



NATIONAL ROAD FUND AGENCY



ANNUAL REPORT 2014

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1 ABBREVIATIONS AND ACRONYMS

ACC	-	Anti-Corruption Commission
AfDB	-	African Development Bank
AGA	-	Annual General Assembly
AGM	-	Annual General Meeting
ANRP	-	Accelerated National Road Construction Programme
APL	-	Adaptable Programme Lending
ARMFA	-	African Road Maintenance Funds Association
AWP	-	Annual Work Plan
BADEA	-	Arab Bank for Economic Development in Africa
BEA	-	Budget and Economic Affairs
CAIP	-	Community Access Improvement Programme
CFI	-	Construction Finance Initiative
CMS	-	Contract Management System
COMESA	-	Common Market for Eastern and Southern Africa
CPs	-	Cooperating Partners
CR	-	Credit
CILT	-	Chartered Institute of Logistics & Transport
CTI	-	Community Transport Initiative
DANIDA	-	Danish International Development Agency
DfID	-	Department for International Development
DKK	-	Danish Kroner
DBSA	-	Development Bank of Southern Africa
EBRP	-	Essential Bridge Rehabilitation Project
EDRP	-	Emergency Drought Recovery Project
EIB	-	European Investment Bank
EIZ	-	Engineering Institution of Zambia
EMU	-	Environmental Management Unit
EU	-	European Union
GRZ	-	Government of the Republic of Zambia
IDA	-	International Development Agency
IFG	-	International Focus Group
K'b	-	Kwacha billion
KfW	-	German Development Bank
K'm	-	Kwacha million
LCC	-	Lusaka City Council
LRAs	-	Local Road Authorities
M&E	-	Monitoring & Evaluation
MTWSC	-	Ministry of Transport, Works, Supply and Communications
MLGH	-	Ministry of Local Government and Housing
MOF	-	Ministry of Finance
MOJ	-	Ministry of Justice
MTENR	-	Ministry of Tourism, Environment and Natural Resources
NCC	-	National Council for Construction
NDF	-	Nordic Development Fund

NORAD	-	Norwegian Development Agency
NPPID	-	National Policy and Programme Implementation Department
NRFA	-	National Road Fund Agency
ORUCs	-	Other Road User Charges
PRE	-	Provincial Road Engineer
PS	-	Permanent Secretary
PSU	-	Procurement and Supplies Unit
RAMP	-	Rural Accessibility and Mobility Project
RDA	-	Road Development Agency
RMI	-	Road Management Initiative
ROADSIP	-	Road Sector Investment Programme
RRMP	-	Road Rehabilitation and Maintenance Programme
RTPR	-	Rural Transport for Poverty Reduction Programme
RSPS	-	Road Sector Programme Support
RTC	-	Road Traffic Commission
RTSA	-	Road Transport and Safety Agency
RUC	-	Road User Charges
SADC	-	Southern African Development Community
SI	-	Statutory Instrument
SSATP	-	Sub-Saharan Africa Transport Policy Programme
TMSA	-	Trade Mark Southern Africa
TOR	-	Terms of Reference
URRP	-	Urban Roads Rehabilitation Programme
WORC	-	Working on Roads Countrywide
ZIPS	-	Zambia Institute of Purchasing and Supply
ZMW	-	Zambian Kwacha
ZNBC	-	Zambia National Broadcasting Corporation
ZNFU	-	Zambia National Farmers Union
ZNTB	-	Zambia National Tender Board
ZPPA	-	Zambia Public Procurement Authority

2 VISION, MISSION, CORE VALUES

Vision

➡ *“A Sustainable Road Fund”.*

Mission

➡ “To mobilize funds and provide fiduciary management of financial resources and ascertain value for money for sustainable development and maintenance of road infrastructure for all”.

Core Values

➡ Accountability, Transparency, Service

3 CHAIRMAN'S FORWARD



As 2014 comes to a close, I have the honour and privilege to present the National Road Fund Agency (NRFA) Annual Report covering the period 1st January to 31st December 2014 alongside the audited financial statements.

During the financial year 2014, the NRFA established through the Road Fund Act No. 13 of 2002, was run on clearly stipulated corporate governance principles. With the Board's guidance, management remained committed to the principles of openness, integrity and accountability.

The Agency operated on well-established systems of internal control designed to safeguard the Agency's assets, maintain proper accounting records and ensure reliability of management and financial information produced by the Agency. Control systems were based on established policies and procedures and were implemented diligently by Management and Staff.

Following its mandate, the Agency mobilised financial resources for the road sector from a diversity of sources and disbursed these finances to the implementing Agencies, the Road Development Agency (RDA), the Road Transport and Safety Agency (RTSA) and Local Road Authorities (LRAs) under the Ministry of Local Government and Housing and supported capacity building programmes under the National Council for Construction (NCC).

This funding facilitated the continuation of road projects and related activities under Link Zambia 8000, Lusaka 400 and Pave Zambia 2000 and enabled the Agency to finance various interventions which included emergency/holding maintenance, rehabilitation, and upgrading in all ten provinces of the country. Financial allocations to these projects were done in accordance with the Public Finance Act and value for money ascertained through road inspections and pre-payment audits.

During the period under review, the Board approved the Agency's realigned Strategic 2011 – 2013 Plan which was extended to 2016, in order to align it to the revised Sixth National Development Plan (SNDP) for 2011 -2016 and other Government policy directives.

The future outlook of the Agency will largely depend on the implementation of the NRFA programmes in the context of its mandate while counting on the invaluable support of all stakeholders.

Felix Nkulukusa
Acting Board Chairman

4 DIRECTOR/CHIEF EXECUTIVE OFFICER'S REPORT



It is with great pleasure that I give some key highlights on the operations of the Agency during the period 1st January to 31st December 2014 and outline the future direction of the Agency in line with our mandate of administering and managing Road Sector finances.

It is gratifying to report that, with the commitment and support of our parent Ministry, the Ministry of Finance, the NRFA Board, and the dedication to duty by all staff, we were able to raise the bar even further, in the judicious implementation of our mandate as it relates to fiduciary oversight for all road sector finances.

Over the financial and calendar year ended 31st December 2014, significant achievements were made in the systematic coordination and implementation of various capacity building programmes for the Road Sector, and inwardly for the benefit of all NRFA staff while maintaining a conducive work environment with a cordial industrial relations atmosphere.

The conducive work environment has been a blue print upon which we repositioned ourselves during the year to meet various sector dynamics, exerting our professional effort, specifically to the achievement of the three thematic areas of resource mobilisation, fiduciary management and value for money.

During the year 2014 we operated on the Road Sector budget of K4.9 Billion and processed more than 1, 500 Interim Payment Certificates (IPCs).

To enhance our commitment to value for money, we commissioned consultancy services for the provision of a technical audit of various roads in Zambia, aimed at addressing critical issues of premature road failures, poor workmanship, poor designs, time and cost overruns and general poor quality.

Further, we took the lead in enhancing capacity building of the small and medium scale contractors through the Construction Finance Initiative (CFI), improved internal audit systems and enhanced Monitoring and Evaluation of road projects and related activities.

We continued to strengthen and enhance intra and inter agency synergies by spearheading stakeholder meetings at committee of Chairpersons in the Road Sector level, collaborative meetings with implementing agencies and timely reports to our parent Ministry.

At continental level, we provided strategic leadership and secretarial services to the African Road Maintenance Funds Association (ARMFA), for which we are the President and Secretariat and helped realise the 34 member association's key objectives of networking and sharing knowledge and information on the judicious application of the road sector finances.

A key milestone in 2014 was the realigning of the Agency's Strategic Plan 2011-2013 by aligning it to 2016, in order to align it to the revised Sixth National Development Plan (SNDP) for 2011 -2016 and other Government policy directives.

The realigned Strategic Plan 2011-2016 is anchored on new and sharpened Vision, Mission Statement, Core Values and Strategic objectives to effectively and efficiently conduct the Agency business under the three key thematic areas of resource mobilization, Fiduciary Management and Value for Money.

The Agency shall employ the realigned Strategic Plan 2013 -2016 as a necessary tool in the provision of strategic financial oversight to the road sector and attain higher achievements in road infrastructure development within the framework of the revised SNDP and the Government Policy Direction.

Looking ahead, during the calendar and financial year 2015, we shall enhance financial and technical audits – preventive and post audits and site inspections. We shall introduce a robust Financial Management System for effective fiduciary management and monitoring and evaluation.

Finally, I wish to thank all stakeholders for the cooperation and support as we enter 2015 with an aligned strategic direction and positive mindset to enable us even first rate the provision of fiduciary oversight on all road sector finances, ensure value for money as well as envision a “sustainable Road Fund”.

Dr. Anthony Mwanaumo
Director/Chief Executive Officer

5 NRFA'S MANAGEMENT STAFF



Dr. Anthony Mwanaumo
Director/Chief Executive Officer



Mr. Vincent Nyambe
Fund Manager



Mr. Crispin Chilikwela
Head: Corporate
Support



Mr. Wallace Mumba
Manager: Monitoring
and Evaluation



Mr. Richard Shikoki
Head: Internal
Audit

6 INTRODUCTION

During the period under review, the Agency operated under four (4) departments namely Corporate Support, Fund Management, Monitoring and Evaluation and Internal Audit. Therefore, this Annual Report will highlight key activities of the Agency in 2014 under the four departments.

7 CORPORATESUPPORT

The Corporate Support department is mandated to deal with Human Resource Management, General Administration, Procurement, Public Relations, Board Affairs, Integrity Committee and African Road Maintenance Fund Association (ARMFA) activities. This part of the report will provide major highlights on the operations of the department in the year 2014.

7.1 HUMAN RESOURCE MANAGEMENT

7.1.1 Staff Complement

At the beginning of the year 2014, the Agency had twenty four (24) members of staff. One (1) Accountant separated with the Agency leaving a work force of twenty three (23) employees. The Agency recruited one (1) employee in the position of Assistant Registry Clerk, thereby closing the year under review with twenty four (24) employees. The distribution of employees by sex was as follows:

Table 1: Employee Distribution

No.	DEPARTMENT	MALE	FEMALE	TOTAL
1.	Director's Office	1	1	2
2.	Corporate Support	8	4	12
3.	Fund Management	2	3	5
4.	Monitoring and Evaluation	3	0	3
5.	Internal Audit	2	0	2
TOTAL		16	8	24
PERCENTAGE OF MALE / FEMALE		66.7%	33.3%	100%

7.1.2 Industrial Relations

The Industrial Relations atmosphere was calm and cordial during the period under review. No Industrial unrest was recorded.

7.1.3 Staff Performance Evaluation

All employees were subjected to an Annual Performance Evaluation for the year and based on the results, all deserving employees were awarded notches which have since been implemented.

The Annual Staff Performance Evaluation provided the basis for identification of employees training needs in each department.

7.1.4 Training and Development

In order to enhance capacity in the Agency, training needs identified during the Staff Performance Evaluation were met by facilitating the attendance of various trainings and workshops for employees who were deemed to be in need of training.



NRFA Staff attended various training programmes during 2014

7.1.5 Employee Health and Safety

The department provided a healthy and safe working environment. Protective clothing was procured for all employees who were required to conduct Agency work in areas that required protective clothing.

7.2 GENERAL ADMINISTRATION

During the period under review, the department continued to coordinate Board, Committee, Management and Staff meetings of the Agency.

Other administrative activities included the following:

7.2.1 Motor Vehicle Management

The Agency maintained a fleet of motor vehicles which was used for inspection of road works and other Agency operations. All the motor vehicles were kept in good running condition.



The Department coordinated all Agency meetings

7.2.2 Asset and Facility Management

Asset and Facility Maintenance contracts were signed with different companies to maintain Agency facilities periodically as follows:

- a. Information Technology and other office equipments
- b. Cleaning Services
- c. Elevator/Lift
- d. Air Conditioning System
- e. Security Services
- f. Maintenance of plants and provision of fresh flowers.

7.2.3 Comprehensive Insurance covers

The department facilitated the sourcing and placement of Insurance covers for items categorised below:

- i. Motor Vehicles
- ii. Buildings
- iii. Group Personal Accidents
- iv. Group Life Assurance
- v. Office Furniture
- vi. Office Computers
- vii. Fidelity Guarantee



All Agency motor vehicles were insured

7.2.4 Office Space

The Agency provided office space to the following institutions:

- i. National Policy and Programme Implementation Department, (NPPID) of the Ministry of Finance
- ii. Monitoring and Evaluation Unit of the Ministry of Transport, Works, Supply and Communications occupied the old NRFA building.



The Agency provided office space to the NPPID and M&E Unit under the Ministry of Transport, Works, Supply and Communications

7.2.5 Realigning of the Strategic Plan 2011 -2013

The department coordinated the realignment and tracking of the Agency Strategic Plan from a three (3) year strategic Plan to a five (5) years Plan to run from 2011 to 2016. The Strategic Plan was realigned to the implementation period of the Sixth National Development Plan,(SNDP).



NRFA Management and Staff at a workshop to realign the Strategic Plan 2011-2013

7.2.6 Legal matters

All Service contracts were submitted to the Ministry of Justice for clearance before signing. Further, the Agency was served with seven (7) Court Garnishes by Contractors seeking to be paid for works done. Some of these matters were disposed of while the rest were still pending in the Courts of Law.

7.3 PROCUREMENT

This section highlights the main procurement activities that were undertaken during the year under review.

The Procurement Committee met eight (8) times to consider procurement of goods and services whose values were above Fifty Thousand Kwacha, **ZMW50, 000.00**.

The department procured various goods and services with a cumulative total value of **ZMW 6,889,577.48**.

Major items procured during the year included the following:

Table 2: Major items procured

S/No	Item Procured	Value (ZMW)
1.	2no. Motor Vehicles	1,392,590.00
2.	2014 Life and Non-Life Insurances	268,373.00
3.	Purchase of Conference Facilities for Road Sector Agencies, MTWSC and MLGH	720,705.00
4.	Purchase of Road Inspection and Testing Equipment	563,900.00
5.	Purchase of Air Tickets for Road Sector Agencies, MTWSC and MLGH	1,010,627.00
6.	Procurement of Consultancy Services for HIV/AIDS Component in Road Contracts	218,000.00
7.	Provision of Technical Audit for Various Road Projects	1,578,483.00
8.	Procurement of Individual Consultant to undertake Completion Report of the Road Rehabilitation and Maintenance Project - Phase I	114,500.00
9.	Purchase of Computer Equipment	715,919.00
10.	NRFA 2015 Diaries and Calendars	178,878.00
11.	Purchase of ARMFA Website	127,600.00
	TOTAL	6,889,577.46

Other procurements included the following:

- a. **Contract Management System (CMS):** This is a robust contract management system that will replace the current Monitoring and Evaluation (M&E) Tracking excel based System. The CMS will enhance IPC processing and generally improve management of information for the department, the agency and the road sector as a whole. The CMS is expected to be operational in 2015.
- b. **Mobile Testing Equipment:** The testing equipment is meant to enhance the monitoring activities on site. The equipment procured include; 3 core drilling machines, 3 sledge hammers for backfilling after coring, 3 pieces of reflectometer machines for measuring quality of road signs, a GPS for measuring distance and positioning during site inspections.
- c. **Technical Audits:** This was an extension of the 2013/2014 consultancy services for Technical Audits of various road projects in Zambia. The extension include technical

audits on 10 selected road projects under RDA and MLGH. The works will be conducted in 2015.

As per Zambia Public Procurement Authority Regulations, all Service Contracts were subjected for clearance by the Ministry of Justice before execution.

7.4 PUBLIC RELATIONS

During the period under review, the Agency's Public Relations focused on media relations, preparations and participation at both the 2014 Zambia International Trade Fair and the Lusaka Agricultural and Commercial Show. It also facilitated and coordinated the Agency's participation at various road commissioning projects, Construction Finance Initiative (CFI) signing ceremonies and other public events.



NRFA employees pose for a photograph with Hon. Yamfwa Mukanga (Second from Right) Minister, Transport, works, Supply and Communications at the Agency stand at the Zambia International Trade Fair in Ndola

7.5 BOARD AFFAIRS

7.5.1 Board of Directors

The tenure for the Board of Directors expired in June, 2013 and the Board was not yet appointed during the period under review. However, the Permanent Secretary in charge of Economic Management and Finance in the Ministry of Finance acted as Board Chairman and provided direction over strategic issues for the Agency.

7.5.2 Committee of Chairpersons

The Committee of Chairpersons is a committee which comprised the Chairpersons of the three (3) Road Sector Agencies Board of Directors ie NRFA, RDA and RTSA. The department facilitated and coordinated the holding of monthly meetings for the committee.

7.6 INTEGRITY COMMITTEE

The National Road Fund Agency Integrity Committee was established in 2010 with the main objective of corruption prevention in the Agency. The Head – Corporate Support is the Chairperson of the Integrity Committee. Other three (3) members are drawn from the Fund Management, Monitoring and Evaluation and Internal Audit departments.

In order to spearhead the prevention of Corruption and related activities, the Agency has integrated the activities of the Integrity Committee as part of its business.

During the year 2014, the Integrity Committee undertook the following activities.

- i. Prepared and submitted quarterly reports to the Anti-Corruption Commission (ACC).
- ii. Prepared the 2014 Integrity Committee Budget.
- iii. Facilitated a presentation by Zambia Police Service to sensitise employees on “The indicators of corrupt employees and fraudulent transactions.”
- iv. Handled two (2) cases of suspected fraud by two (2) Contractors and referred them to ACC for further action.
- v. Held monthly meetings to review progress on Corruption Prevention Activities.

- vi. Held meetings with various Suppliers of Goods and Services to enlighten them on the Agency's Gift Policy and Customer Service.

7.7 AFRICAN ROAD MAINTENANCE FUNDS ASSOCIATION (ARMFA)

The Presidency and Secretariat of ARMFA was handed over by Benin Road Fund to Zambia through the Director / CEO of the Agency, Dr. Anthony Mwanaumo. In this regard, the department was mandated to coordinate all ARMFA Secretariat activities.

All the assets of ARMFA were handed over to Zambia and the hosting of the Website was rerouted from the domain in Benin to Zambia.

After being elected ARMFA president, NRFA which was chairing the Southern Africa Focal Group (SAFG) of ARMFA handed over the Chairmanship to the Zimbabwe National Roads Administration (ZINARA) of Zimbabwe. ZINARA was elected Chair by SAFG members.

The 13th ARMFA Annual General Assembly which was due to be held in October/November, 2014 in Kinshasa, DRC was postponed to February, 2015 due to the outbreak of Ebola in that country.

The department coordinated the hosting of ARMFA Executive Committee meetings which were held as follows:

- i. The first meeting was held in Livingstone, Zambia in March, 2014.
- ii. The second meeting was held in Abidjan in Cote D'Ivoire in June, 2014.
- iii. The last meeting for the year 2014 was held in Addis Ababa, Ethiopia in November, 2014



ARMFA Excecutive Committee members pose for a photogrpah with the outgoing ARMFA President Mr. Sylvestre Kotchofa (seated far right) at the inaugural Excecutive Committee Meeting held in March 2014 in Livingstone



ARMFA Executive Committee and Secretariat members pose for a photograph at a meeting in Addis Ababa, Ethiopia

The main agenda items which were discussed in the ARMFA Executive Committee meetings were as follows:

- i. The review of ARMFA statutes.
- ii. The setting up of a permanent ARMFA Secretariat in Addis Ababa, Ethiopia.
- iii. The review of Annual Subscription fees.
- iv. Preparations for the 13th ARMFA Annual General Assembly.
- v. ARMFA affiliation to the African Union

7.8 DEPARTMENTAL, MANAGEMENT AND STAFF RETREATS

During the period under review the Agency held retreats at Departmental, Management and Staff levels in order to reorient Agency activities and streamline them into workable resolutions to be achieved within a set time frame. These departmental retreats were coordinated by the Corporate Support Department.

8 INTERNAL AUDIT

The mandate of Internal Audit is to provide assurance services to the Board and management with the objective of improving the organisations internal controls, risk management and governance systems.

To achieve the above mandate a risk based annual audit plan was developed and reviewed every quarter to ensure all critical aspects of NRFAs operations are reviewed and where necessary appropriate recommendations made for improved performance and adherence to all relevant accounting standards, laws and regulations..

The main achievements, challenges and the way forward for the department are noted below:

8.1 ACHIEVEMENTS

8.1.1 Internal Audit Quarterly Reports

All the scheduled audits covering NRFA operations were completed on time and all the four Quarterly Internal Audit Reports were issued. All the recommendations from these reports were accepted and required corrective actions are being implemented.

8.1.2 Audit of the DANIDA funded Community Access Improvement Programme (CAIP) Projects under the Local Road Authorities

Internal Audit and the Monitoring & Evaluation department conducted financial and technical audits of the CAIP projects financed by the Royal Danish Embassy (DANIDA). The purpose of the CAIP program is to enhance economical and social activities in communities through improved access points. These projects are implemented through the Local Authorities.



The purpose of the Community Access Improvement program is to enhance economic and social activities in communities through improved access points

The Local Authorities audited were Kaoma, Mongu, Senenga, Chongwe, Mumbwa, Chibombo, Gwembe, Sesheke, Samfya, Mansa, Chadiza and Petauke Councils.

It was noted that most of the LRAs constructed high quality structures and some of them had good financial management systems in place.

8.1.3 RDA Force account works retirements

Each year a provision of about 10% of the Annual Work plan is made for Force account works which are meant to cater for emergency repair works.

These funds are disbursed by NRFA (on an imprest basis) after applications for specific works are received from the RDA Regional offices. As part of its fiduciary duty, NRFA obtains financial and technical Progress Reports for all such works which the Audit department reviews to ensure value for money.

In the period under review, following strong collaborative efforts between RDA and NRFA the unretired funds from the previous years were substantially cleared. Internal Audit checked through these retirements and most of the queries have been resolved.



About 10% of the Annual Work plan is made for Force account works which are meant to cater for emergency repair works

8.1.4 Procurement and Stores Audit

A special procurement and stores audit was carried out to ensure that NRFA is in full compliance with the Public Procurement Act of 2008 (Act No 12) and all circulars issued by the Zambia Public Procurement Authority. A few deficiencies were noted which have now been attended to.

8.1.5 Audit of Tolls fees collection system

This audit was done with the other 2 sister agencies i.e. RDA and RTSA and covered operational procedures, internal controls and substantive tests on revenue collected

at the Nakonde border point from 1st November 2013 to 15th May 2014. Recommendations on improvements to the system were made and accepted.

8.1.6 Audit of National Council for Construction Capacity building programme

This audit covering the K8.6 million disbursed from February 2014 was done in August. It was noted that funds were utilised in accordance with the approved plans and budget.

8.1.7 External Auditors Management letter

The External Auditors issued their quarterly management letters and Internal Audit has been following up to ensure full implementation of their recommendations.

8.2 CHALLENGES

The main challenge faced by the department has been the limited staffing which has delayed the execution of certain activities such as:

- Completing the audit of the remaining four LRAs in Luapula province which received DANIDA funding,
- The physical verification of various Force account works, and
- Increased Joint audits on tolls and weighbridge fines.



Joint audits on tolls and weighbridge fines needs to be enhanced

8.3 WAY FORWARD

With the planned expansion of Tolls (to cover private saloon cars) emphasis will be placed on the auditing of Tolls income. This will be done jointly with RDA and RTSA to maximise available resources.

9 FUND MANAGEMENT

9.1 INTRODUCTION

The National Road Fund Agency (NRFA) has been mandated to manage and administer the Road Fund which comprise two main sources of revenue, namely, Local Resources (Tolling Revenue, Fuel Levy, Other Road User Charges (ORUCs) and Government of the Republic of Zambia (GRZ) Project Direct Allocations) and External Resources from Cooperating Partners (CPs).

The Local Resources of Tolling Revenue, Fuel Levy and ORUCs are contributions by the road users and External Resources from CPs and are dedicated to the routine and periodic

maintenance of the road network. The GRZ Project Direct Allocations provide funding for the rehabilitation, upgrading and new construction of road projects that GRZ selects each year under national interest.

9.2 NOTABLE ACHIEVEMENTS DURING 2014

The notable major achievements during the year under review were:

9.2.1 Another successful unqualified audit of the 2014 Road Fund Accounts

The NRFA successfully prepared unqualified audited quarterly and annual Road Fund financial statements for the year ended 31st December 2014.

9.2.2 Link Zambia 8,000 Project progress in 2014

The unprecedented **Link Zambia 8,000 Project** under the Accelerated National Road Construction Programme (ANRP), progressed further during 2014, where a total of **406km** was paved and opened to traffic. As at 31st December 2014, a total of **K0.78 billion** was disbursed during 2014 and cumulatively a total of **K2.01 billion** has been disbursed from Project inception.



The Leopards Hill Road to Chiawa is part of the Link Zambia 8000 project

9.2.3 Pave Zambia 2,000 Project during 2014

The Urban Roads Network Paving Blocks Project coined Working on Roads Countrywide ("WORC") or "Pave Zambia 2,000" which was launched on 18 September 2013 progressed further in 2014, by ensuring that all paving equipment was successfully distributed to all the ten Provinces. Significant progress in paving construction is expected to take a foothold in 2015.

9.2.4 Lusaka 400 Project makes headway during 2014

The Lusaka 400 Project, expected to pave a total of **400km** of Lusaka Urban Roads, has progressed well during the year under review where a total of **108.89km** was paved and opened to traffic by 31 December 2014. A total of **US \$79.57 million** was disbursed during 2014.

9.2.5 Small and medium contractor training programme at National Council for Construction (NCC)

The NCC was allocated **K8.00 million** in the 2014 AWP by NRFA to continue its training programme of small and medium enterprises. However, a total of **K5.88 million** was disbursed during 2014.

During 2014, a total of **860 trainees** were trained in Short Intensive training programmes ranging from one week to 16 weeks in Lusaka and Kaoma.

9.2.6 Successful progress on the Construction Finance Initiative (CFI)

CFI is an initiative by the NRFA and RDA to empower local small scale and medium contractors by availing them a platform to access bid bonds, advance payment guarantees, materials and equipment. A total of 90 small and medium Local Contractors accessed funding from Commercial Banks during 2014.

9.3 MOBILISATION, MANAGEMENT AND ADMINISTRATION OF THE ROAD FUND

The GRZ has been increasing its investment through the Road Fund for the major rehabilitation, upgrading and maintenance of the road infrastructure in the Country, with an average of 74% by 2014, as can be seen in **Table 3**, below.

Table 3: Total Road Fund Budget, Receipts and Disbursements from 2006 to 2014

Source	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Budget	858.22	787.48	1,210.38	1,356.84	1,294.48	3,043.99	4,272.70	4,607.03	4,943.20	17,431.12
Receipts	819.40	461.71	921.96	892.41	1,091.13	3,060.23	2,229.23	3,779.82	4,982.78	18,238.67
Disbursements	536.55	445.16	919.27	1,182.98	1,120.64	2,198.84	2,562.56	3,949.73	4,956.77	17,872.50
Mobilisation Capacity % – Receipts/Budget	95	59	76	66	84	101	52	81	101	104
Absorption Capacity % – Disbursements/Budget	63	57	76	87	87	72	60	86	100	102

The drastic rise in both receipts of 101% in 2014 from 81% in 2013 and disbursement of 100% in 2014 from 86% in 2013 was mainly due to:

- The streamlined procurement process by the Zambia Public and Procurement Agency (ZPPA), effective on 1 January 2013, strengthened further the Implementing Road Sector Agencies and Institutions procurement processes of goods and services during 2014;
- The Road Sector contractor base has continued to grow steadily by attracting both large local and foreign contractors and more small scale local contractors have joined the Road Sector as sub-contractors through the CFI in 2014; and

- (c) There has been an increased and enhanced workforce performance during 2014 from Implementing Agencies, the Road Development Agency (RDA) and Road Transport and Safety Agency (RTSA) due to the increased labour force and improved conditions of service during 2013. The Ministry of Local Government and Housing (MLGH), with the delegated road authority through the Local Road Authorities (LRAs), has also enhanced its performance through recruitment of Provincial Regional Engineers in all the ten (10) Provinces.

9.4 MOBILISATION, MANAGEMENT AND ADMINISTRATION OF THE LOCAL RESOURCES DURING 2014

There was a noticeable improvement in both receipts and disbursement levels during 2014 mainly due to the same factors highlighted above. However, the overall performance over the nine (9) year period – 2006 to 2014 - was above 100% on both mobilization and absorption capacity levels.

Table 4: Local Road Fund Budget, Receipts and Disbursements from 2006 to 2014

No.	Source	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
		K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
1	Budget	392.63	324.80	694.88	715.45	852.84	1,520.70	2,237.91	3,784.86	2,900.50	13,424.57
2	Receipts	510.73	380.89	657.67	786.63	1,031.97	2,203.64	1,435.64	3,518.15	3,175.71	13,701.03
3	Disbursements	312.55	375.16	766.73	1,012.44	1,058.26	1,468.77	1,787.78	3,518.15	3,138.50	13,438.34
4	Mobilisation capacity % – Receipts/ Budget	130	117	95	110	121	145	64	92	109	102
5	Absorption capacity %– Disbursements /Budget	80	116	110	142	124	97	80	92	108	100

Below in **Table 5**, is the detailed summary Local 2014 Road Fund budget, receipts and expenditure:

Table 5: Local Road Fund Budget, Receipts and Disbursements during 2014

No.	Local Resources	Budget	Receipts	Expenditure	Variance Receipts Budget – Vs	Variance Receipts/ Budget –
		K'000	K'000	K'000	K'000	%
1	Fuel Levy & ORUC	1,664.36	1,664.36	1,664.36	0	100
2	GRZ - Project Funds	1,236.14	1,236.14	1,236.14	0	100
3	Supplementary Funding	0	217.84	217.84	217.84	218
	Total	2,900.50	3,118.34	3,118.34	217.84	108

9.5 MOBILISATION, MANAGEMENT AND ADMINISTRATION OF THE EXTERNAL RESEOURCES DURING 2014

The cooperating partners' External Road Fund sources continue to play a vital role in addressing the backlog of periodic maintenance of the road network and the rehabilitation of those roads that have deteriorated beyond the level for periodic maintenance as seen in **Table 6** below.

Table 6: External Road Fund Budget, Receipts and Disbursements from 2006 to 2014

No.	Source	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
		K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
1	Budget	465.59	462.68	515.50	641.39	441.64	1,523.29	2,034.79	822.17	2,042.69	8,949.74
2	Receipts	308.67	80.82	264.29	105.78	59.16	856.59	793.59	261.67	1,807.07	4,537.64
3	Disbursements	224.00	70.00	152.54	170.54	62.38	730.07	774.78	431.58	1,818.28	4,434.17
4	Mobilisation capacity % – Receipts/ Budget	66	18	51	16	13	56	39	32	88	51
5	Absorption capacity % – Disbursements/Budget	48	15	29	26	14	48	38	52	89	50

However, while it has always been agreed and planned that External Road Funds should supplement Local Road Funds halfway, there have always been low receipts, mainly due to low absorption capacity caused by:

- (a) The delayed project implementation financed by BADEA, Exim Bank, Kuwait, Saudi Arabia and TMSA which could not take off during the year under review due to further delays in fulfillment of conditions precedent to the effective commissioning of the projects; and

- (b) The European Union (EU), has continued withholding funding to the Road Sector following the 2009 audit.

Below in **Table 7**, is the detailed External 2014 Road Fund budget, receipts and expenditure:

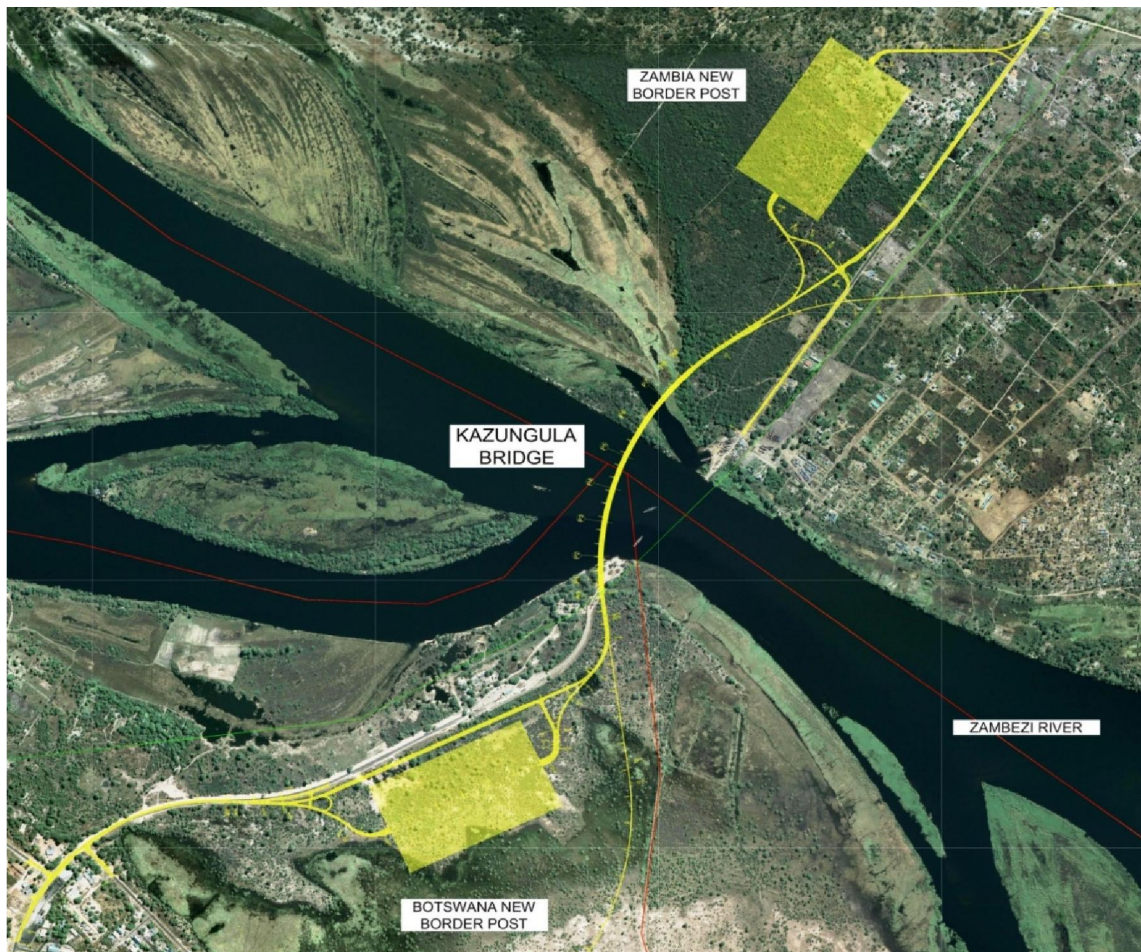
Table 7: External Road Fund Budget, Receipts and Disbursements during 2014

No.	External Funds	Budget K'000	Receipts K'000	Expenditure K'000	Variance Receipts Budget K million	- Vs Variance - Receipts Vs Budget - %
1	AfDB	194.34	115.85	115.85	(78.49)	100
2	BADEA	47.14	0	0	(47.14)	(100)
3	China Development Bank	0	413.94	413.94	413.94	(100)
4	COMESA	495.00	0	0	(495.00)	(100)
5	DANIDA	51.19	0	0	(51.19)	(100)
6	DBSA	259.80	0	1.76	(259.80)	(100)
7	EXIM Bank	437.50	904.40	904.40	466.90	207
8	European Union	251.91	105.69	105.69	(146.22)	(42)
9	KfW	4.24	21.71	17.12	17.47	512
10	Kuwait	37.47	0	0	(37.47)	(100)
11	NDF	27.18	5.60	0	(21.59)	(20)
12	OFID	27.14	0	0	(27.14)	(100)
13	Saudi Arabia	14.57	0	0	(14.57)	(100)
14	World Bank – IDA APL I & II	195.18	239.89	259.52	44.71	123
	Total External Funds	2,042.69	1,807.07	1,818.28	(235.58)	88

In detail, the Receipts and Disbursements from External Road Fund Sources by cooperating partners were made as follows:

9.5.1 The African Development Bank (AfDB) – Design and construction of the Kazungula Bridge, Border Post Facilities, Corridor Facilities and Transport Facilitation Programme

The African Development Bank (AfDB) signed a grant agreement with the Government of Zambia on 7th May 2007 for a total amount of **AU 1.45 million** to finance the design of the Kazungula Bridge and its Border Post Facilities, Corridor Facilities and Transport Facilitation Programme.



An artist's impression of the location of the Kazungula Bridge

The Grant proceeds for the design of above Programme were fully disbursed by 31 December 2013. During 2014 the Resettlement Activities were completed and handed over to the affected residents. During 2014, the two Government of Botswana and Zambia finalised and signed the Loan Financing Agreement on the construction of the Kazungula Bridge with the Financier AfDB. The disbursements were expected to commence during 2015.

9.5.2 The African Development Bank (AfDB) - Rehabilitation of the Great East Road (Nyimba to Petauke to Sinda)

The African Development Bank (AfDB) and the GRZ signed a Credit Agreement on 20 January 2011 for a total amount of **AU 69.36 million** to fund the rehabilitation of 114.78 km of the Great East Road from Nyimba to Petauke to Sinda. A cumulative total of **K162.69 million (US \$25.03 million)** was disbursed on the works between Nyimba to Sinda as at 31 December 2014.

9.5.3 The Arab Bank for Economic Development in Africa (BADEA) and Saudi Arabia- Upgrading of the Kalabo to Sikongo to Angola Border Road

The Arab Bank for Economic Development in Africa (BADEA) and the Government of the Republic of Zambia (GRZ) signed the Loan Agreement on 31 July 2010 for a total amount of **US \$46 million** to fund the upgrading of the Kalabo – Sikongo – Angola Border Road. The Consultancy Agreement to re-design the Kalabo to Sikongo to Angola Border Road was signed on 11 August 2011 between the Road Development Agency (RDA) and the Wanjui/Industrial Engineering and Consulting of Kuwait.

The Loan Agreement between the Government of the Republic of Zambia (GRZ) and Saudi Fund was signed on 3 May 2013.

The works will commence in 2015 after the completion of the re-design consultancy in 2014.

9.5.4 The China Development Bank

The Government of the Republic of Zambia entered into a Loan Agreement with China Development Bank Co-operation for the financial assistance relating to the design and construction /upgrading of the Mansa to Luwingu (M3) Road, and 30km of township roads in Mansa and Luwingu for an amount of **US\$175,920,000** . Subsequently, on 27th December 2012, the Road Development Agency signed a contract with China Henan International Co-operation Group Co. Ltd to carry out the civil works for an amount of **US\$206,962,966.38**, where the Zambian Government, was to contribute a total of **US\$31,042,966.38** as Counterpart Funding in addition to the Loan amount of **US\$175,920,000** towards the road works.



Mansa to Luwingu Road

All disbursements of the Loan amount from the financier China Development Bank to pay the Contractor, China Henan International Co-operation Group Co. Ltd is in the form of direct payments upon certification of works by both the Road Development Agency and National Road Fund Agency.

9.5.5 The DANIDA - Road Sector Program Support, Phase I and II (RSPS I & II)

The DANIDA Road Sector Program Support, Phase I (RSPS I) of **K260 billion (DKK370.0 million)** was approved in November 2002 as a five years programme. The RSPS I's remaining activities were completed in 2009 and it was finally closed on 30 June 2009 with total undisbursed funds of **US \$137,000** refunded to DANIDA.

In 2007, the Danish Embassy approved the RSPS II for an amount of **K281.08 billion (DKK400.0 million)** for the period 2007 to 2013. The main development objective of RSPS II is improvement and maintenance of Mongu - Senanga – Sesheke road, district support programmes and institutional support to the Road Sector. The rehabilitation of Mongu – Senanga road, by China Hennen, was completed during 2009 as the first part of establishing an improved road link between Mongu and Sesheke.



Mongu - Senanga – Sesheke Road

The consultancy by the University of Zambia to carry out the Environmental and Social Survey on the Mongu - Senanga – Sesheke road and comprehensive materials study along Senanga- Sesheke road were completed during 2009 and the final reports have since been released.

A cumulative total of **K318.74 million** has been received and a cumulative total of **K318.61 million** has been disbursed under RSPS II as at 31 December 2014. The main activities undertaken during 2014 related to the continuation of the community access improvements through the Ministry of Local Government and Housing to support 11 districts in Central (Chibombo and Mumbwa), Eastern (Petauke and Chadiza), Luapula (Mansa and Samfya), Lusaka (Chongwe) and Western Provinces (Kaoma, Mongu, Senanga and Sesheke). This Project closed on 31 December 2014.

9.5.6 The Development Bank of Southern Africa (DBSA) – Upgrading of the Western Corridor Roads of Kabompo – Chavuma, Kalulushi – Lufwanyama and Senanga – Sesheke

A loan of **K1,441.00 million (US \$262 million)** was signed between the Agency and DBSA on 22nd December 2010 for the rehabilitation and construction of three Western Corridor Roads namely Kabompo – Chavuma, Kalulushi – Lufwanyama and Senanga – Sesheke.



Kabompo-Chavuma Road

The loan disbursements commenced during the first Quarter of 2011. A cumulative total of **K1,314.89 million (US \$244.14 million)** was received and **K1,312.58 million** disbursed as at 31 December 2014 and the two Roads, Kabompo – Chavuma and Senanga – Sesheke, were paved and opened to traffic by 31 December 2014. The balance of **K116.09 million (US \$17.86 million)** has not been released since 2013. The construction of the Kalulushi – Lufwanyama Road and Sioma Bridge financed by DBSA were not yet completed by 31 December 2014.

9.5.7 The Department of International Development (DFID) Fund

The Government of the Republic of Zambia and Tripartite comprising the Department of International Development (DFID) of the United Kingdom of the Great Britain and Northern Ireland and The Southern African Development Community (SADC), as the Manager, signed the Grant Agreement for a total of **US \$29.76 million** to finance the Lusaka – Chirundu Road Link 4 and Kafue weighbridge on 9th February 2014. The Construction of both the Lusaka – Chirundu Road Link 4 and Kafue weighbridge was expected to commence during the first Quarter of 2015.



Lusaka – Chirundu Road

9.5.8 The European Investment Bank (EIB) – Rehabilitation of the Nacala Corridor - Great East Road (Luangwa to Nyimba, Sinda to Katete, Chipata Town and Chipata to Mwami Border Post)

The European Investment Bank (EIB) and the Government of the Republic of Zambia signed a Credit Agreement on 12 December 2011 for a total amount of **Euro 80 million** to fund the rehabilitation of 163.97 km of the Great East Road from Luangwa to Nyimba, Sinda to Katete, Chipata Town and Chipata Town to Mwami Border Post. A total of **K343.34 million (Euro 44.59million)** was disbursed during 2014.

9.5.9 The European Union (EU) – Budget Support Programme

The EU had allocated a total of **K457.73 billion (Euro 96.0 million)** in 2005 to support public expenditures in road rehabilitation and maintenance and a total of **K379.11 million (Euro 75.8 million)** has been disbursed under four budget support annual variable tranches and two fixed tranches by end of 2009. The balance of **K111.10 million (Euro 20.20 million)** has not been released as at 31 December 2014 following the 2009 Audit results.

9.5.10 The Exim Bank of China

The Government of the Republic of Zambia has obtained the following three Credits from the Exim Bank of China:

- a) **The Mongu-Tapo section of the Mongu - Kalabo Road:** The Loan Agreement for a total of **K1,586.00 million (US\$244 million)** to finance the engineering design and construction of the Mongu-Tapo section of the Mongu - Kalabo Road was signed on July 4 2011. The Civil works contract was signed with AVIC international for an amount of **K1,865.11 million (US\$286.94 million)** on 31 December 2009. The Government of Zambia's contribution amounts to 15% of the contract amount, while the 85% contract amount was to be covered by the Loan Agreement.



NRFA Staff during an inspection tour of Eastern Province road projects

A total of **K759.07 million (US \$116.78 million)** had been disbursed by 31 December 2014 and the works were expected to be completed during 2015.

- b) **The Mbala - Nakonde Road (171.9KM):** A total of 1,188,000,000 Yuan was entered into by the RDA and China CAMC Engineering Co. Limited for the upgrading of Mbala to Nakonde Road (171.9KM) in the Northern Province. The Loan Agreement was signed on 11 April 2013 and the Civil works contract was signed on 15th April 2011.

Works commenced during 2012 and a total of **K1,318.85 million (US \$202.90 million)** has been disbursed by 31 December 2014.

- c) **The Lusaka 400 Urban Roads Project:** A financing contract of **K1,922.70 million (US\$295.80 million)** to finance the engineering, design, rehabilitation, construction and upgrade of selected urban roads in the city of Lusaka was signed on 17 July 2013. The Civil works contract amounts to US\$348,293,745 and was

signed on 29 August 2012 and the Government of Zambia's contribution to the Project amounts to 15% of the contract value.

A total of **K517.21 million (US \$79.57 million)** was disbursed and **108.89km** has been paved and opened to traffic by 31 December 2014.

9.5.11 The KfW - Rural Transport for Poverty Reduction in the Southern Province

KfW of Germany signed a finance agreement for the Rural Transport for Poverty Reduction in the Southern Province on August 26, 2006 for a total of **K130.14 million (Eur15.68 million)** with the Government of Zambia.



Sinazeze – Chabbobboma Road in Southern Province

The services and works contracts for the two consultancies, Gitec Consult Gmbh, for the design of tender documents out of contract for tender process, evaluation and supervision of works, and Stange Consult Gmbh , for the capacity building for small and medium sized contractors involved in the execution of maintenance works and small and medium works contracts done in Southern Province led to cumulative disbursement of **K61.37 million** as at 31st December 2014.

9.5.12 The NORDIC Development Fund (NDF) – Rehabilitation of the Kafue National Park Spinal Road

The Nordic Development Fund (NDF) has made available a credit of **K52.70 billion (Euro 8.0 million)** to the Road Rehabilitation and Maintenance Project (RRMP).

The works on the two Lots in the Kafue National Park Spinal Road awarded to Global Construction Limited for Lot 1 (contract sum of **K18.40 billion**) and China Jiangxi Corporation for International Economic and Technical Co-operation for Lot 2 (contract sum of **K18.17 billion**), both for a 15 months duration have advanced with a cumulative total of **K26.63 million** disbursed as at 31st December 2014.

9.5.13 The World Bank Loans

The World Bank (IDA)'s Road Rehabilitation Maintenance Programme (RRMP) support to GRZ under the second 10-year (2004-2014) ROADSIP II has been through the three phase 10 year Adaptable Programme Lending (APL), designed in 2004. The World Bank had a total Portfolio of four Loans amounting to **K907.50 million (US \$165 million)** and plans were underway to initiate negotiations for the fifth Loan of **K600 million (US \$100 million)** as at 31 December 2014. The implementation on the four Loans in detail were as follows as at 31 December 2014:

(a) The IDA RRMP APL I Loan - 38660 ZM

The APL 1's total credit amount of **K275.00 million (US\$50.00 million)** was approved under IDA RRMP CR 38660ZA in June 2004. The major activities under this Credit, namely rehabilitation of Lusaka Chirundu and Chingola Kasumbalesa Roads, have been implemented.

This Credit closed on 30 June 2014 and with the completion of all the major activities, the full Credit of **K399.75 million (US \$61.51 million)** was disbursed as at 31 December 2014.

(b) The IDA RRMP APL I Additional Financing I Loan - 38661 ZM

The First Additional credit to IDA RRMP APL I (CR 38661ZM) of **K137.50 million (US\$25.00 million)** was approved in March 2007 at the GRZ's request to finance repairs of bridges and river crossings damaged during the 2005 and 2006 floods. This Credit closed on 30 June 2014 and with the completion of the Michael Sata (Chiawa) Bridge, the total Credit amount of **K167.38 million (US \$25.75 million)** was disbursed as at 31st December 2014.

(c) The IDA RRMP APL I Additional Financing II Loan – 4821 ZM

The APL I Additional Financing II (APL I AF II) RRMP (CR 4821 ZM) Credit with the total amount of **K82.50 million (US \$15.00 million)** was approved in 2010 and became effective on 23 September 2011. The Second Additional Financing scope is to construct the Chiawa and Mufuchiani Bridges and rehabilitate the 20km paved road between Lusaka and Chirundu (Km55 to Km75).

This Credit closed on 30 June 2014 and with the completion of the 20km paved road between Lusaka and Chirundu (Km55 to Km75), the full Credit amount of **K99.32 million (US \$15.28 million)** was disbursed as at 31st December 2014.

(d) The IDA RRMP APL II Loan - 46540 ZM

The APL II Credit with the total amount of **K412.50 million (US \$75.00 million)** was approved on 22 December 2009 and became effective on 23 September 2010. The APL II project scope is to rehabilitate the 51km paved road between Lusaka and Chirundu (Km4 to Km55), construct the Mufuchani Bridge in Kitwe and various capacity building activities of the Road Sector Agencies and Institutions.

A total of **K271.83 million (US \$41.82 million)** was disbursed as at 31st December 2014.

This Credit's closure date of 30 June 2014 was extended to 30 April 2016 to ensure full construction of the Mufuchani Bridge in Kitwe.

10 MONITORING AND EVALUATION

The Monitoring and Evaluation Department is the technical wing of the National Road Fund Agency. The Department's main role is to ascertain and promote Value for Money on road projects and related activities in the entire road sector. The Department reviews and interprets technical issues to facilitate board decisions and enables the Agency provide necessary checks and balances to implementing Agencies and institutions.

The main functions of the M&E Department include Monitoring and Evaluation of Road Projects, provision of technical assistance to implementing agencies and stakeholder communication and feedback.

10.1 MONITORING

10.1.1 Certification of Payments Claims

The core function of NRFA is to administer and manage the Road Fund as stipulated in the national Road Fund Act No. 13 of 2002. The Road Fund mainly comprises, Road User Charges, GRZ direct funding and external funding from Cooperating

partners. These funds are used to pay for services, goods and works being implemented by the various implementing agencies in the road sector; RDA, MLGH, NCC, and RTSA.

In order to ensure efficient and effective management of the funds, the agency has put in place a Certification Process to ensure that all IPCs are carefully scrutinized and reviewed. The schematic in Figure 10-1 below presents the movement of certificates prior to payment.

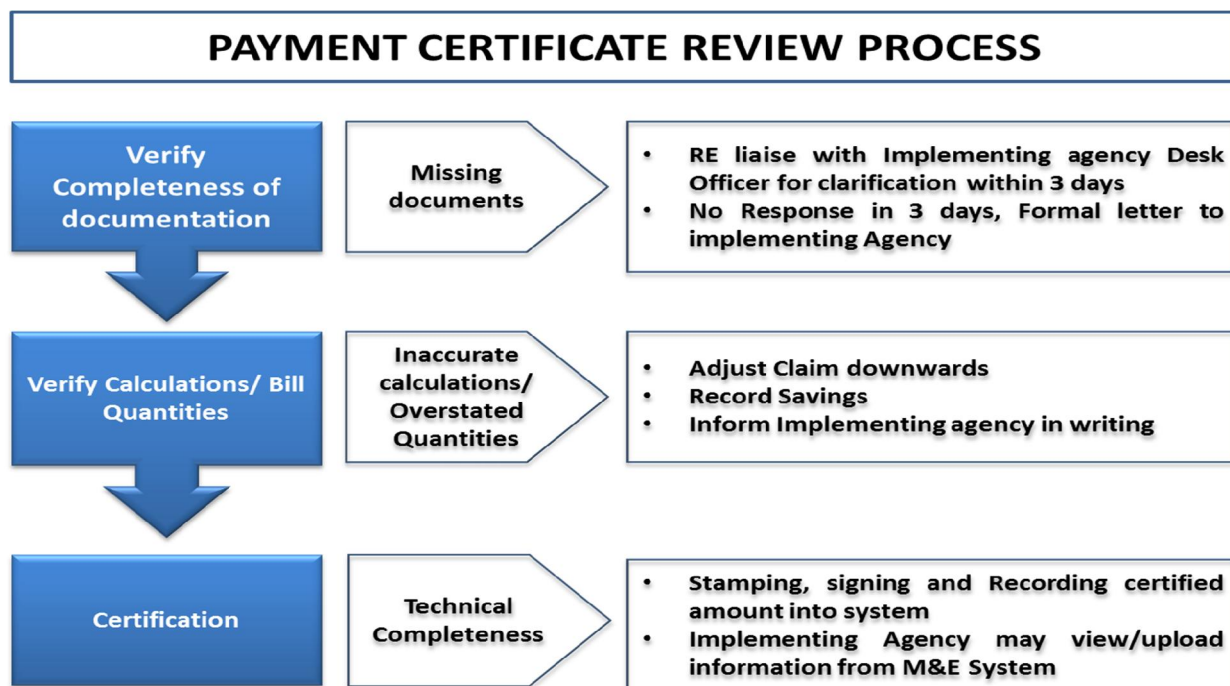


Figure 10-1: Payment Certification Review Process

In 2014, a number of 1,600 Interim Payment Certificates (IPCs) were processed. Arising from the certification process, the Agency, through the M&E department recorded savings amounting to K 5.04 million arising from funds withheld due to but not limited to wrong calculations, unsubstantiated and overstated quantities claimed, liquidated damages, poor quality works observed during site inspections, etc. Records of savings made from January 2011 to December 2014 amounting to K 55.79 million are tabulated in Table 8 below.

Table 8: Savings Summary

Year	Amount Saved (K million)
2011	16,345,948.94
2012	11,077,437.97
2013	23,335,715.23
2014	5,035,173.93
Total	55,794,276.06

From the table above, it is evident that there was an improvement in the preparation and certification of IPCs by implementing agencies considering the significant reduction in savings as a result of reduced errors due to continuous engagement of the implementing agencies by the M&E Department.

10.1.2 Inspections

Field inspections mainly involve visual observations of the completed and ongoing works on site. In some cases, verification meetings with the client representatives and the construction team (Consultant and Contractor) are held during the field inspections. The main objective of these field inspections is to have a visual observation on the quality of works and progress made on the contract as a way of ascertaining and promoting Value for Money (VfM).

Selection of projects for inspections is done on a random basis with a target of inspecting at least one project in each province and at least one project under RDA and MLGH.

Once inspections are conducted, detailed reports are prepared mainly reflecting any observations made and the agreed corrective measures to be undertaken. The reports are jointly signed and the implementing agencies are given the reports to ensure the corrective measures are implemented.

During the year 2014, a total of 49 projects were inspected by the M&E department. 21 of these were small projects undertaken using the Force Account approach while 28 were major projects outsourced to contractors. Table 9 below shows the inspected projects.

Table 9: Road Projects inspected during 2014

No.	Activity	Comments
1	Road Inspection to Southern Province 1 Apr 2014	Joint inspection with RDA and projects visited included: <ul style="list-style-type: none"> Audit verification of Sinangilile - Simaundu - Kawila (Lot 2), 16.45 km Siavonga
2	Road Inspection to North-Western Province 10-12 Apr 2014	Joint inspection with RDA and projects visited included: <ul style="list-style-type: none"> 46.5km of U9 road from D181 to Mukunashi and 32.1km of U19 road from D181 to Kamatete
3	Road Inspection to Luapula Province 23-27 July 2014	Joint inspection with RDA and projects visited included: <ul style="list-style-type: none"> Mansa-Luwingu Road: – Progressing well Prison Road as part of Urban Roads in Mansa – minor defects Pave Zambia 2000 – works not yet started Mansa-Nchelenge - Substantially completed, potholes, failures observed. Nchelenge - Chiengi - Contract under procurement Kawambwa-Mushota Road – Progressing well Mansa - Chembe Road - Substantially completed, potholes, failures observed..
4	Road inspections to Copperbelt and Luapula Province 12-17 Aug. 2014	Joint inspection with MoF and RDA and projects visited include: <ul style="list-style-type: none"> Periodic Maintenance of Ndola-Kitwe Dual Carriageway Upgrading of Dual Carriageway from Kitwe to Chingola Upgrading of Pedicle Road Upgrading of Mansa-Luwingu road including urban Roads in Mansa Kawambwa-Mushota-Luwingu Road Samfya to Kasaba via Lubwe (D096) Road
5	Road inspections to Eastern Province 27-31 Aug 2014	Joint inspection with MoF and RDA and projects inspected include <ul style="list-style-type: none"> M sanzala Constituency Feeder Roads in Petauke Petauke – Ukwimi Road Rehabilitation of Luangwa Bridge to Mwami Road Lots 1, 2, 3 and 4, Upgrading of Katete Urban Roads, Agricultural Development Support Project (ADSP) in Katete & Chipata, Mwandafisi Feeder Road in Katete. Luangwa bridge to Feira Katete-Mwandafisi School
6	Road inspections in North-Western Province 27-30 Aug 2014	Joint inspection with RDA and projects visited include; <ul style="list-style-type: none"> Periodic maintenance of Chingola-Solwezi – Slow progress awaiting authority for rehabilitation Solwezi Weigh Bridge and Tolling Programme - Upgrading of Mutanda Kabompo Road – maintenance required Upgrading of Kabompo to Mumbehzhi Lot 1 – No major issues Upgrading of Mumbehzhi to Zambezi Lot 2 - under Technical Audit, defects noted. Upgrading of Kabompo to Chavuma Lot 3 –No major issues
7	Road inspections in Muchinga Province 28 Aug- 4 Sep 2014	Joint inspection with RDA and projects visited include; <ul style="list-style-type: none"> Technical Audit of the Isoka-Muyombe road
8	Force Accounts in Lusaka Province 17 Jan-4 Dec	Joint Inspection with RDA and projects inspected include: <ul style="list-style-type: none"> Construction of 13.5Km drainage lining on Kasupe RD Construction of Gota bailey bridge Construction of Gabions at Km 110 & arrestor bays at Km 105 Lusaka Chirundu Rd Upgrading of 20.4Km Chipekete Rd from earth-gravel Rd

		<ul style="list-style-type: none"> • Construction of the 22m long Bunda bridge using portal frames • Rehabilitation of 5Km access road to Chicha Quarries • Construction of 4Km access road to Multi-Economic Zone • Rehabilitation of 700m freedom compound clinic Rd in Chilanga
9	Force Accounts in Central Province 17-23 Dec 2014	<p>Joint Inspection with RDA and projects inspected include:</p> <ul style="list-style-type: none"> • Works on Muteteshi Bridge-Kapiri Mposhi • Culverts on GNR (2)-Serenje • Temporal repair of the timber deck on Luombe bridge-Serenje • Repairs of vandalized culverts on T2-Serenje • Emergency repairs on Nachimpishika bridge on Itenzi-Tezhi-Namwala road (R350) • Rehabilitation of upper Lunsemfwa School-Mulombwashi road-Mkushi • Edge repairs, shoulder replenishment & pothole patching along Kapiri Mposhi-Lukulu, T2-Mupepetwe & T2-Mukuku bridge roads • Reconstruction of Kamakuti culvert on D421-Kabwe • Extension of Kamalila road (D193) to the farming area-Kabwe • Emergency repairs Kabwe-Mulungushi Dam through Kamakuti (D421)-Kabwe • Extension of concrete landings for Lunsemfwa pontoon on (D200)-Kabwe Old Mukushi-Kabwe • Repairs on collapsed culverts on D871 Ngabwe Road in Central Province • Repairs on pothole patching on section of roads T2, D817 (T2-Mukobeko) & D225 (T2-Mupepetwe)

10.1.3 Photographs

Below are sample pictures of selected road projects inspected.

	
A paved section of the road from GER Chongwe to Katoba Basic School	Culvert Installation on a realigned section of the road from GER to Katoba Basic School



Checking on routine maintenance on Mansa-Nchelenge



Measuring the length of the culvert



Inspection team with the contractor and consultant on Kawambwa Mushota road



Inspection team with contractor and consultant on Kitwe Chingola due carriage way

10.1.4 The 2014 Annual Work Plan

The budget for the 2014 RSAWP was **K4.94 billion** and 59% local resources in the form of Road User Charges (Fuel Levy, Road Tax, Motor Vehicle licenses, Weigh Bridge Fines and Fees, Toll Fees), direct GRZ allocation from the Treasury and 41 per cent external financing (Loans and Grants). These funds are applied on various activities as shown on Figure 10-2.

The M&E department regularly monitors implementation of Annual Work Plan comprising various road projects. The AWP 2014 was analyzed to determine the number of contracts, total length, contract sums, amount certified and amount paid under each project. The following sections presents summaries of projects

undertaken in 2014 focusing the various interventions namely; routine maintenance, emergency and holding maintenance, rehabilitation, upgrading and new construction. The sections also provides a summary of the major projects; Link Zambia 8000, Lusaka 400 (L400) being implemented under the Annual Work Plan 2014. The projects are reported under the two implementing agencies; RDA and MLGH.



Figure 10-2: Activities financed through NRFA

The following briefly explains each intervention:

Routine Maintenance is applied on roads which are in good and fair condition in order to preserve the road asset by keeping it in a maintainable condition throughout its design life. The general scope of works includes vegetation control, clearing drains and cleaning the carriageway and shoulders. Additionally pothole patching on paved roads, grading and gravelling on unpaved road has been introduced for effective maintenance and to improve capacity for small and medium scale contractors and thus enhance more value for money. These contracts are Performance based where contractors are paid on a monthly basis based on their performance in that month which has the minimum performance of 70%. Works that have performed less than 70% of the targeted performance in a month are considered to have underperformed; hence no payments are made.

Periodic Maintenance is applied on roads which are deteriorating from fair to poor condition in order to preserve the road asset and maintain the level of service for the road users. The general scope of works under paved periodic maintenance include pothole patching, edge break repairs, and resealing the paved roads either with hot asphalt concrete or surface dressing type of surfacing including other works such as drainage and road furniture. As for gravel roads, the general scope includes mainly grading and spot re-gravelling.

Rehabilitation is applied on roads which are in poor condition and is meant to bring back the road to a good and maintainable condition. The general scope of works under rehabilitation includes reconstruction of the pavement layers up to the surfacing as in periodic maintenance. It is however common to find one road having both types of interventions where periodic maintenance is applied on some sections while rehabilitation is applied on others such as the current Tateyoyo to Kaoma, Chingola Solwezi projects and the Mansa to Nchelenge Road which was under defect liability period.



Rehabilitation is applied on roads which are in poor condition and is meant to bring back the road to a good and maintainable condition

Upgrading is applied when there is need to improve the state of the road either from gravel standard to paved state such as the Leopards Hill to Katoba Basic School Project which is also under defect liability period or from a single lane to a dual carriageway such as the Kitwe-Chingola Road Project under the Link Zambia 8000.

Construction is applied on roads and bridges which are being constructed for the first time. The general scope of works under construction includes construction of the pavement layers up to the surfacing.

10.1.4.1 Road Projects under RDA

The RDA is implementing numerous projects in all provinces in the country and these projects have various interventions which include; Routine maintenance, periodic maintenance, emergency/holding maintenance, rehabilitation, upgrading and new construction as described in the following sections.

10.1.4.2 Routine Maintenance Works

A total of 256 routine maintenance projects valued at **K264.74 Million** covering a total length of **9,408.40** Km were ongoing under RDA as at 31st December 2014 country wide, of which 158 projects are paved and 98 projects are unpaved. Table 10 below presents the number of contracts in each province.

Table 10: Performance Contracts

Province	No. Projects	Total Length (Km)	Contract Sum (K)	Amount Certified (K)	Amount Paid (K)
Southern	56	2,024.50	45,594,958.86	13,508,988.10	13,508,988.10
Central	36	1,515.00	33,732,888.57	1,086,023.18	1,086,023.18
Copperbelt	28	917.50	36,227,762.78	9,850,849.09	9,850,849.09
Luapula	28	1,133.00	21,145,850.40	3,173,782.22	3,173,782.22
Eastern	26	915.00	29,891,441.99	3,189,968.72	3,189,968.72
Lusaka	26	909.50	20,316,788.30	7,551,761.70	7,551,761.70
North Western	20	697.00	25,887,438.32	2,856,083.26	2,856,083.26
Western	16	552.00	11,492,794.98	1,331,266.55	1,331,266.55
Northern	14	499.80	30,126,479.23	3,688,500.45	3,688,500.45
Muchinga	6	245.10	10,327,061.03	1,333,498.59	1,333,498.59
Grand Total	256	9,408.40	264,743,464.46	47,570,721.86	47,570,721.86

10.1.4.3 Periodic Maintenance

A total of 6 ongoing periodic maintenance contracts under RDA valued at **K 1,664.40** million covering a total length of **1,926.54** Km were being implemented as at 31st December 2014. A total of **1,126.14 Km** was opened to traffic as shown in Table 11 below.

Table 11: Periodic Maintenance

Province	No. Projects	Total Length (Km)	Achieved Length (Km)	Contract Sum (K'000)	Amount Certified (K'000)	Amount Paid (K'000)	Balance (K'000)
Copperbelt	2	297.00	160.00	361.06	253.88	191.86	62.02
Luapula	2	336.00	336.00	113.45	136.45	136.45	-
Muchinga	2	437.00	303.00	281.81	202.17	183.60	18.57
North Western	2	288.40	8.00	300.22	62.67	34.39	28.28
Southern	2	118.64	82.14	154.27	130.42	111.08	19.35
Western	2	263.00	189.00	80.78	98.58	98.58	-
Central	1	65.50	17.00	144.08	80.50	80.50	-
Eastern	1	25.00	25.00	7.49	5.65	5.65	-
Lusaka	1	10.00	6.00	65.36	74.30	60.30	14.00
Northern	1	86.00	-	155.89	27.87	4.35	23.52
Grand Total	16	1,926.54	1,126.14	1,664.40	1,072.50	906.76	165.74

10.1.4.4 Emergency/Holding Maintenance

There was a total of 39 ongoing emergency/holding maintenance force account projects under RDA valued at **K 109.81million** as shown in Table 12 below:

Table 12: Emergency Works

Province	No. Projects	Amount Certified (K)	Amount Paid by (NRFA)	Balance (K)
Western	8	26,779,361.18	26,779,361.18	-
Northern	7	28,334,961.45	11,947,280.60	16,387,680.85
Central	6	2,845,479.39	2,287,836.59	557,642.80
Southern	5	2,228,961.75	2,228,961.75	-
Copperbelt	4	14,975,772.38	6,642,732.75	8,333,039.63
Eastern	3	5,932,544.18	5,932,544.18	-
Lusaka	3	6,078,858.90	1,992,170.65	4,086,688.25
Muchinga	2	21,655,749.50	21,655,749.50	-
North Western	1	977,905.80	977,905.80	-
Grand Total	39	109,809,594.53	80,444,543.00	29,365,051.53

10.1.4.5 Rehabilitation

Twenty Five Contracts for rehabilitation works were ongoing under RDA at a total length of **1,921.22km** valued at **K 4,762.82 Million** of which **K 2, 049.35** Million has been certified and **K 1,955.60** Million has been paid as shown in Table 13

Table 13: Rehabilitation Works

Province	No. Projects	Total Length (Km)	Length Achieved (Km)	Contract Sum (K'000)	Amount Certified (K'000)	Amount Paid (K'000)	Balance (K'000)
Eastern	10	905.80	185.00	1,442.22	315.50	315.50	-
Lusaka	5	472.13	129.70	2,110.46	1,025.72	1,025.72	-
Central	3	81	79.40	170.38	126.04	117.10	8.94
Copperbelt	3	101.09	44.05	289.38	73.84	66.37	7.56
Southern	3	203.20	143.40	491.60	391.00	341.80	49.20
Luapula	1	158.00	58.00	258.77	117.24	89.16	-
Grand Total	25	1,921.22	639.55	4,762.82	2,049.35	1,955.60	65.67

10.1.4.6 Lusaka 400 (L400)

L400 is a project aimed at improving the condition of the road network and enhancing connectivity in Lusaka. The City has a high vehicle population and corresponding high levels of economic activities. L400 was therefore initiated in order to enhance mobility within the City through reduced traffic congestion, reduced travel times and reduced vehicle maintenance costs.

RDA is implementing the L400 Project while AVIC International is the Contractor. The Project is financed through a Loan from Exim Bank China at a total cost of USD348 million. The Financing arrangement is such that the Ministry of Finance through NRFA provides 15% counterpart contribution in accordance with Loan Agreement while 85% is financed through the loan from Exim Bank China.

The L400 involves Engineering design, rehabilitation and construction/upgrading of selected Lusaka urban roads (approximately 360km) in Lusaka City. The general scope includes periodic Maintenance, Rehabilitation, Upgrading (from gravel to paved and single lanes to double lanes) and new construction of approximately 400 km roads, construction of 1 grade separated junction, construction of 90 Km of walkways and re-engineering of 10 junctions in the City of Lusaka.

The Design and Build Concept has been adopted where the contractor provides detailed design and undertake the construction works in different parts of the City.

NRFA has paid 15% of the USD 348 million as counterpart contribution towards the loan and certificate No. 2. The project is on course and 408 Km has been paved.

10.1.4.7 Spot Improvement

Four (4) contracts for spot improvement under RDA are ongoing valued at **K 22.15** Million of which **K 10.75** Million has been certified as shown in Table 14. The Contracts are under the Rural Transport for Poverty Reduction Programme in the Southern Province of Zambia (RTPR) financed by KfW.

Table 14: Spot Improvement funded by KFW

Province	No. Projects	Total Length (Km)	Length Achieved (KM)	Revised Contract Sum (K)	Amount Certified (K)	Amount Paid (K)
Southern	4.00	171.35	55.00	22,151,330.60	10,745,844.42	10,745,844.42
Grand Total	4.00	171.35	55.00	22,151,330.60	10,745,844.42	10,745,844.42

10.1.4.8 Upgrading Projects

i. *Link Zambia 8000*

The Government of the Republic of Zambia (GRZ) through the RDA initiated Link Zambia 8000 in 2012 which is an accelerated road construction programme aimed at transforming Zambia from being landlocked into a truly land-linked country in Southern Africa. The Programme involves upgrading to bituminous standard of approximately 8000 km of roads thereby linking districts and provinces throughout Zambia.

The scope of works under the Link Zambia 8000 mainly include upgrading from gravel and/or earth roads to bituminous standards with either double seal surface dressing or asphalt concrete surfacing based on existing and estimates of projected traffic growth. A total of approximately 8,000 kilometers are targeted to be upgraded over a period of five (5) to eight (8) years at an estimated cost of **K31.42 billion** or **US\$5.93 billion**. The programme is also expected to create approximately 24,000 jobs.

A total of 26 works contracts were signed as of 31st December 2014 with a total length of **2,616.09** km out of which 406.09Km is paved. The value of the paved is **K 11,301.58** million of which **K 3,076.96** million had been certified and **K 2,323.42** paid out with **K 753.54** million balance as tabulated in Table 15. A total of 151 km had been successfully up-graded to bituminous standard and opened to traffic.

Table 15: Link Zambia 8000-On-going Works Contracts

Province	No. Projects	Total Length (KM)	Paved Contract Length (KM)	Contract Sum (ZMK'000)	Amount Certified (ZMK'000)	Amount Paid (ZMK'000)	Balance (ZMK'000)
Central	1	111.20	0.50	285.89	80.91	71.88	9.03
Copperbelt	1	45.50	13.50	844.91	219.74	201.26	18.48
Eastern	2	279.00	10.30	1,242.16	293.93	148.85	145.08
Luapula	3	386.70	58.00	1,197.88	196.77	95.52	101.25
Lusaka	6	438.19	175.59	2,166.40	953.04	835.23	117.81
Muchinga	9	891.00	69.00	3,268.38	652.51	352.90	299.60
Northern	2	283.00	76.80	1,563.50	612.63	612.63	-
Southern	2	181.50	2.40	822.47	67.43	5.15	62.28
Grand Total	26	2,616.09	406.09	11,391.58	3,076.96	2,323.42	753.54

Figure 10-3 below shows a percentage of Link Zambia contracts being implemented per province.

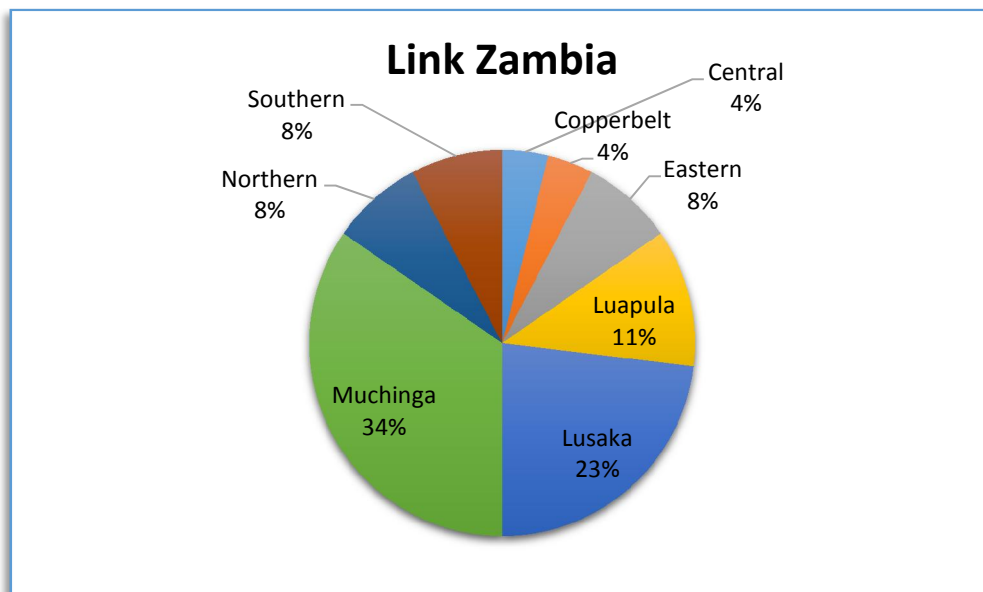


Figure 10-3: Link Zambia 8000

ii. ***Pave Zambia 2000***

The Pave Zambia 2000 Project was initiated by Government of the Republic of Zambia in 2011 with the aim of providing improved access to various social amenities in urban and rural areas using the paving brick technology while providing employment opportunities especially to the youth. Low volume roads of total length of 2000 km are targeted in different provincial capitals throughout the country. RDA is implementing the project at an estimated cost of **K 1.6 billion** and financed through NRFA. The estimated duration of the project is 2 to 3 years. The Force Account approach has been adopted where RDA procures equipment, employees own staff (Engineers, Supervisors, skilled and general workers), manufactures and lay the pavers. Local Road Authorities under the Ministry of Local Government and Housing (MLGH) are involved in the selection of roads within their areas of jurisdiction.



Pave Zambia 2000 project in Petauke

Implementation of the project has commenced and currently about 3km has been paved. As at 31st December, 2014 a total of **K 60.7** million has been paid out for purchase of equipment under RDA.

10.1.4.9 New Construction Projects

Six Construction projects under RDA were being implemented in the 2014 AWP and the details are summarized in Table 16 below.

Table 16: Construction Projects

Province	No. Projects	Total Length (Km)	Contract Sum (K'000)	Amount Certified (K'000)	Amount Paid (K'000)	Balance (K'000)
Copperbelt	2	-	79.86	32.20	32.20	-
Western	2	34.00	1,916.69	1,026.77	977.57	49.20
Lusaka	1	-	53.86	52.37	52.37	-
Northern	1	-	5.91	1.23	1.23	-
Grand Total	6	34.00	2,056.32	1,112.56	1,063.37	49.20

10.1.4.10 Bridge Maintenance

Sixteen bridge projects under RDA were ongoing and these include projects such as Vubwi bridge-Chadiza District in Eastern Province, Mwamba bridge-Kasama District crossing the Lukupa River in Northern Province and Masope/Malitoli crossing - Namwala District in Southern Province at a total value of **K 31.03** million with **K 19.30** million certified and paid out as shown in the summary Table 17 below.

Table 17: Bridge Maintenance Projects

Province	No. Projects	Contract Sum (K)	Amount Certified (K)	Amount Paid (K)
Lusaka	11	13,649,899.15	7,557,868.21	7,557,868.21
Copperbelt	2	7,698,666.89	5,101,121.52	5,101,121.52
Southern	2	2,906,431.08	1,992,038.37	1,992,038.37
Eastern	1	6,778,128.59	4,644,246.33	4,644,246.33
Grand Total	16	31,033,125.71	19,295,274.43	19,295,274.43

10.1.4.11 Consultancy Services

A total of 44 consultancy contracts were signed for various services ranging from feasibility studies, detailed designs and supervision under the Annual Work Plan 2014.

The total value of these consultancy services contracts is about K340.16 million. Table 18 below shows the summary of the consultancy services.

Table 18: Consultancy Services

Province	No. Projects	Contract Sum (K)	Amount Certified (K)	Amount Paid (K)	Balance (K)
Lusaka	11	272,067,266.52	109,257,369.70	100,300,645.31	8,956,724.39
Copperbelt	9	74,739,655.40	52,077,651.00	51,487,774.51	589,876.49
Muchinga	5	74,757,573.44	26,973,481.00	26,973,481.00	-
Northern	5	44,157,806.67	35,613,571.79	35,613,571.79	-
Eastern	3	37,353,538.48	14,527,831.50	14,527,831.50	-
Southern	3	36,282,374.24	16,288,419.63	16,288,419.63	-
Western	3	238,086,885.35	62,414,132.93	40,478,418.42	21,935,714.51
Central	2	18,663,243.83	13,354,911.70	7,474,174.40	396,905.34
Luapula	2	17,875,996.30	4,184,902.48	3,948,610.48	236,292.00
North-Western	1	1,082,100.00	5,463,600.00	5,463,600.00	-
Grand Total	44	815,066,440.23	340,155,871.73	302,556,527.04	32,115,512.73

10.1.4.12 Donor Funded Projects

Twenty-Three (23) contracts are on-going under RDA 2014 AWP funded externally at a total length of 2,062.13 Km with 521.40 Km paved at a total value of **K 8,087.47** million and **K 3,552.91** million certified and paid out as shown in the summary Table 19 below. It should be noted that all the Donor funded contracts have been converted to Zambian Kwacha at an exchange rate of K6.4 and **K 7.5** for United States Dollar and Euro respectively.

Table 19: Donor Funded Projects

Intervention	No. Projects	Contract Length (Km)	Achieved Length (Km)	Contract Sum (ZMW)	Amount Certified(ZMW)	Amount Paid (ZMW)
Periodic Maintenance	2	263	189	115,361,807	98,583,207	98,583,207
Rehabilitation	12	764	121	3,308,552,804.67	1,135,981,326.62	1,135,981,326.62
Spot Improvement	3	154.9	47	18,765,969.78	10,293,060.92	10,293,060.92
Upgrading	3	428	165	2,691,750,840.17	1,246,132,836.68	1,246,132,836.68
Construction	3	34	0	1,953,035,996.32	1,061,921,849.87	1,061,921,849.87
Total	23.00	2,062.13	521.40	8,087,467,418.15	3,552,912,280.65	3,552,912,280.65

10.1.5 Road Projects under MLGH

MLGH and LRAs are implementing various projects under the Annual Work Plan 2014 focusing mainly on Urban and Feeder Roads. These projects are being implemented in various districts throughout the country as a way of preserving and improving the existing road infrastructure through routine maintenance, periodic maintenance, rehabilitation and upgrading type of works.

MLGH being the mother Ministry assists various LRAs in the planning, procurement and monitoring of projects. LRAs supervise the projects being undertaken in their respective districts. However, there is need to improve the capacity of LRAs so that they can plan, procure and effectively supervise projects on their own.

10.1.5.1 Routine Maintenance Works

Sixteen ongoing routine maintenance contracts under MLGH consisting of 6 contracts on feeder (unpaved) roads in Eastern Province and 10 contracts on urban (paved) roads in Lusaka Province are being implemented by Local Road Authorities with a total value of K57.18 million and total length of 514.81 Km as indicated on the summary Table 20 below. It should be noted that the length opened to traffic is the same as the contract length because under routine maintenance the road is not closed.

Table 20 : Routine Maintenance Projects

Province	No. Projects	Total Length (Km)	Contract Sum (K)	Amount Certified (K)	Amount Paid (K)	Balance (K)
LUSAKA	10	457.81	41,048,639.75	40,695,288.90	40,695,288.90	-
EASTERN	6	57.00	16,131,651.00	11,184,627.03	11,072,654.67	111,972.36
Grand Total	16	514.81	57,180,290.75	51,879,915.93	51,767,943.57	111,972.36

10.1.5.2 Feeder Roads (Unpaved)-Periodic Maintenance/Spot Improvement/Rehabilitation

There were Ninety five ongoing feeder roads contracts at a cost of **K 426.02** million out of which **K 209.03** million were certified under MLGH. These include periodic maintenance, spot improvement and rehabilitation contracts at a total length of 2,165.8Km and have 961Km opened to traffic. Table 21 below presents a summary of the feeder Roads Periodic Maintenance, Spot Improvement and Rehabilitation Programme under MLGH.

Table 21: Feeder Roads Projects

Province	No. Projects	Total Length (Km)	Km Opened to Traffic	Contract Sum (K)	Amount Certified (K)	Amount Paid (K)	Balance (K)
Eastern	41	605.7	318.2	168.95	98.83	96.97	1.86
Southern	26	581.1	285	66.52	38.11	38.11	-
Central	13	345.2	204.5	40.02	24.90	24.90	-
North-Western	5	213.5	42	18.86	12.26	12.26	-
Muchinga	4	248.3	-	22.24	7.45	5.28	2.18
Luapula	3	23.3	23.3	1.43	1.43	1.43	-
Northern	3	172	88	107.99	26.04	20.04	6.00
Grand Total	95	2,165.8	961	426.02	209.03	199.00	10.03

10.1.5.3 Urban Roads (Paved)-Rehabilitation/Upgrading/Periodic Maintenance/New Construction

A total of 26 running contracts on rehabilitation, upgrading, periodic maintenance and new construction of urban (paved) roads under MLGH in various districts are being carried out in Lusaka, Eastern, Central, Southern, Luapula, Muchinga, Western, Copperbelt and Northern Provinces. Table 22 below presents a summary of the urban (paved) roads under MLGH.

Table 22: Urban Roads Projects

Province	No. Projects	Total Length (Km)	Km Opened to Traffic	Contract Sum (K'000)	Amount Certified (K'000)	Amount Paid (K'000)	Balance (K'000)
Central	5	118.42	70.80	360.91	98.85	94.50	4.35
Copperbelt	7	158.96	90.10	909.28	483.68	462.65	21.02
Eastern	3	48.60	15.50	263.50	94.01	90.50	3.51
Luapula	3	52.40	-	72.58	10.96	10.96	-
Lusaka	1	15.04	-	81.15	55.39	55.05	339.39
Muchinga	1	22.60	18.00	51.43	26.23	22.96	3.27
Northern	2	32.50	32.50	109.58	115.20	80.50	34.70
Southern	3	57.00	-	341.00	105.14	98.67	6.47
Western	1	9.00	-	170.72	150.43	150.43	-
Grand Total	26	514.52	226.90	2,360.15	1,139.89	1,0660.24	73.66

10.1.5.4 Bridge and Culverts under MLGH

Six ongoing contracts on bridge and culvert constructions under MLGH in various districts of the country as shown in Table 23

Table 23: Bridge/Culverts Projects

Province	No. Project	Contract Sum (K)	Amount Certified (K)	Amount Paid (K)
Central	1	3,734,754.56	439,924.01	439,924.01
Copperbelt	1	4,078,085.67	1,897,760.82	1,897,760.82
North-Western	1	2,704,653.01	895,415.81	895,415.81
Southern	2	8,504,035.92	1,013,517.69	1,013,517.69
Western	1	956,407.24	-	-
Grand Total	6	28,585,604.4	4,246,618.33	4,246,618.33

10.1.5.5 MLGH Force Account

Local Road Authorities normally access funds under force account for emergency works. These funds are claimed district by district and funds are disbursed using the same channel through the district councils. Table 24 below shows the funds disbursed to various Local Authorities.

Table 24: Force Account Projects

Year	Total Claimed	Total Certified	Total Paid
2011	64,125.91	64,125.91	64,125.91
2012	17,723,202.76	15,991,838.54	14,787,052.19
2013	5,513,584.75	5,513,584.75	5,514,084.75
2014	-	-	-
TOTAL	23,300,913.42	21,569,549.20	20,365,262.85

10.1.5.6 Community Access Improvement Programme (CAIP) Danida Funded

MLGH has been implementing the Community Access Improvement Programme (CAIP) in 14 Districts. The programme includes various small projects mainly for the construction of crossing points with different specifications coordinated and managed by respective Councils. Works are done using community labour and in some cases Councils contract out such works where adequate labour force or skills are lacking to implement such projects.

This programme was financed by Danida through NRFA. The NRFA further undertook Financial and Technical Audits on the programme to determine the utilisation of funds and the quality of works done. Reports were regularly submitted to MLGH and other relevant stakeholders. Table below presents the Districts covered and the expenditure as at 31st December 2014.

Table 25: CAIP

No.	District	Number of Projects	Expenditure
1	Chadiza	17	3,841,404.00
2	Mumbwa	16	3,943,836.50
3	Kaoma	15	2,212,181.00
4	Chibombo	15	2,568,745.00
5	Petauke	10	216,969.00
6	Gwembe	13	3,305,504.00
7	Samfya	19	3,206,274.75
8	Nchelenge	20	4,121,657.94
9	Mongu		-
10	Senanga		-
11	Sesheke		-
12	Chongwe		-
13	Mansa		-
14	Mwense		-

Note: DANIDA ceased operations in August 2014. Hence, no funding was done in 2014.

10.1.5.7 Consultancy Services under MLGH

MLGH has a total of 12 consultancy contracts for detailed designs and supervision of urban roads under the Annual Work Plan for 2014. The total Value of these consultancy services contracts is about **K104.59 million** as indicated in Table 26 below:

Table 26: Consultancy Services

Province	No. Projects	Contract Sum (K)	Amount Certified (K)	Amount Paid (K)	Balance (K)
Eastern	2	16,100,603.44	8,656,618.11	8,656,618.11	-
North-Western	2	21,481,783.00	4,356,520.65	4,356,520.65	-
Central	1	9,608,918.00	4,713,509.24	4,713,509.24	-
Copperbelt	1	6,696,837.00	3,737,511.62	3,737,511.62	-
Luapula	1	12,987,784.00	4,242,457.00	3,763,014.50	479,442.50
Lusaka	1	5,781,400.00	216,630.00	216,630.00	-
Muchinga	1	6,731,944.00	4,958,092.01	4,720,908.26	237,183.75
Northern	1	6,107,516.00	256,905.20	256,905.20	-
Southern	1	6,107,516.00	8,548,007.52	8,548,007.52	-
Western	1	12,987,784.00	2,796,488.00	2,796,488.00	-
Grand Total	12	104,592,085.44	42,482,739.35	41,766,113.10	716,626.25

10.1.5.8 Community Transport Infrastructure [CTI])

These projects are funded externally by the World Bank which are Community Transport Infrastructure and Mobility Accessibility Programme in Chibombo, Mpongwe, Zambezi and Sinazongwe. Four (4) contracts are on-going under MLGH 2014 AWP funded externally at a total value of **K 17.96** million with **K 3.33** million certified and paid out as shown in the summary Table 27 below.

Table 27: Donor Funded Projects

Province	No. projects	Contract Sum (K)	Amount Certified (K)	Amount Paid (K)
Central	1	3,734,754.56	439,924.01	439,924.01
Copperbelt	1	4,078,085.67	1,897,760.82	1,897,760.82
North-Western	1	2,704,653.01	895,415.81	895,415.81
Southern	1	7,441,697.12	96,064.99	96,064.99
Grand Total	4	17,959,190.36	3,329,165.63	3,329,165.63

Note: The DANIDA projects executed were of a good quality and were cost-effective with few exceptions in some districts. It is imperative for NRFA to continue funding CAIP for continued improvement of rural accessibility and mobility.

10.1.5.9 2014 Road Sector Annual Work Plan (RSAWP) Overall Summary

The year 2014 presented a total of 648 running contracts country wide. The contracts include periodic maintenance, spot improvement, rehabilitation, and upgrading, new construction, emergency and holding maintenance, bridge maintenance, routine maintenance, consultation services and donor funded contracts as shown in Table 28 below:

Table 28: RDA/MLGH Overall Contract Summary 2014

No.	Description	No. of Projects	Contract Length (Km)	Km opened to Traffic (Km)	Contract Value (K'000)	Certified Amount (K'000)	Amount Paid (K'000)	Outstanding Payment (K'000)
1	Link Zambia 8000 Projects - RDA	26	2,616.09	406.09	11,391.58	3,076.96	2,323.42	753.54
2	L400 Project - RDA	1	408.00	90.00	1,811.13	837.03	837.03	-
3	Construction Works Contracts under RDA	5	34	-	2,050.41	1,111.34	1,062.14	49.20
4	Routine Maintenance-RDA	256	9,408.40	9,408.40	264.74	47.57	47.57	-
5	Periodic Maintenance Projects under RDA	16	1,926.54	1,126.14	1,664.40	1,072.50	906.76	165.74
6	Spot Improvement Projects under RDA (Unpaved) - RDA	4	171.35	55	22.15	10.75	10.75	-
7	Rehabilitation Projects (Paved) under RDA	25	1,921.22	639.55	4,762.82	2,049.35	1,955.60	93.75
8	Upgrading Projects under RDA	40	3,658.24	1,471.94	14,791.74	6,042.40	5,369.47	672.93
9	Bridge Maintenance-RDA	16	-	-	31.03	19.30	19.30	-
10	Holding Maintenance-RDA	39	-	-	109.81	80.44	80.44	-
11	Consultancy Services - RDA	44	3,094.94	-	815.07	340.16	302.56	37.60
12	Routine Maintenance - MLGH	16	514.809	514.809	57.18	51.88	51.77	0.11
13	Feeder Roads (Unpaved) - Spot Improvement /Periodic Maintenance/Rehabilitation - MLGH	95	2,165.80	961.00	426.02	209.03	199.00	10.03

No.	Description	No. of Projects	Contract Length (Km)	Km opened to Traffic (Km)	Contract Value (K'000)	Certified Amount (K'000)	Amount Paid (K'000)	Outstanding Payment (K'000)
14	URBAN ROADS PROGRAMME - (Paved) - Periodic Maintenance/Rehabilitation/Upgrading/New Construction - MLGH	26	514.52	226.895	2,360.15	1,139.89	1,066.24	73.66
15	Consultancy-MLGH	12	-	-	104.59	42.48	41.77	0.72
16	Donor Funded Projects	27	2,062.13	521.40	7,648.86	3,268.43	3,268.43	-
	TOTAL	648	28,496.04	15,421.22	48,311.68	19,399.51	17,542.23	1,857.27
<i>Note: All the Donor funded projects have been converted to K with Dollar @ K 6.4 and Euro @ K 7.5</i>								

Summary Projects under RDA					
No.	Total length (Km)	Contract Amount (K)	Amount Certified (K)	Amount Paid (K)	Balance (K)
467	2,659.43	35,881.60	13,840.02	12,067.26	1,772.75

Summary Projects under MLGH					
No.	Total length (Km)	Contract Amount (K)	Amount Certified (K)	Amount Paid (K)	Balance (K)
149	3,195.12	2,947.94	1,443.28	1,358.77	84.52

Summary Projects under Donor funded					
No.	Total length (Km)	Contract Amount (K)	Amount Certified (K)	Amount Paid (K)	Balance (K)
32	2,641.48	9,482.14	4,116.21	4,116.21	-
<i>Note: Donors funded includes 4 Spot improvement by KFW & 1 L400 by Exim Bank</i>					

Summary Overall Projects Summary					
No.	Total length (Km)	Contract Amount (K)	Amount Certified (K)	Amount Paid (K)	Balance (K)
648	28,496.04	48,311.68	19,399.51	17,542.23	1,857.27

10.2 Evaluation

10.2.1 Technical Audits

The Agency, through the M&E has commenced annual technical audits on various projects as a way of ascertaining and promoting Value for Money. These audits are done either through outsourcing an independent consultant to undertake a detailed audit on selected projects or through an in house assessment of projects especially the Force Account Projects.

The main objective of undertaking Technical Audits is to verify whether the public funds paid on a projects are put to good use and whether or not the contractor and consultant are adhering to the contract specifications as stipulated in the signed contract.

10.2.2 Outsourced Technical Audits on various road projects

In 2014, the department initiated procurement of the technical audit on the following road projects with total length of 375 Km:

1. Isoka – Muyombe = 90 Km
2. Kasama-Mbala-Mpulungu Lot I & II = 210 Km
3. Mumbelji - Zambezi = 75 Km

The audit was conducted and concluded in 2014 and the findings generally showed some short comings in terms of quality of works and some weaknesses in the pavement layers. These findings of the audit led to a re-verification exercise with the implementing agency, RDA on the two roads Mumbelji - Zambezi (completed and under Defect Liability Period) and Isoka – Muyombe Road (On going) which confirmed the audit's earlier findings. The Audit concluded with the resolution that the implementing agency should ensure further investigations and corrective measures are done by the consultant and contractors.



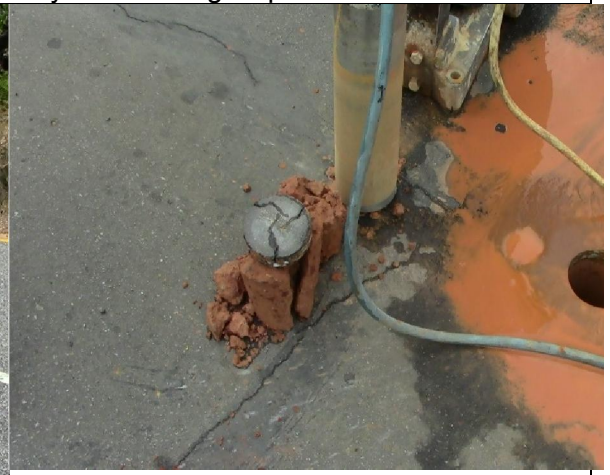
Core drilling on Isoka-Muyombe road during Inspection



Measuring the level of the road on Isoka-Muyombe during inspection



Retrieving the core on Mumbelji - Zambezi road during inspection



The retrieved core on Mumbelji – Zambezi shows reflection of cracks

In order to enhance the road inspections and ensure Value for Money (VfM), NRFA had procured mobile testing equipment. Below are the pictures of the equipment procured.



Cores barrels



Cooling water containers



Schimdt Hammer and GPS map (right)



Generators



Core drilling machine

10.2.3 Technical Audit of Luanshya Kafulafuta Road

The M&E Department is facilitating the engagement of a consultant to undertake a technical audit for the Luanshya Kafulafuta Road. The audit is financed by World Bank and is expected to commence in 2015.

10.2.4 HIV/AIDS Assessment

The M&E Department facilitated an agreement between NRFA and the National Aids Council (NAC) whose main aim was to assess the HIV/AIDs component in the road contracts.



NRFA Director/CEO giving a speech during HIV/AIDS conference at Radisson Blue Hotel, Lusaka



NAC Director programmes giving a speech during HIV/AIDS conference at Radisson Blue Hotel, Lusaka



Participants at HIV/AIDS conference at Radisson Blue Hotel, Lusaka



Participants at HIV/AIDS conference at Radisson Blue Hotel, Lusaka

This is a form of technical audit in which thirty three (33) contracts were selected using set criteria. The assessment was successfully conducted and concluded in 2014. The results of the findings were communicated to various stakeholders during a dissemination workshop. Resolutions were made and shall be implemented in 2015. In addition, 10 more projects financed through external funding have been identified and the assessment will be undertaken in 2015.

10.2.5 Technical Audit of Force Account Works

The M&E Department in conjunction with Internal Audit undertook a technical and Financial Audit on the Community Access Improvement Project (CAIP) a project financed by Danida under MLGH in five districts. Reports were done which indicated observations made on site.



Construction of Chipeketi from earth road to gravel road-Lusaka



The completed Bunda-Bunda bridge in Chinyunyu Community-Lusaka



The only smart way to cross the flooded Kamakuti Road (D421)-Kabwe was by a Vehicle—Before the construction of Kamakuti Culverts.



Section of the road at Kamakuti Road (D421) after the installation of the culverts-After.

10.3 Stakeholders Communication and Feedback

This component involves road sector reports which are submitted to key stakeholders as a way of providing feedback on progress, financial status and other cross cutting issues on various road projects. The department compiled and distributed the following reports: -

- 2013 Annual Road Sector Report which was distributed on 24th March 2014.
- January to August 2014 Monthly Reports submitted to Ministry of Finance.
- Quarter 1 & 2 Road Sector Reports submitted to various key stakeholders.

10.4 Technical Assistance to Road Sector Agencies

A technical collaborative meeting with implementing agencies was held on 8 January 2014 to explain main observations made during the various M&E activities undertaken in 2013. Further, discussions were held to chart the way forward on some of the key observations. The meeting also discussed the planned M&E activities for 2014.

As part of the capacity building, the department also extended the M&E Tracking System to MLGH as a way of improving the Ministry's capacity to track contracts and record keeping.

10.5 Departmental Management Issues

10.5.1 Construction Finance Initiative

The Department has been driving and coordinating the Technical Team on CFI.

10.5.2 The Road Safety Engineering Committee:

The Committee under the Chairmanship of the Manager – M&E undertook the following activities during the year 2014:

- ➡ Facilitated erection of humps on Twin Palm road as a traffic calming measure.
- ➡ Review of designs of various road projects under RDA and recommendations were made and submitted to RDA
- ➡ Inspected the Leopards Hill to Katoba road project and Recommendations were made and submitted to RDA

10.5.3 Committees

The Department has continued to chair various NRFA committees; Forex Committee, Evaluation Committees, Staff Loans Committee and the Disciplinary Committee.

10.6 2015 OUTLOOK

The M&E Department intends to enhance its contribution to effectiveness and efficiency of the agency and the road sector as a whole in 2015 through the following key activities:

1. **Inspections:** Increase presence on site and include tests during inspections.
2. **Technical Audits:** To increase the number of projects to be audited and successfully undertake the audits.
3. **Contract Management System (CMS):** To be the hub of information in the road sector through successful installation, commissioning and operationalization of the Contract Management System.
4. **Studies:** To undertake studies on environmental aspects and road safety/traffic management related activities. The department will also participate in other similar studies which have been commissioned by other implementing agencies.

11 CONCLUSION

The Year 2014 was a successful year for the NRFA considering the successes that were scored within the NRFA's thematic mandate of resource mobilisation, fiduciary management on all financial resources in the Road Sector and Value for Money. Technical Audits was key among the Agency's success stories in 2014. There was also close collaboration with the technical departments of the implementing agencies in the road sector. Close collaboration between the Agency and the Ministry of Finance enhanced the department's performance.

The Agency shall continue to promote the aspect of Value for Money in the Road Sector through its various activities within its mandate thereby contributing to the bigger picture of providing quality services to the road users.

12 FINANCIAL STATEMENTS