



# **NATIONAL ROAD FUND AGENCY**

## **Annual Report 2006**

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## COVER PICTURE: FLOATING PONTON

### Accessibility improvement in rural areas:

During the year under  
review a floating  
pontoon was  
installed under the





## VISION

*To be a world model in the mobilisation and management of road sector finances.*

## MISSION

*Will mobilise and ensure adequate, sustainable and efficient allocation of financial resources in the road infrastructure and road transport services in Zambia.*

## GOAL

*The NRFA will ensure timely provision of adequate financing resources for developing and maintaining quality road infrastructure and road transport services in Zambia.*

## VALUES

- *Transparency*

## CHAIRMAN'S STATEMENT



### INTRODUCTION

On behalf of the Board of Directors, Management and Staff of the National Road Fund Agency (NRFA) and, indeed, on my own behalf, I wish to take this opportunity to acknowledge the unflinching support given to the Agency by various key stakeholders such as Government, Cooperating Partners, our sister road agencies namely the Road Development Agency and the Road Transport and Safety Agency etc, to name some but a few.

Although the Agency could not achieve its set target of bringing on stream other road user charges for the road fund, however, 2006 was an even more successful year with regard to releases of the fuel levy. About K23bn over and above the budgeted fuel levy amount of K175bn was released to the Road Fund by Government. This indeed deserves great commendation on the part of government.

strides in trying to improve the road network in the country. We have no doubt that, if this momentum is sustained, the country will be driven to even greater heights economically.

### CORPORATE GOVERNANCE

The Board of NRFA has strived to found the Agency based on sound (good) Corporate Governance principles.

These include:

- Corporate Discipline by management in the running of the affairs of the Agency;
- Transparency in releasing of information to stake-holders on activities of the Agency;
- Accountability by management to stakeholders for various decisions made in the Agency;
- Independence of the Agency Management to make decisions without undue Board interference .



## CHAIRMAN'S STATEMENT

resources put to good use and not mismanaged.

Further, good Corporate Governance practices will qualify the Agency to compete favourably with similar institutions or agencies at international level as envisaged in the VISION of the Agency.

### COMMITTEE OF MINISTERS

The Committee of Ministers on RMI, which is the highest policy making body of the Road Sector, provided invaluable advice on the Agency establishment and consolidation of its objectives during the period under review. The Board of Directors, Management and Staff of the Agency are indeed very grateful to the Committee for its invaluable support and policy guidance.

### ROAD MAINTENANCE

During the year, there were 88 road maintenance projects that were on-going and 280 new ones were commissioned. The total value of the works was K607.5 billion and about 16,910 Km of the road network was under maintenance (routine, emergency and periodic). This was besides the rehabilitation works on all classes of roads country-wide. The paved road network condition improved from 60% Good, 19% Fair and 21% Poor at the beginning of the year to 65% Good, 15% Fair and 20% Poor at the end of the year under review. Details of incomes, expenditure and list of road projects are articulated in the report.

### COOPERATING PARTNERS

As a Board, we wish to take full cognisance and sincerely thank our Cooperating Partners for their unflinching support and contribution towards the provision of the much needed financial resources to implement the 10-year

it imperative to keep all stakeholders informed as promptly and accurately as possible on the performance of the National Road Fund Agency. We will continue to do this in the ensuing year much more frequently and regularly through appropriate media channels.

### OUTLOOK FOR 2007:

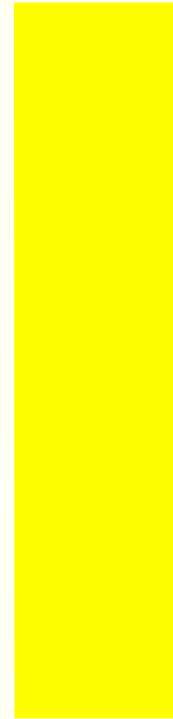
#### COMMON BASKET FUNDING

It is hoped that other Road User Charges will be directed into the Road Fund in 2007. Similarly, it is envisaged that other Cooperating Partners will direct their support (at least portions of it) into the common basket in 2007.

This will entail that the common basket funding is implemented in full and that there is a continued transparent and effective system put in place for collection, receipting, banking and monitoring of other road user charges. Transparency, accountability and quality delivery of goods and services will be further enhanced at every opportunity.

### CONCLUSION

It is my sincere hope and belief that the Agency's performance for the year 2007 will even be better than that of 2006. All we need is to remain focused on the overall assignment given to us as a Board and Management. This is to contribute effectively towards improved Road Infrastructure in Zambia in partnership with our sister Road Agencies, the Road Development Agency, the Road Transport and Safety Agency



## DIRECTOR'S REPORT



### INTRODUCTION

Firstly, I would like to thank the Board of Directors for their policy guidance during the period under review. I would also like to thank all members of staff for their hard work and invaluable contributions to the implementation of the Road Sector Investment Programme. The Agency is proud to have excellent Vision, Mission Statement, Goals and Values. These are our guiding principles in our long journey of providing a good network countrywide through sustainable financing. We plan to have the core road network of 40,113 Km rehabilitated by 2013. Thereafter, we shall concentrate on maintenance to preserve the road asset. Sustainable measures are being worked out to mobilize enough resources to ensure that there will be no financing gap if our good cooperating partners decide to scale down their support to the Road Sector.

National Road Fund Agency (NRFA) was established in 2002 by Act of Parliament. The Act came into force on 23 December 2004.

Our Annual Report looks at various activities that

User Charges were made and recommendations from a study were being implemented. The income and expenditure during the period under review are as summaries below:

Funding source	Approved Annual Work Plan ZMK billion	Receipts ZMK billion	Disbursements ZMK billion
Fuel levy	355	201	102
EU	359	221	139
Danida	24	12	13
World Bank/NDF	166	57	55
OPEC	26	17	17
GRZ	107	71	66
<b>Total</b>	<b>1,037</b>	<b>579</b>	<b>392</b>

Disbursement of fuel levy was low due to late procurement of projects as most of them were commissioned in the third quarter of the year. In the case of the EU, the disbursement was low because we got the grant of K100 billion towards the end of the fourth quarter. The approved annual plan under the Road Fund took into account carryover funds from 2005 for projects that continued

## DIRECTOR'S REPORT

charges were made to Government but funds could not be transferred as Statutory Instruments were required. The Government was requested to issue the Statutory Instruments, which is expected to be issued in 2007. A study was commissioned that made various recommendations on systems to put in place to ensure that Other Road User Charges are collected in full, receipted correctly, banked and monitor usage of funds.

d) Make recommendations to the Government for projects that need funding;

The recommendation made was that we should concentrate on few major roads which have an impact on the economy as opposed to spreading resources thinly on the ground. The other recommendation was that we should not commission new projects but spend funds on on-going projects.

e) Allocate resources;

- for the construction, maintenance and rehabilitation of roads based on a percentage of the annual work programme of the Road Development Agency and

- for road transport, traffic and safety management based on a percentage of the annual work programme of the Road Transport and Safety Agency;

Based on budget ceiling that was received from the Ministry of Finance and National Planning, projects for funding were received from the Road Development Agency and Road Transport and Safety Agency for the 2006 Annual Work Plan (AWP).

f) In conjunction with the Road Development Agency, recommend funding for development of new roads;

g) Undertake such other activities as are conducive or incidental to its functions under the Act

In order to achieve the above functions, the Directors of the Road Development Agency and Road Transport and

carried where needs arose.

c) The Fuel Levy was released in full during the year under review. The Ministry of Finance and National Planning must be congratulated for this achievement.

d) Information dissemination was done through print media to inform Road Users on how funds were disbursed.

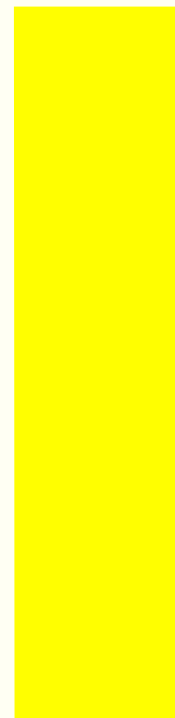
e) Funds were spent on works done, certified by consultants and client. Payments were made promptly except where there were queries or insufficient information.

f) Due to good reforms that have been publicized we received visitors from Malawi, who came to learn how Zambia excelled in the road reforms. Various papers were presented at various fora e.g. Senior Executive Programme at the University of Birmingham, University of Kenya, Engineering Institution of Zambia, Chartered Institute of Transport and logistics, etc.

g) There was transparency and accountability in the management of the scarce resources and this was confirmed by our unqualified audited statements for all sources of funds.

h) Coordination of the Road Sector Investment Programme was enhanced and other donors, like Japan, joined the donor forum (European Commission – Chair, DANIDA, NORAD, World Bank, Nordic Development Fund, Japan, etc). This is a forum where Cooperating Partners and Inter-Ministerial team met to review progress of ROADSIP II.

i) Other Road User Charges – In order to understand on how Other Road User Charges could be channeled to the Road Fund, two study tours were organized. The first one was a trip to Namibia which was organized by the Ministry of Finance and National Planning to learn how the fuel levy is channeled directly



## DIRECTOR'S REPORT

programme has created about 22, 000 jobs and small scale contractors are guaranteed work through routine maintenance. The first priority on Fuel Levy is routine maintenance so that we can preserve the road assets. Other project objectives and progress and achievements are outlined in the main report.

### STAFF

The Agency has its full complement of Staff. Each Department was operational and systems put in place. Management and staff meetings are held regularly. The Staff has performed well during 2006. They are encouraged to work even harder in 2007.

### ROADSIP II COORDINATION

The Agency continued with its function of coordinating ROADSIP II activities. The Agency chairs the inter-ministerial ROADSIP Steering Committee that links co-operating partners and Government. ROADSIP II is a programme that runs from 2004 – 2013 at a cost of US\$1.60 billion. This means that expenditure per annum is about US\$160 million. Since the road network is critical to all other sectors, the overall funding in 2006 was about US \$150 million. This is below the target of US\$160 million.

### OUTLOOKIN 2007

The following are to be undertaken in 2007:

a) Strategic Plan –

A 3 year Strategic Plan is expected to be completed in the first quarter of 2007. It will set out a foundation on future operationalisation guidelines of the Agency.

b) Resources Mobilisation –

A stakeholders Workshop is planned for the second

roads.

e) Common Basket Funding –

There should be only one expenditure item line in the GRZ Yellow Budget Book so that there is flexibility in the usage of resources. AWP 2007 to be an annex to the GRZ Yellow Budget Book.

f) Capacity Building and Training Needs –

Based on the outcome of the assessment, appropriate training plan for staff will be prepared and implemented.

g) Cooperating Partners –

We look forward to a continued good working relationship with all our cooperating partners in the road sector.

h) Procurement Procedures –

There is a need to streamline (decentralize) the procedures so that the Road Agencies should be able to initiate road projects within their jurisdictions on time. Thresholds for Road Works Tenders should also be increased.

i) Remedy for shoddy works

“Shoddy” works starts from design (intervention), then procurement process and finally short cuts on site. The Monitoring and Evaluation Department will go flat out to monitor most of the projects and no payment will be made for work that does not comply with specifications. Contractors/ consultants who do inferior work that is outside the specification should be ordered to re-do the work properly before they are finally paid.

There is also a need for contractors to guarantee their work so that the public can have confidence in them.

## 8. CONCLUSION

The year under review was a very busy one as recruitment of staff had to be undertaken, and operational systems put in place. We operated within the National Road Fund Act. New Vision, Mission Statement, Goal and Values were developed during the year. These were the core

## CORPORATE GOVERNANCE STATEMENT

National Road Fund Agency (“NRFA “or “the Agency”) is committed to the principles of openness, integrity and accountability. The Directors and employees of NRFA strive to ensure that the Agency is managed in an efficient, accountable, responsible and moral manner.

### BOARD OF DIRECTORS

The Board currently comprises thirteen (12) Directors, and the composition is balanced so that no one individual or small group can dominate decision making. The depth of experience and diversity of the Board ensures that robust and forthright debate on all issues of material importance to the Agency occurs.

The roles of Chairperson and Director are separate and no individual has unfettered control over decision making.

The Board is responsible to the Ministry of Finance and National Planning for setting of strategy direction, monitoring of operational performance and management processes and policies, compliance and setting of authority levels. The Board is also responsible for the integrity and quality of communication with all Stakeholders, including employees and regulators.

### BOARD COMMITTEES

The Board is assisted in the discharge of its responsibilities by three sub-committees, namely the

the Board in the discharge of its duties relating to financial reporting to all stakeholders, compliance, risk management and the effectiveness of accounting and management information systems. The Committee met twice during 2006.

In the opinion of the Board, the NRFA has complied in all respects with the Road Fund Act No. 13 of 2002.

### ORGANISATIONAL ETHICS, BUSINESS INTEGRITY AND CONFIDENTIALITY

NRFA recognizes the fact that good governance and ethical conduct is critical to stakeholder perception of an institution managing public funds. Therefore the Agency strives to ensure that integrity and professional conduct are beyond reproach at all times. The Agency has a firm approach in dealing with any inappropriate or fraudulent behaviour of management or other staff at any level.

### MANAGEMENT REPORTING

The Agency has established management reporting procedures. Actual results are reported monthly against approved budgets and compared to prior year. Management Reports are presented to the Board through the respective sub-committees.

### INTERNAL CONTROL

The systems of internal control are designed to safeguard the Agency’s assets, maintain proper accounting records and ensure the reliability of



## INSTITUTIONAL STRENGTHENING AND CAPACITY BUILDING

### INSTITUTIONAL STRENGTHENING AND CAPACITY BUILDING

The National Road Fund Agency attaches great importance to specialised training for staff, Board and Committee Members. This is to deliver quality works matching with the expectations of the Stakeholders.

The financial year under review was a year of recruitment and setting up of the Institution. As such, the activities undertaken, though on course, were minimal. These included study tours, workshops, seminars and conferences on various topics. Nine activities were undertaken. The table below outlines the activities in 2006:

### STAFFING LEVELS

At the end of the financial year under review NRFA had a total of 16 members of staff out of a total establishment of 18.

NRFA has a highly qualified human capital operating under four departments namely:

1. Fund Management
2. Monitoring and Evaluation
3. Internal Audit
4. Administration

	Activity	Attended by
1.	Senior Road Executive Programme	Board member
2.	IRF/ SARF Regional Conference	Manager – Monitoring & Evaluation
3.	ARMFA	Board member
4.	SSATP Workshop	Board member
5.	Study Tour to New Zealand	Board Chairman, Director and Fund Manager
6.	Study Tour to Namibia	Board member, Director and Accountant – Road Fund
7.	Seminar on Corporate Governance	Board Chairman, Manager – Monitoring & Evaluation and Corporate Services Officer
8.	CPD Workshop	Internal Auditor
9.	Seminar on Director's Duties	Board Chairman, Director and Corporate Services Officer

COMMITTEE OF MINISTERS ON ROAD MANAGEMENT INITIATIVE



Hon. Peter Daka  
Minister of  
Communications &  
Transport - Chairman



Hon. Kapembwa Simbao  
Minister of  
Works &  
Supply – Vice  
Chairman



Hon. Kabinga J. Pande  
Minister of  
Tourism,  
Env. &  
Natural Res.  
- Member



Hon. Felix Mutati,  
Minister of  
Energy &  
Water  
Development  
- Member



Hon. Ngandu Magande  
Minister of  
Finance  
& National  
Planning-  
Member



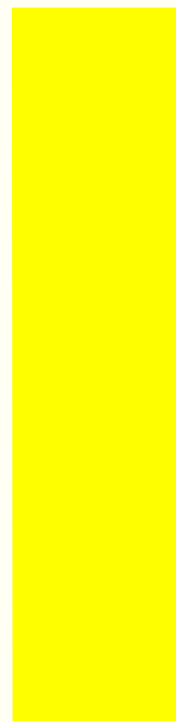
Hon. Sylvia Masebo  
Minister of  
Local  
Government  
& Housing  
- Member



Hon. Ben Kapita  
Minister of  
Agriculture  
& Cooperatives  
- Member



Hon. George Kunda,  
Minister  
of Justice  
- Member



The NRFA Board reports to the Committee of Ministers (above) on matters relating to policy. During the period under review there were some changes in the composition of the Committee of Ministers on Road management Initiative (RMI), following Zambia’s tripartite elections on September 28th 2006. Hon. Abel Chambeshi was replaced by Hon. Peter Daka, Hon. Andrew Mulenga was replaced by Hon. Sylvia Masebo and Hon. Kapembwa Simbao took over from Hon. Marina Nsingo, and Hon. Mundia Sikatana was replaced by Hon. Ben Kapita.

COMMITTEE OF PERMANENT SECRETARIES



Brigadier General  
Peter Tembo PS -



## BOARD OF DIRECTORS OF THE NRFA



*Mr. Julu G  
Simuule  
Board  
Chairman*



*Mr. Allington N  
Bota Board Vice  
Chairperson and  
Chairman –  
Finance and  
Technical  
Committee*



*Mr. Elijah  
Banda -  
Member*



*Ms. Georgina  
N Zulu  
Member &  
Chairperson –  
Administration  
committee*



*Mr. Joel M  
Ukwimi Member  
& Chairman –  
Audit and Risk  
Mgt Committee*



*Ms. Margaret L  
Lungu Member*



*Mrs. Judith  
Mulongoti  
Member*



*Late Mr. Lazarous  
Mwiinga Member  
Till August 2006*



*Mrs. Petronella  
Mwangala  
Member till  
September, 2006*



*Mr. Henry M  
Chipewo Member*



*Mr. Winston  
Mwandila  
Ex-officio till  
May 2006*



*Mr. Watson  
Ngámbi  
Ex-officio*



*Mr. Raphael  
Mabenga  
Secretary*

The NRFA Board currently comprises twelve (12) Directors. During the year under review, Mrs. Petronella Mwangala was replaced by Mr. Emmanuel Ngulube, Mr. Winston S.C Mwandila was replaced by Mrs. Mazabaza who was also replaced by Mr. Frederick Mwalusaka, and Mr. Lazarous Mwiinga passed away(MHSRIP) and was replaced by Mr. Samuel Sandi.

**NRFA MANAGEMENT**



## 2006 FINANCIAL HIGHLIGHTS

### 1.0 ROAD FUND

#### 1.1 OBJECTIVE

The objective of the Road Fund is to ensure that funding for routine maintenance of the road net work is available at all times on a continuous and sustainable basis.

#### 1.2 ROAD FUND RECEIPTS

The receipts from Fuel Levy, GRZ direct funding and the EU budget support recorded a growth of more than 268 % from K139 billion in 2005 to K493 billion in 2006. The main reasons for this growth in funding is due to

K221 billion received from the EU budget support K100 billion of which was received in the fourth quarter, K71 billion received by the Agency from GRZ for direct funding of projects by the government and an increase in the fuel levy remittances from K134 billion in 2005 to K201 billion in 2006. The EU budget support is part of the Euro 70million grant from the European Union Development Fund(EDF) and during the year the first two tranches of the funding was received. In addition, K14.6 billion interest was earned from investments.



### Road Fund Receipts & Disbursements



## 2006 FINANCIAL HIGHLIGHTS

Summary of 2006 & 2005									
	2006 Road Fund Account	World Bank	2006 Donor Funds	OPPC Fund	Danida 3	2006 GIZ Funds 1	2006 NREA Secretariat	TOTAL 2006	2005 Road Fund Account
NGOVI									
Net Income, Revenue	K 14,518	K 16					K 93	K 14,631	K 5,291
Net Income, Revenue								K 12,360	
Net Income, Revenue								K 221,309	
Net Income, Revenue	K 200,530							K 200,530	K 134,027
Net Income, Revenue	K (800)							K 5,500	K (3,120)
Net Income, Revenue								K 71,223	
Net Income, Revenue	K 142	K 56,066					K 56	K 56,066	K 237
Net Income, Revenue								K 381	
Net Income, Revenue								K 1,273	
Net Income, Revenue								K 16,908	
Net Income, Revenue								K 506	
Net Income, Revenue	K 214,390	K 57,354	K 221,309	K 16,908	K 13,142	K 71,223	K 6,571	K 600,898	K 136,419
Net Income, Revenue								K 1,614	
Net Income, Revenue	K 4,644							K 1,195	K 1,345
Net Income, Revenue	K 4,195							K 138,243	K 3,895
Net Income, Revenue	K 4,778	K 45,272		K 16,908				K 15,503	K 1,401
Net Income, Revenue		K 8,052						K 596	
Net Income, Revenue		K 1,002						K 1,002	K 427
Net Income, Revenue	K 32,019							K 3,019	K 46,136
Net Income, Revenue								K 195,563	K 49,073
Net Income, Revenue	K 56,749	K 288	K 138,815					K 288	
Net Income, Revenue								K 392,054	K 102,320
Net Income, Revenue	K 102,385	K 54,737	K 138,815	K 16,908	K 12,739	K 66,472		K 601	K 24
Net Income, Revenue	K 176	K 39					K 378	K 154	
Net Income, Revenue								K 713	
Net Income, Revenue	K 390	K 323						K 223	
Net Income, Revenue		K 22						K 308	
Net Income, Revenue		K 308						K 1,506	K 78
Net Income, Revenue		K 38					K 893	K 1,184	K 127
Net Income, Revenue	K 493	K 1,184					K 2,816	K 7,304	
Net Income, Revenue	K 1,060	K 1,914					K 4240	K 337	
Net Income, Revenue	K 110,945	K 706	K 81,494				K 2,331	K 201,540	K 33,192
Net Income, Revenue								K 8,4086	K 44,423
Net Income, Revenue	K 78,075	K (540)					K (44)	K (540)	K 7
Net Income, Revenue								K 3,000	
Net Income, Revenue	K 110,945	K 206	K 81,494				K 2,331	K 201,540	K 33,192
Net Income, Revenue	K 188,960	K 6,246	K 81,494				K 5,287	K 288,086	K 78,075
Net Income, Revenue								K 286,984	K 77,125
Net Income, Revenue	K 188,960	K 6,246	K 81,494				K 4,185	K 1,102	K 390
Net Income, Revenue								K 348	
Net Income, Revenue	K 188,960	K 6,246	K 81,494				K 5,287	K 288,086	K 78,075
Net Income, Revenue								K 348	
Net Income, Revenue	K 188,960	K 6,246	K 81,494				K 5,287	K 288,086	K 78,075

## 2006 FINANCIAL HIGHLIGHTS

### 1.4 CHANGE OF FUEL PRICES DURING THE YEAR

The Fuel Levy was still being calculated at 15% of the wholesale price for diesel and petrol. During the year the

unit price varied on a monthly basis as contained in Table 1 below.

2006		Diesel			Petrol		
Month	Exch Rate ZMK/US\$	Levy Cents/Ltr	Levy ZMK/Ltr	Wholesale ZMK/Ltr	Levy Cents/Ltr	Levy ZMK/Ltr	Wholesale ZMK/Ltr
Jan	3,270	10.06	328.95	2,193	8.91	291.45	1,943
Feb	3,290	10.36	340.65	2,271	8.86	291.45	1,943
Mar	3,290	9.38	308.70	2,058	8.86	291.45	1,943
Apr	3,200	10.26	328.20	2,188	9.74	311.55	2,077
May	3,360	9.77	328.20	2,188	9.27	311.55	2,077
Jun	3,530	10.22	360.90	2,406	10.36	365.70	2,438
Jul	3,700	10.02	370.65	2,471	10.15	375.45	2,503
Aug	3,860	9.60	370.65	2,471	9.73	375.45	2,503
Sep	4,060	10.14	411.60	2,744	10.90	442.50	2,950
Oct	3,810	11.17	425.70	2,838	11.61	442.50	2,950
Nov	3,980	10.35	411.90	2,746	9.48	377.25	2,515
Dec	4,380	8.69	380.70	2,538	7.72	337.95	2,253
Ave	3,640	10.00	363.90		9.63	351.19	

Table 1: Fuel Levy for 2006

2005		Diesel			Petrol		
Month	Exch Rate ZMK/US\$	Levy Cents/Ltr	Levy ZMK/Ltr	Wholesale ZMK/Ltr	Levy Cents/Ltr	Levy ZMK/Ltr	Wholesale ZMK/Ltr
Jan	4,830	6.21	299.85	1,999	6.60	270.30	1,802
Feb	4,880	6.38	311.40	2,076	5.99	292.50	1,950
Mar	4,700	6.84	321.30	2,142	7.04	330.75	2,205
Apr	4,630	7.92	366.75	2,445	7.55	349.35	2,329
May	4,680	7.84	366.75	2,445	7.46	349.35	2,329
Jun	4,600	7.58	348.75	2,325	7.05	324.30	2,162



## 2006 FINANCIAL HIGHLIGHTS

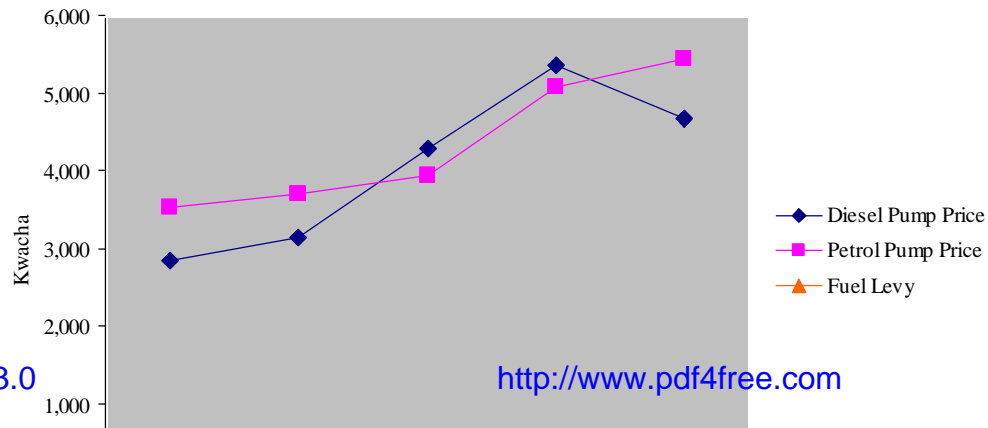
Fluctuation of Fuel Levy pump price over the last five years is shown in Table 3 below:

Year	Diesel (Averages)				Petrol (Averages)			
	Pump Price per Ltr		Fuel Levy Per Ltr		Pump Price per Ltr		Fuel Levy Per Ltr	
	ZMK	US \$	ZMK	US Cents	ZMK	US \$	ZMK	US Cents
2006	4,673	1.28	364	10.00	5,434	1.49	351	9.63
2005	5,352	1.19	370	8.29	5,066	1.05	341	7.73
2004	4,281	0.89	276	5.74	3,937	0.88	272	5.66
2003	3,140	0.65	220	5.04	3,696	0.79	223	4.70
2002	2,842	0.59	212	4.33	3,530	0.73	220	4.49

Table 3: Fuel Levy - Petrol and Diesel

The Fuel Levy component in the pricing structure has remained fairly low compared to the fluctuation in the total pump price over the last five years.

Average Pump Price and Fuel Levy per Litre



## 2006 FINANCIAL HIGHLIGHTS

### 1.5 FUEL LEVY REMITTANCES

During the year under review, the Road Fund was funded through Fuel Levy remittances from the MOFNP. The amount remitted in the year under review was K198 billion while the figure for 2005 was K173 billion. It is pleasing to note that there was an increase of 16% in the remittances compared to the previous year.

### 1.6 FUEL LEVY PERFORMANCE

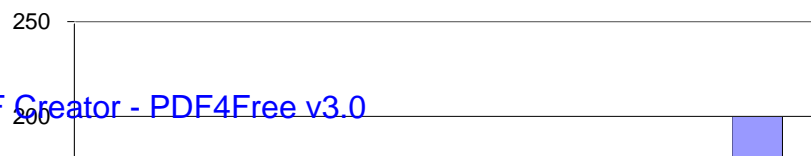
Overall, Fuel Levy remittances for the year exceeded the amount budgeted in the Yellow of K175 billion by K25 billion due to the remittance of part of the K39 billion arrears from 2005. MOFNP showed a very high level of commitment in remitting the budgeted amounts and payment of part of the arrears from 2005. Table 4 shows the monthly collections and the respective remittances to the Road Fund.

Fuel Levy			
Month	Collections ZMK'	Remittances ZMK	Yellow Book ZMK
January	9,976,240,854	29,373,167,025	14,610,000
February	10,798,189,136	11,556,519,894	14,610,000
March	15,199,546,961	20,600,000,000	14,610,000
April	12,326,349,089	15,400,000,000	14,610,000
May	13,319,326,838	—	14,610,000
June	12,661,080,707	25,400,000,000	14,610,000
July	11,637,801,464	—	14,610,000
August	19,466,893,533	—	14,610,000
September	17,510,515,020	—	14,610,000
October	21,490,697,347	53,000,000,000	14,610,000
November	13,522,171,048	12,000,000,000	14,610,000
December	17,733,137,052	31,200,000,000	14,610,000
Totals:	175,641,949,049	198,529,686,919	175,320,000

Table 4: Fuel Levy – Monthly Collections and Remittances for the year



### FUEL LEVY REMITTANCES



## 2006 FINANCIAL HIGHLIGHTS

### 1.7 EUBUDGET SUPPORT

#### 1.7.1 PROJECTS & PLAN

The European Community through the European Development Fund signed an agreement in which the community would contribute to the periodic maintenance of Trunk, Main and District roads through budget support. The project is estimated to cost €70 million. The first tranche of €25.4 million (equivalent to K121 billion) was released through the MOFNP during the latter part of 2005 but received by the NRFA in January 2006. In addition K100billion was received in November 2006 bringing the total budget support to K221billion as at the end of 2006.

### 1.7.2 EXPENDITURES DURING 2006

Most of the contracts for civil works on the Trunk, Main and District roads were signed during the year and the disbursements commenced during the first half to the year.

EU projects are Performance based maintenance contracts throughout the country.

### 1.7.3 OUTLOOK FOR YEAR 2007

Further funding to be given will depend on the progress achieved in the Road Sector in relation to the performance indicators as agreed, as shown in the following table.

Objective	Performance Indicators	2004	2005	2006	2007
1. Institutional reforms	RTSA, RDA and NRFA established	All Boards and Directors appointed	50% of agencies posts filled, offices occupied	80% of agencies posts filled	100% of agencies posts filled
	TA contracted	TA contract ongoing	TA contract ongoing	TA contract ongoing	TA contract ongoing
2. Increase Road Sector financing	Fuel Levy	US\$21.25m	US\$21.675m	US\$22.11m	US\$22.55m
3. To bring core road network into maintainable condition	Paved and unpaved roads	19,439	22,024	24,609	27,192
4. Financial control	Audits	Feb 2005	Feb 2006	Feb 2007	Feb 2008

Table 6 : EU funding to the Road Sector – Objectives & Performance Indicators



## 2006 FINANCIAL HIGHLIGHTS



*Lusaka-Chirundu road (escarpment section) construction works funded by the World Bank*

### 3.0 DANIDA

#### 3.1 PROJECTS & PLAN

The Danish Embassy approved the DANIDA Road Sector Programme Support (Road-SPS) Phase 1 for an amount of DKK 370 million (US\$54.4 million) for a period of five years in November 2002. The plan for the year 2005 was to spend DKK90.9 million (US\$13.4 million) on various components.

#### 3.2 EXPENDITURES DURING 2006

A total of K12.7 billion has been disbursed for the year ended 31<sup>st</sup> December 2006. The notable disbursements included:

- Consultancy services for the supervision of selected feeder roads in Mumbwa and Kaoma.
- Improvement and maintenance of selected feeder roads in Mumbwa district.
- Improvement and maintenance of selected feeder roads in Kaoma district

(approximately US\$6.686 million) are to be executed in 18 months. OPEC is providing US\$6 million and the World Bank would provide the balance.

#### 4.2 EXPENDITURES DURING 2006

A total of US\$ 4.1million was paid directly for the Luanshya - Kafulafuta Road.

#### 4.3 OUTLOOK FOR YEAR 2007

It is expected that the contract will be completed and the full disbursements will be made in 2007.

### 5.0 WORLD BANK

#### 5.1 PROJECTS & PLAN

The World Bank is supporting the Road Sector Investment Programme - Phase II (ROADSIP II) through the Road Rehabilitation & Maintenance Project IDA Cr.3866 ZA (RRMP) amounting to US\$50 million. This funding is being administered and managed by the



## 2006 FINANCIAL HIGHLIGHTS

### 5.2 ENVIRONMENTAL MANAGEMENT UNIT (EMU)

Roads bring people, and people bring development. Despite all the positive aspects of road projects, they may also have significant negative impacts on nearby communities and the natural environment. People and property may be in the direct path of road works and may get affected in a major way. Disturbance to the natural environment may include soil erosion, changes to streams and underground water, and interference with animal and plant life. During the period under review, the Environmental Management Unit (EMU), participated in the RDA public sensitisation programme on both Radio and Television to create awareness on the social economic



#### **Environmental protection in the road sector is a cardinal issue**

impacts of road development, among other environmental matters. Environmental Impact Assessment reports for the Mongu/Senanga road and the Terms of Reference for the Senanga/Sesheke roads were also drafted, among other projects.

### 5.3 HIV/AIDS

The HIV/AIDS project funded by the NRFA, through the Road Sector Investment Programme (ROADSIP) during the period under review is seated in the Department of Planning, Ministry of Communications and Transport (MCT).

The project combined road sector HIV/AIDS response which mainly focused on both government and private sector with the ministry's workplace programme in all the nine provinces of Zambia.

This project was intended to promote HIV/AIDS awareness and safe living within the transport sector. In addition, the subcomponent promoted issues of Information Education Communication (IEC)

materials, peer education, VCT referrals and increased sensitisation



## 2006 FINANCIAL HIGHLIGHTS

programme, 98 Peer Educators were trained to provide and spearhead HIV/AIDS sensitisation and awareness activities. 639 people participated in the positive living campaign through sports. 256 staff in 8 provinces was reached through the provincial sensitisation as shown in Table 6.

Further, voluntary Counselling and Testing (VCT) was implemented by both the private sector and MCT with collaboration with Kara Counselling Centre where an advance payment was made for the service. MCT also offered soya based porridge, Kapenta, mealie meal, cooking oil, and beans to people on ARVs or whose CD 4 count was low. These foodstuffs were distributed by Kara Counselling Centre with the supervision of MCT. During the period under review, wellness Centres were proposed as a critical element of addressing HIV/AIDS in the transport sector. These were planned to be implemented by Truck Drivers Association of Zambia (TDAZ), and were to be placed along the transport corridor – at the busiest stops such as Inter-City Bus terminus in Lusaka, Chirundu and Kapiri Mposhi. However, land acquiring procedures coupled with inherent misunderstandings in the TDAZ delayed the implementation of this intervention.

Other organisations which were proactive in this project included the National Drivers Association of Zambia (NDAZ) as they successfully mobilised membership and reached the workforce with sensitisations and VCT.

Tanzania Zambia Railways (TAZARA) was equally

Credit became effective. The slow disbursement was due to delays in the procurement process, particularly of the two major contracts for the rehabilitation of Lusaka - Chirundu road (escarpment section) and Luanshya – Kafulafuta road.

### 5.5 NORDIC DEVELOPMENT FUND (NDF)

The Nordic development Fund has made available credit of Euro 8,000,000 to the Road Rehabilitation and Maintenance Project through a Development Financing agreement signed with the Government of the Republic of Zambia. During the year, US\$349,654 was paid for various consultancies undertaken.

### 5.6 ROAD USER CHARGES INTERIM IMPLEMENTATION STUDY

During the year, the NRFA entered into a contract with Allan Kennaird Consulting of New Zealand, to undertake the road user charges interim implementation study. The NRFA will consider the recommendations and implementation is planned for the coming year.

### 5.7 OUTLOOK

The outlook for 2007 is very positive. Additional funding of US\$ 25million is expected to be arranged with the World Bank, and the financing agreement for

the EU budget support third tranche of Euro is



## MONITORING AND EVALUATION

### 6.0 INTRODUCTION

The Department fulfilled its objectives of reviewing technical documentation, carrying out technical audit and monitoring project procurement and implementation through physical inspection of projects in the field as well as desk study.

The Monitoring and Evaluation Department reviewed technical reports, tender evaluation reports, terms of reference, etc from donors, World Bank, ministries and other organizations.

### 6.1 PROGRAMME REVIEW

A summary of works programme for execution in 2006 by the implementing agency, RDA is reflected in table 8 below

### 6.2 ANNUAL PROGRAMME REVIEW AND PLANNING WORKSHOP

For two years in a row, Annual workshops to review performance in the previous year and plan for the following year could not be held in 2006 too. The first draft of the 2007 annual work plan was submitted late in December 2006 by which time it was already too late to organise such a workshop.



*Kafulafuta-Luanshya Road Works funded by World Bank and OPEC*



*Chingola Kasumbalesa Road Works Funded by World Bank*

Table 8 Summarised Breakdown of AWP 2006 (incorporating separation purchase budget)

No.	PROGRAMME	TOTAL (ZK 'bn)	Works (ZK 'bn)	Supervision (ZK 'bn)	Km
1.0	Separation packages	45.26	0.00	43.26	
2.0	Periodic Maintenance	176.85	164.70	12.15	4,436



## MONITORING AND EVALUATION

### 6.3 ROAD FUND MAINTENANCE PROJECTS INITIATED IN 2006

During the year under review, the road fund comprised resources from the fuel levy and the European Union road sector budget support only. While fuel levy resources were utilised on both routine and periodic maintenance, the resources from the EU budget support were utilised on periodic maintenance works only.

### 6.4 ROAD FUND MAINTENANCE PROJECTS AND EU INITIATED IN 2006

There were a total of 251 new road fund projects worth about K202.2 billion covering about 11,340 Km initiated in 2006. Out of this number, 215 contracts were routine maintenance contracts worth about K64.8 billion covering about 10,263 Km.

### 6.5 ROAD FUND MAINTENANCE PROJECTS CARRIED OVER FROM 2005

In addition to the 251 new contracts initiated during the year 2006, there were 88 road fund maintenance contracts covering about 1,830 Km with contract value of about K130.7 billion that had uncompleted works worth about K38.6 billion that were carried over to from 2005 to 2006 as part of commitment.

### 6.6 ROAD PROJECTS FUNDED FROM OTHER SOURCES

Other sources of financing for various road projects that were paid through the National Road Fund Agency included the following:

- a) DANIDA funded rehabilitation of feeder roads along the Lusaka – Mongu Road Corridor including capacity building of RDA establishment in Districts along the corridor and training of contractors.

A total of 28 contracts with a total contract amount of about K25.3 billion were financed. Out of the total of 28 contracts, 21 contracts were for rehabilitation

upgrading to paved standard of about 620 Km, periodic maintenance of about 767 Km, construction of four road bridges, and one foot bridge. About 25 Km of upgrading was completed, all 767 Km targeted for periodic maintenance was completed and all the five bridges were completed during the year under review.

### 6.7 IMPLEMENTATION MONITORING AND EVALUATION

Monitoring of programme implementation and evaluation was achieved through physical inspection of projects as well as contract progress tracking through desk review.

During the year ending 2006 more than 47 road fund maintenance contracts worth more than K123.7 billion were inspected. Out of this number 38 contracts were completed projects while the rest were on going at the time of inspection.

### 6.8 PROJECTS INSPECTED DURING THE YEAR 2006

Projects inspected during the year are listed in Annex 5. Besides physical inspection the section scrutinised well over 2,000 payment certificates from about 400 contracts that were active during the year and approximately K1.5 billion claimed erroneously on various certificates was detected and saved.

No contract was terminated on account of non performance though four contracts for maintenance of feeder roads were affected by poor performance and either part or the whole of the works rejected during the year. These were:

- i) Performance Routine maintenance Nambala – Kalimbwe Road valued at K143,563,145 part of which were rejected;



## MONITORING AND EVALUATION

### 6.9 ROAD FUND PROGRAMME PERFORMANCE: 2006 VS 2005

Table 9: 2006 Plan Vs 2005 Plan

Agency	Year	Cost (US\$m)	Projects	Km to be done	Intervention
RDA	2005	14.848	Various	18,521.00	Routine, periodic, emergency and supervision
	2006	135.173		16,909.93	
MLGH	2005	10.878		6,754.80	
	2006	0		0	
Total	2005	25.726		25,275.80	
	2006	135.173		16,909.93	

From the table above, the road maintenance programme cost was much higher in 2006 compared to 2005 because of EU budget support which enabled the RDA to programme substantial amount of periodic maintenance of gravel roads through out the country in addition to routine maintenance contracts on all roads in Good and Fair condition that were to be funded from the fuel levy. The length of roads under performance routine

maintenance in 2006 increased following the revival of maintenance contracts on feeder roads in Eastern, Southern, Central, Northern and North western provinces that were procured in 2003 then under the Ministry of Local Government and Housing but moved to RDA in 2006. Performance routine maintenance contracts on Trunk, Main and District Roads were procured through out the country though late in the fourth quarter

Table 10: Progress in 2006 Vs Progress in 2005

Agency	Year	Cost (US\$m)	No. Projects	Km done	Intervention
RDA	2005	10.436	155	9,165	Routine, periodic, emergency and supervision
	2006	60.695		13,763	
MLGH	2005	10.368	130	3,173	
	2006	0	0	0	
Total	2005	20.804	285	12,338	
	2006	60.695	268	13,763	

## MONITORING AND EVALUATION

### 7.0 PROCUREMENT SECTION

#### 7.1 INTRODUCTION

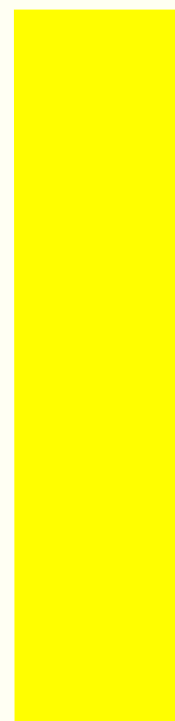
This section highlights procurement activities undertaken by NRFA for all projects in the road sector during the year 2006. The activities are shown according to the sources of finance.

#### 7.2 PROCUREMENT ACTIVITIES

The Procurement section reviewed tender documentation from RDA, RTSA, NCC, MLGH and

MCT on different projects and provided guidance towards improving the quality of the documents before putting them into use. Documents reviewed included the following:

- Expressions of Interest
- Request for Proposals
- Evaluation Reports
- Contract documents



Description of Project	Current Status
CTI Infrastructure and ownership baseline study	Tender under floatation
Spot improvement works in Chibombo, Sinazongwe, Mpongwe, Zambezi and Kalabo districts- RAMP	Awaiting tender floatation
Phase II of the HIV/AIDS baseline study- MCT	Request for a NO sent to WB, the latter awaiting clarifications from MCT
Design, Creation and installation of database Management System for NCC	Contract signed –work in progress
Independent Tech Audit (Chingola-Kasumbalesa) project	Contract signed - work in progress

Table 11

### 7.3 NORDIC DEVELOPMENT FUND (NDF) PROJECTS

Progress on the execution of projects under the NDF was slow at the beginning but accelerated by the end of

the year after identification of projects by respective agencies.

Procurement progress was as follows:

Description of Project	Current Status
Consultancy for Technical Assistance to RTSA	Awaiting contract negotiations
Consulting Services for the User Charges and Implementation Study (NRFA)	Contract signed at the values of Euro 96,078 ZMK 57,255
Consultancy Services for the Road Network Reclassification Study (RDA)	Under evaluation
Independent Review of Feasibility and Design for Kudu-Ndola Road (RDA)	Contract signed and work completed
Labour based Consultancy and Works Project for Northern Zambia	Awaiting re-floatation of tender



## MONITORING AND EVALUATION

### 7.7 EUROPEAN UNION (EU) FUNDED PROJECTS

Projects that were implemented under the EU were:

- a) The periodic maintenance of 92.3 Km of Lusaka-Kabwe Road;
- b) Four-year Out put performance based contracts (OPRC) on 3.297 Km ;
- c) One-off Periodic maintenance on 202 Km:
- b) The supervision and civil works were implemented by the end of the year. The total value was K354.24 billion

### 7.9.2 ESSENTIAL BRIDGE REHABILITATION PROJECT (EBRP)

The World Bank also funded Consultancy Services on four projects. These were:

- a) Bridges under Region I;
- b) Bridges under Region II;
- c) Chiawa Bridge across the Kafue River
- d) Mufuchani Bridge across the Kafue River

By the end of the year, the status of these projects was as shown in the Table below

Description of Project	Procurement Status
Bridges under Region I	Contract signed and work in progress
Bridges under Region II	Contract signed and work in progress
Chiawa Bridge	Contract signed
Mufuchani Bridge	Contract signed

Table 13

### 7.8 AGRICULTURAL DEVELOPMENT SUPPORT PROJECT (ADSP)

During the year, the World Bank also funded projects in the Agricultural sector and these projects were mainly implemented by the Ministry of Agriculture and Cooperatives (MACO). However, a part of the funding was for the rehabilitation of roads in the selected agricultural areas. This component was implemented by the RDA.

By the end of the year, a Consultancy contract for unpaved District and Rural Roads in Lundazi, Chipata, Kalene, Chongwe and Choma was signed at the tender sums of ZMK 520,436,614.20 plus US \$40,000.00

procurement guidelines and procedures. New projects such as those funded by the EBRP, NDF, EU and DANIDA increased the workload of NRFA. This also increased the workload of the Procurement Section in enhancing quality assurance in the procurement process.

### 7.9.3 MANAGING THE OPERATIONS OF THE NRFA TENDER COMMITTEE

The operations of the NRFA Tender Committee posed a challenge in that the Procurement Section, providing secretarial functions, had to be diligent and expeditious in its operations in order to enable the committee come up with informed decisions. The committee met three times during the year to consider procurement of office

## MONITORING AND EVALUATION

personnel involved in the procurement activities.

### 7.9.5 CONDUCTING ON THE JOB TRAINING

In order to build capacity for procurement staff, training and re-training continued. This was undertaken at the agencies as well as Procurement Management Working Group Committee meetings which took place once in two months.

### 7.9.6 WAY FORWARD

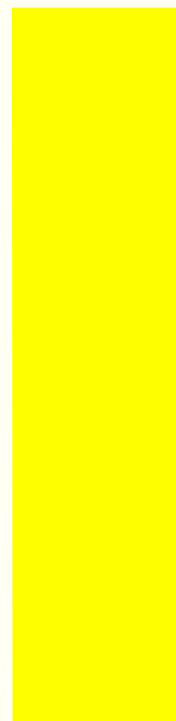
In an effort to effectively monitor and coordinate procurement activities, NRFA expanded its Monitoring and Evaluation Department that comprised the Engineering and Procurement Section.

### 7.9.7 RATIONALIZATION AND STREAMLINING OF PROCUREMENT FUNCTIONS IN AGENCIES

In order to effectively undertake procurement activities in respective Agencies, new and qualified staff were recruited. In



*By the end of the year 2006, contracts had been signed for the for the consultancy services for the Chiawa Bridge (above) and the Mufuchani Bridge (below)*





## APPENDICES

## ANNEX 1: PERFORMANCE REVIEW OF ROADSIP II

Performance of the Road Sector Investment Programme (ROADSIP) Phase II, measured against programme objectives may be summarized as follows:

- 1) Rehabilitation/periodic and routine maintenance of the core road network of 40,113km through various funding agencies: By the end of 2006, about 12,000 Km of both paved and unpaved roads was in maintainable condition;
- 2) Improve road condition for Trunk, Main, District, Primary feeder roads, Tourist roads and selected Urban roads through full and accessibility improvements as per “need” and priorities: By the end of 2006, the condition of the core road network had improved to 65% Good, 15% Fair and 20% Poor for paved Trunk, Main and District Roads while the condition of un-surfaced roads improved only slightly to 7% Good, 19% Fair and 74% Poor;
- 3) Institutional strengthening of the construction industry through appropriate approaches: While training of contractors through the National Council for Construction remained an on-going exercise, introduction of medium to long term contracts (1 to 4 years) has created job security and motivation and made it attractive for contractors to conduct business in the road sector;
- 4) Create employment opportunities through appropriate road interventions: The nature of routine road maintenance works (which are labour-intensive) and the large number of contracts running each year entails employing large work force through out the year. The number of workers is increasing each year as more and more roads in poor condition are rehabilitated and put on sustainable routine maintenance. Rehabilitation and periodic maintenance contracts are employing substantial amounts of work force. For the year ending 2006, about 22,000 jobs were created in the road sector;
- 5) Improve road safety as per Road Safety Action Plan: Although the Road Safety Action Plan had been on drawing board for a long time, the newly established Road transport and Safety Agency undertook some activities such as road safety campaigns and education through publications, radio and television including print media. With the Agency fully staffed, these and others activities will be scaled up in 2007;
- 6) Improve environmental management by building capacity: An Environmental Management Unit (EMU) has been incorporated in the structure of the Road Development Agency (RDA), environmental guidelines for road projects is already in place and systems for monitoring of road projects for environmental compliance consolidated. Currently, the Unit is quite small and there is need to expand it slightly to effectively handle road sector environmental activities;
- 7) Improve rural transport mobility through road improvements: The recruitment of a Rural Accessibility and Mobility Project (RAMP) Coordinator was substantially delayed and hence not much was achieved to graduate the pilot projects started or implemented in Phase I of ROADSIP to sustainable levels. However, a little more progress is expected in 2007 with the project coordinator well in place. All in all not much has been achieved in this area;
- 8) Improve management of community roads through the Road Development Agency and: There were and still are efforts to build capacity of communities to manage community roads which, in principle, are not managed by any established public institution. These efforts are a build up on what ZAMSIF started but has since ended. DANIDA has been playing active role to support such efforts along the Lusaka – Mongu Road corridor. KfW may adopt the same strategy in Southern Provinces soon. It is hoped more progress will be recorded in this area with KfW and



## ANNEX 2: STANDING COMMITTEES OF THE BOARD

1 Administration Committee :The Administration Committee was set up with a mandate to effectively and efficiently oversee the administrative activities of the NRFA and to report and make recommendations to the Board.

### 1.1 Composition – Administration Committee

Ms Georgina N Zulu representing one other person nominated by the Minister	–	Chairperson
Mr Elijah Banda representing LAZ	–	Member
Mrs Judith Mulongoti representing MOJ	–	Member
Mr Julu G Simuule representing ZACCI	–	Member
Mr Allington N Bota representing ZICA	–	Member
Mrs. Chola Shapi Mutambo (Corporate Services NRFA)	–	Member
Mr. Bryson Mumba (Fund Manager NRFA)	–	Member
Mr. Emmanuel Kaunda (Monitoring and Evaluation NRFA)	–	Member
Mr Raphael Mabenga ( Director – NRFA)	–	Member
Mr Balson Banda (Accountant - ROADSP NRFA)	–	Secretary

The committee held five meetings during the year under review to discuss management issues.

2 Finance and Technical Committee: The Finance and Technical Committee of NRFA was set up to serve as a “Think Tank” for the Board on finance and technical matters.

### 2.2 Composition – Finance and Technical Committee

Mr Allington N Bota - representing ZICA	-	Chairman
Mrs Margaret L Lungu, - representing NCC	-	Member
Prof. Lloyd Chingambo – Co-opted	-	Member
Mr Dennis K Chisenda – representing MOFNP	-	Member
Mr Watson Ngambi ( Director, RDA)	-	Member
Mr Raphael Mabenga Director, NRFA)	-	Member
Mr Balson Banda (Accountant - ROADSP, NRFA)	-	Ex-officio
Mr Emmanuel Kaunda (Monitoring and Evaluation NRFA)	-	Ex-officio
Mrs. Chola Shapi Mutambo (Corporate Services NRFA)	-	Ex-officio
Mr. Bryson Mumba (Fund Manager NRFA)	-	Ex-officio
Mr Kondanani Miti (Coordinator - Procurement, NRFA)	-	Ex-officio
Mr Stephen N Mwale (Accountant -Road Fund, NRFA)	-	Secretary

The committee held five meetings during the year under review to discuss financial and technical issues.

3 Audit and Risk Management Committee: The Audit and Risk Management Committee was formed with the mandate to advise the Board on audit functions and foreseeable risks for effective and efficient decisions in the integrated financial management of the road sector.

### 3.1 Composition - Audit and Risk Management Committee

Mr Joel M Ukwimi representing MWS	-	Chairperson
Mr Henry Chipewo - representing CILT	-	Member
Mr Andrew Shale representing MOFNP (Audit)	-	Member
Mr Denis Mulenga representing Auditor General's Office	-	Member
Mr Raphael Mabenga (Director, NRFA)	-	Member
Mrs. Chola Shapi Mutambo (Corporate Services NRFA)	-	Member
Mr. Bryson Mumba (Fund Manager NRFA)	-	Member

## ANNEX 2: STANDING COMMITTEES OF THE BOARD

The committee met once during the year under review and approved internal major requirements of the Agency.

### 5 Other committees & Working Groups 5.1 ROADSIP Steering Committee

The ROADSIP Steering Committee was constituted as an inter-ministerial committee in 1998 primarily to act as a link between World Bank supervision missions and Government in the coordination of the Road Sector Investment Programme (ROADSIP) with the blessings of the Committee of Ministers on RMI.

Specific functions of the ROADSIP Steering Committee are;

- i) Acts as a technical link between Donors and Government – prepares ground work for ROADSIP supervision/review by Donors and Government;
- ii) Reviews ROADSIP projects implementation and reports to Government on a regular basis;
- iii) Advises implementing agencies on matters affecting progress in the implementation of each component (project) under the programme technically and financially and;
- iv) Reviews budgetary allocation to various components of the programme to facilitate efficient and timely utilisation of available resources under each project.

#### 5.1.2 Composition of the ROADSIP Steering Committee

The following are the principal member institutions of the ROADSIP Steering Committee:

- i) National Road Fund Agency – Chair;
- ii) Ministry of Communications and Transport - Secretary;
- iii) Road Development Agency;
- iv) Road Transport and Safety Agency;
- v) Ministry of Local Government and Housing;
- vi) National Council for Construction;
- vii) Ministry of Tourism Environment & Natural Resources and;
- viii) Ministry of Finance and National Planning

NB: Members are component managers from each institution.

The committee met 6 times during the year under review to monitor progress and make recommendations on action required to be taken for effective implementation of ROADSIP.

### 6 Transport Economics Working Group: The Transport Economics Working Group was set up to resolve issues pertaining to transport economics, channelling of Fuel Levy and other road user charges to the Road Fund.

The Transport Economics Working Group comprised the following members:

- |      |                           |   |             |
|------|---------------------------|---|-------------|
| i)   | Mr Stephen N Mswale, NRFA | - | Chairperson |
| ii)  | Mr Steddy Chunga, MOFNP   | - | Member      |
| iii) | Mr Mambwe Kaenga, ZRA     | - | Member      |







## ANNEX 3: DISBURSEMENT OF ROAD FUND



### DISBURSEMENT OF ROAD FUND FOR ROAD MAINTENANCE WORKS 1995 TO 31 DECEMBER 2006

PROVINCE	1995-2000	2001 K Million	2002 K Million	2003 K Million	2004 K Million	2005 K Million	2006 K Million
<b>LUSAKA</b>							
Provincial Rd Engineer	4,195	405	532	450	430	2,118	4,017
Lusaka	30,939	1,398	279	478	3,340	12,718	4,921
Luangwa	217	10	4	0	10		
Chongwe	182	10	4	0	10		
Kafue	917	0	0	0	10	0	
Consultancy fees	1,392	0	0	0	0	0	
National Task Force	105	0	0	0	0	0	
<b>Sub Total</b>	<b>37,947</b>	<b>1,823</b>	<b>818</b>	<b>928</b>	<b>3,800</b>	<b>14,836</b>	<b>8,938</b>

<b>CENTRAL</b>							
Provincial Rd Engineer	1,270	641	266	717	820	2,341	2,515
Kabwe	636	2,010	378	408	519	5,081	4,030
Chibombo	133	0	91	265	571	649	243
Serenje	119	0	0	0	593	289	484
Mumbwa	345	0	0	151	19	39	2,451
Mkushi	282	25	238	67	1,023	355	528
Kapiri Mposhi	157	0	85	313	696	231	181
Consultancy fees	126	0	0	0			
<b>Sub Total</b>	<b>3,068</b>	<b>2,675</b>	<b>1,059</b>	<b>1,920</b>	<b>4,241</b>	<b>8,983</b>	<b>10,431</b>

<b>COPPERBELT</b>							
Provincial Rd Engineer	5,839	1,062	16,070	6,260	24,837	31,828	6,277
Kitwe	1,557	50	193	1,549	600	7,374	1,749
Ndola	1,168	623	619	450	143	0	121
Luanshya	309	1,048	782	1,417	73	28	1,672
Mufulira	587	445	692	2,286	8,772	2,183	772
Chingola	640	825	1,395	481	0	1,795	2,214
Kalulushi	590	303	636	641	191	20	883
Chibombo	569	667	642	396	10	0	509
Ndola Rural	72	0	0	433	20	22	
Lufwanyama	10	31	0	0	10	0	

## ANNEX 3: DISBURSEMENT OF ROAD FUND

### DISBURSEMENT OF ROAD FUND FOR ROAD MAINTENANCE WORKS 1995 TO 31 DECEMBER 2006

	1995- 2000	2001	2002	2003	2004	2005	2006
	<u>K Million</u>	<u>K Million</u>	<u>K Million</u>	<u>K Million</u>	<u>K Million</u>	<u>K Million</u>	<u>K Million</u>
<b>NORTHERN</b>							
Provincial Rd Engineer	2,825	3,356	9,781	4,606	2,150	2,372	13,877
Kasama	512	1,965	511	547	95	682	1,560
Mbala	233	3,575	0	32	130	204	7
Mpika	156	122	0	96	159	497	259
Chinsali	637	20	13	103	14	0	30
Mporokoso	137	92	0	0	10	75	58
Luwingu	161	7	8	51	23	0	379
Isoka	107	0	0	188	262	253	79
Mpulungu	86	0	0	0	0	0	0
Kaputa	86	0	74	230	240	310	65
Nakonde	170	0	0	73	230	185	62
Chilubi	224	106	8	186	62	224	120
Consultancy fees	301	0	0	0	0	0	0
<b>Sub Total</b>	<b>5,635</b>	<b>9,243</b>	<b>10,395</b>	<b>6,111</b>	<b>3,375</b>	<b>4,802</b>	<b>16,497</b>

### LUAPULA

Provincial Rd Engineer	1,854	422	312	872	689	2,375	16,491
Mansa	349	928	190	426	30	94	6,313
Mwense	155	0	0	217	18	0	0
Samfya	402	0	76	147	22	0	0
Kawambwa	67	0	0	225	329	29	0
Nchelenge	119	11	0	92	62	7	0
Chiengi	192	0	195	504	54	86	0
Milenge	133	0	0	0	10	0	0
Consultancy fees	66	0	0	0	0	0	0
<b>Sub Total</b>	<b>3,337</b>	<b>1,361</b>	<b>772</b>	<b>2,482</b>	<b>1,214</b>	<b>2,591</b>	<b>22,804</b>

### WESTERN

Provincial Rd Engineer	2,979	311	17	207	295	545	16,215
Mongu	539	2,103	563	1,158	141	159	8,841
Kaoma	217	0	0	187	10	10	0
Senanga	152	0	0	0	10	0	0
Kalabo	5	42	0	129	97	0	0
Lukulu	111	3	103	17	257	0	0
Sesheke	288	9	0	0	10	0	0
Shang'ombo	0	0	0	0	10	0	0
Consultancy fees	164	0	0	0	0	0	0

## ANNEX 3: DISBURSEMENT OF ROAD FUND



### DISBURSEMENT OF ROAD FUND FOR ROAD MAINTENANCE WORKS 1995 TO 31 DECEMBER 2006

<b>NORTHWESTERN</b>	<b>1995-2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
	<b>K Million</b>	<b>K Million</b>	<b>K Million</b>	<b>K Million</b>	<b>K Million</b>	<b>K Million</b>	<b>K Million</b>
Provincial Rd Engineer	1,278	73	98	186	194	1,004	13,139
Solwezi	272	1,451	277	689	602	10	1,632
Kasempa	230	0	12	0	10	0	769
Kabompo	64	15	0	0	10	0	33
Mwinilunga	154	115	415	239	181	0	141
Zambezi	107	0	0	0	10	0	
Mufumbwe	55	22	239	267	35	0	
Chavuma	22	0	0	0	10	0	
Consultancy fees	108	0	0	0	0	0	
<b>Sub Total</b>	<b>2,289</b>	<b>1,677</b>	<b>1,041</b>	<b>1,381</b>	<b>1,052</b>	<b>1,014</b>	<b>15,713</b>

<b>EASTERN</b>							
Provincial Rd Engineer	16,762	9,424	1,455	3,738	16,456	9,726	22,101
Chipata	1,180	2,671	848	567	2,366	1,765	4,637
Nyimba	170	456	430	362	498	593	171
Petauke	1,310	0	145	380	662	602	133
Lundazi	154	303	32	368	516	1,135	347
Katete	201	15	0	329	663	142	50
Chadiza	334	25	118	286	562	552	341
Chama	156	160	324	254	480	649	463
Mambwe	154	0	46	213	630	777	537
Consultancy fees	16	0	0	0	0	0	
<b>Sub Total</b>	<b>20,437</b>	<b>13,053</b>	<b>3,398</b>	<b>6,498</b>	<b>22,834</b>	<b>15,940</b>	<b>28,779</b>

<b>SOUTHERN</b>							
Provincial Rd Engineer	3,728	550	1,049	428	494	1,543	875
Livingstone	822	1,485	34	199	127	3,096	4,747
Kalomo	538	4,176	230	10	0	0	0
Choma	648	0	12	45	2	2,685	1,784
Namwala	61	0	0	10	183	0	0
Monze	614	0	46	306	2	0	0
Mazabuka	608	0	139	17	0	0	3,213
Gwembe	183	0	3	52	0	2,718	0
Siavonga	363	-10	173	212	101	0	0
Sinazongwe	185	27	3	141	0	0	1
Kazungula	27	27	0	0	0	0	1
Consultancy fees	108	0	0	0	0	0	
<b>Sub Total</b>	<b>7,883</b>	<b>6,255</b>	<b>1,689</b>	<b>1,422</b>	<b>908</b>	<b>10,041</b>	<b>10,621</b>

Non Works	0	0	2,073	2,412	0	0	0
MLGH- AUR	0	0	0	0	0	0	0
<b>sub total</b>	<b>0</b>	<b>0</b>	<b>2,073</b>	<b>2,412</b>	<b>0</b>	<b>0</b>	<b>0</b>

## ANNEX 4: ROAD WORKS CONTRACTS

Periodic and rehabilitation projects initiated in 2006 under Fuel Levy

Project Name	Contractor	Intervention	Length (Km)	Contract Amount (ZK)
Design of Chingola - Kasumbalesa Road T3	Gauff Engineers	Periodic maintenance	43.00	190,000,000
Periodic Maintenance of Batoka - Maamba Road D775	Roads & Paving (Zambia) Limited	Supervision	88.00	1,479,308,075
Periodic maintenance of Katete - Chipata - Mwami Border	Sable Transport	Rehabilitation	108.00	18,928,680,750
Periodic Maintenance of Mongu - Senanga Road M10	Roads & Paving (Zambia) Limited	Construction of supports and installing bailey bridges	92.00	10,814,904,265
Construction of abutments and installation of bailey bridges under EDRP: Fukwe, Lukusashi and Luombwa - Central Province	Spancrete (Z) Limited	Construction of supports and installing bailey bridges		1,778,380,000
Periodic maintenance of Mansa - Chembe Road M3	Roads & Paving (Zambia) Limited	Supervision of periodic maintenance	92.70	1,995,828,419
Periodic of Mongu - Limulunga Road D315	Roads & Paving (Zambia) Limited	Rehabilitation	17.00	2,719,695,634
Periodic Maintenance of Katete - Chanida Road T6	Sable Transport	Rehabilitation	55.00	2,499,000,599
Periodic Maintenance of Kasama - Mbala - Mpulungu Road M1 & M2	Sable Transport	Rehabilitation	208.00	2,303,257,032
Kasama Township Roads	Sable Transport	Rehabilitation	10.00	6,067,681,620
Rehabilitation of	Roads & Paving	Rehabilitation	1.31	179,026,043

## ANNEX 4: ROAD WORKS CONTRACTS

Periodic and rehabilitation projects initiated in 2006 under Fuel Levy

Maintenance of Kawambwa - Mushota Road D74	lcM General Dealers	Rehabilitation	20.00	976,204,688
Design and supervision of performance routine maintenance in Northern Province	Rankin Engineering	Rehabilitation		479,787,750
Design and supervision of routine maintenance in Eastern Province	EastConsult	Periodic maintenance / Rehabilitation		470,421,825
Design and supervision of routine maintenance in Central Province	EastConsult	Periodic maintenance / Rehabilitation		381,786,875
Accelerated Urban Roads Rehabilitation: Kafue Town	J.J. Lowe (Z) Limited / Rankin Engineering Consultants J.V.C.	Periodic maintenance / Rehabilitation	5.90	5,552,334,102
Accelerated Urban Roads Rehabilitation: Mansa Town	Roads & Paving (Z) limited / Brian Colquhoun Hugh O'Donnell & Partners J.V.C.	Periodic maintenance / Rehabilitation	7.45	6,400,797,988
Accelerated Urban Road Rehabilitation: Mongu Town	Roads & Paving (Z) limited / Brian Colquhoun Hugh O'Donnell & Partners J.V.C.	Supervision of rehabilitation works	8.07	5,552,334,102
Accelerated Urban Roads Rehabilitation: Kasama Town	Sable Transport Limited / Ng'andu UWP Consulting Engineers J.V.	Supervision of rehabilitation works	9.40	6,363,529,785
Accelerated Urban Roads Rehabilitation: Mufulira Town	J.J. Lowe (Z) Limited / ASCO Consulting Engineers J.V.C.	Periodic maintenance	5.40	5,324,250,587
Accelerated Urban Roads Rehabilitation: Ndola City	Turner Construction Limited / Bicon Zambia Limited	Rehabilitation	9.55	7,723,776,354



## ANNEX 4: ROAD WORKS CONTRACTS

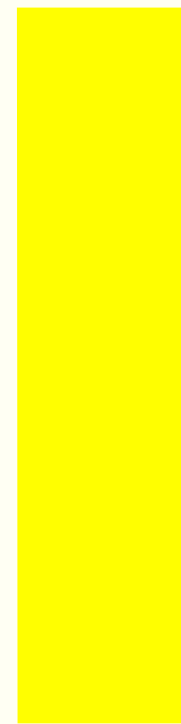
Periodic and rehabilitation projects initiated in 2006 under Fuel Levy

Accelerated Urban Roads Rehabilitation: Kitwe City	Roads & Paving (Z) limited / Bicon Zambia Limited J.V.C.	Periodic maintenance	8.55	4,188,393,387
Accelerated Urban Roads Rehabilitation: Chililabombwe Town	Roads & Paving (Z) limited / Bicon Zambia Limited J.V.C.	Supervision of works	7.45	4,043,419,907
Accelerated Urban Roads Rehabilitation: Chingola Town	Turner Construction Limited / Bicon Zambia Limited J.V.C.		9.00	7,019,768,872
Accelerated urban roads rehabilitation: Solwezi Town	Roads & Paving (Z) limited / Brian Colquhoun Hugh O'Donnell & Partners J.V.C.		8.00	8,162,137,328
Accelerated Urban Roads Rehabilitation: Mbala Town	Spenco Polyphase and Rankin JV		8.70	5,895,369,846
Supervision of performance routine maintenance: North Western Province	BCL Zambia Ltd			326,444,493
Supervision of performance routine maintenance: Southern Province	BCL Zambia Ltd			331,977,450
<b>Total</b>			<b>1,076.53</b>	<b>137,380,437,027</b>

Routine maintenance projects initiated in 2006 totaled 215 and covered 10,263 km of the network at a cost of K64.8 billion



## ANNEX 4: ROAD PROJECTS UNDER EU BUDGET SUPPORT



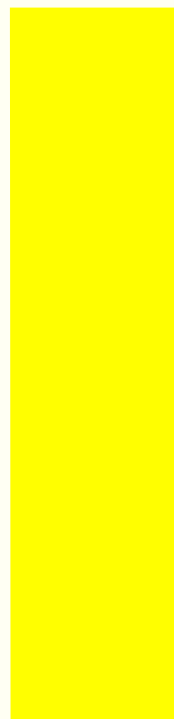
Project Name	Contractor	Road Type	Km	Contract Sum
Periodic Maintenance of Landless Corner - Mumbwa Road M20 in Central Province	JJ Lowe	Unpaved	110	1,804,072,703
Performance based maintenance on Roads D375, D363, RD367 in Southern Province – Package 10	China Geo Engineering Corporation	Unpaved	148.09	23,591,336,980
Performance based maintenance of Roads D152, RD481, D482 in Lusaka Province – Package 6	A. Argente	Unpaved	134.14	11,034,002,150
Performance based maintenance of Roads D557, D792 in Western Province	China Geo - Engineering Corporation	Unpaved	271.26	26,992,328,056
Performance based maintenance of Roads D103 and D104 in Eastern Province – Package 5	China Geo - Engineering Corporation	Unpaved	463.74	33,106,441,852
Performance based maintenance of Roads M8, D286, D271 in North Western Province – Package 11	China Geo - Engineering Corporation	Unpaved	694.87	43,888,428,046
Performance based maintenance of Roads M18, D201, D468, D470, D249 in Western Province – package 2	Yakashika Construction Limited	Unpaved	463.79	35,641,975,185
Performance based maintenance of	Spencer Polyphase and	Unpaved	488.42	45,790,326,696

#### ANNEX 4: ROAD PROJECTS UNDER EU BUDGET SUPPORT

Performance based maintenance of Roads D19, D37, RD37 in Northern Province – Package 4	Sable Transport	Unpaved	531.84	35,938,304,463
T2: Luasaka – Kabwe Road from Mukoboto Junction to Kabwe Warriors Complex including Mukobeko Road in Central Province	Raubex Construction Zambia limited	Unpaved	50.90	41,522,638,690
D145, Luangwa Bridge – Luangwa Boma in Lusaka Province	Sable Transport	Unpaved	91.60	3,458,340,325
Supervision of OPRC Package No. 6: Lusaka Province	JD Mwila V & V Consulting			660,885,800
Supervision of OPRC Package No. 1: Northern Province	Rankin Engineering			1,152,838,000
Supervision of OPRC Package No. 2: Western Province	Kiran and Musonda			847,761,500
Supervision of OPRC Package No. 4: Northern Province	BrC Consulting Engineers			862,527,080
Supervision of OPRC Package No. 10: Southern Province	BCL Zambia Ltd			1,431,490,750
Supervision of OPRC Package No. 11: North Western Province	ASCO Consulting Engineers			1,115,634,300
Supervision of OPRC Package No. 8: Copper Belt Province	Ng'andu - UWP Consulting - Zambia			962,157,680
Periodic Maintenance on 42km of Lusaka - Kabwe Road (T2) between Chisamba (km57+000) and Mukoboto Junction	Raubex Construction Zambia limited	Paved	42	28,763,696,520

#### ANNEX 4: ROAD PROJECTS UNDER EU BUDGET SUPPORT

Supervision of OPRC Contract, Package 5: Eastern Province, D104 & D103	Zulu Burrow Ltd			1,370,676,862
Supervision of OPRC Package 9: Periodic maintenance of D787, Mulobezi Road	Bicon (Z) Limited			516,394,560
Consulting Services for Supervision of Output and Performance Based Road Contracts in Southern Province (Package 10)	BCL Zambia Ltd			1,431,490,750
Supervision of Periodic Maintenance: Lusaka - Kabwe Road (Chisamba - Mukoboto Junction)	Rankin Engineering			687,940,000
<b>Total</b>			<b>3,739.93</b>	<b>367,477,045,901</b>



## ANNEX 5: ROAD PROJECTS INSPECTED DURING THE YEAR 2006

Road Project	Contractor	Province	District	Contract Amount in ZK	Km	Current Status	Aim of Inspection
Lusaka – Kabwe Road: Mukoboto Junction – Kabwe Warriors Complex	Raubex Construction Zambia Limited	Central	Kabwe	41,522,638,690	50.9	On going	Progress and quality assessment
Zambezi and Freedom Ways in Kitwe City	Raubex Construction Zambia Limited	Copper Belt	Kitwe	2,494,008,000	4.0	Completed	Progress and quality assessment
Buteko and Butondo Roads in Mufulira Town	Raubex Construction Zambia Limited	Copper Belt	Mufulira	4,349,738,140	8.7	On going	Progress and quality assessment
SOS Village – Luangwa Maternity Clinic	A.M.C Contractors	Copper Belt	Kitwe	2,731,460,930	3.2	Completed	Progress and quality assessment
Lunda – Chingola Road Via Mindolo KTCC	Turner Construction	Copper Belt	Kitwe	2,234,756,334	5.0	On going	Progress and quality assessment
Wusakile – Ndeke Via Amis Tafuna	Turner Construction	Copper Belt	Kitwe	2,220,335,084	5.5	On going	Progress and quality assessment
Accelerated Urban Roads rehabilitation in Kabwe Town	J.J. Lowe BCHOD Joint Venture	Central	Kabwe	8,726,310,556	9.45	Completed	Progress and quality assessment
Rehabilitation of Kafulafuta – Luanshya Road M6	China Henan International Cooperation Group Limited	Copper Belt	Luanshya	32,454,275,376	41	On going	Progress and quality assessment
Rehabilitation of Chingola – Kasumbalesa Road	China Henan International Cooperation Group Limited	Copper Belt	Chingola	53,943,430,802	39	On going	Progress and quality assessment
Rehabilitation of Mufulira Township Roads: Butondo and Buteko Roads	Raubex Zambia Limited	Copper Belt	Mufulira	4,349,738,140	8.7	On going	Progress and quality assessment
Performance Routine: Nambala – Kalimbwe Road	Shad Enterprises Limited	Central	Mumbwa	143,563,145	10	On going	Progress and quality assessment
Performance Routine: Kashinka Road	Shad Enterprises Limited	Central	Mumbwa	286,148,643	11	On going	Progress and quality assessment
Performance Routine: Kasali – Keezwa Road	KPC Auto Engineering	Central	Mumbwa	221,916,067	36.9	On going	Progress and quality assessment
Maintenance of Township Roads in Mazabuka	G.M. International Rankin Engineering Ltd	Southern	Mazabuka	1,788,886,071	8.5	On going	Progress and quality assessment

# ANNEX 5: ROAD PROJECTS INSPECTED DURING THE YEAR 2006



Maintenance of Township Roads in Livingstone	Roads & Paving (Z) limited / Brian Colquhoun Hugh O'Donnell & Partners J.V.C.	Southern	Livingstone	6,134,001,189	10	On going	Progress and quality assessment
Maintenance of Monze - Chivuna Road	Muladel Road Works Limited	Southern	Monze	1,264,947,970	40.7	On going	Progress and quality assessment
Nyimba - Katete (Great East Rd)	Sable Transport and Construction	Eastern	Katete	28,712,950,148	76.0	Completed	Quality assessment
Masumba - Ncheke	Manyengwe Enterprises	Eastern	Mambwe	197,973,776	18.0	Completed	Progress and quality assessment
Mphamba - Chitungulu Road	Reedle Contractors	Eastern	Lundazi	288,055,339	20.0	Completed	Progress and quality assessment
Chiginya - Pikamalaza Road	TL & P Enterprises	Eastern	Lundazi	241,416,769	28	Completed	Progress and quality assessment
Vubwi - Zozwe Road	Hambert Contractors	Eastern	Chadiza	167,092,783	17.0	On going	Progress and quality assessment
U29, T6 - Mbinga	Kapomu Contractors	Eastern	Katete	174,700,597	17.5	Completed	Progress and quality assessment
Lusaka City Roads Rehabilitation	J.J. Lowe BCHOD J.V.	Lusaka	Lusaka	9,439,852,845	14.2	Completed	Progress and quality assessment
Lusaka City Roads Routine Maintenance	Various	Lusaka	Lusaka	3,518,864,443	209.2	On going	Progress and quality assessment
Total				215,861,126,293	787.95		

## ANNEX 6: ROAD FUND FINANCIAL STATEMENTS

### National Road Fund Agency Road Fund Directors' responsibilities and statement for the year ended 31 December 2006

#### Directors' responsibilities

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with requirements of the National Road Fund Act No 13 of 2002. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud and error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstance

#### Directors' statement on the financial statements

In the opinion of the directors of the National Road Fund Agency – Road Fund:

- (a) In our opinion, the accompanying financial statements, give a true and fair view of the state of the financial affairs at 31 December 2006 of the Fund and its surplus for the year then ended in accordance with the National Road Fund Act No 13 of 2002 and the accounting records, other records and registers required by the Act have been properly kept in accordance with the Act; and
- (b) there are reasonable grounds to believe that the Road Fund will be able to pay its debts as and when they fall due.

Signed on their behalf by:



Chairman



Board member

Date: 5<sup>th</sup> April 2007



## ANNEX 6: ROAD FUND FINANCIAL STATEMENTS



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### Report of the independent auditor to the members of National Road Fund Agency

We have audited the financial statements of National Road Fund Agency for the year ended 31 December 2006 set out on pages 3 to 7. These financial statements comprise the statement of project funds at 31 December 2006, and the receipts and payments statement for the year then ended and a summary of significant accounting policies, together with explanatory notes to the financial statements.

### Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with requirements of the National Road Fund Act No 13 of 2002. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud and error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstance.

### Auditor's responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

Our opinion is that the financial statements, give a true and fair view of the financial position and affairs at 31 December 2006 of the Fund and its surplus for the year then ended in accordance with the National Road Fund Act No 13 of 2002 and the accounting records, other records and registers required by the



## ANNEX 6: ROAD FUND FINANCIAL STATEMENTS

### National Road Fund Agency Road Fund Receipts and payments statement for the year ended 31 December 2006

	Notes	2006 K'000	2005 K'000
<b>Receipts</b>			
Fuel levy	3	200,529,688	134,026,833
Interest received		17,518,050	5,290,782
EMU refund		1,500	-
IDA receipts		-	251,151
GRZ - Direct	11	71,223,476	-
EU Grant		221,308,623	-
Net exchange gain		<u>155,594</u>	-
		<u>510,736,931</u>	<u>139,568,766</u>
<b>Payments</b>			
Road maintenance – provincial road engineers	4	195,563,294	49,075,178
Road maintenance – councils	5	32,019,329	46,386,121
Road inspections		-	27,355
Consultancy fees		4,777,981	3,987,701
Management and administration	6	1,293,406	3,419,441
Counterpart fund - ROADSIP		390,478	-
Counterpart funds - RRMP		-	8,137
Institutional study		-	422,458
Data collection		-	1,100,629
GRZ - Direct	11	66,472,364	-
MoFNP	12	3,000,000	-
Bailey bridges		4,195,153	1,347,899
Axle load control		4,644,121	-
Bank charges		175,792	24,490
Net exchange loss		<u>14,732</u>	<u>177,620</u>
		<u>312,546,650</u>	<u>105,977,029</u>

Surplus for the period

198,190,281

33,591,737

## ANNEX 6: ROAD FUND FINANCIAL STATEMENTS

National Road Fund Agency  
Road Fund  
Statement of project funds  
as at 31 December 2006

	Notes	2006 K'000	2005 K'000
<b>Accumulated project funds</b>			
At period beginning	8	78,014,977	44,423,240
Surplus for the period		<u>198,190,281</u>	<u>33,591,737</u>
At period end		<u>276,205,258</u>	<u>78,014,977</u>
<b>Represented by:</b>			
<b>Current assets</b>			
Net payments on behalf of EDRP	9	-	299,449
Net payments on behalf of ROADSIP		-	390,478
Cash and bank	10	<u>276,205,258</u>	<u>77,325,050</u>
		<u>276,205,258</u>	<u>78,014,977</u>

These financial statements were approved for issue by the Board of Directors on  
5<sup>th</sup> April 2007 and were signed on its behalf by:



Board member



## ANNEX 6: ROAD FUND FINANCIAL STATEMENTS

### National Road Fund Agency Road Fund Notes to the financial statements for the year ended 31 December 2006

#### 1. Principal activity

The National Road Fund Act No 13 of 2002 established the National Road Fund Agency. The principal activities of the Agency according to Section 4 (1) of the Act are:

- a. administer and manage the Road Fund;
- b. prepare and publish audited annual accounts of the Road Fund
- c. recommend to the Minister levels of fuel levy and other road user charges and tariffs as required;
- d. recommend to the Minister projects for funding;
- e. allocate financial resources;
  - I. for the construction, maintenance and rehabilitation of roads based on a percentage of the Annual Work Programme (AWP) of the Road Development Agency and
  - II. for road transport, traffic and safety management based on a percentage of the AWP of the Road Transport and Safety Agency.
- f. in consultation with the Road Development Agency, recommend funding for development of new roads and
- g. undertake such other activities as are conducive or incidental to its functions under this Act.

#### 2. Significant accounting policies

##### Basis of preparation of the financial statements

The financial statements are prepared on a cash basis under the historical cost convention. The cash basis of accounting differs from the generally accepted accounting principles in that transactions and other events are not recognised when they occur but when cash or its equivalent is received or paid.

##### Receipts

Receipts represent the amounts received in the accounting period.

##### Payments

Payments are recognised when paid. No provisions are made for accrued expenses.



## ANNEX 6: ROAD FUND FINANCIAL STATEMENTS

### National Road Fund Agency Road Fund Notes to the financial statements for the year ended 31 December 2006

	2006	2005
	K'000	K'000
<b>Road maintenance – provincial road engineers</b>		
Copperbelt Province	4,069,102	30,715,323
Eastern Province	32,924,868	8,846,380
Northern Province	17,418,449	1,765,136
Luapula Province	4,889,804	1,607,411
Central Province	10,757,447	2,347,116
Lusaka Province	1,417,120	911,100
Southern Province	10,938,441	1,463,889
Western Province	14,807,486	411,263
North-Western Province	19,612,613	1,007,560
EU funded road maintenance	<u>78,727,964</u>	<u>-</u>
	<u>195,563,294</u>	<u>49,075,178</u>

### Road maintenance - councils

This amount relates to payments to contractors for road works falling under the jurisdiction of Local Authorities (Councils). All work done has to be certified by the Local Authority.

	2006	2005
	K'000	K'000
<b>Management and administration</b>		
National Road Fund Agency – Secretariat (note 7)	800,000	3,120,000
Advertising	328,401	238,904
Legal fees	-	40,512
Publicity	64,907	-
Auditors' remuneration	<u>100,098</u>	<u>20,025</u>
	<u>1,293,406</u>	<u>3,419,441</u>



## ANNEX 6: ROAD FUND FINANCIAL STATEMENTS

**National Road Fund Agency  
Road Fund  
Notes to the financial statements (continued)  
for the year ended 31 December 2006**

	2006 K'000	2005 K'000
<b>Funds brought forward</b>		
Cash and bank	77,325,050	41,737,219
Net payments on behalf of EDRP (note 9)	299,449	1,699,407
Net payments on behalf of ROADSIP	390,478	390,478
Net payments on behalf of IDA	-	596,136
	<u>78,014,977</u>	<u>44,423,240</u>

**Net payments on behalf of EDRP**

This amount represents advances made to the Emergency Drought Recovery Programme (EDRP) for road repairs, improvements and maintenance under an EDRP public works programme. The component seeks to mitigate the effect of drought through improved rural road networks.

	2006 K'000	2005 K'000
<b>Cash and bank</b>		
<b>Bank account details</b>		
ZANACO kwacha current account	(604,879)	4,717,451
ZANACO deposit account	41,263,704	20,253,088
ZANACO US dollar account	120,223	470,953
Standard Chartered Bank Plc kwacha current account	18,450,986	-
Standard Chartered Bank Plc deposit accounts	66,526,794	15,777,490
Barclays Bank Plc deposit account	11,461,197	5,716,853
Investrust Merchant Bank deposit accounts	24,387,193	19,836,438
Indo Zambia Bank deposit accounts	11,527,084	10,552,777
Intermarket Banking Corporation deposit accounts	47,136,366	-
Stanbic Bank deposit accounts	55,936,590	-
Total	<u>276,205,258</u>	<u>77,325,050</u>

**GRZ - Direct**

The amounts represent funding received and disbursed by the Road Fund Agency on behalf of GRZ directly funded projects.

## ANNEX 6: ROAD FUND FINANCIAL STATEMENTS

### National Road Fund Agency Road Fund Cumulative financial statements for the year ended 31 December 2006

1 October 1994 to  
31 December 2006  
K'000

#### Receipts

Fuel levy	670,455,170
Interest received	32,475,864
Value Added Tax refund	9,063,922
Other receipts	4,289,025
GRZ - Direct	71,223,476
Exchange gains	155,594
IDA receipts	251,151
Grant from DANIDA	598,172
Government budget allocation	500,000
EU Grant	<u>221,308,623</u>
	<u>1,010,320,997</u>

#### Payments

Road maintenance- Provincial road engineers	405,329,579
Road maintenance – Councils	202,432,425
National Road Fund Agency – Secretariat	18,538,048
Ministry of Works and Supply	6,662,677
Payments for counterpart funding - ROADSIP	4,244,223
Consultancy	13,147,111
Audit fees	334,246
Loan repayment – Ministry of Works and Supply	163,180
Withholding tax	113,233
Bank charges	308,435
Ministry of Local Government and Housing	109,865
Policy Human Resources Development	75,198
Legal fees	74,712
Advertisements	732,306
Workshop expenses	51,733
Net exchange losses	308,267
Counterpart funding payments - Other	<u>751,266</u>





**M.T.Neube and Associates**

**Chartered Accountants**

Plot 201, Kasangula Road, Roma, P.O. Box 35550 Lusaka, Zambia

Telephone: 260 1 291386, Telefax: 260 1 293004, E-mail: [mtnspec@zamnet.zm](mailto:mtnspec@zamnet.zm)

**REPORT OF THE AUDITORS TO THE AUDITOR GENERAL**

We have examined the Financial Statements of the Road Rehabilitation and Maintenance Project financed under the International Development Association Credit 3866-ZA for the year ended 31 December 2006 set out on pages 3 to 8 which have been prepared on the basis of the accounting policies set out on pages 4 to 5.

**Respective Responsibilities of Project Management and the Auditors**

As described in note 3, Project management is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion on the financial statements and report our opinion to you.

**Basis of Opinion**

We conducted our audit in accordance with International Auditing Standards. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Project management in the preparation of the financial statements and whether the accounting policies adopted are appropriate to the Project's circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. We consider that our audit procedures were appropriate in the circumstances to support our opinion presented below.

**Opinion**

In our opinion the financial statements give a true and fair view of the Project's financial position for the year ended 31 December 2006 and of the resources and expenditures for the year then ended.

(i) The financial statements present fairly the activities of the Project for the year

## ANNEX 7: RRMP IDA 3866 ZA AUDITED STATEMENTS

attention to economy and efficiency and only for the purposes for which they were provided.

- (iv) Goods and services financed have been procured in accordance with the relevant financing agreements.
- (v) All necessary supporting documents, records and accounts have been kept in respect of all project activities, including expenditures reported using the Statement Of Expenditure (SOEs) or Special Accounts, and all information and explanations necessary for the purpose of the audit have been obtained.
- (vi) The project Financial Statements have been prepared on a cash basis, which is not in accordance with International Accounting Standards. The Project operates on a reimbursement basis, which implies that funding is provided when expense claims are submitted. Under these circumstances the cash basis of accounting is considered appropriate.
- (vii) Special Accounts have been maintained in accordance with the relevant financing agreements.
- (viii) The SOEs submitted during the period can be relied upon to support the related withdrawal applications.



**M T Ncube and Associates**

**Chartered Accountants**

**Lusaka**

*23 April* .....2007



**ANNEX 7: RRMP IDA 3866 ZA AUDITED STATEMENTS**

**Road Rehabilitation and Maintenance Project  
International Development Association  
Development Credit Agreement 3866-ZA  
Financial Statements  
for the year ended 31 December 2006**

**STATEMENT OF RECEIPTS AND PAYMENTS**

		Quarter ended 31.12. 06	Year ended 31.12.06	Year ended 31.12.05	Cumulative 30 months to 31.12.06
	Notes	US\$	US\$	US\$	US\$
<b>RECEIPTS</b>					
International Development Association	5	2,085,047	15,402,710	3,527,782	21,930,491
Nordic Development Fund	6	212,250	349,654	-	349,654
GRZ	7			150,000	150,000
Other Income (Bank Interest Earned)		<u>4,358</u>	<u>4,358</u>	<u>0</u>	<u>4,358</u>
		<u>2,301,655</u>	<u>15,756,722</u>	<u>3,677,782</u>	<u>22,434,503</u>
<b>PAYMENTS</b>					
Civil Works	8	1,239,131	12,437,362	4,250,908	16,688,271
Goods	9	18,540	331,298	377,493	735,805
Consultancy	10	<u>1,142,968</u>	<u>2,626,313</u>	<u>641,326</u>	<u>3,294,586</u>
		<u>2,400,639</u>	<u>15,394,973</u>	<u>5,269,727</u>	<u>20,718,662</u>
 (Deficit)/Surplus of Income over expenditure		<u>(98,984)</u>	<u>361,749</u>	<u>(1,591,945)</u>	<u>1,715,841</u>
<b>MOVEMENT IN CASH BALANCES</b>					
Opening Cash Balances		1,814,825	1,354,092	2,946,037	-
 Closing Cash Balances	11	<u>1,715,841</u>	<u>1,715,841</u>	<u>1,354,092</u>	<u>1,715,841</u>

The Statement of Receipts and Payments was approved by the National Road Fund Agency on

.....and was signed on its behalf by:

<http://www.pdf4free.com>

**Road Rehabilitation and Maintenance Project  
International Development Association  
Development Credit Agreement 3866-ZA  
Notes to the Financial Statements  
For the year ended 31 December 2006**

**1 PRINCIPAL ACTIVITY AND FINANCING OF THE ROAD REHABILITATION  
AND MAINTENANCE PROJECT**

The Road Rehabilitation and Maintenance Project is financed principally by the World Bank (The lead Agency). The total IDA credit available for the life of the Project is US\$ 50,000,000.

This amount is split as follows: -

	<b>Amount (US\$)</b>
Civil Works	43,100,000
Goods	2,000,000
Consultant's Services	3,500,000
Training	500,000
Unallocated	900,000
	<b><u>50,000,000</u></b>

The objective of the project is to support the Government in implementing the first three years of the Road Sector Investment Programme II (ROADSIP II). The overarching goal of the program is to stimulate economic growth, and contribute to poverty reduction through: appropriate investment in road infrastructure, adequate institutional and policy reforms, and enhanced road sector management. Specific program objective include: bringing the core road net of 40,113 kilometres into a maintainable condition; strengthening technical and managerial capacity of new Agencies; creating of employment opportunities in the road sector; improving road safety and environmental management; improving rural accessibility and mobility; and promoting community participation in road management. Specifically this includes: -

- a) Preserving the public core road network of 40,113 kilometres
- b) Development of adequate institutional capacity for effective, efficient, equitable and sustainable management of the public road infrastructure and road safety
- c) Extension of urban and rural transport infrastructure and services for increased accessibility
- d) Extension of community transport infrastructure





## ANNEX 7: RRMP IDA 3866 ZA AUDITED STATEMENTS

### **Road Rehabilitation and Maintenance Project International Development Association Development Credit Agreement 3866-ZA Notes to the Financial Statements for the year ended 31 December 2006**

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#### **2 PRINCIPAL ACCOUNTING POLICIES**

##### **Basis of Accounts Preparation**

The accounts are prepared under the historical cost convention. The financial statements have been prepared on a cash basis, which is not in compliance with International Accounting Standards. The Project operates on a reimbursement basis, which implies that funding is provided when expense claims are submitted. Under these circumstances the cash basis of accounting is considered appropriate.

##### **Foreign Currencies**

Receipts and payments in currencies other than the United States Dollar, where applicable, are expressed in United States Dollar terms at the rate of exchange ruling on the date of the transaction.

#### **STATEMENT OF PROJECT MANAGEMENT'S RESPONSIBILITIES**

Project Management is responsible for preparing financial statements for the agreed financial period, which give a true and fair view of the surplus or deficit of the Project and comply with the provisions of the Credit Agreement and rules and regulations regarding utilisation of funds.

Management is responsible for keeping proper accounting records, which disclose, with reasonable accuracy and at any time, the financial position of the Project. They are also responsible for safeguarding the assets of the Project and taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **STATEMENT OF THE AUDITORS' RESPONSIBILITIES**

The auditors have a responsibility to form an independent opinion on the financial statements of the Project, and to report to the Auditor General whether in their opinion the financial statements give a true and fair view of the state of the Project. Additionally, that they comply with requirements under "Principal Activities" on page four (4) of this report.

## ANNEX 7: RRMP IDA 3866 ZA AUDITED STATEMENTS

### Road Rehabilitation and Maintenance Project International Development Association Development Credit Agreement 3866-ZA Notes to the Financial Statements for the year ended 31 December 2006

#### IDA FINANCING

IDA funding represents funding from the World Bank in the form of direct payments to suppliers and reimbursements to the Special Account on the basis of Statement of Expenditure (SOE) applications. The total funding to the project for the year ended 31 December 2006 is itemised below:

	Quarter ended 31.12.06	Year ended 31.12.06	Year ended 31.12.05	Cumulative 30 months to 31.12.06
	US\$	US\$	US\$	US\$
<b>Special Account Funding</b>				
Initial Deposit				
Application No. 1(12.07.04)				3,000,000
<b>Direct payments</b>				
Application No 11 (01.03.06)	-	1,831,554	-	1,831,554
18 (18.05.06)	-	805,204	-	805,204
19 (07.06.06)	-	128,869	-	128,869
21 (21.06.06)	-	1,061,311	-	1,061,312
22 (21.06.06)	-	171,856	-	171,856
24 (10.09.06)	-	132,875	-	132,875
25 (10.09.06)	-	1,045,033	-	1,045,033
27 (10.09.06)	-	818,071	-	818,071
28 (10.09.06)	-	125,181	-	125,181
	-	6,119,954	-	9,119,955
<b>Replenishments</b>				
Application No 2 (03.05.05)	-	-	1,455,916	1,455,916
3 (16.05.05)	-	-	201,514	201,514
4 (14.06.05)	-	-	908,868	908,868
5 (25.07.05)	-	-	123,976	123,976
6 (19.08.05)	-	-	38,675	38,675
7 (26.08.05)	-	-	24,688	24,688
8 (10.07.05)	-	-	299,962	299,962
9 (27.12.05)	-	-	474,181	474,181
10 (18.01.06)	-	88,683	-	88,683
12 (27.01.06)	-	479,100	-	479,100
13 (14.02.06)	-	1,208,826	-	1,208,826
14 (20.04.06)	-	1,141,022	-	1,141,022
15 (27.04.06)	-	147,067	-	147,067



**ANNEX 7: RRMP IDA 3866 ZA AUDITED STATEMENTS**

**Road Rehabilitation and Maintenance Project  
International Development Association  
Development Credit Agreement 3866-ZA  
Notes to the Financial Statements  
for the year ended 31 December 2006**

**6 NDF FINANCING**

	Quarter ended 31.12.06 US\$	Year ended 31.12.06 US\$	Year ended 31.12.05 US\$	Cumulative 30 months to 31.12.06 US\$
<b>DIRECT PAYMENTS</b>				
Tranche 1	-	137,404	-	137,404
Tranche 2	<u>212,250</u>	<u>212,250</u>	-	<u>212,250</u>
	<u>212,250</u>	<u>349,654</u>	-	<u>349,654</u>

**7 GRZ COUNTERPARTY FUNDING**

The government of the Republic of Zambia has made available to the project US\$ 150,000 as counterparty funding.

**8 CIVIL WORKS**

Road Construction	<u>1,239,131</u>	<u>12,437,362</u>	<u>4,250,908</u>	<u>16,688,271</u>
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The expenditure relates to payments to China Hennen for construction of the Chingola-Kasumbalesa Road, Luanshya-Kafulafuta Road and rehabilitation of the Chirundu Road.

**9 GOODS**

Fixed assets	18,540	325,220	356,603	708,848
HIV/AIDS Materials	-	-	17,167	17,167
Road Safety Materials	-	6,078	3,713	9,790
	<u>18,540</u>	<u>331,298</u>	<u>377,483</u>	<u>735,805</u>



## ANNEX 7: RRMP IDA 3866 ZA AUDITED STATEMENTS



### Road Rehabilitation and Maintenance Project International Development Association Development Credit Agreement 3866-ZA Notes to the Financial Statements for the year ended 31 December 2006

#### CONSULTANT'S SERVICES

	Quarter ended 31.12.06 US\$	Year ended 31.12.06 US\$	Year ended 31.12.05 US\$	Cumulative 30 months to 31.12.06 US\$
HIV/AIDS Activities	2,751	84,649	75,946	174,773
Audit Fees	1,696	10,524	5,117	15,641
Environmental Management Unit National Council for Construction	-	30,092	29,934	61,827
Launch of ROADSIP II	37,163	110,896	57,611	168,506
Institutional Study	-	88,718	1,044	95,727
Training	86,884	275,350	52,068	327,419
Preparation of Project Implementation Manual	-	61,980	88,289	145,067
Bank Charges	-	-	9,200	9,200
Road Safety Workshop Campaigns	3,480	10,631	4,432	15,399
Rural Accessibility and mobility programme (RAMP)	-	79,084	-	88,954
Engineering study/design	30,634	46,789	-	46,789
Monitoring and Evaluation	131,606	131,606	-	131,606
Techno studies – Spinal road	132,593	132,593	-	132,593
Poverty impact baseline study	212,250	349,654	-	349,654
Supervision of Road Construction	228,323	228,323	-	228,323
Total	<u>275,588</u>	<u>985,424</u>	<u>317,685</u>	<u>1,303,108</u>
	<u>1,142,968</u>	<u>2,626,313</u>	<u>641,326</u>	<u>3,294,586</u>

#### 1 BANK BALANCES

Kwacha Counterparty fund	150,000	150,000	150,000	150,000
US Dollar Special Account	<u>1,565,841</u>	<u>1,565,841</u>	<u>1,204,000</u>	<u>1,565,841</u>
	<u>1,715,841</u>	<u>1,715,841</u>	<u>1,354,000</u>	<u>1,715,841</u>

**Road Rehabilitation and Maintenance Project  
International Development Association  
Development Credit Agreement 3866-ZA  
Notes to the Financial Statements  
for the year ended 31 December 2006**

**2 ASSETS PURCHASED BY THE PROJECT**

Equipment worth US\$ 1,092 and furniture and fittings costing US\$ 17,448 were acquired during the last quarter of the year. Equipment costing US\$ 2,081 bought for the Road User Charges project and expensed to the project, is not included on the listing of fixed assets given below. The listings of fixed assets are shown below:

**MOTOR VEHICLES**

Item No.	Registration No.	Description	Cost US\$	Location
1	ABE 5779	Nissan Almera Saloon	13,909	Road Transport & Safety Agency (RTSA)
2	ABE 5488	Nissan Almera Saloon	13,909	Road Transport & Safety Agency (RTSA)
3	ABE 5807	Nissan Almera Saloon	13,909	Road Transport & Safety Agency (RTSA)
4	ABE 5817	Nissan Almera Saloon	13,909	Road Transport & Safety Agency (RTSA)
5	ABE 6306	Nissan Almera Saloon	13,909	Road Transport & Safety Agency (RTSA)
6	ABE 5811	Nissan Almera Saloon	13,909	Road Transport & Safety Agency (RTSA)
7	ABE 5771	Nissan Almera Saloon	13,909	Road Transport & Safety Agency (RTSA)
8	ABD 9393	Nissan Patrol	48,832	Road Transport & Safety Agency (RTSA)
9	ABD 8601	Nissan Hard Body	26,277	Environmental Management Unit
10	ABD 3686	Mitsubishi L200	23,800	HIV/AIDS Project Office at MCT
11	ABE 3938	XJ 900p Motor Cycle	10,482	Road Transport & Safety Agency (RTSA)
12	ABE 3933	XJ 900P Motor Cycle	10,482	Road Transport & Safety Agency (RTSA)
13	ABE 3936	XJ 900P Motor Cycle	10,482	Road Transport & Safety Agency (RTSA)
14	ABE 3935	XJ 900P Motor Cycle	10,482	Road Transport & Safety Agency (RTSA)
15	ABE 3934	XJ 900P Motor	10,482	Road Transport & Safety Agency (RTSA)
16	ABE 3937	XJ 900P Motor Cycle	10,482	Road Transport & Safety Agency (RTSA)
17	ABF 2579	Nissan Saloon	17,300	RMI Reform Coordinator (MCT)
18	ABG 9274	Isuzu Van	25,729	Ministry of Local Government and Housing
19	-	Deposit paid for 7 Vehicles – Capital		
		Work in Progress	202,133	
		<b>Total</b>	<b>504,113</b>	

## ANNEX 7: RRMP IDA 3866 ZA AUDITED STATEMENTS

### Road Rehabilitation and Maintenance Project International Development Association Development Credit Agreement 3866-ZA Notes to the Financial Statements for the year ended 31 December 2006

#### OFFICE EQUIPMENT & FURNITURE

Item No.	Serial No.	Description	Cost US\$	Location
1	SGH504084B (CPU)	Desktop Computers	1,831.03	Road Traffic and Safety Agency
2	SGH504081Z (CPU)	Desktop Computers	1,831.03	Road Traffic and Safety Agency
3	SGH504082M (CPU)	Desktop HP Computers	1,831.03	Road Traffic and Safety Agency
4	SGH504087X (CPU)	Desktop Computers	1,831.03	Road Traffic and Safety Agency
5	SGH504083D	Desktop Computers	1,831.03	Road Transport & Safety Agency
6	SGH504087	Desktop Computers	1,831.03	Road Transport & Safety Agency
7	SGH50403L	Desktop Computers	1,831.03	Road Transport & Safety Agency
8	SGH5040840 (CPU)	Desktop Computers	1,831.03	Road Transport & Safety Agency
9	SGH504086Y (CPU)	Desktop Computers	1,831.03	Road Transport & Safety Agency
10	4890150G	Toshiba Laptop	2,802.00	Permanent Secretaries (MCT)
11	4890144G	Toshiba Laptop	2,802.00	Permanent Secretaries (MLGH)
12	441172044	Toshiba Laptop & Software	3,196.00	HIV/AIDS Project Office at MCT
13	CNB089682	LaserJet Printer	1,209.00	Road Transport & Safety Agency
14	CNB089684	LaserJet Printer	1,209.00	Road Transport & Safety Agency
15	CNCFLO3212	LaserJet Printer	1,474.00	HIV/AIDS Project Office at MCT
16	-	Coffee Table	507.00	HIV/AIDS Project Office at MCT
17	-	Executive Chair	239.00	HIV/AIDS Project Office at MCT
18	-	Visitors Chairs (3)	331.00	HIV/AIDS Project Office at MCT
19	-	Desk set	896.00	HIV/AIDS Project Office at MCT
20	-	Bookshelf	585.00	HIV/AIDS Project Office at MCT
21	-	Furniture	1,637.00	RMI Reform Coordinator MCT
22	CNCD819563	HP LaserJet 1300	561.00	RMI Reform Coordinator MCT
23	CNOD212548	Dell D600 laptop	2486.00	RMI Reform Coordinator MCT
24	-	MS Office XPpro anti virus	401.00	RMI Reform Coordinator MCT
26	-	MSOffice 2003 Pro	2,960.38	NRFA
27	ZAB39007R	HP Compaq DX2000	1,567.17	NRFA
28	ZAB539013V	HP Compaq DX2000	1,567.17	NRFA
29	ZAB538009Y	HP Compaq DX2000	1,567.17	NRFA
30	ZAB538009Y	HP Compaq DX2000	1,567.17	NRFA
31	ZAB538003K	HP Compaq DX2000	1,567.17	NRFA





**ANNEX 7: RRMP IDA 3866 ZA AUDITED STATEMENTS**

**Road Rehabilitation and Maintenance Project  
International Development Association  
Development Credit Agreement 3866-ZA  
Notes to the Financial Statements  
for the year ended 31 December 2006**

Balance carried forward 59,925.63

**OFFICE EQUIPMENT & FURNITURE (Continued)**

Item No.	Serial No.	Description	Cost US\$	Location
		Balance brought forward	59,925.63	
37	-	40 Container	6,157.41	HIV/AIDS Project Office at MCT
38	-	10 Speed Traps	93,944.76	RTSA
39	-	Rexel Combo Binder	995.33	RMI Reform Coordinator
	-	Rexel Thermal Binder		
40			1,217.55	RMI Reform Coordinator
41	-	Adobe Acrobat Software	3,459.48	NRFA
42	4ZMYB2J	Dell Desktop Computer	1,077.92	Ministry of Local government and Housing
43	CNHW64LGL6	HP Laserjet Printer	324.68	Ministry of Local government and Housing
44	CNBW65M009	HP Laserjet Colour Printer	435.58	Ministry of Local government and Housing
45	JPPNH06130	HP Colour Laserjet copier	4,697.73	Ministry of Local government and Housing
46	KRP00334	Canon IR2020 Digital Copier	3,648.83	RMI Reform Coordinator
47	-	Motorola CP 140 Handheld Radios	10,980.00	Road Traffic and Safety Agency (RTSA)
48	Z5681720G	Toshiba Tecra A5 Laptop	1,381.19	Ministry of Local government and Housing
49	-	Computer Table	86.62	RMI Reform Coordinator
50	-	Stand for Binder	75.05	RMI Reform Coordinator
51	-	Book Cabinet	646.84	RMI Reform Coordinator
52	-	Steel fil-cabinets	979.89	RMI Reform Coordinator
53	-	Desk set	173.21	RMI Reform Coordinator
54	-	Workstation	12,752.26	RDA
55	-	Office leather chair	2,895.58	RDA

## ANNEX 7: RRMP IDA 3866 ZA AUDITED STATEMENTS

**Road Rehabilitation and Maintenance Project  
International Development Association  
Development Credit Agreement 3866-ZA  
Financial Statements  
for the year ended 31 December 2006**

**Appendix 1**

**SPECIAL ACCOUNT STATEMENT**

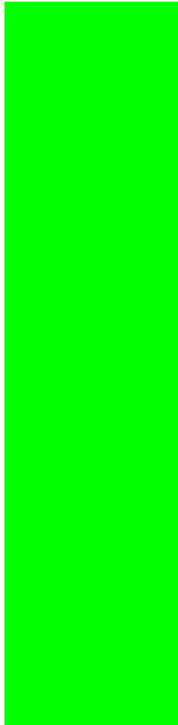
**Account No:** 0030410000001675

**Depository Bank:** Zambia National Commercial Bank

**Address:** Lusaka Business Centre, Lusaka, Zambia

	US\$	US\$
Initial Deposit		3,000,000
<b>Add:</b>		
World Bank replenishments (Note 5)		<u>18,934,849</u>
		21,934,849
<b>Deduct:</b>		
Statement of expenditure reimbursements	20,358,377	
Total service charges	<u>10,631</u>	
		<u>20,369,008</u>
<b>Ending balance (31.12.06)</b>		<u><b>1,565,841</b></u>





**ANNEX 7: RRMP IDA 3866 ZA AUDITED STATEMENTS**

**Road Rehabilitation and Maintenance Project  
International Development Association  
Development Credit Agreement 3866-ZA  
Financial Statements  
for the year ended 31 December 2006**

**Appendix II**

**BANK RECONCILIATION STATEMENT (United States Dollar  
Account)**

Zambia National Commercial Bank  
Special Account No. 0030410000001675

	US \$
Balance as per bank statement as at 31 December 2006	1,613,949
Less: Unpresented Cheques	
15.12.06 Chq. No 92285 BCEOM/Rankin	48,108
	<u>1,565,841</u>
Balance per cash book as at 31 December 2006	

**Road Rehabilitation and Maintenance Project  
International Development Association  
Development Credit Agreement 3866-ZA  
Financial Statements  
for the year ended 31 December 2006**

**Appendix III**

**RECONCILIATION OF WORLD BANK FUNDING**

	US\$
Total Disbursements as at 31 December 2006 per World Bank	21,934,849
Total funding received per project accounts	<u>21,934,849</u>
Difference	<u>NIL</u>

## ANNEX 7: RRMP IDA 3866 ZA AUDITED STATEMENTS

**Road Rehabilitation and Maintenance Project  
International Development Association  
Development Credit Agreement 3866-ZA  
Financial Statements  
for the year ended 31 December 2006**

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**Appendix III**

**RECONCILIATION OF WORLD BANK FUNDING**

	US\$
Total Disbursements as at 31 December 2006 per World Bank	21,934,849
Total funding received per project accounts	<u>21,934,849</u>
Difference	<u><u>NIL</u></u>

