REPUBLIC OF KENYA

MINISTRY OF ROADS AND TRANSPORT

ROAD TOLLING POLICY

MARCH, 2025

FOREWORD

The Vision 2030 identifies road infrastructure as a crucial catalyst for achieving economic growth for development and advancing Kenya towards upper middle-income status. Accordingly, the Government of Kenya (GoK), as outlined in the Bottom-Up Economic Transformation Agenda (BETA), is committed to prioritizing the development, maintenance, and rehabilitation of road infrastructure to create a world-class road network.

The projected financial gap from the on-going road sub-sector study (Draft RSIP III) reports a deficit of KShs 1.8 trillion and 4.0 trillion for the 5-year and 10-year planning periods respectively for the development, maintenance, and rehabilitation of roads.

The National Surface Transport Funding Policy (2016-2025) identified tolling as a means to raise additional funds directly from road users in a cost-effective and equitable manner that contribute to the sustainable development, maintenance, and rehabilitation of Kenya's road network.

This Policy articulates the Government's desire and commitment to adopt tolling as a means of raising additional financing to bridge the financing deficit for road infrastructure development, maintenance and rehabilitation. Tolling will therefore provide a dedicated source of financing road infrastructure that is not tied to the government budgetary process.

It is noted that road tolling has become a globally accepted method of raising financing while providing substantial economic benefits to road users. In Kenya, the Nairobi Expressway, implemented under a tolling regime, has been lauded as a landmark project, offering an efficient transportation system for city residents and through traffic.

This Policy aims to replicate these benefits of tolling as a solution to meeting the funding shortfall in road development, maintenance, and rehabilitation. The Policy has been formulated to embody the constitutional principles of fairness, equity, transparency, inclusivity, diversity, and environmental sustainability.

Allow me to extend my sincere thanks to all stakeholders who participated in the development of this policy. They include the Truckers Association of Kenya, Matatu Owners Association, Motorists Association of Kenya, Consumer Federation of Kenya,

Kenya Private Sector Alliance, Tax Justice Network, and the National Taxpayers Association among others.

I appeal to fellow citizens to accord this Policy maximum support in its implementation.

HON. DAVIS CHIRCHIR, E.G.H
CABINET SECRETARY (MINISTRY OF ROADS & TRANSPORT)

PREFACE

The Government of Kenya is committed to making investments in the transport sector. However, owing to the budgetary and financial constraints there exists a funding gap to meet the costs of development, maintenance, and rehabilitation of the road network. In order to address and mitigate this funding gap, it is imperative for the Government to diversify and expand its funding base to bridge the existing funding gap in the road sub-sector. The Government has therefore developed this Policy which is aimed at providing guidance to levying of tolls under the 'user pay principle' in which charges are levied for access and use of the road toll infrastructure. This Policy will also provide guidance to inform the reforms and amendments necessary to the existing legal framework in the tolling regime.

Poor quality of transport infrastructure is a key constraint on Kenya's economic potential. In that regard, and noting that the transport infrastructure is capital intensive, this Policy is an important tool developed to provide a stream of additional funds directly from the road users in a cost effective and equitable manner. This revenue stream will support the sustainable development, maintenance, and rehabilitation of Kenya's road network in line with the Government's development agenda and contribute to the achievement of the Pillars of Vision 2030 and beyond.

This Policy was developed in an inclusive manner guided by the law and international best practices. Pursuant to Article 201 of the Constitution of Kenya, 2010 which stipulates that there shall be openness and accountability including public participation in financial matters, this Policy was subjected to public participation and stakeholder engagements to ensure that its objectives are in tandem and aligned with the concerns of the Kenyan citizens. This Policy was also informed by the invaluable input of the relevant and strategic stakeholders directly affected by the Policy objectives.

This Policy was also developed in line with the recommendations of the INTP, the Vision 2030 as well as the Government's Development Agenda noting that the roads sub-sector is a critical enabler of the Government's broader national development strategy. In addition, consideration was also placed on the recommendations of e-mobility studies on the need for the generation of alternative revenue for road maintenance. Finally, the Policy takes into account the National Surface Transport Funding Policy (2016-2025) which summarises how charges for the use of transport infrastructure will be applied and what other sources of public financing will be available to fund transport infrastructure.

I wish to thank all the stakeholders and the public for their input submitted in the development of this Policy. I also wish to thank all the key institutions and individuals who contributed immensely to the development of this Policy. I also wish to extend my sincere gratitude to the Technical Working Group constituting of officers from Office of the Attorney General, Ministry of Roads and Transport, Public Private Partnership Directorate (National Treasury), Kenya Roads Board, Kenya National Highways Authority, Kenya Urban Roads Authority, Kenya Rural Roads Authority and National Transport and Safety Authority for their dedication and commitment to ensure that this Policy was prepared and approved.

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ACRONYMS

CEPA - Cambridge Economic Policy Associates

ETC - Electronic Toll Collection

EV- Electric Vehicles

FY- Financial Year

GHG - Greenhouse Gas

GoK - Government of Kenya

INTP - Integrated National Transport Policy

IRR - Internal Rate of Return

KeNHA - Kenya National Highways Authority

KeRRA - Kenya Rural Roads Authority*

KRB - Kenya Roads Board*

KShs - Kenya Shillings

KURA - Kenya Urban Roads Authority*

KWS - Kenya Wildlife Services

NPV - Net Present Value

NTSA - National Transport and Safety Authority

PPADA - Public Procurement and Asset Disposal Act, 2015.

PFM - Public Finance Management

PPP - Public Private Partnerships

RICS - Road Inventory and Condition Survey

RMLF - Road Maintenance Levy Fund

RSIP - Road Sector Investment Programme

RTIs - Road Traffic Injuries

DEFINITIONS

For the purposes of this tolling policy statement:

"Access Permit" means a pass allowing a road user to use a designated area or stretch of road on a specified number of occasions or for a specified duration;

"Axle" means a device or set of devices about which the wheels of a vehicle rotate;

"Bonnet Height" means the vertical height of a vehicle at its foremost predominating surface;

"County Roads" means the Kenya's road network under the development, maintenance, and rehabilitation by the County Governments;

"Exempt Vehicle" means a Motor Vehicle exempted from payment of Tolls;

"Foreign Road Users" means users of vehicles registered in a country other than Kenya;

"Heavy Axle" means an Axle wheels which is fitted with tyres of a size (bead seat diameter) greater than 406.4 millimetres (16 inches), or an Axle with more than two (2) wheels irrespective of tyre size but excluding any Axle of a vehicle with fewer than four wheels;

"Heavy Vehicle" means a Motor Vehicle with at least one Heavy Axle or a Motor Vehicle with more than two Axles of any kind;

"High Bonnet" means a Bonnet Height of greater than 1.5m;

"Base National Reference Tolls" means the initial National Reference Tolls applicable when this policy is adopted;

"Light Vehicle" means a Motor Vehicle with more than three wheels and no Heavy Axles;

"Motor Vehicle" means any vehicle that is not manually powered;

"National Reference Tolls" means the Toll Tariffs determined under this policy for each class of Motor Vehicles;

"National Roads" means the Kenya's road network under the development, maintenance, and rehabilitation by the National Government;

“National Toll Fund” means the National Toll Fund established under the Public Finance Management (National Toll Fund) Regulations, Legal Notice No. 222 of 2021;

“Road Operator” means the entity responsible for operating and maintaining a road asset;

“Specialist Private Operator” means an intermediary entity responsible for clearing and settlement of toll transactions that enables multiple revenue collection entities to share transaction data and revenue reconciliation across Toll Roads;

“Toll” means charge levied on non-exempt road users for passing a Toll Charging Point or for acquiring an Access Permit;

“Toll Charging Point” means any structure on a toll road where tolls are payable, or any electronic, electrical or mechanical device on a toll road for recording the liability to pay tolls or any combination of such a structure and any such a device;

“Toll Plaza” means a conventional Toll Charging Point, in which vehicles are separated into individual lanes and forced to slow down or stop in order to pass toll booths;

“Toll Operator” means the entity appointed to collect Tolls from users of a Toll Road, and may include a Road Operator;

“Toll Road” means a road that has been approved for the application of Tolls on road users;(See definition in the PRT Act)

“Toll Tariff” means the unit rate (which may be specified in terms of units of distance travelled or in terms of an access period) used to calculate applicable tolls as may be amended from time to time;

“Urban Traffic” means traffic on any road or stretch of road serving a specific urban area where land availability, traffic density, traffic variability or traffic composition would limit the suitability of Toll Plazas;

“Vehicle Classification Structure” means the classification of Motor Vehicles specified in Clause 8.3 of this Policy as may be amended from time to time.

1. INTRODUCTION

The Integrated National Transport Policy (INTP) cites financing for road infrastructure as a major challenge. Additionally, the Kenya Vision 2030 proposes the adoption of innovative road infrastructure financing mechanisms majority of which the Government has already enacted relevant laws and the required supportive regulations. The INTP proposes the adoption of "User Pays Principle" in transport infrastructure pricing to support the cost recovery of the investment. In addition, it proposes that the Government should adopt the "Polluter Pays Principle" to reflect on externalities such as pollution and congestion.

The National Surface Transport Funding Policy (2016-2025) has affirmed the Government commitment to finding sustainable financing for surface transportation infrastructure demands (roads, railway, ports and pipelines). The funding policy summarises how charges for the use of transport infrastructure will be applied and what other sources of public financing will be available to fund transport infrastructure. To maintain proper road infrastructure financing, the policy proposes an increase in the fuel levy fund, introduction of road tolls, polluter pays principle and insurance premiums tax with the balance obtained from the Exchequer.

The Government has continued to prioritise road works by giving the roads sub-sector the biggest share of the national budget. The move is intended to close infrastructure gaps and as a result improve the competitive advantage of the country. Despite the increased funding to the sub-sector, there is still a remarkable gap in the funding of road infrastructure development, maintenance, and rehabilitation.

In addition, the sale of petrol and diesel continues to decrease as demand for cheaper, more fuel-efficient cars, and electric vehicles increases. If the Government continues to struggle with already strained budgets while the private sector moves away from gasoline-powered vehicles, the condition of the road infrastructure will continue to deteriorate. Arising from these, the use of Road User Charges, specifically the Road Tolling alternative, seems to be a viable solution for road infrastructure investments. Effective and efficient toll collection will include a combination of innovative technologies that will help the Government deliver a modern road infrastructure to its citizens and hence the need for a robust road tolling framework necessary for regulation, management and operation of toll roads in Kenya.

The purpose of this Road Tolling Policy is to supplement the INTP by providing a framework on how road tolls will be applied to fund road infrastructure expenditure. The Road Tolling Policy as outlined herein will be applicable to the entire road network in Kenya. Certain additional considerations are relevant for tolling Urban Traffic, and these are summarised in this Policy.

2. LEGAL, REGULATORY AND INSTITUTIONAL FRAMEWORK

The Government of Kenya has in the past been the main financier of public infrastructure projects and the level of capital investment that can be mobilized is however, far below the requirements needed to support the accelerated economic growth envisioned in Vision 2030.

There is need, therefore, for a paradigm shift in the way the Government mobilizes capital to develop infrastructure. To address this, the Government developed the PPP policy in 2011 as one of the ways of addressing constraints and challenges in mobilizing the necessary capital to increase the quantity and quality of key public services and to accelerate the socio-economic development of Kenya.

To date, the GoK has developed the PPP Act, 2021 which provides for the participation of the private sector in the financing, development, operation and maintenance of economic and social infrastructure through partnerships with the public sector in order to streamline the regulatory framework for Public Private Partnerships (PPPs).

The Government of Kenya has also taken a number of steps to design and adopt an official framework of policies, laws, regulations, institutions and procedures that creates an enabling environment for private sector participation in financing, development, operation and maintenance of infrastructure projects including;

a) The Public Roads Toll Act (Cap 407).

b) The Finance Act 2020 (amending the Public Roads Toll Act).

c) The Public Finance Management (National Toll Fund) Regulations, 2021.

d) National Surface Transport Study 2015 by Cambridge Economic Policy Associates (CEPA)

e) Draft PPP Regulations, 2023

f) The PPP Regulations, 2014

g) Annuity Regulations, 2015

h) Draft Kenya Roads (Roadside Stations) Regulations, 2023

i) The promulgation of the Constitution of Kenya in August 2010 that further impressed upon public bodies to provide adequate and quality public services by promoting the creation of more transparent governance structures in Government..

j) Enactment of PPADA, 2015

The institutional framework, for purposes of supporting contracting authorities and third party costs in the preparation of PPP projects; including settlement of transaction advisory costs, provision of viability gap funding to projects, and provision of a source of liquidity to meet contingent liabilities arising from a project, include the following:

i. PPP Committee
ii. PPP Directorate
iii. PPP Petition Committee
iv. PPP Project Facilitation Fund (PFF)
v. KeNHA
vi. KURA
vii. KeRRA
viii. County Governments

3. SITUATION ANALYSIS

3.1. CLASSIFIED ROAD NETWORK

Kenya has a network of 164,966 Kms of classified roads, as per RICS 2023, comprising of 44,849 Kms of National Trunk Roads which are developed, maintained and rehabilitated by the National Road Agencies established by the National Government and 120,337 Kms County Roads which are developed, maintained, and rehabilitated by respective County Governments.

3.2. FUNDING GAP

The road sub-sector analysis (2024)[1] projects a budgetary allocation for the development and maintenance of roads based on historical trends for a 5-year and 10-year period. KShs 1.3 trillion was approximated to be allocated over the next 5 years and a total of KShs 65.37 billion was already committed to various projects, which translates to an uncommitted budget of KShs 827.9 billion for development and KShs 471.0 billion for maintenance for the next 5 years. For the 10-year period, the uncommitted budget is KShs. 3.0 trillion which comprises KShs. 1.9 trillion for development and KShs. 1.1 trillion for maintenance.

Further, the findings from the road sub-sector analysis on the financing gap for development shows a deficit of KShs 4.05 trillion above the available development budget of KShs 1.096 trillion over the next 10-year planning period based on an engineering based method.

The Roads Maintenance Levy Fund (RMLF) Act was enacted in 1993 to provide a sustainable source of funding for the road network and the fund has increased exponentially from KShs. 28 billion in FY 2013/2014 to KShs. 100 billion projected estimates for FY 2024/2025. This increase in RMLF is, however, accompanied by a growing funding gap which is anticipated to widen due to lack of regular indexation of fuel levy rates to inflation, improved vehicle-fuel efficiencies, expanding road network in need of maintenance as per RICS 2023, and the expected growth of electric vehicles with the accelerated transition to e-mobility due to global climatic change and gradual transition from the traditional use of fossil fuels to green energy.

[1] Draft Third Road Sector Investment Programme Study to be finalized by June 2024.

3.3. INADEQUATE FUNDING

With the expected future reduction in fuel levy collections, the Kenya Roads Board (KRB) conducted a study on the economic impact of electric mobility on the sustainability of the RMLF to inform on the sustainability of reliance on fuel levy as the only major source of financing of road development, maintenance and rehabilitation and to recommend on other sustainable financing options based on the changing operational environment.

The report notes that fuel levy collection varied yearly depending on fuel consumption and that the ideal RMLF collection target by KRB stands at KShs 132 billion while the analysis of road network maintenance by the study requires KShs 253.5 billion. Therefore, there is an urgent need to consider several approaches to close this funding gap.

Compared to internal combustion vehicles (ICEs), EVs reduce GHG emissions by 41% and a significant growth in EVs is projected in the long-term (10 years) to account for 30% of annual sales or registration of vehicle fleets, fuelled by policy framework awareness, reasonable EV infrastructure, global pressure to transition to green energy, and climate change campaigns.

The report concludes that RMLF alone cannot sustain the maintenance of the expanding road network in the long-term and this unsustainability necessitates the need to adopt strategies to seek alternative and long-term funding solutions for road maintenance; and alternative sources of road financing on the African continent such as tolling have been investigated and are in part being implemented.

3.4. STATUS OF ROAD SAFETY

Draft Road Safety Policy, December 2023, reports that Road Traffic Injuries (RTIs) are among the ten leading causes of death worldwide, impeding the economic wellbeing and macroeconomic performance of Nations, causing more than 1.35million deaths a year and 20-50 million injured or disabled persons, majority of whom are economically active and working populace. In Kenya, about 3,000 road deaths occur annually and cost the country up to Kshs.300 billion (about 5% of GDP). Statistics from the Department of Civil Registration show that about 6,500 people die because of road traffic injury every year and many more are injured.

The road safety risk factors that have been found to cause these crashes and injuries range from speeding, driver fatigue, drunk driving, inadequacies in driver training and recruitment, road engineering challenges, environmental conditions, low levels of awareness on road safety, vehicle conditions among others.

This policy recognizes and supports the government multisectoral approach to ensure that road safety issues are made an integral part of all government programmes and projects to substantially reduce the burden and severity of road crashes in Kenya.

3.5. Rationale For Tolling

Tolling of roads is one of the ways to accumulate the initial lump sum amount of money needed to develop, improve, or rehabilitate road infrastructure quickly and get it into service expeditiously. The reality is that loans and grants extended to the Government have to be spread across various sectors of the economy making it difficult to channel sufficient funds to get a single, major highway project developed and opened in three or four years.

Taxpayers are increasingly wary of government borrowing, especially with the status of debt, seeing it as encouraging extravagance and accumulating debt for future generations.

The current funding gap for development of new infrastructure and maintenance of the existing ones necessitates additional sources of funding for the development, maintenance, and rehabilitation of the ever-expanding road network which is also constantly facing dilapidation from overloading and the effects of climate change as experienced in the last extensive rains.

As discussed herein, the fuel levy collection is reducing due to the emergence of e-mobility, more fuel-efficient vehicles, reduced vehicle registration as reported by NTSA, and the shift to public transport by the general population due to the current economic situation in the country.

The rationale for tolling, therefore, is to complement the RMLF to generate revenues for the development, maintenance, and rehabilitation of the road infrastructure. The ultimate purpose and benefit of implementing toll roads include, among others:

a) Funding the construction, operation, and maintenance of road infrastructure without relying solely on government funding. The revenue generated from tolls can be used to repay loans/bonds issued to finance the construction of the toll road or to fund ongoing maintenance and operations of existing free roads.

b) Congestion Management: Tolls can be used as a demand management tool to reduce congestion on busy roads. By charging drivers a fee to use the road, especially during peak hours, toll roads can help to distribute traffic more evenly throughout the day and encourage the use of alternative routes or modes of transportation.

c) Quality of Service and Safety Enhancement: Toll roads are operated by private companies or public-private partnerships that are incentivized to provide high-quality service to customers, resulting in better-maintained roads, faster response times to incidents, improved amenities for travellers, increased safety to motorists, and reduced accidents and fatalities resulting from the RTIs).

3.6. LEGAL, REGULATORY AND INSTITUTIONAL FRAMEWORK

The Constitution of Kenya 2010 requires public bodies to provide adequate and quality public services. In order to meet the constitutional imperative, the Government endeavours to expand road tolling as a strategic initiative aimed at augmenting revenue streams dedicated to the development, maintenance, and rehabilitation of road infrastructure.

The Government of Kenya has established a legal framework governing development and declaration of toll roads in the country. The existing framework includes, the Public Road Tolls Act which vests on the Cabinet Secretary responsible for roads, the mandate to declare toll roads, determine toll fees, and to delegate toll collection responsibilities to public entities or private entities through formally sanctioned agreements by pertinent public authorities.

The following statutes and regulations complement the Public Roads Toll Act; PPP Act 2021, PPADA 2015, and the Public Finance Management (National Toll Fund) Regulations 2021. Further, the Government is in the process of enacting PPP Regulations 2014, and Roadside Stations Regulations 2023 to further enrich the existing framework.

The proposed expansion of road tolling challenges the existing framework due to the following reasons:

- the absence of Tolling Policy to provide a policy framework for tolling regime.
- the absence of a dedicated public investment agency responsible for managing toll roads.
- lack of regulations that hinders operationalization of some of the existing statutes.
- Inadequate framework to address legitimate concerns regarding public acceptance.

In view of the above, the Ministry has developed the Road Tolling Policy in order to address the identified gaps and provide a coherent policy direction for the implementation of tolling in Kenya.

4. POLICY STATEMENT

4.1. BACKGROUND TO THE POLICY PROBLEM

The INTP prioritises the improvement and development of Kenya's national road network to achieve the aspirations of Kenya Vision 2030 and beyond. Poor quality of road transport infrastructure has been identified as a key constraint on Kenya's economic potential. The road development and improvement projects require huge capital investments which may not be fully supported by the Government due to the current financial challenges.

The INTP stated that Kenya would adopt the 'user pays principle' and that the transport infrastructure pricing should reflect the cost of services rendered or facilities provided (in the case of infrastructure investment). This principle was consistent with the imperative to generate additional funding sources to meet increases in road expenditure. The Policy also identified further principles that could be adopted where appropriate, and where consistent with the primary objective of funding expenditure plans which included ***'Polluter Pays Principle'***: transport infrastructure pricing should reflect externalities such as pollution and congestion. Finally, it recommended the participation of the private sector in transport infrastructure financing.

Road tolling is among a suite of funding sources to be employed by GoK which places the roads sector onto a more sustainable funding platform while seeking to ensure road users shoulder an appropriate share of the cost of development, operation, and maintenance. The primary objective of tolling is to raise additional funds directly from road users in a cost-effective and equitable manner to contribute to the sustainable development, maintenance and rehabilitation of Kenya's road network.

4.2. STATEMENT OF THE PROBLEM

Kenya faces the following key road funding challenges:

a. The expenditure on roads infrastructure is projected to increase significantly across the sector. The budgetary requirements for development, maintenance and rehabilitation programmes have grown exponentially hence the need for additional financing to meet the infrastructure demand. Without policy action to identify new funding sources, the proposed expenditure programmes would cause a funding gap to emerge immediately as discussed under situational analysis.

b. The application of user charges in the road sub-sector is currently very low. The current Government revenue generated by road users through taxes and levies on fuel and vehicle parts cannot typically be considered ‘user charging’, as they are not direct charges linked to the use of roads. All taxes on fuel (including the hypothecated fuel levy and other fuel taxes) are treated as proxies for user charges –but there are currently no direct user charges. The purest form of user charging in the roads sector is tolling, which is not currently supported by any road policy framework. In the context of the road expenditure plans in the sub-sector, this contributes to a risk of worsening the problem of a funding gap.

c. Receipts from the fuel levy have declined in real terms. The effectiveness of fuel levy as the main source of funding for road expenditure plans has been undermined by the decline in the real value of annual collections by more than half due to inflation since the levy was set at KShs 18 per litre in FY 2015/2016. Further, the fuel levy rate has stagnated from FY 2015/2016 to date and although proceeds have grown somewhat with increasing fuel consumption, its contribution has failed to keep pace with road sub-sector expenditure.

d. The annual maintenance needs for Kenya’s current road network is estimated at KShs 253.5 billion, while the estimated RMLF collection for FY 2024/2025 is KShs 100 billion. Additionally, there exists an outstanding maintenance backlog estimated at KShs 500 billion considering also the damages caused on the road network by the recent *El-nino* rains and the current extreme floods in the Country. Other taxes and charges are not specifically allocated to the roads sub-sector, although they are paid by road users. Road tolling should therefore offer a solution to the significant funding gap in the road sub-sector, provided the same is backed by a road tolling policy which is not currently in place.

Road user charges or cost recovery have not been adopted for “economic” infrastructure (i.e., roads, railways, ports, airports, and pipelines). Specifically, for roads, while the Government shall continue to use the fuel levy and where viable or appropriate, road tolling should be applied as a direct user charge. Thus, all passenger and freight transport services shall be operated on commercial principles. All roads which are in this context considered "economic" infrastructures should therefore be operated without subsidies under the ***"user pays"*** principle.

Although a draft Tolling Policy was developed as part of the National Surface Transport Funding Policy (NSTFP) which was undertaken by M/S Cambridge Economic Policy Associates Ltd (CEPA) in 2015, the policy was neither adopted nor approved. As such, the Country does not have a Road Tolling Policy that is consistent with the objectives of the INTP and the NSTFP. Kenya needs to raise additional funds directly from road users in a cost-effective and equitable manner through road tolling to contribute to the sustainable development, maintenance and rehabilitation of Kenya's road network.

4.3. BENEFITS TO MEMBERS OF THE PUBLIC.

This Policy will provide immense benefits to members of the public on matters that will not only improve their safety while using the roads within the country, but also improve their quality of their lives in general. The benefits that stand to be derived from this Policy include, but are not limited to:

i. Socio-economic growth:

By alleviating the burden of funding on the Government of Kenya, this Policy shall enable the Government to have the residual capacity to utilize its GoK funds to construct other roads that are not financially viable on a PPP scale. This then enables the financially viable roads to be funded through private sector investment thereby increasing the no. of kilometres upgraded per year thereby increasing the rate of connectivity within the boundaries of the Republic of Kenya.

ii. Improved Roads:

The enactment of this Policy and the resultant legislation will result in the ability of GoK to improve the standards of existing roads in order to upgrade them to a higher standard for possible tolling. This means that existing roads will be improved where necessary to meet both the standards and the demand as determined by the population utilizing the road.

Kenyans will enjoy better and improved roads without the resultant burden on the taxpayer's coffers. Further, this Policy shall enable the Government to have the residual capacity to utilize GoK funds to construct other roads that are not financially viable on a PPP scale. This then enables the financially viable roads to be funded through PPP framework.

iii. Enhanced Road Safety:

As indicated in Clause 3.4 of this Policy, the road safety risk factors that have been found to cause a majority of safety related incidents on our roads, range from speeding, driver fatigue, drunk driving, inadequacies in driver training and recruitment, road engineering challenges, environmental conditions, low levels of awareness on road safety, vehicle conditions among others. Toll roads are anticipated to be of a higher standard and better design due to the availability of funding to design them to a specific higher standard therefore alleviating most of these concerns for the betterment of the public and in line with the National Road Safety Action Plan (2024-2028).

iv. Enhanced Quality of Life:

It is perceived that the average Kenyan spends approximately two (2) hours of their daily time in their commute to and from their places of work or business. A part of this time is usually spent in traffic congestions and/or in gridlocks or traffic lights delays. This is time that would otherwise be better spent in daily exercises and fitness health, with family, sharing a meal with loved ones and so on. The rapid movement nature of toll roads enables this to become a reality thereby alleviating stress disorders and maximizing on the quality of life. Furthermore, with an efficient transport system, one is able to visit loved ones in the country-side with ease and within minimal timelines.

v. Revitalized Businesses and Trade along the Road Corridors:

Currently, traders along the road corridor have been conducting their trade dangerously along road humps and at non-designated areas such as encroachments on the road reserve. This is not only illegal (and frequently results in demolitions and evictions) but also dangerous when motor vehicles lose their way and cause harm and injury to roadside traders. Toll roads are anticipated to create either a closed system where the road is barricaded or an open system, which in either form, provides for designated areas where traders shall be able to conduct their trade safely, peacefully and with longevity through specially developed road-side stations, special economic zones among other areas.

vi. Improved Emergency Response Times:

One of the factors that could reduce the number of fatalities arising from road carnage is faster response times. This Policy proposes to exempt emergency services such as fire engines and ambulances from paying toll fees and in addition, giving them unlimited access to the toll roads throughout the country. This would reduce the time taken to not only reach a scene of accident or fire, but to also ferry the injured to a facility that is able to handle the emergency in question in a timely fashion.

vii. Enhanced Environmental Sustainability:

The traffic gridlocks and congestions increase the amount of emissions per square meter at any given time. The number of vehicles that a static within a given time at a given area emit more emissions than if the vehicles were in motion where the emissions would, at the very least, be distributed throughout the vehicle's journey. Toll roads will therefore increase environmental sustainability whether on carbon emissions or on noise levels thus bettering the living conditions of members of the public.

viii. Alleviation of the Tax Burden.

The Government's main source of funding is taxation and in the road sector, it is normally through, among others, the set levies in fuel and so on. This Policy will enable the GoK to unlock other potential sources of funding from private sector to allow the Government to, in future, relieve the taxpayers' burden even if by a margin of what Kenyans currently pay as levies included in the cost of products. It is expected that this will significantly improve the lives of Kenyans through alleviating their expenses and lowering the cost of commodities within the country.

5. POLICY OBJECTIVES

This Policy will provide a dynamic tolling regime for Toll Roads by implementing the "User Pay Charges" concept in maximising revenues in a sustainable manner using advanced Toll and Highway Maintenance Systems. The objectives of the policy are:

a) To provide guiding principles for selection, planning, prioritizing and funding of Toll Road projects in readiness for tolling;

b) To act as a new, stable and dedicated alternative source of funding for the development, maintenance and rehabilitation of the Toll Roads and as a cross-subsidy for different parts of the road network in order to enhance the quality of the Country's road network;

c) To facilitate and encourage local and international private sector investment in road infrastructure development, operation, and maintenance in order to alleviate the financial burden on the public sector;

d) To ensure effective governance, transparency, fairness, and sustainability in Toll Road Operations in order to build public trust and acceptability to tolling;

e) To provide for an effective and efficient road tolling system as a way of decongesting urban centres and reducing carbon emissions.

6. Policy Principles

This Policy is guided by the following principles:

a) **Cost Recovery:** Toll rates should be set to recover the costs associated with constructing or upgrading, operating and maintaining the road asset in a sustainable manner that ensures that the Toll Tariff is affordable to road users. This ensures that users of the road bear the related financial costs. The surplus funds will be ringfenced purposely for use as a cross-subsidy (*for other roads*) in promoting regional equity, subsidy for toll rates and development of auxiliary infrastructure linking to toll roads.

b) **Fairness and Equity:** Tolling should be implemented fairly by ensuring that different user groups are treated equitably. Considerations may include but not limited to geographical distribution of toll roads, providing discounts for local residents, high occupancy private and public service vehicles, or implementing variable tolling based on vehicle type or time of day.

c) **Value Proposition:** Users must perceive value in paying the toll. This could be in the form of new construction or road upgrade, time savings, improved safety, reduced congestion, or better road conditions.

d) **Toll Free Alternative:** Government recognizes that not every road user will be willing or able to pay Tolls. Therefore, where there are existing alternative routes of acceptable standards for road users to commute to their destinations, it will not be mandatory to provide a dedicated toll-free alternative especially where it will be deemed to impact on the commercial viability of the Toll Road. Where there is no alternative, appropriate measures such as those listed in (b) above will be considered to ensure that the Toll Tariffs are affordable.

e) **Revenue Risk Allocation:** Traffic or revenue risks where considered appropriate and economically sustainable will be allocated to the Toll Operator. Government may however provide support measures under the Government Support Measures (GSM) Policy 2018 to mitigate any risk associated with revenue risk.

f) **Transparency and Public Acceptance:** The tolling system should be transparent with clear information provided to users about how toll rates are set, collected (payment methods) and where toll revenues are allocated. This openness will help to build public trust and support for the tolling initiatives. Further, effective communication and engagement strategies will be essential to ensure that the public supports, understands and complies with tolling policy.

g) **Environmental Considerations:** Considerations should be made on the environmental impact of tolling such as reduction of emissions through congestion pricing or investing toll revenues in sustainable transportation infrastructure or providing discounts to high occupancy vehicles. The policy will incentivize vehicles that operate on green energy including but not limited to Electric, Hybrid Vehicles, etc. through differential pricing.

h) **Efficiency:** The tolling system should minimize congestion, streamline traffic flow, and promote prudent use of the infrastructure. Consideration will be made on dynamic pricing where Toll Tariffs vary according to the level of traffic congestion. In addition, deliberate efforts will be made by the Government to minimise use of manual toll collection systems and encourage use of automated systems.

i) **Interoperability:** Government will ensure interoperability between different tolling systems to facilitate seamless travel for users across various road networks within the country.

j) **Economic Viability:** The tolling systems should be financially sustainable, with the collected revenue covering operational costs (which should not be more than 15% of the revenues collected) and providing sufficient funds for future infrastructure projects through cross-subsidization.

k) **Clearing House and Dedicated Toll Fund:** The Government will establish a clearing house with a dedicated fund where all Toll revenues shall be channelled.

l) **Auxiliary services:** Where it is considered commercially viable, a Toll Operator can develop the auxiliary services to complement the toll revenue streams and will be used as basis to determine the Toll Tariff. Such services may include eateries, Electric Vehicle charging stations, and rest areas, among others.

m) **Inclusivity and Diversity:** The Government will promote fair treatment and full participation of all people, particularly groups who have been historically underrepresented or have been subjected to discrimination on the basis of identity, gender disparity or disability.

n) **Local Content:** The Government will endeavour to, as far as reasonably applicable, promote the use and acquisition of local content and/or resources (including local financing) in the implementation of this policy.

7. IMPLEMENTATION FRAMEWORK

7.1. LEGAL FRAMEWORK

7.1.1. HISTORICAL LEGAL FRAMEWORK.

The legal framework for tolling in Kenya commenced from the Public Roads Toll Act of 1984 which was geared at governing the collection of tolls on bridges in an attempt to replace ferry transportation. The tolling framework was thereafter strengthened as part of a wider agenda of increasing private sector investments in infrastructure development through the establishment of a regulatory framework by the Government of Kenya. This was done through Regulations issued under the Public Procurement Disposal (Public Private Partnership) Regulations in March, 2009; which were hinged on the repealed PPADA Act, 2005

In 2010, a further review of Kenya's legal and regulatory framework recommended the enactment of a PPP Law/Act to address the identified gaps, inconsistencies, conflicts and overlaps and to pave the way for actualization of tolling of public roads. Thus, In December 2011, the GoK approved a PPP Policy statement on PPPs that would provide the requisite road map to enacting an Act of Parliament guiding PPPs and tolling in particular.

In 2012, the GoK received a credit from the World Bank for the Infrastructure Finance and Public Private Partnership (IFPPP) Project. The overall objective of the IFPPP project was to increase private sector investment in the Kenyan infrastructure market and to improve the enabling environment so as to generate a pipeline of bankable PPP projects, and in so doing, the IFPPP culminated into the drafting of the PPP Bill, 2012.

The PPP Bill, 2012 was then developed and approved by Parliament in December 2012, received Presidential Assent on 14th January 2013, and was published as the Public Private Partnership Act, No. 15 of 2013 in the Kenya gazette supplement No. 27 on 25th January 2013. The PPP Act 2013 came into effect on 8th February 2013. The PPP Act 2013 has now been repealed by the PPP Act 2021 which has improved the governance structure of the PPP space in the Country.

7.1.2. CURRENT LEGAL FRAMEWORK.

The existing legal framework for tolling comprises of the following key pieces of legislation that guide the application of tolls on national public roads;

PPP Act, 2021: The PPP Act, 2021 was enacted on the basis that the PPP Act, 2013 was found to be bureaucratic and inadequate to satisfy all the fundamental needs of PPP transactions. The current Act was signed and assented to on 7th December, 2021 and operationalised on 23rd December, 2021. The PPP Regulations under the PPP Act 2021 are currently under development.

Public Roads Toll (PRT) Act, 1984: The Act has been in operation since 1984. It underwent amendments through the Finance Act, 2020 which provided for the amendments under Sections 24 to 29 to provide for private Toll Operators and other pertinent issues on tolling.

The Public Finance Management (PFM) Act, 2012: In addition to the PPP Act, 2021 and the Public Roads Toll Act, 1984, the PFM Act, (and its Regulations) is a critical part of the tolling framework as it is the substantive Act under which all financial aspects of PPPs are provided for including the establishment of the National Toll Fund, and amendments of the Public Roads Toll Act 1984 such as, through the Finance Act, 2020 (Sections 24 to 29).

The Public Finance Management (National Roads Toll Fund) Regulations, 2021: These regulations were passed as Legal Notice No. 222 dated 3rd November, 2021 and guide the operations of the National Toll Fund and establishment of the Fund Administrator.

The Traffic Act, Cap 403, Laws of Kenya:

The Traffic Act guides on all matters related to roads within the Kenyan Road Network, be they Toll Roads or otherwise. The Traffic Act operates in complementary terms with other statutes adopted within the region such as the East Africa Community Vehicle Load Control Act, 2016 that applies in Kenya, Uganda and Tanzania.

The East Africa Community Vehicle Load Control Act, (EACVLCA) 2016:

The EACVLCA applies to roads within all the East African States and which roads have been delineated under the First Schedule. The Roads listed under the First Schedule constitute what is known as the Regional Trunk Road Network (RTRN). For purposes of axle load enforcement, overloads on the RTRN are handled under the EACVLCA while overloads on all other roads are handled under the Traffic Act, Cap 403, Laws of Kenya.

7.1.3. INSTITUTIONAL FRAMEWORK.

The Institutional Framework for implementation of public roads tolling comprises the following key players who are critical for the success of this policy:

a) The Ministry of Roads & Transport/Cabinet Secretary who is responsible for declaration of roads as national toll roads;
b) The Kenya Roads Board who shall be responsible for overseeing the road network in Kenya and thereby coordinating its development, rehabilitation and maintenance and to be the principal adviser to the Government on all matters related to roads;
c) The Public entities responsible for roads under their mandate, which shall be dependent on the class of road including KeNHA, KURA, KeRRA and KWS (for roads within designated parks and conservancies);
d) The National Treasury who shall be responsible for the management of the National Toll Fund. (Includes all the entities under the National Treasury such as the PPP Committee and the PPP Directorate); and the State Department for Economic Planning responsible for providing leadership and coordination of national &sectoral planning, macroeconomic policy formulation;
e) The Toll Collector or Operator who may be a public entity or a private entity authorized to collect tolls;
f) The National Transport and Safety Authority (NTSA) which shall provide vehicle identification and registration data;
g) The enforcement entities, being the National Police Service, Insurance Regulatory Authority (IRA) or individual Insurers who shall be responsible for, or be engaged in, the enforcement against violations of the tolling framework;

h) The Office of the Honourable Attorney General, who shall be responsible for the litigious enforcement through the Office of the Director of Public Prosecutions or through civil modes under its docket;

i) The Judiciary, who shall be responsible for providing the framework of legal challenges against the tolling framework;

j) The County Governments who are recognized as Contracting Authorities for purposes of tolling and who may implement tolling on roads which are under their mandate;

k) Other institutions that may indirectly be involved in the implementation of tolling policies and legislation.

7.1.4. PROPOSED LEGAL AND INSTITUTIONAL FRAMEWORK.

a) National Tolling Authority: This policy proposes the enactment of a National Tolling Authority through an Act of Parliament or as a subsidiary to any of the roads agencies and will be responsible for the management of the Toll Roads which are under the purview of the National Government. This entity will play a pivotal role in the national transportation framework. However, in the short term, a Directorate within one of the Road Agencies which is to be responsible for the management of the Toll Roads which are under the purview of the National Government will take lead.

b) Benefits to GoK:

The benefits that would accrue to GoK as a result of this establishment include:

i. GoK would be able to fund other roads using the tolls collected from the management of the existing Toll Roads;

ii. Whereas a private toll collector would be focussed on profits, the public-owned National Tolling Authority/Directorate would be customer-focussed for service delivery;

iii. There is generally more acceptance by the public towards a public toll operator than towards a private toll operator;

iv. This model reduces the risks of contractual claims and other liabilities that may arise from contracting with private parties on legal and/or financial terms and conditions.

c) **Private Toll Operator**: This policy also proposes a different alternative, being the engagement/outsourcing by the Government, through a procurement framework, of a Private Toll Operator who may be outsourced by the National Tolling Authority/Directorate or relevant entity thereof, to manage certain Toll Road networks within the country.

d) **Review of Existing Legislation:** In order to achieve the above objectives, there would be need to enact a new entity known as a National Tolling Authority and there would be need to further amend various legal instruments to allow for this entity to take over the functions of toll collection that are ordinarily currently vested in the private party toll operators and the Contracting Authorities. As for the short-term National Tolling Directorate, a similar review of the legislation would also be necessary to confirm if they fully support the tolling functions as recommended.

e) **Decriminalisation of Tolling Enforcement**: Non-payment of tolls is currently a criminal offence, which would need to be pursued through the court system. In other jurisdictions, mass non-payment of tolls has resulted in expensive and ineffective tolling enforcement systems. Until there is an effective enforcement system in Kenya, tolling enforcement will primarily be reliant on physical barriers at Toll Collection Points.

Failure by a road user on a Toll Road to pay a Toll is an offence attracting both a civil penalty and a criminal penalty pursuant to Section 8 of the PRT Act. These offences include driving through a toll station except by the route designated for the passage of that vehicle and refusing to stop or fraudulently or forcibly driving a vehicle through a toll station without paying the toll. The offenders shall upon conviction, be liable to a fine not exceeding KShs 50,000 or to a prison term not exceeding 6 months or to both.

Criminal penalties are primarily enforced through the courts. This recommends decriminalize non-toll payments so as to allow the toll operator to pursue unpaid tolls outside the precincts of courts.

f) **Mandatory Settlement of outstanding tolls:** There is also the potential for measures to ensure that vehicle owners cannot continue to evade payment of tolls.

To enhance the efficient collection of unpaid tolls, this policy recommends the amendment of the Insurance (Motor Vehicles Third Party Risks) Act to create a mandatory settlement of outstanding tolls and related penalties. Section 4 of the Insurance (Motor Vehicles Third Party Risks) Act should be amended to include the clearance of any outstanding toll and related penalties, before the mandatory motor insurance policy is issued.

The NTSA Act should also be amended to give NTSA the power to deny the provision of services to errant vehicle owners with outstanding tolls and related penalties. Such services could include driver's license renewals, vehicle transfers, annual vehicle inspections, or insurance confirmations.

g) **Penalties on Overloaded vehicles on Toll Roads:** The Kenya Roads Act established KeNHA, KeRRA and KURA (together the "Road Authorities") and empowers the Road Authorities to ensure adherence by motorists to the rules and guidelines on axle load control. The Public Finance Management (National Toll Fund) Regulations, 2020, on the other hand, provides that one of the inflows into the National Toll Fund are the fees or charges imposed on Road Users accessing Project Roads with overloaded axles, such fees to be collected by a Toll Operator pursuant to a Project Agreement.

In order to enhance collections into the National Toll Fund, the Kenya Roads Act and the Kenya Roads Board Act should be amended and decriminalised under the Roads Act so that fines relating to overloading on toll roads be exclusively collected by a Toll Operator and be remitted to the National Toll Fund.

7.2. Technical Framework

7.2.1. Selection of Toll Roads

The decision to toll a road will be made in a way that is consistent with the objectives and policy principles set out in this Tolling Policy. Tolls will only be introduced on roads which require user charges to be financially viable and:

a) are newly constructed or on crossings involving other means of transport; or

b) have been improved relative to their previous standard; or

c) are of a higher quality than untolled roads (for example, offering multiple lanes or heightened safety modifications); or

d) may not have been recently improved, provided there is a clear rationale which is consistent with either criterion (a), (b) and (c) above and further with the policy objectives and principles.

Tolling will only be introduced where the projected cost of collection (including infrastructure costs) is less than 15% of projected revenue on a net present value basis, and where the economic benefits (including socio-economic impacts) outweigh the costs.[2]

In case a new toll road project is economically desirable but not financially viable, the concept of Joint Construction would be considered which is a cooperation between general road operators using taxes and toll road operators using loans who develop the road by means of division of works.

Roads on which tolls are collected will not be required to have a dedicated toll-free alternative route. However, public acceptability considerations should be addressed through toll levels, discounts and phased introduction of tolls.

7.3. Tolling Systems

The Government will fast track the establishment of an efficient tolling system that will apply to all toll operators. A fully interoperable technological standard to be applied on all

[2] The main drivers of toll revenues relative to toll collection costs will be the volume and composition of traffic. As a guideline, roads with at least 5,000 vehicles per day and a significant proportion of freight traffic will be considered as candidates for tolling.

Toll Roads using ETC will be identified. In so doing, the Government will accelerate the development of a vehicle identification and registration system suitable for the purpose of tolling.[3] Once a fully comprehensive national vehicle identification and registration database is available and can be linked to an automatic number plate recognition system, a free-flow tolling system will be explored and implemented.

Until a suitable free-flow tolling system is implemented, roads identified for tolling will be tolled by way of conventional Toll Charging Points and a prepaid payments system.[4]Where ETC is in use, users will have the option of maintaining their account using cash or other payment methods including debit cards, cards and mobile money.

In implementing free-flow tolling and ETC, consideration will be given to the need to allow certain road users to pay at the Toll Charging Point using debit cards, credit cards or cash.

The design and location of Toll Charging Points will be determined based on the characteristics of each individual road. Ramp Toll Charging Points on slip roads may be used if financially and economically justifiable in order to enable road users to pay tolls proportionate to their road use.

In the case of a toll road or a concession awarded to one or more Toll Operators, the technological standards that shall be applied for tolling shall be fully reliable, scalable and interoperable between different Toll Roads and compatible with the national tolling system.

7.4. VEHICLE CLASSIFICATION AND EXEMPT VEHICLES

The following vehicle classification system will be adopted for tolling:

Vehicle Classes	Description
1	Motorcycle
2	Rickshaw (three-wheeler)
3	Passenger Car

[3] The National Transport Safety Authority (NTSA) has already undertaken significant preparatory work for the introduction of a vehicle identification and registration system.

[4] Subject to the provisions of Section 10 on tolling Urban Traffic.

Vehicle Classes	Description
4	4WD - Utility
5	Pick-up - Utility
6	Minibus - Matatu
7	Small Bus
8	Light Truck
9	Medium Truck
10	Large Bus
11	Heavy Truck
12	Articulated Truck

This classification will be reviewed periodically in light of technological developments and to support application of the 'polluter pays' principle.

The application of these classes may be adapted for specific roads. Not all vehicle classes need necessarily to be tolled, and classes may be grouped (but not subdivided) if appropriate and justifiable from an economic point of view.

The following vehicles will ordinarily be exempt from payment of tolls:

a) Military vehicles and equipment;

b) Police vehicles and equipment;

c) Ambulance;

d) Fire service vehicles.

Exceptions to these exemptions may be permissible if required to meet traffic, congestion or network management objectives.

All Exempt Vehicles are required to obtain and present a valid tag in order to claim their exemption. In an emergency situation, police, ambulance and fire service vehicles will not be delayed, even if they are not equipped with the appropriate tag.

7.5. Toll Tariffs

Toll Tariffs will be based on an assessment of:

a) the cost of developing, maintaining and rehabilitating the road network;

b) Willingness to Pay Survey;

c) evidence regarding users' benefits from road use, including reduced vehicle operating costs and time saved from use of Toll Roads;

d) existence of an alternative route; and

e) other revenues streams from auxiliary facilities which form part of the project

Toll Tariffs will also take the following factors into consideration:

a) the impact that different vehicle types have on road asset construction and maintenance costs;

b) external impacts of road use, including congestion and pollution; and

c) relevant Government policy objectives, including those related to balancing different modes of transport.

The Cabinet Secretary responsible for roads, in consultation with the Cabinet Secretary responsible for Finance will determine the Initial National Reference Tolls and will set a Tariff Card applicable to Toll Roads in line with this policy. The toll tariff will be updated quarterly to take into account inflation and will be reviewed periodically to assess the need for changes to take into account economic growth, changes in income levels, exchange rate movements, changes in taxes and other factors.

Deviations from the prevailing National Reference Tolls may be permitted provided that:

a) the National Reference Tolls are adopted as a reference point for analysis; and

b) any deviations are justified in a manner consistent with the approach to determining Toll Tariffs in this section and the tolling objectives in Section 5. Deviations must be approved by the Cabinet Secretary responsible for roads in consultation with the Cabinet Secretary responsible for Finance.

Toll Tariffs for road assets such as bridges, causeways, tunnels and other major crossings will be set on a project-by-project basis.[5] The principles upon which Toll Tariffs are based will be similar to those applicable for roads.

Toll tariffs for concessioned roads operated on PPP arrangements shall be set on a project-by-project basis and may deviate from the National Reference Tolls based on capital investments recovery and a fair return on investment. However, toll adjustments shall only be done quarterly consistent with this policy.

7.6. Reductions and discounts

Where financially and economically feasible, Toll Charging Points will be positioned so as to avoid tolling local vehicles making short local journeys. Local vehicles forced to pass a Toll Charging Point on a Toll Road in order to make a short local journey may be granted discounts to enable them to pay Toll Tariffs in proportion to their frequent use of the Toll Road. No discounts are necessary where a reasonable alternative route exists.

Introductory discounts for Electronic Toll Collection (ETC) users should be considered in order to support efficient tolling operations.

The following will be eligible for discounts and incentives;

a) High occupancy private and public service vehicles on the basis of reduction of congestion and emissions

b) Frequent users of Toll Roads

Discounts will be approved by the Cabinet Secretary responsible for roads, in consultation with the Cabinet Secretary responsible for Finance.

[5] Bridges, causeways, tunnels and other major crossings that form an integral part of an inter-urban road that is suitable for tolling using conventional Toll Charging Points will normally be considered as part of the tolling strategy for the whole road, rather than on a project by project basis.

7.7. OPERATIONS

The agency responsible for a Toll Road or the National Tolling Authority may outsource toll collection to the best value private operator, taking into account the efficiency and value for money of the toll collection network across Kenya and with the objective of creating a competitive market in Kenya for toll operation.

Toll Operators will be entitled to impose a penalty fee on vehicles failing to pay tolls and may be required to support the Road Operator in levying fines on overloaded vehicles and other offences as defined in law.

A centralised payments clearing system will be established to cover all Toll roads whose revenues are channelled to the National Toll Fund. The responsibility for operating the system may be contracted out to a Specialist Private Operator.

7.8. TOLLING URBAN TRAFFIC

Urban roads may be tolled using the same principles set out in this policy provided that the following additional considerations are taken into account;

a) Physical constraints: The availability of space to be considered in determining viability and feasibility of the project for tolling.
b) The impact of Toll Charging Points on congestion and traffic flows: Toll Charging Points that require traffic to slow down or stop will only be introduced where it is economically and financially viable to do so.
c) Where it is considered that an urban road is suitable for tolling, but it is not viable to use conventional Toll Charging Points that require traffic to slow down or stop, tolls may be applied through use of unidirectional Toll Charging Points or through application of a system of Access Permits to avoid congestion.

d) Tolling infrastructure should be aligned with the existing urban planning framework to ensure that it takes into consideration physical and spatial planning and also integrates with other modes of transport.

As soon as a comprehensive national vehicle registration database and automatic number plate recognition systems are available, free-flow tolling will become the preferred tolling system for Urban Traffic.

Toll Tariffs will be determined for each Urban Traffic tolling project individually in a way that is consistent with the principles and objectives of this Tolling Policy, but need not conform with the National Reference Toll Tariffs. The standard toll ratios between vehicle classes set in accordance with this policy will be adopted as a starting point.

8. MONITORING AND EVALUATION

The following indicators shall be used to monitor the physical aspects of the toll road from pavement and equipment conditions to performance in terms of facility availability, safety, and technical efficiency.

a) **Operational Performance**

i. Lane availability
ii. Average speed
iii. Toll plaza availability
iv. Toll plaza queuing time
v. Accident and safety indicators
vi. Engineering quality parameters (roughness, rut depth, signage, lighting)
vii. Traffic management (accident management, incident management and post- crash management)
viii. Notifications

b) Asset by class

i. Road infrastructure
ii. Equipment
iii. Ancillary services
iv. Maintenance program

Toll revenue and cost indicators shall also be used to monitor and evaluate financial performance of the Toll Road as follows:

a. Toll revenue

i. Traffic volume by vehicle class
ii. Traffic volume by time of day (peak/off peak)
iii. Revenue collected by vehicle class
iv. Revenue collected by time of day(peak/off-peak)
v. Revenue generated from ancillary services e.g service centres, advertisements etc
vi. Revenue from enforcement levies e.g axle load fines/fees, toll evasion penalties, compensation for damage of infrastructure etc

b. Operating expenses

i. Toll collection

ii. Road maintenance

iii. Road operations

iv. Emergency services

c) Investment Indicators (where applicable)

i. Profit as percentage of revenues

ii. Working capital

iii. Return on assets and equity

d) Debt Indicators

iv. Debt Repayment Schedule / Profile

v. Debt service coverage ratio (DSCR) and projections

vi. Debt: equity ratio(D/E)

vii. Loan Life Cover Ratio (LLCR)

viii. Debt: asset ratio

e) Financial Information (where applicable)

i. Audited Financial Statements

ii. Debt service repayment performance and currency standings

f) Return & Profitability Indicators

i. Project Internal Rate of Return (IRR)

ii. Equity IRR

iii. Net Present Value (NPV)

9. STATEMENT OF COMMITMENT

This policy will be reviewed periodically (every five (5) years) when deemed necessary from its effective date. Its review shall be initiated and spearheaded by the Office of the Cabinet Secretary responsible for roads.