ROAD DEVELOPMENT AGENCY

2020 ANNUAL REPORT

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LIST OF ACRONYMS

AfDB	African Development Bank
7NDP	Seventh National Development Plan
CFI	Contractor Financed Initiative
CRN	Core Road Network
DMMU	Disaster Management and Mitigation Unit
EIB	European Investment Bank
GRZ	Government of the Republic of Zambia
IRCP	Improved Rural Connectivity Project
JICA	Japanese International Co-operation Agency
L400	Lusaka 400 Project
LRAs	Local Road Authorities
LZ8000	Link Zambia 8000
MHID	Ministry of Housing and Infrastructure Development
MoF	Ministry of Finance
NCC	National Council for Construction
NAPSA	National Pension Scheme Authority
NRFA	National Road Fund Agency
OPRC	Output and Performance Based Road Contracts
PPPs	Public Private Partnerships
PZ2000	Pave Zambia 2000
RDA	Road Development Agency
RMS	Road Maintenance Strategy
RSAWP	Road Sector Annual Work Plan
SADC	Southern African Development Community
TMD	Trunk, Main and District
VRS	Vendor Rating System
VOC	Vehicle Operating Costs

EXECUTIVE SUMMARY

The Annual Report presents the performance of the Road Development Agency (RDA) in the year 2020. Since its establishment, the Agency continued to contribute to the social and economic development of Zambia. The RDA commenced its operations in 2006 and is responsible for the care and maintenance of the entire classified road network of 67,671 Kilometres of roads. However, owing to the vast size of the network, and limited resources, the RDA has concentrated its efforts on a rationalised network of 40,454 kilometres deemed as the Core Road Network (CRN). The CRN is defined as the "the barest minimum network which when improved will spur economic development and contribute to poverty reduction."

The Report presents activities within the framework of the Agency's mandate and has adopted a guided and coordinated approach in achieving its mandate through the Strategic Plan as a performance measurement tool.

During the period under review, the RDA carried out activities that included construction, upgrading, rehabilitation and maintenance of roads and Bridges. Other pertinent activities implemented involved road and Bridge asset management; designing traffic capacity movements; design reviews; environmental management; construction materials testing; engineering studies, research and development, among others.

The RDA executed road infrastructure projects in accordance with the approved 2020 Road Sector Annual Work Plan (RSAWP) and continued with the supervision and monitoring of the Link Zambia 8000, other major rehabilitation projects. Toll Plaza construction and the Pave Zambia 2000 were the other projects undertaken in the period under review.

The year 2020 witnessed the completion of the Kazungula Bridge Project Package one, which has since been handed over to the two member States awaiting commissioning by the Heads of States in 2021.

For the major rehabilitation projects, 98 Kilometres of surfacing was achieved during the period under review. These surfacing works were done under the Kafue-Mazabuka Lots 1 and 2, Chinsali-Nakonde Lots 1 and 2 and Mongu-Limulunga roads. The slow progress was attributed to fiscal challenges for the Government financed projects, above normal rainfall and outbreak of COVID-19 pandemic.

Some projects particularly under the Link Zambia 8000 programme, reported minimal to no progress.

The Agency had 517 on-going routine maintenance contracts in all the provinces valued at K1.15 billion and covering a total distance of 15,970.24 Kilometres of both paved and unpaved roads as of 31st December 2020. In comparison with the previous year, 2020 recorded a greater length of roads by a margin of 124.4 Kilometres that were subject to routine maintenance.

The year 2019 had 496 running contracts valued at K992.72 million and covered a total distance of 15,845.84 kilometres. The increase in the length of roads subjected to routine maintenance is a step in the right direction as it indicates that road safety is enhanced on the CRN.

The RDA in collaboration with the Disaster Management and Mitigation Unit (DMMU) and Zambia Defence Forces, worked on various emergencies on roads and drainage structures.

In addition to the emergency works, the Agency, through regional offices carried out various Force Account projects throughout the country. As of 31st December 2020, the Agency had running Force Account works with a total value of K771, 233,003.20. However, out of this amount only K279, 292,903.00 had been released leaving an outstanding amount of K491, 940,100.20.

OUR MANDATE

The RDA was established by the Public Roads Act No. 12 of 2002 with the following specific functions:

"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".

The Agency is also mandated under the Tolls Act No.14 of 2011 to administer and implement the National Road Tolling Programme (NRTP). In this regard, on 1st September 2015, the RDA appointed the National Road Fund Agency NRFA as a Lead Tolls Agent through the provisions of the Tolls Act.

The functions of the Agency under the Tolls Act are to:

(a) Regulate the operation and maintenance of Toll roads;

(b) Monitor compliance of concessionaires with the terms and conditions of concession agreements;

(c) Advise the Minister on the design, construction, safety, regulation, operation and maintenance of toll roads; and

(d) Perform such other function as may be conferred by, or under, this Act or any other law.

PRINCIPAL FUNCTIONS

The principal functions of the RDA are to plan, manage and coordinate the entire road network in Zambia with the following specific functions:

I. Carry out routine and emergency maintenance of public roads;

II. Conduct such studies as it may consider necessary for the development maintenance, and improvement of the road network in Zambia;

III. Advise road authorities regarding the construction, rehabilitation, and maintenance of roads under their jurisdiction;

IV. Provide guidance and technical assistance to road authorities;

V. Receive and consider reports from road authorities on their activities and prepare quarterly and consolidated annual reports;

VI. Recommend to the Minister the appointment of any person or institution as a road authority;

VII. Prepare and review terms of reference and guidelines for road authorities including budget guidelines;

VIII. Review from time to time the status of road authorities and recommend appropriate action to the Minister;

IX. Making recommendations in relation to siting of buildings on roadsides;

X. In consultation with the Road Fund Agency, recommend to the Minister funding for development of new roads;

XI. In consultation with the owners of property served by an estate road and the Road Fund Agency, determine the proportion of the cost of construction and maintaining an estate road to be borne by such owners;

XII. Prepare and award contracts and certifying works for public roads;

XIII. Review design standards and classification of roads and traffic signs;

XIV. Plan and coordinate the road network in the country;

XV. Enforcing axle load control; and

XVI. Carry out any other activities relating to roads which are necessary or conducive to the performance of its functions under the Act.

OUR VISION, OUR MISSION, CORE VALUES

OUR VISION

A sustainable fit-for-purpose road infrastructure in Zambia

OUR MISSION

To provide sustainable road infrastructure for connectivity and accessibility to spur socio-economic growth

CORE VALUES

- Transparency
- Accountability
- Equity
- Integrity
- Innovation
- Excellence
- Environmentalism

FOREWORD

It is my great honour and privilege to present to you, the 2020 Annual Report for the RDA. The year under review presented huge challenges not only to the Agency and the country, but to the entire globe.

The effects of the COVID-19 pandemic did not spare the Agency. Many of the daily operations were negatively affected in one way or the other due to the various measures put in place by the health authorities to combat the pandemic which has claimed millions of lives worldwide.

However, the RDA Board of Directors is pleased and satisfied that the Agency remained on course throughout the year in executing the Agency's mandate as espoused in the Public Roads Act Number 12 of 2002 and cascaded in the vision and mission statement of the Agency.

The Agency is a strategic institution mandated to plan, manage and coordinate the road network in the country and falls under the Ministry of Housing and Infrastructure Development. The RDA is also mandated by the Tolls Act Number 14 of 2011, to provide for the operation of Toll roads, provide for the charging and collection of Tolls.

In line with the Agency's overall mandate and our vision for the period up to 2021, which is working towards achieving "A sustainable fit-for-purpose road infrastructure in Zambia" and the mission which is "To provide sustainable road infrastructure for connectivity and accessibility to spur socio-economic growth," I am glad to note that the RDA in 2020 aggressively pursued its vision and mission in the midst of the COVID-19 pandemic.

It is worth mentioning that in 2020, we insistently implemented our Strategic Plan which covers a period of three (03) years, from 2019 to 2021 and aligned to the implementation of the Seventh National Development Plan (7NDP).

The Board of Directors is proud that the RDA lived up to its expectations by ensuring that it aligned all its operations to the Strategic Plan.

In line with the legal mandate, which demands that the RDA operates under the Public Roads Act No. 12 of 2002, I am glad to state that this piece of legislation continued to provide a conducive operating and regulatory framework for the Agency.

May I also take this opportunity to say that throughout the year, we tried, as difficult as it was, to meet most expectations of our stakeholders, suffice to say that, where it seemed as if we did not meet stakeholder expectations, the odds were beyond our efforts.

The Government is happy that the Agency jointly with the Ministry of Transport and Communications in Botswana successfully completed constructing the state-of-the-art Kazungula Bridge in Kazungula District in the Southern Province. This has been a huge milestone for us.

Not only did we complete the Bridge, but we also attended to many of the washed-away crossing points and ensured that many of the roads throughout the country remained in good condition.

Let me take this opportunity to commend the RDA Management and Staff for working diligently in executing our mandate. It was because of everyone's tireless efforts and dedication to duty that we managed to achieve the millstones scored.

We look forward to another fruitful year even in the midst of the COVID-19 pandemic.

ENG. DANNY MFUNE
PERMANENT SECRETARY
MINISTRY OF HOUSING AND INFRASTRUCTURE DEVELOPMENT

DIRECTOR AND CHIEF EXECUTIVE OFFICER'S STATEMENT

This Report gives the details on the performance of the RDA in line with the mandate as contained in the Public Roads Act Number 12 of 2002 and the Tolls Act Number 14 of 2011.

The 2019-2021 Strategic Plan that was being implemented during the period under review has six Strategic Objectives indicating what was critical to the organizational strategy during the 2019-2021 fiscal years.

The six objectives in the plan include: to improve Road Asset Management, improve Road Infrastructure, improve Stakeholder Management, improve Financial Management and Capacity, improve Operational Processes and Procedures, and improve Human Resource.

During the period under review, the RDA continued to work towards addressing the six Strategic Objectives to deliver on its mandate.

The Agency on behalf of the Government executed projects aimed at providing sustainable road infrastructure for connectivity and accessibility to spur socio-economic growth. It is undisputed that a good road infrastructure is the backbone and chief driver of socio-economic development, which every country strives to achieve.

During the period under review, impressive progress was recorded on the rehabilitation of the 72 Kilometres Turnpike – Mazabuka road. We also continued to register good progress on the Chinsali-Nakonde road project which was in a deplorable state before rehabilitation works commenced on the 210 Kilometres stretch.

Another project that was successfully completed was Lot 1 of 152 Kilometres Zambia Township Roads project on the Copperbelt. As the RDA, we are proud that some roads in Kitwe, Chingola and Mufulira Districts were rehabilitated, upgraded and reconstructed to the satisfaction of our stakeholders.

On the road maintenance front, it is worth noting that the Agency made headways in rolling out the Road Maintenance Strategy aimed at setting a pathway for the provision of maintenance activities on the CRN.

In this regard, the RDA recorded a maximum distance of 15,970 Kilometres against the set target of 10,000 Kilometres under Routine Maintenance. Further, the Agency recorded an annual progress of 650.20 Kilometres on feeder roads rehabilitation and maintenance. The cumulative progress on feeder roads rehabilitation and maintenance for 2019 and 2020 stood at 938.20 Kilometres against the set target of 200 Kilometres.

There were also seven periodic maintenance road projects that were being undertaken by the Agency during the period under review. These were the Ndola-Kitwe Dual Carriageway on the Copperbelt Province, Kasama-Chambeshi Lot 2 in Northern Province, Linda-Kafue including U8 Chanyanya road in Lusaka Province, Livingstone-Sesheke (Lot 2) (M10) in Southern Province, Kamilulu - Luangwa Bridge (T4) in Lusaka Province, Mansa - Musaila (T2 Junction) in Luapula Province and Katete - Chanida (T6) in Eastern Province.

The Agency continued to advance evidence-based scientific research and making recommendations for the application of the research outcomes to ensure cost effectiveness in the construction and maintenance of the road network on a whole-life cycle basis.

To this effect in the fourth Quarter of 2020, a field trial of Armaseal was carried out on a 0.7-Kilometre stretch between Mazabuka and Monze, and the trial section is under the mandatory two years performance monitoring.

The Agency recognizes that Highway Management System (HMS) is cardinal to improving Road Asset Management. The RDA therefore, engaged a consultant to enhance the Zambia Highway Management System. The establishment of the system has advanced with system installation anticipated to take place in the first Quarter of 2021.

In conclusion, I would like to thank all our stakeholders that we closely worked with in 2020 that included the Government, Local Road Authorities, National Medium and Small-Scale Contractors, Zambia Women in Construction, Engineering Institution of Zambia (EIZ), Association of Consulting Engineers, Zambia Institute of Architects, Quantity Surveyors Registration Board, Road Users, Media, Road Sector Agencies, Traditional Leaders, Co-operating partners among others.

I am therefore, honoured to report on the performance of the Agency for the year 2020 in line with the RDA's mandate of care, maintenance and construction of public roads in the country as well as to provide for the operation of Toll roads, provide for the charging and collection of Tolls.

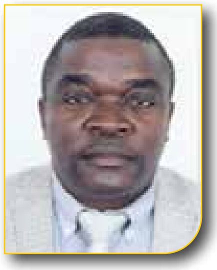
ENG. GEORGE MANYELE
DIRECTOR AND CHIEF EXECUTIVE OFFICER
ROAD DEVELOPMENT AGENCY

RDA BOARD OF DIRECTORS

Mr. Samuel Mukupa
(Board Chairperson)

Eng. Yamfwa D. Mukanga
Engineering Institution of Zambia

Eng. Charles Mushota
PS - Ministry of Housing & Infrastructure Development

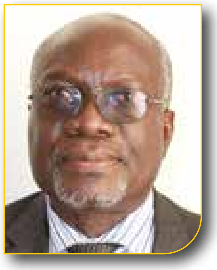


Eng. Misheck Lungu
PS-Ministry of Transport and Communications

Bishop Ed. Chomba
PS-Ministry of Local Government

Dr. Emmanuel Pamu
PS Budget and Economic Affairs -Ministry of Finance

Mr. Likando Kalaluka SC,
Attorney General
Ministry of Justice

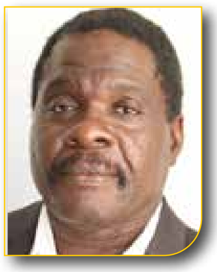


Dr. Mutaba A Mwali
Zambia Chartered Institute of Logistics and Transport

Mrs. Nellie Namwila
Zambia National Farmers Union

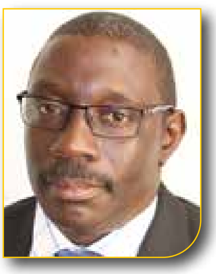
Mr. Filipo Zulu
National Science and Technology Council

Mr. Mathew Ngulube
National Council for Construction

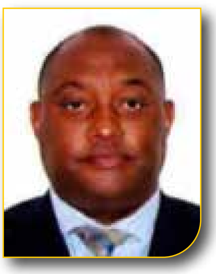


Mr. Fresco Mumbi
Ministry of Agriculture and Cooperatives

Dr. Andrew Chilufya
Ministry of Tourism & Arts



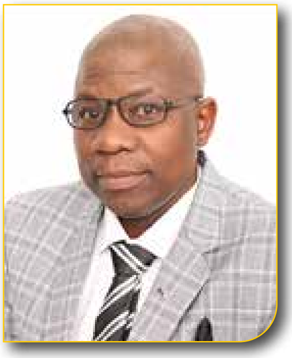
Eng. Wallece Mumba
National Road Fund Agency



Mr. Gladwell Banda
Road Transport & Safety Agency

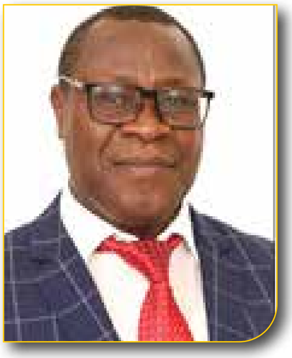
Eng. George Manyele
(Board Secretary)

RDA EXECUTIVE MANAGEMENT



Eng. George Manyele
Director and Chief Executive Officer

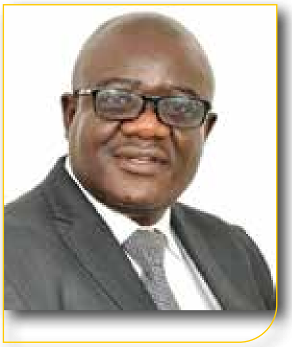
Eng. Grace Mutembo
Director – Planning and Design



Mr. Titus Chansa
Director – Procurement

Eng. William Mulusa
Director – Road Maintenance

Eng. William Mulusa
Director – Road Maintenance



Eng. Wesley Kaluba
Director – Commercial & Technical Services

Eng. Kapembwa Mulenga
Director – Finance

Mr. Elias Mwila
Director – Human Capital and Administration

Mrs. Mukupa Musonda
Director-Legal Services

Mr. Masuzyo Ndhlovu
Director – Communication & Corporate Affairs

Mr. Bernard Malama
Ag. Director - Audit & Risk Assurance

DEPARTMENTS

- CENTRAL ADMINISTRATION
  - COMMUNICATIONS AND CORPORATE AFFAIRS
  - PLANNING AND DESIGN
  - PROCUREMENT
  - CONSTRUCTION AND REHABILITATION
  - ROAD MAINTENANCE
  - COMMERCIAL AND TECHNICAL SERVICES
  - FINANCE
  - HUMAN CAPITAL & ADMINISTRATION
  - LEGAL SERVICES
  - AUDIT AND RISK ASSURANCE

SECTION 1

FINANCIAL AND PROGRAMME PERFORMANCE

1.1 Financial Performance

Implementation of the 2020 Annual Work Plan

The road fund is managed by the National Road Fund Agency (NRFA) on behalf of the Road Sector Agencies. The NRFA is mandated to administer and manage resources for road works and services. The resources include local funding from GRZ in the form of Road Tolls, Fuel Levy and Other Road User Charges and from Multilateral Development Banks (MDBs) such as the World Bank, European Investment Bank (EIB), Exim Bank of China, African Development Bank and various Cooperating Partners such as the European Union and the Japanese International Cooperation Agency (JICA) among others.

FUND SOURCE	2020 BUDGET K'000	PERCENTAGE %
Contractor Facilitated Initiative (CF)	*539,100*	*5*
External	*6,818,729*	*65*
Local -GRZ Roads	*2,722,777*	*26*
Private Public Partnership (PPP)	*472,000*	*4*
GRAND TOTAL	**10,552,606**	**100**

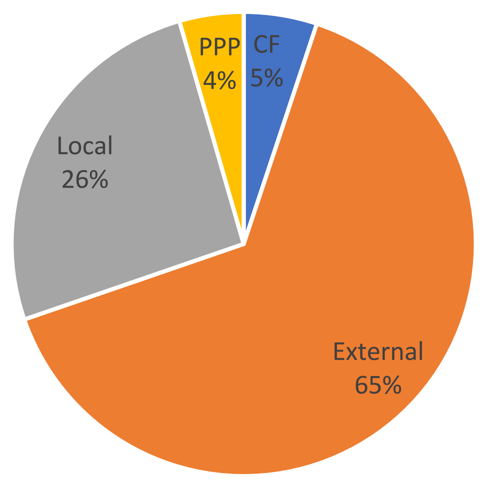


Figure 1: 2020 AWP Funding by Source

Figure 1 above shows the funding sources summary for the 2020. The 2020 RSAWP had a total value of K10.6 billion comprising 65 percent external financing (Loans and Grants), 26 percent from local resources in the form of direct GRZ funding from the Treasury and the Road Fund, 5 percent Contractor Facilitated Initiative (CFI) and 4 percent Public Private Partnership (PPP).

SECTION 2

OUR ROAD NETWORK

2.1 Zambian Road Network

2.1.1 Gazetted and Core Road Network

The total Gazetted Road Network in Zambia is about 67,671 Kilometres of which 40,454 Kilometres comprises the Core Road Network (CRN) which is defined as "the barest minimum network which when improved will spur economic development and contribute to poverty reduction". The CRN consists of Trunk, Main and District (TMD), Urban and Primary Feeder roads as shown in Table 1.

Table 1: Core and Non-Core Road Network in Zambia

Type of Road	Length (Km)	Paved (Km)	% Paved	Responsibility
Core Road Network				
Trunk (T)	3,116	3,024	97%	RDA
Main (M)	3,701	2,885	78%	RDA
District (D)	13,707	2,111	15%	RDA
Urban	5,597	2,055	37%	RDA
Primary Feeder Roads (PFR)	14,333	32	0.2%	RDA/LRAs
Sub Total	**40,454**	**10,107**	**25%**	
Estimated Non-Core Road Network				
Secondary Feeder Roads (SFR)	10,060			RDA/LRAs
Tertiary Feeder Roads (TFR)	4,424			RDA/LRAs
Park Roads	6,607			RDA/DNPW
Community Roads	5,000			RDA/LRAs
Other Roads	1,126			RDA/LRAs
Total	**27,217**			
Total	**67,671**	**10,107**		

The RDA has delegated management of some roads to Local Road Authorities (LRAs) and the Department of National Parks and Wildlife under the Ministry of Tourism and Arts which has delegated responsibility of managing about 6,600 Km of National Park Roads.

2.1.2 Road Reserve Management

The RDA experienced an increase in the number of road infringements in the past few years. Road encroachments and infringements had consequences on project delivery. The Agency spent extra costs on compensation of Project Affect Persons (PAPs) in addition to time lost while preparing for compensation of such people. To mitigate these negative effects, the RDA embarked on various activities such as sensitization programmes on national public media and other platforms.

Figure 2: Rehabilitation works on the Chinsali-Nakonde Road.

SECTION 3

2020 OUTPUT

The RDA undertook various interventions on roads and Bridges, such as rehabilitation, upgrading works, routine maintenance, emergency works, spot improvement, periodic maintenance and reconstruction works.

3.1 Planning, Design, Research & Development

We continued to plan for the development, maintenance, and care of the Core Road Network (CRN). The Agency continued to prepare works and services solicitation documents for various projects approved in the 2020 RSAWP. The aim was to continue accelerating infrastructure development for economic growth as outlined in the 7NDP. The following critical activities were undertaken:

2021 Road Sector Annual Work Plan (RSAWP)

The Agency continued to lobby support from Cooperating Partners and the private sector and also drafted the 2021 Road Sector Annual Work Plan (RSAWP). The total budgeted activities for 2021 is K6.55 billion comprising K2.9 billion local resources which accounts for about 44 percent of the entire budget. The 2021 RSAWP was approved by the RDA Board of Directors in October, 2020.

With respect to lobbying support from Cooperating Partners, the Africa Investment Facility (AfIF) on September 15, 2017, at its Board meeting approved an initial European Union's (EU) Investment and Technical Assistance grant of € 72.75 million towards the rehabilitation of 164.6 Kilometres of the Mpika to Chinsali road.

Considerable progress that was made included the signing of the Grant Agreement on September 3, 2020. Procurement of a Contractor and Consultant was scheduled to commence in the first Quarter of 2021 with works envisaged to commence in the third Quarter of 2021.

Enhance Implementation of the National Road Safety Guidelines

The Agency has a target of ensuring that at least of 80 percent of Urban, Trunk, Main and District roads conform to the National Road Safety Guidelines by 2021. The Agency, therefore, developed a baseline compliance checklist in order to measure the current compliance levels.

The levels were conducted with the regional offices in Western and North-Western Provinces on Mumbwa-Itezhi Tezhi (D769), Kaoma-Kasempa (D301), Lusaka-Mongu (M9), Mongu-Senanga (M10) and the Mongu- Kalabo roads in Western Province and on Mutanda-Lumwana (T5), Lufwanyama-Kankolonkolo (M18), Kawana-Mutanda (M8) and Kasempa-Kapiji (D181) roads in North-Western Province.

The compliance ranged from 32 percent for the lower order roads to 83 percent for the recently rehabilitated road sections. Seven (7) out of ten (10) provinces were assessed as of 31st December, 2020. To further ensure compliance to the national road safety guidelines, the Agency concluded the facilitation of procuring the remaining 400 road traffic signs bringing the cumulative number of procured signs to 1000 which was the targeted number in 2020.

Road Safety Inspections

The Agency undertook a total of twenty-seven (27) road inspections out of the targeted twenty-four (24) representing 12.5 percent performance above the target during the period under review. Inspections were carried out at various locations such as the Turnpike to Mazabuka stretch, Twin Palm road, Lilayi road blackspot and Arcades Fly Over Bridge among others after which appropriate recommendations were made to various Departments and implementing Agencies for action.

Highway Management System (HMS)

It is recognized that a Highway Management System (HMS) was cardinal to improving Road Asset Management. The year 2020 witnessed the engagement of a consultant to enhance the Zambia Highway Management System. Development of the system has advanced with system installation anticipated to occur in the first Quarter of 2021.

Research and Development Projects

The Agency continued to advance evidence-based scientific research and making recommendations for the application of the research outcomes to ensure cost effectiveness in the construction and maintenance of the road network on a whole-life cycle basis.

On October 8, 2020, a field trial of Armaseal was carried out on a 0.7 Kilometre stretch of T1 road between Mazabuka and Monze, and the trial section was under the mandatory two (2) years performance monitoring.

Figure 3: Armaseal trial on Mazabuka-Monze Road.

Development of Climate Resilient Infrastructure Standards and Codes

The Agency continued to monitor the project for the development of Climate Resilient Infrastructure Standards and Codes for the Road Transport Sector in Zambia. The project is aimed at systematically integrating climate resilience in the road transport sub-sector design and management process at policy level in Zambia. The year 2020 saw the Consultant train officers from various institutions on the supplementary standards that had been developed.

Operations of the Central Material Laboratory

Strengthening the operations of the Central Materials Laboratory (CML) was also one of the targets in the RDA Strategic Plan of 2019 to 2021. Therefore, the Agency oversaw the signing of nine (9) contracts for the supply of various laboratory equipment to replace obsolete and non-functional equipment.

Review of the occupational health and safety guidelines

Regarding the review of the occupational health and safety guidelines, a stakeholders' workshop on the revised procedures' manual for the Environmental and Social Management Unit (ESMU) in the Agency was held successfully in December, 2020.

This was done so that the ESMU could report on the revised manual in view of the legal and institutional arrangement changes at national level in the management of the environmental sector. Further, in attaining this, the RDA addressed environmental and social impacts that arose from various road construction projects such as the Kazungula Bridge project among others.

Review of Zambian Standard Guidelines

To achieve the target of reviewing the Zambian Standard Guidelines, the Agency finalized the development of the Terms of Reference (ToR) for stand-alone design standards and specifications for high volume roads in Zambia. Procurement of a consultant to offer services for the review of the guidelines was expected to commence in the first Quarter of 2021.

Sustainable Road Infrastructure Developmental Programme

The Agency intends to review and implement the sustainable road infrastructure developmental programmes which included the ROADSIP III Investment Plan. ROADSIP III is a 10 -year pro-poor investment programme with a budget and financing strategy for road sector projects and programmes.

The Plan was presented to the Ministry of Finance and the Committee of Ministers on 2nd and 8th September, 2020 respectively, the consultant submitted the Final Investment Plan in October, 2020. The Plan was also submitted to the African Development Bank (AfDB) on 17th December, 2020, in fulfilment of the Loan Agreement between the Government of the Republic of Zambia (GRZ) and AfDB.

The critical outcome from the report was that currently, the Road Sector had contract commitments amounting to US$4.4 billion and debt of US$600 million.

The Plan was estimated at a total cost of US$ 4.3 billion with projected Road User charges at US$2.8 billion, leaving a financing gap of US$1.5 billion.

The Plan was also shared with the Ministry of Housing and Infrastructure Development (MHID) and Ministry of Transport and Communications (MTC) for onward transmission to Cabinet for final approval.

OPRC Roll-Out Programme

The Improved Rural Connectivity Programme (IRCP) is a World Bank (WB) supported Government initiative aimed at improving rural accessibility in Zambia by providing better road infrastructure and strengthening institutional capacity in the Road Sector.

In 2017, the World Bank approved US$ 200 million for the implementation of the IRCP in six (6) Provinces, namely Central, Eastern, Luapula, Northern, Muchinga and Southern. Seven (7) packages had been procured in Central, Eastern, Northern and Luapula Provinces.

In the period under review, the Agency signed a contract with Messrs ASCO Zambia Limited for the provision of consultancy services for the re-scoping of Output and Performance-based Road Contracts (OPRC).

One of the key objectives of the assignment was to carryout conditional surveys of roads with a view of recommending additional roads that could be included in the IRCP project under World Bank funding.

Figure 4: Installation of concrete culverts on Mumbwa Road under IRCP in Central Province.

Bridge Maintenance, JICA Technical Cooperation Project (TCP) Phase II:

In March 2019, the implementation of Phase II of the Japan International Cooperation Agency (JICA) Technical Cooperation Project (TCP) on Bridge Maintenance commenced.

The overall goal was to improve the conditions of Bridges administered by the RDA with one of the outputs of being the enhancement of capacity in Bridge repair technology. To achieve this, three (3) Bridges including the Rufunsa Bridge in Chongwe District, Katima Mulilo Bridge in Katima Mulilo town and Luena Bridge in Kaoma District were selected and placed on a pilot project for the use of the new repair methods.

The tender for the project closed on October 30, 2020. As at the end of the reporting period, the bids were under evaluation. It was anticipated that the works would commence during the first Quarter of 2021. Due to the COVID-19 Pandemic, Phase II of TCP was coordinated on a web-based arrangement with the JICA experts sitting in Japan and progress meetings held via virtual platforms.

Acrow Bridge Project

The RDA has a target to construct at least forty-five (45) Acrow Bridges country-wide during the period 2019 to 2021. The RDA entered into a contract with ACROW Corporation of America for the arrangement of financing, design, fabrication and delivery of 144 prefabricated modular ACROW 700XS Steel Panel Bridges at a total project value of US$ 73,776,849.00. The total number of 131 Bridges are envisaged to be installed.

3.1 Procurement of Works and Services

The Agency worked within the provisions of the Public Procurement Act No.12 of 2008 and the Public Procurement Regulations of 2011 in all procurement activities for works, goods and services.

Works

Forty-five (45) works tenders were invited between 1st January 2020 to 31st December 2020.

Twenty-Seven (27) works contracts valued at **K6,375,450,276.70 and USD115,993,327.68** were awarded between 1st January 2020 to 31st December 2020 from procurements that had commenced before in and before 2020.

During the period under review, twenty-two (22) works contracts valued at **K2,574,563,256.11** and **US$115, 993,327.68,** from procurements that had commenced in and before 2020, were signed.

Consultancy Services

Fourteen (14) procurement processes were commenced between 1st January 2020 to 31st December 2020.

Seventeen (17) consultancy services contracts totalling **K174,424,462.32** and **US$8,421,897.00** were awarded in the in 2020, from procurements that had commenced in and before 2020

During the period under review, nine (9) consultancy contracts valued at **K77, 199,470.43** and **US$2,443,298.00,** from procurements that had commenced before in and before 2020, were signed.

3.2 Construction, Upgrading and Rehabilitation Works

The Agency in 2020 continued to implement programmes such as the Link Zambia 8000, major Rehabilitation, Construction of Bridges, Toll Plazas, Pave Zambia 2000 and 20 percent Sub-Contracting.

Link Zambia 8000

The Government of the Republic of Zambia (GRZ) through the RDA initiated the Link Zambia 8000 Programme in 2012. This programme is an accelerated road construction activity aimed at transforming Zambia from a landlocked country into a land-linked country in Southern Africa.

The Programme involved upgrading to bituminous standard of approximately 8000 Kilometres of roads thereby linking districts and provinces throughout Zambia. Due to financial challenges, the RDA re-scoped twenty-five (25) road projects from bituminous to all weather gravel road standard under Link Zambia during the year under review.

Under Link Zambia 8000, 1.5 Kilometres of surfacing works were carried out during the period under review compared to the 2 Kilometres carried out in 2019. This represents a 25 percent drop from the amount of surfacing works that were conducted in 2019. This drop was attributed to the financial constraints that the country was experiencing in the year 2020, outbreak of the COVID-19 Pandemic as well as an increase of the Kwacha equivalent of Dollar-based Contract Sums.

At the end of 2020 the cumulative total length of roads that were surfaced stood at 832 Kilometres representing a cumulative physical progress of approximately **16 percent**. A total value of **K 13.5 billion** had been certified to date since inception of the programme.

Rehabilitation of 164.6 kilometres of the Mpika to Chinsali road

In its quest to implement a resource mobilization strategy for projects, the RDA continued liaising with Cooperating partners such as the European Investment Bank (EIB) and the European Union (EU) to fund the rehabilitation of **164.6 Kilometres** of the Mpika to Chinsali road.

Major Bridges and Other Civil Works Projects

During the period under review, the RDA continued with implementation of Bridges and other projects such as Weighbridges and One Stop Border Post Facilities. During the period under review, a total of **K362 million** was certified.

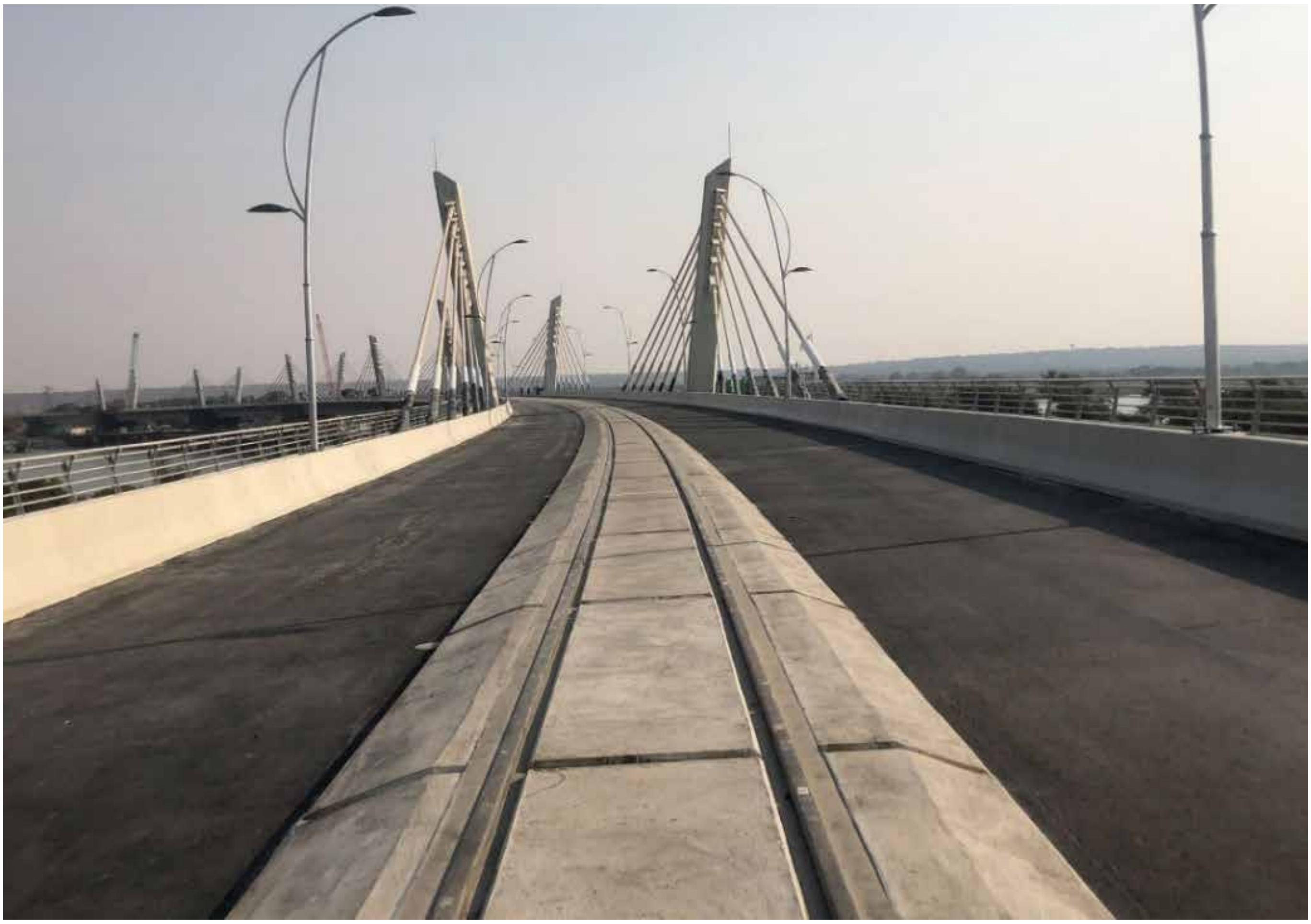
To date **K3,147 million** has been certified since 2014. Delayed payments had impacted negatively on the progress. The following Bridges are among the projects that were managed during the period under review:

Kazungula Bridge Project

The Kazungula Bridge is a joint project between the Government of the Republic of Botswana and the Government of the Republic of Zambia. The Southern African Development Community (SADC) Secretariat, in accordance with the SADC Protocol 2000, has the lead role in fostering closer cooperation among parties to implement the project.

The project lies on the border between the two countries on the North-South Corridor (NSC), a vital trade route in SADC for countries including Zambia and Botswana. Other beneficiaries to the corridor include Tanzania, Malawi, Zimbabwe, Democratic Republic Congo, South Africa, Namibia and Mozambique. Construction of the Bridge was completed on September 5, 2020. The Bridge has since been handed over. Figure 5 shows a pictorial view of the completed Bridge.

Figure 5: Kazungula Bridge



The Contract for Construction of the Bridge Project –Package 1 was signed at an Initial Contract amount of **US$161.96 million** and later revised to **US$174.18 million**. Works commenced on December 5, 2014 and included the construction of Concrete-Extra-Dosed Bridge 923 metres long and 18.5 metres wide Bridge across the Zambezi River, (two lanes for motor-vehicles and single-track railway), with pedestrian walkways as well as the construction of Approach Roads – Botswana: 0.302 Kilometres and Zambia: 0.416 Kilometres and 2.170 Kilometres of railway line (923 metres on the Bridge, 513 metres in Botswana and 732 metres on the Zambian side. The year 2020 saw the Bridge being placed under a 24-month Defect Liability Period.

The construction of the Kazungula Bridge also included the construction of One Stop Border Post facilities on both the Botswana and Zambian side. The works on the Zambian side were completed in 2020 and handed over on October 28, 2020, at a total contract sum of **K263.67 million** with financing from the African Development Bank (AfDB). The works included the construction of ten (10) main buildings (total 5000m2), circulation road of 800 metres, parking (Car 42 bays; Bus -6 bays; and Trucks; 84 bays) and main Bridge approach road of 2,692 Metres. The year 2020 also saw the works being placed under a 12-month Defect Liability Period.

Construction of the Mwami/Muchinji One Stop Border Post (OSBP) Works Package 2 - Zambia OSBP Facilities

The contract for the construction of the Mwami/ Mchinji OSBP was signed with Messrs. China State Construction Engineering Corporation Ltd, at a contract sum of **K102.37 million**. Works commenced on December 5, 2018 and were scheduled to be complete by June 30, 2021. The Year 2020 saw the substantial completion of the civil works and physical progress was estimated at 98 percent.

Rehabilitation of 270 metres Hook Bridge

The contract for the rehabilitation of 270 metres of the Hook Bridge was signed with Messrs. China Henan International Group of Company (CHICO) at a revised contract sum of **K27, 340,854.40**. The project commenced on March 13, 2015 and was scheduled to come to an end on June 25, 2021. Progress on the project delayed due to financial challenges the country was currently facing.

ACROW Bridge Project

As part of the Strategic Objective to improve connectivity and accessibility through implementation of a comprehensive Bridge Construction and Maintenance Plan, the Agency had embarked on a programme to construct **45** Acrow Bridges. During the period under review, the Agency signed **Eight (8)** contracts covering **thirty-three (33)** Bridges at a total cost of **K290.54 million** in six (6) Provinces namely; Eastern, Luapula, Muchinga, Central, Northern and North-Western Provinces. Works had commenced and were ongoing on two contracts in Northern and Eastern Provinces with works on the other contracts scheduled to commence by end of Quarter one (1) 2021. Table 2 below provides details of the Acrow Bridge implementation as year-end 2020.

Table 2: Acrow Bridge awarded and Provinces

No	Province	Lot	Bridges	No. of Contracts
1	*Eastern*	*Lot 1*	*10*	*1*
2	*Luapula*	*Lot 1*	*7*	*1*
3	*Muchinga*	*Lot 1*	*5*	*1*
4	*Central*	*Lot 1*	*5*	*1*
5	*Northern*	*Lot 4*	*2*	*3*
		Lot 5	*1*	
		Lot 7	*2*	
6	*North Western*	*Lot 13B*	*1*	*1*
Total			**33**	**8**

Other Major Projects

For the major rehabilitation projects, **98 kilometres** of surfacing was achieved during the period under review. These surfacing works were done under the Kafue-Mazabuka Lots 1 and 2, Chinsali-Nakonde Lots 1 and 2 and Mongu-Limulunga. The slow progress was attributed to fiscal challenges for the Government financed projects, above normal rainfall and outbreak of COVID-19 pandemic.

To date, **fifteen (15)** projects accounting for a total of **1,073.45 Kilometres** have been completed since 2011. The total cumulative average physical progress at the end of 2020 stood at **31.50 percent.** A total value of **K3, 471 million** was certified during the year under review. Delayed payments affected most of the projects.

Pave Zambia 2000

Under Pave Zambia 2000 Project, not much progress was achieved in any of the ten (10) regions due to project funding limitations. The programme has not been rolled out nationally as initially intended due to the prevailing financial constraints in the Road Sector in general. Most procured contracts in 2015 have not been actualised.

However, those actualised included those located in Lusaka, Copperbelt and Luapula provinces in which some sections of roads had been paved.

20 percent Sub-contracting Policy

The Agency continued with the implementation of the 20 percent Sub-contracting Policy. The total cumulative number of Sub-contractors nominated stood at 2,110. In the year 2020, 865 Sub-contractors were nominated to various Projects. As at the end of the period under review, 311 Sub-contractors were engaged and working on various projects at a total contract value of **K580, 798,215.66**. Table 3 below shows the summary of the above information on sub-contracting.

Table 3: Progress on 20% Sub-contracting

Cumulative Nominations as at 31st December 2020	2,110
Nominations In the Year 2020	865
Total Number of Currently Engaged Subcontractors	311
TOTAL VALUE OF CURRENTLY ENGAGED SUBCONTRACTORS	**ZMW 580,798,215.66**

The implementation of the 20 percent Sub-contracting Policy has been constrained by the following challenges:

- Lack of funding on most of the projects where the sub-contractors had been nominated;
- Resistance by main Contractors to Sub-contract works;
- Limited financial and technical capacity by Sub-contractors;
- Lack of binding regulations and statutes on the 20 percent Sub-contracting Policy. This had led to noncompliance by some main Contractors; and
- The number of Sub-contractors earmarked for sub-contracting was too high to be absorbed by the limited number of running road projects.

Re-Scoped Projects

At the beginning of 2016 as well as 2017, the RSAWPs allocation had limited finances to execute construction/ rehabilitation projects on the allocated budget for programmes. This meant that the 2018 RSAWP omitted some projects altogether and these were considered under Contractor Financing Initiative (CFI).

In 2018, the situation did not improve but was made worse because some of the projects that were not converted to CFI were reintroduced in the RSAWP for 2018. The start of the year saw the client's outstanding financial obligations increasing without much improvement in the output on the projects.

On May 14, 2018, the RDA Management was directed to re-scope the implementation of all major projects and the Link Zambia 8,000 projects. This was in line with Government directive to explore cost cutting measures considering the economic situation the country was going through.

These measures were aimed at achieving the completion of projects that had attained eighty percent (80%) or more and after that commission them. It was also meant to address the challenges of the movement of goods and services throughout the country by converting the construction and upgrading works to all weather gravel roads within the period 2018-2020.

Figure 6: Luwingu- Nsombo – Chaba-Chilubi road in Northern Province.

The Agency re-scoped several upgrading and rehabilitation projects. Some were under Link Zambia 8000 while others were rehabilitation projects. Works were on-going on these projects at various stages and as at the end of the year under review, 28 kilometres had been completed to gravel wearing course mainly attributed to Petauke-Chilongozi Lots 1 and 2.

Figure 7: Mbala-Kaseshya Border Road in Northern Province.

Contractor Financed Initiative (CFI) Projects

At the start of 2016 as well as 2017, the RSAWPs allocation had limited finances to execute construction/ rehabilitation projects on the allocated budget for programmes. In considering alternative financing models, the Agency embarked on Contractor Financed Initiative (CFI) Contracts. The Agency had been implementing some of the CFI projects however, most of these projects had not commenced with works due to pending financial closures in accordance with the various contracts signed.

3.4 Road Maintenance and Emergency Works

Implementation of the Road Maintenance Strategy

In line with the aim of the Road Maintenance Strategy of setting a pathway for the provision of maintenance activities on the CRN, the Agency through the Directorate of Road Maintenance had been implementing the strategy in the year 2020 through Road Maintenance programmes aimed at meeting the set targets in line with the Seventh National Development Plan. Notable progress in the year 2020 included:

- Routine maintenance on TMDs covering a maximum distance of 15,970 Kilometres against the set target of 10,000 Kilometres;
- Annual progress on the periodic maintenance of TMDs of 8.5 Kilometres bringing the cumulative progress for 2019/2020 to 33 Kilometres against the set target of 23 Kilometres;
- An annual progress of 650.20 Kilometres on feeder roads rehabilitation/maintenance. The cumulative progress on feeder roads rehabilitation/maintenance for 2019 / 2020 stands at 938.20 Kilometres against the set target of 200 Kilometres;
- An annual progress of 19.2 Kilometres on urban roads. The cumulative progress on urban roads for 2019 / 2020 stands at 241.82 Kilometres against the set target of 60 Kilometres;
- Timely response to emergencies as required under the road maintenance Strategy; and
- Carrying out various Force Account activities under the RDA regional offices.

As part of the implementation of the Road Maintenance Strategy, the RDA regional offices carried out regular road condition inspections on the CRN.

Maintenance and Emergency Works on our Road Network

The Maintenance of road and Bridge infrastructure is vital as it ensures sustainability of these structures. The Agency's maintenance activities were in the following categories:

a. Routine maintenance: Routine maintenance works were applied on roads/drainage structures in good and fair condition in order to preserve the road/drainage structure asset by keeping it in a maintainable condition throughout the design period. The scope of works encompassed, among others: pothole patching, vegetation control, line marking and drainage works.

b. Periodic maintenance: These are works carried out after a specified maintenance period had been attained, say once in 7 years and included works such as gravelling, resealing, overlaying and line markings.

c. Force Account works: These were in-house works and usually small projects carried out by the Agency through the regional offices.

d. Emergencies: These are unplanned works carried out in reaction to adverse weather conditions that disrupt the road network with related infrastructure such as culverts, Bridges and embankments.

e. Bridge maintenance: These are repair works on Bridges.

Road Maintenance Projects

During the year under review, there were several contracts under road maintenance that the Agency undertook.

Routine Maintenance of Trunk, Main and District Roads (TMDs)

The Agency had **517** on-going routine maintenance contracts in all the provinces valued at **K1.15 billion** and covering a total distance of **15,970.24 Kilometres** of both paved and unpaved roads as at 31st December, 2020. This was against the Strategic Plan Target of **10,000 Kilometres** and was an increase from the status at the end of 2019 when the Agency had **496** on-going routine maintenance contracts in all the provinces valued at **K992.72 million** and covering a total distance of **15,845.84 Kilometres.**

Completed Road Projects under Periodic Maintenance

No periodic maintenance project was substantially completed in 2020. All the periodic maintenance projects were either on going or terminated.

On-Going Road Projects under Periodic Maintenance

There were seven (7) periodic maintenance road projects that were being undertaken by the Agency during the period under review. These were Ndola – Kitwe Dual Carriageway on the Copperbelt Province, Kasama-Chambeshi Lot 2 in Northern Province, Linda - Kafue including U8 Chanyanya road in Lusaka Province, Livingstone – Sesheke (Lot 2) (M10) in Southern Province, Kamilulu - Luangwa Bridge (T4) in Lusaka Province, Mansa - Musaila (T2 Junction) in Luapula Province and Katete - Chanida (T6) in Eastern Province.

The annual periodic maintenance Progress for 2020 was 8.5 Kilometres of which 1.5 Kilometres progress was on Livingstone - Sesheke road Lot 2- and 7-Kilometres progress was on Linda - Kafue Estate Road in Lusaka. The cumulative progress on periodic maintenance projects from 2019 to 2020 was 33 kilometres against the Strategic Plan target of 23 Kilometres. The overall progress on periodic maintenance projects stood at 219 kilometres against total length of 1,048 kilometres.

Urban Roads Projects

During the period under review, a number of urban roads projects were undertaken in Lusaka, Copperbelt and Central provinces. These were the L400 Phase II, L400 Phase III, Zambia Township roads (Lot 1) and Kabwe urban roads project.

The annual urban roads progress for 2020 was 19.19 Kilometres of which 1.33 Kilometres progress was on L400 Phase III, 14.86 Kilometres on Zambia Township Roads and 3 kilometres on Kabwe Urban Roads. The cumulative progress on Urban Roads projects from 2019 to 2020 was 241.82 Kilometres against the Strategic Plan target of 60 kilometres. The overall progress on Urban Roads projects stood at 510 Kilometres against total length of 493 Kilometres.

Lusaka Urban Roads (L400) Phase II was closed during the period under review.

Feeder Roads

During the period under review there were a number of feeder roads projects being undertaken under three categories namely; (a) feeder roads contracts under GRZ/KfW Financing, (b) Feeder roads projects as Output and Performance Based Road contracts under World Bank funding and (c) Spot Improvement works as Force Account/routine maintenance Projects carried out by the regional offices.

The GRZ funded feeder road projects were Nalolo feeder roads in Western province, Agricultural feeder road projects in Mungwi and Kaputa in Northern Province, Lukulu Pontoon Access road and Landing Bay in Western Province. There was one KfW funded project (M11 – Ngabo-Musemu road) in Namwala in Southern province.

There were seven OPRC projects under World Bank funding in Central, Eastern, Northern and Luapula Provinces.

The annual feeder roads progress for 2020 was 650.20 Kilometres of which 75.20 Kilometres progress was on GRZ/KfW funded projects, 248 Kilometres on OPRCs and 327 Kilometres on Force Account/routine maintenance spot improvements. The cumulative progress on feeder road projects from 2019 to 2020 was 938.20 Kilometres against the Strategic Plan Target of 200 Kilometres. The overall progress on feeder road projects stood at 1,102.20 Kilometres against total length of 3,349.98 Kilometres.

Table 4: Summary of progress on all feeder roads combined

Project Type	Project Length	Progress as at 31 st Dec 2018 (Km)		Progress in 2019 (Km)	Progress in 2020 (Km)	Total Progress 2019 / 2020	Overall Progress to Date (Km)	Overall Progress to Date (%)
Feeder Roads Projects (GRZ & KfW)	520.70	91.00		5.00	75.20	80.20	171.20	33%
OPRCs	1,621.08	0.00		0.00	248.00	248.00	248.00	15%
Force Account / Routine Maintenance Spot Improvements	1,555.80	73.00		283.00	327.00	610.00	683.00	44%
TOTAL	**3,349.98**	**164.00**		**288.00**	**650.20**	**938.20**	**1102.20**	**33%**

BRIDGES/EMERGENCIES/FORCE ACCOUNT WORKS

Bridge Routine Maintenance on the CRN

In the year 2020, the RDA under the JICA- TCP II, continued to implement the roll-out programme of Bridge routine maintenance. Three (3 No.) contracts for Bridge routine maintenance had been awarded in Northern, Southern and Copperbelt Provinces and works had commenced. The three contracts involved routine maintenance of **34 No**. Bridges against the Strategic Plan Target of **14 No**. Bridges.

Repair of Bridges on the CRN

The Agency, under JICA support, facilitated for the preparation of documents for pilot Bridge repair projects in Western and Lusaka provinces (Katima Mulilo, Luena and

Rufunsa Bridges). Procurement of a contractor for repair works commenced in the third Quarter of 2020. One bid was received, and at evaluation, the bid was non-responsive. Authority to annul the tender and re-advertise was sought and granted. The process was on-going.

Bilateral meetings for maintenance of Chirundu Bridge had stalled due to financial constraints. Table 5 shows the number of Bridges repaired on the CRN.

Table 5: No. of Bridges Repaired on the CRN

No.	Project Name	No. of Bridges Repaired on the CRN
1.	Luangwa Bridge in Mfuwe	1
2.	TBA	
3.	TBA	
TOTAL		**1**
STRATEGIC PLAN TARGET		**3.00**

Construction of Acrow Bridges

As part of the Strategic Objective to improve Road Asset Management through implementation of a Comprehensive Bridge Construction and Maintenance Plan, the Agency embarked on a programme to construct 45 Acrow Bridges targeted under the Strategic Plan. Eight (8 No.) contracts were signed in six (6) provinces covering thirty-three (33 No.) Bridges. The contracts were in Eastern, Luapula, Muchinga, Central, Northern and North Western provinces.

Works commenced on two contracts in Northern and Eastern provinces and foundation works were ongoing. Works were expected to commence on other Lots after the rainy season.

General Force Account Works

To support the Strategic Objective of improving the Road Asset Management, the Agency carried out road and Bridge maintenance/response to emergencies works by Force Account through Regional offices. As at 31st December 2020, the Agency had running Force Account works with a total value of **K771, 233,003.20**. However, out of this amount only **K279, 292,903.00** had been released leaving an outstanding amount of **K491, 940,100.20.**

The major challenges in these works had been:

- Inadequate funding;

- The volume of the Force Account works per region had grown over the years and this had resulted in challenges related to the capacity of the regions to handle these works.

During the month of November, 2020, the Government disbursed funds towards emergency/Force Account projects and the RDA allocated K66 million towards ongoing Force Account repair works in Luapula, Northern, Muchinga, Eastern, Copperbelt, North Western, Central, Western and Lusaka provinces.

Figure 8: Mvuvye Bailey Bridge in Petauke District, Eastern Province.

Emergencies under Force Account / Contract

The RDA was carrying out several emergency works either on Force Account or on contract. The emergency works were part of the Strategic Objective of improving the Road Asset Management and were meant to mitigate against any potential damage to infrastructure that was likely to cause disruptions on the road network, especially during the rainy season.

Various Emergency works were on going in most of the provinces both under Force Account and on contract. Notable progress included:

- Completion of the construction of Box culverts at Siwalya, Kacholola area on the Great East Road (T2) in Eastern Province;
- 42 Kilometres progress on maintenance works on Kagoro road in Katete District;
- 90 percent progress on repair of sinkholes at a culvert on Zimba – Livingstone Road (T1) in Southern Province; and
- Completion of re-construction of the permanent Bridge works at Milima Bridge in Northern Province.

Most of the contracts under Emergency works had little progress due to poor project funding.

Progress of Toll Plaza Construction works by Force Account

As part of the Strategic Objective to improve road infrastructure through implementation of a Master Plan on the Construction of Toll Plazas, the Agency had been carrying out Construction of Toll Plazas under Force Account to meet the Strategic Target of commissioning at least 5 Toll Stations from 2019 to 2021. During the year 2020, 4 Toll Plazas were commissioned bringing the total number of operational Toll Plazas to date to 16 (out of a total number of 18). The total number of Toll Plazas commissioned from 2019 to 2020 was 6 against the Strategic Plan Target of 5.

The four Toll Plazas that were commissioned in 2020 were Kamiza Toll Plaza (Alexander Grey Zulu) and Chiwoko Toll Plaza (Reuben Chitandika Kamanga) in Eastern province, Zimba - Livingstone (Kebby Musokotwane) Toll Plaza in Southern province and the Mkushi (George Kunda S.C) Toll Plaza in Central province.

The remaining Toll Plazas included Bahati and Sabina. Works on the Sabina Toll Plaza were substantially complete with operations expected to commence before the end of January, 2021.

The progress of the Toll Plaza commissioned to date is shown in Table 6 below.

Table 6: Toll Plaza Commissioning to Date

No.	Total No. of Toll Plazas under Construction	Progress as at 31 st December 2018 (No.)	Progress in 2019 (No.)	Progress in 2020 (No.)	Total Progress 2019 / 2020 (No.)	Overall Progress To date (No)	Overall Progress To date (%
1	18.00	10.00	2.00	4.00	6.00	16.00	89%
STRATEGIC PLAN TARGET					**5.00**		

Figure 9: Kebby Musokotwane Toll Plaza on the Zimba-Livingstone Road.

3.5 Enhanced Vehicle Loading Control

As part of the statutory mandate the Agency continued to preserve road infrastructure assets through Axle Load regulation pursuant to the Statutory Instrument Number 76 of 2015. The regulation that guides the maximum permissible weights for conveyance on public roads.

AXLE LOAD CONTROL

During the year under review, 627,856 HGVs were weighed at our Weigh Stations across the country of which 11,537 HGVs were found to be overweight.

This represents a compliance rating of around **98.15 percent** which was above the target of **98 percent** set by the Board of Directors. The traffic increase for HGVs was around **10.18 percent** from the 569,848 HGVs monitored in 2019. However, year-on-year comparison review showed a marginal reduction in compliance levels by **0.35 percent.**

Fixed Weighbridges Traffic Statistics

During the period under review, a total of **627,856** vehicles were recorded at the Weighbridges with **11,537** found overweight as shown in the table 7.

Table 7: Vehicle annual statistics captured at weighbridges in 2020.

Month	Weighed in 2019	Overloads in 2019	Weighed in 2020	Overloads in 2020	2020 Compliance
Jan	35,361	530	49,585	711	98.56
Feb	44250	796	42796	538	98.74
March	48,442	785	41,114	843	97.95
April	43,778	600	40358	813	97.99
May	50,533	735	39481	931	97.64
June	49,747	702	50469	1060	97.90
July	56964	863	59645	1036	98.26
August	54785	825	67855	1162	98.29
September	45447	700	66698	1440	98.35
October	42936	506	58403	962	97.84
November	53107	820	63407	1074	98.31
December	44498	682	48045	967	97.99
Total	**569,848**	**8544**	**627,856**	**11537**	**98.15**

As shown above, there was an increase in traffic of about 10.18 percent captured in 2020 as compared to 2019. The increase in traffic was attributed to the increase in the number of Weighbridges (Katete, Nyimba and Mwami) which were opened in 2020.

SECTION 4

4.1 Implementation of the Communication Strategy

As part of the Agency's drive to improve brand visibility and enhance awareness among its stakeholders, various activities were undertaken. The activities undertaken were supportive efforts to promote and sensitise all stakeholders on all aspects of the Agency's programmes with a focus on the mandate of the RDA.

ROAD RESERVE ENCROACHMENTS AND VANDALISM OF ROAD FURNITURE

The Agency in the first Quarter of 2020 carried out some sensitisation programmes on road reserve encroachment and vandalism of road furniture in Lusaka and Livingstone. In Lusaka, a sensitisation talk was held at Lusaka Girls Secondary School while in Livingstone two talks were held at Namatama Basic School and Shungu Namutitima Basic School.

The Agency further conducted other sensitisation campaigns on road reserve encroachment and vandalism of road furniture in Chikankata and Mazabuka Districts in the third Quarter of 2020.The RDA held stakeholder engagements with Chief Naluama of Chikankata District, Chikankata District Council and Mazabuka Municipal Council to discuss issues pertaining to road reserve encroachment and vandalism of road furniture.

The Agency also held door to door sensitisations with residents living along the Chikankata-Mazabuka road corridor to explain the importance of road reserves and road furniture.

MPS TOUR OF ACROW BRIDGE COMPONENTS

Figure 10: The Parliamentary Committee on Government Assurances tour RDA Mumbwa road workshop.

The Parliamentary Committee on Government Assurances in March, 2020 visited the RDA Mumbwa road workshop to check on the Acrow Bridge components.

Committee Chairperson, Hon. Elliot Kamondo M.P said the Committee on Government Assurances was on the ground to get facts as regards to the acquired 131 Acrow Bridges from Acrow Corporation of America.

NATIONAL STAKEHOLDERS MEETING ON ROADSIP III

During the period under review, the Agency hosted the National Stakeholders meeting on ROADSIP III at Mulungushi International Conference Centre in February, 2020.

In an effort to resolve challenges faced in the Road Sector, Government through the RDA signed a contract with Messrs. Lea and Associates to review the performance of ROADSIP II and addendum to ROADSIP II (Road Sector framework, 2012). The move was ultimately aimed at formulating a successor programme dubbed the “Strategic Road Sector Investment Plan (2018-2030)” ROADSIP III, taking into account climate change effects in the Road Sector.

GOVERNMENT RELATIONS

The Government of the Republic of Zambia is the principal stakeholder of the Agency. During the period under review, the following tours were conducted:

A) The Minister of Housing and Infrastructure Development and other senior Government officials including the RDA Staff conducted a tour of crossing points in Eastern province affected by floods in February 2020; and

B) Another tour of road infrastructure damaged as a result of heavy rains in Luapula and Muchinga provinces (in March, 2020), was undertaken by the Minister of Housing and Infrastructure Development and other senior Government officials including the RDA Staff.

FLAGGING OFF WORKS ON THE MBALA-KASESHYA-TANZANIA BORDER ROAD

Figure 11: The Flagging-off works on the Mbala-Kaseshya-Tanzania Border Road was held in June, 2020 in Mbala District. The ceremony was officiated by Republican President, His Excellency Mr. Edgar Lungu.

INSPECTION OF THE LUWINGU-NSOMBO-CHABA-CHILUBI ISLAND ROAD

During the year under review, Republican President His Excellency Mr. Edgar Lungu, some Cabinet Ministers, Senior Government and the RDA officials inspected on-going works on the 120 kilometres Luwingu-Nsombo-Chaba Island Road. The event was covered by the local media, national print and electronic media.

FINAL INSPECTION OF THE KAZUNGULA BRIDGE PROJECT

Figure 12: Final inspection of the Kazungula Bridge by Housing and Infrastructure Development Minister Hon. Vincent Mwale and his counterpart from Botswana Hon. Thulangano Segokgo on October 17, 2020.

During the period under review, the Agency together with the Ministry of Transport and Communications of Botswana planned and facilitated for the successful hosting of the joint final inspection of the Kazungula Bridge which was graced by Housing and Infrastructure Development Minister Hon. Vincent Mwale and his counterpart from Botswana Hon. Thulangano Segokgo on October 17, 2020.

The final inspection signified the handover of the Bridge by the contractor to the two member States pending official commissioning by the Heads of State.

MY ROAD PROGRAMME

For greater target audience accessibility and ownership, the Agency had a programme on ZNBC Television one (1) called My Road which was aired at 21:00 hours every Thursday and the repeat slot on Fridays at 11:00 hours on the same channel. The programme looked at different topical issues about the RDA. Thirty-five documentaries were produced and aired in 2020.

Figure 13: The rehabilitation works of the Turnpike-Mazabuka road.

SECTION 5

5.1 Audit and Risk Assurance

In the year 2020, the Agency had set out an Internal Audit Annual Work Plan which was derived from the Risk Assessment for 2019. The Audit Plan focused on the mandate of Internal Audit in line with the Audit Charter and the approved Strategic Plan 2019 to 2021.

During the period under review, the Agency through the Department of Audit and Risk Assurance participated in eight (08) verifications of final accounts. A total of four hundred and eight (408) certification transactions for Contractor and Consultants were also reviewed under the year of consideration. The Agency through Department also observed a variety of tender processes to provide extra assurance.

The Audit Plan performance review as at 31st December, 2020 revealed a positive performance of 89 percent against the Annual Audit Plan.

Table 8: Summary of assignments executed in 2020.

Activity	Annual Plan	Actual	% Achievement
Works projects	*23*	*16*	*70*
Support processes	*7*	*5*	*71*
Consultancy	*6*	*7*	*117*
Ad-hoc assignments	*0*	*4*	
Total Executed	**36**	**32**	**89**

Audit Committee Meetings

The Audit Committee held five (05) meetings during the year in which Internal Audit reports were adopted and recommended to the Board of Directors for approval and implementation.

5.2 STRENGTHEN MONITORING AND EVALUATION MECHANISMS

ENHANCE MONITORING AND EVALUATION

Vendor Rating

During the period under review, the RDA conducted Vendor Rating exercise on seven (7) projects against the planned twenty (20) projects.

Quality inspections of two force accounts Projects in Central Province

The Agency carried out inspections on two (2) Force Account projects against the planned four (4), these two (2) projects were: Construction of the Mkushi Tollgate and the Construction of the Lunchu Bridge in Kapiri-Mposhi in Central Province of Zambia.

Development of the M&E System

Messrs. ADA Consultants Inc. of Canada the firm engaged to develop a Monitoring and Evaluation System for the Agency submitted the draft Results Management Framework (RMF) and with the easing of COVID-19 restrictions in August 2020 collected the socio-economic baseline data on the Chinsali-Nakonde rehabilitation road Project.

The validation workshops for the baseline report and RMF as well as the training of M&E software called LogAlto was conducted in November 2020. The final baseline report and the Results Management Framework would be submitted in the first quarter of 2021.

INTEGRATE TOTAL QUALITY MANAGEMENT (TQM) IN OPERATIONAL PROCESSES

Mentorship by the KAIZEN Institute of Zambia: The KAIZEN Secretariat engaged the KAIZEN Institute of Zambia (KiZ) on continued collaboration for the year 2020. The Quality Control Core Team (QCCT) members were mentored by KiZ on 5S with a presentation on 'High performance Culture'.

5S Audit by KAIZEN Institute of Zambia: KAIZEN Institute of Zambia (KiZ) developed the 5S Audit criteria and the Agency was audited in August 2020 in terms of its compliance of 5S implementation and progress made by the RDA Kaizen teams. After the audit was conducted, the '5S Cleaning Day' guidelines were developed for implementation. The KAIZEN teams continued to meet in their respective Departments to implement 5S and KAIZEN as approved in the Agency-wide 5S Policy.

Quality Checks of Procurement Documents: During the year 2020, the Agency reviewed sixty-three (63) procurement documents involving draft bidding documents for both works and services as well as contract documents. It was observed that minor errors were still being made in the draft documents. However, there were improvements in terms of the alignment of corresponding clauses in the General Conditions of Contract and the Special Conditions of Contract and corresponding clauses in the Instruction to Bidders and the Bidding Data Sheets.

Review of the status of Routine Maintenance projects in the country: During the period under review, the Agency through the M&E Unit carried out a review of the Routine Maintenance projects to establish the overall status.

This was done in the first quarter and third quarter of the year 2020. The exercise was necessitated by the concerns from Management arising from the delayed procurement of Routine Maintenance projects in most of the Regions over the previous past one year (2019).

Cost Control and Management: During the year 2020, the Agency updated construction rates on a quarterly basis using the first principal and produced unit rates of each pay and the cost per kilometre.

Document and produce reports on variation orders above K2 million: During the year 2020, the Agency reviewed and adjudicated thirty (30) variation orders from various implementing Departments. Quarterly reports were produced on the cost advice on variation orders.

Monitor and Evaluate Contractor's Claim: During the year 2020, the Agency reviewed, and adjudicated contractor's claims as requested by implementing Departments.

SECTION 6

LEGAL SERVICES AND HUMAN CAPITAL ADMINISTRATION

6.1 Legal and Board Affairs

During the period under review, the Agency developed a Statutory Instrument on protection/ preservation of the road reserve, ducts installation and fees payable, and resumed the review of the Public Roads Act, Number 12 of 2002 by undertaking stakeholder consultative meetings in Central, Copperbelt and North Western provinces. Stakeholder consultative meetings would be extended to other identified provinces in 2021.

Board Matters

During the period under review, the tenure of the Board of Directors expired on 8th November, 2020 after holding office for a period of three (3 years).

The Minister of Housing and Infrastructure Development extended the tenure of the Board of Directors for a further four months as provided in the Public Roads Act, Number 12 of 2002, pending re-appointment.

6.2 Human Capital and Administration

Staff Establishment

The Agency had a total of 439 employees out of the approved establishment of 857 as at December, 2020. Human capital is the most important resource and the well-being of staff was critical for the Agency to achieve various objectives. The RDA instituted several initiatives aimed at fostering higher staff performance, including but not limited to management of the staff establishment, skills acquisition and development.

Table 9: Staff Establishment by Category and Sex

No	Category	Male	Female	Total
1	*Executive Management*	8	2	10
2	*Management/Non-Represented*	82	38	120
3	*Union*	244	65	309
TOTAL		334	105	439

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, 2020, a total number of three (3) employees received job relevant training in areas including Road Asset Management and Bridge Maintenance.

The Agency also sponsored employees to attend summits and forums under their respective professional institutions such as Engineering Institution 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 **K79, 048.48** was spent on capacity building as of 31st December 2020 against a budget of **K 500, 000. 00.**

In terms of long-term training, a total of five (5) staff were on the RDA full sponsorship during the period under review, whilst a total of three (3) had successfully completed their studies.

The RDA also successfully developed the Agency's Corporate Training Plan.

Figure 14: Rehabilitated Mansa-Luwingu road.

CHALLENGES AND WAY FORWARD

The Agency experienced some challenges that affected its effective implementation of the programmes and projects. Some notable ones are:

Delayed payment to Contractors and Consultants

Poor cash flow arising from delayed payments continued to be a challenge on all the projects. Most Contractors were not paid on time resulting in some Contractors claiming interest on delayed payments or in some cases suspending the works.

Delayed implementation of Road Maintenance Projects

This implied that the Government was rapidly losing the road asset value and would need to invest more than four (4) times in costly rehabilitation and reconstruction of the same roads to bring them to maintainable condition.

In order to ensure the goals of the Link Zambia programme were attained notwithstanding the financial challenges, the Agency targeted to re-scope at least 46 Link Zambia upgrading projects to gravel standard and focused on on-going projects that were 80 percent complete.

This led to the re-scoping of eleven (11) Link Zambia projects and these included: the Solwezi to Kipushi; Nseluka to Kayambi; Mporokoso to Kaputa; Petauke to Chilongozi Lots 1 and 2; Nchelenge to Chiengi; Mpika to Nabwalya to Mfuwe; Chipata to Vubwi; Chipata to Chadiza; and Matumbo to Luangwa roads.

Monitoring Funds

The regional offices lacked adequate funding for carrying out routine road inspections which resulted in delayed inspections for routine maintenance works and carrying out road condition surveys.

Partial Funding on Force Account / Emergency Works

Partial funding on Force Account works resulted in delayed completion of some of the works. Delayed completion resulted in further deterioration and wastage of completed works.

COVID-19 Pandemic

The pandemic affected the smooth operations of the Agency due to the need to adhere to health guidelines which included rotational work arrangements, thereby reducing staff commitment and efficiency.

Conclusion/Way forward

The progress was very slow on all the projects due to the financial constraints in the year under review and the COVID-19 pandemic which hit the Road Sector too. There was need to allocate adequate funding to road maintenance works to avoid further deterioration of road infrastructure which would result in costly interventions such as rehabilitation. There was also need to allocate adequate funding to operations for the regional offices and beef up the technical staff levels.

SECTION 7

2020 RDA FINANCIAL STATEMENTS

Financial Statements for the year ended *31st December 2020*

Road Development Agency
Financial Statements for the year ended 31 December 2020

Contents | **Pages**

Road Development Agency

Financial Statements for the year ended 31 December 2020

Report of the Members

The Members submit their report on the activities for the year ended 31 December, 2020.

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. Review of activities

The Agency was allocated grant income from the Government of the Republic of Zambia (GRZ) of **K117,994,435** for the year ended 31 December 2020 (2019: K117,934,997) of which **K88,494,475** (2019: K68,463,454) was received. The excess of income over expenditure for the year ended 31 December 2020 amounted to K981,421,049 (2019: Deficit of K843,087,454).

Business address	Plot 33 Corner Government/Fairley Roads Ridgeway Lusaka
Postal address	P.O Box 50003 Lusaka Zambia

3. Impact of Covid-19

The outbreak of the COVID-19 pandemic and the Public health regulations adopted by the government in Zambia to mitigate its spread have impacted the Agency. These measures include restrictions on travel and the movement of people, and other limitations on the conduct of business such as rotation of staff requiring employees to work from home. This has negatively impacted the pace of implementation of projects as both employees of the Agency and contractors have been constrained by the new public health regulations.

As the COVID-19 pandemic duration is uncertain, the Members have endeavored to ensure that the operations of the Agency are sustained in the 'new normal' environment. So far there has not been a significant adverse impact on funding to the Agency as a result of the pandemic.

4. Events subsequent to the reporting date

As at the date of signature of these financial statements, there were no material facts or circumstances that have occurred between the accounting date and the date of approval of the financial statements which may require adjustment to or disclosure in these financial statements.

Road Development Agency

Financial Statements for the year ended 31 December 2020

Report of the Members *(continued)*

5. Members and Secretary

The Members and the Secretary during the year under review were as follows:

Mr. Samuel Mukupa	-	Chairman
Mr. Dingles Yamfya Mukanga	-	Member
Mr. Mutaba Andrew Mwali	-	Member
Mr. Charles Mushota	-	Member
Dr. Emmanuel Mulenga Pamu	-	Member
Dr. Bishop Edward Chomba	-	Member
Mr. Misheck Lungu	-	Member
Mrs. Nelly Namwila	-	Member
Mr. Filipo Zulu	-	Member
Mr. Gladwell Banda	-	Member
Mr. Wallece Mumba	-	Member
Mr. Matthew Ngulube	-	Member
Mr. Likando Kalaluka S.C	-	Member
Mr. Fresco Mumbi	-	Member
Eng. George Manyele	-	Secretary

6. Management

Management of the Agency during the year were as follows:

Eng. George Manyele	-	Director and Chief Executive
Eng. William Mulusa	-	Director - Construction and Rehabilitation
Eng. Wesley Kaluba	-	Director - Commercial and Technical Services
Eng. Dickson Ndhlovu	-	Director - Road Maintenance Initiative
Eng. Kapembwa Mulenga	-	Director - Finance
Eng. Grace Mutembo	-	Acting Director - Planning and Design
Mr. Bernard Malama	-	Acting Director - Audit and Risk Assurance
Mr. Titus Chansa	-	Director - Procurement
Mrs. Mukupa K. Musonda	-	Director - Legal
Mr. Elias Mwila	-	Director - Human Capital and Administration
Mr. Masuzyo Ndhlovu	-	Director- Communications and Corporate Affairs

7. Employees

The monthly average number of persons employed by the Agency during the year was 454 (2019: 438). The total remuneration paid to employees by the Agency was K212,143,404 (2019: K192,712,880).

8. Donations

The Agency made donations during the year amounting to K4,000 (2019: K NIL).

Road Development Agency

Financial Statements for the year ended 31 December 2020

Report of the Members *(continued)*

9. Health

The Agency has policies and procedures to safeguard the occupational health, safety and welfare of its employees.

10. Capital expenditure

Capital expenditure during the year amounted to K45,755,301 (2019: 46,964,077). In the opinion of the Board, the fair value of the property and equipment is at least equivalent to their carrying amounts.

11. Capital work-in-progress

Capital work-in-progress during the year amounted to K5,492,539,703 (2019: K5,368,096,581). In the opinion of the Board, the fair value of capital work-in-progress is not less than the amounts at which they are included in the financial statements.

12. Going concern

The financial statements have been prepared on a going concern basis, which assumes the Agency will be able to realize its assets and settle its liabilities in the normal course of business for the foreseeable future.

The Agency's total assets of K60,793 million (2019: K48,485 million) are largely road and bridge infrastructure which significantly contribute to facilitating the movement of goods and services in the Zambian economy. Government is the sole shareholder of the Agency. Liquidation of the Agency can only be sanctioned by an Act of Parliament, therefore the liquidation of the Agency's assets is highly unlikely in the short to medium term.

The Agency's current assets of K21,290 million cover its current liabilities of K18,291 million at 31 December 2020. The current liabilities of K18,291 million (2019: K11,414 million) include deferred income (grant capital) of K1,436 million (2019: K1,402 million). The deferred income (grant capital) is expected to be recognized as income in the statement of comprehensive income in subsequent financial years.

The accumulated funds of the Agency were at 31 December 2020 in deficit to the extent of K667,982,065 (2019: K1,649,403,114).

By order of the Board.
Agency Secretary
Lusaka ....

Date: 20 July 2022...............................

Road Development Agency

Financial Statements for the year ended 31 December 2020

Members' responsibilities in respect of the preparation of financial statements

The Members are responsible for the preparation of financial statements for each financial period that present fairly the state of affairs of the Agency and its financial activities for that period. In preparing the financial statements, the Members are required to:

(a) design, implement and maintain internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement;
(b) select suitable accounting policies and then apply them consistently; and
(c) make judgments and accounting estimates that are reasonable and prudent in the circumstances.

The Members are also responsible for ensuring that the Agency keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Agency. It is also responsible for safeguarding the assets of the Agency, and taking reasonable steps for the prevention and detection of fraud and other irregularities. The independent external auditors, MPH Chartered Accountants, have audited the financial statements and their report is shown on pages 5 to 8.

The Members are also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of duties.

In our opinion the financial statements are drawn up so as to present fairly the financial activities of the Agency for the year ended 31 December 2020 and its financial position as at that date, and have been prepared in accordance with International Financial Reporting Standards.

Approval of the financial statements

The financial statements of the Agency as indicated above and set out on pages 9 to 61 were approved on 20 July 2022 and were signed by:

....
Board Chairperson

....
Chief Executive Officer

Independent Auditor's Report

To the Members of Road Development Agency

Report on the financial statements

We have audited the financial statements of the Road Development Agency ("the Agency"), which comprise the Statement of Financial Position as at 31 December 2020, and the Statement of Comprehensive Income, the Statement of Changes in Accumulated Funds and the Statement of Cash Flows for the year then ended, and the notes to the financial statements, including the summary of significant accounting policies.

In our opinion, the Agency`s financial statements give a true and fair view of the financial position of the Agency as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Auditor's 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)*, and we have fulfilled our other ethical responsibilities in accordance with IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty related to Going Concern

We draw attention to Note 1.1 in the financial statements. The Agency has over the last six years experienced liquidity constraints and minimal growth in grant income resulting in recurring excesses of expenditure over income and negative reserves. As stated in Note 1.1, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Agency's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty related to Going Concern section, we have determined the matters described below to be key audit matters to be communicated in our report.

Independent Auditor's Report *(continued)*

Receivables

At 31 December 2020, the Agency's net receivables were K20,565,643,385 (2019: K12,172,836,605). The debtors are in respect of; amounts advanced to contractors and suppliers, amounts receivable from National Road Fund Agency (NRFA) and staff loans and advances (note 11).

Key audit matter	Our response
Existence and recoverability of receivables	
The Agency's receivables include balances that may be irrecoverable.	Our audit procedures in respect to the existence and valuation of receivables included, among others: • Assessing the existence of the receivables through direct confirms or review of supporting documents giving rise to the debtors' balances; • Assessing the recoverability of the debt; and • Review of payments from debtors received after the reporting date. We found the disclosures in respect of the receivables in notes 11 and 15 to be appropriate.

Trade and other payables

At 31 December 2020, the Agency's trade and other payables were K16,817,540,487 (2019: K9,945,728,712. The trade and other payables are in respect; of amounts payable to contractors-K13,720,790,246 (2019: K7,391,464,377, retention payables-K1,597,611,103 (2019: K1,110,955,407) and accrual of interests to contractors-K1,095,061,797 (2019: K936,161,123) (note 13).

Key audit matter	Our response
Accuracy, existence, valuation and completeness of trade and other payables	
The Agency's trade and other payables include balances that may not exit or are inaccurate.	Our audit procedures in respect to the accuracy, existence, completeness and valuation of trade and other payables included, among others: • Review of accuracy of payables and retentions through confirmations; • Re-computations of provisions and accruals; • Re-computations of interest payable and exchange variations; • Review of contracts; • Review of cut off for claims; • Review of contract variations and approvals; and • Review of payments to creditors made after the reporting date. We found the disclosures in respect of the trade and other payables in notes 13 and 15 to be appropriate.

Independent Auditor's Report *(continued)*

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines 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, management and those charged with governance 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 management either intends to liquidate the entity or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency's financial reporting process.

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 auditor's 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 auditor's report. However, future events or conditions may cause the organisation 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report *(continued)*

Other Information

The Members are responsible for the other information included in the Annual Report. Other information includes the Members' Report and Supplementary Information set out on pages 62 to 64. Our opinion on the financial statements does not cover other information and we do not express an audit opinion thereon. Our responsibility is to read the other information and consider whether the information therein is materially consistent with the financial statements. If based on our work, we conclude that there is a material misstatement, we are required to report that fact. We have nothing to report in this regard.

Other matters

The financial statements of Road Development Agency for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on 23 July 2020.

Report on other legal and regulatory requirements

In accordance with Public Roads Act No. 12 of 2002, we report that, in our opinion, the required accounting records, and other records relating to the Agency's accounts have been properly kept in accordance with the Act.

MPH

MPH Chartered Accountants

20/4/2022
Lusaka, Zambia

Hampande Hachongo (AUD/F000186)
Partner

Road Development Agency

Financial Statements for the year ended 31 December 2020

Statement of Comprehensive Income

	Notes	2020 K	2019 K
Revenue			
Income	4	**2,474,191,095**	2,216,973,857
Staff costs	5(a)	**(212,143,404)**	(192,712,880)
Administrative expenses	5(b)	**(1,963,085,848)**	(1,651,379,715)
Routine repairs, maintenance works and project related costs	5(c)	**(1,034,244,882)**	(1,235,535,720)
Excess of expenditure over income before finance income		**(735,283,039)**	(862,654,458)
Finance income	5(d)	**1,716,704,088**	19,567,004
Excess of income over expenditure/(expenditure over income)		**981,421,049**	(843,087,454)
Income tax expense	6	**-**	-
Excess of income over expenditure/(expenditure over income)		**981,421,049**	(843,087,454)
Other comprehensive income			
Other comprehensive income		**-**	-
Total comprehensive income for the year		**981,421,049**	(843,087,454)

The accounting policies and notes on pages 13 to 61 are an integral part of these financial statements.

Road Development Agency

Financial Statements for the year ended 31 December 2020

Statement of Financial Position

	Notes	2020 K	2019 K
Assets			
Non-Current Assets			
Property, plant and equipment	7	**13,560,898,429**	13,939,441,851
Intangibles	9	**34**	154,175
Capital work-in-progress	8	**25,942,424,781**	21,462,320,292
		39,503,323,244	35,401,916,318
Current Assets			
Inventory	10	**645,997,253**	647,530,160
Trade and other receivables	11	**20,565,643,385**	12,172,836,605
Cash and bank balances	12	**78,110,091**	262,985,847
		21,289,750,729	13,083,352,612
Total Assets		**60,793,073,973**	48,485,268,930
Accumulated Funds and Liabilities			
Accumulated funds		**(667,982,065)**	(1,649,403,114)
Non-Current Liabilities			
Deferred income (capital grants)	14	**42,922,127,724**	38,516,175,819
Terminal benefits	13a	**238,715,284**	201,680,084
Gratuity benefits	13(b)	**9,672,771**	2,465,290
Total-Non-Current Liabilities		**43,170,515,779**	38,720,321,193
Current Liabilities			
Deferred income (capital grants)	14	**1,435,829,259**	1,402,312,714
Trade and other payables	13	**16,817,540,487**	9,945,728,712
Terminal benefits	13a	**8,943,059**	18,648,223
Gratuity benefits	13(b)	**28,227,454**	47,661,202
Total Current Liabilities		**18,290,540,259**	11,414,350,851
Total Liabilities		**61,461,056,038**	50,134,672,044
Total Accumulated Funds and Liabilities		**60,793,073,973**	48,485,268,930

The financial statements set out on pages 1 to 61, which have been prepared on a going concern basis, were approved on 20 July 2022 and were signed by:

.... **Member**

.... **Member**

The accounting policies and notes on pages 13 to 61 are an integral part of these financial statements.

Road Development Agency

Financial Statements for the year ended 31 December 2020

Statement of Changes in Accumulated Funds

	Accumulated funds
	K
Balance at 1 January 2019	**(806,315,660)**
Excess of expenditure over income for the year	(843,087,454)
At 31 December 2019	**(1,649,403,114)**
Balance as at 1 January 2020	**(1,649,403,114)**
Excess of income over expenditure for the year	981,421,049
At 31 December 2020	**(667,982,065)**

Accumulated funds

The accumulated funds represent retained excess of expenditure over income for the current year and balances brought forward from previous years.

The accounting policies and notes on pages 13 to 61 are an integral part of these financial statements.

Road Development Agency

Financial Statements for the year ended 31 December 2020

Statement of Cash flows

	Notes	2020 K	2019 K
Cash flows from operating activities			
Excess of expenditure over income		**981,421,049**	(843,087,454)
Adjustments			
Profit on disposal of plant and equipment	4.1	**(5,208,143)**	(257,068)
Finance income	5 (d)	**(1,716,704,088)**	(19,567,004)
Amortisation of capital grants	14	**(1,435,829,259)**	(1,402,312,714)
Depreciation	7	**1,435,675,119**	1,401,557,472
Amortisation of intangible assets	9	**154,140**	755,242
Operating cash flows before movements in working capital		**(740,491,182)**	(862,911,526)
Movements in working capital			
Decrease in inventories		**1,532,907**	(641,963,825)
Increase in trade and other receivables		**(8,392,806,780)**	(4,978,676,836)
Increase in trade and other payables		**6,886,915,554**	3,856,051,307
Interest received		**85,543**	73,313
Net cash out flows from operating activities		**(2,244,763,958)**	(2,627,427,567)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	**(45,755,301)**	(46,964,077)
Additions to capital work-in-progress	8	**(5,492,539,703)**	(5,368,096,581)
Proceeds from disposal of plant and equipment	4.1	**6,266,961**	834,035
Net cash out flows from investing activities		**(5,532,028,043)**	(5,414,226,623)
Cash flows from financing activities			
Capital grants received	14	**5,875,297,700**	8,263,153,541
Net cash from financing activities		**5,875,297,700**	8,263,153,541
Net (decrease)/increase in cash and cash equivalents		**(1,901,494,301)**	221,499,351
Net exchange gain		**1,716,618,545**	19,493,691
Cash at the beginning of the year		**262,985,847**	21,992,805
Cash and cash equivalents at end of the year	12	**78,110,091**	262,985,847

The accounting policies and notes on pages 13 to 61 are an integral part of these financial statements.

Road Development Agency

Financial Statements for the year ended 31 December 2020

Accounting Policies

1. The Road Development 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.

1.1 Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Agency's total assets of K60,793 million (2019: K48,485 million) are significant contributors to facilitating the movement of goods and services in the Zambian economy. Government has given no indication that any part of the Agency's assets would be sold off or privatised. These, together with Government being the sole shareholder, and any liquidation of the Agency being a requirement by Act of Parliament, make the liquidation of the Agency's assets highly unlikely.

The Agency's current assets of K21,289 million cover its current liabilities of K18,291 million at 31 December 2020. The current liabilities of K18,291 million (2019: K11,414 million) include deferred income (grant capital) of K1,436 million (2019: K1,402 million). The deferred income (grant capital) is expected to be recognized as income in the statement of comprehensive income in the next financial year.

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.

Additional considerations

A letter of support was provided by the Government of the Republic of Zambia and in the past, the Government has on several occasions provided grant funding to the Road Development Agency. It is therefore expected that Government will continue to provide grant funding for the foreseeable future.

Furthermore, the Road Development Agency may not be placed under judicial management or in liquidation except by an act of Parliament (Public Roads Act No.12 of 2002). This is an implied guarantee from the Government.

The Members therefore support management's assessment that the Road Development Agency will remain a going concern in the foreseeable future. The Members of Road Development Agency are fully aware of the solvency risk it faces in the long-term and is actively engaging with Government to resolve the matter.

Road Development Agency

Financial Statements for the year ended 31 December 2020

Accounting Policies (*continued*)

2. Basis of preparation and accounting policies

Statement of compliance

The financial statements of the Agency have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the requirements of the Public Roads Act No.12 2002.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional and presentation currency

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

2.1 Revenue recognition

Revenue grants

Revenue grants represent funds received from the Government of the Republic of Zambia during the year. Income from the Government is recognised in the statement of comprehensive income when there is reasonable assurance that it will be received and the Agency will comply with the conditions associated with the grant.

Grants that compensate the Agency for expenses incurred are recognised in comprehensive income on a systematic basis in the same periods in which the expenses are recognised.

Grants that compensate the Agency for the cost of an asset are recognised in comprehensive income on a systematic basis over the useful life of the asset.

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 comprehensive income 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 comprehensive income in the period in which they are received.

Other income

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

Gains and losses on disposal of assets

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the comprehensive income.

Road Development Agency

Financial Statements for the year ended 31 December 2020

Accounting Policies (*continued*)

2.2 Property and equipment

Leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Properties in the course of construction for administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Agency's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for the intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is calculated to allocate 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 comprehensive income. The estimated useful lives of property, plant and equipment for the current and comparative years are as follows:

Item	*Rate*
Leasehold land and buildings	2%
Furniture and fittings	20%
Computers and office equipment	20%
Motor vehicles	20%
Plant and machinery	8.3%

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**

	Paved	Gravel	Earth
	%	%	%
Periodic maintenance	20	33.3	100
Rehabilitation	10	20	100
Construction	5	10	25

(ii) **Weighbridges and pontoons** 8%

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.

Capital work- in -progress is not depreciated.

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Road Development Agency

Financial Statements for the year ended 31 December 2020

Accounting Policies (*continued*)

2.2 Property and equipment (*continued*)

(iii) Capital work-in-progress

Recognition and measurement

Assets in the course of construction are recognised in the assets under capital work -in -progress account at the total cost incurred at the end of the financial year.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Assets recognised under capital work- in -progress are transferred to Property, plant and equipment on substantial completion.

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 comprehensive income 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 comprehensive income 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.

Road Development Agency
Financial Statements for the year ended 31 December 2020

Accounting Policies (*continued*)

2.3 Impairment of tangible and other assets

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

At the end of each reporting period, the Agency reviews the carrying amounts of its tangible and other assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Agency estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

An impairment loss is recognised immediately in comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal on impairment loss is recognised immediately in comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.4 Leases

The Agency assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Agency as a lessee

The Agency applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Agency recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Agency recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Road Development Agency
Financial Statements for the year ended 31 December 2020

Accounting Policies (*continued*)

2.4 Leases (*continued*)

i) Right-of-use assets (continued)

- Furniture and fixtures – 5 years
- Office Equipment -3.33 years
- Motor vehicles - 4 years
- Property – Lease term

If ownership of the leased asset transfers to the Agency at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Agency recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Agency and payments of penalties for terminating the lease, if the lease term reflects the Agency exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Agency uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Agency applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Agency as a lessor

Leases in which the Agency does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Road Development Agency

Financial Statements for the year ended 31 December 2020

Accounting Policies (*continued*)

2.5 Financial instruments

Financial assets and financial liabilities are recognised in the Agency's statement of financial position when the Agency becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through comprehensive income) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through comprehensive income are recognised immediately in comprehensive income.

Recognition and initial measurement

Trade receivables, lease receivables and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Agency becomes a party to the contractual provisions of the instrument. Financial assets (except for trade receivables without a significant financing component) or financial liabilities are initially measured at fair value plus or minus, for items not at fair value through comprehensive income (FVTPL), transaction costs that are directly attributable to their acquisition or issue. Trade receivables without a significant financing component are initially measured at the transaction price. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price (i.e. the fair value of the consideration given or received). If the Agency determines that the fair value at initial recognition differs from the transaction price, the Agency nevertheless recognises the financial instrument at its fair value and accounts for the difference at that date as follows:

- If the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a *Level 1 input*) or based on a valuation technique that uses only data from observable markets, the Agency recognises the difference between the fair value at initial recognition and the transaction price, also referred to as *"day 1 comprehensive income"* in Statement of Comprehensive Income on the fair value line.

- In all other cases, the Agency defers the *day 1 comprehensive income* on the statement of financial position in "Other financial assets". After initial recognition, the Agency recognises the deferred *day 1 comprehensive income* in Statement of Comprehensive Income– on the fair value line – only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability. Any amounts not recognised in Statement of Comprehensive Income before the date of maturity or derecognition of the financial instrument is recognised in Statement of Comprehensive Income on that date.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at either;

(i) amortised cost,
(ii) at fair value through other comprehensive income (FVTOCI) or
(iii) at fair value through comprehensive income (Comprehensive Income).

Financial assets are not reclassified subsequent to their initial recognition unless the Agency changes its business model for managing financial assets, in which case all affected financial instruments are reclassified on the first day of the financial year following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL on initial recognition:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal plus interest (SPPI) on the principal amount outstanding.

Road Development Agency

Financial Statements for the year ended 31 December 2020

Accounting Policies (*continued*)

2.5 Financial instruments (*continued*)

Recognition and initial measurement (continued)

The Agency's financial assets measured at amortised cost include trade and other receivables, short-term deposits, and cash and cash equivalents. Cash and cash equivalents comprise cash at bank and on hand, and highly liquid instruments which are readily convertible to known amounts of cash within 90 days from the reporting date or date of acquisition, subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents include bank overdrafts. A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated at FVTPL on initial recognition:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal plus interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Agency may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or at FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Agency may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Agency makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level as this best reflects the way the business is managed and the information provided to management. The Agency considers the following sources of information in making the assessment:

- The stated policies and objectives of the portfolio and operation of these policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash out flows or realising cash flows through the sale of assets.
- How the performance of the portfolio is evaluated and reported to management.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Agency's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Road Development Agency

Financial Statements for the year ended 31 December 2020

Accounting Policies (*continued*)

2.5 Financial instruments (*continued*)

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity and administrative costs), as well as a reasonable profit margin.
In assessing whether the contractual cash flows are solely payments of principal and interest, the Agency considers the contractual terms of the instrument. The Agency also considers the following:

- Contingent events that could change the amount or timing of cash flows.
- Terms that may adjust the contractual coupon rate, including variable rate features.
- Prepayment and extension features.
- Terms that limit the Agency's claim to cash flows from specified assets (e.g. non-recourse features).

The assessment also includes whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows such that it would not meet this condition. A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

Financial assets at FVTPL	Subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Comprehensive Income unless they are part of an effective hedge accounting relationship.
Financial assets at amortised cost	Subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in Comprehensive Income. Any gain or loss on derecognition is also recognised in Comprehensive Income.
Debt investment at FVTOCI	Subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in Comprehensive Income. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to comprehensive income.
Equity investment at FVTOCI	Subsequently measured at fair value. Dividends are recognised as income in comprehensive income unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income.

Road Development Agency
Financial Statements for the year ended 31 December 2020

Accounting Policies (*continued*)

2.5 Financial instruments (*continued*)

Financial liabilities: classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or at FVTPL. A financial liability is classified as at FVTPL if it is held-for-trading, is a derivative or is designated as such on initial recognition. The Agency's financial liabilities measured at amortised cost include trade and other payables and accruals.

A financial liability may be designated at FVTPL on initial recognition if:

- the contract contains one or more embedded derivatives;
- such designation would eliminate an accounting mismatch that would otherwise arise from measuring assets and liabilities or recognising the gains or losses on them on different bases; or
- a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the group is provided internally on that basis to management.

Financial liabilities at FVTPL are measured at fair value and the net gains and losses, including any interest expense, are recognised in comprehensive income. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses, and gains or losses on derecognition are recognised in the Statement of Comprehensive Income under finance charges, except where they are capitalised to qualifying assets.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Recognition of credit losses no longer depends on the Agency first identifying a credit loss event. Instead the Agency considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.
In applying the forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1); and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2).
- Stage 3 covers financial assets that have objective evidence of impairment at the reporting date.

Under the general approach in IFRS 9, '12-month expected credit losses' are recognised for stage 1 – except for trade and lease receivables where the simplified approach is applied, and 'lifetime expected credit losses' are recognised for stages 2 and 3.

The Agency recognises loss allowances for expected credit losses (ECLs) on:

- Financial assets measured at amortised cost, which includes trade and lease receivables;
- Contract assets (as defined in IFRS 15 *Revenue from Contracts with Customers*); and
- Debt investments measured at FVTOCI, short-term deposits and bank balances.

Road Development Agency

Financial Statements for the year ended 31 December 2020

Accounting Policies (*continued*)

2.5 Financial instruments (*continued*)

Impairment of financial assets (continued)

Trade and other receivables

The Agency applies the simplified approach in IFRS 9 in measuring expected credit losses which uses a lifetime ECLs allowance for all trade and other receivables. To measure the ECLs; trade and other receivables are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of customers over a one year period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on factors affecting the ability of the customers to settle the receivables. This includes the customer's credit risk profile, including the general macroeconomic conditions as well as industry sector-specific conditions affecting the Agency's customers.

Investments in short-term deposits and bank balances

The Agency's short-term deposits and bank balances, which are carried at amortised cost are considered to have low credit risk, and the loss allowance recognised on these assets is therefore limited to 12-months ECLs. Short term deposits and bank balances are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. If the Agency considers that credit risk on a financial instrument has increased significantly since initial recognition, the expected credit losses are estimated based on the lifetime ECLs.

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Agency compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

In making this assessment, the Agency considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Irrespective of the outcome of the above assessment, the Agency presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Agency has reasonable and supportable information that demonstrates otherwise.

Event of default

The Agency considers any of the following as constituting an event of default:

- The debtor is more than 90 days past due.
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its credit obligations to the Agency in full, without recourse by the Agency to actions such as realising security (if any is held).

Road Development Agency

Financial Statements for the year ended 31 December 2020

Accounting Policies (*continued*)

2.5 Financial instruments (*continued*)

Significant increase in credit risk (continued)

Credit-impaired financial assets

At each reporting date, the Agency assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on estimated future cash flows of the financial asset have occurred.

The evidence that a financial asset is credit-impaired includes observable data about any of the following events.

- Significant financial difficulty of the debtor or issuer.
- A breach of contract such as default.
- Restructuring of a debt, loan or advance on terms that the Agency would not otherwise consider.
- It is probable that the debtor will enter bankruptcy or other financial reorganisation.
- The disappearance of an active market for a security because of financial difficulties.

Measurement and recognition of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Agency in accordance with the contract and the cash flows that the Agency expects to receive) – calculated either on the 12-month or lifetime expected credit losses as applicable. Expected credit losses are discounted at the effective interest rate of the financial asset.

Presentation of allowance for expected credit losses

The Agency recognises an impairment gain or loss in the Statement of Comprehensive Income with a corresponding adjustment to the carrying amount of the financial asset through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI for which the loss allowance is recognised in other comprehensive income and accumulated in the investment valuation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition

Financial assets

The Agency derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Agency neither transfers nor retains substantially all the risks and rewards of ownership and it does not
retain control of the financial asset. The Agency may enter into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all the risks and rewards of the transferred asset. In these cases, the transferred assets are not derecognised.

Write-off

The gross carrying amount of a financial asset is written off or derecognised (either partially or in full) when all attempts to recover the outstanding amount have failed or there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. The amount written off is recognised as a reduction to the allowance for ECLs. Financial assets written off may still be subject to enforcement activities under the Agency's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of Comprehensive Income, as a reduction to the impairment loss for the period.

Road Development Agency

Financial Statements for the year ended 31 December 2020

Accounting Policies (*continued*)

2.5 Financial instruments (*continued*)

Derecognition

Financial liabilities

The Agency derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Agency also derecognises a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the Statement of Comprehensive Income under finance charges.

Derivative financial instruments and hedge accounting

The Agency does not enter into any derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks.

2.6 Provisions

Provisions are recognised when the Agency has a present obligation (legal or constructive) as a result of a past event, it is probable that the Agency will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.7 Foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Zambian Kwacha (K).

Transactions and balances

In preparing the financial statements of the Agency, transactions in currencies other than the Agency's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Road Development Agency
Financial Statements for the year ended 31 December 2020

Accounting Policies (*continued*)

2.7 Foreign currencies (continued)

Exchange differences on monetary items are recognised in income or expenditure in the period in which they arise.

2.8 Retirement benefit obligations

The Agency`s staff are entitled to gratuity and other terminal benefits. The Agency`s retirement benefits other than NAPSA contributions are unfunded.

(i) *Defined benefit plan*

A defined benefit plan is a retirement benefit plan that is not a defined contribution plan.

(ii) *Defined contribution plan*

A defined contribution plan is a retirement benefit plan under which the Agency pays fixed contributions into a separate entity. The Agency has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Obligations for contributions to the defined contribution plan are recognised as an employee benefit expense in comprehensive income when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Agency and all its employees also contribute to the National Pension Scheme, which is a defined contribution scheme.

Other retirement benefits are not funded.

(iii) Short-term and long-term benefits
The cost of all short-term employee benefits, such as salaries, accumulated leave, bonuses, medical and other contributions, is recognised in income statement in the period in which the employee renders the related service.

The Agency's obligation in respect of long-term service benefits, other than pension plans and post-retirement medical benefits, is recognised in comprehensive income in the period in which the employee renders the related service.

(IV) *Termination benefits*
Termination benefits are payable when an employee's employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The Agency recognises termination benefits when it has demonstrated its commitment to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

(V) *Gratuity*
For fixed term contract employees, a gratuity is payable at the end of the contract. Contract period is 3 years. Gratuity is expensed to comprehensive income in the period the service is rendered.

Road Development Agency
Financial Statements for the year ended 31 December 2020

Accounting Policies (*continued*)

2.9 Inventory

Inventories are measured at the lower of cost and net realizable value. The cost of inventory is based on the first-in-first-out principle, and includes expenditure incurred in acquiring the inventories and costs incurred in bringing them to their existing location and condition.

2.10 Cash flow statement

For the purposes of the Statement of Cash flows, cash and cash equivalents mainly comprises of cash on hand, demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risks of changes in value.

2.11 Critical accounting estimates and judgments

Critical judgments in applying accounting policies

In the application of the Agency's accounting policies, which are described above, the Members are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimations, that the Members have made in the process of applying the Agency's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Business model assessment

Classification and measurement of financial assets depends on the results of the 'Solely Payments of Principal and Interest' (SPPI) and the 'Business Model test'. The Agency determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Agency monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Agency's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented

Calculation of loss allowance on receivables
When measuring credit losses the Agency uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Road Development Agency

Financial Statements for the year ended 31 December 2020

Accounting Policies (*continued*)

2.11 Critical accounting estimates and judgments (*continued*)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Determination of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Agency takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 16, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Estimates of asset lives, residual values and depreciation methods

The Members review the estimated useful lives of property, plant and equipment at the end of each annual reporting period to determine the appropriate level of depreciation and whether there is any indication that those assets have suffered an impairment loss. The Members assign a residual value of nil as equipment is not held for trading and is normally scrapped.

Road Development Agency
Financial Statements for the year ended 31 December 2020

Accounting Policies (*continued*)

2. 12 Application of new and revised International Financial Reporting Standards (IFRSs)

***2.12.1** New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements*

In the current year, a number of amendments to IFRSs and new Interpretations issued by the International Accounting Standards Board (IASB) have become effective and are mandatorily effective for an accounting period that begins on or after 1 January 2020. None of the amendments below have a significant impact on the Agency.

Standard	Subject of amendment	Effective date and impact
Amendments to References to the Conceptual Framework in IFRS Standards	Together with the revised *Conceptual Framework* published in March 2018, the IASB also issued *Amendments to References to the Conceptual Framework in IFRS Standards*. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised *Conceptual Framework*. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised *Conceptual Framework*.	Annual periods beginning on or after 1 January 2020.

Road Development Agency
Financial Statements for the year ended 31 December 2020

Accounting Policies (*continued*)

2. 12 Application of new and revised International Financial Reporting Standards (IFRSs)

***2.12.1** New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements*

Definition of a Business (Amendments to IFRS 3)	The amendments in *Definition of a Business (Amendments to IFRS 3)* are changes to Appendix A *Defined terms*, the application guidance, and the illustrative examples of IFRS 3 only. They: • clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; • narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; • add guidance and illustrative examples to help entities assess whether a substantive process has been acquired; • remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and • add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.	Business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.

Road Development Agency

Financial Statements for the year ended 31 December 2020

Accounting Policies (*continued*)

2. 12 Application of new and revised International Financial Reporting Standards (IFRSs)

***2.12.1** New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements*

Definition of Material (Amendments to IAS 1 and IAS 8)	The amendments in *Definition of Material (Amendments to IAS 1 and IAS 8)* clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.	Annual reporting periods beginning on or after 1 January 2020.
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	The amendments in *Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)* clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.	Annual reporting periods beginning on or after 1 January 2020.
Amendments to IFRS 16	On 28 May 2020, the IASB published 'Covid-19-Related Rent Concessions (Amendment to IFRS 16)' amending the standard to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.	The amendment is effective for annual reporting periods beginning on or after 1 June 2020.

Road Development Agency

Financial Statements for the year ended 31 December 2020

Accounting Policies (*continued*)

2.12.2 New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Agency has not applied the following new and revised IFRS Standards that have been issued but are not yet effective. The Members do not expect that the adoption of the Standards listed below will have a material impact on the financial statements of the Agency in future periods, except where indicated:

Title	Description	Effective date
IFRS 17 Insurance Contracts	The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.	The Standard is effective for annual reporting periods beginning on or after 1 January 2023.
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	The amendments aim to promote consistency in applying the requirements by helping organisations determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.	Annual reporting periods beginning on or after 1 January 2023.
Effective date of IBOR reform Phase 2 amendments	On 27 August 2020, the IASB issued 'Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)' with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates.	The amendments are effective for annual periods beginning on or after 1 January 2021.
Amendments to IFRS 3	On 14 May 2020, the IASB issued 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements.	The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

Road Development Agency

Financial Statements for the year ended 31 December 2020

Accounting Policies (*continued*)

2.12.2 New and revised IFRSs in issue but not yet effective (continued)

IAS 37 amendments regarding onerous contracts	On 14 May 2020, the IASB issued 'Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)' amending the standard regarding costs a Agency should include as the cost of fulfilling a contract when assessing whether a contract is onerous.	The amendments are effective for annual reporting periods beginning on or after 1 January 2022.
2018-2020 annual improvements cycle	On 14 May 2020, the IASB issued 'Annual Improvements to IFRS Standards 2018-2020'. The pronouncement contains amendments to International Financial Reporting Standards (IFRSs) that include IFRS1, IFRS 9 and IFRS 41 as a result of the IASB's annual improvements project.	The amendments are effective for annual reporting periods beginning on or after 1 January 2022.
IAS 16 amendments regarding proceeds before intended use	On 14 May 2020, the IASB issued 'Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.	The amendments are effective for annual reporting periods beginning on or after 1 January 2022.
IAS 8 amendments on accounting estimates	On 12 February 2021, the IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates.	Effective for annual periods beginning on or after 1 January 2023.
IAS 1- amendments on disclosure of accounting policies	On 12 February 2021, the IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements.	The amendments are effective for annual periods beginning on or after 1 January 2023.

Road Development Agency

Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

	2020 K	2019 K

3. Revenue

Revenue represents amortisation of grants, capital and revenue grants received from the Government of the Republic of Zambia during the year.

4. Income

Amortisation of capital grants	**1,435,829,259**	1,402,312,714
Project grant from National Roads Fund Agency (NRFA)	**895,514,176**	676,619,392
Revenue grants from GRZ	**117,994,435**	117,934,997
Foreign exchange gains other than on cash and cash equivalents and borrowings	**-**	1,530,470
Other income	**24,853,225**	18,576,284
	2,474,191,095	2,216,973,857

4.1 Profit on disposal of assets

Cash proceeds	**6,266,961**	834,035
Carrying amount	**(1,058,818)**	(576,967)
Profit on disposal	**5,208,143**	257,068

5. Expenditure

(a) *Staff costs*

Salaries	**148,329,821**	125,100,757
Gratuity and pension costs	**43,189,480**	50,421,932
Other costs	**20,624,103**	17,190,191
	212,143,404	192,712,880

(b) *Administrative expenses*

Amortisation and depreciation (notes 7 and 9)	**1,435,829,259**	1,402,312,714
Electricity, water and sewerage	**907,501**	654,345
Insurance	**1,499,680**	1,861,268
Other administration costs	**524,849,408**	246,551,388
	1,963,085,848	1,651,379,715

(c) *Routine repairs, maintenance works and project related costs*

Environmental costs	**4,751,763**	6,647,020
Interest on long outstanding contractor debts	**348,923,360**	733,304,122
Routine maintenance - roads	**404,915,408**	256,609,121
Routine maintenance - bridges	**491,840**	-
Routine maintenance - force accounts	**73,397,545**	37,119,369
Supervision expenses - roads and bridges	**7,239,114**	8,919,776
Technical assistance and other consultancy costs	**73,023,912**	39,928,273
Legal costs and arbitration awards	**89,117,753**	108,579,101
Other costs	**32,384,187**	44,428,938
	1,034,244,882	1,235,535,720

Routine repairs, maintenance works and project related costs represent expenses directly associated with the care and maintenance and construction of public roads in Zambia and to regulate maximum weights permissible for transmission on roads

Road Development Agency
Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

5. Expenditure (*continued*)

(d) Finance (cost)/income

	2020 K	2019 K
Interest income	**85,543**	73,313
Net foreign currency exchange (losses)/gains	**1,716,618,545**	19,493,691
Net finance (cost)/income	**1,716,704,088**	19,567,004

6. Taxation

The Agency is exempt from income tax under section 5 of the Income Tax Act CAP 323: Part 3 - Exempt organisations.

Road Development Agency
Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

7. Property, plant and equipment

2020	Roads	Pontoons & bridges	Land & buildings	Weigh bridges	Motor vehicles	Plant and machinery	Computers and office equipment	Furniture and fittings	Total
Cost									
At 1 January 2020	**21,938,208,113**	**499,205,417**	**14,862,271**	**115,827,733**	**85,447,721**	**112,868,273**	**23,822,269**	**7,099,897**	**22,797,341,693**
Additions	-	-	1,188,652	-	14,817,347	28,988,115	551,925	209,262	45,755,301
Capitalisations-WIP	1,012,435,214	-	-	-	-	-	-	-	1,012,435,214
Disposals	-	-	-	-	(13,678,342)	-	-	-	(13,678,342)
At 31 December 2020	**22,950,643,327**	**499,205,417**	**16,050,923**	**115,827,733**	**86,586,726**	**141,856,388**	**24,374,194**	**7,309,159**	**23,841,853,866**
Depreciation									
At 1 January 2020	**8,400,676,731**	**245,508,119**	**3,321,837**	**58,495,926**	**69,269,700**	**51,765,183**	**22,182,795**	**6,679,552**	**8,857,899,843**
Charge for the year	1,365,973,144	35,775,063	435,458	11,433,773	9,791,544	10,702,517	1,262,775	300,845	1,435,675,119
Disposals	-	-	-	-	(12,619,525)	-	-	-	(12,619,525)
At 31 December 2020	**9,766,649,875**	**281,283,182**	**3,757,295**	**69,929,699**	**66,441,719**	**62,467,700**	**23,445,570**	**6,980,397**	**10,280,955,437**
Carrying amounts									
At 31 December 2020	**13,183,993,452**	**217,922,235**	**12,293,628**	**45,898,034**	**20,145,007**	**79,388,688**	**928,624**	**328,762**	**13,560,898,429**
31 December 2019	13,537,531,382	253,697,298	11,540,434	57,331,808	16,178,021	61,103,090	1,639,474	420,345	13,939,441,851

Property, plant and equipment includes assets with a cost of K 3,330,637,321 which were fully depreciated as at 31 December 2020 (2019: K3,109,932,713).

Certain land and buildings are not held in the name of Road Development Agency.

Road Development Agency

Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

7. Property, plant and equipment (*continued*)

2019	Roads	Pontoons & bridges	Land & buildings	Weigh bridges	Motor vehicles	Plant and machinery	Computers and office equipment	Furniture and fittings	Total
Cost									
At 1 January 2019 (restated)*	21,938,208,113	499,205,417	14,502,271	105,882,308	80,823,390	86,857,943	22,385,380	7,078,358	22,754,943,180
Additions	-	-	360,000	9,945,425	9,189,894	26,010,330	1,436,889	21,539	46,964,077
Disposals	-	-	-	-	(4,565,563)	-	-	-	(4,565,563)
At 31 December 2019	21,938,208,113	499,205,417	14,862,271	115,827,733	85,447,721	112,868,273	23,822,269	7,099,897	22,797,341,693
Depreciation									
At 1 January 2019	7,069,911,597	206,681,564	3,052,790	46,952,023	63,942,094	42,762,324	20,656,231	6,372,344	7,460,330,967
Charge for the year	1,330,765,134	38,826,555	269,047	11,543,903	9,316,202	9,002,859	1,526,564	307,208	1,401,557,472
Disposals	-	-	-	-	(3,988,596)	-	-	-	(3,988,596)
Balance at 31 December 2019	8,400,676,731	245,508,119	3,321,837	58,495,926	69,269,700	51,765,183	22,182,795	6,679,552	8,857,899,843
Carrying amounts									
31 December 2019	13,537,531,382	253,697,298	11,540,434	57,331,807	16,178,021	61,103,090	1,639,474	420,345	13,939,441,851

Road Development Agency

Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

	2020	2019
	K	K

8. Capital work in progress

	Roads	Bridges and Pontoons	Buildings	Total
As at 1 January 2019	15,295,474,420	792,415,167	6,334,124	16,094,223,711
Additions	4,936,250,423	402,359,497	29,486,661	5,368,096,581
At 31 December 2019	20,231,724,843	1,194,774,664	35,820,785	21,462,320,292
As at 1 January 2020	**20,231,724,843**	**1,194,774,664**	**35,820,785**	**21,462,320,292**
Additions	**4,950,000,428**	**542,539,275**	**-**	**5,492,539,703**
Capitalisations	**(1,012,435,214)**	**-**	**-**	**(1,012,435,214)**
At 31 December 2020	**24,169,290,057**	**1,737,313,939**	**35,820,785**	**25,942,424,781**

9. Intangibles

	Computer software
Cost	
At 1 January 2019	12,436,535
Additions	-
At 31 December 2019	12,436,535
At 1 January 2020	12,436,535
Additions	**-**
At 31 December 2020	**12,436,535**
Amortisation	
At 1 January 2019	11,527,118
Charge for the year	755,242
At 31 December 2019	12,282,360
At 1 January 2020	**12,282,360**
Charge for the year	**154,140**
At 31 December 2020	**12,436,500**
Carrying amounts	
At 31 December 2020	**34**
At 31 December 2019	154,175

Road Development Agency
Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

	2020 K	2019 K
10. Inventory		
Raw materials	**36,437**	35,938
Finished pavers	**3,526,143**	5,059,549
Acrow bridges	**642,434,673**	642,434,673
	645,997,253	647,530,160
11. Trade and other receivables		
Amounts advanced to contractors and suppliers	**6,082,934,600**	4,030,450,527
Amount receivable from Ministry of Housing and Infrustructure	**29,494,558**	-
Amounts receivable from National Roads Fund Agency (NRFA)	**15,299,263,812**	8,501,911,263
	21,411,692,970	12,532,361,790
Less: impairment provision	**(853,796,972)**	(366,270,006)
Net trade receivables	**20,557,895,998**	12,166,091,784
Special imprest	**881,763**	832,630
Salary advances	**479,901**	293,898
Staff material loans	**4,847,939**	4,670,254
Staff receivables-motor vehicle disposals	**492,729**	207,428
Prepayments	**16,910**	1,038,677
Other debtors	**13,381,608**	13,388,407
National Roads Fund Agency (NRFA) other receivables	**23,978,032**	13,254,718
	44,078,882	33,686,012
Less impairment provision on other receivables	**(36,331,495)**	(26,941,191)
Net other receivables	**7,747,387**	6,744,821
	20,565,643,385	12,172,836,605
Movement in impairment provisions-trade receivables		
Balance at the beginning of the year	**366,270,006**	240,916,968
Provision for the year	**487,526,966**	213,274,698
Write off	**-**	(87,921,660)
Balance at 31 December	**853,796,972**	366,270,006
Movement in impairment provision-other receivables		
Balance at the beginning of the year	**26,941,191**	24,873,899
Impairment for the year	**9,390,304**	2,067,292
Balance at 31 December	**36,331,495**	26,941,191

The average credit period on fees receivable is 30 days. No interest is charged on outstanding trade receivables. The expected credit loss (ECL) is mainly based on the ageing of the receivables balance and historical experience. The receivables are assessed on an individual basis or grouped into homogenous groups and assessed for impairment collectively, depending on their significance. Moreover, trade receivables are written off on a case by case basis if deemed not to be collectable on the assessment of the underlying facts and circumstances.

The Agency uses a provision matrix to measure the expected credit loss of receivables. Based on the environment in which the entity operates, management considers that the trade receivables are credit impaired if the payments are more than 90 days past due.

Road Development Agency

Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

	2020 K	2019 K

Receivables from employees

The receivables from employees are loans and advances to employees that are recovered through the payroll. The loans and advances carry an interest charge of 0%. The loans and advances are given to employees as part of the Agency's conditions of service. The repayment terms vary based on the purpose of the loan or advance.

12. Cash and bank balances

Cash and cash equivalents include investments at amortised cost maturing less than 90 days after year end. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the Statement of Financial Position as follows:

	2020 K	2019 K
Bank account balances	**78,100,290**	262,981,736
Cash in hand	**9,801**	4,111
At 31 December	**78,110,091**	262,985,847
Of which:		
Operating funds	**78,069,504**	20,425,260
Project funds	**40,587**	242,560,587
At 31 December	**78,110,091**	262,985,847

13. Trade and other payables

	2020 K	2019 K
Amounts payable to contractors	**13,720,790,246**	7,391,464,377
Retention payable	**1,597,611,103**	1,110,955,407
Accruals- interest to contractors	**1,095,061,797**	936,161,123
Provisions-legal	**247,137,957**	165,115,911
Advance payments	**-**	223,113,587
Leave pay	**41,609,115**	39,867,916
Other payables	**3,126**	4,775,205
NAPSA	**36,355,271**	17,236,187
PAYE	**36,878,218**	21,751,684
VAT	**1,932,892**	1,187,385
Workers compensation	**1,377,532**	1,723,447
Sundry creditors	**38,783,230**	32,376,483
	16,817,540,487	9,945,728,712

Road Development Agency

Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

	2020 K	2019 K
13 (a) Terminal benefits		
At beginning of year	**220,328,307**	186,581,404
Charge for the year	**29,307,072**	36,623,287
Payments during the year	**(1,977,036)**	(2,876,384)
At 31 December	**247,658,343**	220,328,307
Non-current portion	**238,715,284**	201,680,084
Current portion	**8,943,059**	18,648,223
At 31 December	**247,658,343**	220,328,307
13. (b) Gratuity benefits		
At beginning of year	**50,126,492**	51,987,612
Charge for the year	**13,590,336**	11,596,563
Payments during the year	**(25,816,603)**	(13,457,683)
At 31 December	**37,900,225**	50,126,492
Non-current portion		
Current portion	**9,672,771**	2,465,290
At 31 December	**28,227,454**	47,661,202
	37,900,225	50,126,492

14. Deferred income (capital grants)

Balance at beginning of year	**39,918,488,542**	33,057,647,715
Capital grants received (works)	**5,228,285,954**	5,408,363,796
Capital grants received (advance payments)	**611,597,296**	2,795,962,455
Capital grants received (operations)	**35,414,450**	58,827,281
Amortisation of capital grants (note 7 and 9)	**(1,435,829,259)**	(1,402,312,714)
Balance at end of year	**44,357,956,983**	39,918,488,533

Capital grants are classified as current and non- current liabilities as shown below:

Current	**1,435,829,259**	1,402,312,714
Non-current	**42,922,127,724**	38,516,175,819
Balance at end of year	**44,357,956,983**	39,918,488,533

Road Development Agency

Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

	2020	2019
	K	K

15. Financial instruments - 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.

Members oversee 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.

(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. Financial assets which potentially subject the Agency to concentrations of credit risk, consists principally of trade receivables and cash balances.

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.

Road Development Agency
Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

		2020 K	2019 K

15. Financial instruments - Risk management (*continued*)

(i) Credit risk (*continued*)

Exposure to credit risk

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

Cash and cash equivalents	12	**78,110,091**	262,985,847
Trade and other receivables	11	**20,565,643,385**	12,172,836,605
		20,643,753,476	12,435,822,452

Categories of financial instruments

Financial assets

	Notes		
Cash and bank balances	12	**78,110,091**	262,985,847
Trade receivables	11	**21,411,692,970**	12,532,361,790
Special imprest	11	**881,763**	832,630
Salary advances	11	**479,901**	293,898
Staff material loans	11	**4,847,939**	4,670,254
Staff receivables-motor vehicle disposals	11	**492,729**	207,428
Prepayments	11	**16,910**	1,038,677
Other debtors	11	**13,381,608**	13,388,407
National Road Fund Agency (NRFA) other receivables	11	**23,978,032**	13,254,718
		21,533,881,943	12,829,033,649

Financial liabilities

Amounts payable to contractors	13	**13,720,790,246**	7,391,464,377
Retention payable	13	**1,597,611,103**	1,110,955,407
Accruals- interest to contractors	13	**1,095,061,797**	936,161,123
Provisions-legal	13	**247,137,957**	165,115,911
Advance payments	13	**-**	223,113,587
Terminal benefits	13(a)	**247,658,343**	220,328,307
Leave pay	13	**41,609,115**	39,867,916
Gratuity	13(b)	**37,900,226**	50,126,492
Other payables	13	**3,126**	4,775,205
NAPSA	13	**36,355,271**	17,236,187
PAYE	13	**36,878,218**	21,751,684
VAT	13	**1,932,892**	1,187,385
Workers compensation	13	**1,377,532**	1,723,447
Sundry creditors	13	**38,783,230**	32,376,483
		17,103,099,056	10,216,183,511

Road Development Agency
Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

	2020	2019
	K	K

15. Financial instruments- Risk management (*continued*)

Financial risk management objectives

Management co-ordinates access to domestic markets, monitors and manages the financial risks related to the operations of the Agency. These risks include market risk (including currency risk), credit risk, liquidity risk and cash flow interest rate risk.

Market risk

The Agency's activities expose it primarily to the financial risk of changes in foreign currency exchange rates (see below). The Agency does not trade any derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including forward foreign exchange contracts to hedge the exchange rate risk.

There has been no change to the Agency's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk management

The Agency undertakes certain transactions dominated in foreign currencies. Hence, exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters as approved by the Board.

Road Development Agency

Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

15. Financial instruments- Risk management (*continued*)

Exposure to currency risk

The Agency incurs currency risk as a result of transactions in USD, EUR and GBP. 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 2020		K	USD Exposure	EUR Exposure	K Total
Financial assets	**Note**				
Trade receivables	11	21,411,692,970	-	-	21,411,692,970
Special interest	11	881,763	-	-	881,763
Salary advances	11	479,901	-	-	479,901
Staff material loans	11	4,847,939	-	-	4,847,939
Staff receivables-motor vehicles	11	492,729	-	-	492,729
Other debtors	11	13,381,608	-	-	13,381,608
National Roads Fund Agency (NFRA)	11	23,978,032	-	-	23,978,032
Prepayments	11	16,910	-	-	16,910
Cash and bank balances	12	78,026,434	83,657	-	78,110,091
		21,533,798,286	83,657	-	21,533,881,943
Financial liabilities					
Amounts payable to contractors	13	(6,795,470,713)	(6,853,682,237)	(71,637,296)	(13,720,790,246)
Retention payable	13	(1,597,611,103)	-	-	(1,597,611,103)
Accruals-interest to contractors	13	(1,095,061,797)	-	-	(1,095,061,797)
Provisions-legal	13	(247,137,957)	-	-	(247,137,957)
Terminal benefits	13(a)	(247,658,343)	-	-	(247,658,343)
Leave pay	13	(41,609,115)	-	-	(41,609,115)
Gratuity	13(b)	(37,900,226)	-	-	(37,900,226)
Other payables	13	(3,126)	-	-	(3,126)
NAPSA	13	(36,355,271)	-	-	(36,355,271)
PAYE	13	(36,878,218)	-	-	(36,878,218)
VAT	13	(1,932,892)	-	-	(1,932,892)
Workers compensation	13	(1,377,532)	-	-	(1,377,532)
Sundry creditors	13	(38,783,230)	-	-	(38,783,230)
		(10,177,779,523)	(6,853,682,237)	(71,637,296)	(17,103,099,056)
Net exposure		11,356,018,763	(6,853,598,580)	(71,637,296)	4,430,782,887

Road Development Agency

Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

15. Financial instruments- Risk management (*continued*)

December 2019		K	USD Exposure	EUR Exposure	K Total
Financial assets	**Note**				
Trade receivables	11	12,532,361,790	-	-	12,532,361,790
Special interest	11	832,630	-	-	832,630
Salary advances	11	293,898	-	-	293,898
Staff material loans	11	4,670,254	-	-	4,670,254
Staff receivables-motor vehicles	11	207,428	-	-	207,428
Other debtors	11	13,388,407	-	-	13,388,407
National Roads Fund Agency (NFRA)	11	13,254,718	-	-	13,254,718
Prepayments	11	1,038,677	-	-	1,038,677
Cash and bank balances	12	20,411,260	242,574,587	-	262,985,847
		12,586,459,062	242,574,587	-	12,829,033,649
Financial liabilities					
Amounts payable to contractors	13	(4,369,727,592)	(2,966,163,117)	(55,573,668)	(7,391,464,377)
Retention payable	13	(1,110,955,407)	-	-	(1,110,955,407)
Accruals-interest to contractors	13	(936,161,123)	-	-	(936,161,123)
Provisions-legal	13	(165,115,911)	-	-	(165,115,911)
Advance payment	13	(223,113,587)			(223,113,587)
Terminal benefits	13(a)	(220,328,307)	-	-	(220,328,307)
Leave pay	13	(39,867,916)	-	-	(39,867,916)
Gratuity	13(b)	(50,126,492)	-	-	(50,126,492)
Other payables	13	(4,775,205)	-	-	(4,775,205)
NAPSA	13	(17,236,187)	-	-	(17,236,187)
PAYE	13	(21,751,684)	-	-	(21,751,684)
VAT	13	(1,187,385)	-	-	(1,187,385)
Workers compensation	13	(1,723,447)	-	-	(1,723,447)
Sundry creditors	13	(32,376,483)	-	-	(32,376,483)
		(7,194,446,726)	(2,966,163,117)	(55,573,668)	(10,216,183,511)
Net exposure		5,392,012,336	(2,723,588,530)	(55,573,668)	2,612,850,138

Road Development Agency

Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

	2020	2019
	K	K

15. Financial instruments- Risk management (*continued*)

Exposure to currency risk

The following significant exchange rates were applied during the year:

	Spot rate at reporting date	
	2020	2019
USD	**21.19**	14.10
EUR	**25.99**	15.80
GBP	**28.95**	18.60

Sensitivity analysis

A 10 percent strengthening/weakening of the USD, GBP and EUR against the Kwacha at 31 December and vice versa would have increased accumulated funds and income and expenditure by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Accumulated fund 100bp increase	Accumulated fund 100bp decrease	Income & expenditure 100bp increase	Income & expenditure 100bp Decrease
31 December 2020				
USD	**(685,359,223)**	**685,359,223**	**(685,359,223)**	**685,359,223**
EUR	**(7,163,730)**	**7,163,730**	**(7,163,730)**	**7,163,730**

	Accumulated fund 100bp increase	Accumulated fund 100bp decrease	Income & expenditure 100bp increase	Income & expenditure 100bp Decrease
31 December 2019				
USD	(272,358,853)	272,358,853	(272,358,853)	272,358,853
EUR	(5,557,367)	5,557,367	(5,557,367)	5,557,368

Road Development Agency

Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

	2020	2019
	K	K

15. Financial instruments- Risk management (*continued*)

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.

(ii) 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

Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

	2020	2019
	K	K

15. Financial instruments- Risk management (*continued*)

Interest rate risk management

The exposure to interest rate risk is reviewed regularly by management to align with interest rate reviews and defined risk appetite, by either positioning the statement of financial position or protecting interest expense through different interest rate cycles.

The Agency's exposure to interest rate is low as they do not have interest bearing borrowings and invest in fixed interest bearing investments.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Agency. The Agency has adopted a policy of only dealing with creditworthy counterparties and obtaining an advance payment, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Agency's maximum exposure to credit risk is analysed below:

	Note	2020 K	2019 K
Amounts advanced to contractors and suppliers	11	**6,082,934,600**	4,030,450,527
Amounts receivable from Ministry of Housing and Infrastructure	11	**29,494,558**	-
Amounts receivable from National Roads Fund Agency (NFRA)	11	**15,299,263,812**	8,501,911,263
Sub-total		**21,411,692,970**	12,532,361,790
Special imprest	11	**881,763**	832,630
Salary advances	11	**479,901**	293,898
Staff material loans	11	**4,847,939**	4,670,254
Staff receivables-motor vehicle disposals	11	**492,729**	207,428
Other debtors	11	**13,381,608**	13,388,407
Prepayments	11	**16,910**	1,038,677
National Roads Fund Agency (NRFA) other receivables	11	**23,978,032**	13,254,718
Sub total		**21,455,771,852**	12,566,047,802
Cash and bank balances	12	**78,110,091**	262,985,847
Sub total		**78,110,091**	262,985,847
Total		**21,533,881,943**	12,829,033,649

Road Development Agency

Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

15. Financial instruments- Risk management (*continued*)

Credit risk management (continued)

Ageing of receivables

The aging of receivables at the reporting date was:

	31 Dec 2020 Gross amount	**31 Dec 2020 Impairment**	**31 Dec 2020 Net amount**	31 Dec 2019 Gross amount	31 Dec 2019 Impairment	31 Dec 2019 Net amount
	K	**K**	**K**	K	K	K
Current	**4,604,759,394**	**-**	**4,604,759,394**	2,089,120,453	-	2,089,120,453
1-30	**1,232,284,064**	**(94,981,000)**	**1,137,303,064**	3,784,370,044	(6,805,691)	3,777,564,353
31-60	**256,452,379**	**(37,917,421)**	**218,534,958**	290,422,388	(76,761,224)	213,661,164
61-90	**763,745,274**	**(68,695,262)**	**695,050,012**	340,938,923	(90,113,195)	250,825,728
More than 90	**14,554,451,859**	**(652,203,289)**	**13,902,248,570**	6,027,509,982	(192,589,896)	5,834,920,086
	21,411,692,970	**(853,796,972)**	**20,557,895,998**	12,532,361,790	(366,270,006)	12,166,091,784

The Agency holds security over its financial assets in respect of receivables from employees. The receivables from employees in respect of house loans are mortgaged by the Agency, and the certificates of title are in the custody of the Agency. The Agency also provides for an insurance scheme to cover all loans above K50, 000.00 in the event of death of an employee. The cost of the insurance is borne by the employee and is recovered over a period of 24 months.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Members, which has established an appropriate liquidity risk management framework for the management of the Agency’s short, medium and long-term funding and liquidity management requirements. The Agency manages liquidity risk by maintaining adequate reserves, banking facilities, continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

The following table details the Agency's remaining period for contractual maturity of its non—derivative financial assets and liabilities. The table below has been drawn up based on the contractual maturities of the financial assets and liabilities with the exception of statutory obligations.

Road Development Agency
Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

15. Financial instruments- Risk management (*continued*)

Trade payables consist of amounts payable to contractors and retentions.

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

(ii) Exposure to credit risk *(continued)*

Expected credit loss assessment

The Agency uses a general approach to determine the expected credit losses on Government related receivables due to their sovereign nature. This is based on the Probability of Default (PD) and the Loss Given Default (LGD) of Government receivables. Based on Zambia's sovereign rating of B-, the Agency used PD and LGD rates of 11.62% and 34% (2019: 8.2% and 36%) respectively.

The following table provides information about the exposure to credit risk and ECLs for GRZ institutions' trade receivables as at 31 December.

Exposure to credit risk

Expected credit loss assessment

31 December 2020

Probability of default	Loss given default	Life expected loss rates	Gross carrying amount	Impairment loss allowance
11.62%	**34%**	**3.98%**	**21,411,692,970**	**853,796,972**

December 2019

Probability of default	Loss given default	Life expected loss rates	Gross carrying amount	Impairment loss allowance
8.2%	60%	4.92%	12,532,361,790	366,270,006

Road Development Agency

Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

15. Financial instruments- Risk management (*continued*)

Exposure to credit risk (*continued*)

Expected credit loss assessment

The Agency uses a general approach to determine the expected credit losses on Government related receivables due to their sovereign nature. This is based on the Probability of Default (PD) and the Loss Given Default (LGD) of the Government receivables. Based on Zambia`s sovereign rating of B, the Agency used PD and LGD rates of 8.88% and 60% (2019: 7.88% and 60%) respectively.

31 December 2020	Weighted average losses	Gross carrying amounts	Loss allowance	Credit impaired
Current (not past due)	-	4,604,759,394	-	No
1 - 30 days past due	7.7%	1,232,284,064	94,981,000	Yes
31 - 60 days past due	14.8%	256,452,379	37,917,421	Yes
61 - 90 days past due	9.0%	763,745,274	68,695,262	Yes
More than 90 days	4.5%	14,554,451,859	652,203,289	Yes
		21,411,692,970	853,796,972	

31 December 2019	Weighted average losses	Gross carrying amounts	Credit impaired	
Current (not past due)	-	2,089,120,453	-	No
1 - 30 days past due	0.2%	3,784,370,044	6,805,691	Yes
31 - 60 days past due	26.4%	290,422,388	76,761,224	Yes
61 - 90 days past due	26.4%	340,938,923	90,113,195	Yes
More than 90 days	3.2%	6,027,509,982	192,589,896	Yes
		12,532,361,790	366,270,006	

Road Development Agency
Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

15. Financial instruments- Risk management (*continued*)

Exposure to credit risk *(continued)*

Expected credit loss assessment

The following table provides information about the exposure to credit risk and ECLs for trade receivables from individual customers as at 31 December.

31 December 2020	**Weighted average losses**	**Gross carrying amounts**	**Loss Allowance**	**Credit impaired**
Current (not past due)	**-**	**940,693**	**-**	No
1 - 30 days past due	**96.8%**	**10,065,629**	**9,745,084**	Yes
31 - 60 days past due		**538,521**	**-**	Yes
61 - 90 days past due	**86.8%**	**2,681,084**	**2,326,209**	Yes
More than 90 days	**81,3%**	**29,852,955**	**24,260,202**	Yes
		44,078,882	**36,331,495**	

31 December 2019	**Weighted average losses**	**Gross carrying amounts**	**Loss allowance**	**Credit impaired**
Current (not past due)	-	6,744,821	-	No
1 - 30 days past due	100%	1,480,093	1,480,093	Yes
More than 90 days	100%	25,461,098	25,461,098	Yes
		33,686,012	26,941,191	

Road Development Agency
Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

15. Financial instruments- Risk management (*continued*)

Liquidity risk management

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.

	Notes	1 to 3 months	3 months to 1 year	More than 1 year	Total
31 December 2020		K	K	K	K
Liabilities					
Amounts payable to contractors	13	-	13,720,790,246	-	13,720,790,246
Retention payable	13	-	1,597,611,103	-	1,597,611,103
Accruals- interest to contractors	13	-	1,095,061,797	-	1,095,061,797
Provisions-legal	13	-	247,137,957	-	247,137,957
Terminal benefits	13(a)	-	8,943,059	238,715,284	247,658,343
Leave pay	13	-	41,609,115	-	41,609,115
Gratuity	13(b)	-	28,227,454	9,672,772	37,900,226
Other payables	13	-	3,126	-	3,126
NAPSA	13	-	36,355,271	-	36,355,271
PAYE	13	-	36,878,218	-	36,878,218
VAT	13	-	1,932,892	-	1,932,892
Workers compensation	13	-	1,377,532	-	1,377,532
Sundry creditors	13	-	38,783,230	-	38,783,230
		-	16,854,711,000	248,388,056	17,103,099,056

Road Development Agency

Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

15. Financial instruments- Risk management (*continued*)

Liquidity risk management (continued)

31 December 2020	Notes	1 to 3 months	3 months to 1 year	More than 1 year	Total
		K	K	K	K
Assets					
Cash and bank balances	12	-	78,110,091	-	78,110,091
Trade receivables	11	-	21,411,692,970	-	21,411,692,970
Special imprest	11		881,763	-	881,763
Salary advances	11	-	479,901	-	479,901
Staff material loans	11	-	-	4,847,939	4,847,939
Staff receivables-motor vehicle disposals	11	-	-	492,729	492,729
Other debtors	11	-	13,381,608	-	13,381,608
Prepayments	11	-	16,910	-	16,910
National Road Fund Agency (NRFA) other receivables	11	-	23,978,032	-	23,978,032
		-	21,528,541,275	5,340,668	21,533,881,943
Net exposure			4,673,830,276	(243,047,388)	4,430,782,888

Road Development Agency
Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

15. Financial instruments- Risk management (*continued*)

Liquidity risk management (continued)

	Note	1 to 3 months	3 months to 1 year	More than 1 year	Total
31 December 2019		K	K	K	K
Liabilities					
Amounts payable to contractors	13	-	7,391,464,377	-	7,391,464,377
Retention payable	13	-	1,110,955,407	-	1,110,955,407
Accruals- interest to contractors	13	-	936,161,123	-	936,161,123
Provisions-legal	13	-	165,115,911	-	165,115,911
Advance payments	13	-	223,113,587	-	223,113,587
Terminal benefits	13(a)	-	18,648,223	201,680,084	220,328,307
Leave pay	13	-	39,867,916	-	39,867,916
Gratuity	13(b)	-	47,661,202	2,465,290	50,126,492
Other payables	13	-	4,775,205	-	4,775,205
NAPSA	13	-	17,236,187	-	17,236,187
PAYE	13	-	21,751,684	-	21,751,684
VAT	13	-	1,187,385	-	1,187,385
Workers compensation	13	-	1,723,447	-	1,723,447
Sundry creditors	13	-	32,376,483	-	32,376,483
		-	10,012,038,137	204,145,374	10,216,183,511

Road Development Agency
Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

15. Financial instruments- Risk management (*continued*)

Liquidity risk management (continued)

	Note	1 to 3 months	3 months to 1 year	More than 1 year	Total
		K	K	K	K
31 December 2019					
Assets					
Cash and bank balances	12	-	262,985,847	-	262,985,847
Trade receivables	11	-	12,532,361,790	-	12,532,361,790
Special imprest	11	-	832,630	-	832,630
Salary advances	11	-	293,988	-	293,988
Staff material loans	11	-	-	4,670,254	4,670,254
Staff receivables-motor vehicle disposals	11	-	-	207,428	207,428
Other debtors	11	-	13,388,407	-	13,388,407
Prepayments	11	-	1,038,677	-	1,038,677
National Road Fund Agency (NRFA) other receivables	11	-	13,254,718	-	13,254,718
		-	12,824,156,057	4,877,682	12,829,033,739
Net exposure		-	2,812,117,920	(199,267,692)	2,612,850,228

Fair value measurements

The information set out below provides information about how the Agency determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, Lusaka Stock Exchange).
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 — Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Agency considers relevant and observable market prices in its valuations where possible.

Road Development Agency

Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

15. Financial instruments- Risk management (*continued*)

Fair value measurements (continued)

There were no financial assets and liabilities that are measured at fair value on a recurring basis during the period. The Members consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

	Note	2020		2019	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets		K	K	K	K
Cash and bank balances	12	**78,110,091**	**78,110,091**	262,985,847	262,985,847
Trade receivables	11	**21,411,692,970**	**21,411,692,970**	12,532,361,790	12,532,361,790
Special imprest	11	**881,763**	**881,763**	832,630	832,630
Salary advances	11	**479,901**	**479,901**	293,898	293,898
Staff material loans	11	**4,847,939**	**4,847,939**	4,670,254	4,670,254
Staff receivables-motor vehicle disposals	11	**492,729**	**492,729**	207,428	207,428
Other debtors	11	**13,381,608**	**13,381,608**	13,388,407	13,388,407
Prepayments	11	**16,910**	**16,910**	1,038,677	1,038,677
National Road Fund Agency (NRFA) other receivables	11	**23,978,032**	**23,978,032**	13,254,718	13,254,718

Road Development Agency
Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

15. Financial instruments- Risk management (*continued*)

Fair value measurements (continued)

	Note	2020 Carrying amount	2020 Fair value	2019 Carrying amount	2019 Fair value
Financial liabilities					
Amounts payable to contractors	13	**13,720,790,246**	**13,720,790,246**	7,391,464,377	7,391,464,377
Retention payable	13	**1,597,611,103**	**1,597,611,103**	1,110,955,407	1,110,955,407
Accruals- interest to contractors	13	**1,095,061,797**	**1,095,061,797**	936,161,123	936,161,123
Provisions-legal	13	**247,137,957**	**247,137,957**	165,115,911	165,115,911
Advance payment	13	**-**	**-**	223,113,587	223,113,587
Terminal benefits	13(a)	**247,658,343**	**247,658,343**	220,328,307	220,328,307
Leave pay	13	**41,609,115**	**41,609,115**	39,867,916	39,867,916
Gratuity	13(b)	**37,900,225**	**37,900,225**	50,126,492	50,126,492
Other payables	13	**3,126**	**3,126**	4,775,205	4,775,205
NAPSA	13	**36,355,271**	**36,355,271**	17,236,187	17,236,187
PAYE	13	**36,878,218**	**36,878,218**	21,751,684	21,751,684
VAT	13	**1,932,892**	**1,932,892**	1,187,385	1,187,385
Workers compensation	13	**1,377,532**	**1,377,532**	1,723,447	1,723,447
Sundry creditors	13	**38,783,230**	**38,783,230**	32,376,483	32,376,483

Road Development Agency

Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

	2020	2019
	K	K

16. Related party transactions

The Agency undertakes to disclose the nature of related party relationships, and types of transactions necessary for the understanding of the annual financial statements.

In the context of the Agency, related party transactions include any transactions carried out with any of the following:

- Government ministries and parastatals;
- Board members; and
- Key management personnel.

The transactions to be reported are those that affect the Agency in making financial and operating decisions.

i) Transactions during the year

(a) Revenue Grants received from related parties

	2020	2019
National Road Fund Agency	**895,514,176**	676,619,392
Ministry of Housing and Infrastructure Development	**117,994,435**	117,934,997
	1,013,508,611	794,554,389

Government grant represents funds receivable from Government in respect of grant income allocation for the year.

(b) Compensation of Directors and key Management personnel

The remuneration of Directors and members of key Management is determined by the Board having regard to funding and market trends.

The remuneration of the Board and key members of Management during the year was as follow:

	2020	2019
Salaries and other short term benefits to management	**10,548,475**	9,607,649
Directors' remuneration	**1,664,790**	1,715,308

Road Development Agency

Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements *(continued)*

	2020 K	2019 K
16. Related party transactions (*continued*)		
(ii) Balances due to/from related parties		
(a) Balances due from the National Road Fund Agency (NFRA)	**15,299,263,812**	8,501,911,263
(b) Balances due (to)/from key members of Management:		
• Loans due from key Management personnel	**409,390**	878,390
• Gratuity and leave due to key Management personnel	**4,154,044**	5,632,308

17. Contingent liabilities

As at 31 December 2020, there were contingent liabilities in respect of various legal claims made against the Agency amounting to K679 million (2019: K67.3 million). These amounts are not recognised in the financial statements as Management has assessed that there is a low risk of the matters being decided against the Agency.

18. Capital commitments

As at 31 December, 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:

	2020 K	2019 K
Roads and bridges	**6,173,117,798**	48,571,962,781

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.

19. Events after the reporting date

As at the date of signature of these financial statements, there were no material facts or circumstances that have occurred between the accounting date and the date of approval of the financial statements which may require adjustment to or disclosure in these financial statements.

Road Development Agency

Financial Statements for the year ended 31 December 2020

Appendix 1: Detailed Statement of Comprehensive income

	2020 K	2019 K
Income		
Amortisation of capital grants	**1,435,829,259**	1,402,312,714
Project grant from National Roads Fund Agency (NRFA)	**895,514,176**	676,619,392
Revenue grants from GRZ	**117,994,435**	117,934,997
	2,449,337,870	2,196,867,103
Other income		
Abnormal load fees	**5,907,967**	4,915,584
Bill boards	**2,066,880**	2,210,392
Equipment hire	**37,250**	20,280
Exchange gains	**-**	1,530,470
Profit on disposal of property plant and equipment	**5,208,143**	257,069
Liquidated damages	**1,023,260**	1,222,645
Private Public Partnership	**40,517**	249,144
Rental income	**209,260**	243,380
Road infringement charges	**1,933,610**	1,179,250
Quarry royalties	**2,665,368**	3,711,349
Soil testing analysis fees	**323,250**	414,120
Routeway inspection fees	**901,456**	1,715,580
Tender document sales	**2,707,830**	1,718,743
Other	**1,828,434**	718,748
Total other income	**24,853,225**	20,106,754
Total income	**2,474,191,095**	2,216,973,857

Road Development Agency

Financial Statements for the year ended 31 December 2020

Appendix 1: Detailed Statement of Comprehensive income *(continued)*

	2020 K	2019 K
Expenditure		
Accommodation and meals	**2,296,550**	2,667,016
Audit fees	**528,708**	883,834
Bank charges	**193,138**	143,555
Board expenses	**5,569,855**	2,472,736
Civil maintenance	**360,191**	289,239
Cleaning materials and toiletries and sanitary services	**582,402**	299,783
Computer expenses	**80,688**	45,372
Amortisation of intangible assets	**154,140**	755,242
Depreciation	**1,435,675,119**	1,401,557,472
Electricity, water and sewerage	**907,501**	654,345
Equipment service and repair	**499,638**	505,199
Insurance	**1,499,680**	1,861,268
Internet services	**565,601**	841,659
Labour day celebrations	**-**	138,225
Legal fees	**133,750**	250,236
Motor vehicle expenses	**8,050,871**	7,396,472
Newspapers	**50,034**	36,972
Office beverages and refreshments	**323,314**	313,560
Other costs	**142,827**	135,102
Printing and stationery	**1,326,333**	2,250,416
Bad debt charge	**496,917,269**	215,342,471
Public relations and advertising	**1,478,283**	2,420,695
Recruitment costs	**136,905**	-
Rent collection costs	**37,732**	9,899
Routeway inspection costs	**232,581**	338,686
Security services	**2,717,176**	2,441,102
Staff costs	**212,143,404**	192,712,880
Staff training	**454,719**	5,206,256
Staff welfare	**678,773**	769,355
Subscriptions	**463,058**	360,560
Office rentals	**57,900**	94,916
Telephone and postage	**358,829**	387,662
Travelling expenses	**26,107**	146,505
Miscellaneous expenses	**41,744**	9,001
Workshops and seminars	**544,432**	354,904
Balance carried forward	**2,175,229,252**	1,844,092,595

Road Development Agency

Financial Statements for the year ended 31 December 2020

Appendix 1: Detailed Statement of Comprehensive income (continued)

	2020 K	2019 K
Detailed analysis of routine repairs, maintenance works and project related costs		
Environmental costs	**4,751,763**	6,647,020
Interest on long outstanding contractor debts	**348,923,360**	733,304,122
Project procurement costs	**4,053,731**	3,635,079
Routine maintenance - roads	**404,915,408**	256,609,121
Routine maintenance - bridges	**491,840**	-
Routine maintenance - force accounts	**73,397,545**	37,119,369
Supervision expenses - roads and bridges	**7,239,114**	8,919,776
Supervision expenses - routine maintenance	**1,141,533**	902,657
Suspension, Idle time & Demobilisation	**25,247,475**	36,381,773
Technical assistance and other consultancy costs	**73,023,912**	39,928,273
Pave Zambia 2000 costs	**3,500**	47,524
Road tolling costs	**-**	300,433
Information and communication technology costs	**1,937,948**	3,161,473
Legal costs and arbitration awards	**89,117,753**	108,579,101
	1,034,244,882	1,235,535,720

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The Regional Manager RDA - Central Region Plot 486, Buntungwa Road P.O Box 80180 KABWE Tel: 215 222263/224662	The Regional Manager RDA – North Western Region Former Roads Department next to ESCO, Independence Road P.O Box 110094 SOLWEZI Tel: 218 821196	The Regional Manager RDA – Luapula Region PACU Building, Mansa – Kawambwa Road P.O Box 710007 MANSA Tel: 212 821702/821973	The Regional Manager RDA – Northern Region Plot 2847, Mukulumpe Road, Central Town P.O Box 410720 KASAMA Tel. 214 221290/230046
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