



Road Development Agency

2016



ANNUAL REPORT

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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
BOQ	Bill of Quantities
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
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

Chairperson's Report

Once again, I am delighted to present this report on the activities of the Road Development Agency for the year 2016. The year 2016 was a very interesting and challenging year for the Agency and the country as a whole.

The Road Development Agency however, recorded a number of successes and achieved a very significant milestone in its existence. It celebrated 10 years of its existence. It has been 10 years since the Agency was mandated to provide for the care, maintenance and construction of public roads in Zambia; to regulate maximum weights permissible for transmission on roads. The improvement of the road infrastructure in the country was to promote trade and development, open up new areas, and enhance accessibility and connectivity within our country and the outside.

I wish to commend the Board and Management and all staff on this achievement. It is my prayer that the Agency will continue to deliver on the mandate in the coming years.

During the year 2016, the RDA Board appointed Eng. Elias Mwape who was then Director of Planning and Design as the new Director and Chief Executive Officer of the Agency to replace Eng. Kanyuka Mumba whose contract ended. The expectations and wishes of the RDA Board were that



Samuel Mukupa
RDA BOARD CHAIRPERSON

Eng. Elias Mwape would continue to provide leadership and apply his experience to deliver the mandate of the Agency.

During the year under review, the Agency paid particular attention to the prudent use of resources through its major activities such as Construction, Maintenance, Rehabilitation and Axle Load Control. All staff were encouraged to ensure that costs for planned activities were kept minimal while maintaining prescribed quality and standard.

The economic challenges that the country experienced did not spare the Agency. Some of the major challenges include delayed payments of Interim Payment Certificates that affected the progress of most projects.

Despite the financial challenges, the Agency still attached great importance to the implementation of major programmes like the Link Zambia 8000. It is our desire to continue transforming Zambia into a truly land linked Country.

Despite the financial challenges experienced in the year 2016, the Agency attained some milestones in the rehabilitation, maintenance and upgrading of some of the key road links. Some of the major projects that were implemented and successfully completed included the Mbala-Nakonde, Mansa-Luwingu, Mongu-Kalabo, Mufuchani Bridge and Sioma Bridge among others.

The overall condition of the unpaved urban road network showed that a significant portion was in 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 approximately 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.

The Agency 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. During the period under view, detailed designs and packaging of the entire PFR Network was completed.

As I conclude, I wish to thank Government for the support rendered to the Agency, which enabled us to fulfil our mandate.

I, now, present this report that gives an account of the activities that the Road Development Agency undertook from January to December 2016.

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 2016 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.

The Road Development Agency celebrated 10 years of existence. To the members of staff, I wish to commend all for being part of the history of RDA. You are the most valuable asset that the Agency has and therefore I would like to urge you to continue giving your best to the institution regardless of the position that you hold or the department you are in. We remained firm to our commitment to the mission statement of "Providing a World Class Road Network that supports socio-economic development in Zambia".

During the period under review, 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



Eng. Elias Mwape
Director and Chief Executive Officer

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.

By the end of 2016, the Agency was implementing a total of forty two (42) contracts, representing approximately 4,168km under the Link Zambia 8000 Programme. The cumulative total surfaced stands at 692km out of the total of 4,168km under implementation. The slow progress during the period under review is attributed to constrained cash flow challenges. Some of the projects under the Link Zambia with their respective physical progress are Kawambwa-Mushota-Luwingu Road (80%), Matumbo-Luangwa Bridge Lot 2 (70%) and the Kitwe-Chingola road (60%).

For the major construction, rehabilitation and upgrading projects, a total of 71km surfacing was achieved during the period under review. The cumulative surfaced distance stood at 1,558km out of 2,327km under implementation. The cumulative average physical progress was 70 percent.

There were eleven (11) periodic maintenance road projects that were undertaken by the Agency. Some of the notable projects with their respective physical progress are: the Livingstone – Sesheke Lot 1 (90%), Chambeshi Bridge – Kasama (10%) and Solwezi-Mwinilunga road Lot 1 (73%).

During the period under review, three (3) urban roads projects were undertaken in Lusaka, Copperbelt and Central provinces. Other major urban road projects that were ongoing are the Lusaka Urban Roads (L400) phase 1 with physical progress of 99% and the Kabwe/Kapiri Mposhi Urban Roads stood at 54%.

During the period under review, Forty (40) works contracts were awarded in 2016 from procurement proceedings that had started in 2016 and earlier. In addition, forty two (42) consultancy services were awarded in 2016 from procurement proceedings that had started in 2016 and earlier.

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. Happy RDA @ 10!! Finally, to all our road users, we remain committed to serving you with excellence and integrity.

Eng. Elias Mwape

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 2016. Particular attention was paid to key projects undertaken.

Link Zambia 8000 Programme

During the period under review, a total of 30 km of the Link Zambia 8000 projects was surfaced. This brought the cumulative total of 692km out of the total of 4,168km under implementation. The cumulative physical progress reduced to 16 percent from 17 percent in the previous year due to the addition of more projects. Some of the new projects are Kalabo Sikongo Angola and Luwingu to Chaba Lots 1, Luwingu to Chilubi Lots 2-3. Most of the Link Zambia 8000 projects continued to record minimal progress attributed to scarcity of financial resources.

Other Major Projects and bridges

For the other major projects, 71km surfacing was achieved during the period under review on Lusaka Chirundu Link 4, Isoka to Muyombe to Chama to Lundazi Road (Lot 1), and Chingola Solwezi Lots 1-3. The cumulative surfaced distance is now at 1,558Km out of a revised total of 2,327Km under implementation. The cumulative average physical progress is 70 percent.

Regarding major bridges and other civil works Contracts such as the Kazungula Bridge across the Zambezi River, works were on-going at a physical progress of 19 percent against planned of 21 percent. Works for construction of Matumbo and

Kampemba Bridges across Luangwa and Kampemba rivers respectively progressed after payment of Advance in June 2016. The temporal bridge across Luangwa river was completed in the period under review.

Pave Zambia 2000 Programme

As at the end of period under review, 5 km of roads were paved in Lusaka. The total production of blocks for all the (10) Provinces was 1,110,196 blocks at the value of K3,552,109. The Agency donated 9,160 and 7,000 paving blocks to Kitwe City Council and Ndola City Council respectively.

Maintenance Works

The maintenance of road and bridge infrastructure is vital as it ensures sustainability of these structures. During the year under review, there were 285 contracts (11 projects under periodic maintenance and 274 under routine) that the Agency undertook.

There were eleven (11) periodic maintenance road projects that were undertaken by the Agency. Some of the notable projects with their respective physical progress are the Livingstone – Sesheke Lot 1 (90%), Chambeshi Bridge – Kasama (10%) and Solwezi Mwinilunga road Lot 1 (73%).

During the period under review, three (3) urban roads projects were undertaken in Lusaka, Copperbelt and Central provinces. Ndola City Roads totaling 54.4km of urban roads were completed. Other major urban road projects that were ongoing are the Lusaka Urban Roads (L400) phase 1 with physical progress of 99% and the Kabwe/Kapiri Mposhi Urban Roads stood at 54%.

Axle Load Control

Controlling axle loads on vehicles plying the Zambian roads is a mandate of the Road Development Agency. Therefore axle load controls through fixed weighbridges were carried out to minimise the negative impact of overloading. Ninety eight percent (98%) compliance was recorded during the period under review. Out of a total of 565,480 Heavy Goods Vehicles (HGV) were weighed, 8,825 were overloaded.

Communications and Corporate Affairs

The Agency continued to interface and disseminate information to the public about its road development activities and works for effective management of stakeholder expectations and interests at the sectoral and organizational levels. Some of activities carried are media tours, corporate events, events management, and the production of television programmes such as the "RDA @ 10" and the "Eyes on the Road".

Publications such as the Roads magazine and Voka newsletter were published. The Agency took part in various national exhibitions that took place in the country. The Agency enjoyed some official visits such as the ZINARA delegation that came to learn experiences on how RDA was implementing the Output and Performance Road Contracts (OPRCs), and the Association of Road Fund Agencies (ARMFA) team visited RDA to learn about the operations of the Agency and projects under implementation.

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. Chitotela
Minister of Housing and Infrastructure
Chairman



Hon. Brian Mushimba
Minister of Transport and
Communications



Hon. Vincent Mwale
Minister of Local Government
and Housing



Hon. Felix Mutati
Minister of Finance



Hon. Charles Banda.
Minister of Tourism



Hon. Dora Siliya
Minister of Agriculture and
Cooperatives



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



Hon. Given Lubinda
Minister of Justice

3.2 Committee of Permanent Secretaries

The Committee of Permanent Secretaries comprised the following:



Eng. Charles Mushota
PS - Ministry of Works and Supply
Chairman



Eng. Misheck Lungu
Ministry of Transport and
Communications



Mr. Amos Malupenga
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 Mwamba
(CILT) Vice Chairperson



Mr. Charles Sipanje
(MWS)



Mrs. Chiseche Mutale
(MoT)



Amos Malupenga
(MLGH)



Ms Atridah Mulonga
(NSTC)



Eng. Golden Makayi
(NCC)



Mrs. Pamela Kabamba
(MoF)



Mr. Peter Lungu
Director (MAC)



Brig. Gen Emeldah Chola
(MMEWD)



Mr. Likando Kalaluka SC,
Attorney-General



Eng. Charles Sakanya
(EIZ)



Mrs. Doreen Mwanza
(ZNFU)



Mr. Zindaba Soko
Director – RTSA (Ex Officio)



Dr. Anthony Mwanaumo
(Ex Officio)



Eng. Elias Mwape 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. Elias Mwape
Director and Chief Executive Officer



Eng. Dickson Ndhlovu
Ag. Director – Planning and Design



Mr. Titus Chansa
Director – Procurement



Eng. George Manyele
Ag. Director – Construction and Rehabilitation



Eng. William Mulusa
Director – Road Maintenance



Eng. Christopher Kapasa
Ag. Director – Commercial and
Technical Services



Mrs. Loyce Saili
Director - Communications
and Corporate Affairs



Eng. 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 one (1) unit under it, the Monitoring and Evaluation (M&E) Unit. 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.

Communications and Corporate Affairs

The Department is responsible for direction and coordinating communication activities of the Agency and provide Corporate Strategic Leadership in order to project a positive image of the Agency to all key stakeholders and general public.

Regional offices

The RDA is represented by Regional Offices in all the ten (10) Provincial Centres of the country which are headed by Regional Managers. They are responsible for the care and maintenance of road networks within their respective 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 (ZNS). 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 2016 Annual Work Plan

No.	Fund Sources	Budget 2016 [K'000]	Percent (%)
1	External	3,216,100.66	48.51%
2	GRZ Direct Financing	1,580,223.00	23.83%
3	Road Fund (Fuel Levy and ORUC)	1,833,615.12	27.66%
Grand Total		6,629,938.77	100.00%

Source: RDA Road Sector Annual Work Plan 2016

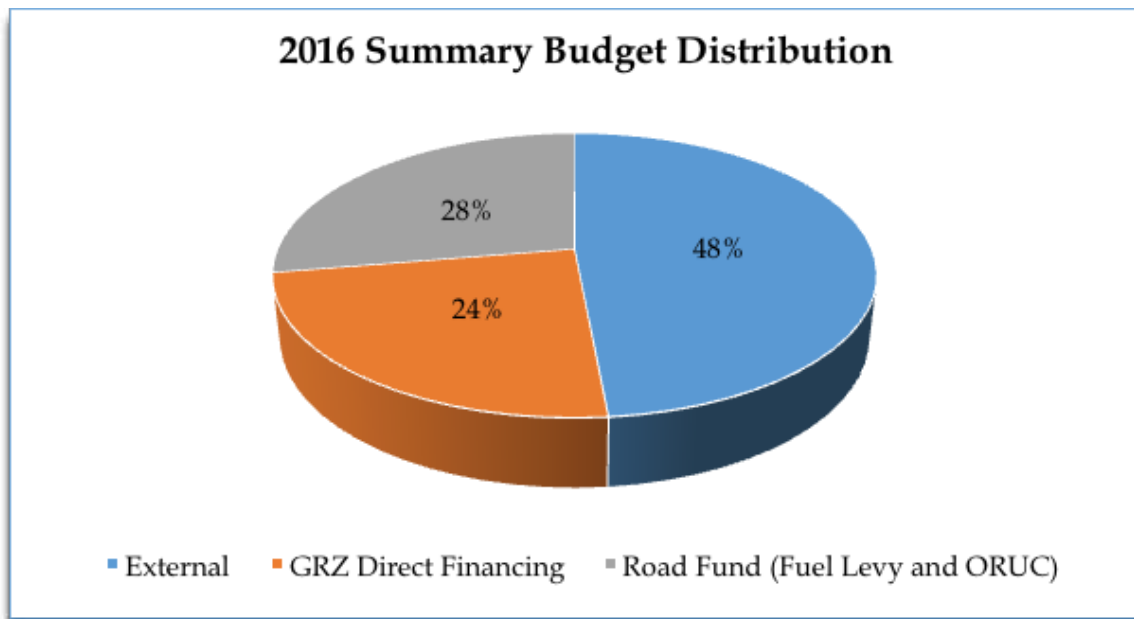


Figure 1: 2016 AWP Funding by Source

4.2 Programmes Performance

4.2.1 Programme Performance

The 2012-2016 RDA Strategic Plan echoed the need to achieve performance dash board based operational deliverables and annual

targets to enhance organizational and sectorial performance. Table 6 illustrates the performance of the road sector in 2016 as at 31st December 2016. The performance is in relation to the set targets by intervention from the 2016 RSAWP.

Table 2: Kilometers achieved by intervention

Intervention Type	Expected Output (2016)	Achieved Output (2016)	% Achievement
Periodic Maintenance	427	104	24
Rehabilitation	321	242	75
Routine Maintenance	17,478	11,992	67
Upgrading/Construction	111	38	34
Grand Total	18,337	12376	67

From the annual target of 427 Km, the Agency achieved 104 km on periodic maintenance for both paved and unpaved road network. Under routine maintenance, 11,992 Km was achieved against a target of 17,498km. This represents 24 and 67 percent performance for periodic maintenance and routine maintenance respectively. This was attributed to the fiscal challenges the Agency faced.

Under rehabilitation and upgrading/construction works, 242 Km and 38 Km were achieved against the set targets of 321 km and 111 Km respectively. This represents 75 percent achievement on rehabilitation works and 34 percent under upgrading works. The constrained budget affected the output the Agency faced during the year under review.

4.2.2 Performance on Specific Road Projects

During the period under review, the Link Zambia 8000 programme surfaced 30 Km of out of the total of 4,168Km under implementation. This brings the total to 692 km. The cumulative physical progress has reduced to 16 percent from 17 percent due to the addition of more projects. Some of the new projects are Kalabo Sikongo Angola and Luwingu to Chaba Lots 1, Luwingu to Chilubi Lots 2-3. During the period under review, ZMW 107,272,775.60 and USD \$5,527,502.82 value of Works was certified. Overall cumulative financial progress is now at 35 percent.

For the Major Projects, 226,20 km surfacing was achieved during the period under review on Lusaka Chirundu Link 4, Isoka to Muyombe to Chama to Lundazi Road (Lot 1), and Chingola Solwezi Lots 1-3. The cumulative surfaced distance is now at 1,558Km out of a revised total of 2,327Km under implementation. The cumulative average physical progress is 70% percent. A total values of ZMW 170,418,543.26, € 8,117,949.10 and \$38,874,723.86 was certified.

Regarding major bridges and other civil works contracts such as the Kazungula Bridge across the Zambezi River, works were on-going at estimated progress of 19% against planned of 21%.

There were eleven (11) 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, Kabwe – Kapiri Mposhi (T2) in Central 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.

SECTION 5

ACTIVITIES IN 2016 – REVIEW OF THE AGENCY BY DEPARTMENT

5.0 RDA Activities in 2016

5.1 Planning, Design and Research and Development

During the year 2016, the Agency undertook reviews of various studies including planning for works in addition to research & development activities as outlined in the 2016 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.

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.

5.1.1 Planning

The following critical activities were being undertaken by the Planning Unit of the RDA during the period under review:

- Drafting of the 2017 Road Sector Annual Work Plan;
- Necessary input in the Procurement of PPPs for major Trunk Corridors;
- Preparatory works for the Mpika to Chinsali Road (EIB) including the contract signing for the consultancy services for the additional services;
- Preparatory works towards

- the Development of Climate Resilient Standards and Codes for the Transport Sector in Zambia;
- Preparatory activities for the procurement of selected projects under Contractor Facilitated Initiative (CFI)
- Preparatory activities for the Improvement to Climate Resilient Standards of selected strategic roads in the Kafue River Basin;
- Preparatory activities for the Rehabilitation of Mpika Urban Roads;
- Review of reports submitted by Consultants under the project for the Output and Performance Based Road Contracts (OPRC) Roll out Plan in Zambia: and Preparatory works for upgrading various road projects to bituminous standard under the Link Zambia 8000 Programme.

Finalization of the 2017 Road Sector Annual Work Plan (RSAWP)

The total 2017 Road Sector budget as approved by parliament stands at K8.62 billion comprising K2.68 billion local resources (GRZ and Road Fund), K2.91 billion external resources (Loans and Grants) and K3.02 billion under the Contractor Finance Initiative (CFI) against

an estimated unconstrained budget of over K20 billion.

A significant number of planned and ongoing projects have been deferred and re-aligned for implementation in 2018 and beyond owing to fiscal challenges. The focus of the 2017 RSAWP is on the following categories of projects:

1. Ongoing projects with high economic significance;
2. Maintenance projects and activities;
3. Projects that require counterpart funding;
4. Foreign financed projects;
5. Activities and projects that will boost the revenue generation capacity; and
6. Dismantling the debt owed to the vendors.

Contractor Facilitated Initiative in the Road Sector

The Government of the Republic of Zambia

Table 3: Link Zambia Phase II Contractor Facilitated Projects

No.	Tender Details	Contractor	Contract Sum (K)
1	Upgrading to Bituminous Standard of approximately 102 Km of the Road D792 Katunda to Lukulu – Watopa – Mumbeshi Lot 1 (Km 0+000 – Km 102+000) including 10KM of Urban Roads in Kaoma District	Anhui Shuian Construction Group Corporation Limited	607,349,167
2	Upgrading of 270km of Katunda (M9 Junction)-Lukulu-Watopa in Western Province Lot 2	Anhui Shuian Construction Group Corporation Limited	601,811,936
3	Upgrading of 270km of Katunda (M9 Junction)-Lukulu-Watopa in Western Province Lot 3	China Railway Seventh Group	852,290,523
4	Upgrading of 121Km of the Solwezi to Kipushi Road in North-Western Province	Buildcon Investments Limited	546,877,969
5	Contract for Construction Works to Upgrade Approximately 188.1 Km of the Luwingu to Chaba Road (RD43, RD44 and RD45) In Northern Province – LOT 1 -69.9 Km	Buildcon Investments Limited	282,394,736

planned to implement the Phase II (Feasibility Studies and Engineering Designs followed by Construction Works) of the Link Zambia 8000 programme in 2015. The Ministry of Finance however, indicated that it was experiencing some fiscal challenges in financing of these projects.

In view of the above, the Agency opted to pursue the option of Contractor Facilitated Initiative (CFI) to implement selected projects under the Link Zambia 8000 Programme. However, there were numerous unsolicited proposal received from contractors to execute the works under this initiative which were noted to be uncompetitive. In order to mitigate the effects of unsolicited (CFI), Eight (8) road projects were advertised under Open Tender to elicit for competition. These projects and the successful Bidders are shown in table below.

6	Contract for Construction Works to Upgrade Approximately 188.1 Km of the Luwingu to Chaba Road (RD43, RD44 and RD45) In Northern Province – LOT 2 -78.2 Km	Mota-Engil Engenharia	291,105,602
7	Tender for Construction works to Upgrade approximately 188.1km of the Luwingu to Chaba Road (RD43, RD44 and RD45) in Northern Province – Lot 3 – 58.2 Km	Mota-Engil Engenharia	529,938,197
8	Upgrading of 194km of Kalabo - Kalongola (D319)-Sitoti to Matebele (M10) Road in Western Province	Messrs. China State Construction	1,695,918,648
	TOTAL		5,407,686,782

The Agency continued to receive unsolicited proposals beyond the closing date of tender for the identified Eight (8) road projects under the Link Zambia 8000 Programme Phase II. The RDA transmitted the received CFI proposals to the Ministry of Finance (MoF) to be explored further and interrogated at Ministerial/Policy level.

The MoF in a minute referenced MF/IDM/101/24/100 and dated July 22, 2016, subsequently guided the RDA to limit the scope of analysis for Contractor Financed Initiative (CFI) proposals to road projects falling in the following categories:

1. Projects that are in the Road Development Agency's

2. (RDA) 2016 Work Plan; Projects that are already being implemented; and
3. Projects for which the Treasury cannot complete implementation due to fiscal constraints.

OPRC Roll out Programme

The contracts for the Consultancy Services for the Output and Performance Based Road Contracts (OPRC) Roll out Plan were signed in February 2016 for a duration of ten (10) months. The provision of these services was divided into three (3) regions as shown in Table below.

Table 4: OPRC Roll out Programme

Region	Province	Consultant	Contract Sum
I	Northern	ASCO Consulting Engineers	US\$135,720.00 & K4,856,456.00
	Luapula		
	Muchinga		
	Eastern		
II	North Western,	EastConsult Limited	K6,146,840.00
	Copperbelt		
	Lusaka		
III	Central	IMC International in joint venture with Messrs Kiran Musonda and WSP	US\$1,612,682.00
	Southern		
	Western		

The projects are being co-financed by the World Bank and GRZ. The scope of the services includes selected unpaved district, secondary and tertiary roads to improve rural road connectivity.

During the reporting period, RDA continued to oversee the implementation of the OPRC on the Primary Feeder Roads at a total cost of approximately USD 200 million.

A draft roll out plan has been prepared based on a multi-criteria analysis centred on agricultural potential and poverty indices for all the ten (10) provinces of Zambia.

The World Bank pledged to finance ten (10) packages (about 200km each) at a total cost of about USD180 million. A further USD20 million was set aside for capacity building and project preparatory activities. The World Bank will finance the first four (4) packages in 2017 covering Central and Eastern Provinces. Government will be expected to finance the remaining packages commencing in 2018.

Nacala Road Corridor Development Project Phase IV: Establishment of One Stop Border Post (OSBP) at Mwami in Zambia and Mchinji in Malawi

Completion of Studies and Engineering Designs: The Mchinji/ Mwami OSBP Project lies on the NACALA transport corridor, a vital trade route serving major trade-dependent economies within the Southern Africa Development Community (SADC), such as Zambia, Malawi, Tanzania, Botswana, Zimbabwe, Democratic Republic of Congo (DRC), South Africa, Namibia and Mozambique. The primary objective of the project is to significantly reduce transit time at the Mchinji/Mwami border thus mitigate high transport and trade cost.

To achieve the above improvements on the transport corridor, SADC with funding from NEPAD – IPPF engaged a Consultant (Messrs. Otieno Odongo and Partners Consulting Engineers of Kenya) in 2013 to carry out the feasibility study and detailed designs for the Mchinji/Mwami OSBP Project. However, as of December 2015, the consultant failed to deliver the final outputs.

Consequently, the Governments of the Republics of Zambia and Malawi in agreement with the AfDB decided to engage a different consultant to finalize the studies and provide supervision of construction works for the project. The procurement process on this tender is advanced and the evaluations were undertaken between April 18, 2016 and April 22, 2016 in Chipata Eastern Province.

Procurement of Consultancy Services (Technical Assistance): The procurement process of services for the TA had reached an advanced stage. The evaluation report for the same was approved by RDAPC and submitted to the AfDB for a No Objection on November 23, 2016.

Land Identification and Acquisition: Approximately 23 hectares of land for the project was identified and site plans prepared in Zambia. Administrative procedures were underway to complete acquisition of the land for the project. Failure by the SADC supervised consultant to submit the Resettlement Action Plan is likely to affect its implementation as the delay might result into an increase in the number of Projects Affected Persons (PAPs).

Development of Climate Resilient Infrastructure Standards and Codes for the Transport Sector in Zambia

This project is aimed at systematically integrating climate resilience in the road transport sub-sector design and management process at policy level in Zambia. The project also aims at developing climate-resilient infrastructure standards and norms, which are to be incorporated into all relevant documents, construction and maintenance guidelines and tools. Solicitation documents for the Development of Climate Resilient Standards and Codes for the Transport Sector in Zambia were finalised and submitted to the financiers, the Nordic Development Fund (NDF) for a No Objection to issue to the shortlisted Consultants. The NDF gave a No Objection to issue these documents on April 5, 2016.

The procurement of a consultant for the Development of Climate Resilient Standards and Codes for the Transport Sector in Zambia was ongoing. The evaluation report was transmitted to NDF for a No Objection on September 26, 2016. Both consultants who submitted proposal scored above the minimum required score and were therefore, recommended to proceed to the combined financial and technical evaluation. The NDF granted a No Objection to open financial proposals on October 27, 2016. The RDAPC approved the combined financial and technical evaluation on December 9, 2016.

However, before the report was transmitted to NDF for a No objection to enter into negotiations with the recommended bidder, NDF informed RDA that they had received a complaint from one of the bidders over an irregularity in the technical proposal opening process. At the time of tender opening, two (02) proposals had been received in time however only one was opened on the actual tender closing date on July 15, 2016. The other proposal was erroneously missed out and was only opened on July 22, when the mistake was discovered. The bidder whose bid was opened on the tender closing date sought clarification as to why another bid was included in the evaluation process. NDF requested RDA on December 20, 2016 to suspend the procurement process until the complaint was resolved. The bidders were informed of the suspension of the procurement process on December 29, 2016. The clarification sought by NDF on the tender opening process and proof that the other bid that was opened on July 22, 2016 was received before tender closing date was submitted to the NDF on January 19, 2017. By reporting time, a decision was awaited from the NDF on the way forward.

The Kafue Sub-basin Climate Resilience Project The evaluation process for the selection of a contractor was completed. The Report was submitted to AfDB on September 21, 2016 for a No Objection to award the contract. However, the AfDB commented that the

tender required a re-evaluation. The final re-evaluation report was approved by the RDAPC meeting on January 6, 2017 and resubmitted the evaluation report to the Bank for a No Objection on January 9, 2017.

Further, AfDB on September 9, 2016 granted a No Objection to the Technical Evaluation Report for the Consultancy Services following a request by RDA on July 22, 2016. Financial Proposals for the consultants that exceeded the minimum technical score were opened on September 23, 2016. The combined Technical and Financial Evaluation report was submitted to the AfDB for a No Objection on October 21, 2016. Pre- contract negotiations were held on December 6, 2016 and the draft contract is expected to be submitted to AfDB on January 18, 2017. The combined Technical and Financial Evaluation report was submitted to the AfDB for a No Objection on October 21, 2016. Pre- contract negotiations were held on December 6, 2016 and the draft contract is expected to be submitted to AfDB on December 20, 2016.

The total amounts recommended for award for both the works and services contracts exceeded the budget allocation in the Loan Agreement by USD 3.65 million. AfDB informed RDA that the shortfall should be covered by the Government of the Republic of Zambia (GRZ). RDA requested Ministry of Finance to advise AfDB that RDA would allocate a portion of its annual budget to cover the additional cost over the life of the project.

PPPs for major Trunk Corridors

GRZ through the RDA in furtherance of its policy of the development of road transport infrastructure in Zambia by means of Public Private Partnerships (PPP) intends to engage Concessionaires to undertake a Design, Finance, Build, Operate and

Transfer of the highly trafficked roads in Zambia. The roads being targeted include the following: Zambia. The roads being targeted include the following:

- (1) Kasomeno to Mwenda Road;
- (2) Lusaka to Ndola and Luanshya to Kafulafuta; and
- (3) Ndola to Kasumbalesa.

Kasomeno to Mwenda Road

RDA signed a Concession Agreement with Messrs Groupe Européen de Développement (GED) Projects Africa Zambia Limited on August 5, 2016 for the Financing, Design, Build, Operate and Tolling of the Kasomeno to Kasenga to Chalwe to Mwenda Road Project (85km) in Luapula Province under the Private Public Partnership (PPP) Model at an estimated cost of US \$ 180 million and a concession period of 25 years. The Kasomeno to Mwenda Road project was initiated following an unsolicited proposal submitted by Messrs GED Projects Africa Zambia Limited to undertake the project in 2012. The senior lenders for the project are the Development Bank of Southern Africa (DBSA). The main EPC contractor and operator is Group Five Construction Pty Limited and Intertoll. Funding for the development components of the project has been agreed between DBSA and GED Projects Africa Zambia Limited. DBSA is reviewing the terms of reference for the preparatory studies leading up to financial closure.

Lusaka to Ndola and Luanshya to Kafulafuta Negotiations for the Design, Finance, Build, Operate and Transfer of the Lusaka to Ndola (T002/T003) and the Kafulafuta to Luanshya (M006) commenced on August 10, 2016. This follows receipt of authority on July 26, 2016 from the PPP Council. However, the PPP council on December 13, 2016 terminated the negotiation and the RDA notified Messrs Group Five Construction Pty Ltd of the PPP Councils decision on January 5, 2017. The PPP Council at its meeting on December 14, 2016 directed that RDA enter into negotiations with Messrs

China Jiangxi Corporation for the Lusaka to Ndola (T002/T003) and the Kafulafuta to Luanshya (M006) PPP Project. An inter-sectoral negotiating team including three members from the private sector was constituted and the first negotiation meeting was scheduled for January 18, 2017.

Ndola to Kasumbalesa Negotiations with ZAMTOLL who are the preferred bidder on the Ndola to Kasumbalesa PPP Concession were ongoing. Grant Thornton was reviewing the Financial Model for the project. A due diligence exercise, in line with the PPP Act, was conducted in the fourth quarter of 2016 to establish the capacity and competence of ZAMTOLL to enter into a concession agreement with RDA. A due diligence exercise was undertaken from November 16 to November 18, 2016. The Due Diligence report was submitted to the PPP council and a response was received on December 13, 2016 in which the PPP council advised the negotiation team to renegotiate and ensure that the following were adhered to:

1. The scope of work of the project be changed to remove the Ndola-Kitwe section of the road thereby changing the project to Kitwe by-pass to Kasumbalesa project, incorporating dual carriageway bypasses at Kitwe, Chingola and Chililabombwe;
2. Renegotiation be undertaken to ensure the complete novation of the Kitwe-Chingola contract with Sinohydro Corporation Limited, in order for Zamtoll to take over the total cost of the road and indemnify RDA of any obligations under the existing contract;

3. The revenue share ratio between RDA and Zamtoll be negotiated to at least 30:70 respectively; and
4. Concession period be limited to 25 years.

Following the directive from the PPP council, Messrs Zamtoll was scheduled to submit a counter proposal on January 11, 2017 which will be transmitted to the PPP Council for consideration.

The rehabilitation of the GNR from Mpika to Chinsali (161.5km)

A Cooperation Agreement was signed in July, 2016 between RDA and European Investment Bank (EIB) for the rehabilitation of the Mpika Chinsali at a total cost of Euro 110 million. EIB engaged COWI on behalf of RDA for the Technical Assistance for Design Review and updating of the Bidding Documents in September 2016 for a period of 4.5 months. The Design Review contract was extended by three (03) to March 2017. The project is expected to be submitted to the EIB Board for approval in the second Quarter of 2017 after the updated cost estimates are submitted by the design review consultant.

In addition to the Mpika to Chinsali Road, RDA requested, through Ministry of Finance, for funding of the rehabilitation works on the Serenje to Mpika Road from AfDB. It is estimated that the project will cost USD233 million. AfDB undertook an appraisal mission of the project on October 21, 2016 to assess the technical and economic viability of the road.

5.1.2 Design Activities

During the period under review, the RDA continued with design reviews of various studies and quality control testing to check compliance to design specifications through laboratory and field tests. The Unit also ensured that environmental compliance was

adhered to at various stages of project implementation. Road safety and road reserve management activities which included inspections, road safety audits and attending to road reserve infringement applications were also conducted during the period under review. Materials testing services were also provided to various clients.

The RDA administered a total of twenty nine projects which included feasibility studies and detailed designs, detailed design and other projects. The deliverables reviewed include Status Reports, Draft Reports, Final Design Reports and Terms of Reference for conducting Environmental Impact Assessments. The Chinsali – Nakonde Road Rehabilitation Project supported by the African Development Bank (AFDB) and Africa Growing Together Fund (AFGT) was one of the major projects under the Design Unit.

Among the services administered during the period under review were design contracts for the Techno-Economic Studies and Preparation of the Detailed Road Designs including: Tender Documents of the Chisekesi-Munyumbwe Road in Southern Province; Techno-Economic Studies, Detailed Engineering Designs and Preparation of Tender Documents for the Upgrading to Bituminous Standard of 204km of the Kawambwa-Mung'anga (M13) and Mwenda-Kashiba (M13/D85) Roads in Luapula Province; Detailed Design of approximately 45Km of the M06 Luanshya – Fisenge – Masangano Road, upgrading to bituminous standard of approximately 32Km of RD470 Lamba Lima and 13Km of D770 Kafubu Block Roads on the Copperbelt Province; and Consultancy Services for the Detailed Engineering Designs including Tender Document Preparation for the Upgrading to bituminous standard of 100km of the Katoba to Chirundu via Chiawa (RD481 and RD482) Road in Lusaka Province.

Selected Main Design Projects

Chinsali – Nakonde Road Project

The Chinsali Nakonde Road (section of Great North Road T2) forms part of the North South Corridor. The project road runs in a north eastern direction from Chinsali to Nakonde in Muchinga Province covering a total distance of 210 km.

The Road Development Agency with support from COMESA, EAC and SADC engaged a Consultant (Grontmij A/C in association with Bicon Zambia Limited) to prepare Designs and Tender Documents for the Rehabilitation of the road in 2013.

The consultant concluded the preparation of the designs and tender Documents in March 2015. The proposed intervention is to rehabilitate the road and also widen the lanes from the current lane width of 3.05m to 3.5m and 2m wide shoulders.

The project has been divided into two lots as follows:

- Lot 1: Chinsali to Isoka (100 km)
- Lot 2: Isoka to Nakonde(110 km)

The Government of the Republic of Zambia (GRZ) and The African Development Bank (AFDB) signed a loan agreement for the financing of the Rehabilitation of the Chinsali Nakonde Road (North South Corridor) on January 28, 2016 amounting to USD 243,000,000.00 (ADB Loan of USD 193 Million and AGTF Loan of USD 50 Million).

The total project cost is estimated at USD 255,759, 313.00. The project will be financed through the AFDB resources (AFDB window), with the leveraging of a new financing instrument – the Africa Growing Together Fund (AGTF), and GRZ counterpart funding. The table below shows the breakdown of the project cost by source of funding.

No	Source of Funds	Amount (USD)
1	African Development Bank	193,000,000.00
2	Africa Growing Together Fund	50,000,000.00
3	Government of the Republic of Zambia	12,759,313.00
Total		255,759,313.00

The project consists of the following four components:

- Component 1: Civil Works
- Component 2: Consultancy Services
- Component 3: Institutional Support and Capacity Building
- Component 4: Resettlement and Compensation

Progress on the Project

Component 1 – Civil Works

- i. **Reconstruction of Chinsali – Nakonde Road**

The invitation to prequalify contractors was published on February 17, 2016 on the UNDB and the African Development Website. The tender closed on April 8, 2016 and thirty five (35) firms applied to be shortlisted. The evaluation of the applications and internal RDA approval of the Evaluation Report was concluded in the fourth quarter of 2016. The Evaluation Report with a recommendation to Prequalify Contractors was sent to the Bank on 25th November 2016 for No Objection.

ii. Rehabilitation of 50Km of Feeder Roads

The Feeder Roads to be rehabilitated have been identified in Nakonde, Isoka and Chinsali and Draft Bidding Documents have been prepared which shall be reviewed by the Design Review and Supervision Consultant once appointed.

iii. Social Infrastructure

The procurement for this subcomponent was planned to be included in the works contract.

Component 2: Consultancy Services

i. Design Review and Construction Supervision

Civil Planning Group (CPG) were invited for contract negotiations on 25th October 2016 and a Draft Contract was prepared and initialed. The Draft Contract was sent to the Attorney General and AfDB on 23rd November 2016 for review and clearance.

ii. Sensitization of Project Area Inhabitants on Communicable Diseases

The Expression of Interest (EOI) for the sensitization of project area inhabitants on communicable disease-HIV/AIDS, STIs, Malaria: Gender Mainstreaming, Road Safety and Environmental Protection services to the workers and the surrounding communities

was published on February 20, 2016 and closed on March 12, 2016. A list of the shortlisted firms was sent to the Bank on June 28, 2016 for a No Objection to issue the Request for proposals (RFP) to the shortlisted consultants.

The Bank granted a No Objection to the shortlist on September 20, 2016. The RFP was sent to the Bank for a No Objection on November 16, 2016.

Component 3: Institutional Support and Capacity Building

i. Technical Assistance - Advisory

The TA Advisory was in place during the reporting period and continued to provide Technical Assistance.

ii. Technical Assistance – Maintenance Management

Negotiations with the top ranked Consultant were held on October 26, 2016. The draft was submitted to the Attorney General's office for clearance on December 6, 2016. The Evaluation Report, initialed draft Contract and minutes of negotiation were expected to be submitted to the Bank for No Objection to award in the first quarter of 2017 after clearance by the Attorney General.

iii. Technical Assistance – Road Sector Investment Programme

The updating of the ROADSIP document was led by Ministry of Transport and Communication (MTC). Draft contents were received by RDA and reviewed. MTC was expected to convene a stakeholders meeting to discuss the draft Terms of Reference for the preparation of the ROADSIP.

- iv. Sector Studies
- (a) Feasibility Study and Detailed Engineering Design for the proposed Feira Crossing

The Draft Concept Note and the Draft Memorandum of Understanding (MOU) was prepared and forwarded to Ministry of Housing and Infrastructure Development (MHID). MHID was expected to transmit the draft Concept Note and MOU to the Ministry of Foreign Affairs and facilitate a meeting with Mozambiquean Government.

- (b) Prefeasibility Study for the Nakonde/Tunduma Border/ Update of the Border Development Master Plan
Several attempts were made by the RDA to convene meetings between Common Market for Eastern and Southern Africa (COMESA) and Zambia Revenue Authority without success. RDA engaged Ministry of Commerce, Trade and Industry to assist facilitate meetings regarding this project component.

v. Training and Capacity Building for Women and Youth in Construction

The Bank was engaged to consider changing the procurement method of this subcomponent from a competitive tender to a single source in order to guarantee the participation of the National Council for Construction (NCC) as envisaged at project preparation as highlighted in the Project Appraisal Report. The Bank granted a No Objection to revise the method of selection from Consultant's Qualification Selection method to Single Source Selection method on September 9, 2016.

The request for the Bank's No Objection to the

Request for Proposals and its issuance to NCC was sent to the Bank December 5, 2016. The Bank granted a no objection to issue the RFP to NCC on December 23, 2016.

vi. Trade Facilitation - Corridor Improvement Support

This component has been discussed under IV (b).

Component 4: Resettlement and Compensation

Government Valuations Department (GVD) and RDA concluded dealing with Grievances raised by Project Affected Persons (PAPs) and omissions of PAPs identified during the confirmation of National Registration Cards on October 13, 2016. On November 22, 2016, GVD indicated that they needed an extra 60 days to the initial 30 days they had suggested in September 2016, to conclude the valuation report. Valuation report was expected by the end of January 2017.

Road Safety and Road Reserve Management

Road Safety

The RDA responded to various applications for infringement on different categories of roads, advised developers on encroachments, and attended stakeholder meetings to discuss developments along the Great North Road from Heroes Stadium to Kabwe Town during the period under review. Some of the Road design reports which were reviewed by RDA and the Road Safety Committee during the reporting period included the following:

- Mpika Chinsali Road rehabilitation project - findings of the audit

- were transmitted to the design review Consultant to be incorporated in the final report;
- Kasama Luwingu Road project - findings of the audit were transmitted to the supervision Consultant for consideration and implementation depending on availability of funds within the existing Contract;
- Chinsali Urban Roads project - findings of the audit were transmitted to the design Consultant to be incorporated in the final report.

Road Reserve Management

The RDA had meetings with key stakeholders which included Ministry of lands, Natural Resources and Environmental Protection, and Ministry of Local Government and Housing. In order to manage the Road Reserve encroachment problem, the stakeholders made the following resolutions:

- Ministry of Local Government and Housing to submit the new regulations on Urban and Regional Planning to RDA for their input;
- RDA to be part of the Planning Committee which will replace the standing committees when the new regulations come into effect;
- Ministry of Lands, Natural Resources and Environmental Protection to call for a meeting with Registered Surveyors where RDA would sensitize surveyors on the provisions of sections 21, 43 and 44 of the

Public Roads Act No. 12 of 2002.

Ministry of lands, Natural Resources and Environmental Protection further organized a meeting with Registered Surveyors which was held on 3rd June 2016 and was attended by 40 Surveyors from various firms across the Country. During the meeting, RDA highlighted the importance of preserving the Road Reserve and the challenges associated with encroachments during road construction. It was agreed that Surveyors would observe the provisions the Public Roads Act No. 12 of 2002 when carrying out cadastral surveys on parcels of land within the road reserve.

The RDA attended two (02) meetings organized by Ministry of Local Government and Housing on Great North Corridor Settlement Planning. The RDA continued attending to various applications for infringements in the Road Reserve and offering technical advice to Utility Companies. RDA also conducted a Road Reserve Inspection of the Great East Road T4 (from Airport Round About to Chongwe Town) to ascertain the extent of the Road Reserve encroachment.

Central Materials Laboratory

The Central Materials Laboratory (CML) provides quality control services on all RDA on-going projects and also offers materials testing services to the outside clients. In the period under review, CML undertook the following activities:

Quality Control Testing: Quality control tests were undertaken on a number of projects during the period under review. Some of the projects include the L400 Project in Lusaka, the toll plazas (Shimabala toll plaza, Katuba toll plaza, Mumbwa toll plaza and Chongwe toll plaza) and the Chingola - Solwezi Road.

New Non-Conventional Road Construction Products: During the period under review the Central Materials Laboratory also undertook tests on non-conventional road construction products. Some of the products included Nanoalps, RepairSmart and Danish Concrete Hardener.

Renewal of Ionizing Radiation License 2016: The Ionizing Radiation License for the year 2016 was renewed at a total sum of ZMW69,480.00 (Sixty nine thousand, four hundred and forty eight kwacha only).

Funds raised from Materials Testing from Contractors and Consultants or other Clients: The Laboratory continued offering testing services to other clients and revenue collection for the year 2016 was amounting to ZMW 330,100.00 (Three Hundred and Thirty Thousand, One Hundred Kwacha).

Environmental and Social Management Operations

The RDA carried out a number of Environmental and Social Management activities during the period under review. Among the major activities was the implementation of Resettlement and Compensation to Project Affected People (PAPs) on a number of projects. This involved valuation of properties effected through the Government Valuation Department (GVD), preparation of Environmental and Social Impact Assessment (ESIA) and Stakeholder Engagement Plan (SEP) reports, holding stakeholder meetings including the Royal Highnesses, and undertaking environmental and social compliance monitoring activities. Some of the key projects where these activities were undertaken include the Chnsali - Nakonde Road Project; the construction of the Toll Plazas at Shimabala, Katuba, Chongre and Mumbwa sites; the Chingola - Solwezi Road Project; the Mpika – Chinsali Road Project; the Kazungula Bridge Project and the Luansha-Fisengo-Masangano, Lamba-Lima and Kafubu Block Roads Project on the Copperbelt Province.

5.1.3 Research and Development

During the year under review, the Agency administered nine (9) research and development projects in various areas of research including Materials, cost of construction, performance of pavements and various methods of construction.

Preparation for the 8th Africa Transport Technology Transfer (T2) Conference to be hosted by Zambia in May 2017 also continued. The Conference Organising Committee was appointed. A total of 30 papers were identified for presentation at the conference. The Conference will be held AVANI Hotel in Livingstone.

The proposed study of use of slag in pavement layers was expected to commence as soon as confidentiality agreements were signed between RDA and the KCM. The Confidentiality agreement was signed by RDA CEO and sent to KCM on 19th October 2016 for their signature. The Agreement was awaiting signing by KCM. Follow ups were made before end of December 2016 and KCM indicated that the documents had been reviewed by their legal team and would be sent to RDA after the Christmas break.

The contract for technical Evaluation on the Performance of Pavements on Selected Roads in Zambia was signed by the Consultant and as at 31st December 2016 the contract was awaiting signing by RDA.

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 2016 Road Sector Annual Work Plan (RSAWP), 2016 Procurement Plans

and the Zambia Public Procurement Authority (ZPPA) procurement guidelines.

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 (40) works contracts valued at ZMW 8,640,221,774.07 and US\$ 801,961,838.11 were awarded in 2016 from procurement proceedings that had started in 2016 and earlier. Four (4) procurement

processes commenced through Open National Bidding, Eight (8) through Direct Bidding, five (5) Limited Bidding and One (1) through Open International Bidding.

The RDA complied with the Citizen Economic Empowerment Commission (CEEC) Act No. 9 of 2006 provisions by categorizing tenders on preferential and reserved schemes to empower Zambians. Further, the Agency ensured that the 20% Subcontracting Policy was a mandatory requirement on all major tenders advertised.

The works procured during the year under review is categorised in the table below:

No	Type of works procured	No of Contracts	Value of Contracts (ZMK)
1	Periodic Maintenance	3	2,259,220,037
2	Pave Zambia	15	680,022,873
3	Upgrading	12	5,249,611,711
4	Rehabilitation	9	5,367,341,197

Some of the projects that were awarded during the year under review are:

1. Construction of the Kalabo-Sikongo-Angola Bordergate Road (85km) in Western Province
2. Upgrading 122km of Kawambwa-Mporokoso (D019) Road in Luapula and Northern Province

571,081,762.95 and US\$ 6,748,966.00 and £554,282.00 were awarded in 2016 from procurement proceedings that had started in 2016 and earlier.

Thirty (30) new consultancy services procurements commenced in 2016. Eight (8) were invited through Open International Selection (OIS), thirteen (13) through Open National Selection (ONS), two (2) through limited selection (LS), six (6) through Single Source Selection (SSS) and one (1) through Individual consultant selection (IC).

5.2.2 Procurement of Consultancy Services

During the period under review, forty two (42) consultancy services contracts totalling ZMW

No	Type of Services procured	No of Contracts	Value of Contracts
1	Upgrading	21	367,671,295
2	Periodic Maintenance	1	3,900,770
3	Rehabilitation	7	161,697,559
4	Feasibility Studies/Design of Bridges	7	53,454,234
5	Other Services	2	13,103,858

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 was being undertaken to ensure improvement of the processing time.

Delay in signing contracts/implementation of the works contracts and the signing of contracts for the supply of pavers due to inadequate funding was another challenge.

5.2.3 Procurement of Goods and non-Consulting Services

During the year under review, a total sum of K2, 017,779,631 was spent towards the purchase of goods and non-consultancy services. Goods and services include purchase of motor vehicles, IT equipment and accessories, corporate attire, Office supplies and Consumables.

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 and Pave Zambia 2000 Programmes. 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 amounts of 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.

During the year under review, considerable progress was achieved on the Core Road Network (CRN) with regard to the rehabilitation and upgrading works.

5.3.1 Link Zambia 8000

By the end of 2016, the Agency was implementing a total of Forty Two (42) contracts, representing approximately 4, 168Km under the Link Zambia 8000 Programme. The cumulative total surfaced stands at 692 km out of 4,138km under implementation. The slow progress during the period under review is attributed to constrained cash flow challenges.

The delay in honoring Interim Payment Certificate claims put the contracts at risk of the following:

- Termination by the contractors;
- Increase in cost as a result of interest claims; and
- Increase in cost as a result of extension of time as compensation.

The percentage progress on some of the Link Zambia 8000 projects are shown in Table 5.

Link Zambia 8-000	% Progress
M3 Mansa to Luwingu	671
Kawambwa-Mushota-Luwingu Road	80
RD 49 Mpika–Nabwalya – Mfuwe Lot 1	10
RD 49 Mpika–Nabwalya – Mfuwe Lot 2	10
R231 Matumbo to Luangwa Bridge- Lot 2	70
Mulilansolo to Safwa to Chinsali Lot 1	23
Mulilansolo to Chinsali to Safwa Lot 2	38
Kitwe-Chingola	602
Chipata-Vubwi-Chadiza	15
Chipata-Chadiza-Katete (Chanida)	30
RDA149 & D151 Chongwe - Katoba	58
Kasisi-Ngwerere	50
D769 Mumbwa/Itezhi Tezhi Junction -Itezhi Tezhi	45
D365 Monze-Niko	45

The Progress on some of the Link Zambia 8000 projects is highlighted in this section.

1 In 2015, the progress stood at 70%, however due to increased project length from 205km to 270km, the status as at December 2016 stood at 67%.

2 In 2015, the progress stood at 61%, however due to increase project length 45.5km to 60.5km, the status as at December 2016 stood at 60%

M3 Mansa to Luwingu

The Contract for the Design and Construction of Mansa to Luwingu (M3) Road (175Km) in the Luapula and Northern Provinces and 30 Km of Township Roads in Mansa and Luwingu were ongoing. During the period under review, the contractor sealed 15km length bringing the total surfaced section to 181km. The Construction Period is 30 months.

Most of the scope of works in the original Contract is substantially complete and what is predominantly remaining are works which involve construction of 65km of urban roads in Mansa Town.

Kawambwa-Mushota-Luwingu Road

At the end of period under review, a total of 84km was surfaced out of 158 km. Physical progress stood at 80 percent, against the planned 95 percent. This Project commenced on April 15, 2013 and the revised contractual Completion Date is April 14, 2018.

Mpika–Nabwalya – Mfuwe Road Lot 1

At the end of the period under review, works were ongoing on the Upgrading of the Mpika–Nabwalya - Mfuwe Road, but the surfacing had not commenced. Physical progress was at 10 percent against the planned 86 percent.

Mpika–Nabwalya – Mfuwe Road Lot 2

At the end of the period under review, works were ongoing on the Upgrading of the Mpika–Nabwalya - Mfuwe Road Lot 2, but the surfacing had not commenced. Physical progress was at 10 percent.

Matumbo to Luangwa Bridge - Lot 2

At the end of the period under review, works were on going and a total of 37km had been surfaced. Progress was at 70%.

Safwa – Chinsali Road Lot 1

At the end of the period under review, works were on going. Physical progress stood at 23%.

Kitwe-Chingola Dual Carriage Way

During the period under review, 10km surfacing works were completed. Approximately 90 percent of the Southbound, 16 percent of the Northbound and 27 percent of Chingola urban road works were completed. Physical progress of 60 percent of the works were completed.

Chipata-Vubwi-Chadiza Road

During the period under review, 11.3km were surfaced, physical progress stood at 15.4 percent.

Chipata-Chadiza-Katete (Chanida) Road

At the end of the period under review, works were on going with 5.1 km surfaced. Physical progress stood at 30 percent.

Kasisi-Ngwerere Road

At the end of the period under review, works were on going. A total of 19.6km was surfaced. Physical progress stands at 50 percent.

Mumbwa/Itezhi Tezhi Junction -Itezhi Tezhi

At the end of the period under review, works were on going. Physical progress stood at 45% against the planned 80percent. An overall total of 4.9 km was surfaced.

Monze-Niko Road

At the end of the period under review, works were on going with 3km of surfacing completed bringing the total surfaced to 33km of 74km. The overall physical progress stood at 45 percent.

5.3.2 Major Construction, Rehabilitation and Upgrading projects

For the major construction, rehabilitation and upgrading projects, a total of 71km surfacing was achieved during the period under review. The cumulative surfaced distance stood at 1,558km out of 2,327km under implementation. The cumulative average physical progress was 70 percent.

Table 6 below indicates a summary of progress on some projects.

Table 6: Percentage progress of selected major projects under rehabilitation, construction and upgrading

Major Construction, Rehabilitation and upgrading projects	% Progress
Chingola - Solwezi Road (T5) – Lot 1	19
Chingola - Solwezi Road (T5) – Lot 2	26
Chingola - Solwezi Road (T5) – Lot 3	16
Lusaka - Chirundu Link 4	85
Sioma-Nangweshi	25
Mongu-Kalabo	100
T4 Phase II: Nyimba - Petauke – Sinda	90
T4 Lot 1: Luangwa Bridge – Nyimba	99
T4 Lot 2: Sinda - Katete – Mutenguleni	99
T4 Lot 3: Mutenguleni – Chipata – Mwami	98
M020 Landless Corner to Mumbwa-Lot 1	40
Pedicle Road	79
Muyombe to Chama to Lundazi Road (Lot 1)	72
Kasama to Mporokoso to Kawambwa to Kaputa	64

Chingola - Solwezi Road (T5) – Lot 1

During the period under review, a total of 10km stretch was surfaced. The physical progress stood at 19 percent.

Chingola to Solwezi Road (T5) – Lot 2

During the period under review, the Physical Progress stood at 26.2 percent. Civil works slowed down in the fourth quarter due to inclement weather.

T2: Lusaka-Chirundu Road – Link 4

During the period under review, the physical progress stood at 85 percent against the planned 65 percent. By the end of the review period, a total of 22km was surfaced out of 24.43km.

Chingola - Solwezi Road (T5) – Lot 3

During the period under review, the Contractor surfaced 10km. The physical progress stood at 16 percent against planned 70 percent.

Sioma-Nangweshi Road

During the period under review, physical progress stood at 25 percent against the planned 74 percent. A total 8km were completed.

Mongu-Kalabo Road (Mongu - Tapo Section)

The Project was completed and was commissioned on April 27 2016. The main works are in Defects Liability Period up to April 10, 2017.

Great East Road (Nacala Corridor)

The road works on the Nacala Corridor from Luangwa Bridge to the Mwami Border covering a distance of approximately 360 km, divided into 4 sections for enhanced delivery of the project as follows: Lot 1: Luangwa Bridge – Nyimba; Phase II: Nyimba - Petauke – Sinda; Lot 2: Sinda - Katete – Mutenguleni; and Lot 3 Mutenguleni – Chipata – Mwami. The surfacing of these roads has significantly progressed.

Luangwa Bridge – Nyimba: Lot 1: As at the end of the period under review, 97 km was surfaced, with physical progress at 99 percent against the planned 100 percent.

Nyimba - Petauke – Sinda: Phase II: During the period under review, a total of 99.78 km

was surfaced out of 155km. The physical progress stood at 90 percent.

Sinda - Katete – Mutenguleni: Lot 2: The project was substantially complete with only auxiliary works remaining.

Mutenguleni – Chipata – Mwami: Lot 3: The project was substantially complete with only auxiliary works remaining.

Landless Corner – Mumbwa Road-Lot 1

During the period under review, 27km was surfaced out of the total 65km.

Pedicle Road

During the period under review, 43.2 km was surfaced, with physical progress standing at 79 percent against the planned 82 percent.

Muyombe to Chama to Lundazi Road (Lot 1)

During the period under review, 65 km was surfaced out of the total project length of 90km. The total physical progress was 72 percent and 12Kkm was surfaced during this year.

Kasama - Mporokoso Road

During the period under review, 147km was surfaced out of the total project length of 171km. The overall physical progress stood at 64 percent.

Pave Zambia 2000

As at the end of period under review, 5 km of roads were paved in Lusaka. The total production of blocks for all the (10) Provinces was 1,110, 196 blocks at the value of K3, 552,109.

5.3.3 Bridges & other Civil Works Contracts

During the year under review, the RDA had three major bridge civil works contracts running.

Bridges under Construction

Kazungula Bridge Project

The Kazungula Bridge Project is divided into three (3) packages: Package 1 being Construction of a road rail bridge measuring 923m; Package 2, construction of the One Stop border post on the Botswana side, and Package 3, One stop border post on the Zambian side.

Package 1 – Construction of Bridge and Approach Ramps: As at the end of the year under review, the overall progress stood at 19.5 percent against the planned 21.4 percent. Package 2 – One Stop Border Post, Botswana: As at the end of the year under review, progress was 13 percent against the planned 18 percent.

Package 3 – One Stop Border Post, Zambia: The works on the One Stop Border Post on the Zambian side are yet to commence. The Contract was awarded to Anhui Foreign Economic Construction Group Co Ltd on May 13, 2016 at a Contract Sum of ZMW 263,670,419.98.

Mufuchani Bridge

Works for the construction of a bridge at Mufuchani across the Kafue River in Kitwe, Copperbelt Province, were completed on 31st January 2016. The project is under the Defects Liability Period (DLP) until May 1, 2017.

Sioma/Zambezi Bridge at Maziba Bay

The Project was completed on 20th April 2016 and is under the Defects Liability Period until October 13, 2017.

5.3.4 Toll Plazas

The Agency is mandated to construct Toll Plazas across the country. The progress on Toll Plazas is at different stages for various Project Sites as discussed below:

No	Toll Plaza/Toll Site	Physical Progress (%)
1	Manyumbi Toll Plaza	70(Contract terminated)
2	Kafulafuta	50(Contract terminated)
3	Choma	9(Contract terminated)
4	Chongwe	5
5	Mumbwa	90
6	Shimabala	90
7	Mwanawasa	8(Contract terminated)
8	Katuba Toll Plaza	90

5.4 Maintenance and Emergency Works on our Road Network

such as culverts, bridges and embankments.

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: These are works that 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 encompasses among others; pothole patching, vegetation control, line marking, and drainage works.
- b. Periodic Maintenance: These are works carried out after a specified maintenance period has been attained, once in seven (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

5.4.1 Road Maintenance Projects

During the year under review, there were 285 (11 projects under periodic maintenance and 274 under routine) contracts that the Agency undertook. As at December 31, 2016, one (1) project was successfully completed whereas others were on-going.

Completed Road Projects under Periodic Maintenance

Only one project was completed on 15th January 2016, namely the Gravelling of 17.3km of RD104 Road: Kaoma-Chilombo-Nyango in Western Province. The rest of the periodic maintenance projects were on going.

On-Going Road Projects under Periodic Maintenance

There were eleven (11) periodic maintenance road projects that were undertaken by the Agency. Table 7 below shows the cumulative progress achieved on the various ongoing road projects under periodic maintenance, as of 31st December, 2016.

No.	Road Name	Contract Length (km)	Actual km completed	Percent achieved (%)
1	Ndola-Kitwe Dual Carriageway (T3)	135	115	81
2	Kabwe – Kapiri Mposhi (T2)	60.5	59.9	98
3	Livingstone – Sesheke Lot 1 (M10)	105	95	90
4	Mpika –Chambeshi Bridge	131		10
5	Chambeshi Bridge-Kasama	86		0
6	Vyamba Chinakila Road	43	7.0	32
7	Mutanda Kasempa Road	30	12.0	50
8	Solwezi Mwinilunga road Lot 1	136.6	100	73
9	Solwezi Mwinilunga road Lot 2	151.8	9.4	49
10	Kabwe to Chibombo (T2)	30		3
11	Linda – Kafue Estate Road	51	31.0	60

Urban Roads completed

During the period under review, three (3) urban roads projects were undertaken in Lusaka, Copperbelt and Central provinces. Ndola City Roads totaling 54.4km of urban roads were completed.

Major Urban Roads Projects On-going

During the year under review, a two (2) of urban roads projects were ongoing. The projects are summarized in Table below.

Item No.	Road Name	Contract Length (km)	Actual km completed	Percent Progress
1	Kabwe/Kapiri Mposhi Urban Roads	78	42	54%
2	Lusaka Urban Roads (L400) Phase 1	365	362	99%

Feeder Roads

Rural Transport for Poverty Reduction Programme in Southern Province (RTPR): The Agency carrying out rehabilitation of Feeder roads on selected unpaved roads in Southern Province through funding from KfW under the Rural Transport for Poverty Reduction Programme. All the projects under this programme have been completed except for two projects, namely: Simoonga – Sekute – Nyawa in Kazungula District and Siamatika – Nabutezi – Sinangilile in Siavonga District which would be finalized in the first quarter of 2017.

Feeder Roads in Nalolo District of Western Province of Zambia: During the period under review, 32 km of the Litoya and Matongo roads on the Eastern bank were graveled.

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. The below shows the status of selected emergency works that were carried out in the year 2016.

Rehabilitation and maintenance of 223 km of

Project	Budget estimate (ZK)	Status as at 31 st December 2016
Construction of Kaswa bridge in Mafinga District	601,854	Bridge completed.
Construction of Bailey Bridge on Lunsemfwa river on Kabwe-old Mkushi road D200	3,571,390	Physical Progress was at 85 %. Bailey bridge launched and completion of approach road works on northern side awaiting additional funding.
Construction of Kashiba road and Pontoon landing in Mwense District	3,588,814	Completed
Spot Improvement of Solwezi-Mushindano road	4,774,247	Physical Progress was at 40 %.
Emergency Construction of Kanyonja Bridge on Shikabeta road in Rufunsa District	3,992,583	In Defects Liability Period
Construction of Kalomboshi Bridge	4,676,979	Physical Progress at 70%
Emergency repair of erosion damage on Lusaka-Chirundu road	2,218,330	Completed
Replacement of vandalized culverts on Great East Road	247,571	Completed
Rehabilitation of 3 Kitwe feeder roads	7,230,896	Physical Progress was at 60%
Pothole patching of Kafue-Mazabuka road (T1)	1,113,785	Major pothole patching works were completed.

5.5 Commercial and Technical Services (CTS)

The Agency enforced 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 the road network. This is in line with the Agency's Strategy to strengthen the implementation of Axle Load Control Programs and Commercial Services. 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

The Agency has eight (8) fixed weighbridges. During the year under review, only six (6) weighbridges namely: Kapiri Mposhi, Mpika, Mwami, Kafue, Livingstone and Kazungula were operational. The Solwezi and Kafulafuta weighbridges were closed for rehabilitation.

Vehicle Traffic Statistics

During the period under review, a total of 565,480 Heavy Goods Vehicles (HGV) were weighed out of which 8,825 were overloaded representing 98 percent compliance. There was a decrease of 37.9 percent for HGVs weighed in the year 2016 compared to 2015. In 2015, 909,980 HGVs were weighed and 12,322 were overweight.

The table below represents compliance statistics for the period under review at the fixed weighbridge locations.

Table 10: Monthly Heavy Goods Vehicles statistics for the year 2016

Month	Vehicles Weighed (No.)	Overloaded Vehicles (No.)	Compliance
January	72,458	686	99.05%
February	72,158	609	99.16%
March	65,845	615	99.07%
April	63,214	651	98.97%
May	38,423	686	98.21%
June	40,073	802	98.00%
July	40,787	856	97.90%
August	34,102	860	97.48%
September	35,653	883	97.52%
October	37,254	830	97.77%
November	36,075	849	97.65%
December	29,438	498	98.31%
Total	565,480	8,825	98.44%

Weighbridge Infrastructure Development and Maintenance

- The state of the art New Kafue Weighbridge was completed and commissioned on December 14, 2016. The weighbridge is able to weigh abnormal load vehicles up to a maximum of 200 tonnes. The weighbridge is the first of its kind in Zambia.
- Physical process for Mumbwa Weighbridge stood at 73 percent.
- The Kafulafuta weighbridge was being upgraded from mechanical to electronic weighing platform and by December 2016, progress stood at 70 percent.
- During the year under review, the Procurement of the Chongwe and Chililabombwe weighbridges were on-going and works are expected to commence by first quarter of 2017.
- Future planned weighbridges include M008/ T005 Road junction at Mutanda in North Western Province, along Senanga – Sesheke Road and the Lundazi - Chitungulu Boarder in Eastern Province.

5.6 Communications and Corporate Affairs

During the year under review, the Agency continued to interface and disseminate information to the public about its road development activities and works. These

activities were 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 organizational levels.

5.6.1 Media Tours

During the period under review, the Agency conducted the following media tours and were covered by the electronic and print media:

- Tour of road projects in Eastern, Northern, Muchinga and Luapula Provinces including Mbala - Nakonde in the first quarter;
- Tour of road projects and Toll Plazas in the first quarter;
- Tour of road projects in Southern Province and selected roads under L400 Road Project in the second quarter;
- Tour of Kazungula Bridge project with the vice President of Zambia;
- Mumbwa Weighbridge, Construction of Mumbwa Toll Plaza, Luangwa Feira Road L400 Road Project, Michael Chilufya Sata Bridge, Katuba Toll Plaza, Shimabala Toll Plaza, Kafue Weighbridge, Lusaka-Chirundu Road and Bottom Road in the second quarter.



Director Communications and Corporate Affairs Loyce Sali speaking to the media during a tour of Mbala Nakonde Road in Muchinga and Northern provinces

5.6.2 Corporate Events

2nd National Road Safety Indaba: The Agency participated at the Road Safety Indaba under the theme: "getting involved in promoting road safety a shared responsibility". The event took place on 21st May and was officiated by Republican Vice President Mrs. Inonge Wina.

Labour Day: The Agency participated at the 2016 Labour Day events, which included the May Day March Past and Corporate Labour Day celebrations on 21st May, 2016.

Graduation ceremony for Cobblestone Technology Training: The Agency attended the graduation ceremony for Cobblestone Technology graduands. The ceremony was held in Shimabala on 20th May, 2016.

TAZARA's 40th Anniversary: The Agency participated at celebrations to mark 40 years of existence for the Tanzania Zambia Railway Authority (TAZARA). Activities included an exhibition officially launched by the Permanent secretary in the Ministry of Transport and Communications, Eng. Misheck Lungu, held at the TAZARA House in Lusaka on 24th August, 2016.

RDA @10: The Agency celebrated 10 years of its existence. Activities included: production of television documentaries profiling the work of RDA in the last 10 years, production of feature articles in the Zambia Daily Mail and Times of Zambia, and a commemorative event which drew staff from all the 10 Regional Offices. All former CEO's were also invited to the event, which took place on 16th December 2016.



Hon. Ronald Chitotela (center) with Board Chairman Samuel Mukupa (right) and RDA CEO Eng. Elias Mwape (far left) and NRFA Acting CEO Wallace Mumba toast to RDA's 10 years existence

5.6.3 Events Management

The Agency successfully planned and executed the following ceremonies/events:

- Official commissioning of the Mongu - Kalabo Road in Western Province on 27th April, 2016;



President Lungu cutting the ribbon to signify the official commissioning of Mongu Kalabo Road

- Official commissioning of the Sioma Bridge on 28th April, 2016;
- Official commissioning of the Mufuchani Bridge on 4th June, 2016;
- Official commissioning of the Mansa - Luwingu Road on 17th July, 2016;
- Official ground breaking of the Mwinilunga – Jimbe Road in North Western Province on 22nd February, 2016
- Official handover of the Nakonde-Mbala Road on 15th March, 2016.
- Official handover of the new Kafue Weighbridge on 14th December, 2016



All the functions were graced by the Republican President, His Excellency Mr. Edgar Chagwa Lungu except for the official handover of the new Kafue weighbridge that was graced by Housing and Infrastructure Development Minister, Hon. Ronald Chitotela.

5.6.4 Production of Television Programmes

To profile RDA's work countrywide, the Agency produced 39 television programmes during the period under review. The Programmes were dubbed: "Eyes on the Road" for the initial 26 series, and "RDA @ 10" for the last 13 series.

5.6.5 Corporate Social Responsibility

In line with the Corporate Social Responsibility Policy, the Agency took part in the following

activities:

Traditional Ceremonies: The Agency participated at the Nc'wala ceremony of the Ngoni people of Eastern Province on 26th February, 2016.

Academic Sponsorships: The Agency sponsored the best student in Radio Production at Zambia Mass Communication Collage (ZAMCOM). This was a prize donation of K2000.

5.6.6 Official Visits

ZINARA Delegation

The Agency hosted a delegation from the Zimbabwe National Road Administration (ZINARA). The delegation was in the country from 21st to 26th of February, 2016.

ZINARA was in the country to learn and share experiences on how RDA was implementing the Output and Performance Road Contracts (OPRCs), the sources of funding the road projects and the contracts management system. The team's mission was to draw lessons that would help them to share experiences and knowledge to the Zimbabwean Government as the country migrated to OPRCs.

ARMFA Delegation

The African Road Maintenance Funds Association (ARMFA) team visited RDA to learn about the operations of the Agency and projects under implementation. This visit took place on 11th February 2016.

Ugandan Delegation

A Ugandan delegation visited the Agency from 19th to 20th January, 2016 to learn about the Traffic and Road Safety Legal and Institutional regimes. Uganda was in the process of reviewing and amending their Traffic and Road Safety Act Cap 361 of the laws of Uganda. The task force for the review and amendment of the Act identified Zambia as one of the Southern African countries with modern transport industry and specifically the legal and institutional set up.

The team also conducted bench marking visits to other institutions which included among others: the Road Transport and Safety Agency (RTSA), Zambia Police (ZP) and National Road Fund Agency (NRFA).

5.6.7 Publications

Roads Magazine: The Agency only produced one edition of the Roads Magazine out of four due to logistical challenges.

Voka Newsletter: The Agency published eight electronic editions of Voka for internal employees during the period under review. This publication is intended to enhance internal communication.

2015 Annual Report: The Agency published the 2015 Annual Report.

5.6.7 Exhibitions

During the period under review, the Agency took part in various national exhibitions that took place in the country.

These included the following:

- Zambia International Trade Fair. The Agency was awarded with 1st prize in the category of Best Exhibit in Transport Services and Allied Industry and came out 2nd position in the category in Best Exhibit most Innovative Public Sector Enterprises.



- Lusaka Agricultural and Commercial Show
- International Women's Carnival held in Lusaka Show Grounds on 8th March, 2016.

5.7 Human Capital, Administration and ICT

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 Sixth National Development Plan (SNDP) strategic focus of Human development.

5.7.1 Human Capital

Staff Compliment

The Agency had a total of 491 employees as at December, 2016 against the approved establishment of 906. This represented a recruitment rate of 59.6%.

Table 11: RDA Employment Status in 2015

No	Category	Male	Female	Total
1	Executive Management	7	2	9
2	Management	86	24	110
3	Union	280	92	372
	Total	373	118	491

Staff Training and Development

The Agency continued to invest in the skills and talent development of its employees through training and development interventions. During this period, however, a number of cost saving measures were implemented which affected planned activities in this area. As at 31st December, 2016, a total number of 35 employees received job relevant training in areas including Procurement and Bridge Maintenance.

The Agency also sponsored employees to attend summits and forums under their respective professional institutions such as the Engineering Institute of Zambia (EIZ), Zambia Institute of Human Resources Management (ZIHRM), Zambia Institute of Certified Accountants (ZICA) and Zambia Institute of Purchasing & Supply (ZIPS).

A total amount of K2,126,318.43 had been spent on capacity building as at 31st December, 2016 against a budget of K7,000,000, representing 30.4%.

In terms of long term training, a total of 36 staff were on RDA full sponsorship in the period under review, whilst a total of 6 had successfully completed their studies.

The Agency continued its collaboration with the Japanese International Co-operation Agency (JICA), which sponsored four (4) engineers to study Master's Degrees in Japan under its Internship Programmes of Africa Business Education Initiative for the Youth.

Industrial Relations

Negotiations with the National Union of Building, Engineering & General Workers (NUBEGW)

During the period under review negotiations with the Union for a new Collective Agreement to run from January, 2016 to December, 2017

were successfully concluded. Negotiations on proposed salary increment for 2017 were also commenced. During the same negotiations, the Bargaining Unit agreed to convert Weighbridge Staff from contract terms of employment to permanent and pensionable.

Staff Health and Wellness

The Agency introduced an In House Medical Scheme after terminating the previous medical scheme insurance scheme. The process to procure services for a Managed Fund Medical Scheme was commenced.

Staff Discipline

In the year under review, a total of seven (7) disciplinary cases were handled resulting in four (4) employees being dismissed, following disciplinary hearings. Two appeal hearings were also held and would be concluded in 2017.

5.7.2 Information and Communication Technology

Weighbridge Management System (Wbx)
The Agency implemented the Weighbridge Management System (WBx) at the new Kafue weighbridge which was commissioned on 14th December 2016. The system has the capacity of weighing super abnormal loads of up to 200 tonnes and able to weigh up to 1,100 Heavy Goods Vehicle (HGVs) per day. On-site training for weighbridge staff was also conducted to familiarise the users on the WBx system.

Software for Planning & Design

During the period under review, the Agency installed and commissioned the following software:

- Rubicon Toolbox Pavement Design and Analysis software
- HY-8 Culvert Hydraulic Analysis
- Aimsun 8 Professional
- SIDRA intersection 6.1

Training on operation of the software was also conducted for design staff.

Materials Database Information System

The Materials Database Software was implemented for Research and Development purposes. Its main function was to verify the justification of the haul distance from material sources to construction site by contractors and to maintain information on materials used in road construction.

The software was deployed at RDA HQ and primary User and ICT Administration training was conducted.

Implementation of Human Resources Management System (HRMS)

The Agency updated files for all RDA staff in the Human Resource Management System (HRMS). During the period under review, 425 files were scanned and updated in the HRMS.

5.8 Monitoring, Evaluation and Assessment of Vendors

The Agency continued with its monitoring and evaluation of projects. In addition, the quality, cost, schedule and scope controls on the projects were done. The Agency also continued to carry out checks on its internal operations to enhance effectiveness and efficiency. The Agency continued to assess the performance of vendors through the Vendor Rating System. Further, the implementation of Total Quality Management (TQM) and KAIZEN programmes continued.

5.8.1 Vendor Rating

Assessments of performance of consultants and contractors were conducted on the following projects:

- Rehabilitation of Kawambwa-Mushota-Luwingu Road in Luapula Province.
- Upgrading of the 175Km of the Mansa-Luwingu Road and 30km of township roads in Mansa and Luwingu Districts of Luapula and Northern Provinces.
- Rehabilitation of T2: Lusaka - Chirundu Road Link 4 (Km 110+145 to Km 134+576) and the Trans Frontier Section (2km section in Zimbabwe after the Zambian Boarder).
- Rehabilitation of Chingola-Solwezi Road in Copperbelt and North Western Provinces of Zambia – Lot 1, 2 and 3.

The following were major findings on the projects:

- The performance of the Consultants ranged from 61% to 69% whilst the performance of the Contractors ranged from 63% to 73%. All the aforementioned scores translate into satisfactory performance as they were above the required threshold of 60%;
- There were no updated schedule of works and services on some projects;
- The general workmanship

of most of the completed pavement and drainage works was found to be satisfactory;

- Most of the diversions were poorly maintained;
- Most of the general workers on the projects did not have complete Personal Protective Equipment (PPE);
- The major challenge faced by both the contractors and consultants was delayed payment of Interim Payment Certificates. The cash flow negatively affected the progress of works on site as well as the quality of consultancy services.

Only eight (8) out of forty (40) vendors that were planned to be assessed due to financial constraints. Therefore, this does not present a true reflection of the 2016 Past Performance Ratings of the vendors for the subsequent years due to the non-availability of scores.

Development of the 360 Degrees Feedback Mechanism

The 360 degrees feedback Mechanism tool was developed by the Agency to provide an opportunity to vendors conducting business with RDA to rate the Agency's performance in terms of its quality of service rendered to vendors during project implementation stage.

- The tool was tested on two projects; The Rehabilitation of T2: Lusaka - Chirundu Road Link 4 (Km 110+145 to Km 134+576) and Trans Frontier Section and The Rehabilitation of Chingola-Solwezi Road in Copperbelt and North Western Provinces of Zambia – Lot 1, 2 and 3.
- The ratings received from vendors ranged from 75% to 80%, translating into satisfactory level of service.

Inspection of Force Account Projects in Lusaka

During the year under review, seven projects under Force Accounts in Lusaka Region were inspected to check for compliance in terms of quality, cost and schedule. These were:

- Graveling of Ndipo Road in Lusaka West
- Access roads to Chicha Multi Economic Zone
- Pothole Patching along various roads in Lusaka district
- Drain Lining in Kasupe area
- Construction of Gota Gota Bridge in Chirundu District
- Construction of Chipapa Bridge in Chilanga District
- Replacement of culvert at Km 37 from Turnpike on Lusaka-Chirundu Road

Development of Quality Assurance Manual for RDA Vendors

The Agency finalised the preparation of the Quality Assurance Manual for RDA Vendors. The Manual was presented and approved by the RDA Board. It is aimed at guiding Supervising Consultants and Contractors engaged on various RDA projects on how they are expected to execute projects in order to optimize the quality of works and project documentation.

5.8.2 Deployment of Total Quality Management (TQM)

The Kaizen Institute of Zambia (KIZ) and JICA continued partnering with the Agency to foster continuous improvement at the Agency. A Kaizen Consultant was engaged by RDA and KIZ to review the business processes of the Agency.

The consultant developed a three (3) year program from 2016 to 2018. The first year which was the Orientation Phase focused mainly on establishing a quality policy and goals; establishing quality performance indicators, and enhancing organisational communication.

A sensitization workshop on the deployment of Total Quality Management (TQM) for the Board and Senior Management staff was conducted during the second quarter of the year under review.



The Board Chairperson, Mr. Samuel Mukupa (left) and the CEO, Eng. Kanyuka Mumba, (right) committing by signing that they will support TQM activities. All the Board members and senior managements also committed.

The Road Development Agency (RDA) participated at the 6th National KAIZEN Conference which was held at the Mulungushi Conference Centre in October 2016.

under review. The study focused on 20% of the BOQ items that make 80% of the construction cost, namely earthworks and asphalt pavements and seals.

5.8.3 Cost Monitoring

The Agency carried out a trend study on the cost/Km of road construction during the year

5.9 Legal and Board Affairs

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.

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.

5.10 Internal 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.

5.10.1 Works Projects

The Agency set out a plan for 2016 based on the risk assessment for 2015. A review of Core and Support business processes was undertaken during the period under review. Out of the thirty-nine (39) projects that were planned, only twenty five (25) projects were inspected due to financial and other operational challenges. The inspected projects included seventeen (17) ongoing, one (01) new, 3 (three) toll plazas and four (4) Force Account projects.



Figure 2: Chipata Mfuwe - Extracting the core to test layer compliance



Figure 3: Chipata Mfuwe - Measuring thickness of subgrade, Sub-base and road base

5.10.2 Consultancy and other Special Assignments

In addition, the Agency also carried out seven (07) Special Assignments. These were assignments that are outside the planned activities in the Annual Work Plan.

Summary of activities in 2016

The table below highlights the performance of Audit and Risk Assurance activities achieved during the period under review.

Table 12: Planned against achieved activities for Audit and Risk Assurance

Activity	Planned	Actual	Achievement (%)
Core Business Processes			
Planning and Design	2	0	0
Construction/Rehabilitation/Maintenance	27	22	81
Commercial and Technical Services	6	2	33
Risk Review and Assurance Activities	1	1	100
Support Business Processes			
Finance Department	3	0	0
Consultancy & Adhoc	0	7	
TOTAL AUDITS EXECUTED	39	32	82

Risk Management Evaluation Program

The Agency successfully developed the risk profiles and registers, a process, which started in 2014. During the year under review,

the Board of Directors approved the Risk Management Policy, strategy and processes for the Agency. In view of this, it is anticipated that the Agency will improve in its risk management processes.

SECTION 6

FINANCIAL STATEMENTS

6.0 Financial Statements for the year ended 31 December 2016

Road Development Agency



Report of the members

The members present their report on the activities of the Agency for the year ended 31 December 2016.

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:

	2016 ZMW	2015 ZMW
Income	<u>1,700,349,336</u>	<u>1,942,891,236</u>
Deficit for the year	<u>(259,880,069)</u>	<u>(32,814,611)</u>

3 Members and secretary

The following members and secretary served office as at the date of this report:

- Mr. Samuel Mukupa - Chairman
- Mr. Dingles Yamfya Mukanga – Engineering Institute of Zambia
- Mr. Mutaba Andrew Mwali – Zambia Chartered Institute of Logistics and Transport
- Mr. Charles Mushota - Ministry of Housing and Infrastructure Development
- Mrs. Pamela Chobonga Kabamba - Ministry of Finance
- Mr. Amos Malupenga – Ministry of Local Government
- Mr. Misheck Lungu - Ministry of Communications and Transport
- Mrs. Mary Namwila – National Farmers Union
- Mr. Phillip Zulu - National Science and Technology Council
- Mr. Zindaba Soko - Road Transport & Safety Agency
- Dr. Andrew Chilufya – Ministry of Tourism and Arts
- Mr. Wallace Mumba - National Road Fund Agency
- Mr. Matthews Ngulube - National Council for Construction
- Mr. Likando Kalaluka - Attorney General, Ministry of Justice
- Mr. Fresco Mumba – Ministry of Agriculture
- Mr. Elias Mwape - Secretary (Appointed)



Road Development Agency

Report of the members *(continued)*

4 Registered Office

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

5 Management

The management of the Agency during the year ended 31 December 2016 were as follows:

Eng. Kanyuka Mumba	-	Director and Chief Executive (Retired)
Eng. Elias Mwape	-	Acting Director and Chief Executive (Appointed)
Eng. George Manye	-	Director - Construction and Rehabilitation
Eng. Christopher Kapasa	-	Acting Director - Commercial and Technical Services
Eng. William Mulusa	-	Director - Road Maintenance Initiative
Mr. Kapembwa Mulenga	-	Director - Finance
Eng. Dickson Ndlovu	-	Acting Director - Planning and Design
Mr. Anderson Mwape	-	Director - Audit and Risk Assurance
Mr. Titus Chansa	-	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 510 (2015: 498). The total staff costs were ZMW163, 390,068 (2015: ZMW151, 944,362).

7 Property, plant and equipment

Additions to property, plant and equipment in the year amounted to ZMW 25,342,617 (2015: ZMW 28,675,634). 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 Going concern

The Agency incurred a deficit for the year ended 31 December 2016 of ZMW 259,880,069 (2015: ZMW 32,814,611) and at that date, the Agency's total liabilities exceeded its total assets by ZMW 284,204,346 (2015: ZMW 24,527,956) and its current liabilities exceeded its current assets by ZMW 25,889,265,386 (2015: ZMW 21,439,219,314).

Trade and other payables have continued to be settled in the normal course of business and the Government of the Republic of Zambia, through the Ministry of Housing and Infrastructure Development has provided a letter of support to the Agency. The Ministry confirms that the Agency will continue to receive support from the Government of the Republic of Zambia. Accordingly, the financial statements have been prepared on a going concern basis.

9 Other material facts, circumstances and events

The members are not aware of any material fact, circumstances 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.



Road Development Agency

Report of the members *(continued)*

10 Financial statements

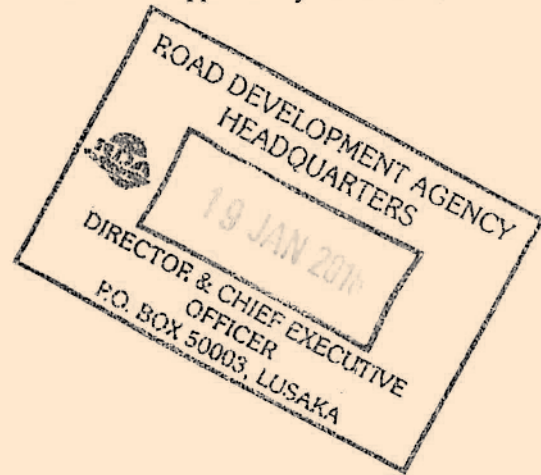
The financial statements on pages 8 to 32 have been approved by the members.

By order of the Board

Board Secretary

Lusaka

Date





Road Development Agency

Members' responsibilities in respect of the preparation of financial statements

The members are responsible for the preparation and fair presentation of the financial statements of Road Development Agency ("the Agency"), comprising the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, changes in funds and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Public Roads Act No.12 of 2002. In addition, the members are responsible for preparing the members' report.

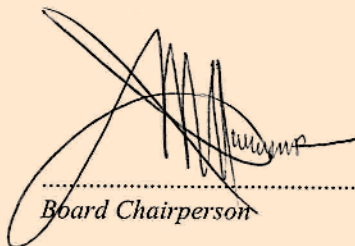
The members are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedule included in these financial statements.


The members have made an assessment of the Agency's ability to continue as a going concern and have no reason to believe that the Agency will not be a going concern in the year ahead.

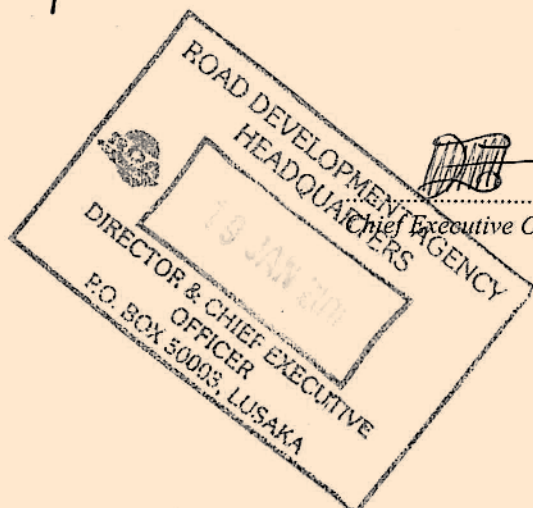
The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the annual financial statements

The financial statements of Road Development Agency, as identified in the first paragraph were approved by the members on19/11/.....2018 and are signed on its behalf by:


.....
Board Chairperson


.....
Chief Executive Officer



**KPMG Chartered Accountants**

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Addis Ababa Roundabout
Rhodes Park, Lusaka
P O Box 31282
Lusaka, Zambia

Telephone +260 211 372 900
Website www.kpmg.com

Independent Auditor's Report to the members of Road Development Agency

Opinion

We have audited the financial statements of Road Development Agency ("the Agency") set out on pages 8 to 32, which comprise the statement of financial position as at 31 December 2016, the statements of profit or loss and other comprehensive income, changes in funds and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Road Development Agency as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Public Roads Act No.12 of 2002.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Agency in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw your attention to note 23 of the financial statements which discloses that the comparative information presented for the year ended 31 December 2015 have been restated in accordance with IAS 8. The note provides further details of the restatement. Our opinion has not been qualified in respect of this matter.

Other Matter

The financial statements of Road Development Agency as at and for year ended 31 December 2015 were audited by another auditor who expressed a qualified opinion on those financial statements in their report dated 16 August 2016 due to an inability to obtain audit evidence on the ownership of the properties held and the cost of the motor vehicles.

Other Information

The Members are responsible for the other information. The other information comprises the Report of the Members, the Members' responsibilities in respect of the preparation of financial statements and Schedules 1 - 3. The other information does not include the financial statements and our auditor's report thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Members for the Financial Statements

The members are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Public Roads Act No.12 of 2002, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the Agency or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

KPMG Chartered Accountants

22 January 2018

Jason Kazilimani, Jr
Partner

AUD/F000336



Road Development Agency

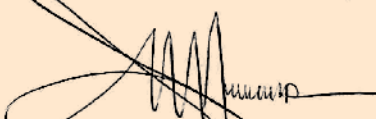
Statement of financial position as at 31 December 2016

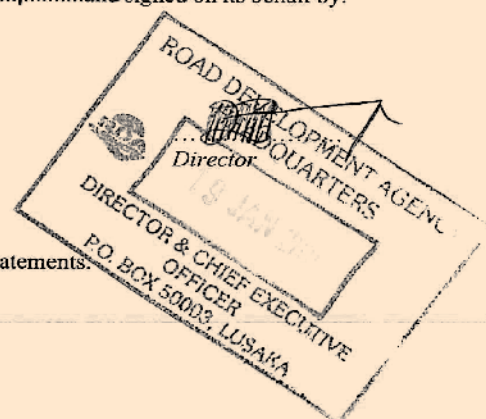
In *Zambian Kwacha*

	Note	2016	Restated* 2015
Assets			
Non-current assets			
Property, plant and equipment	11	6,364,872,698	7,155,019,656
Intangibles	12	2,247,235	2,025,430
Capital work-in-progress	8	19,237,941,107	14,257,646,272
Total non-current assets		25,605,061,040	21,414,691,358
Current assets			
Inventories	9	9,966,332	19,403,976
Trade and other receivables	10	6,333,761,529	3,742,475,559
Cash and cash equivalents	13	18,467,055	30,686,787
Total current assets		6,362,194,916	3,792,566,322
Total assets		31,967,255,956	25,207,257,680
Funds and reserves			
Deferred income (capital grants)	15,23	-	-
Accumulated deficit		(284,204,346)	(24,527,956)
Total reserves		(284,204,346)	(24,527,956)
Current liabilities			
Deferred income (capital grants)	15,23	26,479,842,276	21,720,340,426
Trade and other payables	14	5,771,618,026	3,511,445,210
Total current liabilities		32,251,460,302	25,231,785,636
Total liabilities		32,251,460,302	25,231,785,636
Total reserves and liabilities		31,967,255,956	25,207,257,680

*See note 23

These financial statements were approved by the members on 19/11/18 and signed on its behalf by:


B/ Director Chairman



The notes on pages 12 to 32 are an integral part of these financial statements.



Road Development Agency

Statement of profit or loss and other comprehensive income for the year ended 31 December 2016

In Zambian Kwacha

	<i>Note</i>	2016	2015
Income	Schedule 1	1,700,349,336	1,942,891,236
Administration costs	Schedule 2	(1,575,608,960)	(1,366,983,286)
Routine repairs and maintenance works	Schedule 3	<u>(384,620,445)</u>	<u>(608,722,561)</u>
Deficit before taxation		(259,880,069)	(32,814,611)
Income tax expense	7	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(259,880,069)</u>	<u>(32,814,611)</u>

There were no items of other comprehensive income during the year (2015: nil).

The notes on pages 12 to 32 are an integral part of these financial statements.



Road Development Agency

Statement of changes in funds for the year ended 31 December 2016

In Zambian Kwacha

	Accumulated deficits	Capital grants	Total
As at 1 January 2015 as previously reported	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
Deficit for the year	(32,814,611)	-	(32,814,611)
Amortization of capital grants	-	(1,133,897,696)	(1,133,897,696)
Balance at 31 December 2015 as previously reported	(24,527,956)	22,502,818,484 *	22,478,290,528
Impact of error (Note 23)	-	(782,478,058)	(782,478,058)
Restated balance at 31 December 2015	(24,527,956)	21,720,340,426 *	21,695,812,470
As at 1 January 2016 as restated	(24,527,956)	21,720,340,426 *	21,695,812,470
Transfer of funds from Axle Load Operations (Note 16)	203,679	-	203,679
Deficit for the year	(259,880,069)	-	(259,880,069)
Impact of reclassification (Note 15,23)	-	(21,720,340,426) *	(21,720,340,426)
Balance at 31 December 2016	(284,204,346)	-	(284,204,346)

Accumulated deficits

Accumulated deficits are the carried forward recognised income, net of expenses, plus current year deficits.

*In the previous year, deferred income (capital grants), was disclosed as equity in the statement of financial position. This has been reclassified to liabilities in order to conform to with presentation requirements per IAS 20, Government Grants.

The notes on pages 12 to 32 are an integral part of these financial statements.



Road Development Agency

Statement of cashflows

for the year ended 31 December 2016

In Zambian Kwacha

	Note	2016	2015
Cash flows from operating activities			
Deficit for the year		(259,880,069)	(32,814,611)
<i>Adjustments</i>			
Interest income		(4,973)	(7,154)
Interest payable		141,553,966	32,979,954
Loss on disposal of plant and equipment		1,796,845	758,247
Non-cash proceeds from sale of plant and equipment		(1,200,777)	-
Amortisation of capital grants	15	(1,037,766,987)	(1,135,897,696)
Depreciation	11	1,035,035,252	1,133,897,696
Amortisation	12	2,731,735	-
		<u>(117,735,008)</u>	<u>916,436</u>
<i>Changes in:</i>			
Increase in inventories	9	9,437,644	(11,222,293)
(Increase)/ decrease in trade and other receivables	10	(2,591,285,970)	241,755,267
Increase in trade and other payables	14	2,260,172,816	650,874,741
Cash (used in)/ generated from operating activities		<u>(439,410,518)</u>	<u>882,324,151</u>
Interest payable		<u>(141,553,966)</u>	<u>(32,979,954)</u>
Net cash (used in)/generated from operating activities		<u>(580,964,484)</u>	<u>849,344,197</u>
Investing activities			
Purchase of property, plant and equipment	11	(25,342,617)	(28,675,634)
Purchase of intangibles	12	(3,369,670)	-
Additions to capital work-in-progress	8	(5,203,204,825)	(7,177,827,741)
Proceeds from disposal of plant and equipment		2,381,961	496,442
Net cash used in investing activities		<u>(5,229,535,151)</u>	<u>(7,206,006,933)</u>
Financing			
Capital grants received	15	5,797,268,837	6,348,281,232
Funds received from insurer		802,414	-
Interest income		4,973	7,154
Transfer of funds from Axle Load Programme	16	203,679	-
Net cash generated from financing activities		<u>5,798,279,903</u>	<u>6,348,288,386</u>
Net decrease in cash and cash equivalents		<u>(12,219,732)</u>	<u>(8,574,350)</u>
Cash and cash equivalents at 1 January		<u>30,686,787</u>	<u>39,061,137</u>
Cash and cash equivalents at 31 December		<u>18,467,055</u>	<u>30,686,787</u>



Road Development Agency

Notes to the financial statements for the year ended 31 December 2016

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 Basis of accounting

The financial statements of the Agency have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Public Roads Act No.12 2002. Details of the Agency's accounting policies are included in note 24.

The financial statements have been prepared on a going concern basis.

3 Functional and presentation currency

These financial statements are presented in Zambian Kwacha ("Kwacha"), which is the Agency's functional currency.

4 Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Agency's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2016 is set out below in relation to the impairment of financial instrument and in the following notes in relation to other areas:

- Note 24 (d) – Financial assets and liabilities, identification and measurement of impairment.

Measurement of fair value

A number of the Agency's accounting policies and disclosure require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Agency has an established control framework with respect to the measurement of fair values.



Road Development Agency

Notes to the financial statements *(continued)*
for the year ended 31 December 2016

4 Use of estimates and judgements *(continued)*

(a) Assumptions and estimation uncertainties *(continued)*

Measurement of fair value (continued)

When measuring the fair value of an asset or a liability, the Agency uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in the following note:

- Note 17 – Financial instruments, fair values and risk management

5 Going concern

The Agency incurred a deficit for the year ended 31 December 2016 of ZMW 259,880,069 (2015: ZMW 32,814,611) and at that date, the Agency's total liabilities exceeded its total assets by ZMW 284,204,346 (2015: ZMW 24,527,956) and its current liabilities exceeded its current assets by ZMW 25,889,265,386 (2015: ZMW 21,439,219,314).

Trade and other payables have continued to be settled in the normal course of business and the Government of the Republic of Zambia, through the Ministry of Housing and Infrastructure Development has provided a letter of support to the Agency. The Ministry confirms that the Agency will continue to receive support from the Government of the Republic of Zambia. Accordingly, the financial statements have been prepared on a going concern basis.

6 Income

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

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.



Road Development Agency

Notes to the financial statements for the year ended 31 December 2016

In *Zambian Kwacha*

8 Capital work in progress (*restated*)

	Roads and bridges	Pontoons	Total
Balance at 1 January 2015, as previously reported	10,061,504,179	346,674,225	10,408,178,404
Additions	7,019,592,820	158,234,921	7,177,827,741
Capitalisation (<i>Note 11</i>)	<u>(1,486,817,765)</u>	<u>(57,288,145)</u>	<u>(1,544,105,910)</u>
Restated balance at 31 December 2015 as previously reported	15,594,279,234	447,621,001	16,041,900,235
Impact of error (<i>Note 23</i>)	<u>(1,588,258,485)</u>	<u>(195,995,478)</u>	<u>(1,784,253,963)</u>
Restated balance at 31 December 2015	<u>14,006,020,749</u>	<u>251,625,523</u>	<u>14,257,646,272</u>
As at 1 January 2016	14,006,020,749	251,625,523	14,257,646,272
Additions	4,888,047,891	315,156,934	5,203,204,825
Capitalisation (<i>Note 11</i>)	<u>(141,253,900)</u>	<u>(81,656,090)</u>	<u>(222,909,990)</u>
At 31 December 2016	<u>18,752,814,740</u>	<u>485,126,367</u>	<u>19,237,941,107</u>

9 Inventories

See *accounting policy note 24 f*

	2016	2015
Raw materials	172,710	11,916,326
Finished pavers	<u>9,793,622</u>	<u>7,487,650</u>
	<u>9,966,332</u>	<u>19,403,976</u>

10 Trade and other receivables (*restated*)

See *accounting policy note 24 d*

Amounts advanced to contractors and suppliers	1,002,015,343	432,503,833
Amount receivable from Ministry of Works and Supply	9,450,563	9,450,563
Amounts receivable from National Roads Fund Agency (NRFA)	5,364,055,408	3,301,913,193
Special imprest	400,010	493,958
Salary advances	5,350,845	5,669,179
Other debtors	<u>9,401,667</u>	<u>892,970</u>
	<u>6,390,673,836</u>	<u>3,750,923,696</u>
Less: Provision for bad and doubtful debts	<u>(56,912,307)</u>	<u>(8,448,137)</u>
	<u>6,333,761,529</u>	<u>3,742,475,559</u>

Road Development Agency

Notes to the financial statements (continued)
for the year ended 31 December 2016

In Zambian Kwacha

11 Property, plant and equipment (restated)

See accounting policy note 23b

Cost	Roads	Pontoons	Land & buildings	Weight bridges	Motor vehicles	Plant and machinery	Computers and office equipment	Furniture and fittings	Total
At 1 January 2015	7,124,985,941	213,405,398	13,016,492	47,189,754	80,096,807	76,734,285	16,307,269	5,930,412	7,577,666,358
Transfers from CWIP (Note 8)	1,486,817,765	34,119,260	935,842	22,233,043	-	-	-	-	1,544,105,910
Additions	-	-	-	-	10,355,678	15,537,886	2,532,667	249,403	28,675,634
Disposals	-	-	-	-	(2,163,950)	-	-	-	(2,163,950)
Adjustments	1,359,599,357	208,290	-	-	-	-	-	-	1,359,807,647
At 31 December 2015	9,971,403,063	247,732,948	13,952,334	69,422,797	88,288,535	92,272,171	18,839,936	6,179,815	10,508,091,599
At 1 January 2016	9,971,403,063	247,732,948	13,952,334	69,422,797	88,288,535	92,272,171	18,839,936	6,179,815	10,508,091,599
Transfers from CWIP (Note 8)	141,253,900	81,656,090	-	-	-	-	-	-	222,909,990
Additions	-	-	-	-	22,429,912	770,986	1,641,768	499,951	25,342,617
Disposals	-	-	-	-	(26,083,783)	-	(4,650)	-	(26,088,433)
Reclassification adjustment (Note 12)	-	-	-	-	-	-	416,130	-	416,130
At 31 December 2016	10,112,656,963	329,389,038	13,952,334	69,422,797	84,634,664	93,043,157	20,893,184	6,679,766	10,730,671,903
Depreciation									
At 1 January 2015	1,713,349,525	60,154,302	1,821,036	8,060,411	50,740,690	17,569,409	11,494,687	3,903,235	1,867,093,295
Charge for the year	1,058,515,198	36,153,187	372,622	10,889,480	12,913,242	7,836,077	6,456,965	760,925	1,133,897,696
Disposals	-	-	-	-	(909,262)	-	-	-	(909,262)
Adjustments	355,326,680	16,663	-	-	-	-	(2,373,976)	20,847	352,990,214
At 31 December 2015	3,127,191,403	96,324,152	2,193,658	18,949,891	62,744,670	25,405,486	15,577,676	4,685,007	3,353,071,943
At 1 January 2016	3,127,191,403	96,324,152	2,193,658	18,949,891	62,744,670	25,405,486	15,577,676	4,685,007	3,353,071,943
Charge for the year	971,896,241	27,033,503	279,044	6,903,410	17,108,584	7,722,582	3,257,362	834,526	1,035,035,252
Disposals	-	-	-	-	(20,704,200)	-	(4,650)	-	(20,708,850)
Adjustments	(1,202,989)	-	-	-	(375,304)	-	-	(20,847)	(1,599,140)
At 31 December 2016	4,097,884,655	123,357,655	2,472,702	25,853,301	58,773,750	33,128,068	18,830,388	5,498,686	4,365,799,205
Carrying amounts									
At 31 December 2016	6,014,772,308	206,031,383	11,479,632	43,569,496	25,860,914	59,915,089	2,062,796	1,181,080	6,364,872,698
At 31 December 2015	6,844,211,660	151,408,796	11,758,676	50,472,906	25,543,865	66,866,685	3,262,260	1,494,808	7,155,019,656





Road Development Agency

Notes to the financial statements *(continued)*
for the year ended 31 December 2016

In *Zambian Kwacha*

12 Intangibles *(restated)*

See accounting policy note 24c

	Computer software
Cost	
At 1 January 2015	7,220,632
Additions	-
At 31 December 2015	<u>7,220,632</u>
At 1 January 2016	7,220,632
Additions	3,369,670
Reclassification adjustment <i>(Note 11)</i>	(416,130)
At 31 December 2016	<u>10,174,172</u>
Amortisation	
At 1 January 2015	2,807,413
Charge for the year	-
Adjustments	2,387,789
At 31 December 2015	<u>5,195,202</u>
At 1 January 2016	5,195,202
Charge for the year	2,731,735
At 31 December 2016	<u>7,926,937</u>
Carrying amounts	
At 31 December 2016	<u>2,247,235</u>
At 31 December 2015	<u>2,025,430</u>

13 Cash and cash equivalents

See accounting policy note 24d

	2016	2015
Bank balances*	18,455,182	30,680,767
Petty cash	11,873	6,020
	<u>18,467,055</u>	<u>30,686,787</u>

*Cash at bank includes the closing cash book balance from the Axle Load Programme at 31 December 2016 valued at ZMW 203,679 *(Note 16)*.

14 Trade and other payables *(restated)*

See accounting policy note 24d

Amounts payable to contractors	4,754,186,238	2,146,663,087
Retention payable	767,045,684	1,136,261,586
Provisions and accruals	211,491,814	186,746,663
Sundry creditors	38,894,290	41,773,874
	<u>5,771,618,026</u>	<u>3,511,445,210</u>



Road Development Agency

Notes to the financial statements *(continued)*
for the year ended 31 December 2016

In *Zambian Kwacha*

15 Deferred income (capital grants) *(restated)*

See accounting policy note 24a

As at 1 January 2015 as previously reported	17,288,434,948
Capital grants received (works)	5,979,788,981
Capital grants received (advance payments)	346,763,577
Capital grants received (operations)	21,728,674
Amortization of capital grants	(1,133,897,696)
Balance at 31 December 2015 as previously reported	22,502,818,484
Impact of error <i>(Note 23)</i>	(782,478,058)
Restated balance at 31 December 2015	21,720,340,426
As at 1 January 2016	21,720,340,426
Capital grants received (works)	4,795,416,023
Capital grants received (advance payments)	973,943,339
Capital grants received (operations)	27,909,475
Amortisation of capital grants	(1,037,766,987)
Balance as at 31 December 2016	26,479,842,276

In the previous year, deferred income (capital grants), was disclosed as equity in the statement of financial position. This has been reclassified to liabilities in order to conform to with presentation requirements per *IAS 20, Government Grants*.

16 Axle Load Programme

In 2004, the Government of the Republic of Zambia (GRZ), in collaboration with the Government of the Kingdom of Norway, through the Norwegian Agency for Development Corporation (NORAD) implemented a programme for upgrading manual weighbridges into electronic ones as well as the construction of new sites. The programme was largely funded by NORAD, with GRZ providing counterpart funding through the National Road Fund Agency.

The programme ended in 2011 and the donor funding from NORAD ceased. However, NRFA has continued to fund the Axle Load Programme. The funds received on this programme had been accounted for separately.

As at 31 December 2016, the cashbook balance on the programme of ZMW 203,679 has been included in the mainstream Road Development Agency operations on the basis that the assets constructed and capitalised under this programme are already recognised in the RDA financial statements.



Road Development Agency

Notes to the financial statements *(continued)*
for the year ended 31 December 2016

In *Zambian Kwacha*

17 Financial instruments – fair values and risk management

(a) Accounting classifications and fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

		2016		2015	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Cash and cash equivalents	13	18,467,055	18,467,055	30,686,787	30,686,787
Trade and other receivables	10	6,333,761,529	6,333,761,529	3,742,475,559	3,742,475,559
Financial liabilities					
Deferred income (Capital grants)	15	(26,479,842,276)	(26,479,842,276)	(21,720,340,426)	(21,720,340,426)
Trade and other payables	14	(5,771,618,026)	(5,771,618,026)	(3,511,445,209)	(3,511,445,209)
		<u>(25,899,231,718)</u>	<u>(25,899,231,718)</u>	<u>(21,458,623,289)</u>	<u>(21,458,623,289)</u>

The carrying amounts equate fair value due to the low impact of discounting.

(b) Financial risk management

The Agency has exposure to the following risks from its use of financial instruments:

- credit risk
- market risk; and
- liquidity risk

Risk management framework

The Members have overall responsibility for the establishment and oversight of the Agency's risk management framework.

The Agency's risk management policies are established to identify and analyse the risks faced by the Agency, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Agency's activities.

The Members oversees how management monitors compliance with the Agency's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Agency.



Road Development Agency

Notes to the financial statements *(continued)*
for the year ended 31 December 2016

In Zambian Kwacha

17 Financial instruments – fair values and risk management *(continued)*

(b) Financial risk management *(continued)*

(i) 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 the Agency's trade and other receivables.

Trade and other receivables

The Agency's exposure to credit risk is influenced mainly by individual characteristics of each customer or counterparty. The demographics of the Agency's customer base, including the default risk does not have a significant influence on credit risk. Geographically there is no concentration of credit risk.

No collateral is required in respect of financial assets. Management has a policy in place and the exposure to credit risks is monitored on an on-going basis.

The Agency establishes an allowance for doubtful debts on a specific basis which represents its estimate of expected losses 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.

Cash and cash equivalents

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

The maximum exposure to credit risk at the reporting date was as follows:

		2016	2015
Trade and other receivables	<i>Note 10</i>	6,333,761,529	3,742,475,559
Cash and cash equivalents	<i>Note 13</i>	<u>18,467,055</u>	<u>30,686,787</u>
		<u>6,352,228,584</u>	<u>3,773,162,346</u>

At 31 December 2016, a provision of ZMW 56 million (2015: ZMW 8 million) was recognised against trade and other receivables. The Agency's debtors are short term in nature and include amounts receivable from NRFA and the Ministry of Work and Supply. The performance of debtors is reviewed and monitored on an on-going basis.



Road Development Agency

Notes to the financial statements *(continued)*
for the year ended 31 December 2016

In *Zambian Kwacha*

17 Financial instruments – fair values and risk management *(continued)*

(b) Financial risk management *(continued)*

(i) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Agency's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency risk

The Agency is exposed to currency risk on payments that are denominated in a currency other than the functional currency of Agency, primarily the United States Dollar (USD) and the Euro (EUR).

Exposure to currency risk

The Agency incurs currency risk as a result of transactions in USD and EUR. The Agency ensures that the net exposure is kept to an acceptable level by transacting in foreign currencies at spot rate where necessary to address short term imbalances. The currency risk expressed in Kwacha at reporting date was as follows:

December 2016	ZMW	USD Exposure	EUR Exposure	ZMW Total
Financial liabilities				
Amounts payable to contractors	<u>2,948,102,714</u>	<u>1,513,404,778</u>	<u>292,678,746</u>	<u>4,754,186,238</u>
Net exposure	<u>2,948,102,714</u>	<u>1,513,404,778</u>	<u>292,678,746</u>	<u>4,754,186,238</u>
December 2015	ZMW	USD Exposure	EUR Exposure	ZMW Total
Financial liabilities				
Amounts payable to contractors	<u>1,793,314,195</u>	<u>192,353,442</u>	<u>160,995,450</u>	<u>2,146,663,087</u>
Net exposure	<u>1,793,314,195</u>	<u>192,353,442</u>	<u>160,995,450</u>	<u>2,146,663,087</u>

The following significant exchange rate was applied during the year:

	Spot rate at reporting date	
	2016	2015
USD	9.9	10.92
EUR	10.4	11.90



Road Development Agency

Notes to the financial statements *(continued)*
for the year ended 31 December 2016

In Zambian Kwacha

17 Financial instruments – fair values and risk management *(continued)*

(b) Financial risk management *(continued)*

(ii) Market risk *(continued)*

Exposure to currency risk (continued)

Sensitivity analysis

A 10 percent strengthening/weakening of the United States Dollar against the Kwacha at 31 December would have decreased (increased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss
31 December 2016	<u>475,418,623</u>
31 December 2015	<u>214,666,308</u>

Interest rate risk

The Agency is not exposed to interest rate risk on its bank accounts and does not hold any interest bearing financial instruments.

(iii) Liquidity risk

Liquidity risk is the risk that the Agency will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Agency's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Agency's reputation.

The Agency aims to maintain a sufficient level of income to meet its contractual repayments.



Road Development Agency

Notes to the financial statements (continued)
for the year ended 31 December 2016

In *Zambian Kwacha*

17 Financial instruments – fair values and risk management (continued)

(b) Financial risk management (continued)

(iii) Liquidity risk (continued)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date.

31 December 2016		Carrying amount	Total	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Deferred income (capital grants)	15	(26,479,842,276)	(26,479,842,276)	(26,479,842,276)	-	-	-
Trade and other payables	14	(5,771,618,026)	(5,771,618,026)	(5,771,618,026)	-	-	-
		<u>(32,251,460,302)</u>	<u>(32,251,460,302)</u>	<u>(32,251,460,302)</u>	-	-	-
31 December 2015							
Non-derivative financial liabilities							
Deferred income (capital grants)	15	(21,720,340,426)	(21,720,340,426)	(21,720,340,426)	-	-	-
Trade and other payables	14	(3,511,445,210)	(3,511,445,210)	(3,511,445,210)	-	-	-
		<u>(25,231,785,636)</u>	<u>(25,231,785,636)</u>	<u>(25,231,785,636)</u>	-	-	-

Road Development Agency



Notes to the financial statements *(continued)*
for the year ended 31 December 2016

In Zambian Kwacha

18 Related party transactions

The following transactions were carried out with related parties:

(i) *Key management compensation*

	2016	2015
Salaries and other short term benefits	<u>10,545,238</u>	<u>9,037,174</u>

(ii) *Loans to key management*

	<u>155,000</u>	<u>725,000</u>
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(iii) *Directors' remuneration*

Fees for service as directors	<u>2,226,044</u>	<u>1,785,894</u>
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19 Capital management

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

20 Contingent liabilities

There are contingent liabilities in respect of various legal claims made against the Agency amounting to ZMW 107 million (2015: ZMW121 million). There is also a contingent liability in the form of interest payable to contractors for delayed payment of certified works amounting to ZMW 260 million (2015: ZMW106 million).

21 Capital commitments

As at 31 December 2016, 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:

	2016	2015
Roads and bridges	<u>17,832,658,191</u>	<u>13,674,468,698</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.

22 Subsequent events

There were no material subsequent events which require adjustment of, or disclosure in, these financial statements.



Road Development Agency

Notes to the financial statements (continued)
for the year ended 31 December 2016

In Zambian Kwacha

23 Correction of errors

During the year under review, the Agency discovered errors in the following ledgers; plant and equipment, intangible assets, capital work-in-progress, trade and other receivables, trade and other payables and deferred income (capital grants). The errors relate to the 2015 financial statements. These misstatements have been corrected as prior period adjustments in terms of *IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors*. Details of the adjustments in the account balances and impact of each line in the financial statements are shown in the table below:

31 December 2015	As previously reported	Impact of correction of errors adjustments	Impact of reclassification	Restated
Property, plant and equipment	6,152,240,135	1,002,779,521	-	7,155,019,656
Intangibles	-	2,025,430	-	2,025,430
Capital work-in-progress	16,041,900,235	(1,784,253,963)	-	14,257,646,272
Inventories	19,403,976	-	-	19,403,976
Trade and other receivables	4,066,981,716	(324,506,157)	-	3,742,475,559
Cash and cash equivalents	30,686,787	-	-	30,686,787
Total assets	26,311,212,849	(1,103,955,169)	-	25,207,257,680
Deferred income (capital grants)	-	782,478,058	(22,502,818,484)	(21,720,340,426)
Trade and other payables	(3,832,922,321)	321,477,111	-	(3,511,445,210)
Total liabilities	(3,832,922,321)	1,103,955,169	(22,502,818,484)	(25,231,785,636)
Deferred income (capital grants) (Note 15)	(22,502,818,484)	-	22,502,818,484	-
Accumulated deficit	24,527,956	-	-	24,527,956
Total equity	(22,478,290,528)	-	22,502,818,484	24,527,956
Total equity and liabilities	(26,311,212,849)	1,103,955,169	-	(25,207,257,680)

- Intangible assets had been erroneously disclosed as property, plant and equipment in the 2015 financial statements.
- Costs capitalised in the 2016 financial year relating to capital work-in-progress, property, plant and equipment and deferred income (capital grants) had been erroneously been posted in the 2015 financial statements.
- Transactions relating to omitted payments, duplicate payments and terminated projects for the 2016 financial year had been erroneously posted to trade and other receivables and trade and other payables in the 2015 financial statements.

The restatement does not have an effect on the statement of profit or loss and other comprehensive income.

Road Development Agency



Notes to the financial statements *(continued)*
for the year ended 31 December 2016

In Zambian Kwacha

24 Significant accounting policies

The Agency has consistently applied the following accounting policies to all period presented in these financial statements.

Set out below is index of significant accounting policies. The details of which are available on the pages that follow:

- a) *Income*
- b) *Property, plant and equipment*
- c) *Intangibles*
- d) *Financial instruments*
- e) *Impairment*
- f) *Inventories*
- g) *Foreign currency transactions*
- h) *Finance income and finance costs*
- i) *Taxation*
- j) *Provisions*

a) **Income**

Capital grants

Government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Agency will comply with the conditions associated with the grant; they are then recognised in profit or loss as income on a systematic basis over the useful life of the asset to which they relate.

Other grants related to non-depreciable assets are credited to the profit of loss in the period in which they are received.

Other income

Other income comprises various fees earned during the normal course of business.

b) **Property, plant and equipment**

Recognition and measurement

Items of Property, plant and equipment are measured at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent measurement

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 income statement during the financial period in which they are incurred.



Road Development Agency

Notes to the financial statements *(continued)*
for the year ended 31 December 2016

In *Zambian Kwacha*

24 Significant accounting policies *(continued)*

b) Property, plant and equipment *(continued)*

Depreciation

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 and is recognised in profit or loss. The estimated useful lives of property, plant and equipment for the current and comparative years are as follows:

Land and buildings	2%
Furniture and fittings	20%
Computers and office equipment	20%
Motor vehicles	20%
Plant and machinery	8.3%

Depreciation methods, useful lives and residual values 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 profit or loss.

Roads & bridges

Maintenance of the existing roads and bridges 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 and bridges such as expanding road capacity, providing stronger surface and significantly changing characteristics of the roads is capitalized and depreciated on the following basis:

(i) Roads

	<i>Paved</i>	Gravel	Earth
	%	%	%
Periodic maintenance	20	33.3	100
Rehabilitation	10	20	100
Construction	5	10	25

(ii) Weighbridges and pontoons 8%



Road Development Agency

Notes to the financial statements *(continued)*
for the year ended 31 December 2016

In Zambian Kwacha

24 Significant accounting policies *(continued)*

c) Intangible assets

Recognition and measurement

Intangible assets that are acquired by the Agency and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on any internally generated goodwill and brands, is recognised in profit or loss as incurred.

The estimated useful lives for the current and comparative years are as follows:

- Computer software 33.3%

Amortisation

Items of plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

d) Financial instruments

The Agency classifies non-derivative financial assets as loans and receivables.

The Agency classifies non-derivative financial liabilities into the other financial liabilities category.

Non-derivative financial assets and financial liabilities – recognition and derecognition

The Agency initially recognises receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Agency derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Agency is recognised as a separate asset or liability.

The Agency derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Agency has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously



Road Development Agency

Notes to the financial statements *(continued)*
for the year ended 31 December 2016

In *Zambian Kwacha*

24 Significant accounting policies *(continued)*

d) Financial instruments *(continued)*

Non-derivative financial assets – measurement

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprises 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.

Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

e) Impairment

Non-derivative financial assets

Financial asset is assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Agency on terms that the Agency would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowings or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortised cost

The Agency considers evidence of impairment of these assets at an individual asset level. All individually significant assets are individually assessed for impairment.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Agency considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

At each reporting date, the Agency reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Road Development Agency



Notes to the financial statements *(continued)*
for the year ended 31 December 2016

In Zambian Kwacha

24 Significant accounting policies *(continued)*

f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value takes into account all further costs directly related to marketing, selling and distribution. Provisions are made for obsolete and slow moving inventories.

g) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of group companies at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

h) Finance income and finance costs

The Agency's finance income and finance costs include:

- interest income; and
- interest expense.

i) 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.

j) Provisions

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Agency recognises any impairment loss on the assets associated with that contract

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.



Road Development Agency

Notes to the financial statements *(continued)*
for the year ended 31 December 2016

In Zambian Kwacha

25 New standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2016, and have not been applied in preparing these financial statements. Those which may be relevant to the Agency are set out below. The Agency does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

Disclosure Initiative (Amendments to IAS 1)

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted. The Agency does not expect any impact on its financial statements.

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Agency does not expect any impact on its financial statements.

IFRS 9 Financial Instruments

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Agency will apply IFRS 9 on 1 January 2018.

The actual impact of adopting IFRS 9 on the Company's financial statements in 2018 is not known and cannot be reliably estimated because it will be dependent on the financial instruments that the Agency holds and economic conditions at that time and judgements that it will make in the future.

The new standard will require the Agency to revise its accounting processes and internal controls related to reporting financial instruments.

i. Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.



Road Development Agency

Notes to the financial statements *(continued)*
for the year ended 31 December 2016

In *Zambian Kwacha*

26 New standards and interpretations *(continued)*

ii. Impairment – Financial assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward-looking ‘expected credit loss’ (ECL) model. This will require considerable judgement as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset’s credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables with a significant financing component.

iii. Impairment – Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

v. Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses.

vi. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively.

The Agency has not commenced the evaluation of the potential impact of the adoption of IFRS 9 on its financial statements.



Road Development Agency

Notes to the financial statements *(continued)*
for the year ended 31 December 2016

In Zambian Kwacha

26 New standards and interpretations *(continued)*

IFRS 16 Leases

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Transition

As a lessee, the Agency can either apply the standard using a:

- Retrospective approach; or
- Modified retrospective approach with optional practical expedients.

The Agency does not expect any impact on its financial statements.



Schedule 1

Road Development Agency

Detailed analysis of income
for the year ended 31 December 2016*In Zambian Kwacha*

	2016	2015
Income		
Amortisation of capital grants	1,037,766,987	1,133,897,696
Project grant from National Roads Fund Agency (NRFA)	530,702,880	667,620,545
Revenue grants from GRZ	<u>113,406,754</u>	<u>113,406,753</u>
	<u>1,681,876,621</u>	<u>1,914,924,994</u>
Other income		
Abnormal load fees	3,001,135	3,008,892
Bill boards	1,442,049	214,980
Equipment hire	1,650	463,012
Interest income	4,973	7,154
Liquidated damages	1,338,030	2,739,182
Private Public Partnership	97,945	703,058
Gain on disposal of equipment	-	(758,247)
Rental income	198,106	55,600
Road infringement charges	107,191	83,439
Quarry royalties	3,807,988	5,337,500
Soil testing analysis fees	336,465	423,650
Routeway inspection fees	576,055	866,125
Tender document sales	6,284,003	1,846,450
Other	<u>1,276,625</u>	<u>12,975,447</u>
	<u>18,472,715</u>	<u>27,966,242</u>
Total income	<u>1,700,349,336</u>	<u>1,942,891,236</u>



Schedule 2

Road Development Agency

Detailed analysis of administration costs
for the year ended 31 December 2016

In Zambian Kwacha

	2016	2015
Accommodation and meals	4,024,655	4,256,472
Audit fees	449,829	374,860
Bank charges	315,821	125,855
Board expenses	2,949,112	3,280,842
Civil maintenance	213,952	806,139
Cleaning materials and toiletries and sanitary services	316,154	413,607
Computer expenses	417,073	511,323
Consultancy	30,000	-
Amortisation	2,731,735	-
Depreciation	1,035,035,252	1,133,897,696
Electricity, water and sewerage	401,695	257,413
Equipment service and repair	1,486,635	108,503
Exchange losses	183,407,668	110,119
Insurance	2,330,919	1,871,817
Interest on long outstanding contractor debts	141,553,966	32,979,954
Internet services	598,257	611,724
Laboratory reagents and chemicals	-	15,444
Labour day celebrations	327,138	313,927
Legal fees	978,678	255,636
Motor vehicle expenses	7,665,257	6,230,292
Newspapers	145,659	82,634
Office beverages and refreshments	270,750	225,936
Other costs	108,435	109,869
Printing and stationery	3,661,918	2,067,537
Bad debts written off	9,089,242	8,498,677
Public relations and advertising	2,880,890	4,270,388
Recruitment costs	72,605	103,764
Rent collection costs	1,825	-
Routeway inspection costs	542,150	385,730
Security services	2,554,199	2,511,727
Staff costs	163,390,068	151,944,362
Staff training	2,336,447	4,469,625
Staff welfare	905,921	2,027,380
Subscriptions	561,645	116,907
Office rentals	457,579	1,491,473
Telephone and postage	496,938	566,907
Tender Committee allowances	64,133	-
Travelling expenses	347,562	311,828
Miscellaneous expenses	1,822,415	22,180
Workshops and seminars	664,783	1,354,740
	<u>1,575,608,960</u>	<u>1,366,983,286</u>



Schedule 3

Road Development Agency

Detailed analysis of routine repairs, maintenance works and project related costs
for the year ended 31 December 2016

In Zambian Kwacha

	2016	2015
Environmental costs	7,782,607	80,886
Project procurement costs	6,761,820	8,807,179
Routine maintenance – roads	273,226,280	506,739,462
Routine maintenance – bridges	33,705	962,088
Routine maintenance – force accounts	33,300,646	59,841,294
Supervision expenses – roads and bridges	9,490,200	11,490,476
Supervision expenses – routine maintenance	737,140	1,123,744
Technical assistance and other consultancy costs	38,316	3,381,978
Pave Zambia 2000 costs	4,638,080	5,585,190
Road tolling costs	3,442,646	3,036,770
Information and communication technology costs	2,109,585	2,005,880
Legal costs and Arbitration awards	43,059,420	5,667,614
	<u>384,620,445</u>	<u>608,722,561</u>



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