ROADS FUND ADMINISTRATION

FINANCING THE ROAD INFRASTRUCTURE IN MALAWI

STRATEGIC PLAN

2024 - 2029



THEME:

"PROMOTING VALUE FOR MONEY IN FINANCING THE PUBLIC ROAD NETWORK"

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2024 – 2029

THEME: "PROMOTING VALUE FOR MONEY IN FINANCING THE PUBLIC ROAD NETWORK"

Business Minded. Purpose Driven

Approved by the RFA Board on 4/1/2024

…….

Stewart Malata
Chief Executive Officer

……..

Ezra Dzoole
Company Secretary

ISO 9001:2015 SACAS

ISO 9001 2015 CERTIFIED

STRATEGIC PLAN

2024 – 2029

THEME: "PROMOTING VALUE FOR MONEY IN FINANCING THE PUBLIC ROAD NETWORK"

Business Minded. Purpose Driven

VISION

Sustainable financing for public road network

MISSION

To economically, efficiently and effectively mobilize, manage and account for funds for the maintenance and construction of public roads in Malawi

VALUES

Integrity: Customer Focus: Transparency: Accountability: Zero Tolerance to Corruption: Teamwork: Innovation

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ACKNOWLEDGEMENTS

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Further, the Board expresses its gratitude to the Consultant, O&M Associates, in association with Management International, for the technical support rendered in the development of the Strategic Plan for RFA.

FOREWORD BY THE CHAIRPERSON

I am pleased to present the Roads Fund Administration (RFA) Strategic Plan (SP) for the period 2024-2029 which will be implemented under the theme, **"Promoting Value for Money in Financing the Public Road Network".** The SP comes at a time when our operations are expected to expand in both scope and scale particularly in view of the planned increase in the number of tollgates. The Plan will further be implemented alongside the design and execution of an ambitious ISO 9001 certification initiative, which is expected to strengthen RFA's business processes and align them with internationally recognized best practices.

The SP is aligned to the Sustainable Development Goals (SDGs), especially in the areas of transport and road infrastructure development, as well as Malawi's Vision 2063, and other relevant national policy frameworks.

I note with satisfaction that the SP was developed through a highly participatory process involving a broad cross section of our key stakeholders. This approach has resulted in robust and innovative initiatives that are expected to strengthen RFA's revenue base and enable the Fund to meet its road financing obligations.

I am pleased to acknowledge the commendable strides made during the implementation of the 2019-2024 SP, despite an operating environment that was severely constrained by macro-economic instability and the Covid-19 pandemic. In spite of the challenges, the RFA managed to commission two tollgates at Chingeni and Kalinyeke in Ntcheu and Dedza respectively, which are now contributing to the financial base of RFA.

While the RFA has made significant strides that seen RFA establishing itself as a leading public road financing agent, areas of improvements remain. The Fund must continue to explore emerging opportunities and proactively address operational challenges, some of which require targeted strategic responses. In this regard, the Board is committed to providing strategic guidance to management, enabling RFA not only to manage current challenges, but also to respond to the future ones over the life of the SP.

Recognizing the centrality of some stakeholders to RFA's success, the Board will maintain a proactive stance in engagement strategy to ensure stakeholders are integral to solution development. Furthermore, given the potential impact of climate change in the transport sector, RFA will adopt policies and best practices aligned with environmental, social, and governance (ESG) principles. This will include a review of internal policies and programmatic manuals to ensure compliance with recognized ESG standards.

I sincerely hope that the spirit of cooperation among stakeholders that characterised the development of this SP will continue throughout its implementation. Its success requires collective effort, and I am confident that the Government and Development Partners will continue to provide their support to RFA for the benefit of the people of Malawi.

STATEMENT BY THE CHIEF EXECUTIVE OFFICER (CEO)

The Roads Fund Administration (RFA) will implement its mandate guided by the 2024–2029 Strategic Plan (SP), which provides a roadmap for the next five years. Analysis of our operating environment highlights the need for continuous improvement to ensure that stakeholders and clients receive efficient, reliable, and value-for-money services.

As RFA, our efforts will be guided by the 2024-2029 SP, which provided a roadmap for the next five years. Analysis of our operating environment shows a need for continuous improvement to ensure our stakeholders and customers receive efficient, reliable, and value for money services. This will entail making concerted efforts to grow our revenue base, improve the absorption capacity of funds disbursed to our implementing partners, rationalizing our structures, systems and procedures, and capacitating our staff for improved service delivery.

Our SP is anchored on three pillars as follows:

i) Stakeholder coordination and collaboration
ii) Financial growth and sustainability
iii) Institutional capacity and capability

These pillars are supporting strategic objectives to be pursued over the next five years as follows:

Stakeholder Coordination and Collaboration

i) Improve Stakeholder Confidence and Trust
ii) Enhance Stakeholder Confidence and Customer Satisfaction

Financial Growth and Sustainability

i) Sustain and Grow the Fund from MK94.5 billion to MK295 billion per year
ii) Improve Absorption and Utilisation of resources
iii) Explore and implement sustainable and innovative alternative sources of financing
iv) Enhanced Axle Road control

Institutional Capacity and Capability

i) Improve Policy, Process and Systems Efficiency
ii) Increase Transparency and Accountability
iii) Improve Internal Communication
iv) Mainstream environmental, social and governance priorities with principles in the management of the RFA
v) Enhance Innovation and Research
vi) Improve Contract/Project Monitoring
vii) Improve Institutional capacity in managing Ethical Standards and Corporate Governance
viii) Improve Structural Arrangements in Technical Audit
ix) Mainstream Artificial intelligence (AI) and other emerging technologies for improving efficiency, accuracy, and cost-effectiveness.

To achieve the strategic objectives it has set, RFA will focus on strengthening its capacity and capabilities. This will be accomplished by rationalizing its structures, systems, and procedures, as well as enhancing the skills and competencies of its staff. In doing so, RFA aims to address challenges aggressively and seize opportunities proactively within its business environment. I am confident that RFA will succeed in meeting the objectives it has established.

RFA recognises its responsibility for environmental sustainability and the need to build climate-smart, resilient infrastructure in response to climate-induced shocks affecting Malawi. Accordingly, environmental considerations will be integrated into all programmatic activities, with a focus on strengthening the link between communities and the ecosystems in which they live.

EXECUTIVE SUMMARY

Overview

The 2024-2029 Strategic Plan (SP) for the Roads Fund Administration (RFA) has been developed as the successor to the 2019-2024 SP. It is designed to guide the organization in fulfilling its mandate of supporting the country's socio-economic development through the sustainable financing of road maintenance, rehabilitation, and construction. This Plan underscores RFA's commitment to maintaining its position as the leading financier of public roads in Malawi.

The process of developing this Plan was highly participatory, involving a cross section of stakeholders in the transport sector in general and road sector in particular, as well as those that provide policy and other kinds of support. It entailed carrying out an evaluation of the 2019-2024 SP to ascertain the extent to which its objectives were met. It also entailed carrying out an assessment of the operating environment to provide a basis for the identification of strategic issues to inform RFA's strategic response.

Over the past five years, RFA has made commendable progress in contributing to the socio-economic development of the country. Nevertheless, despite well-intentioned efforts to deliver on our mandate, the macroeconomic environment, compounded by the impact of the Covid-19 pandemic, hampered the implementation of a significant portion of our planned initiatives.

Strategic Issues

The key strategic issues emanating from the assessment of the 2019-2024 SP and the environmental scan are as follows:

i) Coordination among stakeholders in the road sector remains inadequate, and the RFA is facing increasing customer expectations, particularly from the public.

ii) Road rehabilitation and maintenance suffer from inadequate funding and inefficient utilization of allocated resources, further constrained by the limited absorptive capacity of implementing agencies.

iii) The institutional capacity and capability of RFA is constraining its ability to effectively discharge its mandate and to accommodate anticipated growth of the organisation.

iv) The systems and procedures cannot adequately support the implementation of planned initiatives.

Strategic Direction

The RFA has identified three strategic pillars and perspectives to guide the attainment of its intended strategic results, as presented in Table 1.

Table 1: Strategic Pillars, Objectives and Strategic Results

Pillar	Objectives	Strategic
Stakeholde coordination collaboration	❖ Improve Stakeholde Confidence and ❖ Enhance Stakeholder Confidence and Customer Satisfaction	❖ Increased allocation of funds to RFA. ❖ Service delivery in compliance with RFA's Customer Service Charter obligations. ❖ Increased stakeholder satisfaction from the current 21% to 85%. ❖ Increase in absorption capacity by 100% ❖ Improvement in process efficiency[1].
Financial growth and sustainability	❖ Sustain and Grow the Fund from MK94.5 billion to MK295 b2 per annum3 ❖ Improve Absorption and Utilisation of resources ❖ Explore and implement sustainable and innovative alternative sources of financing4 ❖ Enhanced Axle load control5	❖ Increase in Revenue ❖ Diversification of revenue sources. ❖ Sustainable Funding and financing 6(no deficit to the requirements)
Institutional and capability	❖ Improve Policy, Process and Systems Efficiency ❖ Increase Transparency and Accountability	❖ Increase in organizational efficiency, staff motivation, and satisfaction. ❖ Streamlined and integrated processes9 ❖ Functional structure

[1] Adherence to procedures, agreements with implementing agencies and the contractors.

[3] Reviewed in 2026
[4] Added in 2026
[5] Ditto
[6] Over-commitment of the available funds is reducing. Funding gap is also reducing to zero.
[9] *(Issuances of Toll Cards, Payment Processes, Financial Reporting, Audit IPC)*

Pillar	Objectives	Strategic Result
	❖ Improve Internal Communication ❖ Mainstream environmental, social and governance priorities with principles in the management of the RFA7 ❖ Enhance Innovation and Research ❖ Improve Contract/Project Monitoring ❖ Improve Institutional capacity in managing Ethical Standards and Corporate Governance ❖ Improve Structural Arrangements in Technical Audit ❖ Mainstream Artificial intelligence (AI) and other emerging technologies for improving efficiency, accuracy, and cost-effectiveness.8	

[7] Added in 2026
[8] Added in 2026

1 INTRODUCTION

1.1 Preamble

This document presents the Road Fund Administration (RFA) successor Strategic Plan for the years 2024 – 2029. The Strategic Plan defines the strategic direction and roadmap that RFA seeks to pursue in the next five years. The Strategic Plan will guide the allocation of resources to attain strategic goals. The Strategic Plan will be a tool for ensuring the success of RFA, as it will link the organization's vision, mission statement, and values to internal and external issues emanating from the assessment of the 2019 – 2024 RFA Strategic Plan, as well as the current situation. The objective of the Strategic Plan is to reposition RFA to be a more prosperous organisation that makes significant contribution to the socio-economic development of Malawi through improved road infrastructure network.

1.2 Establishment of RFA

The Roads Fund Administration (RFA) came into being in May 2007, following reforms that took place in the road sector in response to the findings and recommendations of the Road Maintenance Initiative (RMI) studies. These reforms resulted in the repeal of the National Roads Authority Act in 2006 – and the consequential demise of the then National Roads Authority (NRA) – and the enactment of two new pieces of legislation, the Roads Fund Administration Act and the Roads Authority Act. The reforms were aimed at improving transparency, accountability, and openness within the roads sector by separating the operational function from the financing function of the then NRA. The RFA reports to the Ministry of Finance, Economic Planning and Decentralization

1.3 Mandate of RFA

The RFA draws its mandate and powers from the Roads Fund Administration Act, 2005. It is mandated under the RFA Act to perform the following functions:

a) To administer and manage the Roads Fund;
b) To prepare and publish audited annual accounts of the Roads Fund;
c) To recommend to the Minister fuel levy and other road user charges and tariffs as required;
d) To allocate financial resources for the construction, maintenance and rehabilitation of roads based on a percentage of the approved annual work programmes of the Roads Authority, and for traffic and road safety management;
e) To arrange for the collection of monies assigned to the Roads Fund;
f) To identify other sources of funding;
g) To coordinate and ensure total and timely accountability of the Roads Fund.
h) To arrange for the collection of road user charges by agents assigned for the purpose;
i) To prepare and publish procedures for the disbursements from the Roads Fund;
j) To specify the requirements for certification of direct payment for works;
k) To review the annual expenditure programmes of the RFA;
l) To monitor through financial and technical audits the use of funds disbursed to the RA for maintenance and rehabilitation of roads; and
m) To do all such things as necessary for achieving the purposes for which the RFA and the Roads Fund are established.

The RFA is also mandated to administer funds from development partners earmarked for the construction, maintenance and rehabilitation of public roads. Additionally, from time to time, RFA manages funds on behalf of other Government ministries, departments and agencies that support the construction, maintenance and rehabilitation of roads. It is also currently managing rail funds.

1.4 Governance and Operational Structure of RFA

The operations of the RFA are directed by a Board of Directors, comprised of seven (7) members, five (5) of which are non-executive and two (2) ex-officio members. The Minister responsible for finance appoints the non-executive members of the Board. The ex-officio members are the Secretary to Treasury (or his designated representative) and the Secretary for Economic Planning and Development (or his designated representative).

Of the non-executive members, one member represents the interests of the public. The other four members represent designated institutions, namely: a) The financial institutions (currently the Bankers Association of Malawi); b) The Malawi Confederation of Chambers of Commerce and Industry (MCCCI); c) The fuel pricing authority (currently the Malawi Energy Regulatory Authority); and d) The National Local Government Finance Committee (NLGFC).

The Board elects a Chairman and Vice-Chairman from amongst themselves. The ex-officio members or any member employed in the public service are however not eligible to be elected Chairman or Vice-Chairman of the Board.

The RFA is managed, on a day-to-day basis, by the Chief Executive Officer who is supported by four (4) Directors who oversee, respectively, Corporate Services, Finance, Audit and Tolling. The Directors are full-time employees of RFA and are in turn supported by Senior Managers who have supervisory responsibilities over their staff.

1.5 Strategic Plan Approach and Methodology

The RFA's 2024-2029 Strategic Plan was developed using a highly participatory approach to ensure ownership of the results of the exercise and to capture relevant issues pertaining to it. This entailed conducting consultation with a cross section of stakeholders and review of relevant documents. The objective was to bridge the gap between the current and desired RFA state, by addressing: Where are we now? Where do we want to be? And how will we get there?

The development of the Strategic Plan also involved an evaluation of the implementation of RFA's 2019–2024 Strategic Plan and an assessment of its operating environment. This assessment included a review of the policy and development context, as well as a situation analysis conducted using PESTLE (Political, Economic, Social, Technological, Legal, and Environmental) and SWOC (Strengths, Weaknesses, Opportunities, and Challenges) frameworks. The findings from the evaluation and situation analysis informed the identification of strategic issues that require targeted responses moving forward.

2 POLICY AND DEVELOPMENT CONTEXT

2.1 Introduction

This section sets out the policy and development context for the road sector in general and the RFA in particular. The objective is to provide overarching goals towards which RFA is expected to contribute and how these policies relate to each other. The objective is also to provide the legal framework on which RFA is founded as a basis for a discussion of situation analysis and to develop an appropriate strategic response.

2.2 Sustainable Development Goals (SDGS)

The Sustainable Development Goals (SDGs) are a set of 17 global objectives established by the United Nations (UN) in 2015. While broad and interdependent, each goal is supported by specific targets to be achieved. Collectively, the SDGs influence the socio-economic development of citizens across all UN member states, including Malawi. Of relevance to RFA are SDG 9 and its targets 9.1 and 9.5, which focus on Industry, Innovation, and Infrastructure.

2.3 African Union Agenda 2063

The African Union (AU) Agenda 2063 is "a strategic framework for inclusive growth and sustainable development and a global strategy to optimize the use of Africa's resources for the benefit of all Africans"[10]. It comprises 7 aspirations,

[10]Agenda 2063, Framework Document, The Africa We Want

meant to propel the development of Africa up to the year 2063. Aspiration 2 of Agenda 2063 places emphasis on the need for Africa to develop world class infrastructure that crisscrosses Africa and which will improve connectivity through newer and bolder initiatives to link the continent by rail, road, sea and air; and developing regional and continental power pools, as well as Information and Communications Technology (ICT).

2.4 Malawi 2063 (MW2063) Vision and RFA Strategic Plan Alignment

Malawi 2063 is the successor national development policy to Malawi Vision 2020. It articulates the country's long-term aspiration to become an inclusively wealthy, self-reliant, and industrialized upper-middle-income nation by the year 2063, capable of financing its own development needs. Through its Public Sector Reforms Programme, the Roads Fund Administration (RFA) has committed to fully supporting the aspirations of Malawians and contributing to the realization of this Vision by innovatively establishing policies and processes to mobilize, administer, and account for funds dedicated to the maintenance, rehabilitation, and construction of public roads in Malawi.

Malawi 2063 will be implemented through ten (10) successive plans, beginning with the first covering the period 2021-2030. Of relevance to the transport sector is Enabler #6 – Economic Infrastructure, which seeks to establish globally competitive infrastructure that stimulates domestic economic activity and attracts foreign direct investment for wealth creation. This includes transport development focused on impactful flagship projects within a multi-modal system encompassing road, rail, air, and inland water transport.

RFA's Strategic Plan is fully aligned with the aspirations and objectives of Malawi 2063.

2.5 The National Transport Master Plan (NTMP) 2017-2037

Launched by the Government of Malawi in March 2018, the NTMP was prepared to guide a sustainable integrated multi-modal transport sector for the next twenty years. It also addresses regulatory issues that need to be tackled to have

smooth operations. The NTMP has three strategic goals, which are: a) Reduce transport costs and prices across all modes; b) Improve the safety of transport infrastructure and services; and c) Enhanced and sustainable passenger and freight transport systems.

This Strategic Plan has used the National Transport Master Plan NTMP as a basis for its road infrastructure financing projections for the next five years, albeit within the foreseeable resource envelope.

2.6 The Legal Framework

In addition to the RFA Act, RFA responds and operates in conformity with several related Acts including:

a) The Public Roads Act, amended in 2023.
b) The Local Government Act, enacted in 1998.
c) The Roads Authority Act which established the Roads Authority and stipulates the mandate, governance and functions of the Roads Authority.
d) The Road Traffic Act, which informs the road usage and vehicle licensing and is predominantly applied by the Directorate of Road Traffic and Safety Services (DRTSS).
e) The Public Procurement and Disposal of Public Assets Act, which applies to all procurement involving public funds and disposal of public assets.
f) The Public Finance Management Act, which guides the management of Public Finances.

2.7 The Institutional Framework

Table 2: Key Institutions in the Road Sector

Name	Functions
Ministry of Finance, Economic Planning and Decentralization	• Provides policy oversight on road fund related activities
Ministry of Transport and Public Works	• Provides policy oversight on matters related to the transport sector
The Roads Authority	• Management of the national road network and monitoring of the operations of road agencies in the construction, maintenance and rehabilitation of public roads.
Local Assemblies (City, Town, Municipal or District)	• Management of roads, tracks, and trails within their jurisdiction.
The Directorate of Road Traffic and Safety Services (DRTSS)	• Management of matters relating to safety of persons and animals on public roads and registration and licensing of vehicles and management of matters relating to axle load control.
The Malawi Energy Regulatory Authority (MERA)	• Collection of Roads Fund fuel levy on behalf of the RFA
The Malawi Revenue Authority (MRA)	• Collection of road user charges on behalf of the RFA
Construction Industry Regulatory[11] Authority (CIRA)	• Registers contractors, consultants, material suppliers and manufacturers and monitors their progress. RFA collects construction levy from contractors and consultants on behalf of the CIRA.

[11] From the Strategy Review session in 2025, it became very clear that RFA need to engage relevant stakeholders, including CIRA, on the Road Works Retention Fund and assess the implications on RFA's cash flow. Where beneficial, propose that RFA assumes management of the Retention Fund.

2.8 Socio-Economic Context

Malawi is one of the least developed countries. More than two-thirds of the population live in extreme poverty, almost all of whom rely on small-scale farming for their livelihoods. Malawi's economy is strongly dependent on tobacco, which accounts for 69.5% of Malawi's total exports—a fact that is increasingly problematic for Malawian families given the declining global demand for tobacco products. In addition, Malawi has one of the youngest populations in the world, with 43% of people under the age of 15, exerting pressure on Government to provide social services.

Malawi has been affected by a series of shocks since 2022, which include an outbreak of cholera and cyclone Freddy. Real GDP growth in 2022 decelerated sharply to 0.8 percent from the revised official rate of 4.6 percent in 2021. This was due to two tropical storms that hit Malawi in the first quarter of 2022, disrupting electricity supplies because of damaged turbines, shortening the 2021/22 agricultural season rains, and spillover effects from Russia's war with Ukraine through higher fuel, fertilizer, and food prices. From late 2022 to early 2023, Malawi experienced its worst outbreak of cholera in decades, forcing the closure of schools and businesses. Then, in the first quarter of 2023, southern Malawi was hit by Cyclone Freddy, resulting in a significant death toll and the destruction of critical infrastructure.

In this context, inflation[12] has been roughly the same as expected for end-2022. Average inflation was 20.8 percent in 2022, up from 9.3 percent in 2021. However, inflation (year-on-year) continues to rise and reached 29.3 percent in May 2023. Inflation was driven by both food and non-food items, reflecting pass-through from a 25-percent currency devaluation in May 2022, high global prices for fuel, fertilizer, and food, and prolonged supply disruptions. In April 2023, the Reserve Bank of Malawi (RBM) raised the policy rate to 22 percent, from 18 percent to signal its policy stance. Money growth, which has also been fueling

[12] At the time of the review of the RFA Strategy in 2026, the forecast **was of** domestic economic growth of **2.8%** driven by scaling up of infrastructure activities in the construction sector, including initiatives and investments towards the key growth sectors of agriculture, manufacturing, mining and tourism. The headline inflation for FY2025 remained elevated at **28.1%** and that the risks to inflation outlook remained.

inflation, has begun to decelerate, but achieving price stability will also require reducing the fiscal deficit and related government borrowing, which has been driving money creation and crowds out private sector access to financing[13].

Meanwhile, external strains—including shortages of foreign exchange, difficulties in securing trade credit, and a widening spread between official and bureau exchange rates—have heightened. A sharp contraction in reported imports reduced the current account deficit to 3.2 percent of GDP in 2022, much narrower than the 14.1 percent of GDP outturn in 2021. This is consistent with the depreciation of the exchange rate and reported difficulties in acquiring foreign exchange.

Malawi's economic outlook remains highly uncertain. GDP growth rates in Malawi during the period under review were largely affected by the COVID 19 pandemic, the war in Ukraine and effects of climate change. The GDP growth rates and inflation rates for the period under review are tabulated below.

Table 2.1 GDP growth rates and inflation rates from 2019

	2019	2020	2021	2022	2023
Real GDP	5.45%	0.80%	2.75%	0.90%	1.7%
Inflation Rates	9.38%	8.64%	9.34%	20.84%	29.3%

The Malawi Kwacha was devalued by 44% in November 2023, and this has had a significant upward impact on both food and non-food prices. Despite the devaluation, foreign exchange shortages persist although the International Monetary Fund (IMF) approved a four-year extended credit facility to Malawi in November 2023. The economy has been undergoing turbulent times, characterized by an acute shortage of petrol and diesel, as well as high inflation. In sum, Malawi is facing a challenging economic and humanitarian situation, with foreign exchange shortages and an exchange rate misalignment leading to a sharp decline in imports including fuel, fertilizer, medicine, and food.

[13] IMF SMP Monitoring Report, July 2023

3 ASSESSMENT OF THE RFA 2019-2024 STRATEGIC PLAN

3.1 INTRODUCTION

This section discusses the key achievements of the RFA 2019-2024 Strategic Plan, in line with its strategic pillars and Balanced Score Card (BSC) perspectives. The original RFA 2019-2024 was reviewed in July 2023[14], resulting in some significant changes. The original plan focused on three (3) key strategic pillars, namely:

a) Sustainable financial growth;
b) Institutional capacity and capability; and
c) Stakeholder confidence and public trust.

The July 2023 assessment incorporated the additional Strategic Pillars of (a) Customer Excellence, and (b) High-Performing Staff and Conducive Work Environment. The "Customer Excellence" pillar was introduced to specifically handle the customers that directly interact with RFA, such as those at tollgates, while the "High-Performing Staff and Conducive Work Environment" pillar was introduced to ensure a high-performance culture that promotes continuous improvement in productivity and an institution with an environment that is good to work in, and capable of retaining high caliber staff. The BSC Perspectives under which the Strategic Plan was implemented were Financial Perspective, Stakeholder Perspective, Internal Business Process Perspective, Learning and Growth Perspective, and Customer Perspective.

[14] With the latest review taking place in Jan 20226

3.2 FINANCIAL GROWTH AND SUSTAINABILITY PILLAR

3.2.1 Intentions

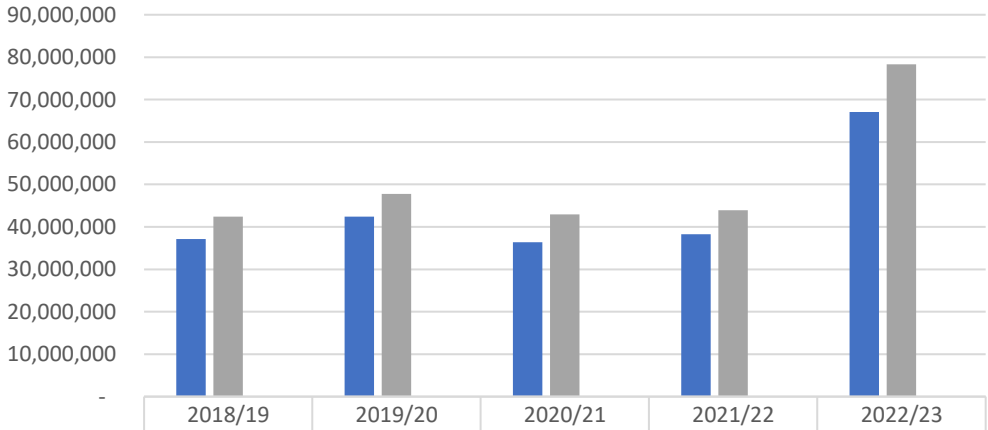
The strategic objectives under this pillar were as follows:

a) Sustain and increase revenue for road maintenance and rehabilitation.
b) Weighbridge management.
c) Increase adherence to approved budget.

3.2.2 Roads Fund's Financial Performance

Figure 1 below presents the proportion of fuel levy to total income for the Fund. On average, fuel levy represents 87% of total income over the review period. Total income over the period under review increased by 85% largely due to fuel levy which grew by 81%. However, the fuel levy average annual increase over the period was 20% largely due to the levy not being adjusted in accordance with the Automatic Pricing Adjustment Mechanism.

Figure 1: Proportion of Fuel Levy to Total Income (MK'000)

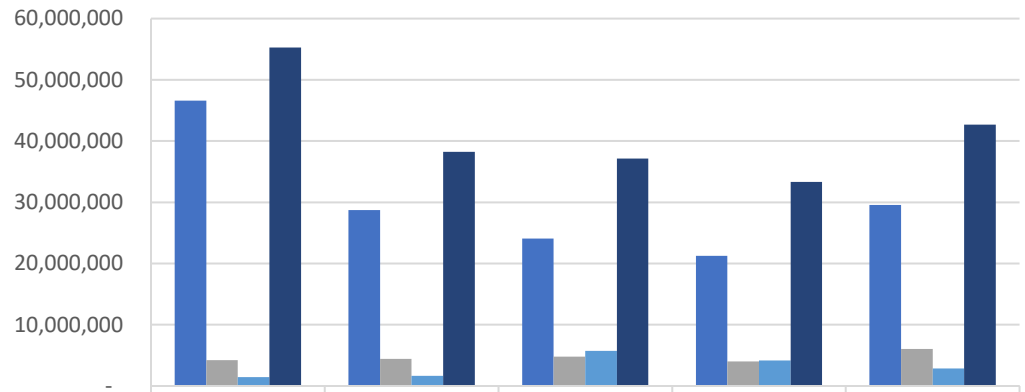


	2018/19	2019/20	2020/21	2021/22	2022/23
Fuel Levy	37,123,621	42,428,525	36,384,290	38,253,546	67,091,207
Total Income	42,396,770	47,737,455	42,913,570	43,937,956	78,327,782
Fuel Levy as % of Total Income	88%	89%	85%	87%	86%

Road user charges increased by 42% over the period with an average annual increase of 11% over the same period.

Net revenue from tolling over the two years since installation of the toll gates increased by 294%, and this provides great opportunities for revenue growth for the Fund so long as the pricing follows the cost recovery mechanism. In 2023, tolling expenses constituted 14% of tolling revenue. However, total tolling expenses over the period were MK2.4 billion against tolling revenues of MK4.4 billion, and the expenses represent 55% of the tolling revenue. It is evident that tolling fees have not been set at the right level, hence the need for cost recovery of tolling expenses through cost recovery measures.

FIGURE 2: RF EXPENDITURE ANALYSIS (MK'000)



	2018/19	2019/20	2020/21	2021/22	2022/23
Road Works Expenditure	46,607,062	28,739,060	24,071,472	21,236,617	29,569,159
Road Authority Funding	4,200,000	4,448,520	4,799,996	4,000,940	6,053,765
Roads Fund Administration	1,437,180	1,662,596	5,749,825	4,143,379	2,862,999
Total Expenditure	55,266,598	38,215,393	37,127,371	33,352,614	42,665,864

Figure 2 above shows an analysis of expenditure for the Roads Fund. Total expenditure decreased by 23% over the period with an average annual decrease of 4%. The decrease in total expenditure is largely due to a decrease in total roadworks expenditure of 37% because of constrained financial envelope following non-revision/delayed revision of fuel levies over the period.

Roads Authority funding for operational expenses and capex, over the period totaled MK23.5 billion and this represents 11.4% of total expenditure and 9.2% of total revenue. Roads Authority funding as a percentage of total fuel levy over the period is 10.6%.

RFA funding over the period totaled MK15.9 billion, representing 7.7% of total expenditure and 6.2% of total revenue. RFA funding as a percentage of total fuel levy over the period is 7.2%.

3.2.3 Roads Fund's Financial Position

The total assets of the Fund have increased from 34.2 billion in 2019 to MK92.3 billion in 2023. However, the increase in the total assets is not matched by the income generated by these assets signifying inefficiencies in the management of assets arising from the fact that most of these assets are managed by the Fund at nil return to the Fund. This is costly to the Fund.

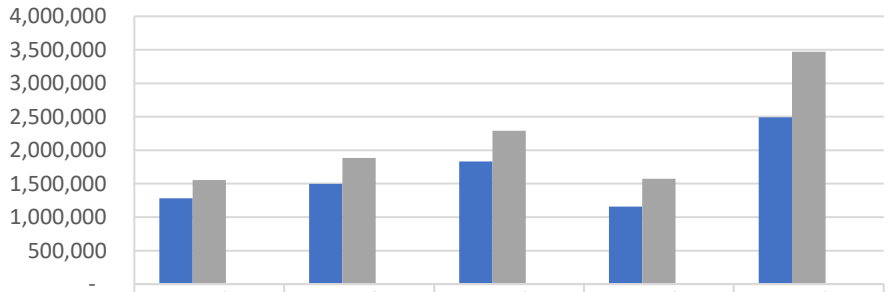
Total receivables of MK64.4 billion as at March 2023 largely comprise fuel levy receivable amount of MK53.8 billion due from various petroleum importers through the Malawi Energy Regulatory Authority (MERA), which was supposed to be received within 52 days of importation of fuel into the country. There is no interest charged on this long overdue amount.

Investments as at March 2023 totaled MK20.9 billion and represent amounts placed on call accounts and fixed deposits with various financial institutions. Interest on fixed deposits is between 12.5% and 16.8%, but these rates can be better negotiated with the financial institutions taking the Fund's financial standing into consideration.

3.2.4 Road Fund Administration Financial Performance

Figure 3 below shows the proportion of funding from the Roads Fund to Road Fund Administration.

FIGER 3: PROPORTION OF RF FUNDING TO TOTAL INCOME (MK'000)

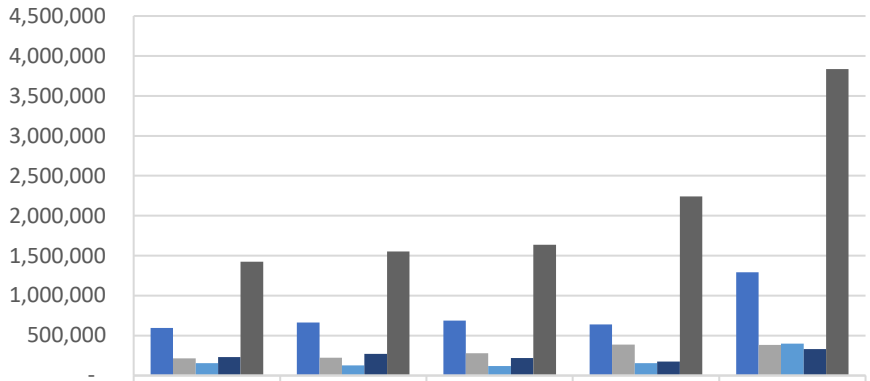


	2018/19	2019/20	2020/21	2021/22	2022/23
Funding from RF	1,282,000	1,495,945	1,830,199	1,157,733	2,492,299
Total Income	1,554,173	1,883,798	2,292,791	1,573,717	3,471,897
Proportion of funding from RF to Total Income	82%	79%	80%	74%	72%

Total funding from the Roads Fund over the period of review represented 77% of total income for RFA. However, there is no set limit in the RFA Act regarding the funding from the Roads Fund to both the RFA and Roads Authority. In the period under review, total funding to the RFA and Roads Authority was 6.2% and 9.2% of total income of the Fund respectively. In the previous strategic plan period, funding to RFA constituted 3.6% of the Fund's total income. Such variation without a set limit could be prone to abuse.

Figure 4 below presents an analysis of expenditures for RFA. Staff costs and training on average represent 38% of total expenditure over the period.

FIGURE 4: EXPENDITURE ANALYSIS (MK'000)



	2018/19	2019/20	2020/21	2021/22	2022/23
Staff costs and training	594,434	664,463	687,454	638,965	1,293,083
Premises and office expenses	213,123	223,933	277,435	385,653	381,407
Travel and MV expenses	156,609	127,190	117,665	154,123	397,949
Other administration expenses	230,927	271,614	217,962	174,777	330,088
Total Expenditure	1,426,047	1,551,174	1,635,116	2,242,175	3,835,819

There were deficits in 2022 and 2023 largely due to mismatches in income and expenditures. The overall increase in total income over the period under review was 123%, whereas total expenditure increased by 169% over the same period. The average annual increase in funding from the Roads Fund was 29%, and yet the total expenditure increased by 31% over the period under review.

3.2.5 Roads Fund Administration Financial Position

Total assets increased by 787% from MK1.1 billion in 2019 to MK9.7 billion in 2023 largely due to capital grants in 2021 and net transfers for Tolling Business Unit in 2022 which culminated into fixed asset addition to land and buildings.

3.2.6 Discussion of Progress and Achievements

The status of the planned initiatives and achievements is outlined in **Table 3.**

Table 3: Planned Initiatives and Achievements under the Financial Perspective

No.	Planned Initiatives	Status and Comments
1	Continuously engage Treasury for budget funding	Total actual Treasury funding represents 85.6% of the total revised Treasury funding over the period 2019 to 2023. This was due to low funding in FY2022 and 2023. Low erratic Treasury funding has resulted in delays in settlement of contractors' invoices for development projects funded by Treasury and accumulation of arrears.
2	Continuously engage implementing agencies for budget utilization	Overall utilization rate was 58.5% on average over the period 2020 to 2023 with utilization rate by Roads Authority declining from 77% in 2020 to 32% in 2023. This is considered low.
3	Sustain current fuel levy rates	Fuel levy rate as a percentage of fuel pump price for diesel and petrol averaged 8.78% and 7.87% respectively over the period 2019/20 to 2020/23. Currently, these rates are 6.40% and 6.50% for diesel and petrol respectively. The sustainability of the Fund is largely dependent on the fuel levy rates.
4	Build and operate Toll Plazas	Two Toll Plazas have been built and are operational at Kalinyeke and Chingeni. To date, MK7.749 billion has been collected from the two Toll Plazas. The current toll tariffs[15] are not commensurate with the costs of maintaining and rehabilitating the tolled roads.

[15] Implementation of the approved toll fee adjustments commenced on 1 January 2026.

No.	Planned Initiatives	Status and Comments
5	Weighbridge management: • Automate weighbridge management system. • Stakeholder engagement (MoF, MoTPW, RTA, DRTSS, etc.)	Substantial progress made through development of the concept paper with applicable budget and Securing Board approval. The process a waits further guidance from the Ministry of Finance.
6	Increase and ring-fence allocation for district and community roads	Total community works as a percentage of total Roads Authority funding averaged 38.1% for the period 2019/20 to 2022/23.
7	Issue a Roads Fund Bond	Three Roads Fund Bonds were planned to be issued, but only two were issued during the period.
8	Develop and implement a risk management plan	Enterprise Risk Management has been developed and is now under implementation.
9	Business Continuity Plan	The Plan was developed, and implementation is on-going
10	Business Process Automation	Business processes have been automated but need to be fully integrated.

3.2.7 Challenges and Lessons Learnt

Table 4 below outlines challenges faced and lessons learnt in the implementation of the planned strategic objectives and initiatives.

Table 4: Challenges and Lessons Under Financial Perspective

No.	Planned Initiatives	Challenges and Lessons Learnt
1	Continuously engage Treasury for budget funding	Bureaucracy in the procurement of contractors and consultants for projects leads to budget under-utilisation/ absorption. Implementing agencies to streamline bottlenecks in the procurement process and ensure that the process is well planned, initiated and properly executed.
2	Continuously engage implementing agencies for budget utilization	❖ Lengthy approval process in works procurement leads to low budget utilisation. ❖ Lack of capacity in District and Municipal councils ❖ Lack of commitment and ownership of projects in councils e.g. CRMP[16] ❖ **Lesson Learnt** ❖ Need to enhance stakeholder consultations. ❖ Need for formal agreements with stakeholders with specific inputs/deliverables.
3	Sustain current fuel levy rates	Negotiate increase in fuel levy as a percentage of pump price in order to derive a cost recovery levy. The income sources are restrictive. RFA main source is fuel levy. This exposes RFA to risks that may come with its main source.

[16] The new government has increased the Constituency Development Fund (CDF) to MK5 billion per constituency. It is expected that some rural council road projects will be financed through this fund

No.	Planned Initiatives	Challenges and Lessons Learnt
4	Build and operate Toll Plazas	❖ Politics led to delays in the construction and operation of tollgates. ❖ Poor road conditions of the roads requiring rehabilitation of some roads before tolling. ❖ Lesson learnt ❖ Need to increase toll fee tariffs or revise the formula. ❖ Need for proper consultations and lobbying with stakeholders. ❖ Need to obtain buy-in from policy makers
5	Weighbridge management: • Automate weighbridge management system. • Stakeholder engagement (MoF, MoTPW, RTA, DRTSS, etc.)	❖ Unclear operationalization mechanisms for the weighbridge management. ❖ Clarity required in the treatment of staff affected by the takeover of the weighbridge management.
6	Increase and ring-fence allocation for district and community roads	❖ Slow pace of decentralization ❖ Lack of capacity in councils ❖ Lack of ownership of projects by councils **Lesson learnt** ❖ Need for political will for effective decentralization ❖ Capacitate councils in human resources and systems ❖ Economic empowerment of rural masses to monitor project implementation

No.	Planned Initiatives	Challenges and Lessons Learnt
7	Issue a Roads Fund Bond	❖ High interest rates ❖ Inflationary trends and exchange rate risks negatively affecting Kwacha amounts required for completion of the bond financed projects due to price escalations. ❖ Banks are to risk averse thereby making unrealistic demands. ❖ Lessons learnt ❖ Possible to raise funds on the market through Bonds. ❖ Focus on pension funds which can loan funds out for a long period of time at a cheaper rate than banks.
8	Develop and implement a risk management plan	❖ Need to enhance internal expertise to develop the plan. ❖ Time constraints on internal personnel. **Lessons Learnt** ❖ Need for specialized training. ❖ Need for specialized experts to be engaged.
9	Business Continuity Plan	❖ Lack of internal expertise to implement the developed plan as the consultancy did not extend to implementation. ❖ There were no hand holding sessions from the consultant. **Lessons Learnt** ❖ Need for specialized training. ❖ The consultancies should include implementation arrangements.
10	Business Process Automation	❖ Time management issues ❖ Delayed procurement ❖ Lack of integration **Lesson learnt**

No.	Planned Initiatives	Challenges and Lessons Learnt
		❖ Need to build internal capacity. ❖ Need for integration of the various systems.

3.3 Stakeholder Confidence and Public Trust

3.3.1 Intentions

This pillar embraces the Stakeholder Perspective and is championed by the Chief Executive Officer and the Public Relations (PR) Section. Under this pillar and perspective, the following strategic objectives were planned.

a) Improve RFA's Corporate image
b) Ensure Value for Money[17]
c) Improve transport sector coordination
d) Increase public trust in RFA's functions

3.3.2 Key Achievements

The key achievements are outlined below.

a) Stakeholders consulted generally hold RFA in high esteem.
b) Initiated and sustained high level stakeholder meetings at governance and technical level, especially meetings at Board Chairperson and CEO level with Roads Authority.
c) Updated its Customer Service Charter.
d) Reviewed and updated the RFA website.
e) Developed an Access to Information Manual.
f) Conducted Corporate Social Responsibility (CSR) initiatives close to localities where toll gates are located, and these involved donations of desks at Kalinyeke and Water Supply System at Msiyaludzu schools.
g) Investigated all fraud and corruption cases brought to the attention of management and taken appropriate consequential action.

[17]A number of issues in relation to this have been discussed in the Finance Perspective section.

3.3.3 Key Challenges and Lessons Learnt

The key challenges and lessons in relation to building Stakeholder Confidence and Trust are highlighted below.

a) The image of RFA is suffering poorly due to delayed execution of toll gate-related road rehabilitation works by the Roads Authority. The lesson from this is that the RFA and Roads Authority must stay engaged if the desired results are to be achieved. In addition, RFA must continuously engage the public to understand the difference in the roles of RFA and Roads Authority.

b) The transport sector is still fragmented, and much more needs to be done to enhance coordination among key stakeholders.

c) Perceptions of corruption are rife in the transport sector. While RFA has managed to maintain a relatively clean image on matters of corruption, the same cannot be said about entities to which it disburses funds. Value for money remains a big challenge on roads works. A sector wide anti-corruption strategy is required for the transport sector like the one developed for the extractive sector in Malawi.

d) There are challenges to accept Technical Audits undertaken by the RFA in the road sector due to inadequate capacity. The department has one registered engineer[18]. Strengthening the technical audits through, among other things, use of registered engineers and other technical personnel, procurement of appropriate equipment, and increasing use of outsourcing will be explored by RFA in this planning cycle.

[18] At the time of the review in 2026, the number had grown to 3 registered engineers.

3.4 INSTITUTIONAL CAPACITY AND CAPABILITY

3.4.1 Intentions

The strategic objectives under the Institutional Capacity and Capability Pillar are highlighted below.

a) Strengthen RFA systems and procedures
b) Enhance Risk Management and Internal Controls
c) Automate RFA business processes

3.4.2 Key Achievements

The key achievements are outlined.

a) The ISO 9001 initiative is at 80% [19]from completion. Once completed, it will go a long way to standardize and modernize the organization's operations. The core team members have been trained to enhance the success of the implementation of the project.
b) As indicated above, several systems have been developed. However, they are yet to be integrated.
c) Turn-around time for transactions on toll gates has been achieved.
d) Departmental and organizational-wide risk management plans have been completed.
e) Several significant projects have been implemented, which have enhanced its institutional capacity and capability. In particular, the implementation of some of the recommendations of the Functional Review Report, such as the establishment of a middle management layer in the RFA structure in the form of Human Resources and Administration Manager, ICT Manager, Tolling Manager and the establishment of the positions of Procurement and Disposal Officer, as well as an ICT Officer, have gone a long way to respond to the increasing complexity of the organization in terms of its scope and size.

[19] RFA successfully achieved ISO certification in September 2024

3.4.3 Challenges Encountered and Lessons Learnt

The key challenges and lessons are highlighted below.

a) There is a lack of integration of processes that are being implemented. The systems are quite fragmented. In addition, there are pockets of resistance to technology adoption. This speaks to the need for a change management programme to address pockets of resistance.

b) There is need for clarity on what RFA should integrate in terms of weighbridge functions. The Budget Statement by the Honourable Minister of Finance referred to transference of the 'revenue management function' of weighbridges. All stakeholders involved in the process of transfer of weighbridge functions to the RFA should closely engage to ensure the transfer is well planned and coordinated to avoid disruption of the services.

c) The RFA has grown rapidly within a short period. Although the staffing establishment has also grown, there is need to ensure staffing levels are keeping pace with the increase in the organisation's scope and size. This will ensure some staff are not overworked as this could affect their mental and physical health. More attention to this will have to be paid in view of the anticipated growth in toll gates and transference of the weighbridge. In addition, the career paths for staff are narrow at the moment. Changes to the structure should only be undertaken after thorough review of available options.

3.5 HIGH PERFORMANCE STAFF AND CONDUCIVE WORKING ENVIRONMENT

3.5.1 Intentions

RFA sets out to improve performance at corporate, departmental, and individual levels. In this regard, it sought to align staff goals to corporate goals. To achieve its aspirations in relation to having high performance staff and a conducive working environment, the following strategic objectives were set.

a) Improve staff capacities, motivation and performance
b) Improve work environment
c) Optimize Information and Communications Technology (ICT)'

3.5.2 Key Achievement

The key achievement is that most of the staff of RFA are satisfied with the conditions and general work environment as a score of 68% was given in a recent Employee Satisfaction Survey.

RFA has also facilitated training in Balanced Scorecard (BSC) for all key staff, positioning the organization for a full roll-out of the BSC performance management system.

3.5.3 Challenges Encountered and Lessons Learnt

The key challenges and lessons are outlined below.

a) The implementation of staff development programmes has not always adhered to training plans in terms of targeting and sequencing.
b) Although a staff satisfaction score of 68 % out of 80 % is high, it still points to the need to address issues that staff raised in the survey. The Employee Satisfaction Report offers useful hints on what management needs to do to improve employee staff satisfaction.
c) A need has been identified to adequately prepare staff for increased technology adoption. This will be done as part of the implementation of ISO 9001.

3.6 CUSTOMER EXCELLENCE

3.6.1 Intentions

The intention of RFA in relation to its customers was to ensure funds for road construction, rehabilitation and maintenance are optimally used in a manner that safeguards value for money. The strategic objective in this regard was to 'improve RFA's corporate image'.

3.6.2 Key Achievement

The principal achievement during the reporting period was the successful completion of the Customer Satisfaction Survey.

3.6.3 Key Challenges and Lessons Learnt

a) Some customers of RFA don't understand the role of the different players responsible for results in the sector.
b) There is a need for RFA to satisfy the growing customer expectations.

4 SITUATION ANALYSIS

4.1 Introduction

This section presents the results of an assessment of the external and internal environment of RFA, which are attached as **Appendix 1**. It also presents the results of a cultural audit of RFA, which was undertaken using the 'Organizational Culture Assessment Instrument' (OCAI) developed by Kim Cameron and Robert Quinn. The results have informed the development of a strategic response for RFA.

4.2 ANALYSIS OF THE RFA'S EXTERNAL ENVIRONMENT: POLITICAL, ECONOMIC, SOCIAL TECHNOLOGICAL, LEGAL AND ENVIRONMENTAL[20]

The analysis of the political, economic, social, technological, legal and environmental factors depicts a blended picture of the operating environment for RFA.

The rising power of China and BRICS in general, rise of nationalist governments among western countries, Ukraine/Russia war, new trade arrangements (bartering), the Pan-African agenda and continued integration of trade related policies and the 2025 Tripartite elections will at global, regional and national level , lead to increased acquisition of China Aid and loans, as well as visibility and use of Chinese contractors, loss of traditional donors in the road sub-sector, decrease in development partner support for road infrastructure, increased cost of fuel and at the same time bringing down cost of road construction, reduced collection of international transit fees because of the possibility of waivers, knowledge sharing and governance support to RFA.

Coupled with trade wars between G7 and BRICs, increased Economic Integration through the AU Agenda 2063, the economy is projected to have low growth due to effects of natural disasters, unfavorable climatic conditions, and uncertain IMF headroom for Malawi, increasing debt burden, loss of value of local currency , rising Interest rates, increased migration of people from other countries to Africa including Malawi, regional integration of labour, high large of unemployed youths, nationwide high levels of unemployment and population growth (Over 40% of the population being below 15 years) will exert pressure on Government for social services, activists and social media is putting more pressure on the Government to improve service delivery, including in the transport sector , increased urbanization, migration from fossil propelled vehicles to hybrid/ electric cars, innovations in the construction, maintenance and rehabilitation of

[20] In September 2025, Malawians went to the polls to elect their preferred Government. The Democratic Progressive Party (DPP) took over from the National Alliance Government, which was led by the Malawi Congress Party (MCP).The new Government is implementing their Manifesto for 2025-2030 under the Theme: *Sustaining a People -Centered Government*. The manifesto, in summary, outlines a vision to transform Malawi into an inclusively wealthy, self-reliant, and industrialized upper-middle-income nation, aligning with the Malawi 2063 agenda. It emphasizes strengthening amongst other sectors , the transport infrastructure. The manifesto also highlights decentralization with an adjustment of the Constituency Development Fund (CDF) to MK5 billion per constituency to cover areas of local infrastructure development including rural roads rehabilitation and maintenance.

roads is becoming increasingly tech driven, availability of technologies and reduction in costs in some of these technologies, increased technology adoption in the payment systems and processes, existing systems that have not been integrated between and across the players in the road sub-sector. Technology readiness is seemingly low. This will lead to loss of traditional donors in road sub-sector, roads being implemented as part of SADC Corridors, RFA to benefit through government resources being channeled towards implementation of the AU Vision, reduction in road fund revenue, low purchasing power of the motorist, reduced fiscal space and allocation of funds for the roads sector, increased road construction costs, pressure on resources, increased pressure and demand for roads to support their settlement, loss of talented skilled and experienced labour to other SADC countries, increased incidents of vandalism of infrastructure and reduced funding in the road sector

4.3 Analysis of the RFA's Internal Environment[21]

RFA operates within identified internal notable weaknesses such as limited Revenue , limited Financial Resources, fragmented Information Management Systems, over-dependence on Fuel Levy, lack of instruments to collect revenue from receiving agencies, inadequate adoption and optimization of modern technology, inadequate monitoring and evaluation, long payment cycles leading to delayed payments, lack of effective implementation of departmental service level agreements, lack of stakeholder relationship management plan, high costs of office rent and limited office accommodation, ineffective reward management systems and weak awareness and enforcement of legal provisions.

The institution faces a number of external threats namely; the country is experiencing escalating shortages of foreign exchange, increasing import duty on second hand vehicles leading to low motor vehicle imports , lack of Private Public Partnership (PPP) Implementation models in the Road Sector, rising costs

[21] In the first two years of the strategy implementation, the RFA continued to operate in a challenging internal and external environment, primarily due to the non-receipt of fuel levy income, which significantly strained liquidity. Additionally, the Administration's request for an adjustment to toll fees had not been actioned, further compounding pressure on tolling business performance (Note: the fees were later adjusted in January 2026 by 100%).
The new Government, through its revised national budget, had committed to address the non-receipt of levies, which they now have done and it is expected that the levies will start flowing into the Fund. This has brought renewed hope for successful implementation of the RFA Strategy as we move into the the 2026/2027 FY

of road construction, lack of harmonization of resource allocation in terms of new roads against maintenance , lack of legislative control powers of RFA over funds allocated to district councils, unstable financial currency and challenges in sustaining forex that impact on importing materials for roads construction, compromised standard of road works by implementing agencies and inadequate legal framework to enforce value for money by RFA, weak institutional capacities by some of the implementing agencies especially councils, inadequate counterpart funding as compared to the commitments /slash actual budget allocation, late remittances to fuel level, ineffective value for money framework, lack of understanding of internal business processes by stakeholders and conflict of interest and lack of accountability in the implementing agencies

4.4 CURRENT CULTURAL STATUS[22]

Internal stakeholders perceived RFA as a hierarchical organization as shown in **Figure 5** below, which is characterized as:

a) A very formalized and structured place to work.
b) Procedures govern what people do.
c) The leaders pride themselves on being good coordinators and organizers who are efficiency minded.
d) The leaders want to maintain a smooth-running organization, and they consider that the most critical.
e) Formal rules and policies hold the organization together.

[22] In the second year of the strategy implementation, RFA through a staff consultative process reviewed the organizational culture disposition and identified the preferred new culture encapsulated by the **Culture slogan: "Business Minded. Purpose Driven."** The theme reflects the desired shift toward a business-oriented mindset across all staff and relevant stakeholders. The desired culture revolves around the following parameters: results driven, employee role clarity & strategy alignment, cost & risk consciousness, responsiveness, employee engagement , accountability, decisiveness, collaboration , innovation & creativity and consequence management.

4.5 Current Organizational Philosophy

In this respect, RFA organizational philosophy is depicted to have a long-term concern on stability and performance with efficient, smooth operations. Success is defined in terms of dependable delivery, smooth scheduling, and low cost. The management of employees is concerned with secure employment and predictability.

The leadership style is perceived as a coordinator, monitor, and organizer. The leadership values focus on efficiency, punctuality, consistency, and uniformity.

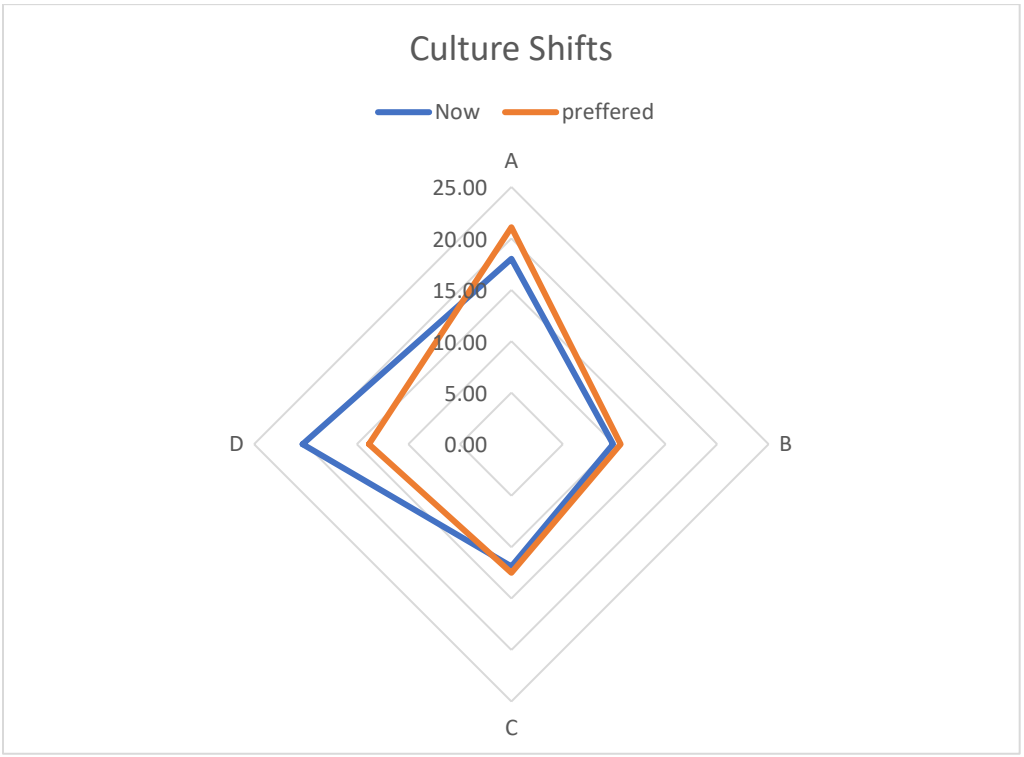


Figure 5: Culture Shifts

A: Dominant /Clan Culture B: Adhocracy Culture C: Market Culture D: Hierarchical Culture

4.6 Cultural Projections/Preference

The internal stakeholders' aspirations are that RFA becomes a workplace which portrays clan or family characteristics as follows:

a) Where people share a lot of personal information, much like an extended family.
b) Where leaders or heads of RFA are mentors and perhaps even parent figures.
c) Where the organization is held together by loyalty or tradition, and where commitment is high.

RFA organizational philosophy should continue to embrace teamwork, inclusive participation, and consensus building. In this regard, RFA will over the strategic plan period continue to build the capacity of its staff to enhance cohesion and morale. Our leadership style will be that of a facilitator, mentor, team builder whose values are commitment and open communication.

4.7 Maintenance and Rehabilitation Requirements

To preserve the existing investment in road infrastructure, ensure public roads remain open to traffic all year and safe for road users; maintenance activities must be undertaken as a priority annually. Over the years, however, funding allocations from the Roads Fund for road maintenance and rehabilitation have never been adequate to cover the annual requirements of the classified road network. On average, the Roads Fund is said to cover only about 25% to 30% of the annual maintenance needs.

4.7.1 Maintenance needs

Indications from the implementing agencies are that the ideal annual maintenance would be as follows:

a) Cyclic maintenance, grading and reshaping on the entire designated road network (about 24,000 kilometers) at an estimated annual cost of MK18 billion;
b) Replacement of at least 1,600 meters of timber decked and bailey bridges with concrete decked bridges for MK14 billion;
c) Patching of at least 189,000 square meters of potholes at MK6 billion;
d) Replacement/installation of at least 1,000 road signs and marking of at least 3,750 kilometers for an estimated cost of MK4 billion;
e) Installation of road reserve demarcation marker posts for at least 230 kilometers at MK400 million;
f) With the effects of the storms and cyclones, at least 120,000 cubic meters of drainage protection and river training works at MK5.5 billion; at least 500 meters of repairs to major drainage structures at MK19.4 billion; and spot improvements (including spot gravelling, concrete pads and embarkment formation) of at least 800,000 cubic meters at MK49 billion.

4.7.2 Periodic Maintenance and Rehabilitation needs

The following are the ideal annual periodic maintenance and rehabilitation requirements from the implementing agencies aimed at preserving the roads in fair condition and restore the roads in bad condition:

a) Shoulder reconditioning of 100 kilometers of the paved road network at MK12 billion;
b) Sectional periodic maintenance of 60 kilometers of the paved road network at MK60 billion.
c) Sectional rehabilitation of 50 kilometers of the paved and unpaved road network at MK20 billion;
d) Low volume sealing of 30 kilometers of unpaved roads at MK15 billion.

The annual maintenance needs of the designated road network are so huge that they cannot be met from the Roads Fund resources alone. Increased funding from the Government and its development partners for periodic maintenance and rehabilitation is required.

5 STRATEGIC FRAMEWORK

5.1 Introduction

The preceding policy and development context, as well as the evaluation of RFA's 2019-2024 Strategic Plan and situation analysis, has identified several issues that warrant a strategic response. This section presents the strategic issues that have informed the strategic direction for the next five years. It outlines measures that leverage its strengths to address key challenges and threats while exploiting opportunities. The strategic direction also outlines the Balanced Score Card perspectives and rationale, strategic pillars on which the Strategic Plan is anchored, as well as the strategy hierarchy, strategic results, and RFA's Theory of Change.

5.2 Strategic Issues

The key priorities of the RFA, reflected as strategic issues are as follows:

a) Coordination and collaboration among stakeholders in the road sector remain inadequate. At the same time, the Road Fund Administration (RFA) is under increasing pressure to meet rising customer expectations, particularly from the general public.
b) There is inadequate funding for roads rehabilitation and maintenance, compounded by low absorptive capacity by implementing agencies.
c) The institutional capacity and capability of RFA is constraining its ability to effectively discharge its mandate and to accommodate anticipated growth of the organisation.
d) The systems and procedures will need to be enhanced to adequately support the implementation of planned initiatives.

5.3 Strategic Perspectives, Strategic Pillars and Rationale

5.1.1 Strategic Perspectives

RFA has identified four Balanced Score Card (BSC) perspectives as presented in **Table 5** below, which will be its areas of focus over the plan period.

Table 5: BSC Perspectives and Rationale

Perspective	Rationale
Financial	The mandate of RFA calls for financial resource mobilization, management, and accounting for the same. This is the lifeline for RFA as such the perspective becomes central and warrants strategic pursuit. RFA has identified the need to sustainably grow its financing. RFA has also identified the need for increased absorption of funds. The increase in the absorption rate will result in more funds for road maintenance, rehabilitation, and construction.
Stakeholder	RFA has several key external stakeholders. Although RFA reports to the Ministry of Finance, Economic Planning and Decentralization for policy direction, it also interacts with the Ministry of Transport and Public Works, which is the policyholder in the transport sector to which RA reports. There are also other stakeholders that RFA interact with, which include PPDA and NCIC as regulatory entities and RA, DRTSS, and the local authorities as implementing agencies. In addition, RFA collaborates with development partners and other funding agencies, which also have their own expectations. Furthermore, the customers who pay RFA

Perspective	Rationale
	at the tollgates have their own expectations that should be met. Due to the diversity of the stakeholders with varied needs to be satisfied, RFA considered this perspective critical to the attainment of its mandate, hence its selection as one of the perspectives in the next five years.
Internal Business Process	RFA realizes that for sustainable financing and stakeholder satisfaction to be achieved, there is a need to focus on some strategic processes in the Organization that ensure that there is a high level of accountability. For this to be achieved, RFA acknowledges that the compliance, audit and monitoring and evaluation elements in its mandate must be improved. It also realizes the power of the utilization of technology and importance of information sharing so that the stakeholder's confidence and trust is attained and sustained. For these reasons, RFA considered this perspective as strategic, hence its inclusion as an area of strategic focus.
Organizational capacity and capability	The organizational assessment of RFA established the need for the improvement of the organizational performance culture, structural arrangements, and cultural changes due to the growing scope of its services. The number of implementing agencies is growing, and there is also planned growth that will come from the building of more toll gates. It is for this reason that organizational capacity and capability have emerged as areas warranting strategic focus for RFA.

5.1.2 Pillars

The Vision and Mission of the Road Fund Administration (RFA), together with its chosen strategic perspectives, shall be firmly anchored on three (3) strategic pillars, as outlined below:

a) Stakeholder coordination and collaboration;
b) Financial growth and sustainability; and
c) Institutional capacity and capability.

The rationale for the choice of strategic pillars is provided in **Table 6** below.

Table 6: Strategic Pillars and Rationale

Pillar	Rationale
Stakeholder coordination and collaboration	From the stakeholders' feedback, it is critical that RFA intensifies the engagement with and coordination of its stakeholders in a structured and targeted manner. This will require platforms for dialogue, problem identification, and resolution. Stakeholder enquiries, queries, and requests will receive prompt attention. There will also be regular and timely sharing of relevant information with stakeholders. This strategic pillar is expected to lead to the following outcomes: a) Improvement in process efficiency and service delivery; b) Strengthened internal and external collaboration and coordination; c) Enhanced responsiveness to stakeholder needs; d) Improved stakeholder relations; and e) Improved stakeholder confidence and trust.
Financial growth and sustainability	In this strategic pillar, RFA seeks to optimize its current resources, diversify, and develop new revenue streams. It was also established in the assessment that the funds absorption rate is below expectation. Therefore, the

Pillar	Rationale
	strategic interventions are expected to lead to the following outcomes: a) Increased and sustainable funding b) Diversified revenue streams; and c) Improved absorption rates.
Institutional capacity and capability	In the next five years, RFA aspires to improve the organizational performance culture. The dynamic environment that RFA is operating in, and the various demands placed upon it are propelling RFA to consider strengthening its structural arrangements and competence of its staff. This strategic pillar seeks also to keep RFA abreast of the technology curve through intense research and innovation and utilisation of Artificial Intelligence. In addition, RFA will instill a culture of innovation and incubation of new ideas (systems, processes, etc.), which will result in process improvement and operational efficiency through the use of technology and automation of processes. The outcome of this strategic pillar include: a) Increase in organizational efficiency; b) Staff motivation and satisfaction; c) Streamlined and integrated processes; d) Improved and functional structure; e) Enhanced employee skills and competence; f) Increase in organizational agility [23]; and g) Improved business resilience[23].

[23] *(Ability to Recover)*

5.4 Strategic Hierarchy

The strategy hierarchy that depicts the strategic thrust of RFA, highlighting how the strategic perspectives and pillars and core values will achieve the mission and vision of RFA is presented in **Figure 6** below.

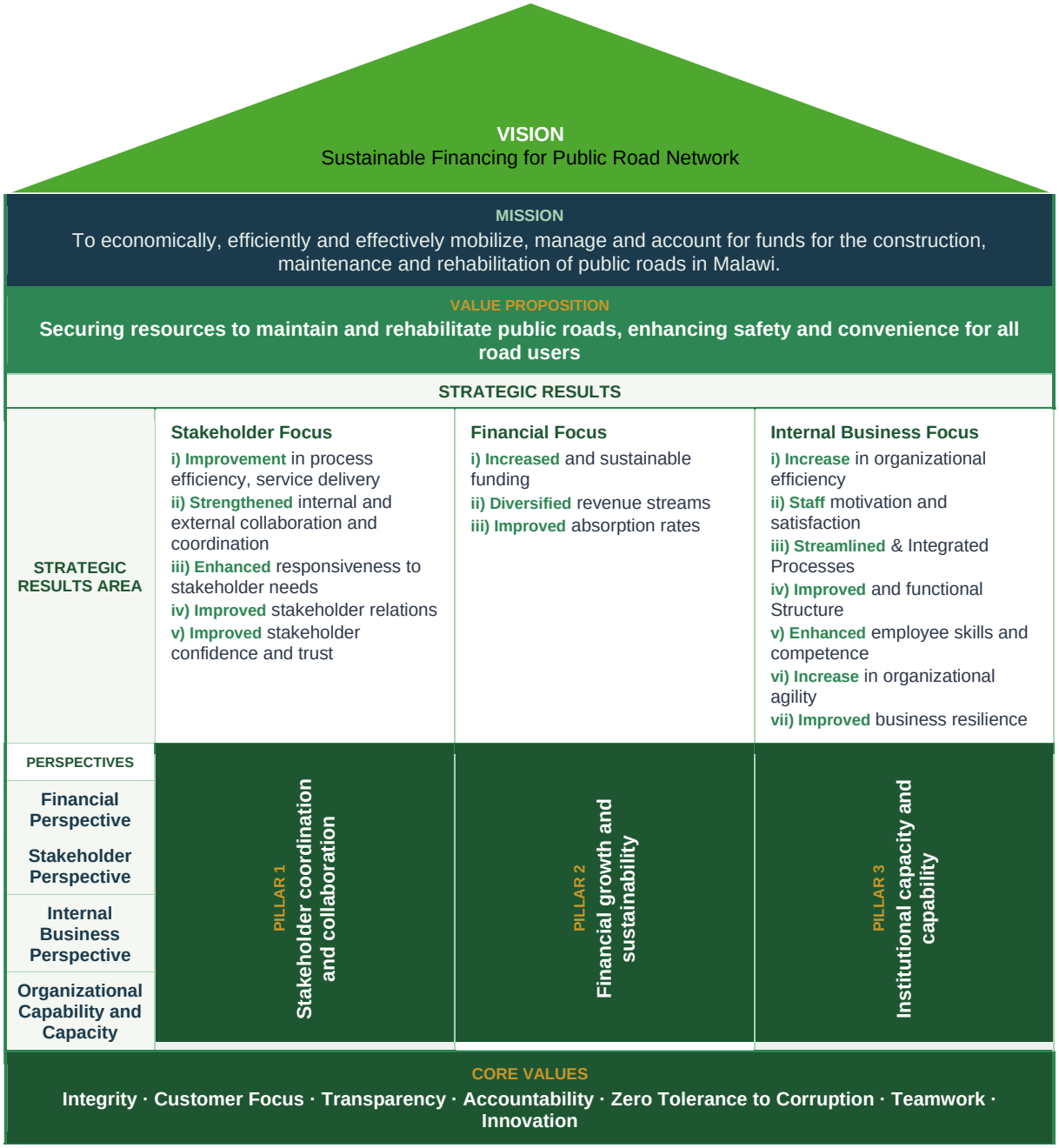


Figure 6: Strategic Hierarchy

Strategic results in Table 7 below are drawn from the strategic pillars as highlighted in Table 6 above.

Table 7: Strategic Results

Pillar	Objectives	Strategic result
Stakeholder coordination and collaboration	a) Grow and sustain public confidence and trust. b) Increase the customer satisfaction	❖ Increased commitment of funds to RFA. ❖ Service Delivery in compliance with 100% to the service charter. ❖ Increase in stakeholder satisfaction from current 21% to 85% ❖ Improvement in process efficiency[24],
Financial growth and sustainability	a) Grow and sustain the funding and financing. b) Increase the absorption rate of resources c) Explore and implement sustainable and innovative alternative sources of financing[25] d) Enhanced Axle load control[26]	❖ Increase in total income by 235% ❖ Increase fuel levy by 305% ❖ Revenue sources diversification through tolling revenue (from MK5.4 billion per annum to MK 9.3 billion per annum) ❖ Increase in absorption by 100% ❖ Sustainable funding and financing [27](no deficit to the requirements) ❖
Institutional capacity and capability	a) Improve Policy, process and system efficiency b) Increase transparency and accountability c) Improve communication d) Mainstream environmental, social and governance principles in the	❖ Increase in organizational efficiency, staff motivation and satisfaction. ❖ Streamlined and integrated Processes[30] ❖ Functional Structure for M & E ❖ improved organizational efficiency

[24] Adherence to procedures agreements with implementing agencies and the contractors
[25] New objective from 2026
[26] New objective from 2026
[27] over-commitment of the available funds is reducing.
[30] *(Issuances of Toll Cards, Payment Processes, Financial Reporting, Audit IPC)*

	management of the RFA[28] e) Enhance innovation and research f) Improve contract /project monitoring skills. g) Improve Institutional Capacity in managing ethical standards and corporate governance h) Improve Structural arrangements in Technical Audit i) Mainstream Artificial intelligence (AI) and other emerging technologies for improving efficiency, accuracy, and cost-effectiveness.[29]	

5.5 Strategic Objectives and Initiatives

This section sets out the rationale for the Strategic Objectives and initiatives intended to facilitate their implementation, within the context of the Strategic Pillars.

5.1.3 Strategic Pillar # 1: Stakeholder coordination and collaboration

Strategic Objective # 1: Grow and sustain the public confidence and trust

The image of RFA has suffered from delayed construction and rehabilitation of roads and from the delayed execution of toll-gate related works between Lilongwe and Blantyre. At the bottom of the delays is ineffective coordination between the key parties to the planning and execution of road works. Over the

[28] New objective from 2026
[29] New objective from 2026

next five years, RFA will seek to improve the coordination arrangements to ensure seamless implementation of road works.

Specifically, RFA intends to implement the following initiatives:

a) Develop and Implement Stakeholder Engagement Strategy.
b) Institute Thematic Working Groups.
c) Enhance Institutional the Integrity Committee (IIC) Annual Program
d) Publicise Annual reports, Financial Statements and Periodic Disbursement Reports
e) Publicise Toll Fee Collection Reports and Toll Fee Utilisation Reports

Strategic Objective # 2: Enhance stakeholder and customer satisfaction

Customers of RFA, particularly on toll gates, are not satisfied with money being collected as it is yet to be used, largely due to bureaucratic delays in procurement of contractors to implement the works. Clearly, the RFA is limited in terms of what it can do to resolve the administrative delay that is negatively impacting its customers. Over the next five years, RFA will seek to help its customers understand the obligations of the various parties in the road sector.

Specifically, RFA intends to implement the following initiatives:

a) Revise and implement the Communication Strategy
b) Review and implement the Client Service Charter
c) Implement recommendations from the Customer Satisfaction Surveys

5.1.4 Strategic Pillar # 2: Financial Growth and Sustainability

Strategic Objective # 1: Grow and sustain funding and financing

The current financing envelope is not adequate to meet the rehabilitation and maintenance needs of the planned road network. Over the next five years, RFA intends to increase its revenue base mostly through construction of more toll gates ,use of targeted financing bonds and other innovative alternative sources of financing.

Specifically, RFA intends to implement the following initiatives:

a) Lobby for gazetting of the fuel levy and gradual increase in fuel levy rate.
b) Lobby for the road tax income.
c) Build more toll gates.
d) Increase toll tariffs.
e) Invest any idle funds.
f) Sign and enforce a Memorandum of Understanding with the Malawi Energy Regulatory Authority (MERA).
g) Strengthen International Transit Fee (ITF) internal controls and revenue assurance

Strategic Objective # 2: Improve absorption and utilization of resources

Currently, the utilization of resources by the Roads Authority and other implementing agencies has been less than optimal. Over the next five years, efforts will be made to improve the utilization by continuously engaging Roads Authority and other key stakeholders in the sector in terms of planning and monitoring the absorption capacity.

Specifically, RFA intends to implement the following initiatives:

a) Lobby for increased absorption of resources by all implementing agencies.
b) Lobby and finance Annual Road Sector Review meetings.

Strategic Objective # 3: Explore and implement sustainable and innovative alternative sources of financing

Currently, approximately 80% of the RFA's revenue is derived from the Fuel Levy. Given the escalating constraints associated with this source, the institution must urgently and innovatively diversify its income streams.

To achieve this, the RFA will proactively explore and implement innovative mechanisms that diversify funding sources beyond traditional levies and government transfers.

This objective seeks to position the RFA as a forward-looking institution that leverages creativity, partnerships, and financial innovation to secure resources for road development and maintenance. By engaging with private investors, development partners, and private partnership institutions, the RFA will unlock new streams of capital while ensuring transparency and accountability.

Specifically, RFA intends to implement the following initiatives

a) Pursue a Toll Gate Construction Bond.
b) Pursue a Road Rehabilitation Bond
c) Pursue Public Private Partnerships (PPPs) for Toll infrastructure and Road Maintenance.

Strategic Objective # 4: Enhanced Axle Road control

Government directed that in line with the Public Finance Management Act of 2022, section 6 and 42, the responsibility of collecting and managing fees or fines at weigh bridges across the country be transferred from the Department of Road Traffic and Safety Services (DRTSS) to the Roads Funds Administration (RFA). The Roads Fund Administration was established to raise, administer, and account for funds dedicated to the maintenance and rehabilitation of all public roads in Malawi. Accordingly, the collection of overload fines is directly aligned with its mandate, specifically by helping to reduce road maintenance costs arising from vehicle overloading and inadequate axle load controls.

Specifically, RFA intends to implement the following initiatives:

a) Take over the management of weighbridges
b) Finance the construction and procurement of weighbridges (both mobile and fixed)

5.1.5 Strategic Pillar # 3: Institutional capacity and capability

Strategic Objective # 1: Improve policies, processes and systems efficiencies

RFA has developed several systems that have potential to improve service delivery. However, these systems are currently not integrated thereby not optimising their full potential. Significant efforts have been made to implement ISO 9001 quality and process improvement system, which is likely to be finalised in the lifetime of this Strategic Plan.

Specifically, RFA intends to implement the following initiatives:

a) Automate and integrate systems.

b) Streamline processes.

c) Improve service delivery.

d) Formulate Project Management Framework

e) Ensure conformance with quality standards.

f) Develop and implement Monitoring, Evaluation, Accountability and Learning (MEAL) system.

g) Inculcate High Performance Culture

Strategic Objective # 2: Increase transparency and accountability

RFA is aware of its fiduciary responsibility as it relates to the funds entrusted to it. RFA also realises that stakeholders in the road sector and beyond need to be timely kept abreast of the progress of various road projects in terms of their

monetary value, value for money and technical quality. In this regard, it will ensure that audits (financial, procurement, and technical) are conducted as scheduled. It will also devise and enforce cost containment measures to ensure that value for money is achieved in all its operations.

Over the next five years, RFA will ensure increased transparency and accountability in the execution of road projects. Specifically, RFA intends to implement the following initiatives:

a) Improve monitoring of plans.
b) Conduct external annual technical and/or procurement audits.
c) Timely publish financial statements.
d) Execute and sustain Enterprise Risk Management Framework.
e) Institute cost containment measures.

Strategic Objective # 3: Improve communication

Communication internally and externally has not been consistent, resulting in information gaps among the parties that need to be engaged. Over the next five years, RFA will identify information gaps that exist and identify appropriate platforms for conveying the necessary information.

Specifically, RFA intends to implement the following initiative:

a) Enhanced internal communication to strengthen transparency and trust

Strategic Objective # 4: Mainstream environmental, social and governance priorities with principles in the management of the RFA

The integration of Environmental, Social, and Governance (ESG) principles within the Roads Fund Administration is essential to ensure that infrastructure financing and management are both sustainable and responsible. As the custodian of resources for Malawi's public road network, the RFA's operations have significant environmental and social impacts (from carbon emissions linked to road use, to

community safety, accessibility, and economic inclusion). Embedding ESG practices will strengthen accountability, enhance transparency, and build stakeholder confidence, while aligning the institution with global best practices in infrastructure governance. Moreover, ESG adoption positions the RFA to attract diverse and innovative financing, including climate funds and impact investments, thereby ensuring long-term resilience and sustainability of the road sector.

Specifically, RFA intends to implement the following initiative:

a) Establish and implement the ESG Framework
b) Engage Implementing Agencies on ESG compliance

Strategic Objective # 5: Enhance innovation and research

For RFA to realise its full potential and deliver services that continuously add value to the road infrastructure sector, it must utilise cutting-edge technologies and have updated work processes at any given time. It is currently not able to do so as it is yet to develop a Research Policy and Strategy that should guide its research and innovation initiatives. Over the next five years, RFA will not only ensure it has a comprehensive Research Policy and Strategy, but that it is also implemented.

Specifically, RFA intends to implement the following initiatives:

a) Develop a Research Policy and Strategy
b) Benchmark, explore and adopt best innovative initiatives.
c) Introduce and operationalize a work-improvement team.
d) Benchmark, explore and adopt best innovative initiatives

Strategic Objective # 6: Improve contract/project monitoring skills

RFA is aware that its Technical Audit staff need to acquire more skills and equipment to undertake their responsibilities efficiently and effectively. Over the next five years, it will build the capacity of its staff in technical audit.

Specifically, RFA intends to implement the following initiatives:

a) Undertake targeted contract management skills training.
b) Enhance utilization of technical audit equipment
c) Capacitate Technical Audit staff in M&E

Strategic Objective # 7: Improve institutional capacity in managing ethical standards and corporate governance

RFA is aware that there is a need for predictability and consistency in handling the conduct of staff. In this regard, it will ensure that the Code of Conduct and Ethics is always enforced.

Specifically, RFA intends to implement the following initiatives:

a) Re-enforce the Code of Conduct and Ethics
b) Implement Consequence Management

Strategic Objective # 8: Improve structural arrangements in Technical Audit

RFA is aware of the structural limitations of the current organisational structure, especially in monitoring risk and compliance to standards, as well as in accommodating growth likely to happen by way of the increase in the number of toll gates and integration of the weighbridge function.

Over the next five years, RFA will hence undertake a targeted functional review to ensure its structure and staffing levels are fit-for-purpose in line with the anticipated growth of RFA.

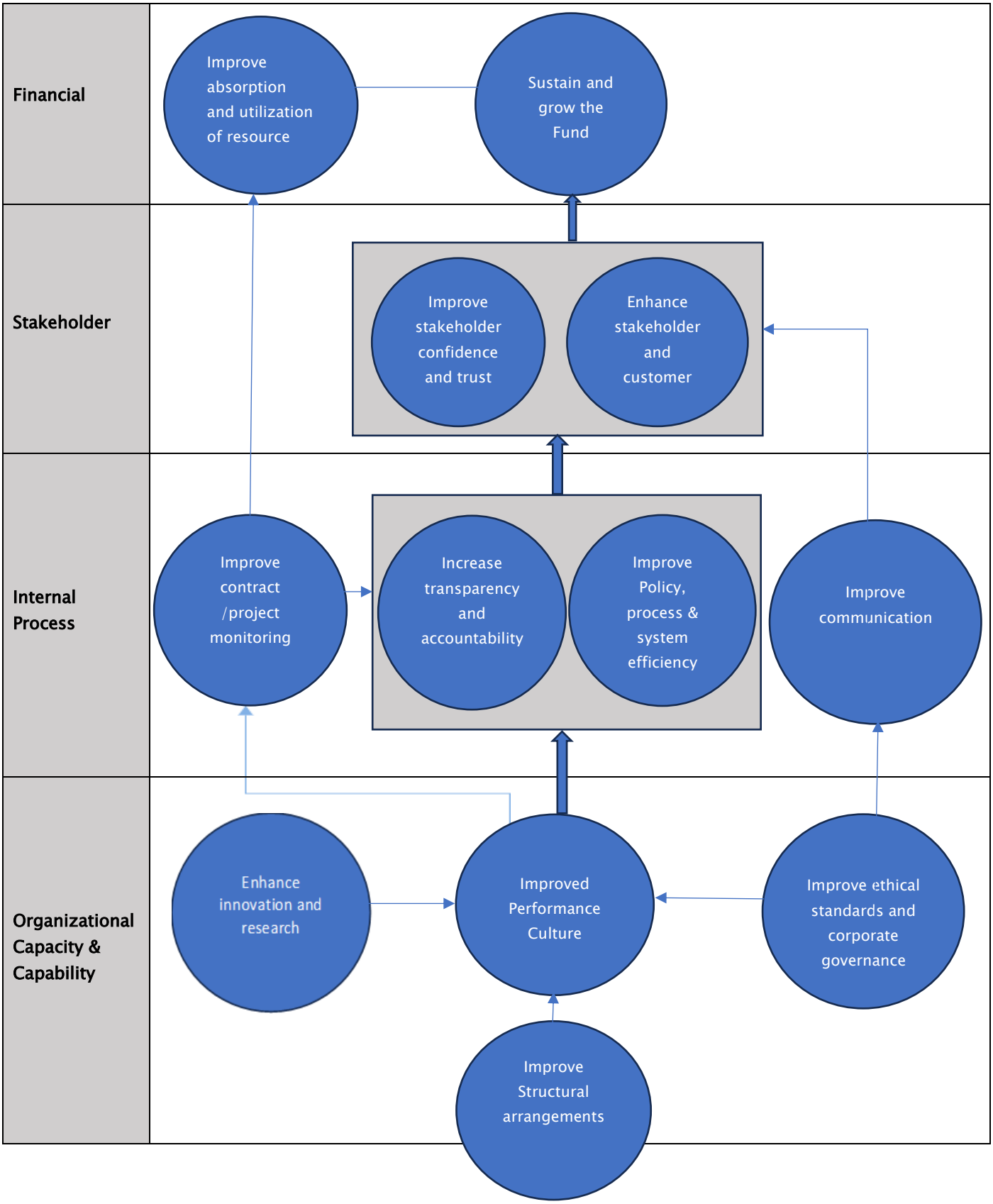
Specifically, RFA intends to implement the following initiatives:

a) Initiate a review and adoption of a fit-for-purpose M & E organisational structure in Technical Audit Directorate
b) Introduce a risk and compliance function.

5.6 RFA's Theory of Change

RFA realises that the strategic results at a higher level are dependent on the achievement of strategic objectives at a lower level, and availability of inputs at a lower level. Figure 7 below depicts these linkages.

Figure 7: RFA's Theory of Change



5.6.1 Aspired Change:

RFA will enhance its position as an institution for 'Sustainable financing for public road networks' in the country. This sustenance will be attained by growing the fund from MK94.5 billion to MK295 billion per annum within the strategic plan period. RFA shall within the SP period influence the absorption rate of the funds from 60% to at least 95%.

RFA will also aim to improve the stakeholder's confidence and trust and customer satisfaction from 21% to100 % in SP period. As means of promoting stakeholder confidence, the contract / project monitoring shall be embraced more. The confidence and trust shall propel funding, and the customer satisfaction levels shall ignite customer interest and motivation to contribute to the road's maintenance willingly.

5.6.2 Institutional Change catalysts

RFA as an institution aims at becoming effective through improved performance culture (inclusive and mentoring leadership). It will focus on more innovation and research-based decision making. Its organizational structural arrangements shall depend on operational dynamics of change. It shall uphold the set ethical standards and corporate governance. RFA will also promote its internal business processes that entail contract / project monitoring, increase in transparency and accountability, improvement in policy, process and systems efficiency, and improved communication. The improvements in the Organization and its internal business processes shall be the catalysts for the outcomes in the funding and financing and stakeholder's confidence

6.0 IMPLEMENTATION STRATEGY, MONITORING AND EVALUATION ARRANGEMENTS

6.1 Introduction

This Section sets out the implementation arrangements for the effective implementation of the strategic plan. The initiative owners and the role of the Board and management team are emphasized.

6.2 Initiative Owners

Each initiative will be championed by an initiative owner who will be responsible for ensuring that the initiative is on course and implemented. The initiative owner will coordinate with other employees who are expected to contribute to the initiative's realization. The initiative owner will also gather performance data on the initiative and report this information during the strategy review meetings.

6.3 The Board

The Board will monitor the implementation of the strategic plan with a focus on the Corporate Score Card. In this regard, the Board will receive quarterly progress reports from management on the implementation of the Strategic Plan for review and decision-making.

6.4 Road Development Programmes

RFA will engage concurrently with the Ministry of Finance, Economic Planning and Decentralization, Ministry of Transport and Public Works, the Roads Authority Councils and other implementing agencies, to improve funding flows for road development projects, as well as absorption capacity of the funds disbursed. The Ministry will ensure timely communication of the national resource envelope and funding ceilings for road development projects. Planning of all road development projects shall be based on the ceiling provided.

6.5 Financing Strategy

RFA expects the financial resources for this Plan to come from multiple sources including fuel levy, road user fees, tolling and other income such as investment income.

Fuel levy will remain the major source of Roads Fund income during the final 3-year period of this Plan. With the most recent fuel price adjustment, fuel levy will average about 85% of total income per year. The Fund will lobby for gazetting of fuel levy rate. The recent changes will result in the fuel levy increasing from current MK 77.96 billion per annum to an average of MK142.21 billion per annum during the period; representing almost a 100% increase. This will result in significant growth in projected income.

The road user fees include tolls, tariffs and road taxes. RFA plans to continue negotiations so that a portion of the road tax income currently at MK15 per litre is remitted to the Roads Fund. This will result in total road tax income of MK19 billion during the period of the Plan.

The Fund will construct nine more toll gates thereby increasing the number of toll gates from currently 2 to 11 during the period of the Plan. The Fund will further lobby for the gradual increase in toll tariffs over the same period. The projected total income from toll fees over the period of the Plan is MK101.6 billion. In the same vein, the Fund will contain toll expenses within 25% of tolling income over the period of the Plan. Tolling will be the second largest source of income for Roads Fund.

Funding to Roads Authority and Roads Fund Administration will reduce from 14% in 2024/25 to 11% in 2028/29 of total income.

Total works expenditure will average 82% of total income over the period of the Plan.

Idle funds will be invested at interest rates not less than the treasury bill rates.

6.6 Projected Income and Expenditure for the Roads Fund

Inflation projection	31.5%	27.9%	20%	15%	15%
INCOME	**2024/25 K'000**	**2025/26 K'000**	**2026/27 K'000**	**2027/28 K'000**	**2028/29 K'000**
Fuel Levy	79,029,843	94,423,832	272,745,480	279,564,117	287,951,041
International Transit Fees	11,901,876	13,588,088	14,476,413	14,765,941	15,061,260
Vehicle Road Access Fees	420,604	687,787	610,783	622,999	635,459
Grants	36,967,433	26,408,534	-	-	-
Tolling Revenue	3,011,080	2,444,453	3,434,148	5,151,222	9,272,200
Other Income	904,578	1,200,000	3,500,000	4,375,000	5,468,750
TOTAL INCOME	**132,235,414**	**138,752,694**	**294,766,824**	**304,479,279**	**318,388,709**
EXPENDITURE					
Road Works & Supervision	57,586,359	33,565,370	98,000,000	122,500,000	98,000,000
Rehabilitation of M1 Road	-	11,000,000	73,000,000	93,000,000	74,400,000

City Road Maintenance Program	2,659,360	4,200,000	36,000,000	54,000,000	43,200,000
Emergency Works	2,829,454	8,000,000	15,000,000	20,000,000	16,000,000
Planning & Design	461,144	5,600,000	6,000,000	6,000,000	7,200,000
Construction of Toll Plazas	Nil	4,000,000	30,000,000	20,000,000	15,000,000
Community Road Maintenance	1,752,282	3,000,000	6,000,000	3,000,000	2,000,000
Road Traffic and Safety/Axle Load Control	426,501	2,600,000	13,000,000	13,000,000	14,300,000
Technical Audit	364,304	200,000	800,000	1,000,000	1,200,000
Funding to Roads Authority	8,352,336	9,800,000	11,760,000	14,700,000	18,375,000
Funding to RFA	3,904,360	6,522,781	8,776,790	10,970,988	13,713,734
Servicing of Bond	6,481,045	6,883,826	24,000,000	45,000,000	45,000,000
Tolling Expenses	776,045	–	–	–	–
MRA Commission	618,322	713,794	754,360	769,447	784,836
Bank Charges	6,971	12,000	20,000	24,000	28,800
Credit Losses					

TOTAL EXPENDITURE	**86,218,483**	**96,097,771**	**323,111,150**	**403,964,434**	**349,202,370**
(DEFICIT)/SURPLUS	**46,016,931**	**42,654,923**	**-28,344,326**	**-99,485,156**	**-30,813,661**
Roads Fund -Bond	-	-	70,000,000	100,000,000	30,000,000

Note: The deficit in 2024/25 and 2025/26 will be financed through transfers from reserves and proceeds from bond.

6.6.1 Assumptions underpinning the Financial Projections

The following assumptions have been used in the financial projections:

a) Gross Domestic Product growth rates used in the projections are as follows:

Year	2024/25	2025/26	2026/27	2027/28	2028/29
GDP Growth Rate	0%	3.8%	4.1%	4.5%	4.6%

b) Exchange rate against the United States Dollar has been set as follows:

Year	2024/25	2025/26	2026/27	2027/28	2028/29
Exchange Rate (MK)	2,000	1,751	1,751	2,800	3,000

c) Inflation rates have been set as follows:

Year	2024/25	2025/26	2026/27	2027/28	2028/29
Inflation Rate	31.5%	22.2%	19.5%	11.3%	8.7 %

d) Fuel levy volumes will increase as follows:

Year	2024/25	2025/26	2026/27	2027/28	2028/29
Increase Rate	0%	0%	-28.5%	7%	8%

Fuel volumes are projected to increase at the same rate as GDP growth. This has been based on prior years' trend.

e) Fuel Levy Rate per litre as a percentage of the Pump price

Year	2024/25	2025/26	2026/27	2027/28	2028/29
Petrol	5.00%	10.19%	10.19%	7.00%	8.00%
Diesel	4.50%	10.15%	10.15%	6.31%	7.21%

f) Nine (9) new Toll gates will be constructed as follows:

Year	2024/25	2025/26	2026/27	2027/28	2028/29
No. of Toll gates	0	0	4	2	3

g) For Chingeni and Kalinyeke, actual figures were used for 2023/2024 and the new approved tolling rates effective October 2024 have been applied going forward to the end of 2026/27. From January 2026, the rates have been

revised further by an average of 100%. The Toll rates for Chingeni and Kalinyeke as adjusted will also apply to the new Toll gates.

h) Traffic volumes will increase by 6.7% annually as per the 2018 Traffic Report from the Roads Authority. This rate has been applied to adjust the toll rates.

i) All the new Toll gates will start collecting toll rates from April 2027.

j) Tolling expenses are targeted to be 25% of toll revenues during the period of the Plan.

k) Road tax will be MK10.00 per litre during the life of the Strategic Plan,

l) All foreign trucks are excluded from paying toll fees. The volume of international traffic will increase by 1% annually.

m) International transit fees and road access fees are paid by foreign registered vehicles, and the volume is projected to grow by 2% annually throughout the period of the Plan. Malawi being a land locked country will continue to import a lot of items.

n) Road access fees have been maintained at USD20.00 per foreign truck throughout the period of the Plan.

o) Transit rates are agreed at a regional level through SADC such that individual countries cannot on their own decide to increase the rates as such the projections have assumed no increase in rates.

p) Motorcycles, tractors and oxcarts have been excluded from the projections.

q) Funding to RFA and RA will increase by 15% annually.

r) MRA commission will be maintained at 5% of collections.

s) The financial projections have not considered any revenues that would arise from weighbridge management due to lack of clarity as to how this function

would be embedded within RFA. It is the view of RFA that such revenues would be insignificant during the first half of the Plan until significant improvements are made to the infrastructure and revenue collections systems through digitization. The results of these improvements will be included in the projections during the mid-term review of the Plan.

t) In terms of the annual requirements, we have assumed that at least MK200 billion will be required to effectively manage the maintenance and rehabilitation of the road network annually from MK100 billion. This is even though the Roads Authority states that the ideal situation was close to MK400 billion annually. However, from experience, the Roads Authority has not demonstrated to have a capacity to absorb such an amount.

6.7 Monitoring and Evaluation

Monitoring and Evaluation (M&E) will be vital for the effective implementation of both this Strategic Plan and Annual Operational Plans. The M&E mechanism gives RFA an opportunity to track progress and evaluate its performance against set Strategic Objectives and Targets in Table 8 below, as well as institute timely corrective measures.

At individual level, monitoring and evaluation will be done monthly. At Departmental level, monitoring and evaluation will be done quarterly. At institutional level, monitoring and evaluation will be done bi-annually (internally) and annually (with stakeholders). Accordingly, quarterly and annual progress reports on the implementation of the Plan will be prepared by each Department and submitted to Management and, ultimately, to the Board of Directors for consideration.
A mid-term evaluation will be undertaken in 2027 to assess the progress being made towards achieving set objectives. A terminal evaluation will also be conducted in 2029 to determine the full extent of Plan implementation and the overall impact as well as inform the preparation of the 2030-2035 RFA Strategic Plan.

Table 8: Monitoring and Evaluation Plan

PERSPECTIVES	OBJECTIVES	INITIATIVE	MEASURE	BASELINE	TARGET	FREQUENCY	SOURCE	RESPONSIBILITY
Stakeholder Coordination & Collaboration	Improve stakeholder confidence and trust	Develop and Implement Stakeholder Engagement Strategy	Approved Stakeholder Engagement Strategy	Zero	One	Annually	Management Report	PRM
		Institute Thematic Working Groups	Number of thematic working groups established	Three	Five	Annually	Management Report	PRM
			Percentage of agreed resolutions implemented	Zero	100%	Annually	Management Report	PRM
		Enhance IIC programme	Implementation of IIC Annual Plan	68.8%	100%	Annually	Annual ACB Monitoring Report	CS
		Publicize annual reports, financial statements, and periodic disbursement reports[31]	Number of annual reports	One	Annually	Annually	Management Report	PRM
			Number of financial statements	Two	Annually	Annually	Management Report	PRM
			Number of disbursement reports	Zero	Quarterly	Quarterly	Management Report	CEO
		Publicize Toll Fee Collection Reports, Toll Fee Utilisation Reports	# of Toll Fee updates # of Toll Fee Reports	Zero	Quarterly	Quarterly	Management Report	PRMF

[31] RFA will resume publishing of disbursement reports and proactively showcase the Fund's utilization through innovative, positive outcome press releases.

	Enhance stakeholder and customer satisfaction	Revise and Implement Communication Strategy	100% Implementation of the Communication Strategy	Zero	100%	Quarterly	Management Report	PRM
		Review and Implement Client Service Charter	Percentage compliance with Client Service Charter	75%	100%	Annually	Management Report	PRM
		Implement recommendations from the Customer Satisfaction Surveys	Stakeholder and Customer Satisfaction Implementation status	60%	100%	Annually	Management Report	PRM
Financial Perspective	Sustain and grow the fund from MK94.5 billion per annum to MK295 billion per annum	Lobby for gazetting of the fuel Levy and for gradual increase in the fuel levy rate.	Gazetted rate and gradual rate increase	3.5%	5%	Annually	Gazette	CEO
		Lobby for the road Tax income	# of lobbying meetings on road tax	Zero	K10/ litre	2 meetings	Management report	CEO
		Build more Tollgates	Number of tollgates built	2	14	Half yearly	Management report	TOM
		Increase Toll Tariff	Increased tariff rates	Current rates	On average 100% Increase		Management report	CEO
		Invest any Idle funds	Interest Income	16% +5%	Invest at 91 TB rate plus 5% premium	Quarterly	Management report	DOF
		Sign MOU with MERA	Signed MOU with MERA	Zero	signed document by March 2026	Annually	Management report	CS

		Strengthen International Transit Fee (ITF) internal controls and revenue assurance	Develop and approve ITF revenue assurance and internal control framework	0%	By June 2026	Annually	Management Report	DOF
			Implement structured ITF reconciliations and enhanced border verification/audits	0%	Monthly	Monthly		DOF
	Improve absorption and utilization of resources	Lobby for increased absorption of resources by all implementing Agencies	Increased absorption rate	60% utilisation	95% utilization of funds allocated	Annually	Management report	CEO
		Lobby & Finance Annual Road Sector review meetings	Annual meetings	Zero	5 meetings	Annually	Management report	CEO
	Explore and implement sustainable and innovative alternative sources of financing	Pursue a Toll Gate Construction Bond	# of bonds	0	3	Annually	Management Report	TOM/DOF
		Pursue a Road Rehabilitation Bond	#Number of bonds	1	4	Annually	Management Report	DOF
		Pursue PPP's for Toll infrastructure and Road Maintenance	#Number of PPP's	0	1	Annually	Management Report	DOF
	Enhanced Axle road control	Take over the management of weighbridges	Control	0	100%	Annually	Government Gazette	DOF

		Finance the construction and procurement of weighbridges (both mobile and fixed)	# of weighbridges constructed	0	5	Annually	Management Report	DOF
Internal Process	Improve Policy, process and system efficiency	Automate and integrate systems	Number of automated and integrated processes	5	20	On-going	Reports	ICTM
		Streamline processes	Internal and external customer service charter	100% compliance with Charter	100% compliance to Service Charter	On-going	Management Reports	CEO
		Formulate Project Management Framework	Approved Project Management Framework	0	Approval secured by July 2026	On-going	Management Reports	CS
		Improve service delivery	% of customer satisfaction	21%	85%	On-going	Reports	PRM
		Ensure conformance with quality standards	ISO 9001 Certification	ISO Certification	Re-scope Quality Objectives for ISO 9001 to align with RFA mandate and business context.	On-going	Reports	CS
		Develop and implement MEAL system	Formulate a Corporate /organization-wide MEAL tool	10%	Organization-wide MEAL system in place	On-going	Reports	CS

			Formulate a Technical Audit MEAL tool	0%	Technical Audit MEAL system in place	On-going	Reports	DOA
		Inculcate a High-Performance Culture	% rate of implementation	40%	100%	On-going	Reports	CS
	Increase transparency and accountability	Improve monitoring of plans	M & E reports	Zero	10	Quarterly	Reports	DOA
		Conduct external Technical & Procurement Audits	Technical Audits Reports	2	5	On-going	Reports	DOA
		Timely publication of financial statements	Unqualified audited financial statements within 3 months after year end	1	5	Annually	Reports	DOF
			Publish Financial Statements within 6 months	0	5	Annually		PRM
		Execute and sustain ERMF	Risk maturity	2	5	On-going	Reports	DOA
	Improve Internal communication	Enhanced Internal communication to strengthen transparency and trust	Internal Communication enhanced	60%	100%	Annual	Employee Satisfaction Survey reports	CS
	Mainstream environmental, social and	Establish and implement the ESG framework	ESG Framework availability	0	By April 2026	Annual	Management Reports	CS

	governance principles in the management of the RFA	Engage Implementing Agencies on ESG compliance	# of engagements	0	8	Annual	Management Reports	CS
Organizational Learning and Growth	Enhance innovation and research	Develop a Research Policy and Strategy	Approved policy and strategy	Zero	Approved Policy	Annually	Management report	CS
		Benchmark, explore and adopt best innovative initiatives	# of innovations considered	2	5	Annually	Management report	CS
			# of innovations adopted	2	5	Annually	Management report	CS
		Introduce and operationalize a work-improvement team	Work Improvement Committee established	0	1	Annually	Management report	CS
	Improve contract /project monitoring skills.	Undertake targeted contract management skills training.	# targeted people trained	Zero	4	Annually	Management report	CS
		Enhance utilization of the Technical Audit equipment	Utilisation rate	10%	100%	Annually	Management report	DOA
		Capacitate Technical Audit staff in M& E	Study Tours taken	0	2	Annually	Management report	DOA
			Secondment of officers completed	0	100%	Annually	Management Report	DOA
	Improve Institutional Capacity in	Re-enforce the Code of Conduct and Ethics	% Level of compliance	76%	100%	Annually	Management report	CS

	managing ethical standards and corporate governance.	Implement Consequence Management	# of cases investigated # of cases concluded	100% of reported cases 100% of sanctionable cases	100% 100% of sanctionable cases	Annually	Management report	CS
	Improve Structural arrangements in Technical Audit	Initiate a review and adoption of a fit-for-purpose M & E organizational structure Iin RFA	Approved revised organizational structure		By July 2026	Annually	Management report	CS
		Introduce a Risk and Compliance function	Function established	1	04-2024	Annually	Management report	CS
	Mainstream Artificial Intelligence (AI) and other emerging technologies for improving efficiency, accuracy and cost effectiveness.	Develop AI policy and strategy	Approved Policy	0	By December 2026	Annually	Management Reports	CS
		Identify AI pilot projects	# of AI pilot projects	0	5	Annually	Management Reports	CS

7.0 RISK ANALYSIS AND MITIGATION MEASURES

RFA has an established Enterprise Risk Management (ERM) Framework in line with ISO 31000:2018 and other requirements to enable a robust risk management approach in executing its mandate, attaining its strategic and operational objectives and informing decision-making processes. In governance, the Board of Directors provides oversight, while the Chief Executive Office is responsible for promoting a risk-aware culture, integrating ERM into organisational decision-making and strategies and ensuring effective implementation of mitigation plans. On the other hand, Departmental Heads (Directors) are tasked with executing the ERM Framework within their respective directorates and incorporating risk considerations into their decisions. The Risk Function champions all ERM activities including ERM Framework development, risk profiling through the Corporate Risk Register, monitoring and reporting risk performance to the Board and Executive Management.

RFA is exposed to various risks that have the potential to significantly impact its ability to achieve its strategic objectives and maintain its reputation. These risks have been grouped into the following categories as outlined in the ERM Framework;

7.1 **Strategic Risks**: Risks (Threats and opportunities) to achieving high-level objectives, mission, vision, and long-term goals

7.2 **Reputational Risks**: Perceived negative public opinion causing lasting damage to the RFA's image, potentially leading to financial loss or litigation and negative perception by stakeholders.

7.3 **Compliance Risks**: Failures to adhere to laws, regulations, contractual and internal policies

7.4 **Financial Risks**: risks arising from activities impacting the RFA's financial position, including credit, and liquidity negatively

7.5 **Operational Risks**: Risks resulting in loss or service disruption due to inadequate internal processes, personnel issues, or external events.

Table below presents RFA's key risks identified at the inception of the Strategic Plan which will be subject to periodic review to align with the prevailing operating environment:

Table 9: RFA's key risks identified at the inception of the Strategic Plan(2024)[32]

Risk Description	Likelihood Rating	Impact Rating	Overall Rating	Mitigation
Delayed and failure to remit fuel levies by MERA	5	4	20	- Engage with relevant authorities to expedite the release of fuel levies. - Implement strict budget controls and prioritize essential projects.
Public dissent due to failure to pay contractors on time, increased toll/fuel levy rates and poor-quality work.	4	5	20	- Continuous public engagement on the distinct roles of RFA and other Implementing Agencies. - Communicate proactively with contractors and stakeholders about the causes of payment delays and the measures being taken to address them. - Enhance transparency by providing detailed explanations and justification for toll fee rate increases and engage with the public and stakeholders through consultations before implementing any increase - Continuously monitor public sentiment and adjust communication and engagement strategies accordingly to maintain stakeholder support.

[3232] As part of the 2026 Strategy Review process, the RFA Risk Profile and associated interventions were comprehensively assessed, ensuring that all relevant risks were updated accordingly.

Risk Description	Likelihood Rating	Impact Rating	Overall Rating	Mitigation
Failure to raise adequate funds for road maintenance and rehabilitation.	4	5	20	- Enhance enforcement and compliance measures on International Transit Fees - Adjustment of tolling rates - Sign and enforce a Memorandum of Understanding with MERA
Fraudulent Activities Resulting from Cash Handling by Toll Collectors	4	5	20	- Provide comprehensive training and ongoing education on ethics, integrity, and fraud prevention for toll staff at all levels. - Use of technology solutions such as prepaid tolling cards and surveillance cameras. - Establish whistleblower policies and anonymous reporting channels to encourage employees and stakeholders to report suspicious activities or concerns. - Conduct regular audits, inspections, and random checks of toll collection operations to proactively identify irregularities and address potential fraud risks.

Risk Description	Likelihood Rating	Impact Rating	Overall Rating	Mitigation
Opposition to Increasing Toll Fees	4	4	16	- Conduct thorough stakeholder analysis - Implement a transparent communication strategy to articulate the necessity and benefits of the toll fee increase - Collaborate with relevant government agencies, policymakers, and community leaders to build support and address regulatory or political challenges. - Continuously monitor public sentiment and adjust communication and engagement strategies accordingly to maintain stakeholder support.
Risk of Fuel Levy Rates Being Adjusted Downwards	4	4	16	- Gazetting of Roads Fund fuel levy
Inadequate Disaster Recovery	4	4	16	- Review and re-activate BCP. - Conduct drills to test BCP and backups - Implement redundant systems and data backups

As at December 2025, RFA is managing a total of **29 enterprise-level risks**, comprising three (3) Very High risks, twelve (12) High risks, and fourteen (14) Moderate risks. Compared to the position at strategy inception, the risk landscape has become more dynamic, with overall risk intensity increasing, particularly within the High-Risk category.

Since October 2025, six risks have changed status, including two newly emerging risks, one increasing risk, one reinstated risk, and two risks that have reduced. This trend indicates that while some strategic risks have been successfully mitigated, new fiscal, policy, and perception-related risks have intensified.

7.6 Key risk movements

7.6.1 Reduced Risks

7.6.1.1 Opposition to Increasing Toll Fees

Opposition to increasing toll fees was previously assessed as a High risk, driven by uncertainty around Government approval and public resistance. By December 2025, this risk had eased following the gazetting of revised tolling rates, with increases of up to 100 percent approved for selected vehicle categories. Consequently, the policy and approval component of the risk was reduced, and the overall risk rating downgraded from Very High to Moderate. Residual risks, however, remain around effective implementation, enforcement, and revenue performance monitoring.

7.6.1.2 Inflation-Induced Erosion of Toll Fee Value

The prolonged non-adjustment of toll fees since 2021 significantly eroded the real value of toll revenues due to high inflation. The approval and gazetting of revised tolling rates partially restored revenue value, reducing this risk from High to Moderate. Nonetheless, persistent inflationary pressures and the absence of a structured toll rate review mechanism remain residual concerns.

7.6.2 Increased and Emerging Risks

7.6.2.1 Public Acceptance of New Tolling Rates and Legitimacy of Tolling

While approval risks have diminished, public acceptance of the revised tolling rates has emerged as a heightened risk. Dissatisfaction is largely driven by limited visibility of toll-funded road improvements, prevailing cost-of-living pressures, and low public awareness of how toll revenues are utilised. This

situation presents reputational risks to both the RFA and Government, underscoring the need for sustained public sensitisation and proactive stakeholder engagement.

7.6.2.2 **Impact of Government Austerity Measures on Institutional Capacity**
Government austerity directives introduced during the strategy period have emerged as a significant strategic risk. Measures including freezes on travel, training, and procurements, alongside reductions in staff benefits, have adversely impacted staff morale and engagement. This development poses a direct threat to Strategic Pillar 3: Institutional Capacity and Capability.

2.1 Accumulation of Arrears on Government-Funded Road Projects
Arrears on Government-funded road construction projects under the Development Budget (Part II) have escalated sharply, with outstanding balances exceeding MWK 123 billion as of December 2025. The last disbursement was received in August 2025, and contractors have begun issuing notices of suspension of works. This situation poses a significant risk to project delivery, heightens exposure to cost escalation claims, and creates reputational as well as service delivery challenges.

APPENDIX 1: INTERNAL AND EXTERNAL ANALYSIS MATRICES

The analysis of the political, economic, social, technological, legal and environmental factors, as well as the strengths, weaknesses, opportunities and challenges in the operating environment of RFA are shown below[33].

1. PESTLE ANALYSIS

CATEGORY	LEVEL	FACTOR	IMPACT ON RFA
Political	Global	• Rising power of China and BRICS in general	• Increased acquisition of China Aid and loans, as well as visibility and use of Chinese contractors • Loss of traditional donors in the road sub-sector
		• Rise of nationalist governments among western countries	• Decrease in development partner support for road infrastructure
		• Ukraine/Russia war	• Increased cost of fuel
		• New trade arrangements (bartering)	• May bring down cost of road construction

[33] The RFA midterm review of the strategy in 2026 acknowledged the following emerging PEST issues : 1) The coming in of the new regime (The DPP) 2) Fuel subsidies linked to exchange rate distortions adding further fiscal strain 3) Delayed and inconsistent application of the Automatic Price Adjustment Formula (APAF) – suspended from December 2023 until September 2025 – depleted the Price Stabilization Fund and created arrears for fuel importers, which may take years to settle and likely require fiscal transfers.

CATEGORY	LEVEL	FACTOR	IMPACT ON RFA
	Regional	• The Pan-African agenda and continued integration of trade related policies.	• Reduced collection of international transit fees because of the possibility of waivers. • Knowledge sharing and governance support to RFA
	National	• 2025 Tripartite elections	• Likely to negatively impact on political will for reforms in the roads sector • Likely lead to adoption of unrealistic and unsustainable roads projects • Political influence and interference on RFA
Economic	Global	• Trade wars between G7 and BRICs	• Loss of traditional donors in road sub-sector
	Regional	• Increased Economic Integration through the AU Agenda 2063	• Roads being implemented as part of SADC Corridors • RFA to benefit through government resources being channeled towards implementation of the AU Visiion
	National	• The economy is projected to have low growth due to effects of natural disasters, unfavorable climatic conditions, and	• Reduction in road fund revenue • Low purchasing power of the motorist

CATEGORY	LEVEL	FACTOR	IMPACT ON RFA
		uncertain IMF headroom for Malawi	
		• Increasing debt burden	• Reduced fiscal space and allocation of funds for the roads sector
		• Loss of value of local currency • Rising Interest rates	• Increased road construction costs. • Pressure on resources
Social	Global	• Increased migration of people from other countries to Africa including Malawi	• Increased pressure and demand for roads to support their settlement
	Regional	• Regional integration of labour	• Loss of talented skilled and experienced labour to other SADC countries
	National	• The country has a high large of unemployed youths	• Increased incidents of vandalism of infrastructure
		• Nationwide high levels of unemployment and population growth (Over 40% of the population being below 15 years) will exert pressure on Government for social services.	• Reduced funding in the road sector

CATEGORY	LEVEL	FACTOR	IMPACT ON RFA
		• Activists and social media is putting more pressure on the Government to improve service delivery, including in the transport sector • Increased urbanization	• May result in low quality of infrastructure • Pressure on utilization of funds and quality of road works • Pressure on resources due to demand on roads network : construction, maintenance and rehabilitation
Technological	Global	• Migration from fossil propelled vehicles to hybrid/ electric cars.	• Reduction in Fuel levy income
		• Innovations in the construction, maintenance and rehabilitation of roads is becoming increasingly tech driven	• Reduced costs in road works. Efficient business processes
	Regional	• Availability of technologies and reduction in costs in some of these technologies	• Increased efficiency and productivity
	National	• Increased technology adoption in the payment systems and processes.	• Availability of payment solutions
		• Existing systems have not been integrated between and across the players in the road sub-	• Revenue leakage. • Low transparency. • Inefficient operations.

CATEGORY	LEVEL	FACTOR	IMPACT ON RFA
		sector. Technology readiness is seemingly low.	
		• Increasing levels of misinformation and disinformation through Social Media Platforms	• Dent the image of the roads sector
Ecological	Global	• There have been concerted efforts to focus on environmental safeguards across the world such as limits of carbon emissions	• Reduction of fuel levy revenue collection
	Regional	• SADC resolutions on how to mitigate environmental effects emanating from pollution	• Reduction of vehicle population which will ultimately affect fuel levy collection
	National	• Decision to increase customs on importation of second vehicles will eventually reduce the imports of cars	• will reduce fuel levies • Will impact traffic/revenue growth in Tolling
		• Climate change	• Increased frequency and use of emergency budgets for road infrastructure rehabilitation and maintenance

CATEGORY	LEVEL	FACTOR	IMPACT ON RFA
			• Diversion of resources required for the Commission's work
		• Deforestation and general degradation of the environment	• Fueling impact of climate change and damage of roadworks
Legal	Global	• Universal road construction standards affecting classifications and designs	• An increase in allocation of resources to meet standards
	Regional	• Integration of road construction standards across SADC affecting classifications and designs	• An increase in allocation of resources to meet standards
	National	• Weak awareness and enforcement of legal provisions	• Increased inefficiencies translating to higher costs for road works.
			• Negative publicity towards RFA

2. SWOC ANALYSIS

	Enablers	Disablers
	Strengths	**Weaknesses**
Internal	i) Adequate Governance arrangement ii) Legislative Mandate (collection of fuel levy) iii) Experienced and Motivated Staff iv) Physical Infrastructure v) Existence of sound financial management systems. vi) Credible reputation vii) Good working relationship with Line Ministry viii) Commitment to high service standards ix) Reputable Board of Directors x) Adoption of integrated automated ICT systems	i) Limited Revenue ii) Limited Financial Resources iii) Fragmented Information Management Systems iv) Dependence on Fuel Levy largely v) Lack of instruments to collect revenue from receiving agencies vi) Inadequate adoption and optimization of modern technology. vii) Inadequate monitoring and evaluation. viii) Long payment cycle leading to delayed payments. ix) Lack of effective implementation of departmental service level agreements x) Lack of stakeholder relationship management plan xi) High costs of office rent and limited office accommodation xii) Ineffective reward management system xiii) Weak awareness and enforcement of legal provisions

	Opportunities[34]	Challenges/Threats
External	i) Availability of peer institutional networking ii) Legislative arrangements in the road sector iii) Technological Options to improve Transport Sector Efficiencies including tolling digital improvements iv) Capacity building support from development partners v) Opportunities for partnerships at least in capacity building vi) Road sub-sector coordination with RFA taking the lead vii) Creation of awareness of the RFA's role and mandate amongst stakeholders viii) Improving road works quality assurance and value for money ix) Opportunity to raise funds from other sources such as motor vehicle licensing, axle loading, other investments and from development partners. x) Availability of peer institutional networking xi) Capacity building support from development partners xii) Political influence and interference on RFA towards 2025 General Elections.	i) Increasing import duty on secondhand vehicles ii) Lack of PPP Implementation in the Road Sector iii) Rising Cost of Road Construction iv) Lack of Harmonizations of Resource Allocation in terms of New Roads vs. Maintenance Roads v) Lack of Legislative Control Powers of RFA over funds allocated to District Councils vi) Unstable financial currency and challenges in sustaining forex that impact on importing materials for roads constructions vii) Compromised standard of road works by implementing agencies and in adequate legal framework to enforce value for money viii) Weak institutional capacities by some of the implementing agencies esp. councils ix) Inadequate counterpart funding as compared to the commitments /slash actual budget allocation x) Late remittances to fuel level xi) Ineffective value for money framework xii) Lack of understanding of internal business processes by stakeholders xiii) Conflict of interest and lack of accountability in the implementing agencies xiv) Universal road construction standards affecting classifications and designs xv) Migration from fossil propelled vehicles to hybrid/ electric cars.

[34] Another key opportunity for RFA is the comprehensive Economic Recovery Programme introduced by the new regime, effective in 2025

APPENDIX 2: STAKEHOLDER ANALYSIS

Stakeholder	RFA's obligations to the stakeholders	Stakeholders' obligation towards RFA
Policy holders		
Ministry of Finance Economic Planning and Decentralisation	• Furnish reports on disbursements to implementing agencies	• Provides policy oversight on road fund related activities
Ministry of Transport and Public Works	• Furnish reports on status of funding of roads infrastructure	• Provides policy oversight on matters related to the transport sector
Implementing Agencies		
Roads Authority/City/Municipal/Town /District Councils	• Finances the Annual Roads Programme • Monitors absorption of funds • Audits funds disbursed	• Prepares Annual Roads Maintenance Programme • Engage and manage contractors • Adherence to budget • Submits quarterly financial reports on use of funds • Submits annual statements for audit
The Directorate of Road Traffic and Safety Services	• Timely disbursement of funds	• Road Safety enforcement • Adherence to procedures agreement

Stakeholder	RFA's obligations to the stakeholders	Stakeholders' obligation towards RFA
		• Accountability for funds disbursed • Adherence to financing agreements • Axle load control enforcement
Malawi Revenue Authority	• Timely payment of taxes	• Collects transit fees on behalf of RFA
Malawi Energy Regulatory Authority	• No obligation	• Collects fuel levies on behalf of RFA • Timely disbursement of fuel levy
Other Stakeholders		
Development Partners (DPs)	• Discharge of its fiduciary responsibilities as stipulated in the Financing Agreement • Provide reports as required by the DP	• Support the operations of the Commission
Financial Institutions	• Discharge of its fiduciary responsibilities as agreed with financier	• Finance projects as agreed

Stakeholder	RFA's obligations to the stakeholders	Stakeholders' obligation towards RFA
Construction Industry Council Regulatory Authority	• Distribute portion of levy to CIRA • Expects CIRA to monitor progress in the construction industry • Collect from Contractors Retention Fees • Disburse Retention Fees to CIRA	• Monitor contractors and consultant's compliance with regulations and standards • Discipline errant contractors and consultants • Value For Money Audits • Enforce Rectification of Defects of the Works
Public Procurement and Disposal of Assets	• Seek procurement approvals in line with the PPDA Act • Collect from Suppliers, Contractors and Consultants PPDA Levy • Disburse Levy to PPDA	• Timely processing of procurement matters • Timely collection of Levy • Timely Remittance of Levy
Media	• Provide Timely Responses • Provide Information, Reports • Collaborate on the implementation of Access To Information Act (ATIA)	• Raise visibility of the operations of RFA • Report on progress of roads being financed by RFA

Stakeholder	RFA's obligations to the stakeholders	Stakeholders' obligation towards RFA
Civil Society Organisations, NGOs	• Provide Timely Responses • Provide Information, Reports • Provide Reports on Toll Funds, Fuel Levy, ITF Collections • Provide Utilization of Toll funds, Fuel Levy and ITF	• Raise visibility of the operations of RFA • Report on progress of roads being financed by RFA • Report on Roads Funds Accountability
Road User (Toll Payee)	• Provide Timely Response • Provide Toll Quality Services • Facilitate Maintenance & Rehabilitation of Quality Road through IAs	• Pay Toll Fees • Prevent Vandalism of Road Furniture

APPENDIX 3: IMPLEMENTATION PLAN

Vision	Sustainable financing for public road network									
Mission	To economically, efficiently and effectively mobilize, manage and account for funds for the construction, maintenance and rehabilitation of public roads in Malawi.									
Value Proposition	Promoting Value for Money to Financing the Public Road Network									
Strategic Pillar	Stakeholder coordination and collaboration		Financial growth and sustainability		Institutional capacity and capability					
Strategic Result	Improvement in process efficiency, service Delivery; Increase in stakeholder satisfaction, Increase in Absorption		Increase in Revenue; Revenue Sources diversification and Sustainable Funding and financing)		Increase in organizational efficiency, Staff motivation and Satisfaction, Streamlined & Integrated Processes[35] Functional Structure Increase in organizational agility[36] Modernized Institution[37], Improved Resilience[38]					
PERSPECTIVES	**OBJECTIVES**	**INITIATIVE**	**MEASURE**	**BASELINE**	**TARGET**	**YEAR 1**	**YEAR 2**	**YEAR 3**	**YEAR 4**	**YEAR 5**
Stakeholder Coordination & Collaboration	Improve stakeholder confidence and trust	Develop and Implement Stakeholder Engagement Strategy	Approved Stakeholder Engagement Strategy	Zero	One	One (by July 2024)	One	One	One	One
		Institute Thematic Working Groups	Number of thematic working groups established	Three	Five	Five (by July 2024)	Five	Five	Five	Five
			Percentage of agreed resolutions implemented	Zero	100%	100%	100%	100%	100%	100%
		Enhance IIC Program	Implementation of IIC Annual Plan	68.80%	100%	100%	100%	100%	100%	100%
		Publicize annual reports, financial	Number of annual reports	One	Annually	One	One	One	One	One

[35] *(Issuances of Toll Cards, Payment Processes, Financial Reporting, Audit IPC)*
[36] *(Responsiveness to Changes, Customer Demands, Continuous Improvement)*
[37] *(Process automation, level of interaction)*
[38] *(Ability to Recover)*

		statements, and periodic disbursement reports	Number of financial statements	Two	Annually	Two	Two	Two	Two	Two
			Number of disbursement reports	Zero	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly
		Publicise Toll Fee Collection Reports, Toll Fee Utilisation Reports	# of Toll Fee updates # of Toll Fee Reports	Zero	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	
	Enhance stakeholder and customer satisfaction	Revise and implement Communication Strategy	100% Implementation of the Communication Plan	100% Implementation of the Communication Plan	60%	100%	100%	100%	100%	100%
		Review and Implement Client Service Charter	Percentage compliance with Client Service Charter	75%	100%	80%	90%	100%	100%	100%
		Implement recommendations from the Customer Satisfaction Surveys	Stakeholder and Customer Satisfaction Implementation status	60%	100%	100%	100%	100%	100%	100%
Financial Perspective	Sustain and grow the fund from MK 94.5 billion per annum to MK230 billion per annum	Lobby for gazetting of the fuel Levy and for gradual increase in the fuel levy rate.	Gazetted road and rate Increase	3.5%	5%	5%(P) 4.5%(D)	5%(P) 4.5%(D)	6%(P) 5.4%(D)	7%(P) 6.31%(D)	8%(P) 7.21%(D)
		Lobby for the road Tax income	Road Tax	Zero	K10/ litre	nil/ litre	K5/ litre	K5/ litre	K8/ litre	K10/ litre
		Build more Tolling Plazas	Number of tollgates built	2	14	0	0	4	4	4
		Increase Toll Tariff	Increased tariff rates	Current rates	On average 130% adjustment	0%	On average 100% adjustment	On average 130%	0	0

		Invest any Idle funds	Investing Interest Rate	16% + 5%	Invest at 91 TB rate plus 5% Premium	23%	24%	26%	26%	26%
		Sign MOU with MERA	Signed MOU	Zero	Signed Document by March 2026	0	Signed Document by March 2026	0	0	0
		Strengthen International Transit Fee (ITF) internal controls and revenue assurance	Develop and approve ITF revenue assurance and internal control framework	0%	By June 2026	0	0	0	0	0
			Implement structured ITF reconciliations and enhanced border verification/audits	0%	Monthly	Monthly	Monthly	Mknthly	Monthly	Monthly
			Achieve fully reliable, timely and complete ITF remittances							
	Improve absorption and utilization of resources	Lobby for increased absorption of resources by all implementing Agencies	Increased absorption rate	60% utilisation	95% utilization of funds allocated	70% utilisation	80% utilisation	90% utilisation	95% utilisation	95% utilisation
		Lobby & Finance Annual Road Sector review meetings	Annual meetings	Zero	5 meetings	One	One	One	One	One
	Explore and implement sustainable and innovative alternative sources of financing	Pursue a Toll Gate Construction Bond	Number of Bonds	0	1	0	0	1		

		Pursue a Road Rehabilitation Bond	Number of Bonds	1	4	1	0	1	1	1
		Pursue PPPs for Toll infrastructure and Road Maintenance	Number of PPPS	0	1	0	0	0	1	0
	Enhanced Axle Road control	Take over the management of weighbridges	Delegated mandate received from DRTSS	0	100%					
		Finance the construction and procurement of weighbridges (both mobile and fixed)	No of weighbridges constructed	0	5	0	0	2	2	1
Internal Process	Improve Policy, process and system efficiency	Automate and integrate systems	Number of automated and integrated processes	5	20	6	4	4	4	2
	Streamline processes	Internal and external customer service charter	100% compliance with Charter	100% compliance to Service Charter	- LUD processes	100%	100%	100%	100%	
					Payment process					
					Toll Card					
		Improve service delivery	% of customer satisfaction /Approval Rating	70%	23%	21%	85%	85%	85%	85%
		Formulate Project Management Framework	Approved Project Management Framework	0	Approved by July 2026					
		Ensure conformance with quality standards	ISO 9001 Certification	Zero	ISO 9001 Certification	Pass surveillance Audit 1	Pass Surveillance Audit 2	Rescope Quality Objectives for ISO 9001 to	ISO 9001	Pass Surveillance Audit

								align with RFA mandate and business context		
									Recertification	
		Develop and implement MEAL system	Formulate a Corporate /organization-wide MEAL tool	Zero	MEAL system in place	10%	60%	100%	100%	100%
		Inculcate High Performance Culture	% rate of PMS implementation	40%	100%	60%	100%	100%	100%	100%
	Increase transparency and accountability	Improve monitoring of plans	MEAL reports	Zero	10	2	2	2	2	2
		Conduct external Technical & Procurement Audits	Technical Audits Reports	2	5	1	1	1	1	1
		Timely publication of financial statements	Unqualified audited financial statements within 3 months after year end	1	Annually	1	1	1	1	1
			Publish financial statement within 6 months	0	Annually	0	0	1	1	1
		Execute and sustain ERMF	Risk maturity	2	5	3	3	5	5	5
	Improve communication									
		Enhanced internal communication to strengthen transparency and trust								

	Mainstream environmental, social and governance priorities with principles in the management of the RFA	Establish and implement the ESG Framework	ESG Framework	0	1			1		
		Engage Implementing Agencies on ESG compliance	Number of engagements	0	8			2	3	3
Organizational Learning and Growth	Enhance innovation and research	Develop a Research Policy and Strategy	Approved policy and strategy	Zero	Dec-24		Approved policy			
		Introduce and operationalize a work-improvement team	Work Improvement team established	Zero	1		1			
		Benchmark, explore and adopt best innovative initiatives	# of innovations adopted	2	5	1	1	1	1	1
	Improve contract /project monitoring skills.	Undertake targeted contract management skills training	# targeted people trained	Zero	4	4				
		Enhance utilization of technical audit equipment	utilization percentage	10%	100%		10	40	60	80
			Equipment procured							
		Capacitate Technical Audit staff in M&E	Study tours taken							
			Secondment of officers achieved							

	Improve Institutional Capacity in managing ethical standards and corporate governance	Re-enforce the Code of Conduct and Ethics	% Level of compliance	76%	100%	100%	100%	100%	100%	100%
		Implement Consequence Management	# of cases investigated	100% of reported cases	100%	100%	100%	100%	100%	100%
			# of cases concluded	100% of sanctionable cases	100% of sanctionable cases	100% of sanctionable cases	100% of sanctionable cases	100% of sanctionable cases	100% of sanctionable cases	100% of sanctionable cases
	Improve Structural arrangements in Technical Audit	Initiate a review and adoption of a fit-for-purpose M & E organisational structure	Approved revised organisational structure in Technical Audit		By Q2 Board of 2024/25					
		Introduce a Risk and Compliance function	Function established	One	Q4-2024					
	Mainstream Artificial intelligence (AI) and other emerging technologies for improving efficiency, accuracy, and cost-effectiveness.	Develop AI Policy and strategy	Approved Policy	0	December 2026					
		Identify AI pilot projects	Number of AI pilot projects	0	5		1	2	2	