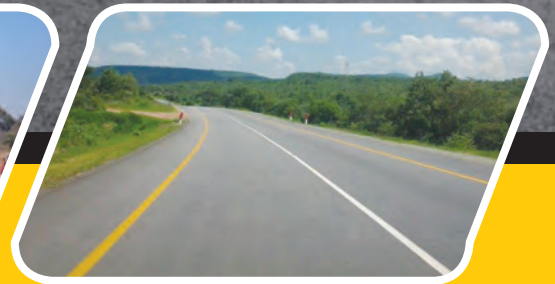


**ROAD DEVELOPMENT
AGENCY**



ANNUAL REPORT

2015



Mission

To provide a World Class Core Road Network that supports social economic growth in Zambia

Vision

To be the leading Road Authority in Africa that is providing a world class road network in Zambia

Core Values

**Team-work
Transparency
Excellence
Integrity
Zero Tolerance to Corruption
Accountability
Innovativeness**

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List of Acronyms

AfDB	African Development Bank
AGTF	Africa Growing Together Fund
ALC	Axle Load Control
BADEA	Arabic Bank for Economic Development in Africa
CDB	China Development Bank
CEEC	Citizens Economic Empowerment Commission
CFPs	Contractor Facilitated Projects
CILT	Chartered Institute of Logistics and Transport
COMESA	Common Market for Eastern and Southern Africa
CPs	Cooperating Partners
CRN	Core Road Network
DBSA	Development Bank of Southern Africa
DMMU	Disaster Management and Mitigation Unit
EIB	European Investment Bank
EIZ	Engineering Institution of Zambia
EU	European Union
Exim	Export Import Bank of China
GRZ	Government of the Republic of Zambia
GVM	Gross Vehicle Mass
HMS	Highway Management System
HRMS	Human Resource Management System
IDA	International Development Association
IPCs	Interim Payment Certificates
IRI	International Roughness Index
ITC	Information and Communication Technology
JICA	Japan International Co-operation Agency
KfW	Kreditanstalt für Wiederaufbau
KIZ	Kaizen Institute of Zambia
MAC	Ministry of Agriculture and Cooperatives
MDBs	Multi-lateral Development Banks
MLGH	Ministry of Local Government and Housing
MMEWD	Ministry of Mines, Energy, and Water Development
MoF	Ministry of Finance
MTC	Ministry of Transport and Communication

List of Acronyms (continued)

MWS	Ministry of Works and Supply
NCC	National Council for Construction
NDF	Nordic Development Fund
NRFA	National Road Fund Agency
NSTC	National Science Technology Council
NUBEGW	National Union of Building Engineering and General Workers
OFID	OPEC Fund for International Development
OPRC	Output and Performance Based Road Contracts
ORUC	Other Road User Charges
PFRs	Primary Feeder Roads
PPPs	Public-Private Partnerships
PR	Public Relations
PS	Permanent Secretary
RDA	Road Development Agency
RDAPC	Road Development Agency Procurement Committee
RMI	Road Maintenance Initiative
RMS	Road Maintenance Strategy
RoadSIP	Road Sector Investment Programme
RSAWP	Road Sector Annual Work Plan
RSNDP	Revised Sixth National Development Plan
RTSA	Road Transport and Safety Agency
SADC	Southern Africa Development Community
SI	Statutory Instrument
TMD	Trunk Main and District
TQM	Total Quality Management
USD	United States Dollar
ZNFU	Zambia National Farmers' Union
ZNS	Zambia National Service
ZPPA	Zambia Public Procurement Authority



Section 1

Board Chairperson's and Chief Executive Officer's Statements



Chairman's Reports



I am delighted to present this report on the activities of the Road Development Agency for the year 2015. Since the enactment of the Public Roads Act in 2002, our core mandate has been to provide for the care, maintenance and construction of public roads in Zambia; to regulate maximum weights permissible for transmission on roads; and to provide for matters related and incidental to the foregoing. In addition, there is emphasis from the Government of the Republic of Zambia on the need to improve the road infrastructure in the country in order to promote trade and development, open up new areas, enhance accessibility and connectivity within our country and the outside.

The emphasis on the need for better roads for Zambia has also been highlighted in previous National Development Plans and now the Revised Sixth National Development Plan (RSNDP) for the year 2011 to 2016 which is complemented by the RDA Strategic Plan for the period 2012 to 2016. This emphasis has been shown through high budgetary allocations to the Road Sector in the annual budgets. The 2015 Road Sector budget was K5.462 billion, translating into 12.1 percent of the national budget. Of this allocation, 59 percent was from Local resources and 41 percent from External Support. Local resources were further divided into two, comprising 34 percent from GRZ and 25 percent from the Road Fund.

During the year under review, the Agency had put much effort in the prudent use and application of its finances through the construction, maintenance, upgrading and rehabilitation of roads and bridges to specified quality standards that can easily be sustained through minimal maintenance needs.

During the year 2015, the RDA Board appointed Eng. Kanyuka Mumba who was then Director of Construction and Rehabilitation as the new Director and Chief Executive Officer of the Agency. His appointment was to ensure that all projects under implementation such as the Link Zambia 8000, Pave Zambia 2000 and the L400 were accelerated. In this regard, the expectations and wishes of the RDA Board were that Eng. Kanyuka Mumba would continue to provide leadership and apply his experience so that the Agency keeps moving forward through the achievement of its stipulated goals and mission.

In addition, the Agency placed emphasis on the promotion of the local road contractors to improve their capacity. As of 2015, the number of sub-contractors on various road projects was 368. This was despite the challenges faced in the implementation of the sub-contracting policy such as inadequate funding, fronting, limited access to securities, limited access to financing from lending institutions among others. To address these challenges, the RDA Board approved the revised 20 percent Sub-contracting Policy.

Despite the financial challenges experienced in the year 2015, the Agency attained some milestones in the rehabilitation, maintenance and upgrading of some of the key national routes with the help of Co-operating Partners (CPs). During the year under review, the Agency completed the rehabilitation of the Lusaka to Chirundu Link 1, Link 2 and Link 3. In addition, the Agency also implemented other major road rehabilitation and upgrading works such as the Chingola-Solwezi, Mbala-Nakonde and Mansa-Luwingu roads.

During the year 2015, the ground breaking ceremony for the commencement of the project for Upgrading of 107.5 km of the Bottom Road from Chaboboma via Sinazeze to Sinazongwe in Southern Province was held among others.

The overall condition of the unpaved urban road network showed that a significant portion was in a deplorable condition. However, to improve the urban road network and in order to promote local construction industry in the Road Sector, the RDA Board approved the Pave Zambia 2000 Road Strategic Paper for the period 2015 to 2019 to facilitate the implementation of the Pave Zambia 2000 Project.

The aim of the Pave Zambia 2000 Project is to pave 2,000 km of urban and peri-urban roads using concrete paving blocks and cobblestone. It is also aimed at improving accessibility to various social amenities and to create job opportunities to Zambians.

Further, in terms of rural road infrastructure, the Government of the Republic of Zambia, through the Road Development Agency, appointed the Zambia National Service (ZNS) as a Road Authority to enhance the rehabilitation and maintenance of feeder and rural roads. During the period under review, RDA signed a Memorandum of Understanding (MoU) with the ZNS and the National Road Fund Agency (NRFA) aimed at improving and rehabilitating most of the Primary Feeder Roads (PFRs) through the establishment of a sustainable rural road maintenance regime. It is expected that through this MoU, approximately 10,000 km of PFRs will be covered over a period of four (4) years. Government has no doubt that ZNS, RDA and NRFA will successfully deliver the Feeder Roads Programme.

In addition, RDA recognises that the long-term approach for addressing maintenance needs of the PFR Network is the use of the Output and Performance Based Road Contracts (OPRC) system. The OPRC is a concept designed to increase the efficiency and effectiveness of road maintenance operations. It is designed to ensure that the physical condition of the roads under contract is adequate for the need of road users, over the entire period of the contract. The Agency, in collaboration with the World Bank, has focused on this sustainable maintenance regime for the PFR Network. The World Bank has pledged approximately US\$150 to US\$200 million towards the rolling out of the OPRC system on the PFR Network. This roll-out will be preceded by detailed designs and packaging of the entire PFR Network, which is scheduled to be completed by December 2016. Works are anticipated to commence in 2017 following confirmation of funding from the World Bank.

Despite the financial challenges currently being experienced, the Agency still attaches great importance to the Link Zambia 8000 Programme and will continue to transform the nation into a truly land linked country.

I, therefore, present this report which gives an account of the activities that the Road Development Agency undertook from January to December, 2015.

A handwritten signature in black ink, appearing to read 'S. Mukupa', is written over a faint, light-colored background.

Samuel Mukupa
RDA BOARD CHAIRPERSON

Chief Executive Officer's Report



Road infrastructure is key to national development by facilitating growth in productive sectors such as Agriculture, Mining, Manufacturing and Tourism. In order to facilitate socio-economic development in the various key sectors, Government has been strategically investing in the construction, upgrading, rehabilitation and maintenance of roads. The RDA is committed to this objective, which will help create decent jobs, develop skills and uplift living standards of rural communities through the provision of an efficient road network. This commitment was demonstrated in 2015 through the continued implementation of various road infrastructure programmes and projects such as Link Zambia 8000, L400, Pave Zambia 2000 and other major Rehabilitation and Maintenance projects.

Despite a very challenging economic environment in 2015, largely due to external forces, our commitment to the mission statement of "Providing a World Class Road Network that supports socio-economic development in Zambia" remained firm. RDA continued to implement the Link Zambia 8000 Programme which aims at transforming Zambia from being landlocked into a truly land-linked country in Southern Africa. The benefits being accrued from this programme include job creation, reduction of Road User Costs (RUCs) and transit times as well as the creation of economic growth poles and wealth

in outlying areas of Zambia. Approximately 2,700 km of Link Zambia 8000 roads were under implementation in 2015, out of which approximately 260 km were surfaced and opened to traffic. Overall physical progress, which is the aggregated progress on surfacing, layer works and drainage for the entire programme was 25 percent. Since its inception, the programme has created over 6,000 job opportunities in the road construction industry.

Apart from Link Zambia 8000 projects, RDA also undertook thirty (30) major road rehabilitation projects in 2015. Approximately 2,300 km of roads were under rehabilitation, and approximately 75 percent overall progress was achieved. Road maintenance is indispensable in sustaining a road network. In general, approximately 20,300 km and 920 km of roads were under routine and periodic maintenance, respectively. Approximately 17,900 km were maintained under routine maintenance, representing 88 percent achievement, while 670 km were maintained under periodic maintenance in 2015, representing 72 percent achievement. In the same vein, RDA in 2015 commenced the procurement of twenty six (26) projects under Phase II of the Link Zambia 8000 Programme covering approximately 2,500 km of roads. Nine (09) projects, totaling 840 km were earmarked to be implemented through the Contractor-Financing Projects (CFPs) model in order to ease pressure on the Central Treasury. Under this model, contractors were expected to source financing for the construction of roads. The contractors would then be paid after completion of the project under agreed repayment terms.

In an effort to increase the capacity of local contractors, RDA deliberately reserved a total of five (5) road projects with an approximate length of 380 km for Zambian Citizen-owned companies with at least 50.1 percent Zambian shareholding. In order to address urban congestion and mobility challenges in Lusaka City, RDA was implementing the L400 Project targeted at the rehabilitation and upgrading of approximately 408 km of Roads. The project commenced in 2013 and is scheduled for completion in 2017. The overall physical progress by the end of 2015 was 50 percent, with 152 km of roads surfaced. RDA also signed the contract for a similar project in the Copperbelt Province, C400, in which 406 km of selected urban roads are earmarked for rehabilitation and upgrading in Copperbelt Towns.

In order to provide additional revenues for road maintenance as defined by the Road Tolls Act No.14 of 2011 and Statutory

Instrument No. 73 of 2013, the Government, through the RDA, commenced the National Road Tolling Programme (NRTP) on November 1, 2013. By benchmarking widely accepted international practice, the 'road-user-pay' principle serves as a sustainable way of funding road maintenance programmes using Road User Charges.

During the year, Government in consultation with the Road Sector Agencies, made policy changes and directed that the NRTP be transferred to the National Road Fund Agency (NRFA) from RDA. Therefore, on September 1, 2015, NRFA was appointed as a Lead Tolls Agent by RDA in line with the provisions of the Tolls Act.

A total of K428 million was collected in Toll Revenues from both Ports of Entry and weighbridges against projected revenues of K315 million representing, 36 percent above target performance. The toll revenue collection also represents a 44 percent increase compared to the 2014 collections. The collections from inception in 2013 to the end of 2015 stood at K770 million. The benefits anticipated to accrue from the National Road Tolling Programme include: guaranteed and sustainable funding for road maintenance; improved maintenance of roads resulting in improved service levels; additional revenues for the road fund that can be securitised to leverage funding for other road infrastructure projects; cross subsidies by enabling transfer of excess funds raised from viable toll roads to non-viable roads.

In order to preserve the investment in road infrastructure, the Government, through the RDA, developed a Road Maintenance Strategy (RMS) for the period between 2015 and 2024. The Strategy aims at creating a clear pathway for the implementation of maintenance activities on the road network by making maintenance a number one priority. As one of the immediate measures to actualise this Strategy, the Zambia National Service (ZNS) was appointed a Local Road Authority to rehabilitate and maintain a total of approximately 10,000 km of Primary Feeder Roads (PFRs) across the Country. This exercise is expected to cost an estimated US\$ 920 million over a period of four (4) years.

In 2015, RDA commenced the procurement process for preparatory works for a general nation-wide roll-out of long term Output and Performance-based Road Contract system (OPRCs) on the rural roads network. The rural road network has for a long time suffered neglect at the expense of massive infrastructure investment in the higher order roads. As of 2015, only 18 percent of this network was in a Good and Fair condition, with the remainder (82 percent) in Poor condition characterised by impassable roads, which was posing a hindrance to the free movement of agricultural produce from farming areas to market centres. Therefore, it is hoped that the OPRCs, which are expected to commence by October 2017, will help improve rural connectivity and accessibility.

In addition to the maintenance of Primary Feeder Roads, RDA is implementing an ACROW PANEL Bridge Programme, which is an accelerated bridge construction Programme aimed at improving rural accessibility by providing bridges at river crossing points. This comprehensive approach to Bridge Infrastructure Repair in Zambia will be implemented at an estimated cost of US\$ 73 million. The project covers a total of 144 bridges in Lusaka, Central, North-Western, Luapula, Northern, Muchinga and Eastern Provinces. Works are expected to commence by June 2017.

In the year under review, RDA was implementing the Pave Zambia 2000 Project. This Project aims at rehabilitating urban roads and providing improved access to various social amenities in urban areas using segmented paving blocks technology. The Project also aims at creating employment opportunities for the majority of Zambian youths and women. To this end, a total of eighty (80) Zambian-owned companies of which fourteen (14) are Women-owned, have been awarded contracts to manufacture and supply paving blocks needed for construction works. Additionally, fifty (50) Zambian-owned companies will be further empowered through the award of contracts in 2016 for the construction of the 363 km of roads using paving blocks.

The demand for road infrastructure development has continued to exert an inordinate amount of pressure on the Treasury and in the face of a challenging economic environment and other competing needs in the social sectors, there is need to diversify from the traditional method of funding road infrastructure development to more innovative models. It is for this reason that Government is working towards isolating the road sector so that it can be self-sustaining, thereby freeing up resources under the Treasury to focus on other needy areas of the economy such as

Education, Health, Agriculture and Tourism. The Government has, therefore, planned to involve the private sector in the financing, development and management of road infrastructure through Public-Private Partnerships (PPPs).

In line with this, in 2015 RDA identified six (6) viable road projects covering approximately 2,200 km for implementation under the PPP Model. The identified roads are:

- Lusaka to Ndola, including Kafulafuta to Luanshya;
- Ndola to Kasumbalesa;
- Kazungula to Turnpike Kafue via Livingstone;
- Chirundu Border to Lusaka;
- Chingola to Solwezi; and
- Kapiri Mposhi to Nakonde.

It is clear that Government is adequately addressing the funding challenges that come with the implementation of road infrastructure projects by adopting alternative funding mechanisms such as the Contractor-facilitated financing and the PPPs.

The benefits and importance of investing in the road sector are far-reaching. Expenditure on road infrastructure development has and continues to be an economic stimulant and an important counter-cyclical measure in times of economic downturns, by facilitating socio-economic vibrancy through job creation and local empowerment.

As for the challenge of limited local contractor capacity, the RDA put in place a number of measures aimed at deliberately enhancing the capacity of local contractors. The Government has put in place the Local Contractor Capacity Enhancement Strategy (LOCCEs), which ensures the reservation of a specific quota of the volume of road works for Citizen-owned companies. Through this, it is anticipated that the majority of road construction works in Zambia will be carried out by Zambian contractors. The share of road works for Citizen-owned companies is expected to increase from the current 21 percent to 65 percent by 2030. In addition, Government is also implementing the mandatory 20 percent subcontracting of works to Zambian Contractors on all contracts that are above K30 million.

Further, RDA in collaboration with NRFA formulated the Construction Financing Initiative (CFI). Under this initiative, RDA and NRFA are working closely with Commercial Banks and Suppliers of Materials and Equipment in a deliberate effort to ensure that Citizen-owned companies easily access affordable capital, equipment and materials for infrastructure works.

My sincere condolences go out to the family of our former Board Chairperson, Mr. Willie Nsanda, who passed away during the year. May his soul rest in peace. I also would like to take this opportunity to welcome the new Board Chairperson, Mr. Samuel Mukupa. In addition, I would also like to express gratitude to the RDA Board for their continued support and commitment.

Last but not the least, I would like to offer a special word of gratitude to Management and employees of RDA in all the 10 regions who have remained loyal and steadfast, especially during these challenging times. The RDA team has remained committed to the mandate of the Agency and stands proud of the RDA brand. Finally, to all our road users, we remain committed to serving you with excellence and integrity.

A handwritten signature in black ink, appearing to read 'Kanyuka Mumba'.

Eng. Kanyuka Mumba

Director and Chief Executive Officer

Section 2

Executive Summary



This section of the report outlines the activities the Road Development Agency undertook between January and December 2015. Particular attention was paid to key projects undertaken, financing arrangements for the projects, staffing and corporate governance.

Key Projects

Link Zambia 8000

A total of 260 Km was surfaced under the Link Zambia 8000 project in 2015. This brought the cumulative surfaced length to 666 Km out of 2,700 Km under implementation representing an overall cumulative physical progress of 25 percent.

Most of the Link Zambia 8000 projects continued to record minimal progress. The slow progress was attributed to paucity of financial resources. Though there was a limitation of funds in the Road Sector, substantial progress was made on the following projects; Mansa to Luwingu road, Kawambwa to Mushota, Kitwe to Chingola Dual Carriageway and Monze – Niko road.

Other Major Projects

During the year 2015, most projects recorded significant progress which included among others; Mbala to Nakonde, Mongu to Kalabo and Great East Road (T4) from Luangwa Bridge to Mwami Boarder. Thirty (30) major roads were under construction and rehabilitation, in addition to the Link Zambia 8000 Projects. A total of 2,300 Km was under implementation out of which 1,720 km had been surfaced. This represented 75 percent overall progress.

Bridges

Three (3) major bridges were under construction during the year under review namely: Sioma, Mufuchani and Kazungula bridges. On the Sioma Bridge Project, 81 percent was achieved against the planned 93 percent in 2015. Works on the Mufuchani Bridge recorded substantial progress. About 85 percent overall progress was achieved against the planned 92 percent. About 5 percent progress was made against the planned 18 percent on the Kazungula Bridge Project in 2015. A Temporal bridge had been constructed and permanent works were expected to commence in 2016.

Pave Zambia 2000

A total of 4 Km was paved in Lusaka bringing the total to about 5 Km at the end of the year. Actual construction had not yet commenced by the end of 2015 in most of the regions due to financial constraints. The total production of blocks for all the (10) Provinces was 2,600, 0000 blocks against a planned production of 13,600,000.00 blocks which translates to about 19 percent.

Maintenance Works

The Agency continued to maintain the road network and several maintenance works were substantially completed in the year under review which included among others; Fatima Indeni Road on the Copperbelt Province, Periodic Maintenance of Great East Road from Arcades to Airport Junction in Lusaka Province, Periodic maintenance of Kabwe to Kapiri-Mposhi (T002) Road in Central Province and Monze to Zimba Road in Southern Province.

Urban Roads Progress

Under the Chingola Urban road project about 23.5 Km of roads were surfaced and completed. About 41.5 Km of Ndola City roads were also completed out of 54.39 Km representing 76.3 percent progress. The urban roads in Kabwe and Kapiri Mposhi and the L400 project in Lusaka also recorded substantial progress recording a cumulative progress of 64.5 percent and 53.9 percent respectively.

Financing Arrangements



Report on Operations

During the period under review, the Agency received a total income of K1, 943 million and incurred expenditure of K1,976 million resulting in a deficit of K33 million. Operational and capital expenditure commitments amounted to K33 million and K29 million respectively. At the end of December 2015, the total assets of the Agency were valued at K26 billion.

Collections on behalf of the Government

During the period under review, the Agency collected revenue amounting to K461 million on behalf of the Government of the Republic of Zambia. This revenue was realized from Road Toll fees (K428 million) and Axle load control charges (K33 million).

Annual Work Plan implementation

The approved 2015 Road Sector Annual Work Plan budget was K5,462 million, out of which K4,965 million was allocated to the Road Development Agency. The Agency certified works valued at K7,465 million and a total of K5,703 million was disbursed to contractors and consultants. The over certification was due to the implementation of the Link Zambia 8000 Programme which was not adequately budgeted for in the 2015 RSAWP but work was carried out.

Preparation of the 2016 RSAWP

The 2016 RSAWP was prepared and submitted to the Ministry of Finance (MoF) for onward submission to Parliament for approval. The total amount allocated for 2016 was K6,630 million. The approved 2016 RSAWP was in line with the revised ceilings for local resources obtained from the MoF which were adjusted upwards from K1.60 Billion to K3.23 Billion. In the 2016 RSAWP budget, approximately 52 percent was expected to be financed from local resources while 48 percent will be sourced externally. The external financing will comprise an element of Contractor Facilitated Projects (CFPs) amounting to K476 million. This represents about 7 percent of the entire budget for 2016. A total of K2.7 billion is also expected to arise from the traditional donors (CPs and MDBs) representing about 41 percent of the entire 2016 RSAWP.

Staff Retention

The RDA is determined to keep a motivated and dedicated staff that would perform in line with the set out goals and objectives of the Agency. In 2015, RDA had a total of 490 employees against the approved establishment of 822 representing a recruitment rate of 59.6 percent. The Agency continued to invest in skills and talent development of its employees through training and development. At the end of 2015, a total of 113 employees had received relevant training in areas such as civil engineering, finance, leadership and procurement to address competence gaps.

A total amount of K4.5 million was spent on capacity building against a budget of K7 million and 10 new members of staff were recruited.

Corporate Governance

Strong corporate governance is integral to RDA's long term success and is essential in delivering the Agency's strategic goals. It is for this reason that management embarked on developing a risk management strategy and policy. Adherence to good governance was further strengthened by providing sound financial management. The Agency's projects were also audited by the Audit and Risk Assurance Department while the performance of consultants and contractors were monitored using the Agency's Vendor Rating System.

Lastly, the year 2015 had notable successes and challenges in the implementation of the organization's set specific objectives in Strategic Plan for the period 2012 to 2016. Despite a very challenging economic environment, largely due to external forces, RDA successfully completed some projects. Furthermore, devised methods for alternative financing mechanisms such as the tolling programme continued to show improvement.

Section 3

Road Development Agency Structure and Functions





WHO WE ARE

The Road Development Agency was established through the Public Roads Act No. 12 of 2002. Its core functions are; to provide for the care, maintenance and construction of public roads in Zambia; to regulate maximum weights permissible for transmission on roads; and to provide for matters connected with and incidental to the foregoing.

WHAT WE DO

The principal functions are to Plan, Manage and Coordinate the entire Road Network in Zambia with the following specific functions:

- i. Carrying out routine and emergency maintenance of public roads;
- ii. Conducting feasibility studies for the development, maintenance and improvement of the road network in Zambia;
- iii. Recommending to the Minister the appointment of any person or institution as a road authority as well as provide technical assistance to the road authorities;
- iv. Receiving and considering reports from road authorities on their activities and preparing quarterly and consolidated annual reports;
- v. Preparing and reviewing terms of reference and guidelines for road authorities including budget guidelines;
- vi. Making recommendations in relation to siting of buildings on road-sides;
- vii. In consultation with the National Road Fund Agency, recommending to the Minister funding for development of new roads;
- viii. In consultation with the owners of property served by an estate road and the National Road Fund Agency, determine the proportion of the cost of construction and maintaining an estate road to be borne by such owners;
- ix. Preparing and awarding contracts and certifying works for public roads;
- x. Reviewing design standards and classification of roads and traffic signs;
- xi. Planning and co-ordinating the road network in the country; and
- xii. Enforcing axle load control.

WHO GOVERNS US

3.1 Committee of Ministers

The Committee of Ministers on the Road Maintenance Initiative (RMI) issues policy through a committee of permanent secretaries. The composition of the committee during the year under review comprised the following:



Hon. Yamfwa Mukanga
Minister of Works and Supply
Chairman



Hon. Kapembwa Simbao
Minister of Transport and
Communications



Hon. Stephen Kampyongo
Minister of Local
Government and Housing



Hon. Alexander Chikwanda
Minister of Finance



Hon. Jean Kapata
Minister of Tourism



Hon. Given Lubinda
Minister of Agriculture and
Cooperatives



Hon. Christopher Yaluma
Minister of Mines, Energy and
Water Development



Hon. Dr. Ngosa Simbyakula
Minister of Justice

3.2 Committee of Permanent Secretaries

Further the Committee of Permanent Secretaries comprised the following:



Mr. Charles Sipanje
PS - Ministry of Works and Supply
Chairman



Ms. Mbololwa Muyaba
Ministry of Transport and
Communication



Eng. Misheck Lungu
Ministry of Local
Government and Housing



Mrs. Pamela Kabamba
Ministry of Finance



Mr. Steven Mwansa
Ministry of Tourism



Brig. Gen Emeldah Chola
Ministry of Mines, Energy and
Water Development



Mr. Julius Shawa
Ministry of Agriculture and
Cooperatives

3.3 Board Members

The composition of the RDA Board during the year under review comprised:



Mr. Samuel Mukupa
Chairman



Mrs. Phidelia Mwaba - (CILT)
Vice **Chairperson**



Mr. Charles Sipanje
(MWS)



Mrs. Chiseche Mutale
(MoT)



Eng. Misheck Lungu
(MLGH)



Ms Atridah Mulonga
(NSTC)



Eng. Golden Makayi
(NCC)



Mrs. Pamela Kabamba
(MoF)



Mr. Peter Lungu
Director (MAC)



Mr. Likando Kalaluka, SC
Attorney-General



Mrs. Doreen Mwanza
(ZNFU)



Eng. Charles Sakanya
(EIZ)



Mr. Zindaba Soko
Director - RTSA
(Ex Officio)



Dr. Antony Mwanaumo
Director - NRFA
(Ex Officio)



Eng. Kanyuka Mumba
Director - RDA
(Secretary)

The Road Development Agency's Board decisions and deliberations are preceded by the Board's committees namely; Technical Committee, Human Resource Committee, Audit Committee and Finance Committee which are comprised of different members from of the Board.

WHO LEADS US



Eng. Kanyuka Mumba
Director and Chief Executive Officer



Eng. William Mulusa
Director – Planning and Design



Mr. Keeta Shisholeka
Director – Procurement



Eng. Elias Mwape
Director – Construction and Rehabilitation



Eng. Emmanuel Kaunda
Director – Maintenance



Eng. Stephen Mwale
Director – Commercial and
Technical Services



Mr. Kapembwa Mulenga
Director – Finance



Mr. Andrew Chisala
Director – Human Capital
and Administration



Mrs. Mwaka Ngoma
Director – Legal Services



Mr. Anderson Mwape
Director – Audit and Risk Assurance

The RDA internal departments and their functional business profiles are:

Central Administration

The Central Administration is headed by the Director and Chief Executive Officer and has two units namely Public Relations (PR) and Monitoring and Evaluation (M&E). The PR Unit is responsible for publicity information dissemination and stake holder management while the M&E Unit is responsible for project monitoring, evaluation and assessment of the performance of Consultants and Contractors.

Planning and Design

The Planning and Design Department is responsible for project planning and preparation of road and bridge project activities in the Agency. The Department also oversees research and development studies, environmental and social assessments and assists in the procurement of projects.

Procurement

The Procurement Department is responsible for the procurement of goods, works and services and also the preparation of the annual procurement plans in accordance with the ZPPA Act and regulations. The Procurement Plans are derived from the Road Sector Annual Work Plan. The department works in with the Planning and Design Department.

Construction and Rehabilitation

The Construction and Rehabilitation Department is responsible for monitoring and supervision of construction, rehabilitation and upgrading of road and bridge works. It is also responsible for ensuring that these works are carried out in accordance with the design specifications.

Maintenance

The Road Maintenance Department is responsible for the implementation and supervision of routine and periodic maintenance projects. It is also responsible for ensuring that maintenance works are carried out in accordance with the design specifications.

Commercial and Technical Services

The Commercial and Technical Services Department is responsible for axle load control, commercial and mechanical activities of the Agency. It is also responsible for the construction of road tolling infrastructure namely; toll booths and toll plazas.

Finance

The Finance Department is responsible for the management of the operational finances, collection of revenue (Axle Load charges) on behalf of the Government, final verification of payment certificates before transmission to NRFA. They also maintain financial records and are responsible for asset and stores management for the agency.

Human Capital and Administration

The Human Capital and Administration's function includes the strategic management and development of human resource in the Agency. This is achieved by ensuring adherence to policy and statutory regulations in staff recruitment, training and development, employee relations, health and safety of workers.



Legal Services

The Legal Department is responsible for all legal matters in the Agency in addition to Board Secretarial Services. All matters of compensation, arbitration and legal actions for or against the Agency are defended by the Legal Department.

Audit and Risk Assurance

The role of Internal Audit is to assist all members of Management in the effective discharge of their responsibilities, by furnishing them with analysis, appraisal, recommendations and pertinent comments concerning the activities reviewed. The Internal Audit reports directly to the Board of Directors.

Regional offices

The RDA is represented by Regional Offices in all the ten (10) Provincial Centres in the country which are headed by Regional Managers. They are responsible for care and maintenance of road networks within their regions.

Road Authorities

The Road Development Agency manages and maintains urban, national park and rural roads through the Local Road Authorities. This is done in collaboration with other ministries such as the Ministry of Local Government and Housing (MLGH) and Ministry of Tourism and the Zambia National Service. During the year under review, MLGH and ZNS continued to work on the road projects falling under their jurisdiction.

Section 4

Financial and Programmes Performance



4.1 Financial Performance

4.1.1 Implementation of the 2015 Annual Work Plan

The road sector fund is managed by the NRFA on behalf of RDA. During the year under review, the budgetary allocation in the RSAWP was K5.5 billion comprising 59 percent from local resources and the 41 percent from External Support. Local resources were further divided into two comprising 34 percent from GRZ and 25 percent from the Road Fund. The 2015 budget allocation is shown in Table 1 below.

Table 1: 2015 AWP Funding by Source

No.	Funding Source	(K'000)	Percent
1	GRZ	1,877,834.56	34%
2	Road Fund (Fuel Levy)	1,348,503.53	25%
3	External Sources	2,235,825.39	41%
	Total	5,462,163.48	100%

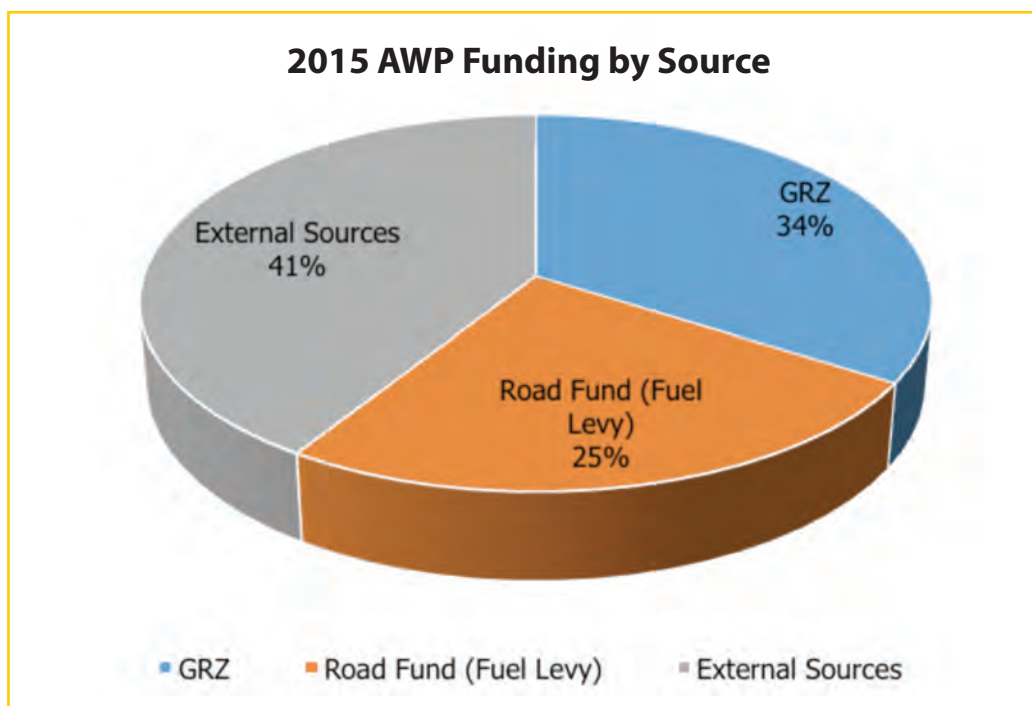


Figure 1: 2015 AWP Funding by Source

4.1.2 2015 Budget Performance

The 2015 RSAWP budget performance is shown in Table 2 for local and external funds. Table 2 below also outlines in detail the budget performance for 2015 under local resources: The tables indicate the budgeted funds, receipts and the total expenditure.

Table 2: 2015 RSAWP Budget, Receipts and Expenditure

No.	Funding Source	Budget (K'million')	Receipts (K'million')	Expenditure (K'million')	% Receipts Vs Budget	% Expenditure against Receipts
1	Local resources					
2	External Sources	3,226.34	4,264.80	4,264.80	132%	100%
3	Total	2,235.83	2,564.80	2,454.69	115%	96%
		5,462.17	6,829.60	6,719.49	125%	98%

Source: NRFA 2015

Local and External Receipts

The RSAWP budget was K5,462.17 million as shown in Table 2. Overall K6,829.60 million was received from both external and local resources. This represents additional receipts of 25 percent above the budget. Receipts from external resources were K2,564.80 million out of the budgeted K2,235.83 million. This represents 15 percent additional receipts from external sources. More receipts were also obtained from local resources. About K4,264.80 million was receipted against the budget of K3,226.34 million indicating an increase of about 32 percent more than budgeted.

Expenditure from Local and External Receipts

Local Expenditure was 100 percent of the total receipts while External expenditure was 96 percent of the receipts. The overall expenditure was 98 percent of receipts in the year 2015. The higher expenditure of K 6,719.49 million compared to the budget of K5,462.17 million was due to carryovers of unpaid IPC's from 2014 part of which were paid in 2015. In total K2,203.2 million remained unpaid from the year 2015 into 2016.

Break Down of Local Receipts and Expenditure

Table 3: 2015 RSAWP Local Budget, Receipts and Expenditure

No.	Funding Source	Budget (K' million')	Receipts (K' million')	Expenditure (K' million')	Deficit/Surplus (K' million')	% Receipts Vs Budget	% Expenditure against Receipts
1	Fuel Levy and Other Road User Charges (ORUC)	1,348.50	807.04	807.04	(541.46)	60%	100%
2	GRZ Project funds	1,877.83	3,457.76	3,457.76	1,579.93	184%	100%
	Total	3,226.33	4,264.80	4,264.80	1,038.47	132%	100%

Source: NRFA 2015

In terms of local receipts from Fuel Levy and Other Road User Charges (ORUC), there was a deficit of 40 percent as shown in Table 3. K807.04 million was receipted against the budgeted receipts of K1, 348.50 million. However, considerable local receipts were received from the Government Project Funds. K3, 457.76 million was receipted against the budget of K1, 877.83 million indicating an overall mobilization rate of 184 percent thus 84 percent extra receipts. The overall local receipts in the year 2015 were at 132 percent. In year 2015, expenditure on Fuel Levy and ORUC and GRZ Project fund was 100 percent of the total receipts.

4.1.3 Certification of works by Intervention

The Agency certified a total of K7,465 million during the period under review against the annual budget of K4,965 million. This represented an implementation rate of 150 percent. The over certification was due to the implementation of the Link Zambia 8000 Programme which was not adequately budgeted for in the 2015 RSAWP but work was carried out.. Upgrading works made up the largest component of the value of certified works at K3,206 million (43 percent), followed by Rehabilitation of Paved roads at K1,894 million (25 percent). The break down in amounts and percentage of certified works by intervention is shown in Table 4.

Table 4: Amount certified by Intervention Type as at 31st December 2015

S/N	Intervention Type	Amount Certified to Date	% of Total Amount Certified	AWP 2015
1	Upgrading to Bituminous Standard	3,205,827,681	42.9%	1,389,224,450
2	Rehabilitation-Paved	1,894,288,373	25.4%	1,407,598,028
3	Periodic Maintenance-Paved	1,273,706,437	17.1%	515,909,470
4	Bridges	279,185,578	3.7%	475,600,000
5	Consultancy	272,336,660	3.6%	95,750,000
6	Routine Maintenance	167,092,128	2.2%	130,000,000
7	Feasibility Study & Designs	150,966,204	2.0%	192,600,000
8	Force Account Works	57,606,227	0.8%	41,500,000
9	Toll Programme	35,792,385	0.5%	163,900,000
10	Rehabilitation-Unpaved	31,170,489	0.4%	71,500,000
11	Axle Load Control	27,936,685	0.4%	116,200,000
12	Periodic Maintenance- Unpaved	18,070,265	0.2%	121,140,530
13	Project Monitoring	10,999,400	0.1%	12,500,000
14	Capital Expenditure	17,592,469	0.2%	129,729,000
15	Pave Zambia	9,727,659	0.1%	90,000,000
16	Procurement	8,599,157	0.1%	5,300,000
17	Capacity Building	4,670,426	0.1%	7,000,000
Total		7,465,568,223	100.0%	4,965,451,478

4.1.4 Disbursements by Intervention

During the period under review, the National Road Fund Agency (NRFA) disbursed a total of K5,703 million against a budget of K4,965 million. This represented a positive variance of K738 million. The over certification was due to the implementation of the Link Zambia 8000 Programme which was not adequately budgeted for in the 2015 RSAWP but work was carried out. Disbursements towards upgrading to bituminous standard works made up the largest component of the amounts at K2,470 million (43 percent) followed by Rehabilitation of Paved roads at K1,292 million (23 percent) as shown in Table 5 below.

Table 5: Disbursements by Intervention Type as at 31st December 2015

S/N	Intervention Type	Amount Disbursed to Date	% of Total Amount Disbursed	AWP 2015
1	Upgrading to Bituminous Standard	2,469,766,823	43.3%	1,389,224,450
2	Rehabilitation-Paved	1,291,632,161	22.6%	1,407,598,028
3	Periodic Maintenance-Paved	984,005,981	17.3%	515,909,470
4	Consultancy	232,690,462	4.1%	95,750,000
5	Bridges	236,123,501	4.1%	475,600,000
6	Feasibility Study & Designs	137,105,680	2.4%	192,600,000
7	Routine Maintenance	157,105,333	2.8%	130,000,000
8	Force Account Works	51,436,724	0.9%	41,500,000
9	Toll Programme	30,804,670	0.5%	163,900,000
10	Axle Load Control	25,195,843	0.4%	116,200,000
11	Project Monitoring	23,190,827	0.4%	12,500,000
12	Rehabilitation-Unpaved	22,761,594	0.4%	71,500,000
13	Capital Expenditure	17,592,469	0.3%	129,729,000
14	Procurement	5,540,060	0.1%	5,300,000
15	Capacity Building	4,670,426	0.1%	7,000,000
16	Pave Zambia	6,283,450	0.1%	90,000,000
17	Periodic Maintenance-Unpaved	7,423,156	0.1%	121,140,530
Total		5,703,329,160	100.0%	4,965,451,478

4.1.5 Revenue Collected on behalf of Government

Road Tolling Collections

The Agency began the implementation of phase 1 of the National Road Tolling Programme on 1st November 2013. Under Phase 1, road tolling was carried out at all ports of entry into the country and weighbridges. RDA appointed the Road Transport and Safety Agency (RTSA) as a Toll Agent to collect toll fees from border entry points while RDA collected toll fees at weighbridges. During the period under review, the Agency collected a total of K428 million.

Weighbridge collections

During the period under review, the RDA collected a total of K44.5 million toll revenues of which Kapiri Mposhi weighbridge recorded the highest revenue at 54 percent of annual collections, followed by Kafue at 21 percent. The total collections are summarized in Table 6. The under performance by Solwezi and Kafulafuta Weighbridges was due to the closure of the two weighbridges as a result of renovation works. The increase in collections at Kapiri Mposhi weighbridge was attributed to the closure of weighbridges at Kafulafuta and Solwezi with traffic from both toll points paying their tolls at Kapiri Mposhi Toll Point.

Table 6: Weighbridge Road Tolling Revenue as at 31st October 2015 by Location

Location	Budget Target (K')	Actual Collections (K')	Variance	Actual Collections as % of Total
Kapiri Mposhi	10,034,999	24,113,944	14,078,945	54
Kafue	9,000,000	9,259,010	259,010	21
Solwezi	8,424,000	3,372,348	(5,051,652)	8
Livingstone	3,244,501	2,830,590	(413,911)	6
Mpika	2,313,000	2,337,746	24,746	5
Kazungula	2,016,000	2,068,270	52,271	5
Lusaka region	112,501	292,494	179,993	1
Mwami	261,000	289,315	28,315	1
Kafulafuta	9,594,000	7,017	(9,586,983)	-
TOTAL	45,000,000	44,570,734	(429,266)	100

Ports of Entry collections

The RDA collected a total of K383.8 million from ports of entry. With respect to collections at entry points, Nakonde recorded the highest amount (K232.6 million). This represented 61 percent of toll collections from all ports of entry. The annual collections from ports of entry are summarized in Table 7.

Table 7: Port of entry road tolling revenue as at 31st December 2015

Location	Budget Target (K')	Actual Collection (K')	Variance	Actual collection as % of Total
Nakonde	154,431,728.26	232,582,549	78,150,821	61
Chirundu	45,574,505.63	48,319,706	2,745,200	13
Kazungula	25,204,696.10	34,261,163	9,056,467	9
Kasumbalesa	16,759,698.79	31,877,843	15,118,144	8
Victoria Falls	11,826,850.42	12,601,034	774,184	3
Katima Mulilo	6,800,311.60	12,999,106	6,198,794	3
Other	9,402,209.21	11,190,545	1,788,336	3
Total	270,000,000.01	383,831,946	113,831,946	100

Weighbridge Fines and Compensation Charges

In 2015, a total of K33 million was collected in fines for various axle loading offenses. The details of fines and compensations from loading offenses from various regional offices are shown in Table 8. These revenues form part of the Road Fund and are towards road maintenance.

Table 8: Axle Load fines

S/N	Location	Budget (K')	Actual Collections (K')	Variance	Percent collections of Total
1	Lusaka Region	22,587,169	16,606,234	(5,980,935)	50%
2	Kafulafuta	10,641,789	7,660,979	(2,980,810)	23%
3	Kapiri Mposhi	2,773,801	4,497,090	1,723,289	14%
4	Kafue	2,376,587	2,090,999	(285,588)	6%
5	Mpika	1,558,073	1,161,370	(396,703)	3%
6	Livingstone	162,843	389,640	226,797	1%
7	Solwezi	1,130,659	337,581	(793,078)	1%
8	Kazungula	256,219	308,286	52,067	1%
9	Mwami	119,070	136,863	17,793	0%
	Total	41,606,211	33,189,042	(8,417,169)	100%

4.2 Programmes Performance

4.2.1 Programme Performance

The 2012-2016 RDA Strategic Plan echoes the need to achieve performance dash board based operational deliverables and annual targets to enhance organizational and sectorial performance. Table 9 illustrates the performance of the road sector in 2015 as at 31st December 2015. The performance is in relation to the set targets by intervention from the 2015 RSAWP.

Table 9: Kilometers achieved by intervention

Intervention Type	Expected Output (2015)	Achieved Output (2015)	% Achievement
Periodic Maintenance	918.66	658.70	72%
Rehabilitation	1,573.62	450	29%
Routine Maintenance	20,365.00	17,912	88%
Upgrading	1,242.15	250	20%
Grand Total	24,099.43	19,270.70	80%

In 2015, considerable progress was achieved on the CRN with regard to periodic and routine maintenance works. From the annual target of 918.66 Km, the Agency achieved 658.70 km on periodic maintenance for the paved road network. Under routine maintenance, 17,912 Km was achieved against a target of 20,365km. This represents 72 and 88 percent performance for periodic maintenance and routine maintenance respectively.

Under rehabilitation and upgrading works, 450 Km and 260 Km were achieved against the set targets of 1,573.62 km and 1,242.15 Km respectively. This represents 29 percent achievement on rehabilitation works and 20 percent under upgrading works. The low success for rehabilitation and upgrading works were mainly attributed to fiscal constraints the Agency faced during the year under review.

4.2.2 Performance on Specific Road Projects

Though the Agency faced fiscal challenges, a number of milestones were recorded for Major Rehabilitation Projects in terms of surfacing. Among others, these included; the construction of Mbala-Nakonde Road (with 103 km surfaced); Nacala Road Corridor - Phase II Rehabilitation of the Great East Road (T4) Nyimba - Petauke – Sinda (with 67 km surfaced); the Rehabilitation of the Great East Road (T4) Lot 1: Luangwa Bridge – Nyimba (with 51 km surfaced); Lot 2: Sinda - Katete – Mutenguleni (with 72km surfaced) and Lot 3: Mutenguleni – Chipata - Mwami Border (with 43 km surfaced). In addition, considerable progress was achieved in connecting the nation to Angola after substantial completion of the Construction of the Mongu-Kalabo Road. About 27km was surfaced on the later project.

Furthermore, the Agency recorded significant progress on some periodic maintenance projects. These included; the periodic maintenance of 65Km of the Kabwe Kapiri (T2), 10Km of the Arcades to Airport roundabout in Lusaka City and the Ndola Dual carriageway project.

Urban road projects that also recorded significant progress include the 14.6Km of the Fatima Indeni road, 65.70 Km of Kabwe Kapiri-Mposhi roads, 54.39Km of the Ndola Lot 5 roads, 23.50 Km of the Chingola Township roads which have since been completed and the L400 roads in Lusaka City.

Substantial progress was also recorded for the construction of the Sioma and Mufuchani bridges. In 2015, the Construction of a Bridge at Mufuchani across the Kafue River in Kitwe, Copperbelt Province recorded about 85 percent physical progress against the planned 92 percent. The main foundation works including piles and all the piers & abutments had been completed with both sections of the concrete girder boxes cast. Physical progress for the construction of Sioma/Zambezi Bridge at Maziba was at 81 percent against a planned 95 percent. Simultaneous sectional cantilever launching and insitu casting of deck sections was completed in 2015.

Section 5

Activities in 2015



5.0 RDA Activities in 2015

5.1 Planning, Design and Research and Development

During the year 2015, the Agency undertook reviews of various studies including planning for works in addition to research & development activities as outlined in the 2015 RSAWP with the aim to strengthen capacity for the effective delivery of the Design and Planning of Works Contracts and subsequently accelerate infrastructure development for economic growth as stipulated in the 2012-2016 RDA Strategic Plan.

The planning of activities ensures future compliance to design specifications through laboratory conformance tests. Environmental compliance also remained paramount at various stages of project implementation. This was achieved through the Environmental Unit of the Agency.

The planning for the activities and their resources were confined to a Core Road Network (CRN) of 40,454km from a total classified network of 67,671km. The overall aim of the 2015 RSAWP was to ensure that roads were kept in a maintainable condition with the intention of lowering total transport costs in the country and contributing to overall poverty reduction through increased mobility and accessibility in rural communities.

5.1.1 Planning

During the period under review the Agency undertook the following planning activities:

The 2016 Road Sector Annual Works Plan (RSAWP)

The Agency drafted the 2016 Road Sector Annual Work Plan and submitted to the Ministry of Finance (MOF) for onward submission to Parliament for approval. The 2016 Road Sector Annual Work Plan (RSAWP) was tabled and approved in Parliament on November 26, 2015. The total allocated for 2016 was ZMK6, 630 million. The approved 2016 RSAWP was in line with the revised ceilings for local resources obtained from the MOF which were adjusted from K1.60 Billion to K3.23 Billion.

Table 10 below shows the envisaged financial support to the 2016 RSAWP. Approximately 52 percent is expected to be financed from local resources while 48 percent will be sourced externally. The external financing will comprise an element of Contractor Facilitated Projects (CFPs) amounting to K476 million and representing about 7 percent of the entire budget for 2016. A total of K2.7 billion is expected to arise from the traditional donors (CPs and MDBs) representing about 41 percent of the entire 2016 RSAWP budget.

Table 10: 2016 RSAWP Budget Summary

No.	Fund Sources	Final Budget 2016 [K'000]	Percent [%]
1	External	2,739,995.66	41.51%
2	Contractor facilitated projects	476,105.00	7%
3	GRZ Direct Financing	1,584,223.00	23.89%
4	Road Fund (Fuel Levy and ORUC)	1,829,615.12	27.60%
	Grand Total	6,629,938.78	100.00%

Source: RDA Road Sector Annual Work Plan 2016

The local resource component, amounting to approximately K3.4 billion, will comprise about 46 percent (approximately K1.6 billion) direct GRZ financing and 54 percent (approximately K1.8 billion) Road Fund.

In the year 2016, the Road Fund will be allocated for maintenance activities while direct GRZ resources will go towards capital intensive projects such as the Link Zambia 8000 Programme, Kazungula Bridge Project and the Pave Zambia 2000 among many other capital projects.

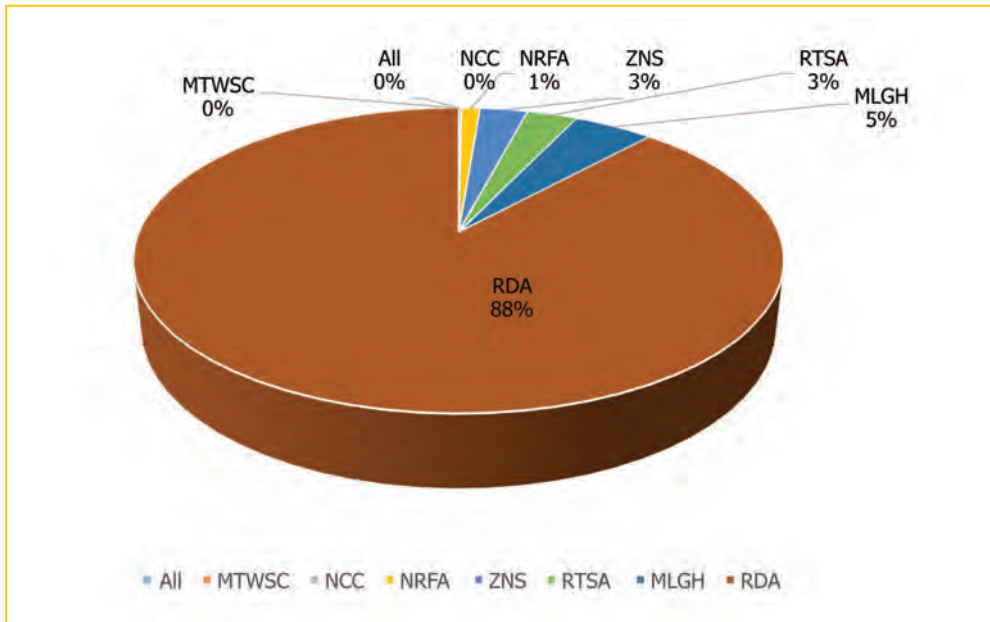


Figure 2: 2016 RSAWP Budget Distributions among agencies

Figure 2 above indicates the distribution of budget components among Road Agencies and Authorities. About 88 percent is allocated to the Agency for implementation of major works such as upgrading, rehabilitation and maintenance, while Council based Local Road Authorities have an allocation of 5 percent with NRFA and ZNS being allocated 1 percent and 3 percent respectively. About 3 percent is also allocated to RTSA for road safety activities and improvement in the year 2016.

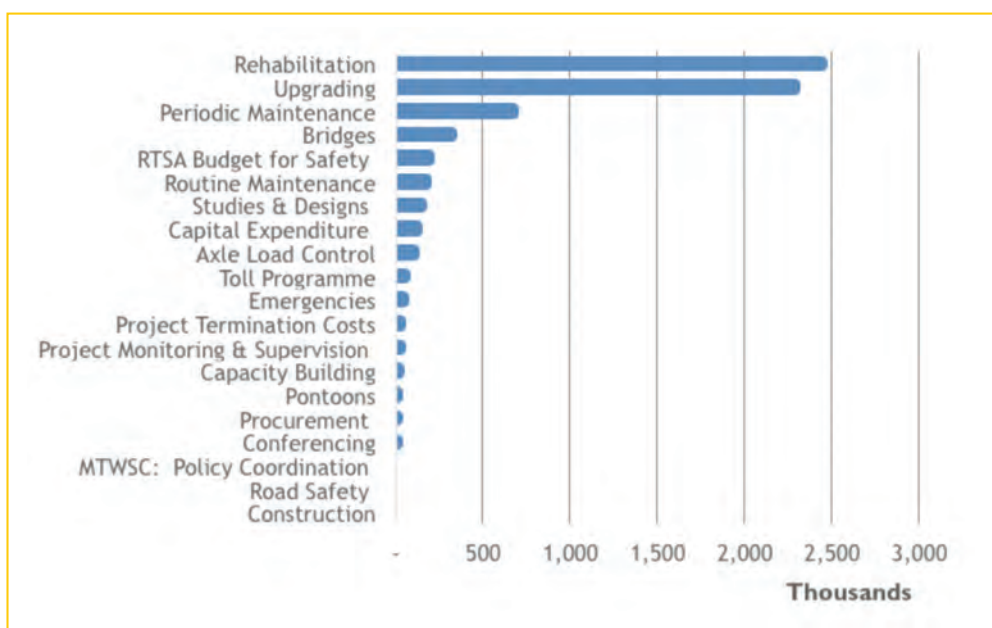


Figure 3: 2016 RSAWP budget by interventions

Revision in the Scope of Works for Link Zambia 8000 Projects

Following Government's decision to embark on a phased approach in the implementation of some road projects over a longer period, nine (9) out of twenty seven (27) Link Zambia 8000 Phase II Projects that had been awarded but were yet to be signed, had been considered for re-scoping. The exercise indicated that there would be a reduction of the initial contract sum for the nine (9) projects by forty-five (45) percent from K2.73 billion to K1.49 billion, representing a total reduction of K1.24 billion. Fourteen (14) projects were not considered for re-scoping as nine (9) of these are scheduled to be funded by Contractors and five (5) were considered to be of high economic and social importance, and as such, could not be downscaled. The five (5) projects that were considered to be of high economic and social importance are listed in Table 11 while the nine (9) that were scheduled to be funded by Contractors are listed in Table 12.

Table 11: Projects of High Economic and Social Importance

No.	Project Name	Length (km)	Duration (months)	Cost (K)
1	Construction of the Mazabuka Bypass Road in the Southern Province of Zambia	5	12	57,014,787.70
2	Upgrading of Isoka-Muyombe-Chama-Lundazi Road to Bituminous standard in Eastern Province of Zambia - Lot 5: Lundazi (D103/D109 Junction to Km 40 on D103) and 16Km of Lusuntha	56	18	417,108,471.29
3	Upgrading of Isoka-Muyombe-Chama-Lundazi Road to Bituminous standard in Eastern Province of Zambia - Lot 4: Chama (Muyombe Road Junction) - Lundazi (Km 40 on D103)	84	24	585,556,977.51
4	Upgrading and realignment of the Nakonde Kanyala Sansamwenje Road (M14/RD69) in Muchinga Province of Zambia	83.9	36	367,218,609.29
5	Upgrading of the Nseluka via Kayambi to Chozi to D001 including 18km of the road from Chimba to Chitimukulu and 35km of selected urban roads in Mungwi District Lot 2	82	36	631,194,336.31
Total				2,058,093,182.10

Table 12: List of Contractor Financed Projects in the 2015 RSAWP

No.	Tender Details	Contractor	Contract Sum (K)
1	Upgrading of the Solwezi to Kipushi Road in North Western Province Lot 1 (109km)	Buildcon Investments Limited	546,877,969.51
2	Upgrading of 270km of the Katunda (M9 Junction) - Lukulu-Watopa in Western Province Lot 1	Anhui Shuian Construction Group Corporation Limited	607,349,167.85
3	Upgrading of 270km of the Katunda (M9 Junction) - Lukulu-Watopa in Western Province Lot 2	Anhui Shuian Construction Group Corporation Limited	601,811,936.62
4	Upgrading of 270km of the Katunda (M9 Junction) - Lukulu-Watopa in Western Province Lot 3	China Railway Seventh Group	852,290,523.92
5	Upgrading of the Luwingu to Chilubi Island (D043, RD044 and RD045) Roads in Northern Province Lot 1	Buildcon Investments Limited	282,394,736.22
6	Upgrading of the Luwingu to Chilubi Island (D043, RD044 and RD045) Roads in Northern Province Lot 2	Mota-Engil Engenharia	291,105,602.18
7	Upgrading of the Luwingu to Chilubi Island (D043, RD044 and RD045) Roads in Northern Province Lot 3	Mota-Engil Engenharia	499,554,331.24
8	Upgrading of Kasempa to Mumbwa (Km 0+000 to Km266 +000)	China Harbour Engineering Company Ltd	TBA
9	Upgrading of D319 Kalabo - Kalongola- Sitoti to Matebele road(Link Zambia) 190km	China State Construction Engineering Corporation (Z) Limited	1,695,918,648.60
Total			5,377,302,916.14

The remaining four (4) projects are yet to be downscaled as they were still under procurement, with award scheduled for the first quarter of 2016. The actual downscaled contract sums for these projects are scheduled to be determined within the first quarter of 2016, following the completion of the procurement of the projects. These four (4) projects include the following:

- 1) Upgrading of the Mpongwe to Machiya Road Lot 2;
- 2) Upgrading of the Pemba to Mapanza Road; and
- 3) Upgrading of the Kaoma to Kasempa Lot 2.
- 4) Upgrading of approximately 201 Km of the Mbala to Kasaba Bay Road in Northern Province of Zambia

The actual reductions on the physically ongoing projects would be determined following consensus from the affected contractors on the downscaled contract sums which were anticipated by the first quarter of 2016.

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Impacts of the Re-scoping Exercise

The re-scoping exercise was anticipated to result in a significant reduction in the contract sums for both physically ongoing and awarded projects thereby heaving off pressure on the Central Treasury. Other impacts anticipated following the implementation of this exercise include the following;

- Reduction in additional expenditure to Government in the form of delayed payments, standing time costs, costs among many others;
- Improved cash-flows for road construction and maintenance activities in the road sector;
- Improved efficiencies and capacity of the National Road Fund Agency (NRFA) to manage the Road Fund;
- Predictable, timely and improved cash-flows into the Road Fund;
- Relief to the Treasury through the reduction in the financing commitments to contractors.

Risks of Re-scoping

The immediate impact of the re-scoping exercise would be a reduction in Financial Pressure on Central Treasury. However, in the event that the Government decides to carry out the original works once the fiscal balance is restored, the overall cost of the execution of the projects increases. Instructing Contractors to carry out the suspended works would require them to reconstruct some pavement layers before executing the subsequent surfacing works. Further, there would be an extension of time requirement which requires that time related obligations be paid to them and having an additional cost implication.



Figure 4: A typical cutting through a mountainous section during road construction

Road Conditional Surveys of the Core Road Network

To manage road infrastructure assets adequately, information is required on the inventory, condition and performance of the asset. To this extent, the agency has since 2006 been collecting data on the Core Road Network (CRN) using condition parameters defined by RoadSIP II. In 2013 the RDA engaged Messrs HIMS Limited of New Zealand in Joint Venture with SATRA Infrastructure Management Services Pvt Ltd of India to carry out Road Conditional Surveys on the CRN for three (3) years. The three (3) year roll over contract was signed on 25th March, 2013 and commenced on 28th March, 2013. The project is scheduled to be complete by 28th March, 2016.

According to the RoadSIP-II criteria, the CRN condition was established using the International Roughness Index (IRI) for paved roads and gravel thickness for unpaved roads. This criterion has consistently been used as the key performance indicator for assessing the condition of the CRN. The condition data collected on the CRN is input into the Highway Management System (HMS) for the purpose of conducting a Needs Assessment of the maintenance requirements of the CRN. The data is also kept on the HMS for inventory purposes. Figures 7 and 8 indicate the current road condition in the country in accordance with the RoadSIP II parameters.

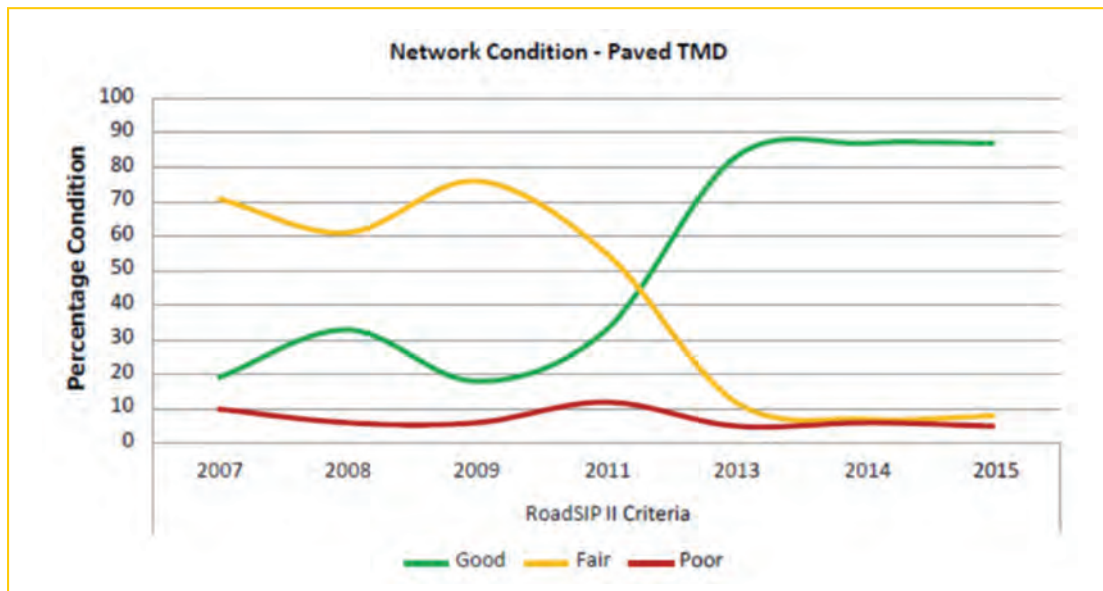


Figure 5: Condition of paved TMDs from 2007 to 2015

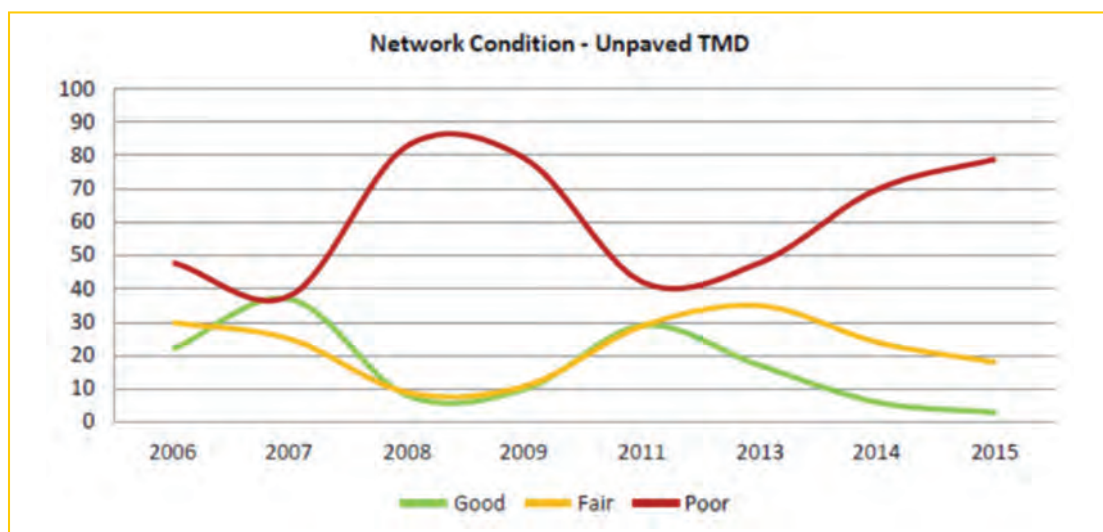


Figure 6: Condition of Unpaved TMD from 2006 to 2015

The figures 5 and 6 above indicate that there has been a significant improvement in the overall paved network condition for the TMD category since 2006 while the trend for unpaved roads has seen a decrease in the roads in good and poor condition, with more roads being assessed as in a fair condition. With the approval of the ZNS as a road authority for unpaved roads, expectations are that the negative trend for unpaved roads will change with time.

Private Public Partnership Projects

During the year under review, the RDA identified six (6) road projects that are economically viable for implementation in 2016 using the Public Private Partnership (PPP) Model covering an overall length of 2,188 km. These identified roads have been found to have sufficient traffic levels which are an incentive to implement PPPs and would also reduce Government's fiscal pressures in terms of maintenance and rehabilitation for these respective roads. However, the Government will be required to provide a sovereign guarantee to the concession companies in order for them to raise the requisite finances for investment in maintaining, rehabilitating and upgrading the designated roads. Table 13 below summarizes the project roads to be implemented under this method.

Table 13: 2016 Projects earmarked for implementation under PPP

No	PPP Roads	Road code	Length (Km)
1	Lusaka to Ndola- 321 Km, including Kafulafuta to Luanshya Town- 45 Km;	T002,T003 and M006	366
2	Ndola to Kasumbalesa Border, approximately 150 km;	T003	150
3	Kazungula via Livingstone to Turnpike - 488 Km , including a potential Livingstone Town Bypass road from Kazungula	(M10/T001)	488
4	Chirundu Border to Makeni in Lusaka - 124 Km;	T002	124
5	Chingola to Mutanda via Solwezi - 205 Km;	T005	205
6	Kapiri Mposhi to Nakonde - 855 Km.	T002	855
GRAND TOTAL			2,188

Link Zambia 8000 Programme Phase II

During the year under review, the Agency planned for Phase II of the Link Zambia 8000 Programme to commence in the 1st quarter of 2016. These projects were identified and prioritized to add and accelerate social and economic development through a balanced National Infrastructure Development agenda as provided for in the 2012-2016 RDA Strategic Plan.

There were a total of 31 projects to be procured under Phase II of the Programme covering an approximate distance of 2,436Km. The projects were to be procured under the following procurement options as shown in Table 14 below:

Table 14: Link Zambia Phase II Projects

No.	Type	Description	Total
1	Open Bidding Local and Foreign	Open to both local and foreign firms	11
2	Open Bidding –Mandatory Local Participation	Mandatory participation by Local Firms with 50.1 shareholding	7
3	Contractor Financed	Contractors to secure financing for works	11
4	Direct Bidding	Single source	2
Total			31

A total of eight (08) tenders were floated under Category 1 (Open – Local & Foreign), five (05) under Category 2 (Mandatory Local Participation) and eight (08) under Category 3 (Contractor Financed). Only two (02) projects (Lundazi to Chama – Lots 4 and 5) were identified for Direct Bidding.

Copperbelt Urban Roads (C400) Project

The RDA is expected to receive funding from the China Development Bank to cover eligible payments under the Contract for carrying out Rehabilitation and Upgrading/Construction of approximately 406km of selected urban and township roads in the Copperbelt Province using a Turnkey Contract approach in which the Contractor will team with a Consultant who will carry out the detailed design while the Contractor will carry out the actual works. The Contractor on the contract will be responsible for both the design and construction works.

Messrs China Henan International Cooperation Group Company Limited (CHICO) was identified to undertake the rehabilitation and upgrading/construction of approximately 406km of selected roads in the Copperbelt Province. The identification of the Contractor was in line with the conditions precedent at the China Development Bank which provides financing for projects whose construction will be undertaken by a Chinese Company. The works will be undertaken using financing sourced from the China Development Bank in the form of an Export Credit Offer/loan to the Zambian Government through the Ministry of Finance (MOF). The loan which was signed on December 6, 2015 is being facilitated by CHICO who is also the contractor for the works whilst the consultant is Messrs Zulu Burrow Limited.

A contract between the Road Development Agency (RDA) and Messrs China Henan International Cooperation Group Company Limited (CHICO) for the Design, Rehabilitation, Construction and Upgrading of approximately 406km of urban township roads in the Copperbelt province was signed on 21st September, 2015 at a contract sum of US\$493 million with a duration of thirty-eight (38) months.

Project Location

The road length to be covered under the C400 Project for Ndola is approximately 406km that has been distributed among seven (7) Districts as shown in Table 15.

Table 15: Length Distribution in the Copperbelt Province (Km)

City/District	Kalulushi	Chingola	Kitwe	Ndola	Luanshya	Mufulira	Chililabombwe	Total
Length	54.35	39.97	96.75	65.76	65.95	55.1	28.4	406.28

Proposal and Implementation Outlook for the C400 Project

The US\$492 million C400 contract will be undertaken using financing sourced from the China Development Bank (CDB) in the form of an Export Credit Offer/loan to the Zambian Government through the Ministry of Finance (MoF). Fifteen (15) percent of this contract sum will be funded by the Government of Republic of Zambia as a condition precedent to the loan agreement.

The RDA has implemented the following measures towards achieving the successful and timely implementation of the C400 Project;

- i. Revision in the delivery period for designs from twenty (20) months to fifteen (15) months so as to ensure construction works commence in the first quarter of 2016 instead of the fourth quarter of 2016;
- ii. Conducting a pavement evaluation of the urban roads to be rehabilitated so as to assess the strength of the existing foundation with the view of obtaining an economical and optimum design; and

- iii. Restriction of 20 percent mandatory subcontracting to Zambian citizen-owned companies that are domiciled in the respective districts of the Copperbelt Province in which works will be undertaken.

The C400 Project is scheduled to be supervised by independent Consultants whose services are being funded from the central treasury. The Procurements of consultants to carry out supervision services on all three lots of the C400 project has reached an advanced stage it is envisaged that consultancy contracts will be signed by mid-March, 2016. For ease of implementation, the Design Review & Supervision of the C400 project was divided into three lots as shown in Table 16 below.

Table 16: Division of Consultancy Lots on the C400 Project

No.	Lot	Description
1	Lot 1	Consulting Services for the Design Review and Construction Supervision of approximately 151 km of Urban Roads in Kitwe and Kalulushi Districts in the Copperbelt Province – Package 1
2	Lot 2	Consulting Services for the Design Review and Construction Supervision of approximately 123 Km of Urban Roads in Chingola, Chililabombwe and Mufulira Districts in the Copperbelt Province – Package 2; and
3	Lot 3	Consulting Services for the Design Review and Construction Supervision of approximately 132km of Urban Roads in Ndola City and Luanshya District in the Copperbelt Province - Package 3

Implementation of the Road Maintenance Strategy

During the year under review, the Minister of Transport, Works, Supply and Communications (MTSWC) on May 20, 2015 appointed the Zambia National Service (ZNS) as a Local Road Authority to provide care and maintenance of 9,430km of the Primary Feeder Roads Network (PFR) in line with the RDA's Road Maintenance Strategy (RMS). The RDA, NRFA and ZNS have since signed a Memorandum of Understanding (MOU) detailing how the parties will achieve the objectives of maintaining the PFR.

This new corporation between the RDA, ZNS and NRFA was officially launched in Western Province on the Nalolo Feeder Roads Project on December 5, 2015. The project will be implemented on a contract type basis rather than force account. A total of 223km have been targeted for rehabilitation and maintenance under this project. The rehabilitation works have since begun.

RSAWP 2016 Targets

In the year 2016, the Agency in conjunction with local road authorities plans to work on about 26,079.79 km of the road network. The RDA will work on a total of 25,556.11 km of road compromising 1,295.07Km, 1,237.87km, 20,365.00km and 2,658.17km of periodic maintenance, rehabilitation, routine maintenance and upgrading works respectively. Figure 7 indicates the 2016 targets by implementing Road Authorities.

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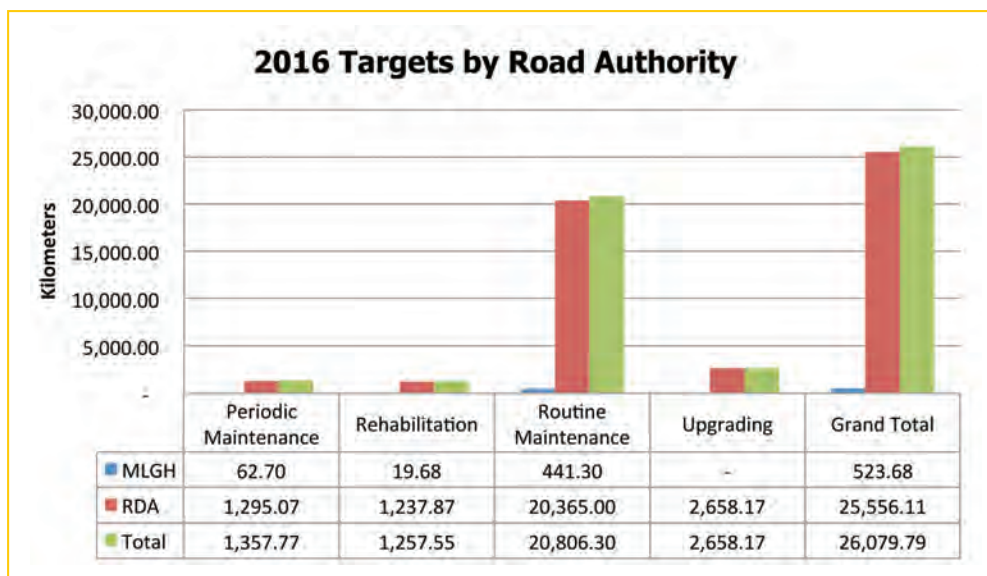


Figure 7: 2016 Targets by Intervention

5.1.2 Design Activities

During the period under review, a total of forty (40) detailed design, feasibility study and design review contracts were undertaken. Some of the projects were scheduled to spill over into 2016 and 2017. A total of twenty (20) contracts were completed; nineteen (19) are still ongoing, and one (1) had been terminated due to poor performance by the Consultant.

The Twenty (20) completed Services contracts are:

1. Techno-economic Study, Structural Assessment of the Embankments Culverts, Existing Bridges Including the Preparation of Detailed Engineering Designs of the Identified Weak Embankments and Proposed Bridge Structures and Preparation of Detailed Road Designs Including Tender Documents for 88km of the Batoka-Maamba Road in Southern Province;
2. Techno-Economic Study, Detailed Engineering Design and Tender Document Preparation for the Upgrading of 270km of Katunda (M9 Junction)-Lukulu-Watopa in Western Province;
3. Detailed Engineering Designs for the Upgrading of approximately 6Km of the Mpulungu – Lunzua Road (M2 to Lunzua Power Station) from Gravel to Bituminous Standard in Northern Province;
4. Techno-economic Study, Detailed Engineering Design and Tender document preparation for the Upgrading of 196.5km of the Luwingu to Chilubi Island (D043, RD044 and RD 045) Roads in Northern Province;
5. Techno-economic Study, Detailed Engineering Design and Tender document preparation for the upgrading of 63.2km of the Pemba to Mapanza Road (D361) and 74km of the Monze to Niko Road (D365) in Southern Province;
6. Techno-economic Study, Detailed Engineering Design and Tender document preparation for the Upgrading of 128.9km of the Mpongwe Machiya Road (D468) to D817 Junction Roads in Copperbelt and Central Province;
7. Techno-economic Study, Detailed Engineering and Tender document preparation for the Upgrading of 121Km of the Solwezi to Kipushi Road in North-Western Province;

8. Techno-economic Study, Detailed Engineering Design and Tender document preparation for the Upgrading of 254 km of Mporokoso-Kaputa via Mutundu gate (D037) Road in Northern Province;
9. Techno-economic Study, Detailed Engineering Design and Tender Document Preparation for the Upgrading to 215km of the Bituminous Standard of Kasempa to Kaoma Road in North Western Province;
10. Consulting Services for the Techno-Economic Study, Detailed Engineering Design and Tender document preparation for the Upgrading of 124km of the Lufwanyama to Kankolonkolo (M18) Road in Copperbelt and North-Western Province;
11. Consultancy Services for the Design Review and Supervision of the Construction/Upgrading of approximately 45.5 Km of Dual Carriageway between Kitwe and Chingola in Copperbelt Province;
12. Design of a Rigid Pavement at Kasumbalesa Border Post for the Zambia Revenue Authority by the RDA Design Unit;
13. Consultancy Services for the Techno-Economic Study, Detailed Engineering Design and Tender Document Preparation for the Upgrading of 135km of the Matebele Shangombo (RD463) Road in Western Province;
14. Design Review and Supervision of the Construction/Upgrading of the Mansa-Luwingu (M003) Road (175km) in Luapula and Northern Provinces and 30km of Township Roads in Mansa and Luwingu;
15. Consultancy Services for the Techno-Economic Study, Detailed Engineering Design and Tender Document Preparation for the Upgrading of 259Km of the Luwingu to Kaputa (D039, D036, D037) Roads in Northern Province;
16. Consultancy Services for the Design Review and Supervision of the Periodic Maintenance of 288.4Km of the T005 Road from Solwezi to Mwinilunga in Northwestern Province;
17. Consultancy Services for the Design Review and Construction Supervision of the Upgrading To Bituminous Standard of D153 from Great East Road at Moono Police Check Point via Palabana to D151 at Chilyabale Basic School (54 Km) Road in Lusaka Province of Zambia;
18. Consultancy Services for the Design Review and Construction Supervision of the Upgrading Of D753/A2 Kenneth Kaunda Intl Airport Through Kasisi To Great East Road (24.7km) And D176 Ngwerere road From T2 Great North Road At Kabangwe To D753 At Kasisi Mission Junction (23 Km) Including D564 From T4 At Caltex To D176 At Ngwerere Basic School (7km) And Zambezi Extension From Roma Park To Ngwerere (6km) Road In Lusaka Province Of Zambia - Lot 3;
19. Consultancy Services for the Design Review and Construction Supervision of the Upgrading of approximately 90 Km of the Chipata-Chadiza-Katete (Chanida) Roads to Bituminous Standard in the Eastern province of Zambia; and
20. Rehabilitation and Upgrading of Kawambwa (D19)-Mushota-Luwingu (M3) Road including Chibote (R76) to Chief Chama (RD75) Road (158km) in Luapula Province. (BCHOD)

Environmental Social Management Activities

The Agency through its Environmental and Social Management Unit (ESMU) under Design Unit carried out two major activities: Resettlement and Compensation of Project Affected Peoples; and Environmental and Social Compliance Monitoring. This falls within the specific objective set in the 2012-2016 RDA Strategic Plan that focuses on the strengthening of environmental and social impact assessments in the Road Sector.

Resettlement and Compensation of Project Affected People

Table 17 below summarises resettlement and compensation activities in the period under review for the various projects;

Table 17: Summary of Resettlement and Compensation Activities

S/N	Project Name	Details of Resettlement and Compensation
1	Lusaka (Kasisi/Ngwerere and Zambezi roads, Palabana/Moono road)	Valuation of properties likely to be affected along Kasisi/Ngwerere and Zambezi, Palabana/Moono roads was undertaken. The Project Affected Person are yet to be paid.
2	Luangwa bridge to Mwami border road	All affected people in Lasi Village in Petauke near Ngwenya quarry were paid their benefits in line with the requirements of the ZEMA Act. The Project Affected Peoples were compensated during the first week of December, 2015.
3	Chinsali to Nakonde Road	The Schedule of Project Affected Persons was submitted and a Verification Survey for the RAP for the same road was conducted from the 22nd December, 2015. The Survey sought to verify cost estimates for property and names of people likely to be affected by the rehabilitation of the road.
4	Mufuchani Bridge Project	During the period under review, the Agency facilitated the payment to affected persons in the project area of the Mufuchani Bridge. They include Mr. Fred Malaya who was compensated for damage to his fruit tree as well as transport expenses and Mrs. Chileshe who was compensated in view of an outstanding payment.
5	Manyinga to Mwinilunga to Jimbe Road	A verification survey of Project Affected Persons on the Manyinga to Mwinilunga to Jimbe Road was conducted in July, 2015. The survey revealed that less than one thousand (1,000) structures are likely to be affected from the upgrading of the road.
6	Katoba to Chirundu Road	The valuation of properties to be affected along this road for the first fifteen (15) Km was undertaken in October, 2015. A report has since been compiled and availed to the RDA and the Contractor for compensation purposes.
7	Chongwe Weigh Bridge	Two structures that were previously thought to be outside the land belonging to the RDA, were found be within the perimeter of the land where the weigh bridge is being constructed. Measures are being taken to ensure that the structures are valued and compensated.
8	Lusaka to Mazabuka Road (New Kafue Weigh Bridge)	The Agency facilitated the valuation of a Project Affected Person (PAP) at the New Kafue Weigh Bridge in August, 2015. The PAP has not yet been compensated.
9	Choma, Manyumbi and Kafulafuta Toll Gates	A Valuation Survey in conjunction with officials from Government Valuation Department was conducted for portions of land, on which Toll Gates in Choma, Manyumbi in Kabwe and Kafulafuta in Masaiti are being constructed. The owners of affected properties have since been compensated except for Choma, where ownership of the property is being contested.
9	Kazungula Bridge Project	A joint inspection of the observed defects at the New Lumbo Village was conducted in March, 2015. The defects have since been attended to by the Contractor.

Environmental and Social Compliance Monitoring

Table 18 below summarises Environmental and Social Compliance Monitoring activities in the period under review for the various projects;

Table 18: Environmental and Social Compliance Monitoring

S/N	Project Name	Environmental and Social Compliance Monitoring
1	Itezhi Tezhi Power Corporation Limited	Inspected the location of the diversion road in Itezhi Tezhi and advised the Itezhi Tezhi Power Corporation Limited to locate the road downstream of the Power Station Plant in January, 2015;
2	Mongu/Kalabo road	Inspected borrow pits along the Mongu/Kalabo road and advised the Contractor regarding borrow pits requiring further rehabilitation;
3	Kazungula Bridge Project (KBP)	Participated in a meeting to resolve a community concern regarding the operations at the proposed Machenje quarry in January, 2015. The quarry is to supply stone aggregate material for the Kazungula Bridge Project (KBP);
4	Quarry Sites in Solwezi	Inspection of two possible quarry sites in Solwezi to assess their environmental suitability in February, 2015. Both sites were found to be environmentally suitable for purposes of quarrying stone aggregates
5	Chongwe to Katoba Basic School Road	The Agency undertook an environmental and social inspection of the Chongwe to Katoba Basic School road in March, 2015;
6	Chama to Matumbo Road	An environmental and social inspection of the Chama to Matumbo road in March, 2015
7	Kasama to Mporokoso and Mbala to Nakonde Roads	We conducted compliance environmental and social monitoring of the Kasama to Mporokoso and Mbala/Nakonde roads was conducted in April and May of 2015
8	Great East Road	Environmental and social monitoring of the Great East Road in September 2015
9	Mongu to Kalabo Road, Sioma Bridge and Sioma Quarry and the New Lumbo Village in October, 2015 and further monitoring of Mongu to Kalabo, Sioma Bridge	Environmental and Social Monitoring of the Mongu to Kalabo road, Sioma Bridge, and Sioma Quarry and the New Lumbo Village in October, 2015 and further monitoring of Mongu to Kalabo, Sioma Bridge and Sioma Quarry conducted in November, 2015

5.1.3 Research and Development

Research and Development Projects

The Agency established the Research and Development Unit in the year 2012 in line with the strategic objective of its Strategic Plan to realise the promotion of alternative and sustainable use of materials & technology. There were a total of thirteen (13) projects that the Agency under took during the year under review. A total of five (5) projects were ongoing, two (2) were completed, three (3) contracts were ready for signing, and of the remaining three (3) one (1) project was awaiting clearance from the Attorney General's Office prior to commencement, one (1) was under procurement and the other had a contract under preparation. Table 19 below provides details on the number of projects that were overseen by the Agency under different status.

Table 19: Count of Projects under Research and Development in 2015

Status	Count of No.
Attorney General	1
Complete	2
Contracts pending signing	3
Services are Ongoing	5
Under Procurement	2
Grand Total	13

Among the key research projects the Agency was undertaking were:

1. The Study and Production of a Model for Unit Cost Estimation in the Construction of Roads through Research and Development for the Road Development Agency: Collaboration between the RDA And the University of Zambia Council's Department of Civil and Environmental Engineering;
2. The Design and Implementation of the Materials Databank for the Road Development Agency in Zambia;
3. Environmental Investigations for the Identification of Construction Material Sources for TMD Roads in Zambia Lots 1, 2 & 3;
4. Technical Evaluation on the Performance of Pavements on Selected Roads in Zambia;
5. The Development of Geometric Design Standards for Urban and Rural (Low Volume) Roads in Zambia;
6. The Development of Pavement Design Standards for Urban and Rural (Low Volume) Roads in Zambia and
7. The study on possibilities for the establishment of a Cement Production Plant.

5.2 Procurement of Works and Services

During the year under review, the Agency continued to procure goods and services in accordance with the strategic goals in the RDA Strategic Plan for the period 2012 to 2016, the 2015 Road Sector Annual Work Plan (RSAWP), 2015 Procurement Plans and the Zambia Public Procurement Authority (ZPPA) procurement guidelines.

The Procurement function is in line with the RDA's Strategic Plan, thus involves the integration of the function early in the planning process to enhance project turnaround implementation, offloading aspects of Procurement from Planning and Design and strengthening the capabilities in Regional Offices.

Sub-section 3(1) of the Public Procurement Act, 2008 (PPA) provides that all procurements carried out by procuring entities using public funds shall be in accordance with the PPA, except in circumstances hinging on security, defense or international relations of the Republic.

5.2.1 Procurement of Works

During the period under review, forty seven (47) procurement processes commenced through Open National Bidding, ten (10) through Direct Bidding, two (2) through International Competitive Bidding and six (6) through limited Bidding. An additional, nine (9) tenders were procured through contractor arranged financing. Furthermore, seven (7) procurement processes commenced under Public Private Partnership (PPP).

The RDA complied with the CEEC Act provisions by categorizing tenders on preferential and reserved schemes to empower Zambians. Further RDA ensured that 20 percent subcontracting was a mandatory requirement an all major tenders advertised.

Thirty-two (32) works contracts valued at K10,828 million and US\$ 598 million were awarded up to December 2015.

5.2.2 Procurement of Consultancy Services

Fifty-Two (52) new consultancy services procurements were commenced from January 2015 up to December 2015. Nine (9) were international selection tenders, twenty two (22) were open national selection, seventeen (17) were limited selection and four (4) were single source selection.

Consultancy Services awarded: Services contracts totalling K185 million were awarded from January 2015 up to November 2015 from procurement proceedings that had started earlier than January 2015.

Consultancy Services contracts signed: Services contracts were signed totalling K245 million from January 2015 up to December 2015 from procurement proceedings that had started earlier than January 2015.

During the year under review, the Agency experienced challenges in the procurement of goods and services. Delays in clearing contracts by the Office of the Attorney General continued to be among the challenges faced in the procurement process. Notwithstanding this, continuous engagement is being undertaken to ensure improvement of the processing time.

5.3 Construction and Rehabilitation Works

The Agency continued to construct, rehabilitate and upgrade various road projects across the country. This included the coordination and management of projects under the Link Zambia 8000 Programme and Pave Zambia 2000 Projects.

The interventions and activities aimed at improving the public road network fall under the following categories:

- i) Construction: These works encompass the construction of new roads, bridges and highways on new alignments from earth to gravel or bituminous standard. These are engineered structures and roads;
- ii) Rehabilitation: These are works carried out to renew the road and comprise reconstruction, re-working of the base and sub-base, application of heavy overlays, surface dressing, etc.; and
- iii) Upgrading: These works involve upgrading the standard of existing roads and the surfacing material from either earth to gravel standard or gravel to bituminous standard.

5.3.1 Link Zambia 8000

In the year under review, the Agency had twenty-seven (27) Projects under the Link Zambia 8000 Programme which were under construction, representing approximately 2,700 Km. A total of 260 Km was surfaced, to bring the cumulative total surfaced to 670 Km out of the 2,700 Km under implementation, representing 24.7 percent overall progress. Various challenges were faced in the implementation of this Programme, especially financial challenges. The percentage progress on some of the Link Zambia 8000 projects are shown in Table 20.

Table 20: Percent progress of selected Link Zambia 8000 project

Link Zambia 8-000	
M3 Mansa to Luwingu	70.00
D301 Muyombe Junction-Chama- Luangwa River & Chama Urban Lot 1	99.00
Kitwe-Chingola	61.00
Chipata-Chadiza-Katete (Chanida)	30.00
RD149 & D151 Chongwe – Katoba	58.00
D769 Mumbwa/Itezhi Tezhi Junction -Itezhi Tezhi	40.00
D365 Monze-Niko	40.00

Selected Link Zambia 8000 Projects

M3 Mansa to Luwingu

The Contract for the Design and Construction of Mansa to Luwingu (M3) Road (175 Km) in the Luapula and Northern Provinces and 30 Km of Township Roads in Mansa and Luwingu is ongoing. The contractor has surfaced over 166 Km to date, with physical progress at 85 percent against the planned 65 percent. The contractor achieved 89.2 Km of surfacing. The scheduled completion date is 21st February, 2017. The Construction Period is 30 months.

Kitwe to Chingola Road

The project for the Construction of a 45.5-Km Dual Carriageway between Kitwe and Chingola, on the Copperbelt Province commenced on 29th March 2013 and the expected Completion Date is 22nd June 2016. During the year under review, 16.5 Km was surfaced out of the total 45 Km. Relocation of services contributed to slow progress on the Project. The overall physical progress is 62 percent against the planned 82 percent at the end of the year 2015.



Figure 8: Asphalt Paving on the Kitwe–Chingola dual carriageway project

Chipata to Vubwi to Chadiza

The Contract for the upgrading of approximately 105 Km of the Chipata-Vubwi-Chadiza Roads, 5 Km of Mpezeni Palace Road, 21 Km of Mwami Hospital Road and 8 Km of Vubwi Township Roads to Bituminous Standard in Eastern Province of Zambia is ongoing. The Project commenced on 3rd May 2013 and the expected completion date is 30th November 2016. The Contractor surfaced 7.8 Km, with physical progress estimated at 28 percent against the planned 70 percent by 31st December 2015. The delay in the implementation of the project was attributed to late payments to the Contractor and the increased quantum of earthworks.

Chipata to Chadiza to Katete (Chanida)

The Contract for upgrading of approximately 90 Km of the Chipata to Chadiza to Katete (Chanida) Roads to bituminous standard in the Eastern Province of Zambia was ongoing with 3.3 Km surfaced by close of the year under review. Physical progress as at December 31, 2015 was at 30 percent against the planned progress of 96.27 percent. The Project, which commenced on 4th April 2013, was scheduled to be complete by 1st March 2016. However, due to financial challenges, works are expected to take longer than scheduled. By the end of the year additional works had been approved for the upgrading of approximately 4.5 Km of the Undi Road to bituminous standard at a cost of K15.2 million VAT inclusive funded from the contract contingency amount.

D365 Monze-Niko

The Contract for the upgrading of approximately 74 Km of the Monze-Niko (D365) Road to Bituminous Standard in the Southern Province of Zambia is ongoing and so far a cumulative total of 14.4 Km had been surfaced. During the

year under review, 12.4 Km was surfaced. The overall physical progress stands at 42 percent against the planned 72 percent. The project commenced on 29th May 2014 and the expected completion date is 29th May 2016. The delays on this project are mainly due to delayed payment of the Advance Payment and Interim Payment Certificates for works done.

5.3.2 Major Construction, Rehabilitation and Upgrading projects

A total of thirty (30) major roads were under reconstruction and rehabilitation, in addition to the Link Zambia 8000 Projects. As of 31st December 31, 2015, a cumulative total of 1,719.45 Km had been surfaced out of 2,307.98 Km which were under implementation, representing 75 percent overall progress.

Twelve (12) of these projects were in the Defects Liability Period, after completion of the main works. However, these projects also faced cash flow challenges in the year 2015. Table 21 below indicates a summary of progress on some projects.

Table 21: Percent progress of some selected major projects under rehabilitation, construction and upgrading

Major Construction, Rehabilitation and upgrading projects	% Progress
Chingola to Solwezi Road (T5) – Lot 1	18.60
Chingola to Solwezi Road (T5) – Lot 2	13.00
Chingola to Solwezi Road (T5) – Lot 3	19.00
Mbala-Nakonde	83.00
T2: Lusaka-Chirundu Road-Links 1 & 2	100.00
Mutumbi Cemetery to Zambezi	70.00
Bottom Road Lot1 Munyumbwe to Chaanga to Njami	85.00
Mongu-Kalabo	90.00
T4 Phase II: Nyimba - Petauke – Sinda	69.00
T4 Lot 1: Luangwa Bridge – Nyimba	61.00
T4 Lot 2: Sinda - Katete – Mutenguleni	79.00
T4 Lot 3: Mutenguleni – Chipata – Mwami	78.30
Pedicle Road	65.00
Muyombe to Chama to Lundazi Road (Lot 1)	55.00
Kasama to Mporokoso to Kawambwa to Kaputa	70.00

Chingola to Solwezi Road (T5), Lot 1

As at 31st December, 2015, physical progress on the rehabilitation of the Chingola to Solwezi Road, Lot 1, was 9 percent, against the planned 19 percent. The progress has been affected by cash flow.

Chingola to Solwezi Road (T5), Lot 2

As at 31st December, 2015 the physical progress on the rehabilitation of 40 Km of the Chingola to Solwezi Road, Lot 2, was 13 percent, against the planned 21.7 percent.

Chingola to Solwezi Road (T5), Lot 3

As at 31st December, 2015 the physical progress on the rehabilitation of the 66 Km of the Chingola to Solwezi Road, Lot 3, was 10.1 percent, against the planned 20.4 percent. Ten Kilometers (10 Km) of road had been completed up to sub grade.

Mbala to Nakonde Road

As at 31st December, 2015 the physical progress on the upgrading of 171.9 Km Mbala to Nakonde Road in Northern/ Muchinga Provinces was 84.0 percent, against the planned 87 percent. A combined total of 142 Km (Nakonde side 60 km and Mbala side 82 Km) had been surfaced. A variation to upgrade approximately 10 Km of the Mbala Township roads was approved by the RDAPC and the Contractor had already mobilised to site and established camp.



Figure 9: Pavement width measurement



Figure 10: Box culvert under construction

T2: Lusaka to Chirundu Road-Links 1 & 2

The project for the rehabilitation of 51.1 km of Lusaka to Chirundu Road Links 1 and 2 was Substantially Complete and a Substantial Completion Certificate had been issued. The project commenced on 18th January 2013 and was completed on time on 16th June 2015. The project is in the Defects Liability Period up to 30th June 2016.

M10 Sioma-Nangweshi

The Contract for the Construction/Upgrading of 38 Km of Sioma-Nangweshi Road (M10) in Western Province as at 31st December, 2015 had recorded overall physical progress of 20 percent, against the planned 96 percent. Delayed progress of works on this project was mainly due to non-payment of the Advance Payment and IPCs certified for works done.

Nacala Corridor

The road works on the Nacala Corridor from Nyimba to the Mwami Border covers a stretch of 359.6 Km, divided into 4 Lots for enhanced delivery of the project. As at 31st December, 2015 the surfacing of these roads had significantly progressed. Details are given below.

T4 Phase II: Nyimba to Petauke to Sinda

The Contract for the Rehabilitation of Nacala Road Corridor - Phase II Rehabilitation of the Great East Road (T4) Nyimba to Petauke to Sinda recorded 67 Km of surfacing in 2015. As at 31st December, 2015, the physical progress stood at 69 percent against the planned 85 percent. Delays were attributed to slow mobilisation and low productivity of the Contractor, delays in obtaining Duty & Tax Exemptions and issuance of Local Purchase Orders and increase in the volume of works on earthworks and diversions. The project commenced on 7th June 2013 and the contractual Completion Date was 13th November 2015.

T4 Lot 1: Luangwa Bridge to Nyimba

The Contract for Civil Works for the Rehabilitation of the Great East Road (T4) Lot 1: Luangwa Bridge to Nyimba (98.93 Km) recorded 51 Km of Surfacing in 2015. As at 31st December, 2015, the physical progress was 61 percent against the revised planned 93 percent. Works were 12 months behind schedule, and this can be attributed to slow mobilisation and low productivity of the contractor.

The project commenced on September 2, 2013 and the Contractual Completion Date is 21st May 2016.

T4 Lot 2: Sinda to Katete to Mutenguleni

The Contract for Civil Works for the Rehabilitation of the Great East Road (T4) Lot 2: Sinda to Katete to Mutenguleni (95.5 Km) was underway. During the year under review 69 Km was surfaced and the overall physical progress by the end of 2015 was 79 percent against the revised 85 percent. The project commenced on 2nd September 2013 and the Contractual Completion Date is 2nd January 2016. It is clear that the contractor will require additional time to complete the project.

T4 Lot 3: Mutenguleni to Chipata to Mwami

The Contract for Civil Works for the Rehabilitation of the Great East Road (T4) Lot 3: Mutenguleni to Chipata to Mwami Border (50.39 Km) had recorded 43 Km of surfacing in 2015. The physical progress stood at 79 percent against the planned 85 percent as at 31st December, 2015. Delays on the works were attributed to slow mobilisation and low productivity of the contractor in addition to delays in relocation of services on the 5 Km stretch along Chipata's Umozhi Highway in the Central Business District. The project commenced on 2nd September 2013 and the expected completion date is 2nd January 2016. It is clear that the contractor will require additional time to complete the project.

Pedicle Road

The contract on the project for the Upgrading of 70 km of the Pedicle Road in the Democratic Republic of Congo, including Construction of one Reinforced Concrete Bridge at Lubembe along the Pedicle Road recorded only 5 Km of surfacing as at 31st December, 2015, bringing the cumulative total surfaced to 43 Km. Physical progress stood at 70 percent against the revised planned 82 percent. The project commenced on 12th November 2012, and the Intended Completion Date is October 30, 2016.

Kasama to Mporokoso to Kawambwa to Kaputa

The project for the Upgrading of the Kasama to Mporokoso (D019/D020), (151 Km), Mporokoso to Kawambwa (D019) 10 Km and Mporokoso to Kaputa (D037) (10 Km) Roads in Northern Province recorded 22.0 Km of surfacing in 2015. As at 31st December, 2015, at cumulative total of 130 Km of the road was surfaced out of 171 Km. The overall physical progress stood at 70 percent against the planned 89.8 percent. The project commenced on 14th August 2011 and the expected Completion Date is 2nd March 2016.

Pave Zambia

In 2015, the Pave Zambia 2000 project achieved 3.95 Km of paved roads in Lusaka, bringing the total of paved roads by close of the year to 4.7 Km. In addition, a total of 14,460m² of parks (Embassy & Freedom) was paved. Approximately, K7.2 million was paid out to various local road contractors for works during the year under review. Out of the planned budget of K50.9 million in 2015, only K17.1 million, was disbursed. As a result, only production of pavers took place in most regions. Actual construction had not yet commenced by the end of 2015.

The cumulative total production of blocks for all the ten (10) Provinces was 2,577,216 blocks against a planned production of 13,563,000 blocks. The Project continues to be affected by lack of funds, and there is need for Government to increase disbursements if the objectives are to be met.

Funding will especially be critical in 2016 when contracts for both construction of roads using pavers and the production of pavers are awarded in all the ten (10) provinces.

5.3.3 Bridges & other Civil Works Contracts

During the period under review, the RDA continued with the planning, maintenance and construction activities of various bridge projects in line with the 2012-2016 RDA Strategic Plan specific objective to enhance the management and maintenance of bridges and pontoons infrastructure across the country.

During the year under review, the RDA had three (3) major bridge civil works contracts running. The Mongu-Kalabo Road Project alone has twenty-six (26) major and minor bridges on its alignment. Figure 11 shows construction works on one of the bridges on the Mongu-Kalabo Road.



Figure 11: Bridge works in progress-Mongu-Kalabo Road

Bridges under Construction

Kazungula Bridge Project

The construction of Kazungula Bridge by DAEWOO Engineering Corporation commenced on 5th December 2014, with a construction period of 48 months. The works are scheduled for completion on 6th December 2018. The Contract Sum is US \$ 162.0 million.

The project scope comprises the construction of a 923-m long bridge across the Zambezi River, a 2.692-Km approach ramp on the Botswana side and a 2.756-Km approach ramp on the Zambian side.

The overall progress as at 31st December 2015 was 4.5 percent against the planned 18 percent in accordance with the revised programme. A total of 500-600 Employees are expected to be employed on the project at its peak. The construction of the bridge is jointly funded by the Governments of Zambia and Botswana.

Mongu-Kalabo

As 31st December, 2015, a total of 90 percent physical progress was recorded, against the planned 91 percent. This project has 26 bridges at various stages of construction. This is one of the most challenging projects ever undertaken by the Agency in terms of technical complexity. The project is domiciled in the Barotse flood plain with a working window of only about 5 months per year, as the work area is flooded the rest of the year. The project had challenges of access to suitable construction materials and long haul distances.

Mufuchani Bridge

Works on the project for the Construction of a Bridge at Mufuchani across the Kafue River in Kitwe, Copperbelt Province were ongoing during the period under review. The physical progress stood at 85 percent against planned of 90 percent as at 31st December 2015. The main foundation works including piles and all the piers and abutments had been completed. Both sections of the concrete box girders had also been cast. The project commenced on 29th May 2014 and the expected Completion Date is January, 2016.

Sioma/Zambezi Bridge at Maziba Bay

The construction works of Sioma/Zambezi Bridge at Maziba Bay commenced on May 1, 2011 and the works are expected to be completed in April, 2016. The physical progress by the end of December 2015 stood at 81 percent against the planned progress of 93 percent. Simultaneous sectional cantilever launching and insitu casting of deck sections was also completed.

5.4 Maintenance and Emergency Works on our Road Network



Road Maintenance - Improving the Safety of our Road

The Maintenance of road and bridge infrastructure is vital as it ensures sustainability of these structures. For road works, the Agency's maintenance activities are in the following categories;

- a. Routine Maintenance: Routine Maintenance Works are applied on roads with good and fair condition in order to preserve the road asset by keeping it in a maintainable condition throughout the design period. The scope of works encompass among others; pothole patching, vegetation control, line marking, drainage works.
- b. Periodic Maintenance: These are works carried out after a specified maintenance period has been attained, say once in 7 years and include works such as gravelling, resealing, overlaying and line markings.
- c. Emergencies: These are an unplanned works carried out in reaction to adverse weather conditions that disrupt the road network with related infrastructure such as culverts, bridges and embankments.

5.4.1 Road Maintenance Projects

During the year under review, there were several contracts under road maintenance that the Agency undertook. As at December 31, 2015, some projects were successfully completed whereas others were on-going. These activities embrace one of the strategic goals of the 2012-2016 RDA Strategic Plan whose aim is to enhance road network under maintenance works processes by December 2013.

Completed Road Projects under Periodic Maintenance

Projects that were completed in 2015 include the Upgrading of Fatima Indeni Road in the Copperbelt Province, Periodic Maintenance of approximately 10km of T004 (Great East Road) from Arcades to Airport Junction in Lusaka Province, Periodic Maintenance of Kabwe to Kapiri-Mposhi (T002) Road in Central Province and ancillary road works including road signs, road marking and other necessary road furniture on 175km of the Monze - Zimba Road between Pemba and Zimba in Southern Province.

Table 22 below shows the completed road projects under periodic maintenance, as of 31st December 2015.

Table 22: Completed Road Projects under Periodic Maintenance

No.	Road Name	Contract Length (km)	Progress as at 31st December 2015
1	Fatima Indeni	14.6	Completed
2	Arcades to Airport Junction	10.0	Completed
3	Pemba – Zimba Ancillary Works (T1)	175	Completed

On-Going Road Projects under Periodic Maintenance

There were eight (8) periodic maintenance road projects that were being undertaken by the Agency. These were Ndola – Kitwe Dual Carriageway on the Copperbelt Province, and Mpika Chambeshi in Muchinga, Vyamba Chinakila in Northern Province and Mutanda Kasempa road in North Western Province. Others were Solwezi Mwinilunga Lot 1 and 2 in North-Western Province, Kabwe - Chibombo in Central Province and Linda - Kafue including U8 Chanyanya Road in Lusaka Province.

Table 23 shows the cumulative progress achieved on the various ongoing road projects under periodic maintenance, as of 31st December, 2015.

Table 23: Ongoing Road Projects under Periodic Maintenance

No.	Road Name	Contract Length (km)	Progress as at 31st December 2015
1	Ndola – Kitwe	128	100 Km has been surfaced
2	Kabwe-Chibombo	30	Works on detours commenced.
3	Vyamba-Chinakila	43	90% of clearing and grubbing and 45% of road bed preparation done
4	Mpika – Chambeshi Bridge	131	131km of clearing and grubbing done and 90% pothole patching done
5	Livingstone-Sesheke	105	100 km has been surfaced
6	Solwezi – Mwinilunga Lot 1	136	100Km of surface dressing has been done
7	Solwezi- Mwinilunga Lot 2	151.8	9.5Km of pothole patching done and 43.11Km of shoulder stabilization done
8	Mutanda-Kasempa	30	12km was surfaced. And works were in Progress.
9	Linda Kafue	51	Contractor has so far done 51 Km of clearing and grubbing, 10Km of road bed preparation and 2 km of gravelling
10	Kabwe Kapiri (T2)	65.5	60.5km of AC overlay has been done

Urban Roads completed

During the period under review, a number of urban roads projects were undertaken in Lusaka, Copperbelt and Central provinces.

Table 24 below shows the completed urban roads being implemented in Chingola on the Copperbelt Province.

Table 24: Completed urban roads projects

No.	Road Name	Contract Length (km)	Progress as at 31st December 2015
1	Chingola Urban Roads	22.5	22.5 surfaced

Major Urban Roads Projects On-going

During the year under review, a number of urban roads projects were still ongoing. The Ongoing projects are summarised in Table 25 below.

Table 25: Ongoing urban roads projects

No.	Road Name	Contract Length (km)	Progress as at 31st December 2015
1	Ndola City Roads	54.39	46.54 Km surfaced
2	Kabwe & Kapiri Mposhi urban roads	78	42 Km of Asphalt Surfacing
3	Lusaka L400	408.00	270 Km surfaced

**Figure 12: Newly constructed Chilimbulu Road****Figure 13: Completed Section of Livingstone to Sesheke road (M10)**

Feeder Roads

The Agency undertook the rehabilitation of Feeder roads on selected unpaved roads in Southern Province through funding from KfW under the Rural Transport for Poverty Reduction Programme. Interventions were mainly upgrading from earth to gravel surface and maintenance.

The progress made under the Rural Transport for Poverty Reduction is as shown in Table 26.

Table 26: Projects under Rural Transport for Poverty Reduction Programme and GRZ

No.	Road Name	Contract Length (Km)	Progress as at 31st December 2015
1	Pontoon to Itezhi Tezhi	12.7	Completed and awaiting Final Handover
2	Mukoyo-Chisangano via Bbondo	34	Completed and handed over
3	Siabaswi-Kanchindu-Sulwegonde	21	Completed and awaiting Final Handover
4	M sanzala Constituency Roads (ZNS)	86	Completed and handed over
5	Sinangilile to Kawila Lot 2	16.4	Completed and handed over
5	Kaoma-Chilombo-Nyango	17.3	Completed under DLP

The Agency also carried out the rehabilitation of 94.6 Km of selected roads in Msanzala Constituency in Petauke District of Eastern Province and the Gravelling of 17.3 Km of Kaoma-Chilombo-Nyango R104 road in Western Province.

The interventions were mainly upgrading from earth to gravel surface and maintenance.

Emergency Works

During the year under review, the Agency in collaboration with the Disaster Management and Mitigation Unit (DMMU) worked on various emergency works on roads and drainage structures. Table 27 below shows the status of some of the emergency works that were carried out in the year 2015.

Table 27: Progress of Selected Emergency Works Projects

Contractor	Project Name	Status as at 31st December 2015
China Henan International Cooperation	Emergency Periodic Maintenance of 213 km Chinsali-Nakonde road (T002) in Muchinga Province	In Defects Liability Period
Regional Manager-Muchinga	Construction of Chamusenga Culverts in Chabola, Shiwan'gandu	Substantially completed
	Periodic maintenance of 80km Nakonde-Kanyala road, M14	About 40km formation and spot graveled
	Construction of Kaswa bridge in Mafinga District	Bridge completed, relief culverts and approaches outstanding.
Regional Manager-Luapula	Construction of lower Lwamfumu Bridge and Kashiba road and Pontoon landing in Mwense District	Substructures Completed and only deck remaining at Lower Lwamfumu. Completion of road at Kashiba outstanding.
Regional Manager-North Western	Spot Improvement of Solwezi-Mushindano road	In progress worst sections with gullies filled.
Regional Manager - Northern	Construction of Kalomboshi Bridge	Embankment works in progress
Buildcon Investments Ltd	Emergency Construction of Kanyonja Bridge at km16+900 on Shikabeta road in Rufunsa District	Works are substantially completed
Regional Manager-Copperbelt	Rehabilitation of 3 Kitwe feeder roads	Construction of bridge across Mwambashi river on Garneton-M4 road in progress
Regional Manager - Southern	Pothole patching of Kafue-Mazabuka road (T1)	On-going
Regional Manager - Lusaka	Construction of Gota Gota Bridge	Bridge works completed. Access road works in progress.
Regional Manager - Kabwe	Construction of Lusemfwa Bridge on Kabwe Old Mkushi Road	Ongoing- Foundations completed.

5.5 Axle Load Control and Road Tolling Programmes

The Agency enforces Axle Load Controls and implemented the Road Tolling programme prior to the appointment of the National Road Fund Agency as the Toll Collector Authority.

5.5.1 Axle Load Control (ALC)

Axle Load Controls were carried out to minimise the negative impact of overloading of trucks on our road network. This is in line with Strategic Goal D whose aim is to strengthen the implementation of Axle Load Control Programs and Commercial Services in order to foster sustainable balanced growth & poverty reduction through diversification by 2015. Its main objectives were;

- To contribute to the ultimate reduction of overloads both in Gross Vehicle Mass (GVM) and Axle Loading,
- To preserve and protect the life span of road and bridge infrastructure,
- To reduce maintenance cost of Roads and Bridges in the country
- To facilitate investments through conveyance of abnormal loads to various sectors of the economy notably in the mines,
- To enhance road safety by reducing risks for traffic accidents caused by overloaded vehicles, and
- To provide traffic flow statistical data for planning and designing of roads and bridges.

To realise the aforementioned objectives, the Agency in the year under review undertook various operations which involved among others, applying penalties and compensation fines on vehicles contravening Axle Load regulations in addition to sensitisation.

Fixed Weighbridge Operations

During the year under review, the Agency continued operating its eight (8) fixed weighbridges across the country namely: Solwezi, Kapiri Mposhi, Mpika, Mwami, Kafue, Livingstone, Kazungula, and Kafulafuta. Table 28 presents compliance statistics for the period January to December 2015 at the fixed weighbridge locations.

Table 28: Compliance Statistics for Fixed Weighbridges Operations in the year 2015

Month	Number of Vehicles weighed	Number of Impounded Vehicles	Vehicles Overloaded on Axles		Vehicles Overloaded on GVM		Overall Percentage Overload
			No.	Rate (%)	No.	Rate (%)	Rate (%)
January	59270	1155	890	1.5	265	0.46	1.95
February	75582	1073	1,027	1.36	46	0.06	1.42
March	81132	942	932	1.16	10	0.01	1.16
April	81105	1251	1219	1.5	32	0.34	1.54
May	82,637	979	920	1.11	59	0.07	1.18
June	77,728	794	761	0.98	33	0.04	1.02
July	79,682	903	890	1.12	13	0.02	1.13
August	72,165	1,116	1,073	1.49	43	0.06	1.55
September	73,089	919	772	1.06	147	0.20	1.26
October	74809	1004	857	1.15	147	0.20	1.34
November	76243	964	900	1.18	64	0.08	1.26
December	76,533	1202	1088	1.42	114	0.15	1.56
TOTALS	909,975	12,302	11,329	1.25	973	0.11	1.35

Mobile Weighbridge and Inspectorate Operations

The Agency runs two mobile weighbridge teams each stationed on the Copperbelt and Lusaka provinces respectively. The inspectorate team was stationed in Lusaka and complimented the mobile team in ensuring that work done by fixed weighbridges was checked through conducting Technical Audits at fixed weighbridges and mounting random check points on the road to check documentation issued to Heavy Goods Vehicles.

Table 29 below shows statistics compiled from mobile operations for the quarter under review.

Table 29: Compliance Statistics from Mobile Weighbridge Operations in the year 2015

Month	Number of Vehicles weighed	Number of Impounded Vehicles	Overall Percentage Overload
			Rate (%)
January	40	10	0.4
February	70	51	0.7
March	167	100	1.67
April	208	89	2.08
May	189	80	1.89
June	156	57	1.56
July	276	49	2.76
August	227	49	2.27
September	156	33	1.56
October	156	36	1.56
November	1	1	0.01
December	30	26	0.87
TOTALS	1676	581	0.35

5.5.2 Road Tolling Operations

During the year under review the National Road Fund Agency (NRFA) was appointed as a lead Tolls Agent from 1st September, 2015 and will be responsible for tolling operations at weighbridges and ports of entry/border posts. Collections of Road Tolls at ports of entry was delegated to the Road Transport and Safety Agency (RTSA) as Tolls Agent for ports of entry points.

From January to December 2015, a total of K428 million was collected in Toll revenues from both ports of entry and weighbridges against budgeted collections of K315 million projected.

This brings total toll revenues collected since 1st November 2013 when Road Tolling operations begun to K770 million. Table 30 below shows a summary of toll collections since inception.

Table 30: Summary of Road Toll Collections Nov 2013 to Nov 2015

Period/ Collection point	2013 K'000	2014 K'000	2015 K'000	TOTAL K'000
W/bridge collections	3,967	43,277	44,571	91,815
Port of entry collections	40,464	253,557	383,832	677,853
Total	44,431	296,834	428,403	769,668

5.6 Public Relations and Stakeholder Management

During the year under review, the Agency continued to interface with and disseminate information to the public about its road development activities and works. These activities were being carried out to strengthen and grow RDA's Public Relations and Communications strategy for effective management of stakeholder expectations and interests at the sectoral and organisational levels in line with Strategic Goal A Objective number 4 of the RDA Strategic Plan for the period 2012 to 2016. The activities involved managing and obtaining stakeholders' views on the development and management of the road network in the country. Table 27 depicts some of the major activities the Public Relations Unit undertook.

5.6.1 Media Briefings

The Agency held the following media Briefings during the year under review:

- Contract signing for the Rehabilitation and Upgrading of urban roads on the Copperbelt. The Contract was signed between the RDA and appointed Contractor, China Henan International Group on 21st September, 2016.
- Signing of Memorandum of Understanding (RDA, ZNS & NRFA) for the Rehabilitation and Maintenance of approximately 10,000km of Primary Feeder Roads This event took place on 9th October, 2015
- Contract signing for the Rehabilitation of Lot 2 of Chingola - Solwezi Road between RDA and Buildcon Investments Zambia Ltd on 18th May, 2015 and Contract signing for Lots 1 and 3 of the same road between Messrs China Geo Engineering Corporation on 22nd May and 18th May, 2015 respectively.



Figure 14: Press Briefing in session at RDA Head Office



Figure 15: Media tour of Road Projects in Luapula Province

5.6.2 Public Notices

The Agency published the following public notices during the period under review:

- Statutory Instrument (S.I.) 34 of 2015 which became law in June 2015.
- Restriction of traffic flow on Chirundu and Luangwa bridges.
- Lifting of restriction of Traffic flow on Chirundu bridge.
- Closure of Mumbwa Road at the junction with Lumumba road to facilitate for the completion of road works on Mumbwa Road.

5.6.3 Exhibitions

During the year under review, the Agency exhibited at the Zambia International Trade Fair in Ndola from 1st July to 7th July, 2015 and the Agriculture and Commercial Show in Lusaka from 29th July, 2015 to 3rd August, 2015. During the shows, the Agency displayed various promotional materials with various messages on the operations of RDA.

5.6.4 National Events

The Agency participated in the following national events:

- (i) International Women's Day on 8th March, 2015. During the Week of Commemoration, RDA women paved the car park at Chipata Mini Hospital and also made a donation to a Catholic Orphanage in Makeni.
- (ii) Labour Day celebrations on 1st May, 2015;
- (iii) World AIDS Day on 31st December, 2015 ;
- (iv) 16 Days of Gender Activism for the year 2015.



Figure 16: RDA staff at Labour Day Celebrations

5.6.5 RDA Publications

The Agency published the Voka and Road Magazine during the period under review. The Agency published nine (9) VOKA editions for internal consumption by staff while 4 editions of the Roads Magazine was published to external stakeholders who included: Contractors, Consultants, Government Ministries, Provincial Offices and other Statutory Institutions.

5.6.6 Public Concerns

The Agency attended to various concerns from various stakeholders among them:

- (i) Concerns over the construction of the New Jersey Barrier on Kafue Road and the lack of adequate crossing points for Pedestrians;
- (ii) Concerns over increased incidences of traffic accidents due to over speeding on newly constructed roads;
- (iii) Concerns over the selection criteria for Roads under the L400 Road Project;
- (iv) Concerns over delayed works on Great East Road (Arcades to KKI Airport);
- (v) Concerns on the slow pace of work on Kasisi - Ngwerere Road.

5.6.7 Television Programmes

To further provide information to the public on its operations, the Agency produced and broadcast a 26 week series Television Programme dubbed "Eyes on the Road". The weekly programme commenced on 27th August, 2015. At the close of December 2015, a total of 17 Programs had been broadcast.



Figure 17: President Edgar Lungu cutting a Ribbon at the Ground Breaking Ceremony for the Bottom Road Project (Lot 1) in Southern Province

5.6.8 Ground Breaking /Commissioning Ceremonies

The Agency held a number of ground breaking ceremonies during the period under review. Notable among them were:

- Ground Breaking ceremony for the Bottom Road Lot 2 - September, 2016. The Event was officiated by H.E. the President of the Republic of Zambia, Mr. Edgar Lungu.
- Ground Breaking Ceremony for the rehabilitation of the Chingola - Sowlezi Road -June 2015. The event was officiated by H.E. Mr. Edgar Lungu.

5.6.9 Official Visits to Projects

His Excellency the President of the Republic of Zambia, Mr Edgar C. Lungu visited the Mufuchani Bridge Project on 31st October 2015 to acquaint himself with progress on construction works.



Figure 18: President Lungu inspecting Mufuchani Bridge works.

5.7 Human Capital, Administration and ICT



Improving and Supporting Human Capital Development in the Road Sector

The Agency continued to administer and manage its Human Capital, Information, Communication and Technology (ICT), Library & Registry services and General Administration. The Agency also endeavored to acquire the best skilled and talented human resource in addition to their development, retention and full utilization of their skills for corporate success in order to satisfy Strategic Goal E, Specific Objective 1 of the Strategic Plan whose aim is to build RDA's Institutional Capacity by Strengthening the Agency's Internal Systems, Processes and Structure in line with the SNDP's strategic focus of Human development.

Staff Compliment

The Agency had a total of 490 employees as at 31st December 2015 against the approved establishment of 822, as shown in Table 32 below. This represented a recruitment rate of 59.6 percent.

Table 31: RDA Employment Status in 2015

Category	Male	Female	Total
Executive Management	9	1	10
Management	166	25	191
Union	202	87	289
Total	377	113	490

Staff Training and Development

The Agency continued to invest in the skills and talent development of its employees through training and development interventions. As at 31st December, 2015, a total number of 113 employees received job relevant training in areas including civil engineering, finance, leadership and procurement to address identified skills, knowledge and competency gaps.

The budgeted amount for capacity building in 2015 was K7 million out of which a total of K4.5 million was disbursed for capacity building as at 30th December, 2015.

In terms of long term training, a total of 48 staff were on RDA full sponsorship in the period under review.

Tolling Staffing - in land Road Tolling

During the year under review, all tolling staff who were under the RDA were seconded to the National Road Fund Agency. The recruitment process for the initial thirty (30) Toll Collectors to man temporal toll booths under the tolling programme was also commenced in readiness for the commencement of tolling of all vehicle classes scheduled to commence on 15th January 2016.

Industrial Relations

Negotiations for New Conditions of Service

During the year under review, the Collective Agreement between RDA Management and the National Union of Building Engineering and General Workers (NUBEGW) expired in December, 2015. The Agency successfully concluded negotiations and signed a new Collective Agreement.

Staff Health and Wellness

The Agency had arranged recreational facilities and acquired sports equipment to encourage employees to participate in various sports disciplines on a regular basis as a way of enhancing employee wellness. The medical insurance scheme for employees was maintained in the period under review. However, due to high costs related to this scheme, Management decided to terminate the medical insurance scheme with the current providers to look at the possibility of running an in house scheme effective January, 2016.

Information and Communication Technology

Weighbridge Management System (Wbx)

The new software for weighing and management of weighbridge operations was procured, customized and installed at Kapiri weighbridge. The system was running as a pilot project from June to November 2015 at Kapiri weighbridge. This was to allow the system to be thoroughly tested and debugged before the roll out could be undertaken to other weighbridges.

Expansion of Backup Storage System

The Agency implemented an expansion of Storage and Remote backup system of all the information on the RDA Servers, computers and laptops.

Installation of CCTV System

To improve security at the Agency, forty-three (43) CCTV cameras were installed at RDA Alick Nkhata and Ridgeway offices. The system is used for surveillance and maintenance of perimeter security in RDA offices, corridors and surroundings.

Implementation of Human Resources Management System (HRMS)

Training on the operations of Human Resource Management System was conducted to Human Resource Staff from 15th to 19th June, 2015.

The Human Resource Management System (HRMS) was installed and integrated to Payroll System and Sunsystem. Staff records have been scanned and uploaded in the HRMS.

Library and registry

Library Section

The primary goal of the RDA Library is to serve the information needs of RDA staff internally and external investigative institutions such as the Anti-Corruption Commission, Drug Enforcement Commission and the Auditor General's office.

During the period under review, the Library section attended to external auditors from the Auditor General's office with 103 contracts, 64 Tender Evaluation Reports and 33 bidding documents being released to the auditors. Similar services were also provided to the external auditors from Grant Thornton and KPMG.

5.8 Monitoring, Evaluation and Assessment of Vendors

The Agency, through the Monitoring and Evaluation Unit, continued with its independent monitoring and evaluation of projects. In addition, the quality, cost, schedule and scope controls on the project were done through the Unit. The Agency also continued to carry out checks on its internal operations to enhance effectiveness and efficiency. The Unit is also responsible for the management of the Vendor Rating System, Total Quality Management (TQM) as well as the Kaizen Programme.

5.8.1 General Performance of Contractors and Consultants

During the year under review, ten (10) Consultant's projects were assessed. Out of these, Seven (7) had a Performance Rating above 60 percent which translates into acceptable satisfactory performance while three (3) Consultant's projects had a Performance Rating of between 53 percent and 58 percent which translates into slightly poor performance. The table shows the performance of Consultants from 2013 to 2015. Table 33 below indicates that the majority of the consultants are local consultants.

Table 32: Summary of the Performance of the Consultants – 2015

Grading	Description of Grade Obtained	Number of Local Consultants in each Category			Number of Foreign Consultants in each Category			Recommended Actions / Comments
		2013	2014	2015	2013	2014	2015	
>89%	Totally Satisfactory Performance	0	0	0	0	0	0	Acceptable
80%-89%	Highly Satisfactory Performance	0	0	0	0	0	0	Acceptable
60%>79%	Acceptable Satisfactory Performance	7	8	6	4	5	1	Acceptable
40>59%	Slightly Poor Performance	2	1	3	3	0	0	Warning Letters
<40%	Very Poor Performance-Technically Incompetent	0	0	0	0	0	0	Suspension

In terms of performance of local and foreign consultants on different projects, three (3) local consultant's project review obtained slightly poor performance as compared to none among the foreign consultant's in the year 2015.

Fourteen (14) Contractor's projects were rated in 2015. Ten (10) Contractor's projects had a Performance Rating above 60 percent which translates into acceptable satisfactory performance whilst Four (4) had a Performance Rating between 52 percent and 59 percent which translates into slightly poor performance. Table 34 shows the performance of rated Contractors from 2013 to 2015.

Table 33: Summary of the performance of the Contractors – 2015

Grading	Description of Grade Obtained	Number of Local Consultants in each Category			Number of Foreign Consultants in each Category			Recommended Actions / Comments
		2013	2014	2015	2013	2014	2015	
>89%	Totally Satisfactory Performance	0	0	0	0	0	0	Acceptable
80%-89%	Highly Satisfactory Performance	0	0	0	0	0	0	Acceptable
60%>79%	Acceptable Satisfactory Performance	3	4	4	8	5	6	Acceptable
40>59%	Slightly Poor Performance	2	3	2	3	3	2	Warning Letters
<40%	Very Poor Performance-Technically Incompetent	1	0	0	0	0	0	Suspension

In terms of performance of local and foreign contractor's on different projects four (4) contractor's projects reviewed had slight poor performance records comprising two (2) foreign and two (2) local in the year 2015. The general outlook on the performance of the foreign and local vendors was generally the same as most vendors were rated either Acceptable Satisfactory or Slightly Poor Performance in the year 2015.



Figure 19: Vendor Rating Activities in Muchinga Province

Major Issues observed during Vendor Rating

The following were the major issues found with most of the vendors on site:

1. Lack of a Quality Assurance Plan
2. Failure to complete projects as per approved contract period
3. Absence of key personnel on site
4. Lack of a Risk Management Plan

5.8.2 RDA Kaizen Initiative Activities

Core Team Meeting

The RDA has a Kaizen Core Team which deliberates and promotes the Kaizen Philosophy of continuous improvement within the Agency. During the year under review the following activities were performed:

1. Sensitization of RDA Directors on Kaizen principles
2. Reconstitution of RDA KAIZEN Teams
3. Sensitisation of Regional Offices
4. Training of Core Team members
5. Participation in the National Kaizen Conference

Participation in the National Kaizen Conference

During the year under review, RDA took part in the Zambia National Kaizen Conference 2015 from the 3rd to 4th November 2015. A presentation entitled 'Towards the implementation of Total Quality Management (TQM)' was presented. This was based on the contribution from three of the agency's Teams as follows:

1. Team Museu (Planning & Design)
2. Team Finance (Finance)
3. Team Spider (Construction & Rehabilitation; Pave Zambia)

To this effect, JICA and Kaizen Institute of Zambia (KIZ) recognised the Kaizen efforts made by RDA, and presented RDA with a Silver Award in the Public Sector.



Figure 20: Silver award in the Public Sector to RDA



Figure 21: Certificate of participation from Kaizen Zambia

5.9 Legal and Internal Audit

5.9.1 Legal

As at 31st December, 2015, there were 24 cases pending before the courts and three (3) cases in arbitration. Of the three (3) matters in arbitration, two (2) were almost concluded and were awaiting the arbitrators' awards. In most of these cases, the Agency was defending itself against claims ranging from compensation for wrongful termination of employment, damages for trespass to land and damage to property and damages for wrongful detention of trucks. One (1) matter had not been taken to the court by 31st December 2015.

Board Meetings were held as scheduled with special meetings being called to consider issues that arose during the year. Training in Corporate Governance was arranged for Board Members and Senior Management.

5.9.2 Audit and Risk Assurance

The role of Audit and Risk Assurance in the Agency is to assist all members of Management in the effective discharge of their responsibilities, by furnishing them with analyses, appraisals, recommendations and pertinent comments concerning the activities reviewed. This involves going beyond the accounting and financial records to obtain full understanding of the operations under review.

Works Projects

According to the 2015 Annual Audit Plan, thirty-four (34) projects were scheduled to be reviewed and inspected. Out of these, a total of twenty-nine (29) projects were inspected. These included on-going and new projects. Selected routine maintenance contracts in all the ten (10) provinces of Zambia were also inspected. In addition four (4) force-account projects were also verified.

Consultancy and other Special Assignments

Thirteen (13) special assignments and consultancies were undertaken and reported against planned activity of four (4) as shown in Table 35 below.

Risk Management Program

Internal Audit also undertook a Risk Assessment for the Agency. Management is currently working on the risk management regime.

Table 34: Summary of Audit Status as at 31st December 2015

Activity	Annual Plan	Actual YTD	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
			Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
Fixed Weighbridges	4	4	4	4						
Works Projects	30	25	11	9	7	5	7	7	5	4
Totals	34	29	15	13	7	5	7	7	5	4
Ad-hoc assignments	0	5	0	0	0	3	0	0	0	2
Consultancy	4	8	3	6	0	0	0	0	1	2
Grand Totals	38	42	18	19	7	8	7	7	6	8

Audit Committee Recommendations to the Board

The Audit Committee held meetings on nine (9) occasions and adopted eleven (11) internal audit reports. The Audit Committee also made fourteen (14) recommendations to the Board out of which the Board approved and accepted thirteen (13).

Section 6

Financial Statements



Road Development Agency
Financial statements
31 December 2015



ROAD DEVELOPMENT AGENCY

FINANCIAL STATEMENTS – 31 DECEMBER 2015

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Report of the Members

The members present their report on the activities of the Agency for the year ended 31 December 2015.

1. Principal functions

The Agency's main activity is to provide care and maintenance and construction of public roads in Zambia and to regulate maximum weights permissible for transmission on roads. The Agency's operations are dependent on Government grants and donor funding.

2. Results

The Agency's results for the year are as follows:

	2015 K	2014 K
Income	<u>1,942,891,236</u>	<u>1,321,299,466</u>
Total comprehensive (deficit)/income for the year	<u>(32,814,611)</u>	<u>156,571,150</u>

3. Members and secretary

The following members and secretary were appointed to hold office with effect from 23 December 2013:

- Mr Samuel Mukupa - Chairman
- Mrs Phidelia Sichone Mwaba – Vice Chairperson - Chartered Institute of Transport
- Mr Likando Kalaluka – Office of the Attorney General
- Mr Charles Sipanje - Ministry of Works and Supply
- Mrs Chiseche Mwanza Mutale - Ministry of Tourism and Arts
- Mrs Pamela Chibonga Kabamba - Ministry of Finance
- Mr Peter Lungu – Ministry of Agriculture and Livestock
- Mr Misheck Lungu – Ministry of Communication and Transport
- Mr Charles P Sakanya – Engineering Institution of Zambia
- Mrs Doreen Mwanza – Zambia National Farmers Union
- Mr Golden Makayi - National Council for Construction
- Ms Atridah Mulonga – National Science and Technology Council
- Mr Zindaba Soko - Road Transport & Safety Agency
- Dr Anthony Mwanaumo – National Road Fund Agency
- Mr Kanyuka Mumba – Secretary – Road Development Agency

Report of the Members (continued)

4. Registered Office

Road Development Agency
Corner Government/Fairley
P O Box 50003
Lusaka

5. Management

The management of the Agency during the year ended 31 December 2015 was as follows:

Eng Kanyuka Mumba	-	Director and Chief Executive
Eng Elias Mwape	-	Director - Construction and Rehabilitation
Eng Steven Mwale	-	Director - Commercial and Technical Services
Eng Emmanuel Kaunda	-	Director - Road Maintenance Initiative
Mr Kapembwa Mulenga	-	Director - Finance
Eng William Mulusa	-	Director - Planning and Design
Mr Anderson Mwape	-	Director – Audit and Risk Assurance
Mr Keeta Shisholeka	-	Director - Procurement
Mrs Mwaka Ngoma	-	Director - Legal
Mr Andrew Chisala	-	Director – Human Capital and Administration

6. Employees

The average number of persons employed by the Agency during the year was 498 (2014 – 464). The total staff costs were K151,944,000 (2014 – K159,742,000).

7. Property, plant and equipment

Additions to property, plant and equipment in the year amounted to K28,675,634 (2014 – K40,327,670). Capitalisations from capital work in progress to fixed assets amounted to K1,544,105,910 (2014 -K3,962,853,731). In the opinion of the directors, the fair value of fixed assets is not less than the amounts at which they are included in the financial statements.

8. Other material facts, circumstances and events

The directors are not aware of any material fact, circumstance or event which occurred between the accounting date and the date of this report which might influence an assessment of the Agency's financial position or the results of its operations.

9. Annual financial statements

The annual financial statements on pages 59 to 78 have been approved by the members.

By order of the Board



Board Secretary

Lusaka

Date

Statement of Members' Responsibilities

The Public Roads Act No. 12 of 2002 of the Laws of Zambia requires the members of the Agency to prepare financial statements for each financial year which give a true and fair view of the financial position of the Road Development Agency and of its financial performance and its cash flows for the year then ended. In preparing such financial statements, the members are responsible for

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- selecting appropriate accounting policies and applying them consistently;
- making judgments and accounting estimates that are reasonable in the circumstances; and
- preparing the financial statements in accordance with the applicable financial reporting framework, and on the going concern basis unless it is inappropriate to presume that the Agency will continue in operation.

The members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Agency and enable them to ensure that the financial statements comply with the Public Roads Act No. 12 of 2002 of the Laws of Zambia. They are also responsible for safeguarding the assets of the Agency and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Agency Members confirm that in their opinion

- (a) the financial statements give a true and fair view of the financial position of Road Development Agency as at 31 December 2015, and of its financial performance and its cash flows for the year then ended;
- (b) at the date of this statement there are reasonable grounds to believe that the Agency will be able to pay its debts as and when these fall due; and
- (c) the financial statements are drawn up in accordance with applicable International Financial Reporting Standards.

This statement is made in accordance with a resolution of the members.

Signed at **Lusaka** on

A handwritten signature in blue ink, appearing to be 'M. Mwanza', is written over a faint circular stamp.

Board Chairperson

A handwritten signature in blue ink, appearing to be 'M. Mwanza', is written over a faint circular stamp.

Director/Chief Executive Officer

Report of the Independent Auditors to the Minister of Works and Supply

We have audited the accompanying financial statements of the Road Development Agency, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Members' responsibility for the financial statements

As described on page 56, the members of the Agency are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by members, as well as evaluating the overall presentation of the financial statements.

Basis for qualified opinion

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion, except for the matters indicated below:

- a) The Agency does not have title deeds for land and buildings shown at a cost of K13 million and we were therefore unable to verify ownership of these properties.
- b) Included in property, plant and equipment are motor vehicles at a cost of K21 million for which no details of valuation were provided. We could therefore not verify the accuracy of the cost of the vehicles.

Report of the Independent Auditors to the Minister of Works and Supply (continued)

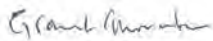
Basis for qualified opinion (continued)

Qualified opinion

In our opinion, except for the effects of such adjustments if any as might have been determined necessary had we satisfied ourselves regarding the matters in the preceding paragraphs, the financial statements give a true and fair view of the financial position of the Road Development Agency as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In our opinion, the financial statements of the Road Development Agency as at 31 December 2015 have been properly prepared in accordance with the Public Roads Act. No. 12 of 2002 of the Laws of Zambia, and the accounting and other records and registers have been properly kept in accordance with the Act.

A handwritten signature in black ink, appearing to read 'Grant Mwanika', is written above the text 'Chartered Accountants'.

Chartered Accountants

A handwritten signature in black ink, appearing to read 'Christopher Mulenga', is written above the text 'Christopher Mulenga (AUD/F000178)'.

Christopher Mulenga (AUD/F000178)
Name of Partner signing on behalf of the Firm

Lusaka

Date

Statement of Comprehensive Income for the Year Ended 31 December 2015

	Note	2015 K	2014 K
Income	Schedule 1	1,942,891,236	1,321,299,466
Administration costs	Schedule 2	(1,366,983,286)	(922,408,878)
Routine repairs and maintenance works	Schedule 3	<u>(608,722,561)</u>	<u>(242,319,438)</u>
(Deficit) / Surplus before taxation		(32,814,611)	156,571,150
Income tax expense	7	_____ -	_____ -
Total comprehensive (deficit)/income for the year		<u>(32,814,611)</u>	<u>156,571,150</u>

Statement of Changes in Funds



for the Year Ended 31 December 2015

	Accumulated funds/(deficits) K	Capital grants K	Total K
At 1 January 2014	(148,284,495)	13,802,255,368	13,653,970,873
Capital grants received (works)	-	4,535,350,325	4,535,350,325
Capital grants received (advance payments)	-	512,429,912	512,429,912
Write off (note 8b)	-	(892,252,595)	(892,252,595)
Capital grants received (operations)	-	42,144,655	42,144,655
Total comprehensive income for the year 156,571,150	-	156,571,150	
Amortisation of capital grants	-	<u>(711,492,717)</u>	<u>(711,492,717)</u>
At 31 December 2014	8,286,655	17,288,434,948	17,296,721,603
Capital grants received (works)	-	5,979,788,981	5,979,788,981
Capital grants received (advance payments)	-	346,763,577	346,763,577
Capital grants received (operations)	-	21,728,674	21,728,674
Total comprehensive income for the year (32,814,611)	-	(32,814,611)	
Amortisation of capital grants	-	<u>(1,133,897,696)</u>	<u>(1,133,897,696)</u>
At 31 December 2015	<u>(24,527,956)</u>	<u>22,502,818,484</u>	<u>22,478,290,528</u>

Statement of Financial Position - 31 December 2015

	Note	2015 K	2014 K
ASSETS			
Non-current assets			
Property, plant and equipment	8	6,152,240,135	5,714,610,976
Capital work in progress	9	<u>16,041,900,235</u>	<u>10,408,178,404</u>
		<u>22,194,140,370</u>	<u>16,122,789,380</u>
Current assets			
Inventories	10	19,403,976	8,181,683
Trade and other receivables	11	4,066,981,716	4,308,736,983
Cash and cash equivalents	12	<u>30,686,787</u>	<u>39,061,137</u>
		<u>4,117,072,479</u>	<u>4,355,979,803</u>
Total assets		<u>26,311,212,849</u>	<u>20,478,769,183</u>
EQUITY AND LIABILITIES			
Funds and reserves			
Accumulated (deficits)/funds		(24,527,956)	8,286,655
Capital grants		<u>22,502,818,484</u>	<u>17,288,434,948</u>
		<u>22,478,290,528</u>	<u>17,296,721,603</u>
Current liabilities			
Trade and other payables	13	<u>3,832,922,321</u>	<u>3,182,047,580</u>
		<u>3,832,922,321</u>	<u>3,182,047,580</u>
Total funds and liabilities		<u>26,311,212,849</u>	<u>20,478,769,183</u>

The financial statements on pages 59 to 78 were approved by the Agency Members on and were signed on its behalf by:-

)
) **BOARD CHAIRPERSON**
)
)
)
) **DIRECTOR/CHIEF EXECUTIVE OFFICER**
)

Statement of Cashflows

for the Year Ended 31 December 2015

	2015 K	2014 K
Cash (outflow)/inflow (on)/from operating activities		
(Deficit) / income before taxation	(32,814,611)	156,571,150
Interest received	(7,154)	(8,524)
Interest paid	32,979,954	14,466,556
Loss on disposal of property, plant and equipment	758,247	959,537
Amortisation of capital grants	(1,133,897,696)	(711,492,719)
Depreciation	1,133,897,696	711,492,719
Increase in inventories	(11,222,293)	(7,869,157)
Decrease /(Increase) in trade and other receivables	241,755,267	(588,546,708)
Increase in trade and other payables	<u>650,874,741</u>	<u>648,879,201</u>
Net cash inflow from operating activities	<u>882,324,151</u>	<u>224,452,055</u>
Returns on investments and servicing of finance		
Interest received	7,154	8,524
Interest paid	<u>(32,979,954)</u>	<u>(14,466,556)</u>
Net cash outflow on returns on investments and servicing of finance	<u>(32,972,800)</u>	<u>(14,458,032)</u>
Investing activities		
Purchase of property, plant and equipment	(7,206,503,375)	(5,294,495,065)
Proceeds from disposal of property, plant and equipment	<u>496,442</u>	<u>867,423</u>
Net cash outflow on investing activities	<u>(7,206,006,933)</u>	<u>(5,293,627,642)</u>
Net cash outflow before financing	<u>(6,356,655,582)</u>	<u>(5,083,633,619)</u>
Financing		
Capital grants received	<u>6,348,281,232</u>	<u>5,089,924,937</u>
Net cash inflow from financing activities	<u>6,348,281,232</u>	<u>5,089,924,937</u>
(Decrease)/ increase in cash and cash equivalents	(8,374,350)	6,291,318
Cash and cash equivalents at the beginning of the year	<u>39,061,137</u>	<u>32,769,819</u>
Cash and cash equivalents at the end of the year	<u>30,686,787</u>	<u>39,061,137</u>
Represented by:		
Bank balances and cash	<u>30,686,787</u>	<u>39,061,137</u>

Notes to the Financial Statements - 31 December 2015

1. **The Agency**

The Road Development Agency (RDA) is a statutory body which was established by the Public Roads Act No. 12 of 2002. The main function of RDA is to plan, manage and coordinate the road network in the country. The Agency is also responsible for the planning, care and maintenance and construction of public roads in Zambia. It also regulates the maximum permissible weights on roads, conducts studies for the development and improvement of the road network and reviews design standards and classification.

2. **Principal accounting policies**

The principal accounting policies applied by the Agency in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) **Basis of presentation**

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements". The Agency has elected to present the "Statement of Comprehensive Income" in one statement, the "Statement of Comprehensive Income". The financial statements have been prepared under the historic cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Agency's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) **New and revised standards that are effective for annual periods beginning on or after 1 January 2015**

'Defined Benefit Plans: Employee Contributions' (Amendments to IAS 19) came into mandatory effect for the first time in 2015 but the Agency early adopted these Amendments in 2014. Other amendments to IFRSs that became mandatorily effective in 2015 have no material impact on the Agency's financial results or position. Accordingly, the Agency has made no changes to its accounting policies in 2015.

(c) **Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Agency**

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Agency. Information on those expected to be relevant to the Agency's financial statements is provided below. Management anticipates that all relevant pronouncements will be adopted in the Agency's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Agency's financial statements.

Notes to the Financial Statements - 31 December 2015 (continued)

2. Principal accounting policies (continued)

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Agency (continued)

IFRS 9 'Financial Instruments' (2014)

The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the Agency's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed
- an expected credit loss-based impairment will need to be recognised on the Agency's trade receivables, unless classified as at fair value through profit or loss in accordance with the new criteria
- it will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless the Agency makes an irrevocable designation to present them in other comprehensive income.
- if the Agency continues to elect the fair value option for certain financial liabilities, fair value movements will be presented in other comprehensive income to the extent those changes relate to the Agency's own credit risk.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018.

Management has started to assess the impact of IFRS 15 but is not yet in a position to provide quantified information.

Notes to the Financial Statements - 31 December 2015 (continued)

2. Principal accounting policies (continued)

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Agency (continued)

Amendments to IFRS 11 Joint Arrangements

These amendments provide guidance on the accounting for acquisitions of interests in joint operations constituting a business. The amendments require all such transactions to be accounted for using the principles on business combinations accounting in IFRS 3 'Business Combinations' and other IFRSs except where those principles conflict with IFRS 11. Acquisitions of interests in joint ventures are not impacted by this new guidance.

The amendments are effective for reporting periods beginning on or after 1 January 2016.

(d) **Income**

(i) **Capital grants**

Government grants are accounted for when there is reasonable assurance that the Agency will comply with the conditions attaching to them and that the grants will be received. Grants that relate to specific capital expenditure are treated as capital grants which are then amortised through the statement of comprehensive income over the related asset's useful life. Other grants are credited to the statement of comprehensive income in the period in which they are received.

(ii) **Other income**

Income from interest earned and other income is accounted for on an accrual basis.

(e) **Property, plant and equipment**

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Agency and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost, is transferred from the revaluation surplus to retained earnings.

Notes to the Financial Statements - 31 December 2015 (continued)

2. Principal accounting policies (continued)

(e) Property, plant and equipment (continued)

Depreciation is calculated to write off the cost of property, plant and equipment on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Leasehold land and buildings	2
Furniture and fittings	20
Office equipment	20
Motor vehicles	20
Computers	33.33
Plant and machinery	8.30

The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the statement of comprehensive income in other operating income. When revalued assets are sold, the amounts included in the revaluation surplus relating to these assets are transferred to retained earnings.

(f) Roads

Maintenance of the existing roads involving performing works to offset the deterioration of roads on a continuous basis is treated as routine maintenance and is expensed in the year the works are carried out.

Other works on new roads such as expanding road capacity, providing stronger surface and significantly changing characteristics of the roads is capitalized and depreciated on the following basis:

	Paved	Gravel	Earth
	%	%	%
Periodic maintenance	20	33.33	100
Rehabilitation	10	20	100
Construction	5	10	25

(g) Financial assets

The Agency classifies its investments into the following categories: financial assets at fair value through profit or loss, trade and other receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Notes to the Financial Statements - 31 December 2015 (continued)

2. Principal accounting policies (continued)

(g) Financial assets (continued)

Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

(i) *Financial assets at fair value through income*

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.

A financial asset is classified into the 'financial assets at fair value through income' category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit taking, or if so designated by management.

Financial assets designated as at fair value through profit or loss at inception are those that are:

- held in internal funds to match investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- managed and whose performance is evaluated on a fair value basis. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

(ii) *Trade and other receivables*

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Agency intends to sell in the short term or that it has designated as at fair value through income or available for sale. Trade and other receivables are recognised at nominal value, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Agency will not be able to collect all amounts due according to their original terms.

(iii) *Held-to-maturity financial assets*

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities other than those that meet the definition of trade and other receivables that the Agency's management has the positive intention and ability to hold to maturity. These assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Agency will not be able to collect all amounts due according to their original terms.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Notes to the Financial Statements - 31 December 2015 (continued)

2. Principal accounting policies (continued)

(g) Financial assets (continued)

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Agency has also transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Held-to-maturity financial assets are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available for sale are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as net realised gains or losses on financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of comprehensive income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income when the Agency's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Agency establishes fair value by using valuation techniques.

(h) Impairment of assets

(i) *Financial assets carried at amortised cost*

The Agency assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Agency about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization; or
- observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Agency, including:
 - adverse changes in the payment status of issuers or debtors in the Agency; or
 - national or local economic conditions that correlate with defaults on the assets in the Agency.

Notes to the Financial Statements - 31 December 2015 (continued)

2. Principal accounting policies (continued)

(h) Impairment of assets (continued)

(i) *Financial assets carried at amortised cost (continued)*

The Agency first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Agency determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of comprehensive income.

(ii) *Financial assets carried at fair value*

The Agency assesses at each reporting date whether there is objective evidence that an available-for-sale financial asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not subsequently reversed. The impairment loss is reversed through the statement of comprehensive income, if in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the equity.

(iii) *Impairment of other non-financial assets*

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(i) **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments and balances held with banks. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents.

Notes to the Financial Statements - 31 December 2015 (continued)

2. Principal accounting policies (continued)

(j) Foreign currencies

(i) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Agency operates (the 'functional currency'). The financial statements are presented in Zambian Kwacha, which is the Agency's presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the rates of exchange prevailing at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Translation differences on non-monetary items, such as equity at fair value through profit and loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in fair value reserve in the statement of changes in funds.

(k) Employee benefits

(i) **Provision for retirement benefits**

The pension plan is with National Pension Scheme Authority (NAPSA) where the Agency pays an amount equal to the employees' contributions. Employees contribute 5% of their gross earnings.

The employees of the Agency are entitled to defined benefits at retirement for non contract employees and to gratuity at end of contract for contract employees. Provisions for gratuity payable to contract employees are recognized as an expense and the liability is shown in the statement of financial position. There is no scheme in place to meet obligations arising from the retirement benefits payable to non contract employees. However, these obligations will be funded from future government grants.

Provisions for leave pay are made in respect of all staff. Leave days are provided for up to the maximum leave days allowed under the conditions of service.

(l) Trade and other payables

Trade and other payables are stated at cost.

(m) Provisions

Legal claims

Provisions for legal claims are recognised when: the Agency has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

(n) Inventory

Inventory is stated at the lower of cost or net realisable value. Cost is determined on a first-in first-out basis and includes all expenditure incurred in the normal course of business in bringing the goods to their present location and condition, including production overheads based on normal level of activity. Net realisable value takes into account all further costs directly related to marketing, selling and distribution. Provision is made for obsolete and slow moving inventories.

Notes to the Financial Statements - 31 December 2015 (continued)

2. **Principal accounting policies (continued)**

(o) **Operating leases**

The Agency rents properties as a lessee. Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

3. **Critical accounting estimates and judgements**

The Agency makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Agency's accounting policies, management has made judgements in determining:

- (a) the classification of financial assets;
- (b) whether assets are impaired;
- (c) estimation of provision and accruals; and
- (d) recoverability of trade and other receivables.

4. **Management of financial risk**

4.1 **Financial risk**

The Agency is exposed to a range of financial risks through its financial assets and liabilities. The most important components of this financial risk are interest rate risk and credit risk.

These risks arise from open positions in interest rate and business environments, all of which are exposed to general and specific market movements.

The Agency manages these positions with a framework that has been developed to monitor debtors and return on its investments.

4.1.1 **Credit risk**

The Agency's exposure to credit risk is medium.

4.1.2 **Capital management**

The Agency's objective when managing capital is to safeguard the Agency's ability to continue as a going concern so that it can continue to provide benefits to stakeholders.

The Agency's capital is supported by grants from the Government of the Republic of Zambia (GRZ).

5. **Income**

Income represents amortisation of grants received from the Government of the Republic of Zambia.

Notes to the Financial Statements - 31 December 2015 (continued)

	2015 K	2014 K
6. (Deficit) / Surplus for the year (Deficit) / Surplus for the year is stated after charging:-		
Depreciation	<u>1,133,897,696</u>	<u>711,492,719</u>
Interest Paid	<u>32,979,954</u>	<u>14,466,556</u>
Loss on sale of assets	<u>758,247</u>	<u>959,537</u>
and after crediting:-		
Interest received	<u>7,154</u>	<u>8,524</u>
7. Taxation The Agency is exempt from taxation under Section 15 of the Income Tax Act Cap 323 of the Laws of Zambia and in accordance with paragraph 5 part III of the second schedule of the same Act.		

Notes to the Financial Statements - 31 December 2015 (continued)

8. Property, plant and equipment

(a) Summary

	Roads K	Pontoons & bridges K	Land and buildings K	Weigh- bridges K	Motor vehicles K	Plant and machinery K	Computers and office equipment K	Furniture and fittings K	Total K
Cost or valuation									
At 1 January 2014	3,612,093,958	138,794,500	12,516,492	15,541,076	67,516,240	73,116,565	15,841,659	5,845,714	3,941,266,204
Additions	-	-	500,000	-	18,946,186	8,524,570	11,722,496	634,418	40,327,670
Capitalisation	3,847,101,766	84,103,287	-	31,648,678	-	-	-	-	3,962,853,731
Write offs	(334,209,783)	(9,492,389)	-	-	(1,327,192)	(4,906,850)	(4,036,253)	(549,720)	(354,522,187)
Disposals	-	-	-	-	(5,038,427)	-	-	-	(5,038,427)
At 31 December 2014	7,124,985,941	213,405,398	13,016,492	47,189,754	80,096,807	79,734,285	23,527,902	5,930,412	7,584,886,991
Additions	1,486,817,765	34,119,260	935,842	22,233,043	10,355,678	15,537,886	2,532,667	249,403	28,675,634
Capitalisation	-	-	-	-	-	-	-	-	1,544,105,910
Disposals	-	-	-	-	(2,163,950)	-	-	-	(2,163,950)
At 31 December 2015	8,611,803,706	247,524,658	13,952,334	69,422,797	88,288,535	92,272,171	26,060,569	6,179,815	9,155,504,585
Depreciation									
At 1 January 2014	1,320,303,678	47,638,215	1,560,708	3,341,435	39,279,062	11,591,765	10,254,908	3,543,254	1,437,513,025
Charge for the year	655,849,086	17,072,434	260,330	4,718,975	16,375,591	8,223,163	8,083,436	909,704	711,492,719
Write offs	(262,803,239)	(4,556,347)	-	-	(1,327,193)	(2,245,519)	(4,036,244)	(549,720)	(275,518,262)
Disposals	-	-	-	-	(3,211,467)	-	-	-	(3,211,467)
At 31 December 2014	1,713,349,525	60,154,302	1,821,038	8,060,410	51,115,993	17,569,409	14,302,100	3,903,238	1,870,276,015
Charge for the year	1,058,515,198	36,153,187	372,622	10,889,480	12,913,241	7,836,077	6,456,966	760,925	1,133,897,696
Disposals	-	-	-	-	(909,261)	-	-	-	(909,261)
At 31 December 2015	2,771,864,723	96,307,489	2,193,660	18,949,890	63,119,973	25,405,486	20,759,066	4,664,163	3,003,264,450
Net book value									
At 31 December 2015	5,839,938,983	151,217,169	11,758,674	50,472,907	25,168,562	66,866,685	5,301,503	1,515,652	6,152,240,135
At 31 December 2014	5,411,636,416	153,251,096	11,195,454	39,129,344	28,980,814	59,164,876	9,225,802	2,027,174	5,714,610,976

b) Property, plant and equipment and capital work in progress included amounts for which details were not available. During the year 2014, the directors of the agency resolved to write off some amounts on various assets together with the related depreciation. The related amounts were written off in capital grants in the statement of changes in funds.

Notes to the Financial Statements - 31 December 2015 (continued)

9. Capital work in progress

	Roads K	Pontoons and bridges K	Totals K
At 1 January 2014	9,583,474,740	390,349,521	9,973,824,261
Additions	5,123,521,066	130,646,329	5,254,167,395
Write offs (note 8b)	(798,389,861)	(58,569,660)	(856,959,521)
Capitalisation	<u>(3,847,101,766)</u>	<u>(115,751,965)</u>	<u>(3,962,853,731)</u>
At 31 December 2014	10,061,504,179	346,674,225	10,408,178,404
Additions	7,018,727,719	159,100,022	7,177,827,741
Capitalisation	<u>(1,486,817,765)</u>	<u>(57,288,145)</u>	<u>(1,544,105,910)</u>
At 31 December 2015	<u>15,593,414,133</u>	<u>448,486,102</u>	<u>16,041,900,235</u>

	2015 K	2014 K
10. Inventories		
Stores	550,037	281,017
Raw materials (Pave Zambia)	11,366,289	4,743,672
Finished pavers	<u>7,487,650</u>	<u>3,156,994</u>
	<u>19,403,976</u>	<u>8,181,683</u>
11. Trade and other receivables		
Amounts advanced to contractors and suppliers	434,469,410	1,296,522,615
Amount receivable from Ministry of Works and Supply	9,450,563	-
Amounts receivable from National Roads Fund Agency (NRFA)	3,624,453,773	3,004,492,897
Special imprest	493,958	1,049,849
Salary advances	5,669,179	6,235,781
Other debtors	892,970	918,704
Less: Provision for bad and doubtful debts	<u>(8,448,137)</u>	<u>(482,863)</u>
	<u>4,066,981,716</u>	<u>4,308,736,983</u>
12. Cash and cash equivalents		
Bank balances	30,680,767	39,051,160
Petty cash	<u>6,020</u>	<u>9,977</u>
	<u>30,686,787</u>	<u>39,061,137</u>
13. Trade and other payables		
Amounts payable to contractors	2,463,792,480	2,203,213,265
Retention payable	1,140,603,739	784,302,065
Provisions and accruals	186,752,228	167,153,163
Sundry creditors	<u>41,773,874</u>	<u>27,379,087</u>
	<u>3,832,922,321</u>	<u>3,182,047,580</u>

Notes to the Financial Statements - 31 December 2015 (continued)

14. Financial instruments

Financial assets

The Agency's principal financial assets are bank balances and cash and trade debtors. The Agency maintains its bank accounts with banks of high credit standing. Trade debtors carrying amounts is net of appropriate allowances for estimated irrecoverable amounts.

Financial liabilities

The Agency's financial liabilities are employee liabilities and trade and other accounts payable. Financial liabilities are classified according to the substance of the contractual arrangements entered into. Accounts payable are stated at their nominal value.

(a) Price risk

(i) Currency risk

The Agency is exposed to currency risk as it holds foreign currency denominated assets and liabilities.

(ii) Interest rate risk

Financial assets are not exposed to the risk that their value will fluctuate due to changes in market interest rates.

(b) Credit risk

Credit risk is the risk of financial loss to the Agency if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade receivables and other receivables.

In order to manage this risk the Agency makes allowance for impairment against non-performing accounts, where recovery is doubtful.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was: -

Classes of financial assets

	Carrying amount	
	31 December 2015 K	31 December 2014 K
Trade and other receivables	4,066,981,716	4,308,736,983
Cash and cash equivalents	<u>30,686,787</u>	<u>39,061,137</u>
	<u>4,097,668,503</u>	<u>4,347,798,120</u>

The credit risk for cash and cash equivalents and short term deposits is considered negligible, since the counterparts are reputable banks.

In respect of trade and other receivables, the Agency is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good.

(c) Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

Notes to the Financial Statements - 31 December 2015 (continued)

14. Financial instruments (continued)

(c) Fair value measurement of financial instruments (continued)

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 December 2014 and 31 December 2013:

31 December 2015

	Level 1 K	Level 2 K	Level 3 K	Total K
Financial assets				
Trade and other receivables	-	4,066,981,716	-	4,066,981,716
	-	4,066,981,716	-	4,066,981,716
Financial liabilities				
Trade and other payables	-	3,832,922,321	-	3,832,922,321
	-	3,832,922,321	-	3,832,922,321

31 December 2014

	Level 1 K	Level 2 K	Level 3 K	Total K
Financial assets				
Trade and other receivables	-	4,308,736,983	-	4,308,736,983
	-	4,308,736,983	-	4,308,736,983
Financial liabilities				
Trade and other payables	-	3,182,047,580	-	3,182,047,580
	-	3,182,047,580	-	3,182,047,580

There were no transfers between Level 1 and Level 2 in 2015 or 2014.

Notes to the Financial Statements - 31 December 2015 (continued)

14. Financial instruments (continued)

(d) Categories of financial instruments

At 31 December 2015

	Loans and receivables K	Fair value K
Financial assets		
Trade and other receivables	4,066,981,716	4,066,981,716
Cash and cash equivalents	<u>30,686,787</u>	<u>30,686,787</u>
	<u>4,097,668,503</u>	<u>4,097,668,503</u>
Financial liabilities	Financial liabilities At amortised cost K	Fair value K
Trade and other payables	<u>3,832,922,321</u>	<u>3,832,922,321</u>
	<u>3,832,922,321</u>	<u>3,832,922,321</u>
Net position	<u>264,746,182</u>	<u>264,746,182</u>

(d) Categories of financial instruments

At 31 December 2014

	Loans and receivables K	Fair value K
Financial assets		
Trade and other receivables	4,308,736,983	4,308,736,983
Cash and cash equivalents	<u>39,061,137</u>	<u>39,061,137</u>
	<u>4,347,798,120</u>	<u>4,347,798,120</u>
Financial liabilities	Financial liabilities At amortised cost K	Fair value K
Trade and other payables	<u>3,182,047,580</u>	<u>3,182,047,580</u>
	<u>3,182,047,580</u>	<u>3,182,047,580</u>
Net position	<u>1,165,750,540</u>	<u>1,165,750,540</u>

Notes to the Financial Statements - 31 December 2015 (continued)

	2015 K	2014 K
15. Related party transactions		
The following transactions were carried out with related parties:		
(i) <i>Key management compensation</i> Salaries and other short term benefits	<u>9,037,174</u>	<u>8,715,891</u>
(ii) Loans to key management	<u>725,000</u>	<u>502,106</u>
(iii) <i>Directors' remuneration</i> Fees for service as directors	<u>1,785,894</u>	<u>1,643,387</u>
(iv) <i>Loans to directors</i>	<u>-</u>	<u>-</u>
(v) The following business transactions were undertaken with a related party.		
	2015 K	2014 K
Acmms Lodge	<u>-</u>	<u>127,086</u>

- 16. Contingent liabilities**
There are contingent liabilities in respect of various legal claims made against the Agency amounting to K121 million (2014 – K247.3 million). There is also a contingent liability in the form of interest payable to contractors for delayed payment of certified works amounting to K106.5 million (2014 – K83.679 million).

- 17. Capital commitments**
As at 31 December 2015, the Agency had entered into a number of contracts for works. Capital expenditure contracted for at the reporting date but not recognised in the financial statements is as follows:

	2015 K	2014 K
Roads and bridges	<u>13,674,468,698</u>	<u>4,764,931,244</u>

The Agency is certain that all such commitments will be fully financed from Government grants through the National Roads Fund Agency and from cooperating partners.

- 18. Comparative figures**
The comparatives have been restated where necessary to afford comparability.

- 19. Events subsequent to the reporting date**
There has not arisen since the reporting date any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Agency, to affect substantially the operations of the Agency, the results of those operations or the state of affairs of the Agency in subsequent financial years.

SCHEDULE 1

Detailed Analysis of Income for the Year Ended 31 December 2015

	2015 K	2014 K
Income		
Amortisation of capital grants	1,133,897,696	711,492,719
Project grants from National Roads Fund Agency (NRFA)	667,620,545	354,269,633
Revenue grants from GRZ <u>113,406,753</u>	<u>113,406,755</u>	
	<u>1,914,924,994</u>	<u>1,179,169,107</u>
Other income		
Abnormal load fees	3,008,892	2,796,755
Bill boards	214,980	98,047
Equipment hire	463,012	62,550
Interest income	7,154	8,524
Liquidated damages	2,739,182	1,337,278
Private Public Partnership	703,058	900
(Loss)/profit on disposal of property, plant and equipment	(758,247)	(959,537)
Rental income	55,600	89,100
Road infringement charges	83,439	33,250
Quarry royalties	5,337,500	1,195,600
Soil testing analysis fees	423,650	428,930
Routeway inspection fees	866,125	1,988,670
Tender document sales	1,846,450	1,187,834
Debts taken over by GRZ	-	133,665,024
Performance bond encashment	10,670,000	-
Other	<u>2,305,447</u>	<u>197,434</u>
	<u>27,966,242</u>	<u>142,130,359</u>
Total income	<u>1,942,891,236</u>	<u>1,321,299,466</u>

SCHEDULE 2

Detailed Analysis of Administration Costs for the Year Ended 31 December 2015

	2015 K	2014 K
Accommodation and meals	4,256,472	3,505,008
Audit fees	374,860	760,017
Bank charges	125,855	141,769
Board expenses	3,280,842	2,469,896
Civil maintenance	806,139	441,267
Cleaning materials and toiletries and sanitary services	413,607	361,621
Computer expenses	511,322	410,304
Depreciation	1,133,897,696	711,492,719
Electricity, water and sewerage	257,413	232,606
Equipment service and repair	108,503	48,716
Exchange losses	110,119	4,890,729
Insurance	1,871,817	2,817,925
Interest on long outstanding contractor debts	32,979,954	14,466,556
Internet services	611,725	288,951
Laboratory reagents and chemicals	15,444	17,550
Labour day celebrations	313,927	315,265
Legal fees	255,636	548,807
Motor vehicle expenses	6,230,292	5,320,806
Newspapers	82,634	68,423
Office beverages and refreshments	225,936	218,435
Other costs	109,869	46,277
Printing and stationery	2,067,537	1,804,897
Provision for bad and doubtful debts	8,498,677	190,245
Public relations and advertising	4,270,388	3,521,923
Recruitment costs	103,764	70,077
Routeway inspection costs	385,730	285,528
Security services	2,511,727	2,020,047
Staff costs	151,944,362	159,742,012
Staff training	4,469,625	2,671,054
Staff Welfare	2,027,380	316,290
Subscriptions	116,907	295,498
Office Rentals	1,491,473	1,408,110
Telephone and postage	566,907	520,129
Travelling expenses	311,827	36,439
Miscellaneous expenses	22,180	18,983
Workshops and seminars	1,354,740	643,999
	<u>1,366,983,286</u>	<u>922,408,878</u>

SCHEDULE 3

Detailed Analysis of Routine Repairs, Maintenance Works and Project related costs for the Year Ended 31 December 2015

	2015 K	2014 K
Environmental costs	80,886	1,957,695
Project procurement costs	8,807,179	9,745,553
Routine maintenance – roads	506,739,462	161,219,660
Routine maintenance – bridges	962,088	-
Routine maintenance – force accounts	59,841,294	46,303,824
Supervision expenses – roads and bridges	11,490,476	10,161,224
Supervision expenses – routine maintenance	1,123,744	1,091,529
Technical assistance and other consultancy costs	3,381,978	233,194
Pave Zambia 2000 costs	5,585,190	6,818,551
Road Tolling costs	3,036,770	2,699,657
Information & Communication Technology costs	2,005,880	1,603,692
Legal costs and Arbitration awards	5,667,614	484,859
	<u>608,722,561</u>	<u>242,319,438</u>



**ROAD DEVELOPMENT
AGENCY**

Road Development Agency

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