)

Year	Total Funds (M N$)		Swedish Funds (M SEK)	
Project	Orig.	Expand.	Orig.	Expand.
1994/95	0,4	0,0	0,4	0,0
1995/96	1,0	0,0	0,0	0,0
1996/97	3,5	0,0	3,3	0,0
1997/98	3,7	0,0	3,9	0,0
1998/99	11,6	1,8	9,0	1,4
1999/00	2,8	5,6	2,2	4,4
2000/01	1,2	9,2	0,8	7,3
Total	**24,2**	**16,6**	**19,6**	**13,1**

Conversion factor for estimated SEK amounts from 1998/99 on = SEK1,6/N$

4.4 Budgeting, Accounting and Auditing

The Ministry will budget annually for the entire cost of the Project, including the proposed Swedish contribution. The budgets will be prepared on the basis of an agreement reached between Namibia and Sweden during the Annual Sector Review for the Transport Sector, which will take place during the month of November. During this Review the two parties will agree on an Annual Plan of Operations for the following FY, including main activities to be undertaken, and the estimated costs for both countries. They will also agree on a Revised Indicative Plan of Operations until Project Completion (as illustrated by Annex 7). The preparation of the Annual Plan of Action and the Revised Indicative Plan of Operations will be the responsibility of the MWTC2000 Steering Committee.

Separate accounts will be maintained for the Project by the Ministry. As provided for in the General Agreement on Terms and Procedures of Development Cooperation dated 19 October, 1990, Sida will at any time have the right to undertake an audit of the Project accounts.

4.5 Performance Indicators

A complete list of the performance indicators, and the means of verification to be used, are in Annex 2. The performance indicators as spelled out for the Sector Objective and the Project Objective are also set out in Section 3.1

Some of the indicators are related to the completion of various actions by the Ministry and the Government under the project. Critical such completion dates are listed and considered further in Section 5.3.

4.6 Project Monitoring and Reporting

The MWTC2000 Steering Committee must prepare quarterly and annual reports on the progress of the Project, and submit these to the Minister and Sida, not later than 45 days after the end of the quarter or year. These reports will contain information on, *inter alia*, progress of Project implementation, disbursements, achievements in terms of relevant performance indicators and problems encountered. Within 30 days of receipt of such Reports, the Minister and Sida will meet to evaluate the report, and will after all such meetings submit their comments in writing to the MWTC2000 Steering Committee.

At the completion of the Project at the end of 2000, the MWTC2000 Steering Committee will submit an extensive Project completion document, with financial statements and a service performance statement with respect to relevant performance indicators of the Project.

To assist with compiling the required information and to ensure its integrity, the Ministry will provide adequately proficient staff to work on a regular basis for the CEO.

5 PROJECT EVALUATION

5.1 Main Benefits of Project

The economic benefits of the Project are primarily to be found in (i) reduced costs for maintaining the road network and Government Buildings of Namibia at given standards; (ii) better utilization of the assets used by the railway, air transport operators and road transport operators; (iii) better utilization of the assets under the control of Division: Plant and Equipment (the Heavy Plant) and the Government Garage; (iv) increased revenues to Namibia from the imposition on foreign operators of user charges for flying through Namibian air space or for making use of Namibian roads; (v)improved service delivery from security, cleaning and stores support services; and (v) higher quality services being provided by the MWTC. It is not possible to quantify the value of these benefits. However, considering the potential for cost savings in both road and building maintenance activities alone, the Project should be able to generate benefits larger than the total estimated cost of the Project already by the year 2000.

The burden on the Central Revenue Fund will be reduced significantly through the Project. This will be accomplished through (i) a reduction of hidden subsidies to airports and ANS; (ii) reduced costs for making use of heavy plant and vehicles; (iii) reduced costs for maintaining roads at given standards; (iv) increased revenues through the imposition of road user charges; (v) reduced costs for providing and maintaining Government buildings; (vi) reduced costs for support services like security, cleaning, stores and printing; and (v) reduced costs for operating the MWTC, also after taking into account the transferring of staff to SOOEs. If a road fund is established, the revenues from the road user charges will not accrue to the Central Revenue Fund while (almost) all the expenditure on maintenance and construction of roads will not be funded by the Central Revenue Fund.

5.2 Other Impacts of Project

The Project will likely lead to a need to reduce the employment of staff in the public sector (including in SOOEs). It cannot be ruled out that it may become necessary to undertake retrenchments.

The Project is essentially a large-scale institution building exercise. It will entail the establishment of new structures which will be more client oriented, and which will therefore have to place greater emphasis on the development of their staff. It is expected that the Project will speed up the implementation of effective affirmative action programmes, which will be in the interest of the less advantaged groups in Namibia.

The implementation of new arrangements in the road sector will likely have an important impact on the structure of the contracting industry, and its method of work. It is envisaged that all work after the reform of the State road sector will be contracted out, which will offer numerous opportunities for small-scale contractors. These contractors will find it advantageous to employ more labour-intensive techniques than normally used to date, both on account of the smaller capital needs when undertaking work in this way, but primarily as it will often prove cost-effective.

5.3 Risks and Risk Mitigation Measures

Two types of risks are associated with the Project, those which can be managed and controlled as part of Project preparation and implementation, and those which are genuine risks, and essentially beyond control. The latter type of risks are referred to as external factors some of which are identified in Annex 2.

The following manageable risks were identified at Project startup. It was not necessary to implement any mitigation measure as these risks were properly managed. The proposed risk mitigation actions are set out after each factor has been indicated:

1. Inadequate funds made available for the full completion of the Project. **Risk Mitigation Measure**: A Specific Agreement was signed for the Project, requiring Sweden to finance SEK 16.0 million and Namibia the balance between the originally estimated project cost of N$ 16.0 million and SEK 16.0 million. The Specific Agreement also requires that Namibia must finance possible cost overruns on account of activities which are deemed essential for the timely completion of the Project. The Specific Agreement furthermore require that the Ministry and Sida each year agree on a Plan of Operations and associated estimated financial requirements for the following financial year during Sida's Annual Sector Review.

2. Delays in the appointment of (i) the Steering Committee (1 July 1995); (ii) the Acting CEO (1 May 1995); and (iii) the Administrative Officer to work for the MWTC2000 Committee (1 July 1995). **Risk Mitigation Measure:** Initiation of Swedish disbursements under the Project (with the exception of activities initiated during FY 1994/95) will be conditional on that appropriate action will be taken on all these matters.

3. Delays in the appointment of (i) the CEO (1 July 1995); and (ii) the Advisory Committee on the Commercialization of Operational Activities in the GRN (ADCOM) (30 September 1995);. **Risk Mitigation Measure**: Sweden will not disburse any money during the second year of the Project, except for Project activities already underway, until the CEO has taken up his/her position and the ADCOM has been established and come into operation. This was not necessary as the CEO was appointed in time while the ADCOM issue was overtaken by later Cabinet Decisions.

4. Appointment of an adequately competent CEO and key members of the CEO's supporting staff. **Risk Mitigation Measure**: Sida has been appropriately consulted before the recruitment of the CEO and any key member of his supporting staff. The CEO was appointed at management level.

5. Inadequate powers given to the Steering Committee and the CEO. **Risk Mitigation Measure**: The TOR for the Committee and the CEO formed integral parts of the Specific Agreement.

6. Misunderstanding regarding the objectives, outputs, activities and inputs of the Project. **Risk Mitigation Measure**: The Project Matrix in Annex 2 is an integral part of the Specific Agreement.

The only risk that could still be considered for both the original and the expanded Project is the following,

7. Inappropriate policies and institutional arrangements proposed. **Risk**

Mitigation Measure: A peer review mechanism will be part of the Project. One or two internationally recognized experts will be recruited to review proposals made with respect to policies and draft legislation for (i) the objectives, accountability, monitoring and regulation of SOOEs; (ii) the future institutional arrangement in the road sector, including road user charging and the possible establishment of a road fund; and (iii) the future organizational arrangements in the MWTC.

Annex 1: Current Structure and Manning of MWTC

	Established Posts 1995	1998
1. DEPARTMENT OF TRANSPORT	**3 537**	**2 784**
Directorate Planning & Transport Management	187	178
Directorate Transport Infrastructure Maintenance and Construction	2 789	2 258
Directorate Civil Aviation	538	321
Directorate Maritime Affairs	23	25
2. DEPARTMENT OF WORKS	**1 935**	**1 717**
Directorate: Capital Project Management	52	52
Directorate: Maintenance	1 883	1 665
3. DEPARTMENT OF ADMINISTRATION AND CENTRALIZED SUPPORT SERVICES	**2 937**	**2 917**
Directorate Administration	332	275
Directorate Centralized Support Services	2 604	2 642
TOTAL MINISTRY	**8 409**	**7 418**

Annex 2: Project Matrix

PROJECT MATRIX
(1. MWTC2000)

OVERALL OBJECTIVE OF PROJECTS To enhance the efficiency and effectiveness of the operations of the MWTC and SOEs under its auspices and create an appropriate enabling environment for the provision of efficient private operator services in the sector, through a restructuring of Government intervention and participation In the Transport and Communication Sector and the promotion of open competition among service suppliers in the sector.	*INDICATORS* (a) Clear definitions of roles to be played by, and delegation of authority to, the different actors in the sector. (b) Robust mechanisms for enforcing accountability. (c) Clear policies for cost recovery on services and goods supplied by SOEs. (d) Appropriate regulatory mechanisms for promoting competition and non-dominant behaviour.	*MEANS OF VERIFICATION* Evaluation of appropriateness of new legal and organisational framework by peer review of external, independent experts.	*EXTERNAL FACTORS* Commitment of the Government to the success of the projects, as expressed through policy and fiscal decisions to allocate the necessary resources and create an environment conducive to the projects execution.
PROJECT PURPOSE To strengthen the accountability and enhance the efficiency of the MWTC, including of SOEs under its auspices.	*INDICATORS* (a) Significantly reduced appropriations under the transport vote. (b) Lower costs for maintaining the road network at given standards. (c) Full cost recovery obtained in the road sector through the collection of road user charges. (d) Improved profitability for TransNamib Ltd. (e) Lower costs to state or SOEs for hiring plant and transport means. (f) Implementation of full cost recovery policies by new SOE to operate airports. <u>Expanded Project:</u> (g) Improved air navigation services and aviation safety. (h) Improved maritime safety and registration. (i) Improved meteorological services. (j) Improved services to Government	*MEANS OF VERIFICATION* (a)(i) Annual budgets and reports by the Auditor-General. (b)(i) Road Maintenance Management System. (c)(i) Financial statements of new agency to operate the state road network. (d)(i) Financial statement for TNL or new entities formed from TNL. (e)(i) A comparison of prices for hiring plant and means of transport before and after change. (f)(i) Annual report and financial statements from new SOE to operate airports. (g)(i) Performance agreements, annual report and financial statements of new SOE s.	*EXTERNAL FACTORS* Adequate capacity in other Departments of the GRN to take timely action, including to process and implement policy decisions.

PROJECT MATRIX
(1. MWTC2000)

OUTPUTS	*INDICATORS*	*MEANS OF VERIFICATION*	*EXTERNAL FACTORS*
1. Policies on the objectives, accountability, monitoring and regulation on SOEs.	(a) Acceptance by Cabinet of new policies.	(a)(i) Assessment of appropriateness and relevance of new policy and legal framework through peer review, and enactment of new legal instruments.	• Acceptance of other Government departments of timely appointment of CEO. • Coordination with and action by other Ministries and ADCOM/SEMB (State Enterprise Management Board). • Political preparedness to accept the inevitable consequences of actions required for the implementation of proposed policies. • The technical, administrative and political feasibility of implementing a cost-effective road user charging system and road fund. • The recruitment of adequately competent staff for the MWTC on the terms and conditions of the public service. • Political preparedness to consider a full-scale reform of primarily the DoW.
2. SOEs established for: (a) Roads Authority (b) Airports (c) Roads Contractor & Heavy Plant Pool (d) Government Garage.	(b) Decisions taken by Cabinet and/or National Assembly.	(b)(i) Boards and managing directors / general managers appointed. (b)(ii) Sales effected. (b)(iii) Peer review of appropriateness and relevance of new institutional arrangement for State Roads.	
3. Road User Charging System implemented.	(c) Decision taken by Cabinet and National Assembly to implement a system of road user charges (interim and final).	(c)(i) New charges for use of vehicles implemented through a new structure of levies (fuel, licences, weight-distance).	
4. Road Fund implemented.	(d) Decision taken by Cabinet and National Assembly to establish a road fund for financing the road network.	(d)(i) Assessment of appropriateness and relevance of new policy and legal framework through peer review, and enactment of new legal instruments. (d)(ii) Establishment of a road fund administration.	
5. New organisational structure for MWTC.	(e) Decision taken by Cabinet on slimmed down MWTC.	(e)(i) Peer review of appropriateness and relevance of proposed new organisation structure. (e)(ii) Decision to appoint new staff to key positions.	
6. Transformation of Department of Works (DoW) and Department of Administration and Centralized Support Services (DoACSS) Initiated.	(f) Decision taken to formulate a programme for the restructuring of DoW and DoACSS, with the aim of commercializing and privatizing operational functions.	(f)(i) The appropriation of funds to finance required studies, etc.	
<u>Expanded Project:</u>			
7. Civil Aviation Authority 8. Maritime Affairs Authority. 9. Quasi-governmental Meteorological Services. 10. Operational functions of the Department of Works (DoW) and Department of Administration and Centralized Support Services (DoACSS) transferred to SOEs.	(g) Decision taken by Cabinet and/or National Assembly.	(g)(i) Boards and managing directors / general managers appointed. (g)(ii) Peer review of appropriateness and relevance of new institutional arrangements.	

PROJECT MATRIX
(1. MWTC2000)

ACTIVITIES

1. Coordination, TORs, direction and information.
2. Preparatory studies.
3. Interim Board and their activities.
4. Preparation of legal documents.
5. Opening balance sheets for new SOEs.
6. Recruitment and retrenchment of staff.
7. Appointment of management and staff.
8. Formulation of human resources development programmes.
9. Execution of sales.
10. Systems development.
11. Peer review.

INPUTS

(a) MWTC staff time (MWTC2000 committee, chief executive officer and administrative officer).
(b) Consultancy services.
(c) Time of Individuals serving on interim boards.
(d) Consultancy services.
(e) Consultancy services.
(f) Management systems, consultancy services, MWTC staff time and time of interim board members.
(g) As in (f).
(h) As in (f).
(i) Consultancy services, MWTC staff time.
(j) Consultancy services.
(k) Time / consultancy services of individuals serving as peer reviewers.

COST ESTI-MATE [thousands]	Total [N$]	SIDA [SEK]	MWTC [N$]
1995/96	974	0	974
1996/97	3 460	3 302	1 324
1997/98	3 700	3 880	1 346
1998/99	11 550	9 048	5 895
1999/00	2 820	2 240	1 420
2000/01	1 160	848	630
Total	23 644	19 318	11 589
Expanded Project			
1998/99	1 790	1 432	895
1999/00	5 550	4 440	2 775
2000/01	9 200	7 288	4 645
Total	16 540	13 160	8 315

MEANS OF VERIFICATION

(a)(i) Indicative overall project plan.
(a)(ii) Annual project plans.
(a)(iii) Published annual national budget.
(a)(iv) Expenditure progress register of the MWTC.
(a)(v) Quarterly project financial reports.
(a)(vi) Annual project reports.
(b)(i) Approved study reports.
(c)(i) As in (a)(i) to (a)(vi).
(d)(i) Legal documents approved.
(e)(i) Approved balance sheets.
(f)(i) Approved codes on policy and procedures.
(f)(ii) Operational management systems.
(f)(iii) Staffing of key positions.
(g)(i) Staffing of key positions.
(h)(i) Approved codes on policy and procedures and approved programmes.
(i)(i) Sales reports.
(j)(i) System reports.
(k)(i) Project reports.

EXTERNAL FACTORS

- The effective functioning of ADCOM/SEMB.
- Availability of adequately competent consultants.
- The identification of a sufficient number of willing and adequately experienced and connected persons in Namibia to serve on interim and management boards.
- Proper coordination with existing legal framework, including amendments of other acts.
- Adequate support form other government departments.
- Relevant method for evaluating assets and adequate data for undertaking the evaluation.
- Government policies on recruitment and retrenchment.
- Government policies on affirmative action.
- Market demand for assets to be sold.
- Availability of appropriate systems (primarily as concerns a new SOE for
- State Roads, new road user charges and a possible road fund).
- The identification of suitably qualified persons to serve as peer reviewers.

Annex 3: Relationship between Outputs, Stages, Inputs and Activities

A. Inputs

There are four types of inputs:

I1 MWTC Staff Time

I2 Consultancy Services (including financial advisory, legal advisory, policy advisory and HRD advisory services)

I3 Time of Other Individuals (including from the private sector)

I4 Management Systems

B. Activities

Inputs are required to 'produce' activities. The following activities can be identified:

Activities		Inputs required
A1	Coordination, TOR, Direction & Information	I1, I2
A2	Preparatory Studies	I2
A3	Interim Boards	I1, I2, I3
A4	Legal Documents	I1, I2
A5	Opening Balance	I2
A6	Recruitment & Retrenchment	I2
A7	Appointment of Management & Boards	I1, I2
A8	HRD Programmes	I2
A9	Execution of Sales	I2
A10	Systems Development	I2, I4
A11	Peer Review	I2, I3

C. Outputs and Stages

Outputs group into Classes of Outputs. To produce an Output requires several stages. In each stage one or more activities will be required as illustrated by the table below.

Classes of Outputs	No of	Activities required in each Stage			
		Stages	S1	S2	S3
Original Project:					
OC1 Coordination	01 Coordination	Ongoing	A1 (ongoing)		
OC2 Policies	02 SOOEs-policy	2	A2	A2,A4,A11	
	03 SOOEs-regulation	2	A2	A2,A4,A11	
OC3 SOOEs	04 Airport Operations	3	A2	A2-A8,A10	A6-A8,A10
	05 Road Maintenance & Plant	3	A2	A2-A11	A6-A10
	06 Gov't Garage	3	A2	A2-A10	A6-A10
	07 Roads Authority	3	A2	A2-A8,A10,A11	A6-A8,A10
	08 Road Fund Administration	3	A2	A2-A8,A10,A11	A6-A8,A10
OC4 MWTC	09 'New MWTC'	3	A2		
	010 DOW & DOACSS	3	A2		
Expanded Project:					
OC1 Coordination	01 Coordination	Ongoing	A1 (ongoing)		
OC3 SOOEs	011 Maritime Affairs Authority	3	A2	A2-A8,A10,A11	A6-A8,A10
	012 Civil Aviation Authority	3	A2	A2-A8,A10,A11	A6-A8,A10
	013 Meteorological Services	3	A2	A2-A8,A10,A11	A6-A8,A10
	014 DOW	3	A2	A2-A11	A6-A8,A10
	015 DOACSS	3	A2	A2-A8,A10,A11	A6-A8,A10

Annex 4: Envisaged Future Structure and Manning of MWTC

The attached Figure A4.1 shows one possible future structure for MWTC, once the MWTC2000 Project has been completed. It should be seen as an example for illustrative purposes and not as a recommendation. This organisational structure envisages that also DOW and DOACSS have been reformed. (In the event that these two Departments still exist, these will report separately to the Permanent Secretary.) The total professional staff of MWTC is expected to be less than 100 persons, and the total establishment of MWTC would be less than 150 positions.

The 'New MWTC' would consist of one Staff Function (the Corporate Function) and three Departments. The Staff function would mainly be concerned with the development and operations of the MWTC itself, but would also contain 'Information', i.e. contacts with the public, and public relations. The Regulations Department would be concerned with the administration of the existing legislation pertaining to safety and the environment; the Contracts and Monitoring Department would be responsible for negotiating and monitoring agreements with the administrations under the auspices of the Ministry (see below), and also contracts for the provision of possible subsidies to e.g. airports, sea navigation facilities and the railways, as well as self-regulatory bodies under the supervision of the Ministry, for example the Operators and Professional Drivers Association (OPDA). This Department would also collect and collate data and statistics of relevance to the transport, communications and works sectors in general and its functions in particular. The Policy Department would be responsible for all bilateral and multilateral negotiations concerning economic regulatory regimes, and would have the overall responsibility for providing policy advice and drawing up new legislation.

There would be three types of independent bodies under the Ministry, viz. administrations, commercial entities (including authorities) and self-regulatory organisations. Cabinet has already approved the establishment of a Road Fund Administration, which would be financed from road user charges channelled through the Road Fund. The Road Fund Administration will be governed by its own Board, but will fall under the auspices of the Ministry of Finance.

The commercial entities have four types of interface with the government: (i) the ownership function; (ii) safety and environmental control; (iii) subsidies; and (iv) economic regulation. Functions (ii) and (iii) will be performed by respectively the Regulations Department and the Contracts and Monitoring Department of the Ministry. The two other functions, and the role to be played by the Ministry in the performance of these functions will be studied as part of the Policies Output of the Project. The new entities already approved by Cabinet are the Roads Authority, Roads Contractor Company and Airports Company. Whereas the latter will generate its own revenue, the former two will be funded from a dedicated Road Fund. All would have to annually report to and negotiate an agreement with the Ministry. It is envisaged to create a quasi-governmental Meteorological Service. The other commercial entities listed in Figure A4.1 should be seen as tentative.

The third type of organisation are the self-regulatory bodies. Cabinet has already taken a decision on the establishment of OPDA. It is possible that it may also be necessary to transfer certain powers to a similar body for non-commercial road traffic (a Road Safety Board), in order to stimulate community involvement in road safety work. The self-regulatory bodies will be supervised by the Regulation Department as concerns safety and environmental aspects. The Contracts and Monitoring Department will have to negotiate agreements with such organisations in order to agree on certain standards of performance and possibly for the provision of subsidies.

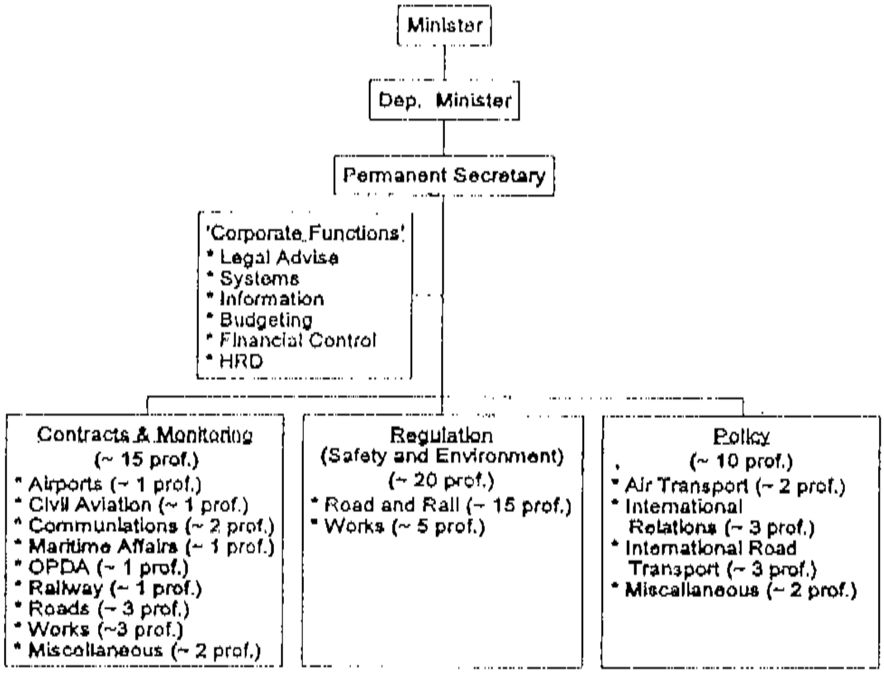

Figure A4.1: Possible scenario of future structure and manning of MWTC

1. Administrations:
   Road Fund Administration with own Board, under the auspices of the Ministry of Finance

2. Commercial Entities (incl. Authorities):
   Namibian Ports Authority, Roads Authority, Civil Aviation Authority, Maritime Affairs Authority, TransNamib Holdings (Pty) Ltd, TransNamib Transport (Pty) Ld, Air Namibia, Namibia Post and Telcommunication Holdings Ltd, Namibia Post, Telecom Namibia, Airports Company, Roads Contractor Company Ltd, Government Garage, Meteorological Service.
   (Interface with core Government: (i) 'ownership function'/ performance monitoring; (ii) subsidies via 'Contracts and Monitoring'; (iii) safety and environmental regulation via 'Regulation')

3. Self-regulatory Bodies:
   Operators and Professional Drivers Association; possibly a Road Safety Board of Namibia.

Annex 5: Details of Cost Estimate

MWTC 2000: ORIGINAL PROJECT: REVISED BUDGET PER YEAR (Revision date: February 1998) (N$ 98/99 VALUE)

PROJ NO	DESCIPTION	COST PER FINANCIAL YEAR (N$ x 1000)																					TOTAL
		1995/96			1996/97			1997/98			1998/99			1999/00			2000/1			2001/2			
		2404	OTHER	SIDA	2404	OTHER	SIDA	2404	OTHER	SIDA	2404	OTHER	SIDA	2404	OTHER	SIDA	2404	OTHER	SIDA	2404	OTHER	SIDA	COSTS
1	COORDINATION																						
	CEO COSTS		90			150		190			190			190			100						910
	HRD OFFICER	8		8	140		150	140		150	100		100	0		0							796
	OTHER ADMIN COSTS	1	5		30		30	30		30	30		30	30		30	30		30				306
	OTHER HRD COSTS	8			200		200	200		200	250		250	100		100	100		100				1708
	ADMIN OFFICER				40		40	40		40													160
	SUBTOTAL	17	95	8	410	150	420	600	0	420	570	0	380	320	0	130	230	0	130				3880
2	POLICIES																						
	PREPARATORY STUDIES	10						0		0	250		150										410
	CHANGE ACTS				0		0	0		0	0		50			70							120
	IMPLIMENT ADCOM				0		0	0		0	100		100	300		400	100		100				1100
	SUBTOTAL	10	0	0	0	0	0	0	0	0	350	0	300	300	0	470	100	0	100				1630
3	AIRPORTS AND ANS																						
	PHASE 2: PRE-IMPLIMENT	470		470	85		85																1110
	PHASE 3: IMPLIMENTATION				0		0	350		350	625		625										1950
	SUBTOTAL	470	0	470	85	0	85	350	0	350	625	0	625	0	0	0	0	0	0				3060
4	PLANT AND STATE ROADS																						
	PHASE 1: PRE-FEASIBILITY	240	210																				450
	PHASE 2: PRE-IMPLIMENT				775		775	125		125													1800
	PHASE 3: IMPLIMENTATION				0		0	150		150	1600		1600										3500
	RAP							300		300	750		750										2100
	SUBTOTAL	240	210	0	775	0	775	575	0	575	2350	0	2350	0	0	0	0	0	0				7850
5	GOVERNMENT GARAGE																						
	PHASE 1: PRE-FEASIBILITY							190	0	190													380
	PHASE 2: PRE-IMPLIMENT										400	0	400										800
	PHASE 3: IMPLIMENTATION										0	0	0	500	0	500	300		300				1600
	SUBTOTAL	0	0	0	0	0	0	190	0	190	400	0	400	500	0	500	300	0	300				2780
6	ROAD FINANCING																						
	PHASE 1: INTERIM USER CH				50		50																100
	BOARD & AUTHORITY																						
	PHASE 2: PRE-IMPLIMENT																						0
	LOCAL AUTHORITIES	70		70	80		80																300
	ROAD MAINT SYSTEMS				50		50	200		200													500
	PRE-STUDY				50		50	100		100													300
	PHASE 3: IMPLIMENTATION										1000		1000	300		300							2600
	SUBTOTAL	70	0	70	230	0	230	300	0	300	1000	0	1000	300	0	300	0	0	0				3800
7	NEW DOT				0		0	0		0	50		50										100
	SUBTOTAL	0	0	0	0	0	0	0	0	0	50	0	50	0	0	0	0	0	0				100
8	DOW & DOACSS																						
	DOW FEASIBILITY STUDY										275		275										550
	DOACSS FEASIBILITY										275		275										550
	SUBTOTAL	0	0	0	0	0	0	0	0	0	550	0	550	0	0	0	0	0	0				1100
TOTAL EXPECTED EXPENDITURE		807	305	548	1500	150	1510	2016	0	1835	5895	0	5655	1420	0	1400	630	0	530	0	0	0	24200

TOTAL EXPECTED EXPENDITURE PER AGENCY

MWTC: 2404	11637
MWTC: 7403	455
SIDA	10948

MWTC 2000: EXPANDED PROJECT: BUDGET PER YEAR (Revision date:February 1998)

PROJ NO	DESCIPTION	COST PER FINANCIAL YEAR (N$ x 1000) 1995/96			1996/97			1997/98			1998/99			1999/00			2000/1			2001/2			TOTAL COSTS
		2404	OTHER	SIDA	2404	OTHER	SIDA	2404	OTHER	SIDA	2404	OTHER	SIDA	2404	OTHER	SIDA	2404	OTHER	SIDA	2404	OTHER	SIDA	
1	COORDINATION																						
	CEO COSTS																90						90
	OTHER ADMIN COSTS																30		30				60
	OTHER HRD COSTS										250		250	250		250	200		200				1400
	SUBTOTAL										250	0	250	250	0	250	320	0	230				1650
2	MARITIME AUTHORITY																						
	PRE-IMPLEMENTATION										70		70	150		150							440
	IMPLEMENTATION													50		50	600		600				1300
	SUBTOTAL										70	0	70	200	0	200	600	0	600				1740
3	CIVIL AVIATION AUTHTY																						
	PRE-IMPLEMENTATION										100		100	200		200							600
	IMPLEMENTATION													100		100	800		800				1800
	SUBTOTAL										100	0	100	300	0	300	800	0	800				2400
4	MET SERVICES																						
	PRE-IMPLEMENTATION										100		100	200		200							600
	IMPLEMENTATION													100		100	600		600				1400
	SUBTOTAL										100	0	100	300	0	300	600	0	600				2000
5	DEPT WORKS																						
	FEASIBILITY STUDY																						
	PRE-IMPLEMENTATION										200		200	600		600							1600
	IMPLEMENTATION													300		300	1250		1250				3100
	SUBTOTAL										200	0	200	900	0	900	1250	0	1250				4700
6	DEPT ACSS																						
	FEASIBILITY STUDY																						
	PRE-IMPLEMENTATION										150		150	500		500							1300
	IMPLEMENTATION													250		250	1000		1000				2500
	SUBTOTAL										150	0	150	750	0	750	1000	0	1000				3800
7	NEW MWTC																						
	PRE-IMPLEMENTATION										25		25										50
	IMPLEMENTATION													75		75	75		75				300
	SUBTOTAL										25	0	25	75	0	75	75	0	75				350
TOTAL	EXPECTED EXPENDITURE	807	0	0	0	0	0	0	0	0	895	0	895	2775	0	2775	4645	0	4555	0	0	0	15640

Annex 6: Outline TOR for the MWTC2000 Steering Committee and the CEO

1. MWTC2000 Steering Committee

Members: The Permanent Secretary, MWTC (Chairperson); Dep. Permanent Secretary, MWTC; Heads of Departments; Directors where affected; CEO

Duties:

* Approves TOR for consultants and peers
* Approves recruitment of consultants and peers
* Directs consultants
* Approves consultancy reports (except reports by peers)
* Approves the (Revised) Plan of Operations, including budgets, as well the (Revised) Indicative Plan of Operations until Project Completion
* Approves quarterly, annual and Project Completion reports
* Decides on how to process policy matters through consultation with ADCOM/SEMB and the Minister of WTC
* Formulates TOR and recruits members of interim boards and other executive committees required for implementation of approved arrangements
* Monitors progress of work and takes appropriate action if warranted
* Monitors project financing and takes appropriate action if warranted
* Monitors the work of the CEO.

2. Chief Executive Officer

Reporting relationship: The CEO reports to the MWTC2000 Steering Committee, and on a day-to-day basis to the Permanent Secretary, MWTC.

Duties:

* Prepares TOR for consultants and peers
* Recruits consultants and peers, and manages the contracts
* Supervises the work of consultants
* Reviews reports prepared by consultants
* Prepares required documentation for consideration by the MWTC2000 Steering Committee with respect to the conclusion of consultancy studies, quarterly reports, annual reports and Project Completion report.
* Drafts Annual Plans of operation and (Revised) Indicative Plans of Operation until Project Completion
* Monitors Project implementation in terms of Annual Plans of Operation and (Revised) Indicative Plans of Operation until Project Completion.
* Prepares issues and position papers for consideration by the MWTC2000 Steering Committee as required
* Undertakes other assignments as required by the Permanent Secretary and/or the MWTC Committee.
* Liaise with ADCOM/SEMB and other government departments to facilitate decision-making and action.

Annex 7: Indicative Plan of Operations until Project Completion

(Insert MWTC2000 Project Gantt charts here)